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Tuesday, August 27, 2025

MEMORANDUM

To: John Leach – CBS Administrator
From: Garry White, Director
Subject: Pacific Jewel Marine - Lot 9b Long Term Lease Request

Introduction

Pacific Jewel Marine (PJM) is requesting a non-competitive long-term lease of Lot 9b at the Gary Paxton Industrial Park (GPIP) to provide unobstructed access to a future boat house for marine services associated with its current tenants working in its building at 4500 Sawmill Creek Rd. Please see the attached letter of request.

The GPIP Board met on June 19, 2025, to discuss the request. The GPIP Director informed the Board that all non-competitive long-term lease requests would need to follow Sitka General Code 2.100.080.

Sitka General Code 2.100.080

Section 7.b.ii – “Leases shall be granted to the highest responsible bidder unless the assembly determines that because of the nature of the trust to be leased, the nature of the business being sought for the lease or seeking a lease, or the number of jobs to be produced, that competitive bidding is inappropriate and the terms of the proposed lease, including price, should be negotiated. Applications for non-bid dispositions shall be referred to the board for recommendations.”

The GPIP Board approved the following motion:

Motion: M/S Goeden/Howard move to proceed without a competitive process of Lot 9b.
Action: Passed (4/0) on a voice vote.

The GPIP Board provided the following rationale for leasing the property without a competitive bid process:

- The subject property has limited use.
- Allows an established business to continue to grow.
- If property was leased to another lessee, it would limit access and economic opportunity to the existing marine service tenants of Lot 5.
- Allowing access to the marine service tenants of Lot 5 has the potential to create more jobs.

The GPIP Board then approved the following motion:

Motion: M/S Howard/Goeden move to proceed with leasing Lot 9b to provide non-obstructed access to future boathouses for marine services provided by the tenant on Lot 5 by way of a 10-year lease to Pacific Jewel Marine with 4 – 10-year extensions available agreed upon by both parties for \$453.50/month with an annual CPI adjustment.

Action: Passed (4/0) on a roll call vote.

Background

The GPIP Board has held multiple meetings to discuss the yard space requirements for the haul-out and shipyard facility, including working yard space, long-term vessel storage, gear storage, and vendor operations. The Board's discussions have emphasized prioritizing the remaining property near the facility for lease to qualified organizations engaged in the repair, maintenance, modification, or construction of marine vessels and related services.

The GPIP Director was directed by the GPIP Board in the past to not solicit or accept any long-term lease proposals at the GPIP until the GPIP Haul Out development was planned and completed. Conceptual plans for Phase 1 and Phase 2 have been developed and reviewed by the GPIP Board and Assembly, and development is underway.

The GPIP Strategic Plan developed and approved in 2017 suggests that Lot 9b be designated to support management of a port facility.

Property

Lot 9b is 7,583 SF parcel of property located adjacent to Lot 5, otherwise known as 4500 Sawmill Creek Rd and across the access easement from the GPIP Dock.

Lease Terms

Pacific Jewel Marine proposes to lease the 7,583 SF parcel for 10 years with 4 – 10-year extension agreed upon by both parties.

Lot 9b has a 2025 assessed value of \$60,465.

$\$60,465 @ 9\% = \$5,442$ per year or \$453.5/month

All other standard lease requirements will be included in the lease.

Action

- Assembly approval of GPIP Board recommendations on terms for a long-term lease of Lot 9b to Pacific Jewel Marine.