



Alaska International Airport System Anchorage and Fairbanks International Airports Land Lease Rates Informational Meeting, 9/30/2009

Agenda

- 1) History, Revenue & Expenses**
- 2) Appraisal Results**
- 3) Comparisons**
- 4) Considerations**
- 5) Comments & Questions**



Land Rates – History

- **AIAS raised land rents in 2003 from \$.06 and \$.09 to \$.09 and \$.12 for Aviation and Auxiliary**
- **AIAS proposed to raise land rents in 2008 from \$.09 and \$.12 to \$.18 and \$.24 for Aviation and Auxiliary**
- **AIAS proposal abated due to public concern about economy and inadequate lead time**
- **AIAS Operating Agreement seeks more equitable alignment of cost centers**

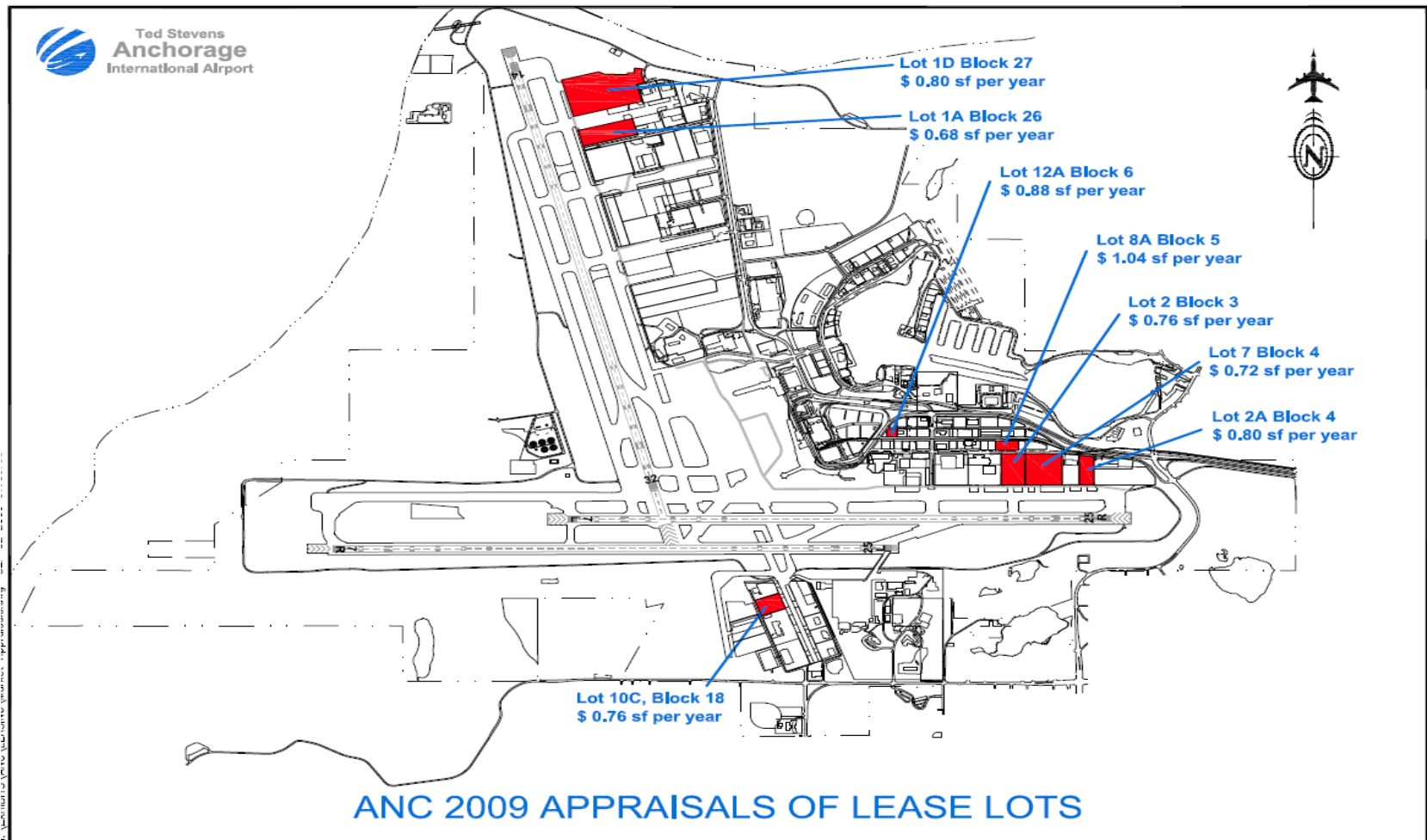


Land Rates – Anchorage

	<u>Current (est. 2003)</u>	<u>Appraised (7/2009)</u>
Aviation:		
(avg N AP)	\$.09/sf/year	\$.74 sf/yr
	\$.09/sf/year	\$.76 sf/yr
(avg E AP)		\$.76 sf/yr (S AP)
Auxiliary:		
(avg E AP)	\$.12/sf/year	\$.96 sf/yr
Non-Aviation:	Fair Market	N/A



