



Municipality of
SKAGWAY Borough

WATERFRONT AND CRUISE DEVELOPMENT PROGRAM

ASSEMBLY PRESENTATION

02.04.2020

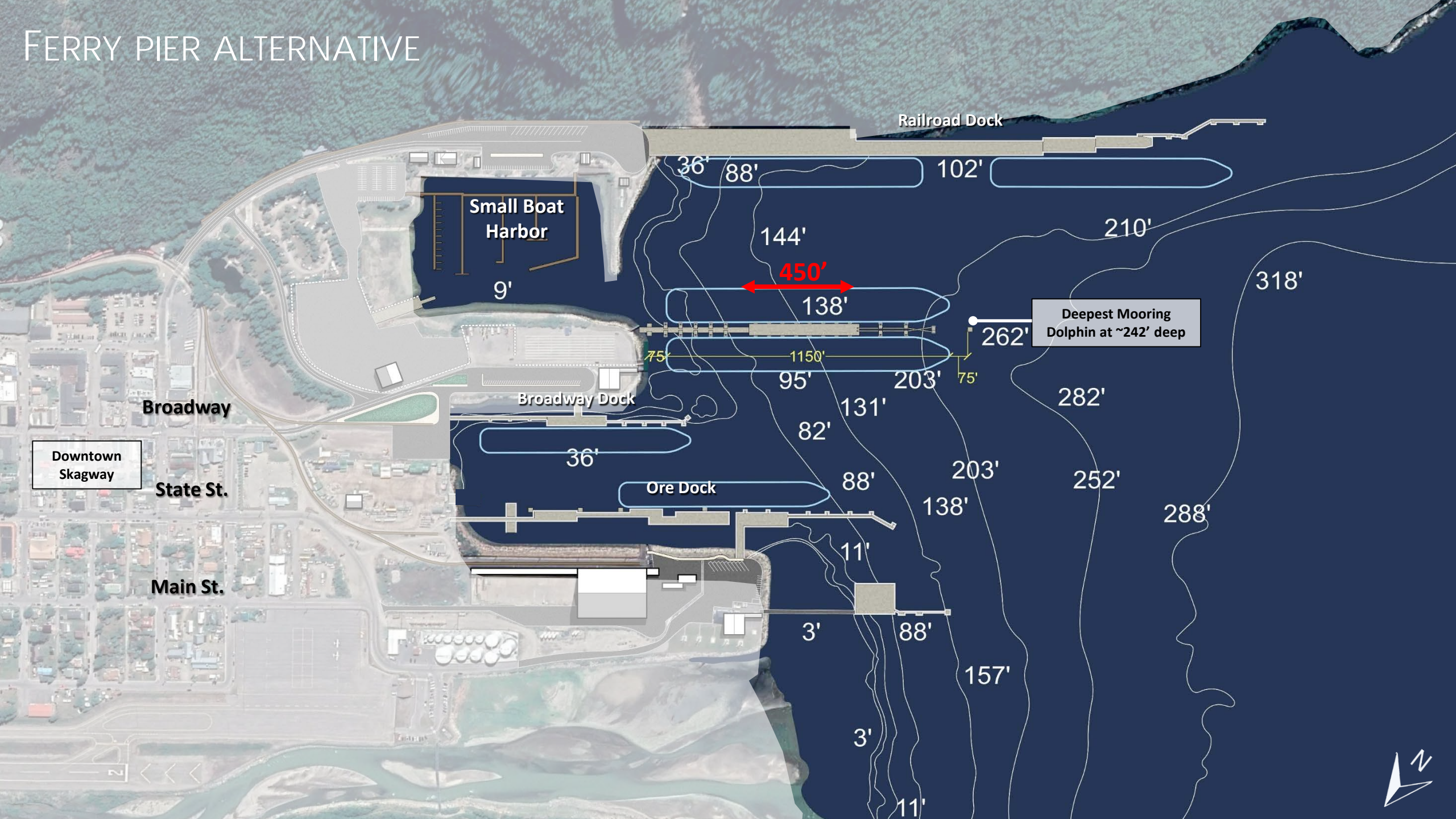


LONG-TERM WATERFRONT VISION

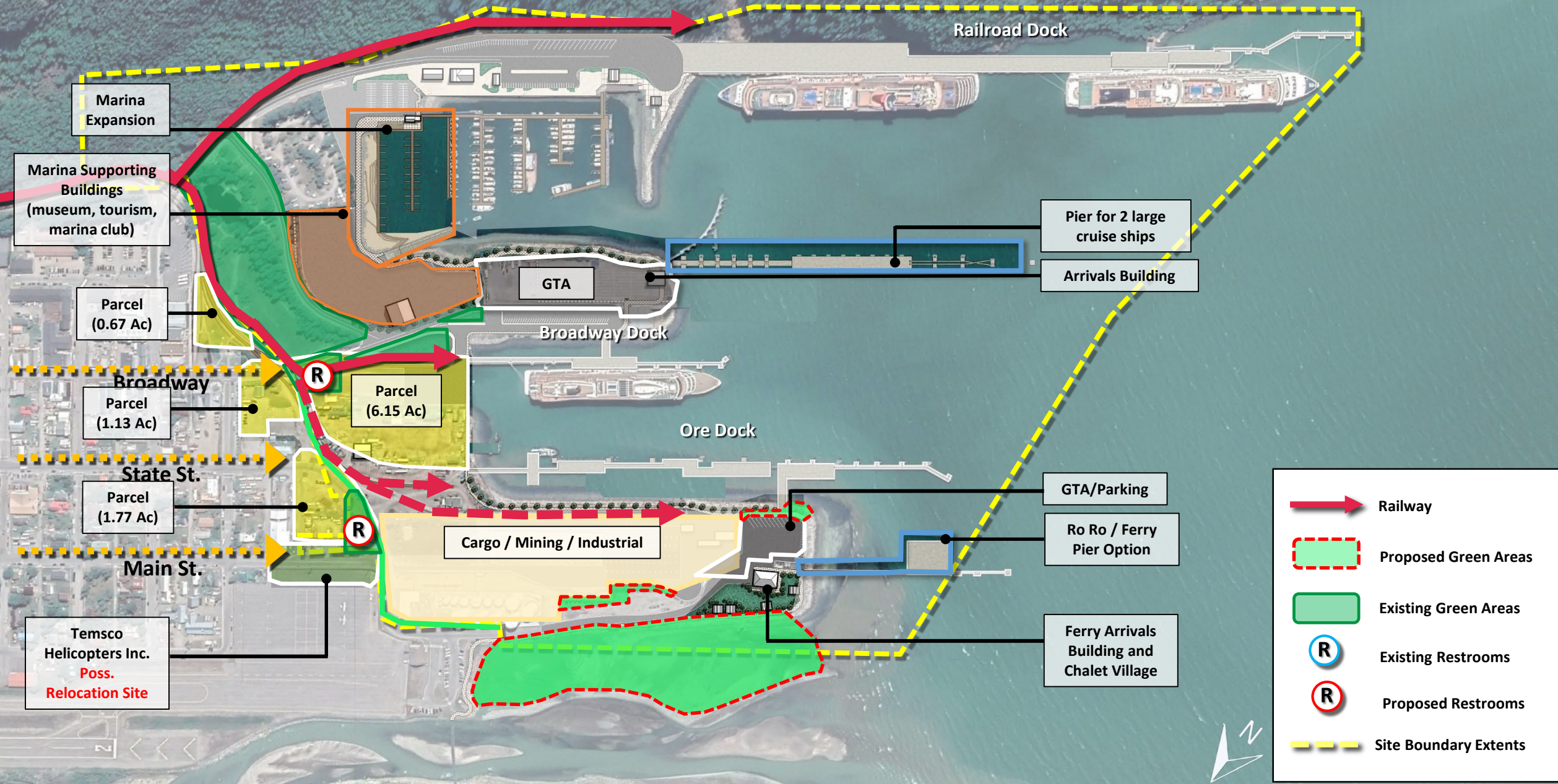
LONG TERM WATERFRONT VISION PLAN

- 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

FERRY PIER ALTERNATIVE



POTENTIAL LONG-TERM VISION



PEDESTRIAN ACCESS AND TRAILS



- OASIS (Open Area Spaces in Skagway) Proposed Access**
- Ferry Peninsula Trail (concept)
 - Lower Dewey Lake Trail
 - Stream-walk Phase 1 (complete)
 - Stream-walk Phase 2 (concept)
 - Sea-walk
 - - - - - Shoreline Park & Waterfront Pathway (concept)
 - Yakutania Point Trail

- B&A Proposed Access**
