

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: 3-16-06 ANCHORAGE, ALASKA  
AO NO. 2006- 68

1 AN ORDINANCE AUTHORIZING RENEWAL OF THE LEASE BETWEEN THE  
2 MUNICIPALITY OF ANCHORAGE AND HORIZON LINES OF ALASKA LLC FOR LOTS 4A,  
3 5D-1, 5F-1, 6C-1 AND 6D-1, PORT OF ANCHORAGE SUBDIVISION, AND  
4 ESTABLISHING A NEW LEASE TERM FOR LOT 4A-1.

5  
6  
7 WHEREAS, the Municipality of Anchorage leases Lots 4A, 5D-1, 5F-1, 6C-1 AND  
8 6D-1 Port of Anchorage Subdivision to Horizon Lines of Alaska LLC (previously Sea-  
9 Land Service, Inc., and hereinafter Horizon); and,

10  
11 WHEREAS, the Municipality of Anchorage and Horizon want to extend the lease  
12 term from January 1, 2006 to December 31, 2010, pursuant to an exercised renewal  
13 option by Horizon; and,

14  
15 WHEREAS, Horizon has a separate lease on Lot 4A-1, with two one-year renewal  
16 options, and Horizon and the Port desire to convert the Lot 4A-1 lease into to a five  
17 year lease with one five-year renewal option, to run concurrently with the lease  
18 existing on Lots 4A, 5D-1, 5F-1, 6C-1 and 6D-1; and,

19  
20 WHEREAS, AMC section 25.30.020 requires disposal of Municipal land shall be by  
21 ordinance only; now, therefore,

22  
23 THE ANCHORAGE ASSEMBLY ORDAINS:

24  
25 **Section 1.** The Municipality of Anchorage is authorized to extend the term of the  
26 existing lease between the Municipality of Anchorage and Horizon Lines of Alaska  
27 LLC for Lots 4A, 5D-1, 5F-1, 6C-1 and 6D-1, Port of Anchorage Subdivision upon  
28 the terms and conditions summarized in accompanying Assembly Memorandum,  
29 submitted with this ordinance.

30  
31 **Section 2.** The Municipality of Anchorage is authorized to convert the lease on Lot  
32 4A-1, Port of Anchorage Subdivision, from an annual lease with two 1-year renewal  
33 options into a five year lease with one 5-year renewal option, to run concurrently with  
34 the lease described in Section 1, above.

35  
36 **Section 3.** This ordinance shall take effect immediately upon passage and  
37 approval.  
38

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

Samuel A. Sullivan  
Chair

ATTEST:

Bonnie S. Dyer  
Municipal Clerk

**MUNICIPALITY OF ANCHORAGE**  
**Summary of Economic Effects -- Utilities**

AO Number: 2006 - 68      Title: AN ORDINANCE AUTHORIZING RENEWAL OF THE LEASE BETWEEN  
 THE MUNICIPALITY OF ANCHORAGE AND HORIZON LINES OF ALASKA  
 Sponsor: William J. Sheffield LLC FOR LOTS 4A, 5D 1, 5F 1, 6C 1 AND 6D 1, PORT OF ANCHORAGE  
 Preparing Agency: Port of Anchorage SUBDIVISION, AND ESTABLISHING A NEW LEASE TERM FOR LOT 4A-1.  
 Others Impacted: None

