

CITY AND BOROUGH OF SITKA

ADMINISTRATIVE POLICY NO. 15-02

LEASE ADMINISTRATION

PURPOSE

This procedure establishes requirements for the preparation, review, approval, execution, and administration of leases of City and Borough of Sitka (CBS) property. CBS holds a substantial portfolio of real property and tideland interests used for governmental, enterprise, and community purposes. Consistent administration of leases protects CBS interests, generates revenue, and supports productive use of municipal assets.

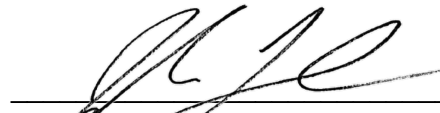
GENERAL PROVISIONS

- a. **Scope:** This policy applies to all departments and employees of CBS, under the general direction of the Municipal Administrator. It governs leases of CBS-owned real property, tidelands authorized to CBS under Sitka General Code Title 18, and subleases by CBS under master leases held with another lessor. Leases of CBS-owned personal property are governed by standard contracting and personal property disposal procedures and are outside the scope of this procedure.
- b. **Authority to promulgate:** The CBS Municipal Administrator maintains the authority granted by the Sitka Home Rule Charter, AS 29.04.010, and the Sitka General Code, including SGC 18.15, SGC 18.20, and SGC 2.100.090, to issue procedures, guidelines, and implementation guidance for the leasing of municipal property.
- c. **Effective date:** July 1, 2026. This revision updates Administrative Policy 15-02, Lease Administration, originally dated April 27, 2015.
- d. **Review/Revision Interval:** On or before July 1, 2028, and annually thereafter.

REFERENCES

Sitka Home Rule Charter
AS 29.04.010
Sitka General Code 18.15, Real Property Disposal
Sitka General Code 18.20, Tideland Lease Procedure
Sitka General Code Title 13, Port and Harbors
CBS Records Retention Policy
Lease Consideration Checklist (Attachment A)

Lease Numbering System (Attachment B)

AUTHORIZATION


John M. Leach, Municipal Administrator
City and Borough of Sitka

Date: 6/30/2026

DOCUMENT REVISION LOG

Date	Author	Description of Changes
4/27/2015	Gorman	Original Administrative Policy 15-02, Lease Administration.
7/1/2026	Leach	Comprehensive revision of Administrative Policy 15-02, Lease Administration. Scope clarified. Approval matrix added, aligned with SGC 18.15.010 and SGC 18.20. Roles and responsibilities updated to current CBS departmental structure under the Port Director. Airport leases and Seaplane Base leases assigned to the Airport Terminal Manager. Control number assignment moved from the Municipal Clerk to the Legal Department, via the lease management system. Lease Consideration Checklist added as Attachment A. Lease Numbering System added as Attachment B. SGC 2.100.090 added to authority and references. Planning Commission and Assembly roles in tideland leasing added under SGC 18.20.080 and 18.20.090. Advisory-vote provision for dock and vessel transfer facility leases added under SGC 18.15.014. Property trades referenced under SGC 18.15.010(F). Approval matrix row added for leases with no fixed term. Gary Paxton Industrial Park retained as a separate lease category, with its Lease Manager assignment and numbering prefix, pending a decision on its future. Lease management system referenced generically rather than by product name.

PROCEDURES FOR LEASING MUNICIPAL PROPERTY

Leases of CBS property serve community needs, generate revenue, and put underutilized assets to productive use. The procedures below establish the standard CBS workflow from identification of leasable property through execution and ongoing administration, the approval thresholds that determine whether the Municipal Administrator or the Assembly acts, and the lease administration requirements that follow execution.

COVERAGE

This procedure applies to the following lease arrangements:

- a. Leases of CBS-owned real property to private parties, nonprofit organizations, and other governmental entities.
- b. Leases of tidelands and submerged lands authorized to CBS under Sitka General Code Title 18.
- c. Subleases by CBS of real property held under a master lease, where the master lease and its authorizing Assembly ordinance permit CBS to sublease (for example, airport tenant subleases under the DOT&PF master lease at Rocky Gutierrez Airport).
- d. Leases of space within municipal buildings. Per SGC 18.15.010(A), leases of building space with a total value under \$1,000 are treated as personal property disposals and are not subject to the ordinance requirement. All other building space leases are treated as real property leases under this procedure.

