

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

3 City Manager

4 **ORDINANCE 19-14**

5
6 AN ORDINANCE OF THE CITY COUNCIL OF HOMER, ALASKA,
7 APPROVING A NONCOMPETITIVE LEASE WITH NORTHERN
8 ENTERPRISES BOAT YARD INC. AND AUTHORIZING THE CITY
9 MANAGER TO EXECUTE THE APPROPRIATE DOCUMENTS FOR A
10 NEW TWENTY YEAR LEASE WITH OPTIONS FOR TWO
11 CONSECUTIVE FIVE YEAR RENEWALS FOR AN IDENTIFIED SIXTY
12 SQUARE FOOT PORTION OF CITY TIDELANDS ATS 612 AT AN
13 INITIAL ANNUAL RATE OF \$3.65.
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15 WHEREAS, The City of Homer received an application from Northern Enterprises Boat
16 Yard Inc. requesting a lease for sixty square feet of City tidelands ATS 612, which is located
17 directly across from the company's private property; and
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19 WHEREAS, Northern Enterprises Boat Yard Inc. is proposing to add a pier and extend
20 the company's existing dock an additional fifty feet into State of Alaska tidelands which are
21 adjacent to City tidelands; and
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23 WHEREAS, The proposed dock extension onto State of Alaska tidelands requires the
24 installation of a batter pile, which will encumber twenty six square feet of the adjacent City
25 tidelands; and
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27 WHEREAS, A portion of the suspended dock of the extension will cover thirty four square
28 feet of City tidelands; and
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30 WHEREAS, The improvements proposed by Northern Enterprises Boat Yard Inc. are
31 intended to support a travel lift station capable of hauling out large vessels fifty to seventy feet
32 in length with drafts ranging from 3 feet to eight and a half feet; and
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34 WHEREAS, The large vessels this travel lift station will service are vessels that have
35 otherwise had to leave Homer in order to receive this service; and
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37 WHEREAS, The City of Homer has worked on addressing this marine industry need for
38 years and formed the Large Vessel Haul-Out Task Force to draft solutions; and
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40 WHEREAS, The Task Force determined that the best way the City could justify the
41 investment into infrastructure capable of lifting out large vessels was if the infrastructure was

42 connected to a vessel storage and repair yard with the capacity to store a large amount of
43 boats; and

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45 WHEREAS, Northern Enterprises Boat Yard Inc. currently meets the needs identified by
46 the Task Force to justify their private investment into the proposed dock extension and travel
47 lift station; and

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49 WHEREAS, The travel lift station will serve unmet haul-out needs in Homer's fleet and
50 will double Homer's haul-out capacities while helping the City share in the cost of burden
51 associated with building harbor-related infrastructure; and

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53 WHEREAS, There are no competing business interests directly across from or adjacent
54 to this portion of City tidelands 612; and

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56 WHEREAS, The State of Alaska appraised its tidelands adjacent to the portion of City
57 tidelands Northern Enterprises Boat Yard Inc. wishes to lease in 2014 and determined that the
58 market rent value of 10,324 square feet of State tidelands was \$628 a year; and

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60 WHEREAS, When applying the formulas used to determine the market rent value of the
61 State tidelands adjacent to the City tidelands, the market rent value of the sixty square feet of
62 City tidelands in 2014 would be \$3.65 a year; and

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64 WHEREAS, The amount of revenue generated by this lease would not cover the City's
65 administrative costs and the new appraisal required by City Code, which can range from \$780
66 to \$1,500 per appraisal; and

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68 WHEREAS, The 2014 State of Alaska appraisal provides a qualified recommendation for
69 determining the initial base market rent total of \$3.65 for a sixty square foot lease of City
70 tidelands ATS 612 and allows the City to avoid the costly administrative fees required by HCC
71 18.01.100; and

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73 WHEREAS, The application of the 2014 State of Alaska appraisal determination requires
74 the waiver of HCC 18.01.100 and the fair market value requirement under HCC 18.08.075 (a);
75 and

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77 WHEREAS, City staff will internally review the initial base market rent rate during the
78 first year of the lease and in every fifth year thereafter by either comparing the rate to the most
79 recent appraisal conducted by the State of Alaska, or by hiring an appraiser if there is reason
80 to believe the current lease rate is disadvantageous to the City, in order to adjust the lease rate.

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82 NOW, THEREFORE, THE CITY OF HOMER ORDAINS:

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Section 1. The Homer City Council hereby approves the noncompetitive lease with Northern Enterprises Boat Yard Inc. and authorizes the City Manager to execute the appropriate documents for a new twenty year lease with options for two consecutive five year renewals for an identified sixty square foot portion of City tidelands ATS 612 at an initial annual rate of \$3.65.

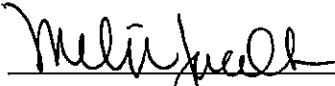
Section 2. This lease is hereby exempt from Homer City Code 18.01.100 and 18.08.075 (a).

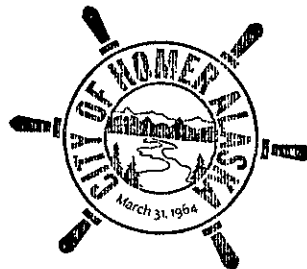
Section 3. This ordinance is of a special or temporary character and shall not be included in the City Code.

ENACTED BY THE CITY COUNCIL OF HOMER, ALASKA, this 3rd day of April, 2019.

CITY OF HOMER

KEN CASTNER, MAYOR


ATTEST:

MELISSA JACOBSEN, MMC, CITY CLERK



YES: 6
NO: 0
ABSTAIN: 0
ABSENT: 0

First Reading: 3-26-19
Public Hearing: 4-8-19
Second Reading: 4-8-19
Effective Date: 4-9-19
Reviewed and approved as to form.


Katie Koester, City Manager


Holly C. Wetts, City Attorney

Date: 4-9-19

Date: 5-1-19