<b>CHANGES IN REVENUES AND EXPENSES:</b>						<b>(In Thousands of Dollars)</b>				
		<b>FY06</b>	<b>FY07</b>	<b>FY08</b>	<b>FY09</b>	<b>FY10</b>				
<b>Operating Revenues:</b>										
9572 Industrial Park Rental/Storage	\$	194.8	\$ 194.8	\$ 194.8	\$ 194.8	\$ 194.8				
<b>TOTAL OPERATING REVENUES</b>	<b>\$</b>	<b>194.8</b>	<b>\$ 194.8</b>	<b>\$ 194.8</b>	<b>\$ 194.8</b>	<b>\$ 194.8</b>				
<b>Operating Expenses:</b>										
General Maintenance, snow removal and sanding at Lessee's Expense	\$	-	\$ -	\$ -	\$ -	\$ -				
<b>TOTAL OPERATING EXPENSES</b>	<b>\$</b>	<b>-</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>				
<b>Non-Operating Revenues:</b>										
<b>TOTAL NON-OPERATING REVENUES</b>	<b>\$</b>	<b>-</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>				
<b>Non-Operating Expenses:</b>										
<b>TOTAL NON-OPERATING EXPENSES</b>	<b>\$</b>	<b>-</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>				
<b>NET INCOME (REGULATED)</b>	<b>\$</b>	<b>194.8</b>	<b>\$ 194.8</b>	<b>\$ 194.8</b>	<b>\$ 194.8</b>	<b>\$ 194.8</b>				
<b>POSITIONS: FT/PT and Temp</b>		<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>				

**PUBLIC SECTOR ECONOMIC EFFECTS:**

The renewal of lease for Lots 4A, 5D-1, 5F-1, 6C-1, 6D-1 and 4A-1 at the Port of Anchorage to Horizon Lines of Alaska, LLC, will provide the Port of Anchorage with new rental revenue of \$194,838 per year for the next five years.

**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 299 -2006

Meeting Date: May 2, 2006

1 From: MAYOR  
2  
3

4 Subject: AN ORDINANCE AUTHORIZING RENEWAL OF THE LEASE  
5 BETWEEN THE MUNICIPALITY OF ANCHORAGE AND HORIZON  
6 LINES OF ALASKA LLC FOR LOTS 4A, 5D-1, 5F-1, 6C-1 AND 6D-1,  
7 PORT OF ANCHORAGE SUBDIVISION, AND ESTABLISHING A NEW  
8 LEASE TERM FOR LOT 4A-1.  
9

10  
11 Leases for Lots 5D-1, 5F-1, 6C-1 and 6D-1 were amended collectively by an  
12 Amendment to Lease, executed on September 8, 1986 by the MOA and Sea-Land  
13 Service, Inc. (Sea-Land). On September 5, 2002, the MOA consented to the  
14 assignment and assumption of all contractual agreements from Sea-Land to CSX  
15 Lines LLC, under a Consent to General Assignment and Assumption. On July 7, 2004,  
16 the MOA signed an Affirmation Letter accepting the name change from CSX Lines LLC  
17 to Horizon Lines of Alaska, LLC, and Horizon's assumption of all contractual  
18 agreements, including the above described leases.  
19

20 The lease for Lot 4A was approved by the Anchorage Assembly on December 17,  
21 2002 by AO No. 2002-169. The lease of lot 4A-1 was approved by the Anchorage  
22 Assembly on March 2, 2004 by AO No. 2004-59.  
23

24 Except for the Lease on Tract 4A-1, the Leases provide for options to renew the term  
25 on any of the parcels for an additional term of five (5) years. The current lease on  
26 Tract 4A-1 provides for two (2) additional one year option periods; however, Horizon  
27 and the Port seek to consolidate the term provisions of all Leases so all Leases  
28 terminate on the same date.  
29

30 Thereafter, in conjunction with Horizon's notice to the Port to extend its Preferential  
31 Usage Agreement (PUA) for another five (5) year term, also commencing January 1,  
32 2006, Horizon tentatively agreed to the adjusted land lease rates, pending successful  
33 conclusion of PUA negotiations.  
34

35 The following provisions are pertinent to the first renewal of Lease on Lot 4A, the  
36 ;fourth renewal of Lease on Lots 5D-1, 5F-1, 6C-1 and 6D-1, and change in term plus  
37 extension of the lease of Lot 4A-1:  
38

Lessee: Horizon Lines of Alaska LLC.

