

## City of Bethel Action Memorandum

Action memorandum No.	19-27		
Date action introduced:	April 9, 2019	Introduced by:	Peter Williams, City Manager
Date action taken:	April 9, 2019	<input checked="" type="checkbox"/> Approved	<input type="checkbox"/> Denied
Confirmed by:	KM		

**Action Title:** Authorizing Administration to prepare Ordinances for property disposal through lease renewal for BTP, 831 River Street and General Communication Corp. 280 Third Ave pursuant to BMC 4.08.050C.

<b>Amount of fiscal impact:</b>		<b>Account information:</b>
	No fiscal impact at this time.	

The City of Bethel currently has two (2) hold over leases: the first with BTP, for the property under the Swanson's Hardware, 831 River Street and the second with General Communication Corp. (GCI) for the property located at 831 River Street where there are satellite dishes. Both Tenants approached the City requesting renewal of their lease agreements before the leases expired.

While administration is bringing the requests from the Tenants forward, the Bethel Municipal Code provides the Council with three disposal options to consider with these types of property disposals.

Option 1. Covered under BMC 4.08.030 A. Disposal. Property no longer necessary for public purposes. The city council may by ordinance provide for the disposal of an interest in real property which is no longer necessary for public purposes. All such disposals shall be by sealed bid do the highest bidder and shall be made at least at the current assessed value or at current appraised value unless otherwise determined by ordinance.

Option 2. Covered under BMC 4.08.030 C. Disposal in Furtherance of Development of Local Trade or Industry. The city council may, by ordinance, provide for the disposal of an interest in real property to any person or entity in furtherance of the development of local trade or industry without seeking competitive bids but not for less than the current assessed value or current appraised value, whichever is higher, of that interest in real property. All disposals made pursuant to this subsection shall include a condition requiring that the interest of the city being disposed of revert to the city in the event that the real property disposed of is not being used in furtherance of the development of local trade or industry justifying the original disposal.

Option 3. Covered under BMC 4.08.050 C. Renewal. If the Tenant [Lessee] wishes to renew the lease, the lessee shall make written application to the city clerk for renewal of the lease at least 180 days prior to the expiration of the lease. The written renewal application shall contain terms of the proposed renewal. The City manager shall, upon majority vote of the city council after a public hearing, and after the recommendation of the planning commission, if deemed appropriate by city manager, issue a renewal of the lease to the lessee.

Both lease agreements expired some time ago, BTP (which assumed the lease held by Omni Enterprises) expired on June 30, 2016 and GCI expired on July 1, 2013. While written

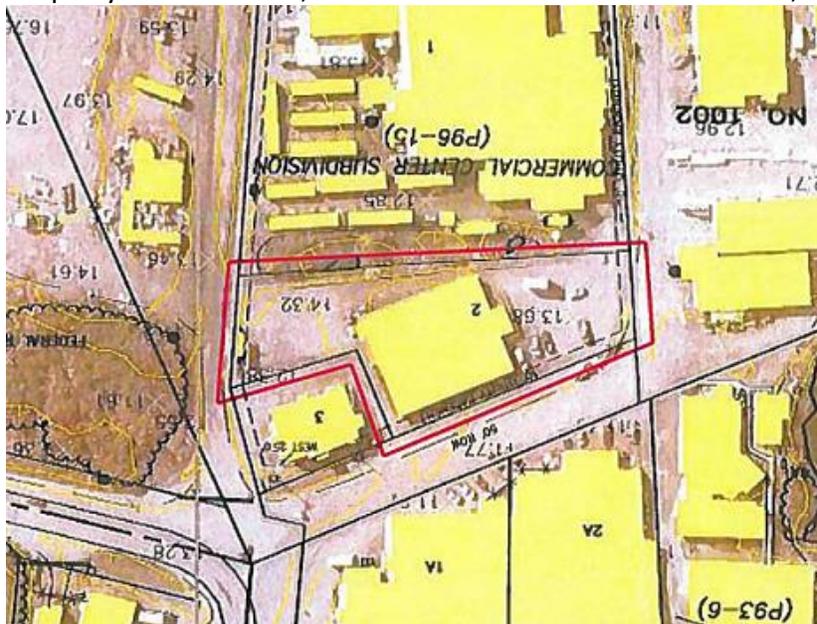
application was not submitted to the city clerk's office (this is an old process that needs to be updated), both companies reached out to the previous administration within the time required.

If the Council approves the request as presented (option 3), both leases would be presented to the lessees with increases to their monthly rate so that it is at the fair market value. Additionally, Administration would build in increases periodically over the term of the lease to ensure the rates remain close to or above fair market value. As always, the final terms of the disposal would be presented to council through a property disposal ordinance.

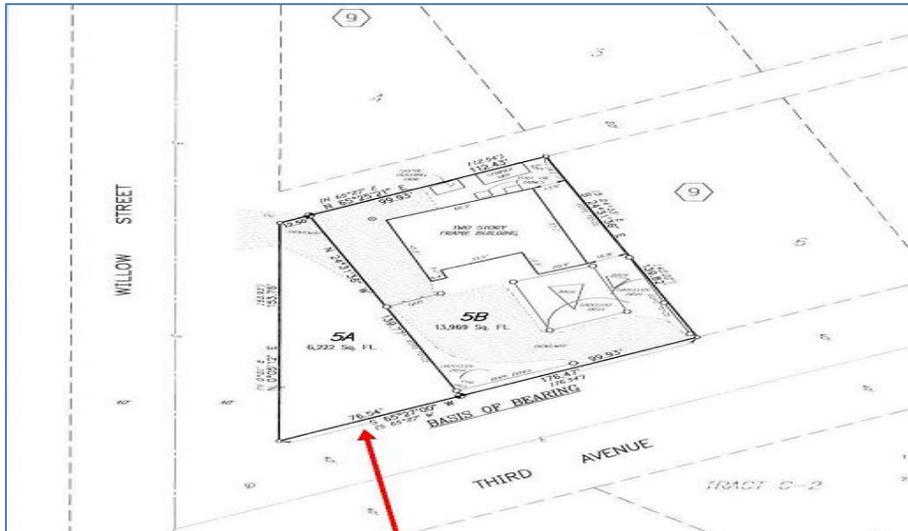
The Council could also amend the AM to direct administration to provide notice of the City's intent to accept bids for each of the property and set the minimum bid to fair market value as identified in option 1. Finally, the Council could amend the AM to direct administration to pursue the process set out in Option 2, with or without a bid.

Council's direction on this matter will dictate what kind of notice Administration will need to prepare for the public.

Property leased to BTP, Lot 2 Commercial Center Subdivision, Plat 96-15/831 River Street.



Property leased to GCI, Lot 5A, Block 9, USS 3230, plat 98-6/ 280 Third Ave.



With costs of publishing the notices in the paper exceeding \$500 per lot, it is important that with this many options, the City only goes out and publishes one time per lot. Past administrations have not always adhered to the publishing requirements probably because of the number of options and the confusion which so many options easily creates. Council's direction in this process will be helpful in keeping costs down and ensuring that proceedings operate with minimal delays.