



Proposed Ordinance
6/20/00

Submitted by: Chairman of the Assembly
at the Request of the Mayor
Prepared by: Merrill Field Airport
For reading: MAY 16, 2000

ANCHORAGE, ALASKA
AO NO. 2000-87

1 AN ORDINANCE OF THE ANCHORAGE MUNICIPAL ASSEMBLY AUTHORIZING THE
2 LONG TERM LEASE BETWEEN THE MUNICIPALITY OF ANCHORAGE AS LESSOR
3 AND AIRCRAFT CORPORATE ENTERPRISES L.L.C. AS LESSEE OF LOT 1, BLOCK 4,
4 MERRILL FIELD REPLAT, LOCATED ON THE SOUTH SIDE OF RUNWAY 6-24.
5

6
7 WHEREAS, Aircraft Corporate Enterprises L.L.C. recently acquired the leasehold
8 interest of Lot 1, Block 4, Merrill Field Replat; and
9

10 WHEREAS, Aircraft Corporate Enterprises L.L.C. has requested to make considerable
11 improvements to the leasehold which includes demolition of the existing 35 year old hangar
12 building and construction of four new aircraft hangar buildings totaling approximately 36,000
13 square feet; and
14

15 WHEREAS, Aircraft Corporate Enterprises L.L.C. requires additional lease term to make
16 the proposed improvements economically feasible, the existing lease term expires April 30, 2012
17 (12 years); and
18

19 WHEREAS, Merrill Field Airport is very supportive of new aircraft hangar development
20 and recommends entering into a new Lease as opposed to an extension to the existing Lease for
21 the additional lease term; and
22

23 WHEREAS, disposal by lease of the real property described will permit development of
24 Lot 1 by Aircraft Corporate Enterprises L.L.C. at its own cost and expense which further reflects
25 a new sense of confidence and revitalization for our locally owned airport thereby having a
26 positive economic benefit to the Municipality; and
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28 WHEREAS, the current Merrill Field lease rate is consistent for all Merrill Field Airport
29 land leases with like uses and considered to be the market rate for airport properties that are
30 restricted to aeronautical uses; and
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32 WHEREAS, AMC Chapter 25.30.020 states that disposal of Municipal land shall be by
33 ordinance only; now, therefore
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THE ANCHORAGE MUNICIPAL ASSEMBLY ORDAINS:

Section 1. The Municipality of Anchorage is authorized to lease Lot 1, Block 4, Merrill Field Replat, located within the Anchorage Recording District of the Third Judicial District, composed of approximately 110,360 square feet, to Aircraft Corporate Enterprises L.L.C. upon the terms and conditions summarized in Assembly Memorandum No. 487-2000 submitted to the Assembly in conjunction with this ordinance and attached hereto.

Section 2. This ordinance shall take effect immediately upon passage and approval by the Anchorage Municipal Assembly.

PASSED AND APPROVED by the Anchorage Municipal Assembly this ____ day of _____, 20__.

Chairman

ATTEST:

Municipal Clerk



MUNICIPALITY OF ANCHORAGE

ASSEMBLY MEMORANDUM

AM NO. 487-2000

Meeting Date: MAY 16, 2000

1 **From:** Mayor

2
3 **Subject:** An Ordinance Authorizing the Long Term Lease of Lot 1, Block 4, Merrill
4 Field Replat to Aircraft Corporate Enterprises L.L.C.
5

6 Aircraft Corporate Enterprises L.L.C. (a limited liability company) recently acquired the
7 leasehold interest of Lot 1, Block 4, Merrill Field Replat, located along the south side of
8 Runway 6-24. Aircraft Corporate Enterprises L.L.C. is planning to make considerable
9 improvements to the leasehold which includes demolition of the existing 35 year old
10 hangar building and construction of four new aircraft hangar buildings totaling
11 approximately 36,000 square feet. To make the proposed improvements economically
12 feasible, Aircraft Corporate Enterprises L.L.C. requires additional lease term; the
13 existing Lease expires April 30, 2012 (12 years). Merrill Field Airport is very supportive
14 of new aircraft hangar development and recommends entering into a new Lease as
15 opposed to an extension to the existing Lease for the additional lease term.
16

