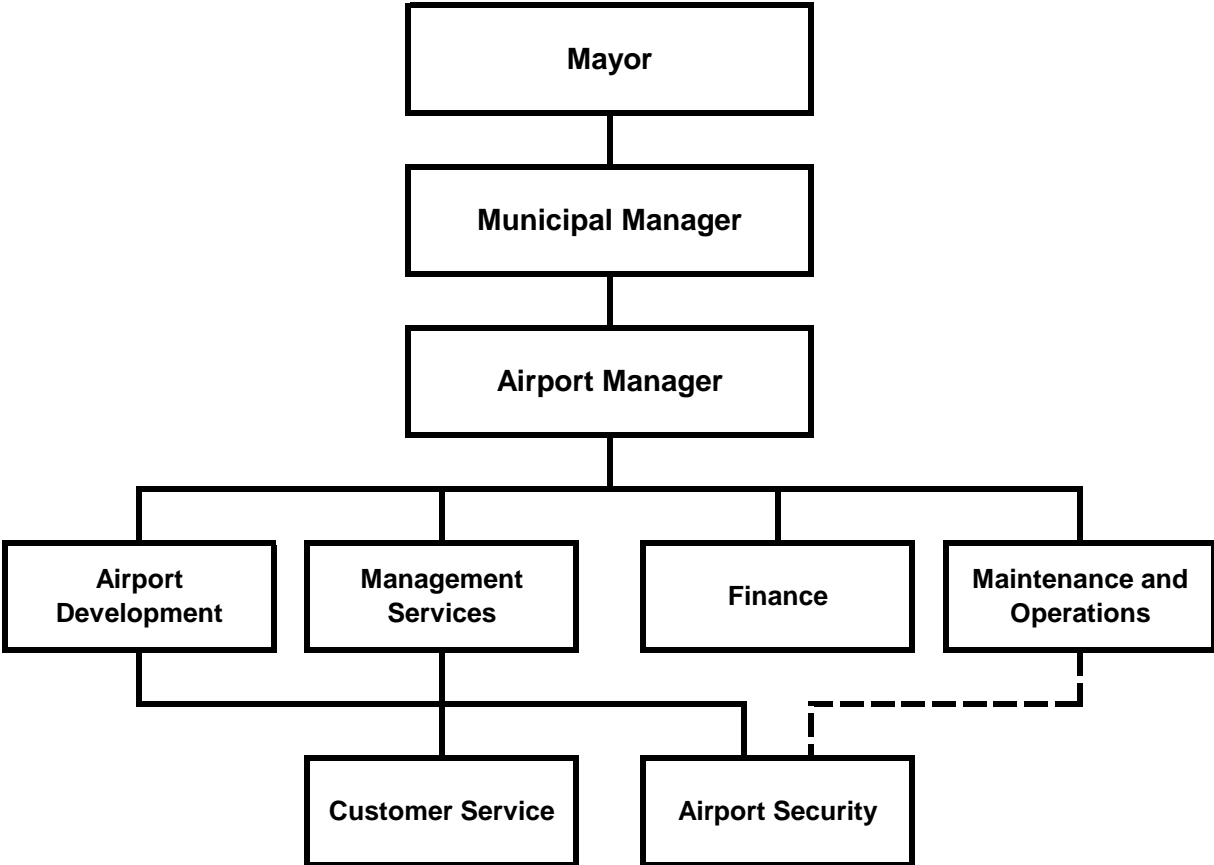


Merrill Field Airport



Merrill Field Airport Organizational Overview

Merrill Field Airport is functionally structured as a single department. Department personnel include the Airport Manager and five (four presently) office staff, plus four maintenance personnel.

The Airport Manager is responsible for overall management, airport operations, risk mitigation and operational tone/policies/direction of the Airport. The Airport Manager is also the primary point of contact with the FAA regarding capital and airport planning, operations, and capital development, as well as the MRI spokesman in representations to the media.

The Administrative staff conducts the day-to-day operation of the Airport, including property management and servicing of leasehold and tie-down customers, as well as oversight/coordination of planning, design, and oversight of Airport infrastructure construction. All office staff are one deep and specialized, per job duties. An additional staff person was added in 2016 in anticipation of the retirement of both our Office Manager and Leasing Specialist. This new staff person presently fills undermet demands and cross trains to become familiar with Office Manager and Leasing Specialist duties.

Maintenance personnel provide maintenance and operation of Airport facilities and equipment, as well as maintenance of all operating surfaces on the airport - runways, taxiways, roads, and aircraft tiedown areas that are not on leased property. Such responsibilities include snow removal, sanding, airfield maintenance, including coordination of Notices to Airmen (NOTAMs) and currency of the regularly updated and continuously broadcast Air Traffic Information Service (ATIS).

Merrill Field Airport Business Plan

Mission

Merrill Field Airport is committed to operating and maintaining a safe and efficient airport that meets the aviation and business needs of the community.

Services

Merrill Field is a primary commercial service airport and serves as a general aviation reliever for Anchorage International Airport. Home base to ~8.8% of all aircraft registered in Alaska, Merrill Field was the 102nd busiest airport in the nation in 2017.

Business Goals

- Enhance the Airport's role as the major general aviation transportation facility serving Anchorage and outlying areas within Alaska by providing services that promote and encourage use of the Airport by the general aviation community.
- Maintain overall Airport leasing policies and pricing strategies that attract aviation support services and related businesses to Merrill Field and encourages long and short term private sector investments.
- Support MOA modifying its building permit processes to encourage long and short term private sector investments at Merrill Field.
- Practice sound fiscal management to enable Merrill Field to increase its value, both to its customers and to its owner, the Municipality of Anchorage.
- Take advantage of new technologies to maximize the use and efficiency of available resources.
- Understand and be responsive to our customers to better meet their needs by providing the services and facilities they desire. This includes maintaining those facilities in a fully functional, efficient and safe condition by continually improving their utility, quality, and appearance.
- Maximize the use of Federal Airport Improvement Program (AIP) grants to provide facilities that will safely and adequately meet the needs of general aviation.
- Meet requisite FAA sponsor assurances resultant from AIP grant acceptance.