This procedure does not apply to:

- a. Slip moorage agreements at CBS harbors administered under SGC Title 13 and the published moorage rate schedule.
- b. Right of entry, encroachment, and short-term access authorizations of less than 30 days where no rent is charged.
- c. Easements, plats, consents, and other real property documents that are not contractual in nature.
- d. Leases of CBS-owned personal property, which are governed by standard contracting and personal property disposal procedures.
- e. Acquisition of real property by CBS as lessee, which follows procurement and real property acquisition procedures.

DEFINITIONS

The following terms have these meanings in this procedure:

- a. **Lease.** A contract granting exclusive or near-exclusive possession of real property to another party for a term, generally for consideration.

- b. **Lessor.** The party granting the leasehold interest. CBS is the lessor for purposes of this procedure.
- c. **Lessee.** The party receiving the leasehold interest.
- d. **Master lease.** A lease held by CBS as lessee under which CBS is authorized to sublease.
- e. **Lease Manager.** The CBS position designated as responsible for the operational management of a specific lease.
- f. **Lease value.** Per SGC 18.15.010(A), the value of a lease is determined by multiplying the monthly or annual rent by the term of the lease. Lease value sets the approval threshold under this policy and is distinct from the rent actually paid. Rent may exceed the lease value where a lease is awarded by competitive bid or fall below it where the Assembly elects to lease below market to subsidize a lessee.
- g. **Temporary lease.** Per SGC 18.15.010(D), a lease terminable at the will of CBS where no more than 30 days' prior notice of intent to terminate is required.
- h. **Lease Consideration Checklist.** The form used to track required signoffs and approvals through the lifecycle of a lease (Attachment A).
- i. **Control number.** The unique identifier assigned to each lease per the lease numbering system (Attachment B). The control number associates with all records for that lease, including the original and all copies, the electronic file name, renewals, amendments, exhibits, invoices, payments, and other entries into CBS records.
- j. **Lease management system.** The CBS-wide software application used by the Legal Department to store lease documents and track compliance.

ROLES AND RESPONSIBILITIES

- a. **Municipal Administrator.** Approves leases within the Administrator's approval authority under the matrix below. Recommends to the Assembly leases requiring Assembly approval. Signs all leases on behalf of CBS after required approvals are obtained and the Lease Consideration Checklist is complete. May decline to sign a lease where compliance requirements have not been met or where the proposed lease is not consistent with applicable law, policy, or sound municipal practice.
- b. **Legal Department.** Maintains the lease management system and the master list of CBS leases. Assigns the lease control number in the lease management system when the initial draft is being prepared, following the lease numbering system at Attachment B. Maintains lease templates and provides them to Lease Managers. Reviews and approves the final form of every lease prior to execution. Confirms applicable Alaska business registration, ability of the lessee to obtain required insurance, and lessee good standing as part of pre-approval signoff. Confirms a Certificate of Insurance is on file with required coverage before lease signing. Serves as the resource for legal issues arising under any lease.

