LONG-TERM WATERFRONT VISION
LONG TERM WATERFRONT VISION PLAN

• Serves the needs of Skagway and the Yukon into the future

• Allows for recreational access to the water’s edge and connectivity to the downtown core for cruise and ferry visitors

• Provides flexibility for growth of a diverse set of waterfront businesses – cargo, mining, fuel, commercial, small boat harbor, ferry and cruise

• Addresses key berthing component
  • Needed cruise berths over the next 20 years
  • Providing a primary Industrial cargo berth and uplands

• Vision plan and operations combined should illustrate a path forward that facilitates sustainable and responsible growth
Temsco Helicopters Inc.
Poss. Relocation Site

Arrivals Building
Marina Expansion

Marina Supporting Buildings (museum, tourism, marina club)

Parcel (0.67 Ac)
Parcel (1.13 Ac)
Parcel (1.77 Ac)

State St.
Main St.
Broadway

Railroad Dock

GTA

GTA/Parking

Ro Ro / Ferry Pier Option

Ferry Arrivals Building and Chalet Village

POTENTIAL LONG-TERM VISION
The Skagway Small Boat Harbor is a full service marina with moorage for pleasure and commercial vessels up to 150 ft.

Marina Supporting Buildings (museum, tourism, marina club)
~4.5 Ac

Marina Expansion
~700 Linear Feet of new dock (~40 new slips)

60’ of riprap on 2:1 slopes (for -10’ dredging)
Examples of GTA with green buffers and pedestrian friendly shelters, pathways, and views.
Example of “chalet” type tourist buildings
Capital Plan
SKAGWAY CRUISE PASSENGER PROJECTIONS

Historical

2.6% - 3.7% CAGR
COMMODITY CATEGORIES

• Mining Products
• Fuel
• General cargo
• Ferry traffic
OPTION A - CAPITAL PROGRAM ELEMENTS WITH A NEW PIER

ORDER OF MAGNITUDE COST - $28.5 M
WITH INFLATION - $30.5 M
OPTION B - CAPITAL PROGRAM ELEMENTS WITH A NEW PIER

ORDER OF MAGNITUDE COST - $96.0 M
WITH INFLATION - $100.8 M
TOTAL CAPITAL PROGRAM SUMMARY

• Option A - Without the new pier and two other elements
  • Order of magnitude cost - $28.5 m
  • With inflation - $30.5 m

• Option B - With new pier
  • Order of magnitude cost - $96.0 m
  • With inflation - $100.8 m
OPTION A - CRUISE PASSENGER SPLIT – WITHOUT A NEW PIER

White Pass

MOS

2022  2023  2024  2025  2026  2027  2028  2029  2030  2031  2032  2033  2034  2035  2036  2037  2038  2039

369,706  400,000  430,000  460,000  490,000  520,000  550,000  581,473

785,624  800,000  815,000  830,000  845,000  860,000  875,000  890,000  905,000  920,000  935,000  950,000  965,000  980,000  995,000  1,010,000  1,025,000  1,040,000  1,055,000  1,070,000  1,085,000  1,100,000  1,115,000  1,130,000  1,145,000  1,160,000  1,175,000  1,190,000  1,205,000  1,220,000  1,235,629
OPTION B - CRUISE PASSENGER SPLIT - WITH NEW PIER

![Graph showing cruise passenger split with new pier]
PORT OPERATION AND DEVELOPMENT MODELS
PORT OPERATION AND MANAGEMENT MODEL

• One size does not fit all
• There is a myriad of models
• Most models are born from historical practices

• In Skagway you have a clean slate to design your own model
  • One that responds to the community
  • With a long-term vision
  • Strategic fit to your needs
OPERATION MODELS

- PORT AUTHORITIES
  - Appointed
  - Elected
  - Local Government
- MUNICIPAL PORTS
- STATE PORT AUTHORITIES
- MULTI STATE PORT AUTHORITIES
- PRIVATE PORTS
- PRIVATE TERMINALS IN PUBLIC PORTS

OPERATOR
MIXED
PORT OPERATOR
THREE MAJOR DRIVERS

- OWNERSHIP
- INVESTMENT
- OPERATIONS
<table>
<thead>
<tr>
<th>Ownership</th>
<th>Investment</th>
<th>Operations</th>
</tr>
</thead>
<tbody>
<tr>
<td>PORT</td>
<td>PORT</td>
<td>PORT</td>
</tr>
</tbody>
</table>