Strategies to Achieve Goals

Merrill Field's strategic plan provides a framework to achieve results for the customer:

1. Maintain a pro-active anti-noise policy, asking pilots to follow established noise-reducing practice, including implementation of a late night 'Quiet Hours' protocol that restricts Touch & Go operations to one take-off and one landing per pilot *at MRI* between the hours of 10PM and 7AM (local). Maintain a close working relationship and coordinate with the MRI FAA ATCT.
2. Maintain positive relations with neighboring Community Councils by encouraging their comments and actively addressing their concerns.
3. Work in close coordination with the Municipal Airports Aviation Advisory Commission, Fixed Based Operators, and Airport users.
4. Continue to aggressively seek and obtain both FAA and State grant funding for the MRI Airport Capital Improvement Program.
5. Provide infrastructure to meet customer demand.
6. Maintain revenues at a level adequate to cover inflation, fund MOA and FAA mandated costs, and meet airport objectives by:
 - a. increasing facility productivity.

- b. adjusting user fees and/or lease rates annually.
- 7. Minimize expenses by:
 - a. Reducing or eliminating services where the impact is minimal.
 - b. Employing economies of scale whenever possible.
 - c. Deferring expenses, within practical limits.
 - d. Performing functions in-house when cost-efficient to do so and workloads permit.
- 8. Take advantage of new technology:
 - a. Continue refinement and enhancement of existing programs to facilitate better data resource management, including enabling fiber optic cabling and surveillance cameras airport-wide.
 - b. Continue replacing computer hardware, as required, to ensure the efficient processing of data.
- 9. Maintain database and management reporting capabilities.
- 10. Maintain runways, taxiways, and tie-down aprons in a safe and secure condition.
- 11. Expediently and systematically remove snow from airport surfaces. Ensure NOTAMs (Notices to Airmen) and ATIS (Air Traffic Information Service) are both proactive, accurate and current.
- 12. Continue long term planning, development, and construction of quality airport facilities through the Airport Master Plan process.
- 13. Provide technical assistance to lessees on issues associated with federally mandated environmental programs.
- 14. Endeavor to reduce the number of runway incursions (Vehicle/Pedestrian Deviations or VPDs).
- 15. Manage and develop Orca St properties to maintain and maximize lease rental revenue.
- 16. Pursue development of new lease lots and encourage development of commercial aviation facilities on current leaseholds.
- 17. Perform asphalt crack sealing of runways/taxiways/apron areas to extend the life expectancy of these surfaces.
- 18. Fund pre-grant expenses for engineering services on grant-eligible projects.
- 19. Enhance the utility of existing tiedown aprons, taxiways, and roadways.
- 20. Expand aircraft aprons and taxiways as needed to meet demand.
- 21. Actively market Airport facilities and services.
- 22. Acquire planned acquisition of identified parcels southwest of the Runway 16/34 safety area to ensure compatible land use as listed on the master plan.
- 23. Identify high priority projects to be included in the FAA 5-Year Airport Capital Improvement Plan (ACIP), thereby helping Merrill Field to more effectively compete nationally for AIP grant funds.
- 24. Secure engineering services for project preliminary design, final design, contract specifications, bid award, and construction supervision.

Performance Measures to Track Progress in Achieving Goals

Merrill Field measures progress in achieving these customer commitments using the following set of quantifiable performance measures.

- 1. Number of Vehicle-Pedestrian Deviations (VPDs)
- 2. Number of unfulfilled requests for aircraft parking space – Electrical Drive-Through
- 3. Percentage of lease spaces currently leased
- 4. Percent of runway pavement above the minimum PCI value of 70
- 5. Percent of apron pavement above the minimum PCI value of 60
- 6. Percent of taxiway pavement above the minimum PCI value of 60

Merrill Field Airport

Anchorage: Performance. Value. Results.

Mission

Safely operate and maintain Merrill Field Airport to meet the aviation and business needs of our customers.

Core Services

- Maintain runways, taxiways, and aircraft parking aprons in a safe and secure condition.
- Provide space to operate and park aircraft.
- Provide lease space for private enterprises to support air transportation.

Accomplishment Goals

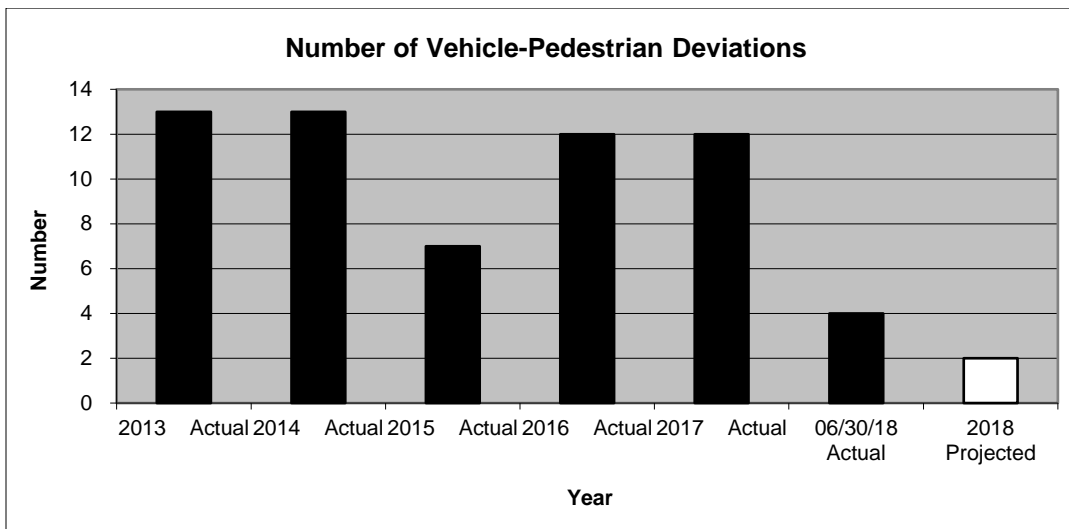
- Reduce the number of vehicle-pedestrian deviations (VPDs) - unauthorized entry into restricted areas.
- Provide sufficient aircraft parking area and business lease space to meet public demand.
- Repair and improve surface conditions on all Runway operating surfaces with a Pavement Condition Index (PCI) below 70 and all Taxiway, Apron & Roadway operating surfaces with a PCI below 60 (on a scale of 1 – 100 with 100 being the best condition).

