

POSSIBLE MOTION

I MOVE TO approve Ordinance 2018-02 on
second and final reading.



City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

Coast Guard City, USA

MEMORANDUM

To: Mayor Hunter and Members of the Assembly
Keith Brady, Municipal Administrator

From: Michael Scarcelli, Planning and Community Development Department Director *MS*
Samantha Pierson, Planner I

CC: Wendy Lawrence, Assessor
Brian Hanson, Municipal Attorney

Subject: Lease of Tidelands Adjacent 4319 Halibut Point Road and 104 Pirates Way

Date: January 12, 2018

Background: Larry McCrehin requests to renew his lease for Alaska Tideland Survey (ATS) 1300 tidelands adjacent 4319 Halibut Point Road and 104 Pirates Way. Class III Tideland leases are approved by the Assembly by ordinance.

McCrehin lives on the uplands and uses the tidelands as an accessory use to the existing residential use. The tidelands are gradually sloping and filled in accordance with the existing lease agreement. There are no existing or proposed structures on the lease parcel. Due to its location, the parcel has little practical value to anyone other than the upland owner.

In 1989, the Alaska Department of Natural Resources (DNR) owned the 4792 square foot (0.11 acre) parcel of tidelands (ATS 1300) adjacent 4319 Halibut Point Road and 104 Pirates Way and entered into a 30-year lease agreement with Larry McCrehin. In 1997, DNR conveyed ATS 1300 to CBS. The current lease is set to expire April 30, 2019. McCrehin has indicated that as he is aging, he would like to get his estate in order, thus the early lease renewal. Since 1989, McCrehin has paid \$325 per year for the lease parcel.

McCrehin has proposed to buy the parcel instead of leasing; however, during the 1997 land conveyance, DNR placed a restriction on the land that does not allow CBS to sell the land. McCrehin has expressed some concern for the increased lease amount; however, the lease price has not been updated in 30 years. Sitka General Code 18.16.190 states that lease prices shall be determined by open auction with the minimum price to be no less than the value established by the municipal assessor.

Valuation: In August 2017, the CBS Assessor determined that the valuation of the parcel is \$51,000. This value results in an updated annual lease amount of \$2295 plus tax. The annual lease payment, \$325 per year, was not adjusted in 30 years. Mr. McCrehin is current on his payments.

Competitive bidding is not appropriate, as the lease applicants are the upland property owners and have existing rights for lease renewal.¹

Recommendations: At their December 19, 2017 meeting, the Planning Commission recommended approval of a 50 year tideland lease on a 4-0 vote.

Staff suggests the assembly pass a motion authorizing the Administrator to execute a 50-year lease for ATS 1300 tidelands adjacent 4319 Halibut Point Road and 104 Pirates Way with Larry McCrehin.

¹ Competitive Bidding is inappropriate as the applicants retain lease rights that precede applicable code, would result in unjust results to current lessees, and due to their reasonable investment backed expectations. Moreover, the property has little value to anyone other than the upland owner. (See SGC 18.12.010(C)&(E).