- Pedestrian Access
 - - - - - Vehicular Access
 - - - - - Site Boundary Extents

SMALL BOAT HARBOR EXPANSION

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

60'

60' of riprap on 2:1
slopes (for -10'
dredging)

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

Small Boat
Harbor

GTA

Broadway Dock

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



BROADWAY DOCK TRANSPORTATION CONCEPT



Examples of GTA with green buffers and pedestrian friendly shelters, pathways, and views



FERRY FACILITY / PUBLIC WATERFRONT EXPANSION CONCEPT

Industrial

Ferry Terminal
Arrivals Building

Pedestrian waterfront
promenade



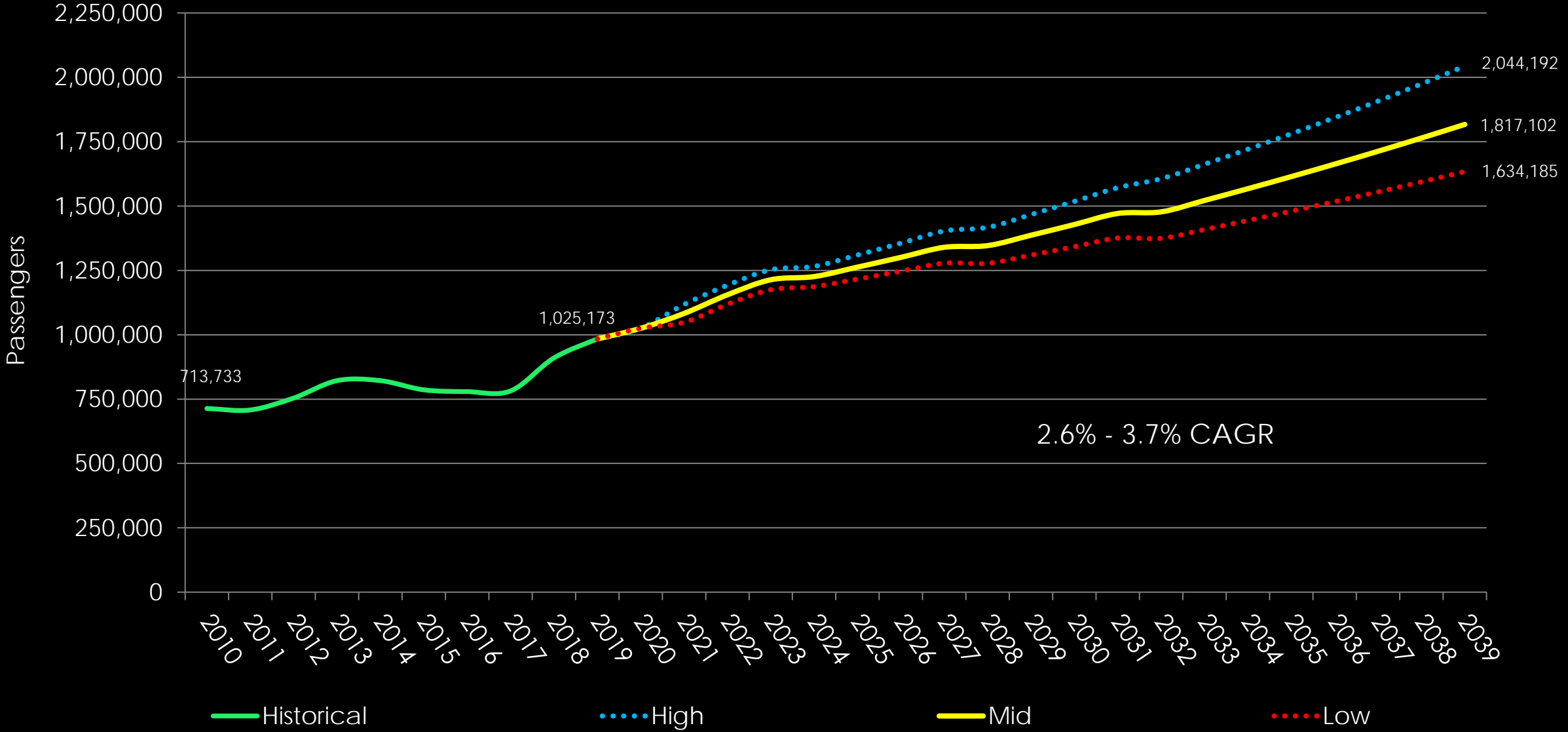
Example of "chalet" type tourist buildings





