

Submitted by: Chairman of the Assembly  
at the Request of the Mayor  
Prepared by: Merrill Field Airport  
For reading: September 7, 2004

ANCHORAGE, ALASKA  
AO NO. 2004-128

CLERK'S OFFICE  
APPROVED  
Date: 9-21-04

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 2 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 2, 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 an 8-unit aircraft hangar  
13 building totaling approximately 11,800 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 July 31,  
17 2011 (7 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 2 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

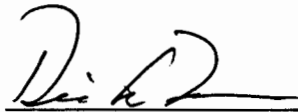
32 WHEREAS, AMC Section 25.30.020 states that disposal of Municipal land shall  
33 be by ordinance only; now, therefore  
34  
35  
36  
37  
38

THE ANCHORAGE MUNICIPAL ASSEMBLY ORDAINS:

Section 1. The Municipality of Anchorage is authorized to lease Lot 2, Block 2, Merrill Field Replat, located within the Anchorage Recording District of the Third Judicial District, composed of approximately 114,873 square feet, to Flight Safety Alaska, Inc upon the terms and conditions summarized in Assembly Memorandum No. 684-2004 submitted to the Assembly in conjunction with this ordinance and attached hereto.

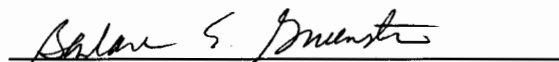
Section 2. This ordinance shall take effect immediately upon passage and approval by the Anchorage Municipal Assembly.

PASSED AND APPROVED by the Anchorage Municipal Assembly this 21<sup>st</sup> day of September, 2004.



Chairman

ATTEST:

  
Municipal Clerk

**MUNICIPALITY OF ANCHORAGE**  
**Summary of Economic Effects -- General Government**

**CHANGES IN EXPENDITURES AND REVENUES:** (In Thousands of Dollars)

Prepared by:	<u>David A. Lundebly, Manager, Merrill Field Airport</u>	Telephone: <u>343-6305</u>
Validated by OMB:	<u>  </u>	Date: <u>                    </u>
Approved by:	<u>  </u> (Director, Preparing Agency)	Date: <u>                    </u>
Concurred by:	<u>  </u> (Director, Impacted Agency)	Date: <u>                    </u>
Approved by:	<u>  </u> (Municipal Manager)	Date: <u>                    </u>

# MUNICIPALITY OF ANCHORAGE

## ASSEMBLY MEMORANDUM

AM NO. 684-2004

Meeting Date: September 7, 2004

1 **From:** Mayor

2  
3 **Subject:** An Ordinance Authorizing the Long Term Lease of Lot 2, 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 Joseph Wilbur dba Wilbur Repair Service for Lot 2, Block 2,  
8 Merrill Field Replat which is located between Runway 6/24 and East 5<sup>th</sup> Avenue. Flight  
9 Safety Alaska, Inc is planning to make considerable improvements to the leasehold which  
10 includes construction of an 8-unit aircraft hangar building totaling approximately 11,800  
11 square feet. To make the proposed improvements economically feasible, Flight Safety  
12 Alaska, Inc requires additional lease term; the existing Lease expires July 31, 2011 (7  
13 years). Merrill Field Airport is very supportive of the new aircraft hangar development and  
14 recommends entering into a new Lease as opposed to an extension to the existing Lease  
15 for the additional lease 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 October 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 2, Block 2, Merrill Field Replat, consisting of approximately 114,873 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

