



# CITY AND BOROUGH OF SITKA

ASSEMBLY CHAMBERS  
330 Harbor Drive  
Sitka, AK  
(907)747-1811

## Meeting Agenda

### City and Borough Assembly

*Mayor Matthew Hunter  
Deputy Mayor Steven Eisenbeisz,  
Vice Deputy Mayor Bob Potrzuski,  
Aaron Bean, Kevin Knox, Dr. Richard Wein,  
Benjamin Miyasato*

*Municipal Administrator: Keith Brady  
Municipal Attorney: Brian Hanson  
Municipal Clerk: Sara Peterson*

---

Tuesday, February 13, 2018

6:00 PM

Assembly Chambers

---

#### REGULAR MEETING

I. CALL TO ORDER

II. FLAG SALUTE

III. ROLL CALL

IV. CORRESPONDENCE/AGENDA CHANGES

[18-023](#) Reminders, Calendars and General Correspondence

*Attachments:* [Reminders and Calendars.pdf](#)

[Library Director Report.pdf](#)

V. CEREMONIAL MATTERS

*none anticipated.*

VI. SPECIAL REPORTS: Government to Government, Municipal Boards/Commissions/Committees, Sitka Community Hospital, Municipal Departments, School District, Students and Guests (five minute time limit)

VII. PERSONS TO BE HEARD

*Public participation on any item off the agenda. All public testimony is not to exceed 3 minutes for any individual, unless the mayor imposes other time constraints at the beginning of the agenda item.*

VIII. REPORTS

**a. Mayor, b. Administrator, c. Attorney, d. Liaison Representatives, e. Clerk, f. Other****IX. CONSENT AGENDA**

*All matters under Item IX Consent Agenda are considered to be routine and will be enacted by one motion. There will be no separate discussion of these items. If discussion is desired, that item will be removed from the Consent Agenda and will be considered separately.*

- A**     [18-020](#)     Approve the minutes of the January 23 Assembly meeting

**Attachments:** [Consent and Minutes.pdf](#)

- B**     [18-019](#)     Liquor license applications: 1) Approve a liquor license renewal for Bayview Pub, LLC dba Bayview Restaurant at 407 Lincoln Street, Ste 201, 2) Approve a liquor license renewal for Beak, LLC dba Beak Restaurant at 2 Lincoln Street, Ste 1A, and 3) Approve a liquor license renewal for The Longliner Lodge & Suites, LLC dba The Longliner Lodge & Suites at 485 Katlian Street

**Attachments:** [Motion and Memo liquor license renewal applications.pdf](#)  
[Bayview Restaurant.pdf](#)  
[Beak.pdf](#)  
[Longliner.pdf](#)

**X. BOARD, COMMISSION, COMMITTEE APPOINTMENTS**

- C**     [18-022](#)     Appoint Pat Hughes to a three-year term on the Local Emergency Planning Committee - Category 2

**Attachments:** [Motion and Hughes application.pdf](#)

**XI. UNFINISHED BUSINESS:**

- D**     [ORD 18-01](#)     Amending Sitka General Code Section 2.08.050 Planning Commission Organization

**Attachments:** [Motion and Memo Ord 2018-01.pdf](#)  
[Ord 2018-01.pdf](#)  
[Code Meeting Schedules.pdf](#)  
[2018 Cut-off dates.pdf](#)

- E**      [ORD 18-02](#)      Authorizing the lease of Alaska Tideland Survey 1300 to Larry McCrehin (adjacent 4319 Halibut Point Road and 104 Pirates Way)  
*Attachments:* [Motion and Memo Ord 2018-02.pdf](#)  
[Ord 2018-02.pdf](#)  
[Lease Agreement..pdf](#)  
[supporting documentation.pdf](#)
- F**      [18-015](#)      Discussion/Direction regarding the removal of fluoride from municipal drinking water (postponed from the 1/23 meeting)  
*Attachments:* [Discussion ~ Direction fluoride.pdf](#)
- G**      [18-009](#)      Approve sending an Assembly member or Municipal Administrator to attend the March Seatrade Cruise Global event in Fort Lauderdale, FL (postponed from the 1/23 meeting)  
*Attachments:* [Motion and Memo Seatrade.pdf](#)  
[Halibut Point Marine Services Letter.pdf](#)  
[Greater Sitka Chamber of Commerce Letter.pdf](#)
- H**      [18-018](#)      Reassignment of an Assembly Liaison to the Historic Preservation Commission (postponed from the 1/23 meeting)  
*Attachments:* [LIAISONS 2017-2018.pdf](#)
- XII.      NEW BUSINESS:**
- I**      [18-021](#)      Approve a lease agreement between O'Brien & Son's Construction LLC and the City and Borough of Sitka for Block 4, Lot 7 of the Gary Paxton Industrial Park  
*Attachments:* [Motion and Memo GPIIP lease.pdf](#)  
[O'Brien letter of intent to lease.pdf](#)  
[Lease.pdf](#)
- J**      [ORD 18-04](#)      Amending Title 15 of the Sitka General Code by adding a new Chapter 15.15 "Utility Cost Subsidization Program" - 1st reading  
*Attachments:* [Motion and Memo Ord 2018-04.pdf](#)  
[Ord 2018-04.pdf](#)
- K**      [ORD 18-03](#)      Adjusting the FY18 Budget (document management system, investment management fees) - 1st reading  
*Attachments:* [Motion and Memo Ord 2018-03.pdf](#)  
[Ord 2018-03.pdf](#)

- L      [ORD 18-05](#)      Adjusting the FY18 Budget (Sitka Community Hospital RFP) - 1st reading

**Attachments:** [Memo and Ord 2018-05.pdf](#)

[Ord 2018-05.pdf](#)

**XIII.      PERSONS TO BE HEARD:**

*Public participation on any item on or off the agenda. Not to exceed 3 minutes for any individual.*

**XIV.      EXECUTIVE SESSION**

**XV.      ADJOURNMENT**

*Note: Detailed information on these agenda items can be found on the City website at <https://sitka.legistar.com/Calendar.aspx> or by contacting the Municipal Clerk's Office at City Hall, 100 Lincoln Street or 747-1811. A hard copy of the Assembly packet is available at the Sitka Public Library. Assembly meetings are aired live on KCAW FM 104.7 and via video streaming from the City's website. To receive Assembly agenda notifications, sign up with GovDelivery on the City website.*

*Sara Peterson, MMC, Municipal Clerk*

*Publish: February 9*



# CITY AND BOROUGH OF SITKA

## Legislation Details

---

**File #:** 18-023      **Version:** 1      **Name:**  
**Type:** Item      **Status:** AGENDA READY  
**File created:** 2/8/2018      **In control:** City and Borough Assembly  
**On agenda:** 2/13/2018      **Final action:**  
**Title:** Reminders, Calendars and General Correspondence  
**Sponsors:**  
**Indexes:**  
**Code sections:**  
**Attachments:** [Reminders and Calendars.pdf](#)  
[Library Director Report.pdf](#)

Date	Ver.	Action By	Action	Result
------	------	-----------	--------	--------

# REMINDERS

<u>DATE</u>	<u>EVENT</u>	<u>TIME</u>
Tuesday, February 13	Regular Meeting	6:00 PM
Tuesday, February 20	Work Session <i>Review of Long Range Fiscal Plans</i>	6:00 PM
Tuesday, February 27	Regular Meeting	6:00 PM

Happy  
Valentine's  
Day



# Assembly Calendar

2017    Jan    Feb    Mar    Apr    May    Jun    Jul    Aug    Sep    Oct    Nov    Dec    2019

## February 2018

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
28 Jan	29	30	31	1 Feb	2	3
Knox	Knox	6:00pm Work Session: Tax Exemptions			Eisenbeisz 3:00pm Investment Committee	Eisenbeisz
4	5	6	7	8	9	10
Eisenbeisz	Eisenbeisz	Eisenbeisz	Eisenbeisz 6:30pm Library Commission	Eisenbeisz 12:00pm LEPC 7:00pm Planning Commission	Eisenbeisz	
11	12	13	14	15	16	17
		12:00pm Parks & Rec 6:00pm <u>Regular Assembly Mtg</u>	12:00pm Health Needs & Human Services Commission 6:00pm Historic Preservation 6:15pm Port & Harbors Commission	Knox	Knox	Knox
18	19	20	21	22	23	24
Knox	Knox HOLIDAY	12:00pm <u>Tree/Landscape</u> 6:00pm Work Session: Review of Long Range Fiscal Plans	Eisenbeisz	Eisenbeisz 6:00pm Hospital Board Meeting 7:00pm Planning Commission		
25	26	27	28	1 Mar	2	3
Eisenbeisz	Eisenbeisz	Eisenbeisz 6:00pm <u>Regular Assembly Mtg</u>	Eisenbeisz Potrzuski 6:00pm Police and Fire Commission	Eisenbeisz Potrzuski 12:00pm SEDA Board Meeting	Eisenbeisz Potrzuski	Eisenbeisz Potrzuski

# Assembly Calendar

2017    Jan    Feb    Mar    Apr    May    Jun    Jul    Aug    Sep    Oct    Nov    Dec    2019

March 2018

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
25 Feb	26	27	28	1 Mar	2	3
Eisenbeisz	Eisenbeisz	Eisenbeisz 6:00pm <u>Regular Assembly Mtg</u>	Eisenbeisz Potrzuski 6:00pm Police and Fire Commission	Eisenbeisz Potrzuski 12:00pm SEDA Board Meeting	Eisenbeisz Potrzuski	Eisenbeisz Potrzuski
4	5	6	7	8	9	10
Potrzuski	Potrzuski	Potrzuski	6:30pm Library Commission	12:00pm LEPC 6:00pm Joint Budget Work Session: Assembly and School Board - Harrigan Centennial Hall 7:00pm Planning Commission		
11	12	13	14	15	16	17
		12:00pm Parks & Rec 6:00pm <u>Regular Assembly Mtg</u>	12:00pm Health Needs & Human Services Commission 6:00pm Historic Preservation 6:15pm Port & Harbors Commission	6:00pm <u>Special Meeting #1: Municipal Budget</u>		
18	19	20	21	22	23	24
		12:00pm <u>Tree/Landscape</u> 6:00pm <u>Work Session: Capital Improvements</u>		6:00pm Hospital Board Meeting 6:00pm <u>Special Meeting #2: Municipal Budget</u> 7:00pm Planning Commission		Potrzuski
25	26	27	28	29	30	31 Apr
Potrzuski	Potrzuski	Potrzuski 6:00pm <u>Regular Assembly Mtg</u>	Potrzuski 6:00pm Police and Fire Commission	Potrzuski 6:00am <u>Special Meeting #3: Municipal Budget</u>	Potrzuski	Potrzuski



# City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

---

## **Library Director Report: January 2018**

**Highlights:** The Film Noir Club event saw an increased attendance for the fourth consecutive month attracting 55 people on 01/06/18. Brent Turvey's presentation on 01/11/18 attracted 68 people to the event. SPL honored Martin Luther King Jr Day with youth programs partnering with AmeriCorps in the morning and an adult program in the evening screening the movie *Selma*. The Blatchley Middle School Spelling Bee event at the Library was featured on the front page of the *Sitka Sentinel*. Electronic Outreach Librarian, Greg Mandel, offered basic computer classes four days out of a week to 8 registered participants.

**Facility Update:** Rewiring of the light system in the Children's Room is still pending. The shelves purchased specifically to support DVDs are failing. The shelves weigh more than traditional book shelves so any pressure applied to them by customers has caused them to fall from the bookcase, bending the shelves and rendering them unusable.

### **Stats:**

10, 173 people visited the Library in January  
9022 physical materials checked out  
713 digital materials checked out  
807 renewed items, 1153 in-house used items  
181 attendees at 6 Adult Programs  
463 Attendees at 12 Youth Programs  
349 total public computer sessions  
78 combined hours of public computer time usage  
32 Meeting Room uses  
45 Study Room uses  
16 Teen Lab uses  
2 policy infractions

**Notes:** Print Management software is scheduled to be installed for the public computers in February 2018.



# CITY AND BOROUGH OF SITKA

## Legislation Details

---

File #: 18-020      Version: 1      Name:  
Type: Item      Status: AGENDA READY  
File created: 2/5/2018      In control: City and Borough Assembly  
On agenda: 2/13/2018      Final action:  
Title: Approve the minutes of the January 23 Assembly meeting  
Sponsors:  
Indexes:  
Code sections:  
Attachments: [Consent and Minutes.pdf](#)

Date	Ver.	Action By	Action	Result
------	------	-----------	--------	--------

# CONSENT AGENDA

## POSSIBLE MOTION

---

**I MOVE TO APPROVE THE CONSENT AGENDA  
CONSISTING OF ITEMS A & B**

I wish to remove Item(s) \_\_\_\_\_

**REMINDER – Read aloud a portion of each item being  
voted on that is included in the consent vote.**

Should this item be pulled from the Consent Agenda the following motion is suggested:

**POSSIBLE MOTION**

**I MOVE TO** approve the minutes of the  
January 23<sup>rd</sup> Assembly meeting.



# CITY AND BOROUGH OF SITKA

ASSEMBLY CHAMBERS  
330 Harbor Drive  
Sitka, AK  
(907)747-1811

## Minutes - Draft

### City and Borough Assembly

*Mayor Matthew Hunter  
Deputy Mayor Steven Eisenbeisz,  
Vice Deputy Mayor Bob Potrzuski,  
Aaron Bean, Kevin Knox, Dr. Richard Wein,  
Benjamin Miyasato*

*Municipal Administrator: Keith Brady  
Municipal Attorney: Brian Hanson  
Municipal Clerk: Sara Peterson*

---

Tuesday, January 23, 2018

6:00 PM

Assembly Chambers

---

#### REGULAR MEETING

- I. CALL TO ORDER
- II. FLAG SALUTE
- III. ROLL CALL

Present: 7 - Miyasato, Eisenbeisz, Potrzuski, Hunter, Knox, Bean, and Wein

#### IV. CORRESPONDENCE/AGENDA CHANGES

##### **18-008** Reminders, Calendars and General Correspondence

Mayor Hunter announced outside legal counsel was present to brief the Assembly on one of the executive session items. Hunter stated depending upon time, the Assembly may need to postpone some items to ensure the Assembly had time to hear from outside counsel.

Wein referenced the Public Works Assembly Update. He shared that a Request for Information had been posted by the State of Alaska Department of Transportation & Public Facilities seeking information on how an interested contractor could manage the Sitka Airport parking lot. Wein noted that charging for airport parking had been mentioned as a possibility. Jay Sweeney, Chief Finance and Administrative Officer, clarified later under item "VIII. Reports" that the airport terminal parking lot was owned by the State of Alaska. Sweeney stated parking discussions had been initiated by the State indicating they intended to charge for parking but would afford the City the opportunity to manage the parking and keep the revenue. Sweeney reported conversations were ongoing.

#### V. CEREMONIAL MATTERS

None.

**VI. SPECIAL REPORTS: Government to Government, Municipal Boards/Commissions/Committees, Sitka Community Hospital, Municipal Departments, School District, Students and Guests (five minute time limit)**

Rob Allen, Chief Executive Officer of Sitka Community Hospital, briefed the Assembly. Allen invited Assembly members to the January 25 Hospital Board meeting to hear the FY17 audit report, provided an update on the status of the StroudWater recommendations, and reported on the financial status of the Hospital.

Regarding the January 23 tsunami warning, Fire Chief Dave Miller thanked staff and the community for coming together to help one another.

**18-007**

Sitka Chapter of the Citizens' Climate Lobby

Kent Barkhau and Kay Kreiss of the Citizens' Climate Lobby, Sitka Chapter, briefed the Assembly on the Carbon Fee and Dividend proposal.

**VII. PERSONS TO BE HEARD**

Alene Henning reminded it was illegal to use a cell phone while driving and stated the Police Department was issuing tickets for the offense.

**VIII. REPORTS**

**a. Mayor, b. Administrator, c. Attorney, d. Liaison Representatives, e. Clerk, f. Other**

Mayor - Hunter thanked the community for coming together in response to the tsunami warning and commended Fire Chief Dave Miller.

Administrator - Brady thanked Emergency First Responders and Sitkans for their calm and rapid response to the morning's tsunami alert. He encouraged Sitkans to reflect on their emergency preparedness and take precautions. Brady reported he had met with Sitka Tribe of Alaska and Sitka Police Department to discuss collaboration on a domestic violence grant, and met with Senator Stedman for an update on state projects in Sitka and to review City Legislative Priorities.

Attorney - Hanson welcomed outside legal counsel Michael Gatti and Megan Sandone.

Liaison Representatives - Knox reported on the recent Planning Commission meeting. Wein gave an account of the Health Needs and Human Services Commission meeting and told of a special meeting January 24 on the Tobacco 21 initiative. Potrzuski reported on the work of the Tree and Landscape Committee and Miyasato on the Investment Committee.

Clerk - Peterson announced boards and commissions vacancies and reminded the Assembly of a work session on tax exemptions January 30.

**IX. CONSENT AGENDA**

**A 18-010** Approve the minutes of the January 9 Assembly meeting

A motion was made by Knox that this Item be APPROVED. The motion PASSED by a unanimous voice vote.

**B 18-011**

Approve a liquor license renewal application for Talon Charters, Inc. dba Talon Lodge on Apple Island

Wein wondered of the differences in information required of liquor license applicants. Eisenbeisz and Bean offered some of the differences had to do with the class and type of license.

A motion was made by Potrzuski that this Item be APPROVED. The motion PASSED by the following vote.

Yes: 7 - Miyasato, Eisenbeisz, Potrzuski, Hunter, Knox, Bean, and Wein

**C 18-012**

Approve a standard marijuana cultivation facility license application for Darren H Phillips dba Fiberflite at 120 Jarvis Street Unit C

Wein noted there were 14 conditions and asked for further clarification of the required review for a conditional use permit. Planning Director, Michael Scarcelli, explained the components of the review: notice to adjacent property owners, code review, working with applicant to ensure conditions have been met.

A motion was made by Potrzuski that this Item be APPROVED. The motion PASSED by the following vote.

Yes: 7 - Miyasato, Eisenbeisz, Potrzuski, Hunter, Knox, Bean, and Wein

**X. BOARD, COMMISSION, COMMITTEE APPOINTMENTS**

**D 18-013**

Reappoint: 1) Donna Callistini to a three-year term on the Local Emergency Planning Committee, and, Appoint: 1) Alan Stevens to a three-year term on the Local Emergency Planning Committee, 2) Daniel Gunn to an unexpired term on the Library Commission, and, 3) Jennifer Herrera to an unexpired term on the Health Needs and Human Services Commission

Wein invited the applicants present, Gunn and Herrera, to come forward and introduce themselves. Miyasato thanked all of the applicants for their willingness to serve.

A motion was made by Miyasato that this Item be APPROVED. The motion PASSED by the following vote.

Yes: 7 - Miyasato, Eisenbeisz, Potrzuski, Hunter, Knox, Bean, and Wein

**E 18-014**

Appoint three members to the Sitka Community Hospital Board (At-Large seats) - applicants are: 1) Carin Adickes, 2) Carolyn Evans, 3) Mary Ann Hall, 4) Robert Hattle, 5) Heidi Horner Raffaele, and 6) Loyd Platson

Potrzuski raised concern of a possible financial conflict of interest Wein may have. Potrzuski stated he had been approached by community members voicing concern of what they believed to be Wein's intent to possibly eliminate and replace Sitka Community Hospital's (SCH) management and be rehired or to be rehired as the Chief Executive Officer (CEO). Wein stated he had no conflict of interest and noted his basic interest was for the well being of the Hospital, Hospital staff, and the community. Mayor Hunter ruled Wein could participate. Knox added he had been approached by a community member with a similar concern. Knox stated Wein had made comments publicly of a need for management change at SCH. Knox wondered if Wein intended to

pursue the CEO position if it were to become vacant. Wein replied while he had not considered it, some community members had approached him about the idea. Wein stated he did not believe it was within his purview to proceed with that (CEO).

Board applicants Carin Adickes, Heidi Horner Raffaele, Carolyn Evans, and Robert Hattle came forward to introduce themselves. Hall and Platson were not in attendance.

Speaking from the public, Travis Hudson, Nancy Blatchley Davis, and Marilyn Corruzi spoke of the importance the Board served and stated their applicant preferences.

Assembly members thanked all of the applicants for applying and noted the difficult decision in choosing only three. Knox wondered if there was a possible conflict of interest with Carolyn Evans serving. Evans stated she had two family members who were employed by SCH but that there was no financial conflict of interest and she would recuse herself as needed.

**A motion was made by Wein to nominate Carin Adickes, Carolyn Evans, Mary Ann Hall, Robert Hattle, Heidi Horner Raffaele, and Loyd Platson to serve on the Sitka Community Hospital Board under the category of At-Large.**

**A voice vote of the Assembly was taken. Assembly members stated their top three applicant choices. On the first round, the top vote getters were Evans and Hattle with five votes each. Adickes and Horner Raffaele tied for the third seat with four votes each. A second vote of the Assembly was taken. Carin Adickes received four votes and Horner Raffaele three. The three individuals appointed to the Hospital Board were: Evans, Hattle, and Adickes.**

**XI. UNFINISHED BUSINESS:**

None.

**XII. NEW BUSINESS:**

**New Business First Reading**

**F ORD 18-01** Amending Sitka General Code Section 2.08.050 Planning Commission Organization

Knox, Assembly Liaison for the Planning Commission, noted the Commission was in support of the change and allowed for greater efficiencies. Wein encouraged the Commission to make their meeting dates conflict adverse with other city board/commission meeting dates. Eisenbeisz believed it was important for the Commission to maintain consistency and hoped meetings wouldn't unnecessarily be reduced to once a month thereby creating inefficiencies for the public. Planning Director, Michael Scarcelli, reiterated the intent was to allow for greater flexibility for the Commission - e.g. a different day. It was not the intent to make citizens wait to have their matters heard before the Commission. Scarcelli relayed the Commission intended to continue to meet at least twice a month unless circumstances warranted otherwise.

**A motion was made by Miyasato that this Ordinance be APPROVED on FIRST READING. The motion PASSED by the following vote.**

**Yes:** 6 - Miyasato, Potrzuski, Hunter, Knox, Bean, and Wein

No: 1 - Eisenbeisz

**G    ORD 18-02    Authorizing the lease of Alaska Tideland Survey 1300 to Larry McCrehin (adjacent 4319 Halibut Point Road and 104 Pirates Way)**

Wein encouraged the need for consistency in tidelands lease terms - e.g. 20 years, 30 years. The subject lease term was for 50 years. Hunter commented he was pleased to see an adjustment for inflation every 7 years. Knox relayed the Planning Commission was in support of the lease.

**A motion was made by Miyasato that this Ordinance be APPROVED on FIRST READING. The motion PASSED by the following vote.**

Yes: 7 - Miyasato, Eisenbeisz, Potrzuski, Hunter, Knox, Bean, and Wein

**Additional New Business Items**

**H    18-017    Consider for approval the City and Borough of Sitka Request for Proposal regarding Sitka Community Hospital**

Assembly members heard from consultants Sarah Cave and Steve Huebner.

Wein offered the process may be premature given new members on the Hospital Board, and in general principle wished to postpone the item to a future date because the Hospital may do better and become more suited for an affiliation or agreement with another hospital. He noted he had spoke with a Providence official. It was their opinion the Hospital would need to improve their bottom line in order for there to be interest from outside entities.

Eisenbeisz asked Municipal Attorney Brian Hanson for an explanation of the request for proposal (RFP) clause stating that, "under no circumstances should any Assembly member, officer, employee, physician, board member or affiliate of CBS or SCH be contacted directly, except with prior approval of CBS Administrator, P. Keith Brady, or CBS Municipal Attorney, Brian E. Hanson." Bean felt it important to move ahead with the RFP but didn't agree with the inclusion of the clause. Hanson explained this was a standard provision in affiliation with RFPs. The goal was to prevent any preferential contact and allow for a fair playing field for potential proposers. He added that once a RFP was accepted it put the Assembly into a quasi judicial role.

Hunter stated the document accurately represented the Assembly's direction to staff. He believed the RFP process would be a complete process and emphasized the importance of determining what the available options were with regards to the Hospital. Potrzuski and Knox concurred and reminded this was the process outlined to the community.

**A motion was made by Potrzuski to APPROVE the Request for Proposal by the City and Borough of Sitka for purchase, lease, partnership, management or affiliation off/with Sitka Community Hospital. The motion PASSED by the following vote.**

Yes: 7 - Miyasato, Eisenbeisz, Potrzuski, Hunter, Knox, Bean, and Wein

**I    18-015    Discussion/Direction regarding the removal of fluoride from municipal drinking water**

A motion was made by Potrzuski to POSTPONE items I, J, and K to the February 13 meeting in order to attend to item L. The motion PASSED by the following vote.

**Yes:** 4 - Miyasato, Potrzuski, Hunter, and Wein

**No:** 3 - Eisenbeisz, Knox, and Bean

- J 18-009** Approve sending an Assembly member or Municipal Administrator to attend the March Seatrade Cruise Global event in Fort Lauderdale, FL

A motion was made by Potrzuski to POSTPONE items I, J, and K to the February 13 meeting in order to attend to item L. The motion PASSED by the following vote.

**Yes:** 4 - Miyasato, Potrzuski, Hunter, and Wein

**No:** 3 - Eisenbeisz, Knox, and Bean

- K 18-018** Reassignment of an Assembly Liaison to the Historic Preservation Commission

A motion was made by Potrzuski to POSTPONE items I, J, and K to the February 13 meeting in order to attend to item L. The motion PASSED by the following vote.

**Yes:** 4 - Miyasato, Potrzuski, Hunter, and Wein

**No:** 3 - Eisenbeisz, Knox, and Bean

**XIII. PERSONS TO BE HEARD:**

Charles Bingham stated the State no longer had an employee at the local Division of Public Assistance Office. He encouraged the Assembly to work with the State to rectify the matter.

**XIV. EXECUTIVE SESSION**

- L 18-016** 1) Litigation Update/Report - Dapcevich vs. CBS/Gorman/Hunter, and, 2) Sulzbach vs. CBS

A motion was made by Potrzuski to go into Executive Session to 1) receive and discuss an update from legal counsel, Michael Gatti and Megan Sandone, regarding financial and legal matters affecting the Municipality as a result of the lawsuit filed by Marko Dapcevich on March 30, 2017, and, 2) receive and discuss a report from Municipal Attorney Brian Hanson regarding financial and legal matters affecting the Municipality as a result of the lawsuit filed by Sandy and Rob Sulzbach on December 18, 2017.

Bean wondered if he was going to be excluded from executive session with regards to the Dapcevich matter.

Knox asked Municipal Attorney, Brian Hanson, if there was concern with having Bean participate in executive session given the fact he had provided an affidavit to the Dapcevich case. Hanson stated there were concerns.

Mayor Hunter believed Bean to be a party to the lawsuit, on Dapcevich's side, because of the affidavit filed and presumed he was against the City's position. Bean disagreed and stated he was standing by his interpretation of what the Charter said and wasn't for or against anyone else's interpretation.

**A motion was made by Knox to remove Bean from the Dapcevich lawsuit executive session item. (vote follows)**

Hanson outlined the concerns and potential bias: Bean had aligned himself with Mr. Dapcevich in the past, had communication with Mr. Dapcevich and Mr. Geldhof, and had voluntarily provided an affidavit which supported the plaintiff's position against the City. Hanson noted this bias could affect the decision that was going to be asked of the Assembly in executive session. Hanson stated there was also concern about confidentiality.

Bean asked the Assembly to consider what the Charter said about an Assembly member having to vote on every item. He didn't believe his integrity was in question nor would there be a breach of confidentiality. Bean offered he had his interpretation of the Charter and stood by it. He stated while he happened to share a legal opinion on a matter with Mr. Dapcevich, he didn't see how it affected his ability to be in executive session.

Eisenbeisz wondered if Hanson and Gatti would be looking for direction in executive session or for the Assembly to come out and vote. He reminded of Bean's statement that he was required by Charter to vote on every item. Attorney Michael Gatti stated he would be looking for direction in executive session rather than a public vote because of some strategies looking that may be employed depending upon the direction from Assembly. Gatti added that Bean had indicated his position with respect to his belief that he disagreed with the judge and legal position the City had prevailed on. Gatti clarified typically there was a duty to vote among all Assembly members, however, if there was a conflict then that person may be recused. Hanson clarified he was not asking for Bean to be recused but that there were concerns for the Assembly to consider.

Miyasato inquired if Bean had been recused from previous executive session items on this matter. Hunter recalled there had been a meeting in which Assembly members were discussing a public records request filed by Mr. Dapcevich and the possibility of releasing documents that were considered protected documents because of potential legal risk. At that meeting Bean stated he had chosen to release them to Mr. Dapcevich on his own. Bean had explained he felt it was in his right to release them and had consulted a personal attorney. Bean, when queried by the Assembly, had answered the Assembly's questions to their satisfaction and was allowed to participate in the executive session. Since that time, Hunter said the one thing that had changed for him was that Bean had submitted an affidavit supporting the plaintiff's case against the City. Hunter felt it would be a liability to have any individual in the room who had filed anything in court against the position of the City.

Bean reiterated he had not shared any information from past executive sessions on the matter nor would he if allowed to participate in tonight's session.

A motion was made by Miyasato to extend the meeting to 11:00pm. The motion PASSED by the following vote.

**Yes: 7 - Miyasato, Eisenbeisz, Potrzuski, Hunter, Knox, Bean, and Wein**

Attorney Gatti reminded the issue was that when Attorney's came to an Assembly with legal strategies those were confidential and subject to attorney client privilege. He added there was also a work product privilege. One individual member didn't hold that privilege, but rather the body did. If one member were to breach that confidentiality, improperly or illegally, then the Assembly may feel a degree of distrust and it could also be a recallable offense because there would be a failure to perform prescribed duties if the member breached that confidentiality without approval of the Assembly. If someone was bias, and released confidential information, that could potentially create a conflict of interest. Bean had said he would not do that.

Miyasato stated Bean represented people who had voted for him. If he had stated he had not violated confidentiality, and participated in a previous executive session, then he believed Bean should be able to participate.

The motion to remove Mr. Bean from executive session FAILED by the following vote.

**Yes: 2 - Eisenbeisz and Hunter**

**No: 4 - Wein, Knox, Potrzuski, and Miyasato**

The motion to enter executive session PASSED by the following vote.

**Yes: 7 - Miyasato, Eisenbeisz, Potrzuski, Hunter, Knox, Bean, and Wein**

The Assembly was in executive session from 10:15pm to 10:55pm.

A motion was made by Miyasato to reconvene as the Assembly in regular session. The motion passed by a unanimous voice vote.

## **XV. ADJOURNMENT**

A motion was made by Potrzuski to ADJOURN. Hearing no objections, the meeting ADJOURNED at 10:58pm.

ATTEST: \_\_\_\_\_

**Sara Peterson, MMC  
Municipal Clerk**



# CITY AND BOROUGH OF SITKA

## Legislation Details

---

File #: 18-019      Version: 1      Name:

Type: Item      Status: AGENDA READY

File created: 2/5/2018      In control: City and Borough Assembly

On agenda: 2/13/2018      Final action:

Title: Liquor license applications: 1) Approve a liquor license renewal for Bayview Pub, LLC dba Bayview Restaurant at 407 Lincoln Street, Ste 201, 2) Approve a liquor license renewal for Beak, LLC dba Beak Restaurant at 2 Lincoln Street, Ste 1A, and 3) Approve a liquor license renewal for The Longliner Lodge & Suites, LLC dba The Longliner Lodge & Suites at 485 Katlian Street

Sponsors:

Indexes:

Code sections:

Attachments: [Motion and Memo liquor license renewal applications.pdf](#)  
[Bayview Restaurant.pdf](#)  
[Beak.pdf](#)  
[Longliner.pdf](#)

Date	Ver.	Action By	Action	Result
------	------	-----------	--------	--------

Should this item be pulled from the Consent Agenda the following motion is suggested:

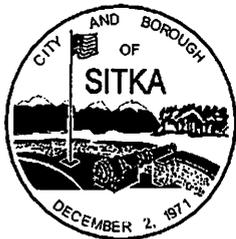
## **POSSIBLE MOTION**

**I MOVE TO** approve liquor license renewal applications for:

1) Bayview Pub, LLC dba Bayview Restaurant at 407 Lincoln Street, Suite 201,

2) Beak, LLC dba Beak Restaurant at 2 Lincoln Street, Suite 1A, and,

3) The Longliner Lodge & Suites, LLC dba The Longliner Lodge & Suites at 485 Katlian Street, and forward these approvals to the Alcoholic Beverage Control Board without objection.



# City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

---

## MEMORANDUM

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

**From:** Sara Peterson, Municipal Clerk

**Date:** February 7, 2018

**Subject:** Approve liquor license renewal applications for Bayview Pub, Beak Restaurant, and Longliner Lodge & Suites

---

Our office has received notification of the following three liquor license renewal applications:

**Lic #:** 268  
**DBA:** Bayview Restaurant  
**License Type:** Beverage Dispensary  
**Licensee:** Bayview Pub, LLC  
**Premises Address:** 407 Lincoln Street, Suite 201

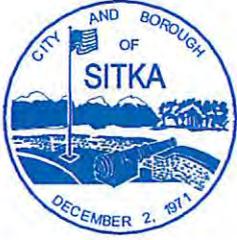
**Lic #:** 4971  
**DBA:** Beak Restaurant  
**License Type:** Restaurant/Eating Place  
**Licensee:** Beak, LLC  
**Premises Address:** 2 Lincoln Street, Ste 1A

**Lic #:** 4117  
**DBA:** The Longliner Lodge & Suites  
**License Type:** Beverage Dispensary  
**Licensee:** The Longliner Lodge & Suites, LLC  
**Premises Address:** 485 Katlian Street

A memo was circulated to the various departments who may have a reason to protest. No departmental objections were received.

### Recommendation:

**Approve liquor license renewal applications for: 1) Bayview Pub, LLC dba Bayview Restaurant at 407 Lincoln Street, Suite 201, 2) Beak, LLC dba Beak Restaurant at 2 Lincoln Street, Ste 1A, and, 3) The Longliner Lodge & Suites, LLC dba The Longliner Lodge & Suites at 485 Katlian Street, and forward these approvals to the Alcoholic Beverage Control Board without objection.**



# City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

---

## MEMORANDUM

**To:** Utility Billing Clerk – Diana  
Collections - Sunni  
Municipal Billings – Lindsey  
Sales Tax/Property Tax - Hannah  
Fire Department  
Police Department  
Building Official(s)

**From:** Sara Peterson, Municipal Clerk

**Date:** January 8, 2018

**Subject:** Liquor License Renewal Application – Bayview Restaurant

---

The Municipal Clerk's Office has been notified by the Alcohol and Marijuana Control Office of the following liquor license renewal application submitted by:

**Lic #:** 268  
**DBA:** Bayview Restaurant  
**License Type:** Beverage Dispensary  
**Licensee:** Bayview Pub, LLC  
**Premises Address:** 407 Lincoln Street, Suite 201

Please notify no later than **noon on Tuesday, January 16** of any reason to protest this renewal request.

Thank you.



THE STATE  
of **ALASKA**  
GOVERNOR BILL WALKER

**Department of Commerce, Community,  
and Economic Development**

ALCOHOL & MARIJUANA CONTROL OFFICE  
550 West 7<sup>th</sup> Avenue, Suite 1600  
Anchorage, AK 99501  
Main: 907.269.0350

January 8, 2018

City and Borough of Sitka  
Attn: Sara Peterson, Municipal Clerk  
Via Email: [sara.peterson@cityofsitka.org](mailto:sara.peterson@cityofsitka.org)  
[melissa.henshaw@cityofsitka.org](mailto:melissa.henshaw@cityofsitka.org)

**Re: Notice of 2018/2019 Liquor License Renewal Application**

<b>License Type:</b>	Beverage Dispensary	<b>License Number:</b>	268
<b>Licensee:</b>	Bayview Pub, LLC		
<b>Doing Business As:</b>	Bayview Restaurant		

We have received a completed renewal application for the above listed license (see attached application documents) within your jurisdiction. This is the notice required under AS 04.11.480.

A local governing body may protest the approval of an application(s) pursuant to AS 04.11.480 by furnishing the director **and** the applicant with a clear and concise written statement of reasons for the protest within 60 days of receipt of this notice, and by allowing the applicant a reasonable opportunity to defend the application before a meeting of the local governing body, as required by 3 AAC 304.145(d). If a protest is filed, the board will deny the application unless the board finds that the protest is arbitrary, capricious, and unreasonable.

To protest the application referenced above, please submit your written protest within 60 days, and show proof of service upon the applicant and proof that the applicant has had a reasonable opportunity to defend the application before a meeting of the local governing body.

Sincerely,

Handwritten signature of Erika McConnell in cursive.

Erika McConnell, Director  
[amco.localgovernmentonly@alaska.gov](mailto:amco.localgovernmentonly@alaska.gov)



Alcohol and Marijuana Control Office  
 550 W 7<sup>th</sup> Avenue, Suite 1600  
 Anchorage, AK 99501  
[alcohol.licensing@alaska.gov](mailto:alcohol.licensing@alaska.gov)  
<https://www.commerce.alaska.gov/web/amco>  
 Phone: 907.269.0350

Alaska Alcoholic Beverage Control Board

## Master Checklist: Renewal Liquor License Application

License Type:	BD	License Number:	268
Doing Business As:	Bayview Restaurant		
Examiner:	Carrie	Transaction #:	1020458

Document	Received	Completed	Notes
AB-17: Renewal Application	12/12/17	1/4	
App and License Fees	12/12/17	1/4	

Supplemental Document	Received	Completed	Notes
Tourism/Rec Site Statement			
AB-25: Supplier Cert (WS)			
AB-29: Waiver of Operation			
AB-30: Minimum Operation			
Fingerprint Cards & Fees / AB-08a: Crim. History			
Late Fee			

Names on FP Cards:	
--------------------	--

Yes No

- Selling alcohol in response to written order (package stores)?  Yes  No
- Mailing address different than one in database?  Yes  No
- In "Good Standing" with CBPL (skip this and next question for sole proprietor)?  Yes  No
- Officers and stockholders match CBPL and database (if "No", determine if transfer necessary)?  Yes  No



Alcohol and Marijuana Control Office  
 550 W 7<sup>th</sup> Avenue, Suite 1600  
 Anchorage, AK 99501  
[alcohol.licensing@alaska.gov](mailto:alcohol.licensing@alaska.gov)  
<https://www.commerce.alaska.gov/web/amco>  
 Phone: 907.269.0350

Alaska Alcoholic Beverage Control Board

**Form AB-17: 2018/2019 Renewal License Application**

**What is this form?**

This renewal license application form is required for all individuals or entities seeking to apply for renewal of an existing liquor license that will expire on December 31, 2017. All fields of this form must be complete and correct, or the application will be returned to you in the manner in which it was received, per AS 04.11.270 and 3 AAC 304.105. The Community Council field only should be verified/completed by licensees whose establishments are located within the Municipality of Anchorage or outside of city limits within the Matanuska-Susitna Borough.

**This form must be completed correctly and submitted to the Alcohol & Marijuana Control Office (AMCO)'s main office, along with all other required documents and fees, before any renewal license application will be considered complete.**

**Section 1 – Establishment and Contact Information**

Enter information for the business seeking to have its license renewed. If any populated information is incorrect, please contact AMCO.

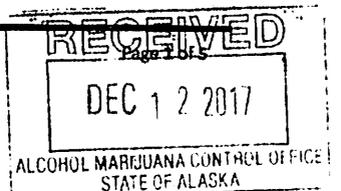
Licensee:	Bayview Pub, LLC	License #:	268
License Type:	Beverage Dispensary	Statute:	AS 04.11.090
Doing Business As:	Bayview Restaurant		
Premises Address:	407 Lincoln Street <del>Suite 201</del> SUITE 201		
Local Governing Body:	City & Borough of Sitka		
Community Council:	None		

Mailing Address:	407 LINCOLN STREET, SUITE 201		
City:	SITKA	State:	AK
ZIP:	99835		

Enter information for the individual who will be designated as the primary point of contact regarding this application. This individual must be a licensee who is required to be listed in and authorized to sign this application.

Point of Contact:	ANTHONY (TONY) BLAK		
Contact Phone:	509-660-1710	Business Phone:	907-747-5300
Contact Email:	tonybl@nwlnet		

Seasonal License?  Yes  No **If "Yes", write your six-month operating period: \_\_\_\_\_**





Alcohol and Marijuana Control Office  
550 W 7<sup>th</sup> Avenue, Suite 1600  
Anchorage, AK 99501  
alcohol.licensing@alaska.gov  
https://www.commerce.alaska.gov/web/amco  
Phone: 907.269.0350

Alaska Alcoholic Beverage Control Board

### Form AB-17: 2018/2019 Renewal License Application

#### Section 2 - Authorization

Communication with AMCO staff:

Yes No

Does any person other than a licensee named in this application have authority to discuss this license with AMCO staff?

Yes  No

If "Yes", disclose the name of the individual and the reason for this authorization:

[Empty box for disclosure]

#### Section 3 - Sole Proprietor Ownership Information

This section must be completed by any sole proprietorship who is applying for license renewal. Entities should slip to Section 4. If more space is needed, please attach a separate sheet with the required information. The following information must be completed for each licensee and each affiliate (spouse).

