



CITY AND BOROUGH OF SITKA

A COAST GUARD CITY

MEMORANDUM

To: Mayor Eisenbeisz and Assembly Members

Thru: John Leach, Municipal Administrator 

From: Rachel Jones, Municipal Attorney 

Date: January 8, 2025

Subject: City and Borough of Sitka /Sitka Historical Society, Inc. – Amendment to Lease Agreement

Background

On September 11, 2018, the City and Borough of Sitka (“CBS”) and the Sitka Historical Society, Inc. (“SHS”) signed a lease agreement that commenced on May 1, 2018. That lease granted the SHS a property tax exemption assuming the CBS Assembly approved an ordinance granting a community purpose property tax exemption. At the CBS Assembly meeting on February 28, 2023, the Municipal Administrator was directed by motion, which was duly passed, to extend the property tax exemption to the SHS. On April 11, 2023, the CBS Assembly passed Ordinance No. 2023-04 which authorized a community purpose property tax exemption to SHS thereby exempting them from paying property taxes to the CBS through April 30, 2048.

Also, at the February 28, 2023 meeting, the Municipal Administrator was directed, by motion, which was duly passed, to extend the utility services exemption to the SHS.

Analysis

The property tax exemption was addressed by Ordinance. The SHS has not been charged for utility services. However, the Lease Agreement needs to be amended to reflect both the property tax exemption and the exemption from payment of utility services, both of which have been voted on and passed by the Assembly.

Fiscal Note

In 2023, annual utility costs for SHS spaces were estimated to be \$16,000.00 based on energy consumption data and annual property taxes for SHS property taxes were estimated at \$5,600.40 based on our taxable value of \$933,400.

For FY23, the CBS provided a financial donation of \$97,200.00 to the SHS. For FY24, the CBS provided a financial donation of \$100,000 to the SHS.

Recommendation

I recommend the Assembly authorize the Municipal Administrator to sign Amendment No. 1 to Lease Agreement Between the City and Borough of Sitka and Sitka Historical Society, Inc., which (a) extends a property tax exemption to SHS pursuant to Ordinance No. 2023-04 through April 30, 2048; and (b) exempts SHS from paying for utility services during the term of the lease (through April 30, 2048).

Encl: Lease Agreement Between CBS and SHS
Amendment No. 1 to Lease Agreement Between CBS and SHS