

Submitted by: Chair of the Assembly at the  
Request of the Acting Mayor  
Prepared by: Merrill Field Airport  
For reading: April 14, 2009

## ANCHORAGE, ALASKA

AO No. 2009-47

CLERK'S OFFICE

**APPROVED**

Date: 5/12/09

1 **AN ORDINANCE AUTHORIZING EXTENSION OF THE LEASE BETWEEN THE**  
2 **MUNICIPALITY OF ANCHORAGE AS LESSOR AND DIMOND D PARTNERS**  
3 **AS LESSEE OF LOT 4, BLOCK 3, MERRILL FIELD REPLAT ADDITION NO. 2,**  
4 **LOCATED BETWEEN RUNWAY 7-25 AND MERRILL FIELD DRIVE.**  
5

6  
7 **WHEREAS**, the lease between the Municipality of Anchorage as Lessor and  
8 Dimond D Partners as Lessee of Lot 4, Block 3, Merrill Field Replat Addition No. 2  
9 provides for an initial term ending on June 30, 1999 and also provides for two –  
10 ten year extension options; and  
11

12 **WHEREAS**, Dimond D Partners as Lessee elects to exercise the second and final  
13 option to extend for 10 years commencing on July 1, 2009 and terminating on  
14 June 30, 2019; and  
15

16 **WHEREAS**, Dimond D Partners provided aircraft tiedowns and hangar space on  
17 Merrill Field Airport for over twenty years; and  
18

19 **WHEREAS**, Merrill Field Airport is very supportive of the continued operation of  
20 Dimond D Partners, further reflecting a new sense of confidence and revitalization  
21 for our locally owned airport thereby having a positive economic benefit to the  
22 Municipality; and  
23

24 **WHEREAS**, the current Merrill Field lease rate is consistent for all Merrill Field  
25 Airport land leases with like uses and considered to be the market rate for airport  
26 properties restricted to aeronautical uses; and  
27

28 **WHEREAS**, Anchorage Municipal Code section 25.30.050 D. provides a renewal  
29 or extension of a lease shall be treated as a new lease; and  
30

31 **WHEREAS**, Anchorage Municipal Code section 25.30.020 states disposal of  
32 Municipal land shall be by ordinance only; now, therefore  
33  
34  
35  
36  
37

**THE ANCHORAGE ASSEMBLY ORDAINS:**

**Section 1.** The Municipality of Anchorage is authorized to extend the lease of Lot 4, Block 3, Merrill Field Replat Addition No. 2, located within the Anchorage Recording District of the Third Judicial District, composed of approximately 110,304 square feet, to Dimond D Partners upon the terms and conditions summarized in the accompanying Assembly Memorandum.

**Section 2.** This ordinance shall take effect immediately upon passage and approval by the Assembly.

PASSED AND APPROVED by the Anchorage Assembly this 12<sup>th</sup> day of May, 2009

Dubbi Ossander  
Chair of the Assembly

ATTEST:

Barbara E. Gruenke  
Municipal Clerk

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

AO Number: **2009-47**

Title: **AN ORDINANCE AUTHORIZING EXTENSION OF THE LEASE BETWEEN THE MUNICIPALITY OF ANCHORAGE AS LESSOR AND DIMOND D PARTNERS AS LESSEE OF LOT 4, BLOCK 3, MERRILL FIELD REPLAT ADDITION NO. 2, LOCATED BETWEEN RUNWAY 7-25 AND MERRILL FIELD DRIVE.**

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

**CHANGES IN REVENUES AND EXPENSES:**

(In Thousands of Dollars)

	<u>FY09</u>	<u>FY10</u>	<u>FY11</u>	<u>FY12</u>	<u>FY13</u>
Operating Revenues:					
<b>TOTAL OPERATING REVENUES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Operating Expenses:					
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Non-Operating Revenues:					
<b>TOTAL NON-OPERATING REVENUES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Non-Operating Expenses:					
<b>TOTAL NON-OPERATING EXPENSES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>NET INCOME (REGULATED)</b>	<b>\$ -</b>				
<b>POSITIONS: FT/PT and Temp</b>					

**PUBLIC SECTOR ECONOMIC EFFECTS:**

No effect. The square footage of Lot 4, Block 3, Merrill Field Replat, is remaining the same.

