



Legislation Text

File #: 19-0379, **Version:** 1

ITEM TITLE:

Approval of a Recommendation to City Council to Authorize a Lease with Haltness Equipment, LLC for Parcel 2 Tract A ASLS 79-116 (plat 2007-7)

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 Haltness Equipment, LLC for Parcel 2 Tract A ASLS 79-116 (plat 2007-7)

SUMMARY STATEMENT:

On August 27th, 2019 the Planning Department received an application from Erik Haltness of Haltness Equipment LLC, for lease of Parcel 2, Tract A, ASLS 79-116, 800 Glacier Haul Road, for equipment storage. Haltness Equipment currently leases Lots 1, 2, and 3 and Lots 1 and 3, Block 4, Gravel Lease Subdivision (plat 80-8), located across the street from 800 Glacier Haul, for commercial gravel extraction. However, Haltness has used the lease exclusively for storage for the past few years. In June 2019, Haltness approached staff with a request for an emergency temporary land use permit to move his equipment and materials to the lot across the street to 800 Glacier Haul Road, as his leased site was experiencing major flooding from Glacier Stream and he was concerned his items would be swept down the river. Planning Department staff executed an administratively issued temporary land use permit for a thirty day duration per Valdez Municipal Code 17.48.140 A. Haltness is now interested in keeping his equipment and materials stored at the site long term via a lease agreement. The applicant has indicated that he would like to switch out his old lease. However, it should be noted that a “parcel swap” is not possible and this application is processed as a new lease with Planning and Zoning Commission and City Council approval. Haltness has requested use of 800 Glacier Haul Road for storage through the last day of October 2022.

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 Haltness has applied for is zoned heavy industrial which includes, “construction yards, equipment and storage” as a permitted principal use. Historically, 800 Glacier Haul Road has been leased for commercial gravel extraction until the Chugach Materials lease expired in March of 2019.

Valdez Municipal Code defines fair rental value as ten percent of appraised value for lease of City land. The cost of this appraisal is borne by the lessee per VMC 4.08.100. Haltness has indicated that he would prefer to not order an appraisal to determine fair rental value, but rather to lease the land for a flat rate of \$3,000.00 annually. 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, it should be noted that without an appraisal, it cannot be confirmed that \$3,000.00 annually is less than ten percent of appraisal value.

In addition, if the lease application is granted, Haltness will be required to maintain \$1,000,000 general liability insurance coverage naming the City of Valdez as additional insured and include a waiver of subrogation in their policy.

Pending Council approval of this application, Planning Department staff will work with the City Attorney and Haltness Equipment, LLC to execute a new lease agreement through October 2022.