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CLERK'S OFFICE  
APPROVED  
Date: 1-29-02

Submitted by: Chairman of the Assembly  
at the request of the Mayor

Prepared by: Port Director

For reading: January 8, 2002

ANCHORAGE, ALASKA

AO NO. 2002-2

AN ORDINANCE AUTHORIZING THE FIRST RENEWAL OPTION OF THE PREFERENTIAL USAGE AGREEMENT WHICH PROVIDES FOR TOTEM OCEAN TRAILER EXPRESS, INC.'S PREFERENTIAL BERTHING PRIVILEGES AND USE OF 848 FEET OF THE PORT OF ANCHORAGE'S PIER AND THE EXCLUSIVE USE OF PORT TRANSIT AREA "C" LOT, TOTALING APPROXIMATELY 291,832 SQUARE FEET.

WHEREAS, the Preferential Usage Agreement, dated January 3, 1996, between the Municipality of Anchorage and Totem Ocean Trailer Express, Inc. (TOTE) for TOTE's preferential berthing privileges and use of 848 feet of the Port of Anchorage's pier and the exclusive use of Port Transit Area "C" lot, provides for an initial five (5) year term ending on December 31, 2000 and provides for 2 five-year renewal options by TOTE; and,

WHEREAS, TOTE has elected to exercise their option to renew for the first five-year option period commencing on January 1, 2001; and,

WHEREAS, the Port of Anchorage and TOTE have negotiated new dockage and wharfage fees and other changes in terms to the Agreement to be in effect for the first five-year renewal period; and,

WHEREAS, AMC 11.50.030 states that the Anchorage Port Commission approves rates and charges applicable at the Port subject to approval of the Assembly and filing with the Federal Maritime Commission; and,

WHEREAS, the Anchorage Port Commission, at its meeting on November 14, 2001, approved the fees and changes in terms to the Agreement to be in effect for the first five-year renewal period; and,

WHEREAS, AMC 25.30.020 states that disposal of Municipal land shall be by ordinance only.

NOW, THEREFORE, the Municipal Assembly ordains that:

Section 1. The Municipality of Anchorage is authorized to extend the Preferential Usage Agreement which provides for preferential berthing privileges and use of 848 feet of the Port of Anchorage pier and the exclusive use of Port Transit Area "C" lot, totaling approximately 291,832 square feet, located within the Anchorage Recording District of the Third Judicial District, to Totem Ocean Trailer Express, Inc. for the first five-year renewal period beginning January 1, 2001, upon the terms and conditions summarized in the

AM 9-2002


Assembly Memorandum No. 9-2002 submitted to the Assembly in conjunction with this ordinance and attached hereto.

Section 2. This ordinance shall take effect immediately upon passage and approval.

PASSED AND APPROVED by the Anchorage Assembly this 29<sup>th</sup> day of January 2002.

  
Chairman

ATTEST:

  
Municipal Clerk

MUNICIPALITY OF ANCHORAGE  
Summary of Economic Effects - Utilities

AO Number: 2002-2 Title: First Five Year Renewal Option of the Preferential Usage Agreement With Totem Ocean Trailer Express, Inc.

Sponsor: William J. Sheffield

Preparing Agency: Port of Anchorage Others Affected: \_\_\_\_\_

CHANGES IN REVENUES AND EXPENSES (Thousands of Dollars)

Operating Revenues:	FY 01	FY 02	FY 03	FY 04	FY 05
<b>Dockage &amp; Wharfage</b>	<b>97</b>	<b>97</b>	<b>97</b>	<b>97</b>	<b>97</b>
<b>Dunnage Settlement</b>	<b>0</b>	<b>(124)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL OPERATING REVENUES</b>	<b>97</b>	<b>(27)</b>	<b>97</b>	<b>97</b>	<b>97</b>

<b>Operating Expenses</b>					
<b>TOTAL OPERATING EXPENSES</b>					

<b>Non Operating Revenues:</b>					
<b>TOTAL NON OPER. REVENUES</b>					

<b>Non Operating Expenses:</b>					
<b>TOTAL NON OPER. EXPENSES</b>					

<b>NET INCOME (REGULATED):</b>					
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POSITIONS: FT/PT/and Temp.					

Impact on General Government (Yes or No) NO (If yes, attach S.E.E. for General Government agency impacted.)

**Public Sector Economic Effects:**

This negotiated five year rate adjustment will provide the Port of Anchorage with additional annual Dockage and Wharfage revenue of \$97,000 per year during the First Renewal Option period, from January 1, 2001 to December 31, 2005, of Totem Ocean Trailer Express, Inc.'s contractual Preferential Usage Agreement. This increase amount will be offset in the year 2002 by a \$124,000 in wharfage credits for over payment by TOTE for southbound dunnage reported during the years 1998, 1999 and 2000.