17 The proposed development of the property should result in a positive economic benefit
18 for the citizens of the Municipality. The proposed use of the property supports the
19 operational objective of Merrill Field to operate, maintain and develop airport facilities,
20 to provide an environment that meets the needs of the general aviation community and
21 to encourage private business while maintaining a viable financial position.
22

23 Because of the federal interest in promoting civil aviation, the Federal Aviation
24 Administration authorizes programs for granting funds, property and other assistance to
25 local communities for the development of Airport facilities. The Municipality, as a local
26 sponsor, has received numerous grants for the development of Merrill Field Airport and
27 has assumed certain obligations, either by contract or by restrictive covenants and
28 deeds, which require it to maintain and operate its airport facilities safely and efficiently
29 and in accordance with certain specified and agreed upon conditions. Airport property,
30 as a condition, is restricted to aeronautical uses unless a determination is made by the
31 FAA that it is in surplus of that need. Also, all revenue derived from the use of
32 obligated airport property must be used for the operation, maintenance or development
33 of the airport and the airport should be as self-sustaining as possible under the
34 circumstances. These obligations and grant assurances have an impact on property
35 values and must be complied with at all times for the airport to retain and continue to
36 receive its Federal grant funding assistance.
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1 The rent, as set forth in the Lease, is the current per square foot rate paid by twenty-
2 three existing long term leaseholders at Merrill Field. The lease rates at Merrill Field are
3 reviewed yearly and the current rate is considered to be the market rate taking into
4 account the restrictions and obligations imposed on the property. The Administration
5 believes the proposed use of the premises under the provisions of the Lease furthers
6 the operational objective of Merrill Field Airport. The Lessee has satisfied all required
7 conditions of the proposed new Lease.

8
9 To complete the proposed leasing action, subject to Assembly approval, a Mutual
10 Cancellation of the existing Lease will be executed immediately prior to the execution of
11 the new Lease between the Municipality of Anchorage and Aircraft Corporate
12 Enterprises L.L.C.

13
14 The following provisions are pertinent to the new Lease Agreement:

15
16 Lessor: Municipality of Anchorage

17
18 Lessee: Aircraft Corporate Enterprises L.L.C. (a limited liability company)

19
20 Location: Lot 1, Block 4, Merrill Field Replat, consisting of approximately
21 110,360 square feet (between Merrill Field Drive & Runway 6-24).

22
23 Rent: Rental rate is \$0.15 per sq. ft. per year.

24
25 Rental Adjustment: Annually and at five year intervals.

26
27 Term: 25 years plus three additional ten-year renewal options.

28
29 Services provided: Utilities and maintenance of Lessee improvements.
30 by Lessee

31
32 Special Provisions: Lessee, at its own cost and expense, will provide improvements to
33 include demolition of the existing 35 year old hangar building and
34 construction of four new aircraft hangar buildings totaling
35 approximately 36,000 square feet, a self-serve aircraft fuel
36 dispenser system and other improvements as may be required in
37 conjunction with said improvements; all to be completed within the
38 first three years of the lease with an approximate cost in excess of
39 \$2,000,000. Property usage shall be restricted to aeronautical
40 uses.


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2 THE ADMINISTRATION RECOMMENDS APPROVAL OF THE ORDINANCE
3 AUTHORIZING AUTHORITY TO EXECUTE THE NEW LEASE AGREEMENT
4 CONTAINING THE ABOVE TERMS AND CONDITIONS BETWEEN THE
5 MUNICIPALITY OF ANCHORAGE AND AIRCRAFT CORPORATE ENTERPRISES
6 L.L.C.

