



Agenda Statement

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Title: Approval of a Recommendation to City Council to Authorize a Lease with Terminal Radio, Incorporated (KCHU) for Parcel D1, USS 439 and Parcel D2, ATS 10

Sponsors:

Indexes:

Code sections:

Attachments: 1. KCHU Lease Application, 2. Prior 1995 KCHU Lease

Date	Ver.	Action By	Action	Result
4/8/2020	1	Planning and Zoning Commission	approved	Pass

ITEM TITLE:

Approval of a Recommendation to City Council to Authorize a Lease with Terminal Radio, Incorporated (KCHU) for Parcel D1, USS 439 and Parcel D2, ATS 10

SUBMITTED BY: Nicole LeRoy, Planning Technician

FISCAL NOTES:

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

RECOMMENDATION:

Approve a recommendation to City Council to authorize a lease with Terminal Radio, Incorporated (KCHU) for Parcel D1, USS 439 and Parcel D2, ATS 10

SUMMARY STATEMENT:

Terminal Radio, Incorporated (KCHU) applied for a lease with the City of Valdez for Parcel D1, USS 439 and Parcel D2, ATS 10 for continued operation and maintenance of the KCHU radio tower and broadcasting equipment on March 9, 2020.

Terminal Radio, Inc. has had a lease for this area with the City since May 1, 1995, which expired on the last day of April 2010. A new lease agreement was entered into on June 23, 2010 for five years with four-five year options to renew, ultimately expiring the last day of April 2020. KCHU has applied

for a new ten-year lease with two, five-year options to renew.

KCHU Public Radio is a non-profit organization and has again requested to lease the properties at an annual rental fee of \$1. Valdez Municipal Code defines fair rental value as 10 percent of appraised value for lease of City land. Per Valdez Municipal Code Section 4.08.030 - Fair rental value to be used for leases - Exceptions, "the city may lease city lands for less than the fair rental value to any state or federal agency or political subdivision, a public utility, a nonprofit organization, or to a new industry on terms advantageous to the public welfare of the city if the council, by motion passed by not less than six councilmen, determines the lease to be in the best interest of the public." Due to the requested discounted rent, the approval of this lease requires an affirmative vote of not less than six City Council members.

However, possessory interest requires that KCHU Terminal Radio be responsible for paying property taxes unless they are specifically exempted under Valdez Municipal Code Title 3.12 Property Taxes (see below.)

3.12.050 Community purpose property exemption.

The property of an organization not organized for business or profit-making purposes and used exclusively for community purposes may be exempt from taxation under this chapter. That portion of the property regularly used for commercial purposes other than the organization's exempt purpose shall be subject to taxation by the city. In order to qualify for this exemption, the applicant must file a written application for the exemption no later than January 15th of each assessment year for which the exemption is sought. The application shall be on a form prescribed by the city and shall include all information determined necessary by the city to determine the character of the organization and the nature of the uses made of the property. An exemption granted under this section shall be only for the assessment year for which the exemption is sought.

Per Valdez Municipal Code 4.08.060, "no application for lease shall be considered unless the land desired to be leased is zoned to permit the use to which the applicant intends to put the land." The area KCHU has applied for is zoned light industrial which allows for utility installations, including those for communications as a permitted principal use.

17.36.010 Intent.

The L-I (light industrial) district is intended for light industrial development including light manufacturing, processing, warehousing, storage, wholesale and distribution operations, and similar processes and operations. Limited commercial uses and accessory residential uses are allowed in the L-I district to serve the uses for which the district is primarily intended.

17.36.050 Prohibited uses and structures.

Any use or structure not of a character indicated under permitted principal uses and structures or permitted as a conditional use is prohibited.

Pending Council approval of this application, Planning Department staff will work with the City Attorney and Terminal Radio, Inc. to execute a new lease agreement for ten years, commencing May 1, 2020 and terminating the last day of April, 2030, with two, five-year options to renew, granting KCHU use of the property to operate and maintain the KCHU radio tower and broadcasting equipment.