



# City of Homer

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## Memorandum

### Agenda Changes/Supplemental Packet

TO: MAYOR ZAK AND HOMER CITY COUNCIL  
FROM: MELISSA JACOBSEN, MMC, CITY CLERK  
DATE: MARCH 27, 2018  
SUBJECT: AGENDA CHANGES AND SUPPLEMENTAL PACKET

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#### **CONSENT AGENDA**

**Resolution 18-032(S)**, A Resolution of the City Council of Homer, Alaska, Requesting That the Alaska State Legislature Work Together to Find New Revenue Sources to Solve the State Fiscal Crisis and Fund Necessary Programs in the Capital Budget. Erickson. **Page 3**

#### **ORDINANCES**

**Ordinance 18-16**, An Ordinance of the City Council of Homer, Alaska, Amending Homer City Code Chapter 18.08, Codifying Certain Lease Policy and Procedures; Expanding Lease Review to include Recommendations by Appropriate City Commissions; Removing References to the Lease Committee; and Requiring Essential Lease Terms to be Approved by City Council. Erickson/Smith. Recommended dates: Introduction March 27, 2018, Refer to Port and Harbor Advisory Commission; Second Reading and Public Hearing May 14, 2018.

Memorandum 18-035 from City Attorney as backup and red line comparison of existing code language and proposed language for HCC 18.08 **Page 5**



1 **CITY OF HOMER**  
2 **HOMER, ALASKA**

3 Erickson

4 **RESOLUTION 18-032(S)**

5  
6 A RESOLUTION OF THE CITY COUNCIL OF HOMER, ALASKA,  
7 REQUESTING THAT THE ALASKA STATE LEGISLATURE WORK  
8 TOGETHER TO FIND NEW REVENUE SOURCES TO SOLVE THE  
9 STATE FISCAL CRISIS AND FUND NECESSARY PROGRAMS IN THE  
10 CAPITAL BUDGET.

11  
12 WHEREAS, The State of Alaska is facing a fiscal crisis that has resulted in cuts to  
13 programs and personnel that have a direct impact on the ability of municipalities to provide  
14 essential services; and

15  
16 WHEREAS, The Alaska State Legislature has not funded a robust capital budget in years  
17 and has accumulated a long list of deferred maintenance and infrastructure projects; and

18  
19 WHEREAS, The Governor's proposed capital budget includes a number of necessary  
20 programs that are contingent on the passage of an employment payroll tax; and

21  
22 WHEREAS, The programs that are contingent on passage of a payroll tax provide  
23 important services to the City of Homer and its residents such as:

- 24
- 25 • Match for the Municipal Harbor Facility Grant Program – The City of Homer has  
26 used this 50% match program to replace floats, ramps and power pedestals at the  
27 Homer Harbor. It provides critical assistance to municipalities to be able to  
28 maintain what was once State infrastructure.  
29
  - 30 • Match for Code Blue – The City of Homer recently was able to replace an old  
31 ambulance with 40% Code Blue funding. This program provides assistance to  
32 municipalities to replace critical emergency response equipment.  
33
  - 34 • Funding for Weatherization Program – Many Homer residents have been able to  
35 take advantage of this program to lower their energy bills. Preserving this  
36 opportunity for families and homeowners across Alaska will help them face tough  
37 economic times.  
38
  - 39 • Funding for the Alaska Housing Finance Corporation's Senior Citizens Housing  
40 Development Program – This program provides competitive grants to  
41 municipalities and other agencies to support the development of housing for  
42 senior citizens, the fastest growing segment of the Alaskan population including

43 here in Homer. Homer Senior Citizen’s Inc. has utilized these funds in the past to  
44 build senior rental housing, allowing our elder residents to remain in Homer as  
45 they age.

- 46
- 47 • Highway Match to Maximize Available Federal Funds – Roads are critical
- 48 infrastructure and leveraging Federal dollars to promote the development and
- 49 maintenance of the Federal Highway System should be encouraged.
- 50

51 NOW, THEREFORE, BE IT RESOLVED that the City Council of Homer, Alaska, encourages  
52 the Alaska State Legislature to work together **to fund the necessary programs in the**  
53 **Governor’s proposed capital budget and** solve the fiscal crisis by finding new sources of  
54 revenue.

55

~~56 BE IT FURTHER RESOLVED that the City Council of Homer, Alaska, encourages the~~  
~~57 Alaska State Legislature to work together to find a way to fund the necessary programs in the~~  
~~58 Governor’s proposed capital budget that are contingent on an employment payroll tax.~~

59

60 PASSED AND ADOPTED by the Homer City Council this 27<sup>th</sup> day of March, 2018.

61

62

63 CITY OF HOMER

64

65

66 \_\_\_\_\_

67 BRYAN ZAK, MAYOR

68 ATTEST:

69

70

71 \_\_\_\_\_

72 MELISSA JACOBSEN, MMC, CITY CLERK

73

74 Fiscal note: N/A

## MEMORANDUM 18-035

**TO: HOMER CITY COUNCIL  
CITY MANAGER KATIE KOESTER**

**FROM: HOLLY C. WELLS**

**RE: LEASE POLICY ORDINANCE**

**CLIENT: CITY OF HOMER**

**FILE NO.: 506742.24**

**DATE: MARCH 23, 2018**

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### **Introduction**

City Council Member Smith and City Council Member Erickson recently requested revisions to the Homer City Code and review of the Homer Lease Policy and Procedures Manual (“Lease Policy Manual”) in an effort to ensure that leases between the City of Homer (“City”) and other entities were executed in a streamlined manner that was advantageous to the City and incentivized development. To this end, this memorandum provides a summary of the substantial changes proposed in Ordinance No. 18-08 (the “Ordinance”) and the reasons underlying these changes.

### **Introduction**

The City’s overarching approach to the lease of City land has been a complex process, requiring City staff, potential lessees, and the City Council to navigate the lengthy Lease Policy Manual, the relevant Code provisions, and the request for proposal published by the City regarding the specific property at issue. In many cases, this labyrinth of governing principles and criteria made the lease negotiation and award process confusing and convoluted. The Ordinance proposes a lease process that is more individualized but also requires greater Council oversight and involvement.

Under the Ordinance, Council will approve the lease at two separate stages in the process, at the very least. To this end, Council approves the Notice to Award *and* the lease in its final form. Further, long-term leases for over five years must be approved via ordinance, which ensures a public hearing and two readings on the lease’s approval. Council will be able to discuss terms in executive session and thus can be actively engaged in each individual lease, with the exception of leases for six months or less.

Council is also required to approve the lease templates, which is unchanged from the previous lease ordinances and policies.

With Council approval required before and after negotiations, each lease will have a level of oversight equivalent to that of an outside committee, except it will be Council weighing in. Another notable difference is that while the current policy manual provides many of the required provisions, these provisions will now be included only in the lease template and thus Council and the administration will have a greater ability to be flexible with individual lease terms to ensure that they are actually as advantageous to the City and its goals as possible.