**PRIVATE SECTOR ECONOMIC EFFECTS:**

No effect.

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

Telephone: 343-6303

# MUNICIPALITY OF ANCHORAGE

## ASSEMBLY MEMORANDUM

No. AM 203-2009

Meeting Date: April 14, 2009

1 FROM: ACTING MAYOR

2  
3 SUBJECT: AN ORDINANCE AUTHORIZING EXTENSION OF THE LEASE  
4 BETWEEN THE MUNICIPALITY OF ANCHORAGE AS LESSOR  
5 AND DIMOND D PARTNERS AS LESSEE OF LOT 4, BLOCK 3,  
6 MERRILL FIELD REPLAT ADDITION NO. 2, LOCATED BETWEEN  
7 RUNWAY 7-25 AND MERRILL FIELD DRIVE.  
8

9 Dimond D Partners (a general partnership consisting of Steven B. Grand and  
10 Carita A. Backman) is the current Lessee under the original Lease of Lot 4,  
11 Block 3, Merrill Field Replat Addition No. 2 dated February 9, 1990 between the  
12 Municipality of Anchorage and Steve Grand. The original term of the Lease  
13 ended June 30, 1999. The Lease provided the Lessee with the option to extend  
14 the Lease for two - ten (10) year periods. At this time, Dimond D Partners is  
15 exercising the second ten year option to extend the original Lease to June 30,  
16 2019. The Administration is very supportive of continuing the Lease at Merrill  
17 Field Airport with Dimond D Partners and recommends approval of the Lease  
18 extension for ten additional years.  
19

20 Dimond D Partners has provided aircraft tiedowns and hangar space on the south  
21 side of Runway 7-25 for over twenty years. The continuation of this successful  
22 enterprise should result in a positive economic benefit for the citizens of the  
23 Municipality and supports the operational objective of Merrill Field to operate,  
24 maintain and develop airport facilities, to provide an environment that meets the  
25 needs of the general aviation community and to encourage private business while  
26 maintaining a viable financial position.  
27

28 Because of the federal interest in promoting civil aviation, the Federal Aviation  
29 Administration authorizes programs for granting funds, property and other  
30 assistance to local communities for the development of Airport facilities. The  
31 Municipality, as a local sponsor, received numerous grants for the development of  
32 Merrill Field Airport and assumed certain obligations, either by contract or by  
33 restrictive covenants and deeds, requiring it to maintain and operate its airport  
34 facilities safely and efficiently and in accordance with certain specified and agreed  
35 upon conditions. Airport property, as a condition, is restricted to aeronautical uses  
36 unless a determination is made by the FAA that it is in surplus of that need. Also,  
37 all revenue derived from the use of obligated airport property must be used for the  
38 operation, maintenance or development of the airport and the airport should be as  
39 self-sustaining as possible under the circumstances. These obligations and grant  
40 assurances impact on property values and must be complied with at all times for  
41 the airport to retain and continue to receive its Federal grant funding assistance.  
42

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. The Lessee has satisfied all required conditions of the Lease for the Lease extension.

The following provisions are pertinent to the Lease extension:

Lessor: Municipality of Anchorage

Lessee: Dimond D Partners (a general partnership consisting of Steven B. Grand and Carita A. Backman)

Location: Lot 4, Block 3, Merrill Field Replat Addition No. 2, consisting of approximately 110,304 square feet (between Merrill Field Drive and Runway 6-24).

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

Rental Adjustment: Annually and at five year intervals.

