

**KENAI HARBOR COMMISSION
SPECIAL MEETING
AUGUST 23, 2021 – 6:00 P.M.
KENAI CITY HALL
210 FIDALGO AVE., KENAI, AK 99611
Telephonic/Virtual Information Below
<http://www.kenai.city>**

1. **CALL TO ORDER**
 - a. Pledge of Allegiance
 - b. Roll Call
 - c. Agenda Approval

2. **UNSCHEDULED PUBLIC COMMENT** *(Public comment limited to three (3) minutes per speaker; thirty (30) minutes aggregated)*

3. **NEW BUSINESS**
 - a. **Discussion/Recommendation** – Kenai Waterfront Revitalization Feasibility Study

4. **NEXT MEETING ATTENDANCE NOTIFICATION** – September 13, 2021

5. **COMMISSIONER COMMENTS AND QUESTIONS**

6. **ADDITIONAL PUBLIC COMMENT**

7. **ADJOURNMENT**

Join Zoom Meeting

<https://us02web.zoom.us/j/88105286688>

Meeting ID: 881 0528 6688 **Password:** 555743

OR

Dial in by your Location: (253) 215-8782 or (301) 715-8592

Meeting ID: 881 0528 6688 **Password:** 555743



KENAI

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

MEMORANDUM

TO: Harbor Commission
THROUGH: Paul Ostrander, City Manager
FROM: Scott Curtin
DATE: August 16, 2021
SUBJECT: **Ordinance No. 3237-2021 Harbor Commission**

The purpose of this memo is to request concurrence from the Harbor Commission on Ordinance 3237-2021 being introduced at the August 18, 2021 Council Meeting and acted on at the September 1, 2021 Council Meeting. This Ordinance is intended to provide \$95,000 toward a Kenai Waterfront Revitalization Feasibility Study.

A work session was held in council chambers on August 4, 2021, several Harbor Commissioners were in attendance. Attached to this packet is the information reviewed at that work session.

This study will encompass approximately 160 acres of property along the eastern edge of the river from the first cannery to the City Dock and is intended to identify opportunities for development as well as determining how improvements to the area can best serve our community.

This study, if performed well, will provide direction to the Harbor Commission for years to come. I am in support of it and respectfully request the support of the Harbor Commission. A motion shall be made during the Special Meeting to vote on the Commissions support of the pending Ordinance. The results of that motion will be provided to Council within the Ordinance.

Look forward to seeing everyone on August 23rd.



Sponsored by: Administration

CITY OF KENAI

ORDINANCE NO. 3237-2021

AN ORDINANCE OF THE COUNCIL OF THE CITY OF KENAI, ALASKA, INCREASING ESTIMATED REVENUES AND APPROPRIATIONS IN THE GENERAL FUND – LAND ADMINISTRATION DEPARTMENT TO PROVIDE FUNDING FOR A KENAI WATERFRONT REVITALIZATION FEASIBILITY STUDY.

WHEREAS, the City of Kenai 2030 Comprehensive Plan states that the City should develop land use strategies to implement a forward-looking approach to community growth and development; and,

WHEREAS, the Comprehensive Plan specifically identifies the waterfront adjacent to Bridge Access Road beginning at Millennium Square to the City Dock as an area where revitalization strategies should be explored; and,

WHEREAS, the City Council held a work session on August 4, 2021 to gauge the interest of the community in the revitalization of this area and to discuss the need for a feasibility report that will refine the vision of the community, determine if redevelopment of this area fits into the community's goals and objectives, determine what types of development is most appropriate, and identify how the City can best support revitalization of the area; and,

WHEREAS, the estimated cost of the feasibility report, based on the preliminary scope of work and the cost of similar studies in other communities in Alaska is \$75,000; and,

WHEREAS, due to the unique nature of this work and the possibility that additional items may be identified that should be added to the scope of the contract, this ordinance appropriates \$20,000 in contingency; and,

WHEREAS, the Airport Commission reviewed the Kenai Waterfront Revitalization and Economic Incentives materials provided at the August 4, 2021 Work Session at its meeting on August 26, 2021 and recommended _____; and,

WHEREAS, the Harbor Commission reviewed the Kenai Waterfront Revitalization and Economic Incentives materials provided at the August 4, 2021 Work Session at its meeting on August 23, 2021 and recommended _____; and,

WHEREAS, the Planning and Zoning Commission reviewed the Kenai Waterfront Revitalization and Economic Incentives materials provided at the August 4, 2021 Work Session at its meeting on August 25, 2021 and recommended _____; and,