Performance Measures

Progress in achieving goals will be measured by:

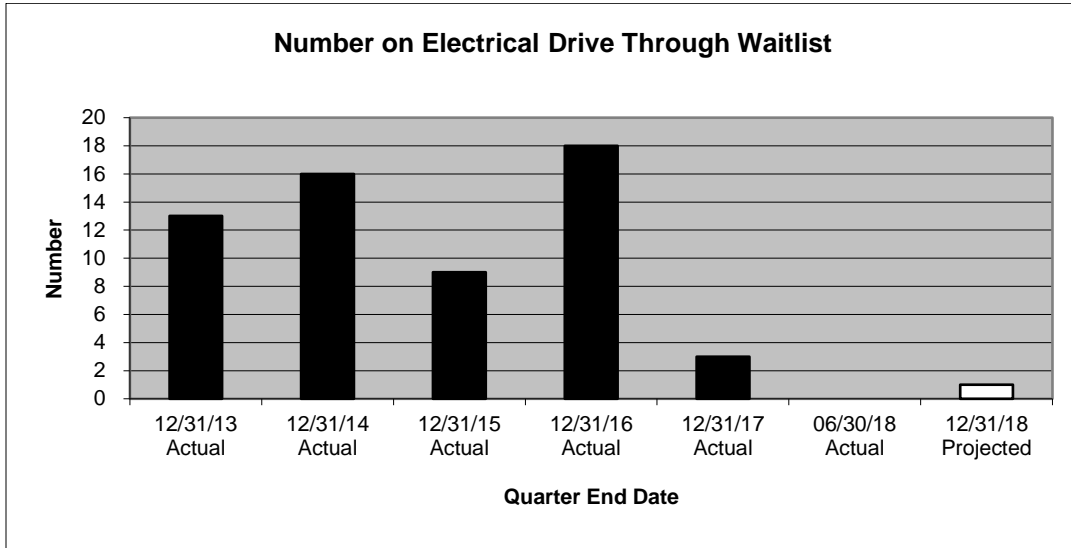
Measure #1: Number of Vehicle-Pedestrian Deviations (VPDs)

| 2017 Actual | 06/30/18 Actual | 2018 Projected |
|-------------|-----------------|----------------|
| 12 | 4 | 2 |



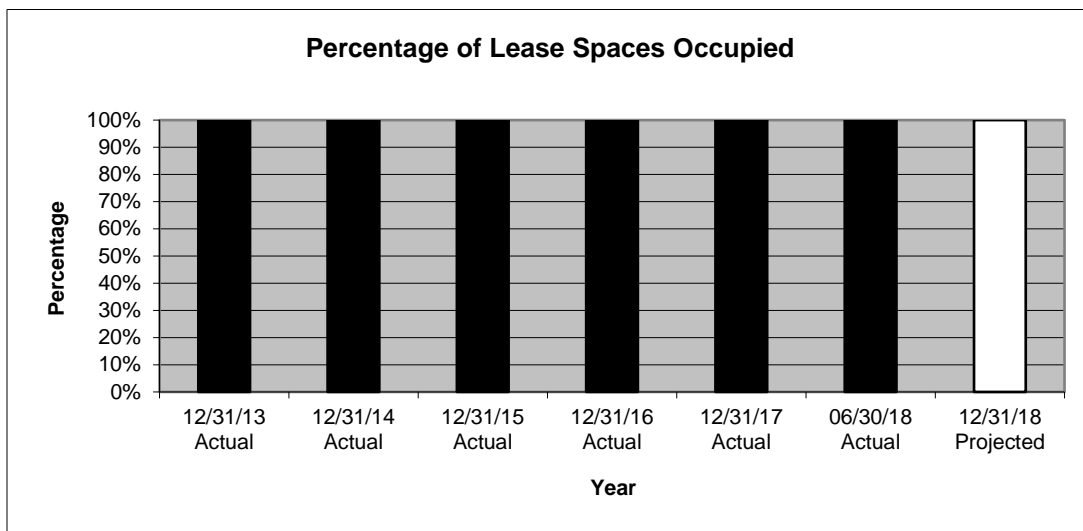
Measure #2: Number of unfulfilled requests for aircraft parking space – Electrical Drive Through

| 12/31/17 Actual | 06/30/18 Actual | 12/31/18 Projected |
|-----------------|-----------------|--------------------|
| 3 | 0 | 1 |



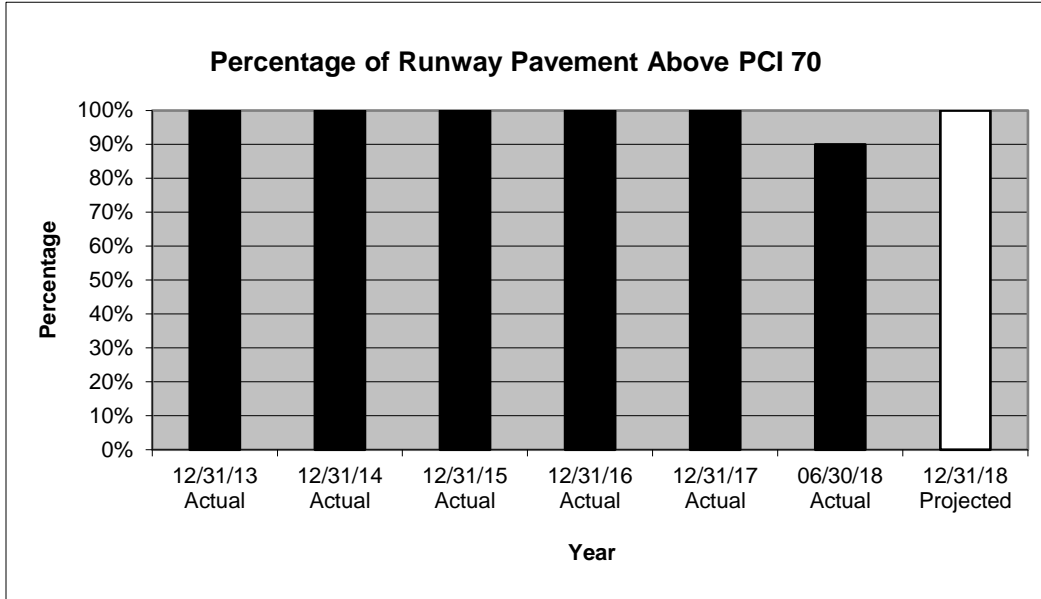
Measure #3: Percentage of lease spaces currently leased

| 12/31/17 Actual | 06/30/18 Actual | 12/31/18 Projected |
|-----------------|-----------------|--------------------|
| (54/54) | (55/55) | (55/55) |
| 100.00% | 100.00% | 100.00% |