CAPITAL PLAN

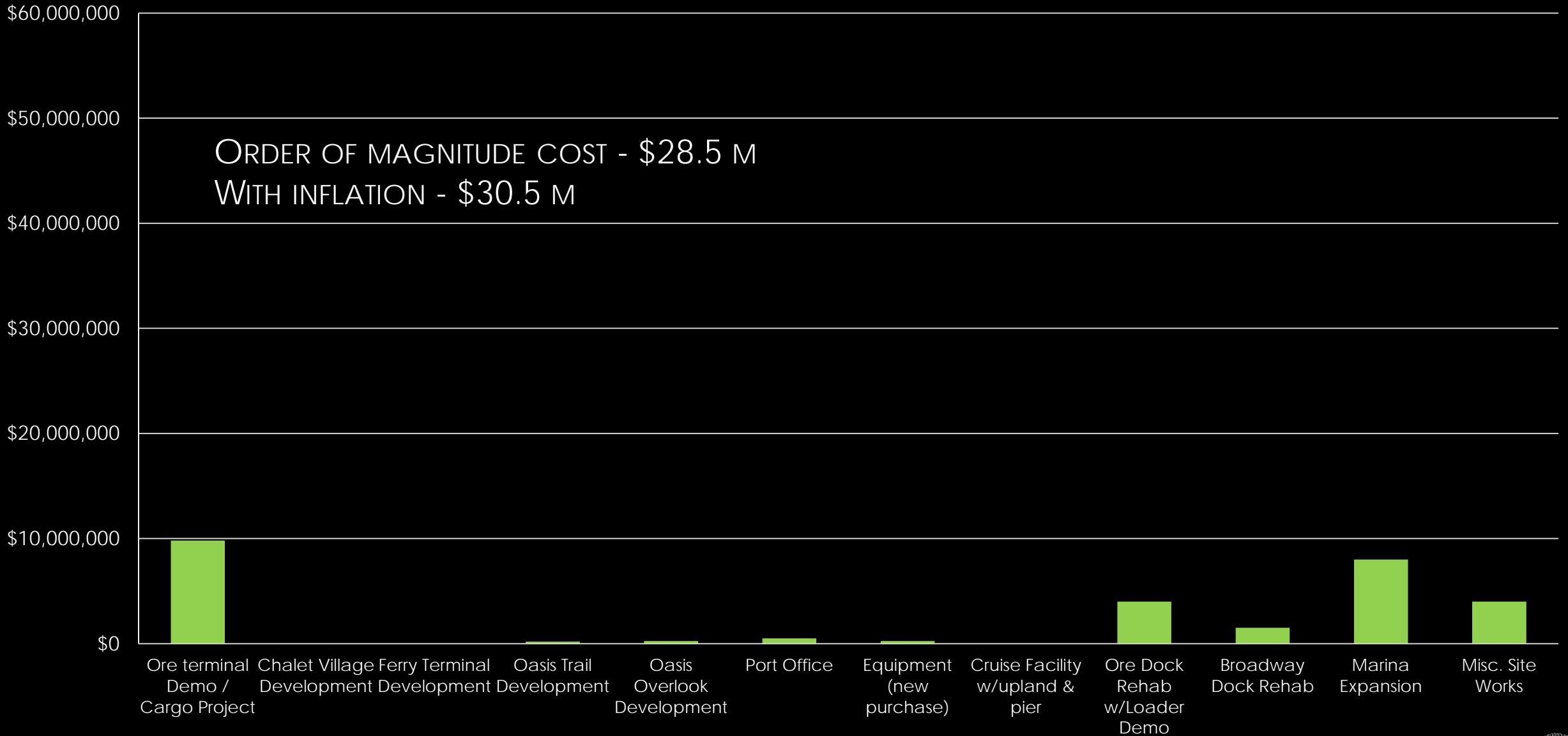
SKAGWAY CRUISE PASSENGER PROJECTIONS



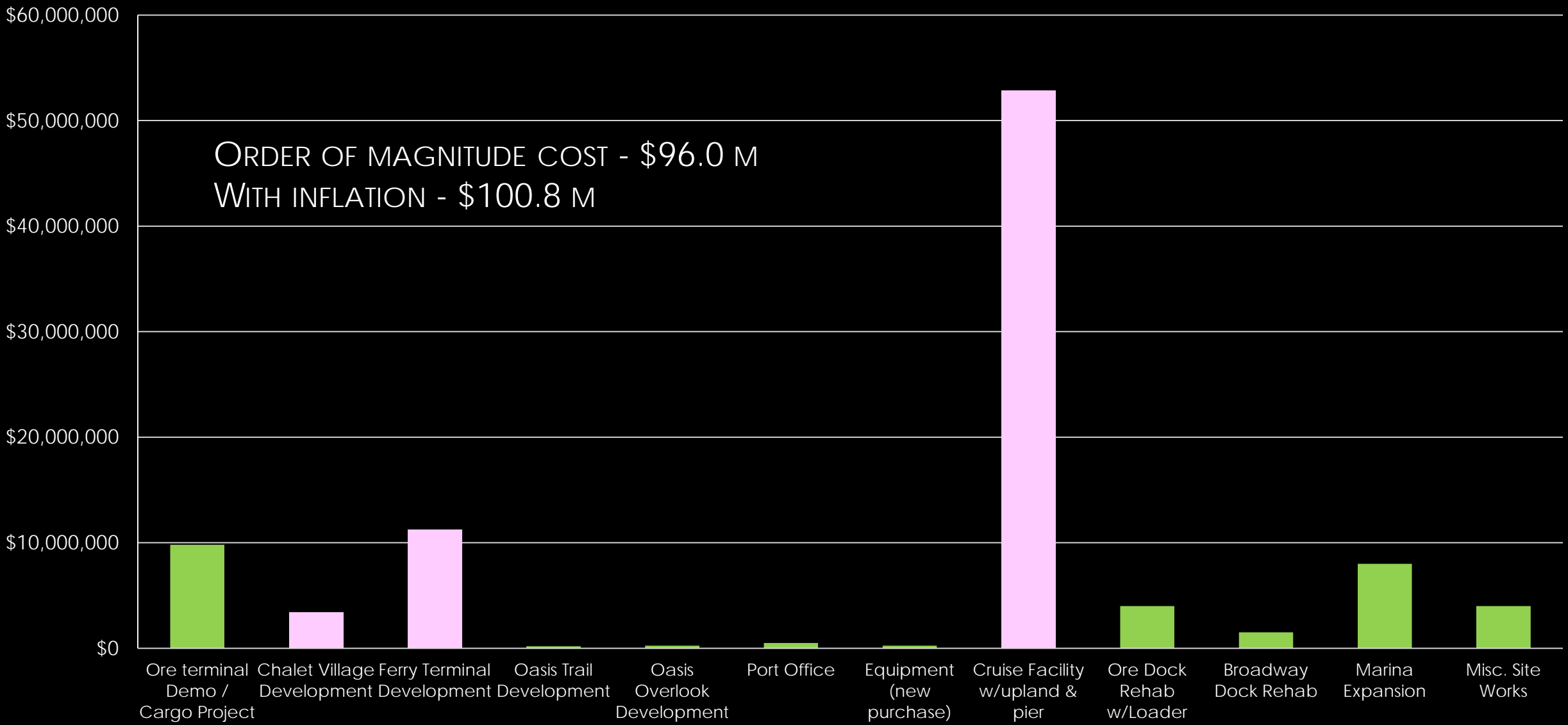
COMMODITY CATEGORIES

- Mining Products
- Fuel
- General cargo
- Ferry traffic

OPTION A - CAPITAL PROGRAM ELEMENTS WITH A NEW PIER



OPTION B - CAPITAL PROGRAM ELEMENTS WITH A NEW PIER

