

Submitted by: Chair of the Assembly
at the Request of the Mayor
Prepared by: Merrill Field Airport
For reading: May 2, 2006

CLEVER'S OFFICE
APPROVED
Date: 5-16-06

ANCHORAGE, ALASKA
AO NO. 2006-74

1 AN ORDINANCE OF THE ANCHORAGE MUNICIPAL ASSEMBLY AUTHORIZING
2 THE LONG TERM LEASE BETWEEN THE MUNICIPALITY OF ANCHORAGE AS
3 LESSOR AND DAN HOLLINGSWORTH DBA DAN'S AIRCRAFT REPAIR AS LESSEE
4 OF LOT 5A BLOCK 3 MERRILL FIELD REPLAT ADDITION NO. 2 LOCATED
5 BETWEEN RUNWAY 07/25 AND MERRILL FIELD DRIVE.
6

7
8 WHEREAS, Dan Hollingsworth dba Dan's Aircraft Repair is the existing
9 leaseholder of Lot 5A, Block 3, Merrill Field Replat Addition No. 2; and
10

11 WHEREAS, Dan Hollingsworth dba Dan's Aircraft Repair has requested to make
12 considerable improvements to the leasehold which includes constructing 19 new aircraft
13 hangars in a 4 building complex totaling approximately 31,115 square feet; and
14

15 WHEREAS, Dan Hollingsworth dba Dan's Aircraft Repair requires additional
16 lease term to make the proposed improvements economically feasible, the existing
17 lease term expires January 31, 2015 (9 years); and
18

19 WHEREAS, Merrill Field Airport is very supportive of new aircraft hangar
20 development and recommends canceling the existing lease and entering into a new
21 Lease as opposed to an extension to the existing Lease for the additional lease term;
22 and
23

24 WHEREAS, disposal by lease of the real property described will permit
25 development of Lot 5A by Dan Hollingsworth dba Dan's Aircraft Repair at its own cost
26 and 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
32

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

THE ANCHORAGE MUNICIPAL ASSEMBLY ORDAINS:

Section 1. The Municipality of Anchorage is authorized to cancel the existing lease upon mutual consent and enter a new lease at market rates for Lot 5A, Block 3, Merrill Field Replat Addition No. 2, located within the Anchorage Recording District of the Third Judicial District, composed of approximately 110,342 square feet, with Dan Hollingsworth dba Dan's Aircraft Repair upon the terms and conditions summarized in Assembly Memorandum No. 324-2006 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 16th day of May, 2006.

Daniel A. Sullivan
Chair of the Assembly

ATTEST:

Barbara E. Duenert
Municipal Clerk

MUNICIPALITY OF ANCHORAGE
Summary of Economic Effects -- General Government

AO Number: 2006- 74

Title: **AN ORDINANCE OF THE ANCHORAGE MUNICIPAL ASSEMBLY
AUTHORIZING THE LONG TERM LEASE BETWEEN THE MUNICIPALITY
OF ANCHORAGE AS LESSOR AND DAN HOLLINGSWORTH DBA DAN'S
AIRCRAFT REPAIR AS LESSEE OF LOT 5A BLOCK 3 MERRILL FIELD
REPLAT ADDITION NO. 2 LOCATED BETWEEN RUNWAY 07/25 AND
MERRILL FIELD DRIVE**

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

CHANGES IN EXPENDITURES AND REVENUES:

(In Thousands of Dollars)

	<u>FY06</u>	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>FY10</u>
Operating Expenditures					
1000 Personal Services					
2000 Non-Labor					
3900 Contributions					
4000 Debt Service					
TOTAL DIRECT COSTS:	\$ -	\$ -	\$ -	\$ -	\$ -
Add: 6000 Charges from Others					
Less: 7000 Charges to Others					
FUNCTION COST:	\$ -	\$ -	\$ -	\$ -	\$ -
REVENUES:		\$ 39	\$ 39	\$ 39	\$ 39
CAPITAL:					
POSITIONS: FT/PT and Temp	0	0	0	0	0

PUBLIC SECTOR ECONOMIC EFFECTS:

