

CLERK'S OFFICE

**APPROVED**

Date: 8-17-04

Submitted by: Chairman of the Assembly  
at the Request of the Mayor

Prepared by: Merrill Field Airport

For reading: August 3, 2004

ANCHORAGE, ALASKA

AO NO. 2004-114

1 AN ORDINANCE OF THE ANCHORAGE MUNICIPAL ASSEMBLY AUTHORIZING  
2 THE LONG TERM LEASE BETWEEN THE MUNICIPALITY OF ANCHORAGE AS  
3 LESSOR AND FLIGHT SAFETY ALASKA, INC AS LESSEE OF LOT 3 BLOCK 2,  
4 MERRILL FIELD REPLAT, LOCATED BETWEEN RUNWAY 06/24 AND EAST 5<sup>TH</sup>  
5 AVENUE.

6  
7  
8 WHEREAS, Flight Safety Alaska, Inc is the existing leaseholder of Lot 3, Block  
9 2, Merrill Field Replat; and

10  
11 WHEREAS, Flight Safety Alaska, Inc has requested to make considerable  
12 improvements to the leasehold which includes construction of three aircraft hangar  
13 buildings totaling approximately 35,000 square feet; and

14  
15 WHEREAS, Flight Safety Alaska, Inc requires additional lease term to make the  
16 proposed improvements economically feasible, the existing lease term expires April 30,  
17 2014 (10 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 3 by Flight Safety Alaska, Inc at its own cost and expense which  
25 further reflects a new sense of confidence and revitalization for our locally owned airport  
26 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

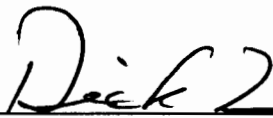
31  
32 WHEREAS, AMC Section 25.30.020 states that disposal of Municipal land shall  
33 be by ordinance only; now, therefore

THE ANCHORAGE MUNICIPAL ASSEMBLY ORDAINS:


Section 1. The Municipality of Anchorage is authorized to lease Lot 3, Block 2, Merrill Field Replat, located within the Anchorage Recording District of the Third Judicial District, composed of approximately 104,317 square feet, to Flight Safety Alaska, Inc upon the terms and conditions summarized in Assembly Memorandum No. 600-2004 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 17<sup>th</sup> day of August, 2004.

  
Chairman

ATTEST:

  
Municipal Clerk

AO Number: **2004-** 114 Title: New Long Term Lease with Flight Safety Alaska, Inc for  
Lot 3, Block 2, Merrill Field Replat

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

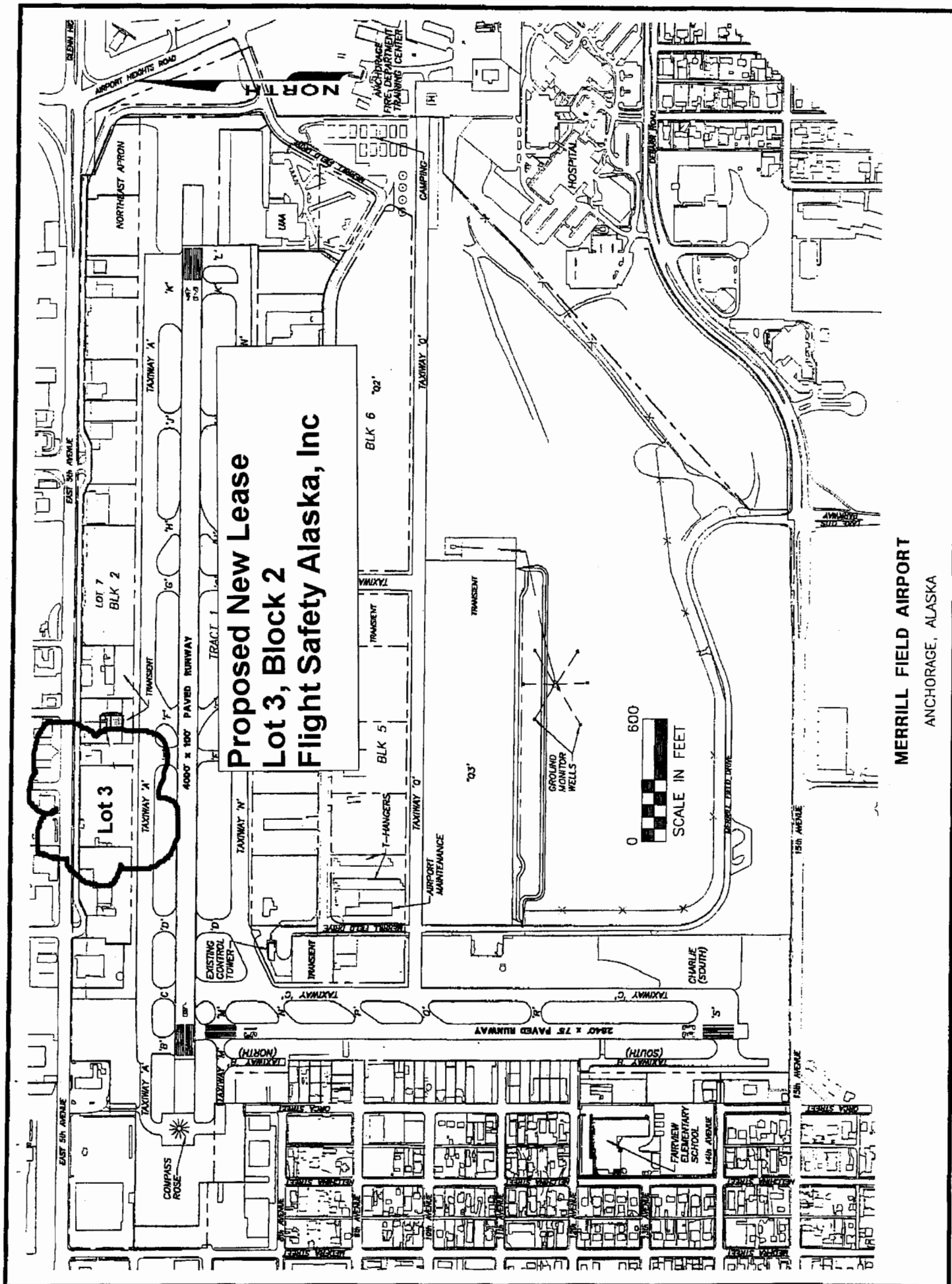
## (In Thousands of Dollars)

