



CITY AND BOROUGH OF SITKA

ASSEMBLY CHAMBERS
330 Harbor Drive
Sitka, AK
(907)747-1811

Meeting Agenda City and Borough Assembly

*Mayor Mim McConnell
Deputy Mayor Matt Hunter
Vice-Deputy Mayor Phyllis Hackett, Pete Esquiro, Mike Reif,
Benjamin Miyasato and Aaron Swanson*

*Municipal Administrator: Mark Gorman
Municipal Attorney: Robin L. Koutchak
Municipal Clerk: Colleen Ingman, MMC*

Tuesday, August 26, 2014

6:00 PM

Assembly Chambers

REGULAR MEETING

I. CALL TO ORDER

II. FLAG SALUTE

III. ROLL CALL

IV. CORRESPONDENCE/AGENDA CHANGES

A [14-174](#) Reminders and Calendar

Attachments: [Reminders and Calendars](#)

V. CEREMONIAL MATTERS

Service Awards: 1) Don Kluting and 2) Gerald Gangle

VI. SPECIAL REPORTS: Government to Government, Municipal Boards/Commissions/Committees, Municipal Departments, School District, Students and Guests (time limits apply)

VII. PERSONS TO BE HEARD

Public participation on any item off the agenda. Not to exceed 3 minutes for any individual.

VIII. REPORTS

a. Mayor, b. Administrator, c. Attorney, d. Liaison Representatives, e. Clerk, f. Other

IX. CONSENT AGENDA

All matters under Item IX Consent Agenda are considered to be routine and will be

enacted by one motion. There will be no separate discussion of these items. If discussion is desired, that item will be removed from the Consent Agenda and will be considered separately.

- A [14-169](#) Approve the minutes of the August 12, 2014 Assembly meeting.

Attachments: [MOTION Consent & Minutes](#)
[Minutes](#)

- B [14-171](#) Reappoint Dr. David Hunt to a term on the Animal Hearing Board.

Attachments: [MOTION Appointment](#)
[Reappointment](#)

- C [14-173](#) Approve a temporary month-to-month lease with Coastal Excavation for 17,000 sf of property in the Granite Creek Industrial Area, Pit Run Site

Attachments: [Coastal Excavation Temp Lease](#)

X. **UNFINISHED BUSINESS:**

- D [ORD 14-27](#) ORD 14-27: Amending SGC at Section 4.12.020 entitled "Property Subject to Tax" to increase the biennial Motor Vehicle Registration Tax to be used for Municipal Roads and Municipal Roads Infrastructures such as Sidewalks, Gutters, Bike Lanes, Sub Grade and Drainage Systems SECOND READING

ORD 14-27 A: Amending SGC at Section 4.12.020 entitled "Property Subject to Tax" to increase the biennial motor vehicle registration tax to be used for municipal roads and municipal roads infrastructures such as sidewalks, gutters, bike lanes, sub grade and drainage systems. Alternatively, the Assembly will place on the October 2015 municipal election some form of a tax ballot measure (e.g. sales, fuel, property) that will produce revenues commensurate with the fees that would be generated by this proposed vehicle tax registration fee ordinance. The increased tax revenues will be dedicated to supporting the maintenance of the cbs roads. If the tax ballot measure is passed the vehicle registration fee outlined within this ordinance will not be implemented. FIRST READING

Attachments: [MOTION ORDS 2014-27](#)
[Memo and ORD 2014-27 Vehicle Tax](#)
[ORD 2014-27 Amended](#)

XI. **NEW BUSINESS:**

Additional New Business Items

- E [14-172](#) Award a construction contract to Dawson Construction, Inc. for completion of the Kettleson Memorial Library Expansion Project -

\$5,097.000 and authorize a transfer from the General Fund working capital fund balance

Attachments: [MOTION Item E Revised](#)
[Library Contract Award](#)

XII. PERSONS TO BE HEARD:

Public participation on any item on or off the agenda. Not to exceed 3 minutes for any individual.

XIII. ADJOURNMENT

*Colleen Ingman, MMC
Municipal Clerk
Publish: 8/22/14*



Legislation Details

File #: 14-174 **Version:** 1 **Name:**
Type: Correspondence **Status:** AGENDA READY
File created: 8/20/2014 **In control:** City and Borough Assembly
On agenda: 8/26/2014 **Final action:**
Title: Reminders and Calendar
Sponsors:
Indexes:
Code sections:
Attachments: [Reminders and Calendars](#)

Date	Ver.	Action By	Action	Result
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REMINDERS

<u>DATE</u>	<u>EVENT</u>	<u>TIME</u>
Tuesday, August 26	Regular Meeting	6:00 PM
Tuesday, September 9	Regular Meeting	6:00 PM



Assembly Calendar

2013 Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec 2015

August 2014

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
27 Jul	28	29	30	31	1 Aug	2
McConnell	McConnell Hackett	Hackett 1:00pm SCVB Board	Hackett	Hackett 6:00pm Special Assembly Meeting	Hackett Hunter	Hackett Hunter
3	4	5	6	7	8	9
Hackett Hunter	Hackett Hunter Esquiro	Hackett Hunter Esquiro 7:00pm Planning 7:00pm <u>School</u>	Hackett Hunter Esquiro 7:00pm Library Board	Hackett Hunter Esquiro 12:00pm - 1:30pm SEDA Board Meeting	Hackett	Hackett
10	11	12	13	14	15	16
Hackett	Reif 6:00pm Worksession: Legislative Priorities	Reif 12:00pm Health Needs & Human Services 6:00pm <u>Reg Assembly Mtg</u>	Reif 6:00pm Historic Preservation 6:00pm Police & Fire Commission	Reif 12:00pm <u>Parks & Rec</u>	Reif	
17	18	19	20	21	22	23
		12:00pm <u>Tree/Landscape</u> 7:00pm <u>Planning</u> 7:00pm <u>School</u>	6:30pm STA			
24	25	26	27	28	29	30
		1:00pm SCVB Board 6:00pm <u>Regular Assembly Mtg</u>		6:30pm <u>Hospital Board</u>		
31	1 Sep	2	3	4	5	6
		7:00pm Planning 7:00pm <u>School</u>	7:00pm Library Board 6:00pm Police and Fire	12:00pm - 1:30pm SEDA Board Meeting		

Assembly Calendar

[2013](#) [Jan](#) [Feb](#) [Mar](#) [Apr](#) [May](#) [Jun](#) [Jul](#) [Aug](#) [Sep](#) [Oct](#) [Nov](#) [Dec](#) [2015](#)

September 2014

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
31 Aug	1 Sep	2 7:00pm Planning 7:00pm School	3 7:00pm Library Board 6:00pm Police and Fire	4 12:00pm - 1:30pm SEDA Board Meeting	5	6
7	8	9 6:00pm Reg Assembly Mtg	10 6:00pm Historic Preservation 6:00pm Port & Harbors Commission	11 12:00pm LEPC 12:00pm Parks & Rec	12	13
14	15 McConnell	16 McConnell 12:00pm Tree/Landscape 7:00pm Planning 7:00pm School	17 McConnell 6:30pm STA	18 McConnell	19 McConnell	20
21 McConnell	22 McConnell	23 McConnell 6:00pm Regular Assembly Mtg	24 McConnell	25 McConnell 6:30pm Hospital Board	26	27
28	29	30 1:00pm SCVB Board	1 7:00pm Library Board 6:00pm Police and Fire	2 Oct 12:00pm - 1:30pm SEDA Board Meeting	3	4



Legislation Details

File #: 14-169 Version: 1 Name:

Type: Minutes Status: AGENDA READY

File created: 8/19/2014 In control: City and Borough Assembly

On agenda: 8/26/2014 Final action:

Title: Approve the minutes of the August 12, 2014 Assembly meeting.

Sponsors:

Indexes:

Code sections:

Attachments: [MOTION Consent & Minutes](#)
[Minutes](#)

Date	Ver.	Action By	Action	Result
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CONSENT AGENDA

POSSIBLE MOTION

**I MOVE TO APPROVE THE CONSENT AGENDA
CONSISTING OF ITEMS A, B, C & D**

I wish to remove Item(s) ____, ____, ____

**REMINDER – Read aloud a portion of each item being
voted on that is included in the consent vote.**

Should this item be pulled from the Consent Agenda the following motion would be in order:

POSSIBLE MOTION

I MOVE TO approve the minutes of the August 12, 2014 Assembly meeting.



CITY AND BOROUGH OF SITKA

ASSEMBLY CHAMBERS
330 Harbor Drive
Sitka, AK
(907)747-1811

Minutes - Draft City and Borough Assembly

*Mayor Mim McConnell
Deputy Mayor Matt Hunter
Vice-Deputy Mayor Phyllis Hackett, Pete Esquiro, Mike Reif,
Benjamin Miyasato and Aaron Swanson*

*Municipal Administrator: Mark Gorman
Municipal Attorney: Robin L. Koutchak
Municipal Clerk: Colleen Ingman, MMC*

Tuesday, August 12, 2014

6:00 PM

Assembly Chambers

REGULAR MEETING

I. CALL TO ORDER

Present: 5 - Hunter, Hackett, Esquiro, Swanson, and Miyasato

Absent: 2 - McConnell, and Reif

II. FLAG SALUTE

III. ROLL CALL

IV. CORRESPONDENCE/AGENDA CHANGES

14-167 Reminders and Correspondence

V. CEREMONIAL MATTERS

None.

VI. SPECIAL REPORTS: Government to Government, Municipal Boards/Commissions/Committees, Municipal Departments, School District, Students and Guests (time limits apply)

Sitka Tribe of Alaska General Manager Lawrence SpottedBird announced the Tribe continues to work on honoring veterans. SpottedBird stated Major General Katkus with the Department of Military and Veterans Affairs would be in Sitka on August 14.

VII. PERSONS TO BE HEARD

Ginny Olney spoke regarding fluoride. She views fluoride as poison and spoke in opposition to putting fluoride in any water system.

VIII. REPORTS

a. Mayor, b. Administrator, c. Attorney, d. Liaison Representatives, e. Clerk, f. Other

Deputy Administrator Sweeney - Announced that Administrator Gorman was out until Friday evening. Recruitment for two senior department heads, IT and Library Directors, was wrapping up. He introduced the city's new Tax Accountant, Hardik Patel.

Utility Director Chris Brewton and Acting Public Works Director Mark Buggins announced the water switch from Blue Lake to Indian River was ahead of schedule with a target date of August 17 for the official switchover.

Attorney - Informed she was doing research on taxes and different ways the city could increase revenue. One method may be taxing the sale and distribution of marijuana, if the initiative were to pass.

Liaisons - Hackett indicated Sitka Community Hospital was thriving and currently in the negotiations of hiring a new CEO.

Other - Hackett was curious how long we have put fluoride in our water. Buggins recalled sometime in the 1940's, he does not know the reason but suspects that the American Dental Society and Center for Disease Control were supporters.

Hunter thanked the water department for their tour of the UV Facility and all the extra work they were putting forth.