Term: July 1, 1989 to June 30, 2009

Services provided: Utilities and maintenance of Lessee improvements by Lessee

Special Provisions: Property usage shall be restricted to aeronautical uses.

**THE ADMINISTRATION RECOMMENDS APPROVAL OF AN ORDINANCE AUTHORIZING EXTENSION OF THE LEASE BETWEEN THE MUNICIPALITY OF ANCHORAGE AS LESSOR AND DIMOND D PARTNERS AS LESSEE OF LOT 4, BLOCK 3, MERRILL FIELD REPLAT ADDITION NO. 2, LOCATED BETWEEN RUNWAY 7-25 AND MERRILL FIELD DRIVE.**

Prepared by: Merrill Field Airport

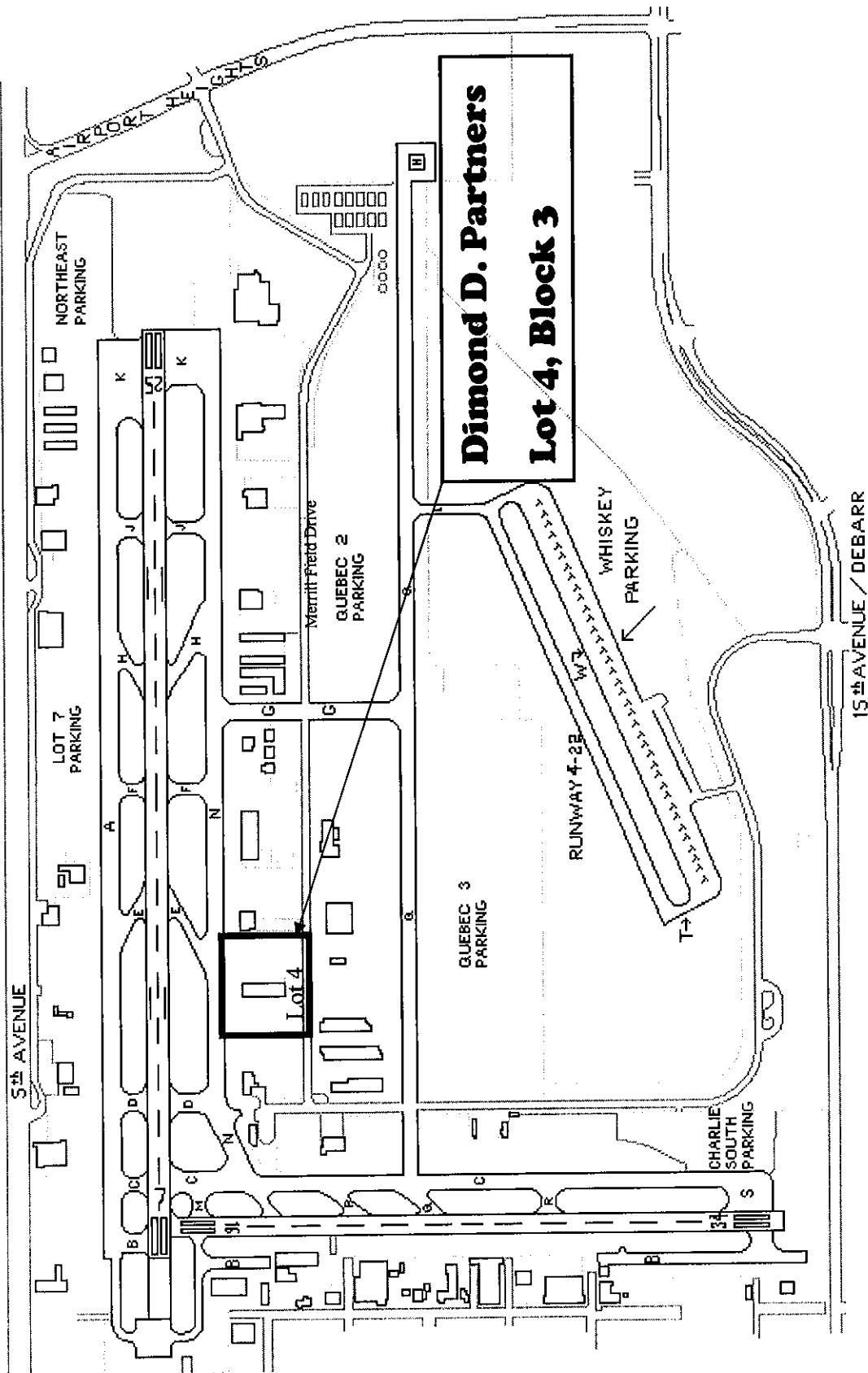
Approved by: David A. Lundebj, Manager, Merrill Field Airport

