



Legislation Text

File #: RES 17-0021, **Version:** 1

ITEM TITLE:

#17-21 Authorizing a Land Lease with Mega Trucking, LLC for Tract B, ASLS 98-26

SUBMITTED BY: AnnMarie Lain, CFM

FISCAL NOTES:

Expenditure Required: N/A

Unencumbered Balance: N/A

Funding Source: N/A

RECOMMENDATION:

Approve Resolution #17-20, authorizing a land lease with Mega Trucking, LLC for Tract B, ASLS 98-26.

SUMMARY STATEMENT:

Mr. Passin, of Mega Trucking LLC, has requested the lease of Tract B, ASLS 98-26, a 6.82 parcel along the Richardson Highway for the purpose of storing gravel, heavy equipment, and refining gravel from the Glacier Stream river bed. Tract B, ASLS 98-26, is zoned Public Lands. Chapter 4 of Valdez Municipal Code states that “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.” Chapter 17 zoning requirements for Public Lands District, document attached, outlines the intent of the zoning district as well as the permitted and conditional uses. The intent of the Public Lands Zoning District is stated below:

“The P (public lands) district is intended to contain major open space areas, watershed management areas and major public and quasi-public, recreational, educational and institutional uses, including private lands and uses that are essentially public in character and of specific value to the entire community.”

Although the intent of the purpose of storing gravel is to make the sale of gravel available to the public market which would add “specific value to the entire community,” the requested use for storing gravel, heavy equipment, and refining gravel is not listed as a permitted principal use. Natural resource extraction; however, is listed as a conditional use. Legal Counsel has confirmed that the storage of gravel and equipment in conjunction with natural resource extraction is allowed by Valdez Municipal Code as a conditionally permitted use. Should City Council approve the land lease with Mega Trucking LLC, the applicant will be required to apply for a Conditional Use Permit. The proposed land lease to Mega Trucking, LLC is in conformance with the Comprehensive Plan by adhering to the Goals and Objectives outlined below:

Goal - Lifestyle - Provide for a maximum freedom of choice for people to engage in the cash economy and use local natural resources to supplement their selected economic lifestyles.

Objective - Conserve sensitive habitats and enhance the availability of natural resources used and consumed by residents of the community.

The extraction of gravel on City leased land, over-time, has created vulnerabilities and exposure to flooding from migrating rivers and renders the leased land in a condition difficult for redevelopment. As such, the City of Valdez is in need of gravel extraction to come out of river beds instead of on City owned land. The proposed land lease provides for the use of natural resources by enhancing the availability of gravel for use by the residents of the community in the engagement of a cash economy.

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

The proposed land lease will help to create an atmosphere conducive to development by enabling another vender to provide gravel.

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. The land directly adjacent to Tract B is already being utilized as a gravel extraction area by the State.

This lease application meets the requirements for separation of incompatible land uses.

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.

River-bed gravel extraction is a water-related use for which inland alternatives fail to meet the flood mitigation priorities outlined by the Council and excavate industrial lands which can be reserved for a higher use.

The applicant is aware that gravel extraction within the river-bed requires a significant amount of permitting through multiple federal and state agencies. All permitting will be the sole responsibility of the applicant. The applicant will be required to apply for a Floodplain Development Permit with the City of Valdez to ensure that gravel extraction is done in a responsible and sustainable manner - and

in conformance with the City's Flood Mitigation priorities. All work pertaining to the extraction of material from Valdez Glacier Stream must comply with permit conditions and all local, state, and federal regulations. Permits anticipated to be applicable to gravel extraction in Valdez Glacier Stream include but are not limited to the following:

- United States Army Corps of Engineers - Department of the Army Permit
- Alaska Department of Fish and Game Permit - Fish Habitat Permit
- Alaska Department of Natural Resources - Land Use Permit
- Alaska Department of Natural Resources - Material Sales Application Permit
- State of Alaska Department of Transportation - Driveway Permit
- City of Valdez - Floodplain Development Permit
- City of Valdez - Conditional Use Permit

As stated in Valdez Municipal Code, City lands are leased at fair market value which is ten percent annually of the appraised value. Should City Council approve the land lease, an appraisal will be ordered to determine fair market value. The proposed lease is a 5-year term, with no renewal options, following provisions outlined in Chapter 4.08, Lease of City Property. To clarify, this is a land lease, not a gravel lease. Gravel leases allow for gravel extraction, stockpiling, and processing on the lease site. The annual cost of a gravel lease is set at \$3,000. This represents a payment for a minimum amount of gravel extracted every year of 5,000 cubic yards at \$0.60 a cubic yard. Gravel lessees are required to submit an annual report of how much gravel is extracted and must pay the City \$0.60 a cubic yard for anything over 5,000 cubic yards. Mega Trucking will have a land lease for which Mr. Passin will pay 10% annually of the appraised value. Leases are appraised (by Code) every five years. Mr. Passin's lease rental rate will remain the same for the five year lease period. If he applies to release the property a new appraisal to determine value will be completed and the rent adjusted accordingly.

On May 10th the Planning & Zoning Commission took action and approved a recommendation to Council to approve this lease. Leases must be approved via resolution which is posted for 30 days prior to the lease becoming effective. The enabling resolution is attached for Council review. A copy of the lease document is also attached for Council's information. This is a standard land lease document reviewed and approved by the City Attorney.