- c. **Lease Manager.** The position designated by the responsible department head, in writing on the Lease Consideration Checklist, prior to the lease being presented for Assembly or Administrator action. The Lease Manager prepares the initial draft of the lease using the template provided by the Municipal Attorney; works with the lessee to determine terms and gather required information; completes the Lease Consideration Checklist and routes it for required signoffs; prepares cover memoranda for Commission or Assembly action; enters the lease and supporting information in the lease management system after execution; tracks lease compliance through the system throughout the term; ensures lessee compliance with the terms of the lease, including insurance, bonding, reporting, and operational obligations; and coordinates with Legal and Finance on remedial action when a lessee is in default.
- d. **Finance Department.** Bills lease payments where applicable. Receives payments and posts them to the appropriate lease. Initiates CPI and other rate adjustments when due, consulting with the Assessor as necessary. Confirms on the Lease Consideration Checklist that the lessee is current on sales tax, property tax, utilities, municipal billing, moorage where applicable, and collections. Advises the Lease Manager when a lessee is sixty days or more in arrears, or sooner if circumstances warrant.
- e. **Municipal Clerk.** Routes the lease for signatures after the Lease Consideration Checklist is complete and after Assembly approval where required. Records Assembly action on the Lease Consideration Checklist. Maintains the original signed lease as the official record under the CBS Records Retention Policy.
- f. **Assessor.** Assists in determining market rent for leases to private parties on request from the Lease Manager or Finance Director. Calculates CPI and other rate adjustments at the request of the Finance Department.
- g. **Department Heads.** Designate the Lease Manager position within their department for each lease their department originates or oversees. Provide responsible department signoff on the Lease Consideration Checklist before Assembly presentation, and the final signoff before lease signing. Confirm that risk and operational considerations affecting other departments have been coordinated.
- h. **Standard Lease Manager Assignments.** Unless the Municipal Administrator designates otherwise, the following positions serve as Lease Manager for the indicated lease categories.
 - 1. Airport Terminal Manager for airport leases (including subleases under the DOT&PF master lease at Rocky Gutierrez Airport) and Seaplane Base leases.
 - 2. Harbormaster or designee for leases at CBS-owned harbor and waterfront facilities, other than slip moorage administered under SGC Title 13.
 - 3. Port Director or designee for Marine Service Center leases and Haul Out Facility leases.
 - 4. Public Works Director or designee for Granite Creek leases.
 - 5. Planning and Community Development Director or designee for tideland and submerged land leases under SGC 18.20 and miscellaneous land leases not

assigned elsewhere. For tideland and submerged land leases, the Lease Manager presents the proposed lease to the Planning Commission for review under SGC 18.20.080 before Assembly action under SGC 18.20.090.

6. Electric Utility Director or designee for leases of electric utility property and rights related to electric utility operations.
7. Gary Paxton Industrial Park Director or designee for Gary Paxton Industrial Park leases.
8. For any lease that does not clearly fall within one of these categories, the Municipal Administrator designates the responsible department and Lease Manager.

LEASE PREPARATION

- a. **Initial inquiry.** Lease inquiries typically arise from prospective lessees identifying CBS property of interest, although CBS may also initiate a leasing opportunity for available municipal property. The responsible department head, in coordination with the Port Director, Planning and Community Development Director, Public Works Director, Airport Terminal Manager, Harbormaster, or other relevant department head depending on the property type, identifies the responsible department and designates the Lease Manager.
- b. **Opening the Lease Consideration Checklist.** Upon designation of the Lease Manager, the Lease Consideration Checklist is opened and the Legal Department assigns a control number in the lease management system following the lease numbering system at Attachment B. The control number stays with the lease and all associated records for the life of the lease.
- c. **Fair market valuation.** The Lease Manager requests a fair market valuation from the Assessor for every lease covered by this procedure. The valuation informs the rent determination and, where competitive bid applies, serves as the minimum acceptable bid.
- d. **Assembly direction.** Before drafting the lease document and the authorizing ordinance, the Lease Manager presents the inquiry to the Assembly for direction. The presentation includes the proposed lessee and use, the property description, the Assessor's fair market valuation, the recommended approach to competitive bid versus negotiated lease, and the recommended rent (at market or, if proposed below market, the basis and authority). The Assembly provides direction by motion. This step is intended to confirm Assembly support for the general approach before the Lease Manager invests in the full document and ordinance.
- e. **Competitive bid.** Per SGC 18.15.010(E), sale or lease of municipal real property, including tidelands, shall be by competitive bid unless the Assembly finds that competitive bidding is inappropriate due to the size, shape, or location of the parcel, rendering it of true usefulness to only one party, or due to the nature of the property or circumstances surrounding its disposal. Where competitive bid applies, the Assessor's fair market valuation serves as the minimum acceptable bid. Where the Assembly

directs a non-competitive disposal under step (d), the Lease Manager prepares the supporting finding and includes it in the cover memorandum to the Assembly with the authorizing ordinance. Exchanges with the United States, the State of Alaska, or a political subdivision are exempt from competitive bid under SGC 18.15.010(C).

