

Submitted by: Chair of the Assembly at the
Request of the Mayor

Prepared by: Port of Anchorage

For reading: May 2, 2006

CLERK'S OFFICE

APPROVED

Date: 5-16-06

ANCHORAGE, ALASKA

AO No. 2006- 67

AN ORDINANCE AUTHORIZING RENEWAL OF A PREFERENTIAL USAGE AGREEMENT WITH HORIZON LINES OF ALASKA LLC FOR BERTHING AND USE OF THE PORT OF ANCHORAGE PIER, EXCLUSIVE USE OF PORT TRANSIT AREA "B" LOT, EXCLUSIVE USE OF TERMINAL #2 STEVEDORE BUILDING, AND EXCLUSIVE USE OF THE PORT TRANSIT WAREHOUSE CRANE MAINTENANCE SPACE, AND OTHER AMENDMENTS.

WHEREAS, the Preferential Usage Agreement, dated December 1, 1985, between the Municipality of Anchorage and Horizon Lines of Alaska LLC (Horizon), previously Sea-Land Service, Inc., for Horizon's preferential berthing privileges and use of 920 feet of the Port of Anchorage's pier and the exclusive use of Port Transit Area "B" lot, provides for an initial five (5) year term ending on December 31, 1990 and provides for five 5-year renewal options by Horizon; and,

WHEREAS, Horizon elects to exercise their option to renew for the fourth 5-year option period commencing on January 1, 2006; and,

WHEREAS, the Port of Anchorage and Horizon negotiated new dockage and wharfage fees and other changes in terms to the Agreement, to be in effect for the fourth 5-year renewal period; and,

WHEREAS, AMC section 25.30.020 requires disposal of Municipal land by ordinance only; now, therefore,

THE ANCHORAGE ASSEMBLY ORDAINS:

Section 1. The Municipality is authorized to extend the Preferential Usage Agreement for preferential berthing privileges and use of 920 feet of the Port of Anchorage pier, exclusive use of Port Transit Area "B" lot, totaling approximately 278,784 square feet, exclusive use of the Terminal #2 Stevedore Building, totaling approximately 1,600 square feet, and exclusive use of the Port Transit Warehouse Crane Maintenance Space, totaling approximately 1,524 square feet, all located in the Anchorage Recording District, Third Judicial District, to Horizon Lines of Alaska LLC for the fourth 5-year renewal period beginning January 1, 2006, upon the terms and conditions summarized in the Assembly Memorandum accompanying this ordinance.

Section 2. This ordinance shall be effective immediately upon its passage and approval by the Assembly.

PASSED AND APPROVED by the Anchorage Assembly this 16th day of May, 2006.

Daniel A. Sullivan
Chair of the Assembly

ATTEST:

Balme E. Duenst
Municipal Clerk

MUNICIPALITY OF ANCHORAGE
Summary of Economic Effects -- Utilities

AO Number: 2006 - 67

Title:

AN ORDINANCE AUTHORIZING RENEWAL OF A PREFERENTIAL USAGE AGREEMENT WITH HORIZON LINES OF ALASKA LLC FOR BERTHING AND USE OF THE PORT OF ANCHORAGE PIER, EXCLUSIVE USE OF PORT TRANSIT AREA "B" LOT, EXCLUSIVE USE OF TERMINAL #2 STEVEDORE BUILDING, AND EXCLUSIVE USE OF THE PORT TRANSIT WAREHOUSE CRANE MAINTENANCE SPACE, AND OTHER

Sponsor: William J. Sheffield
Preparing Agency: Port of Anchorage
Others Impacted: None

CHANGES IN REVENUES AND EXPENSES:

(In Thousands of Dollars)

	<u>FY06</u>	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>FY10</u>
Operating Revenues:					
9551 Horizon Lines Dockage	\$ 92.1	\$ 92.1	\$ 92.1	\$ 92.1	\$ 92.1
9554 Horizon Lines Wharfage	212.8	212.8	212.8	212.8	212.8
TOTAL OPERATING REVENUES	\$ 304.9	\$ 304.9	\$ 304.9	\$ 304.9	\$ 304.9
Operating Expenses:					
TOTAL OPERATING EXPENSES	\$ -	\$ -	\$ -	\$ -	\$ -
Non-Operating Revenues:					
TOTAL NON-OPERATING REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -
Non-Operating Expenses:					
TOTAL NON-OPERATING EXPENSES	\$ -	\$ -	\$ -	\$ -	\$ -
NET INCOME (REGULATED)	\$ 304.9	\$ 304.9	\$ 304.9	\$ 304.9	\$ 304.9
POSITIONS: FT/PT and Temp	0	0	0	0	0

PUBLIC SECTOR ECONOMIC EFFECTS:

Fourth renewal option of Horizon Lines Preferential Usage Agreement for Berthing Privileges, use of dock, Transit Area "B," Terminal #2 Stevedore Building and the Transit Warehouse Crane Maintenance space will increase revenues by approximately \$305,000 per year.

