



## **Homer City Hall**

491 E. Pioneer Avenue

Homer, Alaska 99603

[www.cityofhomer-ak.gov](http://www.cityofhomer-ak.gov)

# **City of Homer Agenda**

## **Port & Harbor Advisory Commission Special Meeting**

**Tuesday, October 20, 2020 at 1:00 PM**

**City Hall Conference Room via Zoom**

**Webinar ID: 954 2610 1220 Password: 556404**

**Dial: 346-248-7799 or 669-900-6833; (Toll Free) 888-788-0099 or 877-853-5247**

**CALL TO ORDER, 1:00 P.M.**

**AGENDA APPROVAL**

**PUBLIC COMMENTS UPON MATTERS ALREADY ON THE AGENDA** (3 minute time limit)

**PENDING BUSINESS**

**NEW BUSINESS**

- A. Northern Enterprises Boat Yard Lease Amendment
  - i. Request for Amendment to Lease from Northern Enterprises
  - ii. DRAFT Resolution 20-xx Northern Enterprises Lease Term Extension
  - iii. DRAFT 1st Amendment to Lease Agreement

**COMMENTS OF THE AUDIENCE** (3 minute time limit)

**ADJOURNMENT**

Next Regular Meeting is **WEDNESDAY, OCTOBER 28, 2020 at 5:00 P.M.** All meetings scheduled to be held via Zoom Webinar in the City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska.



# City of Homer

www.cityofhomer-ak.gov

Port and Harbor

4311 Freight Dock Road  
Homer, AK 99603

port@cityofhomer-ak.gov

(p) 907-235-3160

(f) 907-235-3152

## Memorandum

TO: PORT AND HARBOR ADVISORY COMMISSION

FROM: BRYAN HAWKINS, PORT DIRECTOR/HARBORMASTER

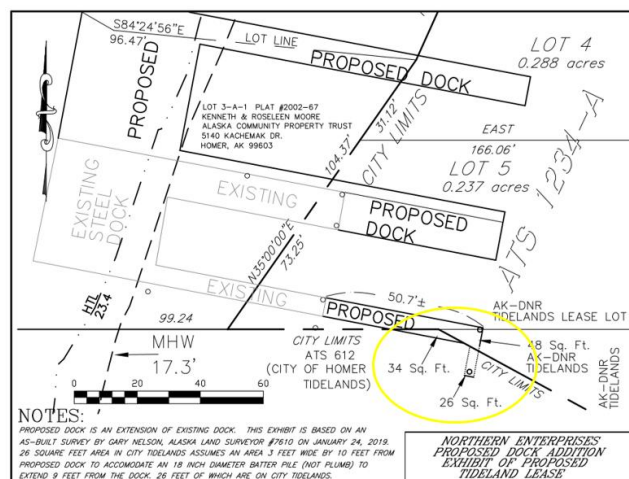
DATE: OCTOBER 13, 2020

SUBJECT: NORTHERN ENTERPRISES BOAT YARD INC LEASE TERM EXTENTION REQUEST

Northern Enterprises Boat Yard Inc. ("Northern Enterprises") of Homer was granted a long-term lease for a portion (60 sq. ft.) of City tidelands in Mud Bay directly across from their private property on May 1 2019. Northern Enterprises Boat Yard, Inc., as a Homer based company specializing in vessel haul out, repair, and storage, are working on constructing a new dock capable of supporting a Marine Travel Lift Station to haul out larger, heavier vessels.

As progress has moved forward on this project Northern Enterprises has been advised by their financial lenders that, per Alaska Admin Code 3 AAC 99.230 Terms of real property loans, they are required to have a lease term that is at least 10 years more than the length of the loans for the project. They have submitted a request for an amendment to their current lease to extend the term to a timeline that would fulfill this requirement. They are asking for their current 20 year lease with option for 2 consecutive 5 year extensions to be amended to become a 40 year lease with 2 consecutive 5 year extensions. This gives the term for this property lease a total length of possibly up to 50 years, instead of the standard 30 years used most regularly in the City Lease contract.

The location of this property, as described above, consists of tidelands directly adjacent to an existing dock, and we do not anticipate at this time that there would be another competitive interest in this property. Please see location circled in yellow.



