



Memorandum 11-052

To: Mayor Hornaday & City Council
Thru: Walt Wrede, City Manager *W. Wrede*
From: Terry Felde, Lease Committee Staff *Terry Felde*
Date: March 25, 2011
Re: **Land Allocation Plan Recommendation Update**

This memo is an update to the January 5, 2011 memo from the Lease Committee regarding the Land Allocation Plan.

At the Lease Committee Meeting held on February 9, 2011, the Committee revised the previous recommendation outlined in the January 5th memo by removing the words "to Kachemak Bay Wooden Boat Society" in the second portion of the recommendation.

The final Land Allocation Plan recommendations from the Lease Committee are as follows:

- 1) ***The Lease Committee recommends the Land Allocation Committee consider the proposal from Kachemak Bay Wooden Boat Society during the Land Allocation Meeting early in 2011.***

The Lease Committee further recommends that if Council agrees to make the land (a portion of Lot TR-1-A) available that it should be advertised in a Request for Proposals in keeping with Chapter 4 of the City Lease Policy.

If the Council decides to make the land available for RFP:

The Lease Committee also recommends that the City Planner, the Port & Harbor Director, and the City Manager designate and define a 10,000 SF portion of Lot TR-1-A.

Background

In 1983, the City purchased four properties, including this lot, for \$1,500,000. (With inflation, that would be \$3,284,000 in 2010 dollars). The lot in question, Lot TR-1-A, is 11.27 acres, including about 3.5 acres of

beach/tidelands. Current activities on the lot include the theater, a city campground/RV park, restrooms, picnic area, Homer Spit Trail, RV dump station, truck bypass road and dredge spoil staging.

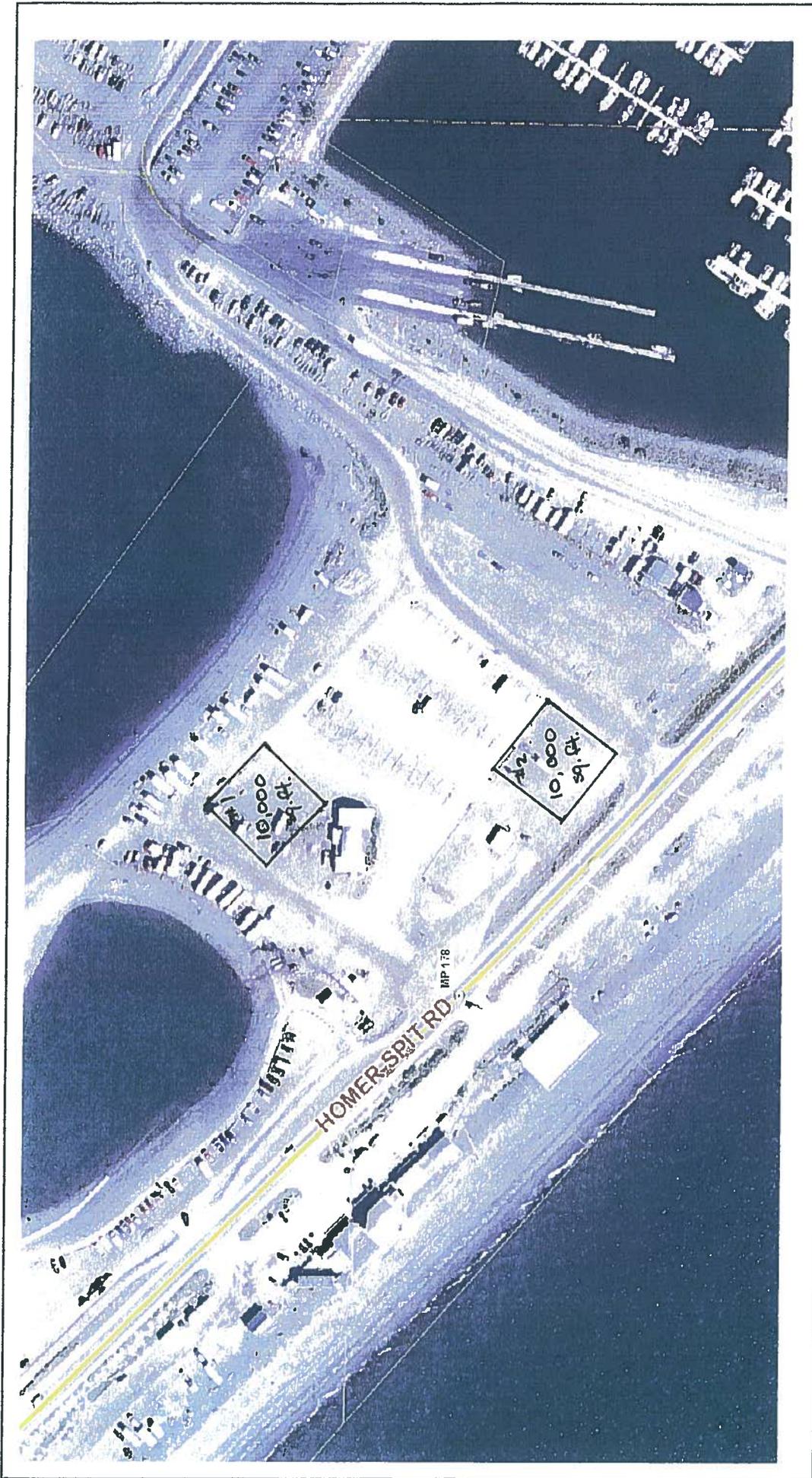
Kachemak Bay Wooden Boat Society has proposed to lease about ¼ acre for 30 years for \$1 a year. The Society would like to lease land along the beach, where there are RV campsites currently. The City campground generates revenue for the General Fund. If the campground area is reduced to allow for a lease to the Society, it is expected revenue will decline by \$5,000 to \$6,000 per year. To capture \$6,000 in revenue to the General Fund, additional taxable sales of \$133,000 at a tax rate of 4.5% would be needed.

If the Council decides to make a portion of Lot TR-1-A available for lease, the attached parcel view of Lot TR-1-A designates two possible portions for consideration. Area 1 encompasses the campground as indicated in the previous paragraph, but may be preferable as it is close to areas already set aside for recreation. Area 2 consists of an overflow area for camping, reducing the loss of campground revenue to only high occupancy days. However, utilizing Area 2 would limit future economic activity options for the Port and Harbor account.

While considering the future use of this land, Council should keep in mind that the lease with the Pier One Theatre for \$1 a year on a portion of Lot TR-1-A expires on December 9, 2011.

- 2) ***The Lease Committee recommends City Council designate a portion of Lot 12A, no closer than 150 feet to ramp five and up to Freight Dock Road, be made available for rent to itinerant merchants for a flat rate, with the square footage and location to be determined as needed by the Harbormaster or City Manager.***
- 3) ***The Lease Committee recommends that City Council include for lease Lots 4-11, 19-20, a portion of Lot 13B, 9A and 10A as shown in the Land Allocation Plan.***

Enclosure: KP B Parcel View of Lot TR-1-A



KPB Parcel Viewer

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