IX. CONSENT AGENDA

- A 14-162** Approve the minutes of the July 22 and July 31 Assembly meetings
- B 14-166** Reappoint Mary Ann Hall to a three-year term on the Local Emergency Planning Committee

X. UNFINISHED BUSINESS:

- C ORD 14-26** Authorizing sublease of spaces by United Parcel Service at the Sitka Rocky Gutierrez Airport Terminal Building
- Esquiro wondered if there was a provision in this to re-evaluate. Deputy Mayor Hunter stated in Section III there was an inflation proofing mechanism. Sweeney offered if there was a substantial change in the airport there would be an opportunity to renegotiate.
- A motion was made that this Ordinance be PASSED ON SECOND READING. The motion PASSED by the following vote.**
- Yes:** 5 - Hunter, Hackett, Esquiro, Swanson, and Miyasato
- Absent:** 2 - McConnell, and Reif
- D ORD 14-28** Adjusting the FY14 and FY15 Budgets
- A motion was made by Hackett that this Ordinance be PASSED ON SECOND READING. The motion PASSED by the following vote.**

Yes: 5 - Hunter, Hackett, Esquiro, Swanson, and Miyasato

Absent: 2 - McConnell, and Reif

XI. NEW BUSINESS:

New Business First Reading

- E ORD 14-29** Authorizing the extension of the lease of the land at 323 Seward Street to November 1, 2046 to White Elephant Shop, Inc. PULLED

This item was PULLED prior to the meeting as the supporters were out of town.

Additional New Business Items

- F 14-165** Approve a conditional use permit request filed by Chris Balovich for operation of a short-term rental at 713 Lake Street

Planning Director, Wells Williams, explained the rental would be limited use, not very visible and had received no objections.

Esquiro asked if short term rentals pay sales tax. Sweeney responded "Yes."

A motion was made by Swanson to Convene as the Board of Adjustment. The motion PASSED by unanimous consent.

A motion was made by Swanson to approve a Conditional Use Permit request filed by Chris Balovich for operation of a short-term rental at 713 Lake Street as recommended by the Planning Commission and in accordance with the following conditions and findings and request that these conditions and findings be a part of the official record:

Conditions:

- 1. Contingent upon a completed satisfactory life safety inspection.**
- 2. The facility shall be operated consistent with the application and plans that were submitted with the request.**
- 3. The facility shall be operated in accordance with the narrative that was submitted with the application.**
- 4. The applicant shall submit an annual report every year, covering the information on the form prepared by the Municipality, that summarizes the number of nights the facility has been rented over the twelve month period starting with the date the facility has begun operation. The report is due within thirty days following the end of the reporting period.**
- 5. The Planning Commission, at its discretion, may schedule a public hearing at any time following the first nine months of operations for the purpose of resolving issues with the request and mitigating adverse impacts on nearby properties.**
- 6. Failure to comply with any of the conditions may result in revocation of the**

conditional use permit.

Findings:

1. The Planning Commission finds that the recommended conditional use permit
 - a. Will not be detrimental to public health, safety or welfare;
 - b. Will not adversely affect the surrounding character;
 - c. Will not be injurious to uses or property in the immediate vicinity;
2. Is consistent with Comprehensive Plan policy 2.5.2 I Encourage the development of facilities to accommodate visitors without significant impacts on residential properties;
3. That all conditions necessary to lessen impacts can be monitored and enforced;
4. Will not introduce hazardous conditions on the site;
5. Is adequately supported by public facilities and services;
6. The applicant has met the burden of proof; and
9. The Planning Commission finds that the general approval criteria have been met and the Planning Commission has evaluated the criteria set forth in 22.24.010 which is the criteria for conditional uses that deal with hours of operation and location along collector streets.

The motion **PASSED** by the following vote.

A motion was made by Swanson to Reconvene as the Assembly in Regular Session. The motion **PASSED** by unanimous consent.

Yes: 5 - Hunter, Hackett, Esquiro, Swanson, and Miyasato

Absent: 2 - McConnell, and Reif

G 14-163

Award a contract in the amount of \$5,496,207.00 to Dawson Construction Inc. for completion of the UV Disinfection project

Hackett noted the amount was higher than the engineer's estimate. Municipal Engineer, Dan Tadic, explained that in this example it was an outside firm and that with most of the projections the estimates were close. In this case it was mid-range and within 10%. Hackett mentioned that it might be helpful to include the range in the memo.

Environmental Superintendent, Mark Buggins, stated it was a federal drinking water requirement to have a second barrier and this was the lowest cost option.

Deputy Mayor Hunter pointed out CBS did not have a choice and would most likely be fined daily for every day we were out of compliance.

A motion was made by Miyasato that this Item be APPROVED. The motion PASSED by the following vote.

Yes: 5 - Hunter, Hackett, Esquiro, Swanson, and Miyasato

Absent: 2 - McConnell, and Reif

H 14-164

Award a design-build contract in the amount of \$841,000 to CBC Construction for the Lake Street and Monastery Street Lift Station Replacement Project

Environmental Superintendent, Mark Buggins, explained a lift station pushed the sewer along when there was not enough slope or gravity. Municipal Engineer, Dan Tadic, explained the Lake Street lift station was being relocated from a private lot to a municipal lot.

Buggins shared there were approximately 30 large lift stations in town with smaller ones located throughout town. The Lake Street lift station was an original one.

Sweeney mentioned the city had been working to identify as far out as 40-50 years what it would take to maintain and replace all municipal infrastructure.

A motion was made by Hackett that this Item be APPROVED. The motion PASSED by the following vote.

Yes: 5 - Hunter, Hackett, Esquiro, Swanson, and Miyasato

Absent: 2 - McConnell, and Reif

XII. PERSONS TO BE HEARD:

None.

XIII. ADJOURNMENT

With no further business to come before the Assembly, Deputy Mayor Hunter ADJOURNED the meeting at 6:47 PM.

ATTEST:

Colleen Ingman, MMC
Municipal Clerk



Legislation Details

File #: 14-171 Version: 1 Name:

Type: Appointment Status: AGENDA READY

File created: 8/19/2014 In control: City and Borough Assembly

On agenda: 8/26/2014 Final action:

Title: Reappoint Dr. David Hunt to a term on the Animal Hearing Board.

Sponsors:

Indexes:

Code sections:

Attachments: [MOTION Appointment Reappointment](#)

Date	Ver.	Action By	Action	Result
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Should this item be pulled from the consent agenda, the following motion is suggested:

Appointments

I MOVE to re-appoint: 1) Dr. David Hunt to a term on the Animal Hearing Board.



Application for Appointment to Boards, Committees, and Commissions
City and Borough of Sitka

Board/Commission/Committee: Animal Hearing Board
Name: David J Hunt DVM Daytime Phone: 907-747-7387
Address: Bx 1774 Evening Phone: 907-738-5253
Email Address: SitkaVet@Alaska.com Fax Number: 907-747-7391
Length of Residence in Sitka: 20 yr Registered to vote in Sitka? Yes No
Employer: Sitka Animal Hospital Self
Organizations you belong to or participate in:

State Board Veterinary Examiners

Explain your main reason for applying:

Community Service

What background, experience or credentials will you bring to the board, commission, or committee membership?

Veterinarian for last 23 yrs

Please attach a letter of interest, outline, or resume which includes your education, work, and volunteer experience that will enhance your membership.

→ (To be considered, your application must be complete AND be accompanied by one of the above supporting documents.)

Date: 8/5/14 Signature: [Handwritten Signature]

Your complete application and resume should be returned to the Municipal Clerk's Office by noon on the Wednesday prior to an advertised Assembly meeting. Applications received after the deadline will be considered but will not be included in the Assembly packets for review prior to appointment.

Appointments are normally made during open session of an Assembly meeting, however, Assembly members may vote to discuss applicant(s) in closed executive session. In this case, do you wish to be present when your application is discussed? Yes No

Return to:
Sara Peterson, Deputy Clerk
100 Lincoln Street
Fax: 907-747-7403
Email: sara@cityofsitka.com



David J. Hunt
D.V.M.

DAVID J. HUNT, DVM

217 Jurek St. • Sitka, AK 99833
Phone: 907.234.3253 • Fax: 907.234.3253

Active member of the Alaska Veterinary Board

EDUCATION

- MAY 1978** Doctor of Veterinary Medicine, College of Veterinary Medicine
Colorado State University, Fort Collins, Colorado
- MAY 1982** Master of Science, Zoology
Iowa State University, Ames, Iowa

EXPERIENCE

- 1975-PRESENT** Owner, State Animal Hospital
Established a full-service hospital specializing in Anesthesiology, surgery and equine care while growing and educating staff here
- 1995-2009** Medical Director, Alaska Raptor Center
General medical care and rehabilitation with an emphasis on fracture repairs and otitis externa
- 1984-1986** Relief veterinarian at over 10 clinics in Alaska and Utah
- 1993-1994** St. Mary's Animal Hospital, St. Mary's Northwestern Hospital
Alaska Animal Hospital, Fairbanks, Alaska
Alaska Animal Hospital, Lawley, Alaska

PROFESSIONAL DEVELOPMENT

- LICENSED IN:** Alaska, Idaho, Montana, Nevada, Utah, Wyoming
- 1976-PRESENT** Member, American Veterinary Medical Association
- 1989-PRESENT** Member, Alaska Veterinary Medical Association
- 2005-2011** Staff of Alaska Board of Veterinary Examiners, Governor Appointed Panel
Chairman, March 2010-March 2011
- 1998-2007** Veterinarian, Alaska Raptor Center



ANIMAL HEARING BOARD

NAME	CONTACT NUMBERS	TERM STARTS	EXPIRES	CATEGORY
SUSAN ROYCE 1919 Cascade Creek Rd.	747-6064 747-6599 fax svroyce@gmail.com	7/9/02 7/12/05 6/24/08 6/14/11 6/10/14	7/09/05 7/12/08 6/24/11 6/14/14 6/10/17	CHAIR Animal Trainer
CARIN ADICKES 1401 Edgumbe Dr.	747-1078 4seapeople@gci.net	1/26/10 1/8/13	1/26/13 1/8/16	Animal Interest Group
MORGAN DOUBLEDAY 1705 Sawmill Creek Road	747-5424 w 738-4242 c	4/8/08 6/22/10 6/11/13	7/10/10 6/22/13 6/11/16	Dog Keeper
KATHY INGALLINERA 108 Kiksadi Court	966-8764 w 966-2251 h	7/12/11	7/12/14	Non-animal Keeper
MARY ANN JONES 515 Charteris St	747-1815 w 747-8787 h majeryj@gmail.com	9/13/11	9/13/14	Alternate Resigned 10/12/12
DAVID HUNT PO Box 1774	747-7387 w sitkavet@alaska.com	8/9/11	8/9/14	Veterinarian

Note: Hearing boards do not have an assembly liaison nor does the Animal Control Officer sit on the board. The hearing board consists of five members as defined in Ordinance 02-1656.

5 Members from Public and one alternate

Initial terms staggered (1) one-year (2) two-year and (2) three-year terms and (1) alternate with 3-year term.

Established by Ordinance 02-1656

The Animal Hearing Board shall meet within 5 business days, or as soon as possible thereafter, after receipt for a hearing.

Revised: June 11, 2014



Legislation Details

File #: 14-173 Version: 1 Name:

Type: Item Status: AGENDA READY

File created: 8/20/2014 In control: City and Borough Assembly

On agenda: 8/26/2014 Final action:

Title: Approve a temporary month-to-month lease with Coastal Excavation for 17,000 sf of property in the Granite Creek Industrial Area, Pit Run Site

Sponsors:

Indexes:

Code sections:

Attachments: [Coastal Excavation Temp Lease](#)

Date	Ver.	Action By	Action	Result
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Should this item be pulled the corresponding motion would be in order.

POSSIBLE MOTION

I move to authorize a temporary, month-to-month lease with Coastal Excavation for approximately 17,000 square feet of municipal property in the Granite Creek Industrial Area, Pit Run Site as outlined in Exhibit A for \$382.50, plus city sales tax per month.

