

Submitted by: Chair of the Assembly  
at the Request of the Mayor  
Prepared by: Merrill Field Airport  
For reading: June 24, 2008

CLERK'S OFFICE  
**AMENDED AND APPROVED**  
Date: 7-16-08

ANCHORAGE, ALASKA  
AO NO. 2008-79

1 AN ORDINANCE AUTHORIZING THE LONG TERM LEASE BETWEEN THE  
2 MUNICIPALITY OF ANCHORAGE AS LESSOR AND JANSSEN HANGARS LLC AS  
3 LESSEE OF THE WESTERLY 150 FEET OF LOTS 5-9 BLOCK 1 MERRILL FIELD  
4 SUBDIVISION THIRD ADDITION LOCATED BETWEEN RUNWAY 16/34 AND  
5 ORCA STREET.

6  
7  
8 WHEREAS, the Municipality of Anchorage advertised an Invitation to Bid No. 28B030 for  
9 providing a lease of the westerly 150 feet of Lots 5, 6, 7, 8, & 9, Block 1, Merrill Field  
10 Subdivision, Third Addition, located on the west side of Merrill Field Airport; and

11  
12 WHEREAS, Municipal Purchasing is prepared to award Invitation to Bid No. 28B030 to  
13 Janssen Hangars LLC; and

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

18  
19 WHEREAS, the new Lease Agreement requires Janssen Hangars LLC to provide  
20 considerable improvements to the leasehold, including the demolition and removal of  
21 existing structures and the construction, operation and maintenance of a new aircraft  
22 hangar building **with aircraft access to the hangar building only from the airport side**  
23 **of the hangar building**; and

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

27  
28 WHEREAS, disposal by lease of the real property described permits development of the  
29 westerly 150 feet of Lots 5, 6, 7, 8, & 9 by Janssen Hangars LLC at its own cost and  
30 expense, further reflecting a new sense of confidence and revitalization for our locally  
31 owned airport and thereby having a positive economic benefit to the Municipality; and

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

36  
37 WHEREAS, AMC Section 25.30.020 states that disposal of Municipal land shall be by  
38 ordinance only; now therefore,  
39  
40

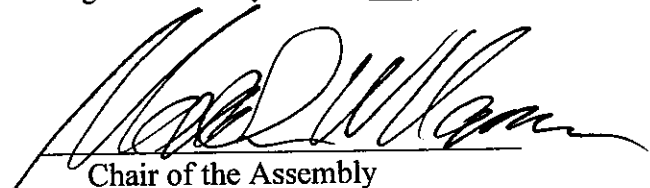
1 THE ANCHORAGE ASSEMBLY ORDAINS:  
2

3 **Section 1.** The Municipality of Anchorage is authorized to enter a new lease at market  
4 rates for the westerly 150 feet of Lots 5, 6, 7, 8, & 9, Block 1, Merrill Field Subdivision,  
5 Third Addition, located within the Anchorage Recording District of the Third Judicial  
6 District, composed of approximately 39,000 square feet, with Janssen Hangars LLC upon  
7 the terms and conditions summarized in Assembly Memorandum No. 413-2008  
8 submitted to the Assembly in conjunction with this ordinance and attached hereto.  
9

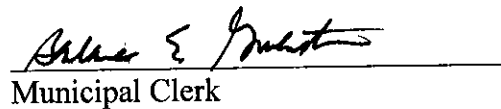
10 **Section 2.** The approval of this ordinance will also approve the award of Invitation to  
11 Bid No. 28B030 to Janssen Hangars LLC.  
12

13 **Section 3.** This ordinance shall become effective immediately upon passage and  
14 approval by the Assembly.  
15

