

CLERK'S OFFICE

APPROVED

Date: 12-17-02

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

Prepared by: Port of Anchorage

For reading: November 26, 2002

ANCHORAGE, ALASKA

AO NO. 2002- 170

1 AN ORDINANCE OF THE ANCHORAGE MUNICIPAL ASSEMBLY EXTENDING THE
2 TERM OF THE EXISTING LEASES WITH CSX LINES OF ALASKA LLC FOR LOTS
3 5D-1, 5F-1, 6C-1 AND 6D-1, PORT OF ANCHORAGE SUBDIVISION, PURSUANT TO
4 AN EXERCISED OPTION TO RENEW

5
6
7 WHEREAS, the Municipality of Anchorage leases Lots 5D-1, 5F-1, 6C-1 and 6D-1,
8 Port of Anchorage Subdivision, to CSX Lines of Alaska, LLC (CSX), formerly Sea-Land
9 Service, Inc.; and,

10
11 WHEREAS, CSX timely exercised an option to extend the lease terms from January
12 1, 2001 to December 31, 2005; and,

13
14 WHEREAS, AMC 25.30.020 requires disposal of municipal land shall be by
15 ordinance only; now therefore,

16
17 THE ANCHORAGE ASSEMBLY ORDAINS:

18
19 Section 1. The Municipality of Anchorage is authorized to extend the term of the
20 existing leases between the Municipality of Anchorage and CSX for Lots 5D-1, 5F-1, 6C-1
21 and 6D-1, Port of Anchorage Subdivision, located within the Anchorage Recording District,
22 Third Judicial District, State of Alaska, upon the terms and conditions summarized in
23 Assembly Memorandum submitted concurrently to the Assembly with this ordinance.

24
25 Section 2. This ordinance shall take effect immediately upon passage and approval.

26
27 PASSED AND APPROVED by the Anchorage Assembly this 17th day of
28 December, 2002.

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30
31 
32 Chairman

33 ATTEST:

34
35 
36 Municipal Clerk
37
38

MUNICIPALITY OF ANCHORAGE
Summary of Economic Effects - Utilities

AO Number: 2002- 170 Title: Extending the Amendment To Lease with CSX Lines LLC for Lots 5D-1, 5F-1, 6C-1 and 6D-1, Port of Anchorage Subdivision, for the Third 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 01	FY 02	FY 03	FY 04	FY 05
Industrial Park Lease (3 rd renewal	50.1	50.1	50.1	50.1	50.1
Lots 5D-1, 5F-1, 6C-1 & 6D-1)					
TOTAL OPERATING REVENUES	50.1	50.1	50.1	50.1	50.1

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 5D-1, 5F-1, 6C-1 & 6D-1, Port of Anchorage Subdivision, will provide the Port of Anchorage with additional annual Industrial Park Lease revenue of \$50,100 per year for the five (5) year period beginning January 1, 2001 and ending December 31, 2005. The lease rate adjustments were based on a recent appraisal of a similar Port property.

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

Form ECON1

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: **343-6200**

Validated: _____
By OMB/Date

Approved by: _____
Director, Preparing Agency
Concurred by: _____
Director, Impacted Agency
Approved by: _____
Municipal Manager

Date: _____

Date: _____

Date: _____

MUNICIPALITY OF ANCHORAGE

ASSEMBLY MEMORANDUM

No. AM 983 -2002

Meeting Date: November 26, 2002

From: Mayor

Subject: Third Five (5) Year Renewal Option of the Lease of Lots 5D-1, 5F-1, 6C-1 and 6D-1, Port of Anchorage Subdivision, to CSX Lines of Alaska, LLC

CSX Lines of Alaska, LLC (CSX), formerly Sea-Land Service, Inc., and the Municipality of Anchorage (Port of Anchorage) consolidated four separate leases on Lots 5D-1, 5F-1, 6C-1 and 6D-1, Port of Anchorage Subdivision, into one AMENDMENT TO LEASE, effective January 1, 1986, to coordinate provisions on each lot for rental adjustment dates, option dates and expiration dates. The term of each lease was extended to December 31, 1990. Thereafter, Sea-Land had the right to exercise five (5) additional successive option terms of five (5) years each, beginning on January 1, 1991. Sea-Land exercised the first and second five (5) year renewal options commencing January 1, 1991 and January 1, 1996 respectively. The current option period ended on December 31, 2000.

On June 12, 2000 CSX timely notified the Port of its' intention to exercise the third renewal option for the 4 leased lots for the period January 1, 2001 through December 31, 2005. Pursuant to the lease terms, the Port calculated the new five (5) year rental rate adjustments, based on a recent appraisal of similar Port property, for the lots on August 23, 2000.

Thereafter, CSX gave timely notice on September 7, 2000 of its' intention to extend its Preferential Usage Agreement (PUA) for another five (5) year term, also commencing January 1, 2001, and tentatively agreeing to the adjusted lease rates for Lots 5D-1, 5F-1, 6C-1 and 6D-1, pending successful conclusion of PUA negotiations. Also, finalization of several CSX items, including this renewal option, were contingent upon negotiation and execution, after MOA consent, of a General Assignment & Assumption of all Sea-Land Service, Inc. contracts and agreements by its' successor, CSX. The MOA executed the Consent to General Assignment & Assumption on September 5, 2002.

The following provisions are pertinent to CSX's third renewal option period:

Lessee: CSX Lines of Alaska, LLC.

Location, area, market value, market rent/year and market rent/month:

Lot 5F-1

Lot 6C-1

Area:	141,490 sq. ft.	Area:	422,555 sq. ft.
Market Value:	\$1,203,000	Market Value	\$3,318,000
Market Rent/Year	\$120,300	Market Rent/Year	\$331,800
Market Rent/Month	\$10,025.00	Market Rent/Month	\$27,650.00

Lot5D-1

Lot 6D-1

Area: 258,263 sq. ft.
Market Value \$1,922,000
Market Rent/Year \$192,200
Market Rent/Month \$16,016.66

Area: 303,508 sq.ft.
Market Value \$2,681,000
Market Rent/Year \$268,100
Market Rent/Month \$22,341.66

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

Term: This is the 3rd five-year option beginning January 1, 2001 and ending December 31, 2005. Two additional five-year options remain.

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

The Administration requests authority to execute this lease amendment renewal containing the above business terms and conditions, and authority to negotiate other terms and conditions as reasonably necessary, pursuant to Assembly Ordinance.

Prepared by: William J. Sheffield, Port Director
Concur: Harry J. Kieling, Municipal Manager
Respectfully submitted: George P. Wuerch, Mayor

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Portal Design
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Workflow Name	Action Date	Action	User	Security Group	Content ID
AllOrdinanceWorkflow	10/29/02 2:43 PM	Checkin	finchhp	Public	000336
Port_SubWorkflow	11/4/02 1:43 PM	Approve	sheffieldwj	Public	000336
OMB_SubWorkflow	11/13/02 2:46 PM	Approve	foutzrs	Public	000336
Legal_SubWorkflow	11/15/02 9:30 AM	Approve	wheelerda	Public	000336
MuniManager_SubWorkflow	11/18/02 11:15 AM	Approve	campbelice	Public	000336
MuniMgrCoord_SubWorkflow	11/18/02 4:00 PM	Approve	bealejl	Public	000336

INTRODUCTION

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M.O