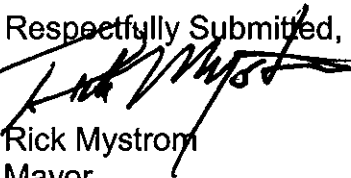
7
8 Concur:

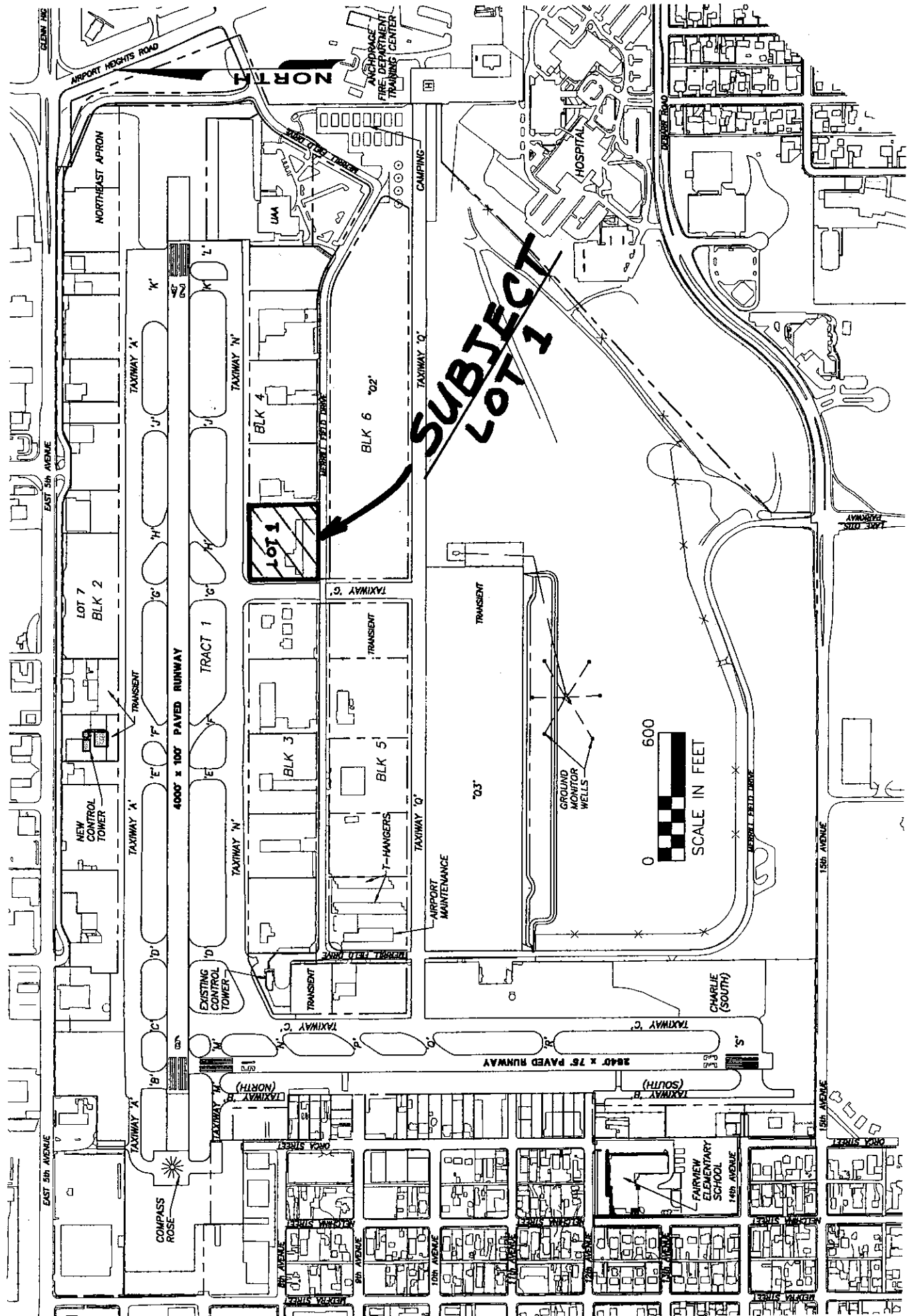
Recommended by:

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10 
11 George J. Vakalis
12 Municipal Manager


David A. Lundeby, Manager
Merrill Field Airport

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15 Respectfully Submitted,

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18 Rick Mystrom
19 Mayor
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MERRILL FIELD AIRPORT
ANCHORAGE, ALASKA