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: David A. Lundeby, Manager, Merrill Field Airport
Validated by OMB: Janet L. Miston
Approved by: David A. Lundeby, Manager, Merrill Field Airport

Telephone: 343-6305
Date: _____
Date: 4/24/2006

MUNICIPALITY OF ANCHORAGE

ASSEMBLY MEMORANDUM

No. AM 326 -2006

Meeting Date: May 2, 2006

From: Mayor

Subject: An Ordinance Authorizing the Long Term Lease of Lot 5A, Block 3, Merrill Field Replat Addition No. 2 to Dan Hollingsworth dba Dan's Aircraft Repair

Dan Hollingsworth is the current Lessee of the original Lease between the Municipality of Anchorage and Frank A. Danner and Phillip W. Brown for Lot 5A, Block 3, Merrill Field Replat Addition No. 2 which is located between Runway 7/25 and Merrill Field Drive. Dan Hollingsworth is planning to make considerable improvements to the leasehold which includes constructing 19 new aircraft hangars in a 4 building complex totaling approximately 31,115 square feet. To make the proposed improvements economically feasible, Dan Hollingsworth requires additional lease term; the existing Lease expires January 31, 2015 (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 May 2006: The Mutual Cancellation of the existing Lease and, subject to Assembly approval, the execution of a new Lease between the Municipality and Dan Hollingsworth dba Dan's Aircraft Repair. A summary of the Lease information follows:

Lessor: Municipality of Anchorage

Lessee: Dan Hollingsworth dba Dan's Aircraft Repair

Location: Lot 5A, Block 3, Merrill Field Replat Addition No. 2, consisting of approximately 110,342 square feet (between Runway 7/25 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

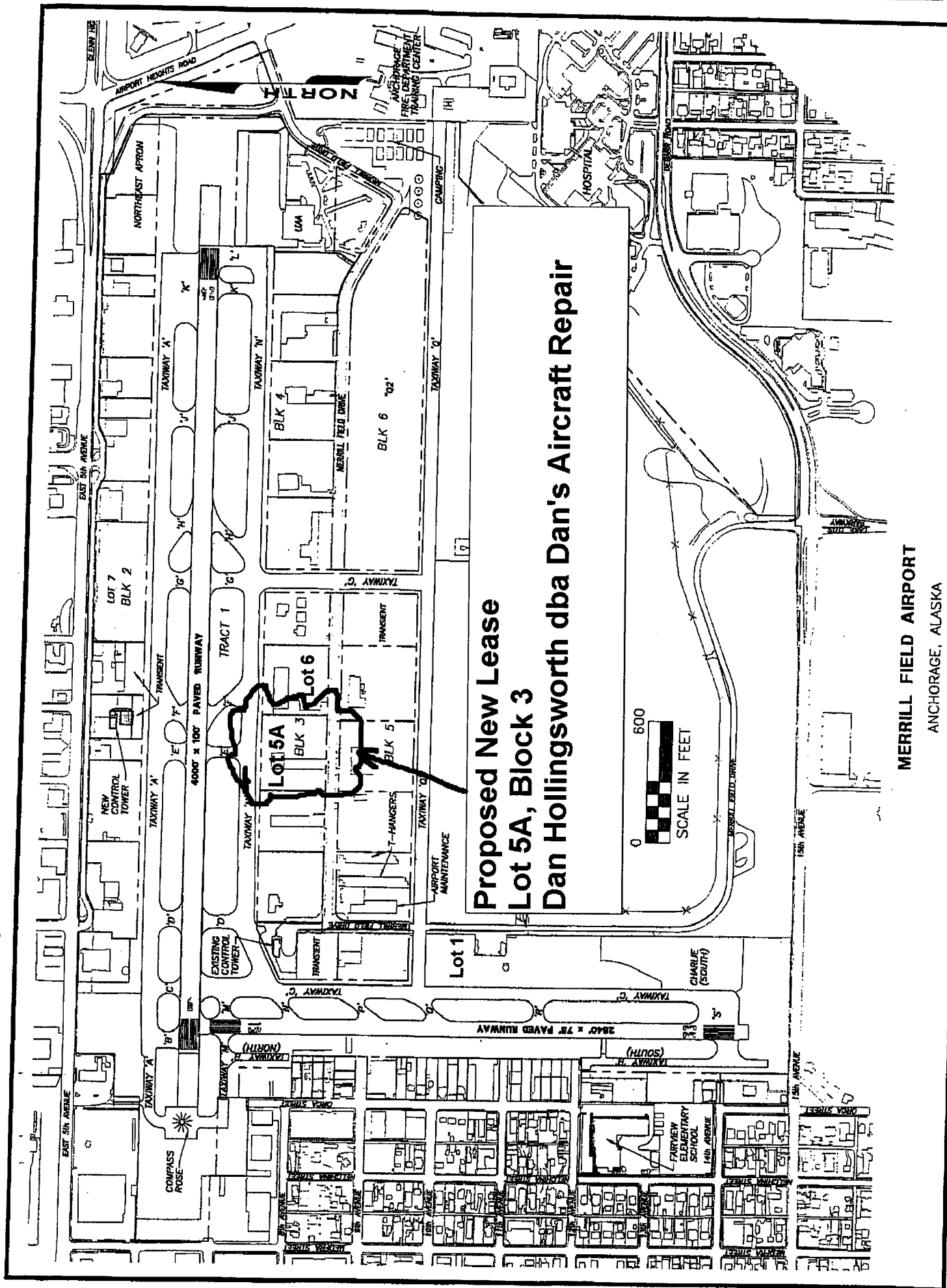
Special Provisions: Lessee, at its own cost and expense, will provide improvements to include constructing 19 new pre-engineered steel aircraft hangars in a 4 building complex totaling approximately 31,115 square feet and other improvements as may be required in conjunction with said improvements; all to be completed within the first two years of lease at an approximate cost in excess of \$2,400,000. 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 DAN HOLLINGSWORTH DBA DAN'S AIRCRAFT REPAIR.

