

Submitted by: Chairman of the Assembly
at the Request of the Mayor
Prepared by: Merrill Field Airport
For reading: June 22, 2004

CLERK'S OFFICE
APPROVED
Date: 7-6-04

ANCHORAGE, ALASKA
AO NO. 2004-102

1 AN ORDINANCE OF THE ANCHORAGE MUNICIPAL ASSEMBLY AUTHORIZING
2 THE LONG TERM LEASE BETWEEN THE MUNICIPALITY OF ANCHORAGE AS
3 LESSOR AND EXECUTIVE HANGARS OWNERS ASSOCIATION, AN ALASKA NON-
4 PROFIT CORPORATION, AS LESSEE OF LOT 1 BLOCK 8, MERRILL FIELD
5 REPLAT, LOCATED BETWEEN RUNWAY 15/33 AND MERRILL FIELD DRIVE.
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8 WHEREAS, Executive Hangars Owners Association, an Alaska non-profit
9 corporation, has entered into a purchase agreement with the existing leaseholder of Lot
10 1, Block 8, Merrill Field Replat; and
11

12 WHEREAS, Executive Hangars Owners Association has requested to make
13 considerable improvements to the leasehold which includes construction of a new
14 aircraft hangar building totaling approximately 12,800 square feet; and
15

16 WHEREAS, Executive Hangars Owners Association requires additional lease
17 term to make the proposed improvements economically feasible, the existing lease
18 term expires November 30, 2013 (9 years); and
19

20 WHEREAS, Merrill Field Airport is very supportive of new aircraft hangar
21 development and recommends entering into a new Lease as opposed to an extension
22 to the existing Lease for the additional lease term; and
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24 WHEREAS, disposal by lease of the real property described will permit
25 development of Lot 1 by Executive Hangars Owners Association at its own cost and
26 expense which further reflects a new sense of confidence and revitalization for our
27 locally owned airport thereby having a positive economic benefit to the Municipality; and
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29 WHEREAS, the current Merrill Field lease rate is consistent for all Merrill Field
30 Airport land leases with like uses and considered to be the market rate for airport
31 properties that are restricted to aeronautical uses; and
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33 WHEREAS, AMC Section 25.30.020 states that disposal of Municipal land shall
34 be by 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 8, Merrill Field Replat, located within the Anchorage Recording District of the Third Judicial District, composed of approximately 72,502 square feet, to Executive Hangars Owners Association, an Alaska non-profit corporation, upon the terms and conditions summarized in Assembly Memorandum No. 497 -2004 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 6th day of July, 2004.


Chairman

ATTEST:


Municipal Clerk

MUNICIPALITY OF ANCHORAGE
Summary of Economic Effects -- Utilities

AO Number: **2004-** 102

Title: **New Long Term Lease with Executive Hangars Owners Association for Lot 1, Block 8, 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>FY04</u> | <u>FY05</u> | <u>FY06</u> | <u>FY07</u> | <u>FY08</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 1, Block 8 remains the same.

The new lease requires Executive Hangars Owners Association to complete leasehold improvements (the construction of a new aircraft hangar building) at a cost of approximately \$1,000,000 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 497 -2004

Meeting Date: June 22, 2004

From: Mayor

Subject: An Ordinance Authorizing the Long Term Lease of Lot 1, Block 8, Merrill Field Replat to Executive Hangars Owners Association, an Alaska non-profit corporation

Executive Hangars Owners Association, an Alaska non-profit corporation, has entered into a purchase agreement with M. J. Osolnik (current Lessee of the original Lease between the Municipality of Anchorage and Merrill Flight Service - Lot 1, Block 8, Merrill Field Replat) to acquire the leasehold interest and existing building located along the east side of Runway 15/33. Executive Hangars Owners Association is planning to make considerable improvements to the leasehold which includes construction of an aircraft hangar building totaling approximately 12,800 square feet. To make the proposed improvements economically feasible, Executive Hangars Owners Association requires additional lease term; the existing Lease expires November 30, 2013 (9 years). Merrill Field Airport is very supportive of the new aircraft hangar development and recommends entering into a new Lease as opposed to an extension to the existing Lease for the additional lease term.

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

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

The rent, as set forth in the Lease, is the current per square foot rate paid by the 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 objective of Merrill Field Airport.

To complete the proposed leasing action, the following documents are required at the time of closing which is planned for July 2004: Assignment of Lease from M. J. Osolnik to Executive Hangars Owners Association; 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 Executive Hangars Owners Association. A summary of the Lease information follows:

Lessor: Municipality of Anchorage

Lessee: Executive Hangars Owners Association, an Alaska non-profit corporation

Location: Lot 1, Block 8, Merrill Field Replat, consisting of approximately 72,502 square feet (between Runway 15/33 and Merrill Field Drive).

Rent: Rental rate is \$0.16 per sq. ft. per year.

Rental Adjustment: Annually and at five year intervals.

Term: 35 years plus two additional ten-year renewal options.

