



# City and Borough of Sitka

## PUBLIC WORKS

100 LINCOLN STREET • SITKA, ALASKA 99835

PHONE (907) 747-1804 • FAX (907) 747-3158

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**To:** Mayor McConnell and Assembly Members  
Jay Sweeney, Interim Municipal Administrator

**From:** Michael Harmon, Public Works Director *MMH*  
Gary E. Baugher Jr., M&O Superintendent *EEB*

**Review:** Robin Koutchak, Municipal Attorney *RK*  
Mike Middleton, Interim Finance Director *MM*

**Date:** April 15, 2013

**Subject:** Marine Services Center Lease Extensions; Seafood Producers Cooperative and North Pacific Processors, Inc.

### **Background:**

In 1991, upon completion of construction of the Marine Services Center, the City and Borough of Sitka advertised for proposals (bids) and awarded leases to Seafood Producers Cooperative and Sitka Sound Seafoods (a predecessor of North Pacific Seafoods, Inc.). The leases provided for one year extensions and continued in force until 1998, when five year extensions were signed, ratified by ordinance 99-1543. The Assembly found competitive bidding was inappropriate since the tenants occupied the space since 1991 and it was in the best interest of the City and Borough of Sitka.

In 2003 & 2008, by Ordinance 03-1735, the Assembly approved new five year lease extensions. The Assembly found competitive bidding was inappropriate for the same reason set out in Ordinance 99-1543.

In 2008, the lease agreement provided there does not then exist a continuing material default under the lease at the time of exercise of this right or at a commencement of any extended term, Lessee shall have the right to exercise options for two successive terms of five years each upon the same terms and conditions as the lease agreement (section 1.2) describes. Competitive bidding was inappropriate upholding the lease extension option. Options to renew must be approved by the Assembly.

After timely notice to extend their lease with the City and Borough of Sitka, Seafood Producers Cooperative and North Pacific Seafoods have mutually agreed to extend the leases five-years beginning when the current leases expire, and to revise the lease agreement to reflect current lease form used by the City and Borough of Sitka, subject to the approval.

**Fiscal Note:**

Both Seafood Producers Cooperative and North Pacific Seafoods are paying a monthly rate of \$9,354, and an annual rate of \$112,248. An annual CPI rate will be added to the leases for Seafood Producers Cooperative and North Pacific Seafoods in order to calculate the new rate upon approval of the extension.

**Recommendation:**

Approve a five-year lease extension for Seafood Producers Cooperative and North Pacific Seafoods.

**EXTENSION OF AGREEMENT BETWEEN  
CITY AND BOROUGH OF SITKA AND  
SEAFOOD PRODUCERS COOPERATIVE  
REGARDING SITKA MARINE SERVICE CENTER**

The City and Borough of Sitka (“CBS”), 100 Lincoln Street, Sitka, Alaska 99835, and Seafood Producers Cooperative of 2875 Roeder Avenue, Bellingham, Washington 98225 (“SPC”) agree to extend the Agreement Between The City and Borough of Sitka and Seafood Producers Cooperative (“Agreement”) dated October 28, 2008. The Parties agree to extend the Agreement for the first of two five-year extension periods allowed by Section 1.2 and will expire on June 30, 2018. All terms and conditions set out in the Agreement remains in effect during this extension period.

This Amendment was approved by the City and Borough Assembly on \_\_\_\_\_.

# SEAFOOD PRODUCERS COOPERATIVE

CITY AND BOROUGH OF SITKA

Print Name: \_\_\_\_\_

John P. Sweeney, III  
Interim Municipal Administrator

STATE OF ALASKA )  
 ) ss.  
FIRST JUDICIAL DISTRICT )

On this \_\_\_\_ day of \_\_\_\_\_, 2013, \_\_\_\_\_, \_\_\_\_\_ of Seafood Producers Cooperative, whose identity is personally known to me or proved to me on the basis of satisfactory evidence, signs this document on behalf of Seafood Producers Cooperative and affirms by signing this document to be authorized to sign on behalf of the Seafood Producers Cooperative and does so freely and voluntarily.

