

Agenda City Council Worksession

Monday, June 23, 2025 at 4:00 PM City Hall Cowles Council Chambers In-Person & Via Zoom Webinar

Homer City Hall

491 E. Pioneer Avenue Homer, Alaska 99603 www.cityofhomer-ak.gov

Zoom Webinar ID: 965 8631 4135 Password: 792566

https://cityofhomer.zoom.us Dial: 346-248-7799 or 669-900-6833; (Toll Free) 888-788-0099 or 877-853-5247

CALL TO ORDER, 4:00 P.M.

AGENDA APPROVAL (Only those matters on the noticed agenda may be considered, pursuant to City Council's Operating Manual, pg. 6)

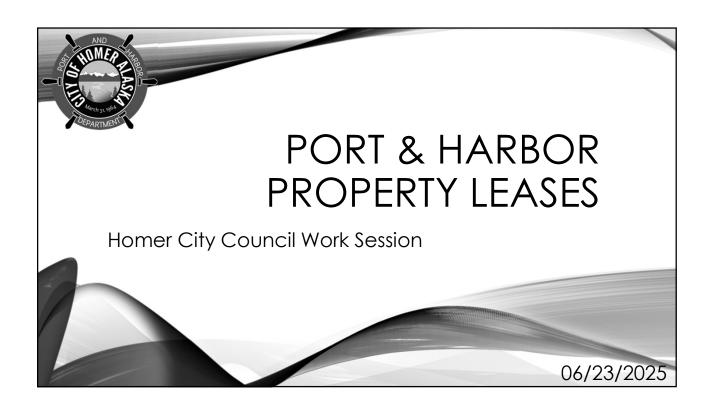
DISCUSSION TOPIC(S)

<u>a.</u> Port & Harbor Property Leases - A Presentation by Mark Bowman, Port Property Associate and Amy Woodruff, Port/Harbor Administrative Supervisor

COMMENTS OF THE AUDIENCE (3 minutes)

ADJOURNMENT NO LATER THAN 4:50 P.M.

Next Regular Meeting is Monday, July 28, 2025 at 6:00 p.m., Committee of the Whole at 5:00 p.m. All meetings scheduled to be held in the City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska.





- The PRELIMINARIES Foundation
- The PREDICAMENT Compliance
- The PROCESS Applying, Approving
- The PLAN Looking Ahead
- Questions



CITY CODE 18.08 'City Property Leases'

"The purpose of this chapter is to ensure that the lease of City-owned property maximizes the value of City assets and that the City awards leases that provide the highest and best use of City-owned property. It is the policy of the City to lease its property in a fair and nondiscriminatory way."



Base Lease Recitals

- "City's policy is to retain ownership of these properties and make them available for leasing in order to encourage growth in targeted economic sectors, to insure that Landlord (City) receives the maximum benefit.
- City accepts Lease proposal to lease because it should further the Landlord's goals for the development of the Landlord's properties.
- NOW THEREFORE, in consideration of the matters recited above, and the mutual covenants herein, the parties agree as follows:"
 The LEASE is what follows.



Lease on Paper vs Lease in Practice

- The City hired a Port Property Associate to bring <u>Paper</u> and <u>Practice</u> in sync.
 - Role: Port & Harbor lease and Airport sublease management.



•What's on Paper (sometimes):

- is not realistic or practical
- is not read, is ignored or misunderstood
- is in conflict with Tenant's desires
- is in conflict with Landlord's desires



THE PREDICAMENT: LEASES

- Insurance requirements
- 'Temporary' structures
- Usage: Zoning violations
- Agreed plan not followed
- •Improvements notifications, permits
- Required Licenses, Permits...



