

Manager's Update – August 17, 2023

Yukon Government Export Cooperation Agreement Update: Pursuant to Res. No. 23-08R (attached), staff and I have been working with the Yukon Government on an export cooperation agreement, which encompasses the general terms in Attachment A of the resolution. The agreement is close to execution; however, there is one issue for which I will need Assembly direction. The authorized general terms do not address instances in which the cost of the Marine Services Platform (MSP) exceeds the maximum contribution from the Yukon (the cap). We have discussed with Yukon's representatives various ways in which potential exceedances could be handled, including splitting the cost of overages equally between Yukon and the Municipality. Yukon is currently considering the updated MSP cost estimate (with a 10% contingency) of \$32.86 million [**Clerk's Note: Amount corrected for accuracy**]. I am considering proposing in the export cooperation agreement a small contribution from the Municipality to the potential overages, if the contingency is expended, of \$1 to 2 million. However, I am reluctant to obligate the Municipality in the export cooperation agreement to future potential MSP project costs without Assembly direction on this point.

Ore Peninsula Redevelopment Update: The Municipality is working closely with Pacific Pile and Marine (PPM) and KPFF on moving this project forward. The group has scheduled recurring weekly meetings for project updates and discussion. Currently, PPM is working on submitting its safety plan and is coordinating/procuring necessary materials and equipment, and PPM and KPFF are finalizing construction specifications. There will be a pre-construction meeting in Skagway on August 24, environmental sampling will be done in the Ore Terminal building beginning August 17, and the Municipality is soliciting interest for [Protected Species Observer](#) positions in support of our marine mammal monitoring program.

Library Director's Update: That's a wrap on the 2023 Summer Reading Program! Our Thursday morning events for kids ages 6-12 saw up to 42 participants each week and numerous kids logged 50 books or more. To celebrate the summer and all the participants' reading achievements, anyone who participated in the program in any way is invited aboard the Library Train, this Saturday, August 19th at 11:30 am.

Next Thursday, August 24th, the library will be participating in Klondike Corridor Kids Day, hosted by the Friends of the Klondike Corridor. Join us for Gold Rush-themed games, crafts, and ice cream on the lawn of the beautiful Rapuzzi House.

Treasurer's Report: Sales tax returns are in for the 2nd Quarter (April 1- June 30) showing ~\$3.6M. Returns are still being processed so the final amount will be slightly higher. In comparison, Sales Tax revenues for the 2nd quarter were \$3.3M in 2019 and \$2.7M in 2022.

Recreation Director's Update: Please see the attached update from Recreation Director KayLynn Howard.

Clinic Interim Executive Director's Update: Welcome back Bill Weiss, PA-C, to Skagway. Bill will be with the clinic for the remainder of 2023.

We commend Heather Rodig and the finance team on their work with the audit. They continue to do an extraordinary job.

For the month of July, dispatch contacted the On Duty Provider 32 times.

Port Director's Update:

2023 Visitor Statistics: Based on data reported from Cruise Line Agencies of Alaska through August 13, 2023.

Month	Ships	Passengers	% of Projections
April	4	12,753	104%
May	85	195,509	92%
June	117	245,281	102%
July	117	262,656	104%
August	47	109,901	104%

Port Revenues: Reported March 19, 2023 through August 15, 2023. Does Not include July VIF.

Total Billed/ Projected Revenue	\$ 4,243,005.57
Total Received	\$ 2,877,768.03

Ore Terminal Sampling: Anchor QEA will be in Skagway 8/17-8/23 to conduct sampling of the of building materials, equipment, and infrastructure comprising the upland Skagway Ore Terminal (SOT). The objective is to identify regulated/potentially regulated equipment, materials, and containerized chemicals that may need to be addressed as part of the upland SOT structures' mothballing or demolition, should the MOS decide to demolish the structures.

Proposed by:	Administration
Attorney Review:	02/24/2023
Vote:	5 Aye 1 Nay 0 Absent

MUNICIPALITY OF SKAGWAY, ALASKA
RESOLUTION NO. 23-08R

A RESOLUTION OF THE MUNICIPALITY OF SKAGWAY, ALASKA APPROVING GENERAL TERMS FOR AN EXPORT COOPERATION AGREEMENT WITH THE YUKON GOVERNMENT FOR CONSTRUCTION OF A MARINE SERVICES PLATFORM AND AUTHORIZING THE BOROUGH MANAGER TO EXECUTE THE AGREEMENT.

