



## CITY OF WASILLA

290 E. HERNING AVE.

WASILLA, ALASKA 99654-7091

PHONE: (907) 373-9050

FAX: (907) 373-9085

### COUNCIL MEMORANDUM 96- 44

From: John T. Felton, Public Works Director/City Engineer

Date: April 15, 1996

Subject: Lease proposal for Airport Lots 7-9

The City has been working with Lambert Investments & Rentals to develop "T" hangars at the Wasilla Airport. These hangars would be limited to smaller fixed wing aircraft in the Super Cub/180 series size. This would be a definite benefit to the airport and would potentially increase aircraft use of the airport. His proposal has been approved, in concept, by the planning Commission and they are in the process of rezoning the airport lease lots to facilitate this type of development.

Attorney Deuser and I have reviewed the lease agreement that is currently in use at the airport. This document is dated and required some modifications. Also, the main document is set up as a "boiler plate" with an appendix and exhibits used to customize it to the particular lease. These documents have been prepared and will be sent to Mr. Lambert this week for his review. I am attaching the Appendix so that the Council will have a general idea of what Mr. Lambert is installing and what the City is requesting.

Lambert Investments & Rentals submitted the attached proposal for the immediate lease of Lot 9 (closest to the runway) and for options for Lots 7 & 8. This proposal is a first stage negotiation and is subject to debate. After reviewing this proposal, I found that I disagree with the premise that one half of Lot 9 is unusable. Mr. Lambert states that the subject area is unusable "for building purposes I propose". This is not totally correct. His proposal does use this area for access to one bay of hangars and provides space for a wash rack and leach field. Mr. Block has developed a similar lot and he uses this questioned space for temporary parking and a repair staging area. I do not feel that Mr. Lambert's proposed use should diminish the City's ability to collect full revenue for this property.

I had an unsolicited call from Tom Dunnagan, an Anchorage appraiser, concerning the airport lease rates. Mr. Dunnagan has been retained by Airports Division of DOT/PF to set reasonable rates for state airport lease lots and was in the process of collecting data from all over the state. In his opinion, the most comparable airport to the Wasilla airport was the one at Willow. He thought that due to its size and the the extent of its paving, Palmer's airport was not similar, except location, to Wasilla's airport and should not be

used for comparison. He informed me that the present lease rates at Willow are \$0.109 per square foot per year (/sfpy) for aviation related leases and \$0.149/sfpy for non-aviation related uses. In his opinion, our present rate of \$0.060/sfpy is extremely low and probably accounts for the recent interest in our facility. I did check with the City of Palmer and they have recently raised their rates to \$0.050/sfpy. A few years ago, Don Tracy told them that a reasonable rate for their airport lease land was \$0.060/sfpy.

I do not feel that it is the best interests of the City to lower our rates at this time. The term of the proposed lease is five years with a five year option. It would not be in the best interests of the City to lower the rates for the next ten years. As the airport develops, this land should not be arbitrarily fixed at an extremely low rate to satisfy a single tenant. This also could be used as a bargaining tool for other users to obtain lower lease fees.

It is reasonable and normal for the City to work with Mr. Lambert with respect to his lease options. He needs to have the assurance that he can complete his planned development. The fees he presents are reasonable for the options, but again, the proposed lease rates are too low.

**RECOMMENDATION:**

It is recommended that the City Council authorize the administration to continue negotiating with Mr. Lambert for the lease of Lots 7 through 9 at the airport. These negotiations should be accomplished maintaining the prices that have been set forth in Resolution 94-76. Other concessions made be made to aid Mr. Lambert in his development and aid the City in the development of the airport.



John T. Felton  
Public Works Director/City Engineer

**APPROVED**

DATE: 4/22/96

BY: [Signature]

**APPENDIX**

**to**

**Lease Agreement between City of Wasilla and Lambert Investments and Rentals**

**for**

**Lot 9, New Wasilla Airport Lease Lots 1-9, Plat 92-39**

The following is the Appendix referred to in Section 2.1 of the lease document referred to above:

Permitted Uses: The permitted uses of this lease lot are as follows:

1. The erection of "T" hangars and the rental of the resulting hangar space.
2. The construction of water and sewer facilities to service the hangars.
3. The construction of an aircraft washing area.
4. The extension of utilities to serve the hangars.

Any other uses not directly related to and a normal part of business of operating the above mentioned uses is not permitted. No secondary businesses or office space, not solely used for the above described rental space and aircraft washing, facility will be permitted.

Construction Requirements:

1. All plans and specifications for all improvements must be approved, in writing, by the airport manager prior to the commencement of construction activities. All building plans must be approved by the Alaska State Fire Marshall's office prior to being submitted for City approval. All water and wastewater plans must be approved by the Alaska Department of Environmental Conservation prior to being submitted for the airport manager's approval. All conditions of the Development Permit required by WMC Section 16.43 must be met prior to construction.
2. All structures and additions or renovations to structures must be designed and constructed in accordance with the requirements of the current edition of Uniform Building Code published by the International Conference of Building Officials; the current edition of the Uniform Plumbing Code published by the International Association of Plumbing and Mechanical Officials; and the current edition of the National Electrical Code published by the national Fire Protection Association.