16 PASSED AND APPROVED by the Anchorage Assembly this 16<sup>th</sup> day of  
17 July, 2008.  
18  
19

20   
21 Chair of the Assembly  
22

23 ATTEST:  
24

25   
26  
27 Municipal Clerk  
28  
29  
30

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

AO Number: **2008-79**

Title: **AN ORDINANCE AUTHORIZING THE LONG TERM LEASE BETWEEN THE MUNICIPALITY OF ANCHORAGE AS LESSOR AND JANSSEN HANGARS LLC AS LESSEE OF THE WESTERLY 150 FEET OF LOTS 5-9 BLOCK 1 MERRILL FIELD SUBDIVISION THIRD ADDITION LOCATED BETWEEN RUNWAY 16/34 AND ORCA STREET.**

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

<b>CHANGES IN REVENUES AND EXPENSES:</b>		<b>(In Thousands of Dollars)</b>				
	<b>FY08</b>	<b>FY09</b>	<b>FY10</b>	<b>FY11</b>	<b>FY12</b>	
<b>Operating Revenues:</b>						
<b>TOTAL OPERATING REVENUES</b>	<b>\$ 26</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>Operating Expenses:</b>						
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>Non-Operating Revenues:</b>						
<b>TOTAL NON-OPERATING REVENUES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>Non-Operating Expenses:</b>						
<b>TOTAL NON-OPERATING EXPENSES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>NET INCOME (REGULATED)</b>	<b>\$ 26</b>					
<b>POSITIONS: FT/PT and Temp</b>						

**PUBLIC SECTOR ECONOMIC EFFECTS:**

The highest responsive bidder for ITB No. 28B030 was Janssen Hangars LLC in the amount of \$26,000 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 \$450,000 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 413-2008

**Meeting Date:** June 24, 2008

**From:** MAYOR

**Subject:** AN ORDINANCE AUTHORIZING THE LONG TERM LEASE BETWEEN THE MUNICIPALITY OF ANCHORAGE AS LESSOR AND JANSSEN HANGARS LLC AS LESSEE OF THE WESTERLY 150 FEET OF LOTS 5-9 BLOCK 1 MERRILL FIELD SUBDIVISION THIRD ADDITION LOCATED BETWEEN RUNWAY 16/34 AND ORCA STREET.

Municipal Purchasing Department advertised and received bids on Invitation to Bid No. 28B030 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 aircraft hangar building for the purpose of sale, lease or rent of the individual hangar units to others.

Merrill Field Airport has made a Recommendation of Award (Memorandum dated June 3, 2008 attached) and the Municipal Purchasing Department is prepared to award Invitation to Bid No. 28B030 to Janssen Hangars LLC. Assembly approval of this ordinance will also approve the award of ITB No. 28B030 to Janssen Hangars LLC, in the amount of \$26,000.00, to be credited to Merrill Field Airport.

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 removal of existing structures and the construction, operation and maintenance of a new aircraft hangar building. The use of the aircraft 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: The westerly 150 feet of Lots 5, 6, 7, 8, & 9, Block 1, Merrill Field Subdivision, Third Addition consisting of approximately 39,000 square feet (located between Runway 16/34 and Orca Street).

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

Rental Adjustment: Annually and at five year intervals.