WHEREAS, the Yukon Government (Yukon) has contributed funds for the design of the Marine Services Platform (MSP) at the Ore Dock, which is currently at 60% design; and

WHEREAS, the Municipality of Skagway (the Municipality) and Yukon are working together to finalize an agreement for construction of the MSP and future access to the MSP by Yukon industry, and have developed general terms to which both parties may agree;

NOW THEREFORE BE IT RESOLVED, by the Borough Assembly of the Municipality of Skagway:

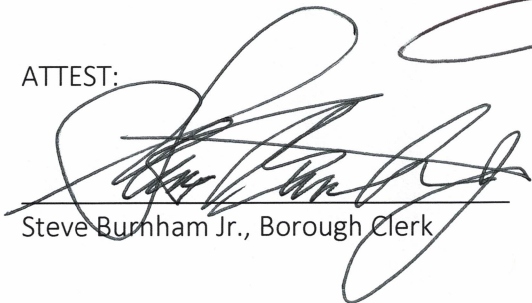
Section 1. That the Municipality of Skagway approves the general terms for an export cooperation agreement with the Yukon Government for construction of and future access to a Marine Services Platform, as detailed in Attachment A.

Section 2. That the Municipality of Skagway does hereby authorize the Borough Manager to execute a export cooperation agreement with the Yukon Government consistent with the general terms in Attachment A, and to execute said agreement.

PASSED AND APPROVED this 2nd day of March, 2023, by the Assembly of the Municipality of Skagway, Alaska.


Andrew Cremata, Mayor

ATTEST:


Steve Burnham Jr., Borough Clerk



ATTACHMENT A (AMENDED)

For Discussion Purposes Only – Without Prejudice

Yukon-Skagway Terms Sheet Summary

The summary below is intended as an informal summary of the non-binding terms sheet currently being negotiated between the Government of Yukon (YG) and the Municipality of Skagway (MoS), which is an expression of intent to negotiate a final and binding agreement.

All terms described in this summary only reflect the current draft. Terms are provisional, subject to further negotiation, and may not be reflected in the final terms sheet. The terms sheet will be considered correct in any disagreement between this document and the terms sheet.

Below is a high level summary of key business terms, with a more detailed summary beginning page 2.

Terms Sheet – Key Business Terms	
Basic Terms	<ul style="list-style-type: none">YG makes milestone contributions for the MSP to be included in the Ore Peninsula Development Project.MoS provides preferential access and a fee discount for designated export users.
Ownership and Management	<ul style="list-style-type: none">MoS owns and manages the MSP.
Designated Export Users	<ul style="list-style-type: none">YG designates mining companies to benefit from preferential access and a fee discount.Any designated companies must be in good standing with MoS.
Fee Discount Amount	<ul style="list-style-type: none">25 percent of all fees associated with use of the MSP.
Fee Discount Duration	<ul style="list-style-type: none">The discount available for 20 years. Start date to be determined.
Uplands	<ul style="list-style-type: none">MoS will ensure 3-4 acres adjacent to the MSP and 2-3-4 acres within municipal limits are available for designated export users, for a total of 6 acres.This use is preferential, but non-exclusive. Commercially reasonable notice must be provided.
Term of Agreement	<ul style="list-style-type: none">Lasts 35 years, with renewal for 15 years by mutual agreement.
Termination	<ul style="list-style-type: none">No termination for convenience.Termination by mutual consent at any time, with partial reimbursement of YG.Disputes related to breach will be resolved by mediation and then submission to State and Federal Courts in Anchorage, AK.
Automatic Review	<ul style="list-style-type: none">Automatic review beginning after 20-15 years with changes by mutual agreement.<ul style="list-style-type: none">Each 5 years thereafter; orEach 2 years of consecutive non-use thereafter.
Approval Rights	<ul style="list-style-type: none">YG will have certain approval rights over issues with a material effect on the MSP for oversight purposes.
Non-Binding	<ul style="list-style-type: none">With exceptions for confidentiality and expenses, the terms sheet will be non-binding on both YG and MoS.

ATTACHMENT A (AMENDED)

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Terms Sheet – Full Summary

Terms Sheet	<p>The non-binding terms sheet will be used to inform a contractual agreement (provisionally, the “Export Cooperation Agreement”) that will be negotiated and entered into by YG and MoS.</p> <p>A high level summary of key terms proposed terms are outlined below. All terms are subject to further negotiation and approval by the decision-making bodies of MoS and YG.</p>
Basic Terms	<p>YG will make contributions on a milestone basis to MoS not to exceed \$17.65 million USD (amount preliminary – subject to review) that enables the inclusion of a Marine Services Platform (MSP) in Skagway’s Ore Peninsula Development Project.</p> <p>In exchange, MoS will include the MSP in its project and provide preferential access and a fee discount to designated export users for the use of an ore export facility that includes the MSP.</p>
Ownership and Management	<p>Subject to approval rights (below), MoS will at all times own, operate and manage the MSP supported by the agreement.</p>
Designated Export Users	<p>YG will designate certain mining companies that are in good standing with MoS that will benefit from the preferential access and fee discounts under the Export Cooperation Agreement.</p> <p>MoS’s relationship with the designated export users will be governed by “Use Agreements”. MoS will cause any use agreements to reflect the intent of the Export Cooperation Agreement.</p>
Fee Discount Amount	<p>Designated export users will receive a discount of 25 percent on the aggregate amount of all fees imposed by MoS, including but not limited to, fees for wharfage, dockage, unloading and loading.</p>
Fee Discount Duration	<p>The discount will be available to designated export users for 20 years. Start date to be determined.</p>
Uplands	<p>MoS will ensure that a minimum of 3-4 acres adjacent to the MSP is available for use in an ore export facility by designated export users, with an additional 2-3-4 acres available elsewhere within municipal limits, for a total of 6 acres.</p> <p>The uplands will be available for preferential, non-exclusive use. MoS may allocate the space for any alternative use, provided such use does not preclude current or future use by a designated export user, given commercially reasonable notice.</p>

