

Kenai Peninsula Borough

Planning Department – Land Management Division

MEMORANDUM

TO: Ryan Tunseth, Assembly President
Members, KPB Assembly

THRU: Peter A. Micciche, Mayor *PAM*
Robert Ruffner, Planning Director *RR*

FROM: Aaron Hughes, Land Management Officer *AH*

DATE: April 23, 2026

RE: Ordinance 2026- 22 , Authorizing a Communications Site Lease Agreement with Vertical Bridge S3 Assets, LLC, in Kenai (Mayor)

In 1980, the Kenai Peninsula Borough (KPB) entered into a Lease Agreement with Chevron USA for a communication tower in support of oil and gas production. Since that time, the leasehold interest was assigned to Vertical Bridge S3 Assets, LLC (Vertical Bridge). That original lease agreement was allowed to expire on November 1, 2024. Vertical Bridge has been allowed continued occupancy of the site under a holdover tenancy while negotiating terms of a new lease with the Land Management Division under current fair market value terms.

Vertical Bridge has agreed to a five year lease agreement with four consecutive 5 year renewal options. The initial monthly rent will be \$4,000, with an annual escalation of 3%. An additional 33% revenue share will be assessed of all rents collected by the lessee, with the exception of one anchor tenant. As a condition of the lease, KPB has retained a use right on the tower for KPB related needs.

KPB Planning Commission will hold a public hearing regarding the proposed lease at its regularly-scheduled meeting on May 11, 2026, and will forward its recommendation to the Assembly.

Your consideration is appreciated.