



City of Homer

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Office of the City Clerk

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Memorandum Agenda Changes/Supplemental Packet

TO: MAYOR WYTHER AND HOMER CITY COUNCIL

FROM: JO JOHNSON, MMC, CITY CLERK

DATE: MARCH 24, 2014

SUBJECT: AGENDA CHANGES AND SUPPLEMENTAL PACKET

CONSENT AGENDA

Memorandum 14-063, from Lease Committee: Re: Recommendation for a Lease on Lot 13B for Snug Harbor Seafoods. (Backup to Resolution 14-043) **Page 3**

Memorandum 14-064, from Lease Committee: RE: Recommendation for a Lease Assignment on Lot 32 for Happy Face Restaurant. (Backup to Resolution 14-044) **Page 5**

ANNOUNCEMENTS/PRESENTATIONS/BOROUGH REPORT/COMMISSION REPORTS

Lobbyist Report, March 20, 2014 **Page 13**

RECOMMENDATION:

Voice consensus to changes under Agenda Approval.

Fiscal Note: N/A



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Memorandum 14-063

TO: MAYOR WYTHER AND CITY COUNCIL

FROM: LEASE COMMITTEE

THROUGH: RENEE KRAUSE, CMC, DEPUTY CITY CLERK

DATE: MARCH 21, 2014

SUBJECT: RECOMMENDATION FOR A LEASE ON LOT 13 B FOR SNUG HARBOR SEAFOODS

BACKGROUND

On March 21, 2014 during a special meeting of the Lease Committee discussion and review was conducted on a revised proposal from Snug Harbor Seafoods to lease the entire parcel of Lot 13 B and construct a more permanent facility in which to conduct and/or expand services for the following:

- Commercial Fish Buying and Retail Sales
- Sport Fish Processing
- Storage, Office, Watchman Quarters
- Kitchen, Shower and Restroom Facilities
- Retail Sales of Fishing Equipment

The minutes of the meeting are attached for review of the discussions surrounding the recommendations.

RECOMMENDATION: The Lease Committee requests City Council issue a new lease for Snug Harbor Seafoods for Lot 13 B in its entirety with a term of 20 years plus two five year options, the lease is to include performance deadlines for the proposed leasehold improvements as discussed and that the annual lease rate will begin at fair market value.

The Lease Committee further recommends that the language in the lease concerning sport caught fish will be in accordance to State of Alaska laws.



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Memorandum 14-064

TO: MAYOR WYTHE AND CITY COUNCIL

FROM: LEASE COMMITTEE

THROUGH: RENEE KRAUSE, CMC, DEPUTY CITY CLERK

DATE: MARCH 21, 2014

SUBJECT: RECOMMENDATION FOR A LEASE ASSIGNMENT ON LOT 32 FOR HAPPY FACE RESTAURANT

BACKGROUND

On March 21, 2014 during a special meeting of the Lease Committee discussion and review was conducted on a Lease assignment proposal from Yong Kim dba Lee & Kim, LLC to lease Lot 32 Homer Spit Amended also known the Happy Face Restaurant.

An excerpt of the minutes of the meeting follow for review of the discussions surrounding the recommendations.

B. Happy Face Restaurant Lease Assignment

- 1. Staff Evaluation & Recommendation*
- 2. Chapter 13.3 and Chapter 14- Assignments*

HAWKINS/ZIMMERMAN – MOVED TO DISCUSS THE HAPPY FACE RESTAURANT LEASE ASSIGNMENT

Mr. Hawkins stated that he had a motion.

HAWKINS/MOVED THAT THE LEASE COMMITTEE MAKE A RECOMMENDATION TO HOMER CITY COUNCIL TO APPROVE THE ASSIGNMENT OF THE LEASE ON LOT 32, HOMER SPIT AMENDED TO YONG KIM DBA LEE AND KIM LLC WITH A TERM OF TWENTY YEARS PLUS TWO FIVE YEAR OPTIONS, THAT THE LEASE ASSIGNMENT INCLUDE PERFORMANCE DEADLINES FOR THE PROPOSED LEASEHOLD IMPROVEMENTS AND THAT THE ANNUAL LEASE RATE BE NEGOTIATED BY THE CITY MANAGER ON COMPLETION OF THE PROPERTY APPRAISAL.

There was a brief discussion on previous zoning violations and that the zoning has been changed to allow for overnight accommodations. The lessee responded to questions regarding insurance and financing will be completed upon receipt of the long term lease and deadline to close is expected the end of April.

VOTE. YES. HAWKINS, ZIMMERMAN, YAGER, LI.

Motion carried.

