

# CITY OF UNALASKA

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April 15, 2015

Marion G. Davis  
Horizon Lines of Alaska LLC  
1717 Tidewater Road  
Anchorage, AK 99501

Dear Mr. Davis:

This letter follows up our discussions regarding Horizon Lines' use of the Unalaska Marine Center (UMC) at the Port of Dutch Harbor.

You were present at the March 31 City Council meeting so, as you know, the Council voted not to approve direction to City staff to solicit proposals for a Preferential Use Agreement (PUA). Therefore, we will not be proceeding to negotiate a PUA.

However, there are operational measures available to us that will protect Horizon Lines' priority berth at UMC as well as protect the public interest in this important public asset.

I reviewed the last three years of Horizon Lines' landings at the UMC. Horizon Lines had 140 total stops over calendar years 2012, 2013, and 2014. Eighty-eight (88) of these arrivals were between the hours of 0500 to 1200 noon on Fridays. There were only 2 arrivals on a Thursday and 5 on a Saturday in those three years.

This is very reliable scheduling and is consistent with your statement that "our current berthing schedule cannot be modified in any way due to the rotation of our three (3) vessels between Tacoma-Anchorage-Kodiak-Unalaska-Tacoma." The UMC has no operational reason to modify this schedule and will instead take measures to protect Horizon's interest to maintain it.

The City will provide Horizon Lines a guaranteed berthing space for the D7 arrival between the hours of 0500 every Friday until noon on Saturday at positions 5-7, without impact to current docking rates for Horizon Lines. The City requests that Horizon Lines provide at least a 24-hour notice of arrival and departure times per the tariff.

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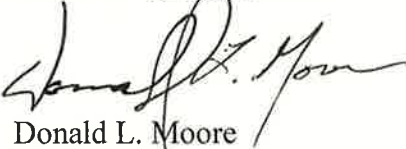
Additionally, the City will accommodate the D7 outside of Horizon's guaranteed schedule, assuming there is no other vessel activity already scheduled to occupy positions 5-7. The City may schedule other vessels inside the guaranteed berthing window provided it does not conflict with Horizon's scheduled time or arrival notice.

We will draft this berthing arrangement into a formal agreement with a mutually acceptable expiration date and possible options for renewal.

Please contact me if you wish to discuss this or any aspect of Horizon Lines' use of the UMC. The City appreciates Horizon's long-standing and important service to Unalaska and will do our best to accommodate your business needs.

Sincerely,

CITY OF UNALASKA



Donald L. Moore  
City Manager