

Submitted by: Chair of the Assembly
at the Request of the Mayor
Prepared by: Merrill Field Airport
For reading: June 6, 2006

CLERK'S OFFICE

APPROVED

Date: 6-20-06

ANCHORAGE, ALASKA
AO NO. 2006- 85

1 AN ORDINANCE OF THE ANCHORAGE MUNICIPAL ASSEMBLY AUTHORIZING
2 THE LONG TERM LEASE BETWEEN THE MUNICIPALITY OF ANCHORAGE AS
3 LESSOR AND JANSSEN HANGARS LLC AS LESSEE OF LOT 3, FAIRVIEW
4 SCHOOL ADDN. NO. 1, LOCATED BETWEEN RUNWAY 16/34 AND ORCA STREET.

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7 WHEREAS, the Municipality of Anchorage advertised an Invitation to Bid No.
8 26B034 for providing a lease of Lot 3, Fairview School Addn. No. 1, located on the west
9 side of Merrill Field Airport; and

10
11 WHEREAS, Municipal Purchasing is prepared to award Invitation to Bid No.
12 26B034 to Janssen Hangars LLC; and

13
14 WHEREAS, as a requirement of the bid award, Janssen Hangars LLC is
15 required to execute a Lease Agreement and pay an amount equal to the total bid
16 offered to the Municipality; and

17
18 WHEREAS, the new Lease Agreement requires Janssen Hangars LLC to
19 provide considerable improvements to the leasehold, including the demolition and/or
20 removal of an existing 4,300 square foot two story building and the construction,
21 operation and maintenance of a new multi unit hangar building with a minimum of eight
22 (8) hangar units; and

23
24 WHEREAS, Merrill Field Airport is very supportive of new aircraft hangar
25 development and recommends entering into a new Lease; and

26
27 WHEREAS, disposal by lease of the real property described permits
28 development of Lot 3 by Janssen Hangars LLC at its own cost and expense, further
29 reflecting a new sense of confidence and revitalization for our locally owned airport and
30 thereby having a positive economic benefit to the Municipality; and

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

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36 WHEREAS, AMC Section 25.30.020 states that disposal of Municipal land shall
37 be by ordinance only; now therefore,
38
39

THE ANCHORAGE MUNICIPAL ASSEMBLY ORDAINS:

Section 1. The Municipality of Anchorage is authorized to enter a new lease at market rates for Lot 3, Fairview School Addn. No. 1, located within the Anchorage Recording District of the Third Judicial District, composed of approximately 53,765 square feet, with Janssen Hangars LLC upon the terms and conditions summarized in Assembly Memorandum No. 402-2006 submitted to the Assembly in conjunction with this ordinance and attached hereto.

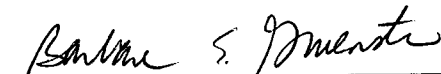
Section 2. The approval of this ordinance will also approve the award of Invitation to Bid No. 26B034 to Janssen Hangars LLC.

Section 3. This ordinance shall take effect immediately upon passage and approval by the Anchorage Municipal Assembly.

PASSED AND APPROVED by the Anchorage Municipal Assembly this 20th day of June, 2006.


Chair of the Assembly

ATTEST:


Municipal Clerk

MUNICIPALITY OF ANCHORAGE
Summary of Economic Effects -- Utilities

AO Number: 2006- 85

Title: **AN ORDINANCE OF THE ANCHORAGE MUNICIPAL ASSEMBLY
AUTHORIZING THE LONG TERM LEASE BETWEEN THE MUNICIPALITY
OF ANCHORAGE AS LESSOR AND JANSSEN HANGARS LLC AS
LESSEE OF LOT 3, FAIRVIEW SCHOOL ADDN NO. 1, LOCATED
BETWEEN RUNWAY 16/34 AND ORCA STREET.**

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

CHANGES IN REVENUES AND EXPENSES:		(In Thousands of Dollars)				
	<u>FY06</u>	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>FY10</u>	
Operating Revenues:						
TOTAL OPERATING REVENUES	\$ 150	\$ -	\$ -	\$ -	\$ -	
Operating Expenses:						
TOTAL OPERATING EXPENSES	\$ -	\$ -	\$ -	\$ -	\$ -	
Non-Operating Revenues:						
TOTAL NON-OPERATING REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -	
Non-Operating Expenses:						
TOTAL NON-OPERATING EXPENSES	\$ -	\$ -	\$ -	\$ -	\$ -	
NET INCOME (REGULATED)	\$ 150					
POSITIONS: FT/PT and Temp						

PUBLIC SECTOR ECONOMIC EFFECTS:

The highest responsive bidder for ITB No. 26B034 was Janssen Hangars LLC in the amount of \$150,050 which is a one time payment to be credited to the Merrill Field Airport revenue account.

