

Submitted by: Chair of the Assembly at the
Request of the Mayor
Prepared by: Merrill Field Airport
For reading: September 16, 2008

CLERK'S OFFICE

APPROVED
Date: 9-30-08 ANCHORAGE, ALASKA
AO No. 2008-101

1 AN ORDINANCE AUTHORIZING LONG TERM LEASES BETWEEN THE
2 MUNICIPALITY OF ANCHORAGE AS LESSOR AND STATE OF ALASKA AS
3 LESSEE OF LOT 1C AND LOT 8C; FLIGHT SAFETY ALASKA INC AS LESSEE
4 OF LOT 2C; SLIPSTREAM HANGARS CONDOMINIUM ASSOCIATION AS
5 LESSEE OF LOT 3C; FEDERAL AVIATION ADMINISTRATION AS LESSEE OF
6 LOT 5C; RAMAK INC AS LESSEE OF LOT 9C; CHUGACH HANGARS
7 OWNERS ASSOCIATION AS LESSEE OF LOT 10C; AND NORTH EDGE LLC
8 AS LESSEE OF LOT 11C; ALL LOCATED IN BLOCK 2, MERRILL FIELD
9 SUBDIVISION BETWEEN RUNWAY 07/25 AND GLENN HIGHWAY.

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11
12 WHEREAS, the State of Alaska, Department of Transportation and Public Facilities is
13 undertaking the widening of the Glenn Highway from four lanes to six lanes, known as the
14 Glenn Highway, Gambell Street to Airport Heights Reconstruction Project; and

15
16 WHEREAS, the State of Alaska acquired certain airport properties and airport leasehold
17 interests along the north side of Merrill Field for highway right of way; and

18
19 WHEREAS, in conjunction with the State's project, the north side of Merrill Field is
20 being replatted due to the right of way takes and to reconfigure existing lease lots for new
21 airport access points off of the Glenn Highway; and

22
23 WHEREAS, the State of Alaska, Flight Safety Alaska Inc, Slipstream Hangars
24 Condominium Association, Federal Aviation Administration, RAMAK Inc, Chugach
25 Hangars Owners Association and North Edge LLC are existing airport leaseholders,
26 interested in remaining on Merrill Field by entering into new long term lease agreements
27 for the new lease lots resulting from the replat of their existing lease lots; and

28
29 WHEREAS, the new lease agreements provide the leaseholders the opportunity to make
30 considerable improvements to their new lease areas, including new office/retail/hangar
31 buildings to house their existing aviation business; and

32
33 WHEREAS, Merrill Field provides the Federal Aviation Administration lease space for
34 air traffic control functions at no cost, in accordance with federal grant assurances; and

35
36 WHEREAS, the current Merrill Field lease rate is consistent for all Merrill Field Airport
37 land leases with like uses and considered to be the market rate for airport properties
38 restricted to aeronautical uses; and

1 **WHEREAS**, Anchorage Municipal Code section 25.30.020 requires disposal of Municipal
2 land shall be by ordinance only; now therefore,
3

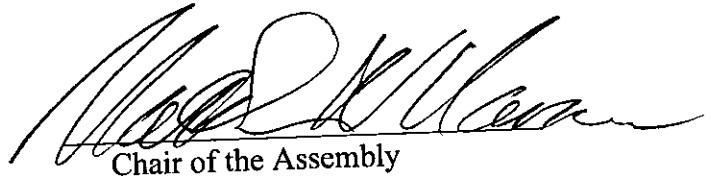
4 **THE ANCHORAGE ASSEMBLY ORDAINS:**

5
6 **Section 1.** The Municipality of Anchorage is authorized to enter into new leases at
7 market rates for Lots 1C, 2C, 3C, 8C, 9C, 10C, 11C, and at no cost for Lot 5C, Block 2,
8 Merrill Field Subdivision, Preliminary Plat No. S-11682-1 (with the final plat information
9 to be included in said leases by amendment thereto), located within the Anchorage
10 Recording District of the Third Judicial District, upon the terms and conditions
11 summarized in the attached Assembly Memorandum, with the following Lessees:

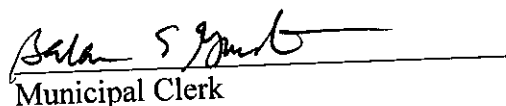
12		Lot 1C	80,665 square feet
13	State of Alaska	Lot 2C	120,974 square feet
14	Flight Safety Alaska Inc	Lot 3C	114,496 square feet
15	Slipstream Hangars Condominium Association	Lot 5C	44,850 square feet
16	Federal Aviation Administration	Lot 8C	125,523 square feet
17	State of Alaska	Lot 9C	120,586 square feet
18	RAMAK Inc	Lot 10C	107,248 square feet
19	Chugach Hangars Owners Association	Lot 11C	67,119 square feet
20	North Edge LLC		

21
22 **Section 2.** This ordinance shall become effective immediately upon passage and
23 approval by the Assembly.