This individual is an:  applicant  affiliate

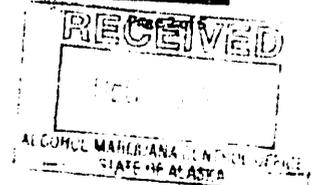
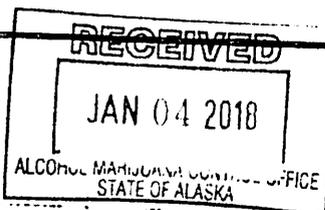
A.B. 1/4/17

Name:	ANTHONY (TONY) BUAK				
Mailing Address:	407 LINGAN ST, SUITE 401				
City:	SITKA	State:	AK	ZIP:	99565
Email:	kemp@nw.net				
Contact Phone:	907-749-5300				

This individual is an:  applicant  affiliate

Name:					
Mailing Address:					
City:		State:		ZIP:	
Email:					
Contact Phone:					

[Form AB-17] (rev 10/16/2017)  
License #268 DDA Dayview Restaurant





Alcohol and Marijuana Control Office  
 550 W 7<sup>th</sup> Avenue, Suite 1600  
 Anchorage, AK 99501  
[alcohol.licensing@alaska.gov](mailto:alcohol.licensing@alaska.gov)  
<https://www.commerce.alaska.gov/web/amco>  
 Phone: 907.269.0350

Alaska Alcoholic Beverage Control Board  
**Form AB-17: 2018/2019 Renewal License Application**

**Section 4 – Entity Ownership Information**

This subsection must be completed by any licensee that is a corporation or LLC. Corporations and LLCs are required to be in good standing with the Alaska Division of Corporations, Business & Professional Licensing (CBPL). You may view your entity's status or find your CBPL entity number by using the following site: <https://www.commerce.alaska.gov/cbp/main/search/entities>  
 Partnerships may skip to the second half of this page. Sole proprietorships should skip to Section 5.

Alaska CBPL Entity #:	1053243E
-----------------------	----------

You must ensure that you are able to certify the following statement before signing your initials in the box to the right: Initials

I certify that this entity is in good standing with CBPL and that all current entity officials and stakeholders (listed below) are also currently and accurately listed with CBPL. AE

This subsection must be completed by any community or entity, including a corporation, limited liability company, partnership, or limited partnership, that is applying for renewal. If more space is needed, please attach additional completed copies of this page.

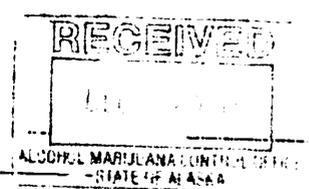
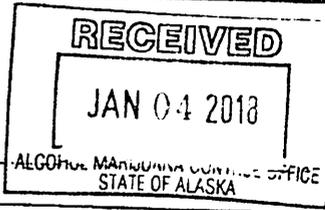
- If the applicant is a corporation, the following information must be completed for each stockholder who owns 10% or more of the stock in the corporation, and for each president, vice-president, secretary, and managing officer.
- If the applicant is a limited liability organization, the following information must be completed for each member with an ownership interest of 10% or more, and for each manager.
- If the applicant is a partnership, including a limited partnership, the following information must be completed for each partner with an interest of 10% or more, and for each general partner.

Entity Official Name:	ANTHONY N. BILAK		
Title(s):	MEMBER ANTHONY N BILAK	Phone:	907-747-5922
Mailing Address:	407 LINCOLN ST, SUITE 201		
City:	SITKA	State:	AK
		ZIP:	99635

Entity Official Name:			
Title(s):		Phone:	
Mailing Address:			
City:		State:	
		ZIP:	

Entity Official Name:			
Title(s):		Phone:	
Mailing Address:			
City:		State:	
		ZIP:	

[Form AB-17] (rev 10/16/2017)  
 License #268 DBA Bayview Restaurant





Alcohol and Marijuana Control Office  
 550 W 7<sup>th</sup> Avenue, Suite 1600  
 Anchorage, AK 99501  
[alcohol.licensing@alaska.gov](mailto:alcohol.licensing@alaska.gov)  
<https://www.commerce.alaska.gov/web/amco>  
 Phone: 907.269.0350

Alaska Alcoholic Beverage Control Board

**Form AB-17: 2018/2019 Renewal License Application**

**Section 5 – License Operation**

Check a single box for each calendar year that best describes how this liquor license was operated:	2016	2017
The license was regularly operated continuously throughout each year, for 8 or more hours each day.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
The license was regularly operated during a specific season each year, for 8 or more hours each day.	<input type="checkbox"/>	<input type="checkbox"/>
The license was only operated to meet the minimum requirement of 30 days each year, 8 hours each day. <i>If this box is checked, a complete copy of Form AB-30: Proof of Minimum Operation Checklist, and all necessary documentation must be provided with this application.</i>	<input type="checkbox"/>	<input type="checkbox"/>
The license was not operated at all or was not operated for at least the minimum requirement of 30 days each year, 8 hours each day, during one or both of the calendar years. <i>If this box is checked, a complete copy of Form AB-29: Waiver of Operation Application and corresponding fees must be submitted with this application for each calendar year during which the license was not operated for at least the minimum requirement.</i>	<input type="checkbox"/>	<input type="checkbox"/>

**Section 6 – Violations and Convictions**

Applicant violations and convictions in calendar years 2016 and 2017:	Yes	No
Have any notices of violation (NOVs) been issued to this licensee in the calendar years 2016 or 2017?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Has any person or entity named in this application been convicted of a violation of Title 04, of 3 AAC 304, or a local ordinance adopted under AS 04.21.010 in the calendar years 2016 or 2017?	<input type="checkbox"/>	<input checked="" type="checkbox"/>

If "Yes" to either of the previous two questions, attach a separate page to this application listing all NOVs and/or convictions.

**Section 7 – Alcohol Server Education**

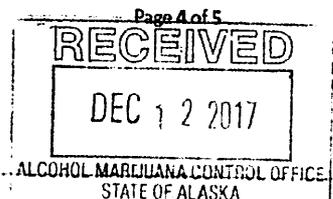
This section must be completed only by the holder of a beverage dispensary, club, or pub license or conditional contractor's permit. The holders of all other license types should skip to Section 8.

Read the line below, and then sign your initials in the box to the right of the statement: \_\_\_\_\_ Initials

I certify that all licensees, agents, and employees who sell or serve alcoholic beverages or check identification of a patron have completed an alcohol server education course approved by the ABC Board and keep current, valid copies of their course completion cards on the licensed premises during all working hours, as required under AS 04.21.025 and 3 AAC 304.465.

**AB**

[Form AB-17] (rev 10/16/2017)  
 License #268 DBA Bayview Restaurant





Alcohol and Marijuana Control Office  
 550 W 7<sup>th</sup> Avenue, Suite 1600  
 Anchorage, AK 99501  
[alcohol.licensing@alaska.gov](mailto:alcohol.licensing@alaska.gov)  
<https://www.commerce.alaska.gov/web/amco>  
 Phone: 907.269.0350

Alaska Alcoholic Beverage Control Board  
**Form AB-17: 2018/2019 Renewal License Application**

**Section 8 - Certifications**

Read each line below, and then sign your initials in the box to the right of each statement:

- |   |   |
|---|---|
| I certify that all current licensees (as defined in AS 04.11.260) and affiliates have been listed on this application.  | Initials<br><div style="border: 1px solid black; padding: 2px; display: inline-block;">AB</div> |
| I certify that in accordance with AS 04.11.450, no one other than the licensee(s) has a direct or indirect financial interest in the licensed business.   | <div style="border: 1px solid black; padding: 2px; display: inline-block;">AB</div>             |
| I certify that I have not altered the functional floor plan or reduced or expanded the area of the licensed premises, and I have not changed the business name or the ownership (including officers, managers, general partners, or stakeholders) from what is currently on file with the Alcoholic Beverage Control Board. | <div style="border: 1px solid black; padding: 2px; display: inline-block;">AB</div>             |
| I certify on behalf of myself or of the organized entity that I understand that providing a false statement on this form or any other form provided by AMCO is grounds for rejection or denial of this application or revocation of any license issued.   | <div style="border: 1px solid black; padding: 2px; display: inline-block;">AB</div>             |

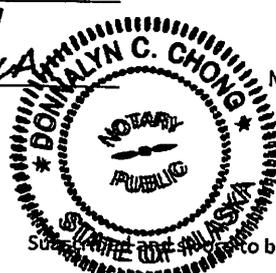
As an applicant for a liquor license renewal, I declare under penalty of perjury that I have read and am familiar with AS 04 and 3 AAC 304, and that this application, including all accompanying schedules and statements, is true, correct, and complete. I agree to provide all information required by the Alcoholic Beverage Control Board in support of this application and understand that failure to do so by any deadline given to me by AMCO staff will result in this application being returned to me as incomplete.

*Anthony N. Bua*  
 Signature of licensee

*Donnilyn C. Chong*  
 Signature of Notary Public

**ANTHONY N. BUA**  
 Printed name of licensee

Notary Public in and for the State of AK

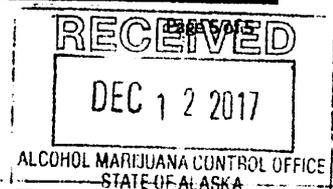


My commission expires: 12-08-2020

Subscribed and sworn to before me this 12<sup>th</sup> day of December, 2017.

License Fee:	\$ 2500.00	Application Fee:	\$ 200.00	TOTAL:	\$ 2700.00
Late Fee of \$500.00 – if received or postmarked after 01/02/2018:					
Miscellaneous Fees:					
<b>GRAND TOTAL (if different than TOTAL):</b>					

[Form AB-17] (rev 10/16/2017)  
 License #268 DBA Bayview Restaurant



Department of Commerce, Community, and Economic Development  
Division of Corporations, Business and Professional  
Licensing

State of Alaska > Commerce > Corporations, Business, & Professional Licensing > Search & Database Download > Corp. > Corporation Details

**NAME(S)**

<b>Type</b>	<b>Name</b>
Legal Name	Bayview Pub, LLC

**ENTITY DETAILS**

**Entity Type:** Limited Liability Company  
**Entity #:** 10032438  
**Status:** Good Standing  
**AK Formed Date:** 9/30/2015  
**Duration/Expiration:** Perpetual  
**Home State:** ALASKA  
**Next Biennial Report Due:** 1/2/2019  
**Entity Mailing Address:** 407 LINCOLN STREET, SITKA, AK 99835  
**Entity Physical Address:** 407 LINCOLN STREET, SITKA, AK 99835

**REGISTERED AGENT**

**Agent Name:** Anthony Buak  
**Registered Mailing Address:** 407 LINCOLN STREET, SITKA, AK 99835  
**Registered Physical Address:** 407 LINCOLN STREET, SITKA, AK 99835

**OFFICIALS**

<b>AK Entity #</b>	<b>Name</b>	<b>Titles</b>	<b>Owned</b>	<input type="checkbox"/> Show Former
	Anthony Buak	Member	100	

**FILED DOCUMENTS**

<b>Date Filed</b>	<b>Type</b>	<b>Filing</b>	<b>Certificate</b>
9/30/2015	Creation Filing	<a href="#">Click to View</a>	<a href="#">Click to View</a>
10/15/2015	Initial Report	<a href="#">Click to View</a>	
11/22/2016	Biennial Report	<a href="#">Click to View</a>	

**Juneau Mailing Address**

P.O. Box 110806  
 Juneau, AK 99811-0806

**Physical Address**

333 Willoughby Avenue  
 9th Floor  
 Juneau, AK 99801-1770

**Phone Numbers**

Main Phone: (907) 465-2550  
 FAX: (907) 465-2974

**Anchorage Mailing/Physical Address**

550 West Seventh Avenue  
 Suite 1500  
 Anchorage, AK 99501-3567

**Phone Numbers**

Main Phone: (907) 269-8160  
 FAX: (907) 269-8156



# City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

---

## MEMORANDUM

**To:** Utility Billing Clerk – Diana  
Collections - Sunni  
Municipal Billings – Lindsey  
Sales Tax/Property Tax - Hannah  
Fire Department  
Police Department  
Building Official(s)

**From:** Sara Peterson, Municipal Clerk

**Date:** January 26, 2018

**Subject:** Liquor License Renewal Application – Beak Restaurant

---

The Municipal Clerk's Office has been notified by the Alcohol and Marijuana Control Office of the following liquor license renewal application submitted by:

**Lic #:** 4971  
**DBA:** Beak Restaurant  
**License Type:** Restaurant/Eating Place  
**Licensee:** Beak, LLC  
**Premises Address:** 2 Lincoln Street, Ste. 1A

Please notify no later than **noon on Friday, February 2** of any reason to protest this renewal request. This request is scheduled to go before the Assembly on February 13.

Thank you.



THE STATE  
of **ALASKA**  
GOVERNOR BILL WALKER

**Department of Commerce, Community,  
and Economic Development**

ALCOHOL & MARIJUANA CONTROL OFFICE  
550 West 7<sup>th</sup> Avenue, Suite 1600  
Anchorage, AK 99501  
Main: 907.269.0350

January 22, 2018

City and Borough of Sitka  
Attn: Sara Peterson, Municipal Clerk  
Via Email: [sara.peterson@cityofsitka.org](mailto:sara.peterson@cityofsitka.org)  
[melissa.henshaw@cityofsitka.org](mailto:melissa.henshaw@cityofsitka.org)

**Re: Notice of 2018/2019 Liquor License Renewal Application**

<b>License Type:</b>	Restaurant/Eating Place	<b>License Number:</b>	4971
<b>Licensee:</b>	Beak, LLC		
<b>Doing Business As:</b>	Beak Restaurant		

We have received a completed renewal application for the above listed license (see attached application documents) within your jurisdiction. This is the notice required under AS 04.11.480.

A local governing body may protest the approval of an application(s) pursuant to AS 04.11.480 by furnishing the director **and** the applicant with a clear and concise written statement of reasons for the protest within 60 days of receipt of this notice, and by allowing the applicant a reasonable opportunity to defend the application before a meeting of the local governing body, as required by 3 AAC 304.145(d). If a protest is filed, the board will deny the application unless the board finds that the protest is arbitrary, capricious, and unreasonable.

To protest the application referenced above, please submit your written protest within 60 days, and show proof of service upon the applicant and proof that the applicant has had a reasonable opportunity to defend the application before a meeting of the local governing body.

Sincerely,

Handwritten signature of Erika McConnell in cursive.

Erika McConnell, Director  
[amco.localgovernmentonly@alaska.gov](mailto:amco.localgovernmentonly@alaska.gov)



Alaska Alcoholic Beverage Control Board

## Master Checklist: Renewal Liquor License Application

License Type:	REP	License Number:	4971
Doing Business As:	Beak Restaurant		
Examiner:	Carrie	Transaction #:	1020730

Document	Received	Completed	Notes
AB-17: Renewal Application	12/28	1/14	
App and License Fees	12/28	1/14	

Supplemental Document	Received	Completed	Notes
Tourism/Rec Site Statement			
AB-25: Supplier Cert (WS)			
AB-29: Waiver of Operation			
AB-30: Minimum Operation			
Fingerprint Cards & Fees / AB-08a: Crim. History			
Late Fee			

Names on FP Cards:	
--------------------	--

	Yes	No
Selling alcohol in response to written order (package stores)?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Mailing address different than one in database?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
In "Good Standing" with CBPL (skip this and next question for sole proprietor)?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Officers and stockholders match CBPL and database (if "No", determine if transfer necessary)?	<input checked="" type="checkbox"/>	<input type="checkbox"/>



Alcohol and Marijuana Control Office  
 550 W 7<sup>th</sup> Avenue, Suite 1600  
 Anchorage, AK 99501  
[alcohol.licensing@alaska.gov](mailto:alcohol.licensing@alaska.gov)  
<https://www.commerce.alaska.gov/web/amco>  
 Phone: 907.269.0350

Alaska Alcoholic Beverage Control Board

Restaurant or Eating Place License

**Form AB-17a: 2018/2019 Renewal License Application**

What is this form?

This renewal license application form is required for all individuals or entities seeking to apply for renewal of an existing restaurant or eating place liquor license that will expire on December 31, 2017. All fields of this form must be complete and correct, or the application will be returned to you in the manner in which it was received, per AS 04.11.270 and 3 AAC 304.105. The Community Council field only should be verified/completed by licensees whose establishments are located within the Municipality of Anchorage or outside of city limits within the Matanuska-Susitna Borough.

This form must be completed correctly and submitted to the Alcohol & Marijuana Control Office (AMCO)'s main office, along with all other required documents and fees, before any renewal license application will be considered complete.

**Section 1 – Establishment and Contact Information**

Enter information for the business seeking to have its license renewed. If any populated information is incorrect, please contact AMCO.

Licensee:	Beak, LLC	License #:	4971
License Type:	Restaurant/Eating Place	Statute:	AS 04.11.100
Doing Business As:	Beak Restaurant		
Premises Address:	2 Lincoln Street, Ste. 1A		
Local Governing Body:	City & Borough of Sitka		
Community Council:	None		

Mailing Address:	692 Indian River Rd.				
City:	Sitka	State:	AK	ZIP:	99835

Enter information for the individual who will be designated as the primary point of contact regarding this application. This individual must be a licensee who is required to be listed in and authorized to sign this application.

Point of Contact:	Renee J. Traffon		
Contact Phone:	(303) 478-2940	Business Phone:	(907) 966-2326
Contact Email:	Renee@beakrestaurant.com		

Seasonal License?  Yes  No   
 If "Yes", write your six-month operating period: \_\_\_\_\_



Alaska Alcoholic Beverage Control Board

Restaurant or Eating Place License

Form AB-17a: 2018/2019 Renewal License Application

Alcohol and Marijuana Control Office
550 W 7th Avenue, Suite 1600
Anchorage, AK 99501
alcohol.licensing@alaska.gov
https://www.commerce.alaska.gov/web/amco
Phone: 907.269.0350

Section 2 - Authorization

Communication with AMCO staff:

Yes No

Does any person other than a licensee named in this application have authority to discuss this license with AMCO staff?

Yes checkbox (empty)

No checkbox (checked)

If "Yes", disclose the name of the individual and the reason for this authorization:

Empty text box for disclosure

Section 3 - Sole Proprietor Ownership Information

This section must be completed by any sole proprietorship who is applying for license renewal. Entities should skip to Section 4. If more space is needed, please attach a separate sheet with the required information. The following information must be completed for each licensee and each affiliate (spouse).

This individual is an: [ ] applicant [ ] affiliate

Form for individual information: Name, Mailing Address, City, State, ZIP, Email, Contact Phone

This individual is an: [ ] applicant [ ] affiliate

Form for individual information: Name, Mailing Address, City, State, ZIP, Email, Contact Phone



Alcohol and Marijuana Control Office  
 550 W 7<sup>th</sup> Avenue, Suite 1600  
 Anchorage, AK 99501  
[alcohol.licensing@alaska.gov](mailto:alcohol.licensing@alaska.gov)  
<https://www.commerce.alaska.gov/web/amco>  
 Phone: 907.269.0350

Alaska Alcoholic Beverage Control Board

Restaurant or Eating Place License

**Form AB-17a: 2018/2019 Renewal License Application**

**Section 4 - Entity Ownership Information**

This subsection must be completed by any licensee that is a corporation or LLC. Corporations and LLCs are required to be in good standing with the Alaska Division of Corporations, Business & Professional Licensing (CBPL). You may view your entity's status or find your CBPL entity number by using the following site: <https://www.commerce.alaska.gov/cbp/main/search/entities>  
 Partnerships may skip to the second half of this page. Sole proprietorships should skip to Section 5.

Alaska CBPL Entity #:	10056808
-----------------------	----------

You must ensure that you are able to certify the following statement before signing your initials in the box to the right: Initials

I certify that this entity is in good standing with CBPL and that all current entity officials and stakeholders (listed below) are also currently and accurately listed with CBPL. RTT

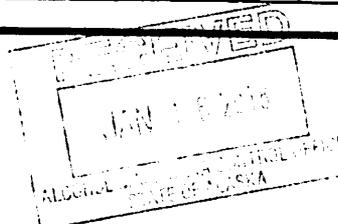
This subsection must be completed by any community or entity, including a corporation, limited liability company, partnership, or limited partnership, that is applying for renewal. If more space is needed, please attach additional completed copies of this page:

- If the applicant is a corporation, the following information must be completed for each stockholder who owns 10% or more of the stock in the corporation, and for each president, vice-president, secretary, and managing officer.
- If the applicant is a limited liability organization, the following information must be completed for each member with an ownership interest of 10% or more, and for each manager.
- If the applicant is a partnership, including a limited partnership, the following information must be completed for each partner with an interest of 10% or more, and for each general partner.

Entity Official Name:	Renee J. Traffoz			
Title(s):	Member / Manager	Phone:	(303) 425-2940	% Owned: 100
Mailing Address:	692 Indian River Rd			
City:	Sitka	State:	AK	ZIP: 99835

Entity Official Name:				
Title(s):		Phone:		% Owned:
Mailing Address:				
City:		State:		ZIP:

Entity Official Name:				
Title(s):		Phone:		% Owned:
Mailing Address:				
City:		State:		ZIP:





Alcohol and Marijuana Control Office  
 550 W 7<sup>th</sup> Avenue, Suite 1600  
 Anchorage, AK 99501  
[alcohol.licensing@alaska.gov](mailto:alcohol.licensing@alaska.gov)  
<https://www.commerce.alaska.gov/web/amco>  
 Phone: 907.269.0350

**Alaska Alcoholic Beverage Control Board**

**Restaurant or Eating Place License**

**Form AB-17a: 2018/2019 Renewal License Application**

**Section 5 – License Operation**

Check a single box for each calendar year that best describes how this liquor license was operated: 2016    2017

- The license was regularly operated continuously throughout each year, for 8 or more hours each day.  2016     2017
- The license was regularly operated during a specific season each year, for 8 or more hours each day.  2016     2017
- The license was only operated to meet the minimum requirement of 30 days each year, 8 hours each day.  
*If this box is checked, a complete copy of Form AB-30: Proof of Minimum Operation Checklist, and all necessary documentation must be provided with this application.*  2016     2017
- The license was not operated at all or was not operated for at least the minimum requirement of 30 days each year, 8 hours each day, during one or both of the calendar years.  
*If this box is checked, a complete copy of Form AB-29: Waiver of Operation Application and corresponding fees must be submitted with this application for each calendar year during which the license was not operated for at least the minimum requirement.*  2016     2017

**Section 6 – Violations and Convictions**

Applicant violations and convictions in calendar years 2016 and 2017: Yes    No

- Have any notices of violation (NOVs) been issued to this licensee in the calendar years 2016 or 2017?  Yes     No
- Has any person or entity named in this application been convicted of a violation of Title 04, of 3 AAC 304, or a local ordinance adopted under AS 04.21.010 in the calendar years 2016 or 2017?  Yes     No

If "Yes" to either of the previous two questions, attach a separate page to this application listing all NOVs and/or convictions.

**Section 7 – Alcohol Server Education**

Read the line below, and then sign your initials in the box to the right of the statement: Initials

I certify that all licensees, agents, and employees who sell or serve alcoholic beverages or check identification of a patron have completed an alcohol server education course approved by the ABC Board and keep current, valid copies of their course completion cards on the licensed premises during all working hours, as required under AS 04.21.025 and 3 AAC 304.465.

RST

DEC 7 2017



Alcohol and Marijuana Control Office  
 550 W 7<sup>th</sup> Avenue, Suite 1600  
 Anchorage, AK 99501  
 alcohol.licensing@alaska.gov  
<https://www.commerce.alaska.gov/web/amco>  
 Phone: 907.269.0350

Alaska Alcoholic Beverage Control Board  
**Restaurant or Eating Place License**  
**Form AB-17a: 2018/2019 Renewal License Application**

**Section 8 – Gross Receipts**

Enter the dollar amounts of the food and gross (food + alcohol) receipts on the licensed premises, and calculate the percentage of gross receipts that are from food sales on the licensed premises for each calendar year. (Food Receipts ÷ Gross Receipts x 100 = %)

2016 Food Receipts:	\$ 3,107,713.30	2016 Gross Receipts:	\$ 4,464,426.03	% From Food:	87.47%
2017 Food Receipts:	\$ 2,138,960.06	2017 Gross Receipts:	\$ 2,317,742.43	% From Food:	92.3%

**Section 9 – Certifications**

Read each line below, and then sign your initials in the box to the right of each statement:

Initials

I certify that all current licensees (as defined in AS 04.11.260) and affiliates have been listed on this application.

RJT

I certify that in accordance with AS 04.11.450, no one other than the licensee(s) has a direct or indirect financial interest in the licensed business.

RJT

I certify that I have not altered the functional floor plan or reduced or expanded the area of the licensed premises, and I have not changed the business name or the ownership (including officers, managers, general partners, or stakeholders) from what is currently on file with the Alcoholic Beverage Control Board.

RJT

I certify on behalf of myself or of the organized entity that I understand that providing a false statement on this form or any other form provided by AMCO is grounds for rejection or denial of this application or revocation of any license issued.

RJT

As an applicant for a liquor license renewal, I declare under penalty of perjury that I have read and am familiar with AS 04 and 3 AAC 304, and that this application, including all accompanying schedules and statements, is true, correct, and complete. I agree to provide all information required by the Alcoholic Beverage Control Board in support of this application and understand that failure to do so by any deadline given to me by AMCO staff will result in this application being returned to me as incomplete.

*Renee J. Trafton*  
 Signature of licensee

Renee J. Trafton  
 Printed name of licensee

**ASHLEY RENE HANCOCK**  
 NOTARY PUBLIC  
 STATE OF COLORADO  
 NOTARY ID 20144027391  
 MY COMMISSION EXPIRES 07/11/2018

*Ashley Renee Hancock*  
 Signature of Notary Public

Notary Public in and for the State of Colorado  
 My commission expires: 07-11-2018

Subscribed and sworn to before me this 28 day of December, 2017.

License Fee:	\$ 600.00	Application Fee:	\$ 200.00	TOTAL:	\$ 800.00
Late Fee of \$500.00 – if received or postmarked after 01/02/2018:					
Miscellaneous Fees:					
GRAND TOTAL (if different than TOTAL):					

**ASHLEY RENE HANCOCK**  
 NOTARY PUBLIC  
 STATE OF COLORADO  
 NOTARY ID 20144027391  
 MY COMMISSION EXPIRES 07/11/2018

Department of Commerce, Community, and Economic Development  
Division of Corporations, Business and Professional  
Licensing

State of Alaska > Commerce > Corporations, Business, & Professional Licensing > Search & Database Download > Corp. > Corporation Details

**NAME(S)**

Type	Name
Legal Name	Beak LLC

**ENTITY DETAILS**

Entity Type: Limited Liability Company  
 Entity #: 10056808  
 Status: Good Standing  
 AK Formed Date: 4/20/2017  
 Duration/Expiration: Perpetual  
 Home State: ALASKA  
 Next Biennial Report Due: 1/2/2019  
 Entity Mailing Address: 692 INDIAN RIVER RD, SITKA, AK 99835  
 Entity Physical Address: 692 INDIAN RIVER RD., SITKA, AK 99835

**REGISTERED AGENT**

Agent Name: Renee Trafton  
 Registered Mailing Address: 692 INDIAN RIVER RD, SITKA, AK 99835  
 Registered Physical Address: 692 INDIAN RIVER RD, SITKA, AK 99835

**OFFICIALS**

AK Entity #	Name	Titles	<input type="checkbox"/> Show Former Owned
	Renee Trafton	Member, Manager	100

**FILED DOCUMENTS**

Date Filed	Type	Filing	Certificate
4/20/2017	Creation Filing	<a href="#">Click to View</a>	<a href="#">Click to View</a>
4/20/2017	Initial Report	<a href="#">Click to View</a>	

**Juneau Mailing Address**

P.O. Box 110806  
 Juneau, AK 99811-0806

**Physical Address**  
 333 Willoughby Avenue  
 9th Floor  
 Juneau, AK 99801-1770

**Phone Numbers**  
 Main Phone: (907) 465-2550  
 FAX: (907) 465-2974

**Anchorage Mailing/Physical Address**

550 West Seventh Avenue  
 Suite 1500  
 Anchorage, AK 99501-3567

**Phone Numbers**  
 Main Phone: (907) 269-8160  
 FAX: (907) 269-8156



# City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

---

## MEMORANDUM

**To:** Utility Billing Clerk – Diana  
Collections - Sunni  
Municipal Billings – Lindsey  
Sales Tax/Property Tax - Hannah  
Fire Department  
Police Department  
Building Official(s)

**From:** Sara Peterson, Municipal Clerk

**Date:** January 26, 2018

**Subject:** Liquor License Renewal Application – The Longliner Lodge & Suites

---

The Municipal Clerk's Office has been notified by the Alcohol and Marijuana Control Office of the following liquor license renewal application submitted by:

**Lic #:** **4117**  
**DBA:** The Longliner Lodge & Suites  
**License Type:** Beverage Dispensary  
**Licensee:** The Longliner Lodge & Suites, LLC  
**Premises Address:** 485 Katlian Street

Please notify no later than **noon on Friday, February 2** of any reason to protest this renewal request. This request is scheduled to go before the Assembly on February 13.

Thank you.



THE STATE  
of **ALASKA**  
GOVERNOR BILL WALKER

Department of Commerce, Community,  
and Economic Development

ALCOHOL & MARIJUANA CONTROL OFFICE  
550 West 7<sup>th</sup> Avenue, Suite 1600  
Anchorage, AK 99501  
Main: 907.269.0350

January 19, 2018

City and Borough of Sitka  
Attn: Sara Peterson, Municipal Clerk  
Via Email: [sara.peterson@cityofsitka.org](mailto:sara.peterson@cityofsitka.org)  
[melissa.henshaw@cityofsitka.org](mailto:melissa.henshaw@cityofsitka.org)

**Re: Notice of 2018/2019 Liquor License Renewal Application**

<b>License Type:</b>	Beverage Dispensary	<b>License Number:</b>	4117
<b>Licensee:</b>	The Longliner Lodge & Suites, LLC		
<b>Doing Business As:</b>	The Longliner Lodge & Suites		

We have received a completed renewal application for the above listed license (see attached application documents) within your jurisdiction. This is the notice required under AS 04.11.480.

A local governing body may protest the approval of an application(s) pursuant to AS 04.11.480 by furnishing the director **and** the applicant with a clear and concise written statement of reasons for the protest within 60 days of receipt of this notice, and by allowing the applicant a reasonable opportunity to defend the application before a meeting of the local governing body, as required by 3 AAC 304.145(d). If a protest is filed, the board will deny the application unless the board finds that the protest is arbitrary, capricious, and unreasonable.

To protest the application referenced above, please submit your written protest within 60 days, and show proof of service upon the applicant and proof that the applicant has had a reasonable opportunity to defend the application before a meeting of the local governing body.

Sincerely,

Handwritten signature of Erika McConnell in cursive.

Erika McConnell, Director  
[amco.localgovernmentonly@alaska.gov](mailto:amco.localgovernmentonly@alaska.gov)



Alcohol and Marijuana Control Office  
 550 W 7<sup>th</sup> Avenue, Suite 1600  
 Anchorage, AK 99501  
[alcohol.licensing@alaska.gov](mailto:alcohol.licensing@alaska.gov)  
<https://www.commerce.alaska.gov/web/amco>  
 Phone: 907.269.0350

Alaska Alcoholic Beverage Control Board

## Master Checklist: Renewal Liquor License Application

License Type:	BD	License Number:	4117
Doing Business As:	The Longliner Lodge and Suites		
Examiner:	Carrie	Transaction #:	1020532

Document	Received	Completed	Notes
AB-17: Renewal Application	12/15	1/18	
App and License Fees	12/15	1/18	

Supplemental Document	Received	Completed	Notes
Tourism/Rec Site Statement			
AB-25: Supplier Cert (WS)			
AB-29: Waiver of Operation	12/15	1/18	
AB-30: Minimum Operation			
Fingerprint Cards & Fees / AB-08a: Crim. History			
Late Fee			

Names on FP Cards:	
--------------------	--

	Yes	No
Selling alcohol in response to written order (package stores)?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Mailing address different than one in database?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
In "Good Standing" with CBPL (skip this and next question for sole proprietor)?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Officers and stockholders match CBPL and database (if "No", determine if transfer necessary)?	<input type="checkbox"/>	<input type="checkbox"/>



Alcohol and Marijuana Control Office  
 550 W 7<sup>th</sup> Avenue, Suite 1600  
 Anchorage, AK 99501  
[alcohol.licensing@alaska.gov](mailto:alcohol.licensing@alaska.gov)  
<https://www.commerce.alaska.gov/web/amco>  
 Phone: 907.269.0350

Alaska Alcoholic Beverage Control Board

**Form AB-17: 2018/2019 Renewal License Application**

**What is this form?**

This renewal license application form is required for all individuals or entities seeking to apply for renewal of an existing liquor license that will expire on December 31, 2017. All fields of this form must be complete and correct, or the application will be returned to you in the manner in which it was received, per AS 04.11.270 and 3 AAC 304.105. The Community Council field only should be verified/completed by licensees whose establishments are located within the Municipality of Anchorage or outside of city limits within the Matanuska-Susitna Borough.

This form must be completed correctly and submitted to the Alcohol & Marijuana Control Office (AMCO)'s main office, along with all other required documents and fees, before any renewal license application will be considered complete.

**Section 1 – Establishment and Contact Information**

Enter information for the business seeking to have its license renewed. If any populated information is incorrect, please contact AMCO.

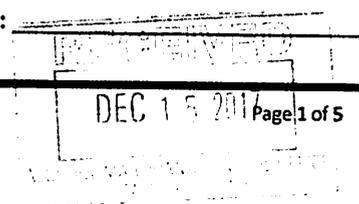
Licensee:	The Longliner Lodge & Suites, LLC	License #:	4117
License Type:	Beverage Dispensary	Statute:	AS 04.11.090
Doing Business As:	The Longliner Lodge and Suites		
Premises Address:	485 Katlian Street		
Local Governing Body:	City & Borough of Sitka		
Community Council:	None		

Mailing Address:	485 Katlian Street				
City:	Sitka	State:	AK	ZIP:	99835

Enter information for the individual who will be designated as the primary point of contact regarding this application. This individual must be a licensee who is required to be listed in and authorized to sign this application.

Point of Contact:	Jon Martin		
Contact Phone:	907.738.3017	Business Phone:	907.747.7910
Contact Email:	northpacificguides@gmail.com		

Seasonal License?  Yes  No  
 If "Yes", write your six-month operating period:





Alcohol and Marijuana Control Office  
 550 W 7<sup>th</sup> Avenue, Suite 1600  
 Anchorage, AK 99501  
[alcohol.licensing@alaska.gov](mailto:alcohol.licensing@alaska.gov)  
<https://www.commerce.alaska.gov/web/amco>  
 Phone: 907.269.0350

Alaska Alcoholic Beverage Control Board

**Form AB-17: 2018/2019 Renewal License Application**

**Section 2 – Authorization**

Communication with AMCO staff:

Yes No

Does any person other than a licensee named in this application have authority to discuss this license with AMCO staff?



If "Yes", disclose the name of the individual and the reason for this authorization:

**Section 3 – Sole Proprietor Ownership Information**

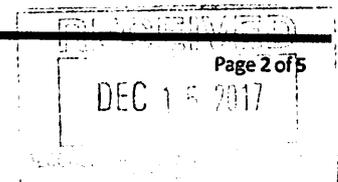
This section must be completed by any sole proprietorship who is applying for license renewal. Entities should skip to Section 4. If more space is needed, please attach a separate sheet with the required information. The following information must be completed for each licensee and each affiliate (spouse).

This individual is an:  applicant  affiliate

Name:					
Mailing Address:					
City:		State:		ZIP:	
Email:					
Contact Phone:					

This individual is an:  applicant  affiliate

Name:					
Mailing Address:					
City:		State:		ZIP:	
Email:					
Contact Phone:					





Alcohol and Marijuana Control Office  
 550 W 7<sup>th</sup> Avenue, Suite 1600  
 Anchorage, AK 99501  
[alcohol.licensing@alaska.gov](mailto:alcohol.licensing@alaska.gov)  
<https://www.commerce.alaska.gov/web/amco>  
 Phone: 907.269.0350

Alaska Alcoholic Beverage Control Board

## Form AB-17: 2018/2019 Renewal License Application

### Section 4 – Entity Ownership Information

This subsection must be completed by any licensee that is a corporation or LLC. Corporations and LLCs are required to be in good standing with the Alaska Division of Corporations, Business & Professional Licensing (CBPL). You may view your entity's status or find your CBPL entity number by using the following site: <https://www.commerce.alaska.gov/cbp/main/search/entities>  
 Partnerships may skip to the second half of this page. Sole proprietorships should skip to Section 5.

Alaska CBPL Entity #: ~~105104~~ **10052600**

You must ensure that you are able to certify the following statement before signing your initials in the box to the right: Initials

I certify that this entity is in good standing with CBPL and that all current entity officials and stakeholders (listed below) are also currently and accurately listed with CBPL.

JAM

This subsection must be completed by any community or entity, including a corporation, limited liability company, partnership, or limited partnership, that is applying for renewal. If more space is needed, please attach additional completed copies of this page.

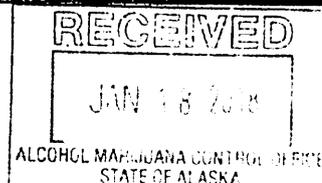
- If the applicant is a corporation, the following information must be completed for each stockholder who owns 10% or more of the stock in the corporation, and for each president, vice-president, secretary, and managing officer.
- If the applicant is a limited liability organization, the following information must be completed for each member with an ownership interest of 10% or more, and for each manager.
- If the applicant is a partnership, including a limited partnership, the following information must be completed for each partner with an interest of 10% or more, and for each general partner.

Entity Official Name:	Jon Andrew Martin					
Title(s):	JAM	Partner Member	Phone:	907 738 3017	% Owned:	30
Mailing Address:	108 Nancy Court					
City:	Sitka	State:	AK	ZIP:	99835	

Entity Official Name:	Herbert Tennell					
Title(s):	JAM	Partner Member	Phone:	360 461 1600	% Owned:	50
Mailing Address:	2174 Blue Mt. Rd.					
City:	Port Angeles	State:	WA	ZIP:	98362	

Entity Official Name:	James Heiser					
Title(s):	JAM	Partner Member	Phone:	760 518 0703	% Owned:	10
Mailing Address:	P.O. Box 232368					
City:	Encinitas	State:	CA	ZIP:	92023	

[Form AB-17] (rev 10/16/2017)  
 License #4117 DBA The Longliner Lodge and Suites





Alcohol and Marijuana Control Office  
 550 W 7<sup>th</sup> Avenue, Suite 1600  
 Anchorage, AK 99501  
[alcohol.licensing@alaska.gov](mailto:alcohol.licensing@alaska.gov)  
<https://www.commerce.alaska.gov/web/amco>  
 Phone: 907.269.0350

Alaska Alcoholic Beverage Control Board

**Form AB-17: 2018/2019 Renewal License Application**

**Section 4 – Entity Ownership Information**

This subsection must be completed by any licensee that is a corporation or LLC. Corporations and LLCs are required to be in good standing with the Alaska Division of Corporations, Business & Professional Licensing (CBPL). You may view your entity's status or find your CBPL entity number by visiting the following site: <https://www.commerce.alaska.gov/chp/main/search/entities>  
 Partnerships may skip to the second half of this page. Sole proprietorships should skip to Section 5.

Alaska CBPL Entity #:	1051041
-----------------------	---------

You must ensure that you are able to certify the following statement before signing your initials in the box to the right: Initials

I certify that this entity is in good standing with CBPL and that all current entity officials and stakeholders (listed below) are also currently and accurately listed with CBPL.



This subsection must be completed by any community or entity, including a corporation, limited liability company, partnership, or limited partnership, that is applying for renewal. If more space is needed, please attach additional completed copies of this page.

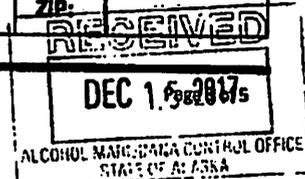
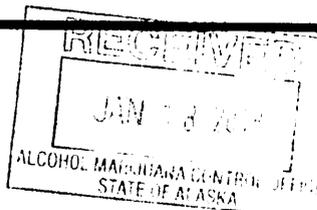
- If the applicant is a corporation, the following information must be completed for each *stockholder who owns 10% or more of the stock in the corporation, and for each president, vice-president, secretary, and managing officer.*
- If the applicant is a limited liability organization, the following information must be completed for each *member with an ownership interest of 10% or more, and for each manager.*
- If the applicant is a partnership, including a limited partnership, the following information must be completed for each *partner with an interest of 10% or more, and for each general partner.*

Entity Official Name:	Riley Poud			
Title(s):	JAM Partner Member	Phone:	253 509 3695	% Owned: 10
Mailing Address:	3519 Harborview Dr. #1			
City:	Gig harbor	State:	Wa	ZIP: 98332

Entity Official Name:				
Title(s):		Phone:		% Owned:
Mailing Address:				
City:		State:		ZIP:

Entity Official Name:				
Title(s):		Phone:		% Owned:
Mailing Address:				
City:		State:		ZIP:

[Form AB-17] (rev 10/16/2017)  
 License #4117 DBA The Longfiner Lodge and Suites





Alaska Alcoholic Beverage Control Board  
**Form AB-17: 2018/2019 Renewal License Application**

**Section 5 – License Operation**

Check a single box for each calendar year that best describes how this liquor license was operated:	2016	2017
The license was regularly operated continuously throughout each year, for 8 or more hours each day.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
The license was regularly operated during a specific season each year, for 8 or more hours each day.	<input type="checkbox"/>	<input type="checkbox"/>
The license was only operated to meet the minimum requirement of 30 days each year, 8 hours each day. <i>If this box is checked, a complete copy of Form AB-30: Proof of Minimum Operation Checklist, and all necessary documentation must be provided with this application.</i>	<input type="checkbox"/>	<input type="checkbox"/>
The license was not operated at all or was not operated for at least the minimum requirement of 30 days each year, 8 hours each day, during one or both of the calendar years. <i>If this box is checked, a complete copy of Form AB-29: Waiver of Operation Application and corresponding fees must be submitted with this application for each calendar year during which the license was not operated for at least the minimum requirement.</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

**Section 6 – Violations and Convictions**

Applicant violations and convictions in calendar years 2016 and 2017:	Yes	No
Have any notices of violation (NOVs) been issued to this licensee in the calendar years 2016 or 2017?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Has any person or entity named in this application been convicted of a violation of Title 04, of 3 AAC 304, or a local ordinance adopted under AS 04.21.010 in the calendar years 2016 or 2017?	<input type="checkbox"/>	<input checked="" type="checkbox"/>

If "Yes" to either of the previous two questions, attach a separate page to this application listing all NOVs and/or convictions.