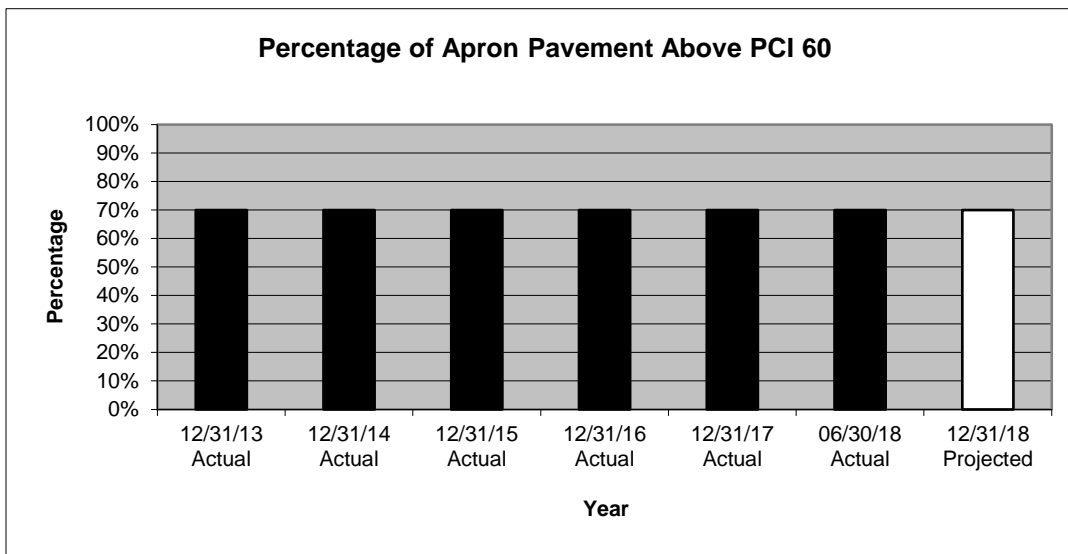
Measure #4: Percent of runway pavement above the minimum PCI value of 70

| 12/31/17 Actual | 06/30/18 Actual | 12/31/18 Projected |
|-----------------|-----------------|--------------------|
| 100% | 90% | 100% |



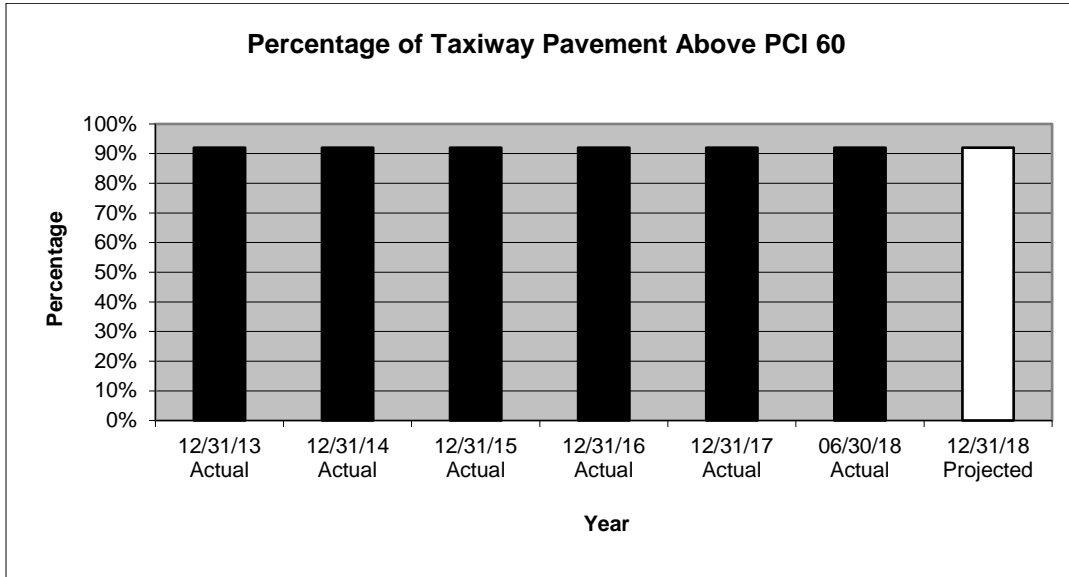
Measure 5: Percent of apron pavement above the minimum PCI value of 60

| 12/31/17 Actual | 06/30/18 Actual | 12/31/18 Projected |
|-----------------|-----------------|--------------------|
| 70% | 70% | 70% |