24
25 PASSED AND APPROVED by the Anchorage Assembly this 30th day of
26 September, 2008.
27

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29 
30 Chair of the Assembly

31
32 ATTEST:

33
34 
35 Municipal Clerk
36
37

MUNICIPALITY OF ANCHORAGE
Summary of Economic Effects -- Utilities

AO Number: 2008-101

Title: **AN ORDINANCE AUTHORIZING LONG TERM LEASES BETWEEN THE MUNICIPALITY OF ANCHORAGE AS LESSOR AND: STATE OF ALASKA AS LESSEE OF LOT 1C AND LOT 8C; FLIGHT SAFETY ALASKA INC AS LESSEE OF LOT 2C; SLIPSTREAM HANGARS CONDOMINIUM ASSOCIATION AS LESSEE OF LOT 3C; FEDERAL AVIATION ADMINISTRATION AS LESSEE OF LOT 5C; RAMAK INC AS LESSEE OF LOT 9C; CHUGACH HANGARS OWNERS ASSOCIATION AS LESSEE OF LOT 10C; AND NORTH EDGE LLC AS LESSEE OF LOT 11C; ALL LOCATED IN BLOCK 2, MERRILL FIELD SUBDIVISION 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)				
	FY08	FY09	FY10	FY11	FY12	
Operating Revenues:						
TOTAL OPERATING REVENUES		\$ -	\$ -	\$ -	\$ -	-
Operating Expenses:						
TOTAL OPERATING EXPENSES	\$ -	\$ -	\$ -	\$ -	\$ -	-
Non-Operating Revenues:						
TOTAL NON-OPERATING REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -	-
Non-Operating Expenses:						
TOTAL NON-OPERATING EXPENSES	\$ -	\$ -	\$ -	\$ -	\$ -	-
NET INCOME (REGULATED)						
POSITIONS: FT/PT and Temp						

PUBLIC SECTOR ECONOMIC EFFECTS:

The existing airport lease lots along the north side of Merrill Field are being reconfigured due to the Glenn Hwy widening project. Approximately 1,180,000 sf of airport lease land is included in the required replatting action; after replat, the total airport lease land is approximately the same. The airport receives approximately \$175,000 in lease revenue annually from these properties. Additionally, approximately 4.5 acres of the airport frontage road is to be vacated to the Glenn Hwy. The State DOT&PF is providing a functional replacement of that airport land, located on the east side of Merrill Field along the boundary of the AFD Fire Training Facility.

PRIVATE SECTOR ECONOMIC EFFECTS:

New lease agreements provide the existing airport leaseholders the opportunity to make considerable improvements to their new lease areas, including new office/retail/hangars to house their aviation businesses. The construction improvements provide business and employment opportunities to the local community.

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

Telephone: 343-6303

MUNICIPALITY OF ANCHORAGE

ASSEMBLY MEMORANDUM

NO. AM 576-2008

Meeting Date: September 16, 2008

1 **From:** **MAYOR**

2
3 **Subject:** **AN ORDINANCE AUTHORIZING LONG TERM LEASES**
4 **BETWEEN THE MUNICIPALITY OF ANCHORAGE AS LESSOR**
5 **AND: STATE OF ALASKA AS LESSEE OF LOT 1C AND LOT 8C;**
6 **FLIGHT SAFETY ALASKA INC AS LESSEE OF LOT 2C;**
7 **SLIPSTREAM HANGARS CONDOMINIUM ASSOCIATION AS**
8 **LESSEE OF LOT 3C; FEDERAL AVIATION ADMINISTRATION**
9 **AS LESSEE OF LOT 5C; RAMAK INC AS LESSEE OF LOT 9C;**
10 **CHUGACH HANGARS OWNERS ASSOCIATION AS LESSEE OF**
11 **LOT 10C; AND NORTH EDGE LLC AS LESSEE OF LOT 11C; ALL**
12 **LOCATED IN BLOCK 2, MERRILL FIELD SUBDIVISION**
13 **BETWEEN RUNWAY 07/25 AND GLENN HIGHWAY.**
14

15 The State of Alaska, Department of Transportation and Public Facilities is undertaking the
16 widening of the Glenn Highway from four lanes to six lanes, known as the Glenn Highway,
17 Gambell Street to Airport Heights Reconstruction Project. In conjunction with the State's
18 project, the north side of Merrill Field is being replatted due to the right of way takes and to
19 reconfigure existing lease lots for new airport access points off of the Glenn Highway.