**Understanding the Proposed Changes**

While the above provides a brief summary of the most substantial changes in the Ordinance, the following tables provide a much more detailed summary of the differences between the governing law in this area and the Code provisions proposed in the Ordinance. The first table shows the differences between existing Chapter 18.08 and the Ordinance. The second table shows the ways in which the Lease Policy Manual has been codified and identifies the policies and procedures that have been removed. For ease of reference, the current code is referred as HCC in Table 1 and proposed sections are identified as PHCC. In Table 2, the proposed Code is referred to as HCC since the comparison is between the Lease Policy Manual and the Ordinance. In addition to these tables, a redline comparison of existing HCC 18.08 with the Ordinance accompanies this memorandum.

*Table 1*

<b>Current HCC Chapter 18.08</b>	<b>The Ordinance</b>
No "Purpose" section	Add PHCC 18.08.005 "Purpose" This section incorporates statements of purpose in the Lease Policy Manual

<p>HCC 18.08.010</p> <p>Includes Definitions:</p> <p>Lease Property Manual, Sealed bid, and sublease.</p> <p>Sealed bid definition removed because RFP process is negotiation-based and so may need flexibility in process. Lease Property Manual rescinded so definition was unnecessary. Sublease definition unnecessary.</p>	<p>PHCC 18.08.010 Adds definitions:</p> <p>“appraiser” requiring an AK certified appraiser or other qualified professional selected by the City at the cost of the City.</p> <p>“fair market rent” definition added</p> <p>“City Manager” definition added to permit City Manager to delegate authority.</p> <p>“Irregularities” definition added to clarify RFP process and responsiveness.</p> <p>Removes Lease Property Manual, Sealed bid, and sublease definitions.</p>
<p>HCC 18.08.020 “Lease Committee”</p>	<p>Removed.</p>
<p>HCC 18.08.030 “Approval of Lease”</p>	<p>PHCC 18.08.030 “Standardized Leases” codifies lease template requirement and the requirement that the template is reviewed by Council.</p> <p>HCC 18.08.030 moved to PHCC 18.08.040 “Council Approval of Lease”, which now expressly requires Council to approve long-term leases for 5 yrs. or more via ordinance &amp; long-term leases under 5 yrs. via resolution. PHCC 18.08.070 requires Council approval of the Notice to Award and after negotiations as reiterated in PHCC 18.08.080.</p>
<p>HCC 18.08.040 (Property available for leasing)</p>	<p>Moved to PHCC 18.08.020 “Property available for leasing” to reorganize the Code to reflect the order of the leasing process. The Land Allocation Plan requirements from the Lease Policy Manual were incorporated into this section. Land Allocation process clarified to make clear that leases identified in Land Allocation Plan are leased by the completion of a lease application unless a competitive bidding process is expressly required by Council or used by the City Manager.</p>
<p>No lease application section currently in HCC 18.08</p>	<p>PHCC 18.08.045 “Lease application” codifies requirement that a lease application be completed to be eligible to lease City property identified in the Land Allocation Plan.</p>

<p>HCC 18.08.050 “Qualification of Applicants”</p>	<p>Removed. These requirements better suited for lease template and individual leases.</p>
<p>HCC 18.08.060 “Application to Lease”</p>	<p>Removed; Any such requirement is best included in an RFP or by policy. Fee schedule still affords application fee payment.</p> <p>PHCC 18.08.060 “Criteria for evaluating and approving proposals” added and incorporates criteria from Lease Policy Manual.</p>
<p>18.08.070 “Terms of Lease”</p>	<p>Removed. City Manager will negotiate terms of the lease at and as a result of the RFP tailored to the property at issue and subject to Council approval.</p> <p>PHCC 18.08.070(d) “Notice to award” provides the details of the Notice to award process and expands Council’s role in this process. Provides City Manager to rescind a notice to award where an applicant is unable to meet the terms of its proposal but otherwise now requires the City Manager to receive Council approval before rescinding an award.</p>
<p>HCC 18.08.080 “Appraisal”</p> <p>Requires appraisal when lease approved or renewed by a certified appraisal and permits “Lease Committee” to waive appraisal for short-term leases.</p>	<p>Moved to PHCC 18.08.100. Incorporates 5 yr. appraisal requirements from Lease Policy Manual.</p> <p>PHCC 18.08.080 “Lease execution and final approval” includes express final approval process for leases.</p>
<p>HCC 18.08.090 “Requirements of lease”</p> <p>Required plats and as-built surveys unless the Lease Committee waived the requirement.</p>	<p>PHCC 18.08.090 “Development and use”</p> <p>Incorporates as-built and survey requirements unless the specific lease agreement provides otherwise.</p>
<p>HCC 18.08.100 “Improvements”</p>	<p>Moved to PHCC 18.08.120 and incorporates obligations provided in the Lease Policy Manual. Language clarified.</p>
<p>HCC 18.08.110 “Lease Option”</p>	<p>Incorporated “option” requirements from Lease Policy Manual.</p>



<p>HCC 18.08.120 “Sublease”</p>	<p>Moved to PHCC 18.08.140. Lease Policy Manual incorporated into section and sublease process subject to terms of lease given the nature of some leases in the City, which involve routine subleases. Changed 10% sublease payment requirement to “no less than 10%” to provide the City flexibility.</p>
<p>HCC 18.08.130 “Assignment”</p>	<p>Moved to PHCC 18.08.160. Assignment permitted with Council approval but also as provided in a specific lease. Incorporated Lease Policy Manual requirements and the specific process for applying for an assignment. Now requires Commission recommendations regarding an assignment.</p>
<p>HCC 18.08.140 “Competitive Bidding”</p>	<p>Moved to PHCC 18.08.050. The new section permits the City Manager to issue RFPs regarding land identified by Council as available for lease in the Land Allocation Plan and incorporates relevant requirements from the Lease Policy Manual. Statements of the right to reject bids and others have been incorporated in PHCC 18.08.070 “Notice to Award.” This section also differentiates between the leases identified in the Land Allocation Plan for lease and the terms of lease that don’t require a separate RFP and recognizes Council’s authority to identify these properties and set the terms of lease during the Land Allocation process.</p>
<p>HCC 18.08.150 “Reconsideration”</p>	<p>Removed. Additional Council oversight during the process makes this provision burdensome.</p>
<p>HCC 18.08.160 “Property Management Policy and Procedures Manual”</p>	<p>Removed. No more manual.</p>
<p>HCC 18.08.170 Exceptions-Financial transactions.</p>	<p>Removed. This is unnecessary as the chapter permits Council to exempt a lease from the bidding process and the City Manager has to secure Council approval for leases not on the Lease Allocation Plan.</p>
<p>HCC 18.08.175 “Exception-Leasing to the Federal or State government”</p>	<p>Moved to PHCC 18.08.175 “Exception-Leasing to government entities” clarifies the language but retains the exemption.</p>

HCC 18.08.180 “Assessments-Capital Improvement Projects”	Remains substantially unchanged.
HCC 18.08.190 “Connection to utilities”	Remains substantially unchanged.
HCC 18.08.200 “Fee Schedule”	Moved to PHCC 18.08.195 “Processing and filing fees” incorporates potential for denial of application or approval of lease due to unpaid fees.
HCC 18.08 Does not have a provision requiring Council approval for termination.	PHCC 18.08.050 ‘Early termination’ requires the City Manager to notify the City Council at least 90 days before terminating a lease prior to the expiration of the lease term unless the lease provides otherwise.