Measure #6: Percent of taxiway pavement above the minimum PCI value of 60

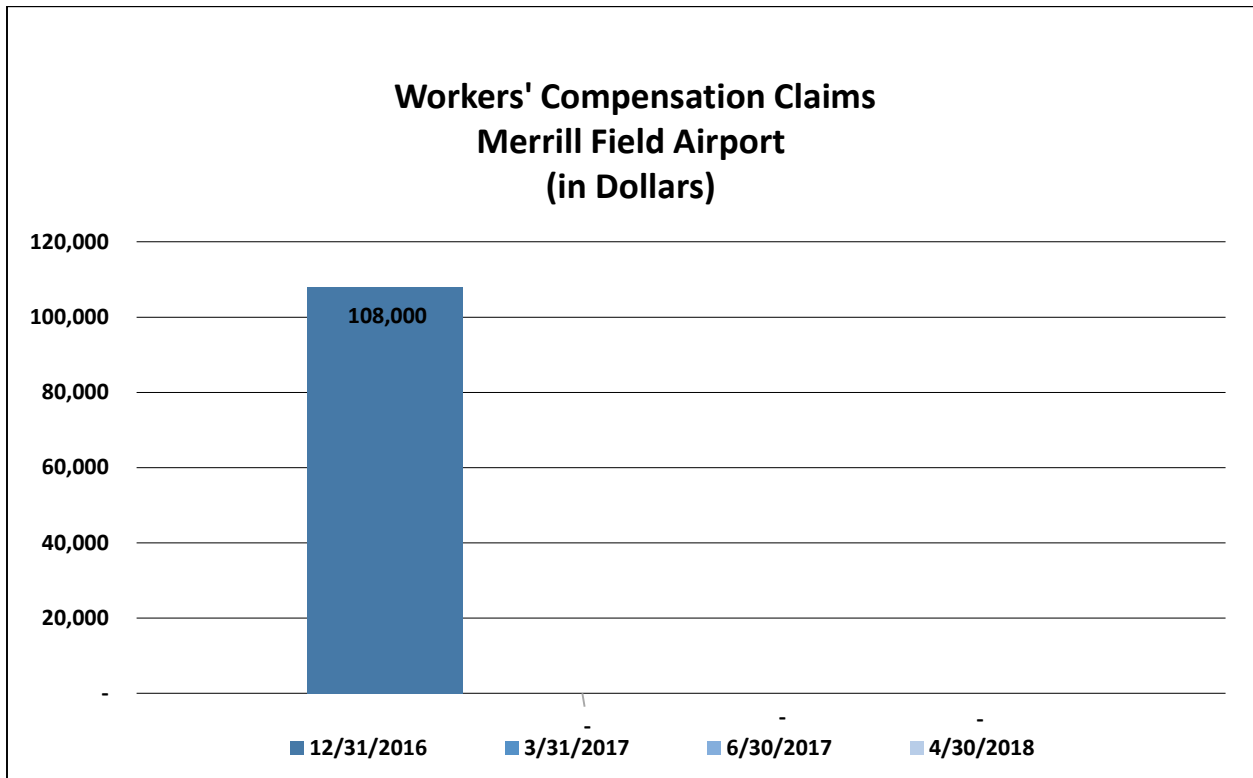
| 12/31/17 Actual | 06/30/18 Actual | 12/31/18 Projected |
|-----------------|-----------------|--------------------|
| 92% | 92% | 92% |



PVR Measure WC: Managing Workers' Compensation Claims

Reducing job-related injuries is a priority for the Administration by ensuring safe work conditions and safe practices. By instilling safe work practices, we ensure not only the safety of our employees but reduce the potential for injuries and property damage to the public. The Municipality is self-insured and every injury poses a financial burden on the public and the injured worker's family. It just makes good sense to WORK SAFE.

Results are tracked by monitoring monthly reports issued by the Risk Management Division.



Merrill Field Airport Highlights and Future Events

Merrill Field (MRI) continues to develop its economic revitalization program through cooperative efforts of the business owners, airport management, and surrounding communities. Over the past 3 years, private development has invested almost \$20 million in constructing new aviation related facilities plus remodeling existing hangars, parts facilities, and renovations, substantially adding to MOA tax revenues. The Administration updated its Merrill Field lease terms in 2016, which included incorporation of Anchorage Consumer Price Index (ACPI) based proactive annual rate adjustments rather than historic multi-year-in-arrear reactive adjustments, and this resulted in benefits to both MRI and the airport leaseholders, makes Merrill Field leases more competitive with State airport leases, and provides leasing stability by tying lease rate adjustment to the Anchorage Consumer Price Index.

CY2018 private sector investments on MRI included a significant hangar expansion by Alaska Airframes of the Reeve Air Motive business/hangar they purchased, and D&D Airpark (AeroTech) worked on a multiple hangar construction/re-development project of the former Aero Tech Flight Training leasehold on the east side of Runway 16/34, The former 'Quonset Hut' leasehold (north of Merrill Field Drive, west of Txy G) for a commercial site was developed by Alaska Air Transit, for a multi-million hangar on that site. Two additional hangar lease sites were also promoted for 2018 development.

Projects for 2018 included; Phase 6 of the Dynamic Compaction of a portion of Taxiway Quebec, and Phase 4 of the Airfield Security Camera, Ramp Lighting and Fiber Optic Cable installation on Orca St and Whiskey areas of the airfield incorporating Airfield Gate Operator refurbishments/replacements, fiber optic cable and additional camera installations. The installation of runway lights and a lighted windsock on MRI's gravel/ski 05/23 runway was completed.

During the 2nd quarter of 2018, MRI was made aware of the opportunity to apply for a significance increase in FAA capital grant funds from their typical program allocations of \$5-\$7M for up to potential \$14M. However MRI was challenged with the availability of minimal match (approx. 5%) required given their current income stream and worked collaboratively with Municipality's Public Finance department to set-up a short-term borrowing program, with very favorable low interest rates to provide the required match should MRI be fortunate to have the opportunity to received additional federal resources.

For CY2019, with a successful FAA funding increase, MRI plans to move forward on completing Phase 7 of the Dynamic Compaction to include extensive apron compaction. In addition MRI would apply FAA grant funds for the reconstruction of the Golf Taxiway (which is *contiguous to but not part of* the Phase 7 project).

MRI continues to promote the benefits, services and economic contributions to the community. Statistics identified in their Economic Impact documents as part of their Airport Master Plan recognized that MRI is responsible for approximately 600 direct, indirect, and induced in-state jobs, and that four air taxi operators are based here, including one that provides non-stop service from MRI to Prudhoe Bay.

Merrill Field Airport External Impacts

Merrill Field Airport (MRI) is classified as a Primary Non-Hub airport that also serves as a general aviation reliever airport to Ted Stevens Anchorage International Airport (ANC). With approximately 130,000 take offs and landings per year, MRI is the major general aviation link between Anchorage and surrounding rural communities. With over 50 aviation businesses and 830+ based aircraft, MRI provides a positive economic impact to Anchorage. Approximately 16% of all flight operations in Alaska are at or out of MRI; MRI also has more Touch & Go operations than any other airport in the nation.

