



Kenai City Council - Regular Meeting

March 19, 2025 – 6:00 PM

Kenai City Council Chambers

210 Fidalgo Avenue, Kenai, Alaska

www.kenai.city

****Telephonic/Virtual Information on Page 3****

Agenda

A. CALL TO ORDER

1. Pledge of Allegiance
2. Roll Call
3. Approval of the Agenda and Consent Agenda (*Public comments on Consent Agenda Items limited to three (3) minutes per speaker; thirty (30) minutes aggregated*)

All items listed with an asterisk () are considered to be routine and non-controversial by the council and will be approved by one motion. There will be no separate discussion of these items unless a council member so requests, in which case the item will be removed from the consent agenda and considered in its normal sequence on the agenda as part of the General Orders.

B. SCHEDULED ADMINISTRATIVE REPORTS

C. SCHEDULED PUBLIC COMMENTS (*Public comments limited to ten (10) minutes per speaker*)

D. UNSCHEDULED PUBLIC COMMENTS (*Public comments limited to three (3) minutes per speaker; thirty (30) minutes aggregated*)

E. PUBLIC HEARINGS

1. **Ordinance No. 3456-2025** - Accepting and Appropriating a Grant Received Through Best Friends Animal Society to the Kenai Animal Shelter for Attendance at the Best Friends National Conference. (Administration)
2. **Ordinance No. 3457-2025** - Accepting and Appropriating Donations Designated by Tom Anderson from the Alaska Community Foundation for the Construction of Softball Dugouts and the Dedication of a Dugout in Memoriam of Hannah Hill. (Administration)
3. **Ordinance No. 3458-2025** - Accepting and Appropriating a Grant Received Through the Alaska Geriatric Exchange Network to the Kenai Senior Center for Attendance at the 2025 Legislative Fly-In. (Administration)
4. **Ordinance No. 3459-2025** - Determining that Real Property Described as Lot 10, Block 1, Etolin Subdivision Number 3, According to Plat 82-103, City-Owned Airport Land Located Outside the Airport Reserve, is Not Needed for a Public Purpose and Authorizing the Sale of the Property to LOROC, LLC. (Administration)
5. **Ordinance No. 3460-2025** - Determining that Real Property Described as Lot 11, Block 1, Etolin Subdivision Number 3, According to Plat 82-103, City-Owned Airport Land Located Outside the Airport Reserve, is Not Needed for a Public Purpose and Authorizing the Sale of the Property to LOROC, LLC. (Administration)

- [6.](#) **Ordinance No. 3461-2025** - Amending the Official Zoning Map and Land Use Table by Rezoning the Properties at 202 North Forest Drive and 1408 Second Avenue from Suburban Residential (RS) to General Commercial (CG) Zoning District. (Administration)
- [7.](#) **Resolution No. 2025-19** - Authorizing the City Manager to Enter into an Airline Operating Agreement and Terminal Area Lease with Aleutian Airways. (Administration)
- [8.](#) **Resolution No. 2025-20** - Authorizing Award of the Airport Engineering Services Term Contract. (Administration)

F. MINUTES

- [1.](#) *Regular Meeting of March 5, 2025. (City Clerk)

G. UNFINISHED BUSINESS

H. NEW BUSINESS

- [1.](#) ***Action/Approval** - Bills to be Ratified. (Administration)
- [2.](#) ***Action/Approval** - Authorizing a Memorandum of Agreement with Greatland Consulting and Training LLC. for use of the Alaska Regional Fire Training Facility. (Administration)
- [3.](#) ***Action/Approval** - Authorizing a Special Use Permit to Jeremy Mastre, DBA: River Rock Outdoors, LLC for Commercial Operations at the Kenai Municipal Airport Float Plane Basin. (Administration)
- [4.](#) ***Action/Approval** - Authorizing a Special Use Permit to Jeremy Mastre, DBA; River Rock Outdoors, LLC for Fuel Tank Storage at the Kenai Municipal Airport Float Plane Basin. (Administration)
- [5.](#) ***Action/Approval** - Approving Amendments to the Lease and Concession Agreements for the Kenai Municipal Golf Course and Recreation Area between the City of Kenai and KNC Golf, Inc. (Administration)
- [6.](#) **Action/Approval** - Reporting Requirements for Agencies Receiving Grants through the Legislative Budget. (Douthit)
- 7. **Discussion** - Scheduling Council Employee Evaluations. (Gabriel)
- [8.](#) **Discussion** - Kenai Municipal Code, Title 2 Alcoholic Beverages and Marijuana - License Renewals. (City Clerk)

I. COMMISSION REPORTS

- 1. Council on Aging Commission
- 2. Airport Commission
- 3. Harbor Commission
- [4.](#) Parks and Recreation Commission
- [5.](#) Planning and Zoning Commission
- 6. Beautification Commission

J. REPORT OF THE MAYOR

K. ADMINISTRATION REPORTS

1. City Manager
2. City Attorney
3. City Clerk

L. ADDITIONAL PUBLIC COMMENTS

1. Citizens Comments (*Public comments limited to five (5) minutes per speaker*)
2. Council Comments

M. EXECUTIVE SESSION**N. PENDING ITEMS****O. ADJOURNMENT****P. INFORMATION ITEMS**

The agenda and supporting documents are posted on the City's website at www.kenai.city. Copies of resolutions and ordinances are available at the City Clerk's Office or outside the Council Chamber prior to the meeting. For additional information, please contact the City Clerk's Office at 907-283-8231.

Registration is required to join the meeting remotely through Zoom. Please use the following link to register:

<https://us02web.zoom.us/meeting/register/D2kvBJR9Rdey7qnGdqWUPg>



Sponsored by: Administration

**CITY OF KENAI
ORDINANCE NO. 3456-2025**

AN ORDINANCE ACCEPTING AND APPROPRIATING A GRANT RECEIVED THROUGH BEST FRIENDS ANIMAL SOCIETY TO THE KENAI ANIMAL SHELTER FOR ATTENDANCE AT THE BEST FRIENDS NATIONAL CONFERENCE.

WHEREAS, the Kenai Animal Shelter received a grant through Best Friends Animal Society in the amount of \$1,605; and,

WHEREAS, Best Friends Animal Society is a nonprofit organization that works through advocacy, community programs, and partnerships to promote pet adoption and spay/neuter initiatives; and,

WHEREAS, the grant funds are designated to support staff attendance at the Best Friends National Conference in Palm Springs, California and the Animal Control Chief is scheduled to attend the conference; and,

WHEREAS, the acceptance of these grant funds to further the mission of the Animal Shelter is in the best interest of the City and its residents.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF KENAI, ALASKA, AS FOLLOWS:

Section 1. That the City Manager is authorized to accept these grant funds and to expend them as authorized by this ordinance and in line with the intentions of the grant.

Section 2. That estimated revenues and appropriations be increased as follows:

General Fund:

Increase Estimated Revenues –
Miscellaneous Grants

\$1,605.00

Increase Appropriations –
Animal Control – Transportation

\$1,605.00

Section 3. Severability: That if any part or provision of this ordinance or application thereof to any person or circumstances is adjudged invalid by any court of competent jurisdiction, such judgment shall be confined in its operation to the part, provision, or application directly involved in all controversy in which this judgment shall have been rendered, and shall not affect or impair the validity of the remainder of this title or application thereof to other persons or circumstances. The City Council hereby declares that it would have enacted the remainder of this ordinance even without such part, provision, or application.

Section 4. Effective Date: That pursuant to KMC 1.15.070(f), this ordinance shall take effect immediately upon enactment.

ENACTED BY THE COUNCIL OF THE CITY OF KENAI, ALASKA, THIS 19TH DAY OF MARCH, 2025.

Brian Gabriel Sr., Mayor

ATTEST:

Michelle M. Saner, MMC, City Clerk

Approved by Finance:



Introduced:

March 5, 2025

Enacted:

March 19, 2025

Effective:

March 19, 2025



KENAI

City of Kenai | 210 Fidalgo Ave, Kenai, AK 99611-7794 | 907.283.7535 | www.kenai.city

MEMORANDUM

TO: Mayor Brian Gabriel and Kenai City Council

THROUGH: Terry Eubank, City Manager

FROM: David Ross, Police Chief

DATE: February 18, 2025

SUBJECT: **Ordinance No. 3456-2025 - Accepting and Appropriating a Grant Received Through Best Friends Animal Society to the Kenai Animal Shelter for Attendance at the Best Friends National Conference.**

Best Friends Animal Society is a nonprofit organization that works through advocacy, community programs, and partnerships to promote pet adoption and spay/neuter initiatives. The Kenai Animal Shelter received a teaching and learning grant from Best Friends Animal Society for the amount of \$1605.00. The purpose of the grant is to fund the registration, travel, accommodations and meals for the duration of the Best Friends National Conference in Palm Springs, CA February 19th-22nd. The conference brings together animal welfare advocates to network, learn, and improve upon related topics. Such topics include field and animal services, shelter medicine, animal care, advocacy and community engagement plus more. The Animal Control Chief will be attending the conference.

I am respectfully requesting consideration of the ordinance accepting and designating those funds to the Kenai Animal Shelter as they were intended.



Sponsored by: Administration

**CITY OF KENAI
ORDINANCE NO. 3457-2025**

AN ORDINANCE ACCEPTING AND APPROPRIATING DONATIONS DESIGNATED BY TOM ANDERSON FROM THE ALASKA COMMUNITY FOUNDATION FOR THE CONSTRUCTION OF SOFTBALL DUGOUTS AND THE DEDICATION OF A DUGOUT IN MEMORIAM OF HANNAH HILL.

WHEREAS, during the summer of 2022, Tom Anderson, a Hilcorp Employee, designated \$7,500 from the Alaska Community Foundation to the Kenai Community Foundation to assist in the construction of new dugouts at the Kenai Softball fields; and,

WHEREAS, the original donation of \$7,500 has since accumulated additional funds totaling \$8,996.92; and,

WHEREAS, the donor, Tom Anderson, has requested one of the new dugouts be dedicated in Memoriam of Hannah Hill; and,

WHEREAS, Hannah Hill, who was a local resident and avid softball player with the Kenai Softball Association, will be recognized with a plaque on one of the dugouts; and,

WHEREAS, the funds will be appropriated for the capital project to construct new dug outs, which are expected to be completed by May 31, 2025.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF KENAI, ALASKA, AS FOLLOWS:

Section 1. That the City Manager is authorized to accept a donation in the amount of \$ 8,996.92.

Section 2. That estimated reserves and expenditures be increased as follows:

Parks Improvement Capital Project Fund:

Increase/Decrease expenditures –
Donation

\$8,996.92

Increase/Decrease expenditures –
Construction

\$8,996.92

Section 3. A memorial plaque will be installed on the side of the dugout following its construction, honoring Hannah Hill's name and featuring a dedication statement in their memory.

Section 4. Severability: That if any part or provision of this ordinance or application thereof to any person or circumstances is adjudged invalid by any court of competent jurisdiction, such judgment shall be confined in its operation to the part, provision, or application directly involved in all controversy in which this judgment shall have been rendered, and shall not affect or impair the validity of the remainder of this title or application thereof to other persons or circumstances. The City Council hereby declares that it would have enacted the remainder of this ordinance even without such part, provision, or application.

Section 5. Effective Date: That pursuant to KMC 1.15.070(f), this ordinance shall take effect immediately upon enactment.

ENACTED BY THE COUNCIL OF THE CITY OF KENAI, ALASKA, THIS 19TH DAY OF MARCH, 2025.

Brian Gabriel Sr., Mayor

ATTEST:

Michelle M. Saner, MMC, City Clerk

Approved by Finance: _____



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MEMORANDUM

TO: Mayor Gabriel and Council Members

THROUGH: Terry Eubank, City Manager

FROM: Tyler Best, Parks, and Recreation Director

DATE: February 25, 2025

SUBJECT: **Ordinance No. 3457-2025 - Accepting and Appropriating Donations Designated by Tom Anderson from the Alaska Community Foundation for The Construction of Softball Dugouts and the Dedication of a Dugout in Memoriam of Hannah Hill.**

In the spring of 2022, Hannah Hill tragically passed away. Hannah grew up along the Kenai River and worked at local businesses in the City of Kenai. She was also an avid softball player with the Kenai Softball Association. One of her teammates, Tom Anderson, a Hilcorp Employee, designated \$7,500 from the Alaska Community Foundation to the Kenai Community Foundation to help cover the construction costs of new dugouts and to have one of the dugouts dedicated to her memory.

The original donation, made in 2022, has accrued additional funds for a total of \$8,996.92. Ordinance 3457-2025 will appropriate these funds from the Kenai Community Foundation into the capital project for new dugouts at the Softball field.



Sponsored by: Administration

**CITY OF KENAI
ORDINANCE NO. 3458-2025**

AN ORDINANCE ACCEPTING AND APPROPRIATING A GRANT RECEIVED THROUGH THE ALASKA GERIATRIC EXCHANGE NETWORK TO THE KENAI SENIOR CENTER FOR ATTENDANCE AT THE 2025 LEGISLATIVE FLY-IN.

WHEREAS, the Alaska Geriatric Exchange Network (AGEnet) is a statewide leadership association of service providers for older Alaskans, whose goal is to assure that the appropriate level of senior services are available in every Alaska community, so that seniors are able to live independently, with honor and dignity; and,

WHEREAS, the Kenai Senior Center has been a longstanding member of AGEnet; and,

WHEREAS, AGEnet annually meets with legislators to provide education and updates regarding senior grant funding during the Legislative Fly-In and assists agencies with funding for staff to attend; and,

WHEREAS, the acceptance of these grant funds to further the mission of senior grant funding in the State of Alaska is in the best interest of the City and its residents.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF KENAI, ALASKA, AS FOLLOWS:

Section 1. That the City Manager is authorized to accept these grant funds and to expend them as authorized by this ordinance and in line with the intentions of the grant.

Section 2. That estimated revenues and appropriations be increased as follows:

Senior Citizen Fund:

Increase Estimated Revenues –
Miscellaneous Grants

\$ 832.84

Increase Appropriations –
Congregate Meals – Transportation
Home Meals – Transportation

\$ 500.00

332.84

\$ 832.84

Section 3. Severability: That if any part or provision of this ordinance or application thereof to any person or circumstances is adjudged invalid by any court of competent jurisdiction, such judgment shall be confined in its operation to the part, provision, or application directly involved in all controversy in which this judgment shall have been rendered, and shall not affect or impair the validity of the remainder of this title or application thereof to other persons or circumstances. The City Council hereby declares that it would have enacted the remainder of this ordinance even without such part, provision, or application.

Section 4. Effective Date: That pursuant to KMC 1.15.070(f), this ordinance shall take effect immediately upon enactment.

ENACTED BY THE COUNCIL OF THE CITY OF KENAI, ALASKA, THIS 19TH DAY OF MARCH, 2025.

Brian Gabriel Sr., Mayor

ATTEST:

Michelle M. Saner, MMC, City Clerk

Approved by Finance:



Introduced:

March 5, 2025

Enacted:

March 19, 2025

Effective:

March 19, 2025



KENAI

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MEMORANDUM

TO: Mayor Gabriel and Council Members

THROUGH: Terry Eubank, City Manager

FROM: Kathy Romain, Senior Center Director

DATE: February 25, 2025

SUBJECT: **Ordinance 3458-2025 - Accepting and Appropriating a Grant Received through the Alaska Geriatric Exchange a Network to the Kenai Senior Center for Attendance at the 2025 Legislative Fly-in.**

The Alaska Geriatric Exchange Network (AGEnet) is a leadership association of service providers dedicated to advocating for senior services across Alaska. The Kenai Senior Center has been a long-standing member of this association.

This year, Kenai Senior Center staff were invited to represent AGEnet at the Legislative Fly-In in Juneau, where they advocated for senior grant funding. The center was awarded a grant of \$832.94 to support travel expenses for the event, held from February 5 – 8, 2025.

The time spent in Juneau was meaningful, as legislators heard directly from senior service providers statewide about the needs of older Alaskans.

Thank you for your consideration in accepting and appropriating these funds.



Sponsored by: Administration

**CITY OF KENAI
ORDINANCE NO. 3459-2025**

AN ORDINANCE DETERMINING THAT REAL PROPERTY DESCRIBED AS LOT 10, BLOCK 1, ETOLIN SUBDIVISION NUMBER 3, ACCORDING TO PLAT 82-103, CITY-OWNED AIRPORT LAND LOCATED OUTSIDE THE AIRPORT RESERVE, IS NOT NEEDED FOR A PUBLIC PURPOSE AND AUTHORIZING THE SALE OF THE PROPERTY TO LOROC, LLC.

WHEREAS, the City of Kenai received a Quitclaim Deed from the Federal Aviation Administration (FAA) on December 1, 1963, to nearly 2,000 acres of land subject to certain restrictions, including that no property shall be used, leased, sold, salvaged, or disposed of for reasons other than for airport purposes; and,

WHEREAS, on September 1, 1967, the FAA executed a Deed of Release, for an area of land subject to the Quitclaim Deed allowing for the lease, sale, or disposal of certain airport lands by the City, for other than airport purposes; and,

WHEREAS, Lot 10 Block 1, Etolin Subdivision No. 3 was subject to that Deed of Release; and,

WHEREAS, on May 15, 1991, the City entered into a Lease with Rockwell G. Smith d/b/a/ Preferred Plumbing and Heating for City-owned land identified as Lot 10, Block 1, Etolin Subdivision No. 3; and,

WHEREAS, on June 30, 2015, the rights under the Lease for City-owned land identified as Lot 10, Block 1, Etolin Subdivision No. 3 were assigned to LOROC, LLC; and,

WHEREAS, KMC 22.05.100 - Sale Procedure, Subsection (h) provides that leased land in which the lease contains an option to purchase once the minimum development requirements have been met, the lessee may request the sale of the land at not less than the fair market value; and,

WHEREAS, the Lease of LOROC, LLC includes a purchase right of the Lessee, and the minimum development requirements have been met; and,

WHEREAS, KMC 22.05.010 - Authority and Intent, Subsection (b) provides that disposal or sale of City lands shall be made only when, in the judgement of the City Council, such lands are not or are no longer required for a public purpose; and,

WHEREAS, the City has received a request to purchase Lot 10, Block 1, Etolin Subdivision No. 3, according to plat 82-103 (the Property) from the current Lessee; and,

WHEREAS, the fair market value of the Property was determined by a qualified independent appraiser on September 3, 2024 to be \$195,000.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF KENAI, ALASKA, AS FOLLOWS:

Section 1. Statement of Ownership: That the City of Kenai is the owner of Lot 10, Block 1, Etolin Subdivision No. 3, according to Plat 82-103 (the Property).

Section 2. Public Purpose and Best Interest Findings: That the Property is not needed for future public municipal or airport purposes. Under the Airport Layout Plan, the Property is designated for non-

aviation commercial or light industrial uses. The sale of the Property is in the best interest of the City and Airport, as it serves a purpose of continuing commercial growth and investment in the City.

Section 3. Authorization of Sale: That the Kenai City Council hereby authorizes the City Manager to sell the City-owned lands described as Lot 10, Block 1, Etolin Subdivision No. 3, according to Plat 82-103, under the procedures and terms established for the sale of City-owned lands outside of the Airport Reserve, as set forth in KMC 22.05.100 et seq. at not less than \$195,000; the fair market value of the land, excluding lessee-constructed improvements, as determined by an appraisal.

Section 4. Title: That title shall be conveyed by quitclaim deed. Any instrument conveying title to the Property shall include the following restrictions, promises, and/or covenants:

- a) That the City of Kenai reserves unto that the grantee expressly agree for itself and its heirs, executors, administrators, successors, transferees, and assigns, for the use and benefit of the public right of flight for the passage of aircraft in the airspace above the surface of the Property, together with the right to cause in said airspace such noise as may be inherent in the operation of aircraft, now known or hereafter used, for navigation of or flight in the said airspace, and for use of said airspace for landing on or at and for taking off from or operating on Kenai Municipal Airport; and,
- b) that the grantee expressly agree for itself and its heirs, executors, administrators, successors, transferees, and assigns to restrict the height of structures, objects of natural growth, and other obstructions on the Property to a height of not more than 242 feet above mean sea level; and,
- c) that the grantee expressly agree for itself and its heirs, executors, administrators, successors, transferees, and assigns to prevent any use of the Property which would interfere with landing or taking off of aircraft at the Kenai Municipal Airport, or otherwise constitute an airport hazard; and,
- d) that all covenants heretofore stated shall run with the land and shall inure to the benefit of, and be binding upon the heirs, executors, administrators, successors, transferees, and assigns of the parties to the contract for sale and conveyance.

Section 5. Proceeds of Sale: That should a sale of the Property be finalized, all revenues from the sale shall be deposited in the Airport Land Sale Permanent Fund for use in the development, improvement, and operation of the Kenai Municipal Airport and as otherwise required in the Deed of Release dated September 1, 1967.

Section 6. Severability: That if any part or provision of this ordinance or application thereof to any person or circumstances is adjudged invalid by any court of competent jurisdiction, such judgement shall be confined in its operation to the part, provision, or application directly involved in all controversy in which this judgement shall have been rendered, and shall not affect or impair the validity of the remainder of this title or application thereof to other persons or circumstances. The City Council hereby declares that it would have enacted the remainder of this ordinance even without such part, provision, or application.

Section 7. Effective Date: That pursuant to KMC 1.15.070(f), this ordinance shall take effect 30 days after enactment.

ENACTED BY THE COUNCIL OF THE CITY OF KENAI, ALASKA, THIS 19TH DAY OF MARCH, 2025.

ATTEST:

Brian Gabriel Sr., Mayor

Michelle M. Saner, MMC, City Clerk

Introduced:	March 5, 2025
Enacted:	March 19, 2025
Effective:	April 18, 2025



KENAI

City of Kenai | 210 Fidalgo Ave, Kenai, AK 99611-7794 | 907.283.7535 | www.kenai.city

MEMORANDUM

TO: Mayor Gabriel and Council Members

THROUGH: Terry Eubank, City Manager

THROUGH: Kevin Buettner, Planning Director

FROM: Brandon McElrea, Planning Technician

DATE: February 26, 2025

SUBJECT: **Ordinance No. 3459-2025 - Determining that Real Property Described as Lot 10, Block 1, Etolin Subdivision Number 3, According to Plat 82-103, City-Owned Airport Land Located Outside the Airport Reserve, is Not Needed for a Public Purpose and Authorizing the Sale of the Property to LOROC, LLC.**

LOROC, LLC submitted a request to purchase the above City-owned leased land outside the Airport Reserve with substantial constructed leasehold improvements pursuant to Section D. 52 *Right to Purchase*, of the Lease Agreement.

LOROC, LLC is the current lessee of Lot 10, Etolin Subdivision No. 3, which was entered into on May 15, 1991 for the purpose of a plumbing and heating business and an apartment. Preferred Plumbing and Heating is operating on the premises and the lessee resides in the apartment. The 99-year lease term expires on June 30, 2090 and is in good standing.

On May 11, 2018, the Federal Aviation Administration (FAA) released the property for sale for other than airport purposes, allowing the property to be sold at fair market value. All revenues from the sale would be deposited in the Airport Land Sale Permanent Fund for use in the development, improvement, maintenance and operation of the Kenai Municipal Airport as required by the Deed of Release.

While City Policy does not provide for the sale of any specific property, Section d. 52. of the Lease Agreement provides for the purchase of the property by the lessee at not less than market value after leasing the property for the preceding two years or completion of the agreed to improvements to the satisfaction of the City Manager, both of which have occurred.

The lessee submitted a good-faith deposit and the City ordered an appraisal to be performed on the property as though vacant. The fair market value of the property was determined to be \$195,000 by an appraisal performed by MacSwain Associates on September 3, 2024.

If the City Council approves the sale, City Administration may proceed with the sale.

Thank you for your consideration.

Attachment – Aerial Map







Sponsored by: Administration

**CITY OF KENAI
ORDINANCE NO. 3460-2025**

AN ORDINANCE DETERMINING THAT REAL PROPERTY DESCRIBED AS LOT 11, BLOCK 1, ETOLIN SUBDIVISION NUMBER 3, ACCORDING TO PLAT 82-103, CITY-OWNED AIRPORT LAND LOCATED OUTSIDE THE AIRPORT RESERVE, IS NOT NEEDED FOR A PUBLIC PURPOSE AND AUTHORIZING THE SALE OF THE PROPERTY TO LOROC, LLC.

WHEREAS, the City of Kenai received a Quitclaim Deed from the Federal Aviation Administration (FAA) on December 1, 1963, to nearly 2,000 acres of land subject to certain restrictions, including that no property shall be used, leased, sold, salvaged, or disposed of for reasons other than for airport purposes; and,

WHEREAS, on September 1, 1967, the FAA executed a Deed of Release, for an area of land subject to the Quitclaim Deed allowing for the lease, sale, or disposal of certain airport lands by the City, for other than airport purposes; and,

WHEREAS, Lot 11 Block 1, Etolin Subdivision No. 3 was subject to that Deed of Release; and,

WHEREAS, on May 1, 2004, the City entered into a Lease with Rockwell G. Smith d/b/a/ Preferred Plumbing and Heating for City-owned land identified as Lot 11, Block 1, Etolin Subdivision No. 3; and,

WHEREAS, on June 30, 2015, the rights under the Lease for City-owned land identified as Lot 11, Block 1, Etolin Subdivision No. 3 were assigned to LOROC, LLC; and,

WHEREAS, KMC 22.05.100 - Sale Procedure, Subsection (h) provides that leased land in which the lease contains an option to purchase once the minimum development requirements have been met, the lessee may request the sale of the land at not less than the fair market value; and,

WHEREAS, the Lease of LOROC, LLC includes a purchase right of the Lessee, and the minimum development requirements have been met; and,

WHEREAS, KMC 22.05.010 - Authority and Intent, Subsection (b) provides that disposal or sale of City lands shall be made only when, in the judgement of the City Council, such lands are not or are no longer required for a public purpose; and,

WHEREAS, the City has received a request to purchase Lot 11, Block 1, Etolin Subdivision No. 3, according to plat 82-103 (the Property) from the current Lessee; and,

WHEREAS, the fair market value of the Property was determined by a qualified independent appraiser on September 3, 2024 to be \$187,000.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF KENAI, ALASKA, AS FOLLOWS:

Section 1. Statement of Ownership: That the City of Kenai is the owner of Lot 11, Block 1, Etolin Subdivision No.3, according to Plat 82-103 (the Property).

Section 2. Public Purpose and Best Interest Findings: That the Property is not needed for future public municipal or airport purposes. Under the Airport Layout Plan, the Property is designated for non-

aviation commercial or light industrial uses. The sale of the Property is in the best interest of the City and Airport, as it serves a purpose of continuing commercial growth and investment in the City.

Section 3. Authorization of Sale: That the Kenai City Council hereby authorizes the City Manager to sell the City-owned lands described as Lot 11, Block 1, Etolin Subdivision No. 3, according to Plat 82-103, under the procedures and terms established for the sale of City-owned lands outside of the Airport Reserve, as set forth in KMC 22.05.100 et seq. at not less than \$187,000; the fair market value of the land, excluding lessee-constructed improvements, as determined by an appraisal.

Section 4. Title: That title shall be conveyed by quitclaim deed. Any instrument conveying title to the Property shall include the following restrictions, promises, and/or covenants:

- a) That the City of Kenai reserves unto that the grantee expressly agree for itself and its heirs, executors, administrators, successors, transferees, and assigns, for the use and benefit of the public right of flight for the passage of aircraft in the airspace above the surface of the Property, together with the right to cause in said airspace such noise as may be inherent in the operation of aircraft, now known or hereafter used, for navigation of or flight in the said airspace, and for use of said airspace for landing on or at and for taking off from or operating on Kenai Municipal Airport; and,
- b) that the grantee expressly agree for itself and its heirs, executors, administrators, successors, transferees, and assigns to restrict the height of structures, objects of natural growth, and other obstructions on the Property to a height of not more than 242 feet above mean sea level; and,
- c) that the grantee expressly agree for itself and its heirs, executors, administrators, successors, transferees, and assigns to prevent any use of the Property which would interfere with landing or taking off of aircraft at the Kenai Municipal Airport, or otherwise constitute an airport hazard; and,
- d) that all covenants heretofore stated shall run with the land and shall inure to the benefit of, and be binding upon the heirs, executors, administrators, successors, transferees, and assigns of the parties to the contract for sale and conveyance.

Section 5. Proceeds of Sale: That should a sale of the Property be finalized, all revenues from the sale shall be deposited in the Airport Land Sale Permanent Fund for use in the development, improvement, and operation of the Kenai Municipal Airport and as otherwise required in the Deed of Release dated September 1, 1967.

Section 6. Severability: That if any part or provision of this ordinance or application thereof to any person or circumstances is adjudged invalid by any court of competent jurisdiction, such judgement shall be confined in its operation to the part, provision, or application directly involved in all controversy in which this judgement shall have been rendered, and shall not affect or impair the validity of the remainder of this title or application thereof to other persons or circumstances. The City Council hereby declares that it would have enacted the remainder of this ordinance even without such part, provision, or application.

Section 7. Effective Date: That pursuant to KMC 1.15.070(f), this ordinance shall take effect 30 days after enactment.

ENACTED BY THE COUNCIL OF THE CITY OF KENAI, ALASKA, THIS 19TH DAY OF MARCH, 2025.

Brian Gabriel Sr., Mayor

ATTEST:

Michelle M. Saner, MMC, City Clerk

Introduced:	March 5, 2025
Enacted:	March 19, 2025
Effective:	April 18, 2025



KENAI

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MEMORANDUM

TO: Mayor Gabriel and Council Members

THROUGH: Terry Eubank, City Manager

THROUGH: Kevin Buettner, Planning Director

FROM: Brandon McElrea, Planning Technician

DATE: February 26, 2025

SUBJECT: **Ordinance No. 3460-2025 - Determining that Real Property Described as Lot 11, Block 1, Etolin Subdivision Number 3, According to Plat 82-103, City-Owned Airport Land Located Outside the Airport Reserve, is Not Needed for a Public Purpose and Authorizing the Sale of the Property to LOROC, LLC.**

LOROC, LLC submitted a request to purchase the above City-owned leased land outside the Airport Reserve with substantial constructed leasehold improvements pursuant to Section D. 52 *Right to Purchase*, of the Lease Agreement.

LOROC, LLC is the current lessee of Lot 11, Etolin Subdivision No. 3, which was entered into on May 1, 2004 for the purpose of a storage building to support Preferred Plumbing and Heating, which operates on the adjacent leased lot. The 25-year lease term expires on June 30, 2029 and is in good standing.

On May 11, 2018, the Federal Aviation Administration (FAA) released the property for sale for other than airport purposes, allowing the property to be sold at fair market value. All revenues from the sale would be deposited in the Airport Land Sale Permanent Fund for use in the development, improvement, maintenance and operation of the Kenai Municipal Airport as required by the Deed of Release.

While City Policy does not provide for the sale of any specific property, Section d. 52. of the Lease Agreement provides for the purchase of the property by the lessee at not less than market value after leasing the property for the preceding two years or completion of the agreed to improvements to the satisfaction of the City Manager, both of which have occurred.

The lessee submitted a good-faith deposit and the City ordered an appraisal to be performed on the property as though vacant. The fair market value of the property was determined to be \$187,000 by an appraisal performed by MacSwain Associates on September 3, 2024.

If the City Council approves the sale, City Administration may proceed with the sale.

Thank you for your consideration.

Attachment – Aerial Map





Sponsored by: Administration

**CITY OF KENAI
ORDINANCE NO. 3461-2025**

AN ORDINANCE AMENDING THE OFFICIAL ZONING MAP AND LAND USE TABLE BY REZONING THE PROPERTIES AT 202 NORTH FOREST DRIVE AND 1408 SECOND AVENUE FROM SUBURBAN RESIDENTIAL (RS) TO GENERAL COMMERCIAL (CG) ZONING DISTRICT.

WHEREAS, the properties located at 202 N. Forest Drive and 1408 Second Avenue are currently zoned Suburban Residential (RS); and,

WHEREAS, the City of Kenai received a rezone application from the property owner in accordance with KMC 14.20.270 *Amendment Procedures*; and,

WHEREAS, the current RS zoning district is for low to medium density residential development; and,

WHEREAS, the proposed rezone to CG zoning district would allow for a wide range of commercial uses; and,

WHEREAS, the land use classification on properties immediately to the south is Mixed-Use, which envisioned a compatible mix of residential and commercial uses; and,

WHEREAS, the proposed rezone would eliminate conditional use permits initiated in 1999 to allow for low-impact commercial operations; and,

WHEREAS, the rezone is consistent with the Imagine Kenai 2030 Comprehensive Plan and aligns with the Land Use Plan and addresses Goal 1 – *Quality of Life: Promote and encourage quality of life in Kenai*; and,

WHEREAS, at their regularly scheduled meeting held on February 26, 2025, the City of Kenai Planning and Zoning Commission voted to approve the subject properties be rezoned from Suburban Residential to General Commercial zoning district.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF KENAI, ALASKA, AS FOLLOWS:

Section 1. Amendment of City of Kenai Official Zoning Map: That City of Kenai, Official Zoning Map is hereby amended as follows: Rezone parcels 04312013 & 0412014 (202 N. Forest Dr. and 1408 Second Ave, respectively) from Suburban Residential (RS) to General Commercial (CG) zoning district.

Section 2. Amendment of City of Kenai Land Use Map: That City of Kenai, Land Use Map is hereby amended as follows: Rezone parcels 04312013 & 0412014 (202 N. Forest Dr. and 1408 Second Ave, respectively) from Suburban Residential to Mixed-Use.

Section 3. Severability: That if any part or provision of this ordinance or application thereof to any person or circumstances is adjudged invalid by any court of competent jurisdiction, such judgment shall be confined in its operation to the part, provision, or application directly involved in all controversy in which this judgment shall have been rendered, and shall not affect or impair the validity of the remainder of this title or application thereof to other persons or circumstances. The City Council hereby declares that it would have enacted the remainder of this ordinance even without such part, provision, or application.

Section 4. Effective Date: That pursuant to KMC 1.15.070(f), this ordinance shall take effect 30 days after enactment.

ENACTED BY THE COUNCIL OF THE CITY OF KENAI, ALASKA, THIS 19TH DAY OF MARCH, 2025.

Brian Gabriel Sr., Mayor

ATTEST:

Michelle M. Saner, MMC, City Clerk

Introduced:	March 5, 2025
Enacted:	March 19, 2025
Effective:	April 18, 2025



KENAI

City of Kenai | 210 Fidalgo Ave, Kenai, AK 99611-7794 | 907.283.7535 | www.kenai.city

MEMORANDUM

TO: Mayor Gabriel and Council Members

THROUGH: Terry Eubank, City Manager

FROM: Kevin Buettner, Planning Director

DATE: March 5, 2025

SUBJECT: **Ordinance No. 3461-2025 - Amending the Official Zoning Map and Land Use Table by Rezoning the Properties at 202 North Forest Drive and 1408 Second Avenue from Suburban Residential (RS) to General Commercial (CG) Zoning District.**

The applicants are seeking to rezone properties located at 202 N. Forest Drive and 1408 Second Avenue from Suburban Residential (RS) to General Commercial (CG) zoning district. The purpose of the rezone is to allow light commercial uses on the subject parcels. For the parcel located at 202 N. Forest Drive, the property owner intends to operate a law office, coffee shop, and commercial greenhouse. The parcel at 1408 Second Avenue currently would remain undeveloped, but be used for snow storage from the adjoining lot.

North Forest Drive is classified as a Major Collector by the Alaska Department of Transportation and as such, is used to access several neighborhoods between the Kenai Spur Highway and Redoubt Avenue. A Major Collector route often has higher annual average daily traffic counts than surrounding streets, and generally results in higher associated road noise. This noise often deters substantial residential development directly on the route.

This property has historically had a conditional use permit, initially issued in 1999 (PZ1999-24) for a Greenhouse, Gift Shop, and Coffee Shop. The current owners seek to reactivate this property with a similar mix of commercial uses, with the exception of the Gift Shop which would be replaced by a law office. There is vegetative screening for adjacent properties to the north, east, and south. N. Forest Drive is on the west side of the property. The CG zoning district allows for the widest range of commercial and industrial uses compared to other commercial zoning districts. The existing RS zoning district is not a compatible land use for this area since there are existing commercial and institutional uses to the south and west of the proposed rezone area.

The rezone to CG zone would expand the adjacent CG zoning district, which it is anticipated that it would be developed in junction with the surrounding commercial and institutional uses to the south and west. Therefore, minimizing potential impacts of commercial development on existing residential uses. As noted by the applicants, this property has existed as a commercial property for over a quarter century and this rezone would allow for these low-impact commercial uses without going through additional planning processes.

The existing land use classification states that the area is to be Suburban Residential. Due to North Forest Drive being a Major Collector route, there is reason to anticipate that this area will become low-impact commercial uses, as traffic is higher along N. Forest Drive and the associated road noise make residential uses less desirable. In the current RS zone, several commercial uses are permitted subject to a Conditional Use Permit. The proposed rezone to CG zone would be consistent as a natural extension of the Mixed-Use land use classification that is immediately south of the subject properties as identified in the Comprehensive Plan. An amendment to the Comprehensive Land Use Table would also be needed. The Comprehensive Plan supports this rezoning in the following identified goal:

Goal 1 – Quality of Life: Promote and encourage quality of life in Kenai.

- *Q-4: Promote the siting and design of land uses that are in harmony and scale with surrounding uses.*

The proposed rezone to CG zone would make the existing buildings (greenhouse, coffee shop, and law office) compliant with the zoning district. Under the existing RS zone, the existing buildings are considered a non-conforming use since commercial uses are not permitted to be a principal use. Therefore, any expansions or alterations of the buildings would be subject to KMC Section 14.20.050 *Nonconforming lots, structures, and uses*.

On February 26, 2025, the City of Kenai Planning and Zoning Commission voted to recommend the subject properties be rezoned from Suburban Residential to General Commercial zoning district.

Attachments

Location Map

Proposed Zoning Map

Fresh Start Subdivision (Plat No. 2012-58)

P&Z Resolution PZ2025-08

Staff Report PZ2025-08





NOTE: Every reasonable effort has been made to ensure the accuracy of these data. However, by accepting this material, you agree that the Kenai Peninsula Borough assumes no liability of any kind arising from the use of this data. The data are provided without warranty of any kind, either expressed or implied, including but not limited to time, money or goodwill arising from the use, operation or modification of the data. In using these data, you further agree to indemnify, defend, and hold harmless Kenai Peninsula Borough for any and all liability of any nature arising from the lack of accuracy or correctness of the data, or use of the data.



Legend

City Limits



Physical Addresses



Transportation

Mileposts



Roads

- Medium Collector
- Medium Volume - Unmaintained
- Medium Volume - Maintained
- Low / Seasonal
- Legal Trail
- Private
- State Hwy
- Platted / Proposed

Parcels and PLSS

Parcels



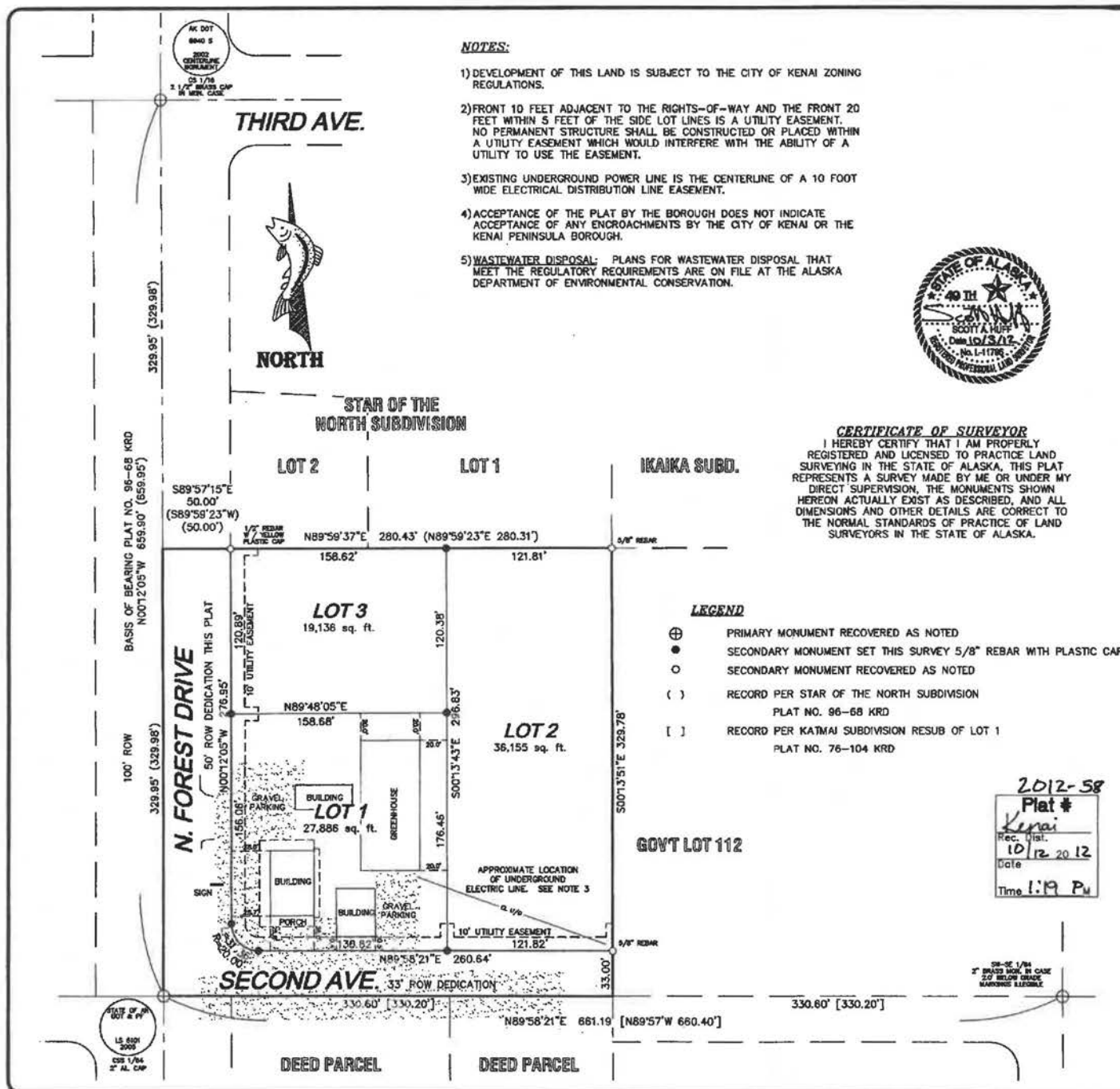
9" Imagery

- Red: Red
- Green: Green
- Blue: Blue

Red: Red

0 300 600 ft

NOTE: Every reasonable effort has been made to ensure the accuracy of these data. However, by accepting this material, you agree that the Kenai Peninsula Borough assumes no liability of any kind arising from the use of this data. The data are provided without warranty of any kind, either expressed or implied, including but not limited to time, money or goodwill arising from the use, operation or modification of the data. In using these data, you further agree to indemnify, defend, and hold harmless Kenai Peninsula Borough for any and all liability of any nature arising from the lack of accuracy or correctness of the data, or use of the data.



VICINITY MAP
1" = 1 MILE

Kenai City Limits
Kenai Airport
Kenai Highway
Cook Inlet

CERTIFICATE OF OWNERSHIP AND DEDICATION

I, THE UNDERSIGNED, HEREBY CERTIFY THAT FREST START INCORPORATED, IS THE OWNER OF THE REAL PROPERTY SHOWN AND DESCRIBED HEREON AND ON BEHALF OF FRESH START INCORPORATED, I HEREBY ADOPT THIS PLAN OF SUBDIVISION AND BY MY FREE CONSENT DEDICATE ALL RIGHTS-OF-WAY AND GRANT ALL EASEMENTS TO THE USE SHOWN.

Porter Jordan
FRESH START INC.
PORTER JORDAN
202 N. FOREST DR.
KENAI, AK 99611

NOTARY'S ACKNOWLEDGMENT

FOR: PORTER JORDAN
SUBSCRIBED AND SWORN BEFORE ME THIS 3RD

DAY OF OCTOBER, 2012

NOTARY PUBLIC FOR ALASKA
MY COMMISSION EXPIRES 9.2

OFFICIAL SEAL
STATE OF ALASKA
SCOTT HUFF
NOTARY PUBLIC
My Comm. Exp.: 9-28-11

PLAT APPROVAL

THIS PLAT WAS APPROVED BY THE KENAI PENINSULA
BOROUGH PLANNING COMMISSION AT THE MEETING OF
September 10, 2012

KENAI PENINSULA BOROUGH

Max G. Burt
AUTHORIZED OFFICIAL

KPB FILE No. 2012-122

FRESH START SUBDIVISION

A SUBDIVISION OF GOVT. LOT 111

LOCATED WITHIN THE NW1/4 SW1/4 SE1/4 SECTION 31,
T06N, R11W, SEWARD MERIDIAN, CITY OF KENAI,
KENAI RECORDING DISTRICT, KENAI PENINSULA BOROUGH,
ALASKA

CONTAINING 2.503 ACRES

INTEGRITY SURVEYS INC

43335 K-BEACH RD, SUITE 10 SOLDOTNA, AK 99669

PHONE ~ (907) 262-5573
FAX ~ (907) 262-5574
IntegritySurveys@alaska.net

JOB NO:	212122	DRAWN:	02 October, 2012 SH
SURVEYED:	JULY 2012	SCALE:	1" = 50'
FIELD BK:	2012-5 PG:55-57	FILE:	212122 PP.DWG



KENAI PENINSULA BOROUGH

144 North Binkley Street • Soldotna, Alaska 99669-7520

Toll-free within the Borough: 1-800-478-4441

PHONE: (907) 262-4441 • FAX: (907) 262-1892

www.borough.kenai.ak.us

MIKE NAVARRE
BOROUGH MAYOR

CERTIFICATE OF TAX DEPARTMENT

I, Rhonda K. Krohn, Property Tax and Collections Supervisor for the Kenai Peninsula Borough, do hereby certify that, as of the date of this certificate, all real property taxes levied by the Kenai Peninsula Borough have been paid for the area(s) described as:

Subdivision: Fresh Start Subdivision

Parcel # 04312005

T 6N R 11W SEC 31 Seward Meridian KN GOVT LOT 111

The following assessments (except assessments for the cities of Homer, Kenai, Seward, Seldovia, and Soldotna) levied against this property are outstanding: \$.00.

Witness my hand and seal this 27th day of September, 2012.

Rhonda K. Krohn
Property Tax and Collections Supervisor



**CITY OF KENAI
PLANNING AND ZONING COMMISSION
RESOLUTION PZ2025-08**

A RESOLUTION **RECOMMENDING** THE KENAI CITY COUNCIL APPROVE THE REZONE FROM SUBURBAN RESIDENTIAL (RS) TO GENERAL COMMERCIAL (CG) ZONING DISTRICT FOR THE FOLLOWING PROPERTIES AND AS DEPICTED ON THE ATTACHED BOUNDARY MAP.

<u>Parcel No.</u>	<u>Address</u>	<u>Lot Size</u>	<u>Legal Description</u>
04312013	202 N. Forest Drive	0.64-acre	Lot 1, Fresh Start Subdivision
04312014	1408 Second Avenue	0.83-acre	Lot 2, Fresh Start Subdivision

WHEREAS, the City of Kenai received a rezone application from the majority of property owners in accordance with Kenai Municipal Code (KMC) Section 14.20.270 *Amendment procedures*; and,

WHEREAS, the area proposed to be rezoned contains a minimum of one (1) acre (excluding street or alley rights-of-way); and,

WHEREAS, the proposed amendment to the zoning ordinance is not substantially the same as any other unapproved proposed amendment submitted within the previous nine (9) months; and,

WHEREAS, a map has been included of the proposed rezone area; and,

WHEREAS, the City of Kenai Planning and Zoning Department conducted a duly advertised public hearing, following requirements outlined in Kenai Municipal Code 14.20.280 for public hearings and notifications.

WHEREAS, the Planning and Zoning Commission finds:

1. The current zoning district, Suburban Residential (RS) is intended to provide for medium density residential development. The existing RS zone is not the preferred land use for this area as there are existing commercial/institutional uses to the south and west of the proposed rezone area and the subject properties are located within 600 feet of the Kenai Spur Highway.
2. The rezone to General Commercial (CG) zone would increase the adjacent CG zoning district, which it is anticipated that it would be developed in conjunction with the surrounding commercial and institutional uses along the Kenai Spur Highway and South Forest Drive.

Resolution No. PZ2025-08

Page 2 of 2

Therefore, minimizing potential impacts of commercial development on existing residential uses.


3. North Forest Drive has a Functional Classification as a Major Collector, as designated by the Alaska Department of Transportation, which infers a higher annual average daily traffic volume than surrounding neighborhood streets and therefore less desirable for residential uses due to vehicle noise.
4. The existing land use classification states that the area is to be Suburban Residential. Due to North Forest Drive being a Major Collector route, there is reason to anticipate that this area will become low-impact commercial uses, as traffic volume is higher along N. Forest Drive and the associated road noise make residential uses less desirable. In the current RS zone, several commercial uses are permitted subject to a Conditional Use Permit (see attached Land Use Table). The proposed rezone to CG zone would be consistent as a natural extension of the Mixed-Use land use classification that is immediately south of the subject properties as identified in the Comprehensive Plan and reduce the administrative burden on business owners and city staff.
5. The proposed rezone to CG would align with the current low to medium density commercial/institutional character of the neighborhood.

NOW, THEREFORE, BE IT RECOMMENDED BY THE PLANNING AND ZONING COMMISSION OF THE CITY OF KENAI, ALASKA:

Section 1. That Kenai City Council approve the rezone request for the properties located at 202 N. Forest Drive and 1408 Second Avenue from Suburban Residential (RS) to General Commercial (CG) zoning district.

Section 2. That the Commission will forward its written recommendation to the Kenai City Council, along with all certified minutes and public records relating to the proposed amendment.

PASSED BY THE PLANNING AND ZONING COMMISSION OF THE CITY OF KENAI, ALASKA, THIS 26TH DAY OF FEBRUARY, 2025.



Joe Halstead, CHAIRPERSON

ATTEST:



Meghan Thibodeau, Deputy City Clerk



STAFF REPORT

PLANNING & ZONING DEPARTMENT

O: Planning and Zoning Commission
FROM: Kevin Buettner, Planning Director
DATE: February 26, 2025
SUBJECT: Resolution PZ2025-08 – Rezone Two (2) Parcels from Suburban Residential (RS) to General Commercial (GC) Zoning District

Request The applicants are requesting a rezone of two (2) parcels from Suburban Residential (RS) to General Commercial (CG) Zoning District.

Staff Recommendation Adopt Resolution PZ2025-08 recommending approval of a rezone of two (2) parcels from Suburban residential (RS) to General Commercial (CG) Zoning District.

Applicants: John and Parrisa Harris
 202 N. Forest LLC
 215 Fidalgo Ave, Ste 104
 Kenai, AK 99611

<u>Parcel No.</u>	<u>Address</u>	<u>Lot Size</u>	<u>Legal Description</u>
04312013	202 N Forest Dr.	0.49-acre	FRESH START SUB LOT 1
04312014	1408 Second Avenue	0.83-acre	FRESH START SUB LOT 2

Current Zoning: Suburban Residential (RS)

Proposed Zoning: General Commercial (CG)

Current Land Use Single-Family Residence, Accessory Structures

Land Use Plan Suburban Residential

SUMMARY

The applicants are seeking to rezone properties located at 202 N. Forest Drive and 1408 Second Avenue from Suburban Residential (RS) to General Commercial (CG) zoning district. The purpose of the rezone is to allow light commercial uses on the subject parcels. For the parcel located at 202 N. Forest Drive, the property owner intends to operate a law office, coffee shop, and commercial greenhouse. The parcel at 1408 Second Avenue would remain undeveloped, but be used for snow storage from the adjoining lot.

North Forest Drive is classified as a Major Collector by the Alaska Department of Transportation and as such, is used to access several neighborhoods between the Kenai Spur Highway and Redoubt Avenue. A Major Collector route often has higher annual average daily traffic counts than surrounding streets, and generally results in higher associated road noise. This noise often deters substantial residential development directly on the route.

This property has historically had a conditional use permit, initially issued in 1999 (PZ1999-24) for a Greenhouse, Gift Shop, and Coffee Shop. The current owners seek to reactivate this property with a similar mix of commercial uses, with the exception of the Gift Shop which would be replaced by a law office. There is vegetative screening for adjacent properties to the north, east, and south. N. Forest Drive is on the west side of the property.

If approved, the zone change would allow commercial uses as a principal use, whereas under the existing zone, RS, a commercial use is only permitted as a conditional use.

ANALYSIS

Pursuant to KMC Section 14.20.270, the initiation of a Zoning Map Amendment may be initiated by a majority of the property owners in the area to be rezone. Furthermore, the area to be rezoned contains a minimum one (1) acre (excluding street or alley rights-of-way) unless the amendment enlarges an adjacent district boundary.

Both affected parcels are owned by the same owner, 202 N. Forest, LLC, therefore, meeting the initiation of a rezone application. The combined area of the rezone is approximately 1.32 acres, which exceeds the minimum one (1) acre requirement for a zoning map amendment and it would expand the adjacent General Commercial zoning district to the south of the proposed rezone area.

Existing and Proposed Zoning

The existing zoning is Suburban Residential (RS) and the intent as outlined in KMC Section 14.20.090 states the following:

The RS Zone is intended to provide for medium density residential development in areas which will be provided with common utility systems. The specific intent in establishing this zone is:

- (1) *To separate residential structures to an extent which will allow for adequate light, air, and privacy;*
- (2) *To prohibit uses which would:*
 - (A) *Violate the residential character of the environment;*
 - (B) *Generate heavy traffic in predominantly residential areas.*

Findings: The proposed rezone area is surrounded by a commercial office/warehouse (Salvation Army) to the west, residential uses to the north and east, and a commercial zoned area along First Avenue. The current zoning, RS prohibits commercial uses unless it is a conditional use according to the land use table found in KMC Section 14.22.010 as shown below (highlighted in yellow).

LAND USE TABLE

KEY: P = Principal Permitted Use
C = Conditional Use
S = Secondary Use
N = Not Permitted

NOTE: Reference footnotes on following pages for additional restrictions

ZONING DISTRICTS																		
LAND USES	ALI	C	RR	RR-1	RS	RS-1	RS-2	RU	CC	CG	IL	IH	ED	R	TSH	LC	CMU	WW
Restaurants	C	N	C	N	C	N	N	C	P	P	P	C	N	C	C	C	P	P
Retail Business	C	N ²⁶	C	N	C	N	N	C	P	P	P	P	S ²⁴	S ²⁴	C	C	P	P

The proposed zoning is General Commercial (CG) and the intent as outlined in KMC Section 14.20.120 states the following:

The CG zone allows for the widest range of commercial uses compared to other commercial zoning districts. The current zoning district, Suburban Residential (RS) is intended to provide for medium density residential development. The existing RS zone is not the preferred land use for this area as there are existing commercial/institutional uses to the south and west of the proposed rezone area and the subject properties are located within 600 feet of the Kenai Spur Highway.

The rezone to General Commercial (CG) zone would increase the adjacent CG zoning district, which it is anticipated that it would be developed in conjunction with the surrounding commercial and institutional uses along the Kenai Spur Highway and South Forest Drive. Therefore, it would minimize potential impacts of commercial development on existing residential uses.

North Forest Drive has a Functional Classification as a Major Collector, as designated by the Alaska Department of Transportation, which infers a higher annual average daily traffic volume than surrounding neighborhood streets and therefore less desirable for residential uses due to vehicle noise.

Findings: The rezone to CG zone would increase the adjacent RCGS zoning district, which it is anticipated that it would be developed in conjunction with the surrounding commercial/institutional uses to the west and south. Therefore, minimizing potential impacts of commercial development on existing uses. As noted by the applicants, this property has historically functioned as a commercial property with a Conditional Use Permit and rezoning would reduce the administrative burden on both the businesses, and the city staff.

Comprehensive Plan – Land Use Classification

The existing land use classification is Suburban Residential and the intent as outlined in the *Imagine Kenai 2030 Comprehensive Plan* ("Comprehensive Plan") states the following:

Kenai residents place a high value on residential neighborhoods that are safe for all ages and located near important community facilities such as schools, recreational facilities, the library, parks, government services, and commercial areas.

Findings: The existing land use classification states that the area is to be Suburban Residential. Due to North Forest Drive being a Major Collector route, there is reason to anticipate that this area will become low-impact commercial uses, as traffic is higher along N. Forest Drive and the associated road noise make residential uses less desirable. In the current RS zone, several commercial uses are permitted subject to a Conditional Use Permit (see attached Land Use Table). The proposed rezone to CG zone would be consistent as a natural extension of the Mixed-Use land use classification that is immediately south of the subject properties as identified in the Comprehensive Plan.

An amendment to the land use map in the Comprehensive Plan is not currently required, as all the proposed uses are allowable in Suburban Residential zones, albeit as conditional uses. The City anticipates updating the Comprehensive Plan within a couple years, and a new Land Use Plan may be developed as a part of this process.

The Comprehensive Plan supports this rezoning in the following identified goal:

Goal 1 – Quality of Life: Promote and encourage quality of life in Kenai.

- *Q-4: Promote the siting and design of land uses that are in harmony and scale with surrounding uses.*

Findings: The proposed rezone to CG would align with the current low to medium density development of the neighborhood.

Existing Use

In the proposed rezone area, the only existing principal use are the existing buildings (greenhouse, coffee shop, and law office) on the property located at 202 N. Forest Drive, which are adjacent the intersection of N. Forest Drive and Second Avenue.

Findings: The proposed rezone to CG zone would make the existing buildings (greenhouse, coffee shop, and law office) compliant with the zoning district. Under the existing RS zone, the existing buildings are considered a non-conforming use since commercial uses are not permitted to be a principal use. Therefore, any expansions or alterations of the buildings would be subject to KMC Section 14.20.050 *Nonconforming lots, structures, and uses*.

PUBLIC NOTICE

Pursuant to Kenai Municipal Code 14.20.280 notices of the public hearing for the rezone were mailed to property owners within a three hundred-foot (300') periphery of the subject properties. City staff published notice of the public hearing in the *Peninsula Clarion*, and notification was posted.

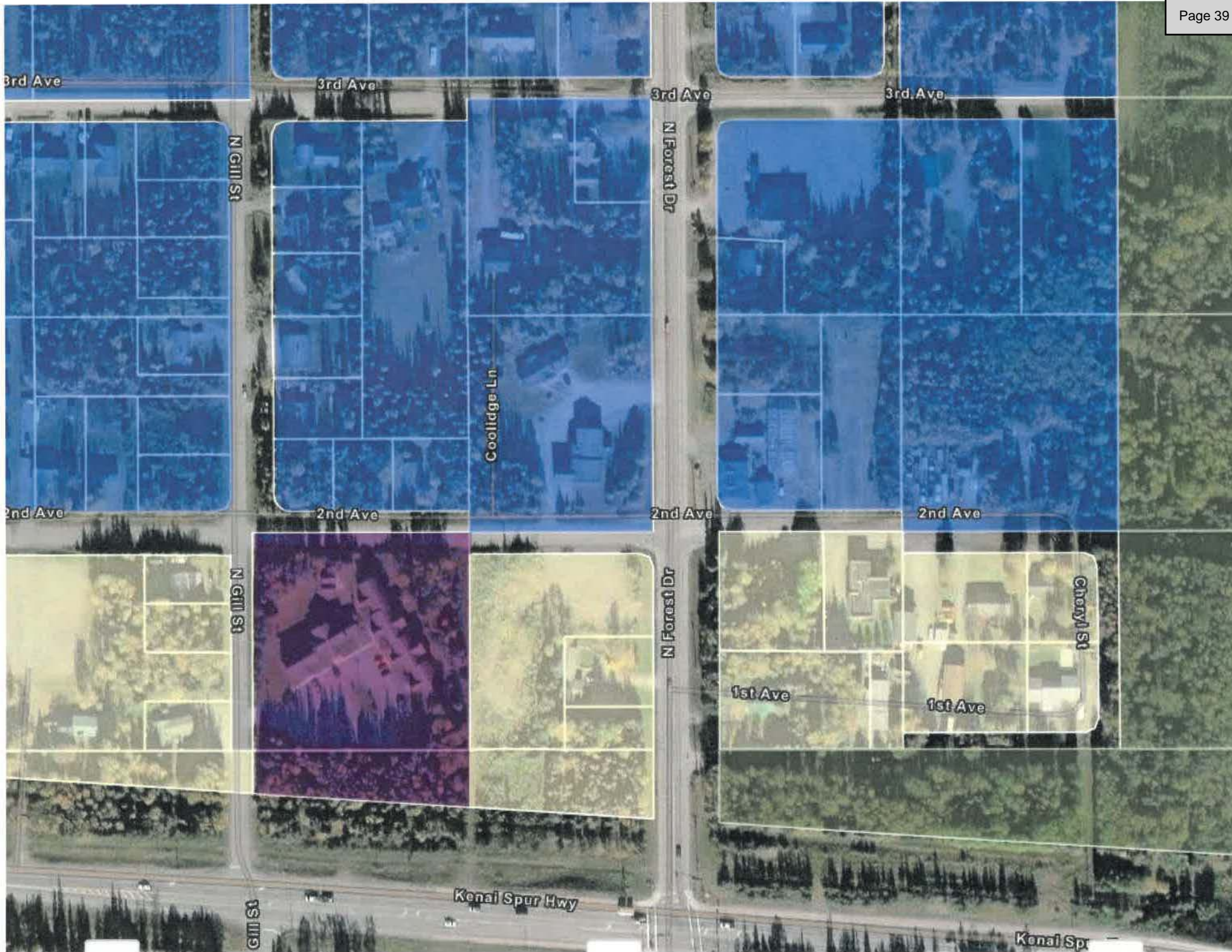
No public comments have been received as-of-date.

STAFF RECOMMENDATION

Based on the findings and analysis in this staff report, Staff recommends the Planning & Zoning Commission recommend approval of the rezone request for the properties located at 202 N. Forest Drive and 1408 Second Avenue from Suburban Residential (RS) to General Commercial (CG) zoning district. Planning & Zoning Commission's recommendation will be forwarded to City Council for consideration.

ATTACHMENTS

- Zoning Map
- Application Materials
 - Letter of Intent
 - Aerial Map
- Plat
- KMC 14.22.010 Land Use Table
- Draft Zoning Map



February 4, 2025

Kevin Buettner
City of Kenai, Planning Director
210 Fidalgo Avenue
Kenai, Alaska 99611
Email: kbuettner@kenai.city

**Re: FIREWEED SQUARE
Re-Zoning Request**

Dear Mr. Buettner:

My husband, John C. Harris, and I (through 202 N FOREST LLC) are the owners of Kenai parcels 04312013 and 04312014. The property street addresses for those two lots are 202 N. Forest Drive and 1408 Second Avenue, respectively. We plan to refer to the two parcels collectively as "Fireweed Square."

I am writing to request that those two parcels be re-zoned to "general commercial" use. Attached please find "FIREWEED SQUARE" SITE PLAN.¹ Please note, the Site Plan identifies 12 designated parking spots, large truck parking zone, dumpster with screening and orientation away from Forest Drive, and adequate snow storage.

202 N. Forest Drive

This property has historically been used for general commercial purposes by previous owners. The prior owners used this property to operate a commercial greenhouse in the Spring and Summer months. They also operated a gift/coffee shop out of the "main house" on the property, although it was converted into the prior owners' residence after they became ill a few years before their passing. There is also a smaller "cottage" structure that was used as a residence by the previous owners.

Greenhouse: Fireweed Greenhouse

My husband and I purchased the property in or around June 2023. In Spring/Summer 2024, we operated the commercial greenhouse on the property in similar fashion as the previous owners, doing business as Fireweed Greenhouse. It is our intention to continue operating Fireweed Greenhouse similarly this year and in the future.

¹ See Attachment "A": FIREWEED SQUARE SITE PLAN



Café/Retail: Ooakzen Café and Fireweed Greenhouse/Giftshop

When we purchased the property in 2023, the cottage structure was in disrepair. We have remodeled and renovated the cottage with the intent to operate a café/retail space out of that structure year-round. We intend to lease the cottage to Ooakzen to operate their café out of that space. We are waiting for approval from the City of Kenai for necessary permits. Once those permit applications are granted, Ooakzen will commence operations immediately. The retail space will be operated by Fireweed Greenhouse in conjunction with Ooakzen.

Law Office: Harris Law & Mediation

The next project we plan to undertake is the remodel/renovation of the “main house” on the property into a law office where I will operate my law practice, Harris Law & Mediation. It is our hope to complete that project and be moved into that space by April 2025.

1408 Second Avenue

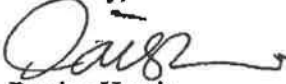
This property is currently a vacant lot, but pleasantly landscaped with a large lawn, trees and shrubs. While we do not currently have a specific plan for developing this parcel, it is our intention to eventually develop this parcel in a manner complimentary to the general commercial use of 202 N. Forest Drive.

The reinvigoration of Fireweed Square as proposed promotes many of the goals and objectives enumerated in the City’s *Imagine Kenai 2030 Comprehensive Plan*, including the objective to “support development at emerging community “centers” that lie outside the major employment centers, but provide a mix of retail, service, and residential uses.”²

Our vision for these parcels is to create a quaint, aesthetically pleasing “third place” for community enrichment and gathering. The location of these parcels is ideal for that goal. The lots are only 1.5 blocks from a major highway and the proposed uses will not significantly increase current or historical traffic patterns. Currently, the use of surrounding properties is as follows: North: undeveloped; South: undeveloped; East: single family residential/light commercial; West: single family residential. The addition of a café and retail space on this property will provide a local space and services to this primarily suburban residential zone that people can either walk or drive to enjoy. I believe the community will welcome this development, as it was a great loss felt by many when the previous owners were forced to shut down the greenhouse and gift shop due to health issues.

Thank you for your consideration of this request. Should you have any questions, please do not hesitate to contact me at 907-398-4986 or via email to pharris@hlmlaw.org.

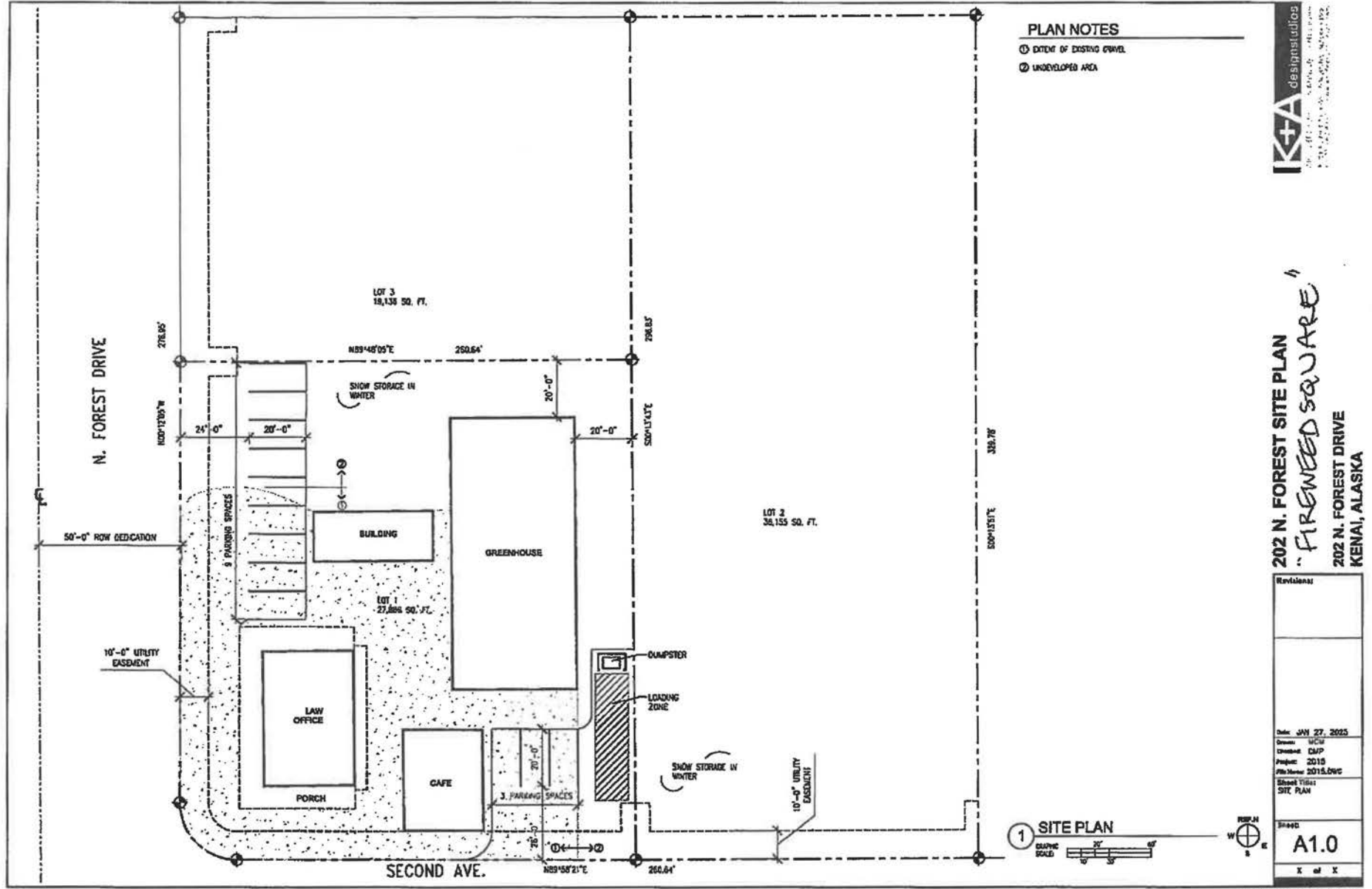
Sincerely,

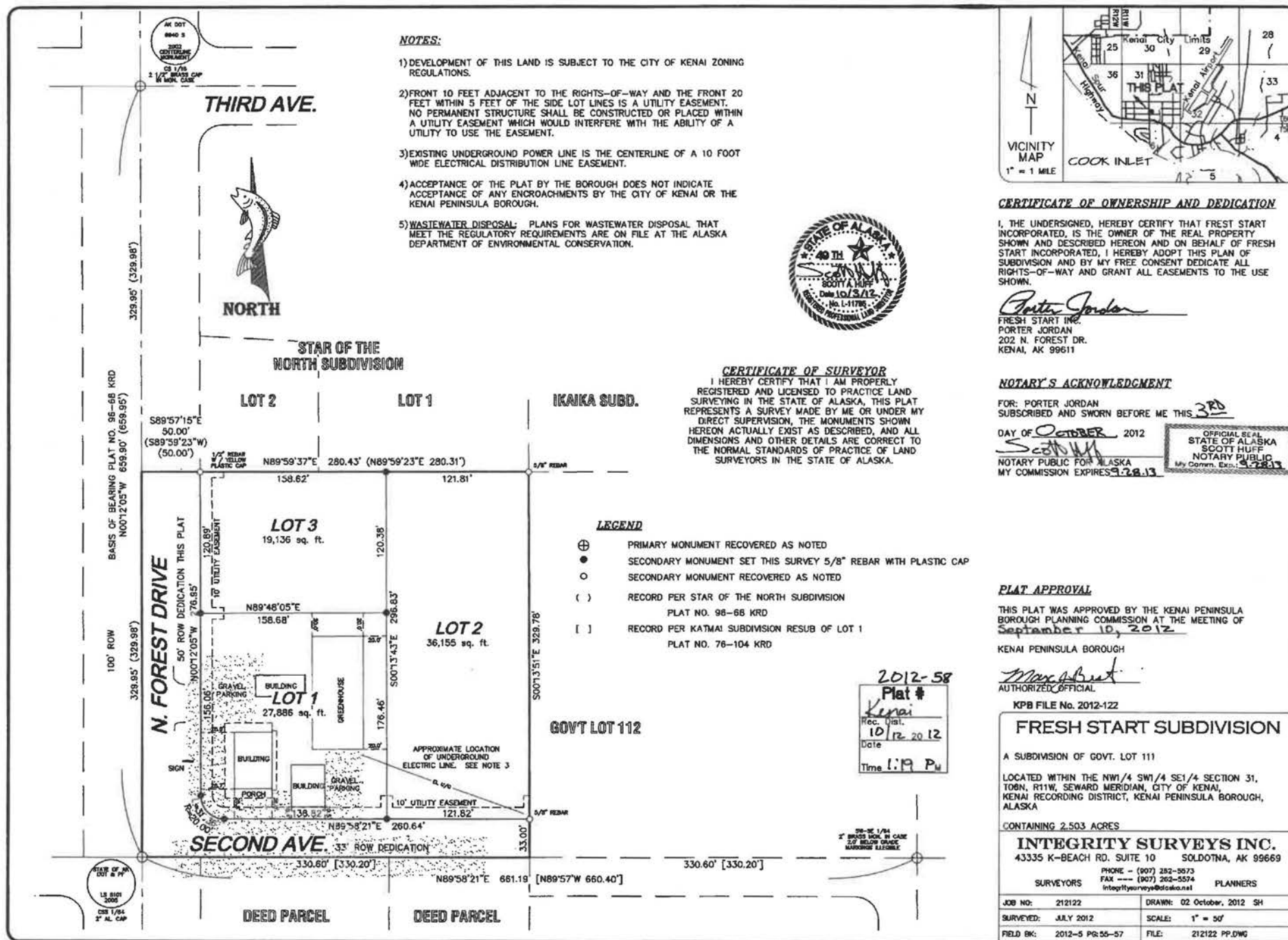


Parrisa Harris

² See *Imagine Kenai 2030 Comprehensive Plan* at p. 80

ATTACHMENT "A", Pg. 1 of 1





**KENAI PENINSULA BOROUGH**

144 North Binkley Street • Soldotna, Alaska 99669-7520

Toll-free within the Borough: 1-800-478-4441

PHONE: (907) 262-4441 • **FAX:** (907) 262-1892www.borough.kenai.ak.us**MIKE NAVARRE
BOROUGH MAYOR****CERTIFICATE OF TAX DEPARTMENT**

I, Rhonda K. Krohn, Property Tax and Collections Supervisor for the Kenai Peninsula Borough, do hereby certify that, as of the date of this certificate, all real property taxes levied by the Kenai Peninsula Borough have been paid for the area(s) described as:

Subdivision: Fresh Start Subdivision

Parcel # 04312005

T 6N R 11W SEC 31 Seward Meridian KN GOVT LOT 111

The following assessments (except assessments for the cities of Homer, Kenai, Seward, Seldovia, and Soldotna) levied against this property are outstanding: \$.00.

Witness my hand and seal this 27th day of September, 2012.

Rhonda K. Krohn
Property Tax and Collections Supervisor

14.22.010 Land Use Table.

LAND USE TABLE

KEY: P = Principal Permitted Use
C = Conditional Use
S = Secondary Use
N = Not Permitted

NOTE: Reference footnotes on
following pages for additional
restrictions

ZONING DISTRICTS																		
LAND USES	ALI	C	RR	RR-1	RS	RS-1	RS-2	RU	CC	CG	IL	IH	ED	R	TSH	LC	CMU	WW
RESIDENTIAL																		
One-Family Dwelling	N	C ¹⁸	P	P	P	P	P	P	P ²¹	S ¹	S ²	S ²	C ²²	P	P	P	S ¹ /C ²¹	S ³³ /C
Two-, Three-Family Dwelling	N	C ¹⁸	P	P	P	P	P	P	P ²¹	S ¹	C	C	C ²²	P	P	P	S ¹ /C ²¹	P
Four-Family Dwelling	N	C ¹⁸	P	C ^{3,29}	P	N	N	P	P ²¹	S ¹	C	C	C ²²	N	P	C	S ¹ /C ²¹	P
Five-, Six-Family Dwelling	N	C ¹⁸	C ³	N	P	N	N	P	P ²¹	S ¹	C	C	N	N	P	C	S ¹ /C ²¹	P
Seven- or More Family Dwelling	N	C ¹⁸	C ³	N	C ³	N	N	P	P ²¹	S ¹	C	C	N	N	P	C	S ¹ /C ²¹	P
Mobile Home Parks ⁶	N	N	C	N	C	C	C	C	C	C	C	C	N	C	N	N	C	N
Planned Unit Residential Development ⁷	N	C ¹⁸	C	C ²⁹	C	C	C	C	C	C	C	C	N	C	C	C	C	P
Townhouses ⁴	N	C ¹⁸	C ³	C ^{3,29}	C ³	C ³	C ³	C ³	C	C	C	C	C ²²	C	C	C	C	C
Accessory Building on Parcel Without Main Building or Use (See KMC 14.20.200)	N	N	C	C	C	C	C	C	N	N	N	N	N	N	C	N	N	N

ZONING DISTRICTS																		
LAND USES	ALI	C	RR	RR-1	RS	RS-1	RS-2	RU	CC	CG	IL	IH	ED	R	TSH	LC	CMU	WW
COMMERCIAL																		
Airport Compatible Uses	P	N	N	N	N	N	N	N	C	C	C	C	N	N	N	C	C	C
Adult Businesses	N	N	N	N	N	N	N	N	P ³¹	P ³¹	P ³¹	P ³¹	N	N	N	N	N	N
Automotive Sales	C	N	C	N	N	N	N	C	P	P	P	P	N	N	N	N	P	N
Automotive Service Stations	C	N	C	N	N	N	N	C	P	P	P	P	N	C	N	N	P	C
Banks	C	N	C	N	C	N	N	C	P	P	P	C	N	C	C	C	P	P
Business/ Consumer Services	C	N	C	C	C	N	N	C	P	P	P	C	N	C	C	C	P	P
Commercial Recreation	N	N	C	N	C	N	N	C	P	P	C	C	N	P	C	C	P	P
Guide Service	C	N	C	N	C	N	N	C	P	P	P	P	N	P	P	C	P	P
Hotels/Motels	C	N	C	N	C	N	N	C	P	P	P	C	N	C	P	C	P	P
Lodge	C	N	C	N	C	N	N	C	P	P	P	C	N	P	P	C	P	P
Marijuana Cultivation Facility, Limited ³⁰	N	N	N	N	N	N	N	N	N	C	C	C	N	N	N	C	N	N
Marijuana Cultivation Facility, Standard ³⁰	N	N	N	N	N	N	N	N	N	C	C	C	N	N	N	C	N	N

ZONING DISTRICTS																		
LAND USES	ALI	C	RR	RR-1	RS	RS-1	RS-2	RU	CC	CG	IL	IH	ED	R	TSH	LC	CMU	WW
Marijuana Product Manufacturing Facility ³⁰	N	N	N	N	N	N	N	N	N	C	C	C	N	N	N	N	N	N
Marijuana Testing Facility ³⁰	N	N	N	N	N	N	N	N	C	C	P	P	N	N	N	C	C	N
Professional Offices	C	N	C	C	C	N	N	P	P	P	P	P	N	C	P	P	P	P
Restaurants	C	N	C	N	C	N	N	C	P	P	P	C	N	C	C	C	P	P
Retail Business	C	N ²⁶	C	N	C	N	N	C	P	P	P	P	S ²⁴	S ²⁴	C	C	P	P
Retail Marijuana Store ³⁰	N	N	N	N	N	N	N	N	N	C	C	C	N	N	N	C	C	C
Theaters	N	N	C	N	C	N	N	C	P	P	C	C	N	P	C	C	P	P
Wholesale Business	C	N	C	N	C	N	N	C	C	P	P	P	N	S ²⁴	C	C	N	N
INDUSTRIAL																		
Airports	C	P ²⁰	C	N	C	N	N	C	C	C	C	C	N	C	N	N	C	C
Necessary Aviation Facilities	P	P	C	C	C	C	C	C	P	P	P	P	C	P	C	P	P	C
Automotive Repair	P	N	C	N	C	N	N	C	P	P	P	P	N	N	N	N	P	C

ZONING DISTRICTS																		
LAND USES	ALI	C	RR	RR-1	RS	RS-1	RS-2	RU	CC	CG	IL	IH	ED	R	TSH	LC	CMU	WW
Gas Manufacturer/ Storage	C ⁹	N	N	N	C	N	N	N	N	N	C ⁹	C ⁹	N	N	N	N	N	C
Manufacturing/ Fabricating/ Assembly	P	N	C	N	C	N	N	C	C	P	P	P	N	C	C	N	C	C
Mini-Storage Facility	C	N	C	N	C	N	N	C	C	P	P	P	N	N	N	C	C	N
Storage Yard	C	N	C	N	C	N	N	C	C	P	P	P	N	N	N	N	C	C ³²
Warehouses	C	N	C	N	C	N	N	C	N	P	P	P	N	C	N	N	N	C
PUBLIC/ INSTITUTIONAL																		
Assisted Living	N	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C
Churches*	N	C	P ¹⁰	P ¹⁰	P ¹⁰	P ¹⁰	P ¹⁰	P ¹⁰	P ¹⁰	P ¹⁰	C	C	P	P ¹⁰	P	P	P	P
Clinics	N	C	C	N	C	C	C	C	P	P	P	C	C	C	C	P	P	P
Colleges*	N	C	C	C ²⁹	C	C	C	C	P	P	C	C	P	C	C	C	P	P
Elementary Schools*	N	C	C	C ²⁹	C	C	C	C	P	P	C	C	P	C	C	C	P	P
Governmental Buildings	P	C	C	C ²⁹	C	C	C	C	P	P	P	C	P	C	C	P	P	P
High Schools*	N	C	C	C ²⁹	C	C	C	C	P	P	C	C	P	C	C	C	P	P
Hospitals*	N	C	C	N	C	C	C	C	P	P	P	C	C	C	C	C	P	C

ZONING DISTRICTS																		
LAND USES	ALI	C	RR	RR-1	RS	RS-1	RS-2	RU	CC	CG	IL	IH	ED	R	TSH	LC	CMU	WW
Libraries*	N	C	C	C ²⁹	C	C	C	C ¹²	P	P	P	C	P	C	P	C	P	P
Museums	C	C	C	C ²⁹	C	C	C	C	P	P	P	C	P	C	P	C	P	P
Parks and Recreation	N	P	C	C ²⁹	C	C	C	C	P	P	P	P	P	P	P	C	P	P
MISCELLANEOUS																		
Animal Boarding/ Commercial Kennel ¹³	C	C	C	N	C	C	N	N	C	C	C	C	N	C	N	C	C	C
Assemblies ¹⁵ (Large: Circuses, Fairs, etc.)	P	C	C	N	C	C	C	C	P ¹⁵	P ¹⁵	P ¹⁵	P ¹⁵	P ¹⁵	C	P	N	P ¹⁵	P
Bed and Breakfasts	N	C	C	C	C	C	C	C	C	C	C	C	N	P	C	C	P	C
Cabin Rentals	N	C	C	N	C	N	N	N	P	P	P	C	N	P	P	C	P	P
Cemeteries	P	C	C	N	C	N	N	N	N	C	C	C	N	C	C	N	N	N
Communications Towers and Antenna(s), Radio/TV Transmitters/Cell Sites** ²⁸	C	P	C	N	C	C	C	C	P	P	P	P	P	C	C	C	C	C
Crematories/ Funeral Homes	N	N	C	N	C	N	N	C	C	C	C	C	N	C	C	C	C	N

ZONING DISTRICTS																		
LAND USES	ALI	C	RR	RR-1	RS	RS-1	RS-2	RU	CC	CG	IL	IH	ED	R	TSH	LC	CMU	WW
Day Care Centers ¹²	N	C	C	C ²⁹	C	C	C	C	P	P	P	C	C	C	C	P	P	C
Dormitories/ Boarding Houses	N	C	C	N	C	C	C	P	P ²¹	S	C	P	P ²³	C	C	C	P	P
Essential Services	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P
Farming/General Agriculture***	N	P	P	N	N	N	N	N	N	N	N	P	N	P	N	N	N	C
Fraternal Organizations/ Private Clubs/ Social Halls and Union Halls	N	N	C	N	C	C	C	C	P	P	P	C	N	C	P	C	P	P
Greenhouses/ Tree Nurseries ¹³	N	C	C	N	C	C	C	C	P	P	P	C	N	C	C	C	P	P
Gunsmithing, Taxidermy	N	N	C	C	C	C	C	C	P	P	P	P	N	C	P	P	P	P
Nursing, Convalescent or Rest Homes	N	N	C	N	C	C	C	C	P	P	C	C	C	C	C	C	P	P
Parking, Public Lots ¹²	C	C	C	N	C	C	C	C	C	C	C	C	C	C	C	C	C	C
Personal Services ²⁵	N	C	C	N	C	C	C	C	P	P	P	P	C	C	P	P/ C ²⁷	P	P

ZONING DISTRICTS																		
LAND USES	ALI	C	RR	RR-1	RS	RS-1	RS-2	RU	CC	CG	IL	IH	ED	R	TSH	LC	CMU	WW
Recreational Vehicle Parks	N	C	C	N	C	N	N	C	C	C	C	C	N	C	C	N	C	C
Subsurface Extraction of Natural Resources ¹⁶	C	C	C	C	C	C	C	C	C	C	C	C	N	C	N	N	N	C
Surface Extraction of Natural Resources ¹⁷	C	C	C	N	C	N	N	C	N	C	C	C	N	C	N	N	N	N

* See 42 U.S.C. Sec. 2000cc (Religious Land Use and Institutionalized Persons Act of 2000)

** See 42 U.S.C. Telecommunications Act of 1996, Sec. 704(a)

*** See, however, the limitations imposed under KMC [3.10.070](#)

Footnotes:

- 1 Allowed as a secondary use except on the ground floor of the part of the building fronting on collector streets and major highways. Commercial or industrial which falls under the landscaping/site plans requirements of KMC Chapter [14.25](#) shall include any secondary uses in the landscaping and site plans.
- 2 One (1) single-family residence per parcel, which is part of the main building.
- 3 Allowed as a conditional use, subject to satisfying the following conditions:
 - a The usable area per dwelling unit shall be the same as that required for dwelling units in the RS Zone;
 - b The site square footage in area must be approved by the Commission;
 - c Yards around the site, off-street parking, and other development requirements shall be the same as for principal uses in the RR Zone;
 - d Water and sewer facilities shall meet the requirements of all applicable health regulations;
 - e The proposed dwelling group will constitute a residential area of sustained desirability and stability, will be in harmony with the character of the surrounding neighborhood, and will not adversely affect surrounding property values;
 - f The buildings shall be used only for residential purposes and customary accessory uses, such as garages, storage spaces, and recreational and community activities;
 - g There shall be provided, as part of the proposed development, adequate recreation areas to serve the needs of the anticipated population;
 - h The development shall not produce a volume of traffic in excess of the capacity for which the access streets are designed;
 - i The property adjacent to the proposed dwelling group will not be adversely affected.
- 4 See "Townhouses" section.
- 5 See "Mobile Homes" section.
- 6 Allowed as a conditional use, subject to "Mobile Homes" section; and provided, that any mobile home park meets the minimum Federal Housing Authority requirements.
- 7 See "Planned Unit Residential Development" section.
- 8 Allowed as a conditional use; provided, that the proposed location and the characteristics of the site will not destroy the residential character of the neighborhood.
- 9 Allowed as a conditional use; provided, that all applicable safety and fire regulations are met.