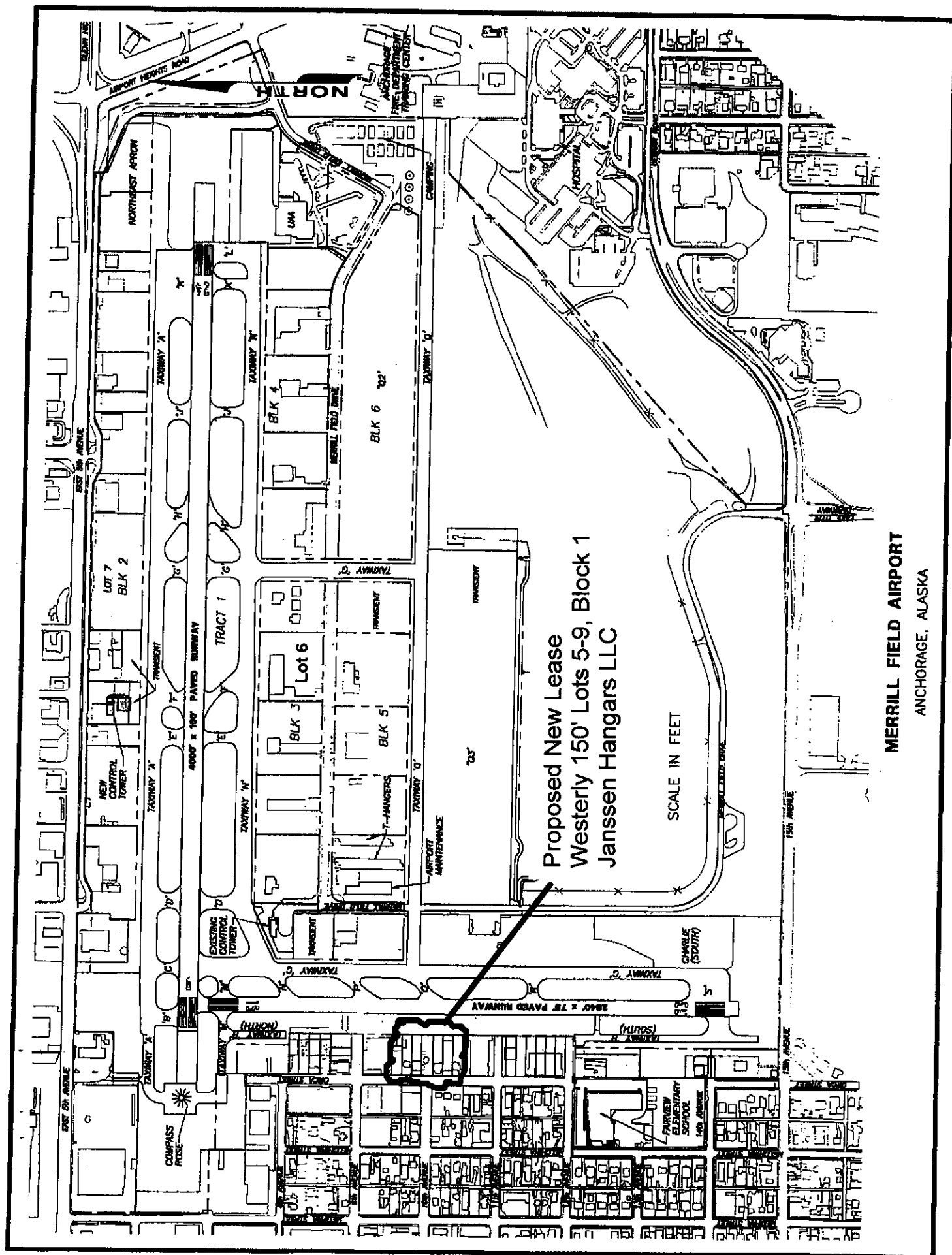
Term: 35 years plus two additional ten-year renewal options.

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

Special Provisions: Lessee, at its own cost and expense, shall provide improvements to include demolition and removal of existing structures and the construction, operation and maintenance of a new aircraft hangar building 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 \$450,000. Property usage shall be restricted to non-commercial storage and maintenance of small aircraft.

**THE ADMINISTRATION RECOMMENDS APPROVAL OF AN ORDINANCE AUTHORIZING THE LONG TERM LEASE BETWEEN THE MUNICIPALITY OF ANCHORAGE AS LESSOR AND JANSSEN HANGARS LLC AS LESSEE OF THE WESTERLY 150 FEET OF LOTS 5-9 BLOCK 1 MERRILL FIELD SUBDIVISION THIRD ADDITION LOCATED BETWEEN RUNWAY 16/34 AND ORCA STREET.**

1  
2  
3 Prepared by: Merrill Field Airport  
4 Reviewed by: Barton R. Mauldin, Purchasing Officer  
5 Approved by: David A. Lundebly, Manager, Merrill Field Airport  
6 Concur: James N. Reeves, Municipal Attorney  
7 Concur: Michael K. Abbott, Municipal Manager  
8 Respectfully Submitted, Mark Begich, Mayor  
9  
10  
11  
12  
13  
14  
15