Notary Public for Alaska  
My Commission Expires: \_\_\_\_\_

STATE OF ALASKA )  
 ) ss.  
FIRST JUDICIAL DISTRICT )

On this \_\_\_\_ day of \_\_\_\_\_, 2013, John P. Sweeney, III, Interim Municipal Administrator of the City and Borough of Sitka, Alaska, a municipal corporation organized under the laws of the State of Alaska, signs this Lease Agreement on its behalf, and affirms by signing this document to be authorized to sign on its behalf, and does so freely and voluntarily.

Notary Public for Alaska  
My Commission Expires: \_\_\_\_\_

**EXTENSION OF AGREEMENT BETWEEN  
CITY AND BOROUGH OF SITKA AND  
NORTH PACIFIC SEAFOODS  
REGARDING SITKA MARINE SERVICE CENTER**

The City and Borough of Sitka ("CBS"), 100 Lincoln Street, Sitka, Alaska 99835, and North Pacific Seafoods 329 Katlian Street, Sitka, Alaska 99835 ("NPS") agree to extend the Agreement Between The City and Borough of Sitka and North Pacific Seafoods ("Agreement") dated October 28, 2008. The Parties agree to extend the Agreement for the first of two five-year extension periods allowed by Section 1.2 and will expire on June 30, 2018. All terms and conditions set out in the Agreement remains in effect during this extension period.

This Amendment was approved by the City and Borough Assembly on \_\_\_\_\_.

**NORTH PACIFIC SEAFOODS**

**CITY AND BOROUGH OF SITKA**

\_\_\_\_\_  
Print Name: \_\_\_\_\_

\_\_\_\_\_  
John P. Sweeney, III  
Interim Municipal Administrator

**STATE OF ALASKA**                     )  
   ) ss.  
**FIRST JUDICIAL DISTRICT**        )

On this \_\_\_\_ day of \_\_\_\_\_, 2013, \_\_\_\_\_ of North Pacific Seafoods, whose identity is personally known to me or proved to me on the basis of satisfactory evidence, signs this document on behalf of North Pacific Seafoods and affirms by signing this document to be authorized to sign on behalf of the North Pacific Seafoods and does so freely and voluntarily.

\_\_\_\_\_  
Notary Public for Alaska  
My Commission Expires: \_\_\_\_\_

**STATE OF ALASKA**                     )  
   ) ss.  
**FIRST JUDICIAL DISTRICT**        )

On this \_\_\_\_ day of \_\_\_\_\_, 2013, John P. Sweeney, III, Interim Municipal Administrator of the City and Borough of Sitka, Alaska, a municipal corporation organized under the laws of the State of Alaska, signs this Lease Agreement on its behalf, and affirms by signing this document to be authorized to sign on its behalf, and does so freely and voluntarily.

\_\_\_\_\_  
Notary Public for Alaska  
My Commission Expires: \_\_\_\_\_



# SEAFOOD PRODUCERS COOPERATIVE

PRODUCERS, PROCESSORS & MARKETERS OF PREMIUM QUALITY SEAFOODS

City and Borough of Sitka  
100 Lincoln St.  
Sitka Alaska, 99835

Re: 2008 5 year Sitka Marine Service Center Lease  
City & Borough of Sitka / Lessor  
Seafood Producers Cooperative / Lessee

January 7, 2013

Dear Mr. Dinley;

This letter will convey SPC's interest to meet with you for the purpose of discussing an extension of the SMSC lease agreement. It would also provide the City of Sitka and SPC an opportunity to review any concerns, suggestions, and maintenance schedules as well as discuss long range plans for the facility and surrounding property.

We look forward to scheduling a meeting with you at a mutually convenient time.