Concur: James N. Reeves, Municipal Attorney

Concur: Michael K. Abbott, Municipal Manager

Respectfully Submitted, Mathew W. Claman, Acting Mayor

# MERRILL FIELD AIRPORT



**Content ID:** 007484

**Type:** Ordinance - AO

AN ORDINANCE AUTHORIZING EXTENSION OF THE LEASE BETWEEN THE MUNICIPALITY OF ANCHORAGE AS LESSOR AND DIMOND D

**Title:** PARTNERS AS LESSEE OF LOT 4, BLOCK 3, MERRILL FIELD REPLAT ADDITION NO. 2, LOCATED BETWEEN RUNWAY 7-25 AND MERRILL FIELD DRIVE

**Author:** maglaquijp

**Initiating Dept:** Merrill

**Description:** AN ORDINANCE AUTHORIZING EXTENSION OF THE LEASE BETWEEN THE MUNICIPALITY OF ANCHORAGE AS LESSOR AND DIMOND D PARTNERS AS LESSEE OF LOT 4, BLOCK 3, MERRILL FIELD REPLAT ADDITION NO. 2, LOCATED BETWEEN RUNWAY 7-25 AND MERRILL FIELD DRIVE

**Keywords:** AN ORDINANCE AUTHORIZING EXTENSION OF THE LEASE BETWEEN THE MUNICIPALITY OF ANCHORAGE AS LESSOR AND DIMOND D PARTNERS AS LESSEE OF LOT 4, BLOCK 3, MERRILL FIELD REPLAT ADDITION NO. 2, LOCATED BETWEEN RUNWAY 7-25 AND MERRILL FIELD DRIVE

**Date Prepared:** 3/3/09 8:49 AM

**Director Name:** David A. Lundebey

**Assembly Meeting Date:** 4/14/09

**Public Hearing Date:** 4/28/09

<u>Workflow Name</u>	<u>Action Date</u>	<u>Action</u>	<u>User</u>	<u>Security Group</u>	<u>Content ID</u>
Clerk_Admin_SubWorkflow	4/3/09 11:52 AM	Exit	Michael Abbott	Public	007484
MuniMgrCoord_SubWorkflow	4/3/09 11:52 AM	Approve	Michael Abbott	Public	007484
MuniManager_SubWorkflow	4/3/09 11:52 AM	Approve	Michael Abbott	Public	007484
MuniManager_SubWorkflow	3/16/09 10:31 AM	Checkin	Joy Maglaqui	Public	007484
Legal_SubWorkflow	3/13/09 4:26 PM	Approve	Rhonda Westover	Public	007484
Finance_SubWorkflow	3/12/09 3:53 PM	Approve	Teresa Peterson	Public	007484
OMB_SubWorkflow	3/12/09 9:13 AM	Approve	Marilyn T. Banzhaf	Public	007484
Merrill_SubWorkflow	3/3/09 9:17 AM	Approve	David Lundebey	Public	007484
AllOrdinanceWorkflow	3/3/09 8:53 AM	Checkin	Linda Luebke	Public	007484