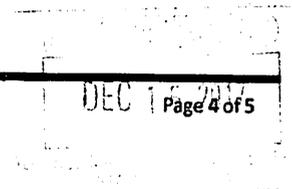
**Section 7 – Alcohol Server Education**

This section must be completed only by the holder of a beverage dispensary, club, or pub license or conditional contractor's permit. The holders of all other license types should skip to Section 8.

Read the line below, and then sign your initials in the box to the right of the statement: \_\_\_\_\_ Initials

I certify that all licensees, agents, and employees who sell or serve alcoholic beverages or check identification of a patron have completed an alcohol server education course approved by the ABC Board and keep current, valid copies of their course completion cards on the licensed premises during all working hours, as required under AS 04.21.025 and 3 AAC 304.465.

**JAM**





Alcohol and Marijuana Control Office  
 550 W 7<sup>th</sup> Avenue, Suite 1600  
 Anchorage, AK 99501  
[alcohol.licensing@alaska.gov](mailto:alcohol.licensing@alaska.gov)  
<https://www.commerce.alaska.gov/web/amco>  
 Phone: 907.269.0350

Alaska Alcoholic Beverage Control Board  
**Form AB-17: 2018/2019 Renewal License Application**

**Section 8 – Certifications**

Read each line below, and then sign your initials in the box to the right of each statement:

- I certify that all current licensees (as defined in AS 04.11.260) and affiliates have been listed on this application. JAM
- I certify that in accordance with AS 04.11.450, no one other than the licensee(s) has a direct or indirect financial interest in the licensed business. JAM
- I certify that I have not altered the functional floor plan or reduced or expanded the area of the licensed premises, and I have not changed the business name or the ownership (including officers, managers, general partners, or stakeholders) from what is currently on file with the Alcoholic Beverage Control Board. JAM
- I certify on behalf of myself or of the organized entity that I understand that providing a false statement on this form or any other form provided by AMCO is grounds for rejection or denial of this application or revocation of any license issued. JAM

As an applicant for a liquor license renewal, I declare under penalty of perjury that I have read and am familiar with AS 04 and 3 AAC 304, and that this application, including all accompanying schedules and statements, is true, correct, and complete. I agree to provide all information required by the Alcoholic Beverage Control Board in support of this application and understand that failure to do so by any deadline given to me by AMCO staff will result in this application being returned to me as incomplete.

[Signature]  
 Signature of licensee  
Jon Andrew Martin  
 Printed name of licensee

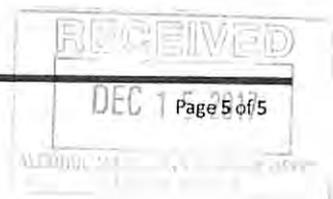
[Signature]  
 Signature of Notary Public  
 Notary Public in and for the State of Alaska

STATE OF ALASKA  
 NOTARY PUBLIC  
 CHRISTOPHER SPIVEY  
 My Commission Expires Oct 17 2020

My commission expires: Oct 17 2020

Subscribed and sworn to before me this 5 day of December, 2017.

License Fee:	\$ 2500.00	Application Fee:	\$ 200.00	TOTAL:	\$ 2700.00
Late Fee of \$500.00 – if received or postmarked after 01/02/2018:					
Miscellaneous Fees:					
GRAND TOTAL (if different than TOTAL):					



Department of Commerce, Community, and Economic Development  
Division of Corporations, Business and Professional  
Licensing

State of Alaska > Commerce > Corporations, Business, & Professional Licensing > Search & Database Download > Corp. > Corporation Details

**NAME(S)**

Type	Name
Legal Name	the Longliner Lodge & suiles, LLC

**ENTITY DETAILS**

**Entity Type:** Limited Liability Company  
**Entity #:** 10052600  
**Status:** Good Standing  
**AK Formed Date:** 2/28/2017  
**Duration/Expiration:** Perpetual  
**Home State:** ALASKA  
**Next Biennial Report Due:** 1/2/2019  
**Entity Mailing Address:** 485 KATLIAN STREET, SITKA, AK 99835  
**Entity Physical Address:** 485 KATLIAN STREET, SITKA, AK 99835

**REGISTERED AGENT**

**Agent Name:** Jon Martin  
**Registered Mailing Address:** 108 NANCY COURT, SITKA, AK 99835  
**Registered Physical Address:** 108 NANCY COURT, SITKA, AK 99835

**OFFICIALS**

AK Entity #	Name	Titles	Owned	<input type="checkbox"/> Show Former
	Herbert Tennell	Member	50	
	James Heiser	Member	10	
	Jon Martin	Member	30	
	Riley Dowd	Member	10	

**FILED DOCUMENTS**

Date Filed	Type	Filing	Certificate
2/28/2017	Creation Filing	<a href="#">Click to View</a>	<a href="#">Click to View</a>
3/27/2017	Initial Report	<a href="#">Click to View</a>	
3/29/2017	Change of Officials	<a href="#">Click to View</a>	

**Juneau Mailing Address**

P.O. Box 110806  
 Juneau, AK 99811-0806

**Physical Address**

333 Willoughby Avenue  
 9th Floor  
 Juneau, AK 99801-1770

**Phone Numbers**

Main Phone: (907) 465-2550  
 FAX: (907) 465-2974

**Anchorage Mailing/Physical Address**

550 West Seventh Avenue  
 Suite 1500  
 Anchorage, AK 99501-3567

**Phone Numbers**

Main Phone: (907) 269-8160  
 FAX: (907) 269-8156



# CITY AND BOROUGH OF SITKA

## Legislation Details

---

File #: 18-022      Version: 1      Name:

Type: Item      Status: AGENDA READY

File created: 2/5/2018      In control: City and Borough Assembly

On agenda: 2/13/2018      Final action:

Title: Appoint Pat Hughes to a three-year term on the Local Emergency Planning Committee - Category 2

Sponsors:

Indexes:

Code sections:

Attachments: [Motion and Hughes application.pdf](#)

Date	Ver.	Action By	Action	Result
------	------	-----------	--------	--------

## **POSSIBLE MOTION**

**I MOVE TO** appoint Pat Hughes to a three-year term\* on the Local Emergency Planning Committee – category 2.

\*Note: Category 2 – Law Enforcement, Civil Defense, Fire Fighting, First Aid, Local Env't/Hospital, and Transportation Personnel.

**State of Alaska**  
**LOCAL EMERGENCY PLANNING COMMITTEE**  
INDIVIDUAL APPLICATION FORM FOR MEMBERSHIP ON LEPC

LEPC name: Sitka Local Emergency Planning Committee

Applicant name: FAT HUGHES

Mailing address: [REDACTED]

Residence address: SAME

Day phone: [REDACTED] Home Phone (optional): [REDACTED]

Where employed: SC HOSPITAL Job title: FACILITIES MANAGER

LEPC category/seat that applicant seeks: 2

Categories: 1) Elected local officials, 2) Law Enforcement, Civil Defense, Fire Fighting, First Aid, Local Env/Hospital, and Transportation Personnel, 3) Media/Broadcast, 4) Community Groups, 5) Owners/Operators of Facilities, 6) Members of the Public, 7) LEPC Information Coordinator/SERC liaison

New applicant  Renewal  Regular member  Alternate member

Qualifications for this category: UAS C-CERT TEAM

MANAGER, FACILITIES SITKA COMMUNITY HOSPITAL

Organizations in which applicant participates (that are pertinent to the application):

SITKA COMM. HOSPITAL

Please provide enough information to demonstrate an applicant's eligibility or suitability for a particular seat on the LEPC. For the Public At Large position, please state whether an applicant qualifies for any other category on the LEPC.

Please note: all information submitted will be made public and published online. Appointments are normally made during open session of an Assembly meeting, however, Assembly members may vote to discuss applicant(s) in closed executive session. In this case, do you wish to be present when your application is discussed?  Yes  No

I hereby certify that the above information is correct and that I have not misrepresented myself.

[Signature]  
Signature

1/26/18  
Date

→ To be considered, your application must be complete AND be accompanied by either a letter of interest or resume. Return to:

Melissa Henshaw, Deputy Clerk  
100 Lincoln Street  
Fax: 907-747-7403  
Email: melissa.henshaw@cityofsitka.org



# LOCAL EMERGENCY PLANNING COMMITTEE

NAME	CONTACT NUMBERS		TERM STARTS	EXPIRES	CATEGORY
DAVE MILLER, CHAIR	747-1860	dave.miller@cityofsitka.org	Permanent	Fire Chief*	2
GEORGE BENNETT JR. 225 Tongass Drive	966-8916	gbennett@searhc.org	3/28/17	3/28/20	2
SHANNON FREITAS 222 Tongass Drive	966-8511	shannonf@searhc.org	3/28/17	3/28/20	2
MICHAEL SANDERS PO Box 226	738-2442	md.sanders8@gmail.com	9/26/17	9/26/20	2
ALAN STEVENS 2606 Sawmill Creek Road	747-8848 738-8237	astevenssit@gmail.com	1/23/18	1/23/21	2
DONNA CALLISTINI 208 Lake Street #2G	747-7107 w 747-5494	donna.callistini@yahoo.com	10/26/10, 11/12/13 1/23/18	10/26/13, 11/12/16 1/23/21	3
GAYLE HAMMONS 210 Kruzof Street	738-3028 c	kghammons@gmail.com	7/28/15	7/28/18	3
ANNABEL LUND PO Box 1616	623-0996 h	alund1123@yahoo.com	4/13/10, 4/23/13 4/12/16	4/13/13, 4/23/16 4/12/19	4
CAROL BERGE 315 Wachussetts Street	747-3636 w 738-3433	phoenix_fire957@yahoo.com	8/14/12 8/11/15	8/14/15 8/11/18	4
TRISH WHITE 117 Granite Creek Road	747-8006X202 w; 747-5976 h	trish@whitesalaska.com	3/10/09, 3/13/12 3/24/15	3/10/12, 3/15/15 3/24/18	5
SCOTT WAGNER 304 Nicole Drive	747-3791 h 738-2729 c	scott_wagner@nsraa.org	11/12/13 12/27/16	11/12/16 12/27/19	5
MARY ANN HALL 2037 Halibut Point Road	747-7265		8/23/11, 8/12/14 8/8/17	8/23/14, 8/12/17 8/8/20	6
AUBREY VAUGHAN 315 Seward Street	361-774-1234	ellenvaughan68@gmail.com	10/11/16	10/11/19	6
ROSE MILLER 120 Katlian Street	723-2225		6/13/17	6/13/20	6
JEFF ANKERFELT	747-3245	jeff.ankerfelt@sitkapd.org	Permanent	Police Chief*	2
LANCE EWERS	747-3245	lance.ewers@sitkapd.org	Permanent	Law Enforcement*	2
CRAIG WARREN	747-3233	craig.warren@cityofsitka.org	Permanent	LEPC Coordinator*	7
BOB POTRZUSKI	738-3261	assemblypotrzuski@cityofsitka.org	Non-Voting	Assembly Liaison	1
Gail Johansen Peterson 3511 Halibut Point Road	747-7646	scribeinkservices@gmail.com		Secretary	

\*The police and fire chiefs and the LEPC Coordinator are permanent appointments; whoever is serving in that capacity will be appointed to the commission. Minimum of seven members, 3-year terms; Established by Resolution 89-406; Amended by Resolution 89-441 and 99-727. Meeting: Second Thursday, noon – Fire Hall. **Quorum Requirement: At least one member from four different categories must be present. Categories as follows:** 1) Elected local officials 2) Law Enforcement, Civil Defense, Fire Fighting, First Aid, Local Environmental/Hospital, and Transportation Personnel 3) Media/ Broadcast 4) Community Groups 5) Owners/Operators of Facilities 6) Members of the Public 7) LEPC Information Coordinator/ SERC liaison

Revised: January 25, 2018



# CITY AND BOROUGH OF SITKA

## Legislation Details

---

File #: ORD 18-01    Version: 1    Name:  
Type: Ordinance    Status: AGENDA READY  
File created: 1/17/2018    In control: City and Borough Assembly  
On agenda: 2/13/2018    Final action:  
Title: Amending Sitka General Code Section 2.08.050 Planning Commission Organization  
Sponsors:  
Indexes:  
Code sections:  
Attachments: [Motion and Memo Ord 2018-01.pdf](#)  
[Ord 2018-01.pdf](#)  
[Code Meeting Schedules.pdf](#)  
[2018 Cut-off dates.pdf](#)

Date	Ver.	Action By	Action	Result
1/23/2018	1	City and Borough Assembly		

## **POSSIBLE MOTION**

**I MOVE TO** approve Ordinance 2018-01 on  
second and final reading.



# City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

---

## MEMORANDUM

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

**From:** Sara Peterson, Municipal Clerk

**Cc:** Michael Scarcelli, Planning Department

**Date:** January 16, 2018

**Subject:** Approval of Ordinance 2018-01.

---

Current wording in Sitka General Code specifies the day of the week when the Planning Commission must meet; the first and third Tuesdays, or the first and third Monday of each month.

To allow for greater scheduling flexibility, and to make the schedule more consistent with other board and commission meeting requirements, staff is recommending an amendment to code. The amendment has two objectives: 1) it removes the need to meet on a certain day of the week, and, 2) allows the Commission to meet once a month if there is not a need for two regular meetings.

Planning Department staff and Planning Commission members are supportive of this amendment.

**Recommendation:** Approve Ordinance 2018-01.

CITY AND BOROUGH OF SITKA  
ORDINANCE NO. 2018-01

AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA AMENDING SITKA GENERAL  
CODE SECTION 2.08.050 PLANNING COMMISSION ORGANIZATION

1. **CLASSIFICATION.** This ordinance is of a permanent nature and is intended to be a part of the Sitka General Code of the City and Borough of Sitka, Alaska.

2. **SEVERABILITY.** If any provision of this ordinance or any application thereof to any person or circumstance is held invalid, the remainder of this ordinance and application thereof to any person and circumstances shall not be affected thereby.

3. **PURPOSE.** The purpose of this ordinance is to allow for greater flexibility in scheduling Planning Commission meetings. Current wording in Sitka General Code requires that regularly scheduled meetings be held on the first and third Tuesdays, or the first and third Monday of each month, with special meetings as required.

4. **ENACTMENT.** NOW, THEREFORE, BE IT ENACTED by the Assembly of the City and Borough of Sitka that Sitka General Code Section 2.08.050 is amended to read as follows: (new language underlined; deleted language stricken):

**Chapter 2.08  
PLANNING COMMISSION**

\* \* \*

**Section 2.18.050 Organization.**

The commission shall organize itself by electing a chairman and vice chairman. Meetings shall be held ~~on the first and third Tuesdays, or, the first and third Mondays of each month~~ at least once a month, with special meetings as required. Minutes of all meetings shall be furnished to the office of the administrator.

\* \* \*

5. **EFFECTIVE DATE.** This Ordinance shall become effective the day after the date of its passage.

**PASSED, APPROVED, AND ADOPTED** by the Assembly of the City and Borough of Sitka, Alaska this 13<sup>th</sup> day of February, 2018.

\_\_\_\_\_  
Matthew Hunter, Mayor

ATTEST:

\_\_\_\_\_  
Sara Peterson, CMC  
Municipal Clerk

1<sup>st</sup> reading 1/23/18  
2<sup>nd</sup> reading 2/13/18

## Sitka General Code Meeting Requirements

ENTITY	FREQUENCY
Animal Hearing	Meets as needed
Building Department Appeals	Meets as needed
Employment Relations Board	Meets as needed
Gary Paxton Industrial Park Board	Meet at least once each month
Health Needs/Human Services	Meet a minimum of four times per year
Historic Preservation	Meet a minimum of two times per year
Sitka Community Hospital Board	Meet at least once each month
Investment Committee	Meet at least every six months
Library	Meet at least once each month
Local Emergency Planning	Meet at least once per month
Parks & Recreation	Meet at least once every quarter
Planning & Zoning	Meetings shall be held on the first and third Tuesdays, or, the first and third Mondays of each month, with special meetings as required
Police & Fire	Meet at least once each month
Port & Harbors	Hold at least nine monthly meetings each year
Tree & Landscape	Meet at least once every quarter
	January 11, 2018

## *Planning and Zoning Department*

# 2018 Cut-off Dates and Public Hearing Schedule

### Planning Commission

Cut-off/ Deadline for Submittal:	Cut-off	Public Hearing	Cut-off	Public Hearing
Thursday, 5 p.m.	-	1-2-18	12-26-17	1-16-18
	1-19-18	2-8-18	2-1-18	2-22-18
Public Hearing: Thursday, 7 p.m.	2-15-18	3-8-18	3-1-18	3-22-18
	3-22-18	4-12-18	4-5-18	4-26-18
2 <sup>nd</sup> and 4 <sup>th</sup> Thursdays of each month	4-19-18	5-10-18	5-3-18	5-24-18
	5-24-18	6-14-18	6-7-18	6-28-18
	6-21-18	7-12-18	7-5-18	7-26-18
	7-19-18	8-9-18	8-2-18	8-23-18
	8-23-18	9-13-18	9-6-18	9-27-18
	9-20-18	10-11-18	10-4-18	10-25-18
	10-18-18	11-8-18	No Meeting	11-22-18
	11-22-18	12-13-18	12-6-18	12-27-18

### Historic Preservation Commission

Cut-off/Deadline for Submittal:	Cut-off	Public Hearing	Cut-off	Public Hearing
Tuesday, 12 p.m.	1-2-18	1-10-18	2-6-18	2-14-18
	3-6-18	3-14-18	4-3-18	4-11-18
	5-1-18	5-9-18	6-5-18	6-13-18
Public Hearing:	7-3-18	7-11-18	7-31-18	8-8-18
2 <sup>nd</sup> Wednesday of the month, 6 p.m.	9-4-18	9-12-18	10-2-18	10-10-18
	11-6-18	11-14-18	12-4-18	12-12-18

*Materials may be submitted in person, fax, mail or email.  
Call the Planning Office for more information 907-747-1814.*



# CITY AND BOROUGH OF SITKA

## Legislation Details

---

File #: ORD 18-02    Version: 1    Name:

Type: Ordinance    Status: AGENDA READY

File created: 1/17/2018    In control: City and Borough Assembly

On agenda: 2/13/2018    Final action:

Title: Authorizing the lease of Alaska Tideland Survey 1300 to Larry McCrehin (adjacent 4319 Halibut Point Road and 104 Pirates Way)

Sponsors:

Indexes:

Code sections:

Attachments: [Motion and Memo Ord 2018-02.pdf](#)  
[Ord 2018-02.pdf](#)  
[Lease Agreement..pdf](#)  
[supporting documentation.pdf](#)

Date	Ver.	Action By	Action	Result
1/23/2018	1	City and Borough Assembly		

## **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.<sup>1</sup>

**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.

---

<sup>1</sup> 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).

CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2018-02

AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA
AUTHORIZING THE LEASE OF ALASKA TIDELAND SURVEY 1300 TO
LARRY MCCREHIN

1. CLASSIFICATION. This ordinance is not of a permanent nature and is not intended to become a part of the Sitka General Code.

2. SEVERABILITY. If any provision of this ordinance or any application thereof to any person or circumstance is held invalid, the remainder of this ordinance and application thereof to any person or circumstances shall not be affected thereby.

3. PURPOSE. The purpose of this ordinance is to facilitate the lease of Alaska Tideland Survey (ATS) 1300, consisting of approximately 4792 square feet (0.11 acres) of tidelands, adjacent to 4319 Halibut Point Road and 104 Pirates Way, to Larry McCrehin for personal residential recreation use.

4. ENACTMENT. NOW, THEREFORE, BE IT ENACTED by the Assembly of the City and Borough of Sitka.

A. The leasing of ATS 1300, consisting of approximately 4792 square feet (0.11 acres) of tidelands adjacent to 4319 Halibut Point Road and 104 Pirates Way, is hereby authorized with the following terms:

- 1) The term is for 50 years.
2) The annual lease payments shall total \$2,295 per year, plus applicable sales tax, and shall be adjusted every seven years.
3) As the applicant is the upland property owner, competitive bid is inappropriate.

B. The Administrator is authorized to execute a lease document consistent with the terms of this ordinance, SGC Title 18 that governs municipal leases, and existing municipal policies.

5. EFFECTIVE DATE. This ordinance shall become effective on the day after the date of its passage.

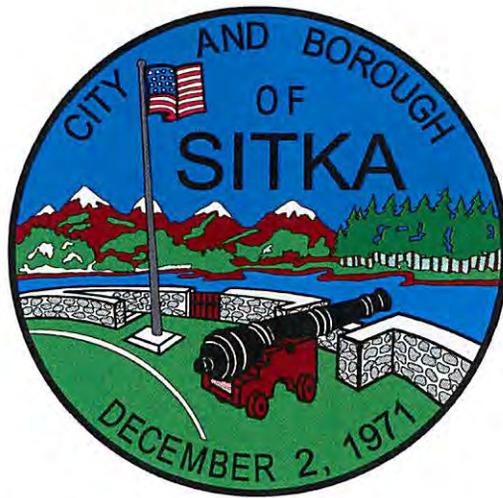
PASSED, APPROVED, AND ADOPTED by the Assembly of the City and Borough of Sitka, Alaska this 13th day of February, 2018.

Matthew Hunter, Mayor

ATTEST:

Sara Peterson, CMC
Municipal Clerk

1st Reading 1/23/18
2nd Reading 2/13/18



# **LEASE AGREEMENT**

**BETWEEN**

**THE  
CITY AND BOROUGH OF SITKA**

**AND**

**LARRY MCCREHIN  
ATS 1300, 4792 SQUARE FEET  
TIDELANDS ADJACENT TO  
4319 HALIBUT POINT ROAD AND  
104 PIRATES WAY**

<b>LEASE PREAMBLE .....</b>	<b>1</b>
<b>SPECIAL PROVISIONS .....</b>	<b>1</b>
<b>ARTICLE I: LEASE, TERM OF LEASE, AND TERMINATION OF LEASE .....</b>	<b>1</b>
Section 1.1 Conveyance of Estate in Lease. ....	1
Section 1.2 Lease Term. ....	1
Section 1.3 Disposition of Improvements and Lessee's Personal Property Following Term of Lease. ....	1
Section 1.4 Covenants to Perform.....	2
<b>ARTICLE II RENT .....</b>	<b>2</b>
Section 2.1 Calculation & Method of Payment of Rent During the Initial Five-Year Term of the Lease. ....	2
Section 2.2 Cost of Living Adjustment to Lease Rate Upon Exercise of Lease Renewal.....	2
Section 2.3 Calculation and Method of Payment of Rent During Successive Optional FiveYear Renewal Periods of the Lease. ....	2
Section 2.4 Property Tax Responsibility.....	2
<b>ARTICLE III RESTRICTIONS UPON USE OF SUBJECT PROPERTY .....</b>	<b>2</b>
Section 3.1 Lessee's Obligations as to Construction, Maintenance, Repair and Safety.....	2
Section 3.2 Lessor's Approval of Certain Alterations or Improvements. ....	3
Section 3.3 Rights of Access to Subject Property .....	3
Section 3.4 Additional Conditions of Lease. ....	4
Section 3.5 Control of Rodents and Other Creatures on Subject Property. ....	5
<b>ARTICLE IV UTILITY SERVICES &amp; RATES .....</b>	<b>5</b>
Section 4.1 Provision of Utility Services. ....	5
Section 4.2 Rates for Utility Services Provided by Lessor.....	5
Section 4.3 Lessee to Pay for Utility Services.....	5
Section 4.4 Lessor Not Liable for Failure of Utilities or Building. ....	6
Section 4.5 Requirement Regarding Potable Water Services.....	6
<b>ARTICLE V LIABILITY .....</b>	<b>6</b>
Section 5.1 Limits on Lessor Liability .....	6
Section 5.2 Limits on Lessee Liability.....	7
Section 5.3 Reimbursement of Costs of Obtaining Possession.....	7
<b>GENERAL PROVISIONS.....</b>	<b>7</b>
<b>ARTICLE VI DEFINITIONS.....</b>	<b>7</b>
Section 6.1 Defined Terms.....	7
<b>ARTICLE VII INSURANCE .....</b>	<b>8</b>
Section 7.1 Insurance. ....	8
Section 7.2 Notification of Claim, Loss, or Adjustment.....	8
Section 7.3 Waiver of Subrogation. ....	8
<b>ARTICLE VIII RESTRICTIONS REGARDING ASSIGNMENT, LEASES, AND TRANSFERS OF SUBJECT PROPERTY .....</b>	<b>9</b>
Section 8.1 Lessee Without Power to Assign, Lease, or Encumber Subject Property. ....	9
Section 8.2 Limitations on Leases. ....	9

<b>ARTICLE IX USE AND PROTECTION OF THE SUBJECT PROPERTY .....</b>	<b>9</b>
Section 9.1 Subject Property As Is - Repairs. ....	9
Section 9.2 Compliance with Laws. ....	9
Section 9.3 Notification of Lessor Public Works Director of Discovery of Contamination.....	10
Section 9.4 Use of Utility Lines. ....	10
Section 9.5 Permits and Approvals for Activities. ....	10
<b>ARTICLE X LESSOR’S RIGHT TO PERFORM LESSEE’S COVENANTS; REIMBURSEMENT OF LESSOR FOR AMOUNTS SO EXPENDED .....</b>	<b>10</b>
Section 10.1 Performance of Lessee's Covenants To Pay Money.....	10
Section 10.2 Lessor's Right To Cure Lessee's Default. ....	10
Section 10.3 Reimbursement of Lessor and Lessee. ....	11
<b>ARTICLE XI DAMAGE OR DESTRUCTION.....</b>	<b>11</b>
Section 11.1 Repair and Replacement of Structures and Improvements Following Damage....	11
<b>ARTICLE XII LIENS.....</b>	<b>12</b>
Section 12.1 Discharge of Mechanics' and Other Liens.....	12
<b>ARTICLE XIII LIEN FOR RENT AND OTHER CHARGES.....</b>	<b>12</b>
Section 13.1 Lien for Rent.....	12
<b>ARTICLE XIV DEFAULT PROVISIONS .....</b>	<b>12</b>
Section 14.1 Events of Default. ....	12
Section 14.2 Assumption or Assignment of Lease to Bankruptcy Trustee. ....	13
Section 14.3 Remedies in Event of Default.....	13
Section 14.4 Waivers and Surrenders To Be In Writing. ....	14
<b>ARTICLE XV LESSOR’S TITLE AND LIEN .....</b>	<b>15</b>
Section 15.1 Lessor's Title and Lien Paramount. ....	15
Section 15.2 Lessee Not To Encumber Lessor's Interest. ....	15
<b>ARTICLE XVI REMEDIES CUMULATIVE .....</b>	<b>15</b>
Section 16.1 Remedies Cumulative.....	15
Section 16.2 Waiver of Remedies Not To Be Inferred. ....	15
Section 16.3 Right to Terminate Not Waived. ....	15
<b>ARTICLE XVII SURRENDER AND HOLDING OVER .....</b>	<b>15</b>
Section 17.1 Surrender at End of Term. ....	15
Section 17.2 Rights Upon Holding Over.....	16
<b>ARTICLE XVIII MODIFICATION .....</b>	<b>16</b>
Section 18.1 Modification. ....	16
<b>ARTICLE XIX INVALIDITY OF PARTICULAR PROVISIONS.....</b>	<b>16</b>
Section 19.1 Invalidity of Provisions. ....	16
<b>ARTICLE XX APPLICABLE LAW AND VENUE .....</b>	<b>16</b>
Section 20.1 Applicable Law. ....	16
<b>ARTICLE XXI NOTICES.....</b>	<b>17</b>
Section 21.1 Manner of Mailing Notices. ....	17
Section 21.2 Notice to Leasehold Mortgagee and Secured Parties. ....	17
Section 21.3 Sufficiency of Service. ....	17
Section 21.4 When Notice Deemed Given or Received.....	17

**ARTICLE XXII MISCELLANEOUS PROVISIONS..... 17**  
Section 22.1 Captions..... 17  
Section 22.2 Conditions and Covenants..... 17  
Section 22.3 Entire Agreement..... 18  
Section 22.4 Time of Essence as to Covenants of Lease. .... 18  
**ARTICLE XXIII COVENANTS TO BIND AND BENEFIT RESPECTIVE PARTIES AND TO RUN**  
**WITH THE SUBJECT PROPERTY ..... 18**  
Section 23.1 Covenants to Run with the Subject Property..... 18  
**ARTICLE XXIV ADDITIONAL GENERAL PROVISIONS..... 18**  
Section 24.1 Absence of Personal Liability. .... 18  
Section 24.2 Lease Only Effective As Against Lessor Upon Approval of Assembly. .... 18  
Section 24.3 Binding Effects and Attorneys Fees. .... 18  
Section 24.4 Duplicate Originals..... 19  
Section 24.5 Declaration of Termination. .... 19  
Section 24.6 Authority..... 19

Exhibits

Exhibit A – Description of the area leased

**LEASE AGREEMENT BETWEEN  
CITY AND BOROUGH OF SITKA, ALASKA  
AND LARRY MCCREHIN**

**PREAMBLE**

This Lease Agreement (“Lease Agreement” or “Lease”) between City and Borough of Sitka, Alaska, and Larry McCrehin is effective upon execution of the Lease Agreement by both Parties, City and Borough of Sitka, 100 Lincoln Street, Sitka, Alaska 99835 ("Sitka" "or "Lessor" ) and Larry McCrehin of 4319 Halibut Point Road, Sitka, Alaska 99835 (“Lessee”). This Lease Agreement consists of the Special Provisions, the General Provisions, and the attached Exhibit A.

Exhibit A – Alaska Tidelands Survey 1300

**SPECIAL PROVISIONS**

**ARTICLE I: LEASE, TERM OF LEASE, AND TERMINATION OF LEASE**

**Section 1.1 Conveyance of Estate in Lease.**

Lessor, for and in consideration of the Rents received and of the covenants and agreements made by Lessee, does lease to Lessee, and Lessee leases from Lessor, the “Subject Property” as shown on Exhibit A. Exhibit A shows an approximately 4792 square foot (0.11 acre) portion of tidelands known as Alaska Tidelands Survey 1300 to be used for personal residential recreational use.

**Section 1.2 Lease Term.**

The Lease term is for fifty (50) years and commences on May 1, 2019 and ends on April 30, 2069, unless sooner terminated as provided in this Lease.

**Section 1.3 Disposition of Improvements and Lessee's Personal Property Following Term of Lease.**

With the exception of such improvements described in the next sentence, Lessee shall remove from the Subject Property any personal property or improvements constructed, installed, or deposited on the Subject Property at the termination of this Lease or any extension unless Lessee makes a separate written agreement with Lessor to do otherwise. Subject to the provisions of the next sentence, Lessee shall leave behind at no cost to Lessor improvements including: bollards, ladders, drains and drain lines; toilets; bathroom sinks; building systems and their components such as plumbing, piping, and fixtures; building structural components; non-structural improvements such as walls and ceilings; devices not used for processing or manufacturing such as but not limited to electrical service entrance equipment, electrical distribution panels, electrical cables, feeders, branch circuit wiring, and appurtenances such as light fixtures, switches, and other devices; portable fire extinguishers, smoke detectors, and fire and life safety equipment attached or fastened in ways integral to the building in which Subject Property is located. Any

improvements or personal property not removed after thirty (30) days have passed after termination of this Lease shall be deemed abandoned, and at Lessor's option, shall become the property of Lessor. Lessee shall repay to Lessor any costs of removing such improvements or personal property from the Subject Property if Lessor does not exercise such option. Subject to Lessor's obligations under Subsection 3.1 below, Lessee agrees to leave Subject Property in a neat, clean, and weather-tight condition at the end of the term of the Lease.

**Section 1.4 Covenants to Perform.**

This Lease is made upon the above and the following terms and conditions, each of which the Party bound by such covenants and conditions agrees to perform, irrespective of whether the particular provision is in the form of a covenant, an agreement, a condition, a direction, or otherwise, and each Party agrees to provide the other Party with documents or further assurances as may be required to carry out the expressed intentions.

**ARTICLE II RENT**

**Section 2.1 Calculation & Method of Payment of Rent**

The first year of the Lease begins on the commencement date of this Lease set out in Article I. Each successive year of the Lease begins on the corresponding anniversary commencement date of the Lease. Notwithstanding any other provision of this Lease, starting on the commencement date and continuing each anniversary commencement date, Lessee shall pay rent each year on or in advance of the anniversary commencement date in the amount of \$2,295, plus applicable sales tax, as adjusted under Section 2.2.

**Section 2.2 Adjustment to Lease Rent.**

On the seventh anniversary commencement date, and each seven years thereafter, the annual rent payment shall be adjusted as follows: The annual rent payment shall be adjusted to reflect the national inflation or deflation rate using the Consumer Price Index-U.S City Average-All Items (base period 1984=100). The base annual rent is \$2,295, calculated by the Municipal Assessor for tax year 2017.

**Section 2.4 Property Tax Responsibility.**

Beginning with the term of this Lease and each calendar year after, Lessee will be responsible to pay Lessor property taxes for its possessory interest in the building, land, and equipment to the extent taxable as determined by the Municipal Assessor.

**ARTICLE III: RESTRICTIONS UPON USE OF SUBJECT PROPERTY**

**Section 3.1 Lessee's Obligations as to Construction, Maintenance, Repair and Safety**

(a) Except as otherwise provided in this Lease, Lessee acknowledges the leasehold is in an "as is" condition. At the sole cost and expense of Lessee and in compliance with all legal requirements, Lessee may purchase, construct, develop, repair, transfer to the Lease property, and/or maintain any improvements, personal property, fixtures, and other items on the Subject Property in a first-class manner using materials of good quality.

(b) Lessee acknowledges that Lessor has made no representation or warranty with respect to Lessee's ability to obtain any permit, license, or approval.

(c) Lessee shall also use the Subject Property and any improvements placed on the Subject Property only for lawful uses and as specified in the Lease and only for permitted and approved conditional uses subject to Title 22.

(d) Lessee shall confine their equipment, storage and operation to the leasehold area.

(e) Lessee shall not permit the accumulation of waste or refuse matter on the Subject Property, and Lessee shall not obstruct or permit the obstruction of the streets, sidewalks, access ways, or alleys adjoining the Subject Property, except as may be permitted by Lessor or other municipal authorities having jurisdiction. Lessee shall do all things necessary during the term of this Lease Agreement to remove any dangerous condition from time to time existing on the Subject Property as the result of the use by Lessee.

(f) Lessee may erect outdoor signage at its expense with the permission of Lessor Building Official and the Public Works Director. The style, size and physical placement location of the sign will be approved on a case-by-case basis.

### **Section 3.2 Lessor's Approval of Certain Alterations or Improvements.**

Lessee shall not make or permit to be made any alteration of, addition to, or change in, structures and improvements, nor demolish all or any part of the structures or improvements without the prior written consent of Lessor, which consent shall not be unreasonably withheld. The phrase "structures and improvements" in the previous sentence includes water and wastewater systems and electrical systems. In requesting consent, Lessee shall comply with all applicable laws and ordinances, and shall submit to the Public Works Director of Lessor or his or her written designee detailed plans and specifications of proposed work, an explanation of the needs and reasons for the work, and a plan of full payment of the costs of the work. Lessor shall notify Lessee of its approval or objections no later than 30 days after receiving the information described in the previous sentence. In approving or objecting, Lessor shall be acting in its proprietary function and not its regulatory function, any such approval in this proprietary function does not relieve Lessee of any obligation to obey the law. Nothing in this Section shall be interpreted to prevent Lessee from removing at the termination of this Lease any improvements or personal property as described in Section 1.4.

### **Section 3.3 Rights of Access to Property**

(a) Lessor reserves for itself and any public utility company the right to access the Subject Property at all reasonable times in a reasonable manner for the purposes of opening, inspecting, repairing, replacing, reconstructing, maintaining, or servicing the public utilities, if any, located on the Subject Property, as well as for the purposes of constructing or installing new public utilities. Lessor also reserves for itself and the Alaska Department of Environmental Conservation the right to access the Subject Property at all reasonable times in a reasonable manner for the purposes of regulation and enforcement of this Lease. Lessor also reserves for itself the right to access the Subject Property at all reasonable times in a reasonable manner for the purposes of (1) inspection of all work being performed in connection with the construction of improvements; (2)

showing Subject Property for exhibiting Subject Property in connection with renting or leasing Subject Property in a matter that will not unreasonably interfere with Lessee's business; and (3) placing "For Sale" or "For Rent" signs on Subject Property. Lessee shall not charge for any of the access allowed in the situations described in this subsection.

(b) Lessee shall not construct any permanent improvements over or within the boundary lines of any easement for public utilities without receiving the written prior consent of Lessor and any applicable utility company.

(c) Lessee acknowledges that the Subject Property is or shall be subject to agreements for ingress and egress, utilities, parking, and maintenance. Lessee agrees that it shall comply with the terms of such cooperative agreements, in accordance with the terms of such agreements, those portions of such maintenance expenses that are attributable to the Subject Property, as more fully set forth therein.

**Section 3.4 Additional Conditions of Lease.**

Lessee recognizes and shall cause all beneficiaries of Lessee and all permitted successors in interest in or to any part of the Subject Property to recognize that:

(a) Lessee will cooperate with Lessor equipment and building maintenance contractor and will notify Lessor of any maintenance deficiencies or of any equipment failures that require maintenance or repair. Lessee will be provided a 24 hour telephone number to notify Lessor of any event that requires immediate response by Lessor.

(b) Lease payments will be made in annual installments in advance in cash or by check, bank draft or money order made available to the City and Borough of Sitka. Installments to be delivered or mailed to 100 Lincoln Street, Sitka, Alaska 99835, starting on or before the commencement date and continuing on or before each anniversary commencement date.

(c) Lease payments shall become delinquent if not paid within thirty (30) days after the due date. Delinquent payments are subject to a late charge of \$25 and interest accrued from the due date at 12% annum.

(d) The charges and fees paid by Lessee to Lessor must be separated according to the Lessor accounting standards.

(e) Lessor will only invoice if Lease payments are delinquent. Lessor will only invoice if failure to make Lease payment within 30 days of due date. Lessor at its option can terminate the Lease for Lessee's failure to make payment, and in accordance with this Lease.

(f) Lessee covenants and agrees that as it relates to use of the Subject Property, it will not, on the grounds of race, color or national origin, discriminate or permit discrimination against any person or group of person in any manner prohibited by Federal, State or local laws or regulations promulgated under such laws, and Lessee further grants Lessor the right to take such action to enforce such covenant as it deems necessary or as it is directed pursuant to any Federal, State or local laws or regulations.

(g) Lessor may, upon at least 10 days prior written notice to Lessee, temporarily suspend the supply of water, wastewater service, the supply of electric power, the use of pipelines, or the use of the Improvements in order to perform routine maintenance and, in all events, subject to unavoidable delays. Such interruptions shall be of as short duration as necessary to perform such maintenance, and Lessor shall not be responsible for any such costs or expenses as a result of suspending such utilities.

(h) Lessee shall timely pay the Lessor Fire Marshal or Building Inspector fees and other building permit fees, and shall also timely file and pay all applicable property taxes and assessments, including sales taxes. These include any Local Improvement District costs that may be assessed.

(i) Lessee shall be responsible for taking any measures that Lessee deems necessary to provide security for their property. Lessor is not responsible for theft or vandalism.

(j) Lessor sales tax applies to Lease payments. Sales tax rates, limits, exemptions, and exclusions are subject to change by the Lessor Assembly.

(k) Lessee shall timely pay all other Lessor billings (i.e., electricity, business taxes, etc.).

(l) Failure of Lessee to file and pay such Lessor taxes, and pay utilities, assessment payments, etc. may subject this Lease to be terminated.

(m) Larry McCrehin shall be liable under this Lease to comply with all of its provisions.

### **Section 3.5 Control of Rodents and Other Creatures on Subject Property.**

Lessee shall take reasonable affirmative measures to ensure that its operations do not attract to Subject Property any of the following creatures: rodents, vermin, insects, eagles, crows, ravens, seagulls, mink, otters, or bears.

## **ARTICLE IV UTILITY SERVICES & RATES**

### **Section 4.1 Provision of Utility Services.**

Lessee will pay for utilities, if available.

