



	Approved	Denied
Action taken	5/24/04	
Other:		
Verified by:	<i>J. Smith</i>	

**COUNCIL ACTION MEMORANDUM**

**AM No. 04-32**

**TITLE: APPROVAL OF 30-YEAR LEASE AGREEMENT FOR LOTS 7 & 8, NEW WASILLA AIRPORT LEASE LOTS.**

Agenda of: MAY 24, 2004

Date: May 14, 2004

Originator: JILL CARRICABURU, PLANNING CLERK

Route to:	Department	Signature/Date
	Police	
	Recreational and Cultural Services Library, Museum	
X	Public Works Planning	<i>[Signature]</i> 5/14/04
X	Finance *signature required	
X	Clerk	<i>J. Smith</i>

**REVIEWED BY MAYOR DIANNE M. KELLER:** *Dianne M. Keller*

**FISCAL IMPACT:**  yes or  no      Funds Available  yes  no  
Account name/number:

Attachments: WPCM 04-01, Minutes of January 27, 2004 Planning Commission Meeting; Planning office memo 1/27/04, Merrill Field Airport Lease Term Guidelines, Larson Letter dated September 29, 2003

**SUMMARY STATEMENT:**

At the Planning Commission meeting of January 27, 2004 the Commission unanimously approved to forward to Council a recommendation to lease New Wasilla Airport Lease Lots 8 and 9, to Kim Larson, Managing Member of Frontier Aero Center, LLC. Mr. Larson intends to construct a one story office building of approximately 7,875 square feet on Lot 7, and a 4,000 square foot hangar on Lot 8.

Mr. Larson is requesting to deviate from the 10-year lease clause currently stipulated in the standard airport lease agreement in order to secure long term financing. (see attached memo from Sandra Garley dated January 27, 2004)

The 30-year lease agreement was previously approved for G.T. Construction for Lots 7, 8, & 9 by the City Council; however, Mr. Turner of G.T. Construction relinquished his lease option shortly thereafter as he did not follow through with construction.

The current applicant, Mr. Larson, plans to construct this building season.

**STAFF RECOMMENDED ACTION:**

Staff recommends the Wasilla City Council move to approve revised lease agreement for a period of 30-years between the City of Wasilla and Kim Larson, Managing Member, Frontier Aero Center, LLC for Lots 7 & 8, New Wasilla Airport Lease Lots.



	Approved	Denied
Action taken	1/27/04	
Other:		
Date of Commission Action:	See attached minutes	
Verified by:		

## WASILLA CITY PLANNING COMMISSION

PCM No. 04-01

**TITLE:** Wasilla Airport Lease Lots 7, 8, & 9, Modification of Lease Agreement

**MEETING DATE:** January 13, 2004

**REQUESTED BY:** Sandra Garley, City Planner  
Archie Giddings, Public Works Director

**PREPARED BY:** Jill Carricaburu, Planning Clerk

**DATE PREPARED:** 1/06/04

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### SUMMARY STATEMENT:

The proposed tenant for Lots 7, 8, & 9, New Wasilla Airport Lease Lots has expressed a desire to procure a 30-year lease rather than a 10-year lease as allowed per Wasilla Municipal Code Section 5.32.120(C)(2).

Due to financial circumstances for assuring a mortgage on the improvements the use may be submitted before the Wasilla Planning Commission and the Wasilla City Council (WMC 5.32.120(C)(3)) for acceptance of the proposed lease.

The applicant has discussed the possibility of building one structure during summer of 2004 and completing the remaining structures in 2005.

Additionally a formal offer has been received from Mr. William H. Bruu to lease Airport Lease Lot 8 in order to construct a hanger in the spring of 2004. Mr. Bruu will be building 'out-of-pocket', no financing is necessary. He is anxious to secure a lot for lease. (See attached letter dated 12/19/03)

### STAFF RECOMMENDED MOTION:

The following choices are available for the Commission's decision to then be forwarded on the Wasilla City Council for consideration:

- Motion to accept the proposed modified lease agreement between the City of Wasilla and Kim M. Larsen to lease Lots 7, 8 & 9 understanding that construction will occur on Lot 7 in May of 2004, with plans to build hangars on Lots 8 and 9 in late June of 2004.

- Motion to deny lease agreement between the City of Wasilla and Kim Larsen.
- Motion to lease only those lots which will be immediately developed.

Attachments

MOTION: Commissioner McCarthy moved to adopt Resolution Serial Number 04-05.

MOTION: Commissioner Hamilton offered a primary amendment to add the condition that an encroachment permit issued by the City of Wasilla Public Works Department for parking within a section line easement is obtained.

VOTE: The primary amendment was passed unanimously.

DISCUSSION: Commissioner McCain agreed with Mr. Bucaria regarding the clear cutting of the parcels.

VOTE: Voting on the main motion as amended, it passed unanimously.

### **PERSONS TO BE HEARD**

There were no persons to be heard.

### **NEW BUSINESS**

There were no new business items.

### **UNFINISHED BUSINESS**

- Planning Commission Memorandum No. 04-01

Ms. Garley gave an overview stating that Mr. Larson needs at least two of the lots for his business; he would prefer Lots 7 and 8. The percentage of Lot 9 presently being used for transient aircraft parking is approximately 50%. Ms. Garley provided a memo to the Commission dated January 27, 2004 answering questions of the Commissioners.

