

Manager's Update – December 1, 2022

Early Access and Transition Agreement with White Pass: Pursuant to Resolution No. 22-33R, the Municipality has entered into an early access and transition agreement with White Pass (attached). We appreciate the good working relationship we've had with White Pass in transitioning to municipal management of the port and progressing with protective/preventative actions related to the rockslide.

2023 Skagway Operational Planning Group: The Municipality, White Pass, and cruise line representatives have formed an operational planning group to further efforts related to the 2023 season, specifically in regard to modified berthing and passenger transportation on the Railroad Dock. We look forward to meeting bi-weekly to develop a solid operational plan to provide guidance and assurance to the cruise lines and the public as we tackle operations for the 2023 season.

Rockslide Update: Scaling of the rockslide chute above the north end of the Railroad Dock will be complete by December 16 at the latest, and at that time the Municipality's contractor will install anchors for the midslope and bottom attenuators, which will be installed after the new year. The work should be complete and tested by April; it is the goal to bring the slope to highway standard in order to pass buses underneath the chute in 2023.

TAP Grant Application: The Seven Pastures ADA Pedestrian Path Improvement project is eligible for a state TAP grant, and staff is developing the grant application for submission this winter.

BRIC Grant Application: Municipal staff continue to develop a BRIC grant application to address long-term rockslide mitigation in the Port of Skagway. Part of this effort is identifying supporters and partners in the community and cruise industry. We appreciate our partnership with Holland America Group, which has contributed the time and effort of its grant contractor to assist the Municipality in developing our application. The deadline to apply is December 23.

Small Boat Harbor Breakwater: The week of November 20 a section of the breakwater fell off of the wave barrier. MOS staff were already aware of excessive movement in the wave barrier and had reached out to an engineering firm earlier in the year, who advised it was a missing bushing. This fall the movement began to get worse, and the MOS reached out to diving firms to assess if there were failures under the waterline. However, before the inspection could be completed, several panels and a piling fell off the wave barrier. An underwater inspection was completed on November 30, and indicates that the problem is much worse than anticipated. There is failure of the welds on the first five pilings supporting the wave barrier, and this needs immediate attention to prevent more material from falling into the water. Staff has engaged KPFF to help guide the potential solutions, which could include removing the first five pilings or attempting to move them back into place and welding them back together.

Assembly Travel Budget: The Assembly travel/training budget was originally \$10,900; however, current expenses are nearly double this. There are some significant expenses coming at the end of the year, so it will be necessary to include this in a budget amendment to account for the additional expenses.


AGREEMENT ALLOWING EARLY ACCESS TO LEASED AREAS AND
TRANSITION OF THE LEASED AREAS TO THE MUNICIPALITY OF
SKAGWAY AT THE CONCLUSION OF THE LEASE

The Municipality of Skagway and the White Pass and Yukon Route Railroad (PARN) agree as follows:

1. The current lease as between the Municipality and PARN for tidelands in the Port of Skagway and related areas expires on March 19, 2023.
2. PARN owns certain improvements located on the leased areas known as the Broadway and Ore Docks. PARN has advised the Municipality that it estimates the replacement cost of these improvements at \$40,000,000.
3. PARN agrees to transfer all right, title, and interest in above improvements in AS IS WHERE IS condition, except as noted in Paragraph 6 below, at the conclusion of the lease to the Municipality. PARN agrees to execute any and all documents necessary or requested by the Municipality to complete transfer of ownership. The list of improvements to be transferred is attached to this Agreement as Exhibit A. PARN agrees that the Municipality shall not pay PARN any compensation for the transfer of ownership of the improvements.
4. PARN agrees to maintain the improvements on Exhibit A in substantially the same condition as of the date of this Agreement.
5. Environmental remediation could be required for certain of the leased areas, which environmental events occurred during PARN's operation of the leased areas. The parties understand and acknowledge there may be other environmental issues currently existing, of which neither party is aware, that may require clean-up in the future.
6. The Municipality agrees to pay remediation costs for ore contamination within the tidelands lease area up to \$15,000,000. The parties agree that the Municipality will conduct remediation as determined necessary by ADEC. The parties have not reached agreement as to remediation costs for ore contamination within the tidelands lease area that exceed \$15,000,000. The Municipality and PARN understand that each is a potentially responsible party under Alaska law.

7. PARN agrees to allow the Municipality early access to the leased premises to further its work of enhancing the Ore Dock in time for the 2023 season, which includes replacement and rehabilitation of existing infrastructure. Early access shall begin on the date this Agreement is signed by the Municipality. Municipality shall defend, indemnify, and hold PARN harmless from all claims and causes of actions for damages and injury to property and persons, arising from or in any way related to the work performed on the enhancement of the docks and property, to the extent such action, damage, or injury is caused by the sole negligence of the Municipality. In the event of allegations of negligence or fault against the Municipality and other parties, the Municipality shall only be liable for its share of comparative fault. For the purposes of this Agreement, the term "Municipality" shall include the Municipality's employees, contractors, and subcontractors and their employees, consultants, vendors, representatives, and persons associated with or involved in the enhancement work. The Municipality shall not be liable for any indirect, consequential, or special damages, and shall not be liable for any claims or damages alleging loss of business, loss of business opportunities, or loss of revenue, or the like.
8. PARN shall defend, indemnify, and hold the Municipality harmless from all claims and causes of actions for damages and injury to property and persons, arising from or in any way related to the operation or other use at the docks or on or related to the PARN improvements or PARN's use of the Ore Dock, to the extent such action, damage, or injury is caused by the sole negligence of PARN. In the event of allegations of negligence or fault against PARN and other parties, PARN shall only be liable for its share of comparative fault. For the purposes of this Agreement, the term "PARN" shall include PARN's employees, sublessees, contractors, and subcontractors and their employees, consultants, vendors, representatives, and persons associated with or involved in the use of the Ore Dock or the area of the enhancement project. PARN shall not be liable for any indirect, consequential, or special damages, and shall not be liable for any claims or damages alleging loss of business, loss of business opportunities, or loss of revenue, or the like.
9. The Municipality will agree to allow PARN to continue to operate the port under the Tidelands Lease until expiration of the lease on March 19, 2023. The parties agree to work in good faith so that ore shipping, fuel, and cargo operations can continue as normal through the remaining time of the lease.

10. For purposes of this Agreement, PARN includes any and all parent companies, affiliates, joint ventures, and subsidiaries having any interest in the Tidelands Lease or any interest in any of the improvements on the Tidelands Lease area.



Bob Berto, President
White Pass & Yukon Route

11/28/22
Date



Andrew Cremata, Mayor
Municipality of Skagway

11/23/22
Date



Municipality of Skagway

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EXHIBIT A

November 22, 2022

Per the recent Resolution No. 22-33R, the Municipality of Skagway (MOS) has agreed to enter into a written agreement with White Pass & Yukon Route (PARN) for early access to the tideland lease area and the transfer of all tideland improvements.

The MOS and PARN have identified the following tideland improvements for which ownership will transfer to the MOS:

- Broadway Cruise Ship Dock
- Ore Dock Peninsula (subject to agreement with AIDEA with respect to the Ore Loader)

All infrastructure and equipment associated with cruise ship docks and berthing to including but not limited to:

Mooring Dolphin Caps
Breasting Caps
Fender Panels
Cylindrical Rubber Fenders
Piles
Capstans
Controls
Wiring
Lights
Handrails
Catwalks
Pilings
Fill
Road Material
Asphalt
Walkways
Out buildings and warming sheds
Life Rings
Signage