**Many Combinations**
### Operations Are Different at All Ports

<table>
<thead>
<tr>
<th></th>
<th>Operator</th>
<th>Port/Gov</th>
<th>3rd party</th>
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<tr>
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<tr>
<td><strong>Scheduling</strong></td>
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<tr>
<td><strong>Line relationship</strong></td>
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<tr>
<td><strong>Fiscal agent</strong></td>
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<tr>
<td><strong>Housekeeping</strong></td>
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<tr>
<td><strong>Maintenance</strong></td>
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<td><strong>Major maintenance</strong></td>
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<tr>
<td><strong>Ship / terminal security</strong></td>
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<td><strong>Parking</strong></td>
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<tr>
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<td><strong>Stevedoring</strong></td>
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<td><strong>Secondary uses</strong></td>
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<td><img src="green" alt="" /></td>
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</table>
PUBLIC POLICY

• Is it a singular asset of the community?
• Waterfront is viewed by many as something to be held in the public trust
  • Public access and waterfront integration
• Are the private and public sector goals aligned?
  • Private – profit
  • Public – economic impact
• How do the customers (lines) react?
• Consider the long-term impacts
SKAGWAY

- You have an opportunity to design to your needs
- Major questions
  - Control vs risk
<table>
<thead>
<tr>
<th>Owner</th>
<th>Model 1 - MOS owns and operates</th>
<th>Model 2 - MOS owns and manages operator</th>
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<tbody>
<tr>
<td>Facility Manager</td>
<td>MOS</td>
<td>MOS</td>
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<tr>
<td>Marketing</td>
<td>Port Operator</td>
<td>Port Operator</td>
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<td>Berth Scheduling</td>
<td>3rd Party</td>
<td>3rd Party</td>
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<tr>
<td>Maintenance</td>
<td>MOS</td>
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<tr>
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<td>Port Operator</td>
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<tr>
<td>Janitorial</td>
<td>3rd Party</td>
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</tr>
<tr>
<td>Stevedoring</td>
<td>MOS</td>
<td>MOS</td>
</tr>
</tbody>
</table>

**NOTES**

**Model 1 - MOS owns and operates**
- MOS hires MGMT. STAFF; Operates all facets of port operations with exception of stevedoring / ISPS security. Uses Police for overall port security. Contracts with 3rd Party or allows cruise lines to choose. Option out some heavy maintenance, and janitorial services (unless part of City Dept.)
- **Moderate risk / Higher reward**

**Model 2 - MOS owns and manages operator**
- MOS is owner. RFP for Operator based upon lease mechanism. MOS involved in Marketing / Scheduling with Operator / CLAA. Operator has rights to security and stevedoring. (May also allow for cruise line choice)
- **Low risk / Moderate reward**
<table>
<thead>
<tr>
<th>Options</th>
<th>Option A</th>
<th>Option B</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Model 1 - MOS Owns and Operates</strong></td>
<td>1A</td>
<td>1B</td>
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<tr>
<td><strong>Model 2 - MOS Owns and Manages the Operator</strong></td>
<td>2A</td>
<td>2B</td>
</tr>
</tbody>
</table>
MODEL 1A – NO NEW PIER

• Overview
  • Owner / facility manager
  • Leads marketing (with city tourism) and scheduling (with CLAA / Cruise Lines)
  • Security & stevedoring contract out (either 3rd party contract or cruise line choice)
  • Begin assembling staff in 2022 with GM & Staff (startup spring 2023)
  • Cruise Financials
    • Use existing SPH tariff rates as baseline
    • No increase from 2022/23
    • Flat with a 2% escalator from 2023
    • Traffic split based upon existing pct. (RR / Broadway / Ore)
  • Cargo & Petroleum Financials
    • Use existing lease models
  • Ferry continues as presently done
  • Commercial Financials
    • Use existing lease models (under City & WP)
    • White Pass, Temsco & AIDEA sub leases end in 2023 (not renewed)
  • New commercial lease options NOT included in model (would be additional land lease items)
  • CAPEX
    • CAPEX – $30,490,000
    • Small Boat Harbor, Port Offices, OASIS Items, Ore Terminal & loader Demo. / Cargo Move (No RORO) / Berth rehabs / Commercial Village
MODEL 1B – NEW PIER 2022

• Overview
  • Owner / facility manager
    • Leads marketing (with city tourism) and scheduling (with CLAA / Cruise Lines)
  • Shares maintenance (contract out major items) & janitorial (with city services / 3rd party)
  • Security & stevedoring contract out (either 3rd party contract or cruise line choice)
  • Begin assembling staff in 2021 with GM & Staff (pier ops in 2022 / overall startup spring 2023)

• Cruise Financials
  • 2023 - $3.00 per passenger additional wharfage and GTA access fees $1.00 per passenger
  • Flat with a 2% escalator from 2024
  • Use existing SPH tariff rates as a baseline
  • Traffic split based upon existing pct. with 2 New city berths (RR / Broadway / Ferry Pier / Ore secondary)

• Cargo & Petroleum Financials
  • Use existing lease models

• Ferry moves (Temsco move to airport)

• Commercial Financials
  • Use existing lease models (under City & WP)
  • White Pass, Temsco & AIDEA sub leases end in 2023 (not renewed)

• New commercial lease options NOT included in model (would be additional land lease items)

• CAPEX
  • CAPEX - $100,700,000
    • Broadway Cruise Berth (2 ships) / Small Boat Harbor / Port Offices / OASIS Items / Ore Terminal & loader Demo. / Cargo Move (with RORO) / Berth rehabs / Commercial Village / Ferry move & new terminal
REVENUES

• Continued existing revenues based on historical information through the end of WP lease
  • Wharfage, dockage, water, etc.

