March 10, 2022

Dear Ms. Jennings,

Communities across Alaska have planned infrastructure projects that could provide substantial benefits to communities and the economy but are held back by gaps in funding. With the passage of the Infrastructure Investment and Jobs Act (IIJA) in November 2021, Alaska has the chance to compete for significant funds to address local infrastructure needs. Funds in the infrastructure bill offer more than $18 billion in grant-funding opportunities in federal fiscal year (FY) 2022 alone. Funded at $450 million per year, nearly double the $230 million funded for FY 2021, the Maritime Administration’s (MARAD) Port Infrastructure Development Program (PIDP) is one of several IIJA programs focused on port investments.

This increase has heightened competition for funding. Further, new and revised grant criteria have been developed, and many grant programs require submission at similar times of the year, straining the limited resources of communities applying for grants. Along with the increased competition for grant funding, applicants must often quantify the economic benefits of their projects to qualify for or assist with the grant evaluation process.

The Municipality of Skagway (Municipality) is seeking consultant assistance to select a project and prepare an application for the Maritime Administration’s PIDP 2022 grant cycle.

Since 2009, HDR has helped more than 95 grant applications win $2.3 billion and 15.4 percent of the total funds awarded nationwide from the PIDP, as well as from the Better Utilizing Investment to Leverage Development (BUILD), Infrastructure for Rebuilding America (INFRA), and Consolidated Rail Infrastructure and Safety Improvements Program (CRISI) programs.

HDR’s skilled team of specialists can lead all facets of grant application to guide the Municipality to the next level of grant submissions. Our team can devise a plan to match critical project needs to potential funding, prepare applications and supporting materials, and assist the Municipality in leveraging relationships with federal decision makers to optimize opportunities for success.

HDR has won 19 grants and over $100 million for Alaskan projects in recent years, including $40 million in Port Infrastructure Development funds.
HDR offers the Municipality the following benefits:

1. Our National Finance group has tracked the IIJA from conception to passage and is monitoring its implementation daily. They are ready to join with Alaska HDR staff to help the Municipality secure funding for its projects. Together, they have already helped the Alaska Railroad Corporation and the Port of Alaska secure significant federal discretionary grant funds for important infrastructure improvements.

2. HDR employs 40+ grant specialists supported by hundreds of project development professionals, one of the industry’s largest teams focused on infrastructure economics and finance strategy.

3. We well understand the IIJA, its process, and key decision makers at MARAD, the U.S. Department of Transportation (USDOT), and other agencies. Our team includes multiple experts who have held senior positions developing and supporting federal grant programs.

4. Our Alaska personnel are uniquely familiar with Alaska’s challenging geography and community needs. We can combine national grant success with the local knowledge of our Alaska staff to increase the overall chances of grant awards to Alaska communities.

5. HDR has developed and refined a process for creating document templates and Benefit-Cost Analysis (BCA) models that are customizable for different types of projects at little additional cost.

6. We can leverage the diverse talents of writers, graphic artists, and subject matter experts for the Municipality’s 2022 PIDP grant, creating application materials that are factually precise and visually appealing, leaving a lasting positive impression on grant reviewers.

Attached is an outline of proposed grant support services we can provide for the Municipality as well as examples of our grant success and expert staff qualifications.

We look forward to a partnership with the Municipality of Skagway that will assist the community in thriving for years to come.

Sincerely,

Matt Stone
Alaska Area Manager

In the 2019 INFRA grant cycle, HDR-supported applications accounted for 36% of the total amount awarded. We also supported seven of the FY2019 BUILD grantees who were awarded grants ranging from $9.8 to $25 million.
Proposed Services

PIDP Grant Production
HDR offers experienced grant writing and production services to support Municipality grant application during the PIDP Fiscal Year 2022 grant application period.

Kick-Off Meeting, Grant Program Requirement Checklist, and Application Management
Working closely with the Municipality, we will discuss project selection and develop a unique work plan and schedule to address the PIDP application requirements, including Grants.gov sign up and all supporting documentation, data, and analyses. This schedule will be used to monitor progress, identify critical path items, meet client deadlines, and document issues and concerns as they arise.