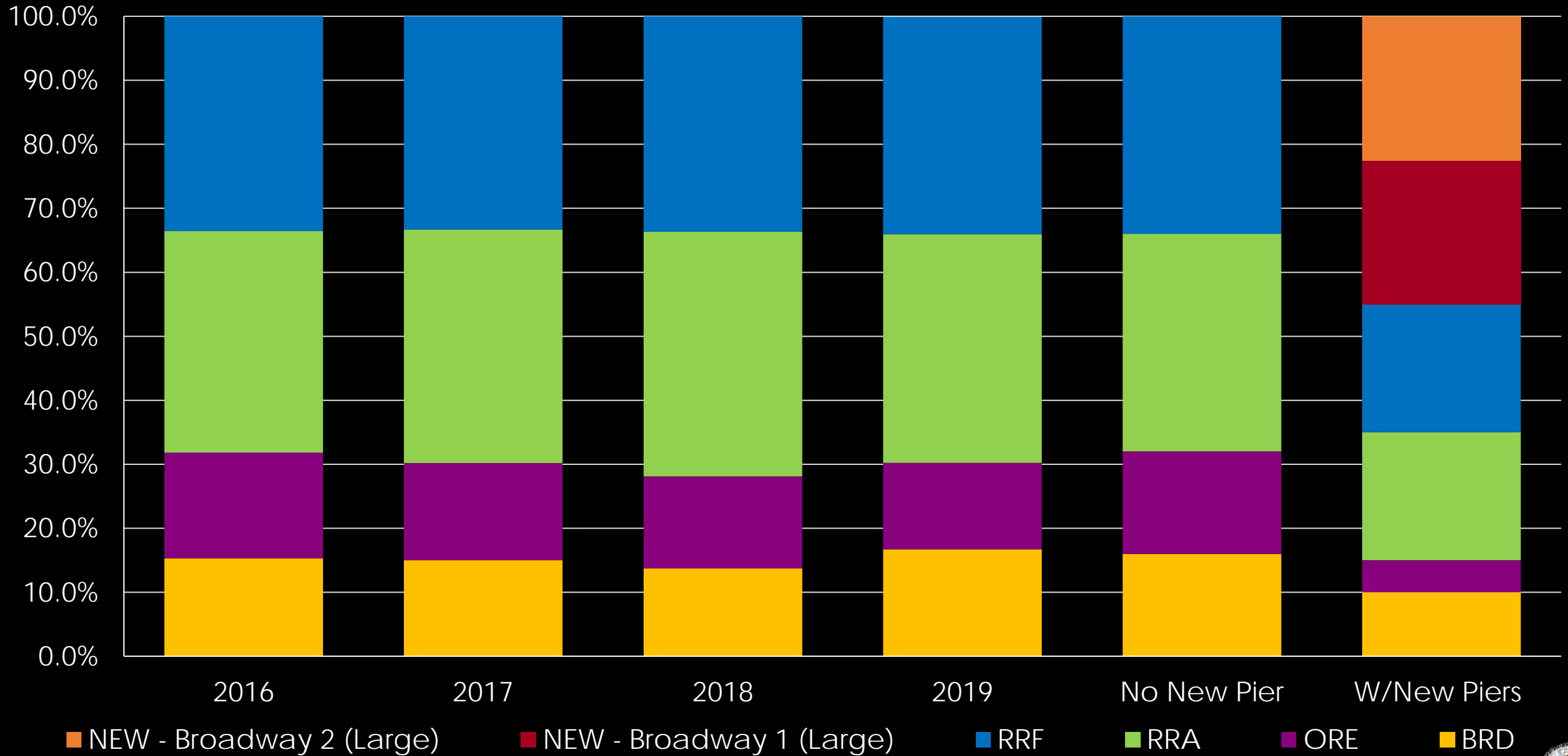


TOTAL CAPITAL PROGRAM SUMMARY

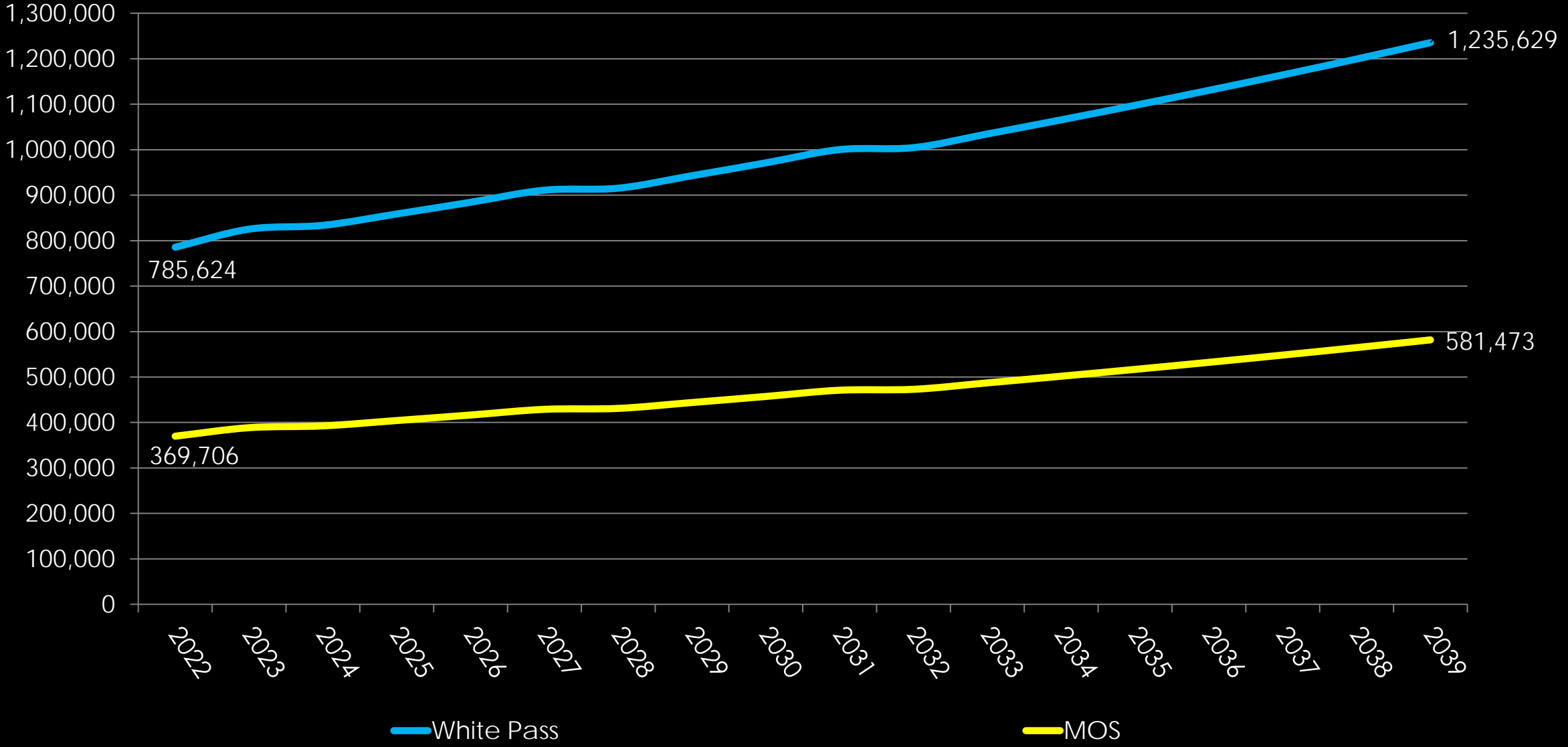
- Option A - Without the new pier and two other elements
 - Order of magnitude cost - \$28.5 m
 - With inflation - \$30.5 m

- Option B - With new pier
 - Order of magnitude cost - \$96.0 m
 - With inflation - \$100.8 m

