

**PAYMENT FOR SERVICES AGREEMENT**

**BETWEEN THE**

**SITKA TRIBE OF ALASKA**

**AND**

**THE CITY AND BOROUGH OF SITKA**

**ARTICLE I. PURPOSE**

This Payment for Services Agreement is made and entered into by and between the Sitka Tribe of Alaska (Tribe) and the City and Borough of Sitka (City). The purpose of this Agreement is to provide guidance for the fair, equitable, and long-term resolution of issues related to any and all taxes, penalties, and fines assessed by the City on real property held in fee simple by the Tribe.

This Agreement shall be construed in harmony with the government-to-government relationship established by the Memorandum of Understanding entered into between the Tribe and the City on July 11, 1998, the terms of which are incorporated and made a part of this Agreement. In particular, this Agreement presents the terms of a cooperative relationship anticipated under Article II, Section C (1)(a) of the Memorandum of Understanding.

**ARTICLE II. DECLARATIONS AND STATEMENT OF INTERESTS**

The Tribe and City may disagree whether or not the City may legally assess property taxes on lands held in fee simple by the Tribe. However, the Tribe and City agree that the City is precluded by law from foreclosing on such lands for the failure by the Tribe to pay property taxes assessed by the City. Therefore, the Tribe and City have a mutual interest in resolving this matter under the terms of a cooperative relationship.

Based on the Memorandum of Understanding and the substantial services and benefits provided by the Tribe on property owned by the Tribe to the citizens of the community of Sitka, both Native and non-Native, the City and the Tribe desire to make this Agreement to resolve disputes over property taxes, interest, and penalties assessed by the City in the past and those disputes likely to arise over such assessments in the future.

Attachment C

**A. DECLARATION AND STATEMENT OF INTERESTS BY THE TRIBE**

The Tribe desires to be recognized as a sovereign government, without legal obligation to pay property taxes to another government for land held in fee simple or to have such lands encumbered by any assessment of taxes. The Tribe also desires equity and recognition that its real property held in fee simple serves as the land-base for essential tribal governmental and social services, and jobs for the whole of Sitka through non-profit economic development.

The Tribe provides public services to the citizens of Sitka, both Native and non-Native, through the use of its lands held in fee simple. These public services include education and scholarships, traditional foods program and food bank donations, social services and tribal court, natural and cultural resource management and protection, public transportation, and meeting space for public functions. The cost and value of these public services should be considered under the terms of this Agreement.

**B. DECLARATION AND STATEMENT OF INTERESTS BY THE CITY**

The City desires to be compensated for public services provided to lands held in fee simple by the Tribe. The City also desires to achieve fairness, both in appearance and actuality, to other community members, organizations and governments that are either exempt or pay property taxes for lands held in fee simple.

The City provides public services to certain properties owned in fee simple by the Tribe. In providing these public services, such as infrastructure for utilities and police and fire protection, the City incurs a public cost. The cost and value of these public services should be considered under the terms of this Agreement.

**ARTICLE III. FRAMEWORK FOR DETERMINATIONS**

This framework is established to provide guidelines for promoting a mutual determination as to the amount of payment for services, if any, provided by the City to any real property held in fee simple by the Tribe.

## A. MUTUAL DETERMINATIONS

Pursuant to Article II, Section C (1) of the Memorandum of Understanding, the parties have arrived at a mutual determination as to the following:

1. Classification of each parcel of real property held in fee simple by the Tribe under this Agreement shall be based upon its characteristics into one of the following categories:
  - a. Real property located off the Sitka road system that does not receive substantial public services from the City;
  - b. Real property receiving substantial public services from the City that is used predominantly as a land-base for provision of tribal governmental services; or
  - c. Real property receiving substantial public services from the City that is not used predominantly as the land-base for provision of tribal governmental services.
2. The amount of payment, if any, for services provided by the City based on the above classification of the real properties held in fee simple by the Tribe. The following presumptions may guide the parties:
  - a. There shall be no payment for services when the real property is classified under category 1(a);
  - b. There shall be an annual nominal payment for services of one dollar (\$1.00) for services provided to real property classified under category 1(b); and

c. There shall be an annual moderate payment for services of five percent (5%) of the annual tax payment that is produced by applying the annual mill rate of the City to the current assessed value of the real property under category 1(c) above.

