

Submitted by: Chairman of the Assembly  
At the request of the Mayor  
Prepared by: Port of Anchorage  
For reading: February 27, 2007

CLERK'S OFFICE

APPROVED

Date: 3/3-07

ANCHORAGE, ALASKA

AO NO. 2007- 39

AN ORDINANCE AUTHORIZING THE EIGHTH LEASE RENEWAL OPTION OF LOT 8-B TOTALING 352,938 SQUARE FEET AND LOT 8-C TOTALING 133,095 SQUARE FEET, PORT OF ANCHORAGE SUBDIVISION, TO ANCHORAGE FUELING AND SERVICE COMPANY.

WHEREAS, the Municipality of Anchorage leases Lots 8-B and 8-C, 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, 2007 to March 4, 2012; 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, to Anchorage Fueling and Service Company from March 5, 2007 to March 4, 2012.

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

PASSED AND APPROVED by the Anchorage Assembly this 13<sup>th</sup> day of March, 2007.

  
Chairman

ATTEST:

  
Municipal Clerk

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

AO Number: 2007 - 39      Title: AN ORDINANCE AUTHORIZING THE EIGHTH LEASE RENEWAL  
 OPTION OF LOT 8-B TOTALING 352,938 SQUARE FEET AND LOT 8-C  
 TOTALING 133,095 SQUARE FEET, PORT OF ANCHORAGE  
 SUBDIVISION, TO ANCHORAGE FUELING AND SERVICE COMPANY.

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

**CHANGES IN REVENUES AND EXPENSES:**

(In Thousands of Dollars)

	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>FY10</u>	<u>FY11</u>
<b>Operating Revenues:</b>					
9571 Industrial Park Leases	\$ 46.7	\$ 56.0	\$ 56.0	\$ 56.0	\$ 56.0
<b>TOTAL OPERATING REVENUES</b>	<b>\$ 46.7</b>	<b>\$ 56.0</b>	<b>\$ 56.0</b>	<b>\$ 56.0</b>	<b>\$ 56.0</b>
<b>Operating Expenses:</b>					
	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL OPERATING EXPENSES</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>Non-Operating Expenses:</b>					
<b>TOTAL NON-OPERATING EXPENSES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>NET INCOME (REGULATED)</b>	<b>\$ 46.7</b>	<b>\$ 56.0</b>	<b>\$ 56.0</b>	<b>\$ 56.0</b>	<b>\$ 56.0</b>
<b>POSITIONS: FT/PT and Temp</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**PUBLIC SECTOR ECONOMIC EFFECTS:**

This is the eighth and final five-year renewal option for Lots 8-B and 8-C for Anchorage Fueling and Service Company. The per square foot charge is increased from \$0.73 to \$0.85 per square foot for the term commencing March 5, 2007 and ending March 4, 2012. The increase in the lease rate results in an increase of annual rent from \$357,100 to \$413,128, yielding \$56,028 in new revenue for this 5-year renewal option.

**SUMMARY OF ECONOMIC EFFECTS**

**PRIVATE SECTOR ECONOMIC EFFECTS:**

Anchorage Fueling and Service Company is the only private sector entity to be impacted by the Lease renewal.

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 165 -2007

Meeting Date: February 27, 2007

**From: MAYOR**

**Subject: AN ORDINANCE AUTHORIZING THE EIGHTH LEASE RENEWAL OPTION OF LOT 8-B TOTALING 352,938 SQUARE FEET AND LOT 8-C TOTALING 133,095 SQUARE FEET, PORT OF ANCHORAGE SUBDIVISION, TO ANCHORAGE FUELING AND SERVICE COMPANY.**

Shell Oil Company (Shell) and the Municipality of Anchorage (then City of Anchorage) entered into a Lease agreement (Lease) on January 19, 1962 for Parcel B and Lot 8, Port of Anchorage Subdivision. The term of the Lease was for Ten (10) years with Eight (8) Five (5) year options.

The Lease was amended on or about July 11, 1973 to rename Parcel B to Lot 8-B and Lot 8 to Lot 8-C, pursuant to recorded plat #71-0032.