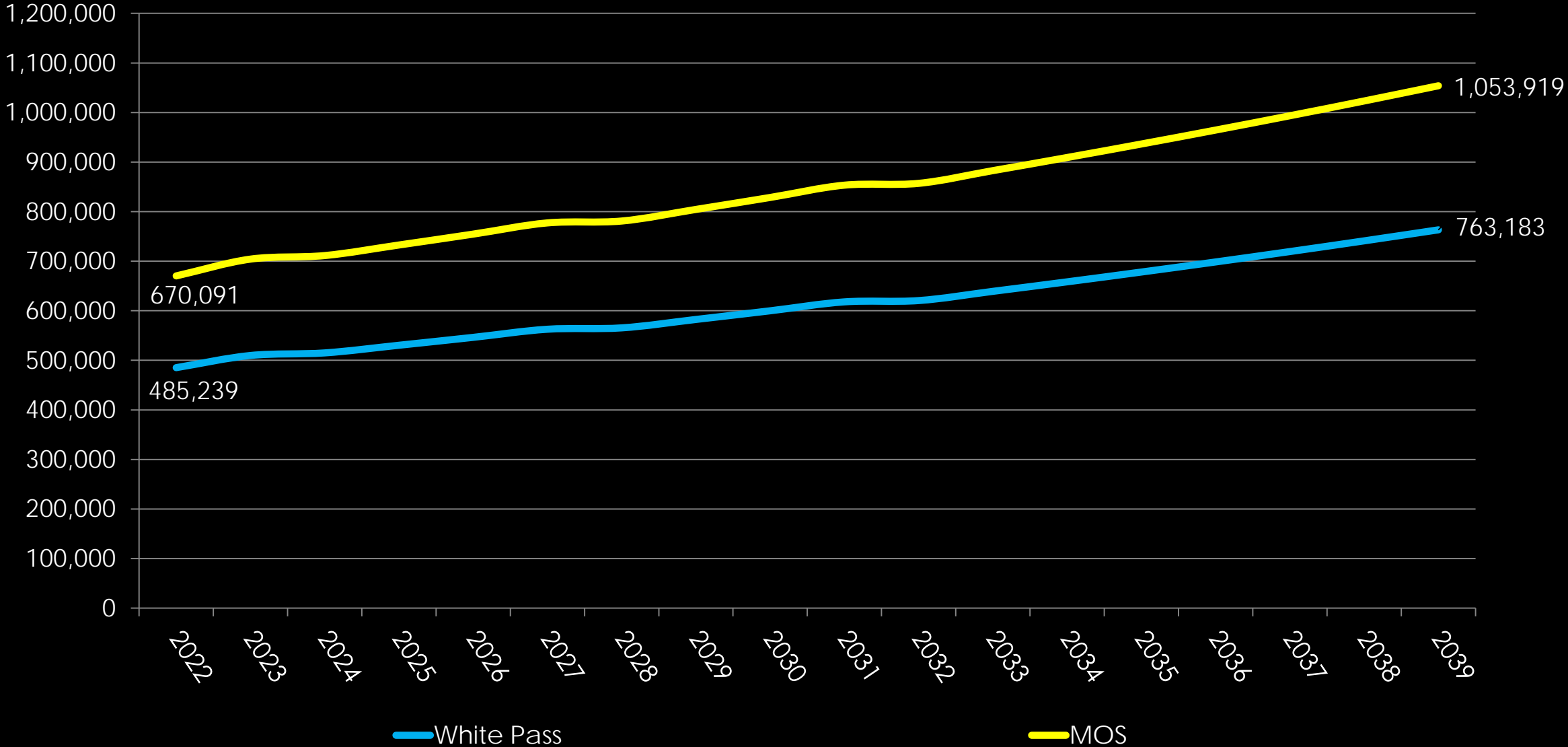
TRAFFIC SPLIT SCENARIO



OPTION A - CRUISE PASSENGER SPLIT – WITHOUT A NEW PIER



OPTION B - 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

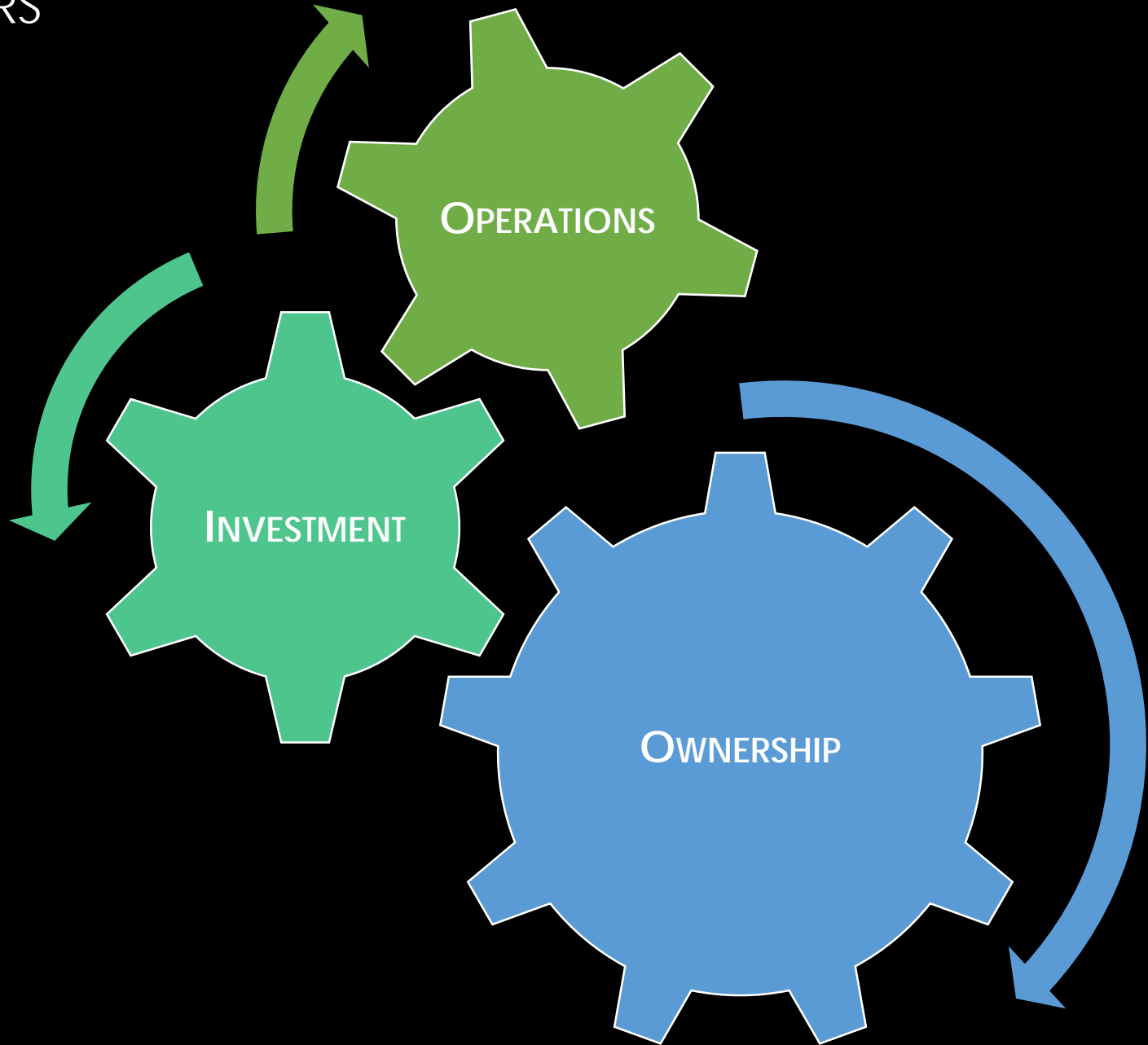
OPERATION MODELS

- 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



MANY COMBINATIONS



OPERATIONS ARE DIFFERENT AT ALL PORTS

Operator Port/Gov 3rd party

	Traditional East US	New York	Los Angeles	Barcelona	Seattle	Singapore	Miami A
Ownership	Port/Gov	Port/Gov	Port/Gov	Port/Gov	Port/Gov	Port/Gov	Port/Gov
Investment	Port/Gov	Port/Gov	Port/Gov	Operator	Port/Gov	Port/Gov	Operator
Marketing	Port/Gov	Port/Gov	Port/Gov	Port/Gov	Port/Gov	Port/Gov	Port/Gov
Scheduling	Port/Gov	Port/Gov	Operator	Operator	Operator	Operator	Operator
Line relationship	Port/Gov	Port/Gov	Port/Gov	Port/Gov	Port/Gov	Port/Gov	Operator
Fiscal agent	Port/Gov	Port/Gov	Port/Gov	Operator	Port/Gov	Operator	Port/Gov
Housekeeping	3 rd party	Operator	Operator	Operator	Operator	Operator	Operator
Maintenance	Port/Gov	Operator	Operator	Operator	Operator	Operator	Operator
Major maintenance	Port/Gov	Port/Gov	Port/Gov	Operator	Port/Gov	Port/Gov	Port/Gov
Operations	Port/Gov	Operator	Operator	Operator	Operator	Operator	Operator
Ground security	Port/Gov	Operator	Port/Gov	Operator	Operator	Operator	Operator
Ship / terminal security	Port/Gov	Port/Gov	Port/Gov	Operator	Operator	Operator	Operator
