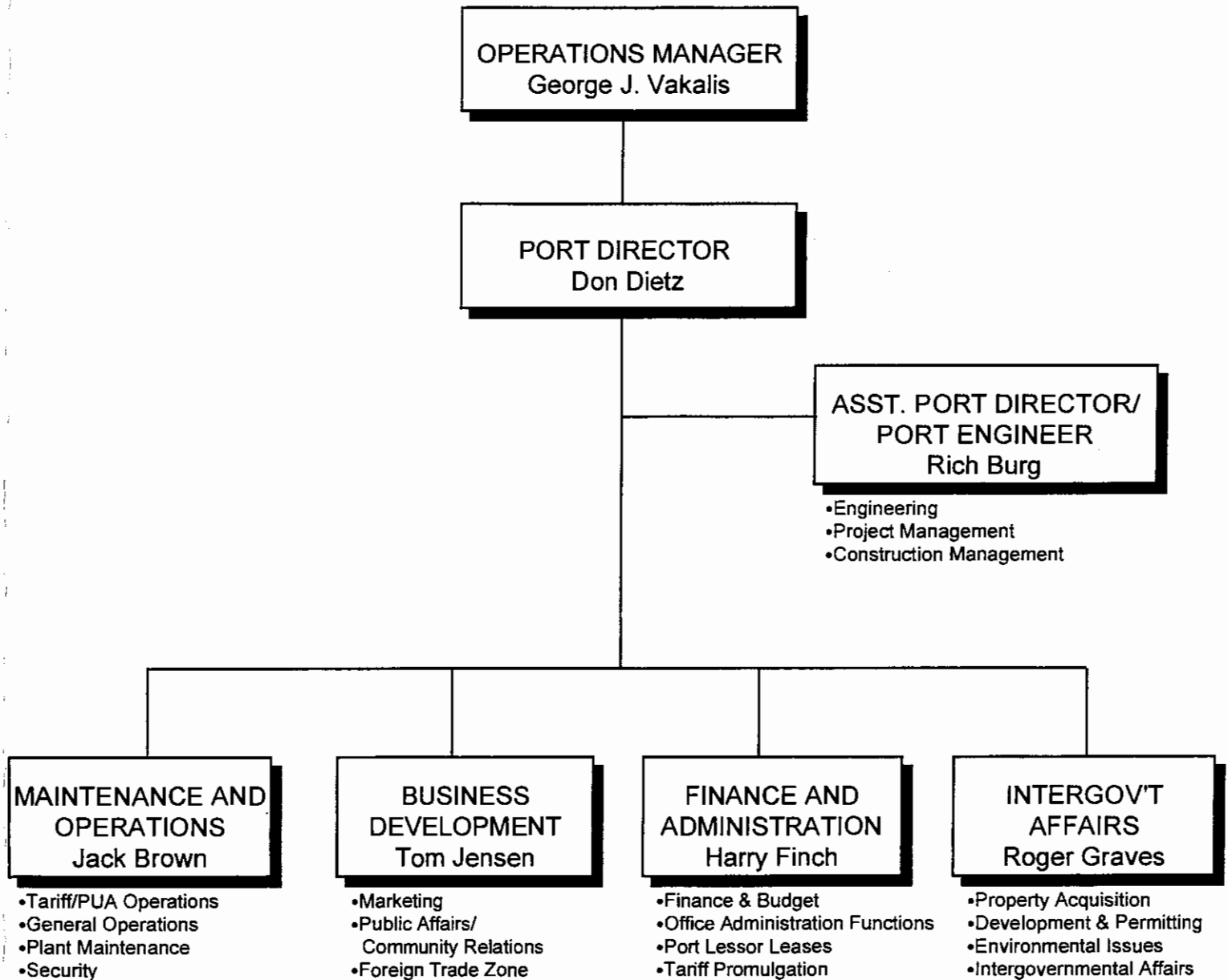


PORT OF ANCHORAGE

PORT OF ANCHORAGE ORGANIZATION CHART



PORT OF ANCHORAGE UTILITY PROFILE

ORGANIZATION

The Port of Anchorage is organized into three functional areas: Port Administration, Port Development and Port 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. 3,027,000 tons crossed the dock in 1995 which was the highest annual tonnage level achieved in the history of the Port. The Port was ranked 17th among United States container ports, including San Juan and Honolulu, in 1995 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:

117	acres of developed uplands
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 break bulk 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>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</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>
Subtotal	<u>21</u>	<u>21</u>	<u>21</u>	<u>21</u>	<u>21</u>	<u>21</u>	<u>21</u>
Part Time/Temporary	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</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

1997
Operating Budget

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

	1996 <u>BUDGET</u>	1996 <u>PRO-FORMA</u>	<u>VARIANCE</u>	
OPERATING REVENUE	7,196,000	7,917,000	721,000	A
OPERATING EXPENSE				
Labor	1,514,000	1,503,000	(11,000)	
Supplies	104,000	87,000	(17,000)	
Other Services & Charges	1,131,000	1,324,000	193,000	B
IGC's	245,000	224,000	(21,000)	
Depreciation/Amortization	2,166,000	2,128,000	(38,000)	C
Subtotal	5,160,000	5,266,000	106,000	
NON-OPERATING REVENUE	1,100,000	941,000	(159,000)	D
NON-OPERATING EXPENSE	1,230,000	513,000	(717,000)	E
NET INCOME (REGULATORY)	1,906,000	3,079,000	1,173,000	
ADJUSTMENTS FOR GAAP	(791,000)	(801,000)	(10,000)	
NET INCOME GAAP	<u>1,115,000</u>	<u>2,278,000</u>	<u>1,163,000</u>	

Explanation of Significant Variances:

- A) Petroleum Wharfage revenue is now based on year-to-date figures and anticipated to be higher in 1996 than originally projected at budget time last year. Recently negotiated reductions in Preferential Usage Agreements' discounts along with higher Port land valuations, resulted in dockage, wharfage and lease revenues greater than projected for 1996.
- B) Requirements for Repair & Maintenance Contracted services, Utility costs and Legal services are higher than originally projected.
- C) Depreciation adjusted to reflect anticipated plant in-service.
- D) Reduction of interest earned from funds on deposit is due to the liquidation of the Revenue Bond Reserve Fund which occurred during the Revenue Bond Refunding sale in late 1995.
- E) Reduction in debt service expense also resulted from the 1995 Revenue Bond Refunding sale.

PORT OF ANCHORAGE RECONCILIATION OF 1996 PRO-FORMA TO 1997 BUDGET

	1996 <u>PRO-FORMA</u>	1997 <u>BUDGET</u>	<u>VARIANCE</u>
OPERATING REVENUE	7,917,000	7,999,000	82,000 A
OPERATING EXPENSE			
Labor	1,503,000	1,523,000	20,000
Supplies	87,000	116,000	29,000 B
Other Services & Charges	1,324,000	1,503,000	179,000 C
IGC's	224,000	247,000	23,000
Depreciation/Amortization	<u>2,128,000</u>	<u>2,337,000</u>	<u>209,000 D</u>
Subtotal	5,266,000	5,726,000	460,000
NON-OPERATING REVENUE	941,000	903,000	(38,000)
NON-OPERATING EXPENSE	513,000	627,000	114,000 E
NET INCOME (REGULATORY)	<u>3,079,000</u>	<u>2,549,000</u>	<u>(530,000)</u>
ADJUSTMENTS FOR GAAP	(801,000)	(950,000)	(149,000) D
NET INCOME GAAP	<u><u>2,278,000</u></u>	<u><u>1,599,000</u></u>	<u><u>(679,000)</u></u>

Explanation of Significant Variances:

- A) This increase in wharfage revenues is a result of anticipated higher tonnage levels, combined with appraised higher land valuations on Port land leases/rentals.
- B) This increase is primarily the purchase of winter sand in 1997, which is not anticipated to occur in 1996.
- C) Increased requirements for contracted repair/maintenance services and contracted legal services. Port Economic/Service Area Impact Study will be accomplished in 1997.
- D) Depreciation has been adjusted to reflect anticipated booking of new plant in-service.
- E) The interest portion of the 1995 Revenue Bond debt service was only for an 11 month period in 1996.

