

CITY OF DILLINGHAM, ALASKA

**ORDINANCE NO. 2016-07**

**AN ORDINANCE OF THE DILLINGHAM CITY COUNCIL AUTHORIZING THE DISPOSAL OF MUNICIPAL PROPERTY BY LEASE**

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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.

**Section 4. Legal Description.**

- A. Southwest Corner of Lot 4, adjacent to Peter Pan Access road, Harbor Lease Lots Subdivision, within U.S. 2874, Township 13 South, Range 55 West, Seward Meridian and will be leased by solicitation of sealed bids.
- B. Southeast Corner of Lot 2 of U.S. Survey 3643 adjacent to Northeast Corner of U.S. Survey 3643 Lot 32 and will be leased by solicitation of sealed bids.

**Section 5. Findings.** The City Council hereby a) that the lots to be leased are no longer needed for public use; b) that the disposal is for a public purpose, in that the leasing of this land will promote greater economic development of the community and a more viable harbor.

**Section 6. Type and Purpose of Disposal.** The properties will be disposed of by lease for the purpose of economic development of the Dillingham harbor area.

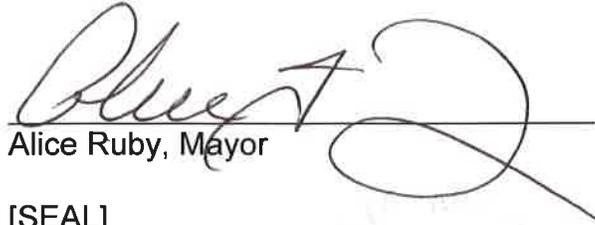
**Section 7. Value of City's Interest.** Based on the current assessment of the Property, the City estimates the fair market value of the right to use the Property upon the terms and conditions set forth in the lease agreements at about \$1.75 a square foot. Applying a 12% capitalization rate equates to \$ .21 per ft<sup>2</sup> per month for a long term lease. For seasonal use a 24% capitalization rate equates to \$.42 per ft<sup>2</sup> per month. The property will be appraised again and the lease agreement reviewed for revision in 3 years.

**Section 8. Time, Place and Manner in Which Disposal Shall Occur.** Notice of Ordinance No. 2016-07 will be posted more than thirty days in advance of approval of this ordinance.

A. Offers for the Southwest Corner of Lot 4 of U.S. Survey 2874 and the Southeast Corner Lot 2 of U.S. Survey 3643 will be solicited using a sealed bid auction method. Those uses that are harbor-dependent or related will be given priority. All other proposed uses will be considered as space allows on a year to year or shorter term. The actual disposal shall occur following approval of this ordinance.

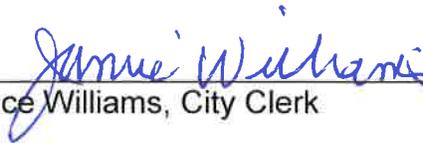
**Section 9. Effective Date.** This ordinance is effective upon passage.

PASSED and ADOPTED by a duly constituted quorum of the Dillingham City Council  
on May 12, 2016.

  
\_\_\_\_\_  
Alice Ruby, Mayor

ATTEST:

[SEAL]

  
\_\_\_\_\_  
Janice Williams, City Clerk



**City of Dillingham Information Memorandum**

Agenda of: May 12, 2016

Attachment to:

Ordinance No. 2016-07 / Resolution No. \_\_\_\_\_

**Subject:**

AN ORDINANCE OF THE DILLINGHAM CITY COUNCIL AUTHORIZING THE DISPOSAL OF MUNICIPAL PROPERTY BY LEASE

City Manager: Recommend Approval

Signature: Rose Loera

Fiscal Note:  Yes  No

Funds Available:  Yes  No

**Other Attachments:**

Harbor Lease Lots Resubdivision Map

**Summary Statement:**

The Port Director has been approached by at least three individuals that are interested in leasing a portion of the harbor lots that will promote greater economic development of the community and a more viable harbor.

They are interested in a long term lease as well as a seasonal lease. The seasonal lease will operate in the harbor for the summer and move their equipment off the property at the end of the season.

The long-term rate will be \$1.75 a applying a 12% cap rate which equates to \$.21 per square foot per month which is the current rate being charged to other lessees. We're proposing a seasonal rate with a 24% cap rate which equates to a \$.42 per square foot per month. The seasonal rate is for a short period of time and bringing the property to it's original state after the season. We would advertise the property by lease for economic development of the Dillingham harbor. We will advertise for the seasonal usage on a yearly basis.

An advertisement for a Public Hearing on Ordinance No. 2016-07 is scheduled to be placed in the May 5, 2016, edition of the Bristol Bay Times as required to be advertised in a local newspaper five days in advance of the public hearing, which is scheduled for May 12, 2016.

Attachment to: 2016-07 / Resolution No. \_\_\_\_\_  
Ordinance No. \_\_\_\_\_

**Summary Statement continued:**

Route to	Department Head	Date
X	Finance Director	5/13/16
X	Port Director	5/13/16
X	City Clerk	5/13/16