



MUNICIPALITY OF ANCHORAGE

Assembly Memorandum

AM No. - 2025

Meeting Date: June 10, 2025

1 **FROM: MAYOR**

2
3 **SUBJECT: AN ORDINANCE OF THE ANCHORAGE ASSEMBLY**
4 **APPROVING THE FINAL NEGOTIATION AND EXECUTION OF**
5 **THE CRANE-USE AGREEMENT BETWEEN THE MUNICIPALITY**
6 **OF ANCHORAGE / DON YOUNG PORT OF ALASKA, AND**
7 **MATSON NAVIGATION COMPANY OF ALASKA, LLC TO STATE**
8 **THE TERMS OF OPERATION FOR THE CRANES LOCATED AT**
9 **THE DON YOUNG PORT OF ALASKA CARGO TERMINALS, AND**
10 **EASEMENT AND LICENSE INCLUDED THEREIN.**

11
12 This memorandum seeks approval from the Anchorage Assembly to complete final
13 negotiations for and execute a Crane-Use Agreement.

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15 The Municipality of Anchorage (MOA) has owned and operated the Don Young
16 Port of Alaska (Port) since 1961. The Port includes docks, terminals, and related
17 facilities to provide the necessary services to users to enhance and facilitate
18 commerce to the benefit of the State of Alaska.

19 To address the concerns of aging infrastructure, the MOA/Port has commenced
20 the Port of Alaska Modernization Program ("PAMP"), which is a phased project for
21 the modernization of the Port and includes construction of two new cargo
22 terminals, new docks and related infrastructure, replacement of existing docks and
23 construction of other improvements to enhance the vessel and container handling
24 capacity of the Port. Phase 2 of the PAMP replaces Cargo Terminals 1 & 2, which
25 currently serve Matson's lift-on-lift-off cargo vessels. This construction will result in
26 the removal of the three Municipality-owned cranes currently in service at the Port.

27
28 Matson has agreed to purchase up to four new or used cranes (three are expected)
29 to be owned, maintained, and operated by Matson as part of the improvements for
30 Cargo Terminal 1. The terms and conditions of the crane acquisition, delivery,
31 installation, and commission are being negotiated in a separate Crane Agreement.

32 Matson currently operates the three Municipality-owned cranes pursuant to a
33 decades-old crane-use agreement. The future operation of the new cranes by
34 Matson will require a new Crane-Use Agreement, which will come into effect once
35 the cranes are fully and successfully installed and commissioned.

36 The Port has accordingly been negotiating a new Crane-Use Agreement with
37 Matson, and expects to complete negotiations shortly. The draft Crane-Use
38 agreement outlines the terms and conditions for continued crane service at the
39 new Port facilities. Only one minor item remains to be negotiated. All other terms

1 are finalized and agreed upon.

2
3 As presently drafted, the Crane-Use Agreement grants Matson an easement and
4 license for Matson to deliver, offload, install, operate, and maintain the Matson
5 Cranes at the Terminal 1 Dock. Matson is responsible for all costs of operating,
6 owning, and maintaining the Matson Cranes.

7
8 Matson must make the Matson Cranes available for use by a third party under
9 certain conditions dependent upon the third-party user. Matson will make available
10 the Matson Cranes for non-commercial use and humanitarian aid. For these users,
11 use of the Cranes shall not be unreasonably withheld and an hourly rate for usage
12 may be charged. The Matson Cranes will be made available for third-party
13 commercial use at Matson's discretion, but Transient and Non-Permanent users
14 shall not be unreasonably denied. "Transient" means the proposed use will make
15 no more than four port calls within any period within 365 days utilizing the Matson
16 Cranes. "Non-Permanent" means the proposed use will not be more than eight
17 calls within any four year period.

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19 The only item still under negotiation is the Not to Exceed amount of the
20 Municipality's Right of First Refusal. The Municipality has a Right of First Refusal
21 to purchase the Matson Cranes for the then-Fair Market Value of the Cranes if
22 Matson either elects to move cranes away from the Port or transfer ownership or
23 control to a third party. The not-to-exceed number for the Right of First Refusal
24 Purchase is still being negotiated and will be determined based upon the price of
25 the Cranes Matson eventually procures. Matson has not yet determined what
26 cranes will become the Matson Cranes or whether they will be new or used.

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28 Pursuant to AMC 2.30.053B, the proposed ordinance has no private sector
29 economic effects and local government effects are less than \$30,000. No
30 summary of economic effects is required.

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32 **THE ADMINISTRATION RECOMMENDS APPROVAL.**

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34 Prepared by: Port of Alaska
35 Approved by: Steve Ribuffo, Port Director
36 Concurrence: Ona R. Brause, Director, OMB
37 Concurrence: Philippe D. Brice, CFO
38 Concurrence: Eva R. Gardner, Municipal Attorney
39 Concurrence: William D. Falsey, Chief Administrative Officer
40 Concurrence: Rebecca A. Windt Pearson, Municipal Manager
41 Respectfully submitted: Suzanne LaFrance, Mayor

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43
44 **ATTACHMENTS:**

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46 Exhibit A: Draft Crane-Use Agreement