The MRI Economic Impact brochure, completed as part of the ongoing Airport Master Plan, highlighted the economic and community benefits of the Airport, which noted that MRI is responsible for approximately 600 direct, indirect, and induced in-state jobs, and that four air taxi operators are based here, including one that provides non-stop service from MRI to Prudhoe Bay! There are two rotorcraft flights schools and now five fixed wing flight schools on MRI.

MRI is one of the few airports in the nation that has a taxiway link connecting directly to a hospital (Alaska Regional). Medevac aircraft land and taxi directly to the hospital and the patient is literally transferred from the aircraft onto a gurney and wheeled into the hospital emergency room. This service saves valuable minutes in critical situations and it is regularly utilized.

MRI continues to remain debt-free by pursuing federal airport grant funds for all grant-eligible capital improvement projects by working with federal grant managers to secure all available grant funding as it becomes available. These funds are used to develop/continue its economic revitalization program through cooperative efforts of the business owners, airport management, and surrounding communities.

Since its beginning in 1930 when MRI was built on the outskirts of Anchorage, MRI has become encroached by residential and commercial development. As a result, the airfield layout is geometrically constrained without taxiway separation from individual leasehold apron areas, which effectively makes MRI taxiways apron edge taxi-lines. This apron-edge taxi-lane configuration easily enables vehicles to inadvertently trespass onto the adjacent taxiway thereby creating a Vehicle Pedestrian Deviation (VPD).

To address this, in our MRI Runway Safety Program we have implemented operational procedures and provided numerous capital improvements in an effort to curb this trespass problem. Further, reconfiguration of apron-edge taxi-lanes (better delineation and the installation of taxiway lighting) has been proposed to FAA and will be pursued for north side Taxiway Alpha. Through cooperative efforts of Airport leaseholders and implementation of our Driver Training Program, there has been a dramatic decrease in trespass incidents, from the historic number in the hundreds to 19-or-less per year over the past decade. Our ongoing goal is to improve Airport fencing and perimeter/gate security, continue education of and utilize support of the Airport leaseholders and businesses to make VPDs the exception rather than a periodic occurrence.

MRI noise complaints have also dramatically decreased since implementing a “Fly Friendly” program that includes a revised standard protocol for all rotorcraft Touch & Go operations,

emphasizing the use of Runway 34 only when the wind is out of the north or south; landing long (further down the runway); using steeper ascent and descent angles, to the degree practicable; and using Bryant Army Airfield (on JBER) for rotorcraft training, when it is available. A “Quiet Hours” program that allows only one take off and one landing per aircraft at MRI between the hours of 10PM and 7AM (local) is also being implemented to discourage repetitive Touch & Go ops during these hours, which operations have significant noise impacts on neighboring communities. (If an operator wants to conduct Tough & Go’s during these times, they can do so elsewhere at other southcentral airports, such as ANC, LHD, Wasilla, Palmer, etc.)

Merrill Field Airport Workforce Projections

| Division | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|-------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Airport Manager | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Airport Development | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Finance | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Management Services | 3 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Maintenance Technicians | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Total Full Time | 10 | 9 | 9 | 9 | 9 | 9 | 9 | 9 |
| Part-time/Temporary | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Total Part Time | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Total Positions | 12 | 11 | 11 | 11 | 11 | 11 | 11 | 11 |
| Total FTE | 10.5 | 9.5 | 9.5 | 9.5 | 9.5 | 9.5 | 9.5 | 9.5 |

Merrill Field will hire up to three temporary seasonal employees for 3 months each summer, depending upon the impact of the previous winter's ops expenses experienced.

Merrill Field Airport 8 Year Summary

(\$ in thousands)

DRAFT

| Financial Overview | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | Actuals | Proforma | Proposed | Forecast | | | | |
| Operating Revenues (1) | 1,741 | 1,749 | 1,788 | 1,790 | 1,792 | 1,793 | 1,795 | 1,797 |
| Operating Expenses (2) | 5,000 | 4,292 | 4,745 | 4,750 | 4,754 | 4,759 | 4,764 | 4,769 |
| Net Operating Income (Loss) | (3,259) | (2,543) | (2,957) | (2,960) | (2,963) | (2,966) | (2,969) | (2,972) |

(1): Revenues are projected to change at the rate of the Consumer Price Index (CPI). Capital grant revenue is not included.

(2): Expenses shown include all depreciation, including depreciation on assets purchased with grant funds.

| | | | | | | | | |
|------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Budgeted Positions | 12 | 11 | 11 | 11 | 11 | 11 | 11 | 11 |
| Capital Program | 9,822 | 8,932 | 24,673 | 6,704 | 3,000 | 3,400 | - | - |
| Bond Sales | - | - | - | - | - | - | - | - |
| Net Plant (12/31) | 68,203 | 74,430 | 96,332 | 98,687 | 97,091 | 95,949 | 91,612 | 87,471 |
| Utility Revenue Distribution | - | - | - | - | - | - | - | - |
| Net Assets (12/31) | 72,061 | 78,450 | 100,166 | 103,910 | 103,947 | 104,381 | 101,412 | 98,440 |
| Cash and Cash Equivalents | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 |
| Construction Cash Pool | - | - | - | - | - | - | - | - |
| Bond Redemption Cash | - | - | - | - | - | - | - | - |
| Total Cash | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 |
| IGCs from General Government | 577 | (181) | 250 | 255 | 260 | 265 | 270 | 275 |
| MESA | 38 | 39 | 45 | 50 | 64 | 66 | 65 | 64 |
| Total Debt | - | - | 863 | - | - | - | - | - |
| Debt/Equity Ratio | 0/100 | 0/100 | 863/0 | 0/100 | 0/100 | 0/100 | 0/100 | 0/100 |
| Rate Change Percent (3) | 0.0% | -0.5% | 0.0% | 0.0% | 0.0% | 0.5% | 0.5% | 0.5% |