The new lease requires Janssen Hangars LLC to complete leasehold improvements (the construction of a new aircraft hangar building) at a cost of approximately \$1,000,000 within the first 2 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: David A. Lundeby, Manager, Merrill Field Airport

Telephone: 343-6303

MUNICIPALITY OF ANCHORAGE

ASSEMBLY MEMORANDUM

No. AM 402-2006

Meeting Date: June 6, 2006

From: MAYOR

Subject: An Ordinance Authorizing the Long Term Lease of Lot 3, Fairview School Addn.
No. 1 to Janssen Hangars LLC

Municipal Purchasing Department advertised and received bids on Invitation to Bid No. 26B034 to provide a lease of municipal land at Merrill Field Airport. The purpose of the proposed lease is to allow a private entity to construct a multi-unit hangar building with a minimum of eight (8) hangar units for purpose of sale, lease or rent of the individual hangar units to others.

Merrill Field Airport has made a Recommendation of Award (Memorandum dated May 22, 2006 attached) and the Municipal Purchasing Department is prepared to award Invitation to Bid No. 26B034 to Janssen Hangars LLC. Assembly approval of this ordinance will also approve the award of ITB No. 26B034 to Janssen Hangars LLC.

As a requirement of the bid award, Janssen Hangars LLC is required to execute a Lease Agreement and pay an amount equal to the bid offered to the citizens of the Municipality. The new Lease Agreement requires Janssen Hangars LLC to provide considerable improvements to the leasehold, including the demolition and/or removal of an existing 4,300 square foot two-story building and the construction, operation and maintenance of a new multi unit hangar building with a minimum of eight (8) hangar units. The use of the multi-unit hangar building is limited to non-commercial storage and maintenance of small aircraft. Merrill Field Airport is very supportive of the new aircraft hangar development.

The proposed development of the property is expected to 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 meeting 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, received numerous grants for the development of Merrill Field Airport and assumed certain obligations, either by contract or by restrictive covenants and deeds, requiring 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 impact 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.

A summary of the Lease information follows:

Lessor: Municipality of Anchorage

Lessee: Janssen Hangars LLC

Location: Lot 3, Fairview School Addn. No. 1, consisting of approximately 53,765 square feet (located between Runway 16/34 and Orca Street).

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

Rental Adjustment: Annually and at five year intervals.

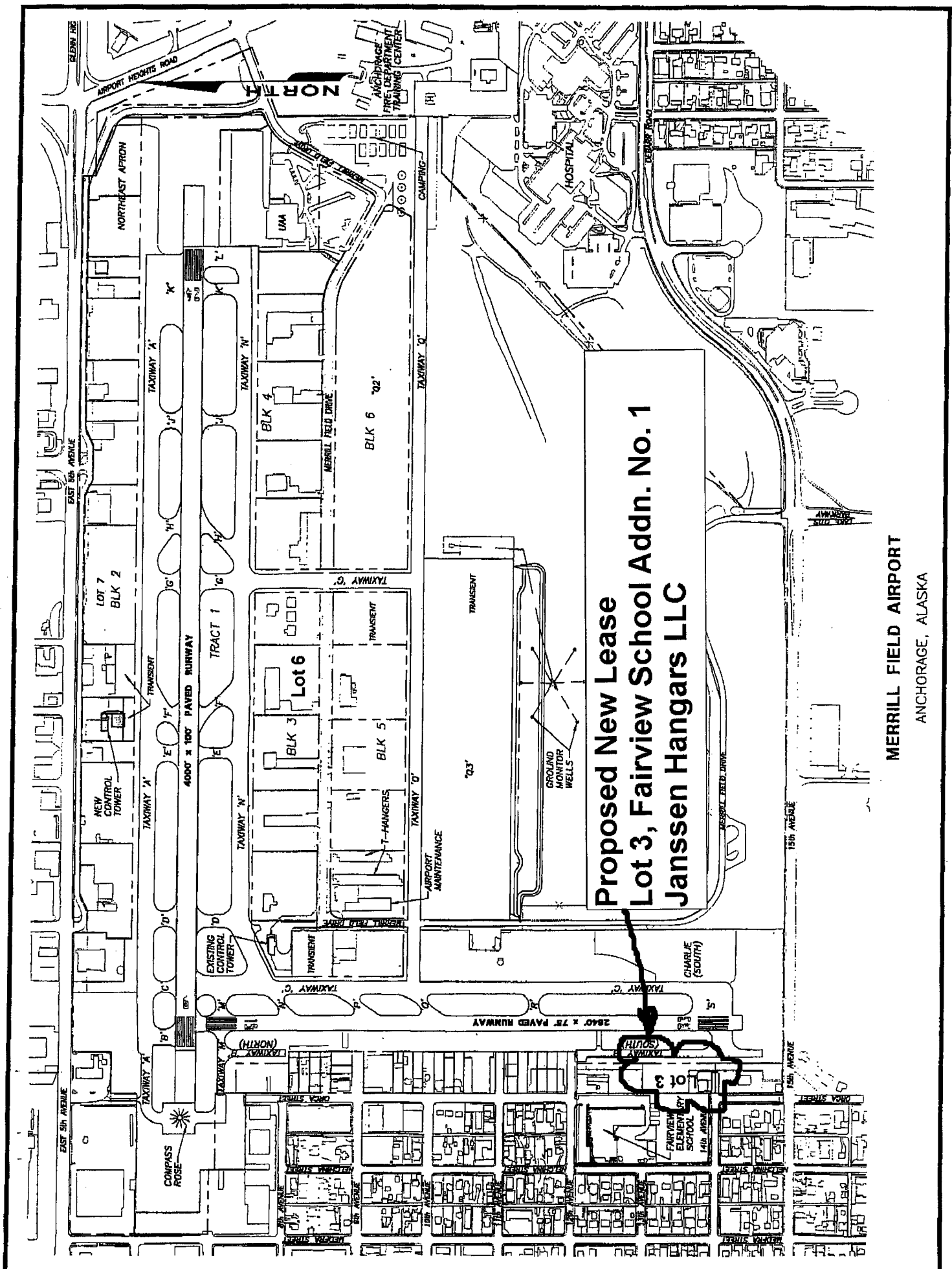
Term: 35 years plus two additional ten-year renewal options.

