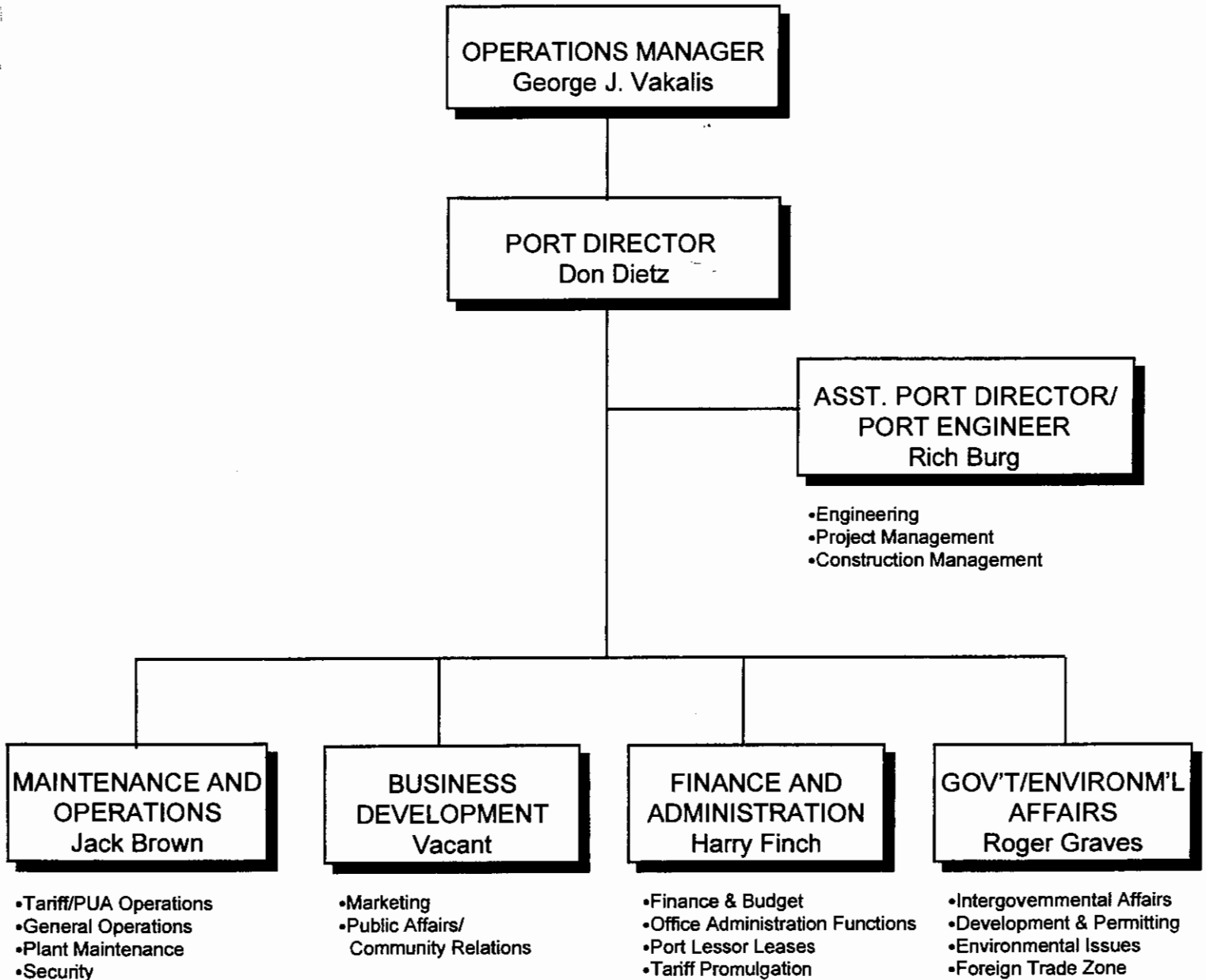


PORT OF ANCHORAGE

PORT OF ANCHORAGE ORGANIZATION CHART



PORT OF ANCHORAGE UTILITY PROFILE

ORGANIZATION

The Port of Anchorage is organized into three functional areas: Port Administration, Port Development and Port Operations & Maintenance. The Administrative responsibility entails day-to-day business functions, construction management/engineering, and real estate management. The Port Development involves marketing, planning, permitting, environmental issues and public and intergovernmental affairs tasks. Current Operations & Maintenance functions include Port customer relations, management of vessel movements and dockside activities, general upkeep and operation of the facilities, equipment, and security.

HISTORY

The Port of Anchorage commenced operation in September 1961 with a single berth. 38,000 tons of cargo crossed the Port's dock that first year. 3,088,268 tons crossed the dock in 1996, the highest annual tonnage level achieved in the history of the Port. The Port was ranked 17th among United States container ports, including San Juan and Honolulu, in 1996 for the movement of container TEUs (twenty foot equivalent units). The Port of Anchorage is a major economic factor and the strongest link in the transportation chain which enables Alaskan residents from Juneau to Barrow to take full advantage of the benefits of inexpensive waterborne commerce through this Port.