- f. Drafting.** After Assembly direction is received and any competitive bid process is complete, the Lease Manager prepares the lease document using the template provided by the Municipal Attorney.

PRE-APPROVAL SIGNOFFS

Before a lease is placed on an Assembly agenda or presented to the Municipal Administrator for action, the following signoffs are obtained on the Lease Consideration Checklist:

- a.** Responsible Department Head.
- b.** Legal, confirming applicable Alaska business registration, ability to obtain required insurance, and business in good standing.
- c.** Finance, confirming sales tax compliance, utilities, property tax compliance, collections, municipal billing, and moorage where applicable.
- d.** Any other affected department, including as applicable Assessing, Public Works, Electric, Harbor, and Building.
- e.** Municipal Administrator, after all other pre-approval signoffs are in place.

APPROVAL AUTHORITY

Required approval to enter into a lease is set by Sitka General Code. The default rule under SGC 18.15.010(A) is that real property, including tidelands, may be sold or leased only when authorized by ordinance. Administrator-level approval is available only in the narrow circumstances identified in the matrix below. Tideland leases are further subject to the class-specific procedures of SGC 18.20. A lease related to a dock or vessel transfer facility may also be subject to an advisory vote under SGC 18.15.014.

Lease Type or Circumstance	Term	Value	Approval Required and SGC Authority
Tideland or submerged land lease (Class I, IIA, IIB, IIC, or III)	Any	Any	Assembly by ordinance per SGC 18.15.010(A) and SGC 18.20, following the class-specific procedure in SGC 18.20.
Lease of real property (default rule)	Any fixed term	Any	Assembly by ordinance per SGC 18.15.010(A). Competitive bid required under SGC 18.15.010(E) unless the Assembly finds it inappropriate.

Lease Type or Circumstance	Term	Value	Approval Required and SGC Authority
Lease of real property valued over \$7,500,000	Any	Over \$7,500,000	Assembly by ordinance per SGC 18.15.010(A). The ordinance may provide for an advisory vote at a general or special election per SGC 18.15.010(B). Excludes GPIP and property leased under Ord. 99-1539.
Lease or property exchange with the United States, the State of Alaska, or a political subdivision	Any	Any	Assembly by ordinance per SGC 18.15.010(C). Competitive bid and advisory vote are not required. Property trades are authorized under SGC 18.15.010(F).
Lease of space within a municipal building	Any	Under \$1,000 total	Administrator. Treated as a personal property disposal under SGC 18.15.010(A). No ordinance required.
Lease of space within a municipal building	Any	\$1,000 total or more	Assembly by ordinance per SGC 18.15.010(A). Treated as a real property lease.
Temporary lease, terminable at the will of CBS on 30 days' notice or less	Terminable on ≤30 days' notice	Any	Administrator upon motion of the Assembly per SGC 18.15.010(D). No ordinance required.
Lease with no fixed term (for example, month-to-month) that is not a temporary lease	No fixed term	Any	Administrator upon motion of the Assembly per SGC 18.15.010(D) where the lease is terminable by CBS on 30 days' notice or less; otherwise Assembly by ordinance per SGC 18.15.010(A).
Sublease, renewal, or amendment within authority expressly delegated to the Administrator by a prior Assembly ordinance	Within delegated parameters	Within delegated parameters	Administrator, only within the express delegation. The Lease Manager attaches the delegating ordinance to the checklist.
Sublease, renewal, or amendment outside any express delegation	Any	Any	Assembly by ordinance per SGC 18.15.010(A).

Note. Lease value is calculated under SGC 18.15.010(A) as the monthly or annual rent multiplied by the term. Where the Assembly has previously approved a master lease that expressly delegates sublease, renewal, or amendment authority to the Administrator within defined parameters (for example, the DOT&PF master lease at Rocky Gutierrez Airport), the Administrator may act within those parameters; the delegating ordinance controls. Where any SGC provision is inconsistent with the entries in this matrix, the SGC controls.