### **Section 4.2 Rates for Utility Services Provided by Lessor.**

Utility rates charged by Lessor for utility services shall be those set forth in Sitka's Customer Service Policy and/or Sitka General Code. Lessee acknowledges the requirements of Section 9.4 as to utility lines. The Assembly of Lessor may change utility rates from time to time by amending the Customer Service Policies and/or Sitka General Code.

### **Section 4.3 Lessee to Pay for Utility Services.**

Lessee will pay, or cause to be paid, all proper charges for any of the following, if available: electricity and solid waste; sewer and water; and for all other public or private utility services, which shall be used by or supplied to the Subject Property at any time during the term of this

Lease. In the event that any charge, cost, or expense for any of the above-mentioned utility services or for any of the other above-mentioned services shall not be paid when due and payable, Lessor shall have the right, but shall not be obligated, to pay it, with the understanding that amounts paid by Lessor shall constitute additional rent due and payable under this Lease, and shall be repaid to Lessor by Lessee immediately on rendition of a bill by Lessor. Interest at the highest rate allowable by law shall be added as a charge for unpaid utility bills paid by Lessor on behalf of Lessee. Lessor reserves the right to suspend utility services if Lessee does not pay for utility services. Failure to timely pay utility services may also result in Lessor terminating this Lease.

**Section 4.4 Lessor Not Liable for Failure of Utilities or Building.**

Except to the extent that any such failure, injury, or other casualty is due to Lessor's negligence or breach of any obligation under this Lease, Lessor shall not be liable for any failure of building roof, water supply, sewer, or electric current, or for any injury or damages to person or property caused by or resulting from any natural disaster, natural condition, gasoline, oil, steam, gas, electricity, or hurricane, tornado, flood, wind or similar storms or disturbances, or water, rain, or snows which may leak or flow from the street, sewer, or from any part of the building or the Subject Property, or leakage of gasoline or gas from pipes, appliances, sewer, or plumbing works or from any other place. Lessor shall not be held responsible or liable for any claim or action due to or arising from any suspension of operation, breakage, unavoidable accident or injury of any kind occurring to, or caused by the sewer mains by an act of God, beyond Lessor's control, or caused by the elements, strikes, riots, or a terrorist or terrorists.

**Section 4.5. Requirement Regarding Potable Water Services.**

All potable water services will be metered and protected by approved backflow prevention in accordance with Sitka's Customer Service Policies and/or Sitka General Code.

**ARTICLE V LIABILITY**

**Section 5.1 Limits on Lessor Liability Limitation.**

Lessee agrees to indemnify, defend, and hold harmless Lessor against and from any and all claims by or on behalf of any person, firm, or corporation arising, other than due to acts or omissions of Lessor, from the conduct or management of or from any work or thing whatsoever done in or about the Subject Property and structures and improvements, including liability arising from products produced on the property. Lessee also agrees to indemnify, defend, and save Lessor harmless against and from any and all claims and damages arising, other than due to acts or omissions of Lessor, during the term of this Lease from: (a) any condition of the Subject Property or improvements placed on it; (b) any breach or default on the part of Lessee regarding any act or duty to be performed by Lessee pursuant to the terms of this Lease; and (c) any act or negligence of Lessee or any of its agents, contractors, servants, employees or licensees. Lessee agrees to indemnify, defend, and hold harmless Lessor from and against all costs, counsel and legal fees, expenses, and liabilities incurred, other than due to acts or omissions of Lessor, in any claim or action or proceeding brought asserting claims of or asserting damages for any alleged act, negligence, omission, conduct, management, work, thing, breach, default, accident, injury, or damage described in the previous two sentences. The above agreements of indemnity are in addition to and not by way of limitation of any other covenants in this Lease to indemnify or

compensate Lessor. The agreements of indemnity by Lessee do not apply to any claims of damage arising out of the failure of Lessor to perform acts or render services in its municipal capacity.

**Section 5.2 Limits on Lessee Liability.**

Except to the extent of liabilities arising from Lessee's acts or omissions, Lessor indemnifies, defends, and holds Lessee harmless for liabilities to the extent that they were incurred by reason of conditions existing on the site as of the date of execution of this Lease or by reasons of Lessor's acts or omissions. Lessor also agrees to indemnify, defend, and save Lessee harmless against and from any and all claims and damages arising, other than due to acts or omissions of Lessee, during the term of this Lease from (a) any condition of the Subject Property or improvements placed on it; (b) any breach or default on the part of Lessor regarding any act or duty to be performed by Lessor pursuant to the terms of the Lease; and (c) any act or negligence of Lessor or any of its agents, contractors, servants, employees, or licensees. Lessor agrees to indemnify, defend, and save harmless Lessee from and against all costs, counsel and legal fees, expenses, and liabilities incurred, other than due to acts or omissions of Lessee, in any claim or action or proceeding brought asserting claims of or asserting damages for any alleged act, negligence, omission, conduct, management, work, thing, breach, default, accident, injury, or damage described in the previous two sentences. The above agreements are in addition to and not by way of limitation of any other covenants in this Lease to indemnify or compensate Lessee.

**Section 5.3 Reimbursement of Costs of Obtaining Possession.**

Each Party agrees to pay and to indemnify the other Party prevailing in any dispute under this Lease against, all costs and charges, including but not limited to, full reasonable counsel and legal fees lawfully and reasonably incurred in enforcing any provision of this Lease including obtaining possession of the Subject Property and establishing Lessor's title free and clear of this Lease upon expiration or earlier termination of this Lease.

**GENERAL PROVISIONS**

**ARTICLE VI DEFINITIONS**

**Section 6.1 Defined Terms.**

For the purposes of this Lease, the following words shall have the meanings attributed to them in this Section:

- (a) "Event of Default" means the occurrence of any action specified in Section 14.1.
- (b) "Imposition" means all of the taxes, assessments, fees, utility rates or charges, levies and other governmental charges, levied or assessed against the Subject Property; any part of the Subject Property, or any right or interest or any rent, taxes and income received, including sales taxes on rent.
- (c) "Improvements" or "improvements" means all buildings, structures and improvements of any nature now or in the future located upon the Subject Property, as well as all apparatus and equipment necessary for the complete and comfortable use, occupancy, enjoyment and operation

of the Subject Property, including fittings, appliances, machinery, garage equipment, heating equipment, lighting equipment, cooling equipment, air conditioning and ventilating equipment, wiring, controls, communications equipment, plumbing, switchboards, antennae, floor coverings, refrigerating equipment, hot water heating and all other appliances and equipment; excepting only in each case articles of personal property appurtenances and fixtures (including trade fixtures) owned by Lessee, sublessees, or others, which can be removed without defacing or materially injuring the improvements remaining on the Subject Property, with the portion of the Subject Property from which such items are removed being returned to a condition at least as good as that existing on the date of this Lease.

(d) "Personal Property" means tangible personal property owned or leased and used by Lessee or any sublessee of Lessee, in connection with and located upon the Subject Property.

(e) "Premises" means the "Subject Property."

(f) "Rent" means the lease rate, which is the amount Lessee periodically owes and is obligated to pay Lessor as lease payments under this Lease for the use of the Subject Property.

(g) "Subject Property" is the area leased as shown on Exhibit A.

(h) "Sublessee" means any subLessee, concessionaire, licensee, or occupant of space in or on the Subject Property holding by or through Lessee; the term "lease" shall mean any lease, license, concession or other agreement for the use and occupancy of any part of the Subject Property made by any Person holding by or through Lessee, which has been approved by Lessor Assembly.

(i) "Term" means the period of time Lessee rents or leases the Subject Property from Lessor.

## **ARTICLE VII INSURANCE**

### **Section 7.1 Insurance**

Lessee shall have and maintain property damage and comprehensive general liability insurance in the amount of one million dollars (\$1,000,000), including leasehold improvements. Lessor shall be named as an additional insured. Additionally, Lessee shall have the statutory amount of any Worker's Compensation.

### **Section 7.2 Notification of Claim, Loss, or Adjustment**

Lessee shall advise Lessor of any claim, loss, adjustment, or negotiations and settlements involving any loss on the Subject Property under all policies of the character described in section 7.1.

### **Section 7.3 Waiver of Subrogation**

The Party insured (or so required) releases the other Party from any liability the other Party may have on account of loss, cost, damage or expense to the extent of any amount recoverable by reason of insurance and waives any right of subrogation which might otherwise exist in or accrue to any person on account of the following circumstances: (i) any loss, cost, damage or expense resulting from fire, explosion or any other casualty or occurrence is incurred by either of the Parties to this Lease, or anyone claiming under it in connection with the Subject Property or improvements; and

(ii) the Party is then covered in whole or in part by insurance with respect to loss, cost, damage or expense or is required under this Lease to be insured. The release of liability and waiver of the right of subrogation shall not be operative in any case where the effect is to invalidate the insurance coverage or increase its cost. In the case of increased cost, the other Party shall have the right, within thirty (30) days following written notice, to pay the increased cost keeping the release and waiver in full force and effect.

## **ARTICLE VIII RESTRICTIONS REGARDING ASSIGNMENT, LEASES, AND TRANSFERS OF SUBJECT PROPERTY**

### **Section 8.1 Lessee Without Power to Assign, Lease, or Encumber Subject Property.**

Lessee has no power without Lessor Assembly approval under this Lease to assign the Lease. Lessee has no power under this Lease to transfer the Subject Property. Lessee has no power to encumber Subject Property or pledge its interest in Subject Property as collateral for a loan or mortgage, or allow any liens to be filed against the Subject Property. Any such actions under this section may cause termination of the Lease.

### **Section 8.2 Limitations on Leases.**

Lessee shall not sublease the Subject Property or any portion of it without the prior written approval of Lessor Assembly. All subleases entered into demising all or any part of the Improvements or the Subject Property shall be expressly subject and subordinate to this Lease. Lessor's consent to a sublease of the Subject Property shall not release Lessee from its obligations under the Lease. Lessor's consent to a sublease shall not be deemed to give any consent to any subsequent subletting.

## **ARTICLE IX USE AND PROTECTION OF THE SUBJECT PROPERTY**

### **Section 9.1 Property As Is - Repairs.**

Lessee acknowledges that it has examined the Subject Property and the present improvements including any public improvements presently located there, and knows the condition of them, and accepts them in their present condition without any representations or warranties of any kind or nature whatsoever by Lessor as to their condition or as to the use or occupancy which may be made of them. Lessee assumes the sole responsibility for the condition of the improvements located on the Subject Property. The foregoing shall not be deemed to relieve Lessor of its general municipal obligations, or of its obligations under Section 3.1 above.

### **Section 9.2 Compliance with Laws.**

Lessee shall throughout any term of this Lease, at Lessee's sole expense, promptly comply with all the laws and ordinances and the orders, rules, regulations, and requirements of all federal, state, and municipal governments and appropriate departments, commissions, boards, and officers and all other legal requirements that may be applicable to the Subject Property and its use. Nothing in the foregoing sentence shall be deemed to relieve Lessee of its general obligations to Lessor in its municipal capacity.

**Section 9.3 Notification of Lessor's Public Works Director of Discovery of Contamination.**

Lessee shall promptly notify the Public Works Director of Lessor within 24 hours if any contaminated soils or other contaminated materials that require special handling are encountered during construction or other activities.

**Section 9.4 Use of Utility Lines.**

Lessee shall connect or otherwise discharge to such utility lines as approved by the Director of Public Works and/or Electric Department, and shall obtain any permits and comply with any conditions specified by the Director of Public Works and/or Electric Department for such connections.

**Section 9.5 Permits and Approvals for Activities.**

Lessee shall be responsible for obtaining all necessary permits and approvals, including food processing, for its activities unless otherwise specifically allowed by Lessor. Not less than ten (10) days in advance of applying for permits to any public entity other than Lessor, Lessee shall provide copies of all permit applications and associated plans and specifications to Lessor Director of Public Works to facilitate review by departments of Lessor. Lessor is not obligated to comment on the permit applications and plans, and the result of any review by Lessor does not affect Lessee's obligation to comply with any applicable laws.

**ARTICLE X LESSOR'S RIGHT TO PERFORM LESSEE'S COVENANTS; REIMBURSEMENT OF LESSOR FOR AMOUNTS SO EXPENDED**

**Section 10.1 Performance of Lessee's Covenants To Pay Money.**

Lessee covenants that if it shall at any time default resulting in the Lease being in a condition of default as described in article XIV or shall fail to timely make any other payment (other than Rent), and the failure shall continue for ten (10) days after written notice to Lessee, then Lessor may, but shall not be obligated so to do, and without further notice to or demand upon Lessee and without releasing Lessee from any obligations of Lessee under this Lease, make any other payment in a manner and extent that Lessor may deem desirable.

**Section 10.2 Lessor's Right To Cure Lessee's Default.**

If there is a default involving the failure of Lessee to keep the Subject Property in good condition and repair in accordance with the provisions of this Lease, to make any necessary renewals or replacements or to remove any dangerous condition in accordance with the requirements of this Lease or to take any other action required by the terms of this Lease, then Lessor shall have the right, but shall not be required, to make good any default of Lessee. Lessor shall not in any event be liable for inconvenience, annoyance, disturbance, loss of business, or other damage of or to Lessee by reason of bringing materials, supplies and equipment into or through the building during the course of the work required to be done to make good such default. The obligations of Lessee under this Lease shall remain unaffected by such work, provided that Lessor uses reasonable care under the circumstances prevailing to avoid unnecessary inconvenience, annoyance, disturbance, loss of business, or other damage to Lessee.

### **Section 10.3 Reimbursement of Lessor and Lessee.**

All sums advanced by Lessor pursuant to this Article and all necessary and incidental costs, expenses and attorney's fees in connection with the performance of any acts, together with interest at the highest rate of interest allowed by law from the date of the making of advancements, shall be promptly payable to Lessor by Lessee in the respective amounts so advanced. This reimbursement shall be made on demand, or at the option of Lessor, may be added to any Rent then due or becoming due under this Lease. Lessee covenants to pay the sum or sums with interest. Lessor shall have, in addition to any other right or remedies, the same rights and remedies in the event of the nonpayment by Lessee as in the case of default by Lessee in the payment of any installment of Rent.

Conversely, Lessee shall be entitled to receive from Lessor prompt payment or reimbursement on any sums due and owing from Lessor to Lessee, together with interest at the highest rate allowed by law. However, nothing contained in this Lease shall entitle Lessee to withhold any Rent due to Lessor or to offset or credit any sums against rent, except with respect to unpaid Rent due from Lessor to Lessee under any sublease of Subject Property.

## **ARTICLE XI DAMAGE OR DESTRUCTION**

### **Section 11.1 Repair and Replacement of Structures and Improvements Following Damage.**

(a) If the Premises shall be destroyed or so injured by any cause as to be unfit, in whole or in part, for occupancy and such destruction or injury could reasonably be repaired within ninety (90) days from the date of such damage or destruction, then Lessee shall not be entitled to surrender possession of the Premises, nor shall Lessee's liability to pay Rent under this Lease cease, without the mutual consent of the Parties. In case of any such destruction or injury, Lessor shall repair with all reasonable speed and shall complete such repairs within ninety (90) days from the date of such damage or destruction. If during such period Lessee shall be unable to use all or any portion of the Premises, a proportionate allowance shall be made to Lessee from the Fixed Rent corresponding to the time during which and to the portion of the Premises of which Lessee shall be so deprived of the use.

(b) If such destruction or injury cannot reasonably be repaired within ninety (90) days from the date of such damage or destruction, Lessor shall notify Lessee within fifteen (15) days after the determination that restoration cannot be made in ninety (90) days. If Lessor elects not to repair or rebuild, this Lease shall be terminated. If Lessor elects to repair or rebuild, Lessor shall specify the time within which such repairs or reconstruction will be complete, and Lessee shall have the option, to be exercised within thirty (30) days after the receipt of such notice, to elect either to terminate this Lease and further liability, or to extend the Term of this Lease by a period of time equivalent to the time from the happening of such destruction or injury until the Premises are restored to their former condition. In the event Lessee elects to extend the Term of this Lease, Lessor shall restore the Premises to their former condition within the time specified in the notice, and Lessee shall not be liable to pay Rent for the period from the time of such destruction or injury until the Premises are so restored to its former condition.

(c) In addition to all rights to cancel or terminate this Lease set forth in Subsections 11.1(a) and 11.1(b), if the Subject Property is destroyed or damaged during the last two (2) years of the renewal Term of this Lease or any extension or renewal to the extent of fifty per cent (50%) or more of the value of the Subject Property, then Lessor shall have the right to cancel and terminate this Lease as of the date of such damage or destruction by giving Lessee notice within ninety (90) days after the date of such damage or destruction.

## **ARTICLE XII MECHANIC'S LIENS**

### **Section 12.1 Discharge of Mechanics' Liens.**

Lessee shall neither suffer nor permit any mechanics' liens to be filed against the title to the Subject Property, nor against Lessee's interest in the Subject Property, nor against the improvements by reason of work, labor, services or materials supplied or claimed to have been supplied to Lessee or anyone having a right to possession of the Subject Property or Improvements as a result of an agreement with or the assent of Lessee. If any mechanics' lien shall be filed against the Subject Property, including the Improvements, Lessee shall cause it to be discharged of record within 30 days after the date that Lessee has knowledge of its filing. Failure to comply may subject the Lease to be terminated.

## **ARTICLE XIII LIEN FOR RENT AND OTHER CHARGES**

### **Section 13.1 Lien for Rent.**

The whole amount of the Rent and each and every installment, and the amount of all taxes, assessments, utility payments, insurance premiums and other charges, fees and impositions paid by Lessor under the provisions of this Lease, and all costs, attorney's fees and other expenses which may be incurred by Lessor in enforcing the provisions of this Lease or on account of any delinquency of Lessee in carrying out any of the provisions of this Lease, shall be and they are declared to constitute a valid and prior lien against property of Lessee, except the Subject Property, and may be enforced by law and equitable remedies, including the appointment of a receiver.

## **ARTICLE XIV DEFAULT PROVISIONS**

### **Section 14.1 Events of Default.**

Each of the following events is defined as an "Event of Default":

(a) Failure of Lessee to pay any Installment of Rent, or any other payments or deposits of money, or furnish receipts for deposits as required, when due and the continuance of the failure for a period of ten (10) days after notice in writing from Lessor to Lessee.

(b) Failure of Lessee to perform any of the other covenants, conditions and agreements under this Lease, including filing tax forms and/or payment of taxes, fees, utilities, and the continuance of failure for a period of thirty (30) days after Lessor's notice in writing. The notice shall specify the respects in which Lessor contends that Lessee has failed to perform any of the covenants, conditions and agreements. With respect to any default which cannot be cured within thirty (30)

days, Lessee, or any person holding by, through or under Lessee, in good faith, promptly after receipt of written notice, shall have commenced and shall continue diligently and reasonably to prosecute all action necessary to cure the default within an additional sixty (60) days.

(c) The filing of an application by Lessee (the term, for this purpose, to include any approved transferee other than a sublessee of Lessee's interest in this Lease): (i) for a consent to the appointment of a receiver, trustee or liquidator of itself or all its assets; (ii) of a voluntary petition in bankruptcy or the filing of a pleading in any court of record admitting in writing of its inability to pay its debts as they come due; (iii) of a general assignment for the benefit of creditors; or (iv) of an answer admitting the material allegations of, or its consenting to, or defaulting in answering, a petition filed against it in any bankruptcy proceeding.

(d) The entry of an order, judgment or decree by any court of competent jurisdiction, adjudicating Lessee a bankrupt, or appointing a receiver, trustee or liquidator of it or of its assets, and this order, judgment or decree continuing unstayed and in effect for any period of sixty (60) consecutive days, or if this Lease is taken under a writ of execution.

#### **Section 14.2 Assumption or Assignment of Lease to Bankruptcy Trustee.**

In the event that this Lease is assumed by or assigned to a trustee pursuant to the provisions of the Bankruptcy Reform Act of 1978 (referred to as "Bankruptcy Code") (11 U.S.C. § 101 et seq.), and the trustee shall cure any default under this Lease and shall provide adequate assurances of future performance of this Lease as are required by the Bankruptcy Code (including but not limited to, the requirement of Code § 365(b)(1)) (referred to as "Adequate Assurances"), and if the trustee does not cure such defaults and provide such adequate assurances under the Bankruptcy Code within the applicable time periods provided by the Bankruptcy Code, then this Lease shall be deemed rejected automatically and Lessor shall have the right immediately to possession of the Subject Property immediately and shall be entitled to all remedies provided by the Bankruptcy Code for damages for breach or termination of this Lease.

#### **Section 14.3 Remedies in Event of Default.**

Lessor may treat any one or more of the Events of Default as a breach of this Lease. At its option, by serving written notice on Lessee and each Secured Party and Leasehold Mortgagee of whom Lessor has notice (such notice not to be effective unless served on each such person) of the Event of Default, Lessor shall have, in addition to other remedies provided by law, one or more of the following remedies:

(a) Lessor may terminate this Lease. In such an event, Lessor may repossess the entire Subject Property and Improvements, and be entitled also to recover as damages a sum of money equal to the value as of the date of termination of this Lease, of the Rent due from Lessee for the balance of the stated term of this Lease, and any other sum of money and damages due under the terms of this Lease to Lessor. Any personal property not removed after such termination shall be addressed as provided for in Section 1.3 above.

(b) Lessor may terminate Lessee's right of possession and may repossess the entire Subject Property and Improvements by forcible entry and detainer suit or otherwise, without demand or notice of any kind to Lessee (except as above expressly provided for) and without terminating this

Lease. In such event, Lessor may, but shall be under no obligation to do so, relet all or any part of the Subject Property for rent and upon terms as shall be satisfactory in the judgment reasonably exercised by Lessor (including the right to relet the Subject Property for a term greater or lesser than that remaining under the stated term of this Lease). For the purpose of reletting, Lessor may make any repairs, changes, alterations or additions in or to the Subject Property and Improvements that may be reasonably necessary or convenient in Lessor's judgment reasonably exercised. If Lessor shall be unable, after a reasonable effort to do so, to relet the Subject Property, or if the Subject Property and building are relet and a sufficient sum shall not be realized from reletting after paying all of the costs and expenses of repairs, change, alterations and additions and the expense of reletting and the collection of the Rent accruing from it, to satisfy the Rent above provided to be paid, then Lessee shall pay to Lessor as damages a sum equal to the amount of the Rent reserved in this Lease for the period or periods as and when payable pursuant to this Lease. If the Subject Property or any part of it has been relet, Lessee shall satisfy and pay any deficiency upon demand from time to time. Lessee acknowledges that Lessor may file suit to recover any sums falling due under the terms of this section from time to time, and that any suit or recovery of any portion due Lessee shall be no defense to any subsequent action brought for any amount not reduced to judgment in favor of Lessor. Any personal property not removed after such termination shall be addressed as provided for in Section 1.3 above.

(c) In the event of any breach or threatened breach by Lessee of any of the terms, covenants, agreements, provisions or conditions in this Lease, Lessor shall have the right to invoke any right and remedy allowed at law or in equity or by statute or otherwise as through reentry, summary proceedings, and other remedies not specifically provided for in this Lease.

(d) Upon the termination of this Lease, or upon the termination of Lessee's right of possession, whether by lapse of time or at the option of Lessor, Lessee will at once surrender possession of the Subject Property and dispose of personal property and Improvements as described in Section 1.3. If possession is not immediately surrendered, Lessor may reenter the Subject Property and Improvements and repossess itself of it as of its former estate and remove all persons and their personal property, using force as may be necessary, without being deemed guilty of any manner of trespass or forcible entry or detainer. Lessor may at its option seek expedited consideration to obtain possession if Lessor determines that the Lease has terminated as described in the first sentence of this paragraph, and Lessee agrees not to oppose such expedited consideration.

(e) In the event that Lessee shall fail to make any payment required to be made provided for in this Lease or defaults in the performance of any other covenant or agreement which Lessee is required to perform under this Lease during the period when work provided for in this Lease shall be in process or shall be required by the terms of this Lease to commence, Lessor may treat the default as a breach of this Lease and, in addition to the rights and remedies provided in this Article, but subject to the requirements of service of notice pursuant to this Lease, Lessor shall have the right to carry out or complete the work on behalf of Lessee without terminating this Lease.

#### **Section 14.4 Waivers and Surrenders To Be In Writing.**

No covenant or condition of this Lease shall be deemed to have been waived by Lessor unless the waiver be in writing, signed by Lessor, or Lessor's agent duly authorized in writing and shall apply only with respect to the particular act or matter to which the consent is given. It shall not relieve

Lessee from the obligation, wherever required under this Lease, to obtain the consent of Lessor to any other act or matter.

## **ARTICLE XV LESSOR'S TITLE AND LIEN**

### **Section 15.1 Lessor's Title and Lien Paramount.**

Lessor will hold title to the Subject Property.

### **Section 15.2 Lessee Not To Encumber Lessor's Interest.**

Lessee shall have no right or power to and shall not in any way encumber the title of Lessor regarding the Subject Property. The fee-simple estate of Lessor in the Subject Property shall not be in any way subject to any claim by way of lien or otherwise, whether claimed by operation of law or by virtue of any express or implied lease or contract or other instrument made by Lessee. Lessee's interest in the Improvements shall in all respects be subject to the paramount rights of Lessor in the Subject Property.

## **ARTICLE XVI REMEDIES CUMULATIVE**

### **Section 16.1 Remedies Cumulative.**

No remedy conferred upon or reserved to Lessor shall be considered exclusive of any other remedy, but shall be cumulative and shall be in addition to every other remedy given under this Lease or existing at law or in equity or by statute. Every power and remedy given by this Lease to Lessor may be exercised from time to time and as often as occasion may arise or as may be deemed expedient by Lessor. No delay or omission of Lessor to exercise any right or power arising from any default shall impair any right or power, nor shall it be construed to be a waiver of any default or any acquiescence in it.

### **Section 16.2 Waiver of Remedies Not To Be Inferred.**

No waiver of any breach of any of the covenants or conditions of this Lease shall be construed to be a waiver of any other breach or to be a waiver of, acquiescence in, or consent to any further or succeeding breach of it or similar covenant or condition.

### **Section 16.3 Right to Terminate Not Waived.**

Neither the rights given to receive, sue for or distrain from any rent, moneys or other payments, or to enforce any of the terms of this Lease, or to prevent the breach or nonobservance of it, nor the exercise of any right or of any other right or remedy shall in any way impair or toll the right or power of Lessor to declare ended the term granted and to terminate this Lease because of any event of default.

## **ARTICLE XVII SURRENDER AND HOLDING OVER**

### **Section 17.1 Surrender at End of Term.**

On the last day of the last Lease Year of the original term, or on the earlier termination of the term, Lessee shall peaceably and quietly leave, surrender and deliver the entire Subject Property to

Lessor, subject to the provisions of Section 1.3, in good repair, order, and condition, reasonable use, wear and tear excepted, free and clear of any and all mortgages, liens, encumbrances, and claims. At the time of the surrender, Lessee shall also surrender any and all security deposits and rent advances of Sublessees to the extent of any amounts owing from Lessee to Lessor. If the Subject Property is not so surrendered, Lessee shall repay Lessor for all expenses which Lessor shall incur by reason of it, and in addition, Lessee shall indemnify, defend and hold harmless Lessor from and against all claims made by any succeeding Lessee against Lessor, founded upon delay occasioned by the failure of Lessee to surrender the Subject Property.

**Section 17.2 Rights Upon Holding Over.**

At the termination of this Lease, by lapse of time or otherwise, Lessee shall yield up immediately possession of the Subject Property to Lessor and failing to do so agrees at the option of Lessor, to pay to Lessor for the whole time such possession is withheld, a sum per day equal to one hundred and seventy-five percent (175%) times 1/365 if annual of the aggregate of the Rent paid or payable to Lessor during the last month of the term of the Lease. The provisions of this Article shall not be held to be a waiver by Lessor of any right or reentry as set forth in this Lease, nor shall the receipt of a sum, or any other act in apparent affirmance of the tenancy, operate as a waiver of the right to terminate this Lease and the Term granted for the period still unexpired for any breach of Lessee under this Lease.

**ARTICLE XVIII MODIFICATION**

**Section 18.1 Modification.**

None of the covenants, terms or conditions of this Lease to be kept and performed by either party to this Lease shall in any manner be waived, modified, changed or abandoned except by a written instrument duly signed, acknowledged, and delivered by both Lessor and Lessee.

**ARTICLE XIX INVALIDITY OF PARTICULAR PROVISIONS**

**Section 19.1 Invalidity of Provisions.**

If any provision of this Lease or the application of it to any person or circumstances shall to any extent be invalid or unenforceable, the remainder of this Lease, or the application of such provision to persons or circumstance other than those as to which it is invalid or unenforceable, shall not be affected, and each provision of this Lease shall be valid and be enforced to the fullest extent permitted by law.

**ARTICLE XX APPLICABLE LAW AND VENUE**

**Section 20.1 Applicable Law.**

This Lease shall be construed and enforced in accordance with the laws of the State of Alaska. The forum and venue for any action seeking to interpret, construe, or enforce this Lease shall be only in the Superior Court for the State of Alaska at Sitka, Alaska.

## **ARTICLE XXI NOTICES**

### **Section 21.1 Manner of Mailing Notices.**

In every case where under any of the provisions of this Lease or otherwise it shall or may become necessary or desirable to make or give any declaration or notice of any kind to Lessor or Lessee, it shall be sufficient if a copy of any declaration or notice is sent by United States mail, postage prepaid, return receipt requested, addressed: If to Lessor at: Municipal Administrator, City and Borough of Sitka, of 100 Lincoln Street, Sitka, Alaska 99835, with a copy to: Municipal Clerk at address listed above; and if to Lessee, at: the address set out in the Preamble. Each party from time to time may change its address for purposes of receiving declarations or notices by giving notice of the changed address, to become effective seven days following the giving of notice.

### **Section 21.2 Notice to Leasehold Mortgagee and Secured Parties.**

Lessor shall provide each Leasehold Mortgagee and Secured Party, who has so requested, copies of all notices from Lessor to Lessee relating to existing or potential default under, or other noncompliance with the terms of this Lease. All notices, demands or requests which may be required to be given by Lessor or Lessee to any Leasehold Mortgagee and Secured Parties shall be sent in writing, by United States registered or certified mail or express mail, postage prepaid, addressed to the Leasehold Mortgagee at a place as the Leasehold Mortgagee may from time to time designate in a written notice to Lessor and Lessee.

### **Section 21.3 Sufficiency of Service.**

Service of any demand or notice as in this Article provided shall be sufficient for all purposes.

### **Section 21.4 When Notice Deemed Given or Received.**

Whenever a notice is required by this Lease to be given by any Party to the other Party or by any Party to a Leasehold Mortgagee, the notice shall be considered as having been given when a registered or certified notice is placed in the United States Post Office mail as provided by this Article. It shall be deemed received on the third business day thereafter. For all purposes under this Lease of starting any time period after notice, the time period shall be conclusively deemed to have commenced three business days after the giving of notice, whether or not it is provided that a time period commences after notice is given or after notice is received.

## **ARTICLE XXII MISCELLANEOUS PROVISIONS**

### **Section 22.1 Captions.**

The captions of this Lease and the index preceding it are for convenience and reference only and in no way define, limit or describe the scope or intent of this Lease, nor in any way affect this Lease.

### **Section 22.2 Conditions and Covenants.**

All the provisions of this Lease shall be deemed and construed to be "conditions" as well as "covenants," as though the words specifically expressing or importing covenants and conditions were used in each separate provision.

**Section 22.3 Entire Agreement.**

This Lease contains the entire agreement between the Parties and shall not be modified in any manner except by an instrument in writing executed by the Parties or their respective successors or assigns in interest.

**Section 22.4 Time of Essence as to Covenants of Lease.**

Time is of the essence as to the covenants in this Lease.

**ARTICLE XXIII COVENANTS TO BIND AND BENEFIT RESPECTIVE PARTIES AND TO RUN WITH THE SUBJECT PROPERTY**

**Section 23.1 Covenants to Run with the Subject Property.**

All covenants, agreements, conditions and undertakings in this Lease shall extend and inure to the benefit of and be binding upon the successors and assigns of each of the parties, the same as if they were in every case named and expressed, and they shall be construed as covenants running with the Subject Property. Wherever in this Lease reference is made to any of the parties, it shall be held to include and apply to, wherever applicable, also the officers, directors, successors and assigns of each party, the same as if in each and every case so expressed.

**ARTICLE XXIV ADDITIONAL GENERAL PROVISIONS**

**Section 24.1 Absence of Personal Liability.**

No member, official, or employee of Lessor shall be personally liable to Lessee, its successors and assigns, or anyone claiming by, through or under Lessee or any successor in interest to the Subject Property, in the event of any default or breach by Lessor or for any amount which may become due to Lessee, its successors and assigns, or any successor in interest to the Subject Property, or on any obligation under the terms of this Lease. No member, official, or employee of Lessee shall be personally liable to Lessor, its successors and assigns, or anyone claiming by, through, or under Lessor or any successor in interest to the Subject Property, in the event of any default or breach by Lessee or for any amount which become due to Lessor, its successors and assigns, or any successor in interest to the Subject Property, or on any obligation under the terms of this Lease.

**Section 24.2 Lease Only Effective As Against Lessor Upon Assembly Approval.**

This Lease is effective as against Lessor only upon the approval of such Lease by the Assembly of Lessor.

**Section 24.3 Binding Effects and Attorneys Fees.**

This Lease shall be binding up and inure to the benefit of the respective successors and assigns of the Parties hereto. In the event of litigation over this Lease, the Parties agree that the prevailing party shall receive full reasonable attorney's fees.

**Section 24.4 Duplicate Originals.**

This Lease may be executed in any number of copies, each of which shall constitute an original of this Lease. The warranties, representations, agreements and undertakings shall not be deemed to have been made for the benefit of any person or entity, other than the Parties.

**Section 24.5 Declaration of Termination.**

With respect to Lessor's rights to obtain possession of the Subject Property or to revest title in itself with respect to the leasehold estate of Lessee in the Subject Property, Lessor shall have the right to institute such actions or proceedings as it may deem desirable to effectuate its rights including, without limitation, the right to execute and record or file with the Recorder of Sitka Recording District, a written declaration of the termination of all rights and title of Lessee in the Subject Property, and the revesting of any title in Lessor as specifically provided in this Lease.

**Section 24.6 Authority.**

Lessor and Lessee represent to each other that each has, and has exercised, the required power and authority and has complied with all applicable legal requirements necessary to adopt, execute and deliver this Lease and perform its obligations. Both parties also represent that this Lease has been duly executed and delivered by each and constitutes a valid and binding obligation of each enforceable in accordance with its terms, conditions, and provisions.

**[SIGNATURES AND ACKNOWLEDGEMENTS ON NEXT PAGE]**

\_\_\_\_\_  
Date

\_\_\_\_\_  
Larry McCrehin

STATE OF ALASKA            )  
  ) ss:  
FIRST JUDICIAL DISTRICT    )

THIS CERTIFIES that on this \_\_\_\_ day of \_\_\_\_\_, 2018, personally appeared before me LARRY MCCREHIN, whose identity is personally known to me or proved to me on the basis of satisfactory evidence, and who by signing this agreement, swears or affirms that he signs this document freely and voluntarily.

\_\_\_\_\_  
Notary Public in and for the State of Alaska  
My Commission Expires: \_\_\_\_\_

**CITY AND BOROUGH OF SITKA, ALASKA**

\_\_\_\_\_  
Date

\_\_\_\_\_  
By: P. Keith Brady  
Its: Municipal Administrator

STATE OF ALASKA            )  
  ) ss.  
FIRST JUDICIAL DISTRICT    )

THIS CERTIFIES that on this \_\_\_\_ day of \_\_\_\_\_, 2018, before me, a Notary Public in and for the State of Alaska, personally appeared P. KEITH BRADY, who is the Municipal Administrator of the City and Borough of Sitka, Alaska, a municipal corporation organized under the laws of the State of Alaska, that he has been authorized by to execute the foregoing document, and does so freely and voluntarily.

\_\_\_\_\_  
Notary Public in and for the State of Alaska  
My Commission Expires: \_\_\_\_\_

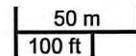




### City & Borough of Sitka, Alaska

**Selected Parcel: 4319 Halibut Point Rd ID: 25780000**

Printed 8/29/2017 from <http://www.mainstreetmaps.com/ak/sitka/internal.asp>



This map is for informational purposes only. It is not for appraisal of, description of, or conveyance of land. The City & Borough of Sitka, Alaska and MainStreetGIS, LLC assume no legal responsibility for the information contained herein.





# City and Borough of Sitka - Assessment Valuation

Parcel ID. 2-5782-000  
Valuation Date: August 7, 2017

### Land Sales Adjustment Grid

	Subject	Comparable No. 1		Comparable No. 2		Comparable No. 3		Comparable No. 4		Comparable No. 5	
Parcel ID	2-5782-000	2-5770-001		2-5678-000		2-5885-000		2-5886-000		2-5770-002	
Address	104 Pirate's Way	4311 Halibut Pt Rd		3920 Halibut Pt Rd		4620 Halibut Pt Rd		4622 Halibut Pt Rd		4313 Halibut Pt Rd*	
Proximity		250 Feet South		1/2 Mile South		1/3 Mile North		1/3 Mile North		200 Feet South	
Sale Price			\$ 240,000		\$ 105,000		\$ 108,400		\$ 91,800	*	\$ 265,000
Date of Sale	01/01/18	04/28/17	\$ -	01/13/16	\$ 3,200	08/10/16	\$ -	08/10/16	\$ -	07/25/17	\$ -
Terms of Sale	Normal	Normal		Normal	\$ -	Normal	\$ -	Normal	\$ -	List Price Sold	\$ (8,000)
Size	6,813	11,054	\$ (10,600)	11,800	\$ (12,500)	10,813	\$ (10,000)	9,119	\$ (5,800)	17,316	\$ (26,300)
Access	Easement	Similar	\$ -	Similar	\$ -	Similar	\$ -	Similar	\$ -	Similar	\$ -
Location	Halibut North	Similar	\$ -	Similar	\$ -	Similar	\$ -	Similar	\$ -	Similar	\$ -
View	Waterfront	Similar	\$ -	Non-Waterfront	\$ 150,000	Non-Waterfront	\$ 150,000	Non-Waterfront	\$ 150,000	Similar	\$ -
Utilities	Street	Similar	\$ -	Onsite	\$ (15,000)	Onsite	\$ (15,000)	Onsite	\$ (15,000)	Similar	\$ -
Zoning	C2	Similar	\$ -	Similar	\$ -	Similar	\$ -	Similar	\$ -	Similar	\$ -
Topography	Level	Similar	\$ -	Similar	\$ -	Similar	\$ -	Similar	\$ -	Similar	\$ -
Encroachments	None Known	Similar	\$ -	Similar	\$ -	Similar	\$ -	Similar	\$ -	Similar	\$ -
Restrictions	None Known	Similar	\$ -	Similar	\$ -	Similar	\$ -	Similar	\$ -	Similar	\$ -
Other	Cleared	Similar	\$ -	Similar	\$ -	Similar	\$ -	Similar	\$ -	Similar	\$ -
Net Adj.			\$ (10,600)		\$ 125,700		\$ 125,000		\$ 129,200		\$ (34,300)
Indicated Value	\$ 230,000		\$ 229,400		\$ 230,700		\$ 233,400		\$ 221,000		\$ 230,700
		<b>Indicated Value Range</b>		<b>\$ 221,000</b>		<b>to</b>		<b>\$ 233,400</b>			

\* List Price Sold

### Valuation Comments:

The subject property was inspected August 7, 2017 and was determined to be gradually sloping filled tidelands directly adjacent to this upland subject parcel. All comparables bracket the subject as best possible given the available sales dataset. The indicated value range of adjusted comparable sales is \$221,000 to \$233,400 with Comparable No. 1 weighted most heavily. Tidelands are valued as a percentage of the value of the upland parcel, and typically range from 20-50% depending on the qualities of each individual tideland parcel. Market-derived adjustments include time at 3% per year, list to sale price of 3-4% reduction, utilities at \$15,000, waterfront location at \$150,000 and land at \$2.50/sf.

Larry McCrehin's Tideland Lease Application dated July 26, 2017, for 0.11 acres (approximately 4,792 square feet) of ATS 1300 is therefore valued at \$51,100 fee simple for assessed valuation and thus City and Borough of Sitka lease application purposes. This amounts to about 22% of the primary upland parcel value of \$230,000.

### Comparable Sales Map:



### Primary Upland Parcel (Subject) Photo:



13. Commercial dock approval by all applicable jurisdictions must occur before the conditional use permit is activated and commercial occupancy granted.

14. Failure to comply with any of the above conditions may result in revocation and/or failure to activate the conditional use permit.

15. All lots shall remain in common ownership or the conditional use permit shall become void.

16. There shall be no use of the lodge, land, or adjacent tidelands that includes any float plane or helicopter use, arrivals, departures, or fly-overs.

17. Clients shall be briefed on lodge operations, safety plan, and all applicable conditions of approval so as to avoid conflict or impact to adjacent neighbors.

18. All lots shall remain in common ownership or all conditional uses shall become void.

19. Discharge of firearms shall follow all local, state, and federal regulations and shall avoid negligent discharge such as shooting into neighboring properties, shooting at night, or shooting over the water.