RECOMMENDATION: Approve the assignment of the lease on Lot 32, Homer Spit Amended to Yong Kim dba Lee and Kim, LLC., with a term of 20 years with two 5 year options that the lease assignment include performance deadlines for the proposed leasehold improvements and the annual lease rates be negotiated by the City Manager on completion of the property appraisal.

Session 14-01 A Special Meeting of the Lease Committee was called to order at 3:00 pm on March 21, 2014 by Chair Terry Yager at the City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska.

PRESENT: COMMITTEEMEMBERS YAGER, HAWKINS, LI, AND ZIMMERMAN

ABSENT: COMMITTEE MEMBERS ABOUD (EXCUSED), KRISINTU

STAFF: DEPUTY CITY CLERK I RENEE KRAUSE
CITY MANAGER WALT WREDE

APPROVAL OF THE AGENDA

Chair Yager requested a motion to approve the agenda.

HAWKINS/ZIMMERMAN – MOVED TO APPROVE THE AGENDA.

There was no discussion.

VOTE. YES. NON-OBJECTION. UNANIMOUS CONSENT.

Motion carried.

PUBLIC COMMENT REGARDING ITEMS ON THE AGENDA *(3 Minute Time Limit)*

Mr. Larry Slone, city resident, did not have a comment as much as a question regarding the lease rate having inflation factored into it. Mr. Hawkins confirmed that inflation was factored into the rate.

Ms. Carla Millburn, State of Alaska Department of Fish and Game and resident of the lower Kenai Peninsula, expressed concern on a portion of the lease for Snug Harbor Seafood, she was not sure where the verbiage came from, she then quoted from page 10, first paragraph, line 4, "proposed uses in the new facility include seafood purchases; both commercial and sport, sport and commercial fish retail sales, storage, office space, etc. In the Alaska Fish & Game regulation summary book for the entire state sale of sport caught fish is unlawful and since most everyone knows that, she is not sure why it is stated in the memorandum. This information is available to most everyone in the world. She further expressed that they struggle with this and she is hoping that this is just an error and was not meant to be there. She would seek to be reviewed closer. She further stated that if this is representative of how the lease process goes she would hope that in the future it will be a little more accurate.

Chair Yager asked for City Manager Wrede rebuttal.

Mr. Wrede confirmed that it was an error that it was more for the sale of fishing gear for sport fishing.

Mr. Hawkins stated that they lessee intends to offer processing for sport caught fish.

Chair Yager inquired if the committee would like to entertain a motion to address this issue.

Mr. Wrede noted that this was in his staff report and he will make sure it is corrected before submittal to council but if the committee wants they can make a motion. There was a brief discussion regarding a motion.

HAWKINS/LI – MOVED THAT THE LANGUAGE IN THE LEASE CONCERNING SPORT CAUGHT FISH WILL BE IN ACCORDANCE TO STATE OF ALASKA LAWS.

There was a brief discussion.

VOTE. YES. NON-OBJECTION. UNANIMOUS CONSENT.

Motion carried.

Ms. Yong Pining, real estate broker and representative for Yong Kim, introduced Ms. Kim and provided a brief background on Ms. Kim. She provided a brief detailing of Ms. Kim's extensive experience in the restaurant and hospitality field and the desire to move permanently to Homer and make it her forever home. Ms. Kim is requesting a new 20 year lease with two extensions in order to obtain the financing necessary.

APPROVAL OF THE MINUTES

Ms. Krause clarified that minutes can now be approved during special meetings. Chair Yager requested a motion to approve the minutes.

HAWKINS/ZIMMERMAN – MOVED TO APPROVE THE MINUTES.

There was no discussion.

VOTE. YES. NON-OBJECTION. UNANIMOUS CONSENT.

Motion carried.

VISITORS

There were no visitors scheduled.

STAFF & COUNCIL REPORTS/COMMITTEE REPORTS/BOROUGH REPORTS

A. Staff Report – Updates and Status Report

Mr. Wrede informed the committee that Council has requested information on committees or commissions that could be eliminated. This committee has been designated for elimination due to the redundancy issues, the amount of staff and staff time involved and concerns expressed concerning the public component making decisions on contracts. There will be a resolution soon before council. He wanted to inform this body personally before seeing it on the Council agenda.

Mr. Zimmerman inquired if the committee would be reconfigured with staff or disbanded. Mr. Wrede stated it would go back to city administration. Mr. Zimmerman responded that it was that way once before and that is why it was changed to the way it is now. Mr. Wrede stated may have been before his time since he has been here it has stated in City Code that the city manager will appoint the members of the committee.

