



City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

MEMORANDUM

To: Mayor Paxton and Assembly Members

Thru: John Leach, Municipal Administrator *JL*

From: Amy Ainslie, Planning Director *AA*

Date: July 8, 2020

Subject: Ordinance for Tidelands Lease of ATS 559 to Whitecap Properties, LLC

Background

Alaska Tidelands Survey (ATS) 559 was patented to the City and Borough of Sitka from the State of Alaska on July 15, 2010 with the condition that the grantee (CBS) may lease the land, but may not sell it. The tidelands were originally leased to S.J. Cucchiari in 1965, as the upland owner of 1302 Sawmill Creek Road. After the sale of the upland property from the Salvatore J. Cucchiari Trust to Whitecap Properties, LLC (Whitecap), CBS approved a consent to assignment and assumption of tidelands lease to Whitecap in 2011.

Analysis

The Whitecap lease originated from the State for this property which expired on May 4, 2020. Upon executing the lease agreement, the tenant will pay for the year 2020 which will be pro-rated to begin on May 4th.

These tidelands have no other upland access other than through Whitecap's property at 1302 Sawmill Creek Road. Thus, granting this lease through competitive bidding would be inappropriate, as there is no alternative legal land access to the parcel.

Leasing the property to Whitecap Properties is the highest and best use for value return to the municipality for this land asset.

Fiscal Note

The Planning Department received a valuation of the parcel from the city Assessor, and thus had a basis for setting the lease payment amount. The Assessor agrees with the previous Assessor's recommendation in using a lease rate of 9% per annum of the assessed value of the property. This is supported by SGC 18.16.220 which states that the municipality by ordinance may elect to lease tidelands upon its own initiative upon

such terms as are set out in the authorizing ordinance. It is under that provision that this item is brought forward at the recommended terms.

Recommendation

Pass a motion to approve the lease ordinance.