10 Provided, that no part of any building is located nearer than thirty (30) feet to any adjoining street or property line.

11 Allowed as a conditional use; provided, that no part of any building is located nearer than thirty (30) feet to any adjoining street or property line; and provided further, that the proposed location and characteristics of the use will not adversely affect the commercial development of the zone.

12 Allowed as a conditional use; provided, that the following conditions are met:

a The proposed location of the use and the size and characteristics of the site will maximize its benefit to the public;

b Exits and entrances and off-street parking for the use are located to prevent traffic hazards on public streets.

13 Allowed as a conditional use; provided, that setbacks, buffer strips, and other provisions are adequate to assure that the use will not be a nuisance to surrounding properties. The Commission shall specify the conditions necessary to fulfill this requirement. Animal boarding and commercial kennels require a kennel license (see KMC Chapter [3.15](#)).

14 Allowed as a conditional use; provided, that no indication of said use is evident from the exterior of the mortuary.

15 Allowed; provided, that the following conditions are met:

a An uncleared buffer strip of at least thirty (30) feet shall be provided between said use and any adjoining property in a residential zone.

b Exits and entrances and off-street parking for the use shall be located to prevent traffic hazards on the public streets.

16 See "Conditional Uses" section.

17 See "Conditional Use Permit for Surface Extraction of Natural Resources" section.

18 **Conditional use allowed only on privately held property.** Not allowed on government lands.

19 Reserved.

20 The airport-related uses allowed under this entry are aircraft approach and departure zones pursuant to KMC [14.20.070\(a\)](#), except that for properties contained inside the airport perimeter fence or having access to aircraft movement areas, taxiways or parking aprons, FAA authorized uses are allowed.

21 Developments for use shall be the same as those listed in the Development Requirements Table for the RU/TSH Zones.

22 **Allowed as a conditional use in conjunction with a permitted use in the ED Zone.** For example, housing for teachers or students for a school in the zone.

23 **Allowed as an accessory use in conjunction with a permitted use in the ED Zone.** For example, a dormitory used to house students for a school or educational facility.

24 Retail businesses allowed as a secondary use in conjunction with the primary use (e.g., a gift shop or coffee shop within another business).

25 Art studios, barbers, beauticians, tattoo parlors, dressmakers, dry cleaners and self-service laundries, fitness centers, photographic studios, tailors, tanning salons and massage therapists.

26 Food services are allowed on a temporary or seasonal basis of not more than four (4) months per year.

27 Personal services not set forth in the below matrix are conditional uses.

Limited Commercial Zone		
Personal Services	Permitted (P)	Conditional Use (C)
Art Studios	X	
Barbers	X	
Beauticians	X	
Dressmakers	X	
Dry Cleaners		X
Fitness Centers	X	
Massage Therapist		X
Photographic Studios	X	
Self-Service Laundries		X
Tailors	X	
Tanning Salons	X	
Tattoo Parlors		X

28 Communications tower/antenna(s) allowed as a principal permitted (P) use if the applicable conditions set forth in KMC [14.20.255](#) are met or a conditional use (C) if the applicable conditions set forth in KMC [14.20.150](#) and [14.20.255](#) are met.

29 Use allowed only for those parcels that abut the Kenai Spur Highway. The access to any such parcel must be either from: (a) driveway access on the Kenai Spur Highway; or (b) driveway access from a dedicated right-of-way and that driveway access is not more than two hundred seventy-five (275) feet as measured from the constructed centerline of the Kenai Spur Highway to the center of the driveway access as shown on an as-built drawing/survey of the parcel.

30 See marijuana regulations, KMC [14.20.230](#)—Home Occupations, [14.20.320](#)—Definitions, [14.20.330](#)—Standards for commercial marijuana establishments.

31 See KMC [14.20.175](#)—Adult businesses; no adult business may be located within one thousand (1,000) feet of another adult business, or sensitive use. “Sensitive use” means a church or other place of worship, a public or private school (licensed pre-K through twelfth grade) or businesses where or areas where youth are likely to be present (limited to public parks, youth recreational centers, public playgrounds, public libraries).

32 Allowed as a conditional use; provided, it is a maritime-related use to accommodate recreational boating activities, recreational facilities, accessory uses, and service facilities.

33 Commercial or industrial which falls under the landscaping/site plans requirements of KMC Chapter [14.25](#) shall include any secondary uses in the landscaping and site plans.

(Amended during 7-7-99 supplement; Ord. 1862-2000; Amended during 12-1-00 supplement; Ords. 1911-2001, 1938-2001, 1956-2002, 1962-2002, 1990-2003, 1994-2003, 2053-2004, 2081-2005, 2112-2005, 2113-2005, 2144-2006, 2152-2006, 2185-2006, 2195-2006, 2246-2007, 2272-2007, 2403-2009, 2425-2009, 2546-2011, 2610-2012, 2649-2012, 2688-2013, 2784-2014, 2870-2016, 2884-2016, 3025-2018, 3056-2019, 3083-2019 (Substitute), 3363-2023, 3392-2024)

The Kenai Municipal Code is current through Ordinance 3442-2024, passed November 20, 2024.

Disclaimer: The City Clerk has the official version of the Kenai Municipal Code. Users should contact the City Clerk for ordinances passed subsequent to the ordinance cited above.

[City Website: www.kenai.city](http://www.kenai.city)

[City Telephone: \(907\) 283-7535](tel:(907)283-7535)

[Hosted by General Code.](#)



Sponsored by: Administration

**CITY OF KENAI
RESOLUTION NO. 2025-19**

A RESOLUTION AUTHORIZING THE CITY MANAGER TO ENTER INTO AN AIRLINE OPERATING AGREEMENT AND TERMINAL AREA LEASE WITH ALEUTIAN AIRWAYS.

WHEREAS, Aleutian Airways desires to provide scheduled passenger service at the Kenai Municipal Airport beginning in June 2025; and,

WHEREAS, Aleutian Airways must sign the City of Kenai's Airline Operating Agreement and Terminal Area Lease to operate as a signatory operator at the Kenai Municipal Airport and secure terminal space; and,

WHEREAS, on March 13, 2025 the Airport Commission recommended the Council authorize the City Manager to enter into an Airline Operating Agreement and Terminal Area Lease with Aleutian Airways; and,

WHEREAS, it is in the best interest of the City of Kenai and the Airport to authorize the City Manager to enter into an agreement with Aleutian Airways.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF KENAI, ALASKA:

Section 1. That the Kenai City Manager is authorized to enter into an Airline Operating Agreement and Terminal Area Lease with Aleutian Airways using the City of Kenai's standard form for signatory operators.

Section 2. That this Resolution takes effect immediately upon passage.

PASSED BY THE COUNCIL OF THE CITY OF KENAI, ALASKA, THIS 19TH DAY OF MARCH, 2025.

Brian Gabriel Sr., Mayor

ATTEST:

Michelle M. Saner, MMC, City Clerk



KENAI

City of Kenai | 210 Fidalgo Ave, Kenai, AK 99611-7794 | 907.283.7535 | www.kenai.city

MEMORANDUM

TO: Mayor Gabriel and Council Members

THROUGH: Terry Eubank, City Manager

FROM: Derek Ables, Airport Manager

DATE: March 10, 2025

SUBJECT: **Resolution No. 2025-19 - Authorizing the City Manager to Enter Into an Airline Operating Agreement and Terminal Area Lease with Aleutian Airways**

Aleutian Airways is requesting to start scheduled operations out of the Kenai Municipal Airport Terminal Building June, 2025. They would begin leasing terminal space beginning May 2025 in order to move in, hire, and set up. The current Airline operating agreement expires June 30th, 2025 at which time all airlines will need to sign any amendments to the Agreement.

They intend to provide two roundtrip flights between Kenai and Anchorage seven days a week.

The additional flight options will benefit the Airport and City of Kenai residents. The additional flights give more choices to passengers, especially those that travel to Anchorage for medical treatments. The Airport Commission has reviewed, and recommended the City of Kenai enter into an agreement with Aleutian Airways.

Additionally, the Airport is required to comply with several grant assurances as a condition of receiving Airport Improvement Funding and to continue to receive that funding:

- **Economic Nondiscrimination** - It will make the airport available as an airport for public use on reasonable terms and without unjust discrimination to all types, kinds and classes of aeronautical activities, including commercial aeronautical activities offering services to the public at the airport. Each air carrier using such airport (whether as a tenant, non-tenant, or subtenant of another air carrier tenant) shall be subject to such nondiscriminatory and substantially comparable rules, regulations, conditions, rates, fees, rentals, and other charges with respect to facilities directly and substantially related to providing air transportation as are applicable to all such air carriers which make similar use of such airport and utilize similar facilities, subject to reasonable classifications such as tenants or non-tenants and signatory carriers and non-signatory carriers. Classification or status as tenant or signatory shall not be unreasonably withheld by any airport provided an air carrier assumes obligations substantially similar to those already imposed on air carriers in such classification or status.

- Exclusive Rights-It will permit no exclusive right for the use of the airport by any person providing, or intending to provide, aeronautical services to the public.
- Fee and Rental Structure. It will maintain a fee and rental structure for the facilities and services at the airport which will make the airport as self-sustaining as possible under the circumstances existing at the particular airport, taking into account such factors as the volume of traffic and economy of collection.

Council's support of this resolution is respectfully requested.





To whom it may concern;

Sterling Airways dba Aleutian Airways intends to begin service between Anchorage, Alaska and Kenai, Alaska beginning June 2025. This service will be operated in one of two aircraft types. Either the SAAB 2000 with up to 50 passenger seats or the De Havilland Dash 8 with up to 29 seats.

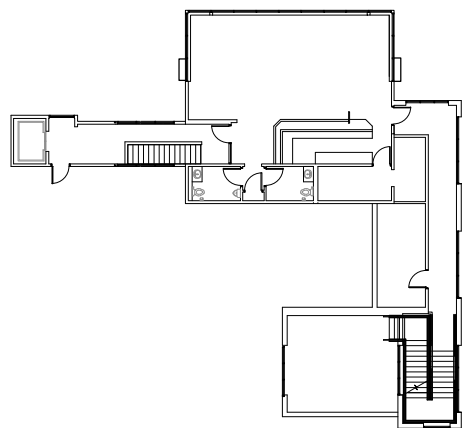
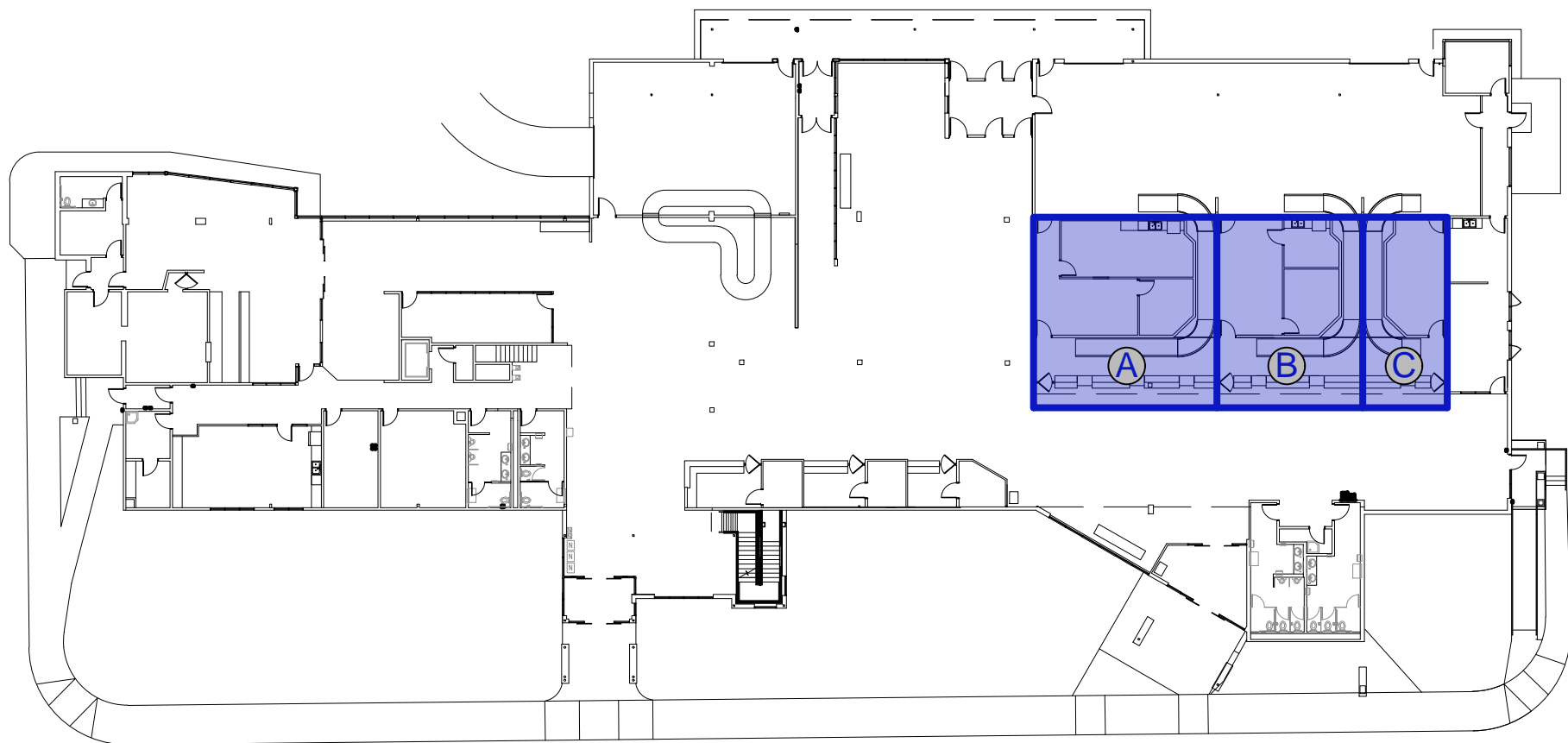
Aleutian Airways has established a reputation for superior safety and service. We are excited to expand our service to the Kenai Peninsula this summer. We look forward to serving the community as we grow our airline.

Sincerely,

Brian Whilden

General Manager | **Aleutian Airways**

V:\vicki\KENAI CERT MANUAL\EXHIBITS A - B\EXCLUSIVE USES\2019 revisions exhibit a-b\exhibit a-b exclusive space.dwg



AREA	
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B	1,155 S.F.
C	.

THIS DRAWING IS NOT TO SCALE

LESSOR _____
LESSEE _____

WINCE-CORTHELL-BRYSON

JOB NO: _____

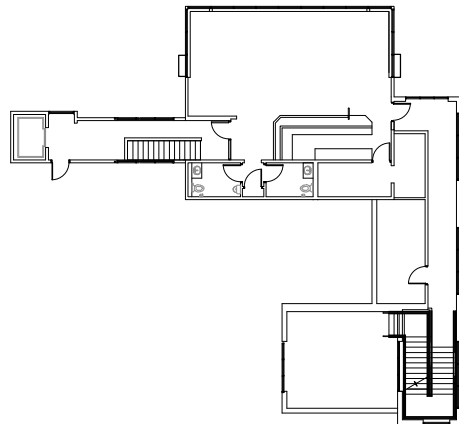
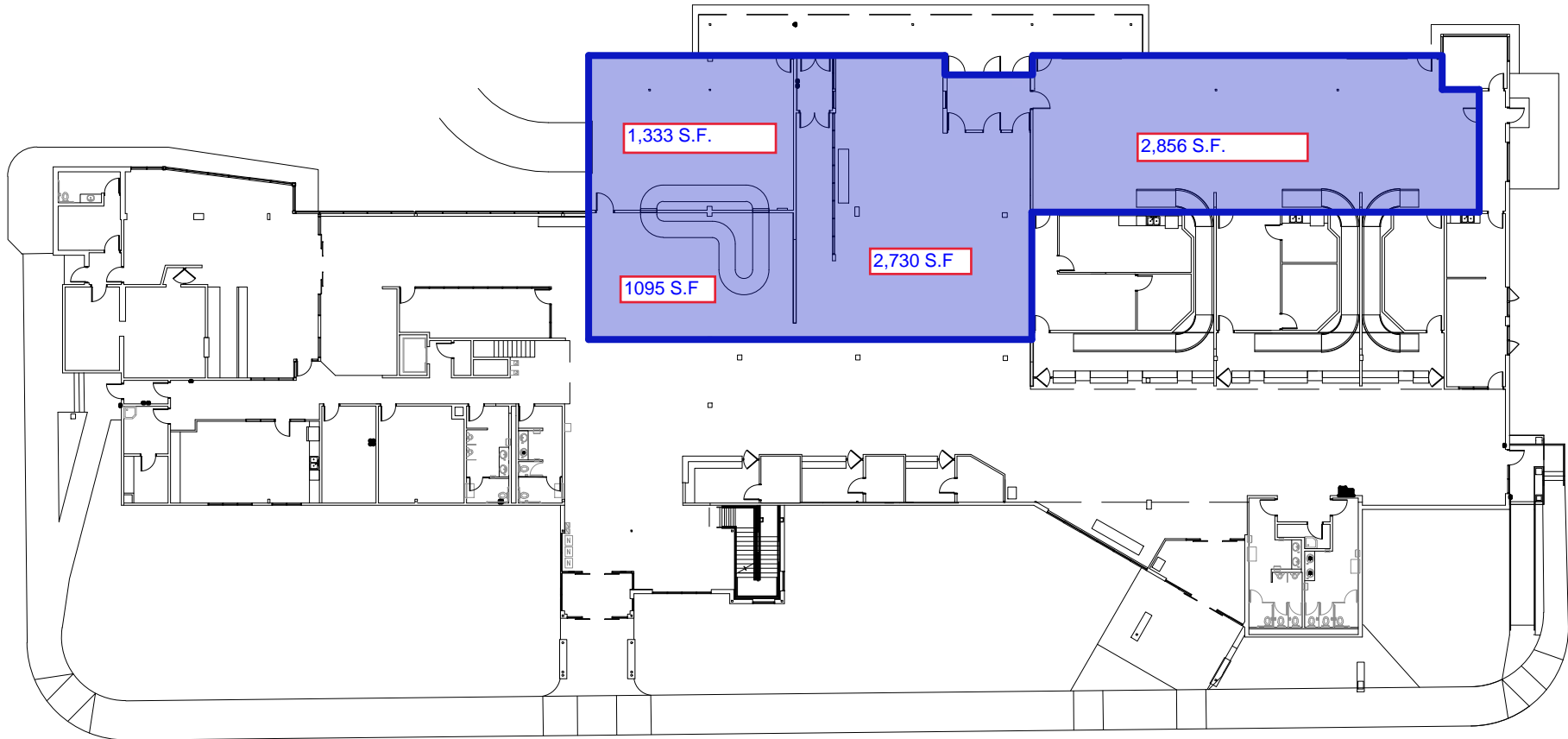
REVISED: Plotted: 11/04/19

KENAI MUNICIPAL AIRPORT

EXHIBIT A EXCLUSIVE SPACE

KENAI, ALASKA

V:\KICKENAI CERT MANUAL\EXHIBITS A - B\EXCLUSIVE USES\2019 revisions exhibit a-b\exhibit a-b exclusive space.dwg



TOTAL JOINT USE SPACE = 8,014 S.F.

Baggage Make- Up Area= 2856 S.F.
 Baggage Breakdown Area= 1,333 S.F.
 Baggage Claim Area= 1,095 S.F.
 Arrival/ Departure/ Waiting Area= 2,730 S.F.

THIS DRAWING IS NOT TO SCALE

LESSOR _____

LESSEE _____

WINCE-CORTHELL-BRYSON

JOB NO:

REVISED: Plotted: 11/04/19

KENAI MUNICIPAL AIRPORT
 EXHIBIT B JOINT USE SPACE
 KENAI, ALASKA

Kenai Municipal Airport

Exclusive Space Annual Rate/Sq Ft.	\$ 41.15	Enplanements:		
Joint Use Space #2 Annual Rate/Sq Ft.	\$ 24.94	Tenant 1	24,095	61.26%
Joint Use Space #1 Annual Rate/Sq Ft.	\$ 41.15	Tenant 2	7,003	17.80%
Apron/GSE Space Rent	\$ 0.64	Tenant 3	8,236	20.94%
Signatory Landing Fee/(1,000#s)	\$ 2.07	Tenant 4	-	<u>0.00%</u>
			39,334	100.00%
Joint Rent Subsidy %	12%			

Grant Aviation

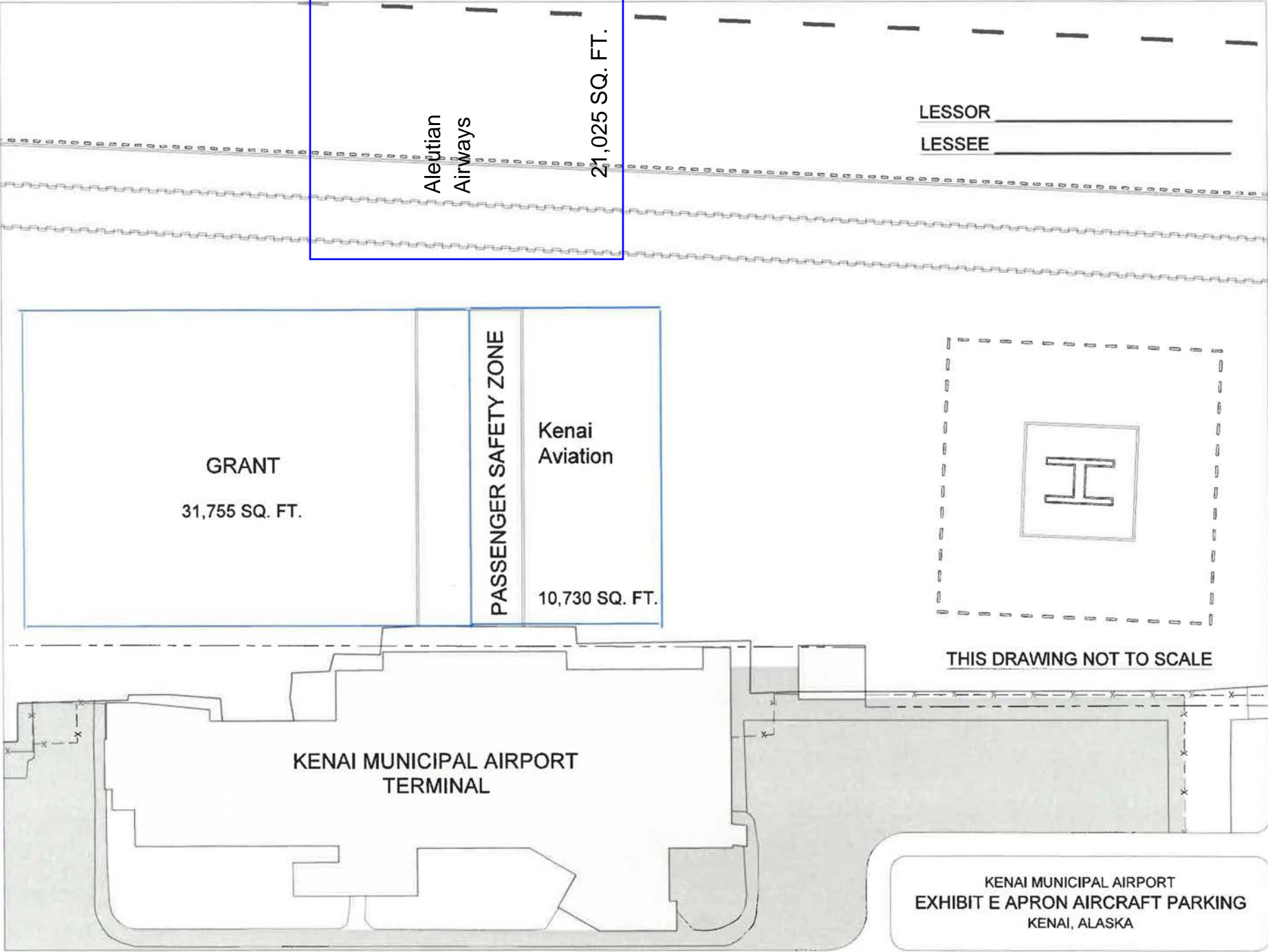
Area Description	Leased / Used Space (sqft)	Base Rental Rate (psfpy)	Prior Year Enplanement %	Allocated Joint Rental Amount	Joint Rent Subsidy Reduction	Rental Amount	Monthly Rental Amount
Terminal Rent							
Exclusive use space:							
Room B	1,155	\$ 41.15	N/A	N/A	N/A	\$ 47,528	\$ 3,961
Joint use space:							
Area #1							
Baggage claim area	1,095	\$ 41.15	17.80%	\$ 8,022	\$ (963)	\$ -	
Passenger hold room, arrival & departure area	2,730	\$ 41.15	17.80%	\$ 20,001	\$ (2,400)	\$ -	
Total Joint Use Space Area #1						\$ -	\$ -
Area #2							
Baggage make-up area	2,856	\$ 24.94	17.80%	\$ 12,682	\$ (1,522)	\$ -	
Baggage breakdown area	1,333	\$ 24.94	17.80%	\$ 5,919	\$ (710)	\$ -	
Total Joint Use Space Area #2						\$ -	\$ -
Total Terminal Rent						\$ 47,528	\$ 3,961
Terminal Apron/GSE Space Rent	21,025	\$ 0.64	N/A	N/A	N/A	\$ 13,456	\$ 1,121
Total Terminal & Apron GSE Space Rent						\$ 60,984	\$ 5,082
Projected Landed							
	Wgt (1,000#s)	Landing Fee Rate				Landing Fees	
Landing Fees	-	\$ 2.07				\$ -	\$ -
Tenant 2 - Total Rents and Fees						<u>\$ 60,984</u>	<u>\$ 5,082</u>

Kenai Municipal Airport

Exclusive Space Annual Rate/Sq Ft.	\$ 41.15	Enplanements:		
Joint Use Space #2 Annual Rate/Sq Ft.	\$ 24.94	Tenant 1	24,095	61.26%
Joint Use Space #1 Annual Rate/Sq Ft.	\$ 41.15	Tenant 2	7,003	17.80%
Apron/GSE Space Rent	\$ 0.64	Tenant 3	8,236	20.94%
Signatory Landing Fee/(1,000#s)	\$ 2.07	Tenant 4	-	<u>0.00%</u>
			39,334	100.00%
Joint Rent Subsidy %	12%			

Grant Aviation

Area Description	Leased / Used Space (sqft)	Base Rental Rate (psfpy)	Prior Year Enplanement %	Allocated Joint Rental Amount	Joint Rent Subsidy Reduction	Rental Amount	Monthly Rental Amount
Terminal Rent							
Exclusive use space:							
Room B	1,155	\$ 41.15	N/A	N/A	N/A	\$ 47,528	\$ 3,961
Joint use space:							
Area #1							
Baggage claim area	1,095	\$ 41.15	17.80%	\$ 8,022	\$ (963)	\$ 7,059	
Passenger hold room, arrival & departure area	2,730	\$ 41.15	17.80%	\$ 20,001	\$ (2,400)	<u>\$ 17,601</u>	
Total Joint Use Space Area #1						\$ 24,660	\$ 2,055
Area #2							
Baggage make-up area	2,856	\$ 24.94	17.80%	\$ 12,682	\$ (1,522)	\$ 11,160	
Baggage breakdown area	1,333	\$ 24.94	17.80%	\$ 5,919	\$ (710)	<u>\$ 5,209</u>	
Total Joint Use Space Area #2						<u>\$ 16,369</u>	<u>\$ 1,364</u>
Total Terminal Rent						\$ 88,557	\$ 7,380
Terminal Apron/GSE Space Rent	21,025	\$ 0.64	N/A	N/A	N/A	<u>\$ 13,456</u>	<u>\$ 1,121</u>
Total Terminal & Apron GSE Space Rent						\$ 102,013	\$ 8,501
Projected Landed							
	Wgt (1,000#s)	Landing Fee Rate				Landing Fees	
Landing Fees	30,000	\$ 2.07				\$ 62,100	\$ 5,175
Tenant 2 - Total Rents and Fees						<u>\$ 164,113</u>	<u>\$ 13,676</u>



CITY OF KENAI, ALASKA

KENAI MUNICIPAL AIRPORT

Airline Operating Agreement and Terminal Area Lease

March 1, 2025

CITY OF KENAI, ALASKA

KENAI MUNICIPAL AIRPORT

**AIRLINE OPERATING AGREEMENT
AND TERMINAL AREA LEASE**

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CITY OF KENAI, ALASKA

KENAI MUNICIPAL AIRPORT

**AIRLINE OPERATING AGREEMENT
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CITY OF KENAI, ALASKA

KENAI MUNICIPAL AIRPORT

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CITY OF KENAI, ALASKA

KENAI MUNICIPAL AIRPORT

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CITY OF KENAI, ALASKA

KENAI MUNICIPAL AIRPORT

**AIRLINE OPERATING AGREEMENT AND
TERMINAL AREA LEASE**

This Airline Operating Agreement and Terminal Area Lease (the "Agreement") made and entered into this 1st day of May 2025, by and between the City of Kenai, Alaska (the "City"), a home-rule municipal corporation of the State of Alaska and Sterling Airways dba Aleutian Airways, a corporation organized and existing under the laws of the State of Alaska and authorized to do business in the State of Alaska, hereinafter called "Airline".

W I T N E S S E T H:

WHEREAS, City is owner and operator of Kenai Municipal Airport (the "Airport") located in Kenai, Alaska, and has the right to lease portions of the Airport and to grant operating privileges thereon subject to the terms and conditions hereinafter set forth; and

WHEREAS, Airline is a corporation primarily engaged in the business of providing Air Transportation of persons, property, cargo and mail; and

WHEREAS, Airline desires to lease certain premises within the Terminal Building, use certain facilities at the Airport and acquire certain rights and privileges from City in connection with its use of the Airport, and City is willing to lease and grant same to Airline under terms and conditions hereinafter stated; and

WHEREAS, City and Airline have the power and authority to enter into this agreement;

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants and considerations herein contained, City and Airline agree as follows:

ARTICLE 1 DEFINITIONS

Section 1.1 Definitions

The terms and phrases defined in this Article 1 for all purposes of this Airline Operating Agreement and Terminal Building Lease shall have the following meanings:

- 1.1.1 **"Air Transportation"** shall mean the carriage of persons, property, cargo and/or mail by aircraft.
- 1.1.2 **"Airline Premises"** shall mean Airline's leased Exclusive Use Space and Joint Use Space in the terminal building and its leased terminal apron space.
- 1.1.3 **"Airline's Authorized Representative"** shall mean such person designated by Airline in writing to the Manager prior to the commencement of the term hereof and from time-to-time during the term hereof setting forth the name, title and authority of such person.
- 1.1.4 **"Airport"** shall mean the Kenai Municipal Airport in Kenai, Alaska (a facility of the City of Kenai) as it may hereafter be modified, changed or developed from time-to-time.
- 1.1.5 **"Airport Purpose"** shall mean any action or undertaking by City directly relating to the development and preservation of the Airport for air commerce in accordance with all applicable laws (federal, state and local, statutory, regulatory and decisional) and this Airline Operating Agreement and Terminal Area Lease.
- 1.1.6 **"Airport Revenues"** shall mean any income and revenue lawfully derived directly or indirectly by the City from the operation and use of, or otherwise relating to, the Airport. The term does not include any grants, appropriations, loans, gifts, taxes or bond proceeds from federal, state or local governments.
- 1.1.7 **"Manager"** shall mean the Airport Manager, designated as such by City. The word also means the Acting Airport Manager, if any, of City whenever the Airport Manager is unable to act in such capacity, or the successor of the Airport Manager in functions, if any.

- 1.1.8 **"Exclusive Use Space"** shall mean, at any time, the space leased in the passenger terminal building by City to Airline on an exclusive use basis as more fully set forth on Exhibit A, as the same may be amended from time-to-time.
- 1.1.9 **"FAA"** shall mean the Federal Aviation Administration of the U.S. Government or any federal agency succeeding to all or part of its jurisdiction.
- 1.1.10 **"Fiscal Year"** shall mean the twelve (12) months commencing on July 1st and ending on June 30st of any year or such other twelve (12) month period as may be designated by City.
- 1.1.11 **"Joint Use Space"** shall mean, at any time, the premises leased or used jointly in the passenger terminal building by Airline and any other Signatory Airlines, as more particularly set forth on Exhibit B, as the same may be amended from time-to-time.
- 1.1.12 **"Maximum Certificated Gross Take-Off Weight"** shall mean the maximum take-off weight certificated by the FAA, in one thousand (1,000) pound units, of each aircraft landed by Airline at the Airport.
- 1.1.13 **"Non-Signatory Airline"** shall mean any airline providing scheduled or unscheduled service to the Airport which is not a Signatory Airline.
- 1.1.14 **"Public Area(s)"** shall mean at any time those passenger terminal building areas not leased on an exclusive or joint use basis, or otherwise, to any person, company or corporation.
- 1.1.15 **"Requesting Airline"** shall mean a scheduled airline desiring to provide new or increased commercial Air Transportation service at the Airport, or to provide a change of aircraft for existing service for which the scheduled airline does not have appropriate facilities at the Airport.
- 1.1.16 **"Rules and Regulations"** shall mean those lawful, reasonable and non-discriminatory rules, regulations and resolutions promulgated by City (including Airport Minimum Standards for Aeronautical Activities) or operating directives issued by the Manager for the orderly use of the Airport by both the Signatory Airlines and other tenants and users of the Airport as same may be amended, modified or supplemented from time-to-time, but which are not inconsistent with the express terms of this Agreement.

- 1.1.17 **"Signatory Airline(s)"** shall mean those primarily commercial passenger service airlines which provide Air Transportation pursuant to published schedules over specified routes to and from the Airport and which hold the necessary authority from the FAA to provide such transportation and that have executed substantially similar agreements to this Agreement with the City, including term, covering the lease, use and occupancy of facilities at the Airport. A Signatory Airline or an Affiliate of such airline must lease Exclusive Use Space at the passenger terminal building, subject to the availability of space solely determined at the discretion of the City. Except as otherwise provided herein, no Signatory Airline shall have any right pursuant to this Agreement to object to the City's entry into the Agreement with any other airline.

Signatory Airlines shall also include airlines that do not use terminal building facilities which provide Air Transportation to and from the Airport on an unscheduled, on-call basis and which hold the necessary authority from the FAA to provide such transportation and that have executed substantially similar agreements to this Agreement with the City, including term, covering the use of airfield facilities but not the use and lease of space in the terminal building.

- 1.1.18 **"Affiliate(s) or Affiliated Airline(s)"** shall mean any Air Transportation company that is specifically designated as such by Airline during the Term of this Agreement and is approved by the prior written consent of City which shall not be unreasonably withheld. Airline shall give the City thirty (30) days prior written notice of any change in airlines that Airline chooses to use as an Affiliate operating at the Airport. During such period of time that an airline is an Affiliate in accordance with the terms hereof, such Affiliate shall (1) be charged at the same Airport rental rates as Airline without payment of any premiums and (2) participate in any reconciliation process related to Airport rent provided Airline (a) remains a signatory to this Agreement and (b) agrees and shall be obligated to serve as a financial guarantor for all rent, activity fees and any other charges incurred by all Affiliates of Airline at the Airport.

Section 1.2 Cross-References

All references to articles, sections and exhibits in this Agreement pertain to material in this Agreement, unless specifically noted otherwise.

Section 1.3 Construction of Certain Words

Words used in this Agreement may be construed as follows:

- 1.3.1 Number - Words used in the singular include the plural and words used in the plural include the singular.
- 1.3.2 Tense - Words used in the present tense include the future.