MEMORANDUM

To: Mark Gorman, Administrator
Mayor McConnell and Members of the Assembly

From: Mark Buggins, Acting Director of Public Works *B*
Dan Tadic, P.E., Municipal Engineer *DT*

cc: Jay Sweeney, Finance Director *JMS*
Robin Koutchak, Municipal Attorney *RK*
Randy Hughes, Municipal Assessor *RH*

Date: August 19, 2014

Subject: Temporary Property Lease, Granite Creek Industrial Area - Coastal Excavation

Background:

Coastal Excavation (CE) is a local General Contractor. CE has been leasing an approximately 8,100 square foot area in the Granite Creek Industrial Area, Pit Run Site since July 1, 2013 which they have used for material stockpiling and equipment staging/storage. The existing lease expired on July 1, 2014 and CE desires to extend the lease indefinitely on a month-to-month basis with an increased lease area of approximately 17,000 square feet as outlined in Exhibit A.

Pursuant to Sitka General Code, Chapter 18.12.010D, the lease of any municipal property on a temporary basis may be made by the Municipal Administrator upon motion of the Assembly without ordinance. Temporary shall be defined as any lease terminable at the will of the municipality where no more than thirty days prior notice of intent to terminate is required. The proposed lease document is attached.

Fiscal Note:

CE shall pay the City rent in the amount of \$382.50 per month plus city sales tax, for the temporary lease of an approximately 17,000 square foot area in the Granite Creek Industrial Area, Pit Run Site. This rate was determined by the City Assessor.

Recommendation:

Authorize the Municipal Administrator to execute a temporary, month-to-month lease with Coastal Excavation for approximately 17,000 square feet of property in the Granite Creek Industrial Area, Pit Run Site as outlined in Exhibit A for \$382.50 per month plus city sales tax.

LEASE PREAMBLE 1

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Exhibit A – Diagram of Lease Area

**LEASE AGREEMENT BETWEEN CITY AND BOROUGH OF SITKA
AND COASTAL EXCAVATION LLC**

PREAMBLE

This lease agreement ("Lease") is effective as of the ____ day of _____, 2014, between the City and Borough of Sitka, 100 Lincoln Street, Sitka, Alaska 99835 ("Sitka" "or "Lessor") and Coastal Excavation LLC, PO Box 2421, Sitka Alaska 99835 ("Lessee") This Lease consists of the Special Provisions, the General Provisions, and the attached Exhibit A. Exhibit A is a pictorial representation of an approximately 17,000 square foot area leased on Granite Creek Industrial Area in Sitka, Alaska 99835.

SPECIAL PROVISIONS

ARTICLE I: LEASE, TERM OF LEASE, AND TERMINATION OF LEASE

Section 1.1 Conveyance of Estate in Lease.

Lessor, for and in consideration of the rents received and of the covenants and agreements made by Lessee, does lease to Lessee, and Lessee leases from Lessor, the Property or Premises as shown on Exhibit A, located at the Granite Creek Industrial area site. Exhibit A shows the Property as approximately 17,000 square feet.

Section 1.2 Termination of Lease.

This Lease may be terminated by either party upon 30 days written notice to each party.

Section 1.3 Disposition of Improvements and Lessee's Personal Property Following Term of Lease

Lessee shall remove from the Property any Personal Property or Improvements constructed, installed, or deposited on the Property at the termination of this Lease or any extension unless Lessee makes a separate written agreement with Sitka to do otherwise. Any Improvements or Personal Property not removed after thirty (30) days have passed after termination of this Lease shall be deemed abandoned and at Lessor's option shall become the property of Lessor, and Lessee shall repay to Sitka any costs of removing such Improvements or Personal Property from the Property if Sitka does not exercise such option. Subject to Sitka's obligations under Subsection 3.1(a) below, Lessee agrees to leave Property in a neat, clean, and weather-tight condition at the end of the term of the Lease.

Section 1.4 Covenants to Perform

This Lease is made upon the above and the following terms and conditions, each of which the Party bound by such covenants and conditions agrees to perform, irrespective of whether the particular provision is in the form of a covenant, an agreement, a condition, a direction, or otherwise, and each Party agrees to provide the other Party with documents or further assurances as may be required to carry out the expressed intentions.

ARTICLE II: RENT

Section 2.1 Calculation & Method of Payment of Rent

Notwithstanding any other provision of this Lease Agreement, on the Term start date set out in Article I, Lessee shall pay the full month rent payment owed under this Lease Agreement, which shall be prorated if the date this Lease is executed is not the first day of the month. Subject to the provision in the previous sentence, Lessee shall pay the lease payments in advance for the Term of the Lease Agreement without the necessity of any billing by Lessor. Lessee will lease the space as shown in Exhibit A for \$382.50 per month payable. Sales tax is to be paid in addition to the stated Rent.

ARTICLE III: RESTRICTIONS UPON USE OF PROPERTY

Section 3.1 Lessee's Obligations as to Maintenance, Access and Safety

(a) Except as provided in this Lease, Lessee acknowledges the leasehold is in an "as is" condition. At the sole cost and expense of Lessee and in compliance with all legal requirements.

(b) Lessor reserves the right to expand or modify the Property. In that event, the Lessor and Lessee will work together to complete such expansion or modification in a manner that minimizes disruption to Lessee's use of the Property. Some anticipated disruptions could be to any utilities that may be provided or serve adjacent properties (i.e. electric, water, wastewater) or operational disturbances from noise, dust and other construction activities.

(c) Lessee acknowledges that Lessor has made no representation or warranty with respect to Lessee's ability to obtain any permit, license, or approval.

(d) Lessee shall also use the Property and any Improvements placed on the Property only for lawful uses, and for the designated purpose of storage, sorting and staging of Lessee's material.

(e) Lessee shall confine its equipment and materials, storage and operation to the leasehold area.

(f) Lessee shall not permit the accumulation of waste or refuse matter on the Property, and Lessee shall not obstruct or permit the obstruction of the streets, sidewalks, access ways, or alleys adjoining the Property except as may be permitted by Lessor or other municipal authorities having jurisdiction. Lessee shall do all things necessary during the term of this Lease to remove any dangerous condition from time to time existing on the Property as the result of the use by Lessee.

(g) Lessee shall take necessary measures to prevent siltation of Granite Creek from its activities. Access will be maintained through the site for others at all times.

(h) Access as allowed prior to this Lease shall continue to be allowed through the Property for others permitted such access.

(i) Lessee will assume responsibility for compliance with any applicable requirements of the existing Storm Water Pollution Prevention Plan (SWPPP) for the Property.

Section 3.2 Lessor's Approval of Certain Alterations or Improvements

Lessee shall not make or permit to be made any alteration of, addition to, or change in Improvements, nor demolish all or any part of the Improvements without the prior written consent of the Lessor, which consent shall not be unreasonably withheld. In requesting consent Lessee shall comply with all applicable laws and ordinances, and shall submit to the Public Works Director of the City and Borough of Sitka or his or her written designee detailed plans and specifications of proposed work, an explanation of the needs and reasons for the work, and a plan of full payment of the costs of the work. Lessor shall notify Lessee of its approval or objections no later than 30 days after receiving the information described in the previous sentence. In approving or objecting Lessor shall be acting in its proprietary function and not its regulatory function, any such approval in this proprietary function does not relieve Lessee of any obligation to obey the law. Nothing in this Section shall be interpreted to prevent Lessee from removing at the termination of this Lease any Improvements or Personal Property as described in Section 1.4.

Section 3.3 Rights of Access to Property

(a) Lessor reserves for itself and any public utility company the right to access the Property at all reasonable times in a reasonable manner for the purposes of opening, inspecting, repairing, replacing, reconstructing, maintaining, or servicing the public utilities, if any, located on the Property, as well as for the purposes of constructing or installing new public utilities. Lessor also reserves for itself and the Alaska Department of Environmental Conservation the right to access the Property at all reasonable times in a reasonable manner for the purposes of regulation and enforcement of this Lease. Sitka also reserves for itself the right to access the Property at all reasonable times in a reasonable manner for the purposes of (1) inspection of all work being performed in connection with the construction of Improvements; (2) showing Property for exhibiting Property in connection with renting or leasing Property in a matter that will not unreasonably interfere with Lessee's business; and (3) placing "For Sale" or "For Rent" signs on Property. Lessee shall not charge for any of the access allowed in the situations described in this subsection.

(b) Lessee shall not construct any permanent Improvements over or within the boundary lines of any easement for public utilities without receiving the written prior consent of Lessor and any applicable utility company.

(c) Lessee acknowledges that the Property may be subject to agreements for ingress and egress, utilities, and parking, as described on attached Exhibit A. Lessee agrees that it shall comply with the terms of such cooperative agreements, in accordance with the terms of such agreements, those portions of such maintenance expenses that are attributable to the Property, as more fully set forth therein.

Section 3.4 Additional Conditions of Leasing

Lessee recognizes and shall cause all beneficiaries of Lessee and all permitted successors in interest in or to any part of the Property to recognize that:

(a) Lessee will cooperate with the City and Borough of Sitka Public Works Department and will notify this Department of any maintenance deficiencies or of any equipment failures that require maintenance or repair. Lessee will be provided a 24 hour telephone number to notify the Lessor of any event that requires immediate response by the Lessor.

(b) Lease payments will be made in monthly installments in advance in cash or by check, bank draft or money order made available to the City and Borough of Sitka. Installments to be delivered or mailed to 100 Lincoln Street, Sitka, Alaska 99835, by or on the first day of each calendar month.

(c) Lease payments shall become delinquent if not paid within ten (10) days after the due date. Delinquent payments are subject to a late charge of \$25 and interest accrued from the due date at 12% annum.

(d) The charges and fees paid by Lessee to Lessor must be separated according to the City and Borough of Sitka accounting standards.

(e) Lessor will only invoice if the Lease payments are delinquent. Lessor will only invoice if failure to make Lease payment within 30 days of due date. Lessor at its option can terminate the Lease for Lessee's failure to make payment, in accordance with this Lease.

(f) Lessee covenants and agrees that as it relates to use of the Subject Property, it will not, on the grounds of race, color or national origin, sex, religion, age, physical handicap, marital status, pregnancy or parenthood, discriminate or permit discrimination against any person or group of person in any manner prohibited by Federal or State laws or regulations promulgated thereunder, and Lessee further grants Lessor the right to take such action to enforce such covenant as it deems necessary or as it is directed pursuant to any Federal or State law or regulation.

(g) Lessor may sell the Property in the future and all agreements regarding the Property, including this Lease, between Lessor and Lessee shall be completely transferable to the new owner. A transfer of the Property to any such entity shall not create any restrictions upon use of the Property in addition to those set forth in this Lease.

(h) Lessor may, upon at least 10 days prior notice to Lessee, temporarily suspend the supply, if provided on the Property, of water, wastewater service, electric power to perform routine maintenance and, in all events, subject to unavoidable delays, as provided in Section 4.4. Such interruptions shall be of as short duration as necessary to perform such maintenance, and Sitka shall not be responsible for any such costs or expenses as a result of suspending such utilities.

(i) Lessee is responsible for taking any measures that Lessee deems necessary to provide security for their property. Sitka is not responsible for theft or vandalism.

(j) City and Borough of Sitka sales tax will apply to lease payments. Sales taxes will also apply to any utility services and will be calculated into each monthly billing from the City and Borough of Sitka. Sales tax rates, limits, exemptions, and exclusions are subject to change by the Assembly of the City and Borough of Sitka.

(k) Lessee guarantees that during the period that the Lease is in effect, Lessee shall keep current on all accounts owed to the City and Borough of Sitka (i.e., utilities, sales taxes, property taxes), beyond the payments owed under this Lease.

