### **POSSIBLE MOTION**

I MOVE TO approve Ordinance 2016-36 on second and final reading.



### City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

Coast Guard City, USA

#### MEMORANDUM

- To: Mark Gorman, Municipal Administrator Mayor McConnell and Members of the Assembly
- From: Maegan Bosak, Planning and Community Development Director MB Samantha Pierson, Planner I
- Subject: Lease of Tidelands to Petro Marine Services

Date: September 21, 2016

Recently Petro Marine Services approached the Planning Department with a request to lease tidelands from the City and Borough of Sitka. The Planning Department is processing this request in accordance with existing procedures. Following SGC, an ordinance is required to authorize the Class III tideland lease. Petro Marine is requesting approval from the Assembly in order to proceed with the tideland lease.

The Planning Commission heard the request for preliminary approval at their May 17, 2016 meeting. The Commission voted 5-0 to recommend preliminary approval of the tideland lease. The Assembly heard the request for preliminary approval at their June 14, 2016 meeting and voted to recommend preliminary approval 6-0. The Historic Preservation Commission reviewed the lease and dock project on July 28, 2016, and recommended approval on a 4-0 vote. The Planning Commission approved a minor subdivision to create the lease parcel after two public hearings on July 19, 2016 and August 16, 2016. The plat will be recorded after the lease is finalized. Port and Harbors Commission moved to extend support for the lease on September 19, 2016 on a 4-0 vote.

The tidelands request is 7109 square feet, and is adjacent to property owned by Harbor Enterprises, Inc. at 1 Lincoln Street. The parcel is a portion of ATS 15. The tidelands are submerged. The applicant states the intent to build a new fuel dock on the tidelands in order to improve customer access to fuel services. In addition, the proposed dock is designed to better contain fuel spills than the existing dock. The applicant has requested a 50 year lease.

The City Assessor, Wendy Lawrence, determined a fee simple assessed value of \$102,300.00. Code assigns an annual lease rate of 4.5%, resulting in a minimum annual lease payment of \$4603.50. Petro Marine Services has an upland property owner preference right, and no other uplands owners have expressed interest in leasing the parcel.

**RECOMMENDED ACTION:** Pass a motion granting approval of the lease.

Providing for today...preparing for tomorrow

1	Sponsor: Administration
2	
3 4	CITY AND BOROUGH OF SITKA
5	ORDINANCE NO. 2016-36
6	
7	AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA, ALASKA
8	AUTHORIZING THE LEASE OF 7109 SQUARE FEET OF ATS 15 TIDELANDS
9	ADJACENT 1 LINCOLN STREET TO PETRO MARINE SERVICES
10	
11 12	1. <u>CLASSIFICATION</u> . This ordinance is not of a permanent nature and is not
12	intended to become a part of the Sitka General Code.
14	2. <b>SEVERABILITY.</b> If any provision of this ordinance or any application thereof to
15	any person or circumstance is held invalid, the remainder of this ordinance and application
16	thereof to any person or circumstances shall not be affected thereby.
17	
18	3. <b><u>PURPOSE.</u></b> The purpose of this ordinance is to facilitate the lease of a 7109 square
19	foot portion of tidelands adjacent to 1 Lincoln Street to Petro Marine Services for the
20	construction of a new fuel dock.
21	
22	4. <b>ENACTMENT.</b> NOW, THEREFORE, BE IT ENACTED by the Assembly of the City and Parayah of Side
23 24	City and Borough of Sitka. A. The leasing of a 7109 square foot parcel of ATS 15 adjacent 1 Lincoln Street
25	is hereby authorized with the following terms:
26	1) The parcel is valued at \$102,300.00.
27	2) The annual lease payments shall be \$4603.50 a year.
28	3) The lease shall expire on October 1, 2066.
29	
30	B. The Administrator is authorized to execute a lease document consistent with
31	the terms of this ordinance, SGC Title 18 that governs municipal leases, and, existing
32	municipal policies.
33 34	5. EFFECTIVE DATE. This ordinance shall become effective on the day after the
34 35	date of its passage.
36	date of its passage.
37	PASSED, APPROVED, AND ADOPTED by the Assembly of the City and Borough of
38	Sitka, Alaska this 27 <sup>th</sup> day of September, 2016.
39	
40	
41	
42	Mim McConnell, Mayor
43 44	ATTEST:
44 45	
46	Sara Peterson, CMC
47	Municipal Clerk
	-

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# **LEASE AGREEMENT**

# BETWEEN

# THE CITY AND BOROUGH OF SITKA

# AND

**PETRO MARINE SERVICES** 7109 Square Feet of ATS 15

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

ARTICLE IX USE AND PROTECTION OF THE SUBJECT PROPERTY	9
Section 9.1 Subject Property As Is - Repairs.	9
Section 9.2 Compliance with Laws.	9
Section 9.3 Notification of CBS Public Works Director of Discovery of Contamination	.10
Section 9.4 Use of Utility Lines.	.12
Section 9.5 Permits and Approvals for Activities	.10
ARTICLE X CBS'S RIGHT TO PERFORM TENANT'S COVENANTS; REIMBURSEMENT OF CBS	5
For Amounts So Expended	
Section 10.1 Performance of Tenant's Covenants To Pay Money	.10
Section 10.2 CBS's Right To Cure Tenant's Default.	.10
Section 10.3 Reimbursement of CBS and Tenant	.11
ARTICLE XI MECHANICS' LIENS	.11
Section 11.1 Discharge of Mechanics' and Other Liens.	.11
ARTICLE XII LIEN FOR RENT AND OTHER CHARGES	
Section 12.1 Lien for Rent.	
ARTICLE XIII DEFAULT PROVISIONS	.12
Section 13.1 Events of Default	
Section 13.2 Assumption or Assignment of Lease to Bankruptcy Trustee	
Section 13.3 Remedies in Event of Default.	
Section 13.4 Waivers and Surrenders To Be In Writing	14
ARTICLE XIV CBS'S TITLE AND LIEN	
Section 14.1 CBS's Title and Lien Paramount.	
Section 14.2 Tenant Not To Encumber CBS's Interest.	
ARTICLE XV REMEDIES CUMULATIVE	
Section 15.1 Remedies Cumulative.	
Section 15.2 Waiver of Remedies Not To Be Inferred.	
Section 15.3 Right to Terminate Not Waived.	
ARTICLE XVI SURRENDER AND HOLDING OVER	
Section 16.1 Surrender at End of Term	
Section 16.2 Rights Upon Holding Over.	
ARTICLE XVII MODIFICATION	
Section 17.1 Modification.	
ARTICLE XIII INVALIDITY OF PARTICULAR PROVISIONS	
Section 18.1 Invalidity of Provisions.	
ARTICLE XIX APPLICABLE LAW AND VENUE	
Section 19.1 Applicable Law.	
ARTICLE XX NOTICES	
Section 20.1 Manner of Mailing Notices.	
Section 20.2 Notice to Leasehold Mortgagee and Secured Parties.	
Section 20.3 Sufficiency of Service.	
Section 20.4 When Notice Deemed Given or Received.	1/

ARTICLE XXI MISCELLANEOUS PROVISIONS	17
Section 21.1 Captions	17
Section 21.2 Conditions and Covenants	
Section 21.3 Entire Agreement.	17
Section 21.4 Time of Essence as to Covenants of Lease.	17
ARTICLE XXII COVENANTS TO BIND AND BENEFIT RESPECTIVE PARTIES AND TO RUN	WITH
THE SUBJECT PROPERTY	17
Section 22.1 Covenants to Run with the Subject Property.	17
ARTICLE XXIII ADDITIONAL GENERAL PROVISIONS	18
Section 23.1 Absence of Personal Liability.	18
Section 23.2 Lease Only Effective As Against CBS Upon Approval of Assembly and	
DOT&PF	
Section 23.3 Binding Effects and Attorneys Fees	18
Section 23.4 Duplicate Originals.	18
Section 23.5 Declaration of Termination.	18
Section 23.6 Authority.	
Section 23.7 Recordation	3

#### Exhibits

Exhibit A – Description of the area leased

#### LEASE AGREEMENT BETWEEN CITY AND BOROUGH OF SITKA AND PETRO MARINE SERVICES

#### PREAMBLE

City and Borough of Sitka, 100 Lincoln Street, Sitka, Alaska 99835 ("CBS") and Petro 49, Inc., whose mailing address is PO Box 389, Seward, Alaska 99664 ("Tenant"), enter into this Lease Agreement Between City And Borough of Sitka and Petro 49, Inc. ("Lease"). This Lease consists of the Special Provisions, General Provisions, and the following attached Exhibit:

Exhibit A – Description of the area leased

#### SPECIAL PROVISIONS

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

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

CBS, for and in consideration of the Rents received and of the covenants and agreements made by Tenant, does lease to Tenant, and Tenant leases from CBS, the "Subject Property" as shown on Exhibit A. Exhibit A shows an approximately 7109 square foot parcel of ATS 15 tidelands adjacent 1 Lincoln Street in Sitka, Alaska for purposes of constructing a fuel dock.

#### Section 1.2 Lease Term.

The Lease term is for fifty (50) years and commences on October 1, 2016, and ends on October 1, 2066, unless sooner terminated or extended as provided in this Lease.

# Section 1.3 Disposition of Improvements and Tenant's Personal Property Following Term of Lease.

With the exception of such improvements described in the next sentence, Tenant 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 Tenant makes a separate written agreement with CBS to do otherwise. Subject to the provisions of the next sentence, Tenant shall leave behind at no cost to CBS 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 CBS's option, shall become the

Lease Agreement Between City And Borough Of Sitka And Petro Marine Services

property of CBS. Tenant shall repay to CBS any costs of removing such improvements or personal property from the Subject Property if CBS does not exercise such option. Subject to CBS's obligations under Subsection 3.1 below, Tenant 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 During the Fifty-Year Term of the Lease.

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, on the term start date set out in Article I, Tenant shall pay Rent each year in advance on the term start date at a rate of **\$4603.50/year**.

#### Section 2.2 Cost of Living Adjustment to Lease Rate.

Rent as set in Section 2.1 will be adjusted annually based on the percentage difference between the "All Items" figure for Anchorage, Alaska in the "Consumer Price Index for All Urban Consumers," beginning with the edition published the soonest after January 1. The adjustment shall occur annually on April 1, and shall apply to all subsequent month's sublease payments. The adjustment shall be determined by dividing the most recent CPI by the preceding year CPI and multiplying the result times the monthly sublease payment and add the result to current sublease payments. Tenant is required to make such adjustments on its own each year.

