

MEMORANDUM

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

From: Michael Harmon, Director of Public Works
Stephen L. Weatherman P.E. Municipal Engineer 

Reviewed: Robin Koutchak, Municipal Attorney

cc: Jay Sweeney, Finance Director

Date: March 19, 2014

Subject: Long term Material Sales and Property Lease Amendment - Granite Creek Industrial Area, Site 4

Background:

Tisher Construction has a long term commitment to leasing this site in the Granite Creek Industrial Area and is providing rock products for various projects in Sitka. They have leased Site 4 from the City and Borough of Sitka (CBS) from 1985.

The lease was amended in December 2004 to extend the lease time to June 18, 2011 with a 5 year extension allowed until June 18, 2016 with Assembly approval. As staff was prepared a new lease we became aware of the amendment document and are now proposing that the current lease be extended to June 18, 2016 to meet the original goals of Amendment 2

The proposed lease amendment document is attached.

When the existing lease expires in June of 2016 a new lease will be prepared which will address various issues that have come up during the life of the current leases.

- The new agreement specifies more frequent methods of measuring material removed for royalty payments.
- The new agreement requires a performance bond to provide a guarantee for payment.
- The new agreement form will be used in the future for all of the material sales at each quarry currently operating and new quarries being developed for lease.
- Each of the current leases has a different royalty amount which will be adjusted to the \$1.55 rate for all quarries in the Granite Creek Quarries.

- The insurance requirements have increased for the quarries near Harbor Mountain Road due to public liability and been reduced for the quarries not adjacent to the public roadways.

Fiscal Note:

Tisher Construction shall pay the City rent in the amount of \$100.00 per month per Acre, \$0.35 per ton royalty for rock removed plus city sales tax, for the long term Material sales and lease of property in the Granite Creek Industrial area.

Recommendation:

Authorize the Administrator to execute a Lease with Tisher Construction from April 1, 2014 to June, 2016 with a royalty rate of \$0.35 per cubic yard in place of material removed from the site and an area lease of \$100 per month per Acre.

Amendment No. 3

To Granite Creek Lease Lot #4

Between City and Borough of Sitka

And

Tisher Construction Sitka

1. The land area leased is as shown on attached "Granite Creek Waste Area Expansion", Dated October 1, 2004.
2. The intent of this lease amendment is to facilitate rock mining and processing for commercial proposes on the remaining portion of the Reconfigured Lease Area 4.
3. Section B.1 of the original lease dated June 18, 1996 is deleted and replaced with the following.

"The lease shall expire on June 18, 2016 with no extensions of time beyond this date for the current lease"

4. Tisher Construction shall maintain access to Harbor Mountain Road via the existing access road located on the south edge of the Tisher lease area
5. At the conclusion of this lease amendment a new lease is required. The new lease will meet all requirements of current Granite Creek quarry leases including royalty rates, required insurance and bonding.

