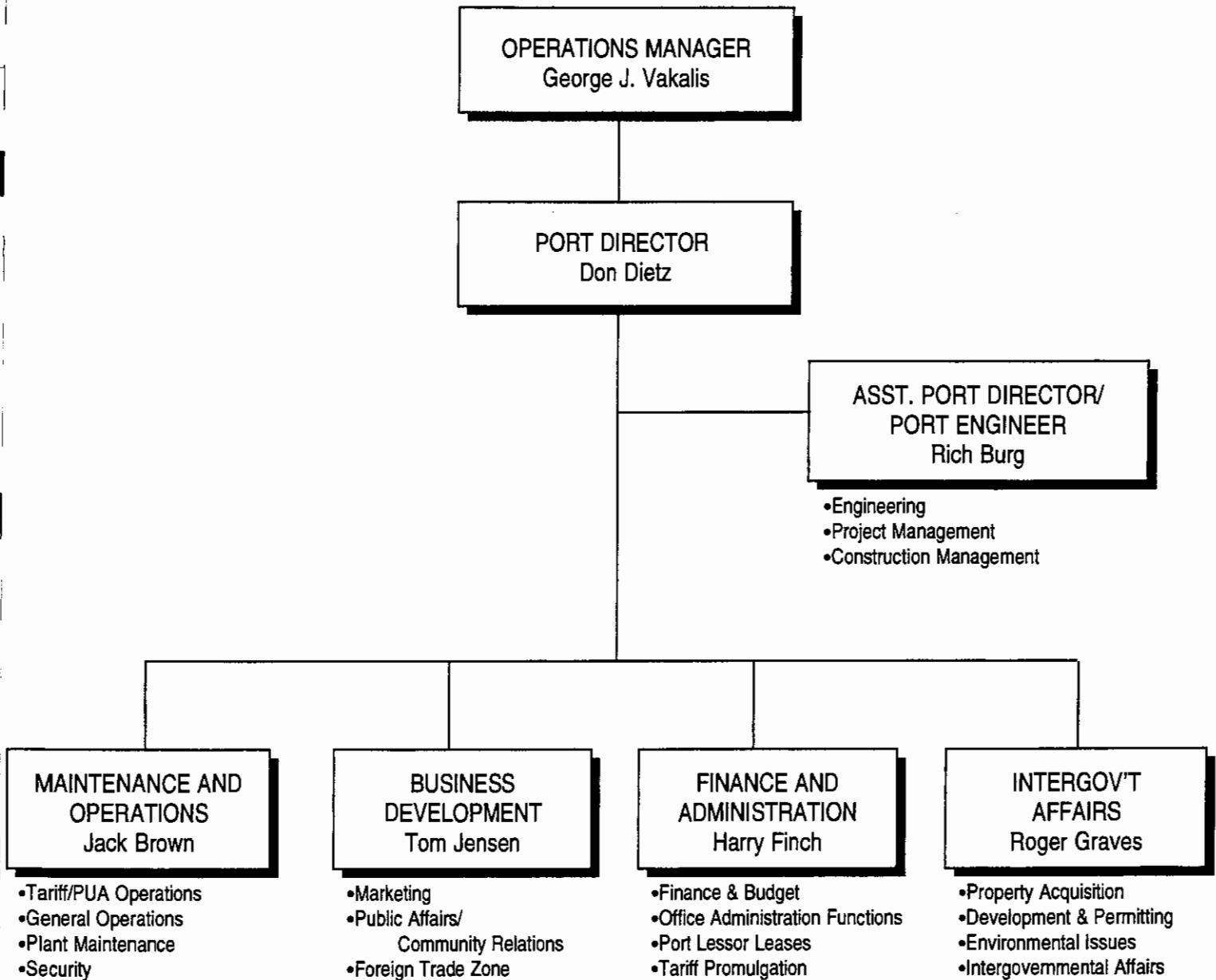


PORT OF ANCHORAGE

**PORT OF ANCHORAGE
ORGANIZATION CHART**



PORT OF ANCHORAGE UTILITY PROFILE

ORGANIZATION

The Port of Anchorage is organized into three functional areas: Administration, Port Development and Operations & Maintenance. The Administrative responsibility entails day-to-day business functions, construction management/engineering, and real estate management. The Port Development involves marketing, planning, permitting, environmental issues and public and intergovernmental affairs tasks. Current Operations & Maintenance functions include Port customer relations, management of vessel movements and dockside activities, general upkeep and operation of the facilities, equipment, and security.