ARTICLE 2

TERM

Section 2.1 Term

The term of this Agreement (the “Term”) shall begin on May 1, 2025 (“Commencement Date”) and shall terminate on June 30, 2025 (except as it may be terminated or extended in accordance with this Agreement), and the rentals, fees, and charges shall be effective on the Commencement Date, but only in the event that the Premises are then tendered to Airline ready for use and occupancy in accordance with the terms and provisions of this Agreement.

Section 2.2 Holding Over

If Airline remains in possession of the Airline Premises after the expiration of this Agreement without any written renewal thereof, such holding over shall not be deemed as a renewal or extension of this Agreement, but shall create only a tenancy from month to month that may be terminated at any time by City upon thirty (30) days prior written notice. Such holding over shall otherwise be upon the same terms and conditions as set forth in this Agreement, and amendments hereto executed prior to its expiration. City acknowledges and agrees that the foregoing sets forth Airline’s entire obligation and liability for any holding over.

ARTICLE 3 RIGHTS AND PRIVILEGES

Section 3.1 Use of the Airport

Airline, its employees, passengers, guests, patrons and invitees shall have the right to the use (in common with other duly authorized users) of the Airport and its appurtenances, together with all facilities, improvements, equipment and services that have been or may hereafter be provided for common use at, or in connection with, the Airport, subject to the Rules and Regulations of City and other applicable laws.

Section 3.2 Specific Rights of Airline at the Airport

Airline shall have the right, in addition to all rights elsewhere granted in this Agreement, but subject to the Rules and Regulations of City to use the Airport for the following purposes:

- 3.2.1 The operation of an Air Transportation business by aircraft for the carriage of persons, property, cargo and mail, including all activities reasonably necessary to such operation;
- 3.2.2 The landing, taking off, flying over, taxiing, pushing, towing, loading, unloading, repairing, maintaining, conditioning, servicing, parking, storing, and testing of aircraft or other equipment of, or operated by, Airline, or other certificated Air Transportation companies with which City has an agreement, including the right to provide or handle all or part of the operations or services of such other companies, all of which are subject to City's Rules and Regulations;
- 3.2.3 The sale of tickets, documentation of shipments, handling of reservations and the loading and unloading of persons, property, cargo and mail at the Airport by such motor vehicles or other means of conveyance as Airline may desire to use in the operation of its Air Transportation business, or that of other certificated Air Transportation companies with which City has an agreement. Any ground transportation commercial carrier including Airline (except for such ground transportation as Airline may provide or arrange solely for the benefit of its employees) regularly transporting persons or their baggage to and from the Airport shall first secure and thereafter hold a valid lease, license or other agreement with City for the right to carry persons or their baggage to and from the Airport and shall pay City such reasonable and non-discriminatory rentals, fees and percentages of the fares of such ground transportation commercial carrier for such right as City may set by agreements, resolutions or Rules and Regulations;

- 3.2.4 The ground training at the Airport of persons and testing of equipment, such training and testing to be limited to that incidental to Airline's Air Transportation business at the Airport; provided that nothing in this paragraph shall preclude Airline and City from entering into separate agreements for training at the Airport;
- 3.2.5 The purchase of Airline's requirements of personal property or services, including fuel, lubricants, food, beverage and other passenger supplies, and any other materials and supplies used by Airline from any person or company of Airline's choice, and the making of agreements with any person or company of Airline's choice for services to be performed by Airline that are incidental to the operation of Airline's Air Transportation business. Nothing herein shall restrict City from levying a reasonable and non-discriminatory concession fee on any person or company providing property or services to Airline that are not incidental to Airline's Air Transportation business;
- 3.2.6 The sale, disposal and exchange of Airline's aircraft, engines, accessories, other equipment and materials or supplies, provided that such right shall not be construed as authorizing the conduct of a separate regular business by Airline, but as permitting Airline to perform only such functions as are incidental to the operation of its Air Transportation business.
- 3.2.6.1 Except for items brought upon the property for regular Airline business purposes, Airline shall not cause or permit any hazardous substance to be brought upon, kept or used in or about the property. While on the property, hazardous substances allowed by this paragraph shall be stored in a safe manner and in compliance with all environmental laws. Notwithstanding any provision to the contrary in this agreement, under no circumstances shall hazardous substances be disposed of or released on the property. The term "hazardous substance" shall mean any hazardous or toxic substances, materials or wastes, pollutants or contaminants, as defined or regulated currently or in the future by any environmental law (as defined below) or by common law decision, including without limitation: (a) chlorinated solvents, (b) petroleum products or byproducts, (c) asbestos, (d) polychlorinated biphenyl and (e) urea-formaldehyde. The term "environmental law" means any federal, state or local law, statute, ordinance, regulation, rule or order pertaining to health, industrial hygiene, environmental conditions or hazardous substances.

- 3.2.6.2 Upon Airline written request, City shall provide to Airline all relevant data, assessments, studies, permits and certificates available to City, and shall otherwise cooperate with Airline, as Airline may reasonably require to effectuate its own compliance with applicable environmental requirements;
- 3.2.6.3 Airline will deliver to the City copies of any documents received from, or sent by Airline to, the United States Environmental Protection Agency and/or any state, borough or municipal environmental or health agency concerning Airline's Operations on the Airline Premises.
- 3.2.7 The servicing by Airline, or by its suppliers of materials, or its furnishers of services, of aircraft and other equipment operated by Airline or by other Air Transportation companies with which Airline has an applicable agreement to provide handling or servicing, line maintenance or other materials or supplies, at assigned aircraft parking positions or other locations designated by the Manager;
- 3.2.8 The installation and operation of identifying signs, posters and graphics on Airline Premises, subject to the prior written approval of the Manager. Such signs shall be substantially uniform in size, types and location with those of other airlines, and subject to Manager's approval, Rules and Regulations, and in compliance with all applicable laws and resolutions;
- 3.2.9 The installation, maintenance, and operation of radio, meteorological and aerial navigation equipment and facilities at suitable locations on the Airport as may be necessary or convenient in the opinion of Airline for its operations; provided that
 - 3.2.9.1 the location of such equipment and facilities shall be subject to the prior written approval of the Manager;
 - 3.2.9.2 the use and location of such equipment and facilities shall not conflict with other similar equipment and facilities on the Airport; and
 - 3.2.9.3 the location of such equipment and facilities on the Airport shall be subject to payment of such reasonable and non-discriminatory fee or rental charge established by City for such location on the Airport by Airline.

- 3.2.10 The installation, maintenance and operation of computer data lines, telephone communications equipment and associated conduits and telephone communications switchgear and support computers at suitable locations on the Airport, as may be necessary or convenient in the opinion of Airline for its operations; provided that
- 3.2.10.1 the location of such equipment shall be subject to the prior written approval of the Manager, if such location is not included in Airline's Exclusive Use Space;
 - 3.2.10.2 the use and location of such equipment shall not conflict with other similar equipment on the Airport; and
 - 3.2.10.3 the location of such equipment (other than conduit and cable) on the Airport shall be subject to payment of such reasonable and non-discriminatory fee or rental charge established by City for such use of space on the Airport by Airline unless such space is already leased to Airline.
- 3.2.11 The sale, disposal, storage, distribution, provision or maintenance of aircraft, engines, accessories, fuel, oil, lubricants and other equipment, services or supplies to other airline users of the Airport, performed or provided by Airline or by a consortium of which Airline is or becomes a part, to the extent that such servicing of other airlines constitutes a regular business activity of Airline.

Section 3.3 Limitations on Use by Airline

In connection with the exercise of its rights under this Agreement, Airline shall not:

- 3.3.1 Do, or permit to be done, anything within its control at or about the Airport that may interfere with the effectiveness or accessibility of the drainage and sewage system, water system, electrical system, heating system, natural gas system, air conditioning system, fire protection system, sprinkler system, alarm system or fire hydrants and hoses, if any, installed or located on or within the premises of the Airport;
- 3.3.2 Do, or permit to be done, upon the Airport any act or thing within its control that will invalidate or conflict with any fire or other casualty insurance policies (copies of which, together with premium schedules, shall be furnished to Airline in writing on request) covering the Airport or any part thereof;

- 3.3.3 Dispose of, or permit any other person within its control (including service contractors) to dispose of, any waste material taken from, or products used (whether liquid or solid) with respect to, its aircraft into the sanitary or storm sewers at the Airport unless such waste material or products are first properly treated by equipment installed with the approval of the Manager for that purpose;
- 3.3.4 Keep or store within the enclosed portion of the Airline Premises, during any twenty-four (24) hour period, flammable liquids in excess of Airline's working requirements during said twenty-four (24) hour period, except in storage facilities specially constructed for such purposes in accordance with standards established by the National Board of Fire Underwriters, and approved in writing by the Manager from the standpoint of safety;
- 3.3.5 Do, or permit to be done, upon the Airport any act or thing within its control that will be in conflict with Federal Aviation Regulations Part 139 or jeopardize the Airport's operating certificate;
- 3.3.6 Do, or permit to be done, any act or thing within its control in conflict with the Airport's security plan;
- 3.3.7 Do, or permit to be done, any act or thing within its control in conflict with the Airport's Rules and Regulations;
- 3.3.8 Do or permit to be done any act, or let any condition exist, which is in conflict with current or future Environmental Protection Agency, State of Alaska and other government entities' rules, regulations or directives; and
- 3.3.9 Do, or permit to be done, in the area of the passenger terminal building, heavy maintenance (i.e., engine changes, control surface replacements, overhauls) within Airline's control unless consented to by City, and providing that suitable, reasonably accessible space is available for such purpose.

ARTICLE 4 LEASED PREMISES

Section 4.1 Terminal Area Leased Space

- 4.1.1 Airline hereby leases its assigned Exclusive Use Space in the passenger terminal building being more particularly delineated on Exhibit A, as the same may be amended from time-to-time.
- 4.1.2 Airline hereby leases the Joint Use Space it uses with other airlines in the passenger terminal building being more particularly delineated on Exhibit B, as the same may be amended from time-to-time.
- 4.1.3 Airline hereby leases the terminal apron space for the parking of aircraft and the storage of ground service equipment (GSE) being more particularly delineated on Exhibit E, as the same may be amended from time-to-time.
- 4.1.4 Airline shall use its Exclusive Use Space for office purposes and the sale of Air Transportation, handling, ticketing, billing and manifesting of passengers, baggage, cargo, property and mail in the conduct of its Air Transportation business. If Airline desires to use its Exclusive Use Space on behalf of any other Air Transportation company authorized by the Manager to use the Airport, Airline must first obtain written approval of Manager, other than for Affiliates of the Airline.
- 4.1.5 Airline shall use the Joint Use Space for purposes designated for such space by the Manager, which shall include:
 - 4.1.5.1 Baggage claim area (delivery and display of inbound passenger baggage and passenger waiting areas for delivery of their baggage);
 - 4.1.5.2 Tug cart circulation and baggage breakdown, loading and unloading;
 - 4.1.5.3 Passenger hold rooms (checking-in, passenger waiting areas for arrival of aircraft, boarding of passengers and deplaning of passengers); and
 - 4.1.5.4 City owned loading bridges for enplaning and deplaning aircraft.

Section 4.2 Surrender of the Premises

- 4.2.1 City shall not be required to give notice to quit possession of the Airline Premises hereunder upon expiration of the term of this Agreement. City acknowledges that the following conditions shall also be excluded from Airline's duty to surrender the leased premises, and that Airline shall not be liable for, or required to correct or make good any damage caused by (a) any willful or negligent act or omission of City, its employees or agents, or, in the case of any jointly or commonly used portion of the Airline Premises, any damage due to any willful or negligent act or omission of any

other tenant, its employees or agents; (b) any latent defect in any Airport improvement not constructed by or on behalf of Airline, and (c) any other damage or loss that Airline is not responsible to repair under the terms of this Agreement. Airline covenants and agrees that, on expiration of the term of this Agreement, or on earlier termination as hereinafter provided, it will peaceably surrender possession of the premises leased hereunder in good condition, reasonable wear and tear, acts of God and fire casualties excepted, and City shall have the right to take possession of said premises. Airline shall have the right on termination, and within thirty (30) days thereafter, to remove all trade fixtures, equipment and other personal property installed or placed by it at its expense, in, on or about the Airport, except that

- 4.2.1.1 Airline shall not remove fixtures, equipment and other personal property for which City is to reimburse Airline pursuant to Section 4.3; and
- 4.2.2 Airline shall not abandon any of its property on the premises without the prior written consent of the Manager. Any and all property not removed by Airline within the thirty (30) day period, except as otherwise mutually agreed upon by the parties hereto, shall thereupon, at the option of City, become a part of the land on which it is located, and title thereto shall vest with City. All City property damaged by, or as the result of, the removal of Airline's property shall be restored by Airline, at its own expense, to the condition existing prior to such damage or according to such other arrangement to which City and Airline may agree.

Section 4.3 Accommodation of New and/or Existing Airlines

The parties hereto agree that every reasonable effort will be made to accommodate any other new entrant or incumbent airline, such carrier to be referred to hereinafter as "Requesting Airline". The parties agree that City will make every effort to accommodate such Requesting Airline through direct lease of premises between City and Requesting Airline. In the event that no premises which will accommodate the Requesting Airline are available for lease from City, the parties hereto recognize that it may become necessary to share the use of the premises demised herein with other Signatory Airlines so as to reasonably accommodate new and/or additional Air Transportation service at the Airport. Airline agrees to cooperate with City by giving appropriate consideration to any request by City to accommodate such Requesting Airline in its leased premises. If Airline accommodates such Requesting Airline, Airline may charge the Requesting Airline a reasonable and non-discriminatory fee for secondary use of Airline's space, and Requesting Airline shall be required to indemnify the incumbent airline to the same extent that the incumbent airline is required to indemnify the City for the use and occupancy of the premises under this Agreement.

Section 4.4 Remodeling and New Construction

City reserves the right to provide Exclusive Use Space to a Requesting Airline by remodeling existing space or constructing new space after consultation with all Signatory Airlines.

- 4.4.1 “Remodeling” will be treated as a tenant improvement and the sole cost will be borne by the Requesting Airline as well as all remodeling and relocation costs, if any, incurred by any incumbent Signatory Airline that has accommodated the Requesting Airline.
- 4.4.2 “New construction” which increases the space available for lease and use by airlines will be treated as a common cost element of the passenger terminal building, and costs involving additions or building modifications (including financing costs, if appropriate) will be borne by the Airport, except that, finish costs related to the new space will be borne by the Requesting Airline including any finish costs that the “new construction” necessitates for any incumbent Signatory Airline.

Section 4.5 Access

- 4.5.1 Subject to the provisions hereof, the Rules and Regulations, and such restrictions as Airline may impose with respect to its Exclusive Use Space, City hereby grants to Airline, its agents, suppliers, employees, contractors, passengers, guests and invitees, the right and privilege of access, ingress and egress to the Airline Premises and to Public Areas and public facilities of the Airport, together with all improvements, facilities and equipment now or hereafter located thereon. The Public Areas shall be in the possession and control of City and shall at all times remain public property to be used only as public Airport facilities, except as may be otherwise provided herein.
- 4.5.2 The ingress and egress provided for in Section 4.5.1 above shall not be used, enjoyed or extended to any person engaging in any activity or performing any act or furnishing any service for or on behalf of Airline that is not incidental to Airline's Air Transportation business and that Airline is not authorized to engage in or perform under the provisions hereof unless expressly authorized by the Manager.

- 4.5.3 City shall have the right at any time to close, relocate, reconstruct, change, alter or modify any such means of access, ingress and egress provided for Airline's use pursuant to this Agreement or otherwise, either temporarily or permanently, provided that reasonable notice to Airline and a reasonably convenient and adequate means of access, ingress and egress shall exist or be provided in lieu thereof. City shall use its best efforts to limit such closing to the duration appropriate to the circumstances. City shall consult with Airline prior to any such closing which would adversely affect Airline's operations unless such closing is necessitated by circumstances which pose an immediate threat to the health or safety of persons using the Airport. City shall suffer no liability including but not limited to consequential damages, by reason thereof, and such action shall in no way alter or affect any of Airline's obligations under this Agreement.

ARTICLE 5 RENTALS, FEES AND CHARGES

Section 5.1 Consideration and Rate-Setting Basis

- 5.1.1 In consideration of the rights and privileges granted under this Agreement, Airline agrees to pay City, without deduction or setoff, during the term of this Agreement, certain fees and rentals as set forth herein.
- 5.1.2 Airline landing fees and passenger terminal building rentals prescribed in this Agreement are based on the Airport's actual cost of operations with recognition of the City's necessity to provide substantial rate subsidies to the airlines to reflect its current circumstances and level of aviation activity and the economic infeasibility of charging full-cost recovery based rates. As such, the rates established and imposed by the City comply with the FAA Policy Regarding Airport Rates and Charges. The Airline hereby acknowledges the City's basis for establishing rates and its compliance with the FAA Policy.

Section 5.2 Landing Fee Charges

- 5.2.1 Airline shall pay to the City within thirty (30) days following the end of each month, without demand or invoicing, landing fee charges for aircraft landings for the preceding month at the rate and in the amount then currently approved by the City as provided in Exhibit C - Airline Rate Schedule.
- 5.2.2 Airline shall provide to Airport a copy of its monthly take-off weight report, including the number of landings by aircraft types and Maximum Certificated Gross Take-Off Weight. This monthly take-off weight report shall be provided within ten (10) days following the end of each month for landings for the preceding month.

Section 5.3 Rentals for Exclusive Use Space and Joint Use Space

- 5.3.1 Airline shall pay to the City in advance, on the first day of each month, without demand or invoicing, rentals for Airline's Exclusive Use Space and Joint Use Space at the rate and in the amount then currently approved by the City as provided in Exhibit C - Airline Rate Schedule.
- 5.3.2 Airline shall provide to Airport a copy of its monthly passenger enplanement report, including all revenue and non-revenue passenger enplanements. This monthly report shall be provided within ten (10) days following the end of each month for enplanements for the preceding month.

5.3.3 If at any time during the current Fiscal Year, the Airline's total passenger enplanements for the current calendar year are reasonably projected by the City to vary by twenty percent (20%) or more than the Airline's total passenger enplanements for the prior calendar year as provided in Exhibit C, then the Airline's allocated joint rental amount may be adjusted, at the City's option, for the remainder of the current Fiscal Year to reflect the Airline's percent of total enplanements which results from the City's revised enplanement projection. However, if only one commercial passenger airline provides service to the Airport for the remainder of the Fiscal Year, such adjusted percentage shall not exceed 50% of total projected enplanements for the current calendar year.

5.3.4 City shall notify the Signatory Airlines of its intent to make such revision and adjustments and the effective date thereof which shall be no earlier than fifteen (15) days from the date of notice. Such notice shall provide a revised projection of the joint rent allocation for the remainder of such Fiscal Year in sufficient detail to allow the Signatory Airlines to make informed comments thereon. The Signatory Airlines may submit written comments on such notice to the City within ten (10) days of the notice date. City shall give due consideration to all comments submitted in a timely manner by the Signatory Airlines. If requested, the City shall convene a meeting with the Signatory Airlines to discuss such revisions and adjustments.

Section 5.4 Rentals for Terminal Apron Aircraft Parking and GSE Space

Airline shall pay to the City in advance, on the first day of each month, without demand or invoicing, rentals for Airline's use of the terminal apron space for the parking of aircraft and the storage of ground service equipment (GSE) at the rate and in the amount then currently approved by the City as provided in Exhibit C - Airline Rate Schedule.

Section 5.5 Other Charges

Other Charges may include charges for special items or activities including, but not limited to, telephone fees, public address system, electrical usage, automobile parking fees, mailbox rentals, flight training fees and loading bridge maintenance. The City may assess reasonable, non-discriminatory and cost-recovery based charges for these special items or activities. All new charges will be reviewed with Airline prior to implementation. Other Charges payable by Airline, shall be paid by Airline to City no later than fifteen (15) days following receipt by Airline of the billing therefor.

Section 5.6 Partial Month Charges

In the event the beginning or termination date with respect to any of the particular leased premises, facilities, rights, licenses, services or privileges as herein provided falls on any day other than the first day of a calendar month, the applicable rentals, fees and charges for that month shall be paid for said month on a prorated basis according to the number of days during which said particular leased premises, facilities, rights, licenses, services or privileges were enjoyed during that month.

Section 5.7 Late Payments

In the event Airline fails to make payment when due under this agreement, Airline shall be obligated to pay a late charge in the amount of eight percent (8%) of the past due amount. Payment of the late charge shall not constitute a waiver by the City of its other remedies under this Agreement on account of Airline's failure to pay sums hereunder. Airline shall also pay interest on all past due amounts at the rate of eight percent (8%) per annum from the due date, until paid.

Section 5.8 Overpayments

It is the obligation of Airline to pay all rentals, fees and other charges, free of any "set-offs" or claims, in the amounts and at the times specified in this agreement. In the event Airline desires to contest the validity or amount of any rental, fee or other charge, Airline shall first pay the same to City, and may then seek a refund in any appropriate forum. Any overpayment of a particular rental, fee or other charge shall first be applied to any past due sums before it is refunded to Airline.

Section 5.9 Information to be supplied by Airline

- 5.9.1 In the event Airline fails to submit the reports required by Sections 5.2.2 and 5.3.2 for the then current month by the fifteenth (15th) day of the succeeding month, City shall base its current rentals, fees and charges upon the most recent data transmitted by Airline to City, with such charges to be adjusted as necessary on the next succeeding payment date. If statistical data to be submitted by Airline continues to be unavailable in the next succeeding month, City shall develop estimates as to Airline's monthly activity for use in the determination of Airline's rentals, fees and charges.
- 5.9.2 The acceptance by City of any Airline payment shall not preclude City from verifying the accuracy of Airline's reports on which Airline's rentals, fees and charges are based, and shall not be construed as a waiver of a late payment penalty due on full or partial underpayment, if any.

Section 5.10 Non-Signatory Rates

City shall establish by ordinance and maintain Non-Signatory Airline landing fee charges and passenger terminal building rental rates that are thirty percent (30%) higher than Signatory Airline rates.

ARTICLE 6 MAINTENANCE, REPAIR, ALTERATIONS AND IMPROVEMENTS

Section 6.1 Airline's Responsibilities

Airline shall have the following maintenance and repair obligations:

- 6.1.1 Airline agrees that, upon Airline's occupancy of its Exclusive Use Space, such space is in good, tenantable condition unless otherwise noted in writing to the Manager.
- 6.1.2 Airline, except as hereinafter provided, shall not call on City for any of the following janitorial services or nonstructural repairs to its Exclusive Use Space and Airline shall, at its sole expense and in a manner acceptable to City:
 - 6.1.2.1 Maintain its Exclusive Use Space in reasonably good, tenantable condition;
 - 6.1.2.2 Maintain the aircraft ramp area in a neat, clean and orderly condition, free from litter, debris, refuse, petroleum products or grease that may result from activities of its passengers, employees, agents or suppliers; and remove from its aircraft parking positions, all oil, fuel and grease spillage attributable to Airline's aircraft and equipment.
 - 6.1.2.3 Perform, at its sole expense, ordinary preventive maintenance and ordinary upkeep and nonstructural repair of all Exclusive Use Space and all Airline owned fixtures, personal property and equipment.
 - 6.1.2.4 Immediately repair any damage in any other space at the Airport occasioned by the fault or negligence of Airline, its servants, agents, employees and licensees.
- 6.1.3 Except as may be caused by the negligence of City beyond the City's reasonable control, Airline expressly agrees that City shall not be liable to Airline, its employees, passengers, visitors or contractors for bodily injury or for any loss or damage to real or personal property occasioned by flood, fire, earthquake, lightning, windstorm, hail, explosion, riot, strike, civil commotion, smoke, vandalism, malicious mischief or acts of civil authority.

- 6.1.4 If Airline fails to perform its obligations under this Article 6 after the notice period expires as provided in Section 10.1.1, City may do so and recover its entire cost plus a fifteen percent (15%) administrative charge from Airline as an Other Charge referred to in Section 5.5 on the next rental due date.
- 6.1.5 Airline will take all reasonable precautions to prevent, and take all necessary action to suppress destructive or uncontrolled fires and comply with all laws, regulations and rules promulgated and enforced by the City for fire protection within the area wherein the leased premises are located.

Section 6.2 City's Responsibilities

- 6.2.1 City, during the term of this Agreement, shall retain FAA Airport Certification and keep in good repair, or arrange for the safe, orderly, economical operation, maintenance and reasonably good repair of, all areas and facilities of the Airport except as specifically otherwise assigned by this Agreement, including, but not limited to, the Public Areas and the Joint Use Space of the passenger terminal building, City owned loading bridges, vehicular parking areas, runways, landing lights, floodlights, beacons and other field lighting, taxiways, aprons, roadways and all appurtenances, facilities and services now or hereafter connected with the foregoing. City also shall keep the Airport reasonably free from obstructions, including, without limitation, vegetation, stones and other foreign matter, as reasonably necessary, from the landing area, ramp area, taxi area, roadways, vehicular parking areas and aircraft parking areas for the safe, convenient and proper use of the Airport by Airline.
- 6.2.2 City shall operate and maintain the Airport in a reasonably prudent manner and in accordance with the rules, regulations and orders of any federal or state agency having jurisdiction with respect thereto.
- 6.2.3 City shall maintain the exterior portions of the walls, ceiling and roof of the Exclusive Use Space and all central mechanical distribution systems in good repair and condition.
- 6.2.4 The undertakings by City under this Section 6.2 do not relieve Airline of its duties to maintain its Exclusive Use Space and aircraft ramp areas as specified in Section 6.1 and to use Joint Use Space with due care.

- 6.2.5 City shall operate the Airport and lease space to concessionaires, other tenants and other commercial operators in a manner so as to produce, subject to the provisions of this Agreement, revenues of a nature and amount which would be produced by a reasonably prudent airport operator and to maximize such revenues to the extent reasonably practicable.
- 6.2.6 City shall use its best efforts to keep the Airport open and in operation for landings and take-offs of aircraft of any type designed to use facilities similar to those at the Airport. In such regard, City shall employ or cause to be employed construction, reconstruction and repair techniques (including supervision and construction management) which will minimize Airport operational delays or disruptions reasonably expected to result from such construction, reconstruction or repair, including but not limited to coordination with affected Airline's representatives or its designee.

Section 6.3 City's Right to Inspect and Make Repairs

- 6.3.1 City, by its authorized officers, employees, agents, contractors, subcontractors and other representatives, shall have the right (at such time and upon reasonable notice to Airline as may be reasonable under the circumstances and with as little interruption of Airline's operations as is reasonably practicable) to enter Airline's Exclusive Use Space and Joint Use Space for the following purposes:
- 6.3.1.1 To inspect such space to determine whether Airline has complied and is complying with the terms and conditions of this Agreement;
 - 6.3.1.2 To accomplish repairs or replacements by City pursuant to Section 6.2, or in any case, where Airline is obligated to make repairs or replacements and has failed to do so, after notice as provided herein, make such repairs or replacements on Airline's behalf; and
 - 6.3.1.3 In the exercise of City's police powers.
- 6.3.2 No such entry by or on behalf of City upon any Exclusive Use Space leased to Airline shall cause or constitute a termination of the letting thereof or be deemed to constitute an interference with the possession thereof by Airline. City shall suffer no liability by reason thereof, and such action shall in no way alter or affect any of Airline's obligations under this agreement; provided that, and so long as each entry by City, is conducted to minimize inconvenience, disruption or interference with Airline's operations and activities.

Section 6.4 Alterations and Improvements

Airline shall make no alterations, additions, improvements to, or installations on the space leased under this Agreement without the prior written approval of the Manager. If City intends to require the removal of any alteration, improvement or addition upon termination of this Agreement, City shall so indicate to Airline at the time City consents to the installation. If not indicated at the time City consents to the installation, City shall be precluded from requiring its removal at time of termination of this Agreement.

ARTICLE 7

DAMAGE OR DESTRUCTION OF PREMISES

Section 7.1 Minor Damage

If any part of Airline Premises, or adjacent facilities directly and substantially affecting the use of Airline Premises, shall be partially damaged by fire or other casualty, but said circumstances do not render Airline Premises untenable or unusable for the purpose intended as reasonably determined by the City, the same shall be repaired to usable condition with due diligence by the City as provided in Section 7.4.

Section 7.2 Substantial Damage

If any part of Airline Premises, or adjacent facilities directly and substantially affecting the use of Airline Premises, shall be so extensively damaged by fire, or other casualty, as to render any portion of said Airline Premises untenable but capable of being repaired, as reasonably determined by the City, the same shall be repaired to usable condition with due diligence by the City as provided in Section 7.4. In such case, the rentals payable hereunder with respect to affected Airline Premises shall be paid up to the time of such damage and shall thereafter be abated ratably in the proportion that the part of the area rendered untenable or unusable for the purpose intended bears to total Airline Premises of the same category and area. Such abatement in rent will continue until such time as such affected Airline Premises shall be restored adequately for Airline's use. The City shall use its best efforts to provide alternate facilities to continue Airline's operation while repair, reconstruction or replacement is being completed, at a rental rate not to exceed that provided in this Agreement for comparable space.

Section 7.3 Total Damage

- 7.3.1 If any part of Airline Premises, or adjacent facilities directly and substantially affecting the use of Airline Premises, shall be damaged by fire or other casualty, and is so extensively damaged as to render any portion of said Airline Premises incapable of being repaired, as reasonably determined by the City, the City shall notify Airline within a period of sixty (60) days after the date of such damage of its decision whether to reconstruct or replace said space. However, the City shall be under no obligation to replace or reconstruct such premises. The rentals payable hereunder with respect to affected Airline Premises shall be paid up to the time of such damage and thereafter shall cease until such time as reasonable and comparable replacement or reconstructed space shall be available for use by Airline.

- 7.3.2 In the event the City elects to reconstruct or replace affected Airline Premises, the City shall use its best efforts to provide alternate facilities to continue Airline's operation while repair, reconstruction or replacement is being completed, at a rental rate not to exceed that provided in this Agreement for comparable space. However, if such damaged space shall not have been replaced or reconstructed, or the City is not diligently pursuing such replacement or reconstruction, within three (3) months after the date of such damage or destruction, Airline shall have the right, upon giving the City thirty (30) days advance written notice, to delete the affected Airline Premises from this Agreement, but this Agreement shall remain in effect with respect to the remainder of said Airline Premises, unless such damaged or destroyed premises prevent Airline from operating at Airport.
- 7.3.3 In the event the City elects not to reconstruct or replace affected Airline Premises, the City shall meet and consult with Airline on ways to permanently provide Airline with adequate replacement space for affected Airline Premises. Airline shall have the right, upon giving the City thirty (30) days advance written notice, to delete the affected Airline Premises from this Agreement, but this Agreement shall remain in full force and effect with respect to the remainder of said Airline Premises, unless the loss of such premises prevents Airline from operating at Airport.

Section 7.4 Scope of Restoration of Premises

- 7.4.1 The City's obligations to repair, reconstruct or replace affected premises under the provisions of this Article 7 shall in any event be limited to using due diligence and best efforts to restore affected Airline Premises to substantially the same condition that existed prior to any such damage and shall further be limited to the extent of insurance proceeds available to the City for such repair, reconstruction or replacement. Airline agrees that if the City elects to repair, reconstruct or replace affected premises as provided in this Article 7, then Airline shall proceed with reasonable diligence and at its sole cost and expense to repair, reconstruct or replace its signs, fixtures, furnishings, equipment and other items provided or installed by Airline in or about Airline Premises in a manner and in a condition at least equal to that which existed prior to said damage or destruction. However, in the event City chooses not to replace space in kind, Airline may delete said premises from its obligation.
- 7.4.2 In lieu of the City's repair, reconstruction or replacement of the affected premises, as provided in Section 7.4.1, if Airline requests to perform said function with respect to damage under Sections 7.1 and 7.2, the City may in its sole discretion, allow the Airline to perform such work. Airline shall not be performing such work as an agent or contractor of the City. The City shall reimburse Airline for the cost of such work performed by Airline that was otherwise the obligation of the City if prior to performing such work, the City and Airline agree that such work is the obligation of the City to perform.

Section 7.5 Damage from Airline Negligence or Willful Act

Notwithstanding the provisions of this Article 7, in the event that due to the negligence or willful act of Airline, its agents, servants or employees, or those under its control, Airline Premises shall be damaged or destroyed by fire, casualty or otherwise, there shall be no abatement of rent during the restoration or replacement of said Airline Premises and Airline shall have no option to delete the affected Airline Premises from this Agreement under the provisions of this Article 7. To the extent that the costs of repairs shall exceed the amount of any insurance proceeds payable to the City by reason of such damage or destruction, Airline shall pay the amount of such additional costs to the City.

ARTICLE 8 INDEMNIFICATION, INSURANCE AND SECURITY

Section 8.1 Indemnification

- 8.1.1 Airline shall indemnify, defend and hold harmless the City, its Council members, directors, officers, agents and employees, individually or collectively, from and against any and all claims, actions, damages, loss and liability, together with all reasonable expenses incidental to the investigation and defense thereof claimed by anyone by reason of injury or damage to persons or property sustained in whole or in part as a result of an act, omission or negligence of Airline, its officers, agents or employees, subtenants, contractors, subcontractors or by anyone acting pursuant to the express or implied authority or permission of Airline arising out of, or incident to, this Agreement. The provisions of this Section 8.1.1 and of Section 8.1.2 shall exclude claims or actions arising out of the negligence or willful act of the City, its Council members, officers, agents or employees. The City shall give to Airline prompt and reasonable notice of any claims or actions, and Airline shall have the right to investigate and compromise said claims or actions. The provisions of this Section 8.1.1 shall survive the expiration or earlier termination of this Agreement.
- 8.1.2 Airline shall indemnify, defend and hold harmless, the City, its Council members, directors, officers, agents and employees, individually or collectively from and against any and all claims, actions, damages, fines, loss and liability, together with all reasonable expenses incidental to the investigation and defense thereof, in any way arising from or based upon the violation of any federal, state or municipal laws, statutes, ordinances or regulations, by Airline, its officers or agents, employees, subtenants, contractors, subcontractors or by anyone acting pursuant to the express or implied authority or permission of Airline arising out of, or incident to, this Agreement. Airline shall be responsible for the investigation expenses pursuant to this Section 8.1.2 only in the event that Airline is shown to be responsible for violation of a federal, state or municipal law, statute, ordinance or regulation. The provisions of this Section 8.1.2 shall survive the expiration or earlier termination of this Agreement.
- 8.1.3 City shall, within the limits of state law and the Kenai Municipal Code and Charter, indemnify, defend and hold harmless Airline, its directors, managers, officers, agents and employees, individually or collectively, from and against any and all claims, actions, damages, loss and liability, together with all reasonable expenses incidental to the investigation and defense thereof by anyone by reason of injury or damage to persons or property sustained in whole or in part as a result of an act, omission or negligence of City, its Council members, its officers, agents or employees arising out of, or incident to, this Agreement. The provisions of this

Section 8.1.3 shall exclude claims or actions arising out of the negligence or willful act of Airline, its directors, managers, officers, agents or employees. Airline shall give to City prompt and reasonable notice of any claims or actions, and City shall have the right to investigate and compromise said claims or actions. The provisions of this Section 8.1.3 shall survive the expiration or earlier termination of this Agreement.

Section 8.2 Airline Insurance

- 8.2.1 Airline shall maintain, and shall require all of its Affiliates to individually maintain, liability insurance for the protection of Airline, its Affiliates and the City, its Council members, directors, officers, agents and employees, insuring against damages because of personal injury, bodily injury, death, property damage, including loss of use thereof, and arising out of any operations of Airline and its Affiliates in connection with this Agreement. Coverage shall provide limits per occurrence to a combined single limit in amounts not less than those set forth in Exhibit D. Such insurance shall name the City, its Council members, directors, officers, agents and employees as additional insureds, but only as respects the operations of the named insured Airline and its Affiliates, as their interests may appear, with the stipulation that this insurance, as to the interest of the City only, shall not be invalidated by any act or neglect or breach of contract by Airline or its Affiliates, so long as the City has not caused, contributed to or knowingly condoned the said act, neglect or breach of contract. The coverage provided by this policy(ies) shall be primary coverage and any other insurance carried by the City is excess. All insurance shall be written by companies rated "A-" or better by A.M. Best.
- 8.2.2 Airline shall comply, and shall require all of its Affiliates to comply, with AS 23.30 which requires Airline and its Affiliates to provide workers' compensation insurance coverage that satisfies Alaska state law for all subject workers. Employer's Liability Insurance is also required. The specifically required coverage types and amounts are provided in Exhibit D.
- 8.2.3 Airline shall furnish, and shall require all of its Affiliates to furnish, the City, no later than thirty (30) days following the execution of this Agreement, a certificate(s) of insurance as evidence that the then required amounts and types of such insurance are in force. The City reserves the right to require a certified copy of such certificates upon request. Airline shall name, and shall require all of its Affiliates to name, the City as an additional insured on such insurance policy or policies. Said policies shall be in a form, content and for a term generally used by scheduled commercial passenger air carriers similar to Airline and its Affiliates in their routine operations and shall provide for thirty (30) days' written notice to the City prior to the

cancellation of, or any material change in, such policies.

- 8.2.4 City and Airline agree, and Airline shall require all of its Affiliates to agree, to have all property, fire and extended coverage, all risk and material damage insurance carried with respect to the Airport or any portion thereof with a clause which waives all rights of subrogation which the insurer of one party might have against the other party.
- 8.2.5 City, Airline, Airline's Affiliates and all parties claiming rights under them, mutually release and discharge each other from all claims and liabilities arising from or caused by any casualty or hazard covered or required hereunder to be covered in whole or in part by insurance carried with respect to the Airport or any portion thereof, without regard to whether such loss or damage was occasioned by the negligence of the other, its agents or employees.

Section 8.3 Security for Payment of Airline Rates and Charges

Airline shall, upon the execution of this Agreement, file and maintain with the City a good and sufficient corporate surety bond or bonds or such other security as the City may find acceptable in accordance with the requirements of the laws of the State of Alaska, the form and terms of which bond or other security shall be subject to the approval of the City, in a sum equal to three (3) months of Airline's estimated rent for its use of the Airline Premises, Landing Fees and Other Charges (depending on circumstances this sum may increase or decrease), conditioned upon the full performance by Airline of all the terms and conditions of this Agreement and the payment by Airline of the rentals and of all other amounts herein provided for the full term hereof.

ARTICLE 9
RULES AND REGULATIONS, COMPLIANCE WITH LAWS,
NON-DISCRIMINATION AND AFFIRMATIVE ACTION

Section 9.1 Rules and Regulations

- 9.1.1 Airline shall observe and obey all City ordinances, resolutions and Rules and Regulations governing conduct on and operations at the Airport and use of its facilities. City agrees that all Rules and Regulations so promulgated shall not be inconsistent with the express terms of this Agreement or any legally authorized rule or regulation of the FAA, or any other federal or state agency, which is binding in law on Airline, as the same now are or may from time-to-time be amended or supplemented. Except as so expressly limited, City's authority to promulgate or amend Rules and Regulations shall not be affected by this Agreement. City shall give Airline reasonable notice of amendment to Rules and Regulations.
- 9.1.2 Airline shall not violate, nor permit its agents, contractors or employees acting on Airline's behalf to violate any such Rules and Regulations that are now in effect or as may from time-to-time during the term hereof be promulgated by City. Copies of the Rules and Regulations, as adopted, shall be forwarded to Airline's local manager.

Section 9.2 Compliance with Laws

- 9.2.1 Airline shall not use its Exclusive Use Space, Joint Use Space or any part thereof, or permit the same to be used by any of its employees, officers, agents, subtenants, invitees or licensees for any illegal purposes and shall, at all times during the term of this Agreement, comply with all applicable resolutions, laws and rules and regulations of the City of Kenai, State of Alaska or of the U.S. Government, and of any commission thereof that may have jurisdiction to pass laws or ordinances or to make and enforce rules or regulations with respect to the uses hereunder or to the Exclusive Use Space and Joint Use Space.

9.2.2 At all times during the term of this Agreement, Airline shall, in connection with Airline's activities and operations at the Airport:

- 9.2.2.1 Comply with and conform to all existing and future statutes, resolutions and ordinances, and the rules and regulations promulgated thereunder, of all federal, state and other governmental bodies of competent jurisdiction that apply to or affect, either directly or indirectly, Airline or Airline's operations and activities under this Agreement.
- 9.2.2.2 Make, at Airline's own expense, all nonstructural improvements, repairs, and alterations to its Exclusive Use Space, equipment and personal property that are required to comply with or conform to any of such laws, ordinances, and rules and regulations referred to in Section 9.2.2.1, to which this Agreement is expressly subject.
- 9.2.2.3 Reimburse City for Airline's pro rata share in accordance with the Joint Use Formula of all nonstructural improvements, repairs and alterations to Airline's Joint Use Space that are required to comply with or conform to any of such laws, ordinances, and rules and regulations referred to in Section 9.2.2.1, to which this Agreement is expressly subject.
- 9.2.2.4 Be and remain an independent contractor with respect to all installations, construction and services performed by or at the request of Airline, hereunder.