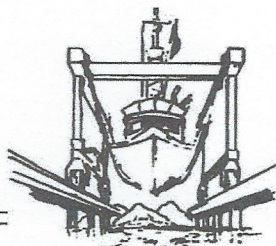
Large vessel owners, marine trades support industry, and the City have recognized the need to facilitate hauling out larger vessels in Homer for many years. This public and economic need led the City to form the Large Vessel Haul-Out Task Force. One of the things the task force determined was that the best way to justify the purchase of a sling lift and associated facility was if the sling lift and facility were connected to a vessel storage/repair yard with the capacity to store a large amount of boats. This is exactly what Northern Enterprises has to offer.

City staff see this project as a great economic opportunity for the community since no travel lift station with this capacity exists in Homer. Leasing the tidelands puts both public land and private resources to the best advantage. It supports private industry in fulfilling a haul-out repair need that has been prioritized by the community in the CIP, helping to share the cost burden of building harbor-related. The larger vessel sling lift will serve unmet haul-out needs in Homer's fleet and will double Homer's haul out infrastructure.

### **RECOMMENDATION**

Make a motion recommending that City Council approve an amendment of the Northern Enterprise's Boat Yard Inc. lease to extend the term from 20 years with options for 2 consecutive 5 year renewals, to 40 years with options for 2 consecutive 5 year renewals.

**NORTHERN**  
**ENTERPRISES BOAT YARD, INC.**  
**AT MILLER'S LANDING**



(907) 235-8234  
FAX 235-7083  
email: kshores@ptialaska.net

5140 Kachemak Bay Dr.  
Homer, Alaska 99603-9426

October 15, 2020

To Whom it May Concern,

Northern Enterprises Boat Yard, Inc. currently has a standard lease for a tidelands portion with the City of Homer. Our present lease is for a 20-year term with options of 2 – 5-year renewals.

With our progress in moving forward with our dock expansion project we have been made aware by our financial lenders Alaska Industrial Development and Export Authority (AIDEA) and First National Bank of Alaska that we need to have a set timeframe lease that covers 10 years beyond the timeframe of the loans. When we requested something in writing we were forwarded the Alaska Admin Code 3 AAC 99.230, (<http://www.legis.state.ak.us/basis/aac.asp#3.99.230>) specifically, section "h" of "Terms of real property loans".

**Alaska Admin Code**


**3 AAC 99.230. Terms of real property loans**

"(h) The terms and conditions of a land lease or, in the case of a qualified energy development, an easement that secures a real property loan for a project or qualified energy development are subject to approval by the authority. The term of the lease or easement must exceed the effective term of the loan by at least 10 years. However, the authority may approve a land lease or easement for a shorter term if there is an irrevocable option to renew the lease or easement that is acceptable in the sole discretion of the authority."

We are respectfully requesting a modification to our lease to be a 40-year lease with options of renewals at the end of that timeframe.

We feel that this dock expansion will offer a large service to our business as well as other businesses in the area and be a beneficial asset to the entire community.

Sincerely,

  
Roseleen L. Moore  
Vice President  
Northern Enterprises Boat Yard, Inc.

**CITY OF HOMER  
HOMER, ALASKA**

City Manager

**RESOLUTION 20-0xx**

A RESOLUTION OF THE CITY COUNCIL OF HOMER, ALASKA,  
APPROVING AN AMENDMENT TO EXTEND THE TERM OF THE  
NORTHERN ENTERPRISES BOAT YARD INC LEASE FROM THE  
ORIGINAL 20 YEARS WITH OPTIONS FOR 2 CONSECUTIVE 5-YEAR  
RENEWALS TO 40 YEARS WITH OPTIONS FOR 2 CONSECUTIVE 5-  
YEAR RENEWALS FOR 60 SQ FT OF CITY TIDELANDS KNOWN AS  
KPB PARCEL # 18107001, FOR AN ANNUAL RATE OF \$3.74.

WHEREAS, Northern Enterprises Boat Yard, Inc. is a Homer-based corporation specializing in  
vessel haul out, repair, and storage; and

WHEREAS, Northern Enterprises Boat Yard, Inc. entered into a 20 year lease with the  
City on May 1 2019 for 60 square feet of tidelands to accommodate their construction of a new  
dock capable of supporting a Marine Travel Lift Station to haul out larger, heavier vessels in deeper  
waters ; and

WHEREAS, Northern Enterprises has been notified by their financial lenders that they  
are required to have a set timeframe lease that covers 10 years beyond the timeframe of the  
loans per Alaska Admin Code 3 AAC99.230; and

WHEREAS, Northern Enterprises is requesting an amendment of the original term from  
20 to 40 years giving a new end date of April 30 2059 with the option for 2 consecutive 5 year  
extensions to satisfy this requirement; and

