

Submitted by: Chair of the Assembly at the  
Request of the Mayor  
Prepared by: Merrill Field Airport  
For Reading: July 17, 2007

CLERK'S OFFICE

APPROVED

ANCHORAGE, ALASKA

Date: 7-14-07

AO 2007- 98

1 AN ORDINANCE AUTHORIZING THE LONG TERM LEASE BETWEEN THE  
2 MUNICIPALITY OF ANCHORAGE AS LESSOR AND STODDARD AERO  
3 SERVICES INCORPORATED AS LESSEE OF LOT 16 AND LOT 17, BLOCK 2  
4 MERRILL FIELD REPLAT WHICH WILL BE REPLATTED INTO ONE LARGE  
5 LOT LOCATED BETWEEN RUNWAY 07/25 AND GLENN HIGHWAY.  
6

7  
8 **WHEREAS**, Stoddard Aero Service, Inc. an Alaska corporation is the current  
9 leaseholder of Lot 11 and Lot 12, Block 2, Merrill Field Replat; and  
10

11 **WHEREAS**, the State of Alaska, Department of Transportation and Public  
12 Facilities is undertaking the widening of the Glenn Highway from four lanes to six  
13 lanes which project is known as the Glenn Highway, Gambell Street to Airport  
14 Heights Reconstruction Project and the State will be purchasing Stoddard Aero  
15 Service interest in Lot 11 and Lot 12, Block 2 and demolishing the existing  
16 office/retail/hangar building on said lots; and  
17

18 **WHEREAS**, in conjunction with the State's project, existing lease Lot 16 and Lot  
19 17, Block 2 are anticipated to be replatted and become one new lease lot; and  
20

21 **WHEREAS**, Stoddard Aero Service would like to remain on Merrill Field Airport  
22 by entering into a new long term lease agreement for the area resulting from  
23 replatted Lot 16 and Lot 17, Block 2; and  
24

25 **WHEREAS**, Stoddard Aero Service has requested to make considerable  
26 improvements to the new lease area which includes a new office/retail/hangar  
27 building to house their existing aviation business; and  
28

29 **WHEREAS**, in anticipation of the replatting and to expedite the construction of  
30 the new office/retail/hangar building, Stoddard Aero Service would like to  
31 immediately enter into a month to month lease of existing Lot 16 and Lot 17,  
32 Block 2 and a Letter of Intent to Lease summarizing the basic terms and  
33 conditions of the proposed new long term lease of the replatted Lot 16 and Lot  
34 17, Block 2; and  
35

36 **WHEREAS**, Merrill Field supports the described leasing actions and new  
37 office/retail/hangar development in an effort to retain one of the Airport's long  
38 term tenants; and

1 **WHEREAS**, the current Merrill Field lease rate is consistent for all Merrill Field  
2 Airport land leases with like uses and considered to be the market rate for airport  
3 properties that are restricted to aeronautical uses; and  
4

5 **WHEREAS**, AMC Section 25.30.020 states that disposal of Municipal land shall  
6 be by ordinance only; now therefore,  
7

8 **THE ANCHORAGE MUNICIPAL ASSEMBLY ORDAINS:**  
9

10 **Section 1.** The Municipality of Anchorage is authorized to enter a new lease at  
11 market rates for the area described as the replatted Lot 16 and Lot 17, Block 2,  
12 Merrill Field Replat, located within the Anchorage Recording District of the Third  
13 Judicial District, composed of approximately 150,000 square feet, with Stoddard  
14 Aero Service, Inc. upon the terms and conditions summarized in Assembly  
15 Memorandum No. 441-2007 submitted to the Assembly in conjunction with this  
16 ordinance and attached hereto.  
17

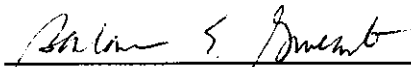
18 **Section 2.** The Municipality of Anchorage is authorized to immediately enter  
19 into a month to month lease of existing Lot 16 and Lot 17, Block 2, composed of  
20 approximately 150,000 square feet, and a Letter of Intent to Lease summarizing  
21 the basic terms and conditions of the proposed new long term lease for the area  
22 described as the replatted Lot 16 and Lot 17, Block 2, Merrill Field Replat with  
23 Stoddard Aero Service, Inc.  
24

25 **Section 3.** This Ordinance shall take effect immediately upon passage and  
26 approval by the Assembly.  
27