Section 3.5 Control of Rodents and Other Creatures on Property

Lessee shall take reasonable affirmative measures to ensure that its operations do not attract to Property or any portion of the Granite Creek Industrial area any of the following creatures: rodents, vermin, insects, eagles, crows, ravens, seagulls, or bears.

ARTICLE IV: UTILITY SERVICES & RATES

Section 4.1 Provision of Utility Services

No utility services are currently provided to the Property. If and when any utility services are provided, Lessee shall pay the cost of use of such utilities, to be paid monthly upon billing by the City and Borough of Sitka.

Section 4.2 Lessor's Limited Liability and Non-Liability

In the event utility services are provided, and except to the extent that any such failure, injury, or other casualty is due to Lessor's negligence or breach of any obligation under this Lease, Lessor shall not be liable for any failure of utility services, or for any injury or damages to person or property caused by or resulting from any natural disaster, natural condition, earthquake, hurricane, tornado, flood, wind or similar storms or disturbances, or water, rain, or snows which may leak or flow from the street, sewer, or from any part of the Property, or leakage of sewer, or plumbing works, or from any other place, or for sewer or plumbing works, or from any other place. Lessor shall not be held responsible or liable for any claim or action due to or arising from any suspension of operation, breakage, unavoidable accident or injury of any kind occurring to, or caused by the sewer mains by an act of God, beyond Lessor's control, or caused by the elements, strikes, riots, or a terrorist or terrorists.

ARTICLE V: LIABILITY AND INDEMNIFICATION

Section 5.1 Liability of Lessee and Indemnification of Lessor

Except as provided in Section 7.3, Lessee agrees to indemnify, defend, and save harmless Lessor against and from any and all claims by or on behalf of any person, firm, or corporation arising, other than due to acts or omissions of Lessor, from the conduct or management of or from any work or thing whatsoever done in or about the Property and to any Improvements, including liability arising from products produced on the Property. Lessee also agrees to indemnify, defend, and save Lessor harmless against and from any and all claims and damages arising, other than due to acts or omissions of Lessor, during the term of this Lease from: (a) any condition of the Property or Improvements placed on it; (b) any breach or default on the part of the Lessee regarding any act or duty to be performed by Lessee pursuant to the terms of this Lease; (c) any act or negligence of Lessee or any of its agents, contractors, servants, employees or licensees; and (d) any accident, injury, death or damage caused to any person occurring during the Term of this Lease in or on the Property. Lessee agrees to indemnify, defend, and save harmless Lessor from and against all costs, counsel and legal fees, expenses, and liabilities incurred, other than due to acts or omissions of Lessor, in any claim or action or proceeding brought asserting claims

of or asserting damages for any alleged act, negligence, omission, conduct, management, work, thing, breach, default, accident, injury, or damage described in the previous two sentences. The above agreements of indemnity are in addition to and not by way of limitation of any other covenants in this Lease to indemnify the Lessor. The agreements of indemnity by the Lessee do not apply to any claims of damage arising out of the failure of the Lessor to perform acts or render services in its municipal capacity.

Section 5.2 Liability of Lessor and Indemnification of Lessee

Except as provided in Section 7.3 and to the extent of liabilities arising from Lessee's acts or omissions, Lessor indemnifies, defends, and holds Lessee harmless for liabilities to the extent that they were incurred by reason of conditions existing on the site as of the date of execution of this Lease or by reasons of Lessor's acts or omissions. Lessor also agrees to indemnify, defend, and save Lessee harmless against and from any and all claims and damages arising, other than due to acts or omissions of Lessee, during the term of this Lease from (a) any condition of the Property or Improvements placed on it; (b) any breach or default on the part of the Lessor regarding any act or duty to be performed by Lessor pursuant to the terms of the Lease; (c) any act or negligence of Lessor or any of its agents, contractors, servants, employees, or licensees; and (d) any accident, injury, death, or damage caused to any person occurring during the Term of this Lease in or on the Property. Lessor agrees to indemnify, defend, and save harmless Lessee from and against all costs, counsel and legal fees, expenses, and liabilities incurred, other than due to acts or omissions of Lessee, in any claim or action or proceeding brought asserting claims of or asserting damages for any alleged act, negligence, omission, conduct, management, work, thing, breach, default, accident, injury, or damage described in the previous two sentences. The above agreements of indemnity are in addition to and not by way of limitation of any other covenants in this Lease.

Section 5.3 Reimbursement of Costs of Obtaining Possession

Each Party agrees to pay and to indemnify the other Party prevailing in any dispute under this Lease against all costs and charges, including but not limited to, full reasonable counsel and legal fees lawfully and reasonably incurred in enforcing any provision of this Lease including obtaining possession of the Property and establishing the Lessor's title free and clear of this Lease upon expiration or earlier termination of this Lease.

GENERAL PROVISIONS

ARTICLE VI: DEFINITIONS

Section 6.1 Defined Terms

For the purposes of this Lease, the following words shall have the meanings attributed to them in this Section:

- (a) "Event of Default" means the occurrence of any action specified in Section 14.1.
- (b) "Imposition" means all of the taxes, assessments, utility rates or charges, levies and other governmental charges, levied or assessed against the Property, any part of the Property, any

right or interest regarding the Property, or any Rent and income received from the Property, as well as sales taxes on Rent.

(c) "Improvements" or "improvements" means all buildings, structures and improvements of any nature now or hereafter located upon the Land, as well as all apparatus and equipment necessary for the complete and comfortable use, occupancy, enjoyment and operation of the Property, including any buildings, structures, fittings, appliances, machinery, garage equipment, heating equipment, lighting equipment, cooling equipment, air conditioning and ventilating equipment, wiring, controls, communications equipment, plumbing, switchboards, antennae, floor coverings, and all other appliances and equipment; excepting only in each case articles of personal property appurtenances and fixtures (including trade fixtures) owned by Lessee, Sublessees, or others, which can be removed without defacing or materially injuring the improvements remaining on the Property, from the Property with the portion of the Property from which such items are removed being returned to a condition at least as good as that existing on the date of this Lease. "Improvements" also includes fill, grading, asphalt, and other non-building land improvements.

(d) "Personal Property" means tangible personal property owned or leased and used by the Lessee or any sublessee of the Lessee, in connection with and located upon the Property.

(e) "Premises" means the "Property."

(f) "Rent" means the lease rate, which is the amount Lessee periodically owes and is obligated to pay Lessor as lease payments under this Lease for the use of the demise.

(g) "Property" is the area leased as shown on Exhibit A or elsewhere in the document.

(h) "Sublessee" and "Sublease" -- any reference to "sublessee" shall mean any subLessee, concessionaire, licensee, or occupant of space in or on the Property holding by or through the Lessee; the term "sublease" shall mean any lease, license, concession or other agreement for the use and occupancy of any part of the Property made by any Person holding by or through the Lessee.

(i) "Term" means the period of time Lessee rents or leases the Property from Lessor.

ARTICLE VII: INSURANCE

Section 7.1 Insurance

Lessee shall maintain property damage and comprehensive general liability insurance in the amount of one million dollars (\$1,000,000), including leasehold improvements. Lessor shall be named as an additional insured.

Section 7.2 Notification of Claim, Loss, or Adjustment

Lessee shall advise Lessor of any claim, loss, adjustment, or negotiations and settlements involving any loss on the Property under all policies of the character described in Section 7.1.

Section 7.3 Waiver of Subrogation

Whenever: (i) any loss, cost, damage or expense resulting from fire, explosion or any other casualty or occurrence is incurred by either of the Parties to this Lease, or anyone claiming under it in connection with the Property or improvements; and (ii) the Party is then covered in whole or in part by insurance with respect to loss, cost, damage or expense or is required under this Lease to be so insured, then the Party so insured (or so required) releases the other Party from any liability the other Party may have on account of the loss, cost, damage or expense to the extent of any amount recoverable by reason of insurance and waives any right of subrogation which might otherwise exist in or accrue to any person on account of it, provided that the release of liability and waiver of the right of subrogation shall not be operative in any case where the effect is to invalidate the insurance coverage or increase its cost (provided that, in the case of increased cost, the other Party shall have the right, within thirty (30) days following written notice, to pay the increased cost keeping the release and waiver in full force and effect).

ARTICLE VIII: RESTRICTIONS REGARDING ASSIGNMENT, SUBLEASES, AND TRANSFERS OF PROPERTY

Section 8.1 Lessee Without Power to Assign Lease or Transfer or Encumber Property

Lessee has no power under this Lease to assign the Lease or transfer the Property, except with approval of Sitka's Public Works Director. Lessee has no power to encumber Property or pledge its interest in Property as collateral for a loan or mortgage.

Section 8.2 Limitations on Subleases

Lessee shall not sublease the Property.

ARTICLE IX: USE AND PROTECTION OF THE PROPERTY

Section 9.1 Property As Is - Repairs

Lessee acknowledges that it has examined the Property and the present improvements including any public improvements presently located there and knows the condition of them and accepts them in their present condition and without any representations or warranties of any kind or nature whatsoever by Lessor as to their condition or as to the use or occupancy which may be made of them. Lessee assumes the sole responsibility for the condition of the improvements located on the Property. The foregoing shall not be deemed to relieve Lessor of its general municipal obligations, or of its obligations under Section 3.1.

Notwithstanding anything to the contrary set forth in this Lease, Lessee is leasing the Property, "AS IS", "WHERE IS," with all faults and defects. Lessee acknowledges and agrees that Lessor (or any agent of Seller) has not made and does not make, and Lessor specifically disclaims, any representations, warranties, promises, covenants, agreements or guaranties of any kind or character whatsoever, whether express or implied, oral or written, past, present or future, of, as to, concerning or with respect to the following:

(a) nature, quality or condition of the Property, including without limitation, the water, soil and geology of, or the presence or absence of any pollutant, hazardous waste, gas of substance or solid waste on or about, or deriving from the Property,

- (b) income to be derived from the Property,
- (c) suitability of the Property for any and all activities and uses which Purchaser may intend to conduct on the Property,
- (d) compliance of or by the Property or its operations with any laws, rules, ordinances or regulations of any government authority or body having jurisdiction over the Property, including but not limited to environmental laws, such as CERCLA and RCRA,
- (e) habitability, merchantability or fitness for a particular purpose of the Property,
- (f) any matter regarding tax consequences, the presence of asbestos, utilities, valuation, governmental approvals, the truth, accuracy or completeness of the items delivered, and
- (g) any other matter related to or concerning the Property, except as expressly set forth in this Lease or any of its exhibits.

Lessee shall not seek recourse (or seek any remedy, including rescission) against Lessor on account of any loss, cost or expenses suffered or incurred by Lessee with regard to any of the matters described in this section.

Section 9.2 Compliance with Laws

- (a) Lessee shall throughout any term of this Lease, at Lessee's sole expense, promptly comply with all the laws and ordinances and the orders, rules, regulations, and requirements of all federal, state, and municipal governments and appropriate departments, commissions, boards, and officers (whether or not the same require structural repairs or alterations) and all other legal requirements that may be applicable to the use of the Property. Nothing in the foregoing sentence shall be deemed to relieve Lessor of its general obligations in its municipal capacity.
- (b) Lessee will assume responsibility for compliance with all requirements of the existing Storm Water Pollution Prevention Plan (SWPPP).

Section 9.3 Notification of City and Borough of Sitka's Public Works Director of Discovery of Contamination

Lessee shall promptly notify the Public Works Director of the City and Borough of Sitka within 24 hours if any contaminated soils or other media that require special handling are encountered on the Property.

Lessee shall be responsible for all clean-up costs associated with contamination of soils of Property, adjoining property, and/or buildings caused by or attributed to Lessee through its operations on the Property. In the event of Lessee's failure to clean-up to applicable regulatory standards or to the satisfaction of the Public Works Director, the Lessor may perform clean-up or contract for clean-up and all charges for such work shall be payable by Lessee.