**Private Sector Economic Effects:**

The net effect of this negotiated five year rate adjustment is an approximate 4% overall increase in TOTE's PUA expenses over the level of their year 2000 PUA expenses (for 4% calculation purposes only, the reimbursement is averaged over the 5 year PUA option period). Since the majority of TOTE's business is conducted under proprietary contracts, it is difficult to estimate the impact of this 5 year rate adjustment on TOTE's pricing of services to its customers. However, it has been estimated that TOTE's total expenses with the Port of Anchorage, including PUA charges and land leases, represent less than 3% of their overall expenses in the Tacoma to Anchorage trade. Therefore, the impact of the PUA 5 year rate adjustment is anticipated to have a minor impact on TOTE's pricing of services to its customers.

If further explanation is necessary, a separate page may be attached

Prepared by: **Harry P. Finch**  
**Port Manager of Finance & Admin.**  
(Name, Title)

Telephone: **343-6200**

Approved by:   
Director, Preparing Agency

Concurred by: \_\_\_\_\_  
Director, Impacted Agency

Approved by: \_\_\_\_\_

Validated: 

By OMB/Date **12/12/01**

Date: **12-11-01**

Date: \_\_\_\_\_

Date: \_\_\_\_\_



# MUNICIPALITY OF ANCHORAGE

## ASSEMBLY MEMORANDUM

No. AM 9-2002

Meeting Date: January 8, 2002

**From:** Mayor

**Subject:** Totem Ocean Trailer Express, Inc. Preferential Usage Agreement, First 5-Year Option  
New Fee Schedule And Other Changes In Terms

The Municipality of Anchorage and Totem Ocean Trailer Express, Inc. (TOTE) entered into a Preferential Usage Agreement (PUA) on January 3, 1996. The PUA has an initial five (5) year term, ending December 31, 2000, with two (2) renewal option periods of five (5) years each. The agreement also provides for PUA fee adjustments at the beginning of each 5-year renewal option period.

TOTE, then in its initial PUA term period, formally notified the Port, on August 31, 2000, that TOTE wished to exercise its option to renew the PUA for the first option period, January 1, 2001 to December 31, 2005. Thereafter, the Port, acting for the Municipality, and TOTE entered negotiations on fee adjustments for TOTE's preferential berthing privileges and use of the Port's facilities. The net effect of the negotiations was an approximate 4% overall increase over year 2000 revenues for the following items: increases in dockage and wharfage fees offset by a \$124,357 reimbursement by the Port to TOTE to reconcile TOTE's over reporting of southbound dunnage (for 4% calculation purposes only, this reimbursement is averaged over the 5 year PUA option period).

The negotiations resulted in agreement on the following changes to TOTE's PUA for the first option period:

1. Dockage Fee: \$1,087.00 per 12 hour period, or portion thereof, regardless of any change in tariff dockage rates.
2. Wharfage Fees: \$32.08 per Revenue Load.  
\$ 4.86 per Vehicle Unit

Wharfage fees were previously based on tonnage. Due to reconciliation problems, the Municipal Internal Auditor recommended considering another methodology for determining wharfage fees. The new units of measurement developed by the parties are a "revenue load" and a "vehicle unit".

A revenue load is defined as: Any container passing over the Port of Anchorage's dock which either originates or terminates in the Alaska railbelt for which TOTE receives a minimum of \$50.00 compensation, including ALPAR loads. The revenue load rate was determined by dividing the 2001 Annual Container Wharfage Charge (2000 Annual Container Wharfage Charge adjusted by 5.3%) by the number of TOTE's revenue loads in the year 2000.

A vehicle unit is defined as: Any item other than containers passing over the Port of Anchorage's dock which either originates or terminates in the Alaska railbelt for which TOTE receives compensation. Vehicle units include, but are not limited to, automobiles, trucks, wheeled equipment, motor homes, mobile homes, trailers, modular buildings, etc. The vehicle unit rate was determined by dividing the 2001 Annual Vehicle Wharfage Charge (2000 Annual



Vehicle Wharfage Charge adjusted by 5.3%) by the number of TOTE's Vehicle Units in the year 2000.