Will expand the existing tax base for General Government.

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

The new lease requires Flight Safety Alaska, Inc to complete leasehold improvements (the construction of a three new aircraft hangar buildings) at a cost of approximately \$2,000,000 within the first 3 years of the lease which will expand the existing tax base for General Government.

Date: \_\_\_\_\_



MERRILL FIELD AIRPORT  
 ANCHORAGE, ALASKA

# MUNICIPALITY OF ANCHORAGE

## ASSEMBLY MEMORANDUM

AM NO. 600-2004

Meeting Date: AUGUST 3, 2004

1 **From:** Mayor

2  
3 **Subject:** An Ordinance Authorizing the Long Term Lease of Lot 3, Block 2, Merrill  
4 Field Replat to Flight Safety Alaska, Inc.  
5

6 Flight Safety Alaska, Inc is the current Lessee of the original Lease between the  
7 Municipality of Anchorage and Anchorage Helicopter Services for Lot 3, Block 2, Merrill  
8 Field Replat which is located between Runway 6/24 and East 5<sup>th</sup> Avenue. Flight Safety  
9 Alaska, Inc is planning to make considerable improvements to the leasehold which includes  
10 construction of three aircraft hangar buildings totaling approximately 35,000 square feet. To  
11 make the proposed improvements economically feasible, Flight Safety Alaska, Inc requires  
12 additional lease term; the existing Lease expires April 30, 2014 (10 years). Merrill Field  
13 Airport is very supportive of the new aircraft hangar development and recommends entering  
14 into a new Lease as opposed to an extension to the existing Lease for the additional lease  
15 term.  
16

17 The proposed development of the property should result in a positive economic benefit for  
18 the citizens of the Municipality. The proposed use of the property supports the operational  
19 objective of Merrill Field to operate, maintain and develop airport facilities, to provide an  
20 environment that meets the need of the general aviation community and to encourage  
21 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 has  
27 assumed certain obligations, either by contract or by restrictive covenants and deeds, which  
28 require it to maintain and operate its airport facilities safely and efficiently and in accordance  
29 with certain specified and agreed upon conditions. Airport property, as a condition, is  
30 restricted to aeronautical uses unless a determination is made by the FAA that it is in  
31 surplus of that need. Also, all revenue derived from the use of obligated airport property  
32 must be used for the operation, maintenance or development of the airport and the airport  
33 should be as self-sustaining as possible under the circumstances. These obligations and  
34 grant assurances have an impact on property values and must be complied with at all times  
35 for the airport to retain and continue to receive its Federal grant funding assistance.  
36

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

To complete the proposed leasing action, the following documents are required at the time of closing which is planned for August 2004: The Mutual Cancellation of the existing Lease and, subject to Assembly approval, the execution of a new Lease between the Municipality and Flight Safety Alaska, Inc. A summary of the Lease information follows:

Lessor: Municipality of Anchorage

Lessee: Flight Safety Alaska, Inc

Location: Lot 3, Block 2, Merrill Field Replat, consisting of approximately 104,317 square feet (between Runway 6/24 and East 5<sup>th</sup> Avenue).

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 three pre-engineered steel aircraft hangar buildings totaling approximately 35,000 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 \$2,000,000. 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 FLIGHT SAFETY ALASKA INC.

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

Concur: Denis C. LeBlanc, Municipal Manager

Respectfully Submitted, Mark Begich, Mayor

**Content Information****Content ID :** 002009**Type:** Ordinance - AO**Title:** Flight Safety Alaska, Inc. Long Term Lease**Author:** pebsworthla**Initiating Dept:** Merrill**Description:** New Long Term Lease with Flight Safety Alaska Inc**Keywords:** Flight Safety Alaska**Date Prepared:** 7/16/04 8:15 AM**Director Name:** David A. Lundebly**Assembly Meeting Date**  
**MM/DD/YY:** 8/3/04**Public Hearing Date MM/DD/YY:** 8/17/04**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	7/16/04 8:29 AM	Checkin	pebsworthla	Public	002009
Merrill_SubWorkflow	7/16/04 9:17 AM	Approve	lundeblyda	Public	002009
OMB_SubWorkflow	7/16/04 10:43 AM	Approve	pearcydl	Public	002009
Legal_SubWorkflow	7/19/04 10:50 AM	Approve	fehlenrl	Public	002009
MuniManager_SubWorkflow	7/23/04 7:06 AM	Approve	leblancdc	Public	002009
MuniMgrCoord_SubWorkflow	7/23/04 8:09 AM	Approve	katkusja	Public	002009

**CONSENT AGENDA - INTRODUCTION**

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