ASSEMBLY APPROVAL BY ORDINANCE

Where the approval matrix requires Assembly approval, the lease is authorized by ordinance. The Lease Manager works with the Municipal Attorney following the Assembly direction obtained under Lease Preparation step (d), to prepare the authorizing ordinance and supporting materials, including any required findings under SGC 18.15.010(E) where a non-competitive disposal is proposed. The Municipal Clerk schedules the ordinance for introduction, public hearing, and adoption per Charter and Code requirements. The Lease Manager attends meetings and presents the lease as required.

If the Assembly modifies the terms during the ordinance process, the Lease Manager and the Municipal Attorney update the lease and the ordinance to reflect those changes before final signoffs and execution.

Where the lease value exceeds \$7,500,000 and the Assembly elects to include an advisory vote under SGC 18.15.010(B), the Assembly stays its decision pending the outcome of the election.

FINAL SIGNOFFS AND EXECUTION

Following any required Assembly approval, the following final signoffs are obtained on the Lease Consideration Checklist before the lease is signed:

- a. Responsible Department.
- b. Legal, confirming a Certificate of Insurance is on file with required coverage and any required bond is in place.
- c. Finance.
- d. Any other affected department flagged earlier in the process.

Once all final signoffs are in place, the Municipal Administrator signs the lease on behalf of CBS, the lessee signs the lease, and the Municipal Clerk collects all signatures and maintains the original.

POST-EXECUTION AND ONGOING ADMINISTRATION

- a. **System entry.** The Lease Manager enters the lease, supporting documents, and key dates into the lease management system immediately following execution.
- b. **Lease Manager compliance tracking.** The Lease Manager responds to system notifications for renewal, insurance, and bonding deadlines; monitors lessee compliance with all lease terms throughout the term; and addresses operational issues as they arise.
- c. **Finance.** The Finance Department processes invoices, payments, and CPI or other rate adjustments where applicable, and notifies the Lease Manager of delinquencies.
- d. **Records.** The Municipal Clerk maintains the original signed lease. The Lease Manager maintains the working file in the lease management system and any operational files needed for ongoing administration. All records are retained under the CBS Records Retention Policy.

AMENDMENTS, RENEWALS, AND SUBLEASES

- a. **Amendments.** All lease amendments are coordinated through the Lease Manager and the Municipal Attorney. Amendments follow the approval matrix as if a new lease, requiring Assembly approval by ordinance unless the original authorizing ordinance expressly delegated amendment authority to the Administrator within defined parameters.
- b. **Renewals.** Renewals follow the approval matrix as if a new lease, requiring Assembly approval by ordinance unless the original authorizing ordinance expressly delegated renewal authority to the Administrator within defined parameters.
- c. **Subleases by lessee.** Where the lease permits the lessee to sublet and CBS consent is required, the Lease Manager and Municipal Attorney review and document consent prior to execution by the lessee and the sublessee.
- d. **CBS as sublessor under a master lease.** Where CBS sublets to a third party under a master lease held by CBS as lessee, the Lease Manager confirms that the master lease and its authorizing ordinance permit CBS to sublease, and obtains any required consent from the master lessor (for example, DOT&PF for subleases at Rocky Gutierrez Airport).

DEFAULT AND TERMINATION

The default procedure varies by type of lease and overall circumstances. The Finance Department, through its collection policy, determines when a lessee is in financial default not being remedied by routine collection procedures, and advises the Lease Manager. The Lease Manager, the Finance Department, and the Legal Department consult on appropriate corrective measures given the circumstances and desired outcome. If a lease is terminated before its contractual end date, the Lease Manager updates the lease management system, notifies the Finance Department of the final billing date, and notifies the Municipal Clerk for the lease record.

ATTACHMENT A

LEASE CONSIDERATION CHECKLIST

This checklist travels with the lease. All required signoffs must be complete before the lease is placed on an Assembly agenda or presented to the Municipal Administrator for signature.

