

**KENAI CITY COUNCIL WORK SESSION  
LAND SALE AND LEASING ORDINANCE  
SEPTEMBER 3, 2019 – 6:00 P.M.  
KENAI CITY COUNCIL CHAMBERS  
210 FIDALGO AVE., KENAI, AK 99611  
MAYOR GABRIEL, PRESIDING**

**NOTES**

Council present: Mayor Gabriel, J. Glendening, H. Knackstedt, G. Pettey, B. Molloy, T. Navarre  
Others present: City Manager P. Ostrander, City Attorney, S. Bloom, City Clerk J. Heinz, Assistant to City Manager C. Cunningham

**A. Call to Order**

Mayor Gabriel called the work session to order at 6:00 p.m.

**B. Introduction – Mayor Gabriel**

Mayor Gabriel introduced Council and staff members present.

**C. Discussion on Ordinance No. 3072-2019 – Land Sale and Leasing Policies and Procedures**

City Manager, Paul Ostrander, noted the Ordinance had been introduced and reviewed by certain commissions and the work session was being conducted to discuss the ordinance in depth.

It was suggested the listed of types of improvements made on properties, which would be purchased, may not include items that could come up in the future. Clarification was provided that the intent was any improvement made on the property that stayed with the property but the decision was ultimately up to Council and stating the intent and providing examples was the best way to portray what was meant.

There was concern with a Bill of Sale included as a part of the lease renewal for confidentiality reasons. Clarification was provided the Bill of Sale was proposed to prevent inflation of sale prices; it was suggested a purchase agreement with a future closing date could be utilized.

Clarification was provided the definition of Fair Market Value was different than before and had been run by an appraiser.

There was discussion regarding the forms being submitted to the City versus City Manager given "City" was defined as including elected officials, officers, employees, or agents. It was noted alternatives would be provided in a substitute ordinance to indicate that applications were submitted to the City Manager and reviewed by City staff.

Clarification was provided that, in the case a lease applicant chose the option to purchase, the applicant would be required to meet minimum commitments for title insurance and

associated costs. Clarification was also provided that the decision whether or not to lease was a Council legislative decision and not subject to appeal.

Clarification was provided that provisions for conveyance of land in a non-competitive sale or disposal process were put into the ordinance for cases such as someone accidentally building a portion of their house across their property line and on City property, the City could sell the homeowner a portion of City land rather than force the house torn down or moved; title disputes were also suggested.

It was noted that in the case of a negotiated sale below fair market value where grant funds were being utilized or the sale was to a non-profit, the City Manager had authorization to divide the costs of the sale to a maximum of 50%

There was discussion regarding different standards throughout the document such as "in the best interest of the City," "best interests," "advantageous to the city," "anticipated to best serve the City," etc. It was noted those standards could be minimized and a report would be provided.

There was discussion regarding the one-year requirement for an appraisal and what flexibility there might be; clarification was provided the intent was one year from the date of application because that was what the price was being set on.

Clarification was provided that the ordinance was written with as much objectivity as possible and if Council saw a perceived subjectivity, it could be questioned. It was also noted that if Council wanted to make something subjective, they could by including findings.

It was pointed out that the intent of the deposit required to cover subdivision costs in the case of a lease, the intent was just the subdivision, not the construction of the subdivision.

It was noted there was an assumption there would be conversations before an application was submitted and a timeframe for an application to be withdrawn for failsafe measures.

The uses of, "public use" and "public purpose" were discussed and it was decided the term would be changed to "public purpose" throughout the ordinance.

It was noted flight path restrictions on certain parcels needed to be retained even if the property was sold. It was also noted that clarification would be added for situations where the decision was made to release Airport Fund property, the general fund needed to make the airport fund whole.

There was discussion regarding financing terms and down payment requirements; suggested the City shouldn't be in the business of financing if a bank wouldn't. It was also suggested that there should be flexibility to lend to a business to entice them to locate in the City. It was noted these were policy decisions and worth discussions.

It was noted sales and rehabilitation incentive options was what administration planned to review next.

Clarification was provided that the lease form was different than the application form; that the procedure section specified what was required on the application forms and the lease form was a boilerplate document approved by Council. Clarification was also provided that use of appraisers was dependent on price, that sometimes quotes from appraisers was needed, and

that sometimes appraisers couldn't comply with the insurance requirements in our procurement code.

**D. Public Comment**

Fred Braun thanked the Council and staff for the time spent on development of the regulations; anxious to put to use.

**E. Adjournment**

The work session adjourned at 7:48 p.m.

Notes were prepared by:

  
Jamie Heinz, CMC  
City Clerk