Section 9.3 Non-Discrimination and Affirmative Action

Airline, as part of the consideration hereof and as a covenant running with the Agreement, hereby covenants and agrees that:

- 9.3.1 In the event facilities are constructed, maintained or otherwise operated for a purpose for which a Federal Department of Transportation and Transportation Security Administration program or activity is intended or for another purpose involving the provision of similar services or benefits, Airline shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Non-Discrimination in Federally Assisted Programs of the Department of Transportation, Effectuation of Title VI of the Civil Rights Act of 1964, and as such regulations may be amended.

- 9.3.2 No person on the grounds of race, creed, color, national origin, sex, age or physical handicap shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities.
- 9.3.3 No person on the grounds of race, creed, color, national origin, sex, age or physical handicap shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination in the construction of any improvements on, over, or under the Airline Premises and the furnishing of services thereon.
- 9.3.4 Airline shall use the Airline Premises in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Non-Discrimination in Federally Assisted Programs of the Department of Transportation, Effectuation of Title VI of the Civil Rights Act of 1964, and as such regulations may be amended.
- 9.3.5 Airline agrees that it shall insert the provisions of Sections 9.3.1, 9.3.2, 9.3.3 and 9.3.4, inclusive, in any lease or other agreement by which it grants a right or privilege to any person, firm or corporation to render accommodations and/or services to the public on the premises herein leased.
- 9.3.6 In the event of breach of any of the non-discrimination covenants set forth in this Section 9.3, City shall have the right to terminate this Agreement and to reenter and repossess the premises and the facilities thereon, and hold the same as if this Agreement had never been made or issued. This provision shall not become effective until the procedures of Title 49, Code of Federal Regulations, Part 21, are followed and completed, including the expiration of appeal rights.
- 9.3.7 Airline will undertake an affirmative action program as required by FAA Regulations, Title 14, Code of Federal Regulations, Part 152, Subpart E, entitled "Non-Discrimination in Airport Aid Program," or otherwise approved by the FAA, to ensure that no person shall, on the grounds of race, creed, color, national origin, sex, age or physical handicap, be excluded from participation in any employment activities covered in such Subpart E. No person shall be excluded by Airline on such grounds from participating in or receiving the services or benefits of any program or activity covered by such Subpart E. Airline will require that its covered suborganizations provide assurances to Airline that they similarly will undertake affirmative action programs and that they will require assurances from their suborganizations, as required by Title 14, Code of Federal Regulations, Part 152, Subpart E, to the same effect.

- 9.3.8 Airline covenants and agrees that no person shall be excluded from participation in, denied the benefits of, or otherwise discriminated against in the performance of this Agreement on the grounds of race, color, national origin, or sex, as provided in Part 23, of Title 49, of the Code of Federal Regulations entitled "Participation by Disadvantaged Business Enterprises in Department of Transportation Programs."
- 9.3.9 In the event of a breach by Airline of any of the assurances or covenants in Sections 9.3.7 and 9.3.8, City shall have the right to terminate this Agreement, and to reenter and repossess any leased facilities hereunder, and to hold the same as if this Agreement had never been made or issued, but not without the express prior concurrence or direction of the U.S. Department of Transportation or the FAA following suitable review, if any, of such breach and affording Airline a reasonable opportunity to rectify the same, if appropriate.

ARTICLE 10 DEFAULT AND TERMINATION

Section 10.1 Events of Default

10.1.1 If Airline:

- 10.1.1.1 Fails to pay rentals, fees or charges or make any other payment past due hereunder within fifteen (15) days after receipt of written notice of nonpayment;
- 10.1.1.2 Fails, subject to force majeure events specified in Section 12.13 of this Agreement, to commence immediately to keep and perform any of its covenants and agreements within thirty (30) days after receipt of written notice of default and to diligently pursue the completion of such cure of such non-monetary default;
- 10.1.1.3 Fails to continue to complete any of its covenants and agreements after performance is commenced; or
- 10.1.1.4 Is the subject of any petition, proceedings or action by, for, or against Airline under any insolvency, bankruptcy or reorganization act of law;

10.1.2 Then, at the election of City:

- 10.1.2.1 City may accelerate all rent payments due hereunder which shall then become immediately due and payable.
- 10.1.2.2 City may terminate this Agreement, in which event Airline immediately shall surrender the Exclusive Use Space and Joint Use Space (Airline Premises) to City, and if Airline fails so to do, City may, without prejudice to any other remedy which it may have for possession, or arrearages in rent, enter upon and take possession of the Airline Premises and expel or remove Airline and any other person who may be occupying the Airline Premises or any part thereof, without being liable for prosecution or any claim of damages therefor, and Airline agrees to pay to City on demand the amount of all loss and damage which City may suffer by reason of such termination, whether through inability to relet the Airline Premises on satisfactory terms or otherwise.

- 10.1.2.3 City may enter upon and take possession of the Airline Premises and expel or remove Airline and any other person who may be occupying the Airline Premises or any part thereof, without being liable for prosecution or any claim for damages therefor, and relet the premises for such terms ending before, on or after the expiration date of the Agreement Term, at such rentals and upon such other conditions (including concessions and prior occupancy periods) as City in its sole discretion may determine, and receive the rent therefor; and Airline agrees to pay to City on demand any deficiency that may arise by reason of such reletting. City shall use reasonable efforts to mitigate its damages by reletting the Airline Premises. In the event City is successful in reletting the Airlines Premises at a rental in excess of that agreed to be paid by Airline pursuant to the terms of this Agreement, City and Airline each mutually agree that Airline shall not be entitled, under any circumstances, to such excess rental, and Airline does hereby specifically waive any claim to such excess rental.
- 10.1.2.4 City may enter upon the Airline Premises, without being liable for prosecution of any claim for damages therefor, and do whatever Airline is obligated to do under the terms of this Agreement; and Airline agrees to reimburse City on demand for any expenses which City may incur in thus effecting compliance with Airline's obligations under this Agreement, and Airline further agrees that City shall not be liable for any damages resulting to the Airline from such action, whether caused by the negligence of City or otherwise.
- 10.1.2.5 Whether or not City retakes possession or relets the Airline Premises, City shall have the right to recover unpaid rent and all damages caused by Airline's default, including attorney fees. Damages shall include, without limitation: All rentals lost, all legal expenses and other related costs incurred by City following Airline's default, all costs incurred by City in restoring the Airline Premises to good order and condition, or in remodeling, renovating or otherwise preparing the Airline Premises for reletting, all costs (including without limitation any brokerage commissions and the value of City's time) incurred by City, plus interest thereon from the date of expenditure until fully repaid at the rate of eight percent (8%) per annum.
- 10.1.2.6 Pursuit of any of the foregoing remedies shall not preclude pursuit of any of the other remedies herein provided or any other remedies provided by law, such remedies being cumulative and non-exclusive, nor shall pursuit of any remedy herein provided constitute a forfeiture or waiver of any rent due to City hereunder or of any damages accruing to City by reason

of the violation of any of the terms, provisions and covenants herein contained. No act or thing done by City or its agents during the Agreement Term hereby granted shall be deemed a termination of this Agreement or an acceptance of the surrender of the Airline Premises, and no agreement to terminate this Agreement or accept a surrender of the Airline Premises shall be valid unless in writing signed by City. No waiver by City of any violation or breach of any of the terms, provisions and covenants herein contained shall be deemed or construed to constitute a waiver of any other violation or breach of any of the terms, provisions and covenants herein contained. City's acceptance of the payment of rental or other payments hereunder after the occurrence of an event of default shall not be construed as a waiver of such default, unless City so notifies Airline in writing. Forbearance by City to enforce one or more of the remedies herein provided upon an event of default shall not be deemed or construed to constitute a waiver of such default or of City's right to enforce any such remedies with respect to such default or any subsequent default. If, on account of any breach or default by Airline in Airline's obligations under the terms and conditions of this Agreement, it shall become necessary or appropriate for City to employ or consult with an attorney concerning or to enforce or defend any of City's rights or remedies hereunder, Airline agrees to pay any reasonable attorneys' fees so incurred.

- 10.1.3 City shall have all additional rights and remedies as may be provided to landlords by Alaska state law.

Section 10.2 Events Permitting Termination of Agreement by Airline

- 10.2.1 Airline may terminate this Agreement and all of its future obligations hereunder at any time that Airline is not in default in its payments or other obligations to City hereunder, by giving the Manager thirty (30) days advance written notice if:

- 10.2.1.1 City is in default of any material provision of this Agreement; or
- 10.2.1.2 Airline becomes subject to any order, rule or regulation of any Federal or State agency or to a court order which prevents or substantially prevents Airline's use of the Airport for more than ninety (90) days following written notice by Airline to the Manager.

- 10.2.2 With respect to 10.2.1.1, Airline termination shall not be effective unless and until at least thirty (30) days have elapsed after written notice to City specifying the date upon which such termination shall take effect and the reason for such termination. City may cure the cause of such termination within said (30) day period, or such longer time as the parties may agree thereto. If City so cures, Airline's right to terminate ceases for that particular instance or situation, and the Agreement shall continue in full force and effect.
- 10.2.3 Airline may terminate this agreement if Airline terminates its Air Transportation business at the Airport, at any time that Airline is not in default in its payments or other obligations to City hereunder, by giving the Manager sixty (60) days advance written notice. Airline termination shall not be effective unless and until at least sixty (60) days have elapsed after written notice to City specifying the date upon which such termination shall take effect.

Section 10.3 Events Permitting Termination of Agreement by City

City, at its option, may declare this Agreement terminated on the happening of any one or more of the following events, and may exercise all rights of entry and reentry of Airline's Exclusive Use Space:

- 10.3.1 If Airline has failed to cure a default in the Agreement after notice required in Section 10.1 hereinabove;
- 10.3.2 If any act occurs that deprives Airline permanently of the rights, power and privileges necessary for the proper conduct and operation of its Air Transportation business;
- 10.3.3 In the event Airline fails to provide scheduled Air Transportation service for a period of thirty (30) days (except for events of Force Majeure) or to pay rentals and fees when due, City may cancel this Agreement on fifteen (15) days written notice. However, if Airline cures the breach within this fifteen (15) day period, the Agreement shall continue in full force and effect;
- 10.3.4 If Airline abandons and fails to use its Exclusive Use Space for a period of thirty (30) days at any one time, except when such abandonment and cessation are due to fire, earthquake, strike, governmental action, weather conditions which prevent aircraft operations, mechanical failure of aircraft which prohibits operations under FAA regulations, default of City or other cause beyond Airline's control;

- 10.3.5 If Airline fails to operate at least five (5) weekly scheduled passenger service departures from the Airport, for a period of thirty (30) days or more (except by reason of an event of Force Majeure).

Section 10.4 Possession by City

- 10.4.1 In any of the aforesaid events of Section 10.3, City may take possession of the Airline Premises upon thirty (30) days' notice and remove Airline's effects, without being deemed to have trespassed. On said default, all rights of Airline shall be forfeited, provided City shall have and reserve all of its available remedies at law as a result of said breach of this Agreement.
- 10.4.2 Failure of City to declare this Agreement terminated on default of Airline for any of the reasons set forth herein shall not operate to bar, destroy or waive the right of City to cancel this Agreement by reason of any subsequent violation of the terms hereof.

ARTICLE 11

ASSIGNMENT, SUBLETTING, MERGER AND BANKRUPTCY

Section 11.1 Assignment and Subletting

Airline shall not assign this Agreement, or any part hereof in any manner whatsoever or sublet the Airline Premises or any part thereof or any of the privileges recited herein without the prior written consent of the Manager. However, Airline shall have the right to assign all or any part of its rights and interests under this Agreement to an Affiliate of the Airline or any successor to its business through merger, consolidation, voluntary sale or transfer of substantially all of its assets, and the consent of City thereto shall not be required; provided, however, due written notice of any such assignment shall be given to the Manager.

Section 11.2 Non-Waiver of Responsibility

No assignment, transfer, conveyance, sublease or granting a nonexclusive license by Airline shall relieve Airline of its responsibility for payment of rent and performance of all other obligations provided in this Agreement, without specific written consent of the Manager to such relief.

Section 11.3 Relinquishment of Space

If Airline desires to relinquish any of its Exclusive Use Space or any rights to Joint Use Space, Airline may notify the Manager of the space available, and the Manager shall use a best effort to reassign the space to another Airline. No reassignment by the Manager, nor any assignment, transfer, conveyance or sublease by Airline shall relieve Airline of its primary responsibility for payment of rent and performance of all other obligations provided in this Agreement, without specific written consent by the Manager to such relief.

Section 11.4 Ground Handling Agreements

In the event Airline agrees to ground handle any portion of the operations of another Air Transportation provider, other than an Affiliate of the Airline, Airline shall provide the Manager advance written notice of such proposed activities, including a description of the type and extent of services to be provided.

Section 11.5 Bankruptcy

Notwithstanding Section 11.1, in the event that a petition for relief under Title 11 of the United States Code or under any similar or successor federal, state or local statute is filed by or against the Airline (a “Filing”):

- 11.5.1 The Airline shall give the City immediate verbal notice of the Filing followed by written notice within ten (10) days of the filing;
- 11.5.2 Within sixty (60) days of the date of the Filing, the Airline will confirm the outstanding amount of any obligations hereunder due the City as of the date of Filing;
- 11.5.3 The Airline will fully and timely perform all obligations arising hereunder commencing as of the date of the Filing and thereafter for the purposes of this provision and of Section 365(d)(3) of Title 11 of the United States Code, the parties agree that, in the event that the Airline shall be the subject of a Filing commenced on a day (the “Filing Date”) when the rent due for the then-current month is outstanding and unpaid, the obligation for rent during that month in which the Filing shall have occurred shall be considered to accrue and be due pro rata on a daily basis during that month and the Airline will pay the City the pro rata rent for the period from the Filing Date through the end of that month within thirty (30) days of written demand therefore by the City.
- 11.5.4 If the Airline determines that it wishes to assume the Agreement, the Airline will cure all defaults, provide the City with adequate assurances of future performance and comply with any and all other statutory or legal requirements prior to the effective date of such assumption;
- 11.5.5 If the Airline determines that it wishes to assume the Agreement and assign the Agreement to a third-party, the Airline shall seek the consent of the City, which consent shall not be unreasonably withheld, and shall provide to the City all pertinent information with respect to the proposed assignee, cure all defaults, provide the City with adequate assurances of future performance through the proposed assignee and comply with any and all other statutory or legal requirements;

- 11.5.6 If the Airline wishes to reject the unexpired term of the Agreement, if any, the Airline will not seek to have the effective date of such rejection determined to be a date earlier than that date on which (i) the Airline shall have returned control and possession of the Airline Premises to the City in the condition and on the terms set forth herein and relevant to the redelivery of possession to the City, and (ii) the Airline shall have obtained court approval and authorization for such rejection; and the Airline shall fully and timely pay all rent and other charges through the date of such rejection; and
- 11.5.7 The Airline shall be deemed to have expressly consented to the modification of the stays of proceedings in any Filing in the event of any post-Filing default by the Airline under the terms of this Agreement for the purpose of allowing the City to exercise any default rights or remedies arising from such default.

Section 11.6 Consent

Consent by the Manager to any type of transfer provided for by this Article 11 shall not in any way be construed to relieve Airline from obtaining further consent for any subsequent transfer or assignment of any nature whatsoever.

ARTICLE 12 GENERAL PROVISIONS

Section 12.1 Successors and Assigns Bound

This Agreement shall be binding on and inure to the benefit of the successors and assigns of the parties hereto.

Section 12.2 Governing Law

This Agreement and all disputes arising hereunder shall be governed by the laws of the State of Alaska.

Section 12.3 Severability

If any covenant, condition or provision herein contained is held to be invalid by any court of competent jurisdiction, the invalidity of any such covenant, condition or provision shall in no way affect any other covenant, condition or provision herein contained, provided that the invalidity of any such covenant, condition or provision does not materially prejudice either party hereto in its respective rights and obligations contained in the valid covenants, conditions or provisions in this Agreement.

Section 12.4 Quiet Enjoyment

Airline shall, upon payment of the rentals and fees herein required, and subject to performance and compliance by Airline of the covenants, conditions and agreements on the part of Airline to be performed and complied with hereunder, peaceably have and enjoy the rights, uses and privileges of the Airport, its appurtenances and facilities as granted hereby and by the Rules and Regulations.

Section 12.5 Taxes

- 12.5.1 Airline shall pay, but such payment shall not be considered part of Airport Revenues, all taxes (including any possessory interest tax), assessments and charges of a like nature, if any, which at any time during the term of this Agreement may be levied or become a lien by virtue of any levy, assessment or charge by the Federal government, the State of Alaska, the City of Kenai, the Kenai Peninsula Borough, any municipal corporation, any local government entity, any government successor

in authority to the foregoing, or any other tax or assessment levying bodies, in whole or in part, upon or in respect to any of the space leased under this Agreement (including Airline's pro rata share for any taxes, assessments or charges imposed upon Joint Use Space) or such facilities of the Airport as are made available for use by Airline hereunder, or upon or in respect to any personal property belonging to Airline situated on the space leased under this Agreement. Payment of such taxes, assessments and charges, when and if levied or assessed, shall be made by Airline directly to the taxing or assessing authority charged with collection thereof.

- 12.5.2 Airline may, at its own expense, contest the amount or validity of any tax or assessment, or the inclusion of the space leased under this Agreement as taxable or assessable property, directly against the taxing or assessing authority. Airline shall indemnify City from all taxes, penalties, costs, expenses and attorney's fees incurred by City resulting directly or indirectly from all such tax contests except where Airline prevails in contesting a tax assessed by the City.
- 12.5.3 On any termination of this Agreement, all lawful taxes then levied or a lien upon any such property or taxable interest therein shall be paid in full by Airline forthwith, or as soon as a statement thereof has been issued by the tax collector if termination occurs during the interval between attachment of the lien and issuance of a statement.

Section 12.6 Liens

- 12.6.1 Airline shall cause to be removed promptly any and all liens of any nature arising out of or because of any construction performed by Airline or any of its contractors or subcontractors upon Exclusive or Joint Use Space or arising out of or because of the performance of any work or labor by or for it or them at said premises.
- 12.6.2 Notwithstanding the foregoing provision of this Section 12.6, Airline may withhold payment of any claim in connection with a good-faith dispute over the obligation to pay. In the event a lien is filed as a result of Airline's nonpayment, Airline shall, within 10 days after the filing, secure the removal of the lien or deposit with City cash or sufficient corporate surety bond or other security satisfactory to City in an amount equaling 150% of the total lien amount or \$20,000, whichever is greater. Within one year after providing City with security for the lien, Airline shall, upon City's written request, secure the removal of the lien. Should Airline fail to remove the lien within the one year period, Airline acknowledges and agrees that City in its sole unfettered discretion may secure the removal of the lien and apply the security provided by Airline to the costs of discharging the lien, including City's administrative costs and attorney fees. In the event City has accepted a cash deposit as satisfactory security under this Section 12.6, City shall distribute to Airline any

portion of the deposit remaining after full payment of all such costs relating to the discharge of the lien has been made. In the event a mechanic's lien is asserted or filed against the leased premises for improvements made by Airline, Airline shall hold City harmless from such claim, including the cost of defense.

Section 12.7 Obtaining Federal and State Funds

City shall use its best efforts to obtain appropriate grants from State or Federal agencies or other sources, when consistent with prudent management of the Airport.

Section 12.8 Subordination to Agreements with the U.S. Government

This Agreement is subject and subordinate to the provisions of any agreements heretofore or hereafter made between City and the United States, relative to the operation or maintenance of the Airport, or to the expenditure of federal funds for the improvement or development of the Airport, including the expenditure of federal funds for the development of the Airport in accordance with the provisions of the Federal Aviation Act of 1958, the Federal Aid to Airport Act, the Airport and Airway Development Act of 1970 and the Airport and Airway Improvement Act of 1982, as such acts have been amended or replaced from time-to-time. In the event that the FAA requires, as a condition precedent to the granting of funds for the improvement of the Airport, modifications or changes to this Agreement, Airline agrees to consent to such amendments, modifications, revisions, supplements or deletions of any of the terms, conditions or requirements of this Agreement as may be required to enable City to obtain such grant of funds.

Section 12.9 Subordination to Bond Ordinances

This Agreement and all rights of Airline hereunder are especially subordinated and subject to the lien and provisions of any pledge, assignment or security interest made or granted by City to secure any obligations authorized by law to be issued for the development, operation or improvement of the Airport. City and Airline agree that holders of such obligations, and any bond trustee acting on behalf of such holders, shall possess, enjoy and may exercise all rights of City hereunder to the extent such possession, enjoyment and exercise are necessary to ensure compliance by Airline and City with the terms and provisions of any covenant contained in an ordinance, resolution or other instrument relating to such obligations. Airline shall not take any action or suffer to take any action that would adversely affect the tax-exempt status of any obligation issued by City in connection with the Airport.

Section 12.10 Incorporation of Exhibits

All exhibits referred to in this Agreement are intended to be and hereby are specifically made a part of this Agreement.

Section 12.11 Entire Agreement

This Agreement, together with all exhibits attached hereto, constitutes the entire agreement between the parties hereto, and all other representations or statements heretofore made, verbal or written, are merged herein, and this Agreement may be amended only in writing, and executed by duly authorized representatives of the parties hereto.

Section 12.12 Non-Waiver of Rights

No waiver of default by either party of any of the terms, covenants and conditions hereof to be performed, kept and observed by the other party shall be construed, or shall operate, as a waiver of any subsequent default of any of the terms, covenants or conditions herein contained, to be performed, kept and observed by the other party.

Section 12.13 Force Majeure

- 12.13.1 In the event of either party being rendered unable wholly, or in part, by force majeure to carry out its obligations under this Agreement, other than its obligations to make payments of money due hereunder then on such party's giving notice and full particulars of such force majeure in writing to the other party as soon as possible after the occurrence of the cause relied on, then the obligation of the party giving such notice, so far as it is affected by such force majeure, shall be suspended during the continuance of any inability so caused, but for no longer period, and such cause shall, as far as possible, be remedied with all reasonable dispatch. In the event either party hereto has with its employees what is commonly known as a labor dispute, each party does hereby reserve unto itself the right to handle said dispute in its own fashion and as it shall, in its uncontrolled discretion, deem best and without interference from the other party.
- 12.13.2 The term "force majeure" as employed herein shall mean acts of God, strikes, lockouts or other industrial disturbances, acts of the public enemies, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of rulers and people, civil disturbances, explosions, inability with reasonable diligence to obtain materials and any other causes not within the control of the party claiming a suspension, which by

the exercise of due diligence such party shall not have been able to avoid or overcome.

Section 12.14 Headings

The headings of the several articles and sections of this Agreement are inserted only as a matter of convenience and for reference and do not define or limit the scope or intent of any provisions of this Agreement and shall not be construed to affect in any manner the terms and provisions hereof or the interpretation or construction thereof.

Section 12.15 Nonexclusive Rights

It is understood and agreed that nothing herein contained shall be construed to grant to Airline any exclusive right or privilege within the meaning of Section 308 of the Federal Aviation Act for the conduct of any activity on the Airport, except that, subject to the terms and provisions hereof, Airline shall have the right to exclusive possession of the Exclusive Use Space leased to Airline under the provisions of this Agreement.

Section 12.16 Inspection of Books and Records

Each party hereto, at its expense and on reasonable notice, shall have the right from time-to-time to inspect the books, records and other data of the other party relating to the provisions and requirements hereof, provided such inspection is made during regular business hours. Each party shall retain all such records for a period of at least three (3) years, or as required by the FAA, Transportation Security Administration or other federal agency having jurisdiction over the Airlines. On at least thirty (30) days prior written notice, Airline agrees to make any records required hereunder available to City at Airline's offices at the Airport.

Section 12.17 Generally Accepted Accounting Principles

Whenever any report or disclosure referred to in this Agreement consists, either in whole or in part, of financial information, such report or disclosure shall be prepared in accordance with generally accepted accounting principles, except as specifically provided to the contrary in this Agreement.

Section 12.18 Consent Not to be Unreasonably Withheld

Whenever consent, permission or prior written approval is required by either City or Airline, such consent, permission or prior written approval is not to be unreasonably withheld or delayed.

Section 12.19 Authority of Manager

All rights and obligations of City under this Agreement may be exercised by the Manager or the Manager's designee, unless specifically provided otherwise or required by law.

Section 12.20 Amendments

This Agreement may be amended in whole or in part without further consideration upon mutual written consent of City and Airline.

Section 12.21 Attorney Fees

In the event any action or proceeding is brought to collect sums due or to become due hereunder or any portion thereof or to take possession of the Airline Premises or to enforce compliance with this Agreement for failure to observe or perform any of the covenants, terms or conditions of this Agreement, the losing party agrees to pay to the prevailing party such fees, including attorney fees, and costs as the Court may judge reasonable in such action or proceeding, and in any appeal therefrom.

Section 12.22 Vending Machines

Airline shall ensure that no amusement, vending or self-ticketing machines, public pay telephones or other machines operated by coins, tokens or credit cards are installed or maintained in or at Airline's Exclusive Use Space or Joint Use Space except with the prior written permission of the Manager.

Section 12.23 Public Address System

Airline agrees that the use of City's public address system will be professional and non-promotional. Airline shall not install, cause to be installed or use any other public address system in the passenger terminal building without the prior written approval of the Manager.

Section 12.24 Employees of Airline

Airline shall require all of its employees, subcontractors or independent contractors hired by Airline working in view of the public and about the passenger terminal building area to wear clean and neat attire and to display appropriate identification.

Section 12.25 Removal of Disabled Aircraft

Airline shall promptly remove any of its disabled aircraft from any part of the Airport (including, without limitation, runways, taxiways, aprons and gate positions) and place any such disabled aircraft in such storage areas as may be designated by the Manager. Airline may store such disabled aircraft only for such length of time and on such terms and conditions as may be established by City. If Airline fails to remove any of its disabled aircraft promptly, the Manager may, after informing Airline of his/her intent to do so, but shall not be obligated to, cause the removal of such disabled aircraft; provided, however, the obligation to remove or store such disabled aircraft shall not be inconsistent with federal laws and regulations. Airline agrees to reimburse City for all costs of such removal, and Airline further hereby releases City from any and all claims for damage, except as the result of negligent or willful misconduct, to the disabled aircraft or otherwise arising from or in any way connected with such removal by City.

Section 12.26 Licenses, Fees and Permits

Airline shall obtain and pay for all licenses, fees, permits or other authorization or charges as required under federal, state or local laws and regulations insofar as they are necessary to comply with the requirements of this Agreement and the privileges extended hereunder.

Section 12.27 National Emergency

This Agreement and all the provisions hereof shall be subject to whatever right the U.S. Government now has, or in the future may have or acquire, affecting the control, operation, regulation and taking over of said Airport or the exclusive or nonexclusive use of the Airport by the United States during the time of war or national emergency.

Section 12.28 Time is of the Essence

Time is of the essence in this Agreement.

Section 12.29 Employee Parking

The City shall provide and Airline shall have the right to the use of vehicle parking facilities, for its employees employed at the Airport. Such facilities shall be located in an area designated by the City. City reserves the right to charge Airline and/or its employees reasonable fees, not to exceed actual net costs, for use of such facilities and to regulate such use.

Section 12.30 Notices

- 12.30.1 Notices to City provided for herein shall be sufficient if sent by first class mail and certified mail, return receipt requested, postage prepaid, addressed to: City of Kenai, Kenai Municipal Airport, 210 Fidalgo Avenue, Kenai, Alaska 99611-7794. Notices to City shall also be considered sufficient if sent by tested or otherwise authenticated facsimile at (907) 283-3737 or by recognized overnight courier service, and notices to Airline, if sent by first class mail and certified mail, return receipt requested, postage prepaid, addressed to _____ or to such other addresses as the parties may designate to each other in writing from time to time. Notices to Airline shall also be considered sufficient if sent by tested or otherwise authenticated facsimile at _____ or by a recognized overnight courier service.
- 12.30.2 All notices, requests, demands or other communications which are required or may be given pursuant to the terms of this Agreement shall be in writing and shall be deemed to have been received (i) on the date of delivery if personally delivered by hand, (ii) upon the third day after such notice is (a) deposited in the United States mail, if mailed by registered or certified mail, postage prepaid, return receipt requested, or (b) sent by a nationally recognized overnight express courier, or (iii) by facsimile upon written confirmation (other than the automatic confirmation that is received from the recipient's facsimile machine) of receipt by the recipient of such notice.

Section 12.31 No More Favorable Terms

City shall not enter into any lease, contract or any other agreement with any other Air Transportation company containing more favorable terms than this Agreement, or to grant any tenant engaged in Air Transportation, rights or privileges with respect to the Airport that are not accorded Airline hereunder, unless the same rights, terms and privileges are concurrently made available to Airline.

ARTICLE 13
PROVISIONS OF CITY'S DEED

This Agreement shall be binding on and inure to the benefit of the successors and assigns of the Parties hereto. Airline expressly understands that all provisions of this Agreement are subject to the provisions of the deed under which City holds title to the Airport property and that tenancy established herein is subject to the terms and conditions set forth in that deed of December 1, 1963, wherein the City of Kenai obtained title to the premises from the Administration of General Services pursuant to authority of the provisions of the Federal Property and Administration Services Act of 1949 and the Surplus Property Act of 1944 (58 Stat. 765) as amended and regulations and orders promulgated thereunder and the Airline further agrees to abide by the covenants of such deed and the restrictions set forth therein which are imposed pursuant to authority of Article 4, Section 3, Clause 2 of the Constitution of the United States of America, the Federal Property and Administrative Services Act of 1949 (Public Law 152-81st Congress), the Surplus Property Act of 1944 as amended thereby, and the applicable rules, regulations and orders, and that the use of the premises by Airline shall be in accordance with such covenants and conditions the same as though all of such covenants and conditions contained in such deed were set forth in full herein.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands, the day and year stated in the individual acknowledgments below.

LESSOR:

CITY OF KENAI

By: _____
Terry Eubank - City Manager

LESSEE:

Aleutian Airways

By: _____
Brian Whilden – General Manager

(If Lessee is a Corporation)

ATTEST:

Name and Title

STATE OF ALASKA)
) ss
THIRD JUDICIAL DISTRICT)

THIS IS TO CERTIFY that on this _____ day of _____ 2025, BRIAN WHILDEN, General Manager, of Aleutian Airways, being personally known to me or having produced satisfactory evidence of identification, appeared before me and acknowledged the voluntary and authorized execution of the foregoing instrument on behalf of said Corporation.

Notary Public for Alaska
My Commission expires: _____

STATE OF ALASKA)
) ss
THIRD JUDICIAL DISTRICT)

THIS IS TO CERTIFY that on this ____ day of _____ 2025, Terry Eubank, City Manager of the City of Kenai, Alaska, being personally known to me or having produced satisfactory evidence of identification, appeared before me and acknowledged the voluntary and authorized execution of the foregoing instrument on behalf of said City.

Notary Public for Alaska
My Commission expires: _____

Approved by Kenai City Council _____

Approved as to lease form by City Attorney _____

Approved by Finance Director _____

Approved by City Manager _____

Return to: City Attorney
210 Fidalgo Ave.
Kenai, AK 99611

Airline Operating Agreement and Terminal Area Lease

LESSOR _____
LESSEE _____

EXHIBIT A
AIRLINE PREMISES - EXCLUSIVE USE SPACE

Terminal Drawing Not to Scale

Aleutian Airways

Exclusive Use Space including the ticket counters, ticket lobby queuing area, office space and operations space indicated above: 1,155 square feet

Terminal apron aircraft parking and GSE Space: 21,025 square feet

Grant Aviation

Exclusive Use Space including the ticket counters, ticket lobby queuing area, office space and operations space indicated above: 1,452 square feet

Terminal apron aircraft parking and GSE Space: 31,755 square feet

Kenai Aviation

Exclusive Use Space including the ticket counters, ticket lobby queuing area, office space and operations space indicated above: 670 square feet

Terminal apron aircraft parking and GSE Space: 10,730 square feet

EXHIBIT C
AIRLINE RATE SCHEDULE

From July 1, 2020 through June 30, 2021 Exhibit C will reflect no rate increase. For subsequent years of the Agreement (July 1 through June 30) the Exclusive Space Annual Rental Rate, the Joint Use Space Annual Rental Rate, the Apron/GSE Annual Rental Rate, and Signatory Landing Fee in Exhibit C will reflect a 5% annual rate increase and the Joint Rent Subsidy will be reduced by 2 percent points each year.

EXHIBIT D

AIRLINE AND AFFILIATE INSURANCE REQUIREMENTS

A. Airline Liability Insurance and Comprehensive General Liability Insurance

Insurance limits of liability for Airline and each of its individual Affiliates shall be determined by the capacity in passenger seats of the largest aircraft in Airline's and its Affiliate's fleet as follows:

1. Not less than one hundred fifty million dollars (\$150,000,000) per occurrence for airlines operating aircraft of one hundred (100) seats or more;
2. Not less than one hundred million dollars (\$100,000,000) per occurrence for airlines operating aircraft of between sixty (60) and ninety-nine (99) seats;
3. Not less than fifty million dollars (\$50,000,000) per occurrence for airlines operating aircraft of between twenty (20) and fifty-nine (59) seats;
4. Not less than twenty million dollars (\$20,000,000) per occurrence for airlines operating aircraft of nineteen (19) or fewer seats;
5. Not less than two million dollars (\$2,000,000) per occurrence for airlines operating aircraft of nine (9) or fewer seats;
6. Passenger personal injury not less than two hundred and fifty thousand (\$250,000) per occurrence and in the annual aggregate with respect to non-passenger personal injury.

B. Hangar Keepers Liability Insurance (If Applicable)

Hangar keepers liability insurance in an amount adequate to cover any non-owned property in the care, custody and control of Airline or any of its individual Affiliates on the Airport, but in any event in an amount not less than five million dollars (\$5,000,000).

C. Automobile Liability Insurance

Automobile liability insurance in an amount adequate to cover automobile insurance while on Airport premises in an amount not less than one million dollars (\$1,000,000) per person per occurrence.

D. Workers' Compensation and Employers' Liability Insurance

Statutory coverage and liability limits are required.



Sponsored by: Administration

**CITY OF KENAI
RESOLUTION NO. 2025-20**

A RESOLUTION AUTHORIZING AWARD OF THE AIRPORT ENGINEERING SERVICES TERM CONTRACT.

WHEREAS, a Request for Proposals was released on January 24, 2025 with proposals due on February 27, 2025 for the 2025 Airport Engineering Services Term Contract; and,

WHEREAS, one proposal was received by HDL Engineering Consultants, LLC; and,

WHEREAS, the proposal was determined to be responsive and responsible; and,

WHEREAS, Administration recommends retaining HDL Engineering Consultants, LLC, to provide the requested engineering services from approximately March 24, 2025 through March 23, 2028, with an option to extend for two one-year terms with mutual consent; and,

WHEREAS, each individual Kenai Municipal Airport project will be negotiated separately with HDL Engineering Consultants, LLC within budgeted amounts and with no minimum quantity of work guaranteed, and the City has the option of competitively soliciting any work.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF KENAI, ALASKA:

Section 1. That the City Council authorizes the City Manager to execute a term agreement with HDL Engineering Consultants, LLC, to provide engineering services to the City for the airport for three years beginning on approximately March 24, 2025 with the option to extend for two on-year terms with mutual consent. No further Council authorization is required for the available term extensions. Each project shall be negotiated separately within budgeted amounts and no minimum quantity of work is guaranteed.

Section 2. That this Resolution takes effect immediately upon passage.

PASSED BY THE COUNCIL OF THE CITY OF KENAI, ALASKA, THIS 19TH DAY OF MARCH, 2025.

Brian Gabriel Sr., Mayor

ATTEST:

Michelle M. Saner, MMC, City Clerk

Approved by Finance: _____

DS



KENAI

City of Kenai | 210 Fidalgo Ave, Kenai, AK 99611-7794 | 907.283.7535 | www.kenai.city

MEMORANDUM

TO: Mayor Gabriel and Council Members

THROUGH: Terry Eubank, City Manager

THROUGH: Derek Ables, Airport Manager

FROM: Lee Frey, Public Works Director

DATE: March 11, 2025

SUBJECT: **Resolution No. 2025-20 - Authorizing Award of the Airport Engineering Services Term Contract.**

This memo requests Council's approval to award contracts to complete Airport Engineering Services to HDL Engineering Consultants, LLC. A Request for Proposal was released for the project and one proposal was received on the due date of February 27, 2025. HDL Engineering Consultants, LLC was the only proposer. The proposal was reviewed and determined to be responsive and responsible.

This authorization will extend for a period of three years from Notice of Award with the ability to extend the work an additional two years upon mutual agreement. Contracts for requested scopes of work will be negotiated and completed per each project and any contracts exceeding \$35,000 will be brought to City Council for approval. The City may solicit competitive proposals for any work. Award of this agreement is in the best interest of the City. Council's approval is respectfully requested.

**KENAI CITY COUNCIL – REGULAR MEETING
MARCH 5, 2025 – 6:00 P.M.
KENAI CITY COUNCIL CHAMBERS
210 FIDALGO AVE., KENAI, AK 99611
MAYOR BRIAN GABRIEL, PRESIDING**

MINUTES

A. CALL TO ORDER

A Regular Meeting of the Kenai City Council was held on March 5, 2025, in City Hall Council Chambers, Kenai, AK. Mayor Gabriel called the meeting to order at approximately 6:00 p.m.

1. Pledge of Allegiance

Mayor Gabriel led those assembled in the Pledge of Allegiance.

2. Roll Call

There were present:

Brian Gabriel, Mayor
Phil Daniel
Victoria Askin
Sovala Kisenia

Henry Knackstedt, Vice Mayor
Deborah Sounart
Alex Douthit (*remote participation*)

A quorum was present.

Also in attendance were:

**Xiling Tanner, Student Representative
Terry Eubank, City Manager
Scott Bloom, City Attorney
Katja Wolf, Library Director
Tyler Best, Parks and Recreation Director
Lee Frey, Public Works Director
Derek Ables, Airport Manager
Dave Ross, Police Chief
Shellie Saner, City Clerk

3. Agenda and Consent Agenda Approval

MOTION:

Vice Mayor Knackstedt **MOVED** to approve the agenda and consent. Council Member Askin **SECONDED** the motion.

The items on the Consent Agenda were read into the record.

Mayor Gabriel opened the floor for public comment on consent agenda items; there being no one wishing to be heard, the public comment period was closed.

There being no one else wishing to comment, the public comment period was closed.

UNANIMOUS CONSENT was requested.

VOTE: There being no objection; **SO ORDERED.**

All items listed with an asterisk () are considered to be routine and non-controversial by the council and will be approved by one motion. There will be no separate discussion of these items unless a council member so requests, in which case the item will be removed from the consent agenda and considered in its normal sequence on the agenda as part of the General Orders.

B. SCHEDULED ADMINISTRATIVE REPORTS - None.

C. SCHEDULED PUBLIC COMMENTS - None.

D. UNSCHEDULED PUBLIC COMMENTS - None.

E. PUBLIC HEARINGS

1. **Ordinance No. 3451-2025** - Accepting and Appropriating Donations to the Kenai Community Library for Library Materials, Equipment, Furniture, and Programming. (Administration)

MOTION:

Vice Mayor Knackstedt **MOVED** to enact Ordinance No. 3451-2025. Council Member Daniel **SECONDED** the motion.

Mayor Gabriel opened the floor for public comment. There being no one wishing to be heard, the public comment period was closed.

Gratitude was expressed for the donations.

VOTE:

YEA: Sounart, Gabriel, Kisen, Douthit, Askin, Knackstedt, Daniel

NAY: None

**Student Representative Tanner: Yea

MOTION PASSED.

2. **Ordinance No. 3452-2025** - Accepting and Appropriating a Polar Bear and Brown Bear Taxidermy Donation from the Warren E Johnson Estate for Display in the Kenai Municipal Airport Terminal. (Administration)

MOTION:

Vice Mayor Knackstedt **MOVED** to enact Ordinance No. 3452-2025. Council Member Askin **SECONDED** the motion.

Mayor Gabriel opened the floor for public comment. There being no one wishing to be heard, the public comment period was closed.

Gratitude was expressed for the donations.

VOTE:

YEA: Gabriel, Kisen, Douthit, Askin, Knackstedt, Daniel, Sounart

NAY: None

**Student Representative Tanner: Yea

MOTION PASSED.

3. **Ordinance No. 3453-2025** - Amending Kenai Municipal Code Chapter 7.15 - Purchases and Sales, Sections 7.15.060 - Procurement of Professional Services and 7.15.070 - Innovative Procurements and Other Exceptions, to Allow Insurance Coverages to be Procured by Direct Negotiation and Authorize Other Procurement Exceptions Subject to City Council Approval by Resolution. (Knackstedt)

MOTION:

Vice Mayor Knackstedt **MOVED** to enact Ordinance No. 3453-2025. Council Member Sounart **SECONDED** the motion.

Mayor Gabriel opened the floor for public comment. There being no one wishing to be heard, the public comment period was closed.