3. Annual Wharfage Charge Adjustment.  
The Annual Wharfage rate for the next year, paid in twelve (12) equal monthly payments, will be adjusted to the total of the number of TOTE's revenue loads and vehicle units for the previous year multiplied by revenue load rate of \$32.08 and the vehicle unit rate of \$4.86. (Example: The total 2002 Annual Wharfage Charge will be determined by multiplying the number of 2001 revenue loads by \$32.08 and the number of 2001 vehicle units by \$4.86.)
4. Reconciliation of Southbound Dunnage Over Reporting.  
The parties concur that TOTE overpaid the Port approximately \$124,357 for southbound dunnage during the years 1998, 1999 and 2000. The Port will reimburse TOTE for this overpayment by applying a credit of \$10,363.08 per month to each of TOTE's monthly wharfage invoices in 2002.
5. Except as specifically noted above, all terms and conditions of the Preferential Use Agreement between the parties, dated January 3, 1996 shall remain in full force and effect for the period January 1, 2001 through December 31, 2005.

Preferential usage agreements are subject to approval by the Anchorage Port Commission and the Municipal Assembly. These agreements are then also filed with the Federal Maritime Commission. The Anchorage Port Commission, at its meeting of November 14, 2001, approved the new fees and changes in terms to TOTE's Preferential Usage Agreement to be in effect for the first 5-year option period.

The Administration requests authority to execute this preferential usage agreement renewal containing the above terms and conditions pursuant to Assembly Ordinance No. 2002-2.

Concur:



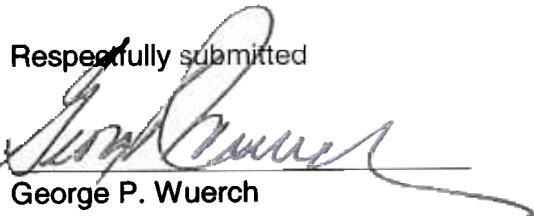
Harry J. Kielling, Jr.  
Municipal Manager

Prepared by:



Gov. William J. Sheffield  
Port Director

Respectfully submitted



George P. Wuerch  
Mayor



**NO** : 01-04

November 14, 2001

**DATE:**

## Port Director

**FROM:**

**SUBJECT:**

**Totem Ocean Trailer Express, Inc. Preferential Usage Agreement -  
Five Year Renewal Option and Rate Adjustment**

The Port of Anchorage (Port) and Totem Ocean Trailer Express, Inc. (TOTE) entered into a Preferential Usage Agreement (PUA) on January 3, 1996. The PUA has an initial five (5) year term, ending December 31, 2000, with two (2) renewal option periods of five (5) years each. The agreement also provides for PUA fee adjustments at the beginning of each five (5) year option period.

TOTE formally notified the Port on August 31, 2000 that TOTE wished to exercise its option to renew the PUA for the first option period, January 1, 2001 to December 31, 2005. Thereafter, the Port and TOTE entered negotiations on fee adjustments for their usage of the Port's facilities. The net effect of the negotiations was an approximate 4% overall increase over year 2000 revenues for the following items: increases in dockage and wharfage fees offset by a \$124,357 reimbursement by the Port to TOTE to reconcile TOTE's over reporting of southbound dunnage (for 4% calculation purposes only, this reimbursement is averaged over the 5 year PUA option period).

The negotiations resulted in agreement on the following changes to TOTE's PUA for the first option period:

**INVOICE PROCEDURES:**

PUA Wharfage payments will be spread equally over twelve months. PUA Wharfage payments shall now be due on the first of each month. PUA Dockage will continue to be invoiced at the end of each month. The monthly invoice amounts will be retroactive to January 1, 2001.

**REPORTING:**

**TOTE** will routinely furnish the Port with reports adequate to determine tonnage, revenue loads (loads), number of vehicle units and total boxes (containers) passing over the Port of Anchorage dock.



**PUA SPECIFIC**

1. Dockage Fee: \$1,087.00 per 12 hour period, or portion thereof, regardless of any change in tariff dockage rates.
2. Wharfage Fees: \$32.08 per Revenue Load.  
\$ 4.86 per Vehicle Unit

Wharfage fees were previously based on tonnage. Due to reconciliation problems, the Municipal Internal Auditor recommended considering another methodology for determining wharfage fees. The new units of measurement developed by the parties are a "revenue load" and a "vehicle unit".

A revenue load is defined as: Any container passing over the Port of Anchorage's dock which either originates or terminates in the Alaska railbelt for which TOTE receives a minimum of \$50.00 compensation, including ALPAR loads. The revenue load rate was determined by dividing the 2001 Annual Container Wharfage Charge (2000 Annual Container Wharfage Charge adjusted by 5.3%) by the number of TOTE's revenue loads in the year 2000.

