

Introduced by: Mayor
Date: 03/17/26
Hearing: 04/07/26
Action:
Vote:

**KENAI PENINSULA BOROUGH
ORDINANCE 2026-10**

**AN ORDINANCE AUTHORIZING THE LEASE OF A MATERIAL SITE
OWNED BY THE KENAI PENINSULA BOROUGH 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, the land listed in Section 2 of this ordinance is classified as Resource Development pursuant to Resolution 95-003; and

WHEREAS, the proposed lease premises is an active material site, commonly known as the Eagle Lake Material Site, that produces gravel products important for development and infrastructure maintenance to the communities east of Homer; and

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

WHEREAS, the proposed lease contains performance requirements to ensure seasonal availability of gravel products to local markets along with increased opportunities for gravel business development through lease terms; and

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

WHEREAS, the minimum acceptable bid set forth below is to be considered fair market rental value (FMRV) of the lease, which is then subject to annual adjustment and subject to royalties at a rate of \$3.25 per cubic yard on sand and gravel quantities in excess of 25,000 cubic yards in a year; and

WHEREAS, the lease proposed to be offered is for an initial term to end December 31, 2030, with a 5-year renewal provision; and

WHEREAS, the Kenai Peninsula Borough Planning Commission, at its regularly scheduled meeting held on _____, 2026, recommended _____;

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 18515046	86.75 +/-	The NE1/4 NW1/4 NW1/4, and the N1/2 NE1/4 NW1/4, and the N1/2 S1/2 NE1/4 NW1/4, and the NW1/4 NE1/4 lying west of the existing road, and the W1/2 NE1/4 NE1/4 lying west of the existing road, all within Section 16, T4S, R11W, Seward Meridian, Homer Recording District, Alaska as shown on Exhibit 2 of the Lease	Eagle Lake / Fox River	\$4,166 Per Month Lease Amount OR \$50,000 Annual Lease Amount

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

SECTION 4. That rent for the initial partial year, from commencement date of the lease to December 31, 2026, shall be prorated by the actual number of months and partial months for which rent is due and paid in 2026. Rent shall be adjusted by a 3% annual increase each January 1st. January 1, shall be determined to be the beginning of a new year in the lease term.

SECTION 5. That the lease will provide for the removal of a minimum of 15,000 cubic yards and a maximum of 25,000 cubic yards of material to be removed from the site on a calendar year basis, included in rent. Any amounts in excess of 25,000 cubic yards in a calendar year shall be conditioned on the payment of royalty at a rate of \$3.25 per cubic yard. All volumes of material removed in the preceding year shall be measured, reported and paid by January 30th.

SECTION 6. That KPB will reserve rights of access through the lease premises along routes as specified in the lease.

SECTION 7. That the lease being offered for the Lease Premises described in Section 2 will be in the form substantially similar to the Material Site Lease Agreement accompanying this ordinance.

SECTION 8. 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 April 28, 2026, 4:00 p.m.. The location of receipt of sealed bids will be the borough Land Management front desk on the top floor at 144 N. Binkley Street, Soldotna, Alaska.

SECTION 9. 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 10. 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 11. 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 10% of the bid amount, will accompany the sealed bid. Only the bid deposit of the awarded bidder will be deposited and will be applied to the monthly 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 12. 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 13. 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 14. That the Mayor is authorized to sign any documents necessary to effectuate this ordinance.

SECTION 15. 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 16. That this ordinance shall be effective immediately.

**ENACTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH THIS *DAY
OF *, 2026.**

Ryan Tunseth, Assembly President

ATTEST:

Michele Turner, CMC, Borough Clerk

Yes:

No:

Absent: