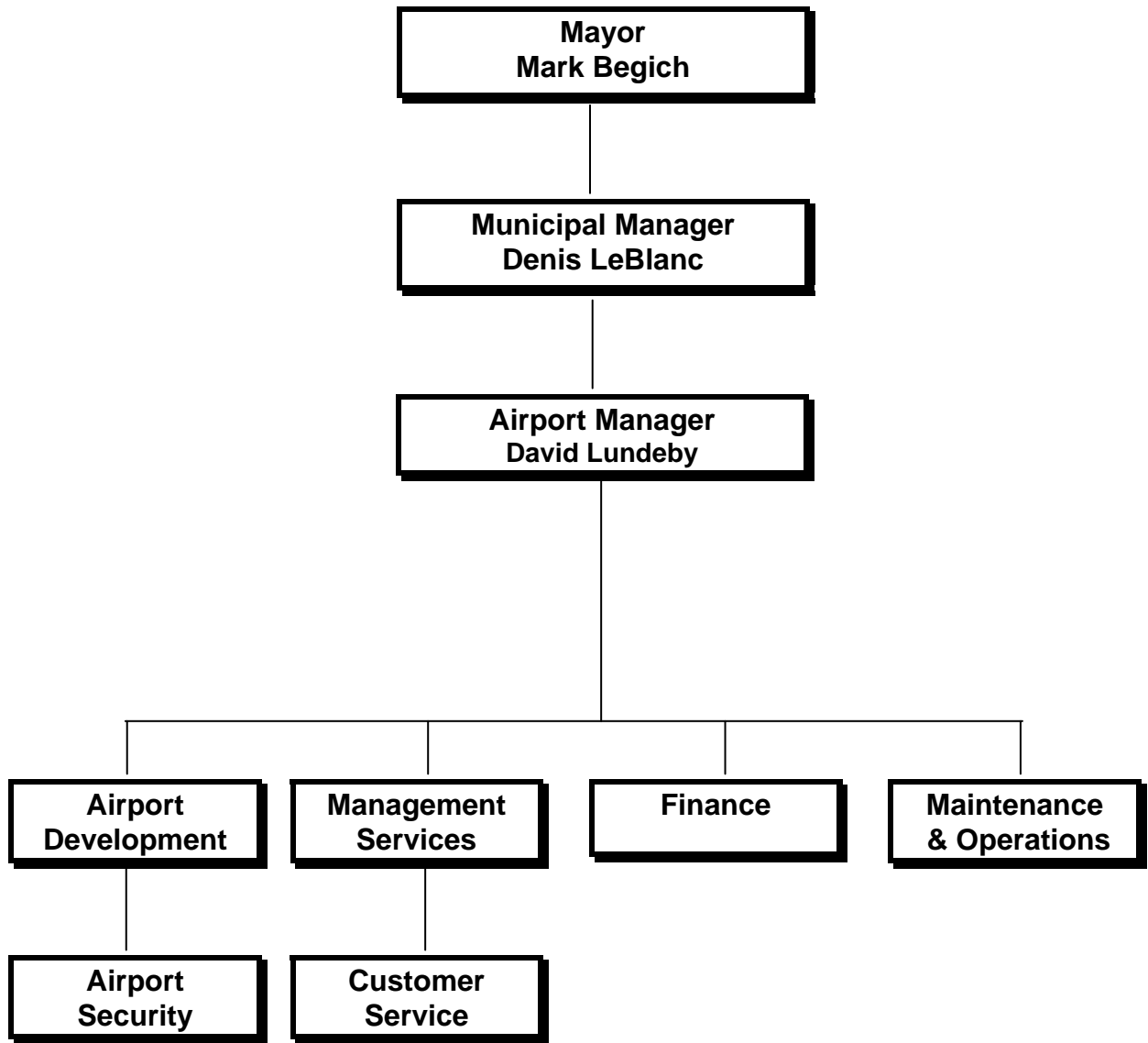


**MERRILL FIELD AIRPORT
ORGANIZATION CHART
2008 – 2009**



MERRILL FIELD AIRPORT

UTILITY PROFILE

2008 – 2009

ORGANIZATION

Six office staff manage the operational and financial affairs of Merrill Field, and four maintenance personnel provide maintenance for 11 airport buildings and property. The maintenance function includes all operating surfaces of the airport - runways, taxiways, roads and aircraft tiedown areas that are not on leased property. This includes snow removal, sanding, resurfacing, and maintenance of facilities and equipment.