Land Rates – Anchorage Appraisal Results





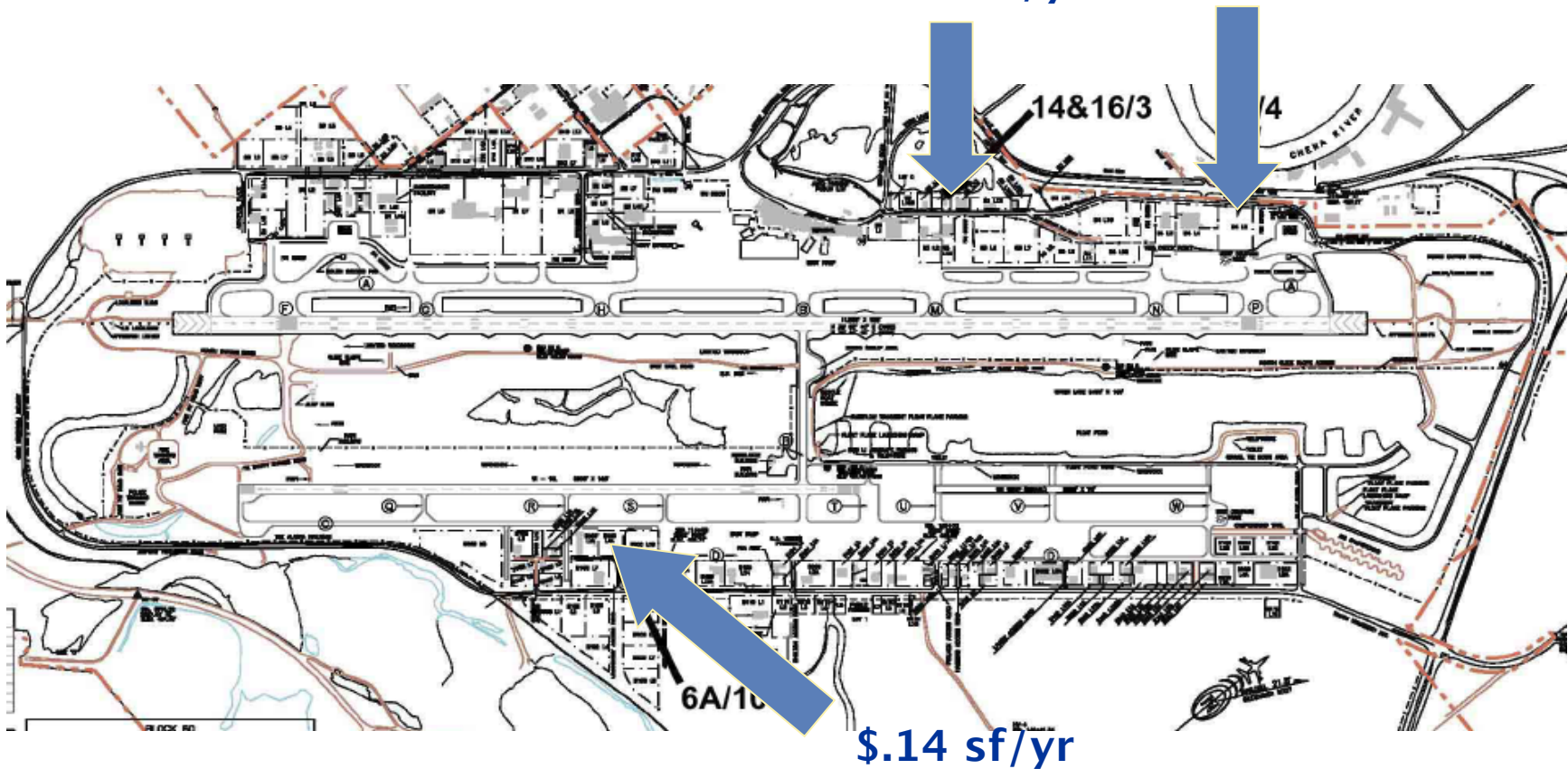
Land Rates – Fairbanks

	<u>Current (est. 2003)</u>	<u>Appraised (7/2009)</u>
Aviation:		
(West)	\$.09/sf/year	\$.18 sf/yr
(East)	\$.09/sf/year	\$.14 sf/yr
Auxiliary:	\$.12/sf/year	\$.22 sf/yr
Non-Aviation:	Fair Market	N/A