THE PREDICAMENT: SUBLEASES

- Subleases without approval by City Council or City Manager
- Clarity in categories of subleases
- Food trucks, vending machines...
- Sublease Assignments transfers



- Individual interest (assignment, renewal)
 - Obtain information
 - Consider potential
 - Application process

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Request for Proposals

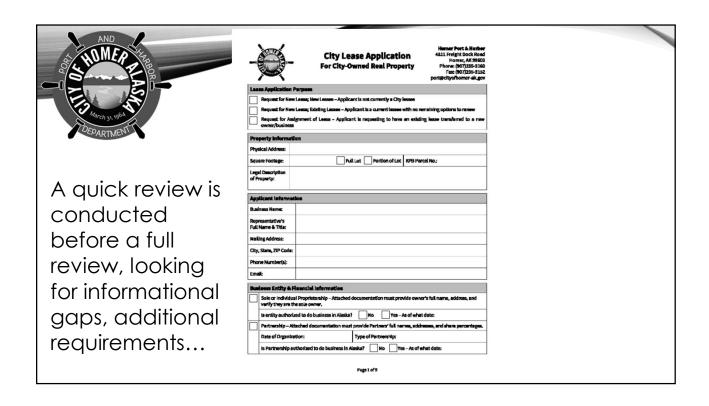
- Land Allocation Plan: identifies & informs
- Competitive public process
- One proposal moves forward



THE PROCESS: LEASE APPROVAL

Lease Application

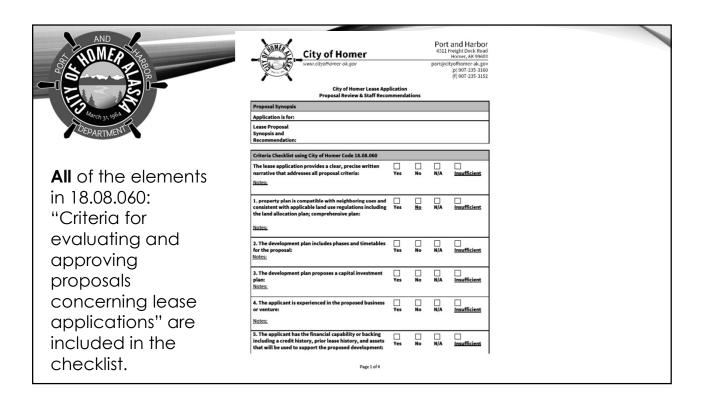
- Gather information
- Collect documents
- •\$1,000 application fee





·Lease Application Review - Checklist

• The Checklist checks the Lease Application using City Code 18.08.060 "Criteria for evaluating and approving proposals and competing lease applications."





Lease Application Checklist Reviewed:

- Check Lease purpose, documents, plans against City goals...
 - by Port Property Associate, Administrative Supervisor, Port Director.
 - by City Planning, Community Development and Public Works as appropriate.



- Checklist is submitted to City Manager for review and approval.
 - If approved, then submitted to Port Commission & City Council for review.
 - If not approved, the applicant is notified and the process stops.



THE PROCESS: LEASE APPROVAL

- 'Performance Standards' two ways that we require consistency with stated goals:
 - Property development plans & Required Improvements
 - Property usage and purpose



- After CM Approval:
 PHC reviews application, checklist, and documents. P&H Advisory Committee:
 - Provides input on <u>length of term</u>, <u>lease</u>
 rate, draft <u>lease agreement</u>, <u>purpose</u>, and
 any <u>required improvements</u>
 - Makes a motion to City Council with recommendation(s)



THE PROCESS: LEASE APPROVAL

- Before submitting to City Council:
 - Regular communication with the Lessee
 - Go over key points of the lease to increase likelihood of understanding and future compliance.

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After Council approves:

- Work with mortgage lender to ensure they understand lease terms (if applicable)
- Negotiate documents (if applicable)
- Sign and record lease documents