HISTORY

Merrill Field, established in 1930 and located one mile east of downtown Anchorage on 436 acres of land, was the first real airport in the city. The airport bears the name of Russel Hyde Merrill, an early Alaskan aviator who disappeared in September 1929 on a flight to Bethel. The first aviation beacon in the Territory of Alaska was located at Merrill Field and was dedicated on September 25, 1932 to honor Russ Merrill. Merrill Field is a "Primary Commercial Service Airport" and serves as a general aviation reliever airport to Ted Stevens Anchorage International Airport. Merrill Field is restricted to aircraft that weigh 12,500 pounds or less.

Merrill Field continues to be an integral part of Alaska's transportation network. Over the past five years aircraft operations have varied between 180,000 and 200,000 and based aircraft varied between 900 and 950.

SERVICE

Merrill Field serves as the general aviation link between Southcentral Alaskan communities, including the rural areas, and Anchorage. Intrastate air traffic to and from Anchorage, with many passengers destined for the downtown and mid-town areas, are conveniently served by Merrill Field.

Some of the many services provided at Merrill Field are: sale of aircraft fuel; hangar rental; flightseeing; flight and ground school instruction; aircraft maintenance and repair; sale of parts, supplies, equipment and accessories; aerial photography; propeller repair; aviation electronics; aircraft sales, rentals and charters; power plant and airframe training; college courses for aviation degree-seeking students; and direct taxiway connection to local hospital.

REGULATION

Merrill Field is required to meet Federal Aviation Administration, Alaska Department of Transportation and Public Facilities, and Municipal regulations. Addi-

tionally, the Municipal Airports Aviation Advisory Commission advises and makes recommendations to the Administration and Assembly on all matters pertaining to the operating budget, rules, regulations, and administrative guidelines at Merrill Field.

ENVIRONMENTAL MANDATES

There are many federally mandated programs which have had a direct impact on the Airport's operating costs. The Clean Water Act, Americans With Disabilities Act, Community Right To Know, Underground Storage Tank Regulations, and Clean Air Act are some of the current laws which have and will continue to impact the Airport.

PHYSICAL PLANT

Primary Commercial Service Airport

Restricted to aircraft weighing 12,500 pounds or less
436 acre land area; elevation 137 feet; fee simple title
1,302 tiedown spaces; leaseholders manage 658;
Municipality manages 593, plus 51 for transient aircraft
Runway 7/25 length is 4,000 feet; Runway 16/34 length is 2,640 feet;
Gravel/Ski Runway 4/22 length is 2,000 feet
Six taxiways; 102 acres of tiedown aprons
Control Tower owned and operated by FAA

Eighty Sixth (86th) Busiest Airport in the Nation in 2006

Hub for intra-Alaska travel
Located one mile from downtown Anchorage
General Aviation reliever airport to Ted Stevens Anchorage International Airport
930,309 flight operations in Alaska; 187,798 operations (20%) at Merrill Field
369,744 General Aviation flight operations in Alaska; 169,629 operations (46%) at Merrill Field
10,650 registered aircraft in Alaska; 910 (9%) based at Merrill Field
8,300 certificated pilots in Alaska

Economic Stimulus

29 leaseholders lease 2,870,762 square feet
12 rental properties
Approximately 46 aviation related businesses operate on the airport
605 transient aircraft stayed a total of 2,269 days last year
Approximately 625,000 gallons of fuel were sold in 2006

Airport Plant (net of accumulated depreciation) is \$38,617,802

MERRILL FIELD AIRPORT

BUDGET ASSUMPTIONS

2008 - 2009

2008/2009 BUDGET IMPACTS/ASSUMPTIONS SPECIFIC TO MERRILL FIELD AIRPORT

Merrill Field continues to remain debt free by pursuing federal airport grant funds for all grant-eligible capital improvement projects. By working with the federal and state grant managers, we will continue to secure a reasonable portion of the grant funding as it becomes available.