28 PASSED AND APPROVED by the Anchorage Assembly this 14<sup>th</sup> day of  
29 August, 2007.  
30

31  
32   
33 Chair

34 ATTEST:

35   
36  
37 Municipal Clerk  
38  
39  
40

**MUNICIPALITY OF ANCHORAGE**  
**Summary of Economic Effects -- Utilities**

AO Number: **2007 -98**

Title: **AN ORDINANCE AUTHORIZING THE LONG TERM LEASE BETWEEN THE MUNICIPALITY OF ANCHORAGE AS LESSOR AND STODDARD AERO SERVICES INCORPORATED AS LESSEE OF LOT 16 AND LOT 17, BLOCK 2 MERRILL FIELD REPLAT WHICH WILL BE REPLATTED INTO ONE LARGE LOT LOCATED BETWEEN RUNWAY 07/25 AND GLENN HIGHWAY.**

Sponsor: **Mayor**  
Preparing Agency: **Merrill Field Airport**  
Others Impacted: **None**

---

**CHANGES IN REVENUES AND EXPENSES:**

(In Thousands of Dollars)

	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>FY10</u>	<u>FY11</u>
Operating Revenues:					
<b>TOTAL OPERATING REVENUES</b>					
Operating Expenses:					
<b>TOTAL OPERATING EXPENSES</b>					
Non-Operating Revenues:					
<b>TOTAL NON-OPERATING REVENUES</b>					
Non-Operating Expenses:					
<b>TOTAL NON-OPERATING EXPENSES</b>					
<b>NET INCOME (REGULATED)</b>					
<b>POSITIONS: FT/PT and Temp</b>					

**PUBLIC SECTOR ECONOMIC EFFECTS:**

No Effects to Utilities:

The ground rental rate for Stoddard Aero Service existing location, Lot 11 and Lot 12, is the same as the rental rate for Stoddard Aero Service new location, replatted Lot 16 and Lot 17.

**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: 343-6305

15<sup>th</sup> AVENUE / DEBARR

# MUNICIPALITY OF ANCHORAGE

## ASSEMBLY MEMORANDUM

NO. AM 441 -2007

Meeting Date: July 17, 2007

**From: Mayor**

**Subject: AN ORDINANCE AUTHORIZING THE LONG TERM LEASE BETWEEN THE MUNICIPALITY OF ANCHORAGE AS LESSOR AND STODDARD AERO SERVICES INCORPORATED AS LESSEE OF LOT 16 AND LOT 17, BLOCK 2 MERRILL FIELD REPLAT WHICH WILL BE REPLATTED INTO ONE LARGE LOT LOCATED BETWEEN RUNWAY 07/25 AND GLENN HIGHWAY.**

The State of Alaska, Department of Transportation and Public Facilities is undertaking the widening of the Glenn Highway from four lanes to six lanes which project is known as the Glenn Highway, Gambell Street to Airport Heights Reconstruction Project. As part of the roadway widening project, the State will be acquiring portions of the Merrill Field Airport frontage road and portions of existing Airport leasehold property located along the south side of the roadway. In conjunction with the State's project, the entire north side of the Airport will be replatted to accommodate the new roadway and provide for new dedicated access to the Airport lease lots.

The State will be purchasing Stoddard Aero Service interest in Lot 11 and Lot 12, Block 2 and demolishing the existing office/retail/hangar building on said lots in support of the roadway widening project. Stoddard Aero Service would like to remain on Merrill Field Airport and has requested a new long term lease for the property located at the northeast corner of the airport currently known as Lot 16 and Lot 17, Merrill Field Replat. Stoddard Aero Service plans to make considerable improvements to the new lease area which includes a new office/retail/hangar building to house their existing aviation business.

In anticipation of the Glenn Highway Reconstruction Project, the acquisition and replatting of Airport lease lots and to expedite the construction of the new office/retail/hangar building, Stoddard Aero Service would like to immediately enter into a month to month lease of existing Lot 16 and Lot 17, Block 2, a Letter of Intent to Lease the replatted Lot 16 and Lot 17, Block 2 and eventually a new long term lease of the parcel resulting from the replatted Lot 16 and Lot 17, Block 2.

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.

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

16  
17 The rent, as set forth in the Lease, is the current per square foot rate paid by the  
18 other existing long term leaseholders at Merrill Field. The lease rates at Merrill  
19 Field are reviewed yearly and the current rate is considered to be the market rate  
20 taking into account the restrictions and obligations imposed on the property. The  
21 Administration believes the use of the premises under the provisions of the  
22 Lease furthers the operational objective of Merrill Field Airport.

