

Submitted by: Chair of the Assembly at
the Request of the Mayor

Prepared by: Merrill Field Airport

For Reading: July 13, 2010

CLERK'S OFFICE

APPROVED

Date: 7-27-10

ANCHORAGE, ALASKA

AO No. 2010-53

1 **AN ORDINANCE AUTHORIZING THE LONG TERM LEASE BETWEEN THE**
2 **MUNICIPALITY OF ANCHORAGE AS LESSOR AND FLIGHT SAFETY**
3 **ALASKA, INC., AS LESSEE OF LOT 7C, BLOCK 2, MERRILL FIELD REPLAT**
4 **ADDITION #6, LOCATED BETWEEN RUNWAY 07/25 AND GLENN HIGHWAY.**
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6

7 **WHEREAS**, Flight Safety Alaska, Inc. has operated a successful aviation
8 business on Merrill Field Airport for many years; and
9

10 **WHEREAS**, Flight Safety Alaska, Inc. plans to construct a new modern facility to
11 house a fixed base operation for air charter and air tour operations; and
12

13 **WHEREAS**, Flight Safety Alaska, Inc. has requested a new long term lease to
14 provide the area and lease term necessary for the proposed facility; and
15

16 **WHEREAS**, Merrill Field Airport is very supportive of the new facility and
17 recommends entering into a new lease; and
18

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

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

26 **THE ANCHORAGE ASSEMBLY ORDAINS:**
27

28 **Section 1.** The Municipality of Anchorage is authorized to enter a new lease at
29 market rates for the area described as Lot 7C, Block 2, Merrill Field Replat
30 Addition #6, located within the Anchorage Recording District of the Third Judicial
31 District, composed of approximately 136,337 square feet, with Flight Safety
32 Alaska, Inc. upon the terms and conditions summarized in the attached Assembly
33 Memorandum.
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35 **Section 2.** This Ordinance shall take effect immediately upon passage and
36 approval by the Assembly.
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PASSED AND APPROVED by the Assembly this 27th day of July, 2010.


Chair of the Assembly

ATTEST:


Municipal Clerk

MUNICIPALITY OF ANCHORAGE
Summary of Economic Effects -- Utilities

AO Number: 2010-53

Title: **AN ORDINANCE AUTHORIZING THE LONG TERM LEASE BETWEEN THE MUNICIPALITY OF ANCHORAGE AS LESSOR AND FLIGHT SAFETY ALASKA, INC., AS LESSEE OF LOT 7C, BLOCK 2, MERRILL FIELD REPLAT ADDITION #6, 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>FY10</u>	<u>FY11</u>	<u>FY12</u>	<u>FY13</u>	<u>FY14</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 effects

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

MUNICIPALITY OF ANCHORAGE

ASSEMBLY MEMORANDUM

NO. AM 411-2010

Meeting Date: July 13, 2010

1 **From: MAYOR**

2
3 **Subject: AN ORDINANCE AUTHORIZING THE LONG TERM LEASE**
4 **BETWEEN THE MUNICIPALITY OF ANCHORAGE AS LESSOR**
5 **AND FLIGHT SAFETY ALASKA, INC., AS LESSEE OF LOT 7C,**
6 **BLOCK 2, MERRILL FIELD REPLAT ADDITION #6, LOCATED**
7 **BETWEEN RUNWAY 07/25 AND GLENN HIGHWAY.**
8
9

10 Flight Safety Alaska, Inc. has operated a successful aviation business on Merrill
11 Field Airport for many years and now has plans for expansion. The new long term
12 lease of Lot 7C, Block 2, Merrill Field Replat Addition #6 provides the area and
13 lease term necessary for the proposed facility.
14

15 Flight Safety Alaska, Inc. plans to construct a new modern facility to house a fixed
16 base operation for air charter and air tour operations. The new facility would
17 consist of a hangar and maintenance building of approximately 6,000 square feet
18 and a new fixed base operation and flight school building of approximately 8,400
19 square feet.
20

21 Merrill Field Airport is very supportive of the proposed development and
22 recommends entering into a new Lease to support the proposed facility.
23

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

40 The rent, as set forth in the Lease, is the current per square foot rate paid by the
41 other existing long term leaseholders at Merrill Field. The lease rates at Merrill
42 Field are reviewed yearly and the current rate is considered to be the market rate
43 taking into account the restrictions and obligations imposed on the property. The

1 Administration believes the use of the premises under the provisions of the Lease
2 furthers the operational objective of Merrill Field Airport.