SERVICES

Approximately 90% of the consumer goods and foodstuffs sold within the Railbelt and beyond move through this facility on a year-round basis. Container service is provided twice weekly from Puget Sound by two domestic ocean carriers and is augmented seasonally by one additional container vessel per week and barge activities. Bulk shipments are both domestic and international, involving imports of basic commodities such as cement, refined petroleum products, automobiles and construction materials. The Port serves as the primary export facility for the state's largest petroleum refinery in North Pole and as the major export terminal for frozen and canned seafood products that are packed in Anchorage, Valdez and on the Kenai Peninsula.

REGULATION

Per Anchorage Municipal Code 11.50.030 (B) " . . . The port commission shall regulate the operation of terminal and transportation facilities at the port by promulgating a terminal tariff containing rates, charges, rules and regulations applicable at the port and subject to the approval of the assembly and the Federal Maritime Commission."

Port Industrial Park Revenue is derived from long-term leases of properties in the Port Industrial Park. The leases provide for five-year rate adjustments. Leases and lease

options are subject to Municipal Assembly approval.

ENVIRONMENTAL MANDATES

The Port complies with a broad range of local, state and federal environmental standards, including all provisions of the Clean Water Act, Clean Air Act, National Pollution Discharge Elimination System (NPDES), Endangered Species Act and Coastal Zone Management Plan.

PHYSICAL PLANT

Real Estate:

128	acres of developed uplands
400	acres of economically developable tidelands to the north and south of the existing Industrial Park and dock area
<u>1,000</u>	acres of submerged lands offshore from tidelands holdings
<u>1,528</u>	total acres

Terminals:

- Three General Cargo Terminals, 2,109 ft. of dock face, container, roll on\roll off, bulk cement and break bulk capabilities
- Two Bulk Petroleum Product Terminals with 600 feet each of berthing space with four 2,000 bbl./hr. product pipelines each
- Operating depth at all facilities: dredged to -35' MLLW
- Maximum vessel tonnage: 60,000 DWT
- Maximum length and breadth: No limit
- On-dock Transit Shed with 27,000 square foot heated storage/office space

Cargo Handling Equipment:

- Rail mounted, electric Container Cranes:
 - 30 ton (2)
 - 40 ton (1)
- Portable Cranes to 150 tons available
- Forklifts to 30 tons available

U.S. Port of Entry: Foreign Trade Zone service available

**PORT OF ANCHORAGE
WORKFORCE PROJECTIONS**

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
<u>DIVISION</u>							
Administration/Engineering	7	7	7	7	7	7	7
Operations/Maintenance	12	12	12	12	12	12	12
Port Development	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>
Subtotal	<u>21</u>	<u>21</u>	<u>21</u>	<u>21</u>	<u>21</u>	<u>21</u>	<u>21</u>
Part Time/Temporary	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>21</u>	<u>21</u>	<u>21</u>	<u>21</u>	<u>21</u>	<u>21</u>	<u>21</u>

Port of Anchorage

1998

Operating Budget

PORT OF ANCHORAGE

RECONCILIATION OF 1997 BUDGET TO 1997 PRO-FORMA

	<u>1997 BUDGET</u>	<u>1997 PRO-FORMA</u>	<u>VARIANCE</u>	
OPERATING REVENUE	7,999,000	7,827,000	(172,000)	A
OPERATING EXPENSE				
Labor	1,523,000	1,463,000	(60,000)	B
Supplies	116,000	144,000	28,000	C
Other Services & Charges	1,503,000	1,338,000	(165,000)	D
IGC's	247,000	242,000	(5,000)	
Depreciation/Amortization	2,337,000	2,295,000	(42,000)	E
Subtotal	5,726,000	5,482,000	(244,000)	
NON-OPERATING REVENUE	903,000	884,000	(19,000)	
NON-OPERATING EXPENSE	627,000	607,000	(20,000)	
NET INCOME (REGULATORY)	2,549,000	2,622,000	73,000	
ADJUSTMENTS FOR GAAP	(950,000)	(952,000)	(2,000)	
NET INCOME GAAP	<u>1,599,000</u>	<u>1,670,000</u>	<u>71,000</u>	

Explanation of Significant Variances:

- A) General Cargo Wharfage revenue is now able to be based on year-to-date figures. Wharfage is anticipated to be lower in 1997 than originally projected at preliminary budget planning time last year. This variance also depicts unanticipated reductions in revenues from vacated Terminal Rentals and Valve Yard Transfer User Fees in 1997.
- B) 1997 Labor expense reduced by personnel turn-over.
- C) Unanticipated acquisition of dock fendering system replacement parts due to damage.
- D) Professional and Legal Services actually used in 1997 and 1997 Public Utility expense are now anticipated to be less than originally projected.
- E) Depreciation adjusted to reflect anticipated plant in-service.