#### Section 2.3 Property Tax Responsibility.

Beginning with the term of this Lease and each calendar year after, Tenant will be responsible to pay CBS 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 Tenant's Obligations as to Construction, Maintenance, Repair and Safety

(a) Except as otherwise provided in this Lease, Tenant acknowledges the leasehold is in an "as is" condition. At the sole cost and expense of Tenant and in compliance with all legal requirements, Tenant may purchase, construct, develop, repair, transfer to the Lease property, and/or maintain

any improvements, personal property, fixtures, and other items on the interior Subject Property in a first-class manner using materials of good quality.

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

(c) Tenant shall also use the Subject Property and any improvements placed on the Subject Property only for lawful uses and as specified in the Lease.

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

(e) Tenant shall not permit the accumulation of waste or refuse matter on the Subject Property, and Tenant 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 CBS or other municipal authorities having jurisdiction. Tenant 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 Tenant.

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

Tenant 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 CBS, 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, Tenant shall comply with all applicable laws and ordinances, and shall submit to the Public Works Director of CBS 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. CBS shall notify Tenant of its approval or objections no later than 30 days after receiving the information described in the previous sentence. In approving or objecting, CBS shall be acting in its proprietary function and not its regulatory function, any such approval in this proprietary function does not relieve Tenant of any obligation to obey the law. Nothing in this Section shall be interpreted to prevent Tenant 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) CBS 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. CBS 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. CBS 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 Tenant's business; and (3) placing

> Lease Agreement Between City And Borough Of Sitka And Petro Marine Services Page 3 of 20

"For Sale" or "For Rent" signs on Subject Property. Tenant shall not charge for any of the access allowed in the situations described in this subsection.

(b) Tenant 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 CBS and any applicable utility company.

(c) Tenant acknowledges that the Subject Property is or shall be subject to agreements for ingress and egress, utilities, parking, and maintenance. Tenant 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 Subleasing.

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

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

(b) Lease payments will be made in yearly 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, by or on the first day of each calendar year.

(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% annum.

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

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

(f) Tenant 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 Tenant further grants CBS 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) CBS may, upon at least 10 days prior written notice to Tenant, 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 CBS shall not be responsible for any such costs or expenses as a result of suspending such utilities.

(h) Tenant shall timely pay the CBS 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) Tenant shall be responsible for taking any measures that Tenant deems necessary to provide security for their property. CBS is not responsible for theft or vandalism.

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

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

(1) Failure of Tenant to file and pay such CBS taxes, and pay utilities, assessment payments, etc. may subject this Lease to be terminated.

(m) Petro Marine Services shall individually and severally be liable under this Lease to comply with all of its provisions.

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

Tenant 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.

Tenant will pay for utilities, if available.

#### Section 4.2 Rates for Utility Services Provided by CBS.

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

#### Section 4.3 Tenant to Pay for Utility Services.

Tenant 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,

Lease Agreement Between City And Borough Of Sitka And Petro Marine 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, CBS shall have the right, but shall not be obligated, to pay it, with the understanding that amounts paid by CBS shall constitute additional rent due and payable under this Lease, and shall be repaid to CBS by Tenant immediately on rendition of a bill by CBS. Interest at the highest rate allowable by law shall be added as a charge for unpaid utility bills paid by CBS on behalf of Tenant. CBS reserves the right to suspend utility services if Tenant does not pay for utility services. Failure to timely pay utility services may also result in CBS terminating this Lease.

#### Section 4.4 CBS Not Liable for Failure of Utilities or Building.

Except to the extent that any such failure, injury, or other casualty is due to CBS's negligence or breach of any obligation under this Lease, CBS 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. CBS 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 CBS'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 Customer Service Policies and/or Sitka General Code.

#### **ARTICLE V LIABILITY**

#### Section 5.1 Limits on CBS Liability Limitation.

Tenant agrees to indemnify, defend, and save harmless CBS 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 CBS, 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. Tenant also agrees to indemnify, defend, and save CBS harmless against and from any and all claims and damages arising, other than due to acts or omissions of CBS, 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 Tenant regarding any act or duty to be performed by Tenant pursuant to the terms of this Lease; and (c) any act or negligence of Tenant or any of its agents, contractors, servants, employees or licensees. Tenant agrees to indemnify, defend, and save harmless CBS from and against all costs, counsel and legal fees, expenses, and liabilities incurred, other than due to acts or omissions of CBS, 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

Lease Agreement Between City And Borough Of Sitka And Petro Marine Services

by way of limitation of any other covenants in this Lease to indemnify or compensate CBS. The agreements by Tenant do not apply to any claims of damage arising out of the failure of CBS to perform acts or render services in its municipal capacity.

#### Section 5.2 Limits on Tenant Liability.

Except to the extent of liabilities arising from Tenant's acts or omissions, CBS indemnifies, defends, and holds Tenant 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 CBS's acts or omissions. CBS also agrees to indemnify, defend, and save Tenant harmless against and from any and all claims and damages arising, other than due to acts or omissions of Tenant, during the term of this Lease from (a) any condition of the Subject Property or improvements placed on it by CBS; (b) any breach or default on the part of CBS regarding any act or duty to be performed by CBS pursuant to the terms of the Lease; and (c) any act or negligence of CBS or any of its agents, contractors, servants, employees, or licensees. CBS agrees to indemnify, defend, and save harmless Tenant from and against all costs, counsel and legal fees, expenses, and liabilities incurred, other than due to acts or omissions of Tenant, 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 Tenant.

#### 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 CBS'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 Tenant, 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 Tenant or any sublessee of Tenant, 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 Tenant periodically owes and is obligated to pay CBS 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 subtenant, concessionaire, licensee, or occupant of space in or on the Subject Property holding by or through Tenant; 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 Tenant, which has been approved by CBS Assembly.

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

#### ARTICLE VII INSURANCE

#### **Section 7.1 Insurance**

Tenant shall have and maintain property damage and comprehensive general liability insurance in the amount of five million dollars (\$5,000,000), including leasehold improvements. CBS shall be named as an additional insured. Additionally, Tenant shall have the statutory amount of any Worker's Compensation.

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

Tenant shall advise CBS 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

Lease Agreement Between City And Borough Of Sitka And Petro Marine Services Page 8 of 20 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 Tenant Without Power to Assign, Lease, or Encumber Subject Property.

Tenant has no power without CBS Assembly approval under this Lease to assign the Lease. Tenant has no power under this Lease to transfer the Subject Property. Tenant 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.

Tenant shall not sublease the Subject Property or any portion of it without the prior written approval of CBS 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. CBS's consent to a sublease of the Subject Property shall not release Tenant from its obligations under the Lease. CBS'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.

Tenant 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 CBS as to their condition or as to the use or occupancy which may be made of them. Tenant assumes the sole responsibility for the condition of the improvements located on the Subject Property. The foregoing shall not be deemed to relieve CBS of its general municipal obligations, or of its obligations under Section 3.1 above or under Subsection 9.1(c) below.

#### Section 9.2 Compliance with Laws.

Tenant shall throughout any term of this Lease, at Tenant'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 CBS of its general obligations to CBS and Borough of Sitka in its municipal capacity.

# Section 9.3 Notification of City and Borough of Sitka's Public Works Director of Discovery of Contamination.

Tenant shall promptly notify the Public Works Director of CBS 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.

Tenant 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.

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

#### ARTICLE X CBS'S RIGHT TO PERFORM TENANT'S COVENANTS; REIMBURSEMENT OF CBS FOR AMOUNTS SO EXPENDED

#### Section 10.1 Performance of Tenant's Covenants To Pay Money.

Tenant covenants that if it shall at any time default resulting as condition of the Lease 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 Tenant, then CBS may, but shall not be obligated so to do, and without further notice to or demand upon Tenant and without releasing Tenant from any obligations of Tenant under this Lease, make any other payment in a manner and extent that CBS may deem desirable.

#### Section 10.2 CBS's Right To Cure Tenant's Default.

If there is a default involving the failure of Tenant 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 CBS shall have the right, but shall not be required, to make good any default of Tenant. CBS shall not in any event be liable for inconvenience, annoyance, disturbance, loss of business, or other damage of or to Tenant 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 Tenant under this Lease shall remain unaffected by such work, provided that CBS uses reasonable care under the

> Lease Agreement Between City And Borough Of Sitka And Petro Marine Services Page 10 of 20

circumstances prevailing to avoid unnecessary inconvenience, annoyance, disturbance, loss of business, or other damage to Tenant.

#### Section 10.3 Reimbursement of CBS and Tenant.

All sums advanced by CBS 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 CBS by Tenant in the respective amounts so advanced. This reimbursement shall be made on demand, or at the option of CBS, may be added to any Rent then due or becoming due under this Lease. Tenant covenants to pay the sum or sums with interest. CBS shall have, in addition to any other right or remedies, the same rights and remedies in the event of the nonpayment by Tenant as in the case of default by Tenant in the payment of any installment of Rent.

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

#### **ARTICLE XI MECHANIC'S LIENS**

#### Section 11.1 Discharge of Mechanics' Liens.

Tenant shall neither suffer nor permit any mechanics' liens to be filed against the title to the Subject Property, nor against Tenant'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 Tenant or anyone having a right to possession of the Subject Property or Improvements as a result of an agreement with or the assent of Tenant. If any mechanics' lien shall be filed against the Subject Property, including the Improvements, Tenant shall cause it to be discharged of record within 30 days after the date that Tenant has knowledge of its filing. Failure to comply may subject the Lease to be terminated.

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

#### Section 12.1 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 CBS under the provisions of this Lease, and all costs, attorney's fees and other expenses which may be incurred by CBS in enforcing the provisions of this Lease or on account of any delinquency of Tenant 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 Tenant, except the Subject Property, and may be enforced by law and equitable remedies, including the appointment of a receiver.

#### **ARTICLE XIII DEFAULT PROVISIONS**

#### Section 13.1 Events of Default.

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

(a) Failure of Tenant 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 CBS to Tenant.

(b) Failure of Tenant 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 CBS's notice in writing. The notice shall specify the respects in which CBS contends that Tenant has failed to perform any of the covenants, conditions and agreements. With respect to any default which cannot be cured within thirty (30) days, Tenant, or any person holding by, through or under Tenant, 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 60 days.

(c) The filing of an application by Tenant (the term, for this purpose, to include any approved transferee other than a sublessee of Tenant'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 Tenant 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 60 consecutive days, or if this Lease is taken under a writ of execution.