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

Concur: Denis C. LeBlanc, Municipal Manager

Respectfully Submitted, Mark Begich, Mayor



Content Information

Content ID : 003930

Type: Ordinance - AO

AN ORDINANCE OF THE ANCHORAGE MUNICIPAL ASSEMBLY
AUTHORIZING THE LONG TERM LEASE BETWEEN THE MOA ASTitle: LESSOR AND DAN HOLLINGSWORTH DBA DAN'S AIRCRAFT
REPAIR AS LESSEE OF LOT 5A BLOCK 3 MERRILL FIELD REPLAT
ADDITION NO. 2

Author: luebkela

Initiating Dept: Merrill

Date Prepared: 4/24/06 10:18 AM

Director Name: David A. Lundebly

Assembly

Meeting Date 5/2/06

MM/DD/YY:

Public Hearing

Date 5/16/06

MM/DD/YY:

2006 APR 28 PM 2:40
Clerks Office

M.C.A.

Workflow History

Workflow Name	Action Date	Action	User	Security Group	Content ID
AllOrdinanceWorkflow	4/24/06 10:37 AM	Checkin	luebkela	Public	003930
AllOrdinanceWorkflow	4/24/06 10:47 AM	Reject	lundeblyda	Public	003930
AllOrdinanceWorkflow	4/24/06 10:49 AM	Checkin	luebkela	Public	003930
Merrill_SubWorkflow	4/24/06 10:59 AM	Approve	lundeblyda	Public	003930
OMB_SubWorkflow	4/24/06 5:30 PM	Approve	mitsonjl	Public	003930
AllOrdinanceWorkflow	4/25/06 12:17 PM	Reject	gatesdt	Public	003930
AllOrdinanceWorkflow	4/25/06 12:54 PM	Checkin	luebkela	Public	003930
Merrill_SubWorkflow	4/25/06 1:27 PM	Approve	lundeblyda	Public	003930
OMB_SubWorkflow	4/25/06 2:42 PM	Approve	mitsonjl	Public	003930
Legal_SubWorkflow	4/25/06 3:16 PM	Approve	gatesdt	Public	003930
MuniManager_SubWorkflow	4/28/06 10:54 AM	Approve	leblancdc	Public	003930
MuniMgrCoord_SubWorkflow	4/28/06 12:13 PM	Approve	curtiscr	Public	003930



CONSENT AGENDA - INTRODUCTION