It was reported that ordinance would allow direct negotiations for insurance, addressing current challenges within the insurance market; and provide the City Manager the authority to negotiate purchases in specific situations, with final approval by the Council.

VOTE:

YEA: Kisen, Douthit, Askin, Knackstedt, Daniel, Sounart, Gabriel

NAY: None

**Student Representative Tanner: Yea

MOTION PASSED.

- 4. Ordinance No. 3454-2025** - Amending Kenai Municipal Code 23.35.032 - Arbitration Panel to Amend the Member Terms from Indefinite Terms to Three-Year Terms. (City Clerk)

MOTION:

Vice Mayor Knackstedt **MOVED** to enact Ordinance No. 3454-2025. Council Member Askin **SECONDED** the motion.

Mayor Gabriel opened the floor for public comment. There being no one wishing to be heard, the public comment period was closed.

It was reported that the ordinance would establish three-year staggered terms for the members; notice would go out to Council and Employees in October of each year that nominations were being accepted.

VOTE:

YEA: Douthit, Askin, Knackstedt, Daniel, Sounart, Gabriel, Kisen

NAY: None

**Student Representative Tanner: Yea

MOTION PASSED.

- 5. Ordinance No. 3455-2025** - Authorizing the Purchase of a Used Ventrac Tractor and Attachments from KNC Golf, Inc., that Deviates from Procurement Procedures Authorized by Kenai Municipal Code Chapter 7.15 Purchases and Sales. (Administration)

MOTION:

Vice Mayor Knackstedt **MOVED** to enact Ordinance No. 3455-2025. Council Member Askin **SECONDED** the motion.

Mayor Gabriel opened the floor for public comment. There being no one wishing to be heard, the public comment period was closed.

It was reported that the Ventrac Tractor was similar to the one included in the FY25 budget not yet purchased; this unit included attachments not originally planned for purchase; and the purchase is expected to provide cost savings, efficiency and enhance functionality for the Parks and Recreation Department.

Appreciation was expressed for the opportunity to purchase the tractor.

VOTE:

YEA: Askin, Knackstedt, Daniel, Sounart, Gabriel, Kisen, Douthit

NAY: None

**Student Representative Tanner: Yea

MOTION PASSED.

- 6. Resolution No. 2025-16** - Authorizing a Professional Service Agreement and Corresponding Purchase Order for the 2026 Airport Perimeter and Security Fence Line Improvement Project for the Kenai Municipal Airport. (Administration)

MOTION:

Vice Mayor Knackstedt **MOVED** to adopt Resolution No. 2025-16. Council Member Askin **SECONDED** the motion.

Mayor Gabriel opened the floor for public comment. There being no one wishing to be heard, the public comment period was closed.

It was reported that \$38,000 was the total project cost; the City would pay up front and the Federal Aviation Administration would later reimburse up to 95% of the project cost.

UNANIMOUS CONSENT was requested.

VOTE: There being no objection; **SO ORDERED.**

- 7. Resolution No. 2025-17** - Authorizing the City Manager to Renew the Memorandum of Understanding for the Kenai Watershed Forum Kenai River Water Quality Monitoring Program. (Administration)

MOTION:

Vice Mayor Knackstedt **MOVED** to adopt Resolution No. 2025-17. Council Member Daniel **SECONDED** the motion.

Mayor Gabriel opened the floor for public comment.

Kenai Watershed Forum, Executive Director Trent Dodson and Environmental Scientist Benjamin Meyer addressed the Council in support of Resolution No. 2025-17 noting the project monitors various water quality concerns; working with multiple partners for 24-years has been cost-effective; the Memorandum of Understanding (MOU) demonstrates community support; and outlined the crucial role local government has in the process when providing financial support.

There was discussion regarding the reduced funding City last year; use of the City's lab equipment was not compatible with their analysis process; the City was currently not providing an in-kind support; the MOU did not commit the City to funding; and funding should be discussed at a separate meeting.

UNANIMOUS CONSENT was requested.

VOTE: There being no objection; **SO ORDERED.**

- 8. Resolution No. 2025-18** - Authorizing the Use of the Fleet Replacement Fund for the Purchase of Equipment to Upfit Three New Police Vehicles. (Administration)

MOTION:

Vice Mayor Knackstedt **MOVED** to adopt Resolution No. 2025-18. Council Member Sounart **SECONDED** the motion.

Mayor Gabriel opened the floor for public comment. There being no one wishing to be heard, the public comment period was closed.

UNANIMOUS CONSENT was requested.

VOTE: There being no objection; **SO ORDERED.**

F. MINUTES

1. *Regular Meeting of February 19, 2025. (City Clerk)

G. UNFINISHED BUSINESS - None.

H. NEW BUSINESS

1. *Action/Approval - Bills to be Ratified. (Administration)

Approved by the consent agenda.

2. *Action/Approval - Non-Objection to the Issuance of a Package Store Sampling Endorsement for Three Bears Alaska, Inc. DBA Three Bears - License No. 4118. (City Clerk)

Approved by the consent agenda.

3. *Action/Approval - Non-Objection to the Issuance of a Restaurant Endorsement for Salamatof Cannery Lodge, LLC. DBA Salamatof Cannery Lodge - License No. 15960. (City Clerk)

Approved by the consent agenda.

4. *Action/Approval - Non-Objection to the Renewal of a Seasonal Golf Course Liquor License for Griffin Golf, LLC. DBA Kenai Golf Course - License No. 5788. (City Clerk)

Approved by the consent agenda.

5. *Action/Approval - Non-Objection to the Renewal of a Package Store Liquor License for AK, Inc. DBA Speedway Express - License No. 4544. (City Clerk)

Approved by the consent agenda.

6. *Action/Approval - Non-Objection to the Renewal of a Retail Marijuana Store License and a Standard Marijuana Cultivation License for Majestic Gardens LLC., DBA: Majestic Gardens LLC. - License No.'s 15393 and 15395. (City Clerk)

Approved by the consent agenda.

7. *Action/Approval - Non-Objection to the Renewal of a Restaurant Eating Place Liquor License for Ramon Gonzalez DBA Playa Azul - License No. 5224. (City Clerk)

Approved by the consent agenda.

8. *Ordinance No. 3456-2025 - Accepting and Appropriating a Grant Received Through Best Friends Animal Society to the Kenai Animal Shelter for Attendance at the Best Friends National Conference. (Administration)

Introduced by the consent agenda and Public Hearing set for March 19, 2025.

9. *Ordinance No. 3457-2025 - Accepting and Appropriating Donations Designated by Tom Anderson from the Alaska Community Foundation for the Construction of Softball Dugouts and the Dedication of a Dugout in Memoriam of Hannah Hill. (Administration)

Introduced by the consent agenda and Public Hearing set for March 19, 2025.

10. *Ordinance No. 3458-2025 - Accepting and Appropriating a Grant Received Through the Alaska Geriatric Exchange Network to the Kenai Senior Center for Attendance at the 2025 Legislative Fly-In. (Administration)

Introduced by the consent agenda and Public Hearing set for March 19, 2025.

11. *Ordinance No. 3459-2025 - Determining that Real Property Described as Lot 10, Block 1, Etolin Subdivision Number 3, According to Plat 82-103, City-Owned Airport Land Located Outside the

Airport Reserve, is Not Needed for a Public Purpose and Authorizing the Sale of the Property to LOROC, LLC. (Administration)

Introduced by the consent agenda and Public Hearing set for March 19, 2025.

- 12. *Ordinance No. 3460-2025** - Determining that Real Property Described as Lot 11, Block 1, Etolin Subdivision Number 3, According to Plat 82-103, City-Owned Airport Land Located Outside the Airport Reserve, is Not Needed for a Public Purpose and Authorizing the Sale of the Property to LOROC, LLC. (Administration)

Introduced by the consent agenda and Public Hearing set for March 19, 2025.

- 13. *Ordinance No. 3461-2025** - Amending the Official Zoning Map and Land Use Table by Rezoning the Properties at 202 North Forest Drive and 1408 Second Avenue from Suburban Residential (RS) to General Commercial (CG) Zoning District. (Administration)

Introduced by the consent agenda and Public Hearing set for March 19, 2025.

- 14. Action/Approval** - Harbor Commission 2025 Work Plan. (City Clerk)

MOTION:

Council Member Kisena **MOVED** to approve the Harbor Commission 2025 Work Plan. Vice Mayor Knackstedt **SECONDED** the motion.

UNANIMOUS CONSENT was requested on the motion.

VOTE: There being no objection; **SO ORDERED.**

- 15. Action/Approval** - Nominations Received for Council Consideration of Robert Molloy and Vaughn Dosko for Appointment to the Personnel Arbitration Board. (City Clerk)

MOTION:

Vice Mayor Knackstedt **MOVED** to appoint Robert Molloy and Vaughn Dosko to the Personnel Arbitration Board. Council Member Sounart **SECONDED** the motion.

UNANIMOUS CONSENT was requested on the motion.

VOTE: There being no objection; **SO ORDERED.**

I. COMMISSION / COMMITTEE REPORTS

1. Council on Aging Commission

No report, next meeting March 13, 2025.

2. Airport Commission

No report, next meeting March 13, 2025.

3. Harbor Commission

No report, March 10, 2025 meeting cancelled.

4. Parks and Recreation Commission

No report, next meeting March 6, 2025

5. Planning and Zoning Commission

Council Member Askin reported on the February 26, 2025 meeting, next meeting March 12, 2025.

6. Beautification Commission

No report, next meeting April 8, 2025.

J. REPORT OF THE MAYOR

Mayor Gabriel reported on the following:

- Attending the February 24, 2025 Biennial Training and Recognition Event.
- Traveling to Juneau with City Manager Eubank, meeting with the legislative delegates.
- Reminded everyone the Annual Financial Disclosure Statements were due by April 15, 2025.

K. ADMINISTRATION REPORTS

1. City Manager - City Manager Eubank reported on the following:

- New 14-hour Administrative Assistant for the Police Department started.
- Currently recruiting for a Firefighter, Utility Lead Operator and Police Department temporary Enforcement Officers.
- Employee Appreciation Event scheduled for April 26, 2025.
- Juneau trip included meetings with Senate and House leaders, the Department of Transportation, and Governor's Office members.
- Meeting with Senator Bjorkman, Department of Transportation and Department of Corrections regarding Wildwood Drive improvements.
- Joint Administrative Redaction policy was developed working with the City Attorney and City Clerk in response to the recent email phishing scam, targeting City applicants.
- Working on a new Airline Operating agreement to be presented to the Airport Commission for recommendation to Council.
- Provided an update on Public Works activities and the Budget Process.
- The State of the City Presentation is scheduled for the Kenai Chamber luncheon on April 2, 2025.

2. City Attorney - No report.

3. City Clerk - City Clerk Saner reported on the following:

- There were still three vacancies on the Personnel Arbitration Board, nominations will be accepted until all vacancies are filled.

L. ADDITIONAL PUBLIC COMMENTS

1. Citizen Comments (*Public comments limited to (5) minutes per speaker*)

2. Council Comments

Council Member Douthit reminded everyone about the upcoming Kenai Senior Center March for Meals, the theme this year is Gilligan's Island and he wished everyone a good spring break.

Student Representative Tanner provided an overview of upcoming sporting events for Kenai Central Highschool.

Council Member Sounart said she was busy with the Kenai Performers working on Little Shop of Horrors, this was the first time using a pit orchestra since 2020; and that she was looking forward to the upcoming March for Meals event.

Council Member Askin said she was looking forward to the March for Meals event; said the training event was well done; congratulated Student Representative Tanner for taking first place during the training event quiz; and reminded everyone to set their clocks ahead next Sunday.

Council Member Daniel said he enjoyed the training and appreciation event; and thanked the City Manager for working with the Salamatof native Association to schedule a Joint Work Session.

Council Member Kisena stated his appreciation for the training and appreciation event; congratulated Student Representative Tanner on his first-place win; and reported attending the Alaska Municipal League - Joint Insurance Association, Risk Management Seminar.

Council Member Knackstedt thanked staff for the training and appreciation event; reported moving materials for the Triumvirate Theatre with Council Member Douthit; reminded everyone that Friday would be the First Friday at both the Kenai Fine Art Center and Chamber of Commerce.

M. EXECUTIVE SESSION - None.

N. PENDING ITEMS - None.

O. ADJOURNMENT

P. INFORMATIONAL ITEMS - None.

There being no further business before the Council, the meeting was adjourned at 7:09 p.m.

I certify the above represents accurate minutes of the Kenai City Council meeting of March 5, 2025.

Michelle M. Saner, MMC
City Clerk

*** The student representative may cast advisory votes on all matters except those subject to executive session discussion. Advisory votes will not affect the outcome of the official council vote. Advisory votes will be recorded in the minutes. A student representative may not move or second items during a council meeting.*

PAYMENTS OVER \$35,000.00 WHICH NEED COUNCIL RATIFICATION
COUNCIL MEETING OF: MARCH 19, 2025

VENDOR	DESCRIPTION	DEPARTMENT	ACCOUNT	AMOUNT
PREMERA	MARCH INSURANCE PREMIUM	VARIOUS	HEALTH INSURANCE	211,072.36
HOMER ELECTRIC	ELECTRIC USAGE	VARIOUS	UTILITIES	116,044.68

INVESTMENTS

VENDOR	DESCRIPTION	MATURITY DATE	AMOUNT	Effect. Int.
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KENAI

City of Kenai | 210 Fidalgo Ave, Kenai, AK 99611-7794 | 907.283.7535 | www.kenai.city

MEMORANDUM

TO: Mayor Gabriel and Council Members

THROUGH: Terry Eubank, City Manager

FROM: Derek Ables, Airport Manager

DATE: March 10, 2025

SUBJECT: **Action/Approval – Authorizing a Memorandum of Agreement with Greatland Consulting and Training LLC. for use of the Alaska Regional Fire Training Facility.**

This memo recommends support of the Memorandum of Agreement between the City of Kenai and Greatland Consulting and Training LLC.

The purpose of the Alaska Regional Aircraft Fire Training Facility is to provide the facilities required for certificated airports in Alaska to meet initial and annual recurrent training requirements under applicable Federal Aviation Regulations. It is mutually beneficial for the Airport and GCT to enter into a cooperative agreement that facilitates Aircraft Rescue Firefighting training at the Fire Training Center for the calendar year 2025.

The Airport Commission recommended approval at their regularly scheduled meeting on March 13, 2025.

Council's approval is respectfully requested.

Attachments- Memorandum of Agreement

Memorandum of Agreement

between

The City of Kenai

And

Greatland Consulting and Training LLC
Anchorage, Alaska 99504

This Memorandum of Agreement between the City of Kenai (hereinafter referred to as the "Airport"), and Greatland Consulting and Training LLC (hereinafter referred to as "GCT").

PURPOSE

The purpose of this agreement is to allow the Airport, and GCT to work cooperatively to ensure the Alaska Regional Aircraft Fire Training Center (Fire Training Center) remains viable to meet required Federal Aviation Regulations for Aircraft Rescue Firefighting at certificated airports in Alaska. The Airport is the owner of the Fire Training Center and is responsible for the operation and maintenance in accordance with FAA grant assurances.

OBJECTIVES

- Ensure certificated airports in Alaska are able to complete initial and annual recurrent ARFF training.
- Operate and maintain the Fire Training Center in accordance with FAA grant assurances.
- Formalize policies and procedures surrounding the use of the Fire Training Center.
- Establish rates and fees to ensure the operation of Fire Training Center is sustainable.
- Encourage other stakeholders to utilize the Fire Training Center in conjunction with GCT.

WITNESSETH:

WHEREAS, it is the purpose of the Alaska Regional Aircraft Fire Training Center to provide the facilities required for certificated airports in Alaska to meet initial and annual recurrent training requirements under applicable Federal Aviation Regulations; and,

WHEREAS, GCT has been awarded a contract by the State of Alaska, Statewide Aviation Division to provide Aircraft Rescue Firefighting training for the employees of State operated airports; and,

WHEREAS, it is mutually beneficial for the Airport and GCT to enter into a cooperative agreement that facilitates Aircraft Rescue Firefighting training at the Fire Training Center.

NOW THEREFORE. In consideration of the mutual benefits which will accrue to the Airport and GCT, the parties agree as follows:

- I. AUTHORIZATION: The Airport, and GCT agree to work cooperatively in operation of the Fire Training Center to facilitate ARFF training requirements set forth by Federal Regulations for certificated airports for the Calendar year 2025.
- II. AIRPORT, AND GCT RESPONSIBILITIES: For the periods set forth above, the
 - a. Airport will:
 - A. When no preexisting scheduling conflicts exist, provide GCT use of the Alaska Fire Training Center training room(s), ARFF training props, ARFF vehicles, ARFF training prop controls, and breathing air containment fill station.
 - B. Maintain the facility, including props in good working order. Airport is not responsible for any training delays or lost profits due to prop or other facility equipment breakdowns. GCT and Airport understand and acknowledge that prop repairs often require service from out-of-state personnel with limited availability.
 - C. Establish rates & fees for use of the Alaska Fire Training Center that ensure operation and maintenance of the Fire Training Center is sustainable.
 - b. GCT will:
 - A. Schedule use of the Fire Training Center with Airport Administration.
 - B. Provide for, or contract with qualified instructors approved by the Airport for ARFF training.
 - C. Provide prompt notice to the Airport of needed maintenance to the Alaska Fire Training Center facility, ARFF training props and controls, ARFF vehicles, and breathing air containment fill station.
 - D. Ensure all trainees are equipped with all necessary Personal Protection Equipment.
 - E. Assume responsibility for any damage to Fire Training Center property (real and personal), caused by its officers, employees, contractors, customers or agents, and that occurs during the course of training activities and notify the Airport of any damage as soon as practicably feasible.
 - F. Provide certified activity reports of all training activities on a form provided by the Airport with the payment of all rates and fees.
 - G. Pay established rates & fees for use of the Alaska Fire Training Center that ensure operation and maintenance of the Fire Training Center is sustainable no later than 30 days upon the completion of the training.
 - H. Pay for actual costs of all ARFF training consumables, to include but not limited to: propane, nitrogen, training smoke oil, vehicle fuel, etc. At the end of the training season the propane tank will be filled to same level as the start of the season. Propane used by the Kenai Fire Department will be subtracted from this total.

Season	Course	Min. # of Students	Rate per Student*
May - September	Annual Live Fire/Refresher	8	400.00
	40 hour Basic ARFF	8	600.00
	40 hour Advanced ARFF	8	600.00
October - April	Annual Live Fire/Refresher	12	400.00
	40 hour Basic ARFF	12	600.00
	40 hour Advanced ARFF	12	600.00

*Rate includes use of training classroom, ARFF training props, and ARFF vehicles. Rate excludes the cost of fuels and ancillary consumables required to operate training props and equipment (Propane, Nitrogen, Training Smoke Oil, Fuel, etc.)

III. PERIOD OF PERFORMANCE

The period of performance for this agreement is for the Calendar Year 2025. While the Airport and GCT reserve the right to terminate this Agreement, at any time upon thirty days written notice without the necessity of any legal process, the Airport and GCT agree to hold a meeting prior to termination discussing the reasons for termination.

IV. CONTACTS

- A. For the Airport: Derek Ables, Airport Manager, Kenai Municipal Airport, 305 N. Willow Street, Suite 200, Kenai, AK 99611, dables@kenai.city, 907.283.8282.
- B. For GCT: Bob Lee, Owner/Operator, Greatland Consulting and Training

V. SPECIAL PROVISIONS

- A. The scope and other terms of the agreement may be modified at any time by mutual consent of the signatory parties.
- B. Subject to Section II.(b)(E) above, the parties to this agreement agree to be responsible for damages to their own property and injuries to their own employees/volunteers, except for damages/injuries caused by the other party, their agents, contractors, or officers.
- C. This MOA may be modified or amended as necessary upon written consent of all parties or may be terminated by either party with a 30-day written notice to all other parties.

VI. INSURANCE

GCT, independently or through its contractors shall obtain and maintain insurance, in amounts not less than those listed below, by insurance companies with acceptable industry ratings, so long as such company is not barred from insuring City assets. All policies or endorsements shall, where possible, name the City as an additional insured or a loss payee as appropriate. Contractor may not commence to

perform under this Agreement until all required insurance is in full force and effect and approved by the City.

Contractor shall provide the City with certificates of insurance within thirty (30) days of the effective date of this Agreement. The insurance shall be provided by a carrier rated "A-" or better by A.M. Best. For worker's compensation insurance, general liability and automobile liability insurance must include a waiver of subrogation so that the insurer waives all rights of subrogation against the City for payments made under the policy. Provide the City notification at least 20 days before any termination, cancellation, or material change in insurance coverage.

Comprehensive general liability: combined single limit (death, bodily injury and property damage (rented or leased property coverage)) \$2 million

Professional liability: \$1 million

Worker's Compensation: statutory minimum

IN WITNESS WHEREOF, the parties hereto have caused this Memorandum of Agreement to be executed as of the date of last signature below.

CITY OF KENAI

GREATLAND CONSULTING AND TRAINING LLC

Terry Eubank, City Manager

Bob Lee, Owner/Operator

DATE

DATE



KENAI

City of Kenai | 210 Fidalgo Ave, Kenai, AK 99611-7794 | 907.283.7535 | www.kenai.city

MEMORANDUM

TO: Mayor Gabriel and Council Members

THROUGH: Terry Eubank, City Manager

FROM: Derek Ables, Airport Manager

DATE: March 10, 2025

SUBJECT: **Action/Approval - Special Use Permit to Jeremy Mastre, DBA: River Rock Outdoors, LLC for Commercial Operations at the Kenai Municipal Airport Float Plane Basin**

Jeremy Mastre, owner of River Rock Outdoors is requesting a Special Use Permit for commercial operations at the Airport. He operated successfully last year and wants to continue to do so.

He is proposing to pay the \$300 seasonal fee for a float plane slip and \$25 for vehicle parking established in the Airport rates and fees schedule.

The Airport Commission recommended approval at their regularly scheduled meeting on March 13, 2025.

Your support for a Special Use Permit to River Rock Outdoors, LLC is respectfully requested.

Attachments- agreement, exhibit A

SPECIAL USE PERMIT

The CITY OF KENAI (City) grants to River Rock Outdoors (Permittee), whose address is _____, Soldotna, AK 99669, a Special Use Permit to conduct aeronautical and/or aviation-related activities at the Kenai Municipal Airport subject to the requirements and the conditions set forth below.

1. **Premises.** Permittee shall have the right to use commercial float plane basin parking spot 5 as described in the attached Exhibit A for the uses identified in this Permit.
2. **Term.** The term of this Permit shall be for six months commencing on May 1, 2025 and ending on October 31, 2025, or the closing date deemed necessary by Airport Management for weather conditions. Regardless of the date of signature, this Permit shall be effective as of May 1, 2025.
3. **Permit Fees.** Permittee shall pay the following fees for the privileges extended to Permittee under this Permit:
 - A. **Permit:** Permittee shall pay a seasonal fee plus applicable sales tax as follows:

May – October 2025	\$300.00
Parking	\$25.00
 - B. **Proximity Card for Gate Access:** In addition to the general permit fee, Permittee shall pay a deposit of one hundred dollars (\$100.00) for the use of each proximity card issued to Permittee by City to allow for gate access to the Airport to conduct the uses permitted hereunder. City shall refund this deposit to Permittee when the card is returned to City. City may exercise a right of offset to apply the deposit to any outstanding balance due to City from Permittee at the termination of this Permit.
 - C. **Other Fees:** City may assess additional fees for aviation or aviation support activities and uses not defined in this Permit. If a fee has not been established for those activities or services, a fee will be established by the Airport Manager.

Payment shall be directed to City of Kenai, ATTN: Finance Department, 210 Fidalgo Avenue, Kenai, AK 99611 and a courtesy notice of payment provided to Airport Administration at 305 North Willow Street, Suite 200, Kenai, AK 99611. All permit fees are payable in advance of each month unless otherwise provided. In the event of delinquency, interest at the rate of ten percent (10%) per annum, and penalty of ten percent (10%) shall also be due (KMC 1.75.010). Interest shall accrue from the date due until the date paid in full. Failure to timely make payments is grounds for termination of this Permit.

(See ¶ 22, Termination)

4. Use. City authorizes Permittee's non-exclusive use of the Premises for the following purpose(s):

Aircraft Parking. **NOTE:** This permit does not guarantee the exclusive use of the area identified in Exhibit A. City reserves the right to re-assign Permittee, upon reasonable notice, to other areas as airport needs may require.

Permittee shall have the right of ingress and egress to the Airport using only designated gate access locations (which may require a proximity card) for the use of the Premises. This Permit, and any access rights allowed hereunder, are for Permittee's use only and may not be transferred or assigned.

Use of the Premises by Permittee is subject to the reasonable administrative actions of the City of Kenai for the protection and maintenance of the Premises and of adjacent and contiguous lands or facilities and is further subject to the following conditions:

Permittee acknowledges that the use granted herein is subject to the Kenai Municipal Code and municipal regulations governing the Kenai Municipal Airport and as those laws and regulations may be amended from time to time.

Solicitation of donations or operation of a business or other commercial enterprise not contemplated by this Permit is prohibited without the written consent of City.

No person may repair an aircraft, aircraft engine, propeller, or apparatus in an area of the Airport other than that specifically designated for that purpose by the Airport Manager or designated representative. The Airport Manager or designated representative reserves the right to designate reasonable areas where aircraft owners may perform services on their own aircraft.

5. Airport Operations. Permittee shall ensure that the Permittee, its employees, and guests, and anyone else acting by, on behalf of, or under the authority of Permittee on the Airport, that perform any repairs or activities authorized under this Permit act in a manner that ensures the safety of people and the Airport, the protection of public health and the environment, and the safety and integrity of the Airport and any premises on the Airport. Permittee shall employ qualified personnel and maintain equipment sufficient for the purposes of this provision. The Permittee shall immediately notify City of any condition, problem, malfunction, or other occurrence that threatens the safety of the Airport, the safety of persons using the Airport, the public health or the environment, or the safety or integrity of any premises on the Airport.

6. Inspection. The Federal Aviation Administration (FAA) and/or City shall have the right and authority to inspect, at any time for any purpose whatsoever, the Premises as well as any and all equipment used by the Permittee under this Permit.

7. Coordination with Airport Management. Permittee shall abide by all reasonable decisions and directives of the Airport Management regarding general use of the Airport by Permittee germane to a commercial entity.

8. Radio Transmitting Equipment. Permittee shall discontinue the use of any machine or device which interferes with any government-operated transmitter, receiver, or navigation aid until the cause of the interference is eliminated.

9. Insurance. Permittee shall secure and keep in force adequate insurance, as stated below, to protect City and Permittee. Where specific limits are stated, the limits are the minimum acceptable limits. If Permittee's insurance policy contains higher limits, City is entitled to coverage to the extent of the higher limits.

A. Commercial General Liability insurance, including premises, all operations, property damage, personal injury and death, broad-form contractual, with a per-occurrence limit of not less than \$1,000,000 combined single limit. The policy must include an endorsement under which the insurer extends coverage to Permittee's fuel handling activities. The policy must name the City as an additional insured.

B. Worker's compensation insurance with coverage for all employees engaged in work under this Permit or at the Premises as required by AS 23.30.045. Permittee is further responsible to provide worker's compensation insurance for any subcontractor who directly or indirectly provides services to Permittee under this Permit.

C. Commercial Automobile Coverage with not less than \$1,000,000 combined single limit per occurrence. This insurance must cover all owned, hired, and non-owned motor vehicles the Permittee uses on the Airport. The policy must name the City as an additional insured.

D. All insurance required must meet the following additional requirements:

- i. All policies will be by a company/corporation currently rated "A-" or better by A.M. Best.
- ii. Permittee shall submit to the City proof of continuous insurance

coverage in the form of insurance policies, certificates, endorsements, or a combination thereof, and signed by a person authorized by the insurer to bind coverage on its behalf.

- iii. Permittee shall request a waiver of subrogation against City from Permittee's insurer and the waiver of subrogation, where possible, shall be provided at no cost to City.
- iv. Provide the City with notification at least thirty (30) days before any termination, cancellation, or material change in insurance coverage of any policy required hereunder.
- v. Evidence of insurance coverage must be submitted to City by May 1, 2025. The effective date of the insurance shall be no later than May 1, 2025.

City may increase the amount or revise the type of required insurance on written demand without requiring amendments to this Permit. City will base any increase or revision on reasonable and justifiable grounds. Within two weeks of the written demand, Permittee shall submit to City evidence of insurance coverage that meets the requirements of the City.

10. Assumption of Risk. Permittee assumes full control and sole responsibility as between Permittee and City for the activities of Permittee, its personnel, employees, and persons acting on behalf of or under the authority of the Permittee anywhere on the Airport. Permittee shall provide all proper safeguards and shall assume all risks incurred in its activities on and access to the Kenai Municipal Airport and its exercise of the privileges granted in this Permit.

11. Indemnity, Defend, and Hold Harmless Agreement. Permittee agrees to fully indemnify, defend, and hold harmless, the City of Kenai, its officers, agents, employees, and volunteers from and against all actions, damages, costs, liability, claims, losses, judgments, penalties, and expenses of every type and description, including any fees and/or costs reasonably incurred by the City's staff attorneys and outside attorneys and any fees and expenses incurred in enforcing this provision (hereafter collectively referred to as "Liabilities"), to which any or all of them may be subjected, to the extent such Liabilities are caused by or result from any negligent act or omission or willful misconduct of the Permittee in connection with or arising from or out of Permittee's activities on or use of the Premises, Permittee's access to the Kenai Municipal Airport, and/or Permittee's exercise of the privileges granted in this Permit. This shall be a continuing obligation and shall remain in effect after termination of this Permit.

12. Fuel Spill Prevention and Response Plan. Areas of the Apron have been seal coated to protect asphalt from adverse effects of petroleum product spills. The City requires that Permittee provide adequate absorbent materials and tools available on the Premises and at the airport in order to maintain a fuel spill and response capability. Permittee shall be liable for any damage caused by and costs associated with any spill, the cleanup of any spill, or the discharge of petroleum products or hazardous materials due to Permittee's use of the Apron and/or use of the Airport.

Permittee shall provide to City an acceptable fuel spill prevention and response plan and will maintain fuel spill and response capability. Permittee further agrees to have a copy of the fuel spill prevention and response plan located in the Permittee's fuel dispensing equipment at all times. Permittee must comply with the Airport's Storm Water Pollution Prevention Plan as appropriate to Permittee's activities.

Permittee shall not store any personal property, solid waste, petroleum products, Hazardous Material as defined by 14 CFR § 171.8, hazardous waste (ignitable, corrosive, reactive, or toxic) or any hazardous substance on any portion of the Airport. Permittee is aware that there are significant penalties for improperly disposing of the Hazardous Materials and other waste and for submitting false information regarding Hazardous Materials, including the possibility of fine and imprisonment for knowing violations.

Permittee shall immediately remove the material in the event of spillage or dripping of gasoline, oil, grease, or any other material which may be unsightly or detrimental to the pavement or surface in or on any area of the Airport.

Permittee may not construct or install any above-ground or underground fuel storage tanks or dispensing systems at the Airport.

No person shall smoke on an aircraft-parking ramp, inside an aircraft hangar, or within fifty feet (50') of any aircraft fuel facility or fuel truck.

Permittee is subject to FAA Advisory Circular 150/5230-4 Aircraft Fuel Storage, Handling, and Dispensing on Airports, the National Fire Protection Associations' "Standard for Aircraft Fueling Servicing" in NFPA 407 (1996 version), and the current version of the International Fire Codes. All inspections of fuel facilities, by City or other regulating entities to which Permittee is subject, shall be conducted to assure compliance with the fire safety practices listed in these referenced documents.

13. Hazardous Substances and Materials. Permittee shall conform and be subject to the requirements of 14 CFR § 139.321 regarding the handling and storage of hazardous substances and materials.

14. No Discrimination. Permittee shall not discriminate against any person because of the person's race, creed, color national origin, sex, age, or handicap. Permittee recognizes the right of City to take any action necessary to enforce this requirement of the Permit. Permittee will furnish services provided under this Permit on a reasonable, and not unjustly discriminatory, basis to all users of the Airport and shall charge reasonable, and not unjustly discriminatory, prices for each product or service provided at the Airport.

15. Licenses and Permits. Permittee shall obtain and maintain all required federal, state, and local licenses, certificates, and other documents required for its operations under the Permit. Permittee shall provide proof of compliance to City upon request by the City.

16. Compliance with Law/Grant Assurances. This Permit, and Permittee's activities conducted under this Permit, is subject to all executive orders, policies and operational guidelines and all applicable requirements of federal, state, and City statutes, ordinances, and regulations in effect during the term of this Permit. Further, Permittee shall comply with all applicable requirements imposed on the Airport by federal law to ensure that the Airport's eligibility for federal money or for participation in federal aviation programs is not jeopardized. This Permit is subordinate to the City's grant assurances and federal obligations.

17. No Exclusivity. The privileges granted under this Permit are not exclusive to Permittee. City has the right to grant to others any right or privilege on the Airport.

18. Assignment. The privileges granted under this Permit are personal to Permittee and may not be assigned by Permittee.

19. No Joint Venture. City shall not be construed or held to be a partner or joint venturer of Permittee in the conduct of its business or activities on the Premises or elsewhere at the Kenai Municipal Airport.

20. No Waiver. Failure to insist upon a strict compliance with the terms, conditions, and requirements herein contained, or referred to, shall not constitute or be construed as a waiver or relinquishment of the right to exercise such terms, conditions, or requirements.

21. Personality. Permittee shall remove any and all personal property, including all vehicles, from the Premises at the termination of this Permit (or any renewal thereof). Personal property placed or used upon the Premises will be removed and/or impounded by the City, if not removed upon termination of this Permit and when so removed and/or impounded, such property may be redeemed by the owner thereof only upon the payment to the City of the costs of removal plus storage charges of \$25.00 per day. The City of

Kenai is not responsible for any damage to or theft of any personality of Permittee or of its customers.

22. Termination; Default. This Permit may be terminated by either party hereto by giving thirty (30) days advance written notice to the other party. City may terminate the Permit immediately, or upon notice shorter than thirty (30) days, to protect public health and safety or due to a failure of Permittee to comply with condition or term of this Permit which failure remains uncured after notice by City to Permittee providing Permittee with a reasonable time period under the circumstances to correct the violation or breach.

23. Landing Fees; Fee Schedule. Timely payment of landing fees and other required Airport fees is a condition of this Permit and, as such, failure to timely pay landing and other airport fees is grounds for termination. Without limiting the foregoing, Permittee shall pay landing fees for aircraft landings as set out in the City's comprehensive schedule of rates, charges and fees. Permittee shall make payment within thirty (30) days following the end of each month and without demand or invoicing from City. Permittee shall also provide Airport Administration with monthly certified gross take-off weight reports within ten (10) days following the end of each month for landings for the preceding month. Airport landing fees shall be paid at the Airport Administration Building, 305 North Willow Street, Suite 200, Kenai, AK 99611.

24. Impoundment. At the discretion of the Airport Manager, City may impound any aircraft parked on the Premises after termination of this Permit. Impoundment may be accomplished by affixing a seal to the door of the aircraft or the moving of the aircraft for impoundment purposes. Inconvenience or damage that may result from such movement will be at the risk of Permittee. An impoundment fee plus a towage fee shall be charged on each aircraft impounded. In addition, a daily storage fee shall be charged for each day the aircraft remains impounded. Any impounded aircraft that is not redeemed within ninety (90) days after impoundment shall be considered abandoned and shall be subject to sale at public auction. Notice of any auction shall be published. Publication shall be in a newspaper of general circulation in that area for at least once during each of three (3) consecutive weeks not more than thirty (30) days nor less than seven (7) days before the time of the auction.

25. Definitions. As used in this Permit, "Permittee" means River Rock Outdoors and where the context reasonably indicates, its officers, agents, and employees. "Airport" means the Kenai Municipal Airport.

CITY OF KENAI**RIVER ROCK OUTDOORS**

By: _____
 Terry Eubank
 City Manager

 Date

By: _____
 Jeremy Mastre
 Owner

 Date

ACKNOWLEDGMENTS

STATE OF ALASKA)
) ss.
 THIRD JUDICIAL DISTRICT)

THIS IS TO CERTIFY that on this ____ day of _____, 2025, the foregoing instrument was acknowledged before me by TERRY EUBANK, City Manager, of the City of Kenai, an Alaska municipal corporation, on behalf of the City.

 Notary Public for Alaska
 My Commission Expires: _____

STATE OF ALASKA)
) ss.
 THIRD JUDICIAL DISTRICT)

THIS IS TO CERTIFY that on this ____ day of _____, 2025, the foregoing instrument was acknowledged before me by Jeremy Mastre, Owner, on behalf of River Rock Outdoors.

 Notary Public for Alaska
 My Commission Expires: _____

Approved as to Form:

 Scott Bloom
 City Attorney

Floatplane Rd

Floatplane Rd

Floatplane Rd

Commercial Spot 5

Exhibit A

Google





KENAI

City of Kenai | 210 Fidalgo Ave, Kenai, AK 99611-7794 | 907.283.7535 | www.kenai.city

MEMORANDUM

TO: Mayor Gabriel and Council Members

THROUGH: Terry Eubank, City Manager

FROM: Derek Ables, Airport Manager

DATE: March 10, 2025

SUBJECT: **Action/Approval - Special Use Permit to Jeremy Mastre, DBA: River Rock Outdoors, LLC for Fuel Tank Storage at the Kenai Municipal Airport Float Plane Basin**

Jeremy Mastre, owner of River Rock Outdoors is requesting a Special Use Permit for fuel tank storage at the float plane basin located at the Kenai Municipal Airport.

The fees associated with this permit would be a \$105.00 monthly fee and a \$100 annual business access permit.

The Airport Commission recommended approval at their regularly scheduled meeting on March 13, 2025.

Your support for a Special Use Permit to River Rock Outdoors, LLC is respectfully requested.

Attachments- agreement, exhibit A

SPECIAL USE PERMIT

The CITY OF KENAI (City) grants to River Rock Outdoors (Permittee), whose address is _____, Soldotna, AK 99669, a Special Use Permit to conduct aeronautical and/or aviation-related activities at the Kenai Municipal Airport subject to the requirements and the conditions set forth below.

1. Premises. Permittee shall have the non-exclusive right to use 900 square feet commercial float plane basin parking area, as described in the attached Exhibit A for the uses identified in this Permit.

2. Term. The term of this Permit shall be for six months commencing on May 1, 2025 and ending on October 31, 2025, or the closing date deemed necessary by Airport Management for weather conditions. Regardless of the date of signature, this Permit shall be effective as of May 1, 2025.

3. Permit Fees. Permittee shall pay the following fees for the privileges extended to Permittee under this Permit:

A. Permit: Permittee shall pay a monthly fee plus applicable sales tax as follows:

The monthly fee for Fiscal Year 2025 from May 1, 2025 to June 30, 2025 for this permit is \$105.00 (\$1.40/SF/Year) plus applicable sales tax based on the City of Kenai Fee Schedule of Rates, Charges, and fees for Fiscal Year 2025.

The monthly fee for Fiscal Year 2026 from July 1, 2025 to October 31, 2025 for this permit is \$105.00 (\$1.40/SF/Year) plus applicable sales tax, adjusted for the published City of Kenai Fee Schedule of Rates, Charges and Fees for Fiscal Year 2026.

Permittee shall pay an annual fueling access fee of \$100.00.

B. Proximity Card for Gate Access: In addition to the general permit fee, Permittee shall pay a deposit of one hundred dollars (\$100.00) for the use of each proximity card issued to Permittee by City to allow for gate access to the Airport to conduct the uses permitted hereunder. City shall refund this deposit to Permittee when the card is returned to City. City may exercise a right of offset to apply the deposit to any outstanding balance due to City from Permittee at the termination of this Permit.

C. Other Fees: City may assess additional fees for aviation or aviation support activities and uses not defined in this Permit. If a fee has not been established for those activities or services, a fee will be established by the Airport Manager.

Payment shall be directed to City of Kenai, ATTN: Finance Department, 210 Fidalgo Avenue, Kenai, AK 99611 and a courtesy notice of payment provided to Airport Administration at 305 North Willow Street, Suite 200, Kenai, AK 99611. All permit fees are payable in advance of each month unless otherwise provided. In the event of delinquency, interest at the rate of ten percent (10%) per annum, and penalty of ten percent (10%) shall also be due (KMC 1.75.010). Interest shall accrue from the date due until the date paid in full. Failure to timely make payments is grounds for termination of this Permit. (See ¶ 22, Termination)

4. Use. City authorizes Permittee's non-exclusive use of the Premises for the following purpose(s):

Fuel Tank Parking. The fuel tank shall only be used for the fueling of River Rock Outdoors Aircraft by its owner and employees and not available for sale or distribution. Only a fuel tank pre-approved by the Airport Manager may be brought and stored on the airport.
NOTE: This permit does not guarantee the exclusive use of the area identified in Exhibit A. City reserves the right to re-assign Permittee, upon reasonable notice, to other areas as airport needs may require.

