

To: Assembly Members, Mayor, Manager.

Feb 26, 2024

When the assembly requested an economic analysis of complete cost of the lutak dock project I was expecting a full life cycle cost of the entire project, not just a comparison between the cathodic protection (CP) differences between two alternative designs. A full cost estimate would have identified not only the annual operation and maintenance costs, but also the annualized present value costs of the periodic CP replacement in perpetuity and also the annualized costs of replacing the dock at the end of its life in approximately 60 years. (because Haines will always want a dock, right?)

So, why is this important to have the full picture of the costs of Lutak Dock? For one, the lutak dock fund is an enterprise fund, meaning it is intended to be self financing from the revenues it generates. Without knowing what the true annual cost is, tariffs can't be accurately set so income will balance expenses. Especially since Haines only has two primary users of the dock and Haines can't always expect to get grants for a new dock everytime it is needed. We should plan for self sufficiency, or at least to cover a significant part of the replacement cost when needed. Another factor in having this information would be to allow us to decide if the full costs of a dock of this size is sustainable in the long run. Can our two users afford a tariff build on actual costs to the Borough or does the Borough need to subsidize the operation? Having all this information will help make rational, informed decisions on this long term commitment for the Borough.

Once we know the annual costs associated with owning and operating a dock facility, we can establish the needed sinking fund accounts to provide for the monies needed at specific times in the future.

While the assembly already have some of this information, I have not seen it. Before committing to a long term project like this, I would ask the assembly to be able to answer these questions:

1. What is the true annualized cost of owning and operating the Lutak dock facility?
2. What is the current and foreseeable income that the Lutak dock will generate?s
3. Is this sustainable? How will we make it sustainable if it is not?

Thanks for reading this. Best wishes to you all and thank for serving the Borough.

Ron Jackson