

Submitted by: Chair of the Assembly
at the Request of the Mayor
Prepared by: Merrill Field Airport
For Reading: June 28, 2011

CLERK'S OFFICE

ANCHORAGE, ALASKA

APPROVED

AO No. 2011-76

Date: 7-12-11

1 **AN ORDINANCE AUTHORIZING THE LONG TERM LEASE BETWEEN THE**
2 **MUNICIPALITY OF ANCHORAGE AS LESSOR AND AERO TWIN, INC., AS**
3 **LESSEE OF LOT 2, BLOCK 4, MERRILL FIELD REPLAT, LOCATED**
4 **BETWEEN RUNWAY 07/25 AND MERRILL FIELD DRIVE.**

5
6
7 **WHEREAS**, Aero Twin, Inc., is the existing leaseholder of Lot 2, Block 4, Merrill
8 Field Replat; and

9
10 **WHEREAS**, Aero Twin, Inc., has requested to make considerable improvements
11 to the leasehold which include a new 2,000 square foot addition and renovation
12 work to the existing building; and

13
14 **WHEREAS**, Aero Twin, Inc., requires an additional lease term to make the
15 proposed improvements economically feasible, the existing lease term expires
16 March 1, 2022 (11 years); and

17
18 **WHEREAS**, Merrill Field Airport is very supportive of the proposed building
19 addition and renovation work and recommends entering into a new Lease as
20 opposed to an extension to the existing Lease for the additional lease term; and

21
22 **WHEREAS**, the current Merrill Field lease rate is consistent for all Merrill Field
23 Airport land leases with like uses and considered to be the market rate for airport
24 properties that are restricted to aeronautical uses; and


25
26 **WHEREAS**, Anchorage Municipal Code section 25.30.020 requires disposal of
27 Municipal land shall be by ordinance only; now therefore,

28
29 **THE ANCHORAGE ASSEMBLY ORDAINS:**

30
31 **Section 1.** The Municipality of Anchorage is authorized to enter into a new
32 lease at market rates for the area described as Lot 2, Block 4, Merrill Field Replat,
33 located within the Anchorage Recording District of the Third Judicial District,
34 composed of approximately 89,775 square feet, with Aero Twin, Inc., upon the
35 terms and conditions summarized in the attached Assembly Memorandum.
36

1
2 **Section 2.** This Ordinance shall take effect immediately upon passage and
3 approval by the Assembly.
4

5 PASSED AND APPROVED by the Assembly this 12th day of July, 2011.
6
7

8 
9 _____
10 Chair of the Assembly
11

12 ATTEST:
13

14
15 
16 _____
17 Municipal Clerk

MUNICIPALITY OF ANCHORAGE
Summary of Economic Effects -- Utilities

AO Number: **2011-77**

Title: **AN ORDINANCE AUTHORIZING THE LONG TERM LEASE BETWEEN THE MUNICIPALITY OF ANCHORAGE AS LESSOR AND AERO TWIN INC., AS LESSEE OF LOT 2, BLOCK 4, MERRILL FIELD REPLAT, LOCATED BETWEEN RUNWAY 07/25 AND MERRILL FIELD DRIVE.**

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

CHANGES IN REVENUES AND EXPENSES:

(In Thousands of Dollars)

	<u>FY11</u>	<u>FY12</u>	<u>FY13</u>	<u>FY14</u>	<u>FY15</u>
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:

No effect. The square footage of Lot 2, Block 4, Merrill Field Replat, is remaining the same.

PRIVATE SECTOR ECONOMIC EFFECTS:

New lease agreements provide the existing airport leaseholders the opportunity to make considerable improvements to their lease areas, including new office/retail/hangars to house their aviation businesses. 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**

MUNICIPALITY OF ANCHORAGE

ASSEMBLY MEMORANDUM

No. AM 377-2011

Meeting Date: June 28, 2011

1 From: MAYOR

2
3 Subject: AN ORDINANCE AUTHORIZING THE LONG TERM LEASE
4 BETWEEN THE MUNICIPALITY OF ANCHORAGE AS LESSOR AND
5 AERO TWIN, INC., AS LESSEE OF LOT 2, BLOCK 4, MERRILL
6 FIELD REPLAT, LOCATED BETWEEN RUNWAY 07/25 AND
7 MERRILL FIELD DRIVE.
8

9 Aero Twin, Inc., is the existing leaseholder of Lot 2, Block 4, Merrill Field Replat
10 and has operated a very successful aviation business at that location for over
11 twenty years. Aero Twin, Inc., has requested to make considerable improvements
12 to the leasehold which include a new 2,000 square foot addition and renovation
13 work to the existing building. To obtain financing for the proposed improvements,
14 Aero Twin, Inc., requires additional lease term, the existing lease term expires
15 March 1, 2022 (11 years).
16

17 Merrill Field Airport is very supportive of the proposed building addition and
18 renovation work and recommends entering into a new Lease as opposed to an
19 extension to the existing Lease for the additional lease term.
20

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

37 The rent, as set forth in the Lease, is the current per square foot rate paid by the
38 other existing long term leaseholders at Merrill Field. The lease rates at Merrill
39 Field are reviewed yearly and the current rate is considered to be the market rate
40 taking into account the restrictions and obligations imposed on the property. The
41 Administration believes the use of the premises under the provisions of the Lease
42 furthers the operational objective of Merrill Field Airport.
43

To complete the proposed leasing action, the following documents are required at the time of closing which is planned for June 2011: the Mutual Cancellation of the existing Lease and, subject to Assembly approval, the execution of a New Lease between the Municipality and Aero Twin, Inc. A summary of the Lease information follows:

Lessor: Municipality of Anchorage

Lessee: Aero Twin, Inc.