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4 A summary of the Lease information follows:

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6 Lessor: Municipality of Anchorage

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8 Lessee: Flight Safety Alaska, Inc.

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10 Location: Lot 7C, Block 2, Merrill Field Replat Addition #6, consisting of
11 approximately 136,337 square feet (between Runway 07/25
12 and Glenn Highway).

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

15
16 Rental Adjustment: Annually and at five year intervals.

17
18 Term: 35 years plus two additional ten-year renewal options.

19
20 Services provided
21 by Lessee: Utilities and maintenance of Lessee improvements.

22
23 Special Provisions: Lessee, at its own cost and expense, will provide
24 improvements to include construction of a hangar and
25 maintenance building of approximately 6,000 square feet and
26 a new fixed base operation and flight school building of
27 approximately 8,400 square feet and other improvements as
28 may be required in conjunction with said improvements; all to
29 be completed within the first three years of lease at an
30 approximate cost in excess of \$375,000. Property usage
31 shall be restricted to aeronautical uses.

32
33 **AN ORDINANCE AUTHORIZING THE LONG TERM LEASE BETWEEN THE**
34 **MUNICIPALITY OF ANCHORAGE AS LESSOR AND FLIGHT SAFETY**
35 **ALASKA, INC., AS LESSEE OF LOT 7C, BLOCK 2, MERRILL FIELD REPLAT**
36 **ADDITION #6, LOCATED BETWEEN RUNWAY 07/25 AND GLENN HIGHWAY.**

37
38 Prepared by: Merrill Field Airport
39 Approved by: David A. Lundeby, Manager, Merrill Field Airport
40 Concur: Dennis A. Wheeler, Municipal Attorney
41 Concur: George J. Vakalis, Municipal Manager
42 Respectfully submitted: Daniel A. Sullivan, Mayor

MERRILL FIELD AIRPORT

(Not to Scale)

FIELD ELEVATION - 100 FT. (See Approach and Runway)

