



"Village with a Past, City with a Future"

H-7

210 Fidalgo Avenue, Kenai, Alaska 99611-7794
Telephone: (907) 283-7535 / Fax: (907) 283-3014
www.ci.kenai.ak.us

Memorandum

Date: November 10, 2005
To: Charles M. Kopp, Acting City Manager
For: November 16, 2005 Meeting
From: Kim Howard, Assistant to the City Manager *KH*
RE: Lease Application, Lounsbury and Associates, Inc. on Behalf of Wal-Mart Stores, Inc. – Tract B-1, Baron Park No. 10; Tract C, Baron Park No. 5; and Lot 1, Baron Park No. 5

Lounsbury and Associates, Inc. (on behalf of Wal-Mart Stores, Inc.) has submitted a lease application for the above referenced properties. Lot 1, Baron Park No. 5 is the site of the "dust bowl" ball field. Tract C, Baron Park No. 5 is directly behind it. It has been used as a tent camping area. Neither lot has ever been dedicated for park usage by the City. Tract B-1, Baron Park No. 10 faces Marathon Road. The parcels are shown on the attached maps that were included with the lease application.

The properties are Airport property. Ordinarily, the General Fund would have to pay the Airport for its use of Airport lands. However, under Federal Aviation Administration rules, the property may be used as a ball field and camping area until such time as the Airport has a need for the property, either in terms of physical development for the Airport or as a commercial use that would benefit the Airport. Any money from the lease or sale of the property will go into the Airport Land Trust Fund. Once the Airport has a revenue generating commercial use for the property, the City General Fund may no longer use it rent-free. If the City were to retain the property for General Fund (non-Airport) use, the General Fund would have to pay the Airport fund the fair-market value for use of the property.

Wal-Mart Stores is proposing a 20-year base lease term with 14 (5-year) options to extend with an option to purchase. The purpose is to construct a 235,000 square foot Wal-Mart Supercenter store, including general merchandise, grocery, garden center, and 6-bay tire/lube/express. The development includes six outlot parcels and a gas station. The estimated construction cost is between \$15,000,000 - \$18,000,000.

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KMC 21.10.080 states the term shall depend upon the durability of the proposed use, the amount of investment in improvement proposed and made, and the nature of the improvement proposed with respect to durability and time required to amortize the proposed investment.

The beginning date for the proposed construction is April 2006. The proposed completion date is October 2007.

The Planning Department has confirmed the property is zoned Light Industrial, which is consistent with the 1987 Airport Master Plan. Retail sales is a principal permitted use in the Light Industrial zone. This property is not included in the Airport Reserve in the proposed Supplemental Planning Assessment. An appraisal performed by Derry & Associates states the highest and best use as "Commercial/industrial development in conformance with zoning regulations/requirements."

As outlined in KMC 21.10.030 (b)(5), the intended use must comply with the zoning ordinance and comprehensive plan of the City. KMC 21.10.060 (a) states the Planning Commission "shall normally consider applications for specific lands on a first-come, first-served basis if the Commission finds that the application is complete and the use proposed in the application is the highest and best use and conforms to the Airport Master Plan and other goals set by the Commission or the City Council."

At their meeting of November 9th, the Planning and Zoning Commission made those findings and unanimously found that the uses listed conform to the zoning ordinance, the Comprehensive Plan, and the Airport Master Plan. KMC 21.10.060 provides that after Planning and Zoning approval, the lease application shall go to the City Council for its consideration.

Cc: Lounsbury and Associates, Inc.
Rebecca Cronkhite, Airport Manager

/kh

Attachment