Section 9.4 Use of Utility Lines

No utility services are currently provided to the Property. If Lessee desires utilities, Lessee and Lessor shall negotiated and enter an amendment to this Lease regarding which utility services to provide, the costs associated with such services, and the rate of pay for such utility services.

If such utility services are requested and granted, Lessee shall connect or otherwise discharge to such utility lines, including electric, water and/or wastewater, as are approved by the appropriate City and Borough of Sitka, which may include the Department of Public Works and/or Electric Department Director, and shall obtain any permits and comply with any conditions specified by the Director of Public Works and/or the Electric Department Director for such connections.

Section 9.5 Permits and Approvals for Activities

Lessee shall be responsible for obtaining all necessary permits and approvals for its activities unless otherwise specifically allowed by Lessor. Not less than ten (10) days in advance of applying for permits to any public entity other than the City and Borough of Sitka, Lessee shall provide copies of all permit applications and associated plans and specifications to the Director of Public Works of the City and Borough of Sitka to facilitate review by departments of the City and Borough of Sitka. The City and Borough of Sitka is not obligated to comment on the permit applications and plans. The result of any review by the City and Borough of Sitka does not affect Lessee's obligation to comply any applicable laws.

ARTICLE X: LESSOR'S RIGHT TO PERFORM LESSEE'S COVENANTS; REIMBURSEMENT OF LESSOR FOR AMOUNTS SO EXPENDED

Section 10.1 Performance of Lessee's Covenants to Pay Money

The Lessee covenants that if it shall at any time default or shall fail to make any other payment (other than Rent) due and the failure shall continue for ten (10) days after written notice to the Lessee, then the Lessor may, but shall not be obligated so to do, and without further notice to or demand upon the Lessee and without releasing the Lessee from any obligations of the Lessee under this Lease, may terminate the Lease.

Section 10.2 Lessor's Right to Cure Lessee's Default

If there is a default involving the failure of the Lessee to keep the lease area in good condition and repair in accordance with the provisions of this Lease, to make any necessary renewals or replacements or to remove any dangerous condition in accordance with the requirements of this Lease or to take any other action required by the terms of this Lease, then the Lessor shall have the right, but shall not be required, to make good any default of the Lessee. Lessor shall not in any event be liable for inconvenience, annoyance, disturbance, loss of business, or other damage of or to the Lessee by reason of bringing materials, supplies and equipment onto Property during the course of the work required to be done to make good such default, and the obligations of the Lessee under this Lease shall remain unaffected by such work, provided that the Lessor uses reasonable care under the circumstances prevailing to avoid unnecessary inconvenience, annoyance, disturbance, loss of business, or other damage to the Lessee.

ARTICLE XI : DAMAGE OR DESTRUCTION

Section 11.1 Repair and Replacement of Improvements Following Damage

(a) If the Property shall be destroyed or damaged by any cause as to be unfit, in whole or in part, for occupancy and such destruction or damage could reasonably be repaired within ninety (90) days from the date of such damage or destruction, then Lessee shall not be entitled to surrender possession of the Premises, nor shall Lessee's liability to pay Rent under this Lease cease, without the mutual consent of the Parties; in case of any such destruction or damage, Lessor shall repair the same with all reasonable speed and shall complete such repairs within ninety (90) days from the date of such damage or destruction. If during such period Lessee shall be unable to use all or any portion of the Premises, a proportionate allowance shall be made to Lessee from the Rent corresponding to the time during which and to the portion of the Premises of which Lessee shall be so deprived of the use.

(b) If such destruction or damage cannot reasonably be repaired within ninety (90) days from the date of such damage or destruction, Lessor shall notify Lessee within fifteen (15) days after the determination that restoration cannot be made in 90 days. If Lessor elects not to repair or rebuild, this Lease shall be terminated. If Lessor elects to repair or rebuild, Lessor shall specify the time within which such repairs or reconstruction will be complete, and Lessee shall have the option, to be exercised within thirty (30) days after the receipt of such notice, to elect either to terminate this Lease and further liability under this Lease, or to extend the Term of this Lease by a period of time equivalent to the time from the happening of such destruction or damage until the Premises are restored to their former condition. In the event Lessee elects to extend the Term of this Lease, Lessor shall restore the Premises to their former condition within the time specified in the notice, and Lessee shall not be liable to pay Rent for the period from the time of such destruction or injury until the Premises are so restored to their former condition.

(c) The timeframes in this article may be modified by mutual agreement of the Parties.

ARTICLE XII : MECHANIC'S LIENS

Section 12.1 Discharge of Mechanics' Liens

The Lessee shall neither suffer nor permit any mechanics' liens to be filed against the title to the Property, nor against the Lessee's interest in the Property, nor against the improvements by reason of work, labor, services or materials supplied or claimed to have been supplied to the Lessee or anyone having a right to possession of the Property or improvements as a result of an agreement with or the assent of the Lessee. If any mechanics' lien shall at the time be filed against the Property including the Improvements, the Lessee shall cause it to be discharged of record within 30 days after the date that Lessee has knowledge of its filing.

ARTICLE XIII: LIEN FOR RENT AND OTHER CHARGES

Section 13.1 Lien for Rent

The whole amount of the Rent and each and every installment, and the amount of all taxes, assessments, utility charges, insurance premiums and other charges and impositions paid by the Lessor under the provisions of this Lease, and all costs, attorney's fees and other expenses which

may be incurred by the Lessor in enforcing the provisions of this Lease or on account of any delinquency of the Lessee in carrying out any of the provisions of this Lease, shall be and they are declared to constitute a valid and prior lien upon the Property and the improvements, and upon the Lessee's leasehold estate, and may be enforced by equitable remedies including the appointment of a receiver.

ARTICLE XIV: DEFAULT PROVISIONS

Section 14.1 Events of Default

Each of the following events is defined as an "Event of Default":

(a) The failure of the Lessee to pay any installment of Rent, or any other payments or deposits of money, or furnish receipts for deposits as required, when due and the continuance of the failure for a period of ten (10) days after notice in writing from the Lessor to the Lessee.

(b) The failure of the Lessee to perform any of the other covenants, conditions and agreements of this Lease including payment of any taxes on the part of the Lessee to be performed, and the continuance of the failure for a period of thirty (30) days after notice in writing (which notice shall specify the respects in which the Lessor contends that the Lessee has failed to perform any of the covenants, conditions and agreements) from the Lessor to the Lessee unless, with respect to any default which cannot be cured within thirty (30) days, the Lessee, or any person holding by, through or under the Lessee, in good faith, promptly after receipt of written notice, shall have commenced and shall continue diligently and reasonably to prosecute all action necessary to cure the default within an additional sixty (60) days.

(c) The filing of an application by the Lessee (the term, for this purpose, to include any approved transferee other than a sublessee of the Lessee's interest in this Lease): (i) for a consent to the appointment of a receiver, trustee or liquidator of itself or all its assets; (ii) of a voluntary petition in bankruptcy or the filing of a pleading in any court of record admitting in writing of its inability to pay its debts as they come due; (iii) of a general assignment for the benefit of creditors; (iv) of an answer admitting the material allegations of, or its consenting to, or defaulting in answering, a petition filed against it in any bankruptcy proceeding.

(d) The entry of an order, judgment or decree by any court of competent jurisdiction, adjudicating the Lessee bankrupt, or appointing a receiver, trustee or liquidator of it or of its assets, and this order, judgment or decree continuing unstayed and in effect for any period of sixty (60) consecutive days, or if this Lease is taken under a writ of execution.

Section 14.2 Assumption or Assignment of Lease to Bankruptcy Trustee

In the event that this Lease is assumed by or assigned to a trustee pursuant to the provisions of the bankruptcy reform Act of 1978 (referred to as "Bankruptcy Code") (11 U.S.C. § 101 et seq.), and the trustee shall cure any default under this Lease and shall provide adequate assurances of future performance of this Lease as are required by the Bankruptcy Code (including but not limited to, the requirement of Code § 365(b)(1)) (referred to as "Adequate Assurances"), and if the trustee does not cure such defaults and provide such adequate assurances under the Bankruptcy Code within the applicable time periods provided by the Bankruptcy Code, then this

Lease shall be deemed rejected automatically and the Lessor shall have the right immediately to possession of the Property immediately and shall be entitled to all remedies provided by the Bankruptcy Code for damages for breach or termination of this Lease.

Section 14.3 Remedies in Event of Default

The Lessor may treat any one or more of the Events of Default as a breach of this Lease and at its option, by serving written notice on the Lessee and each Secured Party and Leasehold Mortgagee of whom Lessor has notice (such notice not to be effective unless served on each such person) of the Event of Default of which the Lessor shall have received notice in writing, the Lessor shall have, in addition to other remedies provided by law, one or more of the following remedies:

(a) The Lessor may terminate this Lease and the Term created, in which event the Lessor may repossess the entire Property and improvements, and be entitled to recover as damages a sum of money equal to the value, as of the date of termination of this Lease, of the Rent provided to be paid by the Lessee for the balance of the stated term of this Lease less the fair rental value as of the date of termination of this Lease of the fee interest in the Property and improvements for the period, and any other sum of money and damages due under the terms of this Lease to the Lessor and the Lessee. Any Personal Property not removed after such termination shall be addressed as provided for in Section 1.4 above.

(b) The Lessor may terminate the Lessee's right of possession and may repossess the entire Property and improvements by forcible entry and detainer suit or otherwise, without demand or notice of any kind to the Lessee (except as above expressly provided for) and without terminating this Lease, in which event the Lessor may, but shall be under no obligation to do so, relet all or any part of the Property for Rent and upon terms as shall be satisfactory in the judgment reasonably exercised by the Lessor (including the right to relet the Property for a term greater or lesser than that remaining under the stated term of this Lease and the right to relet the Property as a part of a larger area and the right to change the use made of the Property). For the purpose of reletting, the Lessor may make any repairs, changes, alterations or additions in or to the Property and improvements that may be reasonably necessary or convenient in the Lessor's judgment reasonably exercised; and if the Lessor shall be unable, after a reasonable effort to do so, to relet the Property, or if the Property are relet and a sufficient sum shall not be realized from reletting after paying all of the costs and expenses of repairs, change, alterations and additions and the expense of reletting and the collection of the Rent accruing from it, to satisfy the Rent above provided to be paid, then the Lessee shall pay to the Lessor as damages a sum equal to the amount of the Rent reserved in this Lease for the period or periods as and when payable pursuant to this Lease, or, if the Property or any part of it has been relet, the Lessee shall satisfy and pay any deficiency upon demand from time to time; and the Lessee acknowledges that the Lessor may file suit to recover any sums falling due under the terms of this Section from time to time and that any suit or recovery of any portion due the Lessee shall be no defense to any subsequent action brought for any amount not reduced to judgment in favor of the Lessor. Any Personal Property not removed after such termination shall be addressed as provided for in Section 1.4 above.

(c) In the event of any breach or threatened breach by the Lessee of any of the terms, covenants, agreements, provisions or conditions in this Lease, the Lessor shall have the right to invoke any right and remedy allowed at law or in equity or by statute or otherwise as through reentry, summary proceedings, and other remedies were not provided for in this Lease.