20. Fireworks and other similar causes of loud noises shall be avoided.  
Motion PASSED 3-0.

**D VAR 16-16**

Public hearing and consideration of a variance request for 1415 Davidoff Street in the R-1 Single Family and Duplex Residential District. The request is for the reduction of the front setback from 20 feet to 0 feet and the reduction of the easterly side setback from 8 feet to 0 feet. The property is also known as Lot 3 of Clyde Franks Subdivision. The request is filed by Sam Smith. The owner of record is Venneberg Family Trust.

Item pulled prior to hearing.

**E [LM 17-04](#)**

Public hearing and consideration of a long-term Class III tideland lease request for tidelands adjacent 4319 Halibut Point Road and 104 Pirates Way. The property is also known as ATS 1300. The property is zoned C-2 general commercial mobile home district. The request is filed by Larry McCrehin. The owner of record is City and Borough of Sitka.

Planner I Pierson described the request for lease of tidelands adjacent 4319 Halibut Point Road and 104 Pirates Way. The applicant, Larry McCrehin owns both uplands properties. McCrehin originally leased the parcel from DNR, then DNR transferred the parcel to the municipality. The original lease expires in early 2019 and McCrehin seeks a new lease. Pierson stated that the applicant had some concerns for the property assessment and resulting lease payment amount. The Planning Commission's role is to make a recommendation to the Assembly on the matter. Staff recommend approval of a 30 year lease.

Applicant Larry McCrehin stated concern for the increase in tideland lease fee and stated interest in purchasing the property. McCrehin stated concern for the anticipated increase in his property taxes. McCrehin requested a 50 year lease term to aid in a possible future sale. McCrehin stated that several of his friends are moving out of town due to costs of living.

No public comment.

Scarcelli asked Pierson to clarify the terms requested by McCrehin on the submitted application. Pierson stated that McCrehin requested a 50-year term if possible, with a 30-year term as a back-up. Hughey stated he doesn't believe the parcel is likely to be used for any uses other than the proposal. Spivey stated that leases of at least 30

years are acceptable for lenders. Windsor asked about the status of the lease in the event that uplands are sold. Scarcelli stated that is a question for the Municipal Attorney, but it depends upon the terms of the lease. Hughey asked about the ownership of 104 Pirates Way, and Pierson clarified that both uplands properties are owned by the applicant.

**Hughey/Parmelee moved to RECOMMEND approval of a 50 year Class III tideland lease for tidelands adjacent 4319 Halibut Point Road and 104 Pirates Way. The property is also known as ATS 1300. The request is filed by Larry McCrehin. The owner of record is the City and Borough of Sitka. Motion PASSED 4-0.**

**F VAR 17-14**

Public hearing and consideration of a variance request for 612 Sawmill Creek Road. The request is for the reduction in the rear setback from 10 feet to 5 feet and the increase in lot coverage from 35% to 45% for the construction of a 26 foot by 27 foot house expansion with garage on a 4648 square foot lot. The property is also known as Lot 5 Block 22 US Survey 1474. The request is filed by Zach Porter. The owner of record is Michael Sibayan.

Commission took a 10 minute recess to receive an updated staff report and printed public comments.

Scarcelli described the variance request. The proposed increase of impervious surfaces could create drainage impacts which can be mitigated by conditions of approval. Scarcelli described the substandard sized lot and existing standards. Scarcelli stated that the comprehensive plan process has trended toward increased density in downtown neighborhoods. Currently existing are a single family home, shed, tarp storage, and side awning (required a variance). This variance could void prior approved variances. Scarcelli stated that a 2 foot setback reduction could be approved administratively.

Zach Porter clarified that the shed and covered awning will be removed. Porter stated that gutters will drain toward the street. Porter stated that the side awning would remain, and it had a variance. Scarcelli clarified that only 10 feet in length was approved to cover a hot tub, so the existing structure does not conform to the approved variance. Scarcelli recommended that no structure come within 5 feet of the side property line and 8 feet of the rear property line.

Mark Danielson stated that he's an adjacent property owner. Danielson stated that the expansion would create a two story box across the property line. Danielson stated the appreciation for consideration of the modification to the request to reduce the rear setback to 8 feet, as 5 feet does not protect access to light and air.

**Windsor/Parmelee moved to POSTPONE consideration of the variance request for 612 Sawmill Creek Road to the next Planning Commission meeting allow for staff to work with the applicant and homeowner. Motion PASSED 4-0.**

**G VAR 17-15**

Public hearing and consideration of a variance request for 1307 Edgecumbe Drive. The request is for the reduction in the side setback from 8 feet to 5 feet for the construction of a carport. The property is also known as Lot 4 Old City Shops Subdivision. The request is filed by Austin Inman. The owners of record are Austin and Kathleen Inman.

Pierson described the request for variance for the reduction of the side setback from 8 feet to 5 feet for a carport at 1307 Edgecumbe Drive. The lot is narrow relative to its length, and a house exists on the lot. A variance was previously granted for a 4 foot



# City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

*Coast Guard City, USA*

## Planning and Community Development Department

### **AGENDA ITEM:**

Case No: LM 17-04  
Proposal: Request for lease renewal  
Applicant: Larry McCrehin  
Owner: City and Borough of Sitka  
Location: 4319 Halibut Point Road/104 Pirates Way  
Legal: ATS 1300  
Zone: C-2 General commercial mobile home district  
Size: 4792 square feet  
Parcel ID: 2-5782-000  
Existing Use: Residential (no structures on lease parcel)  
Adjacent Use: Commercial (lodge), Residential  
Utilities: Existing  
Access: Easement to Halibut Point Road

### **KEY POINTS AND CONCERNS:**

1. Historical use as a lease parcel – originally owned and leased by state, conveyed to CBS for continued leasing, lease creates revenue for municipality
2. Neighborhood harmony – surrounding uses are commercial and residential in use, lease parcel is used solely for personal residential recreation
3. Scope of Planning Commission's Role – recommend approval to the Assembly

### **RECOMMENDATION:**

Staff recommends that the Planning Commission recommend approval of LM 17-04, application for lease of ATS 1300 for a 30 year term.

## **ATTACHMENTS**

Attachment A: Vicinity Map

Attachment B: Aerial Vicinity Map

Attachment C: Zoning Map

Attachment D: Alaska Tideland Survey 1300

Attachment E: Uplands Plats

Attachment F: Parcel Pictures

Attachment G: Application

Attachment H: Existing Lease Documents

Attachment I: Flood Zone Map

Attachment J: Correspondence

Attachment K: Deed

Attachment L: Mailing List

Attachment M: Payment

## **BACKGROUND**

In 1989, Alaska Department of Natural Resources (DNR) owned the 4792 square foot 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.

## **PROJECT DESCRIPTION**

Larry McCrehin requests to renew the lease for tidelands adjacent 4319 Halibut Point Road and 104 Pirates Way. Mr. McCrehin owns both uplands properties. 4319 Halibut Point Road is developed as a residential structure, and 104 Pirates Way is undeveloped. No structures exist on the tideland lease parcel.

The tideland lease expires April 30, 2019. The applicant wishes to process the new lease now in order to settle his estate as he ages. The applicant requests a 55-year or 30- year lease term. Staff recommend a 30 year term.

The annual lease payment, \$325 per year, was not adjusted in 30 years. Mr. McCrehin is current on his payments. In August 2017, the CBS Assessor determined that the valuation of the parcel is \$51,000. This value will result in an updated annual lease amount of \$2299.50 plus tax.

## **PROCEDURE**

Class III tideland leases are approved by the Assembly by ordinance. The Planning Commission's recommendation is sought before proceeding to the ordinance stage.

## **ANALYSIS**

**Project/Site:** ATS 1300 consists of 4792 square feet of gradually sloping filled tidelands. No structures exist on the parcel.

**Traffic:** Access to the tidelands will continue to be via easement from uplands properties to Halibut Point Road. Personal use tidelands should not increase traffic.

**Parking:** Parking is located on the uplands. No change to use is proposed so parking does not need to be reconsidered.

**Noise:** Continued use as private recreational residential property does not create noise concerns, particularly in the C-2 general commercial mobile home district.

**Public Health or Safety:** Private recreational residential use creates no concerns.

**Habitat:** Any future construction would need to comply with US Army Corps of Engineers requirements and be approved by the City and Borough of Sitka. No construction currently proposed.

**Property Value or Neighborhood Harmony:** Neighboring uses are commercial and residential in nature. No concerns for impacts.

**Conformity with Comprehensive Plan:** The proposal conforms to Comprehensive Plan Section 2.4.19 which states, "To consistently follow and enforce land use policies, codes, regulations, and decisions..." by leasing a parcel according to procedures outlined in Sitka General Code Title 18.

### **RECOMMENDATION**

It is recommended that the Planning Commission adopt the staff analysis and recommend approval of a 30 year Class III tideland lease of ATS 1300.

### **RECOMMENDED MOTION**

I move to recommend approval a 30 year Class III tideland lease for tidelands adjacent 4319 Halibut Point Road and 104 Pirates Way. The property is also known as ATS 1300. The request is filed by Larry McCrehin. The owner of record is the City and Borough of Sitka.

For Larry M'Crehin



CITY AND BOROUGH OF SITKA  
PLANNING AND COMMUNITY DEVELOPMENT DEPARTMENT  
LAND MANAGEMENT APPLICATION FORM

1. Review guidelines and procedural information.
2. Fill form out completely. No request will be considered without a completed form.
3. Submit all supporting documents and proof of payment.

APPLICATION FOR: TIDELAND  LEASE   
 LAND PURCHASE

BRIEF DESCRIPTION OF REQUEST: renewal of tide land lease #103916  
Book 86 page 821 Sitka Recording district

PROPERTY INFORMATION:

CURRENT ZONING: commercial ARE YOU THE UPLAND PROPERTY OWNER? yes  
 CURRENT LAND USE(S): house + vacant lot PROPOSED LAND USES (if changing): See #1 narrative

APPLICANT INFORMATION:

PROPERTY OWNER: Larry + Robyn M'Crehin  
 PROPERTY OWNER ADDRESS: P.O. Box 895 Sitka, AK 99835  
 STREET ADDRESS OF PROPERTY: 4319 H.P.R.  
 APPLICANT'S NAME: same  
 MAILING ADDRESS: same  
 EMAIL ADDRESS: mccrehin@qci.net DAYTIME PHONE: 747-3604

PROPERTY LEGAL DESCRIPTION:

TAX ID: See # 5 narrative LOT: 37C 37B BLOCK: 4319 H.P.R. PTRACT: - none  
 SUBDIVISION: See # 5 narrative US SURVEY: 3482

OFFICE USE ONLY

COMPLETED APPLICATION		SITE PLAN	
NARRATIVE		CURRENT PLAT	
FEE		OWNERSHIP	

**REQUIRED SUPPLEMENTAL INFORMATION:**

- Completed application form
- Narrative
- Site Plan showing all existing and proposed structures with dimensions and location of utilities
- Proof of filing fee payment
- Proof of ownership (If claiming upland preference)
- Copy of current plat

**CERTIFICATION:**

I hereby certify that I desire a planning action in conformance with Sitka General Code and hereby state that all of the above statements are true. I certify that this application meets SCG requirements to the best of my knowledge, belief, and professional ability. I acknowledge that payment of the review fee is non-refundable, is to cover costs associated with the processing of this application, and does not ensure approval of the request. I understand that public notice will be mailed to neighboring property owners and published in the Daily Sitka Sentinel. I further authorize municipal staff to access the property to conduct site visits as necessary.

Larry McCrehin  
Applicant

July 24, 2017  
Date

## NARRATIVE

Tide Land Lease Application of Larry McCrehin, July 24, 2017

1. Proposed land uses. Possible fill to improve access. No fill seaward. Possible house.
2. Proof of ownership- City tax slips enclosed, no deed available.
3. No utilities involved. Structures after house: one horse barn 12x16 about to collapse, now used for curing lumber, located about 18 ft from edge of top, one cabin 16x20 located about 30 ft from edge of top and 20 ft from lot boundary.
4. Enclosed find original lease.
5. This lease is considered a "Parcel" as it included two lots.

Lot 37 B (house lot) tax ID 2-5780-000; block 4319 H P R; tract - *none*  
subdivision SUBD SHOR, L37 B; US Survey 3482

Lot 37C (beach lot) tax ID 2-5782-000; block 4319 HPR; tract - *none*  
subdivision SUBD MCCR L 37C; US Survey 3482

6. The previous lease was for thirty years. I am unaware if a longer lease, say 50 years is available. If so I request that. If not, thirty years again.

STATE OF ALASKA  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF LAND AND WATER MANAGEMENT  
Pouch 7-005  
Anchorage, Alaska 99510

RECORDED  
MAY 29 1989  
12  
SITKA, ALASKA

TIDELANDS ADL No. 103916

**LEASE AGREEMENT**

Negotiated Pursuant to A.S. 38.05.075 (c)

This Lease Agreement is made and entered into this 1st day of May, 1989, between the State of Alaska, by and through the Director of the Division of Land and Water Management with the consent and concurrence of the Commissioner of Natural Resources (hereinafter referred to as "the Lessor"), and Larry W. McCrehin

whose address is P.O. Box 895  
Sitka, Alaska 99835  
(hereinafter referred to as "the Lessee").

**WITNESSETH:**

WHEREAS, the Lessor has undertaken the necessary administrative actions under applicable laws and regulations to fully authorize and enable the lease of the Parcel described herein, which is acknowledged by the Lessee by his signature hereto;

WHEREAS, the Lessee is aware of the provisions of Title 38, Alaska Statutes, Title 11, Alaska Administrative Code, and other applicable laws, regulations, and ordinances, and fully understands the duties and obligations of the Lessee under this Lease, and the rights and remedies of the Lessor,

NOW THEREFORE, the Lessor and the Lessee, in consideration of the mutual covenants and conditions stated in this Lease, agree as follows:

The Lessor agrees to lease to the Lessee the following parcel of land (hereinafter referred to as "the Parcel") which is situated in the State of Alaska and is described as follows:

Alaska Tidelands Survey 1300, located within Section 9, Township 55 South, Range 63 East, Copper River Meridian and contains .11 acre more or less, according to the survey plat filed in the Sitka Recording District on May 26, 1987 as plat no. 87-14.

EXCEPTING AND RESERVING THEREFROM, to the Lessor and its assigns during the term of this Lease, the following specific interests, which shall be in addition to and not in derogation of any general reservations to the Lessor which are required by law and which may be stated elsewhere in this Lease:

Subject to all platted easements and reservations and further subject to the Special Stipulations noted on Attachment A and made a part of this lease agreement.

TO HAVE AND TO HOLD the said demised premises for a term of thirty (30) years commencing on the 1st day of May, 19 89 and ending at 12 o'clock midnight on the 30th day of April, ~~1989~~ 2019, unless sooner terminated as hereinafter provided.

The Lessee shall pay to the Lessor rental as follows: Equal annual payments, in advance, on or before the 1st day of May of every year during said term at the rate of three hundred twenty five dollars (\$ 325.00) per annum, such annual rental payments to be subject to adjustment following expiration of the initial 25-year period of this lease and at each 10-year period thereafter pursuant to AS 38.05 as enacted, or as may be hereafter amended.

It is agreed that the covenants, terms and agreements herein contained shall be binding upon the successors and assigns of the respective parties hereto.

**THE LESSOR AND THE LESSEE FURTHER COVENANT AND AGREE AS FOLLOWS:**

1. Use of Parcel. The Lessee shall use and occupy the Parcel in compliance with all applicable laws, regulations, ordinances, and orders which a public authority has promulgated or may promulgate, including those of a building or zoning authority and those relating to pollution and sanitation control. The Lessee shall not permit any unlawful occupation, business, or trade to be conducted on the Parcel. The Lessee shall properly locate himself and his improvements on the Parcel, and shall not commit waste of the Parcel, whether ameliorated or otherwise. Notwithstanding such laws, regulations, ordinances, and orders, the Lessee shall maintain the Parcel in a reasonably neat and clean condition, and take all prudent precautions to prevent or suppress pollution of the ground, surface water, air, or land, and to prevent or suppress grass, brush, or forest fires, and to prevent erosion or destruction of the land.

2. Permanent Improvements. The Lessee must within 90 days of completion of any site improvements including, but not limited to, structural improvements, clearing, leveling, excavation, and backfill, file with the Lessor adequate and reasonable documentation of such improvements, setting forth all applicable costs and quantities. Failure to provide such documentation will result in loss of credit for such improvements in determination of the original condition of the Parcel for reappraisal purposes.

3. Encumbrance of Parcel. The Lessee, during the term of this Lease, shall not encumber or cloud the Lessor's title to the Parcel, or any portion thereof, nor enter into any lease, easement, or other obligation of the Lessor's title without the prior written consent of the Lessor; and any such act or omission, without the prior written consent of the Lessor, shall be void against the Lessor.

4. Assignment of Parcel. The Lessee may not assign or sublet the Parcel, without the prior written approval of the Lessor. The Lessor may approve such assignment or subletting if the Lessor finds it to be in the best interest of the State. No assignment or subletting of the Parcel shall be approved until the assignee agrees to be subject to and governed by the provisions of this Lease in the same manner as the original Lessee. No such assignment or subletting will be effective until approved by the Lessor in writing. No assignment or subletting of the Parcel, or any portion thereof, by the Lessee shall annul the Lessee's obligation to pay the rent herein required for the full term of this lease. Except as provided in this lease, no subdivision of the leasehold interest, including any exposed airspace thereon, shall occur.

5. Denial of Warranty Regarding Conditions. The Lessor makes no warranty, express or implied, nor assumes any liability whatsoever, regarding the social, economic, or environmental aspects of the Parcel, to include, without limitation, the soil conditions, water drainage, natural or artificial hazards which may exist, or the profitability or fitness of the Parcel for any use.

6. Agreement to Terms of Lease Documents. (a) The Lessor and the Lessee agree and recognize that each of the covenants and conditions in this Lease and any attachments thereto are merged and incorporated into this agreement and shall be binding upon themselves and upon their respective successors and assigns and shall inure to their benefit. The Lessor and the Lessee further agree and recognize that this Lease shall be conditioned upon satisfactory performance by the Lessor and the Lessee of all covenants contained herein.

(b) If all or part of said Parcel has been tentatively approved, but not yet patented, by the United States to the Lessor, then this Lease shall be conditioned upon receipt by the Lessor of such patent. If for any reason the Lessor does not receive patent, any rental payments made to the Lessor under this Lease will not be refunded. Any prepaid lease rentals on lands to which patent is denied the Lessor shall be refunded to the Lessee of record and any properly recorded lienholder, if any, jointly. The money refunded shall, however, be limited to the prorata portion of the unexpired term. The Lessor shall have no further liability to the Lessee for the termination of the Lease.

7. Payment of Taxes and Assessments. The Lessee shall pay all taxes and assessments accruing against the Parcel during the term of the Lease.

8. Right-of-Way for Public Highways and Utilities. In the event that the Parcel borders or includes one or more section lines, the Lessor hereby expressly reserves unto itself and its successors and assigns a right-of-way 100 feet wide and centered on such section line or lines.

9. Navigable and Public Waters. The Lessor reserves an easement 50 feet wide for public access along the mean high water line or ordinary high water mark of all water bodies listed in this Lease which are bordering on or included within the Parcel. Public easements to and along listed water bodies are reserved for all of those uses and purposes normally associated with or incident to an easement for access to the public resources of the water body to and along which the easement has been reserved. No public access easement may be obstructed or otherwise rendered by the Lessee incapable of reasonable use by the public for the purposes for which it was reserved. No public access easement may be vacated, abandoned, or extinguished without approval of the Lessor.

10. Reservation of Easements. The Lessor expressly reserves the right to take for the use of the State of Alaska and the right to grant to third parties, easements or rights-of-way of unlimited size across the Parcel herein leased if it is determined to be in the best interests of the State to do so, even though the creation of the easement or right-of-way terminates the entire leasehold estate; provided, however, that the Lessee shall be entitled to compensation for all improvements or crops which are damaged or destroyed as a direct result of such easement or right-of-way.

11. Condemnation of Leasehold or Improvements. With the exception of the taking of easements or rights-of-way which is governed by paragraph 10 above, if the whole or any part of the Parcel is taken by any authorized body or person vested with the power of eminent domain, by negotiation, court action, or otherwise, the following provisions control:

(a) Taking of the entire premises. If all of the premises are taken by condemnation, the terms of the Lease and all rights of the Lessee will immediately terminate, and the rent must be adjusted so that it is due only until the date the Lessee is required to surrender possession of the premises. The Lessor is entitled to all the condemnation proceeds, except that the Lessee will be paid the portion of the proceeds attributable to the fair market value of the buildings or improvements placed on the condemned premises by the Lessee.

(b) Taking of substantial part of premises. If the taking is of a substantial part of premises, the following rules apply:

(1) If the taking by condemnation reduces the ground area of the Parcel by at least 30 percent or materially affects the use being made by the Lessee of the Parcel, the Lessee has the right to elect to terminate or not to terminate the Lease by written notice to the Lessor not later than 180 days after the date of taking.

(2) If the Lessee elects to terminate, the provisions in (a) of this subsection govern the condemned portion of the Parcel and the terms of the Lease govern disposal of the remainder of any buildings or improvements made by the Lessee.

(3) If the Lessee elects not to terminate, the Lease continues and the Lessor is entitled to the full condemnation proceeds except the portion attributable to the fair market value of the buildings or improvements placed on the condemned portion of the premises by the Lessee. Rent at the existing rate will terminate on the date of taking. Except as it may be adjusted from time to time under the terms of the Lease and applicable statutes, rent for the balance of the term will be adjusted by the Lessor to reflect the taking.

(c) Taking of insubstantial part of premises. If the taking by condemnation reduces the ground area of the Parcel by less than 30 percent and the Lessor determines that the taking is of such an insubstantial portion that the Lessee's use of the Parcel is not materially affected, the provisions of (b)(3) of this subsection will govern.

12. Access. The Lessor makes no representations or warranty that it will construct or maintain access to the Parcel.

13. Valid Existing Rights. This Lease is entered into and made subject to all valid existing rights, including easements, rights-of-way, reservations, or other interests in land in existence on the date of execution of this Lease.

14. Inspection. The Lessor shall have reasonable access to the Parcel for purposes of inspection regarding the faithful performance of the covenants and conditions of this Lease and for the performance of other lawful requirements.

15. Mineral Reservations. The Lessor hereby expressly saves, excepts, and reserves out of the grant hereby made, unto itself, its lessees, successors, and assigns forever, all oils, gases, coal, ores, minerals, fissionable materials, geothermal resources, and fossils of every name, kind or description, and which may be in or upon said lands above described, or any part thereof, and the right to explore the same for such oils, gases, coal, ores, minerals, fissionable materials, geothermal resources, and fossils. The Lessor also hereby expressly saves and reserves out of the grant hereby made, unto itself, its lessees, successors, and assigns forever, the right to enter by itself, its or their agents, attorneys, and servants upon said lands, or any part or parts thereof, at any and all times, for the purpose of opening, developing, drilling and working mines or wells on these or other lands and taking out and removing therefrom all such oils, gases, coal, ores, minerals, fissionable materials, geothermal resources, and fossils, and to that end it further expressly reserves out of the grant hereby made, unto itself, its lessees, successors, and assigns forever, the right by its or their agents, servants and attorneys at any and all times to erect, construct, maintain, and use all such buildings, machinery, roads, pipelines, powerlines, and railroads, sink such shafts, drill such wells, remove such soil, and to remain on said lands or any part thereof for the foregoing purposes and to occupy as much of said lands as may be necessary or convenient for such purposes, hereby expressly reserving to itself, its lessees, successors, and assigns, as aforesaid, generally all rights and power in, to and over said land, whether herein expressed or not, reasonably necessary or convenient to render beneficial and efficient the complete enjoyment of the property and rights hereby expressly reserved.

Provided, however, that no rights reserved hereunder shall be exercised by the Lessor or its subsurface lessees, until provision has been made by the Lessor or its subsurface lessees to pay to the Lessee of the land upon which the rights are herein reserved, full payment for all damages sustained by said Lessee by reason of entering upon said land; and provided that, if said Lessee for any cause whatever refuses or neglects to settle said damages, the Lessor or its subsurface lessees, or any applicant for a subsurface lease, contract or option from the Lessor or its subsurface lessee for the purpose of exploring for or extracting valuable minerals, coal, petroleum, natural gas, or geothermal resources shall have the right, after posting a surety bond with the Lessor issued by a corporation qualified to do business in Alaska and licensed to sell insurance in Alaska, or after posting with the Lessor a sufficient bond executed by one or more individual sureties approved by the Lessor and after due notice and an opportunity to be heard, to exercise rights granted to it for reasonable use of the surface required for the full enjoyment of the reserved subsurface rights which it holds. Each surety bond shall be sufficient in amount and security to secure the affected rights of the surface Lessee, and such Lessee and the Lessor or its subsurface lessee shall have the standing which may be necessary to determine the damages which the surface Lessee of such lands may suffer, and the security appropriate to hold the surface Lessee harmless in relation thereto.

16. Surface Reservations. Unless otherwise stated in this Lease or in an attachment or amendment hereto, the Lessee shall not sell or remove for use elsewhere any of the surface resources of the parcel, e.g., stone, gravel, sand, peat, topsoil, timber, or any other material valuable for building or commercial purposes; provided, however, the Lessee may make reasonable personal use of such materials on the site.

17. Appropriation or Disturbance of Waters. (a) During the term of this Lease, the Lessee shall have the right to apply for an appropriation of ground or surface water on the Parcel in accordance with the Alaska Water Use Act. All water applied for and appropriated during the term of this Lease shall remain appurtenant to the Parcel during said term, and such water and water rights shall not be severed or transferred from the Parcel or any part thereof during said term without the prior consent of the Lessor. The Lessee's rights under any permit or certificate of appropriation shall revert to the Lessor upon termination of the Lease or forfeiture of the Lease for cause.

(b) If the Lessee desires to use the Parcel to construct any form of hydraulic project or employ any equipment or engage in any activity which will use, divert, obstruct, pollute, or change the natural flow or bed of any anadromous fish river, lake or stream, the Lessee shall, prior to the commencement of any such operation, procure the approval of the Commissioner of the Department of Fish and Game.

18. Acquisition of Rights or Interests. Any right or interest acquired during the term of this Lease and accruing to the benefit of the Parcel shall remain appurtenant to the Parcel during that term, and shall not be severed or transferred from the Parcel without the prior consent of the Lessor. In the event of termination or forfeiture of this Lease, any such right or interest shall revert to the Lessor along with the Parcel.

19. Land Alterations Due to Natural or Artificial Causes. The Parcel described herein shall constitute the entire Parcel of property to be leased by the Lessor to the Lessee pursuant to this agreement. If, through natural or artificial causes, accretion or reliction of land occurs contiguous to the Parcel, the Lessee shall have no right to occupy or use such accreted land unless a separate lease is entered with the Lessor with respect to such lands. The parties agree and stipulate that the rules of law usually applicable to accretion or reliction of land shall not apply to this Lease, nor to the Parcel leased hereunder, in order that the parties may give effect to the provision agreed upon herein.

20. Waiver or Forebearance. The receipt of rent by the Lessor, with or without knowledge of any breach of the Lease by the Lessee, or of any default on the part of the Lessee in the observance or performance of any of the terms, conditions or covenants of this Lease, shall not be deemed to be a waiver of any provision of this Lease. No failure on the part of the Lessor to enforce a condition or covenant of this Lease, nor the waiver of any right hereunder by the Lessor, unless in writing, shall discharge or invalidate the application of such term or covenant; nor shall any forbearance or written waiver affect the right of the Lessor to enforce any term or covenant in the event of any subsequent breach or default. The receipt by the Lessor of rent or any other sum of money, or the termination in any manner of the Lease, or the giving by the Lessor of any notice hereunder to effect such termination, shall not reinstate, continue, or extend this Lease nor destroy or in any manner impair the validity of any such notice of termination which may have been given hereunder by the Lessor to the Lessee prior to the receipt of any such sum of money or other consideration, unless the contrary effect shall be expressed in writing and signed by the Lessor.

21. Breach and Remedies. (a) Time is of the essence in the Lease Agreement. If the Lessee shall breach the performance of any of the terms, covenants, conditions or stipulations contained herein or attached hereto, and said breach shall not be remedied within 60 days after written notice of such breach has been served upon the Lessee and the holder of a security interest by the Lessor, the Lessee shall be subject to such legal action as the Lessor shall deem appropriate, including, but not limited to, the termination of this Lease, provided that no improvements now upon the Parcel, or which may be placed thereon during the term of this Lease, may be removed therefrom during any time in which the Lease may be in breach. In the event that this Lease is terminated for breach of any of the covenants or conditions contained herein or attached hereto, all rents paid by the Lessee shall be forfeited to and retained by the Lessor not as a penalty but as liquidated damages. The Lessor shall not be liable for any expenditures made by the Lessee or undertaken by the Lessee under this Lease prior to termination.

(b) If the Lessee fails to cure or remedy a breach of default within the time allowed in (a) of this paragraph, the holder of a security interest who has received notice under (a) of this paragraph may cure or remedy the breach or default if the breach or default can be cured by the payment of money or, if this cannot be done, by performing or undertaking in writing to perform the terms, covenants, restrictions and conditions of the lease capable of performance by the holder. The holder shall act within 60 days from the date of receipt of notice under (a) of this paragraph, or within any additional period which the Lessor may allow for good cause.

(c) In the event that this Lease is terminated, or in the event that the Parcel, or any part thereof is abandoned by the Lessee during the term of this Lease, the Lessor may immediately, or at any time thereafter, enter or re-enter and take possession of said Parcel, or any part thereof, and without liability for any damage therefor, remove all persons and property therefrom either by summary proceedings or by suitable action at law; provided, however, that the words "enter" and "re-enter" as used herein are not restricted to their

technical legal meaning. Any entry or re-entry, possession, repossession, or dispossession by the Lessor, whether taken by summary proceedings or otherwise, shall not be deemed to absolve, relieve, release or discharge the Lessee, either in whole or part, for any monetary liability under the Lease.

22. Disposition of Improvements and Chattels After Termination. (a) The Lessee shall, within 60 days after termination of the Lease by the Lessor or by operation of law, remove all improvements and chattels located on the Parcel, provided that the Lessor first determines that such removal will not cause injury or damage to the Parcel or seriously impair its redisposal. Following such removal, the Lessee shall leave the Parcel in a safe and clean condition acceptable to the Lessor. The Lessor may, in its discretion, extend the time for removal of improvements under this subparagraph where undue hardship is demonstrated.

(b) If any improvements or chattels having an appraised value exceeding \$10,000.00, as determined by the Lessor, are not removed from the Parcel within the time allowed, they shall, upon 30 days prior written notice to the Lessee, be sold at public auction under the direction of the Lessor. The proceeds of sale shall inure to the Lessee who placed the improvements or chattels on the land, after deduction for the benefit of the Lessor of all monies due and owing under this Lease and all expenses incurred in administering the termination and conducting the sale. If there are no other bidders at such sale, the Lessor is authorized to bid on such improvements or chattels. In such event, the Lessor shall acquire all rights, both legal and equitable, which any other purchaser could acquire by reason of said sale and purchase.

(c) Any chattels or improvements having a total appraised value of \$10,000.00 or less, as determined by the Lessor, and which are authorized for removal by the Lessor but are not removed within the time allowed, shall become the absolute property of the Lessor upon the expiration of the time allowed.

(d) Authorized improvements of the Lessee which the Lessor determines have become fixtures of the Parcel shall be purchased by the subsequent purchaser or lessee. There will be no compensation to the Lessee for improvements which were not authorized under the Lease.

23. Indemnity to Lessor. During the term of the Lease the Lessee shall indemnify and hold the Lessor harmless from and against all claims and demands for loss or damage, including property damage, personal injury, wrongful death, and wage or employment claims, arising out of or in connection with the use or occupancy of the Parcel by the Lessee or by any other person holding under the Lessee, or at its sufferance or invitation; and from any accident or fire on the Parcel; and from any nuisance made or suffered thereon; and from any failure by the Lessee to keep the Parcel in a safe and lawful condition consistent with applicable laws, regulations, ordinances, or orders; and from any assignment, sublease, or conveyance, attempted or successful, by the Lessee of the Parcel or any part thereof or interest therein contrary to the conditions and covenants of this Lease. The Lessee will hold all goods, materials, furniture, fixtures, equipment, machinery and other property whatsoever on the Parcel at the sole risk of the Lessee, and will save the Lessor harmless from any claim of loss or damage thereto by any cause whatsoever.

24. Surrender of Leasehold. Upon the expiration, termination or cancellation of this Lease the Lessee shall quietly and peaceably leave, surrender and yield up unto the Lessor all of the Parcel.

25. Notices. All notices required or permitted under this Lease Agreement shall be made by certified mail, postage prepaid, to the parties at the following addresses:

To the Lessor: Alaska Division of Land and Water Management  
Pouch 7-005  
Anchorage, Alaska 99510

To the Lessee: Larry W. McCrehin  
P.O. Box 895  
Sitka, Alaska 99835

Any notice or demand which must be given or made by the Lessor or the Lessee shall be in writing and shall be complete if sent by United States certified mail to the address shown in the Lease Agreement, or to such other address as each of the parties may designate in writing from time to time. A copy of any such notice shall be forwarded to the Lessor, and to the holder of any security interest in the Parcel who has properly recorded its interest in the Lease with the Lessor.

26. Service Charges. The Lessee shall pay a service charge for any late payment or returned check issued by it as follows:

(a) Late Payment Penalty: A service charge plus annual interest (twice the interest rate charged on installment payments at the prevailing rate for real estate mortgage loans made by the Federal Land Bank for the farm credit district for Alaska) on the amount due will be charged on a past-due account until payment is received by the Lessor or until the Lease Agreement termination date is reached. Acceptance of a late payment or of a service charge for a late payment is subject to the Lessor's rights under paragraphs 20 and 21 of this Lease.

(b) Returned Check Penalty: A service charge of \$10.00 will be assessed for any check on which the bank refuses payment. If the bank refuses payment, the default termination date remains the same. Late penalties under (a) of this paragraph shall continue to accumulate.

27. Integration and Modification. This Lease, including all attachments and documents which by reference are incorporated herein or made a part hereof, contains the entire agreement between the parties hereto.

This lease may not be modified or amended except by a document signed by both parties hereto, and any purported amendment or modification shall be without legal effect until reduced to writing and signed by both parties hereto.

28. Severability of Clauses of Lease Agreement. If any clause, or provision, herein contained, shall be adjudged to be invalid, it shall not affect the validity of any other clause or provision of this Lease or constitute any cause of action in favor of either party as against the other.

IN WITNESS WHEREOF the State of Alaska, as Lessor, acting through the Director of the Division of Land and Water Management of the Department of Natural Resources or his lawfully-designated representative, and otherwise being lawfully authorized, and the Lessee have caused these presents to be executed in duplicate, and have hereunto set their respective hands, agreeing to keep, observe and perform the applicable statutes, as amended, the rules and regulations promulgated thereunder, and the terms, conditions and provisions herein contained or attached, which on the Lessor's or the Lessee's respective parts are to be kept, observed and performed.

LESSEE:

Larry M. Cehin

LESSOR:

Ronald R. St. Rose

DIRECTOR  
Division of Land and Water Management

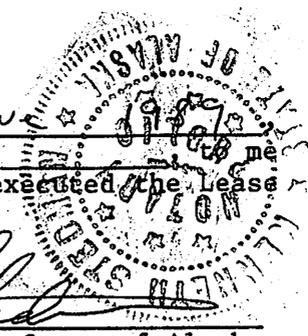
APPROVED:

\_\_\_\_\_  
COMMISSIONER  
Department of Natural Resources

STATE OF ALASKA )  
 ) ss  
1st Judicial District )

THIS IS TO CERTIFY that on this 28 day of June, 1989, before me appeared Larry M. McCrehin known and known to me to be the person named in and who executed the Lease and acknowledged voluntarily signing the same.

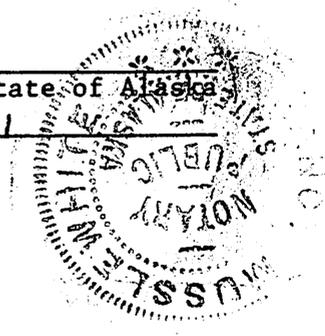
Kenneth E. Sted  
Notary Public in and for the State of Alaska  
My Commission expires: 10-14-91



STATE OF ALASKA )  
 ) ss.  
1st Judicial District )

THIS IS TO CERTIFY that on this 11th day of July, 1989, before me personally appeared Ronald R. Schonebach of the Division of Land and Water Management of the Department of Natural Resources of the State of Alaska, who executed the foregoing Lease and acknowledged voluntarily signing the same.

Nancy Musslewhite  
Notary Public in and for the State of Alaska  
My Commission expires: 2/9/91



APPROVED AS TO FORM:

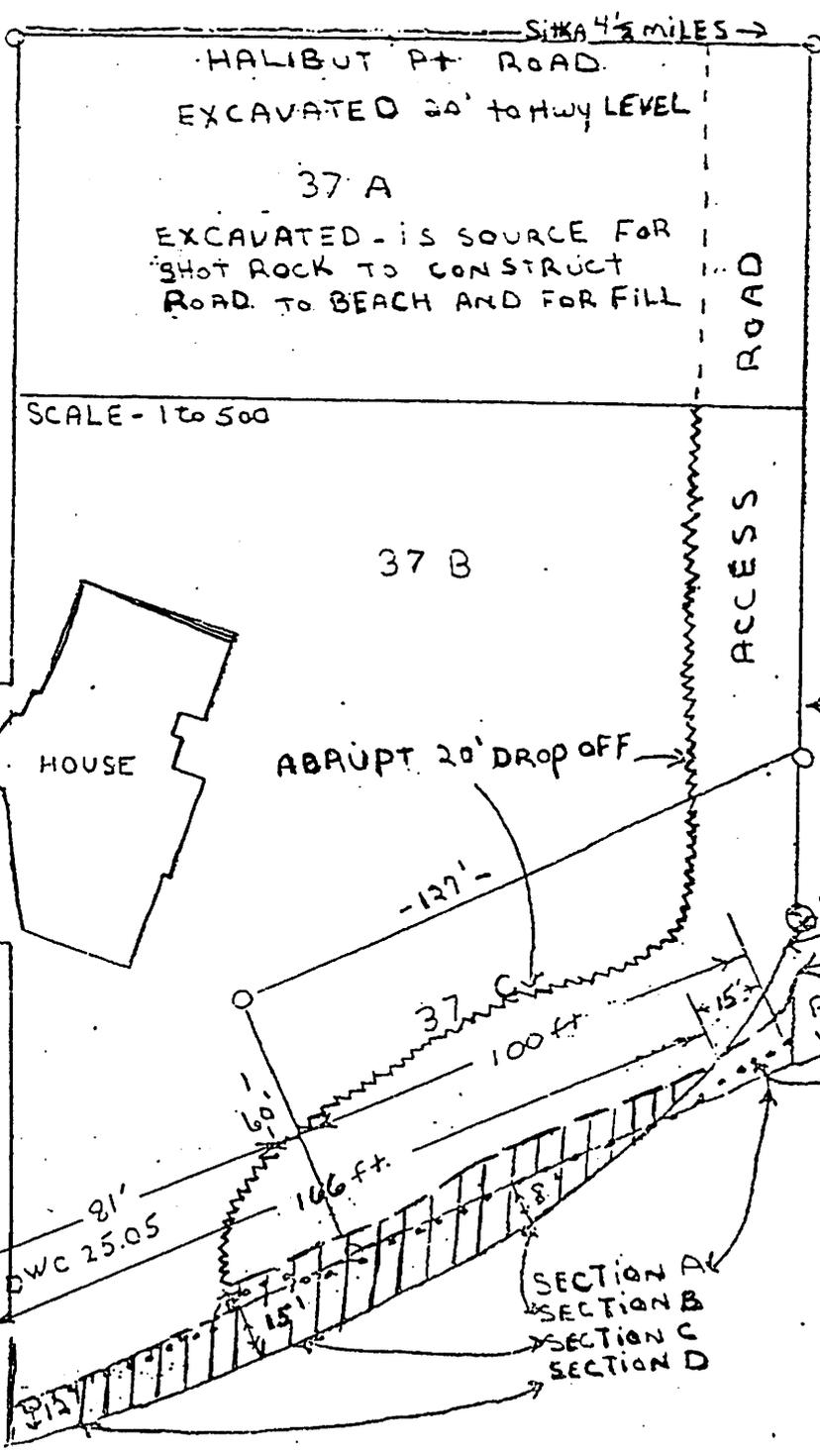
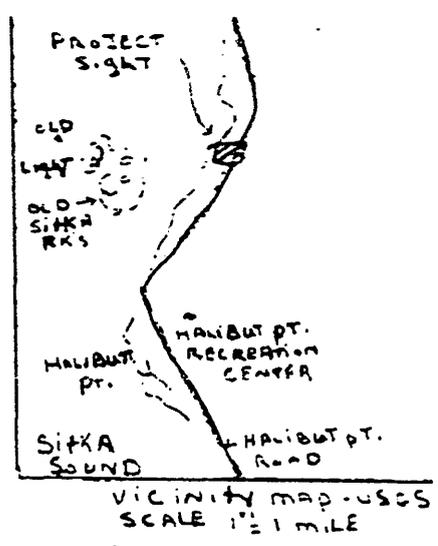
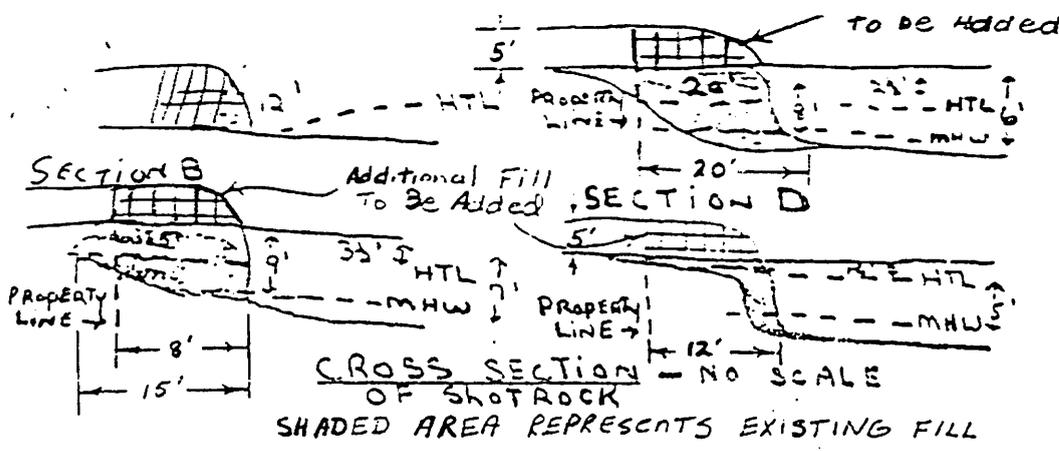
Barbara J. Miracle  
Assistant Attorney General

Date: 7/3/80

After recording in the Sitka Recording District, this document must be returned to the Department of Natural Resources, Division of Land & Water Management, Southeast Regional Office, 400 Willoughby Avenue, Suite 400, Juneau, Alaska 99801.