WHEREAS, the recommendation in the City of Kenai Comprehensive Plan to review revitalization strategies in this area, the public support demonstrated during the Council August 4, 2021 work session, and the transformative opportunity for economic development and community enhancement through the redevelopment of this area demonstrates that funding a feasibility study for this area is in the best interest of the residents of the City.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF KENAI, ALASKA, as follows:

Section 1. That the estimated revenues and appropriations be increased as follows:

General Fund:

Increase Estimated Revenues –	
Appropriation of Fund Balance	<u>\$95,000</u>
Increase Appropriations –	
Land Administration – Professional Services	<u>\$95,000</u>

Section 2. 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 3. 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 1st day of September, 2021.

BRIAN GABRIEL SR., MAYOR

ATTEST:

Jamie Heinz, MMC, City Clerk

Approved by Finance: _____



Introduced: August 18, 2021
Enacted: September 1, 2021
Effective: September 1, 2021



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MEMORANDUM

TO: Mayor Gabriel and Council Members
FROM: Paul Ostrander, City Manager
DATE: August 10, 2021
SUBJECT: **Ordinance 3237-2021 – Appropriation to Fund a Kenai Waterfront Revitalization Feasibility Study**

At the August 4, 2021 Council work session, administration presented the framework of a process to pursue revitalization strategies on the Kenai waterfront and received testimony from the public and feedback and direction from Council. The effort to determine how the City can facilitate the redevelopment of our waterfront will be a multi-year effort with the first step being the completion of a feasibility study.

Ordinance 3237-2021 will appropriate \$95,000 from the City's General Fund to pay for the Study. This includes \$20,000 in contingency due to the unique nature of the Study and the possibility that the scope of work may change as the project unfolds.

The draft scope of work for the feasibility study is under development and will be provided for the September 1, 2021 Council meeting. Generally, the scope will be focused on the following:

- Evaluate market conditions and identify opportunities for potential revitalization of the area
- Review and recommend any necessary changes to existing plans, zoning, and/or regulations
- Engage community and develop vision, core concepts, and priorities
- Assess infrastructure needs to support redevelopment
- Identify economic investments and incentives that encourage development
- Prepare examples of conceptual plans for potential site redevelopment alternatives
- Prepare financial analysis to evaluate the feasibility of redevelopment concepts

It is evident from public testimony that there is significant interest in development of this area to achieve its full potential. Because of the transformative opportunity that development of this area has for the City, a Study that will identify how the City can best support revitalization of the area is an important first step.

Thank you for your consideration.



MEMORANDUM

TO: Mayor Gabriel and Council Members

FROM: Paul Ostrander, City Manager

DATE: June 29, 2021

SUBJECT: **Discussion Item – Introduction of Kenai Waterfront Revitalization and Economic Development Incentives and Request to Schedule Work Session**

In January of this year, Administration provided the Council with two programs currently under development – the Storefront Improvement Program and the Property Tax Incentive Program. Since that time, Administration has continued to evaluate and develop a framework for a number of programs focused on the long-term health of our business community. The intent of these programs is to strengthen the economic vitality of Kenai and best serve the citizens of Kenai with responsible management.

The *City of Kenai Imagine Kenai 2030 Comprehensive Plan* includes goals and objectives to promote projects that create workforce development opportunities, implement business-friendly regulations, taxation and incentives, and encourage the adaptive reuse of vacant commercial buildings in the City Center and along the Kenai Spur Highway. It further states that the City should develop land use strategies to implement a forward-looking approach to community growth and development and specifically identifies the waterfront adjacent to the Bridge Access Road beginning at Millennium Square to the City dock as an area for revitalization.

One of the greatest potentials to attract significant investment in Kenai is the waterfront area. The untapped potential and importance of Kenai’s unique, defining natural asset near the mouth of the Kenai River has catalytic possibilities for large-scale waterfront development on vacant or abandoned sites previously utilized by commercial fishing processors. The City is in a position to provide strategic investments in infrastructure on our waterfront through public – private partnerships to facilitate redevelopment. However, it would be premature to propose a specific project or respond to an opportunity to promote a project should one arise without confirming that existing ownership, infrastructure, planning, and zoning will support the revitalization of the area.

Administration supports a feasibility study that would consider all aspects of the waterfront area and provide recommendations for a revitalization initiative, including any regulatory or code changes and partnership models necessary to support a revitalization of the area. This study would also look at the economic incentive programs that are under development to gauge the effectiveness of these programs in coordination with any revitalization effort.