20
21 The State of Alaska, Flight Safety Alaska Inc, Slipstream Hangars Condominium
22 Association, Federal Aviation Administration, RAMAK Inc, Chugach Hangars Owners
23 Association and North Edge LLC are existing airport leaseholders interested in remaining
24 on Merrill Field by entering into new long term lease agreements for the new lease lots
25 resulting from the replat of their existing lease lots. The new lease agreements provide the
26 leaseholders the opportunity to make considerable improvements to their new lease areas
27 which includes new office/retail/hangar buildings to house their existing aviation
28 businesses.

29
30 Because of the federal interest in promoting civil aviation, the Federal Aviation
31 Administration authorizes programs for granting funds, property and other assistance to
32 local communities for the development of Airport facilities. The Municipality, as a local
33 sponsor, received numerous grants for the development of Merrill Field Airport and
34 assumed certain obligations, either by contract or by restrictive covenants and deeds,
35 requiring it to maintain and operate its airport facilities safely and efficiently and in
36 accordance with certain specified and agreed upon conditions. Airport property, as a
37 condition, is restricted to aeronautical uses unless a determination is made by the FAA that
38 it is in surplus of that need. Also, all revenue derived from the use of obligated airport
39 property must be used for the operation, maintenance or development of the airport and the
40 airport should be as self-sustaining as possible under the circumstances. These obligations
41 and grant assurances impact property values and must be complied with at all times for the
42 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, with the exception of the Federal Aviation Administration lease space for air traffic control functions, at no cost in accordance with federal grant assurances. 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

Lessees:

State of Alaska	Lot 1C	80,665 square feet
Flight Safety Alaska Inc	Lot 2C	120,974 square feet
Slipstream Hangars Condominium Association	Lot 3C	114,496 square feet
Federal Aviation Administration	Lot 5C	44,850 square feet
State of Alaska	Lot 8C	125,523 square feet
RAMAK Inc	Lot 9C	120,586 square feet
Chugach Hangars Owners Association	Lot 10C	107,248 square feet
North Edge LLC	Lot 11C	67,119 square feet

Location: Block 2, Merrill Field Subdivision, Preliminary Plat No. S-11682-1 (with the final plat information to be included in said leases by amendment thereto), located within the Anchorage Recording District of the Third Judicial District (located between Runway 7/25 and Glenn Hwy)

Rent: Rental rate is \$0.17 per sq. ft. per year (except Federal Aviation Administration at no cost)

Rental Adjustment: Annually and at five year intervals.

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

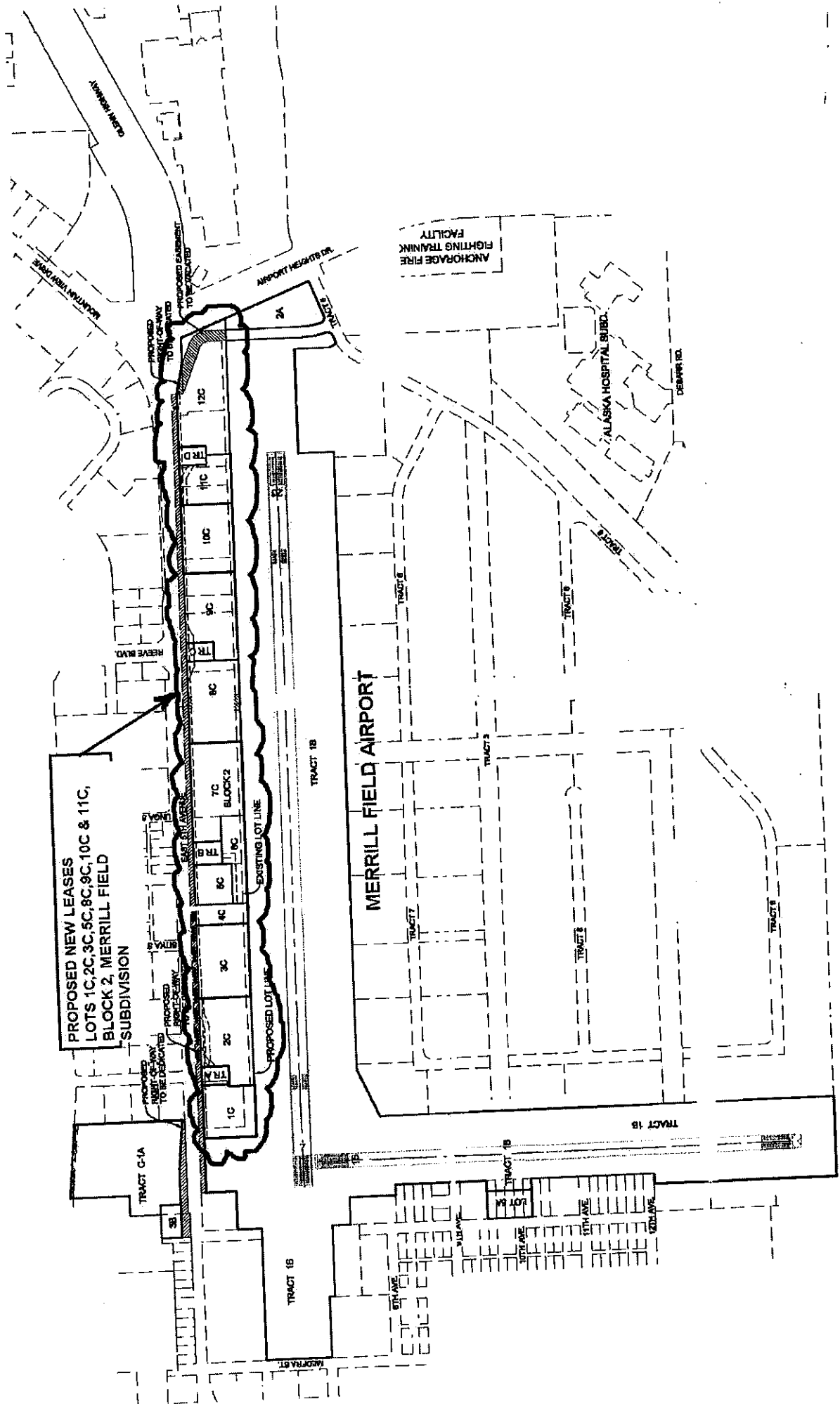
Services provided by Lessee: Utilities and maintenance of Lessee improvements.