Sincerely,

SEAFOOD PRODUCERS COOPERATIVE

4 Nickerson, Suite 400, Seattle, WA 98109  
P.O. Box 31179, Seattle, WA 98103-1179  
PHONE (206) 726-9900 FAX (206) 726-1667



1/8/2013

To: Mr. Jim Dinley

Chief Admin. Officer

City of Sitka

Fr: John Baird

Sitka Sound Seafoods

Dear Jim,

At this time we would like to exercise our option of continuing with the first of two successive terms of (5) years each of use at the Marine Service Center per the term lease described under section 1.2 of the signed lease agreement dated July 1, 2008.

Thank you for your consideration.

Sincerely,

John Baird

General Manager

Sitka Sound Seafoods

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**Alaska Pacific Seafoods**

627 Shelikof Ave  
Kodiak, Alaska 99615  
(907) 486-3234  
(907) 486-5164

**Marubeni Group**

4 Nickerson, Suite 400  
Seattle, Washington 98109  
(206) 726-9900  
(206) 726-0343

**Pederson Point**

P.O. Box 99  
Naknek, Alaska 99633  
(907) 246-4461  
(907) 246-6657

**Sitka Sound Seafoods**

329 Katlian Street  
Sitka, Alaska 99835  
(907) 747-6662  
(907) 747-6268

**Togiak Fisheries**

P.O. Box 30  
Togiak, Alaska 99678  
(907) 493-5331  
(907) 493-5133

# LEASE AGREEMENT

## PREAMBLE

This Lease Agreement is made as of July 1, 2008, between the City and Borough of Sitka, 100 Lincoln Street, Sitka, Alaska 99835 ("Sitka," "the City," or "Lessor" ) and North Pacific Seafoods of 329 Katlian Street, Sitka, Alaska 99835, ("NPS" or "Tenant"), hereafter referred to as Lessee, Agreement or Lease, or Tenant. This Lease Agreement consists of the Special Provisions, the General Provisions, and the attached Exhibits A, B, and C. Exhibit A is a pictorial representation of the areas leased in the Sitka Marine Service Center ("MSC" or "Lessee") at 611 Katlian Street, Sitka, Alaska 99835. Exhibit B describes the rental and maintenance of the MSC bulk cold storage space. Exhibit C further describes the property on Exhibit A.

## SPECIAL PROVISIONS

### ARTICLE I: LEASE, TERM OF LEASE, AND TERMINATION OF LEASE

#### Section 1.1 Conveyance of Estate in Lease.

Lessor, for and in consideration of the rents received and of the covenants and agreements made by Lessee, does lease to Lessee, and Lessee leases from Lessor, the "Subject Property" or "Premises" as shown on Exhibit A. Exhibit A shows an approximately 8,400-square of cold storage space. The term is five (5) years, and commences on the first day of the month immediately after the month that includes the date set out in the Preamble and ends five years later. An example of the operation of the provision in the previous sentence is that if the date set out in the Preamble is July 1, 2008, the end of the original 5-year term of the Lease Agreement is June 30, 2013.

#### Section 1.2 Options to Renew.

Provided there does not then exist a continuing material default by Lessee under this Lease at the time of exercise of this right or at commencement of any extended term, Lessee shall have the right to exercise options for two successive terms of five (5) years each upon the same terms and conditions as this Lease Agreement (except Section 1.2) with the lease payments as described in Article II. Each of these options is effective only if (a) NPS makes a written request to exercise such option not more than one year or less than six months from the end of the immediately preceding term; and (b) NPS is in compliance with law and this Lease Agreement and is not in default under this Lease Agreement. Options to renew must be approved by the Assembly of the City and Borough of Sitka.

#### Section 1.3 Option to Purchase. ~~DELETED~~

~~Provided there does not then exist a continuing material default by Lessee under this Lease at the time of exercise of this right or at commencement of any extended term, Lessee shall have the right to exercise options for purchase during the first year of this Lease Agreement. This option~~

Lease Agreement Between City and Borough of Sitka  
And North Pacific Seafoods