(d) Upon the termination of this Lease and the Term created, or upon the termination of the Lessee's right of possession, whether by lapse of time or at the option of the Lessor, the Lessee will at once surrender possession of the Property and dispose of Personal Property and Improvements as described in Section 1.4. If possession is not immediately surrendered, the Lessor may reenter the Property and Improvements and repossess itself of it as of its former estate and remove all persons and their personal property, using force as may be necessary without being deemed guilty of any manner of trespass or forcible entry or detainer. Lessor may at its option seek expedited consideration to obtain possession if Lessor determines that the Lease has terminated as described in the first sentence of this paragraph, and Lessee agrees not to oppose such expedited consideration.

(e) In the event that the Lessee shall fail to make any payment required to be made provided for in this Lease or defaults in the performance of any other covenant or agreement which the Lessee is required to perform under this Lease during the period when work provided for in this Lease shall be in process or shall be required by the terms of this Lease to commence, the Lessor may treat the default as a breach of this Lease and, in addition to the rights and remedies provided in this Article, but subject to the requirements of service of notice pursuant to this Lease, the Lessor shall have the right to carry out or complete the work on behalf of the Lessee without terminating this Lease.

Section 14.4 Waivers and Surrenders To Be In Writing

No provision may be waived except in a writing signed by both parties. The failure by a party to enforce any provision of this Lease or to require performance by the other party will not be construed to be a waiver, or in any way affect the right of either party to enforce such provision thereafter.

ARTICLE XV: LESSOR'S TITLE AND LIEN

Section 15.1 Lessor's Title and Lien Paramount

The Lessor retains title to the Land under this Lease. Any Lessor's lien for Rent and other charges shall be paramount to all other liens on the Property.

Section 15.2 Lessee Not To Encumber Lessor's Interest

The Lessee shall have no right or power to and shall not in any way encumber the title of the Lessor in and to the Property. The fee-simple estate of the Lessor in the Property shall not be in any way subject to any claim by way of lien or otherwise, whether claimed by operation of law or by virtue of any express or implied lease or contract or other instrument made by the Lessee, and any claim to the lien or otherwise upon the Property arising from any act or omission of the Lessee shall accrue only against the leasehold estate of the Lessee in the Property and the Lessee's interest in any improvements, and shall in all respects be subject to the paramount rights of the Lessor in the Property.

ARTICLE XVI: REMEDIES CUMULATIVE

Section 16.1 Remedies Cumulative

No remedy conferred upon or reserved to the Lessor shall be considered exclusive of any other remedy, but shall be cumulative and shall be in addition to every other remedy given under this Lease or existing at law or in equity or by statute. Every power and remedy given by this Lease to the Lessor may be exercised from time to time and as often as occasion may arise or as may be deemed expedient by the Lessor. No delay or omission of Lessor to exercise any right or power arising from any default shall impair any right or power, nor shall it be construed to be a waiver of any default or any acquiescence in it.

Section 16.2 Waiver of Remedies Not To Be Inferred

No waiver of any breach of any of the covenants or conditions of this Lease shall be construed to be a waiver of any other breach or to be a waiver of, acquiescence in, or consent to any further or succeeding breach of it or similar covenant or condition.

Section 16.3 Right to Terminate Not Waived

Neither the rights given to receive, sue for or distrain from any Rent, moneys or other payments, or to enforce any of the terms of this Lease, or to prevent the breach or nonobservance of it, nor the exercise of any right or of any other right or remedy shall in any way impair or toll the right or power of the Lessor to declare ended the term granted and to terminate this Lease because of any event of default.

ARTICLE XVII: SURRENDER AND HOLDING OVER

Section 17.1 Surrender at End of Term

Lessee shall peaceably and quietly leave, surrender and deliver the entire Property to the Lessor at the termination of the Lease, subject to the provisions of Section 1.4, in good repair, order, and condition, environmentally clean and free of contaminants, reasonable use, wear and tear excepted, free and clear of any and all mortgages, liens, encumbrances, and claims. At the time of the surrender, the Lessee shall also surrender any and all security deposits and rent advances of Sublessees to the extent of any amounts owing from the Lessee to the Lessor. If the Property is not so surrendered, the Lessee shall repay the Lessor for all expenses which the Lessor shall incur by reason of it, and in addition, the Lessee shall indemnify, defend and hold harmless the Lessor from and against all claims made by any succeeding Lessee against the Lessor, founded upon delay occasioned by the failure of the Lessee to surrender the Property.

Section 17.2 Rights Upon Holding Over

At the termination of this Lease, the Lessee shall yield up immediately possession of the Land to the Lessor and, failing to do so, agrees, at the option of the Lessor, to pay to the Lessor for the whole time such possession is withheld, a sum per day equal to one hundred and seventy-five percent (175%) times 1/30th of the aggregate of the rent paid or payable to Lessor during the last month of the term of the Lease the day before the termination of the Lease. The provisions of this Article shall not be held to be a waiver by the Lessor of any right or reentry as set forth in this Lease, nor shall the receipt of a sum, or any other act in apparent affirmance of the tenancy,

operate as a waiver of the right to terminate this Lease for any breach of the Lessee under this Lease.

ARTICLE XVIII: MODIFICATION

Section 18.1 Modification

None of the covenants, terms or conditions of this Lease to be kept and performed by either Party to this Lease shall in any manner be waived, modified, changed or abandoned except by a written instrument duly signed, acknowledged, and delivered by both Lessor and Lessee.

ARTICLE XIX: INVALIDITY OF PARTICULAR PROVISIONS

Section 19.1 Invalidity of Provisions

If any provision of this Lease or the application of it to any person or circumstances shall to any extent be invalid or unenforceable, the remainder of this Lease, or the application of such provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected, and each provision of this Lease shall be valid and be enforced to the fullest extent permitted by law.

ARTICLE XX: APPLICABLE LAW AND VENUE

Section 20.1 Applicable Law

This Lease shall be construed and enforced in accordance with the laws of the State of Alaska. The forum and venue for any action seeking to interpret, construe, or enforce this Lease shall be only in the Superior Court for the State of Alaska at Sitka, Alaska.

ARTICLE XXI: NOTICES

Section 21.1 Manner of Mailing Notices

In every case where under any of the provisions of this Lease or otherwise it shall or may become necessary or desirable to make or give any declaration or notice of any kind to the Lessor or the Lessee, it shall be sufficient if a copy of any declaration or notice is sent by United States mail, postage prepaid, return receipt requested, addressed: If to Lessor at: Municipal Administrator, City and Borough of Sitka, of 100 Lincoln Street, Sitka, Alaska 99835, with a copy to: Municipal Clerk at address listed above; and if to Lessee, at: the address set out in the Preamble. Each Party from time to time may change its address for purposes of receiving declarations or notices by giving notice of the changed address, to become effective seven days following the giving of notice.

Section 21.2 Notice to Leasehold Mortgagee and Secured Parties

The Lessor shall provide each Leasehold Mortgagee and Secured Party, who has so requested, copies of all notices from Lessor to Lessee relating to existing or potential default under, or other noncompliance with the terms of, this Lease. All notices, demands or requests which may be required to be given by the Lessor or the Lessee to any Leasehold Mortgagee and Secured Parties shall be sent in writing, by United States registered or certified mail or express mail, postage prepaid, addressed to the Leasehold Mortgagee at a place as the Leasehold Mortgagee may from

time to time designate in a written notice to the Lessor and Lessee. Copies of all notices shall simultaneously be sent to the other of the Lessor or the Lessee, as the case may be.

Section 21.3 Sufficiency of Service

Service of any demand or notice as in this Article provided shall be sufficient for all purposes.

Section 21.4 When Notice Deemed Given or Received

Whenever a notice is required by this Lease to be given by any Party to the other Party or by any Party to a Leasehold Mortgagee, the notice shall be considered as having been given when a registered or certified notice is placed in the United States Post Office mail as provided by this Article and shall be deemed received on the third business day thereafter and for all purposes under this Lease of starting any time period after notice, the time period shall be conclusively deemed to have commenced three business days after the giving of notice and whether or not it is provided that a time period commences after notice is given or after notice is received.

ARTICLE XXII : MISCELLANEOUS PROVISIONS

Section 22.1 Captions

The captions of this Lease and the index preceding it are for convenience and reference only and in no way define, limit or describe the scope or intent of this Lease, nor in any way affect this Lease.

Section 22.2 Conditions and Covenants

All the provisions of this Lease shall be deemed and construed to be "conditions" as well as "covenants," as though the words specifically expressing or importing covenants and conditions were used in each separate provision.

Section 22.3 Entire Agreement

This Lease contains the entire agreement between the Parties and shall not be modified in any manner except by an instrument in writing executed by the Parties or their respective successors or assigns in interest.

Section 22.4 Time of Essence as to Covenants of Lease

Time is of the essence as to the covenants in this Lease.

ARTICLE XXIII: COVENANTS TO BIND AND BENEFIT RESPECTIVE PARTIES AND TO RUN WITH THE PROPERTY

Section 23.1 Covenants to Run with the Property

All covenants, agreements, conditions and undertakings in this Lease shall extend and inure to the benefit of and be binding upon the successors and assigns of each of the Parties, the same as if they were in every case named and expressed, and they shall be construed as covenants running with the Property. Wherever in this Lease reference is made to any of the Parties, it shall be held to include and apply to, wherever applicable, also the officers, directors, successors and assigns of each Party, the same as if in each and every case so expressed.

ARTICLE XXIV: ADDITIONAL GENERAL PROVISIONS

Section 24.1 Absence of Personal Liability

No member, official, or employee of the Lessor shall be personally liable to the Lessee, its successors and assigns, or anyone claiming by, through or under the Lessee or any successor in interest to the Property, in the event of any default or breach by the Lessor or for any amount which may become due to the Lessee, its successors and assigns, or any successor in interest to the Property, or on any obligation under the terms of this Lease. No member, official, or employee of the Lessee shall be personally liable to the Lessor, its successors and assigns, or anyone claiming by, through, or under the Lessor or any successor in interest to the Property, in the event of any default or breach by the Lessee or for any amount which become due to the Lessor, its successors and assigns, or any successor in interest to the Property, or on any obligation under the terms of this Lease.

Section 24.2 Lease Only Effective as Against Lessor Upon Approval

This Lease is effective as against Lessor only upon the approval of this month to month Lease by the Assembly upon motion, but not requiring an ordinance.

Section 24.3 Binding Effects and Attorneys Fees

This Lease shall be binding up and inure to the benefit of the respective successors and assigns of the Parties. In the event of litigation over this Lease, the Parties agree that the prevailing Party shall receive full reasonable attorneys' fees.

Section 24.4 Duplicate Originals

This Lease may be executed in any number of copies, each of which shall constitute an original of this Lease. The warranties, representations, agreements and undertakings shall not be deemed to have been made for the benefit of any person or entity, other than the Parties.

Section 24.5 Declaration of Termination

With respect to Lessor's rights to obtain possession of the Property or to re-vest title in itself with respect to the leasehold estate of the Lessee in the Property, the Lessor shall have the right to institute such actions or proceedings as it may deem desirable to effectuate its rights including, without limitation, the right to execute and record or file with the Recorder of Sitka Recording District, a written declaration of the termination of all rights and title of Lessee in the Property, and the re-vesting of any title in the Lessor as specifically provided in this Lease.

Section 24.6 Authority

The Lessor and Lessee represent to each other that each has, and has exercised, the required corporate power and authority and has complied with all applicable legal requirements necessary to adopt, execute and deliver this Lease and perform its obligations. Both Parties also represent that this Lease has been duly executed and delivered by each and constitutes a valid and binding obligation of each enforceable in accordance with its terms, conditions, and provisions.

