

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 regarding 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

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.

### **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.

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RENEE KRAUSE, CMC, DEPUTY CITY CLERK I

Approved: \_\_\_\_\_