





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: August 2, 2023

Subject: Harbor Mountain Bypass Road Cell Tower Lease

Background

The ordinance before you to lease approximately 10,000 square feet of property on Harbor Mountain Bypass Road is the culmination of a multi-year effort to establish a new cell tower site in this area by Vertical Bridge Development, LLC for its anchor tenant, Verizon Wireless.

Timeline of events:

- 2020
 - June: Application to lease property submitted
 - July: Planning Commission review & recommendation
 - August: Assembly direction to proceed with RFP
 - October: RFP released
 - November: RFP closed
 - December: Tentative award and negotiations
- 2021
 - February: Staff & awardee negotiations complete
 - May: Assembly direction to proceed with lease
- 2021 – 2022: Surveying and land studies
- 2022 – 2023: Lease preparation

Given the unique ownership and operating model for cell towers, significant time has been spent working on the lease agreement, adding to or changing our standard lease provisions. Planning & Legal have worked in conjunction with the lessees to arrive at this final draft which is now recommended for approval.

Analysis

The property on Harbor Mountain Bypass Road was selected to fill missing coverage in the Granite Creek area. There is relatively flat topography, access on the municipal portion of the road, and power available. The property is zoned as R-1 single-family and duplex residential; R-1 zoning is also used as a holding district for lands located on the road system that are not yet ready for full-scale development (which is the more appropriate zoning application/characterization of this property). Communications infrastructure is an allowable use in the R-1 zone.

Per the terms approved by the Assembly in 2021, the site is to be leased for \$1,000 per month with 2% annual escalation. CBS will also receive a 33% revenue share for all subleases of the cell site exclusive of those for the anchor tenant.

The total term of 30 years is also consistent with terms as previously reviewed, however, it is no longer requested in multiple, five-year renewal terms but rather as a single term. Thirty years is considered a standard term for most CBS land leases.

Fiscal Note

All surveying, permitting, and planning expenses have been borne by the lessee, as will all development and construction expenses. The lessees will be subject to standard rates for sales tax, property taxes, utilities, etc.

All revenue generated from leases is deposited into the General Fund.

Recommendation

Approve the ordinance authorizing the Municipal Administrator to execute the lease agreement with Vertical Bridge Development, LLC.

Encl: Draft Lease Agreement

CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2023-18

AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA AUTHORIZING THE LEASE OF A PORTION OF TRACT C, ASLS 79-4 ON HARBOR MOUNTAIN BYPASS ROAD FOR THE PURPOSE OF A TELECOMMUNICATIONS SITE

1. CLASSIFICATION. This ordinance is not of a permanent nature and is not intended to become a part of the Sitka General Code.

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 authorize the lease of approximately 10,000 square feet of Tract C, ASLS 79-4 located on Harbor Mountain Bypass to Vertical Bridge Development, LLC for the purpose of developing and operating a telecommunications site.

4. ENACTMENT. NOW, THEREFORE, BE IT ENACTED by the Assembly of the City and Borough of Sitka.

- A. The leasing of this property is hereby authorized with the following terms:
 - 1) The development and operation of the site shall be consistent with the lessee's response to the Request for Proposals.
 - 2) The monthly rent payment shall be \$1,000 with annual escalation of 2%.
 - 3) The lessee shall remit 33% of sublessee rents on a monthly basis, exclusive of rents from the anchor tenant, Verizon Wireless.
 - 4) The lease term is for thirty (30) years.
- B. The Administrator is authorized to execute a lease document consistent with the terms of this ordinance, SGC Title 18 that governs municipal leases, and existing municipal policies.
- C. The requirement to competitively bid leases of municipal real property as outlined by Sitka General Code 18.12.010(E) has been satisfied by the open Request for Proposals process.

5. EFFECTIVE DATE. This ordinance shall become effective on the day after the date of its passage.

PASSED, APPROVED, AND ADOPTED by the Assembly of the City and Borough of Sitka, Alaska, this 22nd day of August, 2023.

Steven Eisenbeisz, Mayor

53 ATTEST:

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Sara Peterson, MMC

57 Municipal Clerk

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59 1st reading: 8/8/2023

60 2nd and final reading: 8/22/2023

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62 Sponsor: Administrator