Parking	3 rd party	Operator	3 rd party	Operator	Operator	Operator	Operator
Line handling	Port/Gov	Operator	Operator	Operator	Operator	Operator	3 rd party
Stevedoring	Operator	Operator	3 rd party	Operator	Operator	Operator	3 rd party
Secondary uses	Port/Gov	Operator	Port/Gov	Operator	Operator	Operator	Port/Gov

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

PORT OPERATING AND DEVELOPMENT MODELS

	MODEL 1 – MOS OWNS AND OPERATES			MODEL 2 – MOS OWNS AND MANAGES OPERATOR		
	MOS	PORT OPERATOR	3 RD PARTY	MOS	PORT OPERATOR	3 RD PARTY
OWNER	Yellow			Yellow		
FACILITY MANAGER	Yellow				Yellow	
MARKETING	Yellow			Yellow	Yellow	
BERTH SCHEDULING	Yellow			Yellow	Yellow	
MAINTENANCE	Yellow		Yellow		Yellow	
SECURITY SERVICES			Yellow		Yellow	
JANITORIAL	Yellow		Yellow		Yellow	
STEVEDORING			Yellow		Yellow	
NOTES	<p>MOS HIRES MGNT. 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.)</p> <p>MODERATE RISK / HIGHER REWARD</p>			<p>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)</p> <p>LOW RISK / MODERATE REWARD</p>		

OPTIONS

	OPTION A NO NEW PIER	OPTION B NEW PIER
MODEL 1 – MOS OWNS AND OPERATES	1A	1B
MODEL 2 – MOS OWNS AND MANAGES THE OPERATOR	2A	2B

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

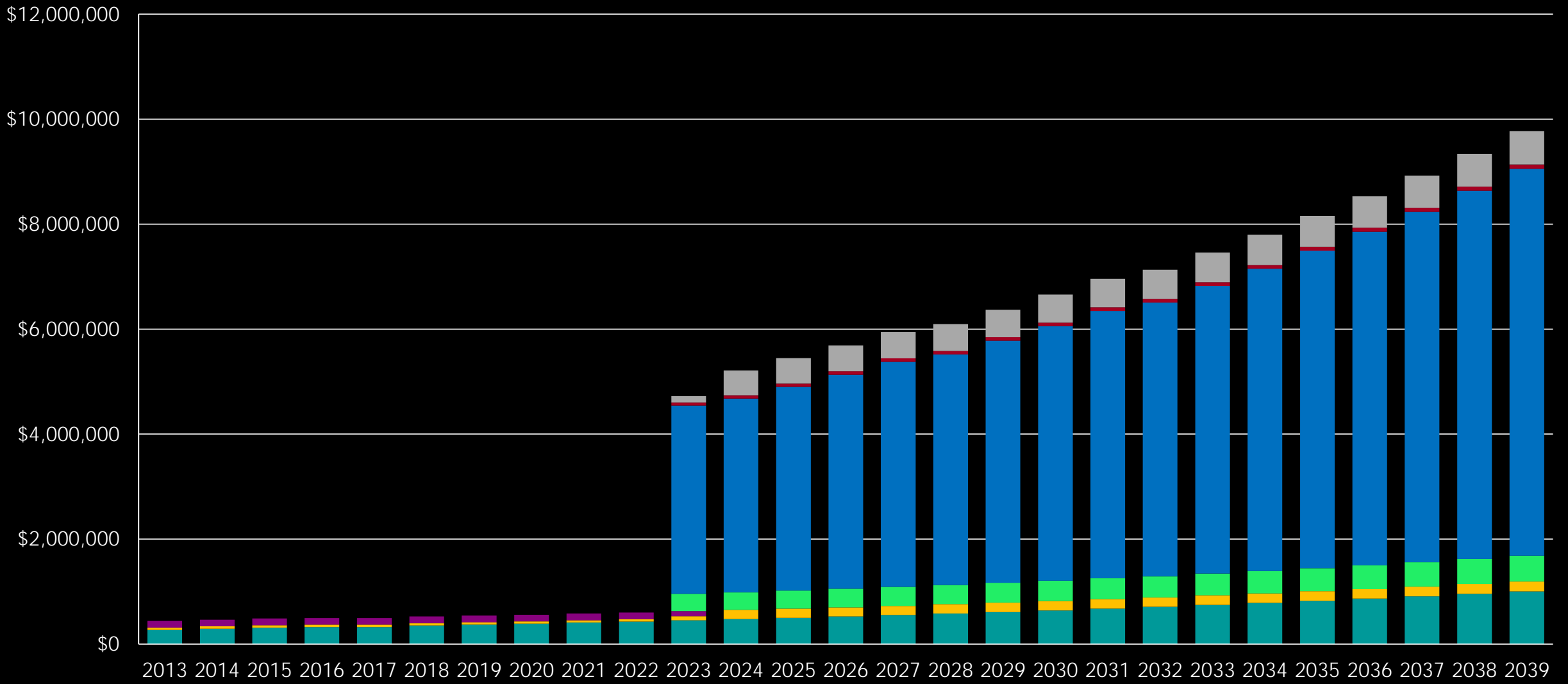
MODEL 1B – NEW PIER 2022

- 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 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.

