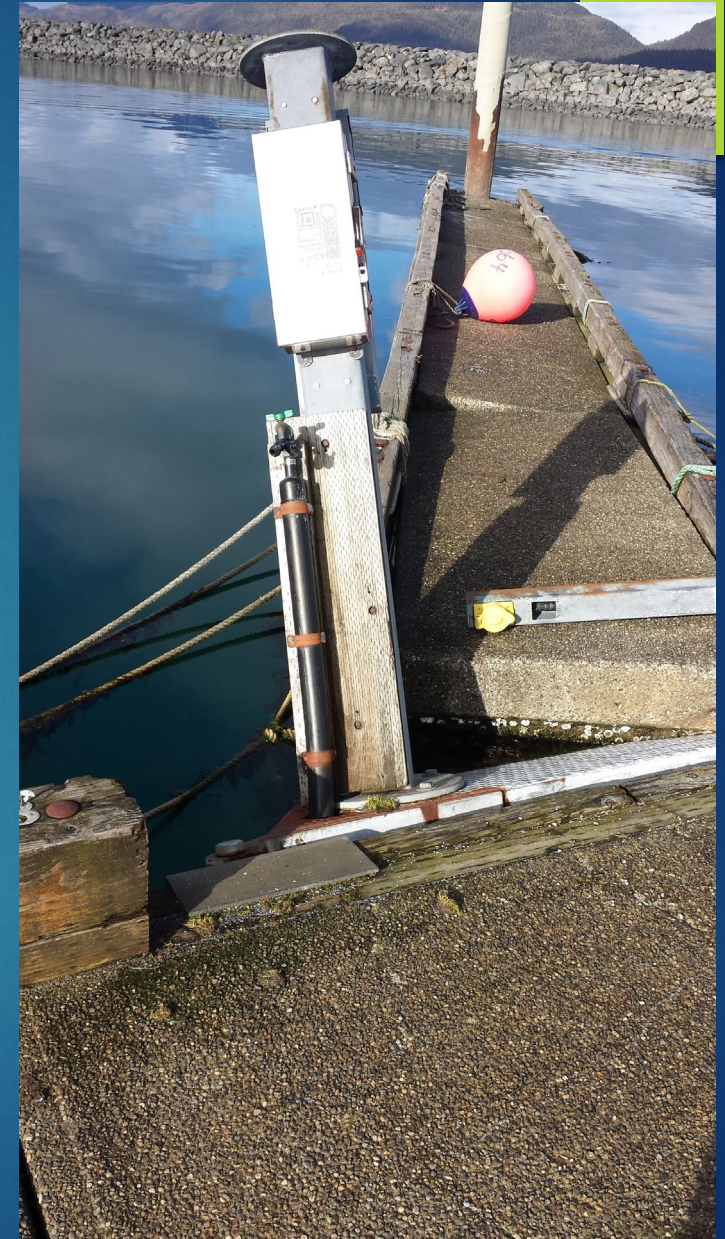


Here we are







**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

**CITY OF CORDOVA, ALASKA  
RESOLUTION 09-18-22**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CORDOVA, ALASKA,  
DESIGNATING CAPITAL IMPROVEMENT PROJECTS**

WHEREAS, the Cordova City Council has identified several Capital Improvement projects that will benefit the citizens of Cordova, and in several cases the entirety of Prince William Sound; and

WHEREAS, the City Council of the City of Cordova has identified the following Capital Improvement projects as being critical to the future well being and economy of Cordova and the surrounding area:

1. Port and Harbor Renovations
  - a. South Harbor replacement (G & H float priority)
  - b. Shipyard expansion
  - c. Harbor expansion
  - d. General upgrades (north harbor sidewalks)
2. School Repairs
3. Hospital Upgrades
4. Public Safety Building
5. Sawmill Avenue Extension
6. Ferry Trail
7. Road Improvements / ADA Sidewalk Improvements

and;

WHEREAS, some or all of these projects will be submitted to State or Federal legislators and agencies as Capital Improvement projects in the City of Cordova, Alaska.

NOW, THEREFORE, BE IT RESOLVED THAT the City Council of the City of Cordova, Alaska, hereby designates the above listed projects as Capital Improvement projects.

**PASSED AND APPROVED THIS 5<sup>th</sup> DAY OF SEPTEMBER 2018.**

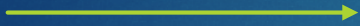


*Clay R. Kujala*  
Clay R. Kujala, Mayor

ATTEST:  
*Shawn Bourgeois*  
Shawn Bourgeois, CMAC, City Clerk



**HOW DO  
WE GET HERE?**



The Tier 1  
Harbor Facility Matching Grant



# 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



For 10 million dollars

New floats G,H, I, J airplane float –Using existing pilings Includes all electrical, water and fire suppression upgrades	
	\$8,623,700.00
Replace Gangways & using existing Trestles	
	\$370,000
Construction contingency	
	\$1,513,555.00
Construction Administration	
	\$370,000.00
Total Cost	
	\$10,877,255.00

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 = \$2,400
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

Allocate a portion of the for harbor maintenance and upgrades = \$100,000  
Decrease revenue to the general fund

## Property tax

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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



## 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

vote both sides

page 2 of 3

**Sample Ballot**  
**Cordova General Election**  
**March 5, 2019**

\*\*\*\*\*

**Proposition No. 1**  
**Bonds for Harbor and Related Capital Improvements**

Shall the City of Cordova incur debt and issue harbor revenue bonds in the principal amount of not to exceed Five Million Dollars (\$5,000,000) the principal and interest of which are payable out of, and the security for which are: (i) the revenues of the Port of Cordova, and (ii) the proceeds of a tax of 0.5% on the value of raw fish landed in the City if the qualified voters of the City approve a proposition for the levy of the tax at the March 5, 2019 Regular City Election, for the purpose of paying the cost of planning, design, acquisition, construction, reconstruction, repair, improvement, extension, enlargement or equipment of harbor and related improvements in the City, including without limitation repair and replacement of facilities at the Cordova South Harbor?

Yes ☐

No ☐

\*\*\*\*\*

**Proposition No. 2**  
**0.5% Tax on Raw Fish for Harbor Facility Improvements, Repair and Maintenance**

Shall the City of Cordova levy a tax of one-half percent (0.5%) on the value of raw fish landed in the City, with the proceeds of the tax to be dedicated to paying the cost of City harbor facility improvements, repair and maintenance, including without limitation payment of debt service on bonds issued by the City for harbor and related capital improvements?

Yes ☐

No ☐

vote both sides



# 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