Merrill Field continues to develop its economic revitalization program through cooperative efforts of the business owners, airport management, and surrounding communities. New aircraft hangar projects have recently been constructed on the Airport which have provided business and employment opportunities to the local community and also expanded the existing tax base for General Government.

Since its beginning in the 1930s when it was built on the outskirts of town, Merrill Field has become surrounded by residential and commercial development. Individuals not associated with the airport occasionally enter restricted areas (trespass across runways) when transiting the airport because they are not familiar with the airport layout. Our Runway Safety Program has implemented operational procedures and provided numerous capital improvements in an effort to curb this trespass problem. Through cooperative efforts of Airport leaseholders and implementation of our Driver Training Program, there has been a dramatic decrease in trespass incidents, from a total of 19 incidents in 2004 down to 3 incidents in 2007 (through August). The Federal Aviation Administration has recommended Merrill Field provide physical security as an option to further reduce the level of trespass (the national FAA goal is zero trespass incidents). Physical security would be an additional operating cost for which we are not currently budgeted. Our goal is to increase Airport security through the continued support of the Airport leaseholders and businesses, the Municipality of Anchorage, and the Federal Aviation Administration.

The State of Alaska, Department of Transportation and Public Facilities is undertaking the widening of the Glenn Highway from four lanes to six lanes which project is known as the Glenn Highway, Gambell Street to Airport Heights Reconstruction Project. As part of the roadway widening project, the State will be acquiring portions of the Merrill Field Airport frontage road and portions of existing Airport leasehold property located along the south side of the roadway. Replatting, new land leases, property acquisitions, and relocation assistance are some of the issues that will be addressed when the airport lands are taken for public right of way.

There are no proposed rate increases for the 2008 - 2009 budget.

MERRILL FIELD AIRPORT

HIGHLIGHTS AND FUTURE EVENTS

2008 - 2009

Today, with approximately 200,000 take offs and landings per year, Merrill Field serves as a reliever airport to Ted Stevens Anchorage International Airport and also as the major general aviation link between Anchorage and our surrounding rural communities. With over 40 aviation businesses and 900 based aircraft, Merrill Field provides a positive economic impact to Anchorage.

Merrill Field is one of the few airports in the nation that has a taxiway link directly to a hospital. Medevac aircraft land and taxi directly to the hospital, the patient is transferred from the aircraft onto a gurney and wheeled into the hospital. This service saves valuable minutes in critical situations and is utilized almost daily.

The Merrill Field Airport Leasing Program encourages private development of airport lands. Over the past five years private development has invested approximately \$15 million in constructing over 150 new aircraft hangars and 3 new office/retail facilities on Municipal Airport leased property. The Administration recently updated Merrill Field's lease terms which resulted in more benefits to the airport leaseholders and makes Merrill Field's leases more competitive with State airport leases.

Numerous security improvements have already been implemented and new programs are planned for Merrill Field that will enhance the safety and security of Merrill Field's air operation areas. These improvements are focused on eliminating unauthorized entry into the aircraft movement areas (taxiways and runways). Security improvements already in place include new perimeter fencing, taxiway barrier gates, relocation of the mid-field taxiway on runway 7-25, vehicle and pedestrian gate access controls, a public address system, a guided walking trail, area lighting, signage, a closed circuit TV security camera system, a Driver Training Program, and continuing educational programs on airport safety. A coordinated effort between the FAA Airports Division, FAA Runway Safety Office, FAA Air Traffic Control, Merrill Field Management, Anchorage Police Department and Merrill Field Airport Businesses has been a major contributing factor in decreasing unauthorized entries into the aircraft movement areas.

A major aircraft parking apron rehabilitation project is currently underway. This phased 4 year project includes complete reconstruction of Merrill Field's main aircraft parking apron located on the south side of the airport.

Over the past 20 years, the Municipality of Anchorage has had a Land Acquisition Program (willing seller – willing buyer approach) in place to prioritize land acquisitions and building demolitions along the west side of the airport. Continued taxiway access and utility infrastructure improvements along the west side of the airport have provided new locations for private development of airport lands.