Included as attachments to this memo are two documents that give a broad overview of programs that administration is working on, as well as a timeline that, with Council approval, we hope to follow over the next eight to nine months as we work through the process of development, public participation, and Council consideration. As proposed, the Kenai Waterfront Initiative would follow a separate process and legislation from the other economic development incentive programs, however, providing the information on all of the programs that are under development was important to demonstrate how the programs would work in concert to achieve the larger Council directed vision of creating an environment for both new and existing businesses in Kenai to thrive.

In order to engage residents in developing plans for the waterfront, given the potential to transform the area and attract large-scale investment in Kenai, Administration recommends scheduling a work session in early August and invite property owners and the community to gauge support for the program and to help administration refine the scope of work for a feasibility study for the area.

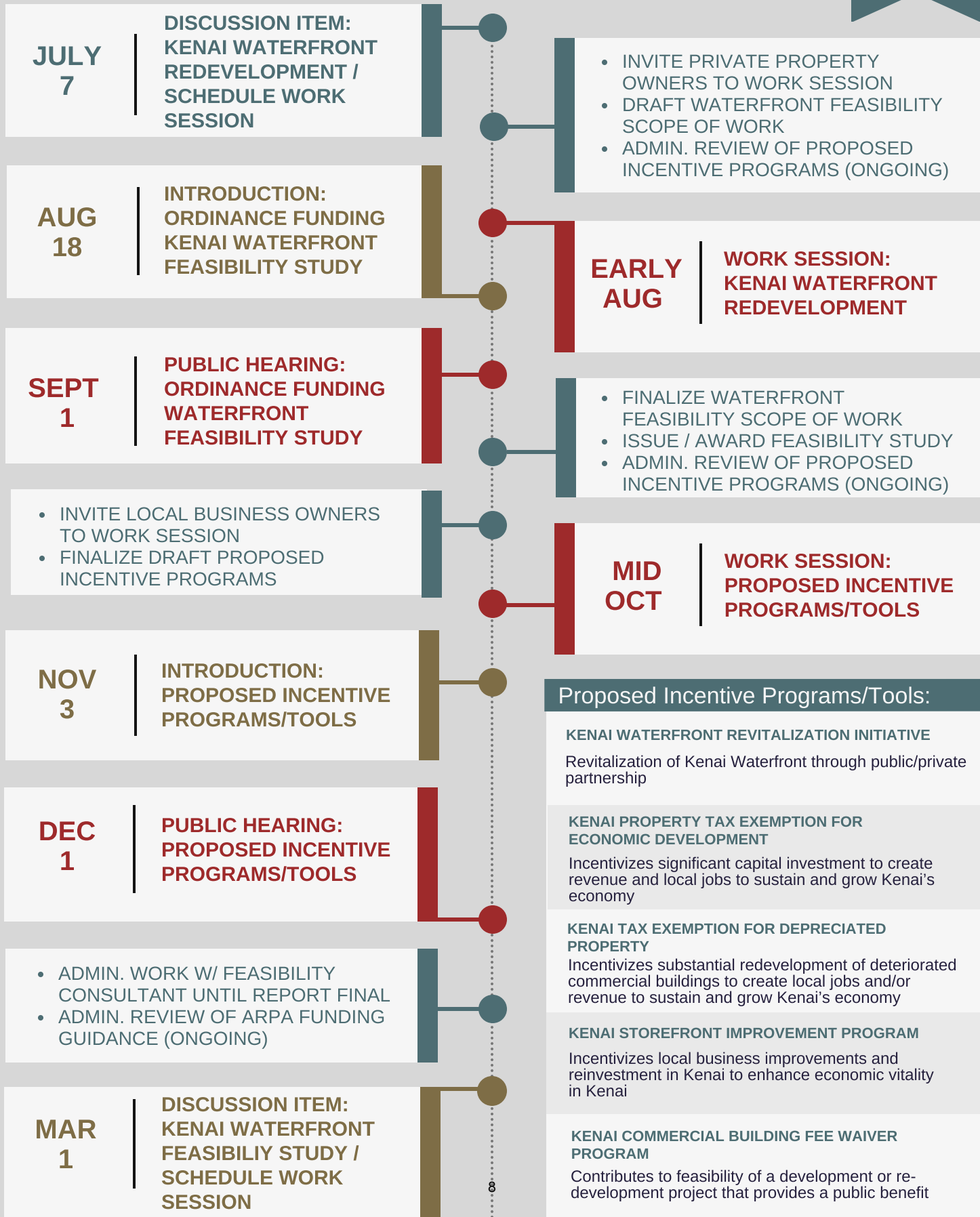
Your consideration is appreciated.