#### Section 13.2 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 CBS 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 13.3 Remedies in Event of Default.

CBS 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 Tenant and each Secured Party and Leasehold Mortgagee of whom CBS has notice (such notice not to be effective unless served on each such person) of the Event of Default, CBS shall have, in addition to other remedies provided by law, one or more of the following remedies:

(a) CBS may terminate this Lease. In such an event, CBS 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 Tenant 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 CBS. Any personal property not removed after such termination shall be addressed as provided for in Section 1.3 above.

(b) CBS may terminate Tenant'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 Tenant (except as above expressly provided for) and without terminating this Lease. In such event, CBS 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 CBS (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, CBS may make any repairs, changes, alterations or additions in or to the Subject Property and Improvements that may be reasonably necessary or convenient in CBS's judgment reasonably exercised. If CBS 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 Tenant shall pay to CBS 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. Tenant shall satisfy and pay any deficiency upon demand from time to time. Tenant acknowledges that CBS 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 Tenant shall be no defense to any subsequent action brought for any amount not reduced to judgment in favor of CBS. 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 Tenant of any of the terms, covenants, agreements, provisions or conditions in this Lease, CBS 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 Tenant's right of possession, whether by lapse of time or at the option of CBS, Tenant 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, CBS 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. CBS may at its option seek expedited consideration to obtain possession if CBS determines that the Lease has terminated as described in the first sentence of this paragraph, and Tenant agrees not to oppose such expedited consideration.

(e) In the event that Tenant 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 Tenant 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, CBS 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, CBS shall have the right to carry out or complete the work on behalf of Tenant without terminating this Lease.

#### Section 13.4 Waivers and Surrenders To Be In Writing.

No covenant or condition of this Lease shall be deemed to have been waived by CBS unless the waiver be in writing, signed by CBS, or CBS'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 Tenant from the obligation, wherever required under this Lease, to obtain the consent of CBS to any other act or matter.

#### ARTICLE XIV CBS'S TITLE AND LIEN

#### Section 14.1 CBS's Title and Lien Paramount.

CBS will hold title to the Subject Property.

#### Section 14.2 Tenant Not To Encumber CBS's Interest.

Tenant shall have no right or power to and shall not in any way encumber the title of CBS regarding the Subject Property. The fee-simple estate of CBS 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 Tenant. Tenant's interest in the Improvements shall in all respects be subject to the paramount rights of CBS in the Subject Property.

#### ARTICLE XV REMEDIES CUMULATIVE

#### Section 15.1 Remedies Cumulative.

No remedy conferred upon or reserved to CBS 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 CBS may be exercised from time to time and as often as occasion may arise or as may be deemed expedient by CBS. No delay or omission of CBS 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 15.2 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 15.3 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 CBS to declare ended the term granted and to terminate this Lease because of any event of default.

#### ARTICLE XVI SURRENDER AND HOLDING OVER

#### Section 16.1 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, Tenant shall peaceably and quietly leave, surrender and deliver the entire Subject Property to CBS, 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, Tenant shall also surrender any and all security deposits and rent advances of Sublessees to the extent of any amounts owing from Tenant to CBS. If the Subject Property is not so surrendered, Tenant shall repay CBS for all expenses which CBS shall incur by reason of it, and in addition, Tenant shall indemnify, defend and hold harmless CBS from and against all claims made by any succeeding Tenant against CBS, founded upon delay occasioned by the failure of Tenant to surrender the Subject Property.

#### Section 16.2 Rights Upon Holding Over.

At the termination of this Lease, by lapse of time or otherwise, Tenant shall yield up immediately possession of the Subject Property to CBS and failing to do so agrees at the option of CBS, to pay to CBS for the whole time such possession is withheld, a sum per day equal to one hundred and seventy-five percent (175%) times 1/365<sup>th</sup> of the aggregate of the Rent paid or payable to CBS during the last year of the term of the Lease. The provisions of this Article shall not be held to be a waiver by CBS 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 Tenant under this Lease.

#### ARTICLE XVII MODIFICATION

#### Section 17.1 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 CBS and Tenant.

#### ARTICLE XIII INVALIDITY OF PARTICULAR PROVISIONS

#### Section 18.1 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 XIX APPLICABLE LAW AND VENUE

#### Section 19.1 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 XX NOTICES**

#### Section 20.1 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 CBS or Tenant, 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 CBS 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 Tenant, 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 20.2 Notice to Leasehold Mortgagee and Secured Parties.

CBS shall provide each Leasehold Mortgagee and Secured Party, who has so requested, copies of all notices from CBS to Tenant 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 CBS or Tenant 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 CBS and Tenant.

> Lease Agreement Between City And Borough Of Sitka And Petro Marine Services Page 16 of 20

#### Section 20.3 Sufficiency of Service.

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

#### Section 20.4 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 XXI MISCELLANEOUS PROVISIONS**

#### Section 21.1 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 21.2 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 21.3 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 21.4 Time of Essence as to Covenants of Lease.

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

#### ARTICLE XXII COVENANTS TO BIND AND BENEFIT RESPECTIVE PARTIES AND TO RUN WITH THE SUBJECT PROPERTY

#### Section 22.1 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.

Lease Agreement Between City And Borough Of Sitka And Petro Marine Services Page 17 of 20

#### **ARTICLE XXIII ADDITIONAL GENERAL PROVISIONS**

#### Section 23.1 Absence of Personal Liability.

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

#### Section 23.2 Lease Only Effective As Against CBS Upon Assembly Approval.

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

#### Section 23.3 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 23.4 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 23.5 Declaration of Termination.

With respect to CBS's rights to obtain possession of the Subject Property or to revest title in itself with respect to the leasehold estate of Tenant in the Subject Property, CBS 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 Tenant in the Subject Property, and the revesting of any title in CBS as specifically provided in this Lease.

#### Section 23.6 Authority.

CBS and Tenant 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.

#### Section 23.7 Recordation.

The parties agree that the Lease will not be recorded. At the request of either party, the parties shall execute a memorandum of the Lease for recording purposes in lieu of recording this Lease in such form as may be satisfactory to the parties or their respective attorneys. Each party shall bear their own related expenses, including attorney fees. Lessor shall pay for all recording fees.

Petro 49, Inc.

, Registered Agent

#### STATE OF ALASKA ) ) ss. THIRD JUDICIAL DISTRICT )

THIS CERTIFIES that on this \_\_\_\_\_ day of \_\_\_\_\_\_, 2016, personally appeared before me\_\_\_\_\_\_, 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 she is the Registered Agent for Petro 49, Inc. and individually and as registered agent, is authorized to sign this document on and does so freely and voluntarily.

