

Session 13-01 A Special Meeting of the Lease Committee was called to order at 3:06 pm on May 14, 2013 by Chair Terry Yager at the City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska.

PRESENT: COMMITTEEMEMBERS YAGER, HAWKINS, AND ZIMMERMAN

TELEPHONIC: COMMITTEE MEMBER ABOUD

ABSENT: COMMITTEEMEMBERS KRISINTU (EXCUSED)

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)*

Bruce Flanagan, owner, Alaskan Coastal Freight, LLC commented on his proposal. He stated that he did not plan to fence the area until he saw that it was feasible with the access requirements required for tractor trailer units. He noted his costs to upgrade the portion of the parcel he was interested in and the basis for his offer to lease the aforementioned parcel. Mr. Flanagan stated his reasons for his interest in leasing the portion of the parcel was safety and the requirement of additional space. Mr. Flanagan assured the Committee members that there will be no hazardous materials stored on site.

Mr. Flanagan also provide the amount of revenue provided to the city from his business and the benefits his business brings the community as a whole.

APPROVAL OF THE MINUTES

Chair Yager requested a motion to approve the minutes.

HAWKINS/ZIMMERMAN – MOVED TO APPROVE THE MINUTES FOR THE MEETING OF OCTOBER 11, 2012 AS PRESENTED.

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

City Manager Wrede provided updates on the progress of the following leases:

- Dockside II – William Sullivan had numerous contingencies attached to the approval of a new lease before finalizing his lease. He has been provided a lease contingent upon completion of the requirements.
- Fortune Sea, LLC - Ian Pitzman – The plans changed twice, negotiations completed. A lease has been issued.
- Alaska Custom Seafoods - Brad Faulkner – Mr. Faulkner has not followed through with most of the requirements; there have been delays in progress and completing the requirements for a Conditional Use Permit; the City has removed a pipe and approval has been given by the Fire Marshall. It appears that without constant vigilance on the part of the City Mr. Faulkner is very slow to comply with the contingencies set to enter into a new lease. He noted that they are way past the time frame recommended by the committee.
- Snug Harbor – The proposal has significantly changed from the one that was approved by the committee. They would like to lease the whole lot. He has been mulling over bringing this back before the committee due to the changes due to the increased financial component.

City Manager Wrede clarified some recent discussion by Council on the parcel where Pier One Theater is located. He related misinformation from the newspapers. He stated that the City Council is very mindful that the land was purchase with Port & Harbor Enterprise money for Marine Industrial uses. He believes Council Currently there are several entities interested in the parcel besides the existing Pier One Theater and campground. There is interest to place a major barge business to install moorings, another business entity has approached the Harbormaster interested in the uplands, the Wooden Boat Society, and the Kachemak Bay Water Trail launch. Due to all the interest plus the description outlined in the Spit Comprehensive Plan; he has been directed by Council to bring forth a resolution that would amend the Land Allocation Plan to Lease out a portion of the property that is water dependent who is willing to pay rent and if this is approved then it will come before the Committee; Mr. Wrede stated that Council is interested in the best use for that property since it will become more valuable as time goes on. They are interested in making reasonable decisions.

Chair Yager inquired about the seriousness of Mr. Faulkner in making the situation work. Mr. Wrede responded noting the benchmarks that the committee outlined in their recommendation regarding a new lease with Mr. Faulkner and that they are falling behind in completing these benchmarks in the time outlined.

Mr. Zimmerman inquired about the amount Fortune Sea LLC was paying and the square footage for the lease and then inquired if Snug Harbor requested any concessions. Mr. Wrede stated he leased Lot 19 which was approximately ½ acre and only noted that Snug Harbor requested the road to be paved which will be done this season.

There was no further discussion.

PUBLIC HEARING

There were no public hearings scheduled.

PENDING BUSINESS

There were no items on the agenda.

NEW BUSINESS

- A. Proposal & Assignment: Alaskan Coastal Freight
1. Chapter 6 – Proposal Evaluation Process
 2. Staff Evaluation & Findings

Chair Yager requested a motion to bring Item A. Alaskan Coastal Freight Proposal to the floor for discussion.