Permittee shall have the right of ingress and egress to the Airport using only designated gate access locations (which may require a proximity card) for the use of the Premises. This Permit, and any access rights allowed hereunder, are for Permittee's use only and may not be transferred or assigned.

Use of the Premises by Permittee is subject to the reasonable administrative actions of the City of Kenai for the protection and maintenance of the Premises and of adjacent and contiguous lands or facilities and is further subject to the following conditions:

Permittee acknowledges that the use granted herein is subject to the Kenai Municipal Code and municipal regulations governing the Kenai Municipal Airport and as those laws and regulations may be amended from time to time.

Solicitation of donations or operation of a business or other commercial enterprise not contemplated by this Permit is prohibited without the written consent of City.

No person may repair an aircraft, aircraft engine, propeller, or apparatus in an area of the Airport other than that specifically designated for that purpose by the Airport Manager or designated representative. The Airport Manager or designated representative reserves the right to designate reasonable areas where aircraft owners may perform services on their own aircraft.

5. Airport Operations. Permittee shall ensure that the Permittee, its employees, and guests, and anyone else acting by, on behalf of, or under the authority of Permittee on the Airport, that perform any repairs or activities authorized under this Permit act in a manner that ensures the safety of people and the Airport, the protection of public health and the environment, and the safety and integrity of the Airport and any premises on the Airport. Permittee shall employ qualified personnel and maintain equipment sufficient for the purposes of this provision. The Permittee shall immediately notify City of any condition, problem, malfunction, or other occurrence that threatens the safety of the Airport, the safety of persons using the Airport, the public health or the environment, or the safety or integrity of any premises on the Airport.

6. Inspection. The Federal Aviation Administration (FAA) and/or City shall have the right and authority to inspect, at any time for any purpose whatsoever, the Premises as well as any and all equipment used by the Permittee under this Permit.

7. Coordination with Airport Management. Permittee shall abide by all reasonable decisions and directives of the Airport Management regarding general use of the Airport by Permittee germane to a commercial entity.

8. Radio Transmitting Equipment. Permittee shall discontinue the use of any machine or device which interferes with any government-operated transmitter, receiver, or navigation aid until the cause of the interference is eliminated.

9. Insurance. Permittee shall secure and keep in force adequate insurance, as stated below, to protect City and Permittee. Where specific limits are stated, the limits are the minimum acceptable limits. If Permittee's insurance policy contains higher limits, City is entitled to coverage to the extent of the higher limits.

A. Commercial General Liability insurance, including premises, all operations, property damage, personal injury and death, broad-form contractual, with a per-occurrence limit of not less than \$1,000,000 combined single limit. The policy must include an endorsement under which the insurer extends coverage to Permittee's fuel handling activities. Permittee must provide coverage that includes pollution coverage that covers spills on land and water. The policy must name the City as an additional insured.

B. Worker's compensation insurance with coverage for all employees engaged in work under this Permit or at the Premises as required by AS 23.30.045. Permittee is further responsible to provide worker's compensation insurance for any subcontractor who directly or indirectly provides services to Permittee under this Permit.

C. Commercial Automobile Coverage with not less than \$1,000,000 combined single limit per occurrence. This insurance must cover all owned, hired, and non-owned motor vehicles the Permittee uses on the Airport. The policy must name the City as an additional insured.

D. All insurance required must meet the following additional requirements:

- i. All policies will be by a company/corporation currently rated "A-" or better by A.M. Best.
- ii. Permittee shall submit to the City proof of continuous insurance coverage in the form of insurance policies, certificates, endorsements, or a combination thereof, and signed by a person authorized by the insurer to bind coverage on its behalf.
- iii. Permittee shall request a waiver of subrogation against City from Permittee's insurer and the waiver of subrogation, where possible, shall be provided at no cost to City.
- iv. Provide the City with notification at least thirty (30) days before any termination, cancellation, or material change in insurance coverage of any policy required hereunder.
- v. Evidence of insurance coverage must be submitted to City by May 1, 2025. The effective date of the insurance shall be no later than May 1, 2025.

City may increase the amount or revise the type of required insurance on written demand without requiring amendments to this Permit. City will base any increase or revision on reasonable and justifiable grounds. Within two weeks of the written demand, Permittee shall submit to City evidence of insurance coverage that meets the requirements of the City.

10. Assumption of Risk. Permittee assumes full control and sole responsibility as between Permittee and City for the activities of Permittee, its personnel, employees, and

persons acting on behalf of or under the authority of the Permittee anywhere on the Airport. Permittee shall provide all proper safeguards and shall assume all risks incurred in its activities on and access to the Kenai Municipal Airport and its exercise of the privileges granted in this Permit.

11. Indemnity, Defend, and Hold Harmless Agreement. Permittee agrees to fully indemnify, defend, and hold harmless, the City of Kenai, its officers, agents, employees, and volunteers from and against all actions, damages, costs, liability, claims, losses, judgments, penalties, and expenses of every type and description, including any fees and/or costs reasonably incurred by the City's staff attorneys and outside attorneys and any fees and expenses incurred in enforcing this provision (hereafter collectively referred to as "Liabilities"), to which any or all of them may be subjected, to the extent such Liabilities are caused by or result from any negligent act or omission or willful misconduct of the Permittee in connection with or arising from or out of Permittee's activities on or use of the Premises, Permittee's access to the Kenai Municipal Airport, and/or Permittee's exercise of the privileges granted in this Permit. This shall be a continuing obligation and shall remain in effect after termination of this Permit.

12. Fuel Spill Prevention and Response Plan. Areas of the Apron have been seal coated to protect asphalt from adverse effects of petroleum product spills. The City requires that Permittee provide adequate absorbent materials and tools available on the Premises and at the airport in order to maintain a fuel spill and response capability. Permittee shall be liable for any damage caused by and costs associated with any spill, the cleanup of any spill, or the discharge of petroleum products or hazardous materials due to Permittee's use of the Apron and/or use of the Airport.

Permittee shall provide to City an acceptable fuel spill prevention and response plan and will maintain fuel spill and response capability. Permittee further agrees to have a copy of the fuel spill prevention and response plan located in the Permittee's fuel dispensing equipment at all times. Permittee must comply with the Airport's Storm Water Pollution Prevention Plan as appropriate to Permittee's activities.

Permittee shall not store any personal property, solid waste, petroleum products, Hazardous Material as defined by 14 CFR § 171.8, hazardous waste (ignitable, corrosive, reactive, or toxic) or any hazardous substance on any portion of the Airport, other than fuel used for self-fueling. Permittee is aware that there are significant penalties for improperly disposing of the Hazardous Materials and other waste and for submitting false information regarding Hazardous Materials, including the possibility of fine and imprisonment for knowing violations.

Permittee shall immediately remove the material in the event of spillage or dripping of gasoline, oil, grease, or any other material which may be unsightly or detrimental to the pavement or surface in or on any area of the Airport.

Permittee may not construct or install any above-ground or underground fuel storage tanks or dispensing systems not approved at the Airport.

No person shall smoke on an aircraft-parking ramp, inside an aircraft hangar, or within fifty feet (50') of any aircraft fuel facility or fuel truck.

Permittee is subject to FAA Advisory Circular 150/5230-4 Aircraft Fuel Storage, Handling, and Dispensing on Airports, the National Fire Protection Associations' "Standard for Aircraft Fueling Servicing" in NFPA 407 (1996 version), and the current version of the International Fire Codes. All inspections of fuel facilities, by City or other regulating entities to which Permittee is subject, shall be conducted to assure compliance with the fire safety practices listed in these referenced documents.

13. Hazardous Substances and Materials. Permittee shall conform and be subject to the requirements of 14 CFR § 139.321 regarding the handling and storage of hazardous substances and materials.

14. No Discrimination. Permittee shall not discriminate against any person because of the person's race, creed, color national origin, sex, age, or handicap. Permittee recognizes the right of City to take any action necessary to enforce this requirement of the Permit. Permittee will furnish services provided under this Permit on a reasonable, and not unjustly discriminatory, basis to all users of the Airport and shall charge reasonable, and not unjustly discriminatory, prices for each product or service provided at the Airport.

15. Licenses and Permits. Permittee shall obtain and maintain all required federal, state, and local licenses, certificates, and other documents required for its operations under the Permit. Permittee shall provide proof of compliance to City upon request by the City.

16. Compliance with Law/Grant Assurances. This Permit, and Permittee's activities conducted under this Permit, is subject to all executive orders, policies and operational guidelines and all applicable requirements of federal, state, and City statutes, ordinances, and regulations in effect during the term of this Permit. Further, Permittee shall comply with all applicable requirements imposed on the Airport by federal law to ensure that the Airport's eligibility for federal money or for participation in federal aviation programs is not jeopardized. This Permit is subordinate to the City's grant assurances and federal obligations.

17. No Exclusivity. The privileges granted under this Permit are not exclusive to Permittee. City has the right to grant to others any right or privilege on the Airport.

18. Assignment. The privileges granted under this Permit are personal to Permittee and may not be assigned by Permittee.

19. No Joint Venture. City shall not be construed or held to be a partner or joint venturer of Permittee in the conduct of its business or activities on the Premises or elsewhere at the Kenai Municipal Airport.

20. No Waiver. Failure to insist upon a strict compliance with the terms, conditions, and requirements herein contained, or referred to, shall not constitute or be construed as a waiver or relinquishment of the right to exercise such terms, conditions, or requirements.

21. Personality. Permittee shall remove any and all personal property, including all vehicles, from the Premises at the termination of this Permit (or any renewal thereof). Personal property placed or used upon the Premises will be removed and/or impounded by the City, if not removed upon termination of this Permit and when so removed and/or impounded, such property may be redeemed by the owner thereof only upon the payment to the City of the costs of removal plus storage charges of \$25.00 per day. The City of Kenai is not responsible for any damage to or theft of any personality of Permittee or of its customers.

22. Termination; Default. This Permit may be terminated by either party hereto by giving thirty (30) days advance written notice to the other party. City may terminate the Permit immediately, or upon notice shorter than thirty (30) days, to protect public health and safety or due to a failure of Permittee to comply with condition or term of this Permit which failure remains uncured after notice by City to Permittee providing Permittee with a reasonable time period under the circumstances to correct the violation or breach.

23. Landing Fees; Fee Schedule. Timely payment of landing fees and other required Airport fees is a condition of this Permit and, as such, failure to timely pay landing and other airport fees is grounds for termination. Without limiting the foregoing, Permittee shall pay landing fees for aircraft landings as set out in the City's comprehensive schedule of rates, charges and fees. Permittee shall make payment within thirty (30) days following the end of each month and without demand or invoicing from City. Permittee shall also provide Airport Administration with monthly certified gross take-off weight reports within ten (10) days following the end of each month for landings for the preceding month. Airport landing fees shall be paid at the Airport Administration Building, 305 North Willow Street, Suite 200, Kenai, AK 99611.

24. Impoundment. At the discretion of the Airport Manager, City may impound any aircraft parked on the Premises after termination of this Permit. Impoundment may be accomplished by affixing a seal to the door of the aircraft or the moving of the aircraft for impoundment purposes. Inconvenience or damage that may result from such movement will be at the risk of Permittee. An impoundment fee plus a towage fee shall be charged on each aircraft impounded. In addition, a daily storage fee shall be charged for each day the aircraft remains impounded. Any impounded aircraft that is not redeemed within ninety (90) days after impoundment shall be considered abandoned and shall be subject to sale at public auction. Notice of any auction shall be published. Publication shall be in a newspaper of general circulation in that area for at least once during each of three (3) consecutive weeks not more than thirty (30) days nor less than seven (7) days before the time of the auction.

25. Definitions. As used in this Permit, “Permittee” means River Rock Outdoors and where the context reasonably indicates, its officers, agents, and employees. “Airport” means the Kenai Municipal Airport.

CITY OF KENAI

RIVER ROCK OUTDOORS

By: _____
 Terry Eubank
 City Manager

Date

By: _____
 Jeremy Mastre
 Owner

Date

ACKNOWLEDGMENTS

STATE OF ALASKA)
) ss.
 THIRD JUDICIAL DISTRICT)

THIS IS TO CERTIFY that on this ____ day of _____, 2025, the foregoing instrument was acknowledged before me by TERRY EUBANK, City Manager, of the City of Kenai, an Alaska municipal corporation, on behalf of the City.

 Notary Public for Alaska

My Commission Expires: _____

STATE OF ALASKA)
) ss.
 THIRD JUDICIAL DISTRICT)

THIS IS TO CERTIFY that on this ____ day of _____, 2025, the foregoing instrument was acknowledged before me by Jeremy Mastre, Owner, on behalf of River Rock Outdoors.

 Notary Public for Alaska
 My Commission Expires: _____

Approved as to Form:

 Scott Bloom
 City Attorney

Floatplane Rd

Floatplane Rd

Floatplane Rd



Drawing not to scale. 30 X 30
Storage Area

Exhibit A

Google



KENAI

City of Kenai | 210 Fidalgo Ave, Kenai, AK 99611-7794 | 907.283.7535 | www.kenai.city

MEMORANDUM

TO: Mayor Gabriel and Council Members

THROUGH: Terry Eubank, City Manager

THROUGH: Kevin Buettner, Planning Director

FROM: Brandon McElrea, Planning Technician

DATE: March 12, 2025

SUBJECT: **Action/Approval – Approving Amendments to the Lease and Concession Agreements for the Kenai Municipal Golf Course and Recreation Area between the City of Kenai and KNC Golf, Inc.**

The City received a request from Bill Coghill, Treasurer of KNC Golf, Inc., the lessee of the Kenai Municipal Golf Course, proposing an increase in the green fees and the implementation of a resident and non-resident fee schedule. He indicates the proposed green fees are comparable to the rates of other 18-hole golf courses in Alaska. Article III of the referenced Lease and Concession Agreements state that green fees shall be set at the sole option of the Kenai City Council upon petition by the lessee.

The Lease has been amended over the years, and the most recent amendments were approved by this Council on May 3, 2023, for an adjustment of green fees. The current Lease expires December 31, 2056. KNC Golf, Inc. is current in payments to the City and Kenai Peninsula Borough.

Mr. Coghill proposes that the top resident green fee be \$60 and top non-resident green fee be \$90, with discounts for seniors, juniors, weekdays, early mornings, punch cards, season passes and other reduced rates. He referred to the Anchorage Golf Course, the nearest 18-hole golf course, as having a similar pricing structure. These proposed rates conform to the restrictions affecting the Kenai Municipal Golf Course under the Land and Water Conservation Fund Grant Program.

Thank you for your consideration.

Attachment

Proposed Green Fees Request

Hi Cristine,

We are requesting an increase in maximum green fees charged at the Kenai Golf Course.

We plan on having a Non-resident fee which would be our top rate with Alaska residents receiving a discount of about 33%.

We request that the top Non-resident 18 hole green fee to be \$90.00 and the top resident fee to be \$60.00.

Our new point of sale system will allow us to have discounted rates for seniors, juniors, weekdays, early mornings, punch cards, season passes and other reduced prices and sales as we decide how to best manage the Kenai Golf Course.

These rates are similar to the fees charged at the Anchorage Golf Course which also has Non-resident fees and is an 18 hole course.

The rates conform to the restrictions included in the Land and Water Conservation Fund Grant Program in Alaska.

Let me know if there is anything else you need for this request.

Thanks,
Bill Coghill
Treasurer of KNC Golf Inc.
907-953-9010 cell

**FOURTEENTH AMENDMENT TO LEASE AND CONCESSION AGREEMENT
KENAI MUNICIPAL GOLF COURSE AND RECREATION AREA NO. II**

THIS Amendment to Lease and Concession Agreement is made as of the ____ day of _____, 2025, by and between the CITY OF KENAI (City), a municipal corporation whose address is 210 Fidalgo Avenue, Kenai, Alaska 99611, and KNC GOLF, INC. (Lessee), whose address is 275 South Kobuk Street, Soldotna, Alaska 99669.

WITNESSETH

WHEREAS, on May 28, 1987, the City entered into a lease with Richard I. Morgan, for City-owned lands identified as Exhibit "A", a Preliminary Drawing for Field Survey to be replaced at a later date by a Field Survey, which lease was recorded at Book 311 Pages 134-143, on May 28, 1987, in the Kenai Recording District, Third Judicial District, State of Alaska (the Lease); and,

WHEREAS, since May 28, 1987, the rights under the Lease have been assigned or transferred to various Lessees and the current Lessee is KNC Golf, Inc.; and,

WHEREAS, the Lease has been amended over the years, which amendments are recorded in the Kenai Recording District and are summarized as follows:

Amendment to lease, recorded at Book 362 Pages 002-004, on March 16, 1990, redetermining green fees;

Amendment to lease, recorded at Book 395 Pages 754-756, on February 21, 1992, incorporating Exhibit "A" and "B" to supersede the Exhibits recorded with the original lease on May 28, 1987;

Amendment to Lease, recorded at Book 411 Pages 639-641, on January 19, 1993, redetermining green fees;

Amendment to Lease, recorded at Book 472 Pages 950-952, on October 23, 1995, redetermining green fees;

Amendment to Lease, recorded at book 515 pages 816-820, on October 7, 1997, amending the Lease rate;

Amendment to Lease, recorded at book 522 Pages 726-729, on February 10, 1998, revising the legal description as follows:

Parcel B

The unsubdivided remainder of Government Lots 3 and 4, located within the N1/2 N1/2 Section 3, T5N, R11W, Seward Meridian, City of Kenai, Kenai Recording District, Kenai Peninsula Borough, Alaska containing 47.788 acres, according to Plat No. 97-105;

Amendment of Lease, redetermining green fees, dated February 18, 2000 (Lessee and Lessor signed the Amendment; however, it is not recorded in the Kenai Recording District);

Amendment to Lease, recorded at 2005-003854-0, on May 11, 2005, redetermining green fees; incorporating language that is required by the State Division of Parks and Outdoor Recreation and the National Parks Service; granting the City the right to enter and occupy the premises for a ski trail or trails; and, extending the expiration dates for an additional 10-year term to December 31, 2015;

Amendment to Lease, recorded at 2007-004091-0, on April 20, 2007, redetermining green fees;

Amendment to Lease, recorded at 2010-003222-0, on April 23, 2010, redetermining green fees;

Amendment to Lease, recorded at 2013-004082-0, on April 29, 2013, redetermining green fees;

Amendment to Lease, recorded at 2015-010220-0, on November 10, 2015, extending the term of the Lease with a new lease rate and a 10-year renewal option;

Amendment to Lease, recorded at 2018-007903-0, on September 6, 2018, incentivizing improvements and additional investments on the golf course;

Amendment to Lease, redetermining green fees (Council approved at May 3, 2023 meeting; however, no signed amendment found or recorded);

and,

WHEREAS, under Article III of the Lease, the Lessee has petitioned the City to raise the Green fees.

NOW THEREFORE, the parties agree as follows:

1. That pursuant to Article III of the Lease, the Kenai City Council has determined that the green fees shall not exceed Sixty Dollars (\$60) per person for eighteen holes of golf for

Alaska State residents, and Ninety Dollars (\$90) per person for eighteen holes of golf for all other persons.

2. Except as expressly modified or stated herein, all other terms and conditions of the Lease (as amended) remain in full force and effect.

CITY OF KENAI

By: _____

David Ross

Its: Acting City Manager

KNC GOLF, INC.

By: _____

Name: _____

Its: _____

Approved as to form:

Scott Bloom
City Attorney

State of Alaska)
) ss
Third Judicial District)

The foregoing instrument was acknowledged before me this _____ day of _____, 2025, by David Ross, Acting City Manager for the City of Kenai.

Notary Public of Alaska
My Commission Expires: _____

State of Alaska)
) ss
Third Judicial District)

The foregoing instrument was acknowledged before me this _____ day of _____, 2025, by _____ (Name), _____ (Title) for KNC Golf, Inc.

Notary Public of Alaska
My Commission Expires: _____

RETURN TO:
CITY OF KENAI
210 Fidalgo Avenue
Kenai, AK 99611-7794

**FIFTEENTH AMENDMENT TO LEASE AND CONCESSION AGREEMENT
KENAI MUNICIPAL GOLF COURSE AND RECREATION AREA**

THIS Amendment to Lease and Concession Agreement is made as of the ____ day of _____, 2025, by and between the CITY OF KENAI (City), a municipal corporation whose address is 210 Fidalgo Avenue, Kenai, Alaska 99611, and KNC GOLF, INC. (Lessee), whose address is 275 South Kobuk Street, Soldotna, Alaska 99669.

WITNESSETH

WHEREAS, on June 7, 1985, the City entered into a lease with Richard I. Morgan, for City-owned lands identified as Exhibit "A", a Preliminary Drawing for Field Survey to be replaced at a later date by a Field Survey, which lease was recorded at Book 265 Pages 720-731, on July 8, 1985, in the Kenai Recording District, Third Judicial District, State of Alaska (the Lease); and,

WHEREAS, since June 7, 1985, the rights under the Lease have been assigned or transferred to various Lessees and the current Lessee is KNC Golf, Inc.; and,

WHEREAS, the Lease has been amended over the years, which amendments are recorded in the Kenai Recording District and are summarized as follows:

Amendment to lease, recorded at Book 362 Pages 004-005, on March 16, 1990, redetermining green fees;

Amendment to lease, recorded at Book 395 Pages 749-753, on February 21, 1992, incorporating Exhibit "A" and "B" to supersede the Exhibits recorded with the original lease on July 8, 1985;

Amendment to Lease, recorded at Book 411 Pages 642-646, on January 19, 1993, redetermining green fees;

Amendment to Lease, recorded at Book 472 Pages 950-952, on October 23, 1995, redetermining green fees;

Amendment to Lease, recorded at book 515 pages 816-820, on October 7, 1997, amending the Lease rate;

Amendment to Lease, recorded at book 522 Pages 726-729, on February 10, 1998, revising the legal description as follows:

Parcel A

The unsubdivided remainder of Government Lots 1 and 2, located within the N1/2 N1/2 Section 3, T5N, R11W, Seward Meridian, City of Kenai, Kenai Recording District, Kenai Peninsula Borough, Alaska containing 71.919 acres, according to Plat No. 97-105;

Amendment of Lease, redetermining green fees, dated February 18, 2000 (Lessee and Lessor signed the Amendment; however, it is not recorded in the Kenai Recording District);

Amendment to Lease, recorded at 2005-003854-0, on May 11, 2005, redetermining green fees; incorporating language that is required by the State Division of Parks and Outdoor Recreation and the National Parks Service; granting the City the right to enter and occupy the premises for a ski trail or trails; and, extending the expiration dates for an additional 10-year term to December 31, 2015;

Amendment to Lease, recorded at 2007-004091-0, on April 20, 2007, redetermining green fees;

Amendment to Lease, recorded at 2010-003222-0, on April 23, 2010, redetermining green fees;

Amendment to Lease, recorded at 2013-004083-0, on April 29, 2013, redetermining green fees;

Amendment to Lease, recorded at 2015-010221-0, on November 10, 2015, extending the term of the Lease with a new lease rate and a 10-year renewal option;

Amendment to Lease, recorded at 2018-007904-0, on September 6, 2018, incentivizing improvements and additional investments on the golf course;

Amendment to Lease, redetermining green fees (Council approved at May 3, 2023 meeting; however, no signed amendment found or recorded);

and,

WHEREAS, under Article III of the Lease, the Lessee has petitioned the City to raise the Green fees.

NOW THEREFORE, the parties agree as follows:

1. That pursuant to Article III of the Lease, the Kenai City Council has determined that the green fees shall not exceed Sixty Dollars (\$60) per person for eighteen holes of golf for

Alaska State residents, and Ninety Dollars (\$90) per person for eighteen holes of golf for all other persons.

2. Except as expressly modified or stated herein, all other terms and conditions of the Lease (as amended) remain in full force and effect.

CITY OF KENAI

By: _____

David Ross

Its: Acting City Manager

KNC GOLF, INC.

By: _____

Name: _____

Its: _____

Approved as to form:

Scott Bloom
City Attorney

State of Alaska)
) ss
Third Judicial District)

The foregoing instrument was acknowledged before me this _____ day of _____, 2025, by David Ross, Acting City Manager for the City of Kenai.

Notary Public of Alaska
My Commission Expires: _____

State of Alaska)
) ss
Third Judicial District)

The foregoing instrument was acknowledged before me this _____ day of _____, 2025, by _____ (Name), _____ (Title) for KNC Golf, Inc.

Notary Public of Alaska
My Commission Expires: _____

RETURN TO:
CITY OF KENAI
210 Fidalgo Avenue
Kenai, AK 99611-7794



MEMORANDUM

TO: Mayor Gabriel and Council Members

FROM: Alex Douthit, Council Member

DATE: March 14, 2025

SUBJECT: **Action/Approval - Reporting Requirements for Agencies Receiving Grants through the Legislative Budget.**

Currently, agencies receiving grants through the Legislative Budget have no reporting requirements and agencies that have previously received grants have been automatically included in the proposed budget for the next fiscal year.

I request Council's support in changing the current process to require agencies that received funding for the previous year to report the following:

- A breakdown on how the funds were spent, including program costs and administrative expenses.
- An overview of how City funding has supported the agency's mission and benefited City residents.
- Any measurable outcomes or achievements made possible by the funding.

Agencies requesting funding in the coming Fiscal Year would be required to provide the following:

- A detailed project budget, including total project revenues and expenses.
- An explanation of how the requested funding will support the agency's mission and benefit City residents.
- The expected outcome or achievements of the project or funding purpose.

MEMORANDUM

TO: Mayor Gabriel and Council Members

FROM: Shellie Saner, City Clerk

DATE: March 14, 2025

SUBJECT: Kenai Municipal Code, Title 2 Alcoholic Beverages and Marijuana

The purpose of this memorandum is to determine if Council is supportive of amendments to Kenai Municipal Code (KMC) Title 2, allowing for administrative approval of renewals for existing alcohol and marijuana licenses when there are no grounds for protest.

If Council is supportive, an ordinance would be brought forward to allow non-objection letters for renewals to be handled administratively. However, the issuance of new licenses, new endorsements, transfer of ownership, transfer of location, and protests would still require Council action.

Current Process: When the Alcohol & Marijuana Control Office (AMCO) notifies the City regarding an alcohol or marijuana license issuance, renewal, transfer of endorsement, the application is routed to City Departments for verification to determine if there are any grounds for protest. Based on the department responses a memorandum is drafted for Council action, recommending one of the following: letter of non-objection, letter of non-objection with conditions, or letter of protest.

This topic is being presented to explore the possibility of streamlining the renewal process for greater efficiency while aligning with Alaska Statutes and the Alaska Administrative Code.

The following summarizes portions of applicable KMC and Alaska Law:

Kenai Municipal Code, Chapter 2.10 - Transfer of License in part establishes that a public hearing may be held prior to any Council approval of a transfer or issuance of such licenses and establishments; and also establishes hearing standards.

Kenai Municipal Code, Chapter 2.40 - Approval of an Activity of a Licensee in part establishes a licensee's obligations to the city; and also establishes that the Council may approve a notice of non-objection for the issuance, transfer or renewal as long as the licensee has satisfied all obligations to the City or entered into an approved payment plan.

Alaska Statutes 4.11.480 - Protest (Liquor) in part establishes that a governing body may protest the issuance, renewal relocation or transfer of a license, a license with endorsements or an endorsement by sending the board and applicant a protest and the reasons for the protest within 60-days of the notice of filing the application or by January 31 of the second year of the license; and also establishes that a local governing body may recommend a license may be issued, renewed, relocated or transferred with conditions.

Alaska Administrative Code 3 AAC 306.060 - Protest by Local Government (Marijuana) in part establishes that a governing body may protest the application by sending the board and the applicant a written protest and the reason for the protest not later than 60-days after the director sends notice of application; and also establishes that a local governing body may recommend the board approve the application subject to conditions.

**KENAI PARKS & RECREATION COMMISSION – REGULAR MEETING
MARCH 6, 2025 – 6:00 P.M.
KENAI CITY COUNCIL CHAMBERS
210 FIDALGO AVE., KENAI, AK 99611**

ACTION MINUTES

A. CALL TO ORDER

A Regular Meeting of the Parks & Recreation Commission was held on March 6, 2025, in the Kenai City Council Chambers, Kenai, AK. Commissioner Bernard called the meeting to order at approximately 6:08 p.m.

1. Pledge of Allegiance

2. Roll Call

There were present:

Sharon Fisher

Michael Bernard

A quorum was not present.

Absent:

Grant Wisniewski, Chair
Kyle Graham, Vice Chair
Bridget Grieme

Charlie Stephens
Marti Pepper

Also in attendance were:

Tyler Best, Parks & Recreation Director
Jenna Brown, Parks & Recreation Assistant Director
Phil Daniel, City Council Liaison

3. Agenda Approval

B. SCHEDULED PUBLIC COMMENTS - None.

C. UNSCHEDULED PUBLIC COMMENTS - None.

D. APPROVAL OF MINUTES

1. February 6, 2025 Regular Meeting Minutes

E. UNFINISHED BUSINESS – None.

F. NEW BUSINESS

2. **Discussion/Recommendation** -work plan goals for 2025

G. REPORTS

1. Parks & Recreation Director
2. Commission Chair
3. City Council Liaison

- H. **ADDITIONAL PUBLIC COMMENTS** – None.
- I. **NEXT MEETING ATTENDANCE NOTIFICATION** – April 3, 2025
- J. **COMMISSION QUESTIONS AND COMMENTS**
- K. **ADJOURNMENT**
- L. **INFORMATIONAL ITEMS** – None.

Having no quorum present, no business was taken up and the meeting adjourned at 6:08 p.m

I certify the above represents accurate minutes of the Parks & Recreation Commission meeting of March 6, 2025.

Meghan Thibodeau
Deputy City Clerk

**KENAI PLANNING & ZONING COMMISSION
REGULAR MEETING
FEBRUARY 26, 2025 – 7:00 P.M.
KENAI CITY COUNCIL CHAMBERS
210 FIDALGO AVE., KENAI, AK 99611
CHAIR JOE HALSTEAD, PRESIDING**

MINUTES

A. CALL TO ORDER

A Regular Meeting of the Kenai Planning & Zoning Commission was held on February 26, 2025, in City Hall Council Chambers, Kenai, AK. Chair Halstead called the meeting to order at approximately 7:00 p.m.

1. Pledge of Allegiance

Chair Halstead led those assembled in the Pledge of Allegiance.

2. Roll Call

There were present:

Joe Halstead, Chair
Glenese Pettey
Diane Fikes

Stacie Krause (*electronic participation*)
Gwen Woodard

A quorum was present.

Absent:

Sonja Earsley

Jeff Twait, Vice Chair

Also in attendance were:

Kevin Buettner, Planning Director
Victoria Askin, City Council Liaison
Meghan Thibodeau, Deputy City Clerk

3. Approval of Agenda and Consent Agenda

Chair Halstead noted the following additions to the Packet:

Add to items F.3. & F.4 **Resolutions PZ2025-06 & PZ2025-07**
• Public Comments

MOTION:

Commissioner Pettey **MOVED** to approve the agenda and consent agenda with the requested revisions. Commissioner Woodard **SECONDED** the motion.

The items on the Consent Agenda were read into the record.

Chair Halstead opened the floor for public comment on consent agenda items; there being no one wishing to be heard, the public comment period was closed.

UNANIMOUS CONSENT was requested.

There being no objection; **SO ORDERED.**

All items listed with an asterisk () are considered to be routine and non-controversial by the Commission and will be approved by one motion. There will be no separate discussion of these items unless a Commission Member so requests, in which case the item will be removed from the Consent Agenda and considered in its normal sequence on the agenda as part of the General Orders.

B. APPROVAL OF MINUTES

1. *Regular Meeting of February 12, 2025

Approved by the consent agenda.

C. SCHEDULED PUBLIC COMMENTS - None.**D. UNSCHEDULED PUBLIC COMMENTS - None.****E. CONSIDERATION OF PLATS**

1. **Resolution PZ2025-09** – Recommending Approval of Preliminary Plat – Valhalla Heights Subdivision Conan Replat of Lot 9 and Lot 10, Block 5A, Valhalla Heights Subdivision Part 5 in the Rural Residential (RR) Zoning District.

MOTION:

Commissioner Woodard **MOVED** to approve Resolution PZ2025-09. Commissioner Pettey **SECONDED** the motion.

Planning Director Buettner provided an overview of the staff report as included in the packet and attached to Resolution No. PZ2025-09, and explained the purpose of the plat was to merge two lots into one lot. It was noted that staff's recommendation is approval subject to the conditions specified within the staff report as attached to Resolution No. PZ2025-09.

UNANIMOUS CONSENT was requested.

There being no objection; **SO ORDERED**.

2. **Resolution PZ2025-11** – Recommending Approval of Preliminary Plat - Inlet Woods Subdivision 2025 Replat of Inlet Woods Subdivision, Part One, Lots 1 & 2, Block 10 in the Suburban Residential (RS) Zoning District.

MOTION:

Commissioner Woodard **MOVED** to approve Resolution PZ2025-11. Commissioner Fikes **SECONDED** the motion.

Planning Director Buettner provided an overview of the staff report as included in the packet and attached to Resolution No. PZ2025-11, and explained the purpose of the plat was to merge two lots into one lot. It was noted that staff's recommendation is approval subject to the conditions specified within the staff report as attached to Resolution No. PZ2025-11.

Commissioner Krause noted that she lived in Inlet Woods but was not adjacent to the subject lot and did not benefit financially from the replat.

UNANIMOUS CONSENT was requested.

There being no objection; **SO ORDERED**.

3. **Resolution PZ2025-12** – Recommending Approval of Preliminary Plat – Holland Spur Highway Subdivision Addition No. 1 Replat of Holland Spur Highway Subdivision, Tract 1 in the General Commercial (CG) Zoning District.

MOTION:

Commissioner Woodard **MOVED** to approve Resolution PZ2025-12. Commissioner Fikes **SECONDED** the motion.

Planning Director Buettner provided an overview of the staff report as included in the packet and attached to Resolution No. PZ2025-12, and explained the purpose of the plat was to create two parcels, which would allow varied commercial uses to be developed while maintaining necessary parking requirements, access management for safe access to the Kenai Spur Highway, and building setbacks. It was noted that

staff's recommendation is approval subject to the conditions specified within the staff report as attached to Resolution No. PZ2025-12.

Clarification was provided that a development site plan for points of access had not been submitted; the application would work with State of Alaska Department of Transportation as the access is from a State-maintained highway.

UNANIMOUS CONSENT was requested.
There being no objection; **SO ORDERED**

F. PUBLIC HEARINGS

1. **Resolution PZ2025-08** – Recommending Approval to Rezone the Properties Located at 202 N. Forest Drive and 1408 Second Avenue from Suburban Residential (RS) to General Commercial (CG) Zoning District.

MOTION:

Commissioner Woodard **MOVED** to approve Resolution PZ2025-08. Commissioner Fikes **SECONDED** the motion.

Planning Director Buettner provided an overview of the staff report as included in the packet and attached to Resolution No. PZ2025-08; he noted that the application was for a request to rezone two parcels from Suburban Residential (RS) to General Commercial (CG) Zoning District, for the purpose of allowing light commercial uses on the subject parcels including a law office, coffee shop and commercial greenhouse. It was clarified that the property historically had a Conditional Use Permit (CUP) issued in 1999 for a Greenhouse, Gift Shop and Coffee Shop; the current owners seek to reactivate this property with a similar mix of commercial uses. A rezone of these properties would allow for these commercial uses as a principal use and would not require a CUP. It was noted that staff's recommendation is approval; the Commission's recommendation would be forwarded to the City Council for a final decision.

Chair Halstead opened the floor for public hearing; there being no one wishing to be heard, the public hearing period was closed.

Commissioners Woodard, Fikes and Chair Halstead expressed support, noting that the property had operated with similar commercial usage for many years without issue.

Clarification was provided that all proposed changes to the buildings would be internal, and no building permit had been received for any additions.

UNANIMOUS CONSENT was requested.
There being no objection; **SO ORDERED**

2. **Resolution PZ2025-10** – Granting a Conditional Use Permit to Operate a Retail Businesses (Greenhouse, Café/Retail, Law Office) of the Existing Structures on the Property Described as Lot 1, Fresh Start Subdivision, Located at 202 N. Forest Drive within the Suburban Residential (RS) Zoning District.

MOTION:

Commissioner Woodard **MOVED** to approve Resolution PZ2025-10. Commissioner Fikes **SECONDED** the motion.

Planning Director Buettner noted that this is the same property the Commission recommended approval of a rezone for in PZ2025-08; this CUP would allow the businesses to commence operations in the event that the City Council does not approve the rezone. Clarification was provided that if the rezone is approved by Council, this CUP will be null and void. An overview of the staff report as included in the packet and attached to Resolution No. PZ2025-08 was provided; Director Buettner noted that the application was for a CUP to operate a Greenhouse, a Café/Retail Space and Law Offices at the existing single-family dwelling and accessory buildings. Staff's findings were reviewed, and it was noted that

staff's recommendation is approval subject to the conditions specified within the staff report as attached to Resolution No. PZ2025-10.

Parrisa Harris, applicant, noted that her plan was to move her law office into the main building that the previous owners operated as a gift shop. She noted that the cottage has been remodeled, which will be leased to Ooakzen to operate a coffee shop. The use of the greenhouse will remain the same as in the past.

In response to questions from the Commission, Harris clarified that addressing for the three different buildings will likely be suites at the same street address.

Chair Halstead opened the floor for public hearing.

Robert Peterson, noted he had lived north of the property for 24 years and was familiar with the traffic conditions. He stated he was not in opposition to the rezoning and wish the owners luck.

There being no one else wishing to be heard, the public hearing period was closed.

Clarification was provided that a public hearing for the rezone application would be before the City Council at their March 19, 2025 meeting and Council would make the final decision on the rezone at that time; this CUP would be a safeguard for the businesses to operate in the event the rezone is not approved; the CUP will expire if the rezone is approved; the rezone does not need Kenai Peninsula Borough approval; and the applicant was only charged one fee for both the rezone and CUP applications.

UNANIMOUS CONSENT was requested.
There being no objection; **SO ORDERED**

Chair Halstead noted the 15-day appeal period.

3. **Resolution PZ2025-06** – Granting a Conditional Use Permit for a Cabin Rental (I.E Short-term Rental) and Boarding House in a Single-Family Dwelling on the Property Described as Lot 16, Block 1, Anglers Acres Sub, Part 2, Located at 1305 Angler Drive, Within the Rural Residential (RR) Zoning District.

MOTION:

Commissioner Woodard **MOVED** to approve Resolution PZ2025-06. Commissioner Fikes **SECONDED** the motion.

Planning Director Buettner provided an overview of the staff report as included in the packet and attached to Resolution No. PZ2025-06; he noted that the application was for a CUP to operate the existing single-family dwelling as a Cabin Rental (Short-term Rental)/Boarding House. Clarification was provided that the building would be used seasonally as a short-term rental for employees of Tower Rock Lodge, whose Lodge and Guide Service CUP would be heard next as PZ2025-07. Staff's findings were reviewed, and it was noted that staff's recommendation is approval subject to the conditions specified within the staff report as attached to Resolution No. PZ2025-06.

Joseph Chambers, applicant, explained that Tower Rock Lodge has been operating outside of City limits and intends to move locations into the City of Kenai. Resolution PZ2025-07 would address the business's Guide Service and Lodging operations.

Chair Halstead opened the floor for public hearing.

Fred Braun spoke in support, noting that it would be another attraction for visitors to the City; would increase property and sales taxes; and homes on Angler Drive are primarily used as fishing operations rather than residential. He stated his support for Resolution PZ2025-07 as well.

Ron Rogalsky, resident, spoke in opposition to both Resolutions PZ2025-06 and PZ2025-07 and stated that he had submitted written public comment into the laydown. He expressed concerns about commercial activities in the RR zone; that the applicant intended to turn a single-family residence into a

16-person dining hall and move in dry cabins to house staff; that the existing septic system may not support these activities and suggested that the Commission include conditions that the applicant must meet DEC specifications.

There being no one else wishing to be heard, the public hearing period was closed.

Clarification was provided that with the exception of the dry cabins, all structures are in place and connected to the well and septic system; and that the plan for parking is adequate for the proposed use.

Concerns were expressed that the business would bring boats and trailers to a residential street. Chambers clarified that boats will be parked at the dock; that about half of the guests will not have vehicles parked at the property; that the lot lines have not been combined; that there is already a dock in place; and that he has not cleared any trees and does not intend to. Chambers explained that Tower Rock intends to maintain the Alaskan aesthetics of the property by maintaining and planting new vegetation; that he intends to reside on the property and will address any issues that may arise; that the staff cabins are currently at their old location and can be relocated to this property; and that the CUP for the 1230 Angler property had been transferred to them by the previous owner.

Concerns were expressed that the Commission had previously heard testimony from residents in this neighborhood in opposition to businesses operating under CUPs there, citing issues such as noise, traffic and events. Chambers stated that he intended to work with neighbors to achieve solutions should such complaints arise.