DELIVERABLES
Virtual project kick-off meeting; PIDP grant application work plan; brief meetings twice weekly to coordinate on grant progress; assistance in preparing for Grants.gov submission.

Grant Application Narrative
This process will begin with our development of an outline that summarizes each required section of the application, key themes for the project relative to that section, and excerpts from the Notice of Funding Opportunity to ensure that the narrative persuasively covers key grant-scoring criteria. We will then write the narrative and supporting data analyses and guide the Municipality in gathering relevant project documentation.

The Municipality will assist with necessary documentation detailing the project scope, budget, schedule, and likely impacts on transportation in the region.

Concurrently, our creative staff will develop an application template that includes an attractive visual theme and will work with the Municipality to develop appropriate maps, graphics, and photos that will create a lasting impression with design, images, and color.

Our team will deliver a draft version of the Application Narrative in Microsoft Word for review and a final version of Application Narrative in PDF for submission, including the BCA appendix and Excel model and letters of support. We will work with the Municipality to prepare for final submission at least a day before the application deadline.

The Municipality will be responsible for the actual submittal of the grant application on the grants.gov site.

DELIVERABLES
Draft and final versions of a clear, concise, and complete narrative that answers all grant evaluation metrics; draft and final layout templates; up to seven maps and graphics to support the narrative.
Stakeholder and Legislative Outreach and Support
We will also support the Municipality in garnering and documenting strong specific support for
the selected project. Our team will identify key stakeholders and assist the Municipality in
drafting support letters from the Congressional Delegation, state legislators, and the
Governor, as requested.

The Municipality will solicit letters of support for the application.

DELIVERABLES
List of key stakeholders; template letter of support with separate letters customized for each
supporting entity.

Benefit-Cost Analysis
The PIDP grant requires a detailed BCA. Our expert economists will quantify public benefits
expected from the project and measure them against the project’s full costs, summarizing its
cost-effectiveness with a benefit-cost ratio and an estimate of net benefit that would arise
from it. The BCA will rely on data provided by the Municipality about cost and port and facility
operations. Our Alaska staff will advise on adjusting costs to account for our short
construction season, high mobilization costs, and other Alaska-specific factors.

Generally, we propose the following five-step process for the economic analyses undertaken
for this project:

STEP 1: DEFINE BASELINE AND ALTERNATIVE SCENARIOS
As with previous rounds, USDOT BCA guidance requires that project benefits be estimated
relative to a no-build scenario that factors in less capital-intensive improvements than the
project being considered. Under this step, HDR will work with the Municipality to clarify the
baseline condition and the possible alternatives for consideration.

STEP 2: IDENTIFY PUBLIC BENEFIT CATEGORIES
This step formalizes the public benefit categories to be evaluated. Public benefit categories
will be mapped to long-term outcomes. In the case of PIDP, these may include:

- Achieving Safety, Efficiency, or Reliability Improvements
- Supporting Economic Vitality at the National and Regional Levels
- Addressing Climate Change and Environmental Justice Impacts

Included in this step is a strategy session by which the various components of the project will
be discussed in order to fully define which elements should be included in the project scope in
order to maximize probability of a grant award.

STEP 3: DEVELOP AND CODE BENEFIT-COST MODEL LOGIC
For each of the benefit categories identified in Step 1 above, logic models will be developed
that represent the methodology used to monetize each project benefit. The logic model will be
populated with the most up-to-date information available. HDR will collect model inputs from a
variety of sources including the GPA, USDOT guidance and other project documentation.
STEP 4: PRODUCE BENEFIT-COST RESULTS, TEST SENSITIVITY OF RESULTS AGAINST KEY VARIABLES
In this step, key variables will be flagged for testing, the model will be re-run and the results will be generated based on key material events—for example, delay in implementation, significantly lower than anticipated rail volumes, etc.

STEP 5: ISSUE RESULTS
In this step materials for inclusion in the PIDP grant application and in support of the findings described in the economics section of the applications are drafted. Typically, a short document is drafted with key sections for input directly into the application document; a short appendix is also drafted that can be posted online and referenced in the text of the document. The appendix describes the evaluation approach, describes the data and assumptions used, and present the results and the sensitivity analysis conducted.