Land Rates – Fairbanks Appraisal Results

\$.22 sf/yr **\$.18 sf/yr**





Land Rates – Comparisons

STATE AIRPORTS	CURRENT	
	AV	NON
BARROW	0.114	0.164
BETHEL	0.114	0.164
DILLINGHAM	0.114	0.08
HOMER	0.114	0.100
KODIAK	0.114	0.164
KOTZEBUE	0.114	0.164
SITKA	0.114	0.164
D. Horse-Tundra	0.114	0.137
D. Horse-Gravel	0.248	0.271

OTHER AIRPORTS	CURRENT	
	AV	NON
JUNEAU	.17/.52 ¹	Bid
KENAI	6% ²	
MERRILL FIELD	0.17	N/A
PALMER	0.10	N/A
WASILLA	0.06	N/A

¹.17 undeveloped, .52 apron land

²6% of FMV/yr -Appraised every 5 years

INTL AIRPORTS	CURRENT	
	AV	AUX
ANCHORAGE	0.09	0.12
FAIRBANKS	0.09	0.12

State Rural Increases:

- Effective April, 2009
- Aviation increases 4% in January 2011, 2013
- Auxiliary increases 8% in January 2010, 2011; 6% in 2013, 5% in 2015



Land Rates – Considerations

Federal Grant Assurance 24 (of 39):

“Fee and Rental Structure: It will maintain a fee and rental structure for the facilities and services at the airport which will make the airport as self-sustaining as possible under the circumstances existing at the particular airport, taking into account such factors as the volume of traffic and economy of collection.”



Land Rates – Considerations

Top Three Revenue Sources

Type of Fee	2003	2004	2005	2006	2007	2008	2009
Landing (37%) 1.41/1.76	.60	.66	1.07	1.11	1.26	1.52	
Fuel Flow (18%)							
>12,500	2.7/3.3	2.7/3.3	2.7/3.3	2.7/3.3	2.7/3.3	2.7/3.3	2.7/6.7
<12,500	3.3	3.3	3.3	3.3	3.3	3.3	2.7
Term. Rent (11%) 63.2/85.1	48.59	49.8	43.31	46.55	51.15	61.5	
Land Rent (4%)	.09/.12	.09/.12	.09/.12	.09/.12	.09/.12	.09/.12	.09/.12

*Other revenue sources: concessions, parking, PFC's, investment income, acft parking



Land Rates – Considerations

17AAC 42.295. Rent Adjustment

Unless otherwise specified in a lease:

- May not adjust rent more than once in a 12 month period
- May not adjust rent first five years of term if lease exceeds 10 years term
- May not increase rent by more than 10% per year, compounded for each year since the date the rent for that lease was last set or adjusted
- May not result in rent greater than fair market rent



Land Rates – Considerations for 100,000 sf lease lot

**Example of raise to \$.18
Lease executed in 2009
20-yr term and annual
clause**

	Rate	Rent/Yr
2009:	\$.09	\$9000
Possible:		
FY 10	\$.09	\$9,000
FY 11	\$.09	\$9,000
FY 12	\$.09	\$9,000
FY 13	\$.09	\$9,000
FY 14	\$.15	\$15,000
FY 15	\$.16	\$16,000

**Example of raise to \$.18
Lease executed in 1995
40-yr term w/ 5-year
clause**

	Rate	Rent/Yr
2005:	\$.09	\$9000
Possible:		
FY 10	\$.15	\$15,000
FY 11	\$.15	\$15,000
FY 12	\$.15	\$15,000
FY 13	\$.15	\$15,000
FY 14	\$.15	\$15,000
FY 15	\$.18	\$18,000



Land Rates – Next Steps

- 8/26** **Public noticed informational meetings**
- 9/30** **Informational meetings in Anchorage and Fairbanks**
- 10/1–10/16** **Public comment period on Informational Meetings**
- 10/17–1/1/2010** **Potential public notice, public comment,
public meeting(s), and if increase made,
implementation**



Thank You!

Comments and Questions