



# City and Borough of Sitka

PROVIDING FOR TODAY...PREPARING FOR TOMORROW

---

*A Coast Guard City*

## MEMORANDUM

**To:** Mayor Eisenbeisz and Assembly Members

**Thru:** John Leach, Municipal Administrator

**From:** Amy Ainslie, Planning Director

**Date:** August 5, 2021

**Subject:** 4951 HPR Lease

---

### **Background**

The No Name Mountain/Granite Creek (NNM) Master Plan included analysis and recommendations for use of the 17 acre waterfront parcel located at 4951 Halibut Point Road. For purposes of easier referencing, the Master Plan referred to this area as "Harbor Point". Suggestions in the plan included either development for high-end residential development or recreational tourism. The plan was finished in June 2020.

Prior to the initiation of the NNM Master Plan, interest in this parcel arose in late 2019 as it was the subject of a proposed land swap in relation to construction of a boat haul-out that did not take place. Staff provided a Special Report in February 2020.

An RFI was open for respondents from July 22 through August 21<sup>st</sup> in order to gauge market interest in the parcel and desired uses of the land. The Assembly reviewed these responses in Executive Session on September 8<sup>th</sup>. The Assembly directed staff to develop an RFP to either sell or lease the property with open development options for respondents at their November 10<sup>th</sup> meeting.

The RFP was open from December 2, 2020, through February 2, 2021. It was advertised locally as well as in Juneau, Anchorage, and Seattle. By the closing date, we received one response from Shee Atika Inc. (SAI), in partnership with Adventure Sitka.

A review team comprised of the Administrator, a representative from STA, Planning, Public Works, Assessing, and the Electric Department reviewed the response, but felt that more information/clarification was needed from the proposers before being able to score the response. All clarifications on the RFP response were finalized on April 21<sup>st</sup>.

The Assembly reviewed the response and the scoring from the review team on May 25<sup>th</sup>. After discussion in executive session, the Assembly directed the Administrator to negotiate a lease for the property based on terms discussed in executive session.

CBS and SAI came to a consensus on some of the major terms of the lease, reviewed and approved by the Assembly on June 22<sup>nd</sup>. Those terms include:

- Initial term of 20 years with two, 10-year extensions at the option of the Lessor and Lessee
- An annual lease rate of \$60,000, adjusted for CPI every three years
- Revenue sharing of \$4/site visitor, increasing to \$4.40/site visitor in 2031
- An annual report to the Administrator to include site visitor counts, tickets sold, and local employment statistics
- The site shall be zoned as “Recreation”, and CBS will work on a zoning text amendment (future ordinance) to make “Amusement and entertainment”, “Eating and drinking”, and “Outdoor amphitheater” conditional uses in the Recreation zone
- Future subleases, outside of Adventure Sitka, LLC (the operator of the site as explicated in the accepted RFP response) would require Assembly approval
- Improvements on the site will be consistent with the accepted RFP response – any improvements above and beyond those in the RFP response will be subject Assembly approval as well as prevailing zoning regulations

The final lease document has been prepared and agreed upon by CBS staff, SAI, and Adventure Sitka.

### **Analysis**

Resulting lease is consistent with the accepted RFP proposal and direction from the Assembly as to the lease terms and management.

### **Fiscal Note**

None outside of lease terms as described in the background section.

### **Recommendation**

Approve Ordinance 2021-20 authorizing the lease of 4951 Halibut Point Road for the purpose of a commercial recreation development to be undertaken by Shee Atika, Inc. and Adventure Sitka, LLC consistent with their response to the Request for Proposals for development of said property.