



MATANUSKA-SUSITNA BOROUGH
Port MacKenzie

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July 1, 2021

Assembly members,

The following is the first of a quarterly update that will be provided to the Assembly to keep you apprised of ongoing operations, maintenance and business development at the port. Because it is the 4th Quarter of Fiscal Year 2021, this update will also include a brief annual financial overview.

Operating Budget and Revenues:

4th Quarter FY21

| | |
|-------------------------------|------------------|
| Total Operating Costs: | \$177,404 |
|-------------------------------|------------------|

| | | | |
|------------------------|-----------------|------------------|-----------------------|
| Total Revenues: | | \$62,600* | |
| Dockage | Wharfage | Storage | Leases/Permits |
| \$1,806 | \$13,299 | \$7,120 | \$40,375 |

*June actuals pending

Projected FY21 - While FY21 has not been officially closed out, the projected operating costs and revenues are as follows:

| | |
|-------------------------------|------------------|
| Total Operating Costs: | \$502,368 |
|-------------------------------|------------------|

| | | | |
|------------------------|-----------------|------------------|-----------------------|
| Total Revenues: | | \$234,262 | |
| Dockage | Wharfage | Storage | Leases/Permits |
| \$15,663 | \$72,709 | \$12,199 | \$133,691 |

4th Quarter Vessel Traffic:

The fourth quarter is always the port's busiest and this year was no exception. This is when barges are moving project cargo and heavy equipment around the state. Cruz Construction brought four barges through the port and Western Construction one, with another one expected next month. Additionally, Pacific Pile and Marine tied up two

barges with us for an overnight stay because the Port of Anchorage's ongoing modernization project has created congestion at their docks. I expect we will see more requests for berths as the Port of Anchorage continues their project.

| Customer | Tonnage | Revenue |
|-------------------------|-------------------|----------------|
| Cruz Construction | 1,587 | \$22,271 |
| Western Construction | 275 | \$2,066 |
| Pacific Pile and Marine | NA – Dockage only | \$958 |

Upcoming Vessel Traffic:

Colaska has notified us of their next ship, arriving the first or second week of September (FY22), carrying 18K - 20K metric tons of cargo. The projected revenue for that ship is \$67,000.

Maintenance:

FEMA Repairs – The design for the repair and mitigation measures for the revetment and highmast lights that were damaged during the 2018 earthquake have been approved by the State and are now with FEMA. We are hoping to receive their approval in time to start work this fall. If not we will begin in the spring.

Cell 1 – As discussed during the Assembly Work Session on February 2, 2021, portions of the barge dock sheet pile are approaching the end of their useful life. Some piles in Cell 1, the south end of the barge dock, require repairs. Phase 1 of those repairs included addition of four steel retaining straps and was completed in November 2020. PND Engineers Inc. is finalizing the design for phase 2 which will include additional strapping to further reinforce the sheet pile interlocks of Cell 1. We anticipate having this temporary repair completed before the ice moves in this winter. The partial replacement of Cell 1 is planned for FY23 or later.

Cathodic Protection System – PND is assisting with the drafting of a scope of work and bid package for the retrofit of the cathodic protection system. We anticipate having the request for proposals out this summer with work beginning in the summer of 2022.

Pile Sleeves – In May of 2020, MSB applied for a \$9.6M EDA grant to install pile sleeves and a roll-on/roll-off ramp on the deep draft dock. The required 20% match of \$1.9M was approved in the FY21 budget. The processing of our application was caught up in delays caused by COVID-19 and subsequent CARES Act applications. The EDA has been working through the backlog and our grant application has now reached the last few steps in the process. However because of the delays, EDA is concerned that we will not meet the original project timeline and they would like assurance that the match funds will be available through completion of the project. We have prepared legislation to be introduced on July 20, 2021 that would extend the expiration of those funds through FY25.

Uplands Leases and Permits:

Former NPI Lease

The recent agreement between MSB and NPI requires NPI to clean up and remove all trash, abandoned equipment and personal property by Aug 1, 2021 followed by an environmental report due on Aug 30, 2021. On June 25, 2021 a site visit was conducted by the Land Management Division to monitor the progress. Other than removal of some 55 gallon drums there has been little to no other cleanup/repairs on the site.

DEC was unable to locate any documentation on the well and septic system located at the warehouse building site. We will continue to work through this issue. It may require testing and an inspection by an engineer to certify/register the well and septic with DEC.

Central Alaska Energy (CAE) Lease

We are negotiating a revised land lease with CAE. The lease will cover CAE's tank farm and a modified pipeline location to minimize conflict with existing road locations. CAE is consulting with the State Fire Marshall regarding the requirements of a pipeline crossing and located adjacent to an underground utility. Furthermore, Borough staff is looking at a modification of MSB Title 17.55, Setbacks, for the pipeline right-of-way.

Colaska Permit

Borough staff has prepared an approved Borough permit for Colaska to continue to rent the former NPI building and land. The new permit reflects the same expiration date of May 26, 2023, and the same monthly rent as the permit between NPI and Colaska. Since the permit exceeds 18 months, Borough Assembly approval is required pursuant to MSB Title 18.02.010(B), Management and Use. The Land and Improvement, Commercial Use Permit, is prepared with a resolution scheduled for the Port Commission's meeting on July 19, 2021. The Assembly legislation is prepared and will be introduced at the August 17, 2021, Assembly meeting.

Colaska continues to rent the former Alutiiq building and land. The permit expires on November 19, 2021. Colaska requested an application for another 18-month term so both buildings Colaska is renting expire the same month in 2023.

Marketing and Business Development:

The Borough has received the draft Business Development Strategic Action Plan from the International Association of Maritime Port Executives (IAMPE). Once the document is finalized, Borough staff will analyze the results to inform development of the Port marketing plan.

Respectfully,

Therese Dolan
Port Operations Manager
Port MacKenzie