

CITY OF DILLINGHAM, ALASKA

ORDINANCE NO. 2026-01

AN ORDINANCE OF THE DILLINGHAM CITY COUNCIL AUTHORIZING THE DISPOSAL OF MUNICIPAL PROPERTY TO ALASKA MARINE LINES BY LEASE

BE IT ENACTED BY THE DILLINGHAM CITY COUNCIL

Section 1. Authority.

This ordinance is adopted pursuant to authority granted by **DMC 5.30.100, Leases, easements and rights-of-way.**

Section 2. Classification.

This is a non-Code ordinance.

Section 3. Authorization of Lease.

The City Council hereby authorizes the disposal of an interest by lease substantially upon the terms and conditions contained in the lease agreement **for a period of five years with an option of five individual one year extensions at a rate of \$6,600 per month for the time period of May 1 to October 31 and a rate of \$3,300 per month during the time period of Nov 1 to April 30 for a total annual value of \$59,400.**

Section 4. Legal Description.

The property to be leased is known locally as the **“Port Warehouse” located at 307 W. Main Street, Dillingham, Alaska 99576**, and more particularly described as: **Delta Western Lease Lot Re-subdivision of USS 2541, Lot 2 (Plat 2014-9, Bristol Bay Recording District), approximately 1.11 acres**, including the approximately **6,000 SF** warehouse/office building located thereon.

Section 5. Findings.

The City Council hereby finds:

A. That the property to be leased is no longer needed for municipal purposes; and
B. That the disposal is for a public purpose, in that the leasing of this property will promote greater economic development of the community and support local trade and industry; and

C. Increase revenue for the City of Dillingham; and

D. Decrease expenditure for the City of Dillingham; and

E. Allow the Port to build reserves for future use.

Section 6. Method and Purpose of Disposal.

The property will be disposed of by negotiated lease for the purpose of economic development.

Section 7. Value of City's Interest.

A. The City Council hereby describes the appraised value of the City's interest for this disposal (lease) as the fair market rental value of the right to use the property upon the terms and conditions to be set forth in the lease agreement.

B. The fair market rental value is based on a **Fair Market Rental Analysis** prepared by **Alaska Appraisal & Consulting Group, LLC**, dated **January 14, 2026**, for the "Port Warehouse," 307 W. Main St., Dillingham, Alaska.

C. The analysis concludes a market rental range of **\$0.90/SF/month to \$1.20/SF/month** and a most probable market rental rate of **\$1.10/SF/month** for the approximately **6,000 SF** building, equating to **\$6,600 per month (\$79,200 annually)** under a triple-net arrangement with the tenant paying taxes, insurance, and all utilities/variable costs. The City will negotiate a reduced rate during winter months for its use of storing seasonal equipment in warehouse.

Section 8. Reversion / Termination Condition for Economic Development Use.

A. The lease is authorized for the economic development purpose stated in Sections 5 and 6. **If the property is no longer used for the local trade or industry justifying this disposal**, then the City's authorization is conditioned as follows:

1. The lease shall provide that the City may terminate the lease upon a determination that the qualifying use has ceased; and
2. Upon termination, the lessee shall surrender the premises and the City may re-enter and retake possession of the property; and
3. Any improvements or fixtures shall be addressed as provided in the lease (including removal, surrender, or other disposition), consistent with the lease's termination terms.

Section 9. Time, Place and Manner in Which Disposal Shall Occur.

Notice of Ordinance No. 2026-01 will be posted more than thirty days in advance of approval of this ordinance. The actual disposal shall occur following approval of this ordinance.

Section 10. Effective Date.

This ordinance is effective upon passage.

PASSED and ADOPTED by a duly constituted quorum of the Dillingham City Council
on _____, 2026.

Alice Ruby, Mayor

ATTEST:

[SEAL]

Abigail Flynn, City Clerk