

## **Memorandum 12-067 New Short Term Lease Peninsula Scrap and Salvage**

**Memorandum ID:** 12-067

**Memorandum Status:** Backup

MEMORANDUM 12-067

TO: Mayor Hornaday and Homer City Council

FROM: Walt Wrede

DATE: April 17, 2012

SUBJECT: New Short Term Lease, Peninsula Scrap and Salvage

Peninsula Scrap and Salvage has been operating on the chip pad under a short term lease (six months) which expired on January 7, 2012. Since that time, the company has been operating under the Hold Over Clause provisions contained in Section 2.02 of the lease. This basically means that the company is a month to month tenant. The extra time was needed in order to wait for the arrival of a transport ship and other matters. Peninsula Scrap and Salvage has determined that there is still enough scrap metal to be salvaged and recycled in the Homer area to justify a new short term lease for one fourth of the chip pad; the same square footage and location that it is presently leasing. The company has requested a new short term lease with a term beginning May 1, 2012 and ending November 1, 2012. The company has determined, and the City agrees, that a lease with a longer term is not warranted under present circumstances. A short term lease best meets the needs of both the company and the City. The rental rate would be 60 cents per square foot which translates into \$16,350 for the six month term or \$2,725 per month.

Section 11(G) ( 3) of the Lease Policies states as follows: " Short term leases shall not include renewable options and no consecutive short term leases for the same property to the same lessee may be issued without approval of the City Council." The administration strongly recommends a new short term lease. Peninsula Scrap and Salvage has been a very good tenant in all respects. It is creating jobs and revenue for the port and providing a valuable public service. The City has been proud to partner with the company and the Kenai Peninsula Borough in what is probably the largest clean-up and recycling project the Kenai Peninsula has ever seen. Last year alone over 6,000 crushed cars, several derelict vessels, and thousands of pounds of scrap metal were recycled and transported over the Deep Water Dock.

**RECOMMENDATION:** Approve a new short term lease (six months) for Peninsula Scrap and Salvage and authorize the City Manager to execute the appropriate documents.

Related Resolutions **Memorandum - Related Resolutions:** [Resolution 12-036 Approving a New Short Term Lease \(Six Months\) for Peninsula Scrap and Salvage on a Portion of Lot 12, Homer Spit Subdivision No. 5](#)

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