Attachments:

- Kenai Waterfront and Development Incentive Timeline
- Proposed Incentive Tools for Economic Development or Redevelopment in Kenai



KENAI WATERFRONT AND ECONOMIC DEVELOPMENT INCENTIVES TIMELINE





Proposed Incentive Tools For Economic Development or Redevelopment in Kenai

Imagine Kenai 2030 Comprehensive Plan Objectives:



City of Kenai Proposed Incentives



Kenai Property Tax Exemption for Economic Development
Incentivizes significant capital investment in Kenai to create local jobs and/or revenue



Kenai Tax Exemption for Depreciated Property Redevelopment
Incentivizes substantial redevelopment of deteriorated commercial buildings



Kenai Commercial Building Fee Waiver Program
Contributes to feasibility of a development or re-development project that provides a public benefit



Kenai Storefront Improvement Program
Incentivizes local business improvements and reinvestment to enhance economic activity and vitality



Kenai Waterfront Revitalization Initiative
Revitalization of Kenai Waterfront through public/private partnerships



EXAMPLE 1: Substantial Renovation of a Deteriorated Building



Substantial Renovation of a Deteriorated Building

Project proposes a substantial redevelopment of a deteriorated commercial building in Kenai that is non-compliant with City building and property maintenance, incentives enable the project to move forward, the economic feasibility of the project has a long-term economic viability, will create additional employment, and provide public benefit.



EXAMPLE 2: Significant New Waterfront Development



Significant New Waterfront Development

Project proposes a significant capital investment in Kenai that requires a public/private partnership to move forward and the economic feasibility of the project has a long-term economic viability, will create additional employment, and provide public benefit.

Imagine Kenai 2030 Comprehensive Plan Objectives:



Promote projects that create workforce development opportunities



Implement business-friendly regulations, taxation and incentives to create a stable, positive climate for private investment



Promote adaptive reuse of vacant commercial buildings in the city center and along the Kenai Spur Highway



Review revitalization strategies for the area adjacent to the Bridge Access Road beginning at Millennium Square to the boat landing



Ensure that the installation of basic public infrastructure (roads, sewer, water, and drainage) is coordinated with development and that improvements needed to serve the development are in place at the time impacts occur



KENAI WATERFRONT REVITALIZATION AND ECONOMIC DEVELOPMENT

Proposed Project Information for Work Session
August 4, 2021

PURPOSE OF STUDY

The Kenai waterfront presents a transformative opportunity for economic development and community enhancement. This study will evaluate the revitalization of the Kenai Waterfront area, including opportunities for core economic investments and incentives, public-private partnerships, and a comprehensive assessment of how the area can best serve the community of Kenai in the future. The feasibility study will evaluate constraints and opportunities for the area, along with risks and costs.

ELEMENTS OF STUDY

- Evaluate market conditions and identify opportunities for potential revitalization of the area
- Review and recommend any necessary changes to existing plans, zoning, and/or regulations
- Engage community and develop vision, core concepts, and priorities
- Assess infrastructure needs to support redevelopment
- Identify economic investments and incentives that encourage development
- Prepare examples of conceptual plans for potential site redevelopment alternatives
- Prepare financial analysis to evaluate the feasibility of redevelopment concepts

KEY OUTCOMES

- Understanding of risks and opportunities related to redevelopment of the area
- Redevelopment strategies and concepts to revitalize and incentivize development of the area to maximize the potential of the area to support a thriving business, residential, recreational and cultural community
- Recommendations for any necessary zoning or land and development code changes and potential economic incentive programs
- Implementation plan to guide redevelopment in the future

KEY QUESTIONS

- What is the community's vision for this area?
- How does redevelopment of this area fit into the community's goals and objectives
- What types of uses are most appropriate for this area?
- How can the City best support revitalization of the area?

AREA INFORMATION

Size: 160 acres

Uplands: 138 acres

Tidelands: 22 acres

Zoning: Heavy Industrial

Infrastructure:

State Maintained Bridge Access Road

City Water and Sewer Along Highway

Natural Gas/Electric

City Dock

For more information contact Assistant to City Manager
Christine Cunningham at 907.283.8233 or
ccunningham@kenai.city