There were no further comments or questions.

Mr. Zimmerman noted new arrivals from the public that were here to comment and asked if they would agree to go back to allow them to comment.

There was no indication from the members of the committee that they were not agreeable to the request.

Chair Yager called again for public comment on the agenda items.

PUBLIC HEARING

There were no public hearings scheduled.

PENDING BUSINESS

There were no items on the agenda.

NEW BUSINESS

A. Snug Harbor Lease Application (Significant Changes from Original Approved Application)

1. Chapter 6 – Proposal Evaluation Process
2. Staff Evaluation & Findings

Chair Yager requested a motion to discuss the Snug Harbor proposal.

HAWKINS/LI – MOVED TO SNUG HARBOR PROPOSAL.

There was no discussion.

VOTE. YES. NON-OBJECTION. UNANIMOUS CONSENT.

Motion carried.

Mr. Hawkins stated he has a motion he would like to make.

HAWKINS/ZIMMERMAN - MOVED THAT THE LEASE COMMITTEE MAKE A RECOMMENDATION TO HOMER CITY COUNCIL TO APPROVE A NEW LEASE FOR SNUG HARBOR SEAFOODS FOR LOT 13B IN ITS ENTIRETY WITH A TERM OF 20 YEARS PLUS TWO FIVE YEAR OPTIONS THAT THE LEASE INCLUDE PERFORMANCE DEADLINES FOR THE PROPOSED LEASEHOLD IMPROVEMENTS AND THAT THE ANNUAL LEASE RATE BEGIN AT \$15,835.44.

Mr. Zimmerman questioned that the amount was fair market value for 2010. He expressed some concerns that there has been no progress since the five year lease was approved in 2010. Mr. Wrede stated that it has taken more time than it should have but through negotiations Snug Harbor has decided to build a bigger building and expand their operations so now they want the whole parcel. Mr. Wrede further explained that during this time the plans have been approved by the Fire Marshall and the city. Mr. Zimmerman contended that they should go through another RFP process and the lot is in an area that was designated for commercial fish uses only. He was concerned about the pedestrian factor with sport fish processing and that sport fish processing would tie up traffic and space. He was under the impression they were getting away from that. Mr. Hawkins noted that the other two processors are not prohibited to performing that service. Mr. Zimmerman requested clarification on the intent of the building and services that will be provided on this parcel. Mr. Wrede read from page 10, first paragraph, line four. Mr. Zimmerman responded that he felt it was too broad and what would stop them from constructing a nice building to live and occasionally buy some fish. Mr. Wrede responded that there are performance standards in the draft lease that requires them to reach deadlines on such things as building start and completion. Further discussion on the Fishdock uses, salmon sorter, pump, etc. but this will be through the Fish Dock permit process.

Mr. Wrede provided his reasoning for not going through the RFP process when it became apparent that the company wanted to make a bigger commitment to the town. He felt it was in the best interest of the city.

Mr. Zimmerman expressed the concern and that it has been discussed in the Port & Harbor Commission regarding non-compliant lessees who are not compliant on their leases. Continued discussion on entering into negotiations with lessees and enforcing the lease requirements plus there has been no presentations by Snug Harbor to address safety concerns regarding the boardwalk, etc.

ZIMMERMAN/ HAWKINS - MOVED TO MAKE A FRIENDLY AMENDMENT TO THE MOTION TO REFLECT "ANNUAL LEASE RATE TO BE BASED ON CURRENT FAIR MARKET VALUE."

HAWKINS/ZIMMERMAN - MOVED THAT THE LEASE COMMITTEE MAKE A RECOMMENDATION TO HOMER CITY COUNCIL TO APPROVE A NEW LEASE FOR SNUG HARBOR SEAFOODS FOR LOT 13B IN ITS ENTIRETY WITH A TERM OF 20 YEARS PLUS TWO FIVE YEAR OPTIONS THAT THE LEASE INCLUDE PERFORMANCE DEADLINES FOR THE PROPOSED LEASEHOLD IMPROVEMENTS AND THAT THE ANNUAL LEASE RATE BE BASED ON CURRENT FAIR MARKET VALUE.

Mr. Zimmerman would like some teeth in the performance requirements. Mr. Wrede recommended putting a deadline on the signing of the lease. He recommended a month. Mr. Zimmerman expressed a small concern on the time. He did not want to hinder any financing that may be involved. He would leave it at the discretion of the city manager. Mr. Hawkins commented on inclusion of strong performance standards and Mr. Zimmerman stated that he would support the actions of city administration to enforce those standards if necessary.