• In 2023, calculated the 3 months of passenger revenues the City would capture once the WP lease expires
  • In 2024, 100% of passenger fees reflected from MOS facilities, plus CPV overall

• Used the existing subleases and updated lease values based on market value appraisals (2023+)

• Existing MOS Leases – Currently reflected per agreement and have not been changed / extended at this point.
Figures do not reflect CPV Cruise Tax received from the State of Alaska; Adds $3.00 from 2022 and Rail Access Fee of $1 from 2023 (MOS Piers Only)
MODEL 1B - GROSS REVENUES

Figures do not reflect CPV Cruise Tax received from the State of Alaska; Adds $3.00 from 2022 and Rail Access Fee of $1 from 2023 (MOS Piers Only)
EXPENSES

• Labor
  • General Manager - from 2021
  • Secretary - from 2021
  • Asst. Manager - from 2022
  • MIS Manager/ Support/Web - from 2023
  • Billing Clerk - from 2023
  • Maintenance Manager - from 2022
  • Asst. Maintenance Manager - from 2023
  • Technical Staff (2) - from 2022

• Other Expense Items
  • Outsourced services (housekeeping, maintenance, security,
  • Administration
  • Travel & Training
  • Insurance
  • Other line item expenses based on historical small boat harbor expenses, increasing with CPI.
Model 1A and 1B Net Income After Debt (Before Depreciation)

Full Port Ops Begin
**MODEL 2A OR 2B**

- **Overview**
  - **MOS**
    - Shares marketing
    - Approves ALL tariff rates annually
    - May share major CAPEX & Maintenance
  - **MOS manages the operator**
  - **Cruise Financials**
    - Tariffs go to Port Operator
    - City collects CPV/Port Operator Annual Lease
  - **Cargo & Petroleum Financials**
    - Based upon Port Operator
  - **Ferry continues as presently done**
  - **Commercial Financials**
    - Based upon Port Operator
  - **New commercial lease options to be decide**
  - **CAPEX**
    - Operator can pay 100% of MOS shares
  - Payments to MOS to be negotiated
OBSERVATIONS

• Model 1a – Owner / Operator (No New Pier)
  • Could produce additional revenues with new tariffs and lease schedules
  • No new tariffs introduced as part of this model as no berth infrastructure is developed.

• Model 1b – Owner / Operator (New Pier)
  • Produces the highest revenues for the MOS
  • Risk as the MOS is taking on all operations and financing of major projects
  • Financing risks can be mitigated
    • Non-recourse revenue bonds
    • Traffic or revenue guarantee agreements
  • MOS has the most control over the waterfront in this model
  • Could support ~$100- million in major projects

• Model 2a or 2b – MOS owns and manages the operator
  • Has numerous paths forward for final financial model
  • Least financial risk to MOS, but loss of upside potential
  • How would the MOS participate in the major projects?
  • Less control of the waterfront
RECOMMENDATION

• Municipality of Skagway Owns and Operates its Waterfront
  • Provides control of the waterfront vision long-term for community access and use
  • Provides control of primary business development – cruise, cargo, commercial

• Offers the ability to craft the operating structure to meet the needs of the community / set the precedent for the management of the waterfront

• Allows for partnerships for cruise (new berth) and cargo (new Ro Ro Berth / upland cargo facility); mining and commercial

• Limited Risk
  • Support investment through cruise passenger throughput (proven track record)
**Next Steps**

- Assess best methodology for Management / Operation of the waterfront
  - Flexibility of management, funding, etc.
  - Timeline – how best to build a team
  - Legal and financial issues to identify and resolve in process

- Critical path forward
  - Development of a Cruise Pier for 2022 (timing, cost, impacts)
  - Acquisition of ferry facility (temporary facility)
  - Preparation for turnover of lease in 2023
    - Property turnover
    - Environmental cleanup of Ore Dock area
    - Confirming the waterfront vision – finalizing a timeline for projects
    - Identification of any PPP options (cruise, cargo, commercial), 3rd Party (stevedoring, security) for RFP, etc.

- Develop an Action Plan to ensure success...