ATTACHMENT A  
TO  
LEASE AGREEMENT ADL 103916

1. For the purpose of this lease, the development plan shall be limited in form and scope to those improvements shown on Attachment B, unless approved in writing by the lessor prior to the installation or construction. Use of the area for purposes other than those specified herein shall constitute a breach of this lease.
2. This lease shall be utilized for the purpose described in the development plan. Failure to make substantial use of the land, consistent with the development plan, within 5 years, shall, in the Director's discretion, constitute grounds for cancellation of this lease agreement. (11 AAC 58.510)
3. There will be no placement or fill seaward of the existing fill area and fill shall not be placed from March 15 to May 31.



Note: A thin layer of small gravel will be spread over the shot rock to smooth the surface of fill.

← PLOT PLAN

 Area filled below the High Tide Line

 SHADED AREA WORK + FILL

AFTER THE FACT FILL CONSTRUCT IN SITKA, ALASKA CITY + BOROUGH OFS 4317 HALIBUT PT APPLICATION BY: LA MCCREHIN FOR PRIVATE USE SHEET 1 OF 1 DATE: AUGUST 27, 1988

STATUTORY QUITCLAIM DEED

LARRY W. MCCREHIN conveys and quitclaims to Larry W. McCrehin and Robyn J. McCrehin, husband and wife, as tenants of the entirety, and whose address is Box 895, Sitka, Alaska, 99835, all right, title, interest, claim and demand whatsoever which he has or ought to have in or to the properties located at:

All of Lot Thirty-Seven A (37-A), Lot Thirty-Seven B (37-B), and Lot Thirty-Seven C (37-C) in the McCrehin Subdivision, Resubdivision of Lot Thirty-Seven (37) and a portion of Lot Thirty-Nine (39), all in U.S. Survey #3482, Sitka Recording District, First Judicial District, State of Alaska;

and

Lot 1 of John Subdivision as shown by Plat #84-11, Recorded March 22, 1984, Sitka Recording District, First Judicial District, State of Alaska.

DATED this <sup>2m</sup>16 day of <sup>June</sup>~~April~~, 1988 at Sitka, Alaska.

Larry W. McCrehin

STATE OF ALASKA )  
FIRST JUDICIAL DISTRICT ) ss.

INDIVIDUAL ACKNOWLEDGEMENT

This certifies that on this <sup>June 16, 1988</sup>~~16~~ day of ~~April~~, 1988, before me, the undersigned, a Notary Public in and for the State of Alaska, duly commissioned and sworn, personally appeared Larry W. McCrehin, to me known and known to me to be the person described in and who signed in my presence the foregoing document; and under oath administered by me, he acknowledged to me that he signed the same freely and voluntarily for the uses and purposes set forth therein.

88-1043

Arnold J. Coulter  
Notary Public for Alaska  
My Commission expires: 0-13, 1988

RECORDED  
SITKA RECORDING DISTRICT

*Return to drawer*

JUN 17 1 21 PM '88

REQUESTED BY Robin McCrehin

ADDRESS Sitka

Parcel ID: 2-5750-002  
Oen, David  
Oen, Connie, J  
P.O. Box 2473  
Sitka AK 99835

Parcel ID: 2-5755-003  
Tomlinson, Kerry  
4309 Valhalla Dr  
Sitka AK 99835

Parcel ID: 2-5755-004  
Bertacchi, Bryan, J  
P.O. Box 1373  
Sitka AK 99835-1373

Parcel ID: 2-5760-001  
Oen, Myron, J  
4309 Halibut Point Rd  
Sitka AK 99835

Parcel ID: 2-5760-002  
Cameron, Alice, M  
Cameron, Kenneth, M  
4307 Halibut Point Rd  
Sitka AK 99835

Parcel ID: 2-5768-000  
Adams, Harlan, J  
Adams, Lavina, H  
P.O. Box 2652  
Sitka AK 99835-2652

Parcel ID: 2-5769-001  
McAdams Melinda  
Parsons, Robert  
P.O. Box 6325  
Sitka AK 99835

Parcel ID: 2-5769-002  
Oen, Amyee, M  
260 Circle Dr  
Reno NV 89509

Parcel ID: 2-5770-001  
Logan, David  
P.O. Box 34061  
Juneau AK 99811

Parcel ID: 2-5770-002  
Pearson, Kristopher, C  
Pearson, Erica, M  
1935 Dodge Cir  
Sitka AK 99835

Parcel ID: 2-5770-003  
McCrehin, Larry  
McCrehin, Robyn  
P.O. Box 895  
Sitka AK 99835-0895

Parcel ID: 2-5773-000  
Pearson, Denton  
P.O. Box 336  
Sitka AK 99835-0336

Parcel ID: 2-5774-000  
Kelly, Jeffrey, D  
P.O. Box 2306  
Sitka AK 99835-2306

Parcel ID: 2-5775-000  
Kehres, Gale  
103 Viking Way  
Sitka AK 99835

Parcel ID: 2-5777-000  
Dzugan, Gerald  
4319 Valhalla Dr  
Sitka AK 99835

Parcel ID: 2-5780-000  
McCrehin, Larry, W  
McCrehin, Marlys, E  
P.O. Box 895  
Sitka AK 99835-0895

~~Parcel ID: 2-5781-000  
McCrehin, Larry, W  
McCrehin, Robyn, J  
P.O. Box 895  
Sitka AK 99835~~

~~Parcel ID: 2-5782-000  
McCrehin, Larry  
McCrehin, Robyn  
P.O. Box 895  
Sitka AK 99835~~

Parcel ID: 2-5785-001  
Gallagher, Eileen  
Swift, James  
P.O. Box 1193  
Sitka AK 99835-1193

Parcel ID: 2-5786-001  
J and S Properties, LLC  
P.O. Box 936  
Sitka AK 99835

Parcel ID: 2-5786-002  
Stengl, Del  
4322 Valhalla Dr  
Sitka AK 99835

Parcel ID: 2-5790-001  
McNamee Ventures, LLC  
P.O. Box 6243  
Sitka AK 99835-6243

Parcel ID: 2-5791-000  
Bergdoll-Schmidt Rev Trust  
4406 Halibut Point Rd  
Sitka AK 99835

~~Parcel ID: 2-5795-000  
Bergdoll-Schmidt Revocable Trust  
4406 Halibut Point Rd  
Sitka AK 99835~~

~~Parcel ID: 2-5800-001  
McNamee Ventures, LLC  
P.O. Box 6243  
Sitka AK 99835-6243~~

Parcel ID: 2-5811-000  
Gipple, Bruce, A  
Gipple, Margaret, L  
2210 W Main St Suite 107-312  
Battle Ground WA 98604

**Assembly Mailing**  
January 12, 2018

Parcel ID: 2-5750-002  
Oen, David  
Oen, Connie, J  
P.O. Box 2473  
Sitka AK 99835

Parcel ID: 2-5755-003  
Tomlinson, Kerry  
4309 Valhalla Dr  
Sitka AK 99835

Parcel ID: 2-5755-004  
Bertacchi, Bryan, J  
P.O. Box 1373  
Sitka AK 99835-1373

Parcel ID: 2-5760-001  
Oen, Myron, J  
4309 Halibut Point Rd  
Sitka AK 99835

Parcel ID: 2-5760-002  
Cameron, Alice, M  
Cameron, Kenneth, M  
4307 Halibut Point Rd  
Sitka AK 99835

Parcel ID: 2-5768-000  
Adams, Harlan, J  
Adams, Lavina, H  
P.O. Box 2652  
Sitka AK 99835-2652

Parcel ID: 2-5769-001  
McAdams Melinda  
Parsons, Robert  
P.O. Box 6325  
Sitka AK 99835

Parcel ID: 2-5769-002  
Oen, Amyee, M  
260 Circle Dr  
Reno NV 89509

Parcel ID: 2-5770-001  
Logan, David  
P.O. Box 34061  
Juneau AK 99811

Parcel ID: 2-5770-002  
Pearson, Kristopher, C  
Pearson, Erica, M  
1935 Dodge Cir  
Sitka AK 99835

Parcel ID: 2-5770-003  
McCrehin, Larry  
McCrehin, Robyn  
P.O. Box 895  
Sitka AK 99835-0895

Parcel ID: 2-5773-000  
Pearson, Denton  
P.O. Box 336  
Sitka AK 99835-0336

Parcel ID: 2-5774-000  
Kelly, Jeffrey, D  
P.O. Box 2306  
Sitka AK 99835-2306

Parcel ID: 2-5775-000  
Kehres, Gale  
103 Viking Way  
Sitka AK 99835

Parcel ID: 2-5777-000  
Dzugan, Gerald  
4319 Valhalla Dr  
Sitka AK 99835

Parcel ID: 2-5780-000  
McCrehin, Larry, W  
McCrehin, Marlys, E  
P.O. Box 895  
Sitka AK 99835-0895

~~Parcel ID: 2-5781-000  
McCrehin, Larry, W  
McCrehin, Robyn, J  
P.O. Box 895  
Sitka AK 99835~~

~~Parcel ID: 2-5782-000  
McCrehin, Larry  
McCrehin, Robyn  
P.O. Box 895  
Sitka AK 99835~~

Parcel ID: 2-5785-001  
Gallagher, Eileen  
Swift, James  
P.O. Box 1193  
Sitka AK 99835-1193

Parcel ID: 2-5786-001  
J and S Properties, LLC  
P.O. Box 936  
Sitka AK 99835

Parcel ID: 2-5786-002  
Stengl, Del  
4322 Valhalla Dr  
Sitka AK 99835

Parcel ID: 2-5790-001  
McNamee Ventures, LLC  
P.O. Box 6243  
Sitka AK 99835-6243

Parcel ID: 2-5791-000  
Bergdoll-Schmidt Rev Trust  
4406 Halibut Point Rd  
Sitka AK 99835

~~Parcel ID: 2-5795-000  
Bergdoll-Schmidt Revocable Trust  
4406 Halibut Point Rd  
Sitka AK 99835~~

~~Parcel ID: 2-5800-001  
McNamee Ventures, LLC  
P.O. Box 6243  
Sitka AK 99835-6243~~

Parcel ID: 2-5811-000  
Gipple, Bruce, A  
Gipple, Margaret, L  
2210 W Main St Suite 107-312  
Battle Ground WA 98604

P&Z Mailing  
December 8, 2017



# CITY AND BOROUGH OF SITKA

## Legislation Details

---

File #: 18-015      Version: 1      Name:

Type: Item      Status: AGENDA READY

File created: 1/17/2018      In control: City and Borough Assembly

On agenda: 2/13/2018      Final action:

Title: Discussion/Direction regarding the removal of fluoride from municipal drinking water (postponed from the 1/23 meeting)

Sponsors:

Indexes:

Code sections:

Attachments: [Discussion ~ Direction fluoride.pdf](#)

Date	Ver.	Action By	Action	Result
1/23/2018	1	City and Borough Assembly		

Sponsors: Bean/Eisenbeisz

**DISCUSSION / DIRECTION**

regarding the removal of fluoride from municipal  
drinking water



# CITY AND BOROUGH OF SITKA

## Legislation Details

---

File #: 18-009      Version: 1      Name:

Type: Item      Status: AGENDA READY

File created: 1/17/2018      In control: City and Borough Assembly

On agenda: 2/13/2018      Final action:

Title: Approve sending an Assembly member or Municipal Administrator to attend the March Seatrade Cruise Global event in Fort Lauderdale, FL (postponed from the 1/23 meeting)

Sponsors:

Indexes:

Code sections:

Attachments: [Motion and Memo Seatrade.pdf](#)  
[Halibut Point Marine Services Letter.pdf](#)  
[Greater Sitka Chamber of Commerce Letter.pdf](#)

Date	Ver.	Action By	Action	Result
1/23/2018	1	City and Borough Assembly		

## Step 1

**DISCUSSION / DECISION** on sending an Assembly member or the Municipal Administrator to attend the Seatrade Cruise Global event in Fort Lauderdale, FL.

## Step 2

### Possible Motions

**I MOVE TO** approve sending Assembly member \_\_\_\_\_ to the Seatrade Cruise Global event in Fort Lauderdale, FL with expenses to be paid from the Visitor Activities Enhancement Fund.

OR

**I MOVE TO** approve sending Municipal Administrator Keith Brady to serve as a representative at the Seatrade Cruise Global event in Fort Lauderdale, FL with expenses to be paid from the Visitor Activities Enhancement Fund.



# City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

---

## MEMORANDUM

**To:** Mayor Hunter and Assembly Members

**From:** Keith Brady, Municipal Administrator

**Date:** January 16, 2018

**Subject:** Approval of CBS representation at Seatrade Cruise Global

---

The 2018 Seatrade Cruise Global event will be held March 5-8 in Fort Lauderdale, Florida. Cruise line executives, buyers, and suppliers attend this annual event for a week of networking, sourcing, innovation, and education.

Sitka participants planning to attend this event are Sitka Chamber of Commerce Executive Director, Rachel Roy; Visit Sitka Director of Tourism, Sherry Aitken; and Chris McGraw on behalf of Old Sitka Dock.

The City and Borough of Sitka (CBS) has sent an Assembly member to this event since 2012. Pete Esquiro attended in 2012, Mim McConnell 2013-2016, and Steven Eisenbeisz in 2017.

Travel costs are anticipated to be approximately \$3,000 and will be expensed from the Visitor Activities Enhancement Fund. One of the intended uses of the Fund is to fund visitor enhancement related travel such as this. An appropriation of \$5,000 exists in the Fund for travel.

Previously, CBS has been criticized for not actively supporting the cruise ship industry. In recent years we have reversed this conception. To maintain this sense of support and collaboration, staff strongly recommends an Assembly member or the Municipal Administrator attend Seatrade Cruise Global.

**Recommendation:** Approve sending an Assembly member or Municipal Administrator to Seatrade Cruise Global.



Wednesday, January 17, 2018

Dear Sitka Assembly Members:

Re: Seatrade Cruise Global

I understand that the Assembly will be discussing the funding for sending a representative from the City and Borough of Sitka to the Seatrade Cruise Global expo in Florida. Halibut Point Marine Services constructed the Old Sitka dock in 2011 and attended Seatrade Cruise Global for the first time in the spring of 2012 with the purpose of increasing cruise ship traffic to Sitka. Pete Equiro's attended representing the City the first year and a representative from the City has visited the south Florida with the purpose of increasing cruise traffic every year since then. Sitka had approximately 100,000 cruise ship passengers visit in the summer of 2012. Sitka is forecasted to receive approximately 200,000 passengers during the summer of 2019. Some of this growth is a result of the Alaska Cruise industry as a whole growing, however I believe that the increased marketing efforts to promote Sitka as a cruise destination over the past 6 years have a lot to do with the increased traffic Sitka is seeing.

I believe that having a representative from the City and Borough does two things. First, I believe it shows the cruise line executives that Sitka is supportive of the cruise industry and that we are eager for their business. I feel that this hasn't always been the case and certain aspects of the cruise industry still remember Sitka voted down cruise ship docks which came across as "Sitka does not want cruise ships" I feel that this image has changed over the past 6 years, in large part to the increased efforts of private organization and the City and Borough promoting Sitka as a cruise ship destination.

The second thing that I think it does is it provides experience and helps educate the City and Borough on the cruise industry and how competitive the market is for the ships amongst the ports in Alaska and worldwide. As we continue down the path of lean financial times the cruise industry is becoming an even more important economic driver in Sitka's economy. The more knowledgeable the City government is on this industry, it is likely that better decisions will be made regarding this industry and the local economy.

In years past the Assembly has sent Assembly members, and or the Mayor. I would recommend that the Assembly send Administrator Keith Brady. Being new to Sitka, I feel that this would be a great opportunity for Keith to gain additional knowledge regarding the cruise industry along with meeting representatives from the cruise lines and individuals from within the cruise industry in Alaska to voice the City and Borough of Sitka's support for continuing to grow Sitka as a cruise destination.

Respectfully,  
Chris McGraw  
General Manager  
Halibut Point Marine Services

# THE GREATER SITKA Chamber OF COMMERCE

## MISSION STATEMENT

THE GREATER SITKA CHAMBER OF COMMERCE IS A VOLUNTARY ORGANIZATION OF BUSINESS AND COMMUNITY LEADERS WHO PROMOTE, SUPPORT, AND FACILITATE COMMERCE AND ECONOMIC GROWTH IN THE COMMUNITY.

---

January 16, 2018

Dear Sitka Assembly Members:

The annual Seatrade Cruise Global is being held March 5<sup>th</sup> through the 8<sup>th</sup> in Fort Lauderdale, FL. Visit Sitka will participate in collaboration with Alaska Travel Agency Association (ATIA) in the Cruise North to Alaska booth. DMOs from around the state sponsor a podium and partners, such as Old Sitka Dock and the Alaska Railroad, sponsor at a supporter level. At our podium, representatives from Sitka are able to interact with cruise executives who attend the tradeshow as well as during invite only events that offer face-to-face time with decision makers within the cruise industry.

This is one of the important contacts we make with cruise executives to encourage cruise travel to Sitka. By increasing our visibility as a port and building relationships, Sitka has seen increases in cruise passenger counts, new ships into our market, as well as increases in sales tax and bed tax collections from cruise passengers returning as independent travelers.

Over the past several years, the City of Sitka has sent a representative to participate in the trade show and industry events to show that the local government is actively supporting Sitka as a cruise destination. At this time, representatives from Sitka include myself; Sherry Aitken, Visit Sitka; Chris McGraw, Old Sitka Dock as well as a representative from Tribal Tours (Sitka Tribe of Alaska).

I strongly encourage the City's continued participation in Seatrade by selecting a representative, Assembly member or Administrator, and showing a strong voice that Sitka is here and ready for the cruise industry.

Respectfully,

Rachel Roy, Executive Director  
Greater Sitka Chamber of Commerce | Visit Sitka



More information about Seatrade can be viewed on their website at [seatradecruiseglobal.com](http://seatradecruiseglobal.com). John Binkley of Cruise Line International Association- Alaska pictured above with Sitka's representatives at the 2017 Seatrade Cruise Global event.



# CITY AND BOROUGH OF SITKA

## Legislation Details

---

File #: 18-018      Version: 1      Name:

Type: Item      Status: AGENDA READY

File created: 1/18/2018      In control: City and Borough Assembly

On agenda: 2/13/2018      Final action:

Title: Reassignment of an Assembly Liaison to the Historic Preservation Commission (postponed from the 1/23 meeting)

Sponsors:

Indexes:

Code sections:

Attachments: [LIAISONS 2017-2018.pdf](#)

Date	Ver.	Action By	Action	Result
1/23/2018	1	City and Borough Assembly		

## Municipal Boards/Commissions/Committees Monthly Meeting Schedule 2017-2018

ENTITY	CHAIR	Day of Month	Time	Location	Liaisons
Animal Hearing	Susan Royce	Meets as needed			*NA
Building Department Appeals	Gary Smith	Meets as needed			*NA
Employment Relations Board	Leigh Kainulainen	Meets as needed	Varies	Harrigan Centennial Hall	*NA
Gary Paxton Industrial Park Board	Scott Wagner	Varies	3:00 PM	Sawmill Cove or SEDA	Potrzuski
Health Needs/Human Services	Doug Osborne	2nd Wednesday	Noon	Harrigan Centennial Hall	Wein
<b>Historic Preservation</b>	Roberta Littlefield	2nd Wednesday	6:00 PM	Harrigan Centennial Hall	Bean/Eisenbeisz
<b>Sitka Community Hospital Board</b>	Bryan Bertacchi	4th Thursday	6:00 PM	Hospital Classroom	Eisenbeisz/Wein
Investment Committee	Mike Reif	Meets as needed	Varies	City Hall Conference Room	Miyasato/Bean
Library	Joshua Thomas	First Wednesday	6:30 PM	Library Meeting Room	Hunter
<b>Local Emergency Planning</b>	Dave Miller	2nd Thursday	Noon	Fire Hall	Potrzuski
Parks & Recreation	Allison Massey	2nd Tuesday	Noon	Harrigan Centennial Hall	Knox
Planning & Zoning	Chris Spivey	1st & 3rd Tuesday	7:00 PM	Harrigan Centennial Hall	Knox/Bean
Police & Fire	Loyd Platson	4th Wednesday	6:00 PM	Harrigan Centennial Hall	Miyasato/Eisenbeisz
Port & Harbors <i>(no summer meetings)</i>	Michael Nurco	2nd Thursday	6:00 PM	Harrigan Centennial Hall	Bean/Hunter
Tree & Landscape	Joe D'Arienzo	3rd Tuesday	Noon	Harrigan Centennial Hall	Potrzuski
<b>Informational</b>					
SEDA	<i>Trevor Harang</i>	<i>1st Thursday</i>	<i>Noon</i>	<i>329 Harbor Drive</i>	Bean /Miyasato
Sitka Tribe of Alaska (STA)	<i>Kathy Hope-Erickson</i>	<i>3rd Wednesday</i>	<i>6:30 PM</i>	<i>Community House</i>	Knox/Bean
School Board	<i>Dr. Jennifer McNichol</i>	<i>1st Tuesday</i>	<i>6:00 PM</i>	<i>SHS Library</i>	Potrzuski/Miyasato
		<i>3rd Tuesday - worksession</i>	<i>6:00 PM</i>	<i>District Office Board Room</i>	
<b>Bolded Boards/Commissions/Committees Liaison Required by Ordinance.</b>					
*Don't meet often enough to need a liaison					Revised: January 18, 2018

Assembly Member Bean is the primary liaison for the Historic Preservation Commission and the primary liaison for the Port & Harbors Commission. Both Commissions meet on the same night at the same time and therefore he is unable to be the primary liaison to both Commissions. Mr. Bean would like to retain his liaison seat to the Port & Harbors Commission. A primary liaison for the Historic Preservation Commission is needed.



# CITY AND BOROUGH OF SITKA

## Legislation Details

---

File #: 18-021      Version: 1      Name:

Type: Item      Status: AGENDA READY

File created: 2/5/2018      In control: City and Borough Assembly

On agenda: 2/13/2018      Final action:

Title: Approve a lease agreement between O'Brien & Son's Construction LLC and the City and Borough of Sitka for Block 4, Lot 7 of the Gary Paxton Industrial Park

Sponsors:

Indexes:

Code sections:

Attachments: [Motion and Memo GPIP lease.pdf](#)  
[O'Brien letter of intent to lease.pdf](#)  
[Lease.pdf](#)

Date	Ver.	Action By	Action	Result
------	------	-----------	--------	--------

## **POSSIBLE MOTION**

**I MOVE TO** approve, as recommended by the Gary Paxton Industrial Park Board, a lease agreement between O'Brien and Son's Construction LLC and the City and Borough of Sitka for Block 4, Lot 7 of the Gary Paxton Industrial Park and authorize the Municipal Administrator to execute this document.



Monday, February 5, 2018

MEMORANDUM

To: Gary Paxton Industrial Park (GPIP) Board of Directors  
From: Garry White, Director  
Subject: O'Brien Lot 7 Lease Request

**Introduction**

O'Brien and Son's Construction LLC (O'Brien) is requesting to lease lot 7 of the GPIP to process rock and other materials and to stage construction equipment. Please see attached letter of request from O'Brien.

The GPIP Board met January 25, 2018 and approved the following motion:

**MOTION: M/S: Horan/Finkenbinder** Moved to recommend the City and Borough of Sitka Assembly lease lot 7 to O'Brien and Son's Construction for a 12 month term, with an option for three (3) successive 12-month terms at \$1000/mo. for year 1, \$1100/mo. for year 2 and \$1200/mo. for year 3 and 4.

**ACTION: Motion PASSED 3/0**  
Yes: 3-Finkenbinder, Horan, Bevan  
No: 0  
Recused: 2-Jones, Wagner

**Background**

O'Brien and Son's Construction LCC is a local site preparation contractor located in Sitka. Principal owner, Jim O'Brien has a long history of working in the community of Sitka.

**Lease Terms**

O'Brien is proposing to lease lot 7 for a 12-month term, with an option for three (3) successive 12-month terms. Lot 7 is a 32,879 SF parcel of raw property located in the northern portion of the park.

**Rent**

Lot 7 was appraised in 2014 at a value of \$147,956 or \$4.50/SF.

\$147.956 @ 9% = \$13,316 annually or \$1,109.67/month

*(The GPIP Board typically tries to achieve a 9% return annually on the value of the property asset in rental amount. Rent is adjusted based on activity, business establishment, and job creation.)*

The GPIP Board is recommending a ramp up lease rate to allow for business establishment at the GPIP. The recommended rent schedule is as follow:

<b>Rent by Month, Block 4 Lot 7</b>				
Month	Rate/Sq. Ft./Mo	Space	Rent/Month	Rent/Year
1 <sup>st</sup> through 12 <sup>th</sup>	\$0.030	32,789 sq. ft.	\$1,000	\$12,000
13 <sup>th</sup> – 24 <sup>th</sup>	\$0.034	32,789 sq. ft.	\$1,100	\$13,200
25 <sup>th</sup> – 36 <sup>th</sup>	\$0.037	32,789 sq. ft.	\$1,200	\$14,400
37 <sup>th</sup> -48 <sup>th</sup>	\$0.037	32,789 sq. ft.	\$1,200	\$14,400

**Additional Information**

- O'Brien plans to remove the existing rock above a concrete slab left by previous a tenant of the lot. O'Brien will be required to leave the entire lot graded level with the concrete slab with a covering of 2" minus finish.
  - The finished lot grading at the end of the lease will benefit the GPIIP property for future uses.

**Action**

Assembly approval of the attached lease between the CBS and O'Brien and Son's Construction LLC.

## O'Brien And Son's Construction Facilities Support Yard

January 5, 2018

Gary White, President  
Sitka Economic Development Association  
329 Harbor Drive Suite 212  
Sitka, Ak 99835

**Re: Letter of Intent to Lease  
Lot 7, GPIIP**

Dear Gary:

This Letter of Intent, outline's O'Brien And Son's desire to execute a lease agreement with SEDA, in good faith, for Lot 7 within GPIIP. The intended use, lease term, and improvements are outlined in the proposal as follows:

- A. Landlord:** City And Borough Of Sitka  
100 Lincoln Street  
Sitka, Ak 99835
- B. Tenant:** O'Brien And Son's
- C. Effective Date:** February 1, 2018, or upon execution of lease agreement.
- D. Premises:** Lot 7, having approximately 32,789 SF Area, shown in **Exhibit A**.
- E. Planned Use of Premises:** Tenant shall use the Premises for the following purpose: Construction equipment and assorted materials yard. Rock sizing, sorting, and stockpile. Topsoil sizing, sorting and stockpile. Material fabrication, equipment repair and related activities. Container vans, construction materials, all types of construction equipment and other to be staged on the premises. Tenant to notify Landlord of any extreme changes to Tenant's planned use of premises.
- F. Lease Term:** 12 Months
- G. Option:** Tenant shall have three (3) successive options to extend the Lease Term for a period of twelve (12) months per option, exercisable in writing no less than 90 calendar days prior to the expiration of the original lease term and exercised option terms. Option Term rent shall be the same amount as stated in original lease;
- H. Rent Commencement Date:** Rent charges shall commence upon the execution of lease agreement (anticipated, February 1, 2018).

- I. Rent:** Tenant shall pay on the first of each month without the necessity of any billing by the landlord. Tenant shall pay \$986.37/month payable at a rate of \$0.03/SF/Month.
- J. Property Tax:** Tenant shall be responsible for property taxes for the lease term, including any options exercised..
- K. Insurance Expense:** Tenant shall be responsible for maintaining property damage and comprehensive general liability insurance in the amount of \$1,000,000.00. Landlord being named as an additional insured.
- L. Utilities:** Tenant shall pay for its own utilities including but not limited to water, sewer, and electricity consumed within the Premises. Tenant shall be responsible for installation of utilities within the Premises and for all utility hook-up charges.
- M. Improvements to The Premises:** Tenant, at Tenant's expense, shall improve the Premises to be more suitable to Tenant's planned use of the Premises, subject to Landlord's prior written approval. It is understood that Tenant's improvements are subject to the approval of the applicable local government authorities and Landlord.
- N. Tenant's Planned Improvements:** Upon Landlord's, Tenant plans on removing and disposing of material overlaying the existing concrete slab, see **Exhibit B**. The planned finished grade of Lot 7, is the existing slab elevation. Area beyond the limits of the concrete slab, but within the property lines of Lot 7 will be uniformly graded with 2" minus, see **Exhibit A**. The large slab is a far superior surface, why turn uphill to a 6" minus covering, when it could be a concrete yard at the same elevation as the existing roads and other occupied lease lots to the South.
- O. Nature of this Letter of Intent:** This Letter of Intent constitutes Tenant's offer to execute a lease agreement with Landlord. This Letter of Intent may not be relied upon by any party as evidence of a binding agreement or commitment between Landlord and Tenant for the lease of Lot 7, and no legal rights and obligations between the parties shall be created or deemed to exist with respect to the Premises until the parties have fully executed and delivered a lease agreement.

We look forward to your response to the above. Please contact us should you have any comments or questions.

Very truly yours,

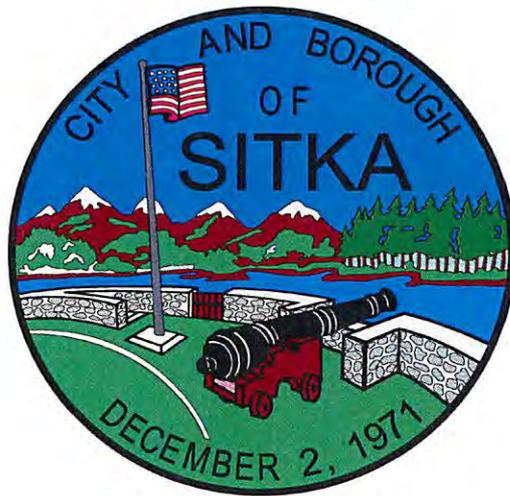
Jim O'Brien, Owner  
907-752-3742

Exhibit A



Exhibit B





# **LEASE AGREEMENT**

**BETWEEN**

**THE  
CITY AND BOROUGH OF  
SITKA, ALASKA**

**AND**

**O'BRIEN & SONS  
CONSTRUCTION, LLC.  
Block 4, Lot 7, GPIP**

**LEASE AGREEMENT  
BETWEEN  
CITY AND BOROUGH OF SITKA, ALASKA  
AND  
O'BRIEN & SONS CONSTRUCTION, LLC.**

**Contents**

**PREAMBLE..... 1**

**SPECIAL PROVISIONS ..... 1**

**ARTICLE I: LEASE, TERM OF LEASE, AND TERMINATION OF LEASE ..... 1**

    Section 1.1 Conveyance of Estate in Lease. .... 1

    Section 1.3 Option to Renew. .... 1

    Section 1.4 Disposition of Improvements and Lessee's Personal Property Following Term of  
        Lease Agreement..... 2

    Section 1.5 Covenants to Perform..... 2

**ARTICLE II: RENT AND OTHER OBLIGATIONS OF LESSEE..... 2**

    Section 2.1 Calculation & Method of Payment of Rent..... 2

    Section 2.2 Property Tax Responsibility..... 2

**ARTICLE III: RESTRICTIONS UPON USE OF SUBJECT PROPERTY ..... 3**

    Section 3.1 Lessee's Obligations as to Construction, Maintenance, Repair and Safety..... 3

    Section 3.2 Lessor's Approval of Certain Alterations or Improvements ..... 3

    Section 3.3 Rights of Access to Property..... 4

    Section 3.5 Additional Conditions of Leasing. .... 4

    Section 3.5 Control of Rodents and Other Creatures on Subject Property. .... 5

**ARTICLE IV: UTILITY SERVICES & RATES..... 6**

    Section 4.1 Provision of Utility Services ..... 6

    Section 4.2 Rates for Utility Services Provided by Lessor ..... 6

    Section 4.3 Lessee to Pay for Utility Services ..... 6

    Section 4.4 Lessor Not Liable for Failure of Utilities of Building ..... 6

    Section 4.5 Requirement Regarding Potable Water Services ..... 6

**ARTICLE V: LIABILITY AND INDEMNIFICATION ..... 7**

    Section 5.1 Liability of Lessee and Indemnification of Lessor. .... 7

    Section 5.2 Liability of Lessor and Indemnification of Lessee. .... 7

    Section 5.3 Reimbursement of Costs of Obtaining Possession..... 8

**GENERAL PROVISIONS..... 8**

**ARTICLE VI: DEFINITIONS ..... 8**

    Section 6.1 Defined Terms..... 8

**ARTICLE VII: INSURANCE ..... 9**

    Section 7.1 Insurance. .... 9

    Section 7.2 Notification of Claim, Loss, or Adjustment..... 9

    Section 7.3 Waiver of Subrogation. .... 9

**ARTICLE VIII: RESTRICTIONS REGARDING ASSIGNMENT, SUBLEASES, AND TRANSFERS OF  
SUBJECT PROPERTY..... 9**

Section 8.1 Lessee Without Power to Assign, Lease, Transfer, or Encumber Subject Property .	9
Section 8.2 Limitations on Subleases.....	9
<b>ARTICLE IX: USE AND PROTECTION OF THE SUBJECT PROPERTY .....</b>	<b>10</b>
Section 9.1 Property As Is - Repairs. ....	10
Section 9.2 Compliance with Laws.....	10
Section 9.3 Notification of Sitka's Public Works Director of Discovery Contamination.....	10
Section 9.4 Permits and Approvals for Activities.....	11
<b>ARTICLE X: LESSOR'S RIGHT TO PERFORM LESSEE'S COVENANTS; REIMBURSEMENT OF LESSOR FOR AMOUNTS SO EXPENDED .....</b>	<b>11</b>
Section 10.1 Performance of Lessee's Covenants To Pay Money. ....	11
Section 10.2 Lessor's Right To Cure Lessee's Default.....	11
Section 10.3 Reimbursement of Lessor and Lessee.....	11
<b>ARTICLE XI: DAMAGE OR DESTRUCTION .....</b>	<b>12</b>
Section 11.1 Repair and Replacement of Structures and Improvements Following Damage....	12
<b>ARTICLE XII: MECHANIC'S LIENS.....</b>	<b>12</b>
Section 12.1 Discharge of Mechanics' Liens. ....	12
<b>ARTICLE XIII: LIEN FOR RENT AND OTHER CHARGES .....</b>	<b>13</b>
Section 13.1 Lien for Rent. ....	13
<b>ARTICLE XIV: DEFAULT PROVISIONS .....</b>	<b>13</b>
Section 14.1 Events of Default.....	13
Section 14.2 Assumption or Assignment of Lease to Bankruptcy Trustee.....	14
Section 14.3 Remedies in Event of Default. ....	14
Section 14.4 Waivers and Surrenders To Be In Writing.....	15
<b>ARTICLE XV: LESSOR'S TITLE AND LIEN.....</b>	<b>15</b>
Section 15.1 Lessor's Title and Lien Paramount.....	15
Section 15.2 Lessee Not To Encumber Lessor's Interest. ....	16
<b>ARTICLE XVI: REMEDIES CUMULATIVE .....</b>	<b>16</b>
Section 16.1 Remedies Cumulative. ....	16
Section 16.2 Waiver of Remedies Not To Be Inferred. ....	16
Section 16.3 Right to Terminate Not Waived.....	16
<b>ARTICLE XVII: SURRENDER AND HOLDING OVER.....</b>	<b>16</b>
Section 17.1 Surrender at End of Term.....	16
Section 17.2 Rights Upon Holding Over. ....	17
<b>ARTICLE XVIII: MODIFICATION.....</b>	<b>17</b>
Section 18.1 Modification.....	17
<b>ARTICLE XIX: INVALIDITY OF PARTICULAR PROVISIONS .....</b>	<b>17</b>
Section 19.1 Invalidity of Provisions.....	17
<b>ARTICLE XX: APPLICABLE LAW AND VENUE .....</b>	<b>17</b>
Section 20.1 Applicable Law. ....	17
<b>ARTICLE XXI: NOTICES .....</b>	<b>17</b>
Section 21.1 Manner of Mailing Notices. ....	17
Section 21.2 Notice to Leasehold Mortgagee and Secured Parties.....	18
Section 21.3 Sufficiency of Service. ....	18
Section 21.4 When Notice Deemed Given or Received. ....	18
<b>ARTICLE XXII: MISCELLANEOUS PROVISIONS .....</b>	<b>18</b>
Section 22.1 Captions.....	18

Section 22.2 Conditions and Covenants.....	18
Section 22.3 Entire Agreement. ....	18
Section 22.4 Time of Essence as to Covenants of Lease Agreement. ....	18
<b>ARTICLE XXIII: COVENANTS TO BIND AND BENEFIT RESPECTIVE PARTIES AND TO RUN WITH THE SUBJECT PROPERTY .....</b>	<b>19</b>
Section 23.1 Covenants to Run with the Subject Property. ....	19
Section 23.2 Interest in Deposits Automatically Transferred. ....	19
<b>ARTICLE XXIV: ADDITIONAL GENERAL PROVISIONS.....</b>	<b>19</b>
Section 24.1 Absence of Personal Liability. ....	19
Section 24.2 Lease Agreement Only Effective As Against Lessor Upon Approval.....	19
Section 24.3 Binding Effects and Attorneys Fees.....	19
Section 24.4 Duplicate Originals. ....	20
Section 24.5 Declaration of Termination. ....	20
Section 24.6 Authority. ....	20

**EXHIBITS:**

- Exhibit A – Diagram of Subject property
- Exhibit B – Management Requirements at Gary Paxton Industrial Park, Sitka, Alaska

**LEASE AGREEMENT  
BETWEEN  
CITY AND BOROUGH OF SITKA, ALASKA  
AND  
O'BRIEN & SONS CONSTRUCTION, LLC.**

**PREAMBLE**

This Lease Agreement ("Lease") between City and Borough of Sitka, Alaska, and O'Brien & Sons Construction, LLC, is effective upon execution of the Lease by both Parties, City and Borough of Sitka, Alaska, 100 Lincoln Street, Sitka, Alaska 99835 ("Sitka" "or "Lessor" ) and O'Brien & Sons Construction, LLC, PO Box 6036, Sitka, Alaska 99835 ("Lessee"). This Lease consists of the Special Provisions, the General Provisions, and the attached Exhibits A and B. Exhibit A is a pictorial representation of the area leased, consisting of Block 4, Lot 7, of the Gary Paxton Industrial Park ("GPIP"). Exhibit B is the "Management Requirements at GPIP, Sitka, Alaska," which summarizes the Prospective Purchasers Agreement, the Management Plan and the Conveyance Agreement regarding GPIP. This Lease was recommended by the GPIP Board of Directors on January 25, 2018 and approved by the Assembly on February 13, 2018.

**SPECIAL PROVISIONS**

**ARTICLE I: LEASE, TERM OF LEASE, AND TERMINATION OF LEASE**

**Section 1.1 Conveyance of Estate in Lease.**

Lessor, for and in consideration of the Rents received and of the covenants and agreements made by Lessee, does lease to Lessee, and Lessee leases from Lessor, the "Subject Property" or "Premises" as shown on Exhibit A. The "Subject Property" is Block 4, Lot 7, of the GPIP, consisting of 32,879 SF of raw land.

**Section 1.2 Lease Term.**

The "Term" is for twelve (12) months, commencing upon execution of this Lease, and continuing for twelve (12) months, unless sooner terminated or extended as provided in this Lease. The Term may be extended, based on the Option to Renew in Section 1.3

**Section 1.3 Option to Renew.**

Provided there does not then exist a continuing material default by Lessee under this Lease, Lessee shall have the right to exercise the option to renew this Lease for three (3) term(s) of twelve (12) months upon the same terms and conditions as this Lease (except Section 1.2), with the Rent during the extension term(s) as described in Article II. This option is effective only if (a) Lessee makes a written request to exercise such an option not more than ninety (90) days prior to expiration of the Term; (b) Lessee is in compliance with all applicable laws; and (c) Lessee is not in default under this Lease.