VOTE. YES. NON-OBJECTION. UNANIMOUS CONSENT.

Motion carried.

- B. Happy Face Restaurant Lease Assignment
1. Staff Evaluation & Recommendation
 2. Chapter 13.3 and Chapter 14- Assignments

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There was a brief discussion on previous zoning violations and that the zoning has been changed to allow for overnight accommodations. The lessee responded to questions regarding insurance and financing will be completed upon receipt of the long term lease and deadline to close is expected the end of April.

VOTE. YES. HAWKINS, ZIMMERMAN, YAGER, LI.

Motion carried.

INFORMATIONAL MATERIALS

There were no informational materials.

COMMENTS OF THE AUDIENCE

Mr. Slone thanked Mr. Zimmerman for the spirit of his inquiry he thought his questions were very important and well-presented and well taken. Thank you sir.

COMMENTS OF THE CITY STAFF

Mr. Wrede thanked the members for their time and serving on the committee.

Ms. Krause had no comments.

COMMENTS OF THE COUNCILMEMBER *(If one is appointed)*

There were no councilmembers present.

COMMENTS OF THE CHAIR

Chair Yager appreciated the efforts of Ms. Krause and the patience of the committee stumbling through this process. He enjoyed being a part of the committee and it is a pleasure to see the City of Homer growing and especially the harbor.

COMMENTS OF THE COMMITTEE

There were no comments from the committee members.

ADJOURN

There being no further business before the Lease Committee, Chair Yager adjourned the meeting at 3:46 p.m.

RENEE KRAUSE, CMC, DEPUTY CITY CLERK I

Approved: _____



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City of Homer Lobbyist Report March 20, 2014

Overview

With less than 30 days remaining in this Legislative Session, Operating Budgets, Capital Budgets, Education Funding, PRS/TRS Liability funding, 'mega capital projects', Revenue Sharing, and dozens of personal bills are ALL in play. Word has it that all legislation must be in the respective House and Senate Finance committees by next week or they will die where they are; i.e. House bills must be in House Finance, Senate bills in Senate Finance. While the Operating Budget heads to a Conference Committee by the first week of April, the Capital budget will be front and center.

Big Issues and Big Tickets

SB138 THE GAS LINE PROJECT proposed by Governor Parnell is advancing and is currently in the second to last committee of referral; House Resources. An issue raised by municipalities is drawing a significant amount of interest as the future gas line negotiations have potential to impact the assessed property tax base of municipalities. The Kenai Borough Mayor is taking the lead on this effort and working to bring the municipalities to the table with the State in these negotiations. This is becoming an uphill battle; there is significant push back from the State and suspected opposition from the gasoline partners. Other Railbelt municipalities are working with Kenai toward this effort.

We continue to hear rumors of a general obligation bond bill. We do not yet know what type of projects are being considered but Homer has road projects and/or port projects that the Homer Delegation needs to keep front and center and among their top priorities. The Homer Delegation will be carrying this message during their next Juneau visit, April 1.

FY15 Operating Budget (HB266)

Senate Finance took testimony on their FY15 Operating budget this week after scrambling to close all the finance subcommittees in time for the public teleconference today. Similar to the House, Senate Co-Chair Pete Kelly targeted \$50 million in cuts from Agency budgets in general funds (approx \$2.5Billion). There are relatively few discrepancies between the budgets. Even this small percentage was extremely difficult for Legislators. The Senate also reduced Municipal Assistance by \$10 million and eliminated the Governor's proposal for a \$3Billion deposit to pay down the debt of the PRS/TRS unfunded liability. All municipal lobbyists and AML are working to restore this funding.

One of the sticking points to closure of the Senate's operating budget was in fact the Kachemak Bay Research Reserve funding. Through ongoing lobbying effort on Homer's behalf and last minute negotiations, Senator Stevens was successful in keeping the \$175,000 in tact. Stevens is on the DF&G budget and Homer has been working with him to retain this funding in the Senate Budget. You recall that the House Finance committee removed the funds. This action keeps the funding alive as an item to be considered by the Budget Conference Committee as they work toward compromises and a final operating budget. Conference Committee members will include the co-chairs of finance and a Minority member from each body. Likely appointees are: Senators Kelly, Meyer & Hoffman; Representatives Austerman, Stoltz, and Gara or Guttenberg. We will be working to keep these 'one time funds' in this budget will KBRR looks for a new 'home'. Conversations with UAF have been initiated by DF&G. Since UAF is a Research Institute, most agree this could be a good fit for future operations.

