

Submitted by: Chairman of the Assembly
at the Request of the Mayor
Prepared by: Merrill Field Airport
For reading: July 22, 2003

ANCHORAGE, ALASKA
AO NO. 2003- 116

1 AN ORDINANCE OF THE ANCHORAGE MUNICIPAL ASSEMBLY AUTHORIZING
2 THE LONG TERM LEASE BETWEEN THE MUNICIPALITY OF ANCHORAGE AS
3 LESSOR AND PACIFIC ALASKAN AIRWAYS, LLC AS LESSEE OF LOT 6 BLOCK 3,
4 MERRILL FIELD REPLAT, LOCATED BETWEEN RUNWAY 6-24 AND MERRILL
5 FIELD DRIVE.

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7
8 WHEREAS, Pacific Alaskan Airways, LLC has entered into a purchase
9 agreement with the existing leaseholder of Lot 6, Block 3, Merrill Field Replat; and

10
11 WHEREAS, Pacific Alaskan Airways, LLC has requested to make considerable
12 improvements to the leasehold which includes construction of a new 11,000 square foot
13 aircraft hangar facility and upgrades to the existing building; and

14
15 WHEREAS, Pacific Alaskan Airways, LLC requires additional lease term to make
16 the proposed improvements economically feasible, the existing lease term expires July
17 31, 2011 (8 years); and

18
19 WHEREAS, Merrill Field Airport is very supportive of new aircraft hangar
20 development and recommends entering into a new Lease as opposed to an extension
21 to the existing Lease for the additional lease term; and

22
23 WHEREAS, disposal by lease of the real property described will permit
24 development of Lot 6 by Pacific Alaskan Airways, LLC at its own cost and expense
25 which further reflects a continued sense of confidence and revitalization for our locally
26 owned airport thereby having a positive economic benefit to the Municipality; and

27
28 WHEREAS, the current Merrill Field lease rate is consistent for all Merrill Field
29 Airport land leases with like uses and considered to be the market rate for airport
30 properties that are restricted to aeronautical uses; and

31
32 WHEREAS, AMC Section 25.30.020 states that disposal of Municipal land shall
33 be by ordinance only; now, therefore
34
35

THE ANCHORAGE MUNICIPAL ASSEMBLY ORDAINS:

Section 1. The Municipality of Anchorage is authorized to lease Lot 6, Block 3, Merrill Field Replat, located within the Anchorage Recording District of the Third Judicial District, composed of approximately 110,271 square feet, to Pacific Alaskan Airways, LLC upon the terms and conditions summarized in Assembly Memorandum No. _____-2003 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 12th day of August, 2003.


Chairman

ATTEST:


Municipal Clerk

MUNICIPALITY OF ANCHORAGE
Summary of Economic Effects -- Utilities

AO Number: 2003-116

Title: New Long Term Lease with Pacific Alaskan Airways, LLC for Lot 6,
Block 3, Merrill Field Replat

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

CHANGES IN REVENUES AND EXPENSES:

(In Thousands of Dollars)

	<u>FY03</u>	<u>FY04</u>	<u>FY05</u>	<u>FY06</u>	<u>FY07</u>
Operating Revenues:					
TOTAL OPERATING REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Expenses:					
TOTAL OPERATING EXPENSES	\$ -	\$ -	\$ -	\$ -	\$ -
Non-Operating Revenues:					
TOTAL NON-OPERATING REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -
Non-Operating Expenses:					
TOTAL NON-OPERATING EXPENSES	\$ -	\$ -	\$ -	\$ -	\$ -
NET INCOME (REGULATED)					
POSITIONS: FT/PT and Temp					

PUBLIC SECTOR ECONOMIC EFFECTS:

No Effects to Utilities:

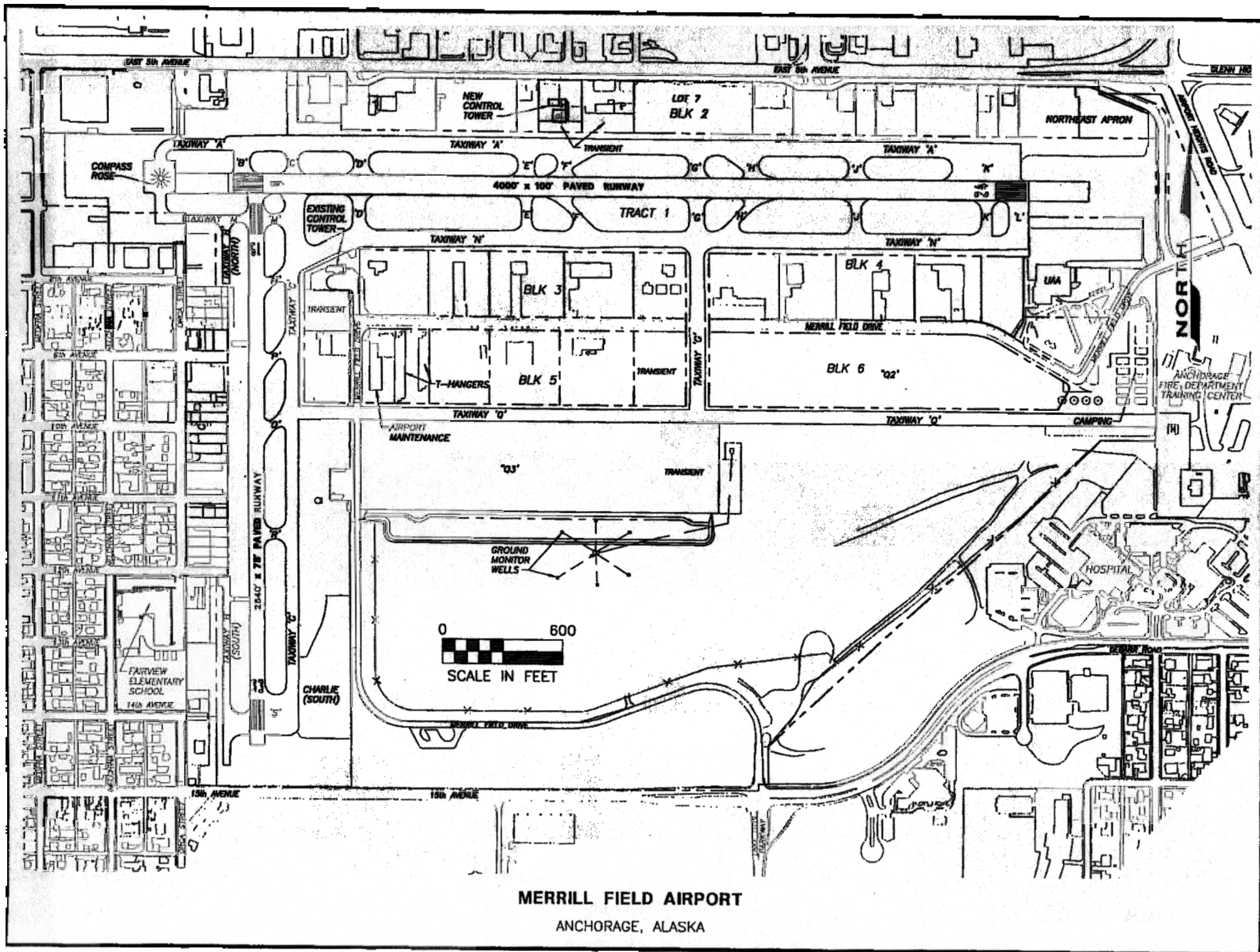
The ground rental rate for Lot 6, Block 3 remains the same.

The new lease requires Pacific Alaskan Airways, LLC to complete leasehold improvements (the construction of a new aircraft hangar building and upgrades to the existing building) at a cost of approximately \$700,000 within the first 3 years of the lease which will expand the existing tax base for General Government.

PRIVATE SECTOR ECONOMIC EFFECTS:

The construction improvements will provide business and employment opportunities to the local community.

Prepared by:	<u>David A. Lundeby</u>	Telephone:	<u>343-6303</u>
Validated by OMB:	<u></u>	Date:	<u></u>
Approved by:	<u>(Director, Preparing Agency)</u>	Date:	<u></u>
Concurred by:	<u>(Director, Impacted Agency)</u>	Date:	<u></u>
Approved by:	<u>(Municipal Manager)</u>	Date:	<u></u>



MUNICIPALITY OF ANCHORAGE

ASSEMBLY MEMORANDUM

AM NO. 616-2003

Meeting Date: July 22, 2003

1 From: Mayor

2
3 Subject: An Ordinance Authorizing the Long Term Lease of Lot 6, Block 3, Merrill
4 Field Replat to Pacific Alaskan Airways, LLC.
5

6 Pacific Alaskan Airways, LLC has entered into a purchase agreement with Katmai
7 Adventures Inc. and Karl Johnstone, current Lessee of Lot 6, Block 3, Merrill Field
8 Replat of the original Lease between the Municipality of Anchorage and Gifford Aviation
9 Inc., to acquire the leasehold interest and existing building located along the south side
10 of Runway 6-24. Pacific Alaskan Airways, LLC is planning to make considerable
11 improvements to the leasehold which includes construction of a new 11,000 square foot
12 aircraft hangar facility and upgrades to the existing building. To make the proposed
13 improvements economically feasible, Pacific Alaskan Airways, LLC requires additional
14 lease term; the existing Lease expires July 31, 2011 (8 years). Merrill Field Airport is
15 very supportive of the new aircraft hangar development and recommends entering into
16 a new Lease as opposed to an extension to the existing Lease for the additional lease
17 term.
18

19 The proposed development of the property should result in a positive economic benefit
20 for the citizens of the Municipality. The proposed use of the property supports the
21 operational objectives of Merrill Field to operate, maintain and develop airport facilities,
22 to provide an environment that meets the need of the general aviation community and
23 to encourage private business while maintaining a viable financial position.
24