# BID ABSTRACT

Bid No. 28-B030

Title: Lease & Development of Aircraft Hangars on Merrill Field  
Airport, Property Lots 5 - 9

Date: 6/2/08

Time: 11:30 AM

Buyer: Werner W. Waak

Clerk: sr

No.	Name of Bidder	Total Bid	
1	Janssen Hangar's, LLC		\$ 24,000.00
2			
3			
4			
5			
6			
7			
8			
DEPT'S ESTIMATE			\$ 10,000.00




**MUNICIPALITY OF ANCHORAGE  
MERRILL FIELD AIRPORT**

**MEMORANDUM**

**DATE:** June 3, 2008

**TO:** Barton R. Mauldin, Purchasing Officer

**FROM:** David A. Lundeby, Manager, Merrill Field Airport 

**SUBJECT:** Recommendation of Award, ITB No. 28B030  
The Lease of Land at Merrill Field Airport  
Westerly 150' of Lots 5-9, Block 1, Merrill Field Subdivision, Third Addition

Bids for Lease of Land at Merrill Field Airport were opened in the office of the Purchasing Officer on June 2, 2008 at 11:30 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 the Westerly 150' of Lots 5-9, Block 1, Merrill Field Subdivision, Third Addition. The purpose of the proposed lease is to allow a private entity to construct an 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 \$26,000.00, to be credited to the Merrill Field Airport revenue account as follows:

9798-580-8980 0000-000 2008 898000      \$26,000.00

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

**Janssen Hangars, LLC**

Attachments:      Bid Abstract

**Content ID:** 006485

**Type:** Ordinance - AO

ORDINANCE AUTHORIZING LONG TERM LEASE BETWEEN MOA AS LESSOR AND JANSSEN HANGARS LLC AS LESSEE OF WESTERLY 150 FEET OF LOTS 5-9 BLOCK 1 MERRILL FIELD SUBDIVISION THIRD ADDITION LOCATED BETWEEN RUNWAY 16/34 AND ORCA STREET.

**Author:** luebke

**Initiating Dept:** Merrill

**Review Depts:** Purchasing

**Date Prepared:** 6/9/08 8:39 AM

**Director Name:** David A. Lundeby

**Assembly Meeting Date:** 6/24/08

**Public Hearing Date:** 7/15/08

2008 JUN 12 PM 2:14  
OFFICE OF THE CLERK

<b>Workflow Name</b>	<b>Action Date</b>	<b>Action</b>	<b>User</b>	<b>Security Group</b>	<b>Content ID</b>
Clerk_Admin_SubWorkflow	6/12/08 11:36 AM	Exit	Heather Handyside	Public	006485
MuniMgrCoord_SubWorkflow	6/12/08 11:36 AM	Approve	Heather Handyside	Public	006485
MuniManager_SubWorkflow	6/12/08 9:49 AM	Approve	Michael Abbott	Public	006485
Legal_SubWorkflow	6/11/08 5:59 PM	Approve	Dean Gates	Public	006485
OMB_SubWorkflow	6/11/08 4:08 PM	Approve	Wanda Phillips	Public	006485
Purchasing_SubWorkflow	6/9/08 1:44 PM	Approve	Bart Mauldin	Public	006485
Merrill_SubWorkflow	6/9/08 10:35 AM	Approve	David Lundeby	Public	006485
AllOrdinanceWorkflow	6/9/08 10:25 AM	Checkin	Linda Luebke	Public	006485
Merrill_SubWorkflow	6/9/08 10:19 AM	Reject	David Lundeby	Public	006485
AllOrdinanceWorkflow	6/9/08 10:08 AM	Checkin	Linda Luebke	Public	006485
Merrill_SubWorkflow	6/9/08 10:04 AM	Reject	David Lundeby	Public	006485
AllOrdinanceWorkflow	6/9/08 8:45 AM	Checkin	Linda Luebke	Public	006485