23  
24 To complete the proposed leasing action, the following documents are required  
25 at the time of closing which is planned for Fall 2007: The Assignment of Lease  
26 of Lot 11 and Lot 12 from Stoddard Aero Service Inc. to State of Alaska, month  
27 to month lease of existing Lot 16 and Lot 17, and subject to Assembly approval,  
28 Letter of Intent to Lease the replatted Lot 16 and Lot 17 and eventually a new  
29 long term lease of the parcel resulting from the replatted Lot 16 and Lot 17,  
30 Block 2. A summary of the Lease information follows:

31  
32 Lessor: Municipality of Anchorage

33  
34 Lessee: Stoddard Aero Service Incorporated

35  
36 Location: Lot 16 and Lot 17, Block 2, Merrill Field Replat, consisting of  
37 approximately 150,000 square feet (between Runway 7/25 and  
38 Glenn Highway)

39  
40 Rent: Rental rate is \$0.17 per sq. ft. per year

41  
42 Rental Adjustment: Annually and at five year intervals

43  
44 Term: 35 years plus two additional ten-year renewal options  
45

Services provided by Lessee: Utilities and maintenance of Lessee improvements

Special Provisions: Lessee, at its own cost and expense, will provide improvements to include constructing a new office/retail/hangar building to house their existing aviation business 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 \$400,000. Property usage shall be restricted to aeronautical uses.

**THE ADMINISTRATION RECOMMENDS APPROVAL OF AN ORDINANCE AUTHORIZING THE LONG TERM LEASE BETWEEN THE MUNICIPALITY OF ANCHORAGE AS LESSOR AND STODDARD AERO SERVICES INCORPORATED AS LESSEE OF LOT 16 AND LOT 17, BLOCK 2 MERRILL FIELD REPLAT WHICH WILL BE REPLATTED INTO ONE LARGE LOT LOCATED BETWEEN RUNWAY 07/25 AND GLENN HIGHWAY**

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

**Content Information**

**Content ID :** 005236

**Type:** Ordinance - AO

AN AO AUTHORIZING THE LONG TERM LEASE BETWEEN THE MOA AS LESSOR AND STODDARD AERO SERVICES INC. AS

**Title:** LESSEE OF LOT 16 AND LOT 17, BLOCK 2 MERRILL FIELD REPLAT WHICH WILL BE REPLATTED INTO ONE LARGE LOT LOCATED BETWEEN RUNWAY 07/25 AND GLENN HIGHWAY.

**Author:** luebkela

**Initiating Dept:** Merrill

AN AO AUTHORIZING THE LONG TERM LEASE BETWEEN THE MOA AS LESSOR AND STODDARD AERO SERVICES INC. AS

**Description:** LESSEE OF LOT 16 AND LOT 17, BLOCK 2 MERRILL FIELD REPLAT WHICH WILL BE REPLATTED INTO ONE LARGE LOT LOCATED BETWEEN RUNWAY 07/25 AND GLENN HIGHWAY.

AN AO AUTHORIZING THE LONG TERM LEASE BETWEEN THE MOA AS LESSOR AND STODDARD AERO SERVICES INC. AS

**Keywords:** LESSEE OF LOT 16 AND LOT 17, BLOCK 2 MERRILL FIELD REPLAT WHICH WILL BE REPLATTED INTO ONE LARGE LOT LOCATED BETWEEN RUNWAY 07/25 AND GLENN HIGHWAY.

**Date Prepared:** 7/3/07 2:53 PM

**Director Name:** David A. Lundebly

**Assembly**

**Meeting Date** 7/17/07

**MM/DD/YY:**

**Public Hearing**

**Date MM/DD/YY:** 8/14/07

M.O.A.  
 2007 JUL 10 AM 10:01  
 GLENN'S OFFICE

**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	7/3/07 2:58 PM	Checkin	luebkela	Public	005236
Merrill_SubWorkflow	7/3/07 3:11 PM	Approve	lundeblyda	Public	005236
OMB_SubWorkflow	7/6/07 9:23 AM	Approve	mitsonjl	Public	005236
Legal_SubWorkflow	7/6/07 3:30 PM	Approve	fehlenrl	Public	005236
MuniManager_SubWorkflow	7/6/07 3:46 PM	Approve	leblancdc	Public	005236
MuniMgrCoord_SubWorkflow	7/6/07 3:47 PM	Approve	hensleymb	Public	005236