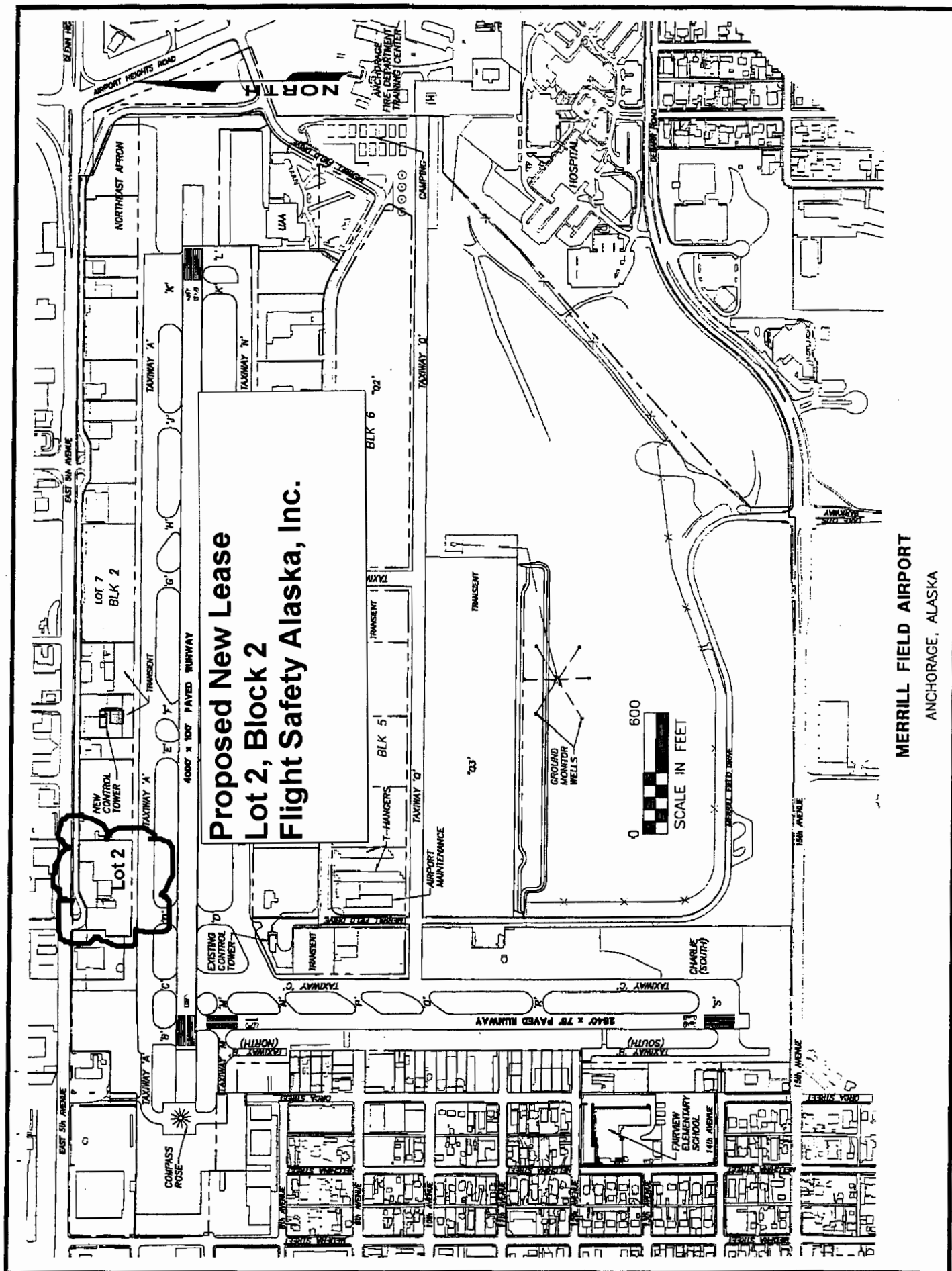
Special Provisions: Lessee, at its own cost and expense, will provide improvements to include construction of an 8-unit pre-engineered steel aircraft hangar building totaling approximately 11,800 square feet and other improvements as may be required in conjunction with said improvements; all to be completed within the first three years of lease at an approximate cost in excess of \$900,000. 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



AD 2004-128

### Content Information

Content ID : 002094

Revision: 0

Type: Ordinance - AO

Title: Long Term Lease Flight Safety Alaska, Inc. Lot  
2 Block 2

Author: pebsworthla

Initiating Dept: Merrill

Review Depts:

Description: Long Term Lease Flight Safety Alaska, Inc. Lot  
2 Block 2

Keywords: Long Term Lease, Flight Safety Alaska

Date Prepared: 8/18/04 2:20 PM

Director Name: David A. Lundebly

Addnl Dept Review ? : No

Addnl Review Depts:

Mayor Review?: No

Requested Assembly Meeting Date 9/7/04 12:00 AM  
MM/DD/YY:

Requested Public Hearing Date 9/21/04 12:00 AM  
MM/DD/YY:

2004 AUG 31 AM 9:17  
CLERK OF COURT  
M D A

### Workflow History

<u>Workflow Name</u>	<u>Action Date</u>	<u>Action</u>	<u>User</u>	<u>Security Group</u>	<u>Content ID</u>	<u>Revision</u>
AllOrdinanceWorkflow	8/18/04 2:24 PM	Checkin	pebsworthla	Public	002094	0
Merrill_SubWorkflow	8/18/04 2:31 PM	Approve	lundeblyda	Public	002094	0
OMB_SubWorkflow	8/18/04 4:41 PM	Approve	pearcydl	Public	002094	0
Legal_SubWorkflow	8/18/04 5:25 PM	Approve	fehlenrl	Public	002094	0
MuniManager_SubWorkflow	8/26/04 9:42 AM	Approve	leblancdc	Public	002094	0
MuniMgrCoord_SubWorkflow	8/26/04 10:32 AM	Approve	katkusja	Public	002094	0

*Introduction*