In response to questions from the Commission, Chambers clarified that seasonal staff currently stays at the dry cabins on the property that Tower Rock has leased since the mid-1990's, but noted that the lease is ending. Concerns were expressed that housing staff on-site may lead to noise issues; Chambers clarified that arrival times are staggered; there will be no one on the property during the middle of the day; and that he does not believe the vehicle traffic will be significant.

VOTE:

YEA: Fikes, Pettey, Halstead

NAY: Woodard

ABSENT: Twait, Earsley

MOTION PASSED.

[Clerk's note: Commissioner Krause abstained from discussion and voting on Resolution No. 2025-06 pursuant to KMC 14.05.025(e)]

Chair Halstead noted the 15-day appeal period.

4. **Resolution PZ2025-07** – Granting a Conditional Use Permit for a Lodge and Guide Service in a Single-Family Dwelling on the Property Described as Lot 14-A, Block 1, Anglers Acres Sub, Beaver Creek Replat, Located at 1235 Angler Drive, Within the Rural Residential (RR) Zoning District.

MOTION:

Commissioner Woodard **MOVED** to approve Resolution PZ2025-07. Commissioner Pettey **SECONDED** the motion.

Planning Director Buettner provided an overview of the staff report as included in the packet and attached to Resolution No. PZ2025-07; he noted that the application was for a CUP to operate the existing single-family dwelling as a Lodge and Guide Service. Staff's findings were reviewed, and it was noted that staff's recommendation is approval subject to the conditions specified within the staff report as attached to Resolution No. PZ2025-07.

Applicant Joseph Chambers was available for questions.

Chair Halstead opened the floor for public hearing.

M.J. Loveland, resident, expressed concern that septic system would not support the amount of people and cabins that he has proposed, and requested that this be added as a condition to the CUP.

Ron Rogalsky, resident, asked whether an applicant can get a CUP for a property they do not own.

Director Buettner clarified that findings in the staff report state that "The applicants are required to be in compliant with wastewater disposal requirements of Kenai Peninsula Borough Chapter 20.40 and regulatory requirements of the Alaska Department of Environmental Conservation."

There being no one else wishing to be heard, the public hearing period was closed.

VOTE:

YEA: Pettey, Halstead, Fikes, Woodard

NAY: None

ABSENT: Twait, Earsley

MOTION PASSED WITHOUT OBJECTION.

[Clerk's note: Commissioner Krause abstained from discussion and voting on Resolution No. 2025-07 pursuant to KMC 14.05.025(e)]

Chair Halstead noted the 15-day appeal period.

G. UNFINISHED BUSINESS

1. **Discussion** – Aspen Creek, 701 N. Forest Drive Conditional Use Permit

Director Buettner noted that there was no additional information since the previous meeting regarding this issue; this item will be continued on the next Commission meeting agenda.

H. NEW BUSINESS

1. **Discussion/Action** – Schedule a work session to examine the current Conditional Use Permits in terms of Potential Rezoning.

Director Buettner explained that the purpose for the proposed work session would be to consider areas in the City with high CUP density for possible rezoning. It was decided that the Planning & Zoning Department would send an email poll to Commissioners asking for their availability.

2. ***Action/Approval** – Requesting Excused Absences for the February 12, 2025 Regular Meeting – Twait, Krause

Approved by the consent agenda.

I. REPORTS

1. Planning Director – Planning Director Buettner reported on the following:
 - An email scam recently targeted Planning applicants and has been reported to the Kenai Police Department; staff is making changes to their process to remove identifiable information prior to publication.
2. Commission Chair – Expressed appreciation for the Commission's hard work and thorough discussion.
3. Kenai Peninsula Borough Planning – Commissioner Fikes reported on recent actions of the Kenai Peninsula Borough Planning Commission.
4. City Council Liaison – Council Member Askin reported on recent actions of the City Council.

J. ADDITIONAL PUBLIC COMMENT

Fred Braun asked about the 15-day period for appealing CUPs.

K. NEXT MEETING ATTENDANCE NOTIFICATION

1. Next Meeting: March 12, 2025

L. COMMISSION COMMENTS AND QUESTIONS

Commissioner Pettey thanked staff for the Commission Training meeting on February 24, 2025.

M. PENDING ITEMS – None.

N. ADJOURNMENT

O. INFORMATIONAL ITEMS – None.

There being no further business before the Planning & Zoning Commission, the meeting was adjourned at 8:16 p.m.

I certify the above represents accurate minutes of the Planning & Zoning Commission meeting of February 26, 2025.



Meghan Thibodeau
Deputy City Clerk



KENAI

City of Kenai | 210 Fidalgo Ave, Kenai, AK 99611-7794 | 907.283.7535 | www.kenai.city

March 10, 2025

RE: Collaborator Letter of Support for Kenai Peninsula Borough Community Wildfire Protection Plan Fuel Reduction Program

Dear Community Wildfire Defense Grant Agency,

The City of Kenai is a landowner in the Kenai Peninsula Borough and stakeholder to the Kenai Peninsula Borough Community Wildfire Protection Plan (CWPP). The CWPP identifies priority actions to protect communities from the risks of wildfire, including collaborative cross boundary fuel reduction and resilient forest management goals. The Kenai Peninsula Borough has taken a lead role in helping to identify 34,000 acres across multiple landownerships that together can produce high-impact fuel reduction projects to significantly address wildfire risks for the benefit of 12 high-risk communities. These project areas include forest lands that are undergoing changing conditions from spruce bark beetle infestation that increase potential fire management complexity and impact important forest values to landowners and communities.

We understand that as a collaborator in this 5-year CWDG program, program provided data acquisition and mapping, along with program provided professional forest planning resources would enable us to work together in designing and approving individual fuel treatment projects that align with our unique land management objectives and parameters. We recognize also that program provided land use professionals will assist in preparing landowner agreements that meet our needs and standards in advancing projects to the implementation phase on our lands. We understand that with each project area having a limited funding allocation, project specifications and standards funded by the program will need to be efficient and have high impact returns on any dollars that become available.

We also understand that by being a collaborator, we are not obligated to authorize any activity that does not fit with our own landowner objectives or any other parameters that influence our decision making as the program develops into action planning. Rather, this program is designed to work closely with each landowner to incorporate both fire risk mitigation with landowner objectives. Project specific agreements would need to be reached for specific project implementation to occur. The project rightly puts informed landowner decision making on the path to project success, thereby creating the best opportunities to transform our forestland toward forest values for current and future generations.

We understand the project is to be established by KPB with a clear schedule, clear communications, and coherent process by which map information, forest action planning, and recommendations would be presented to us to enable collaboration. KPB has the experience, network, and programmatic design necessary to support our role as landowners in the forest action planning and decision-making process.

We, as the stakeholders, are also interested in the capacity building that will come with this program, including landowner training, forest operator training, and reforestation initiatives, as these are integral to achieving long-term forest values across landownerships.

Therefore, the City of Kenai supports and respectfully recommends the Kenai Peninsula Borough CWPP Fuel Reduction Program for CWDG funding.

Sincerely,



David Ross

Acting City Manager



TO: Mayor Brian Gabriel and Kenai City Council

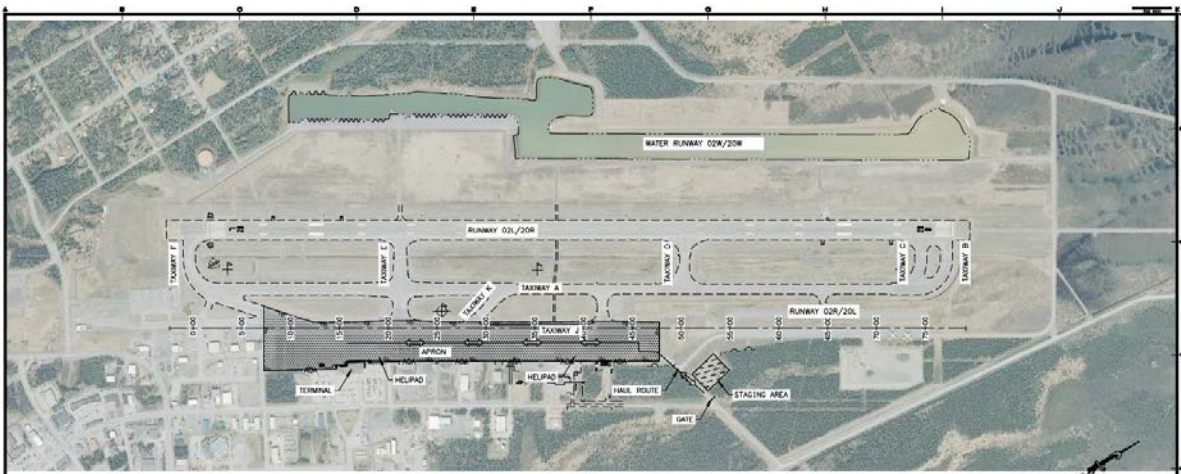
THROUGH: Terry Eubank, City Manager

FROM: Derek Ables, Airport Manager

DATE: March 7, 2025

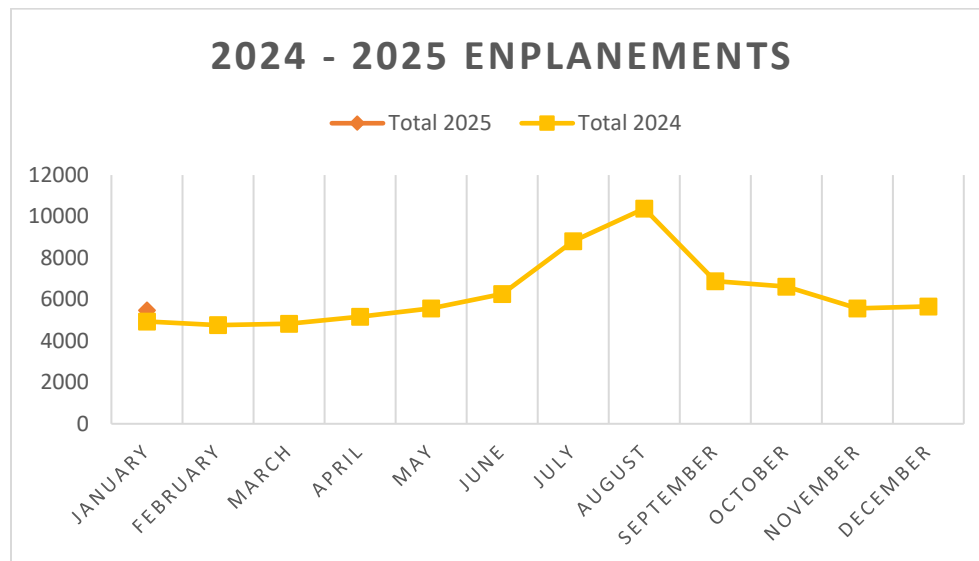
SUBJECT: **Airport Mid-month Report February 2025**

Apron Crack Sealing Project- The airport recently went out for bids for a crack sealing project as part of its ongoing pavement maintenance program. Securing a bid is a requirement in applying for and securing an Airport Improvement Program grant.



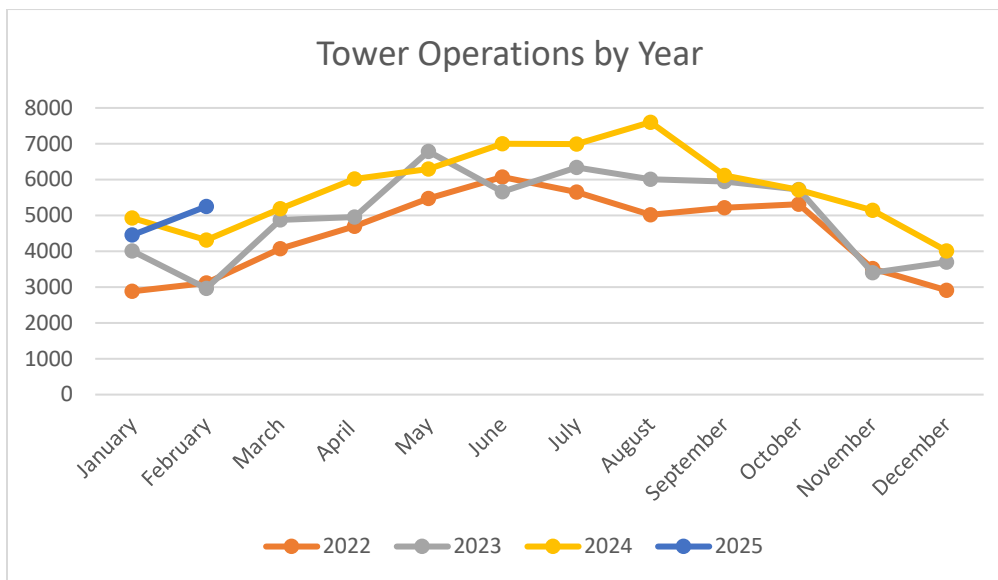
Enplanements

Month	Grant 2025	Kenai 2025	Grant 2024	Kenai 2024	Total 2025	Total 2024	Change from 2024 to 2025
January	4466	1003	3218	1719	5469	4937	532
February			3207	1553		4760	
March			3508	1325		4833	
April			3847	1326		5173	
May			4024	1546		5570	
June			4635	1624		6259	
July			6585	2231		8816	
August			7584	2798		10382	
September			5291	1583		6874	
October			5090	1528		6618	
November			4301	1267		5568	
December			4338	1321		5659	
Total	4466	1003	55628	19821	5469	75449	532



Tower Operations

Year	2022	2023	2024	2025
January	2882	4009	4927	4451
February	3117	2965	4313	5250
March	4069	4874	5192	
April	4697	4957	6022	
May	5472	6786	6297	
June	6072	5660	6998	
July	5654	6337	6991	
August	5020	6007	7602	
September	5215	5950	6118	
October	5312	5724	5710	
November	3517	3404	5140	
December	2907	3699	4010	
Total	53934	60372	69320	9701





KENAI

City of Kenai - Animal Control | 510 N. Willow St, Kenai, AK 99611 | 907.283.7353 | www.kenai.city

MEMORANDUM

TO: Mayor Brian Gabriel and Kenai City Council
THROUGH: Terry Eubank, City Manager
THROUGH: Dave Ross, Police Chief
FROM: Juliana Scherma, Animal Control Chief
DATE: March 6, 2025
SUBJECT: February 2025 Monthly Report

This month the Kenai Animal Shelter took in 30 animals.

DOGS:				
	INTAKE	10	DISPOSITION	14
	Waiver	4	Adopted	6
	Stray	3	Euthanized	1
	Impound	2	Claimed	4
	Protective Custody	0	Field Release	2
	Quarantine	0	Transferred Out	1
	Transfer In	1		
CATS:				
	INTAKE	18	DISPOSITION	15
	Waiver	10	Adopted	12
	Stray	8	Euthanized	0
	Impound	0	Claimed	1
	Protective Custody	0	Field Release	0
	Quarantine	0	Transferred	2

OTHER ANIMALS:				
	INTAKE	2	DISPOSITION	2
	Gerbils	2	Gerbils-adopted	2
	DOA:	2	OTHER STATISTICS:	
	Dog	1	Licenses (City of Kenai Dog Licenses)	34
	Cat	1	Microchips	15
	Rabbit	0		
	Bird	0		

4 Animal dropped with After Hours (days we are closed but cleaning and with KPD)
 20 Field Investigations
 10 Patrols
 3 Pet Food Bank Request
 0 Volunteer Hours Logged
 4 Citations
 0 Educational Outreach

Total Animal Contacts:

7 Animals are *known* borough animals
 20 Animals are *known* City of Kenai
 2 Animals are *known* City of Soldotna
 1 Animals are *unknown* location

Statistical Data:

76 2023 YTD Intakes
 66 2024 YTD Intakes
 58 2025 YTD Intakes

For the month of February, the department participated in several impactful events aimed at improving operations and community engagement. Staff attended a defensive tactics class, enhancing their skills to ensure more safe handling of challenging situations. Additionally, one team member took part in the Best Friends National Conference, where she gained valuable insights into current best practices for animal control and shelter management. In a heartwarming display of community support, the Northwind Riders (a local 4-H club), hosted a food drive benefiting the animal shelter, providing essential supplies and some enrichment. These events reflect the department's commitment to professional development, public safety, and fostering positive community relationships.





KENAI

City of Kenai | 210 Fidalgo Ave, Kenai, AK 99611-7794 | 907.283.7535 | www.kenai.city

MEMORANDUM

TO: Mayor Gabriel and Council Members

THROUGH: Terry Eubank, City Manager

FROM: Dave Swarner, Finance Director

DATE: March 13, 2025

SUBJECT: Finance Department Mid-Month Report – February 2024

The FY26 Budget is now the major focus for the department. The last couple of weeks in March there will be meetings with department heads to review their submissions with the City Manager. The Council is scheduled to receive its first draft of the FY26 budget mid-April.

We continue to work with the auditors on finalizing the FY24 financials, currently the auditors are reviewing the draft ACFR. We are planning for the auditors to present the FY24 audit to Council at the April 16th meeting.

The PERS system is back online, we are in the process of submitting the prior periods.



MEMORANDUM

TO: Mayor Gabriel and Council Members

THROUGH: Terry Eubank, City Manager

FROM: Jay Teague, Fire Chief

DATE: March 10, 2025

SUBJECT: Fire Department Mid-Month Report – February.

February	2024	2025	% change
Month totals	158	115	-27%
EMS	117	92	-21%
All Other	41	23	-43%

Training:

Total training hours:

- Total recorded hours- 504 (02/01/25-02/28/25)

Special Topics/external training

- Firefighter Garrick Martin received Hometown Hero recognition with Alaska-based Coastal News Group (ABC/FOX)
- Homer Electric Association provided all three shifts with annual power line and electrical safety refresher.
- Paramedics received regional refresher training.
- Chief Teague and Marshal Hamilton host several Kenai Central High School students for the annual Job Shadow Day.
- All shifts received training using CES's forcible entry door prop. KPD officers also trained on it with KFD crews.
- C-Shift conducted Rapid Intervention fire crew training.
- Dr. Paxman from KPC conducted first workshop for "Communications" with KFD personnel.

Upcoming training/events

- Soldotna High Job Shadow Program
- Dr. Paxman will host another "Communications Workshop"

Projects/Grants/Misc:

- Still waiting to see if we are awarded AFG grant(April timeframe for awarding).
- Code Blue grant completed; awaiting award status as well.

Budget/Misc:

- Interview process started to fill firefighter Oden's vacancy. (Over 30 applicants)
- Transition to new RMS(Records Management System) First Due being considered to improve data collection





KENAI

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MEMORANDUM

TO: Mayor Brian Gabriel and Kenai City Council
THROUGH: Terry Eubank, City Manager
FROM: Stephanie Randall, Human Resources Director
DATE: March 10, 2025
SUBJECT: Human Resources Activity – February 2025

Recruitment

Human Resources worked with the Public Works Director to actively recruit a Utility Foreman. This recruitment was successful and an internal candidate was promoted into the position. Public Works interviewed and hired a new Equipment Operator. The Police Department has an experienced Police Officer candidate who has accepted a position and will start in May. The Police department has also recruited and hired a part time Administrative Assistant I. The Fire Department recruited for a Firefighter position. Recruitment began for temporary enforcement officers to work with the police department.

Safety

There were no accidents reported in February.

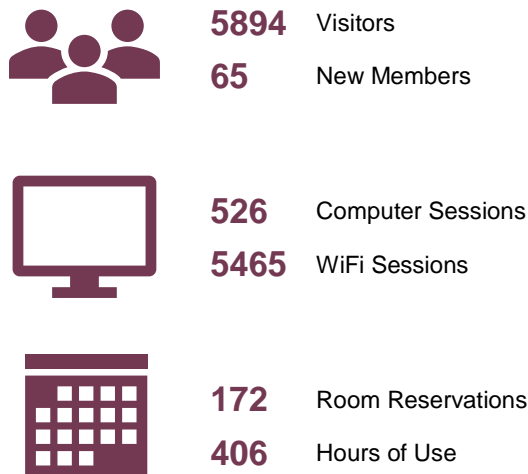
Special Projects

Human Resources worked with administration to review personnel classification requests and adjust job descriptions for the FY26 budget. Additionally, Human Resources participated with a group of City employees in planning the Employee Appreciation party, scheduled to take place in April.

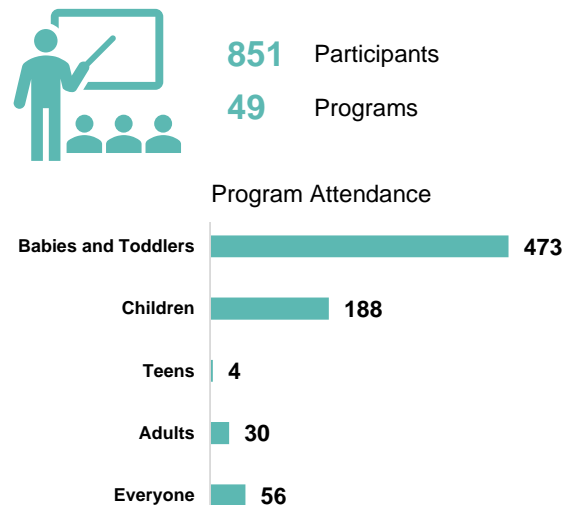
MEMORANDUM

TO: Mayor Brian Gabriel and Kenai City Council
THROUGH: Terry Eubank, City Manager
FROM: Katja Wolfe, Library Director
DATE: March 6, 2025
SUBJECT: Library Report for February 2025

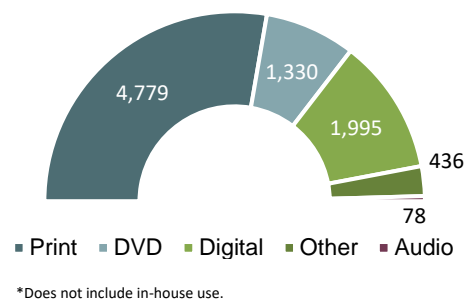
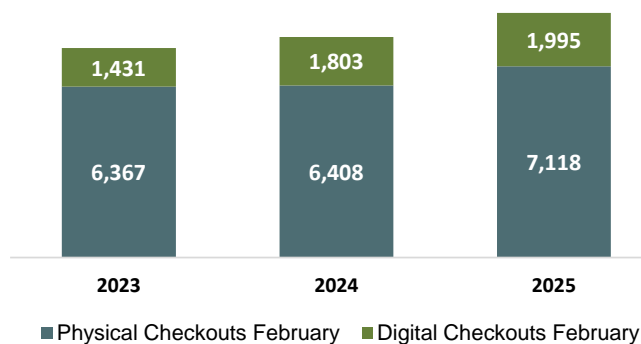
SERVICES



PROGRAMS AND EVENTS



CIRCULATION





KENAI

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MEMORANDUM

TO: Mayor Gabriel and Council Members

THROUGH: Terry Eubank, City Manager

FROM: Tyler Best, Parks and Recreation Director

DATE: March, 11th

SUBJECT: **Mid-Month Report-February**

The winter appears to be over and spring has started. The lack of snow has given the Parks teams great access to our parks, where they have been dropping and removing a large number of beetle-kill trees.

During the month of February, the Parks Department issued two tree removal permits and prepared a radio ad advertising these permits that will air during March. These permits are a great resource for community members who want to remove fallen trees or dead trees from City land.

On March 15th, there will be a free skate at the Multi-Purpose Facility (Kenai Ice Rink). There will be limited free ice-skating rentals, music, and hot chocolate. The event will take place from 1 p.m. to 3 p.m. (please see the attached flyer

Rec Center Visits

February

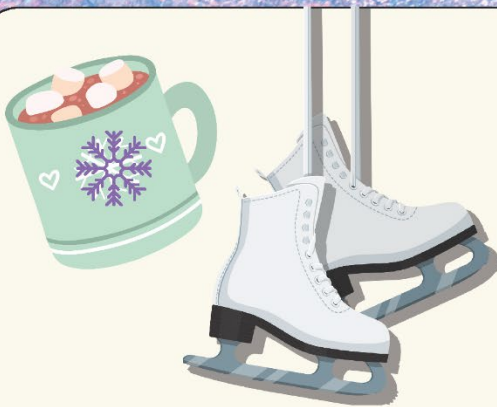
Weight Room/Cardio Room	1128
Racquetball /Wallyball	225
Shower/Sauna	87
Gymnasium	1727
Gym Rental Visits	965
Total Number of Visits	4,132



City of Kenai Presents

OPEN FAMILY SKATE

FREE



Kenai Multi Purpose Ice Rink
9775 Kenai Spur Highway

MUSIC 
HOT COCOA,
& SKATE
RENTALS

(while supplies last!)

FRIDAY March 7th & SATURDAY March 15th

 1 PM - 3 PM



MEMORANDUM

TO: Mayor Brian Gabriel and Kenai City Council

THROUGH: Terry Eubank, City Manager

THROUGH: Kevin Buettner, Planning Director

FROM: Beth McDonald, Planning Assistant

DATE: March 11, 2025

SUBJECT: Planning and Zoning – February 2025 Monthly Report

General Information

The Planning and Zoning Department is actively working to improve our services to the City and its residents. We have formalized the Code Enforcement policy, and we are working together with the Planning & Zoning Commission to revamp the Conditional Use Permit process. We have also partnered with the Public Works Department to review and revise the road classification database to ensure it is compliant with the upcoming Road Design Manual for the City. We plan to unveil an updated interactive map of the road system later in the year. We are also taking a look at zoning and land use to determine appropriate new steps as we prepare for a Comprehensive Plan update in the upcoming years.

Department Summary

Lands & Leases:

- Finalized Everts Lease and sent to GM Brian Fay for review and signatures
- Continued discussion with DNR re: Easement for water main through old wellhouse 1 site
- Continued updating of P/W water and sewer map
- Continued cleaning up Zoning map
- Provided Finance with known lease rate adjustments
- Met with Kenai Peninsula Housing Initiatives regarding future development of Redoubt Avenue properties
- Continued reviewing and itemizing of leases
- Meeting with Legal and Hilcorp regarding noise complaints
- Continued discussion with BLM re: land patents affecting City Land and rights-of-way

Planning & Zoning:

- See attached report.

Code Enforcement and Compliance

In February, Planning and Zoning received four (4) complaints though no (0) cases were closed. Cumulatively, there are a total of eleven (11) still open cases for 2024, one (12) for 2025. The new Code Enforcement Procedure was completed and reviewed, and implemented officially February 28, 2025. With the procedure in place, Staff has made a concentrated effort to verify complaints and send notices in a timely manner. See attached report for the current case breakdown and statuses.

We are still working on the requirements for Cloud Permit, the code enforcement program.

Planning and Zoning Commission

Two (2) public meetings were held in the month of February with the following actions/recommendations.

Resolution PZ2025-04 - Granting a Conditional Use Permit for Off Street Parking on the Property Described as Tract 1, Frontage Road Subdivision, Located at Approximately Mile 11.4 Kenai Spur Highway, Within the Central Mixed Use (CMU) Zoning District.

Resolution PZ2025-09 – Recommending Approval of Preliminary Plat – Valhalla Heights Subdivision Conan Replat of Lot 9 and Lot 10, Block 5A, Valhalla Heights Subdivision Part 5 in the Rural Residential (RR) Zoning District.

Resolution PZ2025-11 - Recommending Approval of Preliminary Plat -Inlet Woods Subdivision 2025 Replat of Inlet Woods Subdivision, Part One, Lots 1 & 2, Block 10 in the Suburban Residential (RS) Zoning District.

Resolution PZ2025-12 - Recommending Approval of Preliminary Plat – Holland Spur Highway Subdivision Addition No. 1 Replat of Holland Spur Highway Subdivision, Tract 1 in the General Commercial (CG) Zoning District.

Resolution PZ2025-08 – Recommending Approval to Rezone the Properties Located at 202 N. Forest Drive and 1408 Second Avenue from Suburban Residential (RS) to General Commercial (CG) Zoning District.

Resolution PZ2025-10 – Granting a Conditional Use Permit to Operate a Retail Businesses (Greenhouse, Café/Retail, Law Office) of the Existing Structures on the Property Described as Lot 1, Fresh Start Subdivision, Located at 202 N. Forest Drive within the Suburban Residential (RS) Zoning District.

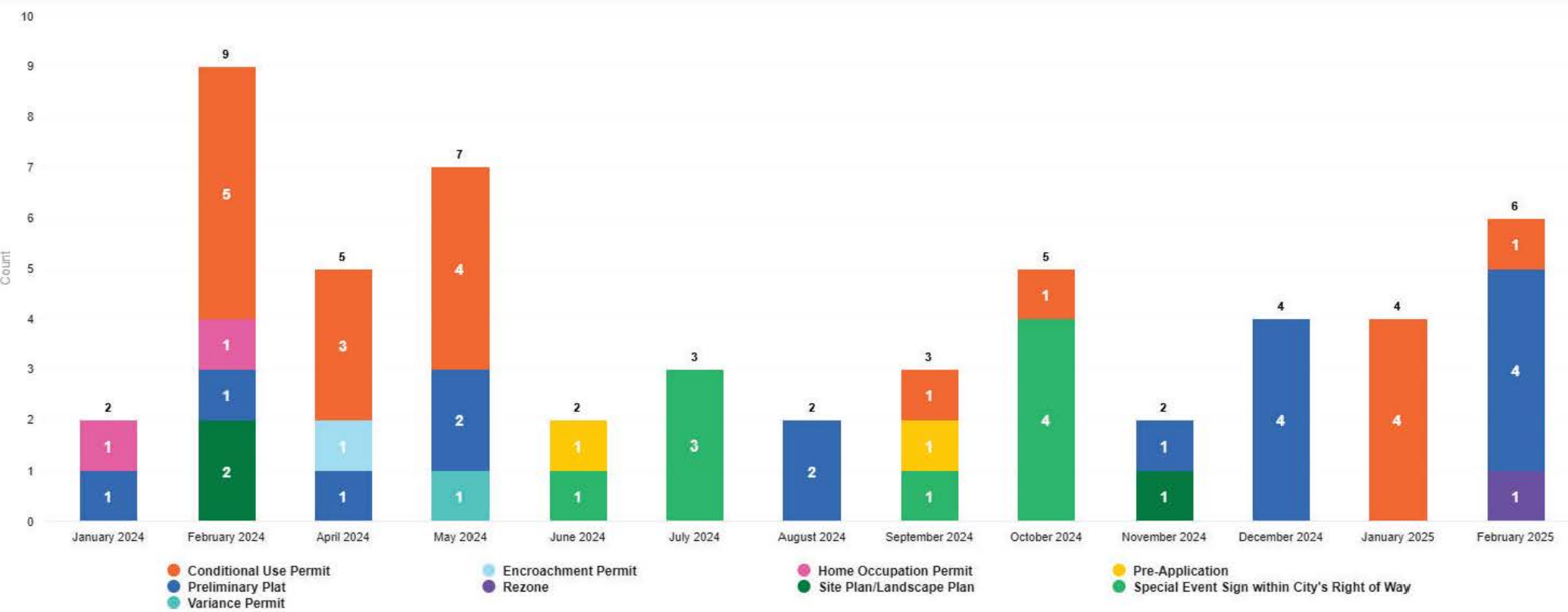
Resolution PZ2025-06 - Granting a Conditional Use Permit for a Cabin Rental (I.E Short-term Rental) and Boarding House in a Single-Family Dwelling on the Property Described as Lot 16, Block 1, Anglers Acres Sub, Part 2, Located at 1305 Angler Drive, Within the Rural Residential (RR) Zoning District.

Resolution PZ2025-07 - Granting a Conditional Use Permit for a Lodge and Guide Service in a Single-Family Dwelling on the Property Described as Lot 14-A, Block 1, Anglers Acres Sub, Beaver Creek Replat, Located at 1235 Angler Drive, Within the Rural Residential (RR) Zoning District.



YTD Planning Applications

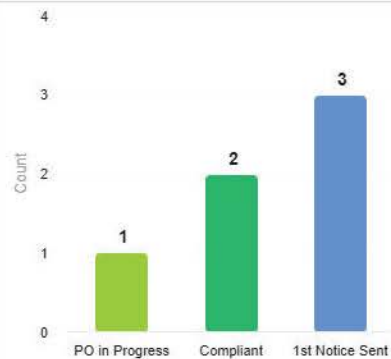
March 10, 2025 | 10:08:14



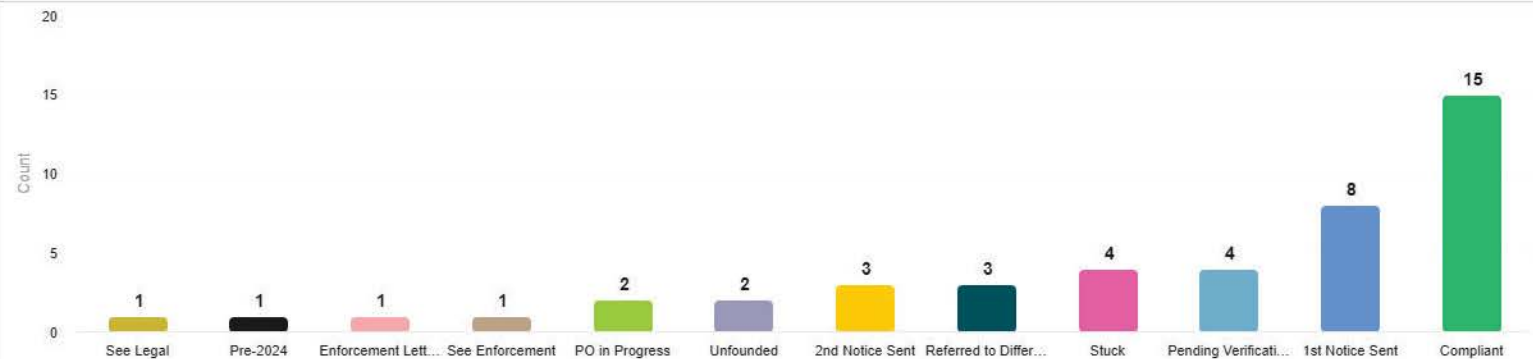
Complaints

March 10, 2025 | 10:11:46

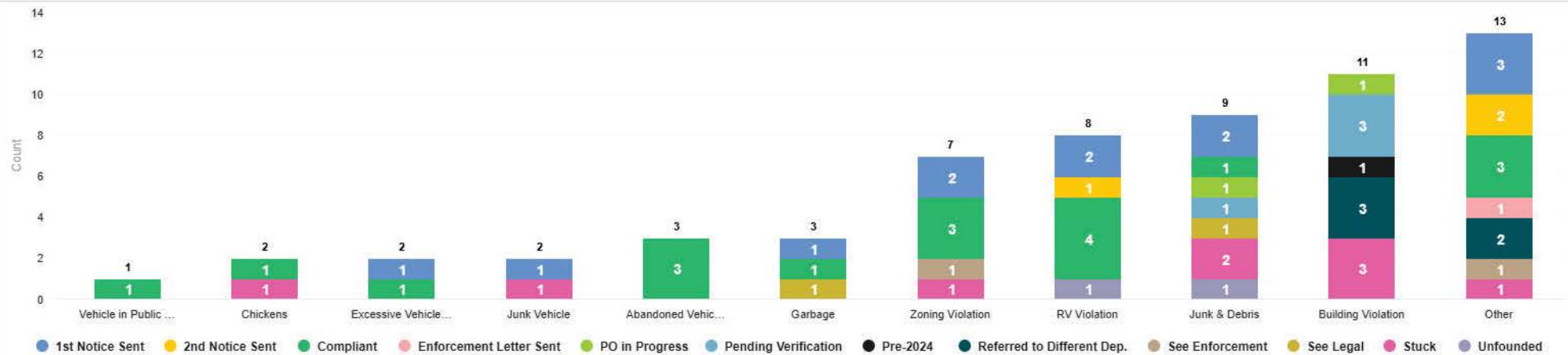
Last Month



Case Status



Cases by Violation Type (Can Overlap)





KENAI

City of Kenai | 210 Fidalgo Ave, Kenai, AK 99611-7794 | 907.283.7535 | www.kenai.city

MEMORANDUM

TO: Mayor Brian Gabriel and Kenai City Council

THROUGH: Terry Eubank, City Manager

FROM: David Ross, Police Chief

DATE: March 10, 2025

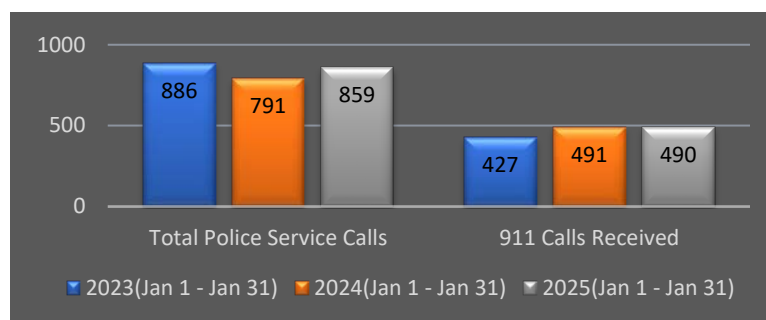
SUBJECT: Police & Communications Department Activity – February 2025

Police handled 422 calls for service in January and 223 calls were received by dispatch via 911. Officers made 32 arrests. Traffic enforcement resulted in 172 traffic contacts with 39 traffic citations issued and there were 5 DUI arrests. There were 10 reported motor vehicle collisions. There were 7 collisions involving moose or caribou and 1 collision involving drugs or alcohol.

One new Officer completed his first of four months at the Police Academy in Sitka. All Officers attended a Domestic Violence Inservice training in Soldotna. One Investigator attended a three-day interviewing class in Anchorage. The Officer on the regional SWAT team attended two days of training. One new dispatcher was in field training for the month of February.

The Police Department completed a recruitment for an Officer, and has hired a lateral officer from Utah. That Officer is anticipated to start in May. The Police Department hired a 14 hour per week Administrative Assistant that started work in February.

The School Resource Officer (SRO) taught DARE at Kaleidoscope Elementary, participated in Love of Reading at Mountain View Elementary, and handled a number of police related calls at the schools.





MEMORANDUM

TO: Mayor Brian Gabriel and Kenai City Council
THROUGH: Terry Eubank, City Manager
FROM: Lee Frey, Public Works Director
DATE: March 11, 2025
SUBJECT: **Public Works Mid-month Report March 2025**

Capital Projects currently in process:

- Parks & Recreation Master Plan – Project started
- Emergency Services Facility Assessment – Project started
- Dugout Replacement Construction – Awarding contract
- KMA Apron Sealcoating and Crack Sealing – Bidding
- Kenai Municipal Airport Runway Rehabilitation Project - In design phase
- Kenai Municipal Airport Operations Building HVAC Controls Upgrade & Boiler Replacement Project – Construction/Submittal approvals through FAA
- Kenai Municipal Airport Master Plan Update – In process
- USACE Kenai Bluff Bank Stabilization Project – Construction to start May 16
- Wastewater Plant Digester Blowers Replacements – In design
- Water Treatment Plant Pumphouse – In design
- Harbor Float Replacement – Procuring materials
- Aliak Storm Drain Repairs – Developing RFP
- Community Wildfire Protection – Developing ITB for Phase 3

Capital Projects in planning to be released this fiscal year:

- Senior Center Front Entry and Canopy Repair
- Vintage Point Kitchen/Bathroom Remodel Design
- Sewer Lift Station Upgrades
- Street Lighting Improvement Design

The Building Department has issued 3 residential and 2 commercial building permits to start calendar year 2025.

The City Dock is expected to open in early April after dredging is completed. Street sweeping and hydrant flushing is expected to begin in late March, but may change depending on weather.

We have hired Eric Lervig for our vacant Streets Equipment Operator position. We are beginning interviews for our Utility Lead positions.



MEMORANDUM

TO: Mayor Brian Gabriel and Kenai City Council
THROUGH: Terry Eubank, City Manager
THROUGH: Kathy Romain, Senior Center Director
FROM: Astrea Piersee, Administrative Assistant III
DATE: March 7, 2025
SUBJECT: February 2025 Monthly Report

February Highlights at the Kenai Senior Center:

- **Valentine's Lunch** was a wonderful celebration of love and friendship. Everyone enjoyed a delicious meal and great company.
- **Waffle Friday** made its much-anticipated return, and it was a hit! There's nothing like starting the day with warm, fluffy waffles and good friends.
- **Super Bowl Party**
- **No-Host Dinner at Carla's Restaurant** was a lovely evening out. Good food and great conversation made for a perfect night with friends.

	2025	2024
Home Delivered Meals	1814	2138
Individuals	93	88
Dining Room (Congregate) Meals	750	1270
Individuals	136	155
Transportation (1-way rides)	166	246
Individuals	18	18
Grocery Shopping Assistance	15/32	10/34
Writers Group	25	33
Caregiver Support Group	14	14
Growing Stronger Exercise	191	260
Tai Chi Class	44	49
TOPS Weight Loss Class	59	60
Bluegrass & Music Sessions	69	70
Card Games	93	70
Wii Bowling	7	36
Arts & Crafts	23	23
Total Event Sign-ins *	1495	1773
Individuals *	185	173
Vintage Pointe Manor Vacancies	0	0

*(not including home meals clients)