PORT OF ANCHORAGE STATEMENT OF REVENUE AND EXPENSES

	1995 <u>ACTUAL</u>	1996 <u>PRO-FORMA</u>	1997 <u>BUDGET</u>
OPERATING REVENUE			
Dock Revenue	5,049,930	5,744,000	5,882,000
Industrial Park Revenue	1,722,783	2,089,000	2,033,000
Crane Lease/Rental Revenue	78,868	79,000	79,000
Other Operating Revenue	<u>28,634</u>	<u>5,000</u>	<u>5,000</u>
TOTAL OPERATING REVENUE	6,880,215	7,917,000	7,999,000
OPERATING EXPENSE			
Labor	1,354,388	1,503,000	1,523,000
Supplies	103,776	87,000	116,000
Other Services & Charges	973,182	1,324,000	1,503,000
IGC's	172,142	224,000	247,000
Depreciation/Amortization	<u>1,930,145</u>	<u>2,128,000</u>	<u>2,337,000</u>
TOTAL OPERATING EXPENSE	4,533,633	5,266,000	5,726,000
OPERATING INCOME	2,346,582	2,651,000	2,273,000
NON-OPERATING REVENUE			
Interest Income	1,104,737	823,000	798,000
Pipeline Right-Of-Way Fee	102,189	105,000	105,000
Gain of Sale of Investment	108,966	0	0
Prior Year Expense Recovery	<u>850</u>	<u>13,000</u>	<u>0</u>
TOTAL NON-OPERATING REVENUE	1,316,742	941,000	903,000
NON-OPERATING EXPENSE			
Interest on Long-Term Debt	1,129,404	513,000	627,000
Other Non-Operating Expense	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL NON-OPERATING EXPENSE	1,129,404	513,000	627,000
NON-OPERATING INCOME	187,338	428,000	276,000
NET INCOME (REGULATORY)	2,533,920	3,079,000	2,549,000
ADJUSTMENTS FOR GAAP	(552,884)	(801,000)	(950,000)
NET INCOME GAAP	<u><u>1,981,036</u></u>	<u><u>2,278,000</u></u>	<u><u>1,599,000</u></u>

PORT OF ANCHORAGE STATEMENT OF SOURCES AND USES OF CASH

	1995 <u>ACTUAL</u>	1996 <u>PRO-FORMA</u>	1997 <u>BUDGET</u>
SOURCES OF CASH FUNDS:			
Net Income GAAP	1,981,036	2,278,000	1,599,000
Depreciation/Amortization	2,483,029	2,929,000	3,287,000
Grants	1,263,721	376,000	785,000
Bonds	0	0	0
Amortization of Debt Discount	24,299	55,000	55,000
Principal Payments, Financing Leases	284,030	307,000	332,000
Other	300,000	322,000	234,000
TOTAL SOURCES OF FUNDS	<u>6,336,115</u>	<u>6,267,000</u>	<u>6,292,000</u>
USES OF CASH FUNDS:			
Additions to Plant	5,000,238	4,961,000	5,587,000
Bond Principal Payments	3,446,721	268,000	1,083,000
Equity Transfer Out	358,000	601,000	696,000
Revenue Bond Reserve Fund Liquidation	1,915,995	0	0
Net Effect of Changes in Balance Sheet Which Affect Cash	(10,772)	0	0
TOTAL USES OF FUNDS	<u>10,710,182</u>	<u>5,830,000</u>	<u>7,366,000</u>
NET INCREASE/(DECREASE) IN CASH FUNDS	(4,374,067)	437,000	(1,074,000)
CASH BALANCE JANUARY 1,	<u>12,683,705</u>	<u>8,310,000</u>	<u>8,747,000</u>
CASH BALANCE DECEMBER 31,	<u><u>8,309,638</u></u>	<u><u>8,747,000</u></u>	<u><u>7,673,000</u></u>
DETAIL OF CASH BALANCE			
Equity In General Cash Pool	1,793,984	3,592,000	3,856,000
Equity In Construction Cash Pool	5,515,654	4,155,000	2,817,000
Revenue Bond Maintenance Reserve	1,000,000	1,000,000	1,000,000
TOTAL CASH DECEMBER 31,	<u><u>8,309,638</u></u>	<u><u>8,747,000</u></u>	<u><u>7,673,000</u></u>