Mr. Bruu has stated that he would be interested in Lot 9 as the City's use is temporary and he would lease only the useable area. Discussion followed.

Chairman Koskela stated that he is a personal friend of Mr. Bruu's and did not wish to present a conflict.

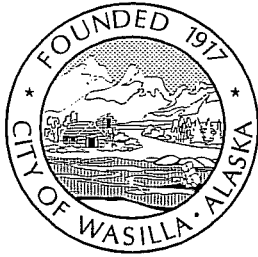
The general consensus of the commission was that no conflict exists.

\* MOTION: Commissioner Vinette moved to forward to the Council the lease agreement for Kim Larson for lease lots 7 and 8, and also the lease agreement for Mr. Bruu for lease lot number 9.

VOTE: Voting on the motion it passed unanimously.

### **COMMUNICATION**

- Calendar Review January / February



# CITY OF WASILLA

• Planning Office •

290 East Herning Avenue • Wasilla • Alaska • 99654-7091

• Telephone 907-373-9094 •

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## MEMORANDUM

**DATE:** January 27, 2004  
**TO:** Planning Commission  
**FROM:** Sandra Garley, City Planner *Sandra Garley*  
**RE:** Conversation with Kim Larson regarding Airport Lease Lots 7, 8, & 9

Are all 3 lots necessary for Kim Larson's development?

- Mr. Larson must have at least two lots for his proposed development. He proposes to construct a one-story office building (approximately 7,875 s.f.) on one lot, a 4,000 s.f. hanger on a second lot, and a 9,900 s.f. hanger on the third lot.

If he only were to lease two lots which two would he like?

- Mr. Larson would prefer all three lots. However, if he were only able to lease two lots, he would need Lots 7 and 8. His proposed office building needs to be on the lot

What percentage of Lot 9 is available?

- According to Tom Westall, Airport Manager, we use about 50% of Lot 9 for temporary tie downs. Westall has spoken with Mr. Larson about our use of Lot 9 for temporary tie downs, and Larson does not have a problem with it.

Is staff OK with 30-year lease?

- A 30-year lease for an airport lot, where there is substantial development, is not unusual. At Merrill Field, the Municipality of Anchorage bases its maximum term for a lease (35 years) on the value of the improvements (see attached).

Municipality of Anchorage  
Merrill Field Airport

**MERRILL FIELD AIRPORT LEASE TERM GUIDELINES**

Merrill Field Airport is owned by the Municipality of Anchorage and as a municipal airport is subject to Anchorage Municipal Codes, including Chapter 11.60 dealing with municipal airports and Chapter 25.30 dealing with disposal of municipal lands because a lease is considered a disposal of land. Leases for land on Merrill Field Airport are also subject to and must comply with local laws and regulations as well as federal laws and regulations.

The lease term guidelines attempts to establish lease terms on the basis of a lessee's commitment to construct, in the first few years of the term, permanent improvements and also attempts to provide a reasonable lease term for the amortization of a lessee's development investment. As a general matter, the term of the lease also has to address considerations such as the use of the property, Airport Master Plan recommendations, regulatory requirements and the benefits to the Municipality resulting from the use and/or improvements to the property.

**Minimum Improvement Commitment**

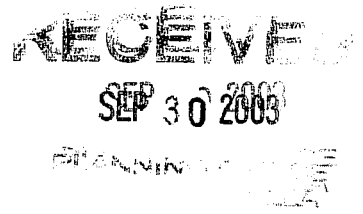
**Maximum Term**

\$0	5 years
\$10,000	10 years
\$15,000	11 years
\$20,000	12 years
\$25,000	13 years
\$30,000	14 years
\$35,000	15 years
\$40,000	16 years
\$45,000	17 years
\$50,000	18 years
\$55,000	19 years
\$60,000	20 years
\$70,000	21 years
\$80,000	22 years
\$90,000	23 years
\$100,000	24 years
\$110,000	25 years
\$120,000	26 years
\$130,000	27 years
\$140,000	28 years
\$150,000	29 years
\$160,000	30 years
\$170,000	31 years
\$180,000	32 years
\$190,000	33 years
\$200,000	34 years
\$210,000	35 years

The Municipality may determine that it is in the Municipality's best interest to grant a shorter term for a given investment in order to accommodate future development plans, changing regulatory requirements, or other similar factors.

**FRONTIER AERO CENTER, LLC**

7362 W. Parks Hwy. #291  
Wasilla, AK 99654



September 29, 2003

City of Wasilla  
Tim Krug  
City Planner  
290 E Herring Ave.  
Wasilla, AK 99654

RE: Airport lease lots 7, 8 & 9

Dear Tim:

We are pleased to submit our application to lease Lots 7, 8, and 9 at the New Wasilla Airport.

We have reviewed the lease the City previously executed with GT Construction, Inc. and hereby request our lease be written under the same terms.

Inasmuch as we will not be able to start construction until spring 2004 we would request a May 1, 2004 start date for our lease. We are prepared to execute the lease and pay the first months rent forthwith.

It is my understanding that the City is currently using part of Lot 9 for transient parking. We request that we be given credit on our rent for this space as long as this use continues.

Thank you for your consideration in this matter.

Sincerely

FRONTIER AERO CENTER, LLC

A handwritten signature in black ink, appearing to read "Kim M. Larsen".

Kim M. Larsen  
Managing Member