

**CITY OF HOMER
HOMER, ALASKA**

City Manager

RESOLUTION 11-015

A RESOLUTION OF THE CITY COUNCIL OF HOMER, ALASKA, APPROVING A NEW TEN YEAR LEASE WITH TWO FIVE YEAR OPTIONS FOR HOMER SPIT CAMPGROUND, FINDING THAT IT IS IN THE PUBLIC INTEREST TO DO SO WITHOUT A COMPETITIVE BIDDING PROCESS, AND AUTHORIZING THE CITY MANAGER TO NEGOTIATE AND EXECUTE THE LEASE.

WHEREAS, Homer Spit Campground's land lease with the City for a portion of Lot 49 and Lot 50 expires September 10, 2011 with no options remaining; and

WHEREAS, The Chapples have submitted an application for a new lease for Homer Spit Campground and have requested they receive the lease without a competitive bidding process under Section 11.2 (F) of the Lease Policies; and

WHEREAS, The Lease Committee considered the Chapple's proposal at their Regular Meeting on January 13, 2011; and

WHEREAS, The Committee approved a motion recommending that the City Council approve the lease application without going through the competitive bid process under the terms and conditions described in the proposal, with the stipulations that the lease will be for 10 years with two five year options, and all zoning violations be addressed; and

WHEREAS, Section 11.2 (F) of the Lease Policies allows the City Council to provide a new lease to the current lessee without a competitive bidding process if it finds that it is in the public interest to do so after reviewing a recommendation from the Lease Committee and evaluating specific relevant facts.

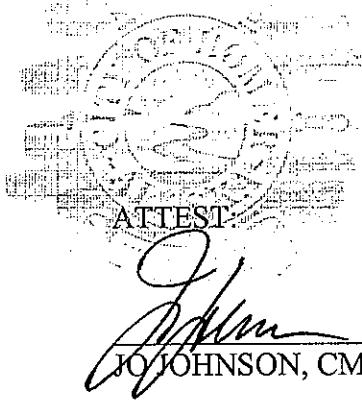
NOW, THEREFORE, BE IT RESOLVED that the Homer City Council hereby finds that it is in the public interest to approve a new lease for Homer Spit Campground on a Portion of Lot 49 and Lot 50;

BE IT FURTHER RESOLVED that the City Council hereby finds that it is in the public interest to approve a new lease for Homer Spit Campground without a competitive bidding process for the reasons outlined in the January 13, 2011 Staff Report from the City Manager, which are incorporated herein:

- The lease history is good and the applicants have been good tenants.
- The applicants have investments in the property and plan to invest more if a lease is awarded.
- The business generates significant revenues to the City including property taxes and sales taxes and the proposal includes a 50% increase in rent to better reflect current market values.
- The business generates significant spin-off economic activity that benefits the economy as a whole.
- The proposal includes a provision that specifically states that the City can use the property during the eight months the campground is not in operation. This compensates for the fact that the lessee is only paying rent for 4 months and provides the City with opportunities to make additional revenues and use the land for other purposes.
- The proposal offers a portion of the campground back (Lot 49 in the shadows of the condos) if the City really needs it and provides adequate notice. This is beneficial to the City because if the land is needed or a high or better use presents itself, the City can take advantage of that opportunity.
- The proposed use is consistent with the goals and objectives of the Spit Comprehensive Plan including providing for open space, recreational and camping opportunities, public access to the beach, and protection of the viewshed.
- The proposal fills an identified need for RV camping and long term parking.
- The campground provides services to the general public (not just guests) that are needed in the area including a laundry facility, bathrooms, showers, and a general store.
- The facility is a major commercial water and sewer customer providing support for the water and sewer fund.
- The City and the Corps of Engineers are still working on a long term solution for the disposal of dredged materials. Dewatering activities and the outfall line are located near or within the leased property. The final solution and construction of a new dewatering facility may be many years off. Given those conditions, it is unlikely that the City would be able to lease the land for another development at this time since the outfall runs almost through the middle of the property. In short, the campground is likely the best use of the property at this time.

BE IT FURTHER RESOLVED that the Homer City Council authorizes the City Manager to negotiate and execute the lease with Homer Spit Campground.

PASSED AND ADOPTED by the Homer City Council this 15th day of February, 2011.



JO JOHNSON, CMC, CITY CLERK

CITY OF HOMER

James C. Hornaday
JAMES C. HORNADAY, MAYOR

Fiscal Note: Lease revenues \$38,107 (\$9,526.96 for 4 months), Acct. No. 400-600-4650.