Here we are
ECONOMIC SUSTAINABILITY
FINANCIAL PLAN

- Implement 20/20 budget Plan
  - Self-Sustaining Budget
  - Staffing Reorganization Tied To Budget Model
- Increase Operational Budgets to 2016 Level
  - Taxes-Exemptions/Exceptions Review/Implementation
- CSD Full Funding Goal-Based on Available Funding
- CCMC-Sustainable Financial Model
- Comprehensive Rate Analysis-All Funds
- Pursue Grant Funding
- Sustainable Economic Model-Self Reliance
ECONOMIC DEVELOPMENT

- Tourism Promotion
- Event Development - Conferences
- Staffing Expertise
- Eco-Tourism
- Grow/Maintain Current Events/Festivals
- Improve Marketing and Marketing Tools-Regional
- Fishery Support/Harbor Improvement/Growth
- Additional Economic Development Partners
- Cordova Center Utilization
STRATEGIC WORK PLAN

2019 Action Items
- Ongoing Reorganization
- Development/Implementation of Capital Plans
- Chapter 4 Revision
- Comprehensive Plan Completion
- Harbor loan/grant Project
- BUILD Grant Application
- E911/Addressing System
- Improved Recruiting Efforts
• Have apply annually to CAPSIS for G&H Float
• Requested Federal funding in 2017
• Number 1 priority on city council CIP
• since 2016 - on the CIP list since 2014
The Tier 1 Harbor Facility Matching Grant

HOW DO WE GET HERE?
What is a harbor facility grant?

- Grants are funded on an annual basis at the discretion of the Alaska Legislature and consist of two tiers, Tier I and Tier II.

- 45 Tier I grants still remain (2017 ADOT) available.

- Tier I grants have priority and are intended for major maintenance and repair projects for harbor facilities previously owned by the state and now locally owned.

- Tier II grants consist of all other harbor facilities and harbor facilities which previously received a Tier I grant.

- All awards require a 50/50 match be secured with application submittal.

- Maximum 5 million request per city per year.

- Competitive process- Tier I has priority.

- Work must be completed within 18 months of acceptance of grant.
Tier I or Tier II?

• **Requirements are the same for both tiers**

• Tier I
  • 5 million dollar match – 10 million total
  • One time mobilization and demobilization costs
  • Harbor contributes approximately 600,000 to 800,000 for design and engineering

• Tier II – minimum $50,000 match
  • Multiple mobilization and demobilization costs
  • Difficult for Harbor to contribute multiple times once savings are used
  • Lower priority than Tier I applications- more applicants
<table>
<thead>
<tr>
<th>Description</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>New floats G, H, I, J  airplane float –Using existing pilings</td>
<td>$8,623,700.00</td>
</tr>
<tr>
<td>Includes all electrical, water and fire suppression upgrades</td>
<td></td>
</tr>
<tr>
<td>Replace Gangways &amp; using existing Trestles</td>
<td>$370,000</td>
</tr>
<tr>
<td>Construction contingency</td>
<td>$1,513,555.00</td>
</tr>
<tr>
<td>Construction Administration</td>
<td>$370,000.00</td>
</tr>
<tr>
<td><strong>Total Cost</strong></td>
<td><strong>$10,877,255.00</strong></td>
</tr>
</tbody>
</table>

For 10 million dollars

Conditions assessment being done on existing on pilings. If all new pilings total cost is $11,109,080.00

Cost estimates are based on PND Cordova South Harbor Condition Assessment 2017
Required documentation for the Tier 1 application.

- Proof of the $5 million match (The Bond)
- Source of Repayment (.5% Fish Tax and other fees)
- Proof of sufficient revenues and fee structure to operate and maintain facilities in the future
- Show project will reduce maintenance cost or addresses preventive maintenance needs
Where would a 5 million dollar match come from?

Two options:

• Permanent fund - Council Vote

✓ Bond – Public Vote
How do we repay the bond payment?

*5 million for 20 years at 4.0% $367,908.75

Revenue options reviewed

1. New Harbor Infrastructure Fee, aka HIR
2. Implement a fuel oil wharfage rate
3. Increase Harbor Fees
4. Local fish tax all proceeds
5. Add mill to the current property tax rate
6. Allocate a portion of the State raw fish tax
7. Personal property tax on boats - all or portion allocated to harbor maintenance and upgrades

* Estimated interest rate
Payment Options Considerations

- All Revenue will vary annually
- Bond payment may change depending on bond interest rate and terms
Harbor infrastructure replacement fee

Breakdown by Vessel Length

<26’  20 X $120 = $2400
26’-40’  473 X $240 = $113,520
41’-60’  100 X $360 = $36,000
61’-80’  26 X $480 = $12,480

$164,400 of potential revenue

Implement a fuel oil Wharfage Rate

Add a per gallon Wharfage rate to the already established $0.17 per barrel rate. An additional rate at $0.02 per gallon = $112,000 per year
**State raw fish tax**
Allocate a portion of the for harbor maintenance and upgrades = $100,000
Decrease revenue to the general fund

**Property tax**
One mill increase = $214,000

For every $100,000 of assessed value property taxes goes up $100.00 per year - For example a property valued at $250,000 would go $250 a year or $20.85 a month
**State raw fish tax**
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Local fish Tax

1% = 668,775.00  - .05% = $334,387.50
Staff estimate average from 2006-2013 with 75%
of Seine and Gill Net Fish being delivered to
Cordova

Personal Property Tax on Boats

2017 Boat Personal Property value number from State
$41,968,200.00
11 mills would generate $495,644 5 mills = $495,644

Harbor Rate Increases

5% = $71,896.05
10% = $143,792.10
20% = $286,939.20
30% = $431,376.30
The Harbor Commission recommended and City Council approved the following plan:

**For the Match**

- 5 million dollar bond

**For repayment of the bond**

- 0.5% local fish tax
- Increase in harbor fees.
- Increase fuel wharfage by .03 per gallon
Estimated Revenue Generated for Repayment of the bond

- 0.5% local fish tax – Estimated Revenue generated is $190,000*

- Increased harbor fees - 10% on annual moorage and 5% on all other fees. estimated revenue of $121,896.05.

- Increased fuel wharfage by .03 Estimated Revenue generated is $149,940

Total estimated revenue collected $461,836.05*
Estimated payment for 5 million at 4% is - $367,908

Contingency revenue $93,928.05 to address fluctuations in interest rates and volumes

- All revenue and payments are estimated. Revenue will vary annually
- Fish tax revenue was reduced when NOAA data was acquired
Proposition 1 (bond) is directly linked to the fish tax.

If Proposition 2 (fish tax) fails and Proposition 1 (bond) passes the bond will not be implemented.

If proposition 1 (bond) fails and proposition 2 (fish tax) passes the fish tax will be implemented.
What happens if we are awarded

- Before ADOT will sign the agreement with the awarded party, ADOT will review all engineering designs, bids and contracts.

- Payments are distributed in 6 payments
  - 10% payment with signing of contract with ADOT and awardee
  - 40% payment when mobilized
  - 15% payment at 50% completion
  - 15% payment at 75% completion
  - 10% payment at 100% completion
  - Final 10% payment when ADOT has signed off on completion of project
What happens if we are awarded

- Harbor will pay for engineering and design.
- We will be applying for funding that will be in the states FY 2021 budget
- State will conduct scheduled progress inspections and cost for owner representative contract administration is covered in grant
- Grant is to be completed in 18 months upon signing agreement, which is normally signed in the spring following the project being awarded. Most projects are held to 18 month timeline, with a few exception when it comes to delays in delivery components