



January 3, 2024

Re: Changes to Handling Freight at the City Dock

The City of Dillingham was without an operable forklift at the City Dock during the 2023 season due to the tip-over of a Hyster forklift. This prompted the Dock Supervisor to reach an agreement with AML Freight line for the use of their forklift to continue dock operations at the dock. Additionally, City Hall worked under the procurement policy to repair the Hyster 1050 forklift but that process was not completed December, 2023. Currently the City of Dillingham owns 2 Hyster forklifts (types) that require maintenance and repair and a (type) crane that require maintenance and repairs. Currently, the barge companies that come in and offload at the City Dock include AML and Alaska Logistics. AML has reached out to City Hall to ask if we can reach an arrangement where they use the dock with their own personnel and equipment and rent the Green warehouse and place a moveable trailer for their personnel. Under this arrangement, the City would only need to employ the Dock Supervisor and would be housed in the smaller building located on the Dock.

In response to this request, the Dock Supervisor completed an analysis of the revenue the City would lose in not handling container freight. Currently the rates for LCL freight are higher than full container freight because it includes a wharfage and handling charge, per the Tariff, see attached page 20 and 21 of the 2022 Port of Dillingham Terminal Tariff No. 1. The rates, per Item 260, "do not include loading, unloading, or delivery to or from consignee or shipper: vehicles, vans, vessels or other conveyances. These services will be provided at no cost to the consignee, however, will be performed at the terminal's convenience." If AML was to provide these services for their customers, the City could charge them the lower full container rate and, per Item 270, does "not include emptying content onto the dock or bulkhead, sorting, stacking, or loading.

Based on the current tariff rate adopted in 2022, the City would charge AML the difference between what we currently charge AML for LCL freight versus what we would have charged them if the freight was rated at the full container rate.

	LCL Freight:	Full Container Rate:
2023	\$44,091.43	\$27,434.20
2022,	\$41,362.08	\$27,108.90
2021	\$28,035.48	\$20,938.49
2020	\$28,911.23	\$21,312.39

In 2020 and 2021, the freight rates were much lower than the new rate adopted in 2022 based on Resolution 2017-10.

The City proposes to rent the Green Warehouse at a rate of \$1500 per month and require AML to rent the space on the dock for the placement of their trailer at a cost \$432 per month. AML would pay the monthly water and sewer service and any reconnect or disconnect fees. The City

would need to reach an agreement with AML for the rental of this equipment for the season. The City has a current rental rate for the use of the Hyster Forklifts at \$150 per hour with no operator and the small forklift at \$50 per hour with no operator. These rates are documented in the Tariff. Both pieces of equipment contain an hours gauge, so the Dock has the ability to monitor and document hours used for the season. AML would provide regular preventative maintenance on equipment.

Currently the Dock employs a Dock Supervisor and an Operator. Currently in the budget, there is another operator position available for hire but the City has not hired an additional operator because no one has applied for the position. Since 2020, the City of Dillingham hired an operator, a dock supervisor and a portion of the salary for the port director. The savings gained from the salary costs and benefits for the operator is more than \$100,000 per season.

It is both the Dock Supervisor and the City Manager recommendation that we enter into an agreement with AML for the handling of their freight, the rental of the green warehouse, the rental of space on the dock for their trailer and rental of forklift equipment based on the current Tariff.