DELIVERABLES
A BCA demonstrating positive public economic outcomes: BCA narrative and technical appendix.

Post-Application Debrief
We will support the Municipality in reaching out to the MARAD to request an application debrief to garner lessons learned from the funder’s project review.

DELIVERABLES
Attendance at debrief meeting and short summary of lessons learned.

Port-Related Grant Strategic Planning
HDR has a proven approach that will assist the Municipality in producing applications that meet federal grant funding guidelines. This includes a strategic analysis to identify and prioritize projects for future grant applications. Topics assessed will include availability of matching funding, alignment with grant program objectives, and likelihood of winning. This task will be lean and iterative, while providing the Municipality with a holistic strategy.

This work includes a virtual meeting to understand project funding objectives. We will listen to understand your unique projects in order to assess a match with potential port funding sources based on clear alignment with potential port funding grant merit criteria.

We will discuss why a port project is important to the Municipality; project history; and how the project fits into the client’s overall funding and grant application plans. These topics will lead to a focused discussion of the project itself, including its likely benefits. HDR will begin developing the “story” or theme that will make a strong and memorable impact on reviewers, making sure to also describe how the project aligns with the grant program’s criteria.

We will produce a short technical memorandum that prioritizes projects for future port-related grant cycles, offers potential approaches to a plan for state, local, or private contributions (not expense-in-kind contributions) that exceed the proposed federal grant, and preferably
matches that may include private-sector contributions, and provides next steps to build political consensus around each project.

**DELIVERABLE**
Virtual strategic planning meeting; project review memo referring projects for future port-related grant cycles.

**Project Team**
The project team comprises local Alaskans as well as national experts, finance professionals, and grant-writing specialists who together understand the objectives of the Municipality to improve Skagway’s port infrastructure. Our team includes some of the nation’s top transportation economists who are highly adept at preparing grant applications and BCAs.

**Aurah Landau**, the Project Manager, is a Juneau-based planner and strategic communications expert. She will manage HDR’s grants and economics team to ensure high-quality and timely grant application.

**Daphne Federing**, nationally renowned federal grant application lead, will manage developing narrative for the PIDP grant, helping to identify and highlight each project’s strengths and guiding development of the narrative overall. Alaskan grant writer **Laurie Cummings** will provide grant writing. **Dennis Bruce**, principal economist and leader of recent winning PIDP grant application teams will lead BCA development. **Stanley Wu** will model the BCA.

The BCA and narrative will be reviewed by Daphne Federing, to confirm that grant merit criteria and BCA standards are met and the application presents the strongest possible case for funding.

**Tina Adair** and **Aziz Atallah** will offer technical writing support. **Michelle Myers** will provide graphic design services, and she will be supported by others on HDR’s graphics team to match specific project graphic needs.

Additional Alaska-based staff will add local considerations to the PIDP grant application and future funding strategies: **Ronny McPherson**, Coastal and Water Engineer; and **Taylor Horne**, Environmental Program Lead.

Resumes are available upon request.

**Budget and Schedule**
Based on the tasks described in this proposal, HDR proposes a cost plus fixed fee of $71,274.36 for this engagement. HDR will complete the PIDP grant described in this proposal no later than 1 week prior to the submission deadline of May 16, 2022, provided that all other
interim deadlines agreed to regarding data, reports, and edits to drafts are met. Port-related
grant strategic planning will be completed by June 30, 2022.

Alaska Grant Success

Federal grant programs are highly competitive, with hundreds of agencies requesting funds—
requests can exceed total available funds by 30 times or more.

On behalf of Alaska agencies and communities, HDR has won 19 grant applications worth
over $100 million in the last few years. Grants range in size from small to large awards.

We have produced economic analyses for the Port of Alaska, City of Unalaska, Alaska
Department of Transportation and Public Facilities, and City of Borough of Juneau (in
progress) that assist in restructuring fiscal policies and securing grant funding.