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

Special Provisions: Lessee, at its own cost and expense, shall provide improvements to include demolition and/or removal of an existing 4,300 square foot two story building and the construction, operation and maintenance of a new multi unit hangar building with a minimum of eight (8) hangar units 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 \$1,000,000. Property usage shall be restricted to non-commercial storage and maintenance of small aircraft.

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 JANSSEN HANGARS LLC.

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



MUNICIPALITY OF ANCHORAGE

MEMORANDUM

DATE: May 22, 2006
TO: Barton R. Mauldin, Purchasing Officer
FROM: David A. Lundebry, Manager, Merrill Field Airport
SUBJECT: Recommendation of Award, ITB No. 26B034
The Lease of Land at Merrill Field Airport
Lot 3, Fairview School Addn. No. 1

Bids for Lease of Land at Merrill Field Airport were opened in the office of the Purchasing Officer on May 19, 2006, at 10:00 A.M., A.D.S.T. The intent of this project is to offer the public an opportunity for the award of a lease of Lot 3, Fairview School Addn. No. 1. The purpose of the proposed lease is to allow a private entity to construct a multi unit aircraft hangar building for the purpose of sale, lease or rent of the individual hangar units to others.

Merrill Field has reviewed the bids and recommends award to the highest responsive bidder, Janssen Hangars, LLC, in the total amount of \$150,050.00, to be credited to the Merrill Field Airport revenue account as follows:

9798-580-8980 0000-000 2006 898000 \$150,050.00

Based upon the attached bid summary, it is recommended that the award be made to:

Janssen Hangars, LLC

Attachments: Bid Tab

Content Information**Content ID :** 004024**Type:** Ordinance - AO

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HANGARS LLC AS LESSEE OF LOT 3, FAIRVIEW SCHOOL ADDN.
NO. 1, LOCATED BETWEEN RUNWAY 16/34 AND ORCA STREET.

Author: lundebyda**Initiating Dept:** Merrill**Review Depts:** Purchasing

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Keywords: AN ORDINANCE OF THE ANCHORAGE MUNICIPAL ASSEMBLY
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Date Prepared: 5/26/06 9:18 AM**Director Name:** David A. Lundebby**Assembly****Meeting Date** 6/6/06**MM/DD/YY:****Public Hearing****Date** 6/20/06**MM/DD/YY:**

2006 MAY 30 AM 9:06
CLEANING OFFICE

Workflow History

Workflow Name	Action Date	Action	User	Security Group	Content ID
AllOrdinanceWorkflow	5/26/06 9:19 AM	Checkin	lundebyda	Public	004024
Merrill_SubWorkflow	5/26/06 9:30 AM	Approve	lundebyda	Public	004024
Purchasing_SubWorkflow	5/26/06 10:18 AM	Approve	mauldinbr	Public	004024
OMB_SubWorkflow	5/26/06 11:34 AM	Approve	mitsonjl	Public	004024
Legal_SubWorkflow	5/26/06 11:39 AM	Approve	fehlenrl	Public	004024
MuniManager_SubWorkflow	5/26/06 2:17 PM	Approve	abbottmk	Public	004024
MuniMgrCoord_SubWorkflow	5/26/06 2:17 PM	Approve	abbottmk	Public	004024