

CLERK'S OFFICE
APPROVED
Date: 5-14-02

Submitted by: Chairman of the Assembly
At the request of the Mayor
Prepared by: Port of Anchorage
For reading: April 23, 2002

ANCHORAGE, ALASKA
AO NO. 2002- 70

AN ORDINANCE OF THE ANCHORAGE MUNICIPAL ASSEMBLY EXTENDING AND AMENDING THE LEASE OF LOTS 8B & 8C, PORT OF ANCHORAGE SUBDIVISION, TO ANCHORAGE FUELING AND SERVICE COMPANY.

WHEREAS, the Municipality of Anchorage leases Lots 8B and 8C, Port of Anchorage Subdivision, to Anchorage Fueling and Service Company (AFSC); and,

WHEREAS, AFSC timely exercised an option to extend the lease term from March 5, 2002 to March 4, 2007; and,

WHEREAS, the 1962 lease requires an amendment to update the insurance coverage provisions to the satisfaction of the Municipality of Anchorage; and

WHEREAS, AMC 25.30.020 states that disposal of Municipal land shall be by ordinance only and AMC 25.30.050D states that any extension of a lease shall be treated as a new lease and shall be subject to all provisions of this Code then in effect.

NOW, THEREFORE, the Municipal Assembly ordains:

Section 1. That the Municipality of Anchorage is authorized to extend the term of its lease of Lots 8B & 8C, Port of Anchorage Subdivision, located within the Anchorage Recording District, Third Judicial District, State of Alaska, to Anchorage Fueling and Service Company and amend the lease insurance coverage provisions, upon the terms and conditions summarized in Assembly Memorandum No. AM 387-2002 submitted to the Assembly in conjunction with this ordinance and attached hereto.

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

PASSED AND APPROVED by the Anchorage Assembly this 14th day of May, 2002.


Chairman

ATTEST:


Municipal Clerk

G:\MAT\OPEN MATTERS\Port\AO Rev AFSC extend & amend.DOC

MUNICIPALITY OF ANCHORAGE
Summary of Economic Effects - Utilities

AO Number: 2002-70 Title: Extending the Term of the Lease with Anchorage Fueling and Service Company for Lots 8B & 8C, Port of Anchorage Subdivision, for the Seventh Renewal Option Period

Sponsor: William J. Sheffield

Preparing Agency: Port of Anchorage Others Affected: _____

CHANGES IN REVENUES AND EXPENSES (Thousands of Dollars)

Operating Revenues:	FY 02	FY 03	FY 04	FY 05	FY 06
Industrial Park Leases	17.7	21.3	21.3	21.3	21.3
TOTAL OPERATING REVENUES	17.7	21.3	21.3	21.3	21.3

Operating Expenses					
TOTAL OPERATING EXPENSES					

Non Operating Revenues:					
TOTAL NON OPER. REVENUES					

Non Operating Expenses:					
TOTAL NON OPER. EXPENSES					

NET INCOME (REGULATED):					
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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 contractual lease rate adjustment for Lots 8B & 8C, Port of Anchorage Subdivision, will provide the Port of Anchorage with additional annual Industrial Park Lease revenue of \$21,300 per year for the five (5) year period beginning March 5, 2002 and ending March 4, 2007. The lease rate adjustment was based on the rate adjustments for a similar Port properties effective in 2001.

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

Form ECON1

SUMMARY OF ECONOMIC EFFECTS

Page 2

Private Sector Economic Effects:

No effects

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

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

Telephone: 343-6204

Validated: Cheryl France 4/15/02
By OMB/Date

Approved by: [Signature]
Director Preparing Agency

Concurred by: [Signature]
Director Impacted Agency

Approved by: [Signature]
Municipal Manager

Date: April 2, 2002

Date: _____

Date: 4/16/2

Form ECON3

MUNICIPALITY OF ANCHORAGE

ASSEMBLY MEMORANDUM

No. AM 387-2002

Meeting Date: APRIL 23, 2002

FROM Mayor

SUBJECT: AO 2002- 70. Seventh Five-Year Renewal Option of the Lease of Lots 8B and 8C, Port of Anchorage Subdivision, to Anchorage Fueling and Service Company

Shell Oil Company and the Municipality of Anchorage (then City of Anchorage) entered into an agreement for Shell to lease Lot 8 (subsequently Lot 8C), Port of Anchorage Subdivision, and to lease Parcel B (subsequently Lot 8B) for a ten (10) year period commencing March 5, 1962 and ending March 4, 1972. The lease also provided Shell with eight (8) additional five-year renewal options. Shell exercised its first and second renewal options from March 5, 1972 through March 4, 1982. The Municipality consented to an assignment of the lease from Shell Oil Company to Anchorage Fueling and Service Company (AFSC) effective July 15, 1981. Thereafter, AFSC exercised the third through sixth renewal options from March 5, 1982 through March 4, 2002.

AFSC elected to exercise the seventh five-year renewal option, commencing March 5, 2002 and ending March 4, 2007. See notification letter, attached hereto. The use of the premises is restricted to the operation of a bulk petroleum distributing plant. This use is consistent with an adjacent land lease at the Port of Anchorage.

Rental rate adjustments are due at the beginning of each renewal option period. The Port notified AFSC of the adjusted five (5) year rental rate on November 27, 2001. The lease rate adjustment was based on rate adjustments for similar Port properties effective in 2001. The following provisions are pertinent to the lease and/or the 7th five-year renewal option:

Lessee: Anchorage Fueling and Service Company (AFSC)

Location: Lots 8B and 8C, Port of Anchorage Subdivision, consisting of approximately 486,033 square feet.