<table>
<thead>
<tr>
<th>HDR-ASSISTED WINNING GRANTS IN ALASKA ($101.5 MILLION TOTAL)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Type of Grant</strong></td>
</tr>
<tr>
<td>Consolidated Rail Infrastructure and Safety Improvements (CRISI)</td>
</tr>
<tr>
<td>CRISI</td>
</tr>
<tr>
<td>Port Infrastructure Development (PID)</td>
</tr>
<tr>
<td>Alaska Renewable Energy Fund (Alaska REF)</td>
</tr>
<tr>
<td>Alaska REF</td>
</tr>
<tr>
<td>U.S. Economic Development Administration (EDA) - American Rescue Plan</td>
</tr>
<tr>
<td>U.S. Department of Agriculture Rural Utility Services</td>
</tr>
<tr>
<td>Alaska REF</td>
</tr>
<tr>
<td>Better Utilizing Investment to Leverage Development (BUILD)</td>
</tr>
<tr>
<td>PID</td>
</tr>
<tr>
<td>PID</td>
</tr>
<tr>
<td>US Department of Energy</td>
</tr>
<tr>
<td>State of Alaska Grant</td>
</tr>
<tr>
<td>Alaska REF</td>
</tr>
<tr>
<td>State of Alaska Grant</td>
</tr>
<tr>
<td>Alaska REF</td>
</tr>
<tr>
<td>Alaska REF</td>
</tr>
<tr>
<td>Type of Grant</td>
</tr>
<tr>
<td>---------------</td>
</tr>
<tr>
<td>Alaska REF</td>
</tr>
<tr>
<td>Alaska REF</td>
</tr>
</tbody>
</table>

**Port of Alaska Modernization Program, Port of Alaska, Alaska**
HDR managed the preparation of a successful 2019 PIDP Grant award of $20 million and a 2019 BUILD Grant award of $25 million for construction of a new petroleum and cement marine terminal (PCT). The PCT is an essential component of the Port of Alaska Modernization Program that replaces the Port’s primary petroleum terminal, which was severely corroded and suffered significant damage during a 2018 earthquake. These grants allowed PCT construction to begin in 2020 and be completed in 2021. Specific services provided by HDR included grant strategy, federal agency coordination, BCA, grant preparation, and grant management activities for these two successful grant applications. *Reference: Sharen Walsh, Port of Alaska, 907.343.6203, sharen.walsh@anchorageak.gov*

**Alaska Railroad Corporation, Alaska**
HDR prepared one BUILD and three CRISI discretionary grant applications for multiple rail, bridge, and terminal improvement projects to support ARRC efforts to improve rail infrastructure, expand capacity, and provide unrestricted access for today’s industry standard freight and intermodal railcars. Our economists and grant writers coordinated the applications’ progress, authored project narratives, and developed BCAs. Two CRISI applications were awarded federal funding totaling $8 million. *Reference: Shawnessy Leon, ARRC, 907.265.2510, leons@akrr.com*

**Matanuska-Susitna Borough (MSB), Alaska**
HDR prepared an FY2020 EDA Public Works and Economic Adjustment Assistance Program Grant funded through the federal CARES Act to fund a new, shovel-ready 10,000-square-foot Gateway Visitor Center. A cooperative project between the MSB and the Mat-Su Convention & Visitors Bureau (MSCVB), it will support the MSB’s visitor industry by creating direct and indirect employment opportunities and benefits to establish a focal point for independent and commercial tourists. The grant application has made it to the second level of review, in which EDA is reviewing the engineering documentation and design and preparing NEPA documentation for the project. The total project is estimated to cost $8.6 million, with EDA providing 80 percent of project funding. *Reference: Bonnie Quill, CEO MSCVB, 907.355.1862, bonnie@alaskavisit.com; or Pam Graham, MSB Grants Administrator, 907.861.8404, pam.graham@matsugov.us.*
COST ESTIMATE PER TASK