1. Lease Identification	
Control number (assigned by Legal Department; see Attachment B)	
Proposed lease title	
Lessee (legal name and DBA, if any)	
Lessee point of contact (name, address, phone, email)	
Location and property description	
Type of lease (new, renewal, extension, amendment, sublease, other)	
Assembly agenda deadline or proposed effective date	

2. Designated Lease Manager (required before checklist proceeds)	
Responsible department	
Designated Lease Manager (position)	
Department Head signoff	Signature: _____ Date: _____

3. Proposed Terms	
Duration, including any optional renewals	
Lease rate and basis	
Rent and CPI adjustments (source, dates, frequency)	
Lessee requirements (insurance, bond, reporting)	

Approval required and SGC authority (per matrix)	
Unusual circumstances or notes	

4. Pre-Approval Signoffs

Legal:

- ☐ Applicable Alaska business registration confirmed
☐ Lessee able to obtain requisite insurance
☐ Lessee in good standing

Signature: _____ Date: _____

Finance:

- ☐ Sales tax compliance ☐ Property tax compliance ☐ Utilities current
☐ Municipal billing current ☐ Moorage current ☐ Collections clear

Signature: _____ Date: _____

Other affected departments (initial as applicable):

- ☐ Assessing _____ ☐ Public Works _____ ☐ Electric _____ ☐ Harbor _____ ☐ Building _____
☐ Other: _____

Municipal Administrator (after all other pre-approval signoffs):

Signature: _____ Date: _____

5. Assembly Approval

- ☐ Required ☐ Not required

Authorizing Ordinance No.: _____ Adopted on: _____

Municipal Clerk: Signature: _____ Date: _____

6. Final Signoffs Prior to Lease Signing

Responsible Department: Signature: _____ Date: _____

Legal (Certificate of Insurance on file with required coverage): Signature: _____
Date: _____

Finance: Signature: _____ Date: _____

Other affected department (if checked in Section 4): Signature: _____
Date: _____

7. Lease Signed by Municipal Administrator

Signature: _____ Date: _____

8. Entered in Lease Management System

Lease Manager initial: _____ Date entered: _____

ATTACHMENT B

LEASE NUMBERING SYSTEM

PURPOSE

The Legal Department assigns a unique control number to each lease in the lease management system when the initial draft is being prepared. The control number stays with the lease and all associated records for the life of the lease, including the original and all copies, the electronic file name, renewals, amendments, exhibits, invoices, payments, and other entries into CBS records.

FORMAT

Control numbers follow the format DEPT-YYYY-###, with an optional version suffix.

- a. **DEPT.** A short code identifying the responsible department, per the table below.
- b. **YYYY.** The four-digit year in which the lease is established.
- c. **###.** A three-digit sequential number assigned within the department for that year, beginning at 001 each January.
- d. **Version suffix.** When a lease is renewed or amended and a new document is signed for the same leased area, a version suffix is appended (for example, -2 for the second version, -3 for the third). The base control number, including the original year, does not change.

Example: AIR-2026-003-2 is the second version of the third airport lease established in 2026.

DEPARTMENT CODES

Code	Department	Lease Categories
HBR	Harbors	Harbor and waterfront facility leases, other than slip moorage administered under SGC Title 13
AIR	Airport	Airport leases (including subleases under the DOT&PF master lease at Rocky Gutierrez Airport) and Seaplane Base leases
PLN	Planning	Tideland and submerged land leases under SGC 18.20, and miscellaneous land leases not assigned elsewhere
PRT	Ports	Marine Service Center and Haul Out Facility leases
GPIP	Gary Paxton Industrial Park	Gary Paxton Industrial Park leases
PW	Public Works	Granite Creek leases and other Public Works leases
ELC	Electric	Electric utility property and rights related to electric utility operations
ADM	Admin	Leases assigned by the Municipal Administrator that do not fall within another department

Notes:

- a. Sequential numbering.** Each department maintains its own sequence. The first lease established by a department in a calendar year is numbered 001, the second 002, and so on, regardless of how many leases other departments establish in the same year.
- b. New departments or categories.** If a new lease category or department code is needed, the Municipal Administrator may authorize the addition by administrative amendment to this attachment.