ASPH. CONC. 400' x 150', 35' Grade

ASPH. CONC. 300' x 150', 35' Grade

ASPH. CONC. 200' x 150', 35' Grade

ASPH. CONC. 150' x 150', 35' Grade

ASPH. CONC. 100' x 150', 35' Grade

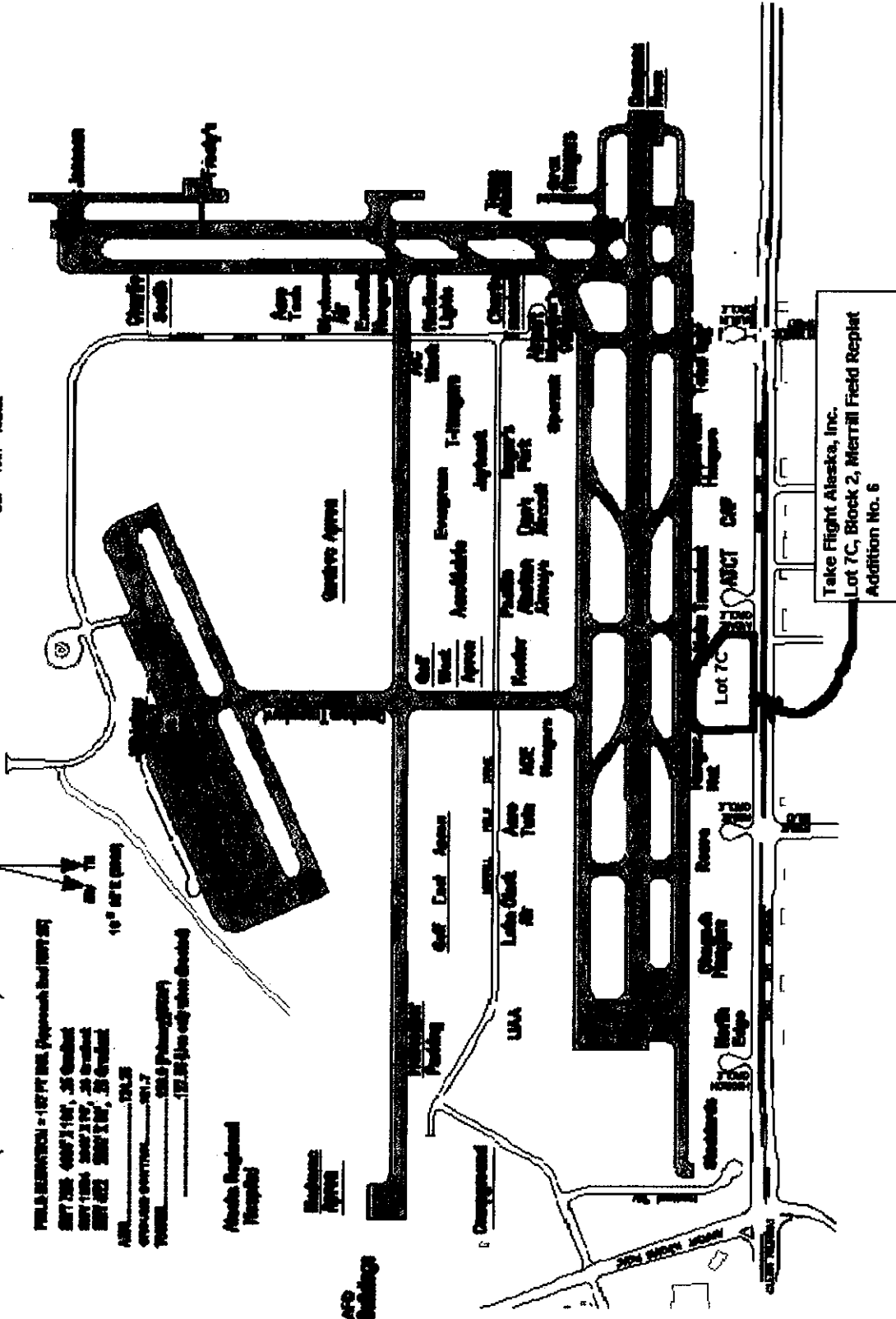
ASPH. CONC. 50' x 150', 35' Grade

ASPH. CONC. 25' x 150', 35' Grade

North Regional
Hospital

Medical
Center

APC
Buildings



Take Flight Alaska, Inc.
Lot 7C, Block 2, Merrill Field Replat
Addition No. 6

Content ID: 009171**Type:** Ordinance - AO

AN ORDINANCE AUTHORIZING THE LONG TERM LEASE BETWEEN THE MUNICIPALITY OF ANCHORAGE AS LESSOR AND FLIGHT SAFETY

Title: ALASKA, INC., AS LESSEE OF LOT 7C, BLOCK 2, MERRILL FIELD REPLAT ADDITION #6, LOCATED BETWEEN RUNWAY 07/25 AND GLENN HIGHWAY.**Author:** pruittns**Initiating Dept:** Merrill**Description:** Ordinance Long Term Lease Flight Safety Alaska**Date Prepared:** 6/21/10 3:36 PM**Director Name:** David A. Lundeby**Assembly Meeting Date:** 7/13/10**Public Hearing Date:** 7/27/10

Workflow Name	Action Date	Action	User	Security Group	Content ID
Clerk_Admin_SubWorkflow	7/8/10 10:24 AM	Exit	Nina Pruitt	Public	009171
MuniManager_SubWorkflow	7/8/10 10:24 AM	Approve	Nina Pruitt	Public	009171
Legal_SubWorkflow	7/7/10 3:19 PM	Approve	Rhonda Westover	Public	009171
Finance_SubWorkflow	7/7/10 1:21 PM	Approve	Lucinda Mahoney	Public	009171
Finance_SubWorkflow	6/24/10 9:21 AM	Checkin	Nina Pruitt	Public	009171
OMB_SubWorkflow	6/22/10 2:42 PM	Approve	Cheryl Frasca	Public	009171
Merrill_SubWorkflow	6/21/10 3:47 PM	Approve	David Lundeby	Public	009171
AllOrdinanceWorkflow	6/21/10 3:42 PM	Checkin	Linda Luebke	Public	009171

A. Lundeby

CONSENT AGENDA - INTRODUCTION