Specifics:

**LOT 5F-1**

Area: 141,490 sq. ft.  
Market Rent/Year \$135,830.40  
Market Rent/Month \$11,319.20

**LOT 6C-1**

Area: 422,555 sq. ft.  
Market Rent/Year \$405,652.80  
Market Rent/Month \$33,804.40

**LOT 5D-1**

Area: 258,263 sq. ft.  
Market Rent/Year \$247,932.48  
Market Rent/Month \$20,661.04

**LOT 6D-1**

Area: 303,508 sq. ft.  
Market Rent/Year \$291,367.68  
Market Rent/Month \$24,280.64

**LOT 4A**

Area: 230,497 sq. ft.  
Market Rent/Year \$221,277.12  
Market Rent/Month \$18,439.76

**LOT 4A-1**

Area: 73,112 sq. ft.  
Market Rent/Year \$70,187.52  
Market Rent/Month \$5,848.96

Rental Adjustment: Five-year intervals in conjunction with renewals.

Term:

**Lots 5D-1, 5F-1, 6C-1 and 6D-1:**

This is the fourth five-year option beginning January 1, 2006 and ending December 31, 2010; one additional five-year option remains.

**Lot 4A:**

This is the first five-year option beginning January 1, 2006 and ending December 31, 2010; one additional five-year option remains.

**Lot 4A-1:**

This is the initial five-year term for this lease beginning January 1, 2006 and ending December 31, 2010. This lease converts from an annual lease with two one-year options to a five year lease with one additional five-year option.

Services provided  
by Lessee:

Utilities and maintenance of premises.

Other terms and  
Conditions:

As negotiated between Horizon and the Municipality.

1  
2 THE ADMINISTRATION RECOMMENDS APPROVAL OF THE RENEWAL OF  
3 LEASES ON LOTS 4A, 5D-1, 5F-1, 6C-1 AND 6D-1, AND ESTABLISHING A NEW  
4 LEASE TERM FOR LOT 4A-1 PURSUANT TO THE TERMS AND CONDITIONS SET  
5 OUT ABOVE.

6  
7 Prepared by: Port of Anchorage  
8 Approved by: William J. Sheffield, Director, Port of Anchorage  
9 Concur: Mary Jane Michael, Executive Director,  
10 Department of Economic & Community Development  
11 Concur: Denis LeBlanc, Municipal Manager  
12 Respectfully submitted: Mark Begich, Mayor  
13

**Content Information****Content ID :** 003852**Type:** Ordinance-InvolvingFunds - AO**Title:** Horizon Leases**Author:** curtiscr**Initiating Dept:** Port**Description:** Horizon lease renewal.**Keywords:** Horizon Lease Port**Date Prepared:** 4/6/06 2:47 PM**Director Name:** William Sheffield**Assembly Meeting**  
**Date MM/DD/YY:** 5/2/06**Public Hearing Date** <sup>14</sup>  
**MM/DD/YY:** 5/23/06

2006 APR 24 PM 12:05  
CLEAN'S OFFICE  
P. A.

**Workflow History**

<b>Workflow Name</b>	<b>Action Date</b>	<b>Action</b>	<b>User</b>	<b>Security Group</b>	<b>Content ID</b>
AllFundOrdinanceWorkflow	4/6/06 2:49 PM	Checkin	kostersa	Public	003852
Port_SubWorkflow	4/7/06 9:19 AM	Approve	sheffieldwj	Public	003852
ECD_SubWorkflow	4/7/06 10:40 AM	Approve	thomasm	Public	003852
OMB_SubWorkflow	4/7/06 10:57 AM	Approve	mitsonjl	Public	003852
CFO_SubWorkflow	4/7/06 3:42 PM	Approve	sinzje	Public	003852
Legal_SubWorkflow	4/7/06 5:57 PM	Approve	gatesdt	Public	003852
MuniManager_SubWorkflow	4/11/06 4:45 PM	Checkin	curtiscr	Public	003852
MuniManager_SubWorkflow	4/21/06 1:13 PM	Approve	leblancdc	Public	003852
MuniMgrCoord_SubWorkflow	4/21/06 2:46 PM	Approve	curtiscr	Public	003852