**Table 2**

<b>Lease Policy Manual</b>	<b>The Ordinance</b>
Chapter 1 “Lease Policies/Goals, Purpose, and Responsibility”	General purpose statement located in proposed HCC 18.08.005.  Responsibilities re: review and Council approval in HCC 18.08.040; 18.08.150 18.08.070(c)(f); and 18.08.080.
Chapter 2: Lease Committee	The Lease Committee was comprised of City Staff. Replaced references to Lease Committee with references to the City Manager and additional layers of Council oversight.
Chapter 3: Properties Available for Lease	Land Allocation Plan process codified at HCC 18.08.020.
Chapter 4: RFP Process/Competitive Bidding	HCC 18.08.050.

Chapter 5: Lease Application Process	Removed. A responsive lease proposal will be responsive based upon the RFP and not the lease application so this chapter is misleading. The City need not codify the existence or use of an application. The creation of an “application” process separate from the RFP, assignment or renewal process is confusing.
Chapter 6: Application/Proposal Evaluation Process	Application process has been removed. City may require lease application in the RFP requirements or, as applied to short term leases, as a matter of policy. The fees associated with the processing of an application is permitted in HCC 18.08.195.
Chapter 7: Lease Rental Rates	HCC 18.08.075; HCC 18.08.060
Chapter 8: Reconsideration	Removed. The lease process now involves Council approval when a Notice to Award is issued <i>and</i> prior to final approval of the lease itself. Council also approves the rescission of an award. These additional levels of review by Council negate the need for yet another point of review, which would make the lease process unduly burdensome for both City officials and applicants.
Chapter 9: Lease Implementation	HCC 18.08.030 (lease templates approved by Council); HCC 18.08.090 (As-built and development requirements); and 18.08.050-070 (RFP process and negotiations)
Chapter 10: Improvements	HCC 18.08.120
Chapter 11: Length of Leases/Options	HCC 18.08.110
Chapter Lease Rate Adjustments	<p>HCC 18.08.100 (appraisal process still required but generalized requirements to afford City flexibility in retaining the appraiser. Qualifications of appraiser moved to definitions.)</p> <p>The CPI requirement imposed upon lessees was removed.</p>

<p>Chapter 13: Subleasing</p>	<p>HCC 18.08.140 (subleasing requirements retained payment requirement of 10% but added flexibility for City to charge more; Council approval retained but flexibility to exempt a sublease from such approval in the lease added.)</p> <p>Other more specific sublease terms more appropriate in Council approved lease template and individual RFPs and resulting leases.</p>
<p>Chapter 14: Assignment</p>	<p>HCC 18.08.060 (assignment still requires Council approval but flexibility codified that permits the City to deviate from the Code requirements in specific lease agreements. This change is justified by the additional layer of Council oversight added.)</p> <p>Additionally, assignment terms are more appropriately included in the Council approved lease template.</p>
<p>Chapter 15: Insurance</p>	<p>HCC 18.08.170 (more specific requirements are more appropriately included in the leases and in Council approved lease templates.)</p>
<p>Chapter 16: Hazardous Materials</p>	<p>Removed. Hazardous materials provisions are generally included in leases themselves as the terms depend heavily on the nature of the use.</p>
<p>Chapter 17: Performance Standards</p>	<p>HCC 18.08.090 (recognizes strict enforcement of performance standards in lease)</p> <p>Removed. Performance standards are generally included in leases themselves as the terms depend heavily on the nature of the use and performance negotiated. Also, these standards are incorporated into Council approved lease template.</p>
<p>Chapter 18: Conclusion of Lease</p>	<p>HCC 18.08.120 (codifies improvements become property of the City unless otherwise specified in writing but other specific requirements regarding improvements have been removed. Such provisions are more appropriate in specific leases and lease template.)</p>

## **Conclusion**

While this memorandum attempts to identify the changes between the existing Lease Policy and the proposed Lease Policy, the Ordinance presents significant changes to the structure of the City's process that is not easily capsulated in a memo. For this reason, I have also attached a redline version comparing current HCC Chapter 18.08 with the Ordinance. The redline document along with the above tables should provide the level of detail necessary to fully understand the Ordinance.

1 **REDLINE COMPARISON OF EXISTING HCC 18.08 WITH**  
2 **PROPOSED HCC 18.08 IN ORDINANCE 18-16**  
3

4 *Note to Readers: It is worth noting that, as a byproduct of redline comparisons, it often*  
5 *appears that entire sections have been repealed when the sections have only been renumbered or*  
6 *relocated. For this reason, I recommend reviewing the entire reenactment contemporaneously*  
7 *with the tables included in Memorandum 18-035.*  
8

9 Chapter 18.08

10 CITY PROPERTY LEASES

11 Sections:

- 12  
13  
14  
15 18.08.005 Purpose.  
16 18.08.010- Definitions.  
17 18.08.020 Land Allocation Plan - property available for lease.  
18 18.08.030 Standardized leases.  
19 18.08.040 Council approval of lease.  
20 18.08.045 Lease applications.  
21 18.08.050 Requests for proposals-competitive bidding process.  
22 18.08.060 Criteria for evaluating and approving proposals.  
23 18.08.065 Lease application and proposal documents.  
24 18.08.070 Notice to award.  
25 18.08.075 Lease rental rates.  
26 18.08.080 Lease execution and final approval.  
27 18.08.090 Development and use.  
28 18.08.100 Appraisal.  
29 18.08.110 Options to renew.  
30 18.08.120 Improvements.  
31 18.08.130 Lease renewal.  
32 18.08.140 Sublease.  
33 18.08.150 Early termination.  
34 18.08.160 Assignments.  
35 18.08.170 Insurance.  
36 18.08.175 Exception – Leasing to government entities.  
37 18.08.180 Assessments – Capital improvement projects.  
38 18.08.190 Connection to utilities.  
39 18.08.195 Processing and filing fees.  
40

41 18.08.005 Purpose.

