



KENAI

City of Kenai | 210 Fidalgo Ave, Kenai, AK 99611-7794 | 907.283.7535 | www.kenai.city

MEMORANDUM

TO: Mayor Gabriel and Council Members

FROM: Paul Ostrander, City Manager

DATE: June 29, 2021

SUBJECT: **Discussion Item – Introduction of Kenai Waterfront Revitalization and Economic Development Incentives and Request to Schedule Work Session**

In January of this year, Administration provided the Council with two programs currently under development – the Storefront Improvement Program and the Property Tax Incentive Program. Since that time, Administration has continued to evaluate and develop a framework for a number of programs focused on the long-term health of our business community. The intent of these programs is to strengthen the economic vitality of Kenai and best serve the citizens of Kenai with responsible management.

The *City of Kenai Imagine Kenai 2030 Comprehensive Plan* includes goals and objectives to promote projects that create workforce development opportunities, implement business-friendly regulations, taxation and incentives, and encourage the adaptive reuse of vacant commercial buildings in the City Center and along the Kenai Spur Highway. It further states that the City should develop land use strategies to implement a forward-looking approach to community growth and development and specifically identifies the waterfront adjacent to the Bridge Access Road beginning at Millennium Square to the City dock as an area for revitalization.

One of the greatest potentials to attract significant investment in Kenai is the waterfront area. The untapped potential and importance of Kenai's unique, defining natural asset near the mouth of the Kenai River has catalytic possibilities for large-scale waterfront development on vacant or abandoned sites previously utilized by commercial fishing processors. The City is in a position to provide strategic investments in infrastructure on our waterfront through public – private partnerships to facilitate redevelopment. However, it would be premature to propose a specific project or respond to an opportunity to promote a project should one arise without confirming that existing ownership, infrastructure, planning, and zoning will support the revitalization of the area.

Administration supports a feasibility study that would consider all aspects of the waterfront area and provide recommendations for a revitalization initiative, including any regulatory or code changes and partnership models necessary to support a revitalization of the area. This study would also look at the economic incentive programs that are under development to gauge the effectiveness of these programs in coordination with any revitalization effort.

Included as attachments to this memo are two documents that give a broad overview of programs that administration is working on, as well as a timeline that, with Council approval, we hope to follow over the next eight to nine months as we work through the process of development, public participation, and Council consideration. As proposed, the Kenai Waterfront Initiative would follow a separate process and legislation from the other economic development incentive programs, however, providing the information on all of the programs that are under development was important to demonstrate how the programs would work in concert to achieve the larger Council directed vision of creating an environment for both new and existing businesses in Kenai to thrive.

In order to engage residents in developing plans for the waterfront, given the potential to transform the area and attract large-scale investment in Kenai, Administration recommends scheduling a work session in early August and invite property owners and the community to gauge support for the program and to help administration refine the scope of work for a feasibility study for the area.

Your consideration is appreciated.

Attachments:

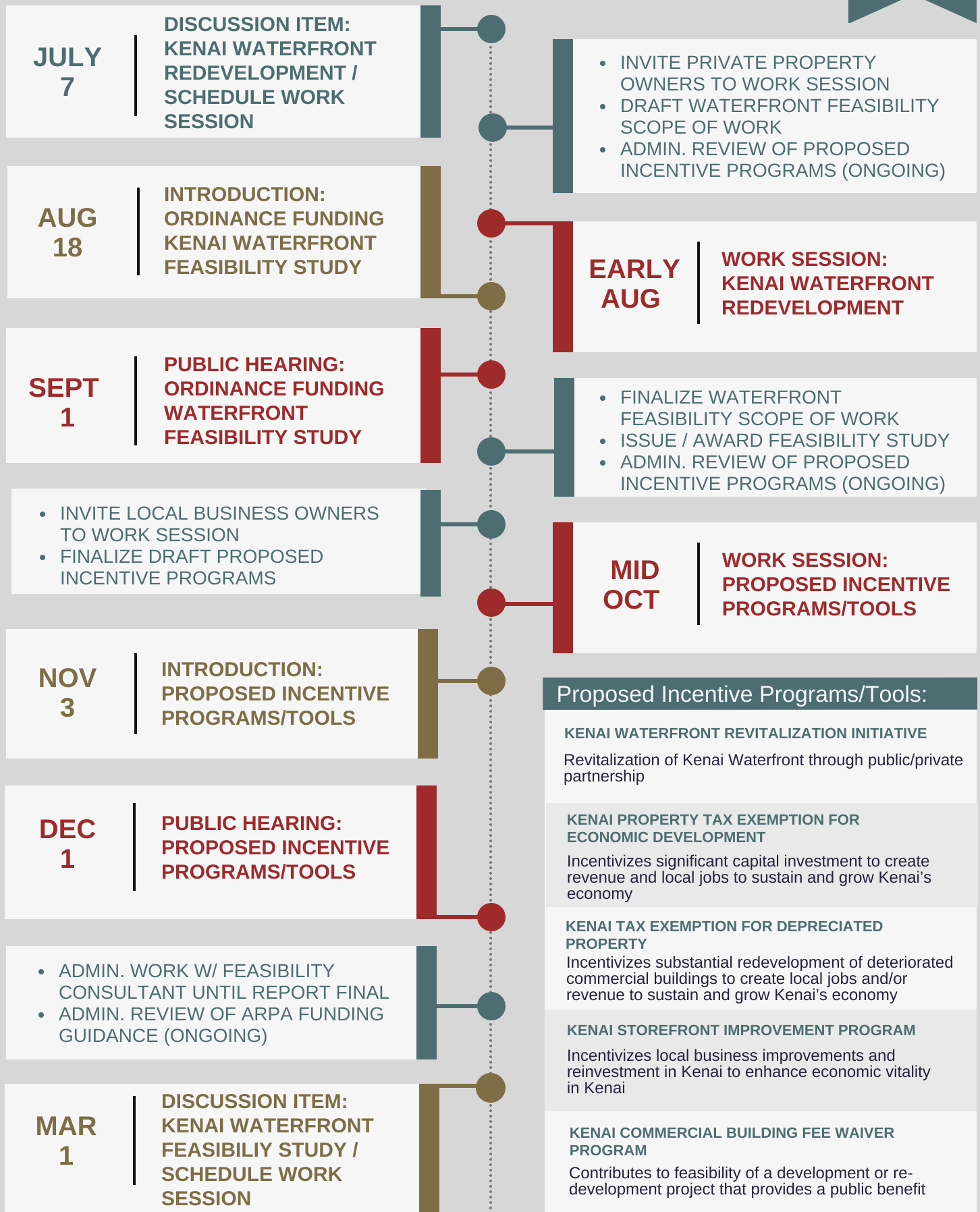
- Kenai Waterfront and Development Incentive Timeline
- Proposed Incentive Tools for Economic Development or Redevelopment in Kenai



KENAI WATERFRONT AND ECONOMIC DEVELOPMENT INCENTIVES TIMELINE

Page 174

KENAI





Kenai Property Tax Exemption for Economic Development

Incentivizes significant capital investment in Kenai to create local jobs and/or revenue



Kenai Tax Exemption for Depreciated Property Redevelopment

Incentivizes substantial redevelopment of deteriorated commercial buildings



Kenai Commercial Building Fee Waiver Program

Contributes to feasibility of a development or re-development project that provides a public benefit



Kenai Storefront Improvement Program

Incentivizes local business improvements and reinvestment to enhance economic activity and vitality



Kenai Waterfront Revitalization Initiative

Revitalization of Kenai Waterfront through public/private partnerships



EXAMPLE 1: Substantial Renovation of a Deteriorated Building



Substantial Renovation of a Deteriorated Building

Project proposes a substantial redevelopment of a deteriorated commercial building in Kenai that is non-compliant with City building and property maintenance, incentives enable the project to move forward, the economic feasibility of the project has a long-term economic viability, will create additional employment, and provide public benefit.



EXAMPLE 2: Significant New Waterfront Development



Significant New Waterfront Development

Project proposes a significant capital investment in Kenai that requires a public/private partnership to move forward and the economic feasibility of the project has a long-term economic viability, will create additional employment, and provide public benefit.



Proposed Incentive Tools For Economic Development or Redevelopment in Kenai

*Imagine Kenai 2030
Comprehensive Plan
Objectives:*



Imagine Kenai 2030 Comprehensive Plan Objectives:



Promote projects that create workforce development opportunities



Implement business-friendly regulations, taxation and incentives to create a stable, positive climate for private investment



Promote adaptive reuse of vacant commercial buildings in the city center and along the Kenai Spur Highway



Review revitalization strategies for the area adjacent to the Bridge Access Road beginning at Millennium Square to the boat landing



Ensure that the installation of basic public infrastructure (roads, sewer, water, and drainage) is coordinated with development and that improvements needed to serve the development are in place at the time impacts occur