Services provided: Utilities and maintenance of Lessee improvements.
by Lessee

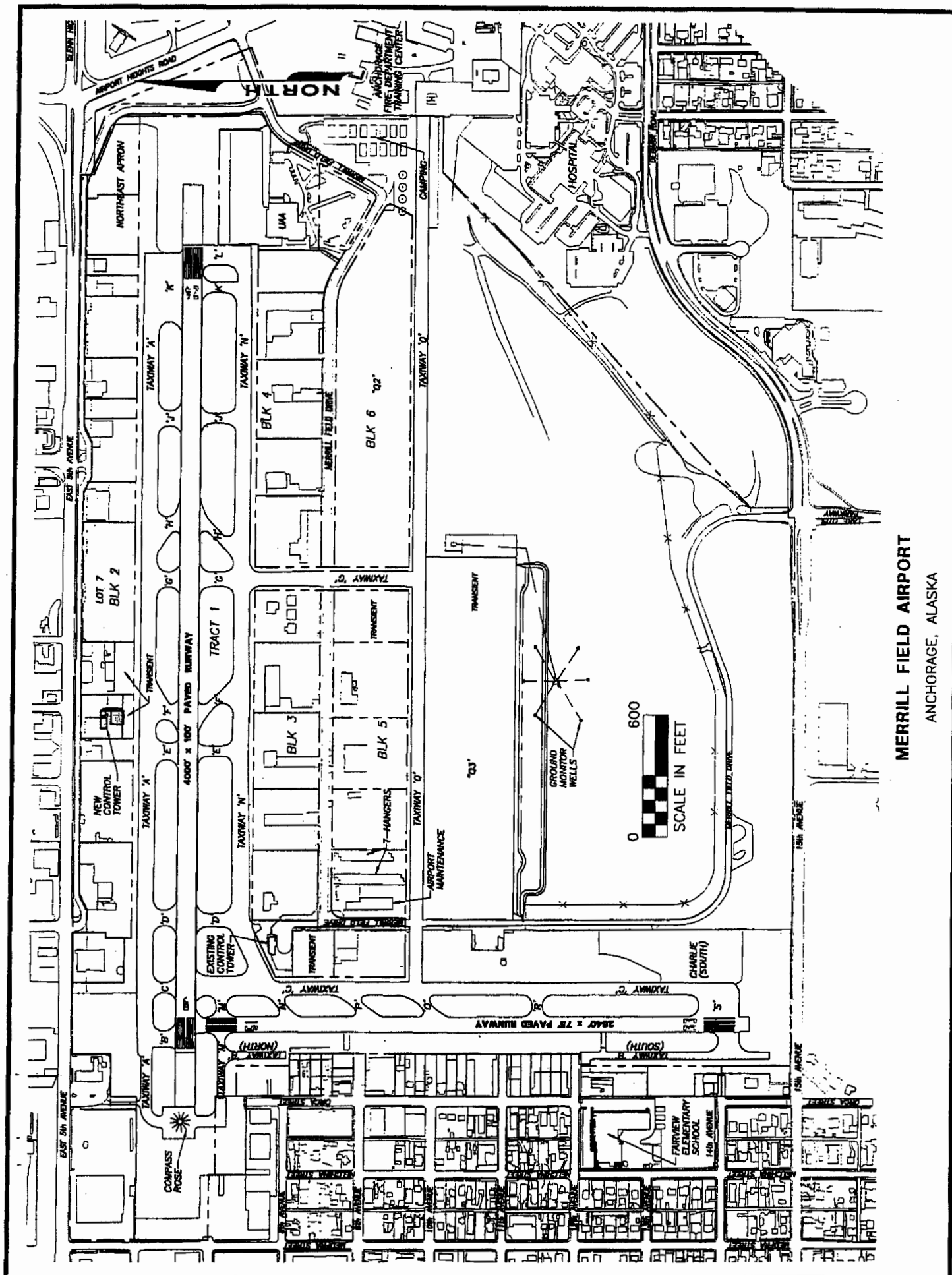
Special Provisions: Lessee, at its own cost and expense, will provide improvements to include construction of six aircraft hangars within one new pre-engineered steel buildings totaling approximately 12,800 square feet and other improvements as may be required in conjunction with said improvements; all to be completed within the first three years of lease at an approximate cost in excess of \$1,000,000. 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 EXECUTIVE HANGARS OWNERS ASSOCIATION, AN ALASKA NON-PROFIT CORPORATION.

Prepared by: David A. Lundeby, Manager, Merrill Field Airport

Concur: Denis C. LeBlanc, Municipal Manager

Respectfully Submitted, Mark Begich, Mayor



Content Information**Content ID :** 001876**Type:** Ordinance - AO**Title:** Executive Hangars Owners Association**Author:** pebsworthla**Initiating Dept:** Merrill**Date Prepared:** 6/4/04 9:57 AM**Director Name:** David A. Lundebly**Assembly Meeting Date MM/DD/YY:** 06/22/04**Public Hearing Date MM/DD/YY:** 07/06/04**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 | 6/4/04 10:03 AM | Checkin | pebsworthla | Public | 001876 |
| Merrill_SubWorkflow | 6/4/04 1:39 PM | Approve | lundeblyda | Public | 001876 |
| OMB_SubWorkflow | 6/4/04 3:53 PM | Approve | lohrra | Public | 001876 |
| Legal_SubWorkflow | 6/4/04 3:58 PM | Approve | fehlenrl | Public | 001876 |
| MuniManager_SubWorkflow | 6/11/04 9:02 AM | Approve | leblancdc | Public | 001876 |
| MuniMgrCoord_SubWorkflow | 6/11/04 10:18 AM | Approve | katkusja | Public | 001876 |

CONSENT AGENDA – INTRODUCTION

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M. D. A.