HISTORY

The Port of Anchorage commenced operation in September 1961 with a single berth. 38,000 tons of cargo crossed the Port's dock that first year. 2,716,000 tons crossed the dock in 1994 and this ranked the Port as 19th in among North American container ports, including Canada and Latin America, in 1993 for the movement of container TEUs (twenty foot equivalent units). Today this regional Port is a major economic factor and the strongest link in the transportation chain which enables Alaskan residents west of Yakutat to take full advantage of the benefits of inexpensive waterborne commerce.

SERVICES

Cargo handling services and facilities at the Port serve 80% of Alaska's population residing west of Yakutat. Approximately 90% of the consumer goods and foodstuffs sold within the Railbelt move through this facility on a year-round basis. Container service is provided twice weekly from Puget Sound by two domestic ocean carriers and is augmented seasonally by one additional container vessel per week and barge activities. Bulk shipments are both domestic and international, involving imports of basic commodities such as cement, refined petroleum products, automobiles and construction materials. The Port serves as the primary export facility for the state's largest petroleum refinery in North Pole and as the major export terminal for frozen and canned seafood products that are packed in Anchorage, Valdez and on the Kenai Peninsula.

REGULATION

Port of Anchorage Dock Revenue rates are established in the Port of Anchorage Terminal Tariff #4 and Terminal Preferential Use Agreements. Changes to the tariff and adjustments to the Preferential Usage Agreements' charges require approval by the Anchorage Port Commission, the Anchorage Assembly and the Federal Maritime Commission.

Port Industrial Park Revenue is derived from long-term leases of properties in the Port Industrial Park. The leases provide for five-year rate adjustments. Leases and lease options are subject to Municipal Assembly approval.

ENVIRONMENTAL MANDATES

The Port complies with a broad range of local, state and federal environmental standards, including all provisions of the Clean Water Act, Clean Air Act, National Pollution Discharge Elimination System (NPDES), Endangered Species Act and Coastal Zone Management Plan.

PHYSICAL PLANT

Real Estate:

103	acres of developed uplands
14	acres of uplands under development
400	acres of economically developable tidelands to the north and south of the existing Industrial Park and dock area
<u>1,000</u>	acres of submerged lands offshore from tidelands holdings
<u>1,517</u>	total acres

Terminals:

- Three general cargo terminals, 2,109 ft. of dock face, container, roll on/roll off, bulk cement and breakbulk capabilities
- Two Bulk Petroleum Product Terminals with 600 feet each of berthing space and 2,000 bbl./hr. pipelines
- Operating depth at all facilities: -35' MLLW
- Maximum vessel tonnage: 60,000 DWT
- Maximum length and breadth: No limit
- On-dock Transit Shed with 27,000 square foot heated storage/office space

Cargo Handling Equipment:

- Rail mounted, electric Container Cranes:
 - 30 ton (2)
 - 40 ton (1)
- Portable Cranes to 150 tons available
- Forklifts to 30 tons available

U.S. Port of Entry: Foreign Trade Zone service available

**PORT OF ANCHORAGE
WORKFORCE PROJECTIONS**

	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
<u>DIVISION</u>							
Administration/Engineering	7	7	7	7	7	7	7
Operations/Maintenance	12	12	12	12	12	12	12
Port Development	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>
Total	<u>21</u>	<u>21</u>	<u>21</u>	<u>21</u>	<u>21</u>	<u>21</u>	<u>21</u>

Port of Anchorage

**1996
Operating Budget**

PORT OF ANCHORAGE RECONCILIATION OF 1995 BUDGET TO 1995 PRO-FORMA

	1995 <u>BUDGET</u>	1995 <u>PRO-FORMA</u>	<u>VARIANCE</u>	
OPERATING REVENUE	6,493,000	6,726,000	233,000	A
OPERATING EXPENSE				
Labor	1,438,000	1,397,000	(41,000)	B
Supplies	99,000	104,000	5,000	
Other Services & Charges	1,177,000	1,137,000	(40,000)	C
IGC's	215,000	215,000	0	
Depreciation/Amortization	1,968,000	1,931,000	(37,000)	D
Subtotal	4,897,000	4,784,000	(113,000)	
NON-OPERATING REVENUE	1,106,000	1,475,000	369,000	E
NON-OPERATING EXPENSE	1,367,000	1,329,000	(38,000)	F
NET INCOME (REGULATORY)	1,335,000	2,088,000	753,000	
ADJUSTMENTS FOR GAAP	(553,000)	(553,000)	0	
NET INCOME GAAP	<u>782,000</u>	<u>1,535,000</u>	<u>753,000</u>	

Explanation of Significant Variances:

- A) Petroleum Wharfage revenue, based on year-to-date figures, is now anticipated to be higher in 1995 than originally projected.
- B) One Executive position vacant for 7 months.
- C) Decrease is the net result of Professional Services expense being less than projected for 1995 and a portion of that reduction being offset by additional MOA/ICC Rate Case expenses in 1995.
- D) Depreciation adjusted to reflect anticipated plant in-service.
- E) \$300,000 construction claim legal settlement in favor of Port. 1995 Interest income now anticipated to be higher than originally projected.
- F) Anticipated 1995 revenue bond sale did not occur reducing debt service requirement.

