



## City of Homer

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## Homer City Council

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### Memorandum 21-008

TO: Mayor Castner and Homer City Council

FROM: Councilmember Aderhold

DATE: December 30, 2020

SUBJECT: Clarifying Public Purpose Regarding Resolution 20-135 and a Reduced Lease Rate for the Salmon Sisters Holding LLC

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Resolution 20-135 approving the lease assignment originally held by Harbor Leasing LLC and assumed by Alaska Growth Capital BIDCO, Inc. to Salmon Sisters Holding LLC was adopted and the City Manager was given authorization to negotiate and execute a 20 year lease with options for two consecutive five year renewals at lot 12C, Port Industrial Subdivision. A condition included in the resolution is allowance for an initial base rent of \$25,805, which is less than fair market value, for 2021. By the end of 2021 an appraisal will be conducted and the lease rate for 2022 until the term of the lease will be set at fair market value.

HCC 18.08.075(d) reads “Except as otherwise provided in this chapter, 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.”

Resolution 20-135 reads “WHEREAS, The Homer City Council has determined that there is a sufficient valuable public purpose to approving a lease rate below fair market value for Salmon Sisters Holdings LLC”, however that public purpose isn’t identified in the resolution and wasn’t clearly stated on the record.

The public purpose was identified by the Port and Harbor Commission during their November 18, 2020 meeting with their recommendation to Council (included in Memorandum 20-197 from the Port and Harbor Commission to Council). The public purpose is to (1) bring the property out of default and make it profitable and (2) bring a new locally owned business enterprise to Homer.