3. No structure or facility shall be placed in operation until all of the inspections required by Federal, State, City and referenced Codes has been conducted and written acceptance from the inspecting authority has been given to the airport manager.
4. It is the Tenant's sole responsibility to arrange for, coordinate and pay for all utility connections to the lease lot. The Lessor shall be the only party to grant service easements on the lot. These easements will be reviewed and approved only if they will not detrimentally affect the City's use and development of the airport.

a:\lamrent.apx

Lambert Investments & Rentals  
PO Box 877349  
Wasilla, AK 99687  
376-2552 message

March 8, 1996

City of Wasilla  
290 E. Herning Avenue  
Wasilla, AK 99654-7091

ATTN: MAYOR JOHN STEIN  
SUBJECT: LAND LEASE - WASILLA AIRPORT

The following is a proposal to lease Lots 7,8, and 9 at the Wasilla Airport.

Lot 9

Since approximately half of Lot 9 can't be used for building purposes I propose a \$.03 per sq. ft. per year lease rate.

Lot 8

I propose an option for Lot 8 to commence on the first day the lease is signed for Lot 9 for the duration of 12 months with the option cost for that period being nine hundred dollars (\$900.00).

If option is exercised, then lease amount to be four cents (\$.04) per sq. ft. per year (\$1,800.00) until such amenities as airplane fuel dispensing station, and paved runway and taxiways are provided, at which time the lease rate will increase to five cents (\$.05) per sq. ft. per year (\$2,250.00).

Lot 7

I propose an option for Lot Seven (7) to commence on the first day that the lease for Lot Nine (9) is signed. The duration for this option to be twenty-four months at the rate of four hundred fifty dollars (\$450.00) per twelve (12) month period. If option is exercised, then lease amount to be four cents (\$.04) per sq. ft. per year (\$1,800.00) until such amenities as airplane fuel dispensing station, and paved runway and taxiways are provided, at which time the lease rate will increase to five cents (\$.05) per sq. ft. per year (\$2,250.00).

If the City of Wasilla is willing not to exalate the lease rates on the above-mentioned Lots for the duration of the lease, I will agree to provide for the entire airport to use at a very nominal fee (to be negotiated) the following:

1. Coin operated pressure washer.
2. All hoses and attachments for above.
3. Water.
4. Electricity.
5. 40' x 40' concrete wash pad.
6. Leak field (if necessary).

A nominal fee being approximately half (1/2) the rate that is being charged by similar operations.

#### Construction Schedule

- Building One - 190' x 34' 6 hangar spaces  
To be built summer 1996.
- Building Two - 190' x 34' 6 hangar spaces  
To be built summer 1997.
- Building Three - 190' x 34' 6 hangar spaces  
To be built summer 1997.
- Wash Rack Operation - To be built summer 1997.
- Building Four - 190' x 34' 6 hangar spaces  
To be built summer 1998.
- Building Five - 190' x 34' 6 hangar spaces.  
To be built summer 1998.

Using Palmer as a comparable, these are the reasons I'm offering the lower rates than you propose:

Wasilla  
One runway prevailing  
No crosswind runway  
Gravel Runway  
Gravel Taxiway  
Gravel Parking  
No grass area  
No fuel

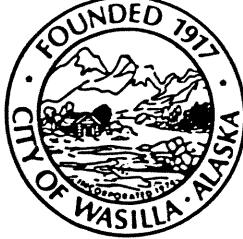
Palmer  
One runway prevailing  
Crosswind runway  
Paved Runways  
Paved Taxiways  
Paved Parking  
Grass  
Jet A and 100 LL

I regret that I probably won't be present at the council meeting but I will be sending my property manager, Duane Hart, to field any questions you may have. In the meantime, I can be contacted at (616)894-6892.

Sincerely,



Phil Lambert



**CITY OF WASILLA**

290 E. HERNING AVE.

WASILLA, ALASKA 99654-7091

PHONE: (907) 373-9050

FAX: (907) 373-9085

**RESOLUTION NO. WR94-76**

REQUESTED BY: ADMINISTRATION  
PREPARED BY: CLERK'S OFFICE

A RESOLUTION OF THE CITY OF WASILLA, ALASKA ADOPTING A NEW FEE SCHEDULE FOR THE WASILLA MUNICIPAL AIRPORT.

WHEREAS, the administration is presently transferring collection of lease space and tie down fees from the Clerk's Office to the Finance Department; and

WHEREAS, the Finance Department has requested certain changes to the fee schedule to make it compatible with our computer utility billing system;

NOW THEREFORE BE IT RESOLVED, that Resolution No. WR93-28 is hereby repealed;

BE IT FURTHER RESOLVED, that effective January 1, 1995 the following fee schedule for services and activities at the Wasilla Municipal Airport are set as follows:

- (1) Daily Transient Aircraft Parking:
  - 0 - 6 hours No Charge
  - Over 6 hours; per day \$ 5.00
- (2) Tie-down Space Fees:
  - Per Month \$ 25.00
  - For 6 Months \$ 125.00 Paid in Advance
  - Yearly \$ 250.00 Paid in Advance
- (3) Impoundment:
  - Basic Fee \$ 40.00
  - Storage Fee \$ 5.00 Per Day
- (4) Motor Vehicle Parking:
  - 0 - 24 hours No Charge
  - 2 or more days \$ 2.00 Per Day
- (5) Land Lease Rate \$ .06 Per Sq. Ft. Per Yr.

I certify that a resolution in substantially the above form was passed by a majority of those voting at a duly called and conducted meeting of the governing body of the City of Wasilla this 12th day of December, 1994.

ATTEST:

*Marjorie D. Harris*  
MARJORIE D. HARRIS, CMC  
City Clerk

*John C. Stein*  
JOHN C. STEIN, Mayor

(SEAL)