ATTACHMENT A (AMENDED)

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Term of Agreement	The agreement will last for 35 Years . The agreement may be extended for an additional 15 years by mutual agreement.
Termination	
Termination for convenience	The agreement will have no termination for convenience available to either side.
Termination with mutual consent	The agreement may be terminated by mutual consent at any time . In case of termination by mutual consent, YG is reimbursed its initial contribution less the value of applied fee discounts to date. Repayment may occur over a period of time according to a negotiated schedule.
Breach of Contract	In case of a breach by either side, disputes will be settled by mediation , and if not successful may be submitted to or State or Federal Courts in Anchorage, AK .
Automatic Review	<p>The agreement will be subject to automatic review beginning 20 15 years following the completion of MSP and every 5 years thereafter. Changes to the agreement may be made by mutual agreement.</p> <p>Automatic review will also occur, beginning 20 15 years after the completion of the MSP, if there is no usage under the agreement by a designated export user for a consecutive period of 2 years. Changes to the agreement may be made by mutual agreement.</p>
Approval Rights	In support of YG's need for oversight, YG will have certain approval rights lasting until the completion of the MSP. MoS will not take actions that would materially affect the MSP in relation to these rights without prior written consent of YG.
Insurance, Liability, Confidentiality	The agreement will include insurance, liability, and confidentiality clauses that are compliant with relevant Canadian and Yukon laws and US and Alaska laws.
Non-Binding	Except for clauses related to confidentiality and expenses, the terms sheet will be non-binding on both parties, as an expression of intent to negotiate a final, binding agreement.

Skagway Recreation Center

We have officially wrapped up our Summer Youth Program for 2023! The camp ran for 6 weeks, 3 in June and 3 in July for 3rd – 6th graders. The rec center staff invested a lot of care into the program this summer to make it the most enriching experience for campers that they could.

We want to graciously thank all the entities and people that helped make SYP a success through donations & volunteerism!

Alaska Mountain Guides	SMART Bus & Klondike Tours	Alaska X
Elks Lodge #431	NPS - Klondike Gold Rush NHP	Sockeye Cycle
Haines Skagway Fast Ferry	Frontier Excursions & Skagway Float Tours	Fraternal Order of Eagles #25
Kroschel's Wildlife Center	White Pass & Yukon Route RR	Disney Cruise Lines
Tutshi Dog Sled Tours	Yukon Suspension Bridge	Kone Co.
Skagway School	Klondike Doughboy	Dairy King
Skagway Traditional Council	Liarsville	Skagway Fire Department
Jay Burnham	Trevor Clifford	Shane Yarborough
Ben Woolard	Nicole Kovacs	Christian Jenson
Luke Stemmer	Kathy Warchuck	Danielle Wheeler
Jonathan Flood	Cory Thole	Larry Russell
Jen Larsen	Juliana Tenenbaum	Angie Rachal

As we head into the fall and school has started the After School Program will be resuming on Monday August 21st. This year the program is offered K-4th grade instead of K-3rd. Registration packets are available on our website or by stopping in the rec. This year our staff are unable to provide daily transportation to the rec from the school, however the school has kindly agreed to provide an employee to walk the kids down each day. If the school becomes unavailable, we will notify parents as soon as we can and work towards a solution.

We held a kayak gear auction at the end of July. We are currently researching other outdoor recreation gear to purchase with the funds. Thank you to everyone who came out and supported the sale!

National Pickleball Day was August 8th and in celebration of it we purchased a pickleball machine for use in the facility. This will certainly help in the wintertime for practice and skill building. Unfortunately, due to a few circumstances we were unable to paint a pickleball court outside but with more planning and resources we will make it happen next summer, if not sooner.

New rock wall mats have been ordered and should be shipped soon. We just received a new set of smaller dumbbells and those are out on the floor. A few more items will be arriving over the next month – some items for toddler programming, some for After School Program, and items for the facility in general.

Finally, our winter seasonal jobs have been posted and are on the municipal website now until Monday August 28th at 4:00pm. We will be hiring one part-time Recreation Worker II and one full-time Recreation Attendant, with anticipated start dates in September or early October.

Thank you,
KayLynn Howard
SRC Director