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| Introduced by: | Mayor |
| Date: | 04/21/26 |
| Hearing: | 05/05/26 |
| Action: | Enacted |
| Vote: | 9 Yes, 0 No, 0 Absent |

**KENAI PENINSULA BOROUGH
ORDINANCE 2026-18**

**AN ORDINANCE AUTHORIZING THE LEASE OF BOROUGH-OWNED
LAND FOR A MATERIAL SITE IN BELUGA BY COMPETITIVE LEASE
OFFERING THROUGH SEALED BID PROCEDURES**

WHEREAS, the Kenai Peninsula Borough (KPB) has title to the land listed in Section 2 of this ordinance; and

WHEREAS, part of the land listed in Section 2 of this ordinance is classified as Resource Development pursuant to Resolution 2008-025; and

WHEREAS, the proposed lease premises is an active material site, commonly known as the Beluga Material Site, that produces gravel products important for development and infrastructure maintenance to the industries and community of Beluga; and

WHEREAS, the proposed lease is specifically for the development, extraction, operation and maintenance of a sand and gravel material site; and

WHEREAS, sealed bid procedures ensure that the lease offering for the specified natural resources is orderly and fair; and

WHEREAS, the KPB Planning Commission, at its regularly scheduled meeting held on April 27, 2026, recommended approval by unanimous consent;

NOW, THEREFORE, BE IT ORDAINED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH:

SECTION 1. That this is a non-code ordinance.

SECTION 2. That the lease premises listed below is authorized for offering by sealed bid at the minimum bid listed to be considered FMRV.

| Parcel No. | Acres | LEASE PREMISES | General Location | Minimum Bid |
|---------------------|--------|---|------------------|-----------------|
| PORTION OF 21108327 | 24 +/- | That Portion of Tract A-3 Beluga Terrace Addition No. 3, Plat No 2003-44 Anchorage Recording District lying South of Freeman Creek, containing 24 acres, More or Less as shown on Exhibit 2 of the Lease. | Beluga | \$450 per Month |

SECTION 3. That the lease will have an initial term to end December 31, 2030, and provide for a 5-year renewal upon mutual agreement by both parties provided the lease is in good standing at time of renewal.

SECTION 4. That the lease will provide for the removal of a base amount of 1,000 cubic yards of material after processing to be removed from the site on a calendar year basis, which will be included in the base rent amount. Any amounts in excess of 2,000 cubic yards after processing in a calendar year shall be conditioned on the payment of royalty of \$3.50 per cubic yard. All volumes of material removed in the preceding year shall be measured, reported and paid by January 30th.

SECTION 5. That, following bid closing and award to the successful bidder if award is found to be in the best interest of KPB, the Mayor is hereby authorized to negotiate and enter into a Material Site Lease Agreement, substantially similar to the draft agreement accompanying this ordinance, for the Lease Premises described in Section 2, subject to all lease conditions required by this ordinance, the applicable provisions of KPB 17.10. That the Mayor is authorized to sign any documents necessary to effectuate this ordinance.

SECTION 6. That the method of disposal will be by sealed bid lease pursuant to KPB 17.10.100(F). The deadline date and time for receipt of sealed bids will be May 21, 2026, 4:00 p.m. The location of receipt of sealed bids will be the KPB Land Management front desk on the top floor at 144 N. Binkley Street, Soldotna, Alaska.

SECTION 7. That notice of sealed bid lease must be published in accordance with KPB 1.08.180. The last notice of sealed bid lease must appear not less than five calendar days before the date of sealed bid lease. The notice must contain a brief description of the land, the general location of the land and the terms of the sealed bid lease as fixed by this ordinance.

SECTION 8. That the Mayor, or designee, is hereby authorized to remove the authorized lease offering at KPB's discretion any time prior to execution of a lease.

SECTION 9. That, upon successful bid, the awarded bidder will first be required to submit a mining and reclamation plan and other required documents to then enter into the lease agreement of the subject lease premises. A bid deposit in the amount of \$2,700, will accompany the sealed bid. Only the bid deposit of the awarded bidder will be deposited and will be applied to the rental amount due, except that if the awarded bidder breaches a term of the offering, preventing lease closing, KPB will retain up to the full amount of the of the bid deposit as liquidated damages. Bid deposits of all unsuccessful bidders will be returned within 3 weeks of the bid opening in the form received. Any person or entity who is delinquent in the payment of any tax, debt or obligation owed to KPB will not be eligible to lease KPB-owned land while the delinquency remains outstanding.

SECTION 10. That sealed bid records will contain all bid amounts and corresponding bidder/business names. In the event the highest bidder is unable to perform, the lease will be offered to the second position bidder for the amount of the second position bidder's bid, provided that the bid amount is at or in excess of the established minimum bid amount. Bid results of the highest bidder only will be published on the KPB Land Sale Hub at www.kpb.us/landsales within 24 hours of bid opening. All bid results will be published at www.kpb.us/landsales within two business days of lease execution.

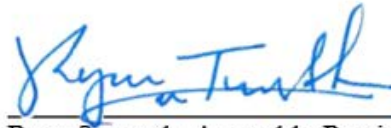
SECTION 11. That the lessee will be responsible for all title and other insurance requirements, survey, recording, and reporting costs, if any, for the duration of the lease term.

SECTION 12. That material site revenue from the lease shall be submitted to the KPB Finance Department and deposited into Land Management Account No. 250.00000.00000.37150 and any amounts in excess of 2,000 cubic yards in a calendar year shall be conditioned on the payment of royalty deposited into account No. 250.00000.00000.37160.

SECTION 13. If any provision of this ordinance or its application to any person or circumstance is held invalid, the remainder of the ordinance or the application of the provision to other persons or circumstances will not be affected.

SECTION 14. That this ordinance shall be effective immediately.

ENACTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH THIS 5TH DAY OF MAY, 2026.



Ryan Tunseth, Assembly President

ATTEST:



Michele Turner, MMC, Borough Clerk



Yes: Cooper, Dunne, Ecklund, Eicher, Griebel, Hicks, Niesen, Truesdell, Tunseth
No: None
Absent: None