42  
43 The purpose of this chapter is to ensure that the lease of City-owned property  
44 maximizes the value of City assets and that the City awards leases that provide the  
45 highest and best use of City-owned property. It is the policy of the City to lease its  
46 property in a fair and nondiscriminatory way.

1  
2 18.08.010 Definitions.  
3

4 For the purpose of ~~the~~this chapter, the following words and phrases are defined as  
5 set forth in this section:  
6

7 “Applicant” means a person applying to lease or ~~use~~acquire an interest in City-  
8 owned real property and includes bidders and proposers.  
9

10 “Appraisal” means a valuation or estimation of value of property by ~~disinterested~~  
11 persons of suitable qualifications an Alaska Certified General Real Estate Appraiser  
12 or an otherwise qualified appraiser selected by the City Manager.  
13

14 “Assignment” means a transfer of a leasehold interest or ~~making~~overrides to  
15 another of the whole of any a leasehold interest, in its entirety, in City-owned real  
16 property, ~~real~~.  
17

18 “City Manager” means the City of Homer Manager or ~~personal, in possession~~his or  
19 in action, her designee  
20

21 “Fair market rent” means the rental income that a public or private property would  
22 most likely command in the open market, indicated by the current rents paid for  
23 comparable space as of any estate or right therein the date of the appraisal  
24

25 “Lease” means an

26 “Irregularities” means deviations from the request for proposal that are not  
27 substantive in nature and/or involve typographical or scrivener errors that do not  
28 impact the integrity or responsiveness of the proposal.  
29

30 “Long-term lease” means a written agreement granting exclusive possession or use of City-  
31 owned real property for more than one year.  
32

33 “Short-term lease” means a written agreement granting exclusive possession or use  
34 of City-owned real property for one year or less.  
35

36 “Surveyor” means a registered professional land and/or location for a specific  
37 period of time in accordance with specific termssurveyor.  
38

39 “~~Property Management Policy and Procedures Manual~~” means ~~the manual adopted pursuant to~~  
40 ~~HCC.~~  
41

42 “~~Sealed bid~~” or “~~sealed proposal~~” means ~~a method of competitive bidding for a lease whereby~~

1 ~~each party interested in leasing City property submits a proposal in a sealed envelope and all~~  
2 ~~such proposals are opened at the same time. The proposal most favorable to the City is selected~~  
3 ~~for negotiation for a lease.~~

4  
5 ~~“Sublease” means a lease or rental executed by the lessee of an estate to a third person, conveying~~  
6 ~~the same estate or a portion of it, for a term equal to or shorter than that for which the lessee~~  
7 ~~holds it.~~

8  
9 ~~18.08.020 Lease Committee.~~

10 ~~The City Council shall establish the formation of the Lease Committee and its duties by~~  
11 ~~resolution as reflected in the Property Management Policy and Procedures Manual.~~

12  
13 ~~18.08.030 Approval of lease.~~

14 ~~a. No lease shall be executed until the City Council has approved, with or without~~  
15 ~~modifications, the Lease Committee’s recommendation.~~

16  
17 ~~b. Except as provided in HCC 18.08.175, the City Council may approve a lease of City land~~  
18 ~~for less than fair rental value only if the motion approving the lease contains a finding that the~~  
19 ~~lease is for a compelling public purpose or use, and a statement of facts upon which the finding~~  
20 ~~is based.~~

21  
22 ~~c. The City Council gives the City Manager the authority to execute short term leases of~~  
23 ~~six months or less pursuant to the Property Management Policy and Procedures Manual.~~

24  
25 ~~18.08.040 Property Land Allocation Plan property available for leasing lease.~~

26  
27 a. Unless dedicated or reserved to another purpose, all real property including  
28 tide, submerged or shorelands to which the City has a right, title and interest  
29 as owner or lessee, or to which the City may become entitled, may be leased  
30 as provided in this chapter. In the case of any conflict between this chapter  
31 and any regulations or other ordinances or State law specifically governing  
32 the leasing of City tide and submerged lands, the latter shall prevail.

33  
34 b. The City administration shall maintain a list of all City-owned properties  
35 authorized for lease by Council. This list shall be adopted annually and  
36 contain the information required under this chapter. The list may be called



1 the Land Allocation Plan and will be made available to the public at the City  
2 Clerk's office.

3  
4 c. Council shall adopt a Land Allocation Plan that identifies:

5  
6 i. City-owned property available for lease;

7 ii. The property description, lease rate, preferred length of the lease term  
8 for each available parcel; and

9 iii. Any requirements, preferences or restrictions regarding use and/or  
10 development.

11  
12 d. Council may identify property in the Land Allocation Plan that is subject to  
13 competitive bidding. Property subject to competitive bidding in the Land  
14 Allocation Plan need only identify the property description in the Land  
15 Allocation Plan but all other terms required in subsection (c) of this section  
16 shall be identified in the request for proposal for such properties.

17  
18 e. Prior to the adoption of the Land Allocation Plan, Council shall hold a work  
19 session. Commission members and City staff may provide  
20 recommendations to Council during the work session regarding City-owned  
21 property available for lease and the terms of such leases.

22  
23 f. The City shall provide public notice of the adoption of the Land Allocation  
24 Plan and the City-owned real property available for lease no more than 60  
25 days after its adoption.

26  
27 g. All uses and activities on City-owned real property available for lease are  
28 subject to all applicable local, state, and federal laws and regulations.

29  
30 h. The Council may restrict specific City-owned properties to certain uses or  
31 classes of use that serve the City's best interest.

32  
33 18.08.030 Standardized leases.

34  
35 a. The City Manager shall develop a standardized ground lease that contains  
36 provisions generally applicable to the lease of City-owned property and a  
37 standardized building lease that contains provisions generally applicable to  
38 the lease of space in City-owned buildings. The standard lease documents  
39 shall be reviewed by the City Attorney and approved by Council.

40  
41 b. Lease terms may deviate from the standardized lease terms when the City  
42 Manager determines such deviations are reasonable and necessary to protect  
43 the City's best interests and Council approves the lease as required in HCC  
44 18.08.040.

45  
46 18.08.040 Council approval of leases.

- 1  
2 a. All long-term leases for more than five years shall be approved by Council  
3 via ordinance. All long-term leases for five years or less shall be approved  
4 by Council via resolution.  
5  
6 b. The City Manager may execute short-term leases without Council approval  
7 when the City Manager determines that a short-term lease is in the best  
8 interest of the City and notifies the Council in writing of the short-term lease  
9 and its essential terms.  
10  
11 c. Short-term leases are not required to go through the competitive bidding  
12 process unless the short-term lease would result in the lease of City-owned  
13 property to the same lessee for more than one consecutive year.  
14  
15 d. Except as expressly provided in this chapter, property leased by the City  
16 from a third party that is available for sublease or the lease of space in City-  
17 owned buildings located on real property owned by a third party is exempt  
18 from this chapter.  
19

20 18.08.045 Lease applications.