PORT OF ANCHORAGE RECONCILIATION OF 1997 PRO-FORMA TO 1998 BUDGET

	1997 <u>PRO-FORMA</u>	1998 <u>BUDGET</u>	<u>VARIANCE</u>
OPERATING REVENUE	7,827,000	7,883,000	56,000 A
OPERATING EXPENSE			
Labor	1,463,000	1,501,000	38,000 B
Supplies	144,000	145,000	1,000
Other Services & Charges	1,338,000	1,665,500	327,500 C
IGC's	242,000	243,000	1,000
Depreciation/Amortization	<u>2,295,000</u>	<u>2,516,000</u>	<u>221,000 D</u>
Subtotal	5,482,000	6,070,500	588,500
NON-OPERATING REVENUE	884,000	886,000	2,000
NON-OPERATING EXPENSE	607,000	825,440	218,440 E
NET INCOME (REGULATORY)	<u>2,622,000</u>	<u>1,873,060</u>	<u>(748,940)</u>
ADJUSTMENTS FOR GAAP	(952,000)	(952,000)	0
NET INCOME GAAP	<u><u>1,670,000</u></u>	<u><u>921,060</u></u>	<u><u>(748,940)</u></u>

Explanation of Significant Variances:

- A) This increase is the net effect of an increase in wharfage revenues as a result of anticipated higher tonnage levels, combined with a decrease in Terminal Rental revenues for a full year period.
- B) For budgetary purposes, a wage increase not-to-exceed 1.5% was assumed for all labor groups except JCC effective 3/1/98. This wage increase is slightly offset by anticipated personnel turn-over in 1998.
- C) An increase in Professional Services and Contributions to Outside Organizations expense areas mandated by Municipal Assembly amendments which transferred General Government costs to the Port's 1998 Operating Budget.
- D) Depreciation has been adjusted to reflect anticipated booking of new plant in-service.
- E) Increase of debt service payments due to a Municipal Assembly amendment which transferred General Government costs to the Port's 1998 Operating Budget.

PORT OF ANCHORAGE STATEMENT OF REVENUE AND EXPENSES

	1996 <u>ACTUAL</u>	1997 <u>PRO-FORMA</u>	1998 <u>BUDGET</u>
OPERATING REVENUE			
Dock Revenue	5,767,689	5,754,000	5,857,000
Industrial Park Revenue	2,086,404	2,021,000	2,021,000
Crane Lease/Rental Revenue	78,728	16,000	0
Other Operating Revenue	3,357	36,000	5,000
TOTAL OPERATING REVENUE	7,936,178	7,827,000	7,883,000
OPERATING EXPENSE			
Labor	1,459,897	1,463,000	1,501,000
Supplies	120,418	144,000	145,000
Other Services & Charges	1,079,421	1,338,000	1,665,500
IGC's	188,344	242,000	243,000
Depreciation/Amortization	2,201,859	2,295,000	2,516,000
TOTAL OPERATING EXPENSE	5,049,939	5,482,000	6,070,500
OPERATING INCOME	2,886,239	2,345,000	1,812,500
NON-OPERATING REVENUE			
Interest Income	836,033	864,000	866,000
Pipeline Right-Of-Way Fee	98,912	20,000	20,000
Gain/Loss-Sale Property	13,590	0	0
Other Non-Operating Revenue	0	0	0
Prior Year Expense Recovery	0	0	0
TOTAL NON-OPERATING REVENUE	948,535	884,000	886,000
NON-OPERATING EXPENSE			
Interest on Long-Term Debt	645,840	607,000	825,440
Other Non-Operating Expense	0	0	0
TOTAL NON-OPERATING EXPENSE	645,840	607,000	825,440
NON-OPERATING INCOME	302,695	277,000	60,560
NET INCOME (REGULATORY)	3,188,934	2,622,000	1,873,060
ADJUSTMENTS FOR GAAP	(730,080)	(952,000)	(952,000)
NET INCOME GAAP	<u>2,458,854</u>	<u>1,670,000</u>	<u>921,060</u>