City and Borough of Sitka

Tisher Construction

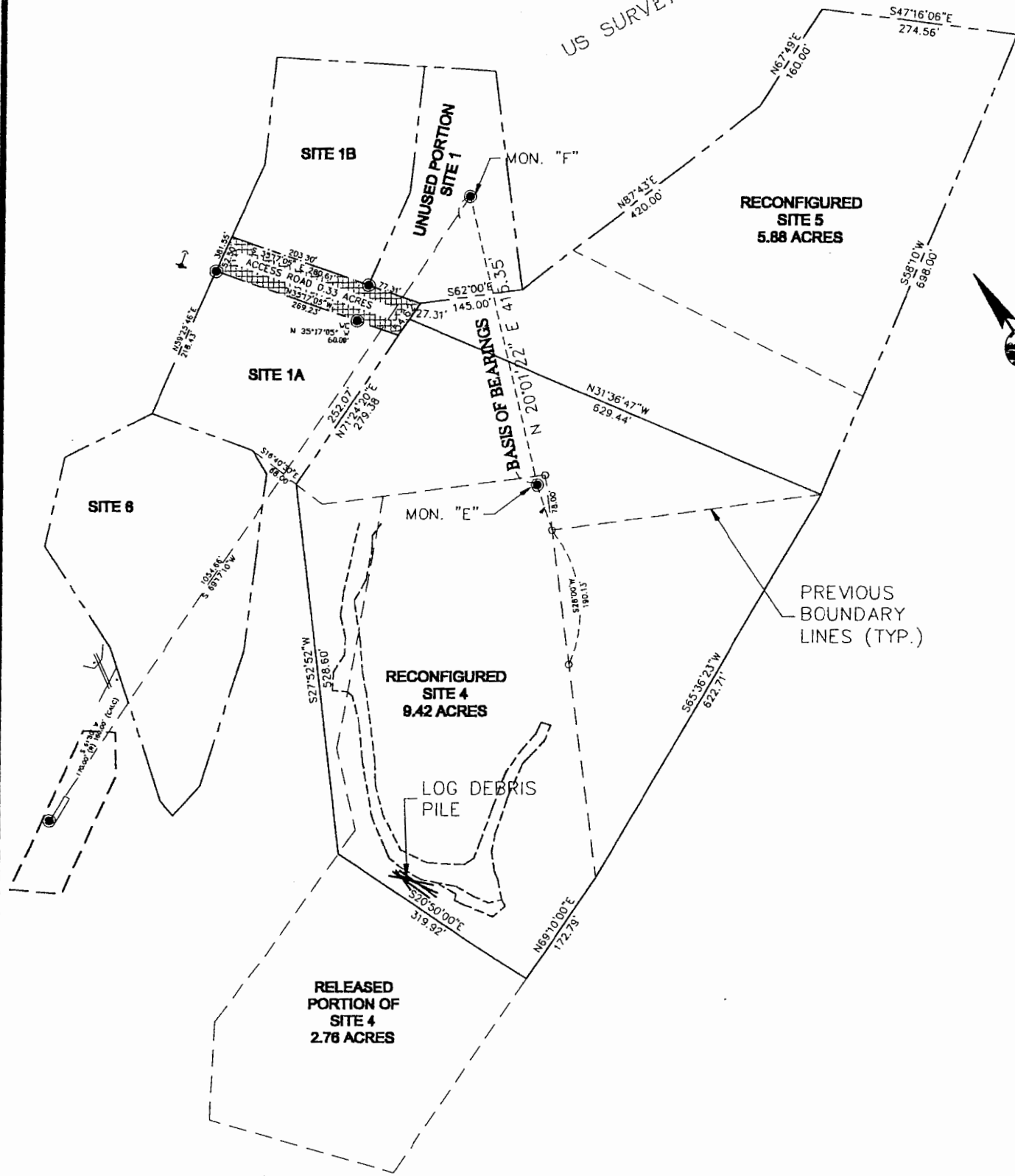
Mark Gorman
Municipal Administrator

Michael Tisher

Date

Date

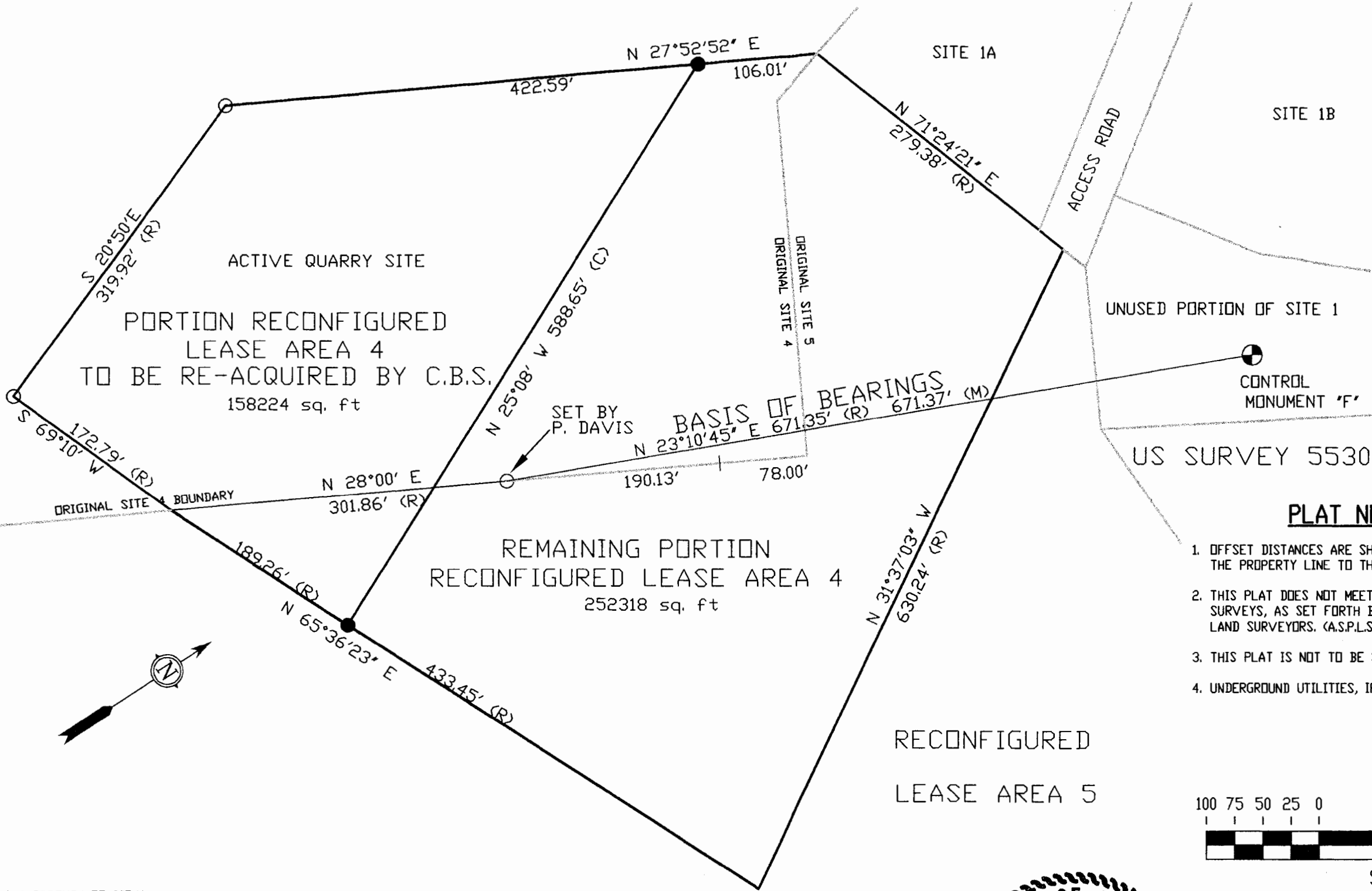
US SURVEY 5530



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
 RECONFIGURED
 LEASE SITES 4 & 5**

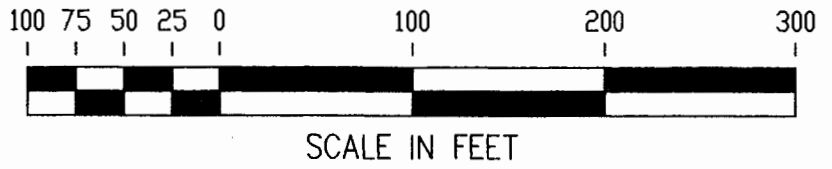
DRAWN:	PAR	SCALE:	1" = 200'
CHECKED:	HRB	DATE:	12.19.00
DRAWING NAME:	4-5 RECON		
SHEET NO.:	1 / 1		



LEGEND

- PRIMARY BRASS CAP (RECOVERED)
- REBAR AND ALUMINUM CAP (SET)
- REBAR AND SURVEY CAP (RECOVERED)
- (R) RECORD DATA
- (C) COMPUTED DATA
- (M) MEASURED DATA

- PLAT NOTES**
1. OFFSET DISTANCES ARE SHOWN TO THE NEAREST ONE HALF FOOT FROM THE PROPERTY LINE TO THE IMPROVEMENT.
 2. THIS PLAT DOES NOT MEET MINIMUM STANDARDS FOR BOUNDARY SURVEYS, AS SET FORTH BY THE ALASKA SOCIETY OF PROFESSIONAL LAND SURVEYORS. (A.S.P.L.S.)