Notary Public for Alaska My Commission Expires: \_\_\_\_\_

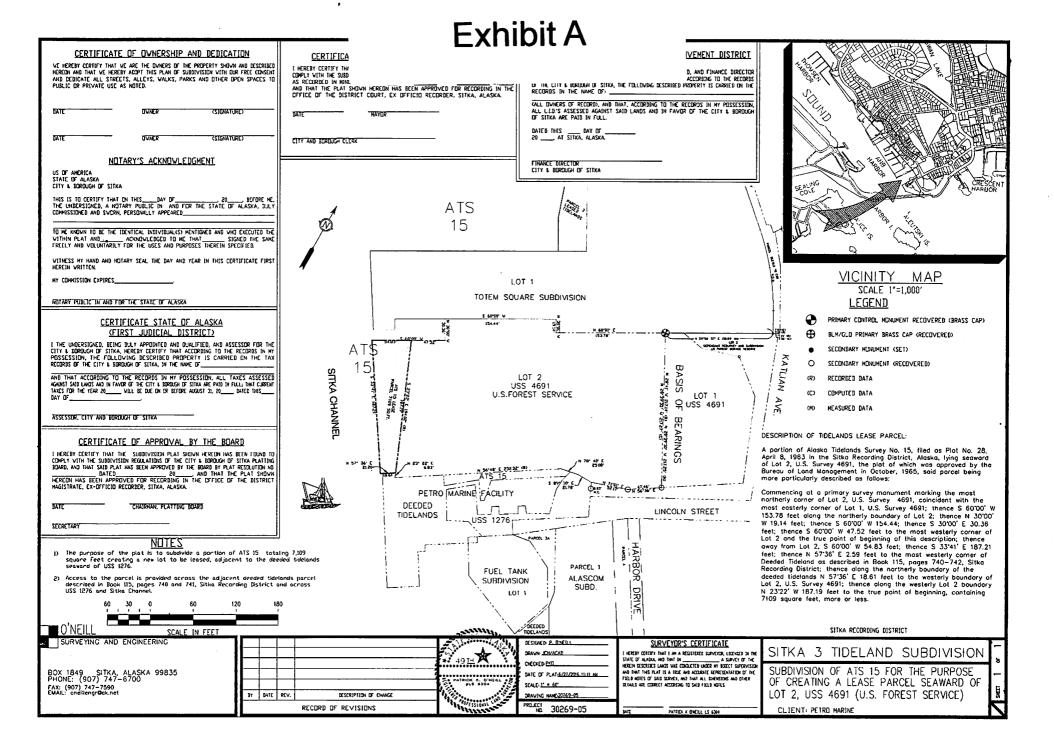
#### **CITY AND BOROUGH OF SITKA**

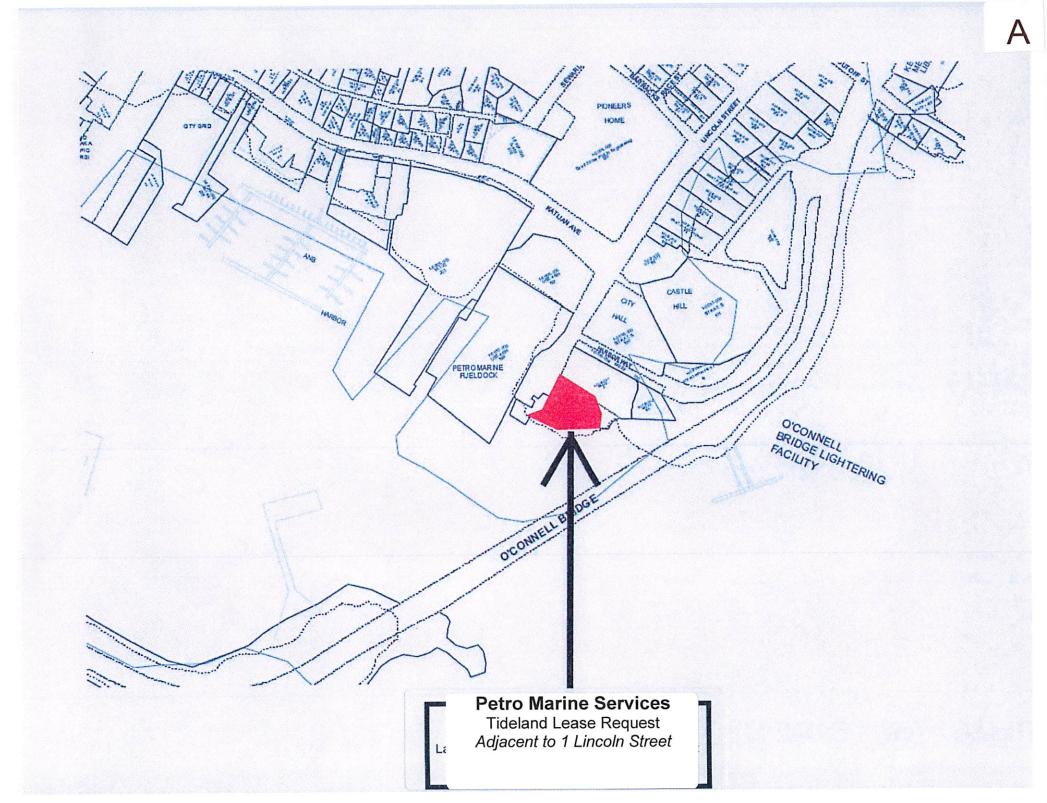
Mark Gorman, Municipal Administrator

#### STATE OF ALASKA ) ) ss. FIRST JUDICIAL DISTRICT )

THIS CERTIFIES that on this \_\_\_\_\_ day of \_\_\_\_\_\_, 2016, before me, a Notary Public in and for the State of Alaska, personally appeared MARK GORMAN, 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 for Alaska My Commission Expires:



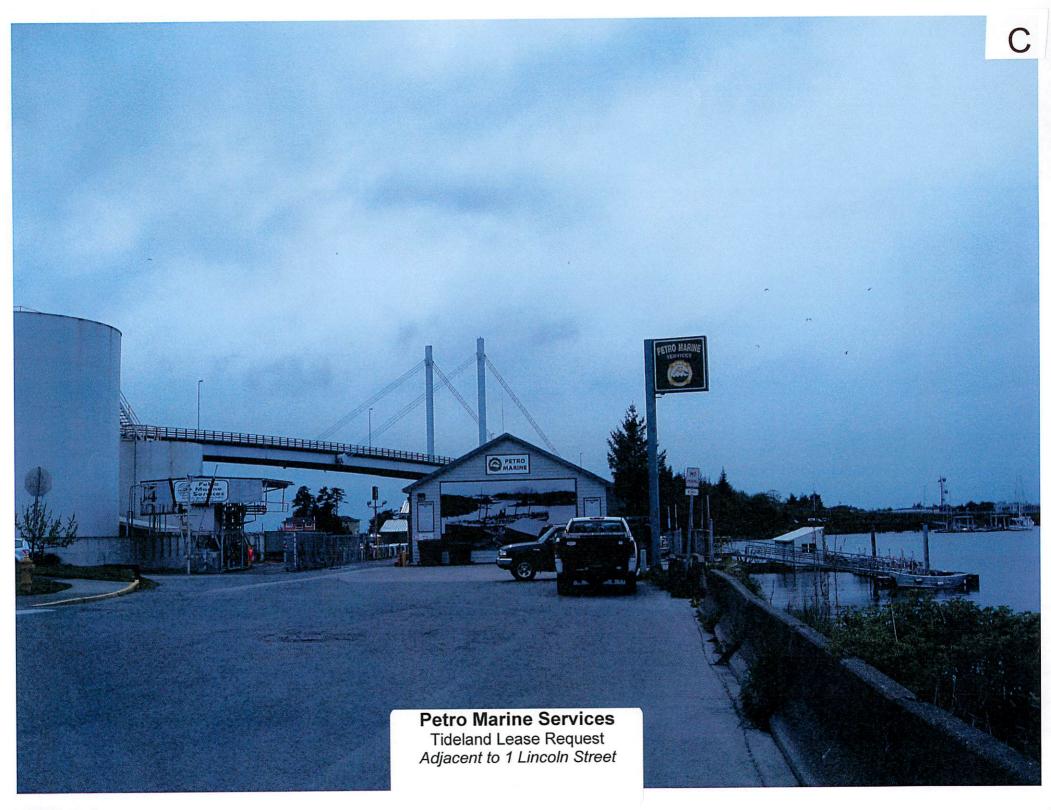






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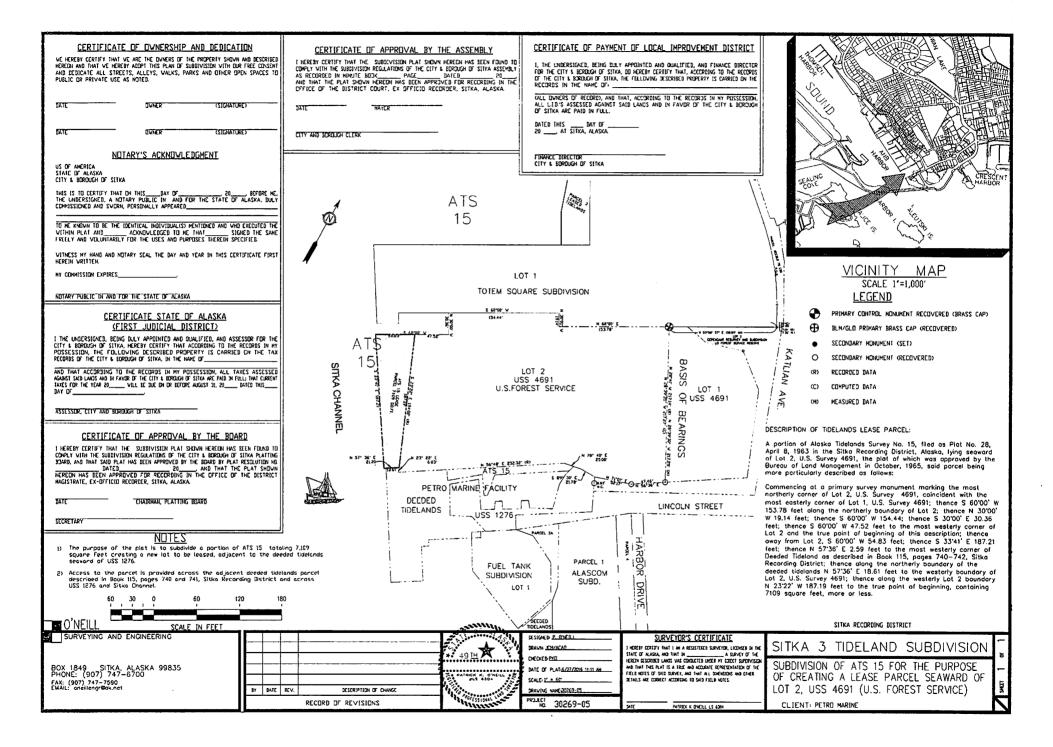


