

**CITY OF WASILLA
ORDINANCE SERIAL NO. 09-63**

AN ORDINANCE OF THE WASILLA CITY COUNCIL AUTHORIZING DEBT RELIEF FOR THE AIRPORT FUELING FACILITY TO SUPPORT THE TRANSFER OF OWNERSHIP FOR A NEW FUELING OPERATOR AND AMENDING THE FISCAL YEAR 2010 BUDGET BY APPROPRIATING \$41,546 TO FUND THE DEBT RELIEF.

Section 1. Classification. This is a non-code ordinance.

Section 2. Purpose. To amend the FY10 budget by appropriating \$41,546 for the purpose of debt relief that will allow for the transfer of the airport fueling facility to a new operator.

Section 3. Appropriation. Funds are appropriated to the following funds:


Uncollectable accounts 330-4370-437.80-70 \$41,546

Section 4. Source of funds.

Airport Fund – fund balance 330-0000-253.20-00 \$41,546

Section 5. Effective date. This ordinance shall take effect upon adoption by the Wasilla City Council.

ADOPTED by the Wasilla City Council on September 28, 2009.


VERNE E. RUPPRIGHT, Mayor

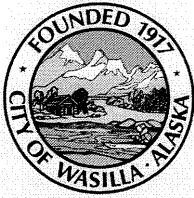
ATTEST:



KRISTIE SMITHERS, MMC, City Clerk

[SEAL]

VOTE: Cox, Hall, Harris, Holler, Larson, and Woodruff in favor.



**CITY OF WASILLA
LEGISLATION STAFF REPORT**

AN ORDINANCE OF THE WASILLA CITY COUNCIL AUTHORIZING DEBT RELIEF FOR THE AIRPORT FUELING FACILITY TO SUPPORT THE TRANSFER OF OWNERSHIP FOR A NEW FUELING OPERATOR AND AMENDING THE FY10 BUDGET BY APPROPRIATING \$41,546 TO FUND THE DEBT RELIEF.

Agenda of: September 14, 2009 Introduction
Originator: Public Works Director

Date: August 31, 2009

Route to:	Department	Signature/Date
	Chief of Police	
	Recreational and Cultural Services Manager	
X	Director of Public Works	<i>[Signature]</i> 8/31/09
X	Director of Finance	<i>[Signature]</i> 8-1-09
X	Deputy Administrator	<i>[Signature]</i>
X	City Clerk	<i>[Signature]</i> JR

REVIEWED BY MAYOR VERNE E. RUPRIGHT: *[Signature]*

FISCAL IMPACT: yes \$41,546 or no Funds Available yes no

Account name/number: Uncollectable Accounts/330-4370-437.80-70

Attachments: 8-11-09 Crowley Letter

SUMMARY STATEMENT: Service Oil & Gas invested \$30,000 in 1997 to construct a building for fuel service at the Wasilla Airport. The City provided a \$50,000 no interest loan at that time for the underground fuel tank to be paid back at 5 cents per gallon of fuel sold. To date, \$9,368 has been repaid. Crowley Petroleum purchased Service Oil & Gas last year and has determined that this facility does not sell enough fuel to be viable within their business model. Crowley is in negotiation with two small fuel operators that are willing to take over the facility without the associated debt.

Although the fueling facility does not sell a high volume of aviation gas, this facility is vital for the airport. Without onsite fueling available, many pilots will relocate their aircraft and the airport will lose revenue with less aircraft tie-down spaces being used. It is in the best interest of the airport and the City to provide debt relief for the fueling facility to allow for the transfer of ownership and continued fuel service.

STAFF RECOMMENDATION: Approve the adoption of Ordinance Serial No. 09-63 authorizing debt relief for the transfer of the airport fueling facility and amending the FY10 budget to fund the debt relief in the amount of \$41,546.

CROWLEY®

8-11-09

Archie Giddings
Public Works Director
City of Wasilla

Dear Mr. Giddings:

Years ago I worked with Mayor Palin to construct an airport refueling station on the Wasilla airport. This was done with a capital investment by Service Oil and Gas and with a non-interest bearing loan from the city for the installation of an underground Av gas tank. The loan is being repaid at the rate of five cents per gallon throughput. For several reasons the Av gas sales have been lower than expected and the business, although viable, is not attractive.

Crowley Petroleum Distribution has purchased Service Oil and Gas and has found that the retail side of the business is not a good fit for our business model. We would like to exit this line of business but would like to 1) recover some of our investment and 2) insure continued Av gas sales at the Wasilla airport. We currently have two experienced and competent businesses interested in taking over the site but the outstanding loan on the tank clouds the issue. I propose Crowley Petroleum Distribution purchase the Av gas tank for \$100. This move would 1) get the City of Wasilla out of the underground tank ownership and 2) pave the way for a transfer of the business to another operator.

Please let me know if you think this is a workable solution and if so, what timetable could be expected for the sale of the tank.

Sincerely,



Chuck Stielstra
General Manager Highway Operations
Crowley Petroleum Distribution