

Date: Wednesday, September 14, 2022

To: Mayor, Manager, Port Director, and Assembly

From: David Brena

Re: \$65M bond and waterfront development

Dear Mayor, Manager, Port Director, and Assembly:

If I did not have any experience in computer science and Bill Gates was speaking on the subject, I'd listen. If I did not have any experience in investments and Warren Buffet was speaking, I'd listen. If only the Mayor, Manager, Port Director, and Assembly, who proclaim their inexperience on waterfront development at nearly every assembly meeting, had some expert advice on how to proceed with the waterfront development.

Wait, they do. The Municipality of Skagway (MOS) hired one of the best consulting firms in waterfront development and commissioned a \$160,000 study on how Skagway's waterfront should be developed. The Bermillo Ajamil & Partners (BA) report dated February 2020 is 55 pages of specific advice and strategy.

The BA report recommends the following:

- Develop and Ownership/Operator structure for the port to maximize revenues. (Read hire a well-qualified Port Director and form a Port Authority).
- Remediate the Ore Basin.
- Build a Ro Ro dock to the west to be able to accommodate, freight, fuel, and containerized ore. This is also the BA recommended site for the future ferry dock and terminal. Without relocating the ferry dock, MOS cannot utilize the current ferry dock location for a two-sided panamax capable dock.
- With the ferry peninsula vacated build a two sided, panamax capable dock on this peninsula. Acquiring the ferry peninsula from the State is key and the MOS has been working on this for five years.
- The Broadway Dock remains largely unchanged.

- After the clean-up build the Ore Dock out to handle two cruise ships with flexibility to handle bulk ore if the Yukon steps forward and invests in the dock and the ship loader.

The MOS is not following this plan or any comprehensive plan that will be beneficial to Skagway residents in the long-term. The western most Ro Ro dock is necessary for this comprehensive, waterfront redevelopment. Why is the MOS offering this parcel through an RFP for non-waterfront users?

The vote no committee is not a no vote to waterfront development. It is an attempt to focus the MOS on a comprehensive waterfront that will be cleaned up and not be burdened by conflicts between users and inefficiencies. Contrary to recent comments by the MOS, the waterfront development has not been properly vetted. Each dock and waterfront development should include a discounted cash flow that identifies the costs, revenues, and expenses associated with that specific development. Has anyone seen this? The answer is no because it has not been done.

The proposed \$65 million bond, if passed, will obligate the entire waterfront including future developments regardless of how much or how little it makes. Does this proposal from the MOS generate additional revenue or does it siphon revenue from other assets? Hard to know as the due diligence has not been completed.

The no vote will allow for two cruise ship berths on the Ore Dock for 2023, not one. We would suggest offering a revenue bond that is specific to the proposed development. This should happen immediately. The Skagway Port Protection Committee has run preliminary Excel spreadsheets on this option, and it generates a net positive return on the development. The one ship option does not.

Finally, everyone is concerned that the Municipality of Skagway (MOS) cannot remediate the rockslide and have the Railroad Dock open for business without restrictions. This means that there would be only two docks (Ore and Broadway) open fully. Jeff Hamilton has a plan to terrace the slide area and he has stated that he can complete it by the beginning of next season.

The issues identified in this letter are not comprehensive, but they do all stem from the MOS not taking the first steps first. Hire a qualified Port Director and these design issues would not be happening.

During the last assembly meeting there was some joking about how the Cayman Islands recently had hired a new Port Director for a salary of \$250,000 per year. My impression was that Skagway was patting itself on the back for hiring an inexperienced Port Director for substantially less. I wonder which hire will end up costing the citizens more.

Citizens, please join the no vote committee in redirecting the MOS's efforts by making two berths available in 2023 on the Ore Dock before permanent damage is done and we find ourselves living with another long-term mistake.

Your fellow concerned citizen,



David Brena
Member (Vote No for the two-dock option in 2023)
Skagway Port Protection Committee