MUNICIPALITY OF ANCHORAGE
Summary of Economic Effects - Utilities

AO Number: 2000- 87 Title: Lease of Lot 1, Block 4, Merrill Field Airport

Sponsor: David A. Lundeby
 Preparing Agency: **Merrill Field Airport**
 Others Impacted: None

CHANGES IN EXPENDITURES AND REVENUES: (Thousands of Dollars)

	<u>FY 00</u>	<u>FY 01</u>	<u>FY 02</u>	<u>FY 03</u>	<u>FY 04</u>
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Operating Expenditures:
 1000 Personal Services
 2000 Supplies
 3000 Other Services
 4000 Debt Service
 5000 Capital Outlay

TOTAL DIRECT COSTS:	-0-	-0-	-0-	-0-	-0-
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ADD: 6000 Charges from Others
 LESS: 7000 Charges to Others

FUNCTION COST:

REVENUE:	-0-	-0-	-0-	-0-	-0-
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CAPITAL:

POSITIONS: FT/PT and Temp

PUBLIC SECTOR ECONOMIC EFFECTS:
No Effects

PRIVATE SECTOR ECONOMIC EFFECTS:

No Effects

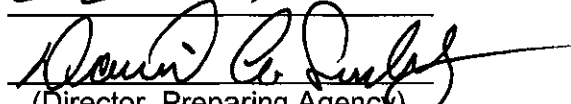
Prepared by: David A. Lundeby, Manager

Telephone: 343-6303

Date: _____

Validated by OMB:  _____

Date: 4-18-00

Approved by:  _____
(Director, Preparing Agency)

Date: 4/17/2000

Concurred by: _____
(Director, Impacted Agency)

Date: _____

Approved by: _____
(Executive Manager)

Date: _____

Municipality of Anchorage
MUNICIPAL CLERK'S OFFICE
AGENDA DOCUMENT CONTROL SHEET

At 2000-87

1	SUBJECT OF AGENDA DOCUMENT		DATE PREPARED
	An Ordinance Authorizing the Long Term Lease of Lot 1, Block 4, to Aircraft Corporate Enterprises L.L.C.		April 17, 2000
			Indicate Documents Attached
			<input checked="" type="checkbox"/> AO <input type="checkbox"/> AR <input checked="" type="checkbox"/> AM <input type="checkbox"/> AIM
2	DEPARTMENT NAME		DIRECTOR'S NAME
	MERRILL FIELD AIRPORT		David A. Lundeby
3	THE PERSON THE DOCUMENT WAS ACTUALLY PREPARED BY		HIS/HER PHONE NUMBER
	David A. Lundeby		343-6303
4	COORDINATED WITH AND REVIEWED BY	INITIALS	DATE
X	Mayor		
	Municipal Clerk		
X	Municipal Attorney	<i>[Signature]</i>	5-1-00
	Employee Relations		
X	Municipal Manager	<i>[Signature]</i>	5/2/00
	Cultural & Recreation Services		
	Fire		
	Health & Human Services		
X	Merrill Field Airport	<i>[Signature]</i>	4/17/00
	Municipal Light & Power		
	Office of Emergency Management		
X	Office of Management & Budget	<i>[Signature]</i>	4-18-00
	Police		
	Port of Anchorage		
	Public Works		
	Solid Waste Services		
	Public Transportation		
	Water & Wastewater Utility		
	Executive Manager		
	Community Planning & Development		
	Finance, Chief Fiscal Officer		
X	Heritage Land Bank	<i>[Signature]</i>	5/2/2000
	Management Information Services		
	Property & Facility Management		
	Purchasing		
	Other		
5	SPECIAL INSTRUCTIONS/COMMENTS		
	P.B. Introduction		
6 ASSEMBLY HEARING DATE REQUESTED		7 PUBLIC HEARING DATE REQUESTED	
May 16, 2000		June 13, 2000	

RECEIVED
Office of Municipal Clerk

MAY 5 2000
P.O. Box 196650
Anchorage, AK 99519-6650