3. There are two parcels of real property currently held in fee simple ownership by the Tribe that shall be treated within the above framework as follows:

a. The parcels collectively known as the "Brookman Property" have a legal description of Lots 11, 12, and 13 of Block 5, U.S. Survey 2542 A & B, Sitka Indian Village.

i. The Brookman Property is properly placed in category 1(c) because it receives substantial public services from the City and is not used predominantly as the land-base for provision of tribal governmental services; and

ii. As to the Brookman Property, the Tribe shall make an annual moderate payment for services to the City as described above in III.A.2.c.

b. The parcel known as the "Community House" has a legal description of Lot One A (1A), Replat of Front Street School Subdivision, according to the plat thereof filed May 15, 1997 as Plat No. 97-10, Sitka Recording District, First Judicial District, State of Alaska.

- i. The Community House is properly placed in category 1(b) because it receives substantial public services from the City and is used predominantly as the land-base for provision of tribal governmental services; and
  - ii. The Tribe shall pay the City an annual nominal payment for services of one dollar (\$1.00) on the Community House for services provided by the City.
4. At the annual meeting held pursuant to Article II, Section C (1) of the Memorandum of Understanding, or at another mutually agreeable date, the parties shall revise and amend this Agreement under the following circumstances:
  - a. Acquisition or sale by the Tribe of real property in fee simple; or
  - b. Additional substantial contributions by Tribe toward the provision of public services, such as infrastructure for utilities and police and fire protection, to the Sitka Indian Village or the community of Sitka as a whole.

#### **ARTICLE IV. TERMS OF AGREEMENT**

##### **A. DURATION OF AGREEMENT**

The duration of this Agreement is perpetual, until and unless revised or terminated pursuant to the terms of this Agreement.

**B. REVISION OF AGREEMENT**

This Agreement may be revised as necessary, by mutual consent of both parties, by issuance of a written amendment, signed and dated by the proper representative of each government.

**C. TERMINATION OF AGREEMENT**

This Agreement may be terminated by either party upon 30 days written notice to the proper representative of the other government.

**D. WAIVER OF CLAIMS**

Based upon the City's acknowledgment that on this date or some prior date the Tribe has paid to the City \$1,060.23 (one thousand and sixty dollars and twenty three cents) -- which the parties agree is the amount due for all years through the tax (calendar) year 2001 under the terms of this Agreement -- the City waives all legal claims and remedies as to the encumbrance and collection for any and all taxes, penalties, and fines assessed by the City on real property held in fee simple by the Tribe as of the date of this Agreement.

**E. PAYMENT DATE**

The Tribe shall make any payment for services due under the terms of this Agreement to the City no later than August 31<sup>st</sup> of each year.

**F. SCOPE OF AGREEMENT**

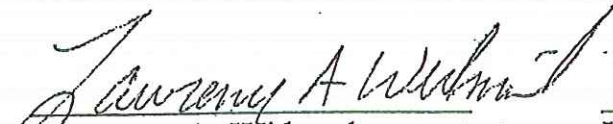
This agreement only applies to property owned as of January 1<sup>st</sup> of any year and held in fee simple by the Tribe, and does not apply for any tax year for which the property is not owned by the Tribe in fee simple on January 1<sup>st</sup> of any such year.

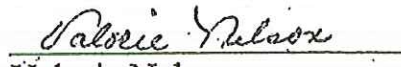
**G. EFFECTIVE DATE**

This Agreement shall become effective upon signature of the parties as of the last written date below.

**FOR SITKA TRIBE OF ALASKA**

**FOR CITY AND BOROUGH OF SITKA**

  
Lawrence A. Widmark  
Tribal Council Chairman  
Sitka Tribe of Alaska

  
Valorie Nelson  
Mayor  
City and Borough of Sitka

9-28-01  
Date

092801  
Date

ATTEST:

  
Collen Pellet, CMC  
Municipal Clerk

Attachment: Memorandum of Understanding between the Sitka Tribe of Alaska and the City and Borough of Sitka, July 11, 1998