FY14 Capital Budget ([SB119](#))

Senator Kevin Meyer (R) Anchorage is the lead Co-chair tasked with crafting the Capital budget. Total amounts available for the capital budget is currently under intense negotiations. Capital budget funding will be an amount 'left over' after dealing with all of the big ticket operating budget items listed in the Overview section of this report.

Homer's 2nd Juneau visit this session is well timed. Mayor Wythe and City Clerk Jo Johnson will be in Juneau for the final push and the 'Big Ask' on April 1st.

Status of Legislation – Key Homer Bills of Interest

HB35 by Rep. T. Wilson et. al. **Home Conversion Loan** *There has been no action on this bill* in House Finance committee. It has not been resurrected this session due to the lack of a funding source for the program. As of this writing, there is no identifiable fund source for this program. *2013 CoH resolution of support was distributed*

HB 152 by Rep. Thompson **‘Repealing Termination Cost Study’** This bill has had two hearings in House Labor & Commerce. Municipalities have rallied to ask for support for this relief to manage their workforce just as the State is authorized to do. This bill will be part of the end of session adjournment package. Disappointing testimony was provided by the Dept. of Administration who, after retracting their previous support for a minimal \$25million fiscal note, increased the of repealing termination cost and studies to \$75million. This is not helpful. Rumors of increasing the municipal rate from 22% to 24% have been solidly confirmed and would result in \$10million reduction to municipalities statewide and specifically a \$128,000 cost to the City of Homer. Working with AML, lobbyists advocated for a preemptive action rather than waiting for legislation to be unveiled with the ‘bad news’. Numerous Railbelt Mayors met with Leadership members this week and also turned out for public testimony on the Senate’s operating budget objecting to the increased rate. AML also met with the Governor this week and asked him to become more active and engaged in his opposition to rate increases and the cuts to Revenue Sharing. *City of Homer submitted a Letter of Support for a CS that would include the \$ 3 Billion CBR deposit as well as a Resolution in Support of Governor’s original proposal.*

HB 141 by House Labor & Commerce **Establishes Workers Comp Fees Outside of Alaska.** *There has been no action since last report.* The bill remains in Senate Labor & Commerce Committee chaired by Senator Dunleavy. It is likely to be a negotiated end of session issue.

HB 275 by Rep. Hawker **Electronic Distribution of Municipal Reports/Notices** *There has been no action since last report.* This bill WAS poised for House passage as of 2/14. The bill allows municipalities to post tax millage information, foreclosure lists and redemption notices on municipal web sites as an alternative to requiring publication in a newspaper. Requires state agencies to produce reports electronically rather than by print and requires state agency reports to be posted on the state online public notice system. The newspaper opposed the bill stating that it is too much of a limitation on the public’s ability to be informed. Unfortunately, pressure from the industry caused the bill to be sent back to House Rules where it currently rests. Rep. Hawker took the Floor the next day to announce his retraction of support for the bill as it failed to gain the necessary votes to passage.

HB 316 by House Labor & Commerce Committee **Establishes In-State Workers Comp Fees** for medical treatment and services by authorizing the Worker’s Compensation Board to set fees based on the federal Centers for Medicare and Medicaid Services’ resource-based relative value scale. The bill was introduced on 2/19 and has been referenced by the committee chair as a session priority. The legislation is the result of recommendations passed by the Workers Compensation Board in December 2013. It is intended to reduce Alaska’s high costs of workers compensation for both employers and employees. **This bill is scheduled for hearing again on March 24 @ 3:15pm.**

SB 71 by Sen. Micciche; **fish tax payments** legislation passed the Senate unanimously and was sent directly to House Finance on February 17. A new zero fiscal note offered by the Department was accepted in the Senate. The bill aligns the final quarterly payment due from fisheries resource landing taxes with the posting of the statewide average fish price as calculated by the DF&G. The current April 1 filing date is replaced by the requirement of the final payment 30 days AFTER the average fish price posting by DF&G. The bill also changes the quarterly payments to 90% of the estimated amounts due for the year. Changes to the original bill can be found [here](#). This bill was heard and held in House Finance on March 6.

SB 148 by Sen. Micciche; **Exempts Homer P&H from KBCHA.** Homer’s top legislation priority passed the Legislature on February 26. Only 5 weeks after the first day of session. A sigh of relief can be heard through the offices of the Homer and Kenai Delegations when considering the implications of NOT having passed this bill in the early stages of session. The strategy to avoid having the bill swept up in the tangles of the end of session proved to be a winning one. The bill was just transmitted to the Governor for his signature. He has until April 7 to sign the bill; allowing it to become law. Whew!

END

Linda 460-6767
Yuri 388-8611