MERRILL FIELD AIRPORT WORK FORCE PROJECTIONS

DIVISION	2008	2009	2010	2011	2012	2013	2014
Airport Manager	1	1	1	1	1	1	1
Airport Development	1	1	1	1	1	1	1
Finance	1	1	1	1	1	1	1
Management Services	3	3	3	3	3	3	3
Airport Maintenance Technicians	4	4	4	4	4	4	4
Subtotal	10	10	10	10	10	10	10
Part-time/Temporary	3	3	3	3	3	3	3
Total	13	13	13	13	13	13	13

MERRILL FIELD AIRPORT
2008-2009 11-YEAR OPERATING BUDGET SUMMARY (\$000s)

FINANCIAL OVERVIEW (1)	Actual			Proforma	Budget	Budget					
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Total Revenues(2)	\$1,158	\$1,218	\$1,359	\$1,421	\$1,551	\$1,556	\$1,628	\$1,628	\$1,628	\$1,700	\$1,700
Total Expenses (3)	\$1,068	\$1,182	\$1,377	\$1,367	\$1,422	\$1,449	\$1,501	\$1,542	\$1,583	\$1,626	\$1,670
Net Income Regulatory	\$90	\$36	(\$18)	\$54	\$129	\$107	\$127	\$86	\$45	\$74	\$30
Budgeted Positions	10	10	10	10	10	10	10	10	10	10	10
Capital Program	\$2,552	\$3,535	\$959	\$6,959	\$4,070	\$3,660	\$3,620	\$3,550	\$3,980	\$4,650	\$3,820
Bond Sales	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Plant (12/31)	\$26,613	\$36,000	\$38,618	\$43,736	\$45,935	\$47,610	\$49,245	\$50,741	\$52,605	\$55,061	\$56,585
Utility Revenue Distribution	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unrestricted Net Assets (12/31) (4)	\$807	\$1,048	\$1,423	\$1,474	\$1,436	\$1,441	\$1,563	\$1,511	\$1,545	\$1,439	\$1,483
General Cash Pool	(\$319)	(\$277)	(\$383)	(\$332)	(\$370)	(\$365)	(\$243)	(\$295)	(\$261)	(\$367)	(\$323)
Construction Cash Pool	\$957	(\$507)	\$1,550	\$1,550	\$1,550	\$1,550	\$1,550	\$1,550	\$1,550	\$1,550	\$1,550
Bond Redemption Cash	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Cash (12/31)	\$638	(\$784)	\$1,167	\$1,218	\$1,180	\$1,185	\$1,307	\$1,255	\$1,289	\$1,183	\$1,227
IGCs from General Government	\$121	\$142	\$154	\$161	\$165	\$169	\$177	\$186	\$195	\$205	\$215
Municipal Enterprise Service Assessment	\$0	\$11	\$14	\$21	\$39	\$40	\$59	\$61	\$64	\$66	\$68
Total Debt	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Debt/Equity Ratio	0/100	0/100	0/100	0/100	0/100	0/100	0/100	0/100	0/100	0/100	0/100
Rate Change Percent(5)	6.7%	11.1%	0.0%	6.3%	0.0%	0.0%	5.9%	0.0%	0.0%	5.6%	0.0%
Lease Rate/Square Foot Per Year	\$0.160	\$0.160	\$0.160	\$0.170	\$0.170	\$0.170	\$0.180	\$0.180	\$0.180	\$0.190	\$0.190
Tail-In Space Per Month	\$45	\$50	\$50	\$55	\$55	\$55	\$60	\$60	\$60	\$65	\$65
Drive-Through Space Per Month	\$55	\$60	\$60	\$65	\$65	\$65	\$70	\$70	\$70	\$75	\$75
PERFORMANCE TRENDS (1)											
Based Aircraft	910	933	943	910	919	928	935	941	946	951	956
Municipal Tiedowns	595	607	607	607	607	607	607	607	607	607	607
Flight Operations Per Calendar Year	191,516	190,816	187,798	190,520	193,242	195,964	198,686	199,537	200,388	201,239	202,090
National Airport Ranking by Calendar Year	86th	84th	86th	85th	81st	78th	75th	75th	75th	74th	74th

Notes:

- (1): 2004-2006 represents actual; 2007-2014 represents projected.
- (2): Revenues shown are regulatory in nature. Capital grant revenue is not included.
- (3): Expenses shown are regulatory in nature. Depreciation on assets purchased with funds contributed by other agencies is not included here, but is included in the annual budget appropriation. For 2008, the budgeted expense appropriation is \$3,114,00; for 2009 it is \$3,258,000.
- (4): For the Airport, Net Assets is comprised of two classifications: "Invested in Capital Assets" and "Unrestricted". Only the "Unrestricted" amount is shown above.
- (5): Rate increases shown in future years are for purposes of projections only and have not been approved for implementation. It is intended that the need for rate increases be reviewed closely each year in conjunction with established operating budgets. Merrill Field Airport will continue to strive to find ways to avoid projected rate increases.

MERRILL FIELD AIRPORT
2008 - 2009 STATEMENT OF REVENUES AND EXPENSES

	2006 Actual Data	2007 Pro- Forma	2008 Budget Request	2009 Budget Request
OPERATING REVENUE				
Airport Lease Fees	482,948	525,000	538,000	538,000
Airport Property Rental	219,119	347,000	400,000	404,000
Permanent Parking Fees	303,894	328,000	328,000	328,000
Transient Parking Fees	11,754	11,000	12,000	12,000
Vehicle Parking	22,384	23,000	23,000	23,000
MOA Aviation Fuel Fees	37,040	38,000	38,000	38,000
SOA Aviation Fuel Fees	16,345	17,000	17,000	17,000
Medivac Taxiway Fees	47,520	48,000	48,000	48,000
Other Revenue	19,284	34,000	97,000	98,000
TOTAL OPERATING REVENUE	1,160,288	1,371,000	1,501,000	1,506,000
OPERATING EXPENSE				
Labor	908,898	968,000	1,014,000	1,034,000
Supplies	89,130	89,000	94,000	94,000
Charges To Others	(421,344)	(370,000)	(422,000)	(423,000)
Charges From Others	154,233	161,000	165,000	169,000
Other Services	97,784	79,000	102,000	102,000
Other Expenses	330,896	242,000	251,000	257,000
Municipal Enterprise Service Assessment	14,391	21,000	39,000	40,000
Depreciation (see Note)	202,942	177,000	179,000	176,000
TOTAL OPERATING EXPENSE	1,376,930	1,367,000	1,422,000	1,449,000
OPERATING INCOME/(LOSS)	(216,642)	4,000	79,000	57,000
NON-OPERATING REVENUE				
Interest Income	43,540	42,000	43,000	43,000
Other Revenue	155,331	8,000	7,000	7,000
TOTAL NON-OPER REVENUE	198,871	50,000	50,000	50,000
NON-OPERATING EXPENSE	0	0	0	0
TOTAL NON-OPER EXPENSE	0	0	0	0
NON-OPERATING INCOME/(LOSS)	198,871	50,000	50,000	50,000
NET INCOME (REGULATORY)	(17,771)	54,000	129,000	107,000
ADJUSTMENTS FOR GAAP				
Capital Grant Revenue	2,696,026	6,779,000	3,724,000	3,382,000
Depreciation of Contributed Assets	(1,623,856)	(1,664,000)	(1,692,000)	(1,809,000)
TOTAL GAAP ADJUSTMENTS	1,072,170	5,115,000	2,032,000	1,573,000
NET INCOME/(LOSS) GAAP	1,054,399	5,169,000	2,161,000	1,680,000

Note: The section of the financial statement above reports only regulatory activity. However, Generally Accepted Accounting Principles (GAAP) require Merrill Field Airport to depreciate not only items purchased with its own funds, but also those items purchased with funds contributed by State and Federal agencies in the form of grants. Also required to be reported in this statement is the receipt of such capital grant revenue. However, neither the capital grant revenue received nor the depreciation on the items purchased with such revenue is reflected above. If these items were included, they would have the effect shown below:

MERRILL FIELD AIRPORT
2008 - 2009 STATEMENT OF SOURCES AND USES OF CASH

	2006 Actual Data	2007 Pro- forma	2008 Budget Request	2009 Budget Request
SOURCES OF CASH FUNDS:				
Regulatory net income/(loss)	(17,771)	54,000	129,000	107,000
Non-contributed depreciation	202,942	177,000	179,000	176,000
Grants	4,225,811	6,779,000	3,724,000	3,382,000
TOTAL SOURCES OF CASH	4,410,982	7,010,000	4,032,000	3,665,000
USES OF CASH FUNDS:				
Additions to Plant	2,460,001	6,959,089	4,070,000	3,660,000
TOTAL USES OF CASH	2,460,001	6,959,089	4,070,000	3,660,000
NET INCREASE (DECREASE)	1,950,981	50,911	(38,000)	5,000
CASH BALANCE, JANUARY 1	(783,439)	1,167,542	1,218,453	1,180,452
CASH BALANCE, DECEMBER 31	\$1,167,542	\$1,218,453	\$1,180,452	\$1,185,452
DETAIL OF CASH BALANCE				
Equity in General Cash Pool	(382,721)	(331,810)	(369,811)	(364,811)
Equity in Construction Cash Pool	1,550,263	1,550,263	1,550,263	1,550,263
TOTAL CASH, DECEMBER 31	\$1,167,542	\$1,218,453	\$1,180,452	\$1,185,452

MERRILL FIELD AIRPORT
2008 - 2009 OPERATING BUDGET DETAIL

	2006 Actual Data	2007 Pro- forma	2008 Budget Request	2009 Budget Request
LABOR				
Wages	530,756	544,000	556,000	562,000
Overtime	21,550	22,000	22,000	22,000
Benefits	356,592	402,000	436,000	450,000
Subtotal	908,898	968,000	1,014,000	1,034,000
SUPPLIES				
Office Supplies	8,883	8,000	9,000	9,000
Operating Supplies	59,973	60,000	65,000	65,000
Repair and Maintenance Supplies	20,274	21,000	20,000	20,000
Subtotal	89,130	89,000	94,000	94,000
INTRAGOVERNMENTAL CHARGES				
Charges To Others	(421,344)	(370,000)	(422,000)	(423,000)
Charges From Others	154,233	161,000	165,000	169,000
Subtotal	(267,111)	(209,000)	(257,000)	(254,000)
OTHER SERVICES				
Professional Services	46,635	42,000	67,000	67,000
Other Contractual Services	50,896	37,000	35,000	35,000
Utilities	157,002	162,000	162,000	168,000
Subtotal	254,533	241,000	264,000	270,000
OTHER EXPENSES				
Depreciation/Amortization	1,826,798	1,841,000	1,871,000	1,985,000
Municipal Enterprise Service Assessment	14,391	21,000	39,000	40,000
Other	174,147	80,000	89,000	89,000
Subtotal	2,015,336	1,942,000	1,999,000	2,114,000
TOTAL EXPENSES	3,000,786	3,031,000	3,114,000	3,258,000

MERRILL FIELD AIRPORT
2008 - 2014 CAPITAL IMPROVEMENT BUDGET FINANCIAL SUMMARY
(IN 000s)

PROJECT CATEGORY	2008	2009	2010	2011	2012	2013	2014	TOTALS
Apron Improvements	2,740	1,840	1,800	0	1,400	1,400	1,400	10,580
Runways and Taxiways	0	1,120	1,500	1,300	660	1,100	2,100	7,780
Buildings and Equipment	910	700	0	750	0	150	0	2,510
Land Improvements	420	0	320	0	1,920	0	320	2,980
Land Acquisition	0	0	0	1,500	0	2,000	0	3,500
TOTAL CIP PROGRAM	\$4,070	\$3,660	\$3,620	\$3,550	\$3,980	\$4,650	\$3,820	\$27,350

SOURCE OF FUNDING	2008	2009	2010	2011	2012	2013	2014	TOTALS
Bonds	0	0	0	0	0	0	0	0
Operations	346	278	181	320	199	375	191	1,890
State Grants	0	0	0	0	0	0	0	0
Federal Grants	3,724	3,382	3,439	3,230	3,781	4,275	3,629	25,460
TOTAL FUNDING	\$4,070	\$3,660	\$3,620	\$3,550	\$3,980	\$4,650	\$3,820	\$27,350