25 Because of the federal interest in promoting civil aviation, the Federal Aviation
26 Administration authorizes programs for granting funds, property and other assistance to
27 local communities for the development of Airport facilities. The Municipality, as a local
28 sponsor, has received numerous grants for the development of Merrill Field Airport and
29 has assumed certain obligations, either by contract or by restrictive covenants and
30 deeds, which require it to maintain and operate its airport facilities safely and efficiently
31 and in accordance with certain specified and agreed upon conditions. Airport property,
32 as a condition, is restricted to aeronautical uses unless a determination is made by the
33 FAA that it is in surplus of that need. Also, all revenue derived from the use of
34 obligated airport property must be used for the operation, maintenance or development
35 of the airport and the airport should be as self-sustaining as possible under the
36 circumstances. These obligations and grant assurances have an impact on property
37 values and must be complied with at all times for the airport to retain and continue to
38 receive its Federal grant funding assistance.
39

The rent, as set forth in the Lease, is the current per square foot rate paid by other existing long term leaseholders at Merrill Field. The lease rates at Merrill Field are reviewed yearly and the current rate is considered to be the market rate taking into account the restrictions and obligations imposed on the property. The Administration believes the use of the premises under the provisions of the Lease furthers the operational objectives of Merrill Field Airport.

To complete the proposed leasing action, the following documents are required at the time of closing, which is planned for August 2003: Assignment of Lease from Katmai Adventures Inc. and Karl Johnstone to Pacific Alaskan Airways, LLC; the Municipality's Consent to Assignment; the Mutual Cancellation of the existing Lease; and finally, subject to Assembly approval, the execution of a New Lease between the Municipality and Pacific Alaskan Airways, LLC.

The following provisions are pertinent to the new Lease Agreement:

Lessor:	Municipality of Anchorage
Lessee:	Pacific Alaskan Airways, LLC
Location:	Lot 6, Block 3, Merrill Field Replat, consisting of approximately 110,271 square feet (between Runway 6-24 & Merrill Field Drive).
Rent:	Rental rate is \$0.15 per sq. ft. per year.
Rental Adjustment:	Annually and at five year intervals.
Term:	35 years plus 2 additional ten-year renewal options.
Services provided: by Lessee	Utilities and maintenance of Lessee improvements.
Special Provisions:	Lessee, at its own cost and expense, will provide the construction, operation and maintenance of a new 11,000 square foot aircraft hangar facility, upgrades to the existing building, and other improvements as may be required in conjunction with said improvements. The Lessee will invest approximately \$1,500,000 in the business facility to include approximately \$700,000 for the described improvements all to be completed within the first 3 years of lease term. Property usage shall be restricted to aeronautical uses.

THE ADMINISTRATION RECOMMENDS APPROVAL OF THE ORDINANCE AUTHORIZING EXECUTION OF THE NEW LEASE AGREEMENT CONTAINING THE ABOVE TERMS AND CONDITIONS BETWEEN THE MUNICIPALITY OF ANCHORAGE AND PACIFIC ALASKAN AIRWAYS, LLC.

Prepared by:	David A. Lundebly, Manager, Merrill Field Airport
Concur:	Denis C. LeBlanc, Municipal Manager
Respectfully Submitted,	Mark Begich, Mayor

AO 2003-116

Content Information

Content ID : 000967

Revision: 1

Type: Ordinance - AO

Title: Authorizing the Long Term Lease of Lot 6, Block 3, Merrill Field Replat to Pacific Alaskan Airways, LLC.

Author: cabanh

Initiating Dept: Merrill

Description: Authorizing the Long Term Lease of Lot 6, Block 3, Merrill Field Replat to Pacific Alaskan Airways, LLC.

Keywords: Merrill Field, Pacific Alaskan Airways

Date Prepared: 7/8/03 8:15 AM

Director Name: Daivd A. Lundebly

Document Number: AO 2003-116

Assembly Meeting Date 7/22/03 12:00 AM
MM/DD/YY:

Public Hearing Date 8/12/03 12:00 AM
MM/DD/YY:

Workflow History

<u>Workflow Name</u>	<u>Action Date</u>	<u>Action</u>	<u>User</u>	<u>Security Group</u>	<u>Content ID</u>
AllOrdinanceWorkflow	7/8/03 8:26 AM	Checkin	pebsworthla	Public	000967
Merrill_SubWorkflow	7/8/03 11:08 AM	Approve	lundeblyda	Public	000967
OMB_SubWorkflow	7/8/03 5:09 PM	Approve	foutzrs	Public	000967
Legal_SubWorkflow	7/9/03 12:03 PM	Approve	fehlenrl	Public	000967
MuniManager_SubWorkflow	7/14/03 3:05 PM	Approve	leblancdc	Public	000967
MuniMgrCoord_SubWorkflow	7/14/03 4:14 PM	Approve	abbottmk	Public	000967

INTRODUCTION

2003 JUL 15 PM 3:07
CLEANING OFFICE
M.O.A.