**Section 1.4 Disposition of Improvements and Lessee's Personal Property Following Term of Lease Agreement.**

Lessee shall remove from the Subject Property any personal property or Improvements constructed, installed, or deposited on the Subject Property at the termination of this Lease, or any extension, unless Lessee makes a separate written agreement with Lessor to do otherwise. Any Improvements or personal property not removed after thirty (30) days have passed after termination of this Lease shall be deemed abandoned, and at Lessor's option, shall become the property of Lessor. Lessee shall repay to Lessor any costs of removing such improvements or personal property from the Subject Property if Lessor does not exercise such option. Subject to Lessor obligations under subsection 3.1(a) below, Lessee agrees to leave Subject Property in a neat and clean condition at the end of the Term of the Lease.

**Section 1.5 Covenants to Perform.**

This Lease is made upon the above and the following terms and conditions, each of which the Party bound by such covenants and conditions agrees to perform, irrespective of whether the particular provision is in the form of a covenant, an agreement, a condition, a direction, or otherwise, and each Party agrees to provide the other Party with documents or further assurances as may be required to carry out the expressed intentions.

**ARTICLE II: RENT AND OTHER OBLIGATIONS OF LESSEE**

**Section 2.1 Calculation and Method of Payment of Rent.**

Notwithstanding any other provision of this Lease, on the Term start date set out in Article I, Lessee shall pay the full Rent owed under this Lease, which shall be prorated if the date this Lease is executed is not the first day of the month. Subject to the provision in the previous sentence, Lessee shall pay Rent each month in advance on the first day of each and every for the Term of this Lease without the necessity of any billing by Lessor, at a rate outlined in the table below. Sitka sales tax shall be paid in addition to the stated Rent.

<b>Rent by Month, Block 4 Lot 7</b>				
Month	Rate/Sq. Ft./Mo	Space	Rent/Month	Rent/Year
1 <sup>st</sup> through 12 <sup>th</sup>	\$0.030	32,789 sq. ft.	\$1,000	\$12,000
13 <sup>th</sup> – 24 <sup>th</sup>	\$0.034	32,789 sq. ft.	\$1,100	\$13,200
25 <sup>th</sup> – 36 <sup>th</sup>	\$0.037	32,789 sq. ft.	\$1,200	\$14,400
37 <sup>th</sup> -48 <sup>th</sup>	\$0.037	32,789 sq. ft.	\$1,200	\$14,400

**Section 2.2 Property Tax Responsibility.**

Beginning with the Term year of this Lease and each tax year thereafter in which this Lease is effective, Lessee will be responsible to pay any property taxes to Sitka for its possessory interest in the building, land, and equipment to the extent taxable as determined by the Municipal Assessor, which is assessed as of January 1 of each calendar year.

### **ARTICLE III: RESTRICTIONS UPON USE OF SUBJECT PROPERTY**

#### **Section 3.1 Lessee's Obligations as to Construction, Maintenance, Repair and Safety.**

(a) Except as provided in this Lease, Lessee acknowledges the leasehold is in an "as is" condition. At the sole cost and expense of Lessee and in compliance with all legal requirements, Lessee may purchase, construct, develop, repair, and/or maintain any Improvements, fixtures, personal property, and other items on the Subject Property in a first-class manner using materials of good quality and matching existing finishes.

Lessor reserves the right to expand or modify the Subject Property. In that event, Lessor and Lessee will work together to complete such expansion or modification in a manner that minimizes disruption to Lessee's use of the Subject Property. Some anticipated disruptions could be interruption in utilities operational disturbances from noise, dust and other construction activities.

(b) Lessee acknowledges that Lessor has made no representation or warranty with respect to Lessee's ability to obtain any permit, license, or approval.

(c) Lessee shall also use the Subject Property and any Improvements placed thereon only for lawful uses.

(d) Lessee shall confine its operation on the Subject Property.

(e) Lessee shall not permit the accumulation of waste or refuse matter on the Subject Property, and Lessee shall not obstruct or permit the obstruction of the streets, sidewalks, access ways, or alleys adjoining the Subject Property except as may be permitted by Lessor or other municipal authorities having jurisdiction. Lessee shall do all things necessary during the Term of this Lease to remove any dangerous condition from time to time existing on the Subject Property as the result of the use by Lessee.

(f) Lessee may erect outdoor signage, at its expense, with the written permission of the Sitka Building Official, the Planning Director, and the Public Works Director. The style, size and physical placement location of the sign will be approved on a case-by-case basis.

#### **Section 3.2 Lessor's Approval of Certain Alterations or Improvements.**

Lessee shall not make or permit to be made any alteration of, addition to, or change in, structures and improvements, nor demolish all or any part of the structures or improvements without the prior written consent of Lessor, which consent shall not be unreasonably withheld. The phrase structures and improvements" in the previous sentence includes water and wastewater systems and electrical systems. In requesting consent, Lessee shall comply with all applicable laws and ordinances, and shall submit to the Public Works Director of Lessor or his or her written designee detailed plans and specification of proposed work, an explanation of the needs and reasons for the work, and a plan of full payment of the costs of the work. Lessor shall notify Lessee of its approval or objection no later than thirty (30) days after receiving the information described in the previous sentence. In approving or objecting, Lessor shall be acting in its proprietary function and not its regulatory

function, any such approval in this proprietary function does not relieve Lessee of any obligation to obey the law. Nothing in this Section shall be interpreted to prevent Lessee from removing at the termination of this Lease any improvement or personal property as described in Section 1.4.

**Section 3.3 Rights of Access to Property.**

(a) Lessor reserves for itself and any public utility company the right to access the Subject Property at all reasonable times in a reasonable manner for the purposes of opening, inspecting, repairing, replacing, reconstructing, maintaining, or servicing the public utilities, if any, located on the Subject Property, as well as for the purposes of constructing or installing new public utilities. Lessor also reserves for itself and the Alaska Department of Environmental Conservation the right to access the Subject Property at all reasonable times in a reasonable manner for the purposes of regulation and enforcement of this Lease. Sitka also reserves for itself the right to access the Subject Property at all reasonable times in a reasonable manner for the purposes of (1) inspection of all work being performed in connection with the construction of Improvements; (2) showing Subject Property for exhibiting Subject Property in connection with renting or leasing Subject Property in a matter that will not unreasonably interfere with Lessee's business; and (3) placing "For Sale" or "For Rent" signs on Subject Property. Lessee shall not charge for any of the access allowed in the situations described in this subsection.

(b) Lessee shall not construct any permanent Improvements over or within the boundary lines of any easement for public utilities without receiving the written prior consent of Lessor and any applicable utility company.

(c) Lessee acknowledges that the Subject Property is or shall be subject to agreements for ingress and egress, utilities, parking, and maintenance as described on attached Exhibit A. Lessee agrees that it shall comply with the terms of such cooperative agreements, in accordance with the terms of such agreements, those portions of such maintenance expenses that are attributable to the Subject Property, as more fully set forth therein.

**Section 3.4 Additional Conditions of Leasing.**

Lessee recognizes and shall cause all beneficiaries of Lessee and all permitted successors in interest in or to any part of the Subject Property to recognize that:

(a) Lessee will cooperate with the Sitka Public Works Department and will notify this Department of any maintenance deficiencies or of any equipment failures that require maintenance or repair. Lessee will be provided a 24 hour telephone number to notify Lessor of any event that requires immediate response by Lessor.

(b) Lease payments will be made in monthly installments in advance in cash or by check, bank draft or money order made available to the Sitka. Installments to be delivered or mailed to 100 Lincoln Street, Sitka, Alaska 99835, by or on the first day of each calendar month.

(c) Lease payments shall become delinquent if not paid within ten (10) days after the due date. Delinquent payments are subject to a late charge of \$25 and interest accrued from the due date at 12% per annum.

(d) The charges and fees paid by Lessee to Lessor must be separated according to Sitka accounting standards.

(e) Lessor will only invoice if Lease payments are delinquent. Lessor will also invoice if Lessee fails to make Lease payment within thirty (30) days of due date. Lessor at its option can terminate the Lease for Lessee's failure to make payment.

(f) Lessee covenants and agrees that, as it relates to use of the Subject Property, it will not, on the grounds of race, color or national origin, discriminate or permit discrimination against any person or group of persons in any manner prohibited by Federal, State or local laws or regulations promulgated thereunder, and Lessee further grants Lessor the right to take such action to enforce such covenant as it deems necessary or as it is directed pursuant to any Federal, State law or local laws or regulations.

(g) Lessor may sell the Subject Property in the future and all agreements regarding the Subject Property, including this Lease, between Lessor and Lessee shall be completely transferable to the new owner. A transfer of the Subject Property to any such entity shall not create any restrictions upon use of the Subject Property in addition to those set forth in this Lease.

(h) Lessor may, upon at least ten (10) days prior notice to Lessee, temporarily suspend the supply, if provided on the Subject Property, of water, wastewater service, the supply of electric power, the use of pipelines, or the use of the Improvements in order to perform routine maintenance and, in all events, subject to unavoidable delays. Such interruptions shall be of as short duration as necessary to perform such maintenance, and Lessor shall not be responsible for any such costs or expenses as a result of suspending such utilities.

(i) Lessee shall timely pay any applicable Sitka Fire Marshal or Building Inspector fees and other building permit fees, and shall also timely file and pay any applicable property taxes and assessments, including sales tax when due.

(j) Lessee shall be responsible for taking any measures that Lessee deems necessary to provide security for its property. Lessor is not responsible for theft or vandalism.

(k) Sitka sales tax applies to Rent. Sales taxes also applies to any utility services and will be calculated into each monthly billing from the Sitka. Sales tax rates, limits, exemptions, and exclusions are subject to change by the Sitka Assembly. Failure of the Lessee to file and pay such taxes, and pay utilities may subject this Lease to be terminated.

(l) In accord with commercially reasonable standards and the rules set forth in Exhibit B, Lessee shall not store hazardous or explosive materials on the Subject Property or on any property of GPIIP.

**Section 3.5 Control of Rodents and Other Creatures on Subject Property.**

Lessee shall take reasonable affirmative measures to ensure that its operations do not attract to the Subject Property, or any portion of the GPIIP property, any of the following creatures: rodents, vermin, insects, eagles, crows, ravens, seagulls, mink, otters, or bears.

## **ARTICLE IV: UTILITY SERVICES & RATES**

### **Section 4.1 Provision of Utility Services**

Lessee shall pay the cost for use of any utility services on the Subject Property, with monthly payments due upon billing by the City and Borough of Sitka.

### **Section 4.2 Rates for Utility Services Provided by Lessor.**

Utility rates charged by Lessor for utility services shall be those set forth in Sitka's Customer Service Policies and/or Sitka General Code. Sitka Assembly may change utility rates from time to time by amending the Customer Service Policies and/or Sitka General Code.

### **Section 4.3 Lessee to Pay for Utility Services.**

Lessee will pay, or cause to be paid, all proper charges for any of the following, if available: electricity and solid waste; sewer and water; and for all other public or private utility services, which shall be used by or supplied to the Subject Property at any time during the term of this Lease. In the event that any charge, cost, or expense for any of the above-mentioned utility services or for any of the other above-mentioned services shall not be paid when due and payable, Lessor shall have the right, but shall not be obligated, to pay it, with the understanding that amounts paid by Lessor shall constitute additional rent due and payable under this Lease, and shall be repaid to Lessor by Lessee immediately on rendition of a bill by Lessor. Interest at the highest rate allowable by law shall be added as a charge for unpaid utility bills paid by Lessor on behalf of Lessee. Lessor reserves the right to suspend utility services if Lessee does not pay for utility services. Failure to timely pay utility services may also result in Lessor terminating this Lease.

### **Section 4.4 Lessor Not Liable for Failure of Utilities or Building.**

Except to the extent that any such failure, injury, or other casualty is due to Lessor's negligence or breach of any obligation under this Lease, Lessor shall not be liable for any failure of building roof, water supply, sewer, or electric current, or for any injury or damages to person or property caused by or resulting from any natural disaster, natural condition, gasoline, oil, steam, gas, electricity, or hurricane, tornado, flood, wind or similar storms or disturbances, or water, rain, or snows which may leak or flow from the street, sewer, or from any part of the building or the Subject Property, or leakage of gasoline or gas from pipes, appliances, sewer, or plumbing works or from any other place. Lessor shall not be held responsible or liable for any claim or action due to or arising from any suspension of operation, breakage, unavoidable accident or injury of any kind occurring to, or caused by the sewer mains by an act of God, beyond Lessor's control, or caused by the elements, strikes, riots, or a terrorist or terrorists.

### **Section 4.5. Requirement Regarding Potable Water Services.**

All potable water services will be metered and protected by approved backflow prevention in accordance with the Sitka General Code, Section 15.05.400.

## **ARTICLE V: LIABILITY AND INDEMNIFICATION**

### **Section 5.1 Liability of Lessee and Indemnification of Lessor.**

Lessee agrees to indemnify, defend, and hold harmless Lessor against and from any and all claims by or on behalf of any person, firm, or corporation arising, other than due to acts or omissions of Lessor or pre-existing conditions, from the conduct or management of or from any work or thing whatsoever done in or about the Subject Property and structures and Improvements, including liability arising from products produced on the property. Lessee also agrees to indemnify, defend, and hold Lessor harmless against and from any and all claims and damages arising, other than due to acts or omissions of Lessor, during the Term of this Lease from: (a) any condition of the Subject Property or Improvements placed on it by lessee; (b) any breach or default on the part of Lessee regarding any act or duty to be performed by Lessee pursuant to the terms of this Lease; (c) any act or negligence of Lessee or any of its agents, contractors, servants, employees or licensees; and (d) any accident, injury, death or damage caused to any person occurring during the Term of this Lease in or on the Subject Property. Lessee agrees to indemnify, defend, and hold harmless Lessor from and against all costs, counsel and legal fees, expenses, and liabilities incurred, other than due to acts or omissions of Lessor, in any claim or action or proceeding brought asserting claims of or asserting damages for any alleged act, negligence, omission, conduct, management, work, thing, breach, default, accident, injury, or damage described in the previous two sentences. The above agreements of indemnity are in addition to and not by way of limitation of any other covenants in this Lease to indemnify Lessor. The agreements of indemnity by Lessee do not apply to any claims of damage arising out of the failure of Lessor to perform acts or render services in its municipal capacity.

### **Section 5.2 Liability of Lessor and Indemnification of Lessee.**

Except to the extent of liabilities arising from Lessee's acts or omissions, Lessor indemnifies, defends, and holds Lessee harmless for liabilities to the extent that they were incurred by reason of conditions existing on the site as of the date of execution of this Lease or by reasons of Lessor's acts or omissions. Lessor also agrees to indemnify, defend, and hold Lessee harmless against and from any and all claims and damages arising, other than due to acts or omissions of Lessee, during the Term of this Lease from (a) any condition of the Subject Property or Improvements placed on it by Lessor; (b) any breach or default on the part of the Lessor regarding any act or duty to be performed by Lessor pursuant to the terms of the Lease; (c) any act of negligence of Lessor or any of its agents, contractors, servants, employees, or licensees; and (d) any accident, injury, death, or damage caused to any person occurring during the Term of this Lease in or on the Subject Property. Lessor agrees to indemnify, defend, and hold harmless Lessee from and against all costs, counsel and legal fees, expenses, and liabilities incurred, other than due to acts or omissions of Lessee, in any claim or action or proceeding brought asserting claims of or asserting damages for any alleged act, negligence, omission, conduct, management, work, thing, breach, default, accident, injury, or damage described in the previous two sentences. The above agreements of indemnity are in addition to and not by way of limitation of any other covenants in this Lease to indemnify Lessee.

### **Section 5.3 Reimbursement of Costs of Obtaining Possession.**

Each Party agrees to pay and to indemnify the other Party prevailing in any dispute under this Lease for all costs and charges, including but not limited to, full reasonable attorney and legal fees lawfully incurred in enforcing any provision of this Lease including obtaining possession of the Subject Property and establishing the Lessor's title free and clear of this Lease upon expiration or earlier termination of this Lease.

## **GENERAL PROVISIONS**

### **ARTICLE VI: DEFINITIONS**

#### **Section 6.1 Defined Terms.**

For the purposes of this Lease, the following words shall have the meanings attributed to them in this Section:

- (a) "Event of Default" means the occurrence of any action specified in Section 14.1.
- (b) "Imposition" means all of the taxes, assessments, utility rates or charges, levies and other governmental charges, levied or assessed against the Subject Property, any part thereof, any right or interest therein or any rent and income received therefrom as well as sales taxes on rent.
- (c) "Improvements" or "improvements" means all improvements of any nature now or hereafter located upon the Land, as well as all apparatus and equipment necessary for the complete and comfortable use, occupancy, enjoyment and operation of the Subject Property, including any construction fencing or signage, excepting only in each case articles of personal property appurtenances and fixtures (including trade fixtures) owned by Lessee, Sublessees, or others, which can be removed without defacing or materially injuring the Improvements remaining on the Subject Property, from the Subject Property with the portion of the Subject Property from which such items are removed being returned to a condition at least as good as that existing on the date of this Lease. "Improvements" also includes fill, grading, asphalt, and other non-building land improvements.
- (d) "Personal Property" means tangible personal property owned or leased and used by the Lessee or any sublessee of the Lessee, in connection with and located upon the Subject Property.
- (e) "Premises" means the "Subject Property."
- (f) "Rent" means the lease rate, which is the amount Lessee periodically owes and is obligated to pay Lessor as lease payments under this Lease for the use of the demise.
- (g) "Subject Property" is the area leased as shown on Exhibit A or elsewhere in the document.
- (h) "Sublessee" and "Sublease" -- any reference to "Sublessee" shall mean any subtenant, concessionaire, licensee, or occupant of space in or on the Subject Property holding by or through the Lessee; the term "Sublease" shall mean any lease, license, concession or other agreement for

the use and occupancy of any part of the Subject Property made by any Person holding by or through the Lessee.

(i) "Term" means the period of time Lessee rents or leases the Subject Property from Lessor.

## **ARTICLE VII: INSURANCE**

### **Section 7.1 Insurance.**

Lessee shall maintain property damage and comprehensive general liability insurance in the amount of One Million Dollars (\$1,000,000), on the Subject Property including Improvements. Lessor shall be named as an additional insured. Additionally, if applicable, Lessee shall have the statutory amount of any Worker's compensation.

### **Section 7.2 Notification of Claim, Loss, or Adjustment.**

Lessee shall advise Lessor of any claim, loss, adjustment, or negotiations and settlements involving any loss on the Subject Property under all policies of the character described in Section 7.1.

### **Section 7.3 Waiver of Subrogation.**

The Party insured (or so required) releases the other Party from any liability the other Party may have on account of the loss, cost, damage or expense to the extent of any amount recoverable by reason of insurance whenever: (i) any loss, cost, damage or expense resulting from fire, explosion or any other casualty or occurrence is incurred by either of the Parties to this Lease, or anyone claiming under it in connection with the Subject Property or Improvements; and (ii) the Party is then covered in whole or in part by insurance with respect to loss, cost, damage or expense or is required under this Lease to be so insured. The release of liability and waiver of the right of subrogation shall not be operative in any case where the effect is to invalidate the insurance coverage or increase its cost. In the case of increased cost, the other Party shall have the right, within thirty (30) days following written notice, to pay the increased cost keeping the release and waiver in full force and effect.

## **ARTICLE VIII: RESTRICTIONS REGARDING ASSIGNMENT, SUBLEASES, AND TRANSFERS OF SUBJECT PROPERTY**

### **Section 8.1 Lessee Without Power to Assign, Lease, Transfer, or Encumber Subject Property.**

Lessee has no power under this Lease to assign this Lease or transfer the Subject Property, except with the approval of the GPIP Board of Directors and the Sitka Assembly, which approval shall not be unreasonably withheld. Lessee has no power to encumber Subject Property or pledge its interest in Subject Property as collateral for a loan, mortgage, debt or liability, or allow any liens to be filed against the Subject Property. Any such action under this section may cause termination of this Lease.

### **Section 8.2 Limitations on Subleases.**

Lessee shall not sublease the Subject Property or any portion of it except with the approval of the GPIP Board of Directors and the Sitka Assembly. All subleases entered into demising all or any part of the Improvements or the Subject Property shall be expressly subject and subordinate to this

Lease, including Exhibits A and B. Lessor's consent to a sublease of the Subject Property shall not release Lessee from its obligations under the Lease. Lessor's consent to a sublease shall not be deemed to give any consent to any subsequent subletting.

## **ARTICLE IX: USE AND PROTECTION OF THE SUBJECT PROPERTY**

### **Section 9.1 Property As Is - Repairs.**

Lessee acknowledges that it has examined the Subject Property and the present improvements including any public improvements presently located there and knows the condition of them, and accepts them in their present condition without any representations or warranties of any kind or nature whatsoever by Lessor as to their condition or as to the use or occupancy which may be made of them. Lessee assumes the sole responsibility for the condition of the Improvements located on the Subject Property. The foregoing shall not be deemed to relieve Lessor of its general municipal obligations, or of its obligations under Section 3.1.

**NOTWITHSTANDING THE FOREGOING, THE PARTIES ACKNOWLEDGE THAT THE SUBJECT PROPERTY IS CURRENTLY COVERED WITH ROCK AND OTHER MATERIAL PLACED ON THE SUBJECT PROPERTY FROM SAWMILL CREEK ROAD, PHASE III PROJECT. LESSEE HEREBY HAS AUTHORITY TO REMOVE AND DISPOSE OF SAID ROCK AND MATERIAL OVERLAYING THE EXISTING CONCRETE SLAB. LESSEE WILL GRADE AREA BEYOND AND OUTSIDE THE CONCRETE SLAB WITHIN LOT 7 PROPERTY LINES TO UNIFORMLY GRADE WITH A 2 INCH MINUS GRAVEL COVERING.**

### **Section 9.2 Compliance with Laws.**

Lessee shall throughout the Term of this Lease and any extension, at Lessee's sole expense, promptly comply with all the laws and ordinances and the orders, rules, regulations, and requirements of all federal, state, and municipal governments and appropriate departments, commissions, boards, and officers (whether or not the same require structural repairs or alterations) and all other legal requirements that may be applicable to the Subject Property and its use. Nothing in the foregoing sentence shall be deemed to relieve Lessor of its general obligations in its municipal capacity.

### **Section 9.3 Notification of Sitka's Public Works Director of Discovery of Contamination.**

Lessee shall promptly notify Sitka's Public Works Director of the City and Borough of Sitka within 24 hours if any contaminated soils or other media that require special handling are encountered on the Subject Property.

Lessee shall be responsible for all clean-up costs associated with contamination of soils, of the Subject Property, adjoining property, and/or buildings, caused by or attributed to Lessee through its operations on the Subject Property. In the event of Lessee's failure to clean-up to applicable regulatory standards or to the satisfaction of the Public Works Director, Lessor may perform clean-up or contract for clean-up and all charges for such work shall be paid by Lessee.

#### **Section 9.4 Permits and Approvals for Activities.**

Lessee shall be responsible for obtaining all necessary permits and approvals for its activities unless otherwise specifically allowed by Lessor. Contemporaneously with making any application for permits to any public entity other than Sitka, Lessee shall provide copies of all permit applications and associated plans and specifications to the Sitka Public Works Director to facilitate review by departments of the Sitka. Sitka is not obligated to comment on the permit applications and plans, and the result of any review by the Sitka does not affect Lessee's obligation to comply with any applicable laws.

#### **ARTICLE X: LESSOR'S RIGHT TO PERFORM LESSEE'S COVENANTS; REIMBURSEMENT OF LESSOR FOR AMOUNTS SO EXPENDED**

#### **Section 10.1 Performance of Lessee's Covenants To Pay Money.**

Lessee covenants that if it shall at any time default or shall fail to make any other payment (other than rent) due and the failure shall continue for ten (10) days after written notice to Lessee, then Lessor may, but shall not be obligated so to do, and without further notice to or demand upon the Lessee and without releasing Lessee from any obligations of Lessee under this Lease, make any other payment in a manner and extent that Lessor may deem desirable.

#### **Section 10.2 Lessor's Right To Cure Lessee's Default.**

If there is a default involving the failure of Lessee to keep the Subject Property in good condition in accordance with the provisions of this Lease, to make any necessary renewals or replacements or to remove any dangerous condition in accordance with the requirements of this Lease or to take any other action required by the terms of this Lease, then Lessor shall have the right, but shall not be required, to make good any default of Lessee. Lessor shall not in any event be liable for inconvenience, annoyance, disturbance, loss of business, or other damage of or to Lessee by reason of bringing materials, supplies and equipment on the Subject Property during the course of the work required to be done to make good such default, and the obligations of Lessee under this Lease shall remain unaffected by such work, provided that Lessor uses reasonable care under the circumstances prevailing to avoid unnecessary inconvenience, annoyance, disturbance, loss of business, or other damage to Lessee.

#### **Section 10.3 Reimbursement of Lessor and Lessee.**

All sums advanced by Lessor pursuant to this Article and all necessary and incidental costs, expenses and attorney fees in connection with the performance of any acts, together with interest at the highest rate of interest allowed by law from the date of the making of advancements, shall be promptly payable by Lessee, in the respective amounts so advanced, to Lessor. This reimbursement shall be made on demand, or, at the option of Lessor, may be added to any rent then due or becoming due under this Lease and Lessee covenants to pay the sum or sums with interest, and Lessor shall have (in addition to any other right or remedy) the same rights and remedies in the event of the nonpayment by Lessee as in the case of default by Lessee in the payment of any installment of rent. Conversely, Lessee shall be entitled to receive from Lessor prompt payment or reimbursement on any sums due and owing from Lessor to Lessee, together with interest at the highest rate allowed by law. However, nothing contained in this Lease shall entitle Lessee to withhold any Rent due to Lessor or to offset or credit any sums against Rent,

except with respect to unpaid Rent due from Lessor to Lessee under any sublease of Subject Property.

## **Article XI: Damage Or Destruction**

### **Section 11.1 Repair and Replacement of Structures and Improvements Following Damage.**

(a) If the Premises, other than those improvements made by Lessee, shall be destroyed or so injured by any cause as to be unfit, in whole or in part, for occupancy and such destruction or injury could reasonably be repaired within ninety (90) days from the date of such damage or destruction, then Lessee shall not be entitled to surrender possession of the Premises, nor shall Lessee's liability to pay rent under this Lease cease, without the mutual consent of the Parties; in case of any such destruction or injury, Lessor shall repair the same with all reasonable speed and shall complete such repairs within ninety (90) days from the date of such damage or destruction. If during such period Lessee shall be unable to use all or any portion of the Premises, a proportionate allowance shall be made to Lessee from the Rent corresponding to the time during which and to the portion of the Premises of which Lessee shall be so deprived of the use.

(b) If such destruction or injury cannot reasonably be repaired within ninety (90) days from the date of such damage or destruction, Lessor shall notify Lessee within fifteen (15) days after the determination that restoration cannot be made in ninety (90) days. If Lessor elects not to repair or rebuild, this Lease shall be terminated. If Lessor elects to repair or rebuild, Lessor shall specify the time within which such repairs or reconstruction will be complete, and Lessee shall have the option, to be exercised within thirty (30) days after the receipt of such notice, to elect either to terminate this Lease and further liability hereunder, or to extend the Term of this Lease by a period of time equivalent to the time from the happening of such destruction or injury until the Premises are restored to their former condition. In the event Lessee elects to extend the Term of this Lease, Lessor shall restore the Premises to their former condition within the time specified in the notice, and Lessee shall not be liable to pay Rent for the period from the time of such destruction or injury until the Premises are so restored to their former condition.

(c) The timeframes in this Article may be modified by mutual agreement of the Parties.

## **ARTICLE XII: MECHANIC'S LIENS**

### **Section 12.1 Discharge of Mechanics' Liens.**

Lessee shall neither suffer nor permit any mechanics' liens to be filed against the title to the Subject Property, nor against Lessee's interest in the property, nor against the Improvements by reason of work, labor, services or materials supplied or claimed to have been supplied to Lessee or anyone having a right to possession of the Subject Property or Improvements as a result of an agreement with or the assent of Lessee. If any mechanics' lien shall be filed against the Subject Property, including the Improvements, Lessee shall cause it to be discharged of record within thirty (30) days after the date that Lessee has knowledge of its filing. Failure to comply may Subject his Lease to be terminated.

## **ARTICLE XIII: LIEN FOR RENT AND OTHER CHARGES**

### **Section 13.1 Lien for Rent.**

The whole amount of the Rent and each and every installment, and the amount of all taxes, assessments, water rates, insurance premiums and other charges and impositions paid by Lessor under the provisions of this Lease, and all costs, attorney's fees and other expenses which may be incurred by Lessor in enforcing the provisions of this Lease or on account of any delinquency of Lessee in carrying out any of the provisions of this Lease, shall be and they are declared to constitute a valid and prior lien upon Lessee and Lessee's Improvements to the Subject Property, and upon Lessee's leasehold estate, and may be enforced by equitable remedies including the appointment of a receiver.

## **ARTICLE XIV: DEFAULT PROVISIONS**

### **Section 14.1 Events of Default.**

Each of the following events is defined as an "Event of Default":

(a) The failure of the Lessee to pay any installment of Rent, or any other payments or deposits of money, or furnish receipts for deposits as required, when due and the continuance of the failure for a period of ten (10) days after notice in writing from Lessor to Lessee.

(b) The failure of Lessee to perform any of the other covenants, conditions and agreements of this Lease including payment of taxes on the part of Lessee to be performed, and the continuance of the failure for a period of thirty (30) days after notice in writing (which notice shall specify the respects in which Lessor contends that Lessee has failed to perform any of the covenants, conditions and agreements) from Lessor to Lessee unless, with respect to any default which cannot be cured within thirty (30) days, Lessee, or any person holding by, through or under Lessee, in good faith, promptly after receipt of written notice, shall have commenced and shall continue diligently and reasonably to prosecute all action necessary to cure the default within an additional sixty (60) days.

(c) The filing of an application by Lessee (the term, for this purpose, to include any approved transferee other than a sublessee of Lessee's interest in this Lease): (i) for a consent to the appointment of a receiver, trustee or liquidator of itself or all its assets; (ii) of a voluntary petition in bankruptcy or the filing of a pleading in any court of record admitting in writing of its inability to pay its debts as they come due; (iii) of a general assignment for the benefit of creditors; (iv) of an answer admitting the material allegations of, or its consenting to, or defaulting in answering, a petition filed against it in any bankruptcy proceeding.

(d) The entry of an order, judgment or decree by any court of competent jurisdiction, adjudicating Lessee a bankrupt, or appointing a receiver, trustee or liquidator of it or of its assets, and this order, judgment or decree continuing unstayed and in effect for any period of sixty (60) consecutive days, or if this Lease is taken under a writ of execution.

**Section 14.2 Assumption or Assignment of Lease to Bankruptcy Trustee.**

In the event that this Lease is assumed by or assigned to a trustee pursuant to the provisions of the bankruptcy reform Act of 1978 (referred to as "Bankruptcy Code") (11 U.S.C. § 101 *et seq.*), the trustee shall cure any default under this Lease and shall provide adequate assurances of future performance of this Lease as are required by the Bankruptcy Code (including but not limited to, the requirement of Code § 365(b)(1)) (referred to as "Adequate Assurances"), and if the trustee does not cure such defaults and provide such adequate assurances under the Bankruptcy Code within the applicable time periods provided by the Bankruptcy Code, then this Lease shall be deemed rejected automatically and Lessor shall have the right immediately to possession of the Subject Property immediately and shall be entitled to all remedies provided by the Bankruptcy Code for damages for breach or termination of this Lease.

**Section 14.3 Remedies in Event of Default.**

Lessor may treat any one or more of the Events of Default as a breach of this Lease and at its option, by serving written notice on Lessee and each Secured Party and Leasehold Mortgagee of whom Lessor has notice (such notice not to be effective unless served on each such person) of the Event of Default of which Lessor shall have received notice in writing, Lessor shall have, in addition to other remedies provided by law, one or more of the following remedies:

(a) Lessor may terminate this Lease and the Term created, in which event Lessor may repossess the entire Subject Property and Improvements, and be entitled to recover as damages a sum of money equal to the value, as of the date of termination of this Lease, of the Rent provided to be paid by Lessee for the balance of the stated term of this Lease less the fair rental value as of the date of termination of this Lease of the fee interest in the Subject Property and Improvements for the period, and any other sum of money and damages due under the terms of this Lease to Lessor and Lessee. Any personal property not removed after such termination shall be addressed as provided for in Section 1.4 above.

(b) Lessor may terminate Lessee's right of possession and may repossess the entire Subject Property and Improvements by forcible entry and detainer suit or otherwise, without demand or notice of any kind to Lessee (except as above expressly provided for) and without terminating this Lease, in which event Lessor may, but shall be under no obligation to do so, relet all or any part of the Subject Property for rent and upon terms as shall be satisfactory in the judgment reasonably exercised by Lessor (including the right to relet the Subject Property for a term greater or lesser than that remaining under the stated Term of this Lease and the right to relet the Subject Property as a part of a larger area and the right to change the use made of the Subject Property). For the purpose of reletting, Lessor may make any repairs, changes, alterations or additions in or to the Subject Property and Improvements that may be reasonably necessary or convenient in Lessor's judgment reasonably exercised; and if Lessor shall be unable, after a reasonable effort to do so, to relet the Subject Property, or if the Subject Property is relet and a sufficient sum shall not be realized from reletting after paying all of the costs and expenses of repairs, change, alterations and additions and the expense of reletting and the collection of the Rent accruing from it, to satisfy the rent above provided to be paid, then Lessee shall pay to Lessor as damages a sum equal to the amount of the Rent reserved in this Lease for the period or periods as and when payable pursuant

to this Lease, or, if the Subject Property or any part of it has been relet, Lessee shall satisfy and pay any deficiency upon demand from time to time; and Lessee acknowledges that Lessor may file suit to recover any sums falling due under the terms of this Section from time to time and that any suit or recovery of any portion due Lessee shall be no defense to any subsequent action brought for any amount not reduced to judgment in favor of Lessor. Any personal property not removed after such termination shall be addressed as provided for in Section 1.4 above.

(c) In the event of any breach or threatened breach by Lessee of any of the terms, covenants, agreements, provisions or conditions in this Lease, Lessor shall have the right to invoke any right and remedy allowed at law or in equity or by statute or otherwise as through reentry, summary proceedings, and other remedies were not provided for in this Lease.

(d) Upon the termination of this Lease and the Term created, or upon the termination of Lessee's right of possession, whether by lapse of time or at the option of Lessor, Lessee will at once surrender possession of the Subject Property and dispose of personal property and Improvements as described in Section 1.4. If possession is not immediately surrendered, Lessor may reenter the Subject Property and Improvements and repossess itself of it as of its former estate and remove all persons and their personal property, if such can be done without using force. Lessor may at its option seek expedited consideration to obtain possession if Lessor determines that the Lease has terminated as described in the first sentence of this paragraph, and Lessee agrees not to oppose such expedited consideration.

(e) In the event that Lessee shall fail to make any payment required to be made provided for in this Lease or defaults in the performance of any other covenant or agreement which Lessee is required to perform under this Lease during the period when work provided for in this Lease shall be in process or shall be required by the terms of this Lease to commence, Lessor may treat the default as a breach of this Lease and, in addition to the rights and remedies provided in this Article, but subject to the requirements of service of notice pursuant to this Lease, Lessor shall have the right to carry out or complete the work on behalf of Lessee without terminating this Lease.

#### **Section 14.4 Waivers and Surrenders To Be In Writing.**

No covenant or condition of this Lease shall be deemed to have been waived by Lessor unless the waiver be in writing, signed by Lessor or Lessor's agent duly authorized in writing and shall apply only with respect to the particular act or matter to which the consent is given and shall not relieve Lessee from the obligation, wherever required under this Lease, to obtain the consent of Lessor to any other act or matter.

#### **ARTICLE XV: LESSOR'S TITLE AND LIEN**

##### **Section 15.1 Lessor's Title and Lien Paramount.**

Lessor has title to the Subject Property, and Lessor's lien for Rent and other charges shall be paramount to all other liens.

**Section 15.2 Lessee Not To Encumber Lessor's Interest.**

Lessee shall have no right or power to and shall not in any way encumber the title of Lessor in and to the Subject Property. The fee-simple estate of Lessor in the Subject Property shall not be in any way subject to any claim by way of lien or otherwise, whether claimed by operation of law or by virtue of any express or implied lease or contract or other instrument made by Lessee, and any claim to the lien or otherwise upon the Subject Property arising from any act or omission of Lessee shall accrue only against the leasehold estate of Lessee in the Subject Property and Lessee's interest in the Improvements, and shall in all respects be subject to the paramount rights of Lessor in the Subject Property.

**ARTICLE XVI: REMEDIES CUMULATIVE**

**Section 16.1 Remedies Cumulative.**

No remedy conferred upon or reserved to Lessor shall be considered exclusive of any other remedy, but shall be cumulative and shall be in addition to every other remedy given under this Lease or existing at law or in equity or by statute. Every power and remedy given by this Lease to Lessor may be exercised from time to time and as often as occasion may arise or as may be deemed expedient by Lessor. No delay or omission of Lessor to exercise any right or power arising from any default shall impair any right or power, nor shall it be construed to be a waiver of any default or any acquiescence in it.

**Section 16.2 Waiver of Remedies Not To Be Inferred.**

No waiver of any breach of any of the covenants or conditions of this Lease shall be construed to be a waiver of any other breach or to be a waiver of, acquiescence in, or consent to any further or succeeding breach of it or similar covenant or condition.

**Section 16.3 Right to Terminate Not Waived.**

Neither the rights given to receive, sue for or distrain from any rent, moneys or other payments, or to enforce any of the terms of this Lease, or to prevent the breach or nonobservance of it, nor the exercise of any right or of any other right or remedy shall in any way impair or toll the right or power of Lessor to declare ended the Term granted and to terminate this Lease because of any event of default.

**ARTICLE XVII: SURRENDER AND HOLDING OVER**

**Section 17.1 Surrender at End of Term.**

On the last day of the Term, or on the earlier termination if the Term or any extension thereof Lessee shall peaceably and quietly leave, surrender and deliver the entire Subject Property to Lessor at the termination of the Lease, subject to the provisions of Section 1.4, in good repair, order, and condition, environmentally clean and free of contaminants, reasonable use, wear and tear excepted, free and clear of any and all mortgages, liens, encumbrances, and claims. At the time of the surrender, Lessee shall also surrender any and all security deposits and rent advances of Sublessees to the extent of any amounts owing from Lessee to Lessor. If the Subject Property is not so surrendered, Lessee shall repay Lessor for all expenses which Lessor shall incur by reason

of it, and in addition, Lessee shall indemnify, defend and hold harmless Lessor from and against all claims made by any succeeding Lessee against Lessor, founded upon delay occasioned by the failure of Lessee to surrender the Subject Property.

**Section 17.2 Rights Upon Holding Over.**

At the termination of this Lease, by lapse of time or otherwise, Lessee shall yield up immediately possession of the Land to Lessor and, failing to do so, agrees, at the option of Lessor, to pay to Lessor for the whole time such possession is withheld, a sum per day equal to one hundred and fifty percent (150%) times 1/30th of the aggregate of the Rent paid or payable to Lessor during the last month of the Term of the Lease the day before the termination of the Lease. The provisions of this Article shall not be held to be a waiver by Lessor of any right or reentry as set forth in this Lease, nor shall the receipt of a sum, or any other act in apparent affirmance of the tenancy, operate as a waiver of the right to terminate this Lease and the Term granted for the period still unexpired for any breach of Lessee under this Lease.

**ARTICLE XVIII: MODIFICATION**

**Section 18.1 Modification.**

None of the covenants, terms or conditions of this Lease to be kept and performed by either Party to this Lease shall in any manner be waived, modified, changed or abandoned except by a written instrument duly signed, acknowledged, and delivered by both Lessor and Lessee.

**ARTICLE XIX: INVALIDITY OF PARTICULAR PROVISIONS**

**Section 19.1 Invalidity of Provisions.**

If any provision of this Lease or the application of it to any person or circumstances shall to any extent be invalid or unenforceable, the remainder of this Lease, or the application of such provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected, and each provision of this Lease shall be valid and be enforced to the fullest extent permitted by law.

**ARTICLE XX: APPLICABLE LAW AND VENUE**

**Section 20.1 Applicable Law.**

This Lease shall be construed and enforced in accordance with the laws of the State of Alaska. The forum and venue for any action seeking to interpret, construe, or enforce this Lease shall be only in the Superior Court for the State of Alaska, First Judicial District, at Sitka, Alaska.

**ARTICLE XXI: NOTICES**

**Section 21.1 Manner of Mailing Notices.**

In every case where under any of the provisions of this Lease or otherwise it shall or may become necessary or desirable to make or give any declaration or notice of any kind to Lessor or Lessee, it shall be sufficient if a copy of any declaration or notice is sent by United States Post Office registered or certified mail, postage prepaid, return receipt requested, addressed: If to Lessor, at: Municipal Administrator, City and Borough of Sitka, Alaska of 100 Lincoln Street, Sitka, Alaska

99835, with a copy to: Municipal Clerk at address listed above; and if to Lessee, at: the address set out in the Preamble. Each Party from time to time may change its address for purposes of receiving declarations or notices by giving notice of the changed address, to become effective seven (7) days following the giving of notice.