Location: Lot 2, Block 4, Merrill Field Replat, consisting of approximately 89,775 square feet (between Runway 07/25 and Merrill Field Drive).

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
by Lessee: Utilities and maintenance of Lessee improvements.

Special Provisions: Lessee, at its own cost and expense, will provide improvements to include a new 2,000 square foot addition and renovation work to the existing building and other improvements as may be required in conjunction with said improvements; all to be completed within the first two years of the lease at an approximate cost in excess of \$375,000. 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 AERO TWIN, INC., AS LESSEE OF LOT 2, BLOCK 4, MERRILL FIELD REPLAT, LOCATED BETWEEN RUNWAY 07/25 AND MERRILL FIELD DRIVE.

Prepared by: Merrill Field Airport

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

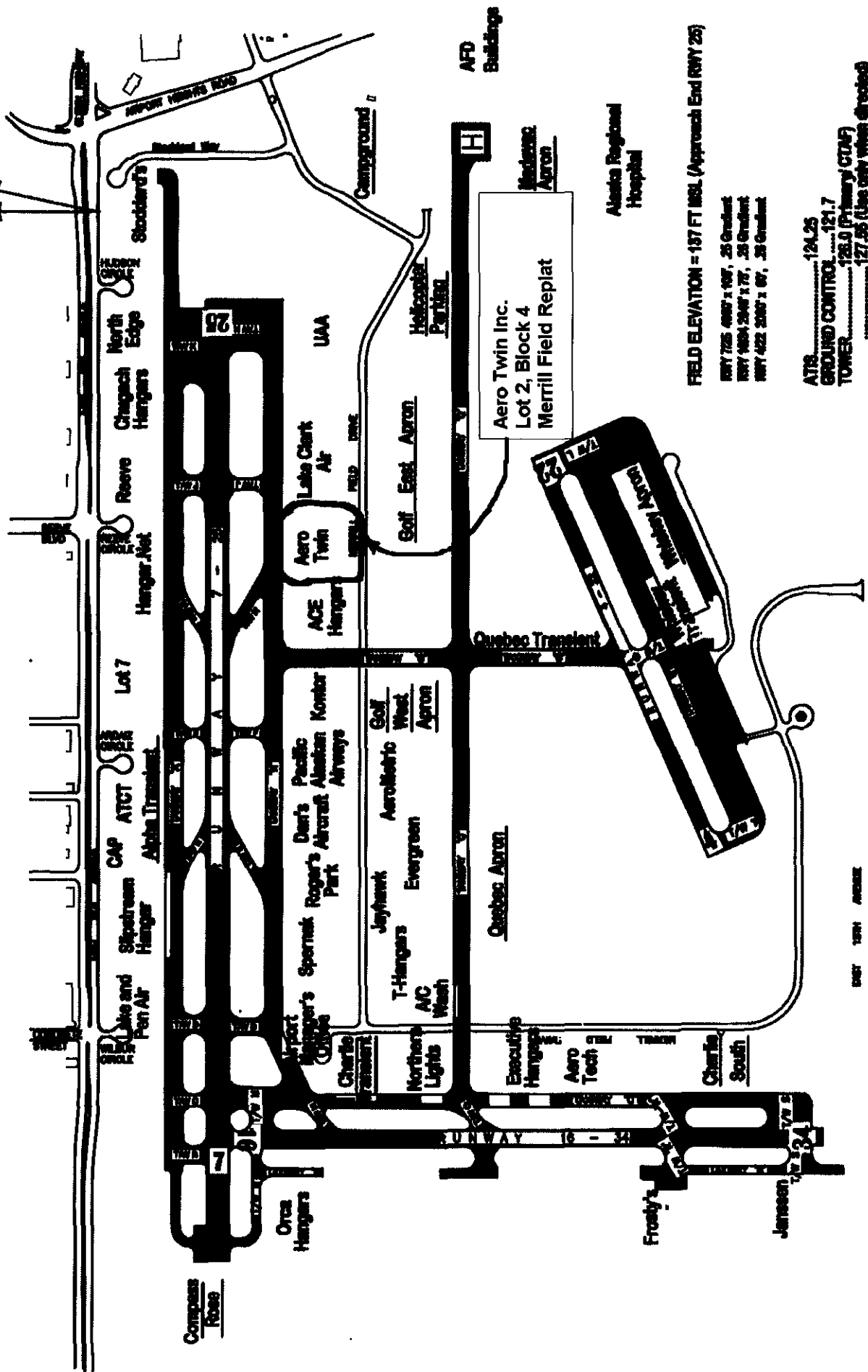
Concur: Dennis A. Wheeler, Municipal Attorney

Concur: George J. Vakalis, Municipal Manager

Respectfully submitted: Daniel A. Sullivan, Mayor

MERRILL FIELD AIRPORT LOCATION MAP

19° 02' E (2005)
TN AW



FIELD ELEVATION = 137 FT MSL (Approach End Rwy 25)

Rwy 725 4807 x 100', 25 Gradient
Rwy 1804 2407 x 17', 25 Gradient
Rwy 422 2007 x 07', 25 Gradient

ATIS124.25
GROUND CONTROL121.7
TOWER125.0 (Primary CTAF)
.....127.55 (Use only when directed)