FIRM: HDR, Inc.  PROJECT TITLE: Skagway PIDP and Grant Support

TASK NO: 1  TASK DESCRIPTION: PIDP Grant Production

DATE: 3/7/2022

GROUP:  METHOD OF PAYMENT: FP □ FPP □ T&E □ CPFR □

SUB-TASK NO. SUB-TASK DESCRIPTION

1 Kick Off Meeting, Grant Pro

2 Grant Application Narrative

3 Stakeholder and Legislative

4 Benefit-Cost Analysis (BCA)

5 Post-Application Debrief

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Kick Off Meeting, Grant Pro</td>
<td>8</td>
<td>2</td>
<td>4</td>
<td>4</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Grant Application Narrative</td>
<td>16</td>
<td>1</td>
<td>30</td>
<td>70</td>
<td>2</td>
<td>2</td>
<td>16</td>
<td>18</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Stakeholder and Legislative</td>
<td>4</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Benefit-Cost Analysis (BCA)</td>
<td>12</td>
<td>3</td>
<td>45</td>
<td>90</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Post-Application Debrief</td>
<td>4</td>
<td>3</td>
<td>3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

TOTAL LABOR HOURS 361

LABOR RATES ($/HR)

176.40 $ 293.67 $ 315.38 $ 188.21 $ 99.67 $ 234.68 $ 214.20 $ 156.08 $ 162.23 $ 84.26 $ 1,600.99 $

LABOR COSTS ($) 7,761.60 $ 1,762.05 $ 25,861.00 $ 13,927.73 $ 8,969.94 $ 469.35 $ 428.40 $ 2,809.49 $ 2,666.66 $ 324.45 $ 0.00 $

COMMENTS:

FIRM’S TOTAL COST OF LABOR (or Fixed Price): $66,582

IF CPFF, TOTAL INDIRECT COST @ 0.00% $0

TOTAL EXPENSES: $0

FIRM’S TOTAL COST (no Subcontracts or Fee) $66,582

SUB-CONTRACTORS: Firm Initials and Price Per Task

FIRM: $0

AMOUNT: TOTAL SUBCONTRACTOR PRICES: $0

* Labor Rates shall be direct labor (base pay) only if Method of Payment is CPFF; otherwise, Labor Rates shall be total rates (i.e. base pay + benefits + overhead + profit.)
### Task 2: Port-Related Grant Strategic Planning

**FIRM:** HDR, Inc.

**PROJECT TITLE:** Skagway PIDP and Grant Support

**DATE:** 3/7/2022

**GROUP:**

**METHOD OF PAYMENT:** FP □ FPPE □ T&E □ CPFF □

**PREPARED BY:** Aurah Landau

<table>
<thead>
<tr>
<th>TASK NO.</th>
<th>SUB-TASK DESCRIPTION</th>
<th>A. Landau</th>
<th>D. Federing</th>
<th>D. Bruce</th>
<th>R. McPherson</th>
<th>T. Horne</th>
<th>T. Adair</th>
<th>A. Atallah</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Project Manager</td>
<td>Grant Strategist / Lead</td>
<td>Economist / Grant Writer</td>
<td>Coastal &amp; Water Engineer</td>
<td>Environmenal / Contract Manager</td>
<td>Technical Editor</td>
<td>Technical Writer / Project Coordinator</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>SUB-TASK NO.</th>
<th>SUB-TASK DESCRIPTION</th>
<th>A. Landau</th>
<th>D. Federing</th>
<th>D. Bruce</th>
<th>R. McPherson</th>
<th>T. Horne</th>
<th>T. Adair</th>
<th>A. Atallah</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Port Investment Grant Strategic Planning</td>
<td>8</td>
<td>4</td>
<td>4</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>1</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>TOTAL LABOR HOURS</th>
<th>21</th>
</tr>
</thead>
</table>

| LABOR RATES ($/HR) | 176.40 | 293.67 | 315.38 | 234.68 | 214.20 | 156.08 | 84.26 |
| LABOR COSTS ($)    | 1,411.20 | 1,174.70 | 1,261.51 | 234.68 | 214.20 | 312.17 | 84.26 |

**FIRM'S TOTAL COST OF LABOR (or Fixed Price): $4,693**

**FIRM'S TOTAL EXPENSES: $0**

**FIRM'S TOTAL COST (no Subcontracts or Fee): $4,693**

**SUB-CONTRACTORS: Firm Initials and Price Per Task**

**FIRM:**

**AMOUNT:**

**TOTAL SUBCONTRACTOR PRICES:** $0

---

* Labor Rates shall be direct labor (base pay) only if Method of Payment is CPFF; otherwise, Labor Rates shall be total rates (i.e. base pay + benefits + overhead + profit.)