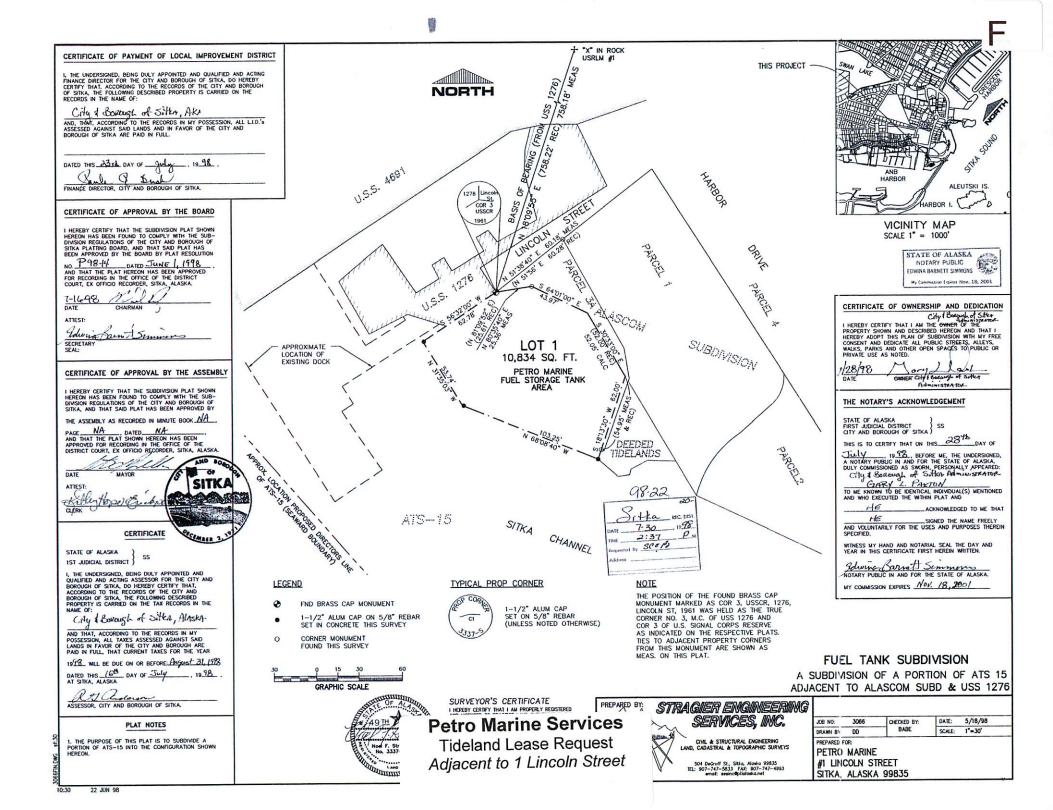
# PETRO MARINE SITKA SOUTH PLANT

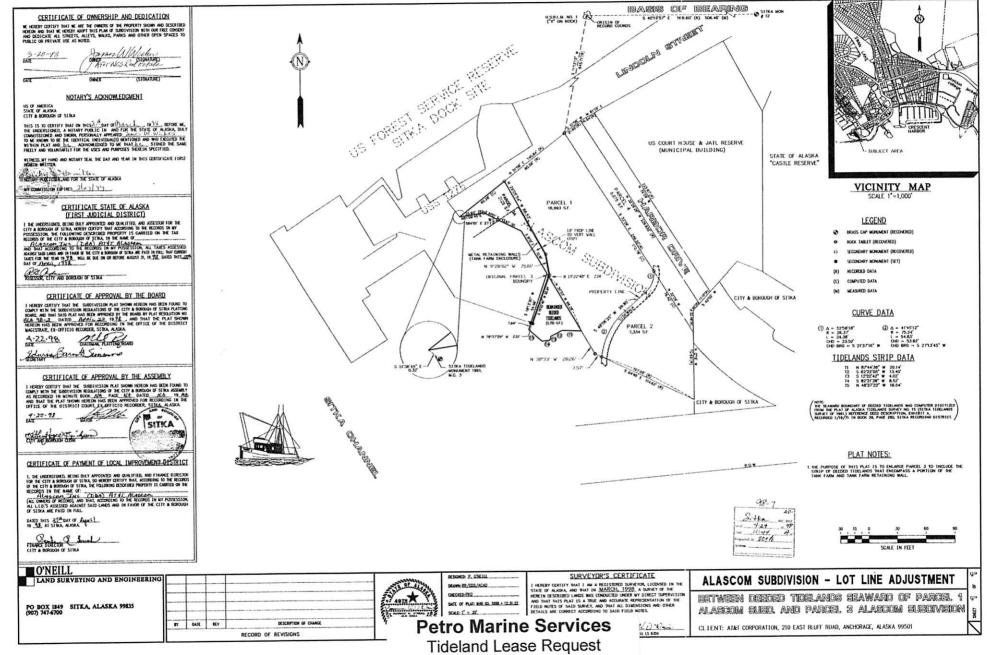




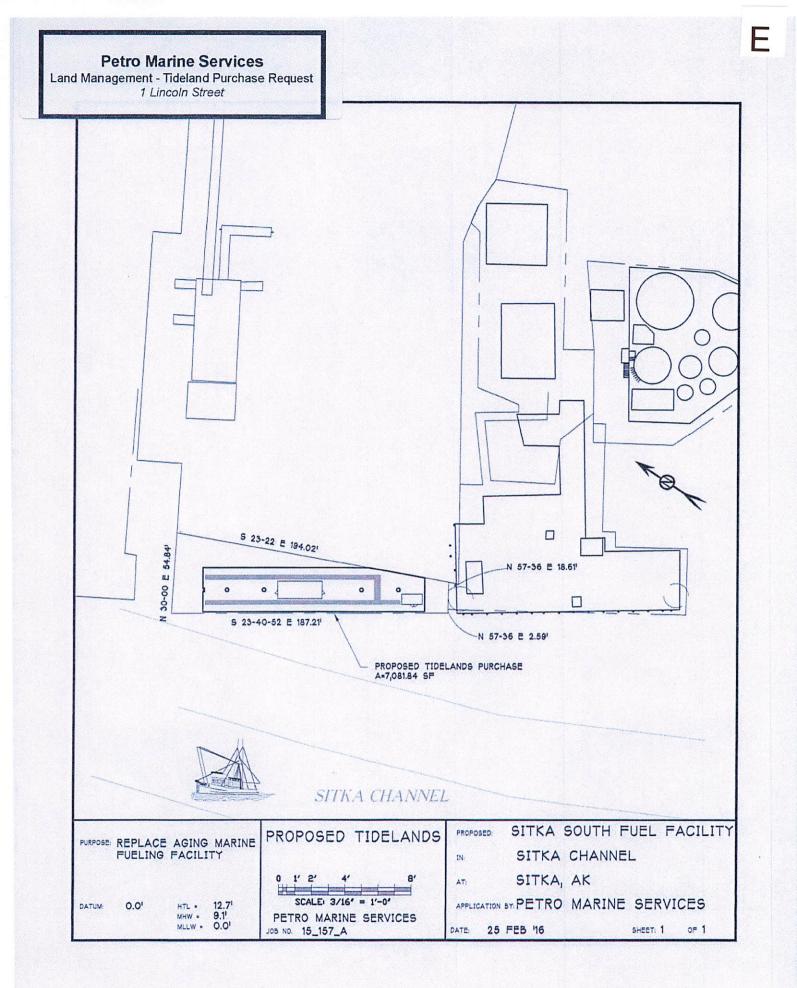








Adjacent to 1 Lincoln Street





ACORD <sup>®</sup> CERT	'IFIO	CATE OF LIA	BIL	ITY IN	ISURA	NCE		E (MM/DD/YYYY)
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Marsh & McLennan Agency, L	гc				276-5617	FAX (A/C No	. (907)	276-6292
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GENERAL LIABILITY						EACH OCCURRENCE DAMAGE TO RENTED	\$	1,000,000
X COMMERCIAL GENERAL LIABILITY				- / - /		PREMISES (Ea occurrence)	\$	100,000
	X	GL5180119		3/1/2016	3/1/2017	MED EXP (Any one person)	\$	25,000
						PERSONAL & ADV INJURY	\$	1,000,000
	i i					GENERAL AGGREGATE	\$	2,000,000
GEN'L AGGREGATE LIMIT APPLIES PER:						PRODUCTS - COMP/OP AGO		2,000,000
X POLICY PRO- JECT LOC							\$	
					3/1/2017	COMBINED SINGLE LIMIT (Ea accident)	s	1,000,000
A X ANY AUTO				3/1/2016		BODILY INJURY (Per person)	\$	
ALL OWNED SCHEDULED AUTOS AUTOS		CA2961550				BODILY INJURY (Per acciden	t) \$	
HIRED AUTOS						PROPERTY DAMAGE (Per accident)	\$	
X MCS90							\$	
UMBRELLA LIAB X OCCUR						EACH OCCURRENCE	\$	10,000,000
B X EXCESS LIAB CLAIMS-MADE						AGGREGATE	\$	10,000,000
DED RETENTION \$		ELU720468012016		3/1/2016	3/1/2017		\$	
C WORKERS COMPENSATION AND EMPLOYERS' LIABILITY						X WC STATU- TORY LIMITS ER		
	N/A					E.L. EACH ACCIDENT	\$	1,000,000
(Mandatory in NH)		WC80756303		3/1/2016	3/1/2017	E.L. DISEASE - EA EMPLOYE	E \$	1,000,000
If yes, describe under DESCRIPTION OF OPERATIONS below						E.L. DISEASE - POLICY LIMIT	r \$	1,000,000
DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICI Re: Tidelands Lease	LES (Atta	ach ACORD 101, Additional Remarks	s Schedu	le, if more space	is required)			
Where required by written con	tract	., Certificate Holde	er is	an Addit	ional In	sured on the Gen	eral	Liability
and Auto Liability policies,								-
additional insured endorsemen	it.					-		
CERTIFICATE HOLDER			CAN	CELLATION				
			sнo	ULD ANY OF	THE ABOVE D	ESCRIBED POLICIES BE	CANCE	LLED BEFORE
City and Borough of Sitka THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED					ELIVERED IN			
100 Lincoln Street	. L.N.a							
Sitka, AK 99835				AUTHORIZED REPRESENTATIVE				
			Tonv	a Lamothe	/KTHOMA	Donya L	an	rotha

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# COMMENTS/REMARKS

This is evidence of insurance procured and developed under the Alaska Surplus Lines Law, AS 21.34. It is not covered by the Alaska Insurance Guaranty Association Act, AS 21.80. This insurance was placed by the following Surplus Lines Broker Worldwide Facilities, LLC License #9718 with respects to company "B" only.

Planning Commission	Minutes - Draft	August 16, 2016	
	Hughey/Parker Song moved to APPROVE a modified variance request for Lakeview Drive. The variance is for the reduction in the northwesterly si setback from 5 feet to 3 feet for the replacement of a carport with a gara property is also known as Lot 51 Lakeview Heights Subdivision. The rec filed by Ida Eliason. The owner of record is Ida Eliason.	de ge. The	
	Motion PASSED 3-0.		
G	Public hearing and consideration of a minor subdivision and ease change request for 204 Jeff Davis Street, in the R-2 zone. The pro also known as Lot 17 Sheldon Jackson Campus Subdivision. The is filed by Randy Hitchcock. The owner of record is Randy Hitchco	operty is request	
	Item was PULLED from the agenda.		
н	Public hearing and consideration of a minor subdivision request fi tidelands adjacent to 1 Lincoln Street, as required for the tideland process. The property is also known as a portion of ATS 15, and i Waterfront District. The request is filed by Petro Marine Services. owner of record is the City and Borough of Sitka.	lease is in the	
	Bosak explained the request. The applicant seeks to lease tidelands on to build a replacement fuel dock. Staff recommend approval of the final Spivey asked why this would be a 50 year lease. Bosak stated that the Attorney's office determined that 50 was the right length to support inve in new infrastructure.	plat.	
	Jerry Jacobs represented Petro Marine, and stated that he had nothing additional to add.		
	No public comment.		
	Spivey stated that it is straight-forward.		
	Pohlman/Parker Song moved to adopt and APPROVE the findings as discussed in the staff report.		
	1) That the proposed minor subdivision complies with the Comprehensi and Sitka General Code by delineating an area for a prospective tideland and	d lease;	
	2) That the subdivision would not be injurious to public health, safety, a welfare.	na	
	Motion PASSED 4-0.		
	Pohlman/Parker Song moved to APPROVE the final plat of the minor subdivision for tidelands adjacent to 1 Lincoln Street. The property is a known a portion of ATS 15. The request is filed by Petro Marine Services owner of record is the City and Borough of Sitka.		
	Motion PASSED 4-0.		
I	Public hearing and discussion of easement concerns and a lease at 323 Seward Street filed by the White Elephant Shop. The rene would be for 30 years. The property is also known as all of lot 7 a	wal	

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# **CITY AND BOROUGH OF SITKA**