PORT OF ANCHORAGE RECONCILIATION OF 1995 PRO-FORMA TO 1996 BUDGET

	1995 <u>PRO-FORMA</u>	1996 <u>BUDGET</u>	<u>VARIANCE</u>	
OPERATING REVENUE	6,726,000	7,196,000	470,000	A
OPERATING EXPENSE				
Labor	1,397,000	1,514,000	117,000	B
Supplies	104,000	104,000	0	
Other Services & Charges	1,137,000	1,131,000	(6,000)	
IGC's	215,000	245,000	30,000	C
Depreciation/Amortization	<u>1,931,000</u>	<u>2,166,000</u>	<u>235,000</u>	D
Subtotal	4,784,000	5,160,000	376,000	
NON-OPERATING REVENUE	1,475,000	1,100,000	(375,000)	E
NON-OPERATING EXPENSE	1,329,000	1,230,000	(99,000)	F
NET INCOME (REGULATORY)	<u>2,088,000</u>	<u>1,906,000</u>	<u>(182,000)</u>	
ADJUSTMENTS FOR GAAP	(553,000)	(791,000)	(238,000)	D
NET INCOME GAAP	<u><u>1,535,000</u></u>	<u><u>1,115,000</u></u>	<u><u>(420,000)</u></u>	

Explanation of Significant Variances:

- A) Increase is a combination of increased tonnage levels and anticipated adjustments to PUA and Industrial Park charges effective January 1, 1996.
- B) Increase is a combination of known JCC and potential other labor groups cost of living increases and one Executive position which was vacant for 7 months in 1995 being filled the entire year in 1996.
- C) Increased MISD IGC expense and a decrease in IGC revenue from "in-house" capital projects.
- D) Depreciation adjusted to reflect anticipated plant in-service.
- E) \$300,000 construction claim legal settlement in favor of the Port in 1995. Decrease in the interest portion of payments to Port financed leases.
- F) Decrease in interest portion of debt service payments.

PORT OF ANCHORAGE STATEMENT OF REVENUE AND EXPENSES

	1994 ACTUAL	1995 PRO-FORMA	1996 BUDGET
OPERATING REVENUE			
Dock Revenue	4,808,589	4,919,000	5,290,000
Industrial Park Revenue	1,651,785	1,723,000	1,822,000
Crane Lease/Rental Revenue	80,408	79,000	79,000
Other Operating Revenue	1,177	5,000	5,000
TOTAL OPERATING REVENUE	6,541,959	6,726,000	7,196,000
OPERATING EXPENSE			
Labor	1,412,010	1,397,000	1,514,000
Supplies	86,732	104,000	104,000
Other Services & Charges	1,233,667	1,137,000	1,131,000
IGC's	170,019	215,000	245,000
Depreciation/Amortization	1,897,105	1,931,000	2,166,000
TOTAL OPERATING EXPENSE	4,799,533	4,784,000	5,160,000
OPERATING INCOME	1,742,426	1,942,000	2,036,000
NON-OPERATING REVENUE			
Interest Income	1,057,654	1,070,000	995,000
Pipeline Right-Of-Way Fee	106,504	105,000	105,000
Construction Claim Legal Settlement	0	300,000	0
Other Non-Operating Revenue	1,840	0	0
Prior Year Expense Recovery	3,575	0	0
TOTAL NON-OPERATING REVENUE	1,169,573	1,475,000	1,100,000
NON-OPERATING EXPENSE			
Interest on Long-Term Debt	1,376,618	1,329,000	1,230,000
Other Non-Operating Expense	0	0	0
TOTAL NON-OPERATING EXPENSE	1,376,618	1,329,000	1,230,000
NON-OPERATING INCOME	(207,045)	146,000	(130,000)
NET INCOME (REGULATORY)	1,535,381	2,088,000	1,906,000
ADJUSTMENTS FOR GAAP	(552,884)	(553,000)	(791,000)
NET INCOME GAAP	982,497	1,535,000	1,115,000