21  
22 Except for property subject to competitive bidding under this chapter, persons  
23 interested in leasing City property may submit a lease application to the City Clerk.  
24 The City Manager shall consider all applications and determine if an application is  
25 complete and meets the criteria identified in the Land Allocation Plan. Applicants  
26 may be charged a fee for processing a lease application.  
27

28 18.08.050 ~~Qualification of applicants~~ Requests for proposals-competitive bidding  
29 process.

30 An

- 31 a. The City Manager may issue a request for proposals to lease specific  
32 property identified in the Land Allocation Plan at any time after posting the  
33 notice required in HCC 18.08.020(d).  
34  
35 b. A request for proposal advertised by the City must identify the property  
36 description of the property available for lease, the time frame for the  
37 submission of requests for proposals, any preferred uses or industries, and  
38 the overall criteria the City intends to use to score and rank proposals.  
39  
40 c. The City Manager must obtain approval from the Council before requesting  
41 proposals to lease property not identified in the Land Allocation Plan as  
42 property available for lease.  
43

44 18.08.060 Criteria for evaluating and approving proposals.  
45

1 a. The Criteria for evaluating proposals shall include, but is not limited to, the  
2 following:

3  
4 1. Compatibility with neighboring uses and consistency with applicable  
5 land use regulations including the Comprehensive Plan.

6  
7 2. The development plan including all phases and timetables.

8  
9 3. The proposed capital investment.

10  
11 4. Experience of the applicant for lease is qualified if in the proposed  
12 business or venture.

13  
14 4.5. Financial capability or backing of the applicant is including credit  
15 history, prior lease history, assets that will be used to support the  
16 proposed development.

17  
18 6. A natural person and is responsible, meaning The number of employees  
19 anticipated.

20  
21 7. The proposed rental rate.

22  
23 8. Other financial impacts such as tax revenues, stimulation of related or  
24 spin-off economic development, or the value of improvements left  
25 behind upon termination of the lease.

26  
27 9. Other long term social economic development.

28  
29 ~~a. — The residency or licensure of the applicant has sufficient skill, experience and financial~~  
30 ~~capability to perform all the obligations of the lessee under the proposed lease; and~~  
31

32 ~~b. A person who is at least 19 years of age; or~~  
33

34 ~~c. — A group, association or corporation which is authorized to conduct business under the~~  
35 ~~laws of the in the City, Kenai Peninsula Borough, and/or the State of Alaska.~~  
36

37 ~~18.08.060 Application to lease.~~

38 ~~All prospective applicants for lease of City property shall file an application to lease with the~~  
39 ~~City Clerk on a form available at the City Hall during regular business hours. No person may~~  
40 ~~submit a bid or proposal on a City lease without having properly filed an application for lease~~  
41 ~~in accordance with the guidelines incorporated in the Property Management Policy and~~  
42 ~~Procedures Manual and paid all applicable fees.~~

1  
2 ~~18.08.070 Terms of lease.~~

3 ~~a. The terms of a lease shall be recommended by the Lease Committee.~~

4  
5 ~~b. Terms of leases shall be negotiated taking into consideration the following factors:~~

6 ~~1. Nature of the proposed use;~~

7  
8 ~~2. Type and cost of improvement to be placed upon the premises;~~

9  
10 ~~3. Period of time required to amortize the improvements;~~

11  
12 ~~4. Benefit to the City;~~

13  
14 ~~5. Whether improvements are consistent with the Comprehensive Plan, Homer~~  
15 ~~zoning ordinances and other City codes;~~

16  
17 ~~6. Public needs and benefits;~~

18  
19 ~~7. Other factors deemed relevant by the Lease Committee; and~~

20  
21 2.10. Date of commencement and completion of improvements, as  
22 identified in the City's request for proposal and permitted under state  
23 and federal law.

24  
25 a.b. Determination of rent shall take into consideration the following factors:

26  
27 1. Appraisal or tax assessed valuation;

28  
29 2. Highest and best use of land;

30  
31 3. Development (existing and planned);

32  
33 4. Economic development objectives;

34  
35 5. The location of the property; and

36  
37 6. Alternative valuation methodologies as negotiated by both parties.

1  
2 ~~e. All leases or memorandums of leases shall be recorded.~~

3  
4 The lessee and the 18.08.065 Lease Committee may negotiate all lease terms except  
5 those application and proposal documents.

6  
7 ~~d. Upon request by the City Manager or as required by law.~~

8  
9 18.08.080 Appraisal.

10 ~~a. An appraisal of the fair market value or fair rental value of the property will be required~~  
11 ~~before the original approval of a lease and at the time of review and renewal. The appraisal can~~  
12 ~~be made by an independent contractor or the Kenai Peninsula Borough Assessor as negotiated~~  
13 ~~in the lease agreement.~~

14  
15 ~~b. The requirement of an appraisal may be waived at the discretion of the Lease Committee~~  
16 ~~request for leases for six months or less.~~

17  
18 18.08.090 Requirements of the lessee.

19 ~~A proposed lessee proposal, an applicant shall provide, at its sole expense, the~~  
20 ~~following unless waived by the Lease Committee in its discretion:~~

21  
22 ~~1. A Property Improvement Plan. The proposed lessee shall submit a~~  
23 ~~property improvement plan that includes a~~ with information regarding  
24 planned improvements by lessee, including schedule for  
25 commencement and completion of proposed improvements.

26  
27 ~~Survey. The lessee shall submit a~~ 2. A survey of the landproperty subject to  
28 the proposed lease after Homer City Council approval of the lease;  
29 and/or

30  
31 Plat ~~3. If only a portion of a lot is to be leased, the lessee shall cause a~~  
32 ~~subdivision plat to be filed in accordance with Kenai Peninsula Borough~~  
33 ~~subdivision requirements within 90 days after Homer.~~

34  
35 18.08.070 Notice to award.

36  
37 a. The City Council approval of the lease ~~Manager shall consider all responses~~  
38 to the City's request for proposals that are timely and responsive. Untimely  
39 submissions shall be returned to the applicant without review and that  
40 applicant shall not be considered.

