



## Agenda Statement

**File #:** RES 17-0026 **Version:** 1  
**Type:** Resolution **Status:** Passed  
**File created:** 6/27/2017 **In control:** City Council  
**On agenda:** 7/5/2017 **Final action:** 7/5/2017  
**Title:** #17-26 - Authorizing a Tideland Lease with Valdez Fisheries Development Association for Approximately 3.5 Acres of ATS 564 and Parcel A, ATS 564

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** 1. VFDA Lease Resolution.pdf, 2. VFDA Lease Application.pdf, 3. VFDA and Lynden Lease Map.pdf, 4. VFDA Land Lease Form.2015-08-19.pdf

Date	Ver.	Action By	Action	Result
7/5/2017	1	City Council	approved	Pass

**ITEM TITLE:**

Approve Resolution #17-26 Authorizing a Tideland Lease with Valdez Fisheries Development Association for Approximately 3.5 Acres of ATS 564 and Parcel A, ATS 564

**SUBMITTED BY:** Lisa Von Bargaen, Director

**FISCAL NOTES:**

Expenditure Required: N/A  
Unencumbered Balance: N/A  
Funding Source: N/A

**RECOMMENDATION:**

Approve Resolution #17-26 Authorizing a Tideland Lease with Valdez Fisheries Development Association for Approximately 3.5 Acres of ATS 564 and Parcel A, ATS 564.

**SUMMARY STATEMENT:**

In March of last year Valdez Fisheries Development Association submitted a request to lease approximately 3.5 acres of Alaska Tideland Survey 564. The purpose of the request is to gain additional tideland area in which to moor net pens. This lease request has taken so long to process for a number of reasons. First, Lynden, who owns upland property adjacent to this area has also requested a tideland lease. Second, it took some time to determine what lease area was needed by both parties. Third, VFDA also needs a small portion of area currently leased by Big State Logistics. Addressing that is going to happen as part of a separate transaction, but understanding what is required to address that component was necessary. Fourth, it was discovered this land is zoned Conservation even though everything around it is zoned Light Industrial. Finally, there were some

concerns raised by an adjacent property owner. Given all those issues, other workload and being short staffed, a perfect storm of delay surrounded this lease request. Finally we are moving forward.

VFDA has submitted a permit to the Corps of Engineers (COE) to excavate approximately 4,181 cubic yards of material to make the area deep enough for the net pens. The COE is ready to issue the permit, but they need confirmation VFDA has site control before they do that. In addition to the COE permit, VFDA will need to obtain a Flood Plain Development Permit.

Rezoning this property to Light Industrial is going to take some additional time. Staff had hoped to run everything concurrently but the rezone is going to lag behind action on the leases by a few weeks. Staff is conducting some due diligence regarding environmental concerns raised by an adjacent property owner. The lease will be contingent upon approval of a zoning change by the Commission and Council.

Pending the zoning change, this lease is in conformance with the Comprehensive Plan as follows:

**Goal - Economic Development:** Encourage the development of a broad-based economy in Valdez.

**Objective** - Develop a community plan, which accommodates resource related industrial development that meets the desires of community residents.

**Objective** - Encourage growth in tourism, fishing, and the fish processing industries.

**Objective** - Strive to maintain, restore, develop, or enhance the natural biological productivity of Port Valdez, and anadromous fish streams and lakes in the area.

**Objective** - Strive to create an atmosphere in the community that is conducive to commercial and industrial development.

**Goal - Land Use:** Provide a community land use pattern that is compatible with existing land use patterns in the community, which is physically safe, environmentally sensitive, and consistent with the provisions and requirements of the Valdez Coastal Management Program.

**Objective** - Provide for the adequate separation of incompatible land uses.

**Objective** - Prohibition of the location/construction of structures in hazardous or environmentally sensitive areas.

**Objective** - Provide development standards for lands that require special physical or environmental attention before they can be safely used or developed.

**Objective** - Reserve shoreline areas for water-dependent uses and activities; water-related uses and activities; and uses and activities, which are neither water-dependent or water-related or for which there is no feasible and prudent inland alternative to meet the need for the use or activity.

**Goal - Industrial Land Use:** Provide for industrial land uses so that they limit impacts on adjacent land uses and the environment, and yet have safe and convenient access to the major transportation facilities they require.

Valdez Fisheries has a number of other leases with the City of Valdez. Valdez Municipal Code provides that tideland leases may be up to 21 years initially with a maximum of six, five-year renewal options. The City has married this lease term up with the lease terms with the others held by VFDA. So the initial term of the lease will be 19 years with six, five-year renewal options for a total lease

term through 2066. The lease rental rate will be based on 10% of the appraised value. An appraisal will be conducted once the property has been surveyed. The lease area will need to be surveyed as the lease area crosses multiple properties. Once the appraised value is determined the initial lease rental rate will remain in place for the first five years of the lease. That value is amended every five years based on a new appraisal.

Both the Planning & Zoning (May 10<sup>th</sup>) and Ports & Harbor (May 15<sup>th</sup>) Commissions took action and approved recommendations to approve this lease. Council must approve this lease via resolution (attached). Once the lease is approved by resolution, the resolution must be posted for 30 days prior to the lease becoming effective. As a reminder, an ordinance changing the zoning from Conservation to Light Industrial must also be approved by the P&Z Commission and Council. This lease will not become effective until after that occurs. It will also take quite some time for the property to be surveyed, platted, recorded; and then the appraisal completed. The cost of the survey and appraisal are paid for by the prospective lessee.

VFDA plans to begin work on this project next year. The lease is being put in place now to allow for plenty of lead time on their project planning so site control is fully established.

A copy of the lease document is attached for Council reference.