A Consent to Assignment and Amendment of Lease was signed on May 29, 1981, consenting to the assignment of the lease from Shell to Anchorage Fueling and Service Company (AFSC). The amendments included Article Second to include an outside appraisal option in the event the parties could not agree on new terms; Article Eighth which updated the hold harmless clause; Article Fifteenth added a requirement for Workmen's Compensation and employer's liability coverage; and Article Twenty-third clarifying where and to whom notices are to be sent.

AFSC has remitted notification of its desire to exercise the eighth and final Five (5) year option beginning March 5, 2007 and ending March 4, 2012. The Port of Anchorage has notified AFSC that in 2005, selected parcels were appraised to establish Fair Market Rental Rates for lease renewal options exercised by Totem Ocean Trailer Express and Horizon Lines effective January 1, 2006. Of the nine parcels appraised, Lot 6C-1 is similar in amenities to Lots 8-B and 8-C. The Fair Market Rental Value established by the Appraiser was \$0.85 per square foot. Based on that 2005 appraisal information, the Port proposes to increase the annual rental from \$357,100.00 to \$413,128.00 effective March 5, 2007. This increases the square foot rate from \$0.73 to \$0.85 per square foot.

**Lessee:** Anchorage Fueling and Service Company.

**Area:** Lot 8-B contains approximately 352,938; and,  
Lot 8-C contains approximately 133,095 square feet.

**Ground Rent:** Lot 8-B \$299,997.30 per year; and,  
Lot 8-C \$113,130.75 per year.

**Rent Adjustment:** Annual Lease amount is being increased from \$0.73 to \$0.85 per square foot.

**Services provided**

**by Lessee:** Utilities and maintenance of premises.

1 THE ADMINISTRATION REQUESTS AUTHORITY TO ENTER INTO THE EIGHTH RENEWAL  
2 OPTION OF THE LEASE OF LOT 8-B TOTALING 352,938 SQUARE FEET AND LOT 8-C TOTALING  
3 133,095 SQUARE FEET, PORT OF ANCHORAGE SUBDIVISION, TO ANCHORAGE FUELING AND  
4 SERVICE COMPANY ON THE ABOVE TERMS AND CONDITIONS.  
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7 Prepared by: William J. Sheffield, Port Director  
8 Concur: Mary Jane Michael, Executive Director  
9 Economic & Community Development  
10 Concur: Denis C. LeBlanc, Municipal Manager  
11 Respectfully submitted: Mark Begich, Mayor  
12

**Content Information****Content ID :** 004802**Type:** Ordinance - AO**Title:** Anchorage Fueling and Service Company**Author:** kostersa**Initiating Dept:** Port**Description:** Lease renewal Lot 8B and Lot 8C Port of Anchorage**Keywords:** Lease Amendment Port of Anchorage**Date Prepared:** 2/7/07 2:35 PM**Director Name:** William Sheffield**Assembly Meeting Date**  
**MM/DD/YY:** 2/27/07**Public Hearing Date**  
**MM/DD/YY:** 3/13/07

M.O.A.  
 2007 FEB 16 AM 11:14  
 CLERK'S OFFICE

**Workflow History**

<b>Workflow Name</b>	<b>Action Date</b>	<b>Action</b>	<b>User</b>	<b>Security Group</b>	<b>Content ID</b>
AllOrdinanceWorkflow	2/7/07 2:40 PM	Checkin	kostersa	Public	004802
Port_SubWorkflow	2/7/07 2:50 PM	Approve	sheffieldwj	Public	004802
ECD_SubWorkflow	2/7/07 3:03 PM	Approve	thomasm	Public	004802
OMB_SubWorkflow	2/7/07 5:13 PM	Approve	mitsonjl	Public	004802
Legal_SubWorkflow	2/7/07 5:29 PM	Approve	gatesdt	Public	004802
MuniManager_SubWorkflow	2/16/07 9:26 AM	Approve	leblancdc	Public	004802
MuniMgrCoord_SubWorkflow	2/16/07 9:55 AM	Approve	maglaquijp	Public	004802