

Kenai Peninsula Borough
Planning Department

MEMORANDUM

TO: Brent Hibbert, Assembly President
Kenai Peninsula Borough Assembly Members

THRU: Charlie Pierce, Borough Mayor *ch*

FROM: Melanie Aeschliman, Planning Director *MA*

DATE: January 13, 2021

RE: Ordinance 2021-01, Amending KPB 17.10, Borough Lands & Resources, To Change Agriculture & Grazing Lease Rates to a Standard Fee Schedule and Clarify Tax Responsibility.

The Kenai Peninsula Borough Planning Commission reviewed the subject ordinance during their regularly scheduled January 11, 2021 meeting.

A motion passed by unanimous vote (10 Yes, 0 No, 1 Absent) to recommend approval of Ordinance 2021-01

In the ordinance, please amend the last WHEREAS statement:

WHEREAS, the Borough Planning Commission held a public hearing on January 11, 2021 and recommended approval by unanimous vote.

Attached are the unapproved minutes of the subject portion of the meeting.

never finalized would be costly for the applicant. The process now is for the developer to receive preliminary plat approval and then go through all the steps to receive final approval.

Commissioner Ecklund asked staff if this recommendation could be considered under Ordinance 2020-45 consideration of this recommendation would require a rewrite to subdivision code. Mr. Huff recommend that action on the recommendation should be a separate process from Ordinance 2020-45 as the ordinance it close to be completed. Moving forward on this recommendation would require a new process that would have to go through all the steps that Ordinance 2020-45 has already gone through.

Commissioner Ruffner stated that he did not believe this issue is ripe for action at this time. It is his understanding that an engineer's stamp of approval is required for plat with lots less the 40,000 square feet. If there is no engineer's approval, the plat cannot be finalized. Considering the cost associated with engineer's report it makes sense that it come at the end of platting process. He does not support it being moved to become a part of the preliminary approval process. Mr. Huff replied the Commissioner Ruffner was correct in his understanding of code. When the plat committee gives approval to a preliminary plat it is based on the plat meeting the requirements of borough code. If a plat has a lot that is less than 40,000 square feet comes before that plat committee for approval

Commissioner Brantley stated that he agrees with

Commissioner Ecklund

Commissioner Gillham

Mr. Kelly

Commissioner Ecklund

Mr. Taylor

AGENDA ITEM E. NEW BUSINESS

5. Ordinance 2021-01, Amending KPB 17.10, Borough Lands and Resources, to change agriculture and grazing lease rates to a standard fee schedule and clarify tax responsibility.

Staff report given By Marcus Mueller.

KPB 17.10 provides for the administration of borough land and resources. There has been substantial focus on improving methods for directing borough land to agricultural uses. Current code requires the assessor to determine lease rates for agriculture and grazing leases. This method can be cumbersome, with uncertain results.

The ordinance would amend borough code to change agriculture and grazing lease rates to a standard fee schedule. This would allow for the maintenance of agriculture and grazing lease rates through the borough's schedule of rates, fees and charges, which is adopted and revised by resolution in accordance with KPB 1.26.

The proposed ordinance would also amend code to add a lease term that clarifies that taxes may be assessed on leases of borough land and that it is the responsibility of the leaseholder to pay such taxes.

This ordinance was sent to the advisory planning commissions (APC) for their recommendations. The Cooper Land APC recommended against passage. They were concerned about variables in values of land. They were concerned the values presented were too low. Mr. Mueller stated he believed the consideration of the variations of land values across the peninsula and the standardization of rates is appropriate to consider.

END OF STAFF REPORT

Chair Martin open the item for public comment. Seeing and hearing no one from the public wishing to comment, Chair Martin closed public comment and opened discussion among the Commission.

MOTION: Commissioner Ecklund moved, seconded by Commissioner Fikes to forward to the Assembly a recommendation to adopt Ordinance 2021-01, An ordinance amending KPB 17.10, Borough Land & Resources, to change agriculture and grazing lease rates to a standard fee schedule and clarify tax responsibility.

Commissioner Ecklund stated she had read the APC meeting minutes in the packet and the Hope/Sunrise APC recommended approval of the ordinance. She also noted the Cooper Landing APC had a great deal of discussion on the topic. She asked the following question of staff, would this lease rate only apply to lands that have been designated for agricultural use? An applicant would not be able to go into the middle of industrial or residential designated lands and request to lease the land for agricultural purposes. Mr. Muller replied code requires that lands be classified before disposing of the land by sale or lease. Any lands offered up by lease for this program will first have to be classified either agricultural or grazing.

Commissioner Ruffner asked Mr. Mueller if the borough were to gather up all the revenues generated from agricultural lands that are currently in place, and transfer them in to this proposed new mechanism would the borough make more or less money. Mr. Mueller replied that the borough has not issued any agricultural or grazing lease. He noted the borough does have several grazing leases inherited from the state and the rate per acre on those leases would run anywhere from \$.11 to \$.41. The proposed new rates would be an increase from those rates. Commissioner Ruffner then stated it appears the borough does not have much in the way of agriculture so this is not major issue. Mr. Mueller replied currently there are no contracts in place that the new rates would apply to; the new rates would be applied to new leases coming forward. Mr. Mueller noted Land Management has been moving in the direction of creating an agricultural program and will be working on classifying lands for agricultural and grazing for future lease offerings.

Seeing and hearing no objection or further discussion, the motion was carried by the following vote:

MOTION PASSED BY UNANIMOUS VOTE:

Yes	10	No	0	Absent	1
Yes	Bentz, Brantley, Carluccio, Chesser, Ecklund, Fikes, Gillham, Martin, Ruffner Venuti				
No	None				
Absent	Morgan				

AGENDA ITEM E. NEW BUSINESS

- 6. Resolution 2021-002, a resolution updating the Kenai Peninsula Borough schedule of rates, charges and fee, pursuant to KPB 1.26, to include rates for agricultural and grazing leases.

Staff report given by Marcus Mueller.

This is the sister resolution to Ordinance 2021-01. Generally, agricultural and grazing land uses can be categorized in alignment with soil qualities and management. Setting rates based on soil quality and management categories furthermore aligns with farm management and conservation plans, which are required for agriculture and grazing leases.

This resolution would adopt a schedule of rates for agriculture and grazing leases using eight management categories. These management categories can be administratively further defined as needed to address specific uses that would be eligible under the respective lease type. The rates in the resolution come from the Borough Agricultural Program white paper, which has been in circulation for the last several years. The numbers in the paper are somewhat contrived due to the fact that there is not a lot of information on local agricultural programs out there. Research on agricultural and grazing lease rates around the county has been done. The rates proposed fall in line with the rates from a Carlton County in Minnesota, according to North Minnesota State