HAWKINS/ZIMMERMAN – MOVED TO BRING ALASKAN COASTAL FRIGHT PROPOSAL FORWARD FOR DISCUSSION.

There was no discussion.

VOTE. YES. NON-OBJECTION. UNANIMOUS CONSENT.

Motion carried.

Mr. Wrede commented on the review process conducted by staff and the proposal was found to be completed with the exception of a project timeline or development plan. Mr. Wrede further stated that the information Mr. Flanagan omitted from the proposal he did provide in his statement under Public Comment. There was no information provided on employees/future employment opportunity and spin off either in the proposal.

Chair Yager inquired if Mr. Flanagan would like to address those items now for the committee.

Mr. Flanagan provided information on 600 tons of equipment, winter projects, freight hauling in amounts of 200 tons or more; and that there appears to be more satellite business available. Currently he has no plans for expanding his employees which number 1 on the beach an 4 in the boat. Mr. Flanagan stated his biggest concern is safety for the pedestrians and civilians that bypass the area on a daily basis; he also noted that the Harbormaster has a better view on that parcel in regards to security. He sees the possibility of growth in the business industry. Mr. Flanagan described how he will install the culverts.

A brief discussion on a drain line, contaminant issues, installation of a system to deal with oil, using money from the proposed lease to defer that cost; a system installed out East End Road by Mr. Flanagan for a cost of approximately \$10,000. Chair Yager asked for a recap on the basis for agreeing to \$0.50 per square foot lease rate instead of the \$0.60. Mr. Flanagan cited the costs he will incur in leasing this portion of a parcel was the improvements he intended to perform and the benefits to the community his lease provided last year.

Mr. Zimmerman provided some points in leasing at the lower rate to recent lessees.

Chair Yager questioned the amount of improvements proposed by Fortune Sea, LLC and using those as a comparison to what Mr. Flanagan proposes. He expressed concern regarding a precedent being set.

Mr. Wrede offered one alternative to deduct the money paid on improvements and that the city has accepted work for rent in the past.

Mr. Flanagan cited that he is proposing to rent land that currently is not usable and making it usable.

Mr. Zimmerman expressed concerns over what the Lease Policy states in regard to the appraisal.

ABBOUD/ZIMMERMAN - MOVED TO APPROVE THE STAFF RECOMMENDATIONS AND FORWARD TO CITY COUNCIL PRORATING THE RENTAL AMOUNT FOR THE AMOUNT OF THE PROPOSED AND REQUIRED IMPROVEMENTS TO THE PROPERTY.

There was no further discussion.

VOTE. YES. ABBODD, HAWKINS, ZIMMERMAN, YAGER.

Motion carried.

There was a brief discussion on pedestrian safety issues and proposed trails on the Spit.

Mr. Abboud had a prior commitment and departed the meeting at 4:00 p.m.

INFORMATIONAL MATERIALS

There were no informational materials.

COMMENTS OF THE AUDIENCE

Mr. Flanagan noted the real problem was watching out for the dogs out there.

COMMENTS OF THE CITY STAFF

Mr. Wrede commented that he will bring the recommendations to Council at the next meeting on May 28, 2013 through a resolution.

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

There were no councilmembers present.

COMMENTS OF THE CHAIR

Chair Yager noted that the City liked seeing what Mr. Flanagan is doing and thanked him for his participation.

COMMENTS OF THE COMMITTEE

Mr. Hawkins thanked everyone for their time.

Mr. Zimmerman thanked Mr. Flanagan for doing the improvements. It makes it all much easier.

ADJOURN

There being no further business before the Lease Committee, Chair Yager adjourned the meeting at 4:06 p.m. The next regular Lease Committee meeting is scheduled for 3:00 p.m. July 11, 2013 at City Hall, Cowles Council Chambers, 491 E. Pioneer Avenue, Homer, Alaska.

RENEE KRAUSE, CMC, DEPUTY CITY CLERK I

Approved:_____