COASTAL EXCAVATION LLCLLC

CITY AND BOROUGH OF SITKA

Kristopher C. Pearson, Owner

Mark Gorman
Municipal Administrator

STATE OF ALASKA)
) **ss:**
FIRST JUDICIAL DISTRICT)

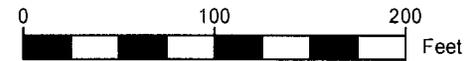
On this ____ day of _____, 2014 Kristopher C. Pearson, of Coastal Excavation LLC, whose identity is personally known to me or proved to me on the basis of satisfactory evidence, signs this Lease on behalf of the Coastal Excavation LLC and affirms by signing this document to be authorized to sign on behalf of the Coastal Excavation LLC and does so freely and voluntarily.

Notary Public for Alaska
My Commission Expires: _____

STATE OF ALASKA)
) **ss:**
FIRST JUDICIAL DISTRICT)

On this ____ day of _____, 2014, Mark Gorman, Municipal Administrator of the City and Borough of Sitka, Alaska, a municipal corporation organized under the laws of the State of Alaska, signs this Lease on its behalf, and affirms by signing this document to be authorized to sign on its behalf, and does so freely and voluntarily.

Notary Public for Alaska
My Commission Expires: _____



City and Borough of Sitka
 DEPARTMENT OF PUBLIC WORKS
 100 LINCOLN STREET • SITKA, ALASKA 99835
 TEL (907) 747-1804 FAX (907) 747-3158

GRANITE CREEK
PIT RUN SITE LEASE AREA
COASTAL EXCAVATION - EXHIBIT A

DRAWN: JJH	SCALE: = 100'
CHECKED: D. Tadic	DATE: 08.18.2014
DRAWING NAME: CoastalExcavation.dwg	
SHEET NO. 1 / 1	

Memorandum

TO: Stephen Weatherman, Senior Engineer
Dan Tadic, Municipal Engineer
Michael Harmon, Public Works Director

FROM: Randy Hughes, Assessing Director 

SUBJECT: Valuation of a land lease located adjacent and east of existing Granite Creek Lease Site #7, CBS Parcel 2-6004-000, and further described as a portion of Lot 1 Alaska State Land Survey 3670.

DATE: August 18, 2014

Per your request, I did review existing assessments of large parcels near the proposed lease site. These parcels are assessed at approximately \$3.00 per square foot. The proposed site, while smaller in size, should be treated as an economic unit equal in per square foot values to the larger properties.

The lease area proposed is 17,000 square feet, I would assess the land value to be \$51,000 (17,000 square feet X \$3.00 = \$51,000).

The annual rent would be \$4,590 (\$51,000 X .09 = \$4,590).

The monthly rent would be \$382.50 (\$4,590 / 12 = \$382.50).



Legislation Details

File #: ORD 14-27 Version: 1 Name:
Type: Ordinance Status: AGENDA READY
File created: 7/15/2014 In control: City and Borough Assembly
On agenda: 8/26/2014 Final action:
Title: ORD 14-27: Amending SGC at Section 4.12.020 entitled "Property Subject to Tax" to increase the biennial Motor Vehicle Registration Tax to be used for Municipal Roads and Municipal Roads Infrastructures such as Sidewalks, Gutters, Bike Lanes, Sub Grade and Drainage Systems SECOND READING

ORD 14-27 A: Amending SGC at Section 4.12.020 entitled "Property Subject to Tax" to increase the biennial motor vehicle registration tax to be used for municipal roads and municipal roads infrastructures such as sidewalks, gutters, bike lanes, sub grade and drainage systems. Alternatively, the Assembly will place on the October 2015 municipal election some form of a tax ballot measure (e.g. sales, fuel, property) that will produce revenues commensurate with the fees that would be generated by this proposed vehicle tax registration fee ordinance. The increased tax revenues will be dedicated to supporting the maintenance of the cbs roads. If the tax ballot measure is passed the vehicle registration fee outlined within this ordinance will not be implemented. FIRST READING

Sponsors: Mike Reif, Matthew Hunter, Phyllis Hackett

Indexes:

Code sections:

Attachments: [MOTION ORDS 2014-27](#)
[Memo and ORD 2014-27 Vehicle Tax](#)
[ORD 2014-27 Amended](#)

Date	Ver.	Action By	Action	Result
7/22/2014	1	City and Borough Assembly	APPROVED	Pass
7/22/2014	1	City and Borough Assembly	POSTPONED	Fail

Possible Motion(s)

I MOVE TO approve Ordinance 2014-27
on second reading.

I MOVE TO approve Ordinance 2014-27 A
on first reading.

Memo

To: Mayor and Assembly Members
Via: Mark Gorman, City Administrator
From: Mike Middleton, Deputy Finance Director
CC: Jay Sweeney
Date: 7/21/14
Re: Proposed Vehicle Registration Fee Projections

The proposed vehicle registration fee is projected to generate \$676,000 in 2016 for the purpose of roads. This amount was determined based on the current level of vehicles in Sitka.

The amount shown is net of the 8% state administrative fee. For the 2016 amount, this would be \$59,841. This cost is similar to paying a full time employee \$22/hr with full benefits. While the cost would be similar, the enforcement would be difficult and not at the same percentage. With the State taking the fee as a part of the registration, compliance is assured. Without this, a full time person would not be able to have the same level of compliance.

The fee is for a biennial registration, so the projections assume half of the registrations for each year. This would mean \$1,352,000 net to the City for the two year period of 2016-2017.

No amount is included for commercial trailers as these are registered only once and the registration doesn't expire until the ownership changes.

Proposed Vehicle Registration Fee Projection and Historical as if in place
Biennial Fee shown on annual basis
Less State Administrative

Year	Gross fee	Fee	Net to City
2016	735,213	(58,817)	676,396
2015	733,425	(58,674)	674,751
2014	731,663	(58,533)	673,130
2013	729,950	(58,396)	671,554
2012	728,650	(58,292)	670,358

CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2014-27

AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA AMENDING SITKA GENERAL CODE AT SECTION 4.12.020 ENTITLED "PROPERTY SUBJECT TO TAX" TO INCREASE THE BIENNIAL MOTOR VEHICLE REGISTRATION TAX TO BE USED FOR MUNICIPAL ROADS AND MUNICIPAL ROADS INFRASTRUCTURES SUCH AS SIDEWALKS, GUTTERS, BIKE LANES, SUB GRADE AND DRAINAGE SYSTEMS

1. CLASSIFICATION. This ordinance is of a permanent nature and is intended to become part of the Sitka General Code ("SGC").

2. SEVERABILITY. If any provision of this ordinance or any application to any person or circumstance is held invalid, the remainder of this ordinance and application to any person or circumstance shall not be affected.

3. PURPOSE. The purpose of this ordinance is to amend SGC 4.12.020 entitled "Property subject to tax" to add an additional biennial motor vehicle registration tax assessment to the tax levied pursuant to AS 28.10.431, to be paid at the same time the current motor vehicle registration tax is due. The additional tax as well as the current tax assessed under AS 28.10.431 shall be used for municipal road maintenance, road replacement, new roads, road extensions, and road infrastructures (i.e., sidewalks, gutters, bike lanes, sub grade, drainage systems, etc.). CBS is opting out of AS 28.10.155 with regard to "permanent registration of vehicles 8 years and older.

The revenues generated by this tax are intended to augment, not replace, other general fund, state and federal funds allocated to maintain and/or improve CBS municipal roads.

Based on applicable state law at AS 28.10.431(j), the tax increase will not take effect until January 1, 2016.

4. NOW, THEREFORE, BE IT ENACTED by the Assembly of the City and Borough of Sitka that SGC 4.12.020 entitled "Property subject to tax" is amended as follows (new language underlined; deleted language stricken):

4.12.020 Property subject to tax.

A. All property within the corporate limits of the city and borough, both real and personal, of every nature, not exempt under the laws of the United States or the state of Alaska is subject to taxation for school and municipal purposes, and taxes upon such property must be assessed, levied and collected as provided herein, except the following property shall not be subject to taxation:

48 1. Personal property consisting of household goods, jewelry, intangibles and
49 personal effects, including motorcycles and snowmobiles not used in business and
50 all motor vehicles subject to the motor vehicle registration tax.
51

52 B. Beginning January 1, 2016, any vehicle, including motor vehicles, electric vehicles
53 and trailers, required to be registered with the Division of Motor Vehicles under
54 AS 28.10.421, shall also be assessed an additional biennial motor vehicle registration tax to
55 that assessed under AS 28.10.431.
56

57 1. The additional tax shall be paid at the same time that the motor vehicle
58 registration tax is currently paid at the rate set out below:
59

- 60 a. \$ 50.00 – Motorcycles required to be registered under AS 28.10.421(b)(5);
- 61 b. \$100.00 – Non-commercial trailers required to be registered under
62 AS 28.10.421(b)(6);
- 63 c. \$200.00 – Non-commercial vehicles required to be registered under
64 AS 28.10.421(b)(1) and (b)(2); and
- 65 d. \$400.00 – Commercial vehicles required to be registered under
66 AS 28.10.421(b)(3), (b)(4), and (c)(1)-(4).
67

68 2. If the motor vehicle registration tax is paid annually, the amount assessed under
69 this subsection shall be half of the assessment set out above.
70

71 3. All biennial motor vehicle registration taxes collected under this subsection as
72 well as the current tax collected under AS 28.10.431 shall be used for municipal
73 road maintenance, road replacement, new roads, road extensions, and road
74 infrastructures (i.e., sidewalks, gutters, bike lanes, etc.).
75

76 CB. All boats and vessels located within the boundaries of the city and borough on
77 January 1st of any given year shall be subject to taxation under the same procedures and
78 with the same assessment dates and due dates as personal property, except that valuation
79 and taxation shall be on the basis of registered and certified length according to the
80 schedule set forth below:
81

82 * * *

83
84 5. **EFFECTIVE DATE.** This ordinance shall become effective as of January 1, 2016.
85

86 **PASSED, APPROVED, AND ADOPTED** by the Assembly of the City and Borough of
87 Sitka, Alaska this 12th day of August, 2014.
88

89 _____
Mim McConnell, Mayor

90 **ATTEST:**
91 _____
92 Colleen Ingman, MMC
93 Municipal Clerk

CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2014-27A

AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA AMENDING SITKA GENERAL CODE AT SECTION 4.12.020 ENTITLED "PROPERTY SUBJECT TO TAX" TO INCREASE THE BIENNIAL MOTOR VEHICLE REGISTRATION TAX TO BE USED FOR MUNICIPAL ROADS AND MUNICIPAL ROADS INFRASTRUCTURES SUCH AS SIDEWALKS, GUTTERS, BIKE LANES, SUB GRADE AND DRAINAGE SYSTEMS. ALTERNATIVELY, THE ASSEMBLY WILL PLACE ON THE OCTOBER 2015 MUNICIPAL ELECTION SOME FORM OF A TAX BALLOT MEASURE (E.G. SALES, FUEL, PROPERTY) THAT WILL PRODUCE REVENUES COMMENSURATE WITH THE FEES THAT WOULD BE GENERATED BY THIS PROPOSED VEHICLE TAX REGISTRATION FEE ORDINANCE. THE INCREASED TAX REVENUES WILL BE DEDICATED TO SUPPORTING THE MAINTENANCE OF THE CBS ROADS. IF THE BALLOT MEASURE IS PASSED THE VEHICLE REGISTRATION FEE OUTLINED WITHIN THIS ORDINANCE WILL NOT BE IMPLEMENTED.

1. **CLASSIFICATION.** This ordinance is of a permanent nature and is intended to become part of the Sitka General Code ("SGC").

2. **SEVERABILITY.** If any provision of this ordinance or any application to any person or circumstance is held invalid, the remainder of this ordinance and application to any person or circumstance shall not be affected.