Rent: \$29,758.33 per month; \$357,100 per year.

Rental Adjustment: At five-year intervals in conjunction with renewals.

Term: Seventh five-year option, beginning March 5, 2002 and ending March 4, 2007. One (1) additional five-year option remains.

Services provided by the Lessee: Utilities and maintenance of premises.

In addition, the insurance provisions of the lease, as deleted and replaced in the Consent To Assignment and Amendment of Lease dated May 29, 1981, are amended and revised,

upon recommendation of the Municipality of Anchorage Risk Manager, to recite a minimum amount of general liability insurance coverage, as shown by underlined (added) and bracketed (deleted) text below:

Article Fifteenth

- A. The Lessee shall maintain in good standing the insurance described in subsection B of this section. Before rendering any services under this contract, the Lessee shall furnish Lessor with proof of insurance in accordance with subsection B of this section in a form acceptable to Lessor.
- B. The Lessee shall provide the following insurance:
1. Workmen's compensation and employer's liability coverage as required by Alaska law.
 2. General liability insurance including personal injury, property damage and contractual liability and other coverages in such amounts and of such types as may be prescribed by the Municipality of Anchorage to meet Lessee's obligations under that paragraph entitled "Eighth" and in an amount not less than FIVE MILLION AND NO/100 DOLLARS (\$5,000,000.00) and not to exceed ONE HUNDRED MILLION AND NO/100 DOLLARS (\$100,000,000.00) for each occurrence and in the aggregate.
- C. Each policy of insurance required by this section shall [SHALL] provide for no less than thirty (30) [FIFTEEN] days advance notice to the Municipality of Anchorage prior to cancellation.
- D. The Municipality of Anchorage shall be named an additional insured on each policy obtained pursuant to this section.


At present, AFSC maintains general liability insurance coverage of \$10,000,000.00, well in excess of the minimum coverage required by this lease amendment.

The Administration requests authority to execute this lease renewal containing the above terms and conditions pursuant to Assembly Ordinance No. 2002-70.

Concur:


Harry J. Kielling, Jr.
Municipal Manager

Prepared by:


William J. Sheffield
Port Director

Respectfully submitted


George P. Wuerch
Mayor

Anchorage Fueling and Service Company
6000 Dehaviland Drive
P.O. Box 190246
Anchorage, AK 99519-0246

October 3, 2001

Property Management Officer
Municipality of Anchorage
Pouch 6-650
Anchorage, AK 99502

Re: Lot 8C, Port of Anchorage

Dear Property Management Officer:

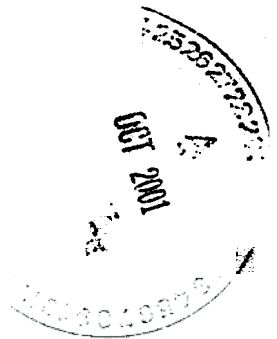
Anchorage Fueling and Service Company hereby gives notice to extend its lease of Lot 8C at the Port of Anchorage.

Very truly yours,

Anchorage Fueling and Service Company



E. A. Ketzeback
Chairman



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

(SEE REVERSE SIDE FOR FURTHER INFORMATION)

As 2002 -

1	SUBJECT OF AGENDA DOCUMENT		DATE PREPARED	
	Seventh Five Year Renewal Option of the Lease of		April 2, 2002 Indicate Documents Attached <input checked="" type="checkbox"/> AO <input type="checkbox"/> AR <input checked="" type="checkbox"/> AM <input type="checkbox"/> AIM	
	Lots 8B and 8C, POA Subdivision, to Anchorage			
	Fueling and Service Company			
2	DEPARTMENT NAME		DIRECTOR'S NAME	
	Port of Anchorage		William J. Sheffield	
3	THE PERSON THE DOCUMENT WAS ACTUALLY PREPARED BY		HIS/HER PHONE NUMBER	
	Harry P. Finch		343-6204	
4	COORDINATED WITH AND REVIEWED BY	INITIALS	DATE	
<input checked="" type="checkbox"/>	Mayor			
	Heritage Land Bank			
	Merrill Field Airport			
	Municipal Light & Power			
<input checked="" type="checkbox"/>	Port of Anchorage	WJS	4/2/02	
	Solid Waste Services			
	Water & Wastewater Utility			
<input checked="" type="checkbox"/>	Municipal Manager	<i>W</i>	(W)	
	Cultural & Recreational Services			
	Employee Relations			
	Finance, Chief Fiscal Officer			
	Fire			
	Health & Human Services			
<input checked="" type="checkbox"/>	Office of Management and Budget	CF	4/15/02	
	Management Information Services			
	Police			
	Planning, Development & Public Works			
	Development Services			
	Facility Management			
	Planning			
	Project Management & Engineering			
	Street Maintenance			
	Traffic			
	Public Transportation Department			
	Purchasing			
<input checked="" type="checkbox"/>	Municipal Attorney	<i>WJS</i>	4/10/02	
<input checked="" type="checkbox"/>	Municipal Clerk			
	Other			
5	Special Instructions/Comments			
	<i>G. F. Introduction</i>			
6	ASSEMBLY HEARING DATE REQUESTED		PUBLIC HEARING DATE REQUESTED	
	4/23/02		5/14/02	

RECEIVED
 MUNICIPAL ATTORNEY
 02 APR -2 PM 4:15

M.O.A.
 2002 APR 17 AM 10:43
 CLERK'S OFFICE