# **Minutes - Final**

# **Planning Commission**

	Chris Spivey, Chair Darrell Windsor, Vice Chai Tamie (Harkins) Parker Sor Debra Pohlman Randy Hughey	
lay, May 17, 2016	7:00 PM	Sealing Cove Business Center
CALL TO ORDER	AND ROLL CALL	
CONSIDERATION	OF THE AGENDA	
CONSIDERATION	OF THE MINUTES	
	Approval of the minutes from the May 3	3, 2016 meeting.
	Pohlman/Windsor moved to APPROVE the PASSED 5-0.	May 3, 2016 minutes. Motion
REPORTS		
	Planning Regulations and Procedures.	
THE EVENING BU	SINESS	
	Annual review of a conditional use perr accessory dwelling unit at 707 Lake Str Lot 21 Block 11, according to the amen The owner of record is Phyllis A. Hacke	eet. The property is also known as ded plat of Sirstad Addition No. 2.
	Pierson described the history of the condit Commission originally denied the permit, k request. No comments have been received	out the Assembly approved the
	Hughey/Parker Song moved to APPROVE t 3-2. Spivey and Windsor voted against app	
	Public hearing and consideration of a v Steinson for 224 Marine Street, in the F is for an increase in lot coverage to 409 The property is also known as Lot 1 Go filed by Jamie Steinson. The owners of Mulligan.	R-1 residential zone. The variance % for the construction of a patio. olden Subdivision. The request is record are Gary and Phyllis
	CONSIDERATION CONSIDERATION	Darrell Windsor, Vice Cha. Tamie (Harkins) Parker Sor Debra Pohlman Randy Hughey         Iay, May 17, 2016       7:00 PM         CALL TO ORDER AND ROLL CALL       CONSIDERATION OF THE AGENDA         CONSIDERATION OF THE AGENDA       CONSIDERATION OF THE MINUTES         Approval of the minutes from the May 3 Pohlman/Windsor moved to APPROVE the PASSED 5-0.         REPORTS       Planning Regulations and Procedures.         THE EVENING BUSINESS         Annual review of a conditional use per accessory dwelling unit at 707 Lake Sti Lot 21 Block 11, according to the amer The owner of record is Phyllis A. Hacke Pierson described the history of the condit Commission originally denied the permit, to request. No comments have been received Hughey/Parker Song moved to APPROVE to 3-2. Spivey and Windsor voted against app Public hearing and consideration of a v Steinson for 224 Marine Street, in the F is for an increase in lot coverage to 400 The property is also known as Lot 1 Go filed by Jamie Steinson. The owners of

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Windsor/Pohlman moved to POSTPONE until a representative can attend a meeting. Motion PASSED 5-0.

Public hearing and consideration of a variance request filed by Peter Thielke for 722 Biorka Street, in the R-1 residential zone. The request is for the reduction of the easterly front setback from 20 feet to 6 feet, and the reduction of the southerly rear setback from 10 feet to 0 feet for the relocaton of a shed. The property is also known as a fractional portion of Lot 13, Block 14, U.S. Survey 1474, Tract A, identifed on the deed as Parcel 2. The application is filed by Peter Thielke. The owner of record is Peter L. Thielke.

POSTPONED by consent, as the applicant could not be reached by phone.

Public hearing and consideration of a final plat for a major subdivision of ASLS 2015-06. The request is filed by Global Positioning Services, Inc. The owner of record is State of Alaska Department of Natural Resources Division of Mining, Land, and Water.

Scarcelli described the request for subdivision of state property. The lots will be primarily accessed via water, and will be intended for recreational use. Staff does not anticipate that roads will be developed in the near future. The applicant has agreed to include a plat note stating that the city is a party to all easements.

Stan Sears with Global Positioning Service represented the applicant. Access to some lots requires the use of easements. There are 4 or 5 coves for water access. Sears stated that the plat note making the city a party to all easements is acceptable to GPS.

Spivey stated that request is straight forward.

Parker Song/Pohlman moved to APPROVE the preliminary plat of a major subdivision for ASLS 15-06, and request that the final plat include a plat note that states that the municipality is a party to all easements. The request is filed by Global Positioning Services. The owner of record is Alaska Department of Natural Resources Division of Mining, Land, and Water. Motion PASSED 5-0.

Public hearing and consideration of a tideland sale application filed by Forrest Dodson for tidelands adjacent to 263 Katlian Avenue.

Bosak explained the request. The applicant previously purchased the tidelands seaward of 263 Katlian, and now request to purchase tidelands adjacent to the house. Bosak stated the need to maintain public access to tidelands, and that tidelands may increase in value over time. Staff recommend denial of the sale, and recommend a Class I, month-to-month lease.

Forrest Dodson stated that he would prefer to purchase the property. Construction will cost \$10,000 more if he cannot acquire this parcel, and he would like to have more elbow room. Dodson stated that he believes there would be sufficient water access even if he was allowed to purchase the parcel. Hughey asked about current fill in the parcel. Dodson stated that the fill was temporary, and would have to be removed. Dodson stated that the parcel isn't being used. Hughey clarified that the previous proposal was to move the Η

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house onto the seaward parcel with parking in front.

Margie Esquiro stated that Dodson's wife does a great job of restoring old properties.

Hughey stated that work on the house will happen regardless of the approval of this purchase, and stated that it would serve the public good to preserve access to the tidelands. Pohlman stated that the Land Use Plan meetings have raised concerns for lands on Katlian that were taken for the WWII effort. Bosak stated that the applicant can move forward to the Assembly even if the Planning Commission does deny the request. At Pohlman's request, Bosak explained the difference between the 3 tideland lease classifications.

Parker Song/Hughey moved to DENY the proposed land sale of 1,017 square feet of tidelands adjacent 263 Katlian Avenue and instead encourage the applicants to apply for a Class I tideland lease. Motion PASSED 4-1.

Public hearing and consideration of a tideland lease request filed by Petro Marine Services for tidelands adjacent to 1 Lincoln Street.

Bosak explained the request for a 50-year Class 3 tideland lease. The request was originally a purchase request, but staff directed the applicant to pursue a lease. No public comment has been received. Staff recommend approval of the lease proposal.

Jerry Jacobs represented Petro Marine. Jacobs stated that Petro does not anticipate any change of hours. Windsor asked about access to the Forest Service dock. Jacobs stated that he believes the new dock will improve access. Hughey stated that it looks like a good idea. Bosak stated that staff anticipates that upland owners will respond to mailed notices if they anticipate problems. Jacobs stated the new dock will improve control of spills.

Hughey/Pohlman moved to RECOMMEND preliminary approval of the proposed tideland lease adjacent to 1 Lincoln Street filed by Petro Marine Services. Motion PASSED 5-0.

Public hearing and consideration of a conditional use permit request filed by Kristy Crews and Levi Hunt for a short-term rental at 3001 Mikele Street, in the R-1 residential zone. The property is also known as Lot 7 West Subdivision. The request is filed by Kristy Crews and Levi Hunt. The owners of record are Kristy M. Crews and Levi G. Hunt.

Pierson described the request, and read a letter of support from Peter and Michelle Kennedy at 3002 Mikele.

Kristy Crews stated that they are new to home ownership, and would like to experiment with various lengths of rentals.

Windsor clarified that a short-term rental must be used within 12 months or it becomes void.

Pohlman/Windsor moved to APPROVE the required findings for conditional use permit.

Required Findings for Conditional Use Permits. The planning commission shall

not recommend approval of a proposed development unless it first makes the following findings and conclusions:

1. The city may use design standards and other elements in this code to modify the proposal. A conditional use permit may be approved only if all of the following findings can be made regarding the proposal and are supported by the record that the granting of the proposed conditional use permit will not:

a. Be detrimental to the public health, safety, and general welfare;

b. Adversely affect the established character of the surrounding vicinity; nor
c. Be injurious to the uses, property, or improvements adjacent to, and in the vicinity of, the site upon which the proposed use is to be located.

2. The granting of the proposed conditional use permit is consistent and compatible with the intent of the goals, objectives, and policies of the comprehensive plan and any implementing regulation.

3. All conditions necessary to lessen any impacts of the proposed use are conditions that can be monitored and enforced.

4. The proposed use will not introduce hazardous conditions at the site that cannot be mitigated to protect adjacent properties, the vicinity, and the public health, safety, and welfare of the community from such hazard.

5. The conditional use will be supported by, and not adversely affect, adequate public facilities and services; or that conditions can be imposed to lessen any adverse impacts on such facilities and services.

6. Burden of Proof. The applicant has the burden of proving that the proposed conditional use meets all of the criteria in subsection B of this section.

The city may approve, approve with conditions, modify, modify with conditions, or deny the conditional use permit. The city may reduce or modify bulk requirements, off-street parking requirements, and use design standards to lessen impacts, as a condition of the granting of the conditional use permit. In considering the granting of a conditional use, the assembly and planning commission shall satisfy themselves that the general criteria set forth for uses specified in this chapter will be met. The city may consider any or all criteria listed and may base conditions or safeguards upon them. The assembly and planning commission may require the applicant to submit whatever reasonable evidence may be needed to protect the public interest. The general approval criteria are as follows:

 Site topography, slope and soil stability, geophysical hazards such as flooding, surface and subsurface drainage and water quality, and the possible or probable effects of the proposed conditional use upon these factors;
 Utilities and service requirements of the proposed use, including sewers, storm drainage, water, fire protection, access and electrical power; the assembly and planning commission may enlist the aid of the relevant public utility officials with specialized knowledge in evaluating the probable effects of the proposed use and may consider the costs of enlarging, upgrading or extending public utilities in establishing conditions under which the conditional use may be permitted;

3. Lot or tract characteristics, including lot size, yard requirements, lot coverage and height of structures;

4. Use characteristics of the proposed conditional use that affect adjacent uses and districts, including hours of operation, number of persons, traffic volumes, off-street parking and loading characteristics, trash and litter removal, exterior lighting, noise, vibration, dust, smoke, heat and humidity, recreation and open space requirements;

5. Community appearance such as landscaping, fencing and screening,

dependent upon the specific use and its visual impacts.

Motion PASSED 5-0.

Pohlman/Windsor moved to APPROVE the conditional use permit request for a short-term rental at 3001 Mikele Street, subject to conditions of approval. The property is also known as Lot 7 West Subdivision. The request is filed by Levi Hunt and Kristy Crews. The owners of record are Levi Hunt and Kristy Crews.

**Conditions of Approval:** 

1. Contingent upon a completed satisfactory life safety inspection.

2. The facility shall be operated consistent with the application and plans that were submitted with the request.

3. The facility shall be operated in accordance with the narrative that was submitted with the application.

4. The applicant shall submit an annual report every year, covering the information on the form prepared by the Municipality, summarizing the number of nights the facility has been rented over the twelve month period starting with the date the facility has begun operation. The report is due within thirty days following the end of the reporting period.

5. The Planning Commission, at its discretion, may schedule a public hearing at any time following the first nine months of operations for the purpose of resolving issues with the request and mitigating adverse impacts on nearby properties.

6. Failure to comply with all applicable tax laws, including but not limited to remittance of all sales and bed tax, shall be grounds for revocation of the conditional use permit.

7. Failure to comply with any of the above conditions may result in revocation of the conditional use permit.

8. The property owner shall register for a sales account prior to the Conditional Use Permit becoming valid.

Motion PASSED 5-0.