- 1                   b. The City Manager may, in his or her sole discretion, and upon a  
2                   determination that none of the proposals are in the City's best interest,  
3                   recommend rejection of all proposals.  
4  
5                   c. Upon a determination that a proposal is the most advantageous to the City,  
6                   the City Manager shall recommend the proposal to Council for acceptance.  
7                   If Council approves the recommendation, the City Manager shall issue a  
8                   Notice to Award the lease to the successful applicant. The City Manager's  
9                   recommendation shall be presented to Council in a written memorandum  
10                  identifying the recommended winning applicant, the property description,  
11                  the essential terms of the proposed lease, and the reasons the City Manager  
12                  recommended the award.  
13  
14                  d. The City Manager shall submit any recommendation for approval of a  
15                  proposal under this chapter for property located on the Homer Spit or in the  
16                  Marine Commercial or Marine Industrial zoning districts to the Port and  
17                  Harbor Advisory Commission for review and comment prior to  
18                  recommending a proposal to Council.  
19  
20                  e. If the Council adopts the City Manager's recommendation, the City  
21                  Manager shall negotiate with the winning applicant and present a final lease  
22                  to the Council for approval. A Notice to Award is conditional upon the City  
23                  Manager's successful negotiation of a final written lease consistent with the  
24                  terms upon which the award was based.  
25  
26                  f. The City Manager may, with Council approval, rescind a Notice to Award.  
27                  A Notice to Award becomes void on the date the City Manager provides  
28                  written notice to the applicant that the award has been rescinded.  
29  
30                  g. The City Manager may rescind a Notice to Award at any time prior to the  
31                  execution of a lease if an applicant can no longer meet the terms of the  
32                  proposal.  
33  
34                  h. If the City Manager rescinds a Notice to Award, the City Manager may  
35                  negotiate with the next most responsive bidder and submit a new  
36                  recommendation for award to Council and Council may approve the award  
37                  of the proposal to that recommended bidder. If negotiations with the next  
38                  most responsive bidder are unsuccessful, all bids must be rejected and a new  
39                  request for proposal may be issued.  
40  
41                  i. The Council may approve other bidding or proposal procedures or  
42                  exceptions to these procedures via resolution.  
43  
44  
45  
46

18.08.075 Lease rental rates.

- a. Except as otherwise provided in this section, all property shall be leased at no less than “fair market rent.”
- b. Payments of a higher than fair market rent resulting from an applicant’s proposal is generally in the public interest and will help to establish fair market rent using current market forces.
- c. The Council may establish a minimum rent or “asking price.” It may set a minimum rent at an amount equal to or higher than the estimated “fair market rent” if it finds that it is in public interest to do so. It may set uniform rental rates for a class of similar properties that remain available for leasing after the conclusion of a competitive lease offering.
- d. Except as provided in HCC 18.08.175, Council may approve a lease of City land for less than fair market rent only if the motion approving the lease contains a finding that the lease is for a valuable public purpose or use, and a statement identifying such public purpose or use.
- e. The lease shall provide for payment of interest or a late fee for rent past due, and provide for recovery by the City of attorneys’ fees and costs to the maximum extent allowed by law in the event the city is required to enforce the lease in court, and such additional provisions pertaining to defaults and remedies as the City Manager may determine to be in the City’s interest.

18.08.080 Lease execution and final approval.

- a. After a notice to award a lease is approved by Council or a lease application is approved by the City Manager, the City Manager is responsible for finalizing and executing the lease agreement with the successful applicant. After Council’s approval of the Notice to Award but before Council approval under HCC 18.08.040, the City Manager may negotiate non-essential long-term lease terms and make changes necessary to clarify the terms of the long-term lease or correct clerical errors.
- b. The City Manager has authority to negotiate all terms of short-term leases subject to the provisions of this chapter.
- c. After a lease is executed by both parties, the City Manager shall draft and the City Clerk shall record a memorandum of lease. The Lessee is responsible for the recording fees.

18.080.090 Development and use.

- a. All leases must require the lessee to comply with applicable zoning, parking, sign, flood, and other pertinent local ordinances and state and federal statutes and regulations.

- 1  
2 b. Except as provided otherwise in the lease agreement, an as-built survey  
3 including elevations performed by a surveyor shall be provided to the City  
4 within six months of completion of permitted or required development or  
5 requirements under a lease. Each additional structure or significant  
6 improvement shall require an additional or updated as-built. All surveys are  
7 to be provided by the lessee at their expense.  
8  
9 c. Except as provided otherwise in the lease agreement, at the time each as-  
10 built is submitted, a statement of value including leaseholds and all  
11 improvements shall be provided. The Statement of Value shall be either a  
12 letter of opinion or appraisal completed by an appraiser.  
13  
14 d. All development requirements and performance standards contained in the  
15 lease shall be strictly enforced and if not complied with or negotiated for  
16 modification shall be cause for the lease to be terminated. Failure to enforce  
17 the terms of the lease shall not constitute waiver of any such term.  
18  
19 e. The City may require a lease of City-owned property to be secured by any  
20 means that meet the City's best interest, including without limitation, a  
21 security deposit, surety bond or guaranty.  
22

23 18.08.100 Appraisal.

- 24  
25 a. An appraisal of the fair market rent of the property will be required before  
26 the final approval of a lease and at the time of review and renewal.  
27  
28 b. The requirement of an appraisal may be waived at the discretion of the City  
29 Manager for short-term leases.  
30  
31 c. All leased properties shall be appraised every five years from the effective  
32 date of the lease.  
33  
34 d. Except as otherwise provided under this section or in a specific lease, lease  
35 rates shall be increased on the anniversary of the lease effective date to  
36 reflect property appraisal values. A lessee shall be notified of any increase  
37 in the appraised value of the property at least 30 days before the increased  
38 rental rate becomes effective.  
39  
40 e. In the event an appraisal reports a decrease in fair market rent, a lessee may  
41 petition or the City Manager may recommend to the Council a reduction in  
42 the lease rate. The Council may approve a reduction if it determines via  
43 resolution that such reduction corresponds with the appraised fair market  
44 rent and the reduction is in the City's best interest.  
45



1 f. Each year, the City will select and retain an appraiser to appraise all leased  
2 parcels due for appraisals in that year. The City will have sole discretion to  
3 select the appraiser and shall bear the cost of the appraisal.

4  
5 18.08.110 Options to renew.

6  
7 a. Leases may contain no more than two options for renewal and each option  
8 must be for less than 25% of the length of the initial lease term.

9  
10 b. A lessee may not exercise an option to renew unless the City Manager  
11 determines that the lessee is in full compliance with the terms of the lease  
12 at the time of renewal.

13  
14 c. A lessee whose initial lease and all options have expired shall have no  
15 automatic right of further renewal or extensions.

16  
17 18.08.120 Improvements.

18 Construction of Improvements. Construction

19 a. Except as otherwise provided in the lease agreement, construction of  
20 improvements shall take place only after review and ~~–~~approval of the  
21 construction plans by the ~~Lease Committee for consistency with the lease~~  
22 ~~agreement~~City Manager and only after all applicable permits and legal  
23 requirements are secured.

