



Legislation Text

File #: 18-0395, **Version:** 1

ITEM TITLE:

Approval of Recommendation to City Council to Approve a Lease with Silver Bay Seafoods, LLC for Tract E, Harbor Subdivision

SUBMITTED BY: Nicole LeRoy, Planning Technician

FISCAL NOTES:

Expenditure Required: N/A

Unencumbered Balance: N/A

Funding Source: N/A

RECOMMENDATION:

Approve recommendation to City Council to approve a lease with Silver Bay Seafoods, LLC for Tract E, Harbor Subdivision

SUMMARY STATEMENT:

On September 2, 1969 the City of Valdez entered into a lease for Tract E Harbor Subdivision with Financial Land Investment Corporation, which became Sea Hawk Seafoods. The term of the original lease was for 21 years commencing July 1, 1969 and terminating June 30, 1990 with six additional five-year options to renew. Sea Hawk Seafoods sold adjacent parcels to PS, Acquisitions, LLC in 2009 and wished to assign leasehold interest for Tract E to PS Acquisitions. On August 17, 2009, City Council approved the assignment of lease from Sea Hawk Seafoods to PS Acquisitions, LLC. PS Acquisitions, LLC wished to assign leasehold interest to Silver Bay Seafoods and City Council approved assignment of leasehold interest from PS Acquisitions to Silver Bay Seafoods on February 1, 2010.

Renewal options one through four of the original lease were exercised, with the fifth option expiring on June 30, 2010. City Council approved the fifth renewal period from July 1, 2010 through June 30, 2015. While the original lease contained six, five-year options to renew the lease was amended at this time to add an additional five, five-year options to renew. The sixth five-year renewal option was not utilized and the lease is expired as of June 30, 2015 and has been in holdover subject to all terms of conditions on a month to month basis.

Silver Bay Seafoods, LLC approached former Community Development staff with request to execute a new lease agreement with an initial term of twenty-five years, commencing July 1, 2015 and ending

on June 30, 2040 with five, five- year options to renew *plus* the remaining five successive five year options to renew under the prior lease as amended in 2014. Silver Bay Seafoods is interested in securing the lease long term for the purposes of operating their fish processing plant including temporary housing in conjunction with the plant. This request has been in process since the lease expired in 2015 and is now being moved forward by current Community Development staff.

Pursuant to Valdez Municipal Code 4.08.010, the annual rental rate of the lease will be calculated as ten percent of the fair market appraised value of the Property. The Property will be reappraised for the purposes of determining fair rental value every five years (VMC 4.08.150) The Lease was appraised for the purposes of determining fair rental value in 2015 at \$585,000.00 and is due to be reappraised in 2020. Staff will reorder an appraisal at that time and the rent will be adjusted accordingly. Pending Council approval of this lease, Community Development Staff will work with the City Attorney to execute a new lease agreement.