Public hearing and consideration of a conditional use permit request for marijuana retail at 1321 Sawmill Creek Road Suites O and P, in the C-2 commercial and mobile home zone. The property is also known as US Survey 2729. The request is filed by Mike Daly. The owner of record is Eagle Bay Inn LLC.

Scarcelli explained the request. Bays O and P will be reconfigured to house two facilities – one for retail and one for cultivation. Staff believes that parking is adequate. Staff recommends a condition of approval that the plaza's parking is striped to delineate 107 spaces. Scarcelli read a letter of concern submitted by Clyde Bright. Staff recommends approval. Windsor asked about electrical load. Scarcelli stated that the applicant has submitted the load calculation to staff.

Mike Daly stated that he is building airtight rooms and use filters to control odors. Daly stated that they will test for mold as they go. Daly stated that windows will be blacked out. Daly stated that eventually wants a smoke room for tourists. Spivey thanked Daly for thorough plans.

Joe D'Arienzo stated that this proposal will be a positive first step for the industry in town, and supports the application "whole heartedly."

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Jennifer Davis urged caution. Children and families frequent the theater and Pizza Express.

Jay Stelzenmeller stated that he is encouraged by the thorough work of the applicant and staff.

Parker Song stated that the plans are thorough, and it seems like a good location. Spivey stated that kids do play in the neighborhood, and families do frequent the plaza. Spivey stated that the applicant's plans are sufficient to mitigate any concerns. Hughey stated that the applicant has set a high bar for future applicants. Hughey stated concern that the applicant will invest heavily, and the conditional use permit could theoretically be revoked in the future. Windsor stated that there aren't many areas for marijuana retail in town. Bosak stated that the reception room is a nice feature.

Windsor/Hughey moved to APPROVE the required findings.

Required Findings for Conditional Use Permits. The planning commission shall not recommend approval of a proposed development unless it first makes the following findings and conclusions:

1. The city may use design standards and other elements in this code to modify the proposal. A conditional use permit may be approved only if all of the following findings can be made regarding the proposal and are supported by the record that the granting of the proposed conditional use permit will not:

a. Be detrimental to the public health, safety, and general welfare;

b. Adversely affect the established character of the surrounding vicinity; nor

c. Be injurious to the uses, property, or improvements adjacent to, and in the vicinity of, the site upon which the proposed use is to be located.

2. The granting of the proposed conditional use permit is consistent and compatible with the intent of the goals, objectives, and policies of the comprehensive plan and any implementing regulation.

3. All conditions necessary to lessen any impacts of the proposed use are conditions that can be monitored and enforced.

4. The proposed use will not introduce hazardous conditions at the site that cannot be mitigated to protect adjacent properties, the vicinity, and the public health, safety, and welfare of the community from such hazard.

5. The conditional use will be supported by, and not adversely affect, adequate public facilities and services; or that conditions can be imposed to lessen any adverse impacts on such facilities and services.

6. Burden of Proof. The applicant has the burden of proving that the proposed conditional use meets all of the criteria in subsection B of this section.

The city may approve, approve with conditions, modify, modify with conditions, or deny the conditional use permit. The city may reduce or modify bulk requirements, off-street parking requirements, and use design standards to lessen impacts, as a condition of the granting of the conditional use permit. In considering the granting of a conditional use, the assembly and planning commission shall satisfy themselves that the general criteria set forth for uses specified in this chapter will be met. The city may consider any or all criteria listed and may base conditions or safeguards upon them. The assembly and planning commission may require the applicant to submit whatever reasonable evidence may be needed to protect the public interest. The general approval criteria are as follows:

1. Site topography, slope and soil stability, geophysical hazards such as flooding, surface and subsurface drainage and water quality, and the possible or probable effects of the proposed conditional use upon these factors;

2. Utilities and service requirements of the proposed use, including sewers, storm drainage, water, fire protection, access and electrical power; the assembly and planning commission may enlist the aid of the relevant public utility officials with specialized knowledge in evaluating the probable effects of the proposed use and may consider the costs of enlarging, upgrading or extending public utilities in establishing conditions under which the conditional use may be permitted;

3. Lot or tract characteristics, including lot size, yard requirements, lot coverage and height of structures;

4. Use characteristics of the proposed conditional use that affect adjacent uses and districts, including hours of operation, number of persons, traffic volumes, off-street parking and loading characteristics, trash and litter removal, exterior lighting, noise, vibration, dust, smoke, heat and humidity, recreation and open space requirements;

5. Community appearance such as landscaping, fencing and screening, dependent upon the specific use and its visual impacts.

Specific Guidance from 22.24 on Findings for Marijuana Uses Findings of Fact: Upon review and considerations of the required criteria, the Planning Commission shall determine whether the proposed use(s) at the proposed project location are found to not present a negative impact to the public's health, safety, and welfare.

**1.** If such a finding can be made, then the proposed use shall be approved with standard regulations, dimensions, and setbacks.

2. In the alternative, where the Planning Commission finds negative impacts are present, the Planning Commission shall only approve conditional use permits where the negative impacts can be adequately mitigated by conditions of approval that preserve the public's health, safety, and welfare. These conditions of approval shall be case by case specific and in addition to the standard regulations.

3. If negative impacts to the public's health, safety, and welfare cannot be mitigated through conditions of approval then the Planning Commission shall so find and deny the proposed conditional use permit.

#### Motion PASSED 5-0.

Windsor/Parker Song moved to APPROVE the conditional use permit request filed by Mike Daly and Northern Lights, LLC for marijuana retail at 1321 Sawmill Creek Road, Units O & P, in the C 2 General Commercial and mobile home zone subject to the attached 12 conditions of approval. The property is also known as U.S. Survey 2729. The owner of record is Eagle Bay Inn, LLC.

**Conditions of Approval:** 

1. Owners, operators, and staff of conditional uses shall comply with all state and municipal licensing regulations.

2. All licensed facilities shall comply with all life and safety regulations as promulgated by the municipal Building Official.

3. All licensed manufacturing and cultivation uses shall provide a fire safety plan, material handling plan, and comply with all fire safety regulations that satisfies the Fire Marshal or their designee and the Building Official.
4. All licensed facilities and/or uses shall provide screening from public view of any marijuana related commercial, retail, cultivation, or manufacturing use.
5. All licensed facilities and/or uses shall establish an active sales account and business registration with the Municipality and shall comply with all standard & required accounting practices.

6. It shall be a standard regulation that all conditional uses comply with all applicable state regulations and licensing laws or it shall be deemed to abandon and extinguish and associated municipal license or conditional use permit.

7. All approved conditional use permits shall comply with all Sitka General Code or shall be deemed to abandon and extinguish any associated municipal license or conditional use permit

8. Applicant shall provide a Parking Plan that complies with Section 22.20.100 for all uses present and proposed at the current property including striped parking spaces where feasible (i.e. concrete or asphalt areas).

9. Odor Control shall include charcoal filters and other best means to limit and mitigate odor impacts to surrounding uses. Should a meritorious odor complaint be received the Planning Commission may require additional odor control measures to mitigate any actual negative impacts.

10. The proposed retail site shall not be located within 500 feet of any school grounds, recreation or youth center, religious service building, or correctional facility that was legally established prior to approval of this conditional use permit as intended by licensing restriction and regulations of the state in 3 AAC Chapter 306.

11. This permit only conditionally approved the use of retail; however, at the same time, all legally vested uses operating within Units O and P must comply with all pertinent state and local regulations, licenses, and permits to remain valid.

12. The Planning Commission may, at its discretion and upon receiving meritorious evidence of negative impacts to public health, safety, and welfare, schedule a review to address issues of concern and pursue mitigation through additional conditions if necessary.

Motion PASSED 5-0.

Public hearing and consideration of a conditional use permit request for marijuana cultivation at 1321 Sawmill Creek Road Suites O and P, in the C-2 general commercial and mobile home zone. The property is also known as US Survey 2729. The request is filed by Mike Daly. The owner of record is Eagle Bay Inn LLC.

Scarcelli described the request for a cultivation facility. The applicants submitted their entire AMCO application. One public comment was received, with concerns for odors. Staff believe that parking is sufficient, but the lot should be striped. There is no known sensitive use within the 500 foot buffer zone. Staff recommend approval.

Mike Daly stated that he had nothing additional to contribute. Windsor asked if Daly anticipated difficulty with striping the parking lot. Daly replied that the owner has given consent to striping.

Michelle Cleaver stated that the owner has stated that the entire lot will be

striped by the end of the month.

Parker Song/Pohlman moved to APPROVE the required findings.

Required Findings for Conditional Use Permits. The planning commission shall not recommend approval of a proposed development unless it first makes the following findings and conclusions:

1. The city may use design standards and other elements in this code to modify the proposal. A conditional use permit may be approved only if all of the following findings can be made regarding the proposal and are supported by the record that the granting of the proposed conditional use permit will not:

a. Be detrimental to the public health, safety, and general welfare;

b. Adversely affect the established character of the surrounding vicinity; nor

c. Be injurious to the uses, property, or improvements adjacent to, and in the vicinity of, the site upon which the proposed use is to be located.

2. The granting of the proposed conditional use permit is consistent and compatible with the intent of the goals, objectives, and policies of the comprehensive plan and any implementing regulation.

3. All conditions necessary to lessen any impacts of the proposed use are conditions that can be monitored and enforced.

4. The proposed use will not introduce hazardous conditions at the site that cannot be mitigated to protect adjacent properties, the vicinity, and the public health, safety, and welfare of the community from such hazard.

5. The conditional use will be supported by, and not adversely affect, adequate public facilities and services; or that conditions can be imposed to lessen any adverse impacts on such facilities and services.

6. Burden of Proof. The applicant has the burden of proving that the proposed conditional use meets all of the criteria in subsection B of this section.

The city may approve, approve with conditions, modify, modify with conditions, or deny the conditional use permit. The city may reduce or modify bulk requirements, off-street parking requirements, and use design standards to lessen impacts, as a condition of the granting of the conditional use permit. In considering the granting of a conditional use, the assembly and planning commission shall satisfy themselves that the general criteria set forth for uses specified in this chapter will be met. The city may consider any or all criteria listed and may base conditions or safeguards upon them. The assembly and planning commission may require the applicant to submit whatever reasonable evidence may be needed to protect the public interest. The general approval criteria are as follows:

1. Site topography, slope and soil stability, geophysical hazards such as flooding, surface and subsurface drainage and water quality, and the possible or probable effects of the proposed conditional use upon these factors;

2. Utilities and service requirements of the proposed use, including sewers, storm drainage, water, fire protection, access and electrical power; the assembly and planning commission may enlist the aid of the relevant public utility officials with specialized knowledge in evaluating the probable effects of the proposed use and may consider the costs of enlarging, upgrading or extending public utilities in establishing conditions under which the conditional use may be permitted;

3. Lot or tract characteristics, including lot size, yard requirements, lot coverage and height of structures;

4. Use characteristics of the proposed conditional use that affect adjacent

uses and districts, including hours of operation, number of persons, traffic volumes, off-street parking and loading characteristics, trash and litter removal, exterior lighting, noise, vibration, dust, smoke, heat and humidity, recreation and open space requirements;

5. Community appearance such as landscaping, fencing and screening, dependent upon the specific use and its visual impacts.

