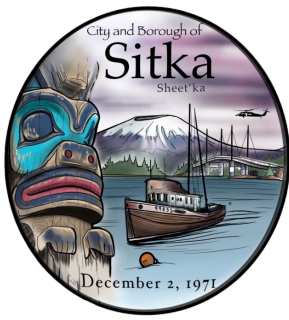


Discussion / Direction / Decision
on lease terms for the Sitka Community Garden at
Jarvis Street.





CITY AND BOROUGH OF SITKA

A COAST GUARD CITY

MEMORANDUM

To: Mayor Eisenbeisz and Assembly Members

Thru: John Leach, Municipal Administrator 

From: Amy Ainslie, Planning & Community Development Director 

Date: January 8, 2025

Subject: Lease Terms for the Sitka Community Garden at Jarvis Street

Background

On July 23rd, the Assembly authorized the release of a Request for Proposals to solicit interest in leasing an approximately half acre parcel that was identified as the Jarvis Street Horticulture Site. This came from a request by the Sitka Community Gardens group, a joint project between two local nonprofit organizations, Transition Sitka and the Sitka Local Foods Network, to lease the site for the purposes of constructing and operating a community garden.

The RFP was open from July 25 – August 22; Sitka Community Gardens was the only respondent to the RFP. Staff performed an evaluation of their response, and have been working with Sitka Community Gardens to outline preliminary terms for a lease which are now before the Assembly for direction.

Analysis

Broadly, the proposal fits the intended use and development of the site as indicated by the RFP. The following items (1-6) require a decision by the Assembly which will be used to draft the lease agreement should the Assembly wish to proceed with leasing the property to Sitka Community Gardens.

Deviations from Lease Structure – The RFP outlined a lease structure that in its initial term (approximately 3 years or sooner if requirements were fulfilled) would only allow permitting and planning activities. These items, along with proof of project funding, would have to be completed before site preparation, building & construction, and site operations could begin in the first renewal term (2 years). Based on the RFP response, the cost estimate to complete what staff considers a “baseline” level of development for

site operations was \$124,000 - \$210,000. This represents what the RFP response labelled as tasks 1-14, and excludes tasks 15-18 (electrical service and permanent structures including a storage shed, restroom, and open-sided shelter, estimated at \$74,000). The respondent is requesting the following deviations from this structure for the lease:

1. **Site Work:** Authorization to begin site work including installation of temporary structures (a portable restroom and a shed), some vegetative clearing particularly around the fence line, installation of the fence, and 2-3 demonstration garden plots during the initial term of the lease and ahead of grading, foundation, building, and utility connection permit issuance for the rest of the development.
2. **Proof of Funding:** Authorization to proceed with site development and operations not contingent upon proof of funding. A \$5,000 performance bond has been proposed for the initial and first renewal terms.

Questions on Required Features – While not in the RFP, previous Assembly discussion on these items has indicated there may be interest in requiring additional features for the lease which should be specified at this stage:

3. **Lighting:** Currently, no lighting features are proposed given that the growing season and associated site use correspond with longer daylight hours. This is important to specify at this stage to adequately plan for power needs.
4. **Permanent Restroom:** While having a permanent restroom is an eventual goal, a temporary restroom is proposed for at least the first 3-5 years of the lease.

Sitka General Code does not require lighting or a permanent restroom for this type of use. These items, if required, would instead represent a policy preference on the part of the Assembly regarding use/development of its property.

Payment and Fees – Sitka Community Gardens has proposed/requested the following payment and alleviation from fees:

5. Annual lease payment of \$1/year
6. Request to waive property tax

Note: The RFP response and subsequent communications as enclosed include requests regarding relief from certain utility service charges. These requests were deemed not to be compliant with the Municipal Utilities Service Policies. In an effort to not delay or complicate consideration of the lease, Sitka Community Gardens has since communicated to staff that they are withdrawing these requests as preconditions for accepting a lease.

Fiscal Note

Per the Assembly's direction in RFP development, it was expected that the lease would be offered at a low/nominal fee. The requests for the annual lease payment and alleviation of property tax are in line with leases for similar sites to non-profit entities. As this is municipal property, there is no current land value assessment for the property. The neighboring property, the Alaska Raptor Center, has a roughly \$1.25/square foot assessment of their land; if that rate was applied to this half acre property, the assessed value would be \$27,225, representing an annual property tax payment of \$163.35. If the Assembly is amenable to a property tax exemption, staff will assist Sitka Community Gardens with a community purpose tax exemption application for the upcoming cycle.

Recommendation

- Items 1 & 2 represent significant deviations from Planning Commission and Assembly guidance for the lease and development of the property which aimed to ensure that the development of site would be physically and financially feasible prior to allowing onsite work and authorizing long-term operations. Given this previous guidance, staff did not feel this item could be negotiated without new/different Assembly direction.

Sitka Community Gardens has expressed that financial constraints may make this lease structure infeasible. In addition to the need to expend and comply with the terms of their existing grant funds, they have stated that future grants, fundraising, and member recruitment will be more successful with tangible progress on the garden.

At a minimum, staff would recommend that requirements for permitting and proof of funding for "non-baseline" items represented as tasks 15-18 such as a permanent storage shed, permanent restroom, and open-sided shelter not be required prior to site work and operations.

- Items 3 & 4 speak to policy preferences, rather than code requirements, that the Assembly should provide direction on. As a permanent restroom would be a significant expense; allowing the use of a temporary/portable restroom for a limited period of time is, from staff's perspective, worthy of consideration.
- Items 5 & 6 are consistent with previous Assembly guidance on the RFP and terms for similar leases; staff recommends approval of these items.

Encl: Jarvis Street Horticulture Site RFP (body only)
Sitka Community Gardens RFP Response & Additional Correspondence