(3): Rate increases shown in future years are for purposes of projections only and have not been approved for implementation. The intent is to reflect CPI coverage to maintain established operating budgets. Merrill Field Airport will continue to strive to find ways to avoid projected rate increases.

| | | | | | | | | |
|---|---------|---------|---------|---------|---------|---------|---------|---------|
| Lease Rate/Square Foot/Year | \$0.208 | \$0.207 | \$0.208 | \$0.208 | \$0.208 | \$0.209 | \$0.210 | \$0.211 |
| Tail-In Space Per Month | \$60 | \$60 | \$60 | \$60 | \$60 | \$60 | \$60 | \$60 |
| Drive-Through Space Per Month | \$70 | \$70 | \$70 | \$70 | \$70 | \$70 | \$70 | \$70 |
| Statistical/Performance Trends | | | | | | | | |
| Based Aircraft | 826 | 826 | 826 | 826 | 826 | 826 | 826 | 826 |
| Municipal Tiedowns | 529 | 529 | 529 | 529 | 529 | 529 | 529 | 529 |
| Flight Operations/Calendar Year | 130,423 | 130,000 | 130,000 | 130,000 | 130,000 | 130,000 | 130,000 | 130,000 |
| National Airport Ranking by Calendar Year | 96th | 96th | 96th | 96th | 96th | 96th | 96th | 96th |

Merrill Field Airport Statement of Revenues and Expenses

DRAFT

| | 2017 Actuals | 2018 Proforma | 2018 Revised | 19 v 18 \$ Change | 2019 Proposed | 19 v 18 % Change |
|--|--------------------|--------------------|--------------------|----------------------|--------------------|---------------------|
| Operating Revenue | | | | | | |
| Airport Lease Fees | 702,316 | 687,000 | 703,000 | - | 703,000 | 0.0% |
| Airport Property Rental | 347,525 | 488,000 | 528,000 | - | 528,000 | 0.0% |
| Permanent Parking Fees | 288,523 | 280,000 | 278,000 | - | 278,000 | 0.0% |
| Transient Parking Fees | 8,360 | 9,000 | 9,000 | - | 9,000 | 0.0% |
| Vehicle Parking | 49,902 | 53,000 | 49,000 | - | 49,000 | 0.0% |
| MOA Aviation Fuel Fees | 85,388 | 59,000 | 68,000 | - | 68,000 | 0.0% |
| SOA Aviation Fuel Fees | 15,218 | 15,000 | 18,000 | - | 18,000 | 0.0% |
| Medevac Taxiway Fees | 54,235 | 52,000 | 52,000 | - | 52,000 | 0.0% |
| Other Revenue | 146 | 9,000 | 10,000 | - | 10,000 | 0.0% |
| Total Operating Revenue | 1,551,613 | 1,652,000 | 1,715,000 | - | 1,715,000 | 0.0% |
| Non Operating Revenue | | | | | | |
| Operating Grant Revenue | 155,794 | - | - | - | - | 0.0% |
| Unrealized Gain/(Loss) on Investments | (573) | 15,000 | 20,000 | - | 20,000 | 0.0% |
| Interest Income | (30,416) | 30,000 | 40,000 | - | 40,000 | 0.0% |
| Other Revenue | 64,211 | 52,000 | 13,000 | - | 13,000 | 0.0% |
| Total Non Operating Revenue | 189,016 | 97,000 | 73,000 | - | 73,000 | 0.0% |
| Total Revenue | 1,740,629 | 1,749,000 | 1,788,000 | - | 1,788,000 | 0.0% |
| Operating Expenses | | | | | | |
| Labor | | | | | | |
| Labor and Benefits | 1,121,867 | 1,219,000 | 901,772 | 6,266 | 908,038 | 0.7% |
| Overtime | 15,934 | 14,000 | 12,000 | - | 12,000 | 0.0% |
| Total Labor | 1,137,801 | 1,233,000 | 913,772 | 6,266 | 920,038 | 0.7% |
| Non Labor | | | | | | |
| Non Labor | 587,676 | 496,000 | 586,000 | - | 586,000 | 0.0% |
| Travel | - | - | - | - | - | 0.0% |
| Depreciation and Amortization | 2,658,076 | 2,705,000 | 2,771,000 | - | 2,771,000 | 0.0% |
| Transfers (MESA and Gross Receipts) | 38,899 | 38,900 | 45,278 | - | 45,278 | 0.0% |
| Total Non Labor | 3,284,651 | 3,239,900 | 3,402,278 | - | 3,402,278 | 0.0% |
| Total Direct Cost | 4,422,452 | 4,472,900 | 4,316,050 | 6,266 | 4,322,316 | 0.1% |
| Charges to Other Departments | (204,225) | (587,000) | (375,960) | - | (375,960) | 0.0% |
| Charges from Other Departments | 781,697 | 406,247 | 691,171 | (64,854) | 626,317 | -9.4% |
| Total Operating Expense | 4,999,924 | 4,292,147 | 4,631,261 | (58,588) | 4,572,673 | -1.3% |
| Non Operating Expense | | | | | | |
| Financing Costs on Short Term Obligations | - | - | - | 172,756 | 172,756 | 0.0% |
| Total Non Operating Expense | - | - | - | 172,756 | 172,756 | 0.0% |
| Total Expenses (Function Cost) | 4,999,924 | 4,292,147 | 4,631,261 | 114,168 | 4,745,429 | 2.5% |
| Net Income | (3,259,295) | (2,543,147) | (2,843,261) | (114,168) | (2,957,429) | 4.0% |
| Appropriation: | | | | | | |
| Total Expenses | | | 4,631,261 | 114,168 | 4,745,429 | |
| Less: Non Cash items | | | | | | |
| Depreciation and Amortization | | | 2,771,000 | - | 2,771,000 | |
| Total Non-Cash | | | 2,771,000 | - | 2,771,000 | |
| Amount to be Appropriated (Cash Expenses) | | | 1,860,261 | 114,168 | 1,974,429 | |