SUMMARY OF ECONOMIC EFFECTS

PRIVATE SECTOR ECONOMIC EFFECTS:

None

Prepared by: Edward Leon, Director of Finance & Admin.
Validated by OMB: _____
Approved by: William J. Sheffield, Port Director

Telephone: 343-6204
Date: _____
Date: _____

MUNICIPALITY OF ANCHORAGE

ASSEMBLY MEMORANDUM

No. AM 298 -2006

Meeting Date: May 2, 2006

1 **From: MAYOR**

2
3 **Subject: AN ORDINANCE AUTHORIZING RENEWAL OF A PREFERENTIAL USAGE**
4 **AGREEMENT WITH HORIZON LINES OF ALASKA LLC FOR BERTHING**
5 **AND USE OF THE PORT OF ANCHORAGE PIER, EXCLUSIVE USE OF PORT**
6 **TRANSIT AREA "B" LOT, EXCLUSIVE USE OF TERMINAL #2 STEVEDORE**
7 **BUILDING, AND EXCLUSIVE USE OF THE PORT TRANSIT WAREHOUSE**
8 **CRANE MAINTENANCE SPACE, AND OTHER AMENDMENTS.**
9

10 The Municipality and HORIZON LINES OF ALASKA LLC (Horizon), previously known as Sea-
11 Land Service, Inc., entered into a Preferential Usage Agreement (PUA) on December 1, 1985.
12 The PUA contains an initial five (5) year term, ending December 31, 1990, with five (5) renewal
13 option periods of five (5) years each. The agreement also provides for PUA fee adjustments at
14 the beginning of each 5-year renewal option period.
15

16 Horizon formally notified the Port it wanted to exercise its option to renew the PUA for the fourth
17 option period, running from January 1, 2006 to December 31, 2010. Thereafter, the Port and
18 Horizon negotiated fee adjustments for Horizon's preferential berthing privileges and use of the
19 Port's facilities, resulting in an increase over year 2005 in dockage fees, and a revision to the
20 method of wharfage fee calculation from a revenue load basis to a per-ton basis.
21

22 The following amendments are proposed to Horizon's PUA for the fourth option period:
23

1. Dockage Fee: \$1,519.00 per 12 hour period, or portion thereof, regardless of any change in tariff dockage rates.
2. Wharfage Fee: \$2.03 per ton
Wharfage fees were previously based on revenue loads but the Port will capture additional revenue through the per-ton basis calculation, particularly with the emerging trend of shippers to load containers heavier than in the past.
3. Annual Wharfage Charge Adjustment.
The Annual Wharfage Charge for 2007, paid in twelve (12) equal monthly payments, will be adjusted to the total of Horizon's tonnage for the previous year multiplied by \$2.03.

24
25 Preferential usage agreements are subject to approval by the Anchorage Assembly, and then
26 filed with the Federal Maritime Commission. The Port requests appropriate authority to renew
27 the Horizon PUA and to amend the PUA as set out in this AM.

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2
3 THE ADMINISTRATION RECOMMENDS APPROVAL OF AN ORDINANCE AUTHORIZING
4 RENEWAL OF A PREFERENTIAL USAGE AGREEMENT WITH HORIZON LINES OF
5 ALASKA LLC FOR BERTHING AND USE OF THE PORT OF ANCHORAGE PIER,
6 EXCLUSIVE USE OF PORT TRANSIT AREA "B" LOT, EXCLUSIVE USE OF TERMINAL #2
7 STEVEDORE BUILDING, AND EXCLUSIVE USE OF THE PORT TRANSIT WAREHOUSE
8 CRANE MAINTENANCE SPACE, AND OTHER AMENDMENTS AS SET OUT HEREIN.
9

10 Prepared by: Port of Anchorage
11 Approved by: William J. Sheffield, Director, Port of Anchorage
12 Concur: Mary Jane Michael, Executive Director,
13 Department of Economic & Community Development
14 Concur: Denis C. LeBlanc, Municipal Manager
15 Respectfully submitted: Mark Begich, Mayor
16
17

Content Information**Content ID :** 003851**Type:** Ordinance-InvolvingFunds - AO**Title:** Horizon PUA**Author:** kostersa**Initiating Dept:** Port**Description:** Renewal of Preferential Usage Agreement.**Keywords:** Horizon PUA Port**Date Prepared:** 4/6/06 2:41 PM**Director Name:** William Sheffield**Assembly Meeting Date**
MM/DD/YY: 5/2/06**Public Hearing Date**
MM/DD/YY: 5/23/062006 APR 24 PM 12:05
CLERK'S OFFICE

M.P.A.

Workflow History

<u>Workflow Name</u>	<u>Action Date</u>	<u>Action</u>	<u>User</u>	<u>Security Group</u>	<u>Content ID</u>
AllFundOrdinanceWorkflow	4/6/06 2:46 PM	Checkin	kostersa	Public	003851
Port_SubWorkflow	4/7/06 9:18 AM	Approve	sheffieldwj	Public	003851
ECD_SubWorkflow	4/7/06 10:40 AM	Approve	thomasm	Public	003851
OMB_SubWorkflow	4/7/06 10:55 AM	Approve	mitsonjl	Public	003851
CFO_SubWorkflow	4/7/06 12:45 PM	Approve	sinzje	Public	003851
Legal_SubWorkflow	4/7/06 2:58 PM	Approve	gatesdt	Public	003851
MuniManager_SubWorkflow	4/21/06 1:13 PM	Approve	leblancdc	Public	003851
MuniMgrCoord_SubWorkflow	4/21/06 2:46 PM	Approve	curtiscr	Public	003851