3. **PURPOSE.** The purpose of this ordinance is to amend SGC 4.12.020 entitled "Property subject to tax" to add an additional biennial motor vehicle registration tax assessment to the tax levied pursuant to AS 28.10.431, to be paid at the same time the current motor vehicle registration tax is due. The additional tax as well as the current tax assessed under AS 28.10.431 shall be used for municipal road maintenance, road replacement, new roads, road extensions, and road infrastructures (i.e., sidewalks, gutters, bike lanes, sub grade, drainage systems, etc.). CBS is opting out of AS 28.10.155 with regard to "permanent registration of vehicles 8 years and older. Alternatively, the Assembly will put a tax ballot measure forward to appear on the October 2015 Municipal Election for some form of tax e.g. (sales, fuel, property) that generates revenues commensurate with the fees that will be produced by this vehicle tax registration fee. The increased tax revenues will be dedicated to supporting the maintenance of the CBS roads. If that tax ballot measure is passed the vehicle registration fee outlined within this ordinance will not be implemented.

The revenues generated by this tax are intended to augment, not replace, other general fund, state and federal funds allocated to maintain and/or improve CBS municipal roads.

Based on applicable state law at AS 28.10.431(j), the tax increase will not take effect until January 1, 2016.

48 4. **NOW, THEREFORE, BE IT ENACTED** by the Assembly of the City and
49 Borough of Sitka that SGC 4.12.020 entitled “Property subject to tax” is amended as follows
50 (new language underlined; deleted language stricken):
51

52 **4.12.020 Property subject to tax.**
53

54 A. All property within the corporate limits of the city and borough, both real and
55 personal, of every nature, not exempt under the laws of the United States or the state of
56 Alaska is subject to taxation for school and municipal purposes, and taxes upon such
57 property must be assessed, levied and collected as provided herein, except the following
58 property shall not be subject to taxation:
59

- 60 1. Personal property consisting of household goods, jewelry, intangibles and
61 personal effects, including motorcycles and snowmobiles not used in business and
62 all motor vehicles subject to the motor vehicle registration tax.
63

64 B. Beginning January 1, 2016, any vehicle, including motor vehicles, electric vehicles
65 and trailers, required to be registered with the Division of Motor Vehicles under
66 AS 28.10.421, shall also be assessed an additional biennial motor vehicle registration tax to
67 that assessed under AS 28.10.431.
68

- 69 1. The additional tax shall be paid at the same time that the motor vehicle
70 registration tax is currently paid at the rate set out below:
71

- 72 a. \$ 50.00 – Motorcycles required to be registered under AS 28.10.421(b)(5);
73 b. \$100.00 – Non-commercial trailers required to be registered under
74 AS 28.10.421(b)(6);
75 c. \$200.00 – Non-commercial vehicles required to be registered under
76 AS 28.10.421(b)(1) and (b)(2); and
77 d. \$400.00 – Commercial vehicles required to be registered under
78 AS 28.10.421(b)(3), (b)(4), and (c)(1)-(4).
79

- 80 2. If the motor vehicle registration tax is paid annually, the amount assessed under
81 this subsection shall be half of the assessment set out above.
82

- 83 3. All biennial motor vehicle registration taxes collected under this subsection as
84 well as the current tax collected under AS 28.10.431 shall be used for municipal
85 road maintenance, road replacement, new roads, road extensions, and road
86 infrastructures (i.e., sidewalks, gutters, bike lanes, etc.).
87

88 CB. All boats and vessels located within the boundaries of the city and borough on
89 January 1st of any given year shall be subject to taxation under the same procedures and
90 with the same assessment dates and due dates as personal property, except that valuation
91 and taxation shall be on the basis of registered and certified length according to the
92 schedule set forth below:
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5. **EFFECTIVE DATE.** The Assembly will place on the October 2015 Municipal Election some form of a tax ballot measure that generates revenues commensurate with the fees that will be produced by the vehicle tax registration fee. The increased tax revenues will be dedicated to supporting the maintenance of the CBS roads. If that tax ballot measure is passed the vehicle registration fee outlined within this ordinance will not be implemented. If the tax ballot measure fails then this ordinance shall become effective as of January 1, 2016.

PASSED, APPROVED, AND ADOPTED by the Assembly of the City and Borough of Sitka, Alaska this 23rd day of September, 2014.

Mim McConnell, Mayor

ATTEST:

Colleen Ingman, MMC
Municipal Clerk



Legislation Details

File #: 14-172 Version: 1 Name:
Type: Item Status: AGENDA READY
File created: 8/20/2014 In control: City and Borough Assembly
On agenda: 8/26/2014 Final action:
Title: Award a construction contract to Dawson Construction, Inc. for completion of the Kettleon Memorial Library Expansion Project - \$5,097,000 and authorize a transfer from the General Fund working capital fund balance

Sponsors:

Indexes:

Code sections:

Attachments: [MOTION Item E Revised](#)
[Library Contract Award](#)

Date	Ver.	Action By	Action	Result
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ITEM E
REVISED MOTION

Approve the Award of a Construction Contract to Dawson Construction, Inc. for completion of the Kettleson Memorial Library Expansion Project for the base bid amount of \$5,097,000 contingent upon the immediate execution of a deductive Change Order in the amount of \$312,497.

Authorize the transfer of \$357,114 from the undesignated General Fund working capital fund balance to the Kettleson Memorial Library Expansion Project (Project No. 90739).

And FURTHER Authorize the transfer of \$200,000 of excess Commercial Passenger Excise Tax (CPET) funds previously dedicated to the Centennial Hall Parking Lot Project to the Kettleson Memorial Library Expansion Project (Project No. 90739) in accordance with the approved motion from the May 13, 2014 Assembly meeting.

MEMORANDUM

To: Mayor McConnell and Members of the Assembly
Mark Gorman, Municipal Administrator

From: Michael Harmon, P.E., Public Works Director
Dan Tadic, P.E., Municipal Engineer DT
Matt Christner, Project Manager M
Jay Sweeney, Finance Director

Date: August 20, 2014

Subject: Kettleson Memorial Library Expansion
Recommendation to Award Contract to Dawson Construction, Inc.

Background

The Public Works Department advertised an Invitation to Bid for the Kettleson Memorial Library Expansion project in accordance with City and Borough of Sitka procurement policies. The project scope includes approximately 4,800 square feet of new construction and approximately 7,500 square feet of renovation to the existing building.

Bids were opened for this project on July 24, 2014. Two (2) responsive and responsible bids were received, as indicated in the following table.

	Base Bid	Alternates	GRAND TOTAL
Dawson Construction, Inc.	\$5,097,000	\$265,000	\$5,362,000
Alaska Commercial Contractors, Inc.	\$5,154,000	\$393,700	\$5,547,700
<i>Engineer's Estimate</i>	\$4,252,933	\$288,424	\$4,541,357

Analysis

Facing an approximate \$1,000,000 budget shortfall, on July 31, 2014 the Assembly approved the issuance of a Notice of Intent to Award to the low bidder, Dawson Construction, Inc. (Dawson), and authorized Public Works to enter into a Value Engineering (VE) process. The intent of VE was to reduce the budget shortfall to approximately \$385,000.

Working with the Contractor, Public Works formalized pricing for the VE items originally proposed as well as adding other items which offered an opportunity to further reduce the project cost. The VE process has reduced the shortfall to \$357,114 to complete this project (see attached spreadsheet). This was accomplished without reducing the square footage in the children's area which was discussed at the previous meeting. The potential cost savings to reduce this space were lower than anticipated and would have resulted in additional design fees. Furthermore, retaining this area was important to library staff for their children's programs.

Public Works recommends that the Assembly Award the base bid Contract to Dawson in the amount of \$5,097,000. A deductive Change Order in the amount of \$312,497 will be prepared and executed simultaneously with the Contract if approved by the Assembly. This amount reflects the cost reduction associated with the removal of the VE items and the additional cost required to pave the staff parking lot and furnish new library stacks.

The work is anticipated to begin in Fall 2014 and be substantially complete by October 2015.

Fiscal Note

The Kettleson Memorial Library Expansion is currently funded by way of the following:

• FY 2011 State of Alaska Grant	\$5,700,000
• Community Donations	\$492,827
• City and Borough commitments	<u>\$344,868</u>
Total Project Funding	\$6,537,696

Following the VE process, the budget shortfall is \$357,114. As of June 30, 2014, current projections show an undesignated General Fund working capital fund balance available for transfer in excess of \$2,000,000. This sizeable amount is due to two factors: (1) a fiscal surplus for FY2014, and (2) overly conservative restriction estimates in the FY13 calculation for the amount of encumbered funds in the General Fund. Staff proposes to dedicate \$357,114 from this total to the Kettleson Memorial Library Expansion project.

Recommendation:

Approve the Award of a Construction Contract to Dawson Construction, Inc. for completion of the Kettleson Memorial Library Expansion Project for the base bid amount of \$5,097,000 contingent upon the immediate execution of a deductive Change Order in the amount of \$312,497.

Authorize the transfer of \$357,114 from the undesignated General Fund working capital fund balance to the Kettleson Memorial Library Expansion Project (Project No. 90739).

Kettleson Memorial Library Expansion

	7/31/2014	8/20/2014	
<i>Alternates</i>	<i>Initial Estimate</i>	<i>Value Engineering</i>	
1 Upgraded Finishes: Tile, Carpet, Acoustical Panels	\$40,000	\$40,000	
2 Landscaping: Trail, Furnishings, Plantings on Ocean Side	\$40,000	\$40,000	
3 Landscaping: Hardscape, Staff Parking, Harbor Drive	\$0	\$55,279	Staff Parking Paving/Curbs only
4 Casework, Trim, Fireplace Upgrade	\$25,000	\$25,000	
5 Lighting Upgrade LED	\$35,000	\$35,000	
6 New Library Stacks	\$0	\$10,000	Alternate Manufacturer
Subtotal	\$140,000	\$205,279	
<i>Changes to Contract Scope through Value Engineering</i>			
7 Reduce Stone Cladding at Entry and Teen, Replace with Tile Siding	\$0	\$92,316	
8 Change PVC siding to alternate PVC "Celect"	\$0	\$9,750	
9 Change Window MFG to Milgard Ultra Fiberglass Triple pane	\$0	\$18,527	
10 Change Requirement Malarkey Roofing Warranty/Certified Installer	\$0	\$21,030	
11 Reduce Square Footage 500+/- sf at GL20 in Childrens area and Multi Purpose	\$0	\$0	
12 Delete Stain Removal at Existing Structural Beams, Stain New to Match	\$0	\$51,000	
13 Reduce Base Bid Landscaping. Furnishings, Specialty Concrete	\$0	\$63,600	
14 Provide Additional Electrical Conduit Material Options	\$0	\$0	
15 Change in Library Casework Supplier.	\$0	\$66,964	
16 Yellow Cedar to Red Cedar	\$0	\$6,000	
17 Modify Roof/Wall Insulation	\$0	\$21,600	
18 Modify Heat Pump Screens	\$0	\$8,866	
19 Substitute Exhaust Fans with Equivalent	\$0	\$9,800	
20 Remove Humidification Capability in Archive	\$0	\$2,765	
Subtotal	\$405,000	\$372,218	
<i>Changes to Project Budget</i>			
21 FFE Reduction Technology, Self Checkout, DVD dispensers	\$70,000	\$70,000	
Subtotal	\$70,000	\$70,000	
Estimate of Total Possible Reductions	\$615,000	\$647,497	
Original Estimated Total Budget Shortfall	(\$1,000,000)	(\$1,004,611)	
New Projected Budget Shortfall	(\$385,000)	(\$357,114)	