**Section 21.2 Notice to Leasehold Mortgagee and Secured Parties.**

Lessor shall provide each Leasehold Mortgagee and Secured Party, who has so requested, copies of all notices from Lessor to Lessee relating to existing or potential default under, or other noncompliance with the terms of this Lease. All notices, demands or requests which may be required to be given by Lessor or Lessee to any Leasehold Mortgagee and Secured Parties shall be sent in writing, by United States Post Office registered or certified mail, postage prepaid, return receipt requested, addressed to the Leasehold Mortgagee at a place as the Leasehold Mortgagee may from time to time designate in a written notice to Lessor and Lessee. Copies of all notices shall simultaneously be sent to the other of Lessor or Lessee, as the case may be.

**Section 21.3 Sufficiency of Service.**

Service of any demand or notice as in this Article provided shall be sufficient for all purposes.

**Section 21.4 When Notice Deemed Given or Received.**

Whenever a notice is required by this Lease to be given by any Party to the other Party or by any Party to a Leasehold Mortgagee, the notice shall be considered as having been given when a registered or certified notice is placed in the United States Post Office mail as provided by this Article and shall be deemed received on the third business day thereafter and for all purposes under this Lease of starting any time period after notice, the time period shall be conclusively deemed to have commenced three business days after the giving of notice and whether or not it is provided that a time period commences after notice is given or after notice is received.

**ARTICLE XXII: MISCELLANEOUS PROVISIONS**

**Section 22.1 Captions.**

The captions of this Lease and the index preceding it are for convenience and reference only and in no way define, limit or describe the scope or intent of this Lease, nor in any way affect this Lease.

**Section 22.2 Conditions and Covenants.**

All the provisions of this Lease shall be deemed and construed to be "conditions" as well as "covenants," as though the words specifically expressing or importing covenants and conditions were used in each separate provision.

**Section 23.3 Entire Agreement.**

This Lease, together with the Tidelands Lease between the same Parties, if any, contains the entire agreement between the Parties and shall not be modified in any manner except by an instrument in writing executed by the Parties or their respective successors or assigns in interest.

**Section 22.4 Time of Essence as to Covenants of Lease Agreement.**

Time is of the essence as to the covenants in this Lease.

**ARTICLE XXIII: COVENANTS TO BIND AND BENEFIT RESPECTIVE PARTIES AND TO RUN WITH THE SUBJECT PROPERTY**

**Section 23.1 Covenants to Run with the Subject Property.**

All covenants, agreements, conditions and undertakings in this Lease shall extend and inure to the benefit of and be binding upon the successors and assigns of each of the Parties, the same as if they were in every case named and expressed, and they shall be construed as covenants running with the Subject Property. Wherever in this Lease reference is made to any of the Parties, it shall be held to include and apply to, wherever applicable, also the officers, directors, successors and assigns of each Party, the same as if in each and every case so expressed.

**Section 23.2 Interest in Deposits Automatically Transferred.**

The sale, conveyance or assignment of the interest of Lessee (pursuant to the terms of this Lease) or of Lessor in and to this Lease shall act automatically as a transfer to the assignee of Lessor or of Lessee, as the case may be, of its respective interest in any funds on deposit with and held by any Construction Lender and Lessor, and every subsequent sale, conveyance or assignment by any assignee of Lessor or of Lessee also shall act automatically as a transfer of their respective rights to the deposits with such Construction Lender and Lessor to the subsequent assignee.

**ARTICLE XXIV: ADDITIONAL GENERAL PROVISIONS**

**Section 24.1 Absence of Personal Liability.**

No member, official, or employee of Lessor shall be personally liable to Lessee, its successors and assigns, or anyone claiming by, through or under Lessee or any successor in interest to the Subject Property, in the event of any default or breach by Lessor or for any amount which may become due to Lessee, its successors and assigns, or any successor in interest to the Subject Property, or on any obligation under the terms of this Lease.

No member, official, or employee of Lessee shall be personally liable to Lessor, its successors and assigns, or anyone claiming by, through, or under Lessor or any successor in interest to the Subject Property, except as stated herein, in the event of any default or breach by Lessee or for any amount which become due to Lessor, its successors and assigns, or any successor in interest to the Subject Property, or on any obligation under the terms of this Lease.

**Section 24.2 Lease Agreement Only Effective As Against Lessor Upon Assembly Approval.**

This Lease is effective as against Lessor only upon the approval of this Lease by the GPIIP Board of Directors, in accordance with the Sitka General Code at Chapter 2.38, and the Sitka Assembly and signed by the Municipal Administrator.

**Section 24.3 Binding Effects and Attorney's Fees.**

This Lease shall be binding up and inure to the benefit of the respective successors and assigns of the Parties. In the event of litigation over this Lease, the Parties agree that the prevailing Party shall receive full reasonable attorneys' fees.

**Section 24.4 Duplicate Originals.**

This Lease may be executed in any number of copies, each of which shall constitute an original of this Lease. The warranties, representations, agreements and undertakings shall not be deemed to have been made for the benefit of any person or entity, other than the Parties.

**Section 24.5 Declaration of Termination.**

With respect to Lessor's rights to obtain possession of the Subject Property or to revest title in itself with respect to the leasehold estate of the Lessee in the Subject Property, Lessor shall have the right to institute such actions or proceedings as it may deem desirable to effectuate its rights including, without limitation, the right to execute and record or file with the Recorder of Sitka Recording District, a written declaration of the termination of all rights and title of Lessee in the Subject Property, and the revesting of any title in Lessor as specifically provided in this Lease.

**Section 24.6 Authority**

Lessor and Lessee represent to each other that each has, and has exercised, the required corporate power and authority and has complied with all applicable legal requirements necessary to adopt, execute and deliver this Lease and perform its obligations. Both Parties also represent that this Lease has been duly executed and delivered by each and constitutes a valid and binding obligation of each enforceable in accordance with its terms, conditions, and provisions.

**CITY AND BOROUGH OF SITKA, ALASKA**

\_\_\_\_\_  
**Date**

\_\_\_\_\_  
By: P. Keith Brady  
Its: Municipal Administrator

STATE OF ALASKA            )  
  ) ss.  
FIRST JUDICIAL DISTRICT    )

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2018, by P. Keith Brady, Municipal Administrator of the CITY AND BOROUGH OF SITKA, ALASKA, an Alaska home rule municipality, on behalf of the municipality.

\_\_\_\_\_  
Notary Public in and for the State of Alaska  
My commission expires: \_\_\_\_\_

**O'BRIEN & SONS CONTRUCTION, LLC**

\_\_\_\_\_  
Date

\_\_\_\_\_  
By: James O'Brien  
Its: Member

STATE OF ALASKA            )  
  ) ss.  
FIRST JUDICIAL DISTRICT    )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2018, by James O'Brien, Member of O'Brien & Sons Construction, LLC., an Alaska corporation, on behalf of the corporation.

\_\_\_\_\_  
Notary Public in and for the State of Alaska  
My commission expires: \_\_\_\_\_

Exhibit A



*REVISED* Memorandum of Understanding  
Between the State of Alaska and the City and Borough of Sitka  
Management Plan for Sawmill Cove Industrial Park  
(Former APC Mill Site)  
May 28, 2014

This revised Memorandum of Understanding (MOU) "Management Plan" is made between the State of Alaska (State) and the City and Borough of Sitka (CBS) to set forth measures for implementing recorded institutional controls and other long-term responsibilities for management of the former Alaska Pulp Corporation property located at what is now known as the Sawmill Cove Industrial Park. This revised MOU supersedes the April 28, 1999 MOU signed by Commissioner Michele Brown and Sitka Mayor Stan Filler.

This Management Plan describes how CBS and the State will work together to implement the recorded institutional controls and site management activities for the uplands area and navigation and dredging.

### **Introduction**

From approximately 1995-1999, the State required intensive studies of the environmental conditions of the property and the larger areas affected by the operation of the former APC pulp mill (the Upland and Bay Operable Unit study areas) in consultation with the Sitka Tribe of Alaska, other agencies, and the public. This revised Management Plan specifies the remaining work to be done under a 1999 prospective purchaser agreement between the State and CBS for the former APC pulp mill property. The PPA limits CBS liability for existing contamination associated with the property in exchange for this work.

### **Uplands – Land Use, Future Construction Activities, and Management of Contaminated Soils or Other Contaminated Media**

**Restrictive Covenants** – Two of the four restrictive covenants recorded by APC in 1997 were rescinded in 2005 to allow for unrestricted land use at the former developed mill site (AK Tidelands Patent No. 20 and U.S. Survey No. 2797). Two covenants remain in effect. Restrictive Covenant Sitka Plat 81-40 comprises 12.522 acres at Herring Cove. Restrictive Covenant U.S. Patent No. 1213671 comprises 143.87 acres adjacent to the former developed mill site. The remaining two restrictive covenants are effective until July 11, 2097, or until dioxins and furans are shown not to be present in concentrations exceeding site-specific, risk-based residential cleanup levels. The restrictive covenants disallow human habitation, schooling of children, hospital care, child care or any purpose necessitating around-the-clock residency by humans. Of its own accord or if requested by CBS, DEC will review information showing that these restrictions may be modified or lifted.

**Reporting** – If contaminated soils or other media that require special handling are encountered during construction activities, CBS or its tenants or contractors working on the Sawmill Cove Industrial Park property will promptly notify DEC's Contaminated Sites Program, Juneau office, and the CBS Public Works Director. These obligations exist in addition to any other notifications required by law. The Public Works Director or designee, who may be a qualified contractor, shall serve as the project manager for managing the material or taking any remedial actions.

*REVISED* Memorandum of Understanding  
Between the State of Alaska and the City and Borough of Sitka  
Management Plan for Sawmill Cove Industrial Park  
(Former APC Mill Site)

May 28, 2014

Site Management – The Public Works Director or designee will require the testing and proper treatment or disposal in accordance with applicable law and DEC regulations and guidance on the management of contaminated soils or other contaminated media. The Public Works Director or designee will promptly report the actions to be taken to DEC as required by applicable law.

DEC Approvals – DEC will process any approvals necessary for addressing existing contamination as part of the implementation of the amended Record of Decision and its institutional controls under applicable regulations and not as enforcement actions.

**Sawmill Cove – Future Construction Activities and Vessel Management**

Definitions:

1. Area of Concern – The Area of Concern (AOC) is an area in west Sawmill Cove approximately 100 acres in size. The boundary of the AOC begins approximately 2000 lineal feet southwest of outfall 001, extends 500 feet offshore along a southeast line, and follows a rough arc through western Sawmill Cove back to the shoreline approximately 1200 lineal feet north of outfall 001.
2. No Disturbance Zone – A No Disturbance Zone (NDZ) has been established within the AOC. The purposes of the NDZ are to minimize re-suspension of pulp residue and to ensure that no activity occurs that may compromise the ability of the area to achieve the natural recovery ecological management goals within the stated time frame. The NDZ is an area of tidal and submerged lands and overlying seas within the Area of Concern where toxicity is greatest and pulp residue thickest. The area encompasses approximately 6 acres of tidal and submerged lands extending to the southwest immediately offshore of outfall 001. The area is bounded by a perimeter that begins at a shoreward point 50' from the south end of the former pulp dock; extends approximately 425' into Sawmill Cove along a southeast line to the intersection of the – 100 foot contour; turns southwest for approximately 375' to the intersection of the – 120 foot contour; and turns due west for approximately 375' to a point shoreward.
3. Navigational Corridor – The Navigational Corridor is an area of tidal and submerged lands and overlying seas in the AOC bounded by a perimeter that begins at a shoreward point fifty feet (50') from the south end of the former pulp dock; parallels the end of the dock out to the minus sixty foot (–60') contour interval; follows the minus sixty foot (–60') contour to the north end of the Area of Concern boundary, and swings shoreward along the AOC boundary line.

Navigational Dredging - Navigational dredging on the west side of Sawmill Cove in the AOC should be limited to the Navigational Corridor unless extenuating circumstances prevail. Navigational dredging within the AOC does not include blasting of the outcrop of native rocky material in front of the former pulp dock that follows the depth contours to the southeast.

*REVISED* Memorandum of Understanding  
Between the State of Alaska and the City and Borough of Sitka  
Management Plan for Sawmill Cove Industrial Park  
(Former APC Mill Site)

May 28, 2014

Dredging actions that occur outside of the Navigation Corridor should be limited in scope and ancillary to in-water construction.

Dock Use and Future Expansion – Existing docks can be used as-is without any further regulatory action, subject only to berthing and dock expansion alternatives identified in the *Decision Framework for Managing Navigation in Sawmill Cove* (Exhibit 7, 1999 MOU). These alternatives are consistent with the remedy (natural recovery) and may be implemented through the normal permit process. Other berthing options are not necessarily precluded, but if proposed, they would have to be evaluated in the future for consistency with the remedy.

In-Water Construction – In-water construction in the AOC is allowed with appropriate precautions and best management practices, incorporated through the permitting process, to minimize disturbance or re-suspension of sediments. In-water construction in the AOC may include pilings, dolphins, docks, bulkheads, moorage and navigation aids, and other structures.

Vessel Management – Vessels are permitted to drop anchor in the AOC, excluding the NDZ and a 100' corridor designed to protect the wastewater discharge pipe that extends beyond the AOC. New single point mooring systems and navigation aids may be established, as needed. The NDZ boundaries and the pipeline corridor are depicted on the CBS Geographic Information System, viewable on-line at <http://www.cityofsitka.com/government/departments/planning/index.html>, and on NOAA charts.

Approaching or departing vessels may traverse the NDZ as long as precautionary measures are taken to minimize disturbance of bottom sediments. To the extent that it is safe and practicable, the following standard operating procedures should be followed by personnel maneuvering approaching or departing vessels in the vicinity of the No Disturbance Zone:

- Approach the dock at as high an angle as possible.
- Minimize the use of the main propulsion system, thrusters, and tugs when over or near the NDZ or buffer zone.
- Use as low a “bell” (such as “dead slow” or the slowest revolutions per minute ordered) when berthing.

Dredging, expansion of moorage, and in-water construction are prohibited in the NDZ, except that CBS may repair, maintain, or remove existing facilities using best management practices to minimize disturbances with approval by DEC prior to the work.

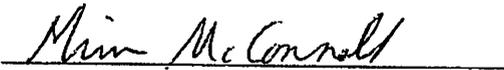
The Sawmill Cove Industrial Park manager will provide each landowner and tenant with a signed copy of the revised Management Plan. The plan must be filed with the Sitka Recorder's Office for each affected parcel. DEC's Institutional Controls Unit, at [DEC.ICUNIT@alaska.gov](mailto:DEC.ICUNIT@alaska.gov) must be notified of each filing and furnished with a copy of the Notice of Restricted Area in Sawmill Cove.

*REVISED* Memorandum of Understanding  
Between the State of Alaska and the City and Borough of Sitka  
Management Plan for Sawmill Cove Industrial Park  
(Former APC Mill Site)  
May 28, 2014



Larry Hartig, Commissioner  
Department of Environmental Conservation

Date May 28, 2014



Mim McConnell, Mayor  
City and Borough of Sitka

6/4/14  
Date



# CITY AND BOROUGH OF SITKA

## Legislation Details

---

File #: ORD 18-04    Version: 1    Name:

Type: Ordinance    Status: AGENDA READY

File created: 2/5/2018    In control: City and Borough Assembly

On agenda: 2/13/2018    Final action:

Title: Amending Title 15 of the Sitka General Code by adding a new Chapter 15.15 "Utility Cost Subsidization Program" - 1st reading

Sponsors:

Indexes:

Code sections:

Attachments: [Motion and Memo Ord 2018-04.pdf](#)  
[Ord 2018-04.pdf](#)

Date	Ver.	Action By	Action	Result
------	------	-----------	--------	--------

Sponsors: Potrzuski/Knox

**POSSIBLE MOTION**

**I MOVE TO** approve Ordinance 2018-04 on  
first reading.



# City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

---

## MEMORANDUM

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

**From:** Assembly Members Bob Potrzuski and Kevin Knox

**Date:** 2/7/18

**Subject:** Approve Ordinance 2018-04 Utility Cost Subsidization Program

---

This ordinance is in response to long-standing discussion about mitigating the rise in utility rates over the last few years for those least able to afford them. Providing utility assistance to Sitka's most vulnerable citizens brings a measure of equity to our rate structure. Utility costs often represent a higher percentage of a household budget for low to low-middle income households and particularly for fixed income households. Offering assistance to reduce that burden increases that households economic strength and local impact, bringing benefit to the household and possibly to Sitka's economy in general.

This ordinance would provide a mechanism to provide assistance through a monthly utility rebate to individual customer accounts based on the level of need and availability of funding for the program. An annual application for the program will account for the number of assistance rebates divided into the annual appropriation by the Assembly. (See 15.15.020 Paragraph H)

The mechanisms for qualifying are in place already (Medicaid/Medicare, BIHA, SNAP, etc) and would only need to be reviewed by staff for eligibility. Because applicants would come 'pre-approved' it should not be onerous. (See 15.15.030 Paragraph A)

If the city finds itself, in the future, unable to provide funding for this program, assistance would then be suspended at the annual renewal date. Funding of \$400,000 was approved for FY '18 and due to various issues this ordinance was never fully vetted until now. Providing some measure of assistance as soon as practical is prudent given the availability of funds and a clear need to provide assistance to those most in need in our community.

CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2018-04

AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA AMENDING TITLE 15 OF THE SITKA GENERAL CODE BY ADDING A NEW CHAPTER 15.15 "UTILITY COST SUBSIDIZATION PROGRAM"

1. CLASSIFICATION. This ordinance is of a permanent nature and is intended to become a part of the Sitka General Code.

2. SEVERABILITY. If any provision of this ordinance or any application to any person or circumstance is held invalid, the remainder of this ordinance and application to any person or circumstance shall not be affected.

3. PURPOSE. The purpose of this ordinance is to add a new chapter to Title 15 of the Sitka General Code to establish a utility cost subsidization program to help low- and middle-income households with the cost of utilities, by providing a regulatory framework for the subsidization of utility costs. This ordinance shall set forth how and when utility cost subsidizations shall be authorized and implemented; how long such subsidizations shall continue for; when such subsidizations shall be terminated; and, penalties for obtaining subsidies under false pretenses.

4. ENACTMENT. NOW, THEREFORE, BE IT ENACTED by the Assembly of the City and Borough of Sitka that the Sitka General Code Title 15 is amended by adding a new Chapter 15.15, entitled "Utility Cost Subsidization Program," to read as follows (new language underlined):

Title 15
Public Utilities

- 15.01 Electric Utility Policies
15.02 Watershed Control Program
15.04 Sewer System
15.05 Water System
15.06 Solid Waste Treatment and Refuse Collection
15.07 Storm Drainage
15.08 Utility Poles
15.12 Private Extensions of Water, Wastewater, and Stormwater Utilities
15.15 Utility Cost Subsidization Program

\*\*\*

**Chapter 15.15**  
**Utility Cost Subsidization Program**

**Sections:**

**15.15.010 Definitions.**

**15.15.020 Policy and Procedure.**

**15.15.030 Eligibility for Subsidization.**

**15.15.040 Penalties for Receiving Subsidization Under False Pretenses.**

**15.15.010 Definitions.**

A. “Household” a household consists of all the people who occupy a housing unit. A house, an apartment or other group of rooms, or a single room, is regarded as a housing unit when it is occupied or intended for occupancy as separate living quarters; that is, when the occupants do not live with any other persons in the structure and there is direct access from the outside or through a common hall. A household includes the related family members and all the unrelated people, if any, such as lodgers, foster children, wards, or employees who share the housing unit. A person living alone in a housing unit, or a group of unrelated people sharing a housing unit such as partners or roomers, is also counted as a household. The count of households excludes group quarters.

B. “Obligation” or “debt” means any sum of money which a citizen of the city and borough, or customer of the city and borough in some capacity, is legally obligated to pay to the city and borough for any purpose.

C. “Past-due” refers to any obligation or debt owed to the city and borough which has not been paid within thirty days of the date the payment was due. As an exception, debts owed for utility services consumed are considered overdue fifteen days after the date the payment was due.

D. “Subsidization” refers to “utility cost subsidization”.

**15.15.020 Policy and Procedure.**

A. It shall be the policy of the city and borough that applicants meeting certain criteria shall be eligible for subsidization of their municipal utility costs from general governmental sources.

B. Subsidization shall be in the form of general governmental subsidy payments to municipal utility accounts for the benefit of eligible applicants. Under no circumstances may subsidization be in the form of reduced utility rates or the provision of free utility services.

C. A separate utility cost subsidization fund shall be established at inception by a special appropriation of the assembly. That fund may be annually funded by a budgetary appropriation of the assembly. The total amount of annual utility cost subsidization by the city and borough shall be in the municipal administrator’s annual consolidated operating budget. Monies appropriated and used for utility cost subsidization shall be accounted for in a separate fund and shall be used for no other purpose than utility cost subsidization.

89 D. Applications for subsidization shall be submitted to the finance department on forms  
90 provided by the finance department. Only one applicant per household is allowed. A  
91 subsidization period shall be for one year, starting January following the application period. If an  
92 applicant is deemed eligible for subsidization, that eligibility only extends for the upcoming  
93 subsidization period. Applications must be submitted during the application period, between  
94 August 1<sup>st</sup> and October 31<sup>st</sup> each year, for the upcoming subsidization period. Any applicant  
95 deemed eligible for a subsidization period must re-apply for eligibility in any subsequent  
96 subsidization period.

97  
98 E. The finance department shall examine all applications, determine the eligibility of each  
99 applicant, and make a recommendation to the administrator as to the eligibility of each applicant.

100  
101 F. Upon receiving the finance departments recommendations, the administrator, in his or her sole  
102 discretion and before the applicable subsidization period, shall accept and/or reject each  
103 recommendation and submit the applicants thereby determined eligible for a subsidy to the  
104 finance department for disbursement of the subsidy during the applicable subsidization period.

105  
106 G. Upon receiving the administrator's declaration of applicants eligible for a subsidy during the  
107 upcoming subsidization period, the finance department shall credit those applicant utility  
108 accounts the applicable monthly subsidy each month during the upcoming subsidization period.

109  
110 H. The applicable monthly subsidy available for each eligible applicant during any subsidization  
111 period shall be calculated by taking the total subsidization appropriation for that subsidization  
112 period, divided by 12 (months), and, then, divided by the number of eligible applicants for the  
113 upcoming subsidization period. The applicable monthly subsidy shall not exceed sixty-five  
114 dollars. The applicable monthly subsidy shall be credited before sale tax is applied.

115  
116 **15.15.030 Eligibility for Subsidization.**

117  
118 A. Applicant must be a customer receiving and responsible for paying electric utility services  
119 from the city and borough for the housing unit in which he or she will reside during the  
120 applicable subsidization period.

121  
122 B. Any applicant shall be eligible for subsidization if the applicant is receiving assistance, on the  
123 date of the application, from any of the following programs:

- 124 1. Supplemental Nutrition Assistance Program (SNAP) administered from the State of  
125 Alaska through the local Division of Public Assistance office in association with the  
126 United States Department of Agriculture (USDA) Food and Nutrition Services.
- 127 2. Medicaid administered from the State of Alaska through the local Division of Public  
128 Assistance.
- 129 3. Baranof Island Housing Authority (BIHA), the tribally designated housing entity for  
130 the Sitka Tribe of Alaska (STA) administered through the Sheet'iká X'áat'i Hitx'i" (Sitka  
131 Island Housing) office.
- 132 4. National School Lunch Program (NSLP) administered through the Sitka School  
133 District (SSD), known as Free and Reduced School Lunch Program in association with  
134 the USDA.

135 In order to be eligible for subsidization, the applicant must provide the finance department with  
136 satisfactory documentary evidence that he or she is currently receiving assistance from one of the  
137 programs.

138  
139 C. If assistance from the program identified by the applicant for eligibility is discontinued before  
140 or during the subsidization period, the applicant shall notify the finance department within thirty  
141 days of discontinuance of the assistance and the city and borough shall terminate the  
142 subsidization for the remainder of the subsidization period.

143 D. An applicant will be deemed ineligible for a subsidy if the applicant has any past-due  
144 obligation owed to the city and borough other than utility-related obligations. These other  
145 obligations shall include all unpaid citations and billings for protective custody cases. On a case-  
146 by-case basis, the administrator may waive, reduce, or create a payment plan for past due  
147 obligations in order for an applicant to be eligible for subsidization. If any such obligation  
148 becomes past-due during a subsidization period, the city and borough shall terminate the  
149 subsidization.

150  
151 **15.15.040 Penalties for Receiving Subsidization Under False Pretenses.**

152  
153 A. It will be unlawful for any citizen to receive subsidization under this chapter under false  
154 pretenses. It will also be unlawful for any citizen to continue to receive subsidization under this  
155 chapter if assistance from the program identified by the applicant for eligibility is discontinued  
156 before or during the subsidization period.

157 B. Upon the determination that an unlawful act may have occurred in which subsidization was  
158 received under false pretenses, the city and borough may notify the appropriate law enforcement  
159 agency so that a criminal investigation may be initiated.

160  
161 **5. EFFECTIVE DATE.** This ordinance shall become effective the day after the  
162 date of its passage.

163  
164 **PASSED, APPROVED, AND ADOPTED** by the Assembly of the City and Borough of  
165 Sitka, Alaska, this 27<sup>th</sup> day of February, 2018.

166  
167  
168 \_\_\_\_\_  
Mathew Hunter, Mayor

169 ATTEST:

170  
171  
172 \_\_\_\_\_  
173 Sara Peterson, MMC  
174 Municipal Clerk

175  
176 1<sup>st</sup> reading 2/13/18  
177 2<sup>nd</sup> reading 2/27/18



# CITY AND BOROUGH OF SITKA

## Legislation Details

---

File #: ORD 18-03    Version: 1    Name:

Type: Ordinance    Status: AGENDA READY

File created: 2/5/2018    In control: City and Borough Assembly

On agenda: 2/13/2018    Final action:

Title: Adjusting the FY18 Budget (document management system, investment management fees) - 1st reading

Sponsors:

Indexes:

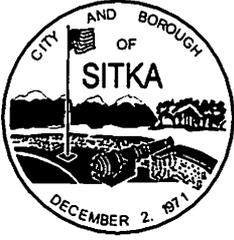
Code sections:

Attachments: [Motion and Memo Ord 2018-03.pdf](#)  
[Ord 2018-03.pdf](#)

Date	Ver.	Action By	Action	Result
------	------	-----------	--------	--------

## **POSSIBLE MOTION**

**I MOVE TO** approve Ordinance 2018-03 on  
first reading.



# City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

---

## MEMORANDUM

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

**From:** Melissa Haley, Controller  
Janet Schwartz, Budget and Treasury Officer  
Sara Peterson, Municipal Clerk

**Date:** 2/7/2018

**Subject:** Approval of ordinance 2018-03

---

### **Background**

**Clerk Department re-appropriation:** The Laserfiche system was initially purchased, at a basic level, to facilitate the transition of records at the CBS Records Center from paper documents to electronic documents. An upgrade, at the cost of \$12,000, is being requested.

**Finance Department increased appropriation:** Earlier this year the assembly approved the outside management of reserve operating funds, however the appropriation to cover the expense was not made.

**Permanent Fund operations:** Appropriation for fees for outside management of Permanent Fund is requested. The appropriation is in line with prior year expenditures.

### **Analysis**

**Laserfiche upgrade:** While we anticipate two to three years left of the records project, there is additional functionality the entire organization will gain by taking advantage of this upgrade opportunity now. Examples include employee access to their personnel records and the implementation of digital form routing and approvals to replace manual routing and paper copies. The Municipal Clerk's Office is therefore requesting a re-appropriation of \$12,000 from the Department's temporary wages to contracted/purchased services to fund the upgrade.

**Investment management fees:** As noted at the time the Assembly approved putting the CBS operating reserves under management by Alaska Permanent Capital Management, it is expected that increased returns resulting from the outside management of CBS funds will more than cover the cost of management fees, resulting in a net increase in investment income.

### **Fiscal Note**

**Laserfiche upgrade:** Staff anticipates that efficiencies resulting from the implementation of the Laserfiche upgrade will result in more efficient access to documents, which will increase worker productivity. It will also result in less expenditures on renting storage space for a large volume of documentation.

**Investment management fees:** Operating reserves have been fully under outside management since November of this year, and we anticipate that there will be a net positive impact on our investment income after fees.

**Recommendation**

Staff recommends that Ordinance 2018-03 be approved by the assembly.

CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2018-03
AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA
ADJUSTING THE FY18 BUDGET (DOCUMENT MANAGEMENT SYSTEM, INVESTMENT
MANAGEMENT FEES)

BE IT ENACTED by the Assembly of the City and Borough of Sitka, Alaska as follows:

1. CLASSIFICATION. This ordinance is not of a permanent nature and is not intended to be a part of the Sitka General Code of the City and Borough of Sitka, Alaska.

2. SEVERABILITY. If any provision of this ordinance or any application thereof to any person or circumstance is held invalid, the remainder of this ordinance and application thereof to any person and circumstances shall not be affected thereby.

3. PURPOSE. The purpose of this ordinance is to adjust the FY18 budgets for known changes.

4. ENACTMENT. The Assembly of the City and Borough of Sitka hereby adjusts the FY18 budget for known changes. In accordance with Section 11.10(a) of the Charter of the City and Borough of Sitka, Alaska, the budget for the fiscal period beginning July 1, 2017 and ending June 30, 2018 is hereby adjusted as follows:

Table with 2 columns: Fund Name, Description. Rows include: FISCAL YEAR 2018 EXPENDITURE BUDGETS, GENERAL FUND, Clerk Department - Operations: To re-appropriate an amount of \$12,000 from temporary wages to contracted/purchased services to upgrade Laserfiche document management system., Finance Department - Operations: To increase appropriations in the Finance Department for the investment management fees in the amount of \$57,000., SPECIAL REVENUE FUNDS, Fund 400 - Permanent Fund - Operations: To increase appropriations in the Permanent Fund for the investment management fees in the amount of \$47,000.

EXPLANATION

Necessary revisions in the FY 2018 budget were identified. These changes involve the increase of expenditure accounts and causes decreased cash flows to the fund balance of various funds. A short explanation of each budget revision is included.

5. EFFECTIVE DATE. This ordinance shall become effective on the day after the date of its passage.

PASSED, APPROVED, AND ADOPTED by the Assembly of the City and Borough of Sitka, Alaska this 27th Day of February, 2018.

ATTEST:

Matthew Hunter, Mayor

Sara Peterson, MMC
Municipal Clerk

1st reading 2/13/18
2nd reading 2/27/18



# CITY AND BOROUGH OF SITKA

## Legislation Details

---

File #: ORD 18-05    Version: 1    Name:  
Type: Ordinance    Status: AGENDA READY  
File created: 2/6/2018    In control: City and Borough Assembly  
On agenda: 2/13/2018    Final action:  
Title: Adjusting the FY18 Budget (Sitka Community Hospital RFP) - 1st reading  
Sponsors:  
Indexes:  
Code sections:  
Attachments: [Memo and Ord 2018-05.pdf](#)  
[Ord 2018-05.pdf](#)

Date	Ver.	Action By	Action	Result
------	------	-----------	--------	--------

## **POSSIBLE MOTION**

**I MOVE TO** approve Ordinance 2018-05 on  
first reading.



# City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

---

## MEMORANDUM

**To:** Mayor Hunter and Assembly Members

**From:** Keith Brady, Municipal Administrator *KEB*

**Date:** February 6, 2018

**Subject:** Sitka Community Hospital Request for Proposal Consultant Appropriation

---

### Summary

The road to the Request for Proposal (RFP) for the Sitka Community Hospital (SCH) has been long and difficult. In the drafting of the RFP Municipal Attorney Brian Hanson encouraged the Assembly to consider following a list of best practices for a RFP of this scope and nature. One of the recommendations was to use experienced advisers early in the process. We initially hired Sarah Cave and Steve Huebner as advisers/consultants to help put a polished RFP before the Assembly for approval. We hired them at a cost of up to \$10,000. Brian and I felt that they provided excellent expertise and vision into SCH, the RFP and the process. They have billed us at slightly less than \$7,000. We feel they are experienced and will provide good insight for what we are trying to achieve in this process.

After the approval of the RFP from the Assembly we have received unsolicited inquiries from interested parties into when the RFP will officially be released.

### Fiscal Note

I am requesting from the Assembly to encumber for the payment of up to \$100,000 from the General Fund working capital to formally engage Cave and Huebner for the remainder of the SCH RFP process.

### Recommendation

I recommend the approval of the appropriation of \$100,000 from the General Fund working capital for the services and expertise of the consultants.

### Background

Below are the phases with deliverables and estimated timeframe of each phase. I feel the consultants have laid out a very well detailed proposed course of action. This is a best case/worst case scenario for a couple of reasons.

For example, we could only receive one bid and the cost to us from the consultants would be low. Or, we could receive several bids and the use of the consultants would be higher but would be well worth the cost to make sure we have done all that we could to make sure that no stone was left unturned.

The following deliverables were provided by the consultants.

The tables below outline the activities and consultant deliverables for each phase of the engagement, including a description of meetings the consultants will facilitate with the City and Borough of Sitka Assembly during each phase. Below the table are the estimated fees for the engagement, broken down by project phase.

<b>Phase 1</b>	
<b>Consultant Activities/Deliverables</b>	<b>CBS Assembly Meetings</b>
<ul style="list-style-type: none"> <li>• Interview CBS Assembly members, SCH Board members and management, and other stakeholders, as necessary</li> <li>• Further refinement and finalization of RFP</li> <li>• Finalize list of affiliation candidates and contacts</li> <li>• Clarify and further delineate CBS Assembly's objectives and priorities</li> <li>• Explore alternative affiliation models and select preferred model</li> <li>• Summarize objectives, desired outcome(s), and guiding principles for affiliation</li> <li>• Establish parameters/criteria for selecting finalist</li> <li>• Prepare for Phase 1 meeting with CBS Assembly</li> <li>• Further review of internal strategic, financial, and operating data</li> <li>• Review market assessment and evaluate community needs assessment and other information</li> <li>• Participate in research of regulatory, reimbursement, accounting and financial matters that could impact affiliation</li> </ul>	<p><b><u>Phase 1 Meeting</u></b>  <i>Purpose:</i></p> <ol style="list-style-type: none"> <li>1. Review findings</li> <li>2. Adopt shared vision and guiding principles</li> <li>3. Clarify objectives and process</li> <li>4. Evaluate alternative models</li> <li>5. Select preferred model(s) to meet CBS Assembly objectives</li> <li>6. Adopt criteria for selecting finalist</li> </ol>
<b>Phase 2</b>	
<b>Consultant Activities/Deliverables</b>	<b>CBS Assembly Meetings</b>
<ul style="list-style-type: none"> <li>• Facilitate RFP process</li> <li>• Address RFP respondent questions</li> <li>• Assist candidates in responding to RFP</li> <li>• Evaluate proposals and work with CBS Assembly and Executive Team to select finalist(s)</li> <li>• Clarify proposal terms with finalists</li> <li>• Arrange site visits</li> <li>• Prepare for Phase 2 meeting with CBS Assembly</li> </ul>	<p><b><u>Phase 2 Meeting</u></b>  <i>Purpose:</i></p> <ol style="list-style-type: none"> <li>1. Assembly to evaluate proposals</li> <li>2. Select Phase 2 finalist(s)</li> <li>3. Clarify and further evaluate proposal terms</li> </ol>
<b>Phase 3a.</b>	
<b>Consultant Activities/Deliverables</b>	<b>CBS Assembly Meetings</b>
<ul style="list-style-type: none"> <li>• Select affiliation partner</li> <li>• Define preliminary terms and conditions</li> <li>• Support Legal Counsel in drafting and executing</li> </ul>	<p><b><u>Phase 3a. Meeting</u></b>  <i>Purpose:</i></p> <ol style="list-style-type: none"> <li>1. Select final affiliation partner</li> </ol>

Letter of Intent <ul style="list-style-type: none"> <li>Plan and conduct preliminary due diligence efforts</li> <li>Prepare for Phase 3a. meeting with CBS Assembly</li> </ul>	2. Agree on terms of Letter of Intent
<b>Phase 3b.</b>	
<b>Consultant Activities/Deliverables</b>	<b>CBS Assembly Meetings</b>
<ul style="list-style-type: none"> <li>Support formal Due Diligence process</li> <li>Support Legal Counsel in drafting Term Sheet and executing Definitive Agreement</li> <li>Develop implementation plan and timeline</li> <li>Finalize transaction</li> <li>Prepare for Phase 3b. meeting with Board and leadership</li> </ul>	<b>Phase 3b. Meeting</b> <i>Purpose:</i> 1. Agree on terms of Definitive Agreement 2. Complete Due Diligence 3. Finalize transaction

**Project Fees:** The following is a summary of estimated hours and fees by project phase.

<b>Hourly Rates:</b>	
Sarah Cave	\$175
Steve Huebner	\$250
<b>Anticipated Hours (Phase 1):</b>	
Sarah Cave	54 hours
Steve Huebner	41 hours
<b>Anticipated Hours (Phases 2):</b>	
Sarah Cave	60 hours
Steve Huebner	44 hours
<b>Anticipated Hours (Phases 3.a):</b>	
Sarah Cave	48 hours
Steve Huebner	42 hours
<b>Proposed Fees (Phases 1-3a.)*</b>	\$60,100 8,000
<b>Estimated Out-of-Pocket Expenses</b>	<u>\$68,100</u>
<b>Proposed Fees and Expenses (Phases 1-3a.)</b>	*Fees exclude purchase of additional market data and/or analyses by third-party vendor or consultant

<b>Range of Hours (Phase 3b.):</b>	Required due diligence will vary depending on the type of affiliation and sophistication of the affiliate partner. Consultants will provide a more precise consulting fee schedule for Phase 3b. once related facts and circumstances are better known.
Sarah Cave	40-90 hours
Steve Huebner	30-80 hours
<b>Proposed Fees (Phase 3b.):</b>	<b>\$16,000-35,000</b>

The above hours represent anticipated hours for each phase of the project. I will monitor

progress for each phase against these estimates and communicate with the consultants to the extent that actual effort is greater or less than estimated. Fees will be adjusted accordingly. Phase 3 has been segmented in to two phases since due diligence activities identified in Phase 3b. will vary depending on the type of affiliation and the sophistication of the affiliate partner. Consultants will provide a more precise estimate of fees for Phase 3b. once related facts and circumstances are better known.

Additionally, these fees do not include legal services rendered by any third-party law firm or any consultation necessary by other consulting firms to perform specialty services or due diligence activities. Existing market analysis appears to have been done using Medicare utilization data. To the extent that market analysis needs to be updated for non-Medicare data, another consulting firm that has access to such data may need to be engaged to perform such analyses. This would be done at an incremental cost.

The consultants will bill monthly for project fees, and invoice us separately for expenses related to travel, per diems, meals or other costs directly associated with the project. Out-of-pocket expenses for Phases 1-3a. are estimated to be \$8,000. Any proposed out of pocket expenses related to Phase 3b. will be estimated at the initiation of that phase when facts and circumstances are better known.

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
  
28  
29  
30  
31  
32  
33  
34  
35  
36  
37  
38  
39  
40  
41  
42  
43  
44  
45  
46  
47  
48  
49  
50

**CITY AND BOROUGH OF SITKA**

**ORDINANCE NO. 2018-05  
AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA  
ADJUSTING THE FY18 BUDGET (SITKA COMMUNITY HOSPITAL RFP)**

**BE IT ENACTED** by the Assembly of the City and Borough of Sitka, Alaska as follows:

1. **CLASSIFICATION.** This ordinance is not of a permanent nature and is not intended to be a part of the Sitka General Code of the City and Borough of Sitka, Alaska.

2. **SEVERABILITY.** If any provision of this ordinance or any application thereof to any person or circumstance is held invalid, the remainder of this ordinance and application thereof to any person and circumstances shall not be affected thereby.

3. **PURPOSE.** The purpose of this ordinance is to adjust the FY18 budgets for known changes.

4. **ENACTMENT.** The Assembly of the City and Borough of Sitka hereby adjusts the FY18 budget for known changes. In accordance with Section 11.10(a) of the Charter of the City and Borough of Sitka, Alaska, the budget for the fiscal period beginning July 1, 2017 and ending June 30, 2018 is hereby adjusted as follows:

<b><u>FISCAL YEAR 2018 EXPENDITURE BUDGETS</u></b>
<b>GENERAL FUND</b>
<b>Administration Department – Operations: To increase appropriation in the amount of \$100,000 in the contracted/purchase service account to fund the completion of the Sitka Community Hospital RFP process. These funds will come from the General Fund working capital.</b>

**EXPLANATION**

Necessary revisions in the FY 2018 budget were identified. These changes involve the increase of expenditure accounts and causes decreased cash flows to the fund balance of various funds. A short explanation of each budget revision is included.

5. **EFFECTIVE DATE.** This ordinance shall become effective on the day after the date of its passage.

**PASSED, APPROVED, AND ADOPTED** by the Assembly of the City and Borough of Sitka, Alaska this 27th Day of February, 2018.

**ATTEST:**

\_\_\_\_\_  
**Matthew Hunter, Mayor**

\_\_\_\_\_  
**Sara Peterson, MMC  
Municipal Clerk**

**1<sup>st</sup> reading 2/13/18  
2<sup>nd</sup> reading 2/27/18**