PORT OF ANCHORAGE

STATEMENT OF SOURCES AND USES OF CASH

	1994 <u>ACTUAL</u>	1995 <u>PRO-FORMA</u>	1996 <u>BUDGET</u>
SOURCES OF CASH FUNDS:			
Net Income GAAP	982,497	1,535,000	1,115,000
Depreciation/Amortization	2,449,989	2,484,000	2,957,000
Grants	5,308,457	1,345,000	840,000
Bonds	0	0	0
Amortization of Debt Discount	27,707	30,000	30,000
Principal Payments, Financing Leases	262,855	284,000	307,000
Principal Payments, Interfund Receivable	84,009	0	0
Other	49,020	151,000	830,000
TOTAL SOURCES OF FUNDS	<u>9,164,534</u>	<u>5,829,000</u>	<u>6,079,000</u>
USES OF CASH FUNDS:			
Additions to Plant	9,201,745	6,078,000	3,316,000
Bond Principal Payments	1,322,988	1,123,000	1,008,000
Equity Transfer Out	178,500	358,000	601,000
Net Effect of Changes in Balance Sheet Which Affect Cash	226,304	0	0
TOTAL USES OF FUNDS	<u>10,929,537</u>	<u>7,559,000</u>	<u>4,925,000</u>
NET INCREASE/(DECREASE) IN CASH FUNDS	(1,765,003)	(1,730,000)	1,154,000
CASH BALANCE JANUARY 1,	<u>12,539,149</u>	<u>10,774,000</u>	<u>9,044,000</u>
CASH BALANCE DECEMBER 31,	<u><u>10,774,146</u></u>	<u><u>9,044,000</u></u>	<u><u>10,198,000</u></u>
DETAIL OF CASH BALANCE			
Equity In General Cash Pool	3,279,377	2,665,000	2,889,000
Equity In Construction Cash Pool	4,578,774	3,463,000	4,393,000
Revenue Bond Reserve	2,915,995	2,916,000	2,916,000
TOTAL CASH DECEMBER 31,	<u><u>10,774,146</u></u>	<u><u>9,044,000</u></u>	<u><u>10,198,000</u></u>

PORT OF ANCHORAGE 1996 OPERATING BUDGET DETAIL

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	1994 ACTUAL	1995 PRO-FORMA	1996 BUDGET
LABOR			
Wages	915,419	901,000	979,000
Overtime	36,521	35,000	35,000
Benefits	456,533	460,000	499,000
Other	3,537	1,000	1,000
Subtotal	1,412,010	1,397,000	1,514,000
SUPPLIES			
Office & Operating Supplies	12,468	18,000	18,000
Fuel	5,992	7,000	8,000
Repair & Maintenance Supplies	66,546	75,000	75,000
Other	1,726	4,000	3,000
Subtotal	86,732	104,000	104,000
INTRAGOVERNMENTAL CHARGES			
IGC's From Others	197,643	230,000	245,000
IGC's To Others	(27,624)	(15,000)	0
Subtotal	170,019	215,000	245,000
OTHER SERVICES			
Professional Services	158,288	196,000	221,000
Legal Services	254,388	56,000	0
Repairs & Maintenance-Contracted	94,734	106,000	100,000
Advertising/Marketing	40,693	39,000	37,000
Contract Services	170,190	175,000	188,000
Rentals/Leases	87,976	97,000	97,000
Utilities	285,068	300,000	300,000
Other	142,330	168,000	188,000
Subtotal	1,233,667	1,137,000	1,131,000
OTHER EXPENSES			
Depreciation/Amortization	2,449,989	2,484,000	2,957,000
Interest on Long Term Debt	1,376,618	1,329,000	1,230,000
Other	0	0	0
Subtotal	3,826,607	3,813,000	4,187,000
TOTAL EXPENSES	<u>6,729,035</u>	<u>6,666,000</u>	<u>7,181,000</u>

Port of Anchorage
1996-2001
Capital Improvement
Budget/Program

PORT OF ANCHORAGE
1996-2001 CAPITAL IMPROVEMENT BUDGETS FINANCIAL SUMMARY (000)

<u>PROJECT CATEGORY</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>TOTAL</u>
LAND DEVELOPMENT	6,000		250	8,000			14,250
TERMINAL DEVELOPMENT	100	10,100	100	100		2,000	12,400
HARBOR DEVELOPMENT		448				20,000	20,448
REPAIRS & RENOVATIONS	1,491	120	120	120	120	120	2,091
EQUIPMENT	15	175	35	35	15	15	290
TOTAL	7,606	10,843	505	8,255	135	22,135	49,479

<u>SOURCE OF FUNDING</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>TOTAL</u>
G.O. BONDS							0
REVENUE BONDS		3,000					3,000
EQUITY/OPERATIONS	3,406	843	505	4,055	135	8,135	17,079
STATE GRANT	4,200	7,000		4,200		14,000	29,400
FEDERAL GRANT							0
LOAN							0
DIRECT APPROPRIATION							0
PVT INDUST PARTICIPATION							0
TOTAL	7,606	10,843	505	8,255	135	22,135	49,479