PORT OF ANCHORAGE 1997 OPERATING BUDGET DETAIL

	1995 <u>ACTUAL</u>	1996 <u>PRO-FORMA</u>	1997 <u>BUDGET</u>
LABOR			
Wages	891,184	969,000	982,000
Overtime	25,739	35,000	35,000
Benefits	433,766	494,000	501,000
Other	<u>3,699</u>	<u>5,000</u>	<u>5,000</u>
Subtotal	1,354,388	1,503,000	1,523,000
SUPPLIES			
Office & Operating Supplies	25,929	18,500	20,500
Fuel	5,194	8,000	8,000
Repair & Maintenance Supplies	68,433	56,000	83,000
Other	<u>4,220</u>	<u>4,500</u>	<u>4,500</u>
Subtotal	103,776	87,000	116,000
INTRAGOVERNMENTAL CHARGES			
IGC's From Others	185,751	234,000	247,000
IGC's To Others	<u>(13,609)</u>	<u>(10,000)</u>	<u>0</u>
Subtotal	172,142	224,000	247,000
OTHER SERVICES			
Professional Services	172,299	194,000	249,000
Legal Services	56,532	30,000	100,000
Repairs & Maintenance-Contracted	89,980	241,000	307,000
Advertising/Marketing	38,894	52,000	53,000
Contract Services	159,652	188,000	193,000
Rentals/Leases	94,161	106,000	99,000
Utilities	247,414	322,000	322,000
Other	<u>114,250</u>	<u>191,000</u>	<u>180,000</u>
Subtotal	973,182	1,324,000	1,503,000
OTHER EXPENSES			
Depreciation/Amortization	2,483,029	2,929,000	3,287,000
Interest on Long Term Debt	1,129,404	513,000	627,000
Other	<u>0</u>	<u>0</u>	<u>0</u>
Subtotal	3,612,433	3,442,000	3,914,000
TOTAL EXPENSES	<u>6,215,921</u>	<u>6,580,000</u>	<u>7,303,000</u>

Port of Anchorage
1997-2002
Capital Improvement
Budget/Program

PORT OF ANCHORAGE

1997-2002 CAPITAL IMPROVEMENT BUDGETS FINANCIAL SUMMARY (000)

<u>PROJECT CATEGORY</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>TOTAL</u>
LAND DEVELOPMENT	4,250						4,250
TERMINAL DEVELOPMENT			2000			1,000	3,000
HARBOR DEVELOPMENT				2,000	18,000		20,000
REPAIRS & RENOVATIONS	900	1,000		400			2,300
EQUIPMENT	279	349	325	49	131	225	1,358
TOTAL	<u>5,429</u>	<u>1,349</u>	<u>2,325</u>	<u>2,449</u>	<u>18,131</u>	<u>1,225</u>	<u>30,908</u>

<u>SOURCE OF FUNDING</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>TOTAL</u>
G.O. BONDS							0
REVENUE BONDS					15,000		15,000
EQUITY/OPERATIONS	4,029	1,349	2,325	2,449	3,131	1,225	14,508
STATE GRANT	1,400						1,400
FEDERAL GRANT							0
LOAN							0
DIRECT APPROPRIATION							0
PVT INDUST PARTICIPATION							0
TOTAL	<u>5,429</u>	<u>1,349</u>	<u>2,325</u>	<u>2,449</u>	<u>18,131</u>	<u>1,225</u>	<u>30,908</u>