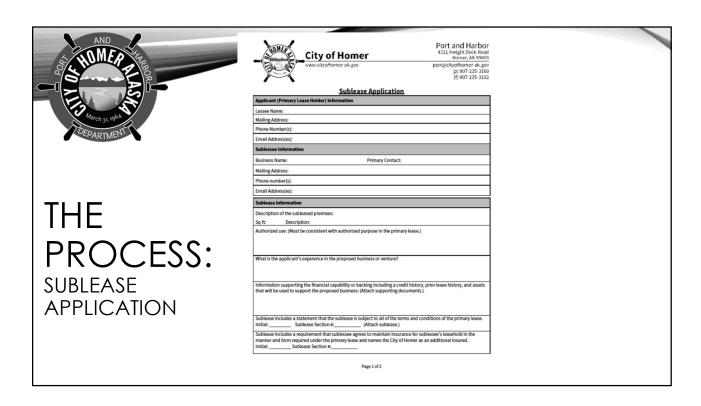
""Sublease" means a leasing by a tenant or lessee of part or all of a leased premises to another entity or entities with the original lessee retaining the rights and interest under the original lease." – HCC 18.08.10 Definitions



 Lessee is responsible for communication with and gathering information and fees from the Sublease Tenant.



- Sublease Application Form:
 - Subject to the purpose and use and all terms and conditions of the Prime Lease
 - Insurance requirements are also the same.
 - •Licensure and permits to comply with City Borough and State are also required.

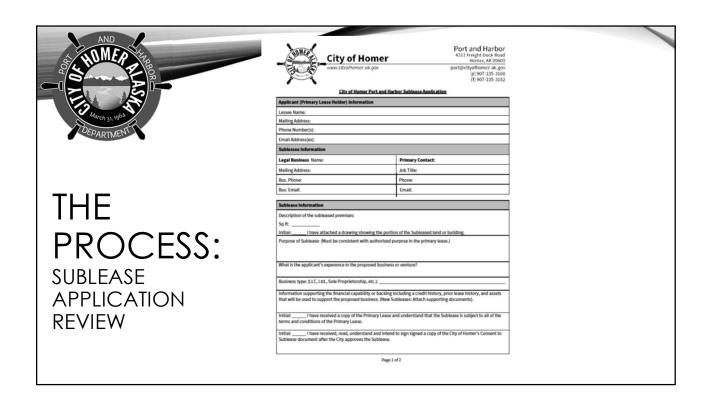




Review Process:

- Simplified
- Includes the same City Staff and Departmental Staff reviews and approvals as the Lease

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• After Approval by the City Manager, the Sublease currently requires same City Council approval process as a standard lease.



- Editing Paper (Code & Lease) because in places they are:
 - Lack clarity and consistency.
 - Neither practical to implement nor beneficial to either City or Tenant.



- Identify areas in Title 18.08 and the Base Lease needing to be amended, added & removed.
- Amend sections that don't reflect reality.
 - Automobile Liability Insurance: require only where business type creates exposure for the City.



- Base Lease sections that don't reflect reality
 - Sublease Fee of 10% of base rent for the square footage they occupy.
 - <u>Recommend to Council:</u> change to \$500/sublease/year fee, starting the year after Application is approved.



- Reduce Sublease Application Fee Recommend to Council:
 - Creating a \$500 Sublease Application Fee which would be applied instead of the "Lease Application Fee" of \$1000.



Enforce approval of all subleases:

- Require all Subleases over one year to have City Council approval – per City Code
 - For applications received by May 30: we waived the current \$1000 fee.
 - Starting 01/01/2026 we plan to disallow the business, not yet approved, to operate.



Enforce approval of all subleases:

- Possible exception for Food Trucks & Itinerant Merchants to operating 10 days/year or fewer
 - Establish a location with limited spots
 - Charge a 10-day fee (ex. \$250/yr)
 - Port and Community Development approval
 - Greater than 10 days/year: standard sublease



- Identify, clarify & codify Sublease management changes where appropriate.
- Future consideration: Allow City Manager approval of all Subleases (or all subleases under X years), currently only ≤ one year.



- Increase Collaboration with:
 - Other City Departments utilize their expertise

- Port and Harbor Advisory Commission to:
 - Maximize the value of City assets
 - Share Information Receive Input
- City Council



- Meeting with Lease Applicants to discuss process, the lease document...
 - Develop a 1-2 page Lease Summary identifying often missed Lease requirements
 - Annual site visits & Lease review checklist 'Performance Standard'.

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