MODEL 1A - GROSS REVENUES



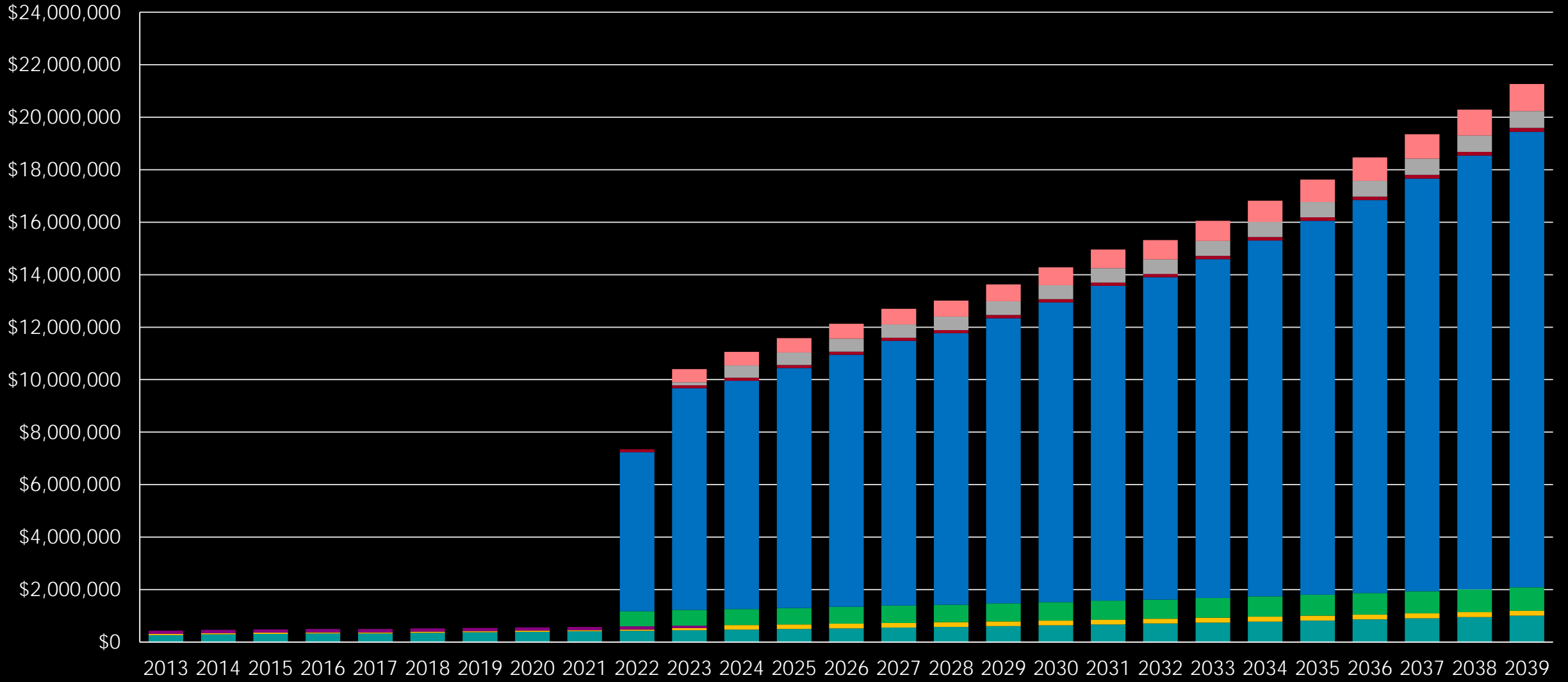
■ Leases
 ■ Cruise Water
 ■ Cruise Wharfage
 ■ Cruise Dockage
 ■ Port Commission (White Pass Lease)
 ■ Existing Municipality Leases
 ■ Small Boat Harbor



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



- Rail & Vehicle Access Fee
- Leases
- Cruise Water
- Cruise Wharfage
- Cruise Dockage
- Port Commission (White Pass Lease)
- Existing Municipality Leases
- Small Boat Harbor

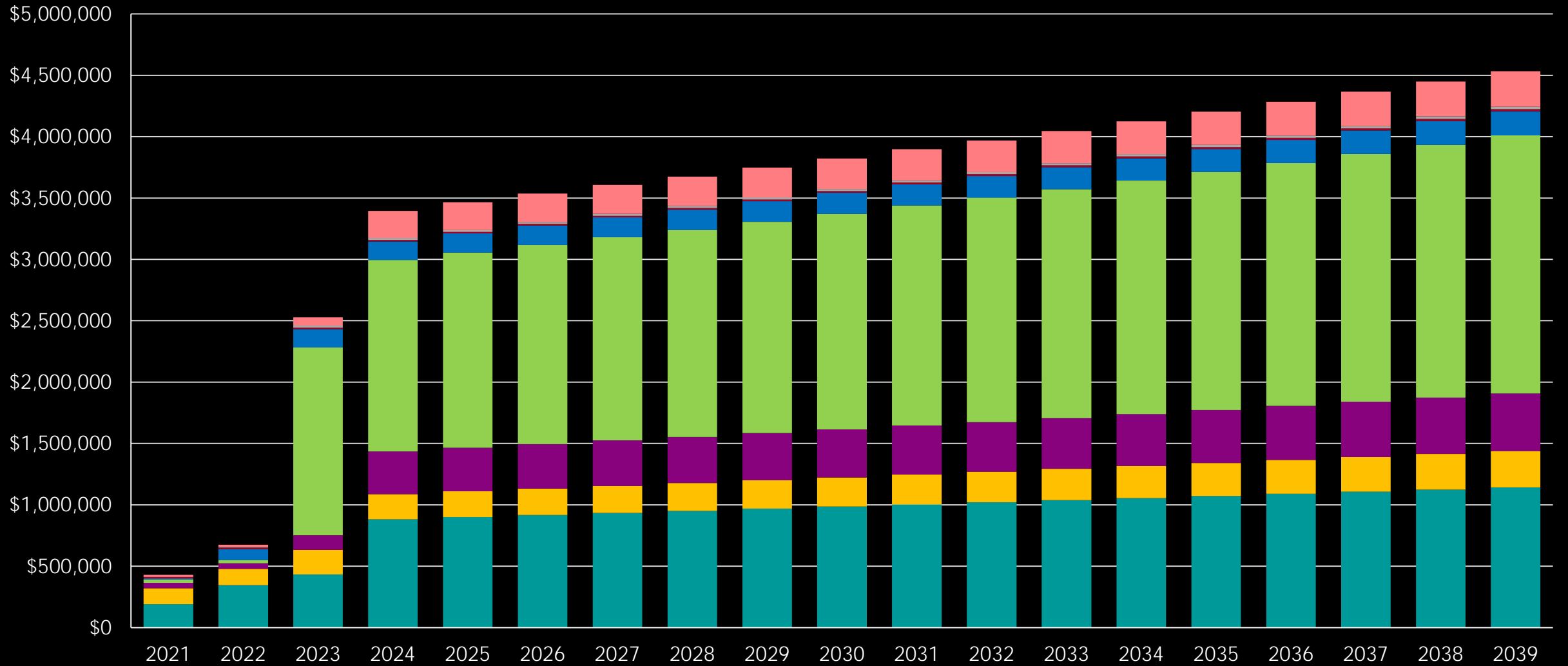
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EXPENSES

- 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.