WHEREAS, No other neighboring upland businesses with a similar competing interest abut City  
tidelands parcel ATS 612; and

WHEREAS, On October 20 2020, the Port and Harbor Advisory Commission discussed the  
proposed change in term for the Northern Enterprises lease of City tidelands parcel ATS 612 and  
\_\_\_\_\_ ; and

WHEREAS, HCC 18.08.160(e) States that any significant changes in the terms (use) of the  
existing lease must be reviewed by the Port and Harbor Commission and approved by City  
Council by resolution as an amendment to the lease; and

NOW, THEREFORE, BE IT RESOLVED that the Homer City Council hereby approves the  
amendment of the Northern Enterprises Inc. lease extending the term from 20 years with

options for 2 consecutive 5-year renewals to 40 years with options for 2 consecutive 5-year renewals for the 60 sq. ft. of City tidelands known as KBP Parcel #18107001, and authorizes the City manager to execute the appropriate documents.

PASSED AND ADOPTED by the Homer City Council on this \_\_\_\_day of \_\_\_\_\_, 2020.

CITY OF HOMER

\_\_\_\_\_  
KEN CASTNER, MAYOR

ATTEST:

\_\_\_\_\_  
MELISSA JACOBSEN, MMC, CITY CLERK

Fiscal Note: \$3.74 Annually

1<sup>ST</sup> AMENDMENT TO LEASE AGREEMENT

This amendment is made and entered into effect as of \_\_\_\_\_, 2020 between the City of Homer, an Alaska municipal corporation ("Landlord") whose address is 491 East Pioneer Avenue, Homer, Alaska 99603, and Northern Enterprises Boat Yard Inc., an Alaskan corporation ("Tenant"), whose address is 5140 Kachemak Dr, Homer Alaska 99603 , and amends the Ground Lease Agreement ("Lease") entered into between Northern Enterprises Boat Yard Inc., and the City of Homer, dated April 1 2019 and recorded by the Kenai Peninsula Borough's recorder's office on April 23 2019, Number 2019-001083-0, Homer Recording District 309, Alaska.

Landlord and Tenant agree as follows:

**3.01 Lease Term.** The term of this Lease is 20 years, commencing on May 1, 2019, and ending on April 30, 2039 (the "Term"). In addition, prior to the Tenant's construction of the Tenant's proposed use, Tenant shall have the right to immediately terminate this Lease upon written notice to Landlord if Tenant deems the results of any of the studies, reports, financial backing, or Governmental Approvals to be unacceptable to the Tenant in its sole discretion.

Shall be amended to the following:

**3.01 Lease Term.** The term of this Lease is 40 years, commencing on May 1, 2019, and ending on April 30, 2059 (the "Term"). In addition, prior to the Tenant's construction of the Tenant's proposed use, Tenant shall have the right to immediately terminate this Lease upon written notice to Landlord if Tenant deems the results of any of the studies, reports, financial backing, or Governmental Approvals to be unacceptable to the Tenant in its sole discretion.

IN WITNESS WHEREOF, the parties have executed this Lease Amendment as of the date set forth above.

Landlord:  
City of Homer

Tenant:  
Northern Enterprises Boat Yard Inc.

By: \_\_\_\_\_

By: \_\_\_\_\_

\_\_\_\_\_  
Rob Dumouchel, City Manager

\_\_\_\_\_  
Roseleen Moore, Director

**ACKNOWLEDGMENTS**

STATE OF ALASKA                    )  
  ) SS.  
THIRD JUDICIAL DISTRICT        )

The foregoing instrument was acknowledged before me on \_\_\_\_\_, 2020 by Rob Dumouchel, City Manager of the City of Homer, an Alaska municipal corporation, on behalf of the City of Homer.

\_\_\_\_\_  
**Notary Public in and for Alaska**  
**My Commission Expires:** \_\_\_\_\_

STATE OF                                )  
  ) SS.  
  )

The foregoing instrument was acknowledged before me on \_\_\_\_\_, 2020 by Roseleen Moore, as director of Northern Enterprises Boat Yard Inc.

\_\_\_\_\_  
**Notary Public in and for the state of** \_\_\_\_\_  
**My Commission Expires:** \_\_\_\_\_

After recording return to:  
Melissa Jacobsen, MMC, City Clerk  
City of Homer  
491 E. Pioneer Avenue  
Homer, AK 99603