24  
25 b. ~~Construction of Improvements Not Consistent with the Lease Agreement.~~  
26 Any improvements not consistent with the lease agreement ~~shall~~must be  
27 ~~construed only after having been reviewed and~~ approved by Council via  
28 resolution and shall only be considered upon recommendation by the City  
29 ~~Council~~Manager and after review ~~and comment by the Lease Committee,~~by  
30 the Port and Harbor Commission, the Planning Commission, and any other  
31 advisory commission determined to be appropriate by the ~~Lease~~  
32 ~~Committee.~~City Manager. Inconsistent improvements may be approved if  
33 the changes to the improvements promotes serves the City’s best interest  
34 and/or when changes are necessary due to industry changes or a change in  
35 economic conditions within the city.

36  
37 ~~a.— Removal of Improvements upon Termination. The City Council standards for removal of~~  
38 ~~improvements are set by resolution, as reflected in the Property Management Policy and~~  
39 ~~Procedures Manual.~~

40  
41 ~~18.08.110 Lease option.~~

42 ~~The City may grant an option to lease property. The option shall contain the specific duration and~~  
43 ~~terms as set forth in a request for proposal or as negotiated by the Lease Committee and approved~~  
44 ~~by the City Council.~~

1 ~~The City may charge a nonrefundable fee for the option and said fee may be equal to the fair~~  
2 ~~rental value.~~

3 c. All improvements constructed upon leased property become the property of  
4 the City upon termination of the lease unless otherwise provided in the lease  
5 agreement or agreed to by the parties in writing.

6  
7 d. Lessee shall be responsible for all municipal property taxes on the leasehold  
8 interest in the real property and improvements and sales taxes on the rent  
9 payments.

10  
11 18.08.130 Lease renewal.

12  
13 a. The Council, after reviewing a recommendation from the City Manager,  
14 may approve the renewal of a lease without requiring competitive bidding  
15 based upon the City Manager's recommendation and when Council finds  
16 that it is in the best interest of the City to enter into a new lease agreement  
17 with the current lessee without submitting the lease renewal to competitive  
18 bidding.

19  
20 b. If the current lessee is interested in entering into a new lease agreement  
21 under this section, the lessee must issue a request for a new lease in writing  
22 to the City Manager at least 12 months prior to the expiration of the lease  
23 and submit a formal lease application for evaluation by the City Manager.  
24 The City Manager shall notify Council of new lease requests under this  
25 section. The City will review the application but is under no obligation to  
26 enter into a new lease.

27  
28 c. If the Council approves the new lease without a competitive process, it must  
29 do so by resolution within six months of the date the lease application is  
30 filed with the City.

31  
32 d. Council shall consider the following factors when determining whether to  
33 exempt a lease from competitive bidding under this subsection:

34  
35 1. The lessee's past capital investment and binding commitment to future  
36 capital investment;

37  
38 2. The lessee's financial condition and prior lease history;

39  
40 3. The number of persons employed and the prospect for future  
41 employment;

42  
43 4. Tax revenues and other financial benefits to the City anticipated in the  
44 future if the lease is renewed;

- 1                   5. Consistency of the past use and intended future use with all applicable  
2                   land use codes and regulations, the Comprehensive Plan, and Overall  
3                   Economic Development Plan;
- 4
- 5                   6. Other opportunities for use of the property that may provide greater  
6                   benefit to the City; and,
- 7
- 8                   7. Other social, policy, and economic considerations as determined by the  
9                   Council.

10  
11           18.08.~~120~~140 Sublease.

- 12
- 13           a. City property may be subleased ~~only if~~ expressly permitted in the lease  
14           agreement ~~so provides and only with the consent of the City~~approved in  
15           writing by Council.
- 16
- 17           b. ~~A sublease of City property shall be subject to Homer City Council approval~~  
18           ~~and shall~~Except as provided otherwise in the lease agreement, all subleases  
19           must be in writing and executed by the parties. ~~Any amendments to a~~  
20           ~~sublease shall also be in writing, and subject to City approved by~~ Council  
21           ~~approval~~after a recommendation is provided by the City Manager.
- 22
- 23           b.c. Approval must be granted prior to ~~becoming effective~~occupancy of the  
24           leased premises by the sub-tenant.
- 25
- 26           e.e. A lessee shall be assessed additional rent, equal to at least 10 percent of the  
27           current rent for the subleased area, upon approval of a sublease.
- 28

29   ~~18.08.130 Lease assignment.~~

30   ~~A lessee may assign a lease to another party subject to approval by the City Council and the~~  
31   ~~procedures set forth in the Property Management Policy and Procedures Manual.~~

32

33   ~~18.08.140 Competitive bidding.~~

34   ~~The Lease Committee or the City Council may elect to require the submission of sealed bids~~  
35   ~~to lease City property or facilities. The competitive bidding process shall be administered by~~  
36   ~~the Lease Committee. The apparent successful bidder shall be selected to negotiate the terms~~  
37   ~~of a lease, but shall have no right to a lease or any other property right until a lease is~~  
38   ~~successfully negotiated, approved by the City Council, and signed by the parties.~~

1 ~~18.08.150 Reconsideration.~~

2 ~~A lessee may request reconsideration by the Homer City Council of the terms of the lease within~~  
3 ~~15 days of City Council action on the lease. The reconsideration procedures set forth in the~~  
4 ~~Property Management Policy and Procedures Manual shall be applied in the event of a~~  
5 ~~reconsideration. [Ord. 92-10, 1992].~~

6  
7 ~~18.08.160 Property Management Policy and Procedures Manual.~~

8 ~~a. The City Council shall adopt by resolution a Property Management Policy and Procedures~~  
9 ~~Manual. Leasing and use permits of City land and facilities shall conform to the manual except~~  
10 ~~to the extent it shall be in conflict with this code or any relevant ordinance later adopted, in which~~  
11 ~~case the provisions of this code and later ordinances shall prevail over the provisions of the~~  
12 ~~manual.~~

13  
14 ~~b. The Property Management Policy and Procedures Manual may be revised by City Council~~  
15 ~~resolution.~~

16  
17 ~~c. A copy of the Property Management Policy and Procedures Manual shall be available to~~  
18 ~~the public during normal working hours at City Hall.~~

19  
20 ~~18.08.170 Exceptions — Financing transactions.~~

21 ~~The procedures set forth in this chapter do not apply to sales, purchases or leases entered into by~~  
22 ~~the City as a part of a financing transaction in which the City is acquiring or disposing of~~  
23 ~~municipal property for municipal purposes through the use of lease/leaseback arrangements or~~  
24 ~~the lease/purchase mechanisms. The formal procedure with respect to these financing leases and~~  
25 ~~the related purchase and sale of land and interests in land shall be by an ordinance of the City~~  
26 ~~Council authorizing the financing transaction.~~

27  
28 ~~f. 18.08.175 Exception — Leasing to the Federal or State Subleasing shall~~  
29 ~~not be used as a method to accomplish the transfer of interest in the entire~~  
30 ~~leasehold.~~

31  
32 ~~g. All subleases must comply with all relevant federal, state, and local laws.~~

33  
34 ~~18.08.150 Early termination.~~

35  
36 ~~Except as provided otherwise in the lease agreement, Council shall approve the~~  
37 ~~termination of a lease for failure to comply with the lease terms. The City Attorney~~  
38 ~~shall be consulted prior to the termination of a long-term lease. The City Manager~~  
39 ~~shall seek approval of termination from Council in executive session. The name of~~

1 lessee and description of the leased property shall not be included in any public  
2 notices or documents circulated unless and until Council approves termination of  
3 the lease under this section. The City Manager shall notify a lessee in writing that  
4 Council will be considering termination of the lease in executive session and  
5 provide the date, time, and place of the executive session. Lessee may waive the  
6 right to confidentiality under this section and request that Council hold its  
7 discussion in public. This section shall not prevent the City from sending lessee or  
8 other parties with an interest in the lease notifications or correspondence related to  
9 the lease or lessee's compliance with its terms.