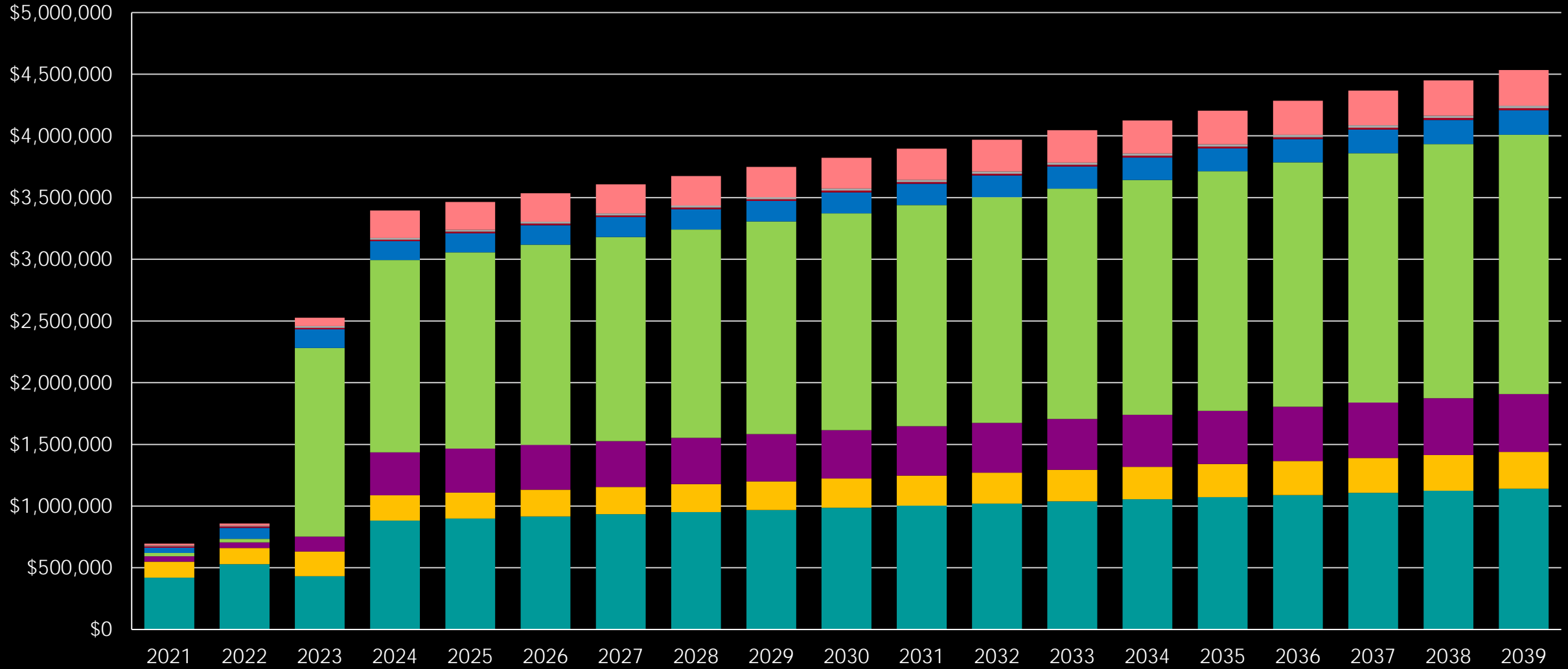
MODEL 1A - EXPENSES



Insurance Travel and Training Other Administration Repairs and Maintenance Utilities Contracted Services Salaries and Benefits



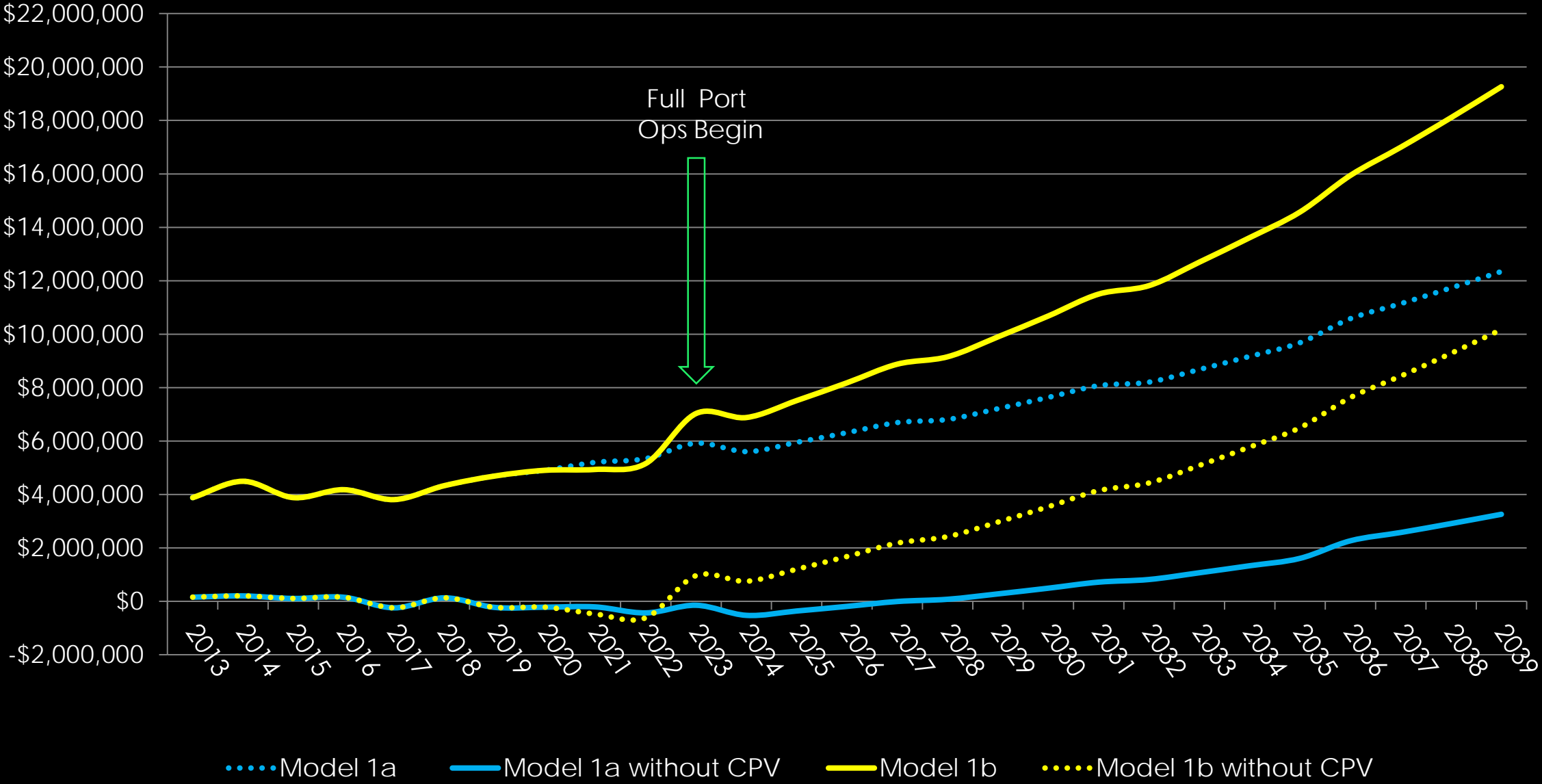
MODEL 1B EXPENSES



Insurance Travel and Training Other Administration Repairs and Maintenance Utilities Contracted Services Salaries and Benefits



MODEL 1A AND 1B NET INCOME AFTER DEBT (BEFORE DEPRECIATION)



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...



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SKAGWAY Borough

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