PORT OF ANCHORAGE STATEMENT OF SOURCES AND USES OF CASH

	1996 <u>ACTUAL</u>	1997 <u>PRO-FORMA</u>	1998 <u>BUDGET</u>
SOURCES OF CASH FUNDS:			
Net Income GAAP	2,458,854	1,670,000	921,060
Depreciation/Amortization	2,931,939	3,247,000	3,468,000
Grants	232,302	76,000	943,000
Bonds	0	0	0
Amortization of Debt Discount	50,897	52,000	52,000
Principal Payments, Financing Leases	307,151	332,000	268,000
Other	87,568	0	0
TOTAL SOURCES OF FUNDS	<u>6,068,711</u>	<u>5,377,000</u>	<u>5,652,060</u>
USES OF CASH FUNDS:			
Additions to Plant	3,243,099	3,915,000	5,596,000
Bond Principal Payments	272,718	1,093,000	1,175,000
Enterprise Fund Dividend	601,000	696,000	0
Net Effect of Changes on Balance Sheet Which Affect Cash	1,162,033	0	0
TOTAL USES OF FUNDS	<u>5,278,850</u>	<u>5,704,000</u>	<u>6,771,000</u>
NET INCREASE/(DECREASE) IN CASH FUNDS	789,861	(327,000)	(1,118,940)
CASH BALANCE JANUARY 1,	<u>8,310,006</u>	<u>9,100,000</u>	<u>8,773,000</u>
CASH BALANCE DECEMBER 31,	<u><u>9,099,867</u></u>	<u><u>8,773,000</u></u>	<u><u>7,654,060</u></u>
DETAIL OF CASH BALANCE			
Equity In General Cash Pool	3,582,828	2,306,000	2,177,060
Equity In Construction Cash Pool	4,516,785	5,467,000	4,477,000
Revenue Bond Maintenance Reserve	1,000,254	1,000,000	1,000,000
TOTAL CASH DECEMBER 31,	<u><u>9,099,867</u></u>	<u><u>8,773,000</u></u>	<u><u>7,654,060</u></u>

PORT OF ANCHORAGE OPERATING BUDGET DETAIL

	1996 <u>ACTUAL</u>	1997 <u>PRO-FORMA</u>	1998 <u>BUDGET</u>
LABOR			
Wages	949,042	948,000	974,000
Overtime	40,232	40,000	40,000
Benefits	461,641	465,000	477,000
Other	8,982	10,000	10,000
Subtotal	1,459,897	1,463,000	1,501,000
SUPPLIES			
Office & Operating Supplies	27,939	27,000	28,000
Fuel	10,324	10,000	11,000
Repair & Maintenance Supplies	78,989	100,000	98,000
Other	3,166	7,000	8,000
Subtotal	120,418	144,000	145,000
INTRAGOVERNMENTAL CHARGES			
IGC's From Others	198,124	243,000	248,000
IGC's To Others	(9,780)	(1,000)	(5,000)
Subtotal	188,344	242,000	243,000
OTHER SERVICES			
Professional Services	186,546	199,000	319,000
Contributions to Outside Organizations	38,000	30,000	296,000
Repairs & Maintenance-Contracted	99,076	318,000	238,000
Advertising/Marketing	61,334	36,500	43,500
Contract Services	174,153	200,000	207,000
Rentals/Leases	96,977	100,000	105,000
Utilities	291,357	305,000	305,000
Other	131,978	149,500	152,000
Subtotal	1,079,421	1,338,000	1,665,500
OTHER EXPENSES			
Depreciation/Amortization	2,931,939	3,247,000	3,468,000
Interest on Long Term Debt	645,840	607,000	825,440
Other	0	0	0
Subtotal	3,577,779	3,854,000	4,293,440
TOTAL EXPENSES	<u><u>6,425,859</u></u>	<u><u>7,041,000</u></u>	<u><u>7,847,940</u></u>

Port of Anchorage
1998-2003
Capital Improvement
Budget/Program

PORT OF ANCHORAGE

1998-2003 CAPITAL IMPROVEMENT BUDGETS FINANCIAL SUMMARY (000)

<u>PROJECT CATEGORY</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>TOTAL</u>
LAND DEVELOPMENT							0
TERMINAL DEVELOPMENT	1,100	2050	2000			1,000	6,150
HARBOR DEVELOPMENT	6,000						6,000
REPAIRS & RENOVATIONS	253	10	400				663
EQUIPMENT	275	246	295	166	20	20	1,022
TOTAL	<u>7,628</u>	<u>2,306</u>	<u>2,695</u>	<u>166</u>	<u>20</u>	<u>1,020</u>	<u>13,835</u>

<u>SOURCE OF FUNDING</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>TOTAL</u>
G.O. BONDS							0
REVENUE BONDS							0
EQUITY/OPERATIONS	6,928	2,306	995	166	20	1,020	11,435
STATE GRANT	700		300				1,000
FEDERAL GRANT			1,400				1,400
LOAN							0
DIRECT APPROPRIATION							0
PVT INDUST PARTICIPATION							0
TOTAL	<u>7,628</u>	<u>2,306</u>	<u>2,695</u>	<u>166</u>	<u>20</u>	<u>1,020</u>	<u>13,835</u>