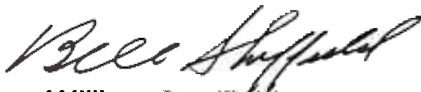
A vehicle unit is defined as: Any item other than containers passing over the Port of Anchorage's dock which either originates or terminates in the Alaska railbelt for which TOTE receives compensation. Vehicle units include, but are not limited to, automobiles, trucks, wheeled equipment, motor homes, mobile homes, trailers, modular buildings, etc. The vehicle unit rate was determined by dividing the 2001 Annual Vehicle Wharfage Charge (2000 Annual Vehicle Wharfage Charge adjusted by 5.3%) by the number of TOTE's Vehicle Units in the year 2000.

3. Annual Wharfage Charge Adjustment.  
The Annual Wharfage rate for the next year will be adjusted to the total of the number of TOTE's revenue loads and vehicle units for the previous year multiplied by revenue load rate of \$32.08 and the vehicle unit rate of \$4.86. (Example: The total 2002 Annual Wharfage Charge will be determined by multiplying the number of 2001 revenue loads by \$32.08 and the number of 2001 vehicle units by \$4.86.)
4. Reconciliation of Southbound Dunnage Over Reporting.  
The parties concur that TOTE overpaid the Port approximately \$124,357 for southbound dunnage during the years 1998, 1999 and 2000. The Port will reimburse TOTE for this overpayment by applying a credit of \$10,363.08 per month to each of TOTE's monthly wharfage invoices in 2002.

Totem Ocean Trailer Express, Inc. Preferential Usage Agreement - Five Year Renewal  
Option and Rate Adjustment  
November 14, 2001  
Page 3

5. Except as specifically noted above, all terms and conditions of the Preferential Use Agreement between the parties, dated January 3, 1996 shall remain in full force and effect for the period January 1, 2001 through December 31, 2005.

The concurrence and approval by the Anchorage Port Commission to these negotiated changes to Totem Ocean Trailer Express, Inc.'s Preferential Usage Agreement are recommend.

A handwritten signature in black ink, appearing to read "Bill Sheffield", is written above the printed name.

Gov. William Sheffield  
Port Director

Municipality of Anchorage  
MUNICIPAL CLERK'S OFFICE  
**Agenda Document Control Sheet**

(SEE REVERSE SIDE FOR FURTHER INFORMATION)

*AO 2002-2*

<b>1</b>	SUBJECT OF AGENDA DOCUMENT <b>TOTE Preferential Usage Agreement, First 5-Year</b> <b>Option - New Fee Schedule and Other Changes In Terms</b>	DATE PREPARED	
		Indicate Documents Attached <input checked="" type="checkbox"/> AO <input checked="" type="checkbox"/> AR <input checked="" type="checkbox"/> AM <input checked="" type="checkbox"/> AIM	
<b>2</b>	DEPARTMENT NAME <b>Port of Anchorage</b>	DIRECTOR'S NAME <b>William J. Sheffield</b>	
<b>3</b>	THE PERSON THE DOCUMENT WAS ACTUALLY PREPARED BY <b>Harry P. Finch</b>	HIS/HER PHONE NUMBER <b>343-6204</b>	
<b>4</b>	<b>COORDINATED WITH AND REVIEWED BY</b>	<b>INITIALS</b>	<b>DATE</b>
<b>X</b>	<b>Mayor</b>		
	Heritage Land Bank		
	Merrill Field Airport		
	Municipal Light & Power		
<b>X</b>	<b>Port of Anchorage</b>	<i>WJF</i>	<i>11/30/01</i>
	Solid Waste Services		
	Water & Wastewater Utility		
<b>X</b>	<b>Municipal Manager</b>	<i>m</i>	<i>(18)</i>
	Cultural & Recreational Services		
	Employee Relations		
	Finance, Chief Fiscal Officer		
	Fire		
	Health & Human Services		
<b>X</b>	<b>Office of Management and Budget</b>	<i>JK</i> <i>CF</i>	<i>12/12/01</i>
	Management Information Services		
	Police		
	Planning, Development & Public Works		
	Development Services		
	Facility Management		
	Planning		
	Project Management & Engineering		
	Street Maintenance		
	Traffic		
	Public Transportation Department		
	Purchasing		
<b>X</b>	<b>Municipal Attorney</b>	<i>WJS</i>	<i>12/06/01</i>
	<b>Municipal Clerk</b>		
	<b>Other</b>		
<b>5</b>	<b>Special Instructions/Comments</b>		
	<i>G.F. - Introductory</i>		
<b>6</b>	ASSEMBLY HEARING DATE REQUESTED <b>JAN 8 2002</b>		PUBLIC HEARING DATE REQUESTED <b>1/29/02</b>

M.O.A.  
 2001 DEC 20 AM 9:08  
 CLERK'S OFFICE