Merrill Field
Reconciliation from 2018 Revised Budget to 2019 Proposed Budget

| | Appropriation | Positions | | |
|--|------------------|-----------|----------|----------|
| | | FT | PT | T |
| 2018 Revised Budget | 4,631,261 | 9 | 2 | - |
| Transfers (to)/from Other Agencies | | | | |
| - Charges from others - adjustment of IGC charges from General Government (GG) | (64,854) | - | - | - |
| Changes in Existing Programs/Funding for 2019 | | | | |
| - Salary and benefits adjustments | 6,266 | - | - | - |
| - Debt Service | 172,756 | - | - | - |
| 2019 Continuation Level | 4,745,429 | 9 | 2 | - |
| 2019 Proposed Budget Changes | | | | |
| - None | - | - | - | - |
| 2019 Proposed Budget | 4,745,429 | 9 | 2 | - |
| 2019 Budget Adjustment for Accounting Transactions (Appropriation) | | | | |
| - Depreciation and Amortization | (2,771,000) | - | - | - |
| 2019 Proposed Budget (Appropriation) | 1,974,429 | 9 | 2 | - |

Merrill Field Airport
2019 - 2024 Capital Improvement Program
(in thousands)

| Project Category | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | Total |
|-------------------------|---------------|--------------|--------------|--------------|-------------|-------------|---------------|
| Buildings and Equipment | 2,000 | - | 1,000 | 1,400 | - | - | 4,400 |
| Land Acquisition | 3,008 | - | - | - | - | - | 3,008 |
| Land Improvements | 15,512 | - | - | - | - | - | 15,512 |
| Runways and Taxiways | 4,153 | 6,704 | 2,000 | 2,000 | - | - | 14,857 |
| Total | 24,673 | 6,704 | 3,000 | 3,400 | - | - | 37,777 |

| Funding Source | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | Total |
|-----------------------|---------------|--------------|--------------|--------------|-------------|-------------|---------------|
| Federal Grants | 24,268 | 6,285 | 2,812 | 3,200 | - | - | 36,565 |
| Equity/Operations | 405 | 419 | 188 | 200 | - | - | 1,212 |
| Total | 24,673 | 6,704 | 3,000 | 3,400 | - | - | 37,777 |

Merrill Field Airport
2019 Capital Improvement Budget
(in thousands)

| Project Title | Federal Grants | State Grants | Equity/ Operations | Total |
|---|-------------------|-----------------|-----------------------|---------------|
| Rehabilitate Taxiway C South Apron, Phase 7** | 3,000 | - | - | 3,000 |
| Reconstruct Airport's Primary Access Road** | 15,000 | - | - | 15,000 |
| Install Taxiway Lighting and Signage - TWY C (RIMP Phase 1) | 750 | - | 50 | 800 |
| Acquire Safety and/or Security Equipment (Phase 5) | 950 | - | 50 | 1,000 |
| Remove Obstruction (1535 Orca Street, Sandoval Property) | 480 | - | 32 | 512 |
| Acquire Land for Development | 2,820 | - | 188 | 3,008 |
| Acquire Snow Removal Equipment | 938 | - | 62 | 1,000 |
| Conduct Miscellaneous Planning Study | 330 | - | 23 | 353 |
| Total | 24,268 | - | 405 | 24,673 |

****Had requested funding under the Consolidated Appropriations Act,
Supplemental \$1B AIP Discretionary Funding from FAA for 100% funding with no matching funds**

About Merrill Field Airport

Organization

Five office staff manage the operational and financial affairs of Merrill Field, and four maintenance personnel, with two summer temps, provide maintenance for 8 airport buildings and 437 acres of 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 Airport (MRI), established in 1930 and located one mile east of downtown Anchorage, was the first real airport in Alaska and in Anchorage, and served as the primary airport for South Central Alaska until Anchorage International Airport opened in 1954. 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.

Today, MRI is classified as a "Non-Hub Primary Commercial Service Airport" and effectively serves as a general aviation reliever airport to Ted Stevens Anchorage International Airport. MRI is presently restricted to aircraft weighing 12,500 pounds or less.

MRI continues to be an integral part of Alaska's transportation network. Over the past several years aircraft operations have varied between 125,000 and 130,000 and based aircraft varied between 800 and 900; 2016's based aircraft numbered 826.

Service

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

Some of the many services provided at MRI 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; a fully accredited University of Alaska Aviation Technology Division campus offering Baccalaureate/Associate degree and A&P License programs in piloting and aviation management; and direct Medevac taxiway connection to Alaska Regional Hospital.

Regulation

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

There are many federally mandated programs which have a direct impact on the Airport's operating costs. The Clean Water Act, Civil Rights 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 affect the Airport. Approximately 40%

of the MRI airfield land mass is atop the former Anchorage Municipal landfill, which was closed in 1987. As a result of this residual underlying trash mass, significant environmental challenges and additional development costs exist for airfield development and construction.

Physical Plant

Primary Commercial Service Airport

- Hub for intra-Alaska air travel
- Located one mile from downtown Anchorage
- General Aviation reliever for Ted Stevens Anchorage International Airport
- Restricted to aircraft weighing 12,500 pounds or less
- 437 acre land area; elevation 137 feet; fee simple title
- 1,193 tiedown spaces; leaseholders manage 664; Municipality manages 529, including 53 for transient aircraft
- Runway 7/25 length/width is 4,000' x 100'; Runway 16/34 is 2,640' x 75'; Gravel/Ski Runway 5/23 is 2,000' x 60'
- Six taxiways; 102 acres of tiedown aprons
- Air Traffic Control Tower owned, operated, and staffed by FAA

Merrill Field Airport Statistics

- 96th Busiest Airport in the Nation
- 130,423 flight operations at MRI, 15.93% of the 818,707 total flight ops in Alaska
- 826 registered aircraft based at MRI, 8.79% of the 9,401 total in Alaska
- 7,933 certificated pilots in Alaska; UNK at MRI
- 54 leaseholders lease 3,379,984 square feet of airport property with tenant improvements assessed at \$28,694,197
- 25 rental properties
- Approximately 49 aviation related businesses operate on the airport
- 451 transient aircraft stayed a total of 2,115 days in 2016
- Approximately 851,564 gallons of fuel were sold in 2016
- Five fixed wing and two rotorcraft flight schools at MRI