 3. THIS PLAT IS NOT TO BE SCALED FROM, USE GIVEN DIMENSIONS ONLY.
 4. UNDERGROUND UTILITIES, IF ANY, ARE NOT SHOWN ON THIS PLAT.



CLIENT: CITY AND BOROUGH OF SITKA
 100 LINCOLN STREET
 SITKA, ALASKA 99835

DRAWN BY: WAD/ACAD
 CHECKED BY: PKD
 DATE PLATTED: 22OCT04
 DATE SURVEYED: 29SEPT04
 SCALE: 1" = 100'
 SURVEYOR: PATRICK K. O'NEILL
 PROJ NO.: 30014-108

SURVEYOR'S CERTIFICATE

I HEREBY CERTIFY THAT I AM A REGISTERED SURVEYOR, LICENSED IN THE STATE OF ALASKA, AND THAT IN SEPT., 2004 A SURVEY OF THE HEREIN DESCRIBED LANDS WAS CONDUCTED UNDER MY DIRECT SUPERVISION AND THAT THIS PLAT IS A TRUE AND ACCURATE REPRESENTATION OF THE FIELD NOTES OF SAID SURVEY, AND THAT ALL DIMENSIONS AND OTHER DETAILS ARE CORRECT ACCORDING TO SAID FIELD NOTES.

10/22/04
 DATE

Patrick K. O'Neill
 PATRICK K. O'NEILL LS 6304



O'NEILL
SURVEYING AND ENGINEERING
 P.O. BOX 1849 SITKA, ALASKA 99835
BOUNDARY SURVEY
GRANITE CREEK
LEASE AREA 4