

Kenai Peninsula Borough

Planning Department – Land Management Division

MEMORANDUM

TO: Ryan Tunseth, Assembly President
Members, KPB Assembly

THRU: Peter A. Micciche, Mayor *AMicciche*
Robert Ruffner, Planning Director *RR*
Aaron Hughes, Land Management Officer *Aaron Hughes*

FROM: Marcus Mueller, Land Management Agent *Marcus Mueller*

DATE: March 5, 2026

RE: Ordinance 2026- 10 , Authorizing the Lease of a Material Site Owned by the Kenai Peninsula Borough by Competitive Lease Offering Through Sealed Bid Procedures (Mayor)

The Eagle Lake Material Site is located approximately 3 miles from mile 19 East End Road. The Kenai Peninsula Borough (KPB) Land Management Division has previously managed the site through a now-expired Concessionaire's Agreement. It is important to East End Road communities for the site to produce gravel products needed for development and infrastructure maintenance.

A lease has been prepared for public offering which would provide for the production of gravel for sale to local markets. A lease additionally provides greater opportunities for gravel business development through a broader set of choice making available under a lease, given fewer requirements and greater autonomy to pursue opportunities.

A sealed bid offering format will be used based on annual rent (a 12-month period). Because the initial period extends to December 31, 2026, the initial period will be prorated by the actual number of months that the lease is in place during the year. Lease rent will adjust with a 3% increase annually on January 1st of each year of the lease. The lease sets a minimum (15,000 cubic yards) and a maximum (25,000 cubic yards) yearly gravel quantities that are tied to the rent and performance requirements. A royalty provision sets a \$3.25/cubic yard rate for gravel volumes that are in excess of the 25,000 cubic yard volume included in the rent each year. The proposed lease to be offered is for an initial term to end December 31, 2030, with a 5-year renewal provision. The lease premises is 86.75 acres, more or less, and contains the active material site and area for exploration and expansion. The lease requires a materials mining and reclamation plan, to be approved by the Land Management Officer.

A minimum bid amount representing the fair market rental value for a 12-month period, is proposed based upon land and resource values included in rent and considering the performance requirements necessary to produce the material, which includes operational maintenance of a mile long access road to the site's 1900' elevation, thick overburden removal, material qualities, and reclamation.

Page -2-
RE: O2026- 10

The Sealed Bid receipt deadline is proposed for 4 p.m. April 28, 2026, with all bids to be received at the Land Management Division front desk located within the George A. Navarre Borough Building in Soldotna. A brochure will identify the lease being offered and provide instructions for participation and describe the subsequent lease award and closing process. Notice of the Sealed Bid Lease Offering will be published on the KPB Land Sale Hub at www.kpb.us/landsales along with a brochure, in addition to posting in three public places, in accordance with KPB 1.08.180.

The KPB Planning Commission will hold a public hearing regarding the proposed land sale on March 16, 2026, and will forward its recommendation to the Assembly.

Your consideration is appreciated.