10  
11 18.08.160 Assignment.  
12

13 a. Except as provided in the lease agreement, Council must approve the  
14 assignment of a lease to another party.

15  
16 b. Except as otherwise provided in this subsection and subject to the terms of  
17 the lease agreement, the City Manager must make a determination that a  
18 lessee is in full compliance with a lease before an assignment will be  
19 effective. The City Manager may enter into an agreement with an assignor  
20 or an assignee consenting to assignment conditional upon payment of any  
21 outstanding amount due under the lease no more than 90 after assignment.  
22

23 c. Except as otherwise provided in a lease agreement, if the lessee is in good  
24 standing and eligible to assign the lease, the following procedures apply:

25  
26 1. The lessee shall file a written request for assignment and a new lease  
27 application to the City Manager;

28  
29 2. The City Manager shall review the request and assignment document(s)  
30 and determine whether the proposed assignee is qualified under this  
31 chapter and the assignment is in the City's best interests;

32  
33 3. The City Manager shall make a recommendation on the assignment to  
34 Council for final action; and

35  
36 4. The Council shall approve or deny the request for assignment via  
37 resolution.

38  
39 5. Assignment of long-term leases on the Homer Spit or within the Marine  
40 Commercial or Marine Industrial zoning districts shall be reviewed by  
41 the Port and Harbor Advisory Commission prior to submission to  
42 Council for approval. Except as otherwise provided in a specific lease  
43 agreement, assignment of all other long-term leases shall be reviewed  
44 by the Homer Advisory Planning Commission for recommendations  
45 prior to Council approval.  
46

1 d. The Council may approve assignment of a lease to a bank or other financial  
2 institutions for financing or other reasons if it determines the assignment is  
3 in the best interest of the City and upon recommendation by the City  
4 Manager.

5  
6 e. Where a lessee intends to assign the lease as part of a sale of the business  
7 located on the lease lot, the person who intends to purchase the business  
8 may apply to extend the lease term to allow the continuation of the business  
9 and to secure financing for the purchase.

10  
11 18.08.170 Insurance.

12  
13 a. All lessees shall keep in force for the full term of the lease public liability  
14 insurance in the amount of not less than \$1 Million coverage per occurrence  
15 for bodily injury, including death, and property damage. The City shall be  
16 named as an additional insured.

17  
18 b. Lessees who intend to conduct activities which could potentially have  
19 significant risk of environmental contamination shall also obtain not less  
20 than \$2 Million in Environmental Impact insurance and/or Environmental  
21 Clean-up Policy, or the equivalent subject to review and approval by the  
22 City Manager. The City shall be named as an additional insured. The City  
23 will determine on a case-by-case basis whether a lease of City property will  
24 involve a significant risk of environmental contamination due to the use of  
25 the property, the presence of hazardous materials, or the location of the  
26 property.

27  
28 c. Certificates of Insurance showing the required insurance is in effect and  
29 identifying the City as an additional insured shall be provided to the City at  
30 the time a lease becomes effective and annually thereafter, and upon every  
31 change in insurance provider or insurance coverage.

32  
33 d. All insurance policies must be in effect for the duration of the lease term, or  
34 longer if stated in the lease, and the City must be notified of any changes to  
35 policies.

36  
37 e. A lease agreement may require insurance requirements that exceed those  
38 required in this section.

39  
40 18.08.175 Exception-leasing to government entities.

41 ~~The City~~

42 a. Except as otherwise prohibited by law, leases to federal or state government  
43 entities or political subdivisions or agencies of the State of Alaska or the  
44 United States may license or be, upon a finding by Council that it is in the  
45 best interest to do so, exempted from the requirements of this chapter.  
46

1 ~~a-b.~~ The City may lease ~~any~~ real property to the United States, the State of  
2 Alaska, a political- subdivision of the State, or an agency of any of these  
3 entities, for consideration agreed upon between the parties ~~without a~~  
4 ~~competitive bidding process or otherwise complying with the provisions of~~  
5 ~~HCC 18.08.140, if the City Council determines the transaction is~~  
6 ~~advantageous to the City. Such a transaction may be for less than fair rental~~  
7 ~~value and without an appraisal unless otherwise directed by the City~~  
8 ~~Council. Respecting such a license or lease, the Homer City Council, in its~~  
9 ~~discretion, may waive any other requirements of this chapter.~~ for less than  
10 fair market rent if the Council determines that the lease or license is in the  
11 City's best interest.

12  
13 18.08.180 Assessments – Capital improvement projects.

14  
15 a. A lessee of City property shall pay all real property special assessments  
16 levied and assessed against the property to the full extent of installments  
17 ~~falling due~~ billed during the term of the lease.

18  
19 b. In the event the City completes a capital improvement project which directly  
20 benefits the leasehold property and no local improvement district is formed  
21 to pay the cost thereof, the City may, in its sole discretion, impose, and the  
22 lessee shall pay as additional rent, the leasehold property's proportionate  
23 share of the cost of the improvement. The amount of additional rent imposed  
24 annually by the City under this subsection shall not exceed the amount  
25 which would have been payable annually by the lessee if a local  
26 improvement district had been formed which provided for installment  
27 payments on a schedule and bearing interest at rates typical of other local  
28 improvement districts of the City for that type of capital improvement.

29  
30 18.08.190 Connection to utilities.

31  
32 A lessee of City real property shall connect to City utilities and bear all costs of  
33 connections and adhere to all applicable local, State and Federal regulations.  
34 Connections to newly installed City utilities shall be made as soon as possible after  
35 completion.

36  
37 18.08.200 ~~Fee schedule.~~

38 ~~The~~ 195 Processing and filing fees.

39  
40 Fees for lease applications, lease fees, sublease and assignment fees, and other  
41 related fees shall be established by ~~the City Council~~ from time to time by means of  
42 a resolution. ~~Failure to pay fees owed may result in the rejection of a lease~~  
43 application or denial of renewal, assignment or sublease.  
44