Special Provisions: Lessee, at its own cost and expense, may provide improvements to include demolition and removal of existing structures and the construction, operation and maintenance of new aviation related structures and other improvements as may be required in conjunction with said improvements. Property usage shall be restricted to aeronautical uses unless a determination

is made by the United States of America Federal Aviation Administration
that it is in surplus of that need.

**THE ADMINISTRATION RECOMMENDS APPROVAL OF AN ORDINANCE
AUTHORIZING LONG TERM LEASES BETWEEN THE MUNICIPALITY OF
ANCHORAGE AS LESSOR AND: STATE OF ALASKA AS LESSEE OF LOT 1C
AND LOT 8C; FLIGHT SAFETY ALASKA INC AS LESSEE OF LOT 2C;
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OF LOT 11C; ALL LOCATED IN BLOCK 2, MERRILL FIELD SUBDIVISION
BETWEEN RUNWAY 07/25 AND GLENN HIGHWAY.**

Prepared by:	Merrill Field Airport
Approved by:	David A. Lundeby, Manager, Merrill Field Airport
Concur:	James N. Reeves, Municipal Attorney
Concur:	Michael K. Abbott, Municipal Manager
Respectfully Submitted,	Mark Begich, Mayor



Content ID: 006760

Type: Ordinance - AO

Title: an AO authorizing long term leases between the MOA as lessor and: SOA, flight safety ak, slipstream hangars, ramak, chugach hangars, north edge of lots 1c, 2c, 3c, 5c, 8c, 9c, 10c, and 11c of Blk 2 merrill field subdivision between rwy 07/25 & glenn hwy.

Author: luebkela

Initiating Dept: Merrill

Description: an AO authorizing long term leases between the MOA as lessor and: SOA, flight safety ak, slipstream hangars, ramak, chugach hangars, north edge of lots 1c, 2c, 3c, 5c, 8c, 9c, 10c, and 11c of Blk 2 merrill field subdivision between rwy 07/25 & glenn hwy.

Keywords: an AO authorizing long term leases between the MOA as lessor and: SOA, flight safety ak, slipstream hangars, ramak, chugach hangars, north edge of lots 1c, 2c, 3c, 5c, 8c, 9c, 10c, and 11c of Blk 2 merrill field subdivision between rwy 07/25 & glenn hwy.

Date Prepared: 9/3/08 3:36 PM

Director Name: David A. Lundebby

Assembly Meeting Date: 9/16/08

Public Hearing Date: 10/14/08

Workflow Name	Action Date	Action	User	Security Group	Content ID
Clerk_Admin_SubWorkflow	9/5/08 10:05 AM	Exit	Joy Maglaqui	Public	006760
MuniMgrCoord_SubWorkflow	9/5/08 10:05 AM	Approve	Joy Maglaqui	Public	006760
MuniManager_SubWorkflow	9/5/08 8:37 AM	Approve	Joy Maglaqui	Public	006760
Legal_SubWorkflow	9/4/08 2:24 PM	Approve	Rhonda Westover	Public	006760
OMB_SubWorkflow	9/4/08 2:19 PM	Approve	Wanda Phillips	Public	006760
Merrill_SubWorkflow	9/3/08 4:31 PM	Approve	David Lundebby	Public	006760
AllOrdinanceWorkflow	9/3/08 4:10 PM	Checkin	Linda Luebke	Public	006760