Specific Guidance from 22.24 on Findings for Marijuana Uses Findings of Fact: Upon review and considerations of the required criteria, the Planning Commission shall determine whether the proposed use(s) at the proposed project location are found to not present a negative impact to the public's health, safety, and welfare.

1. If such a finding can be made, then the proposed use shall be approved with standard regulations, dimensions, and setbacks.

2. In the alternative, where the Planning Commission finds negative impacts are present, the Planning Commission shall only approve conditional use permits where the negative impacts can be adequately mitigated by conditions of approval that preserve the public's health, safety, and welfare. These conditions of approval shall be case by case specific and in addition to the standard regulations.

3. If negative impacts to the public's health, safety, and welfare cannot be mitigated through conditions of approval then the Planning Commission shall so find and deny the proposed conditional use permit.

#### Motion PASSED 5-0.

Parker Song/Pohlman moved to APPROVE the request the conditional use permit request filed by Mike Daly and Northern Lights, LLC for marijuana cultivation at 1321 Sawmill Creek Road, Units O & P, in the C-2 General Commercial and mobile home zone subject to the attached 12 conditions of approval. The property is also known as U.S. Survey 2729. The owner of record is Eagle Bay Inn, LLC.

**Conditions of Approval:** 

1. Owners, operators, and staff of conditional uses shall comply with all state and municipal licensing regulations.

2. All licensed facilities shall comply with all life and safety regulations as promulgated by the municipal Building Official.

3. All licensed manufacturing and cultivation uses shall provide a fire safety plan, material handling plan, and comply with all fire safety regulations that satisfies the Fire Marshal or their designee and the Building Official.

4. All licensed facilities and/or uses shall provide screening from public view of any marijuana related commercial, retail, cultivation, or manufacturing use.
5. All licensed facilities and/or uses shall establish an active sales account and business registration with the Municipality and shall comply with all standard & required accounting practices.

6. It shall be a standard regulation that all conditional uses comply with all applicable state regulations and licensing laws or it shall be deemed to abandon and extinguish and associated municipal license or conditional use permit.

7. All approved conditional use permits shall comply with all Sitka General

Code or shall be deemed to abandon and extinguish any associated municipal license or conditional use permit

8. Applicant shall provide a Parking Plan that complies with Section 22.20.100 for all uses present and proposed at the current property including striped parking spaces where feasible (i.e. concrete or asphalt areas).

9. Odor Control shall include charcoal filters and other best means to limit and mitigate odor impacts to surrounding uses. Should a meritorious odor complaint be received the Planning Commission may require additional odor control measures to mitigate any actual negative impacts.

10. The proposed cultivation site shall not be located within 500 feet of any school grounds, recreation or youth center, religious service building, or correctional facility that was legally established prior to approval of this conditional use permit as intended by licensing restriction and regulations of the state in 3 AAC Chapter 306.

11. This permit only conditionally approved the use of cultivation; however, at the same time, all legally vested uses operating within Units O and P must comply with all pertinent state and local regulations, licenses, and permits to remain valid.

12. The Planning Commission may, at its discretion and upon receiving meritorious evidence of negative impacts to public health, safety, and welfare, schedule a review to address issues of concern and pursue mitigation through additional conditions if necessary.

Motion PASSED 5-0.

Public hearing and consideration of a conditional use permit request for marijuana cultivation at 4614 Halibut Point Road, in the C-2 general commercial and mobile home zone. The property is also known as Lot 3 of Carlson Resubdivision. The request is filed by Green Leaf, Inc. The owners of record are Connor K. Nelson and Valerie L. Nelson.

Scarcelli explained the request for a cultivation facility. The applicant has worked with staff to mitigate staff concerns. Cultivation tends to have lower traffic than other manufacturing uses. Staff have received public comment about noise from the fans; however, the property is commercially zoned. The applicant has proposed extensive ventilation. Staff recommends approval.

Aaron Bean asked that the application be amended to list Green Leaf, Inc. as the applicant. Spivey asked if the applicant plans to do retail in the future. Bean stated that he hopes to eventually do retail on a different lot at the same site. Spivey thanked the applicant for the thorough application.

Hughey/Pohlman moved to APPROVE the required findings.

Required Findings for Conditional Use Permits. The planning commission shall not recommend approval of a proposed development unless it first makes the following findings and conclusions:

1. The city may use design standards and other elements in this code to modify the proposal. A conditional use permit may be approved only if all of the following findings can be made regarding the proposal and are supported by the record that the granting of the proposed conditional use permit will not:

a. Be detrimental to the public health, safety, and general welfare;

b. Adversely affect the established character of the surrounding vicinity; nor

c. Be injurious to the uses, property, or improvements adjacent to, and in the vicinity of, the site upon which the proposed use is to be located.

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2. The granting of the proposed conditional use permit is consistent and compatible with the intent of the goals, objectives, and policies of the comprehensive plan and any implementing regulation.

3. All conditions necessary to lessen any impacts of the proposed use are conditions that can be monitored and enforced.

4. The proposed use will not introduce hazardous conditions at the site that cannot be mitigated to protect adjacent properties, the vicinity, and the public health, safety, and welfare of the community from such hazard.

5. The conditional use will be supported by, and not adversely affect, adequate public facilities and services; or that conditions can be imposed to lessen any adverse impacts on such facilities and services.

6. Burden of Proof. The applicant has the burden of proving that the proposed conditional use meets all of the criteria in subsection B of this section.

The city may approve, approve with conditions, modify, modify with conditions, or deny the conditional use permit. The city may reduce or modify bulk requirements, off-street parking requirements, and use design standards to lessen impacts, as a condition of the granting of the conditional use permit. In considering the granting of a conditional use, the assembly and planning commission shall satisfy themselves that the general criteria set forth for uses specified in this chapter will be met. The city may consider any or all criteria listed and may base conditions or safeguards upon them. The assembly and planning commission may require the applicant to submit whatever reasonable evidence may be needed to protect the public interest. The general approval criteria are as follows:

1. Site topography, slope and soil stability, geophysical hazards such as flooding, surface and subsurface drainage and water quality, and the possible or probable effects of the proposed conditional use upon these factors;

2. Utilities and service requirements of the proposed use, including sewers, storm drainage, water, fire protection, access and electrical power; the assembly and planning commission may enlist the aid of the relevant public utility officials with specialized knowledge in evaluating the probable effects of the proposed use and may consider the costs of enlarging, upgrading or extending public utilities in establishing conditions under which the conditional use may be permitted;

3. Lot or tract characteristics, including lot size, yard requirements, lot coverage and height of structures;

4. Use characteristics of the proposed conditional use that affect adjacent uses and districts, including hours of operation, number of persons, traffic volumes, off-street parking and loading characteristics, trash and litter removal, exterior lighting, noise, vibration, dust, smoke, heat and humidity, recreation and open space requirements;

5. Community appearance such as landscaping, fencing and screening, dependent upon the specific use and its visual impacts.

Specific Guidance from 22.24 on Findings for Marijuana Uses Findings of Fact: Upon review and considerations of the required criteria, the Planning Commission shall determine whether the proposed use(s) at the proposed project location are found to not present a negative impact to the public's health, safety, and welfare.

1. If such a finding can be made, then the proposed use shall be approved with standard regulations, dimensions, and setbacks.

2. In the alternative, where the Planning Commission finds negative impacts are present, the Planning Commission shall only approve conditional use permits where the negative impacts can be adequately mitigated by conditions of approval that preserve the public's health, safety, and welfare. These conditions of approval shall be case by case specific and in addition to the standard regulations.

3. If negative impacts to the public's health, safety, and welfare cannot be mitigated through conditions of approval then the Planning Commission shall so find and deny the proposed conditional use permit.

#### Motion PASSED 5-0.

Hughey/Parker Song moved to APPROVE approve the conditional use permit request filed by Green Leaf, Inc. for marijuana cultivation at 4614 Halibut Point Road, in the C 2 General Commercial and Mobile Home zone, subject to conditions of approval. The property is also known as Lot 3 of Carlson Resubdivision. The owners of record are Connor K. Nelson and Valorie L. Nelson.

#### **Conditions of Approval:**

1. Owners, operators, and staff of conditional uses shall comply with all state and municipal licensing regulations.

2. All licensed facilities shall comply with all life and safety regulations as promulgated by the municipal Building Official.

3. All licensed manufacturing and cultivation uses shall provide a fire safety plan, material handling plan, and comply with all fire safety regulations that satisfies the Fire Marshal or their designee and the Building Official.

4. All licensed facilities and/or uses shall provide screening from public view of any marijuana related commercial, retail, cultivation, or manufacturing use.
5. All licensed facilities and/or uses shall establish an active sales account and business registration with the Municipality and shall comply with all standard & required accounting practices.

6. It shall be a standard regulation that all conditional uses comply with all applicable state regulations and licensing laws or it shall be deemed to abandon and extinguish and associated municipal license or conditional use permit.

7. All approved Conditional use permits shall comply with all Sitka General Code or shall be deemed to abandon and extinguish any associated municipal license or conditional use permit

8. Applicant shall provide a Parking Plan that complies with Section 22.20.100 for all uses present and proposed at the current property including striped parking spaces where practical.

9. Odor Control shall include charcoal filters and other best means to limit and mitigate odor impacts to surrounding uses. Should a meritorious odor complaint be received the Planning Commission may require additional odor control measures to mitigate any actual negative impacts.

10. The proposed cultivation site shall not be located within 500 feet of any school grounds, recreation or youth center, religious service building, or correctional facility that was legally established prior to approval of this conditional use permit as intended by licensing restriction and regulations of the state in 3 AAC Chapter 306.

11. The Planning Commission may, at its discretion and upon receiving

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meritorious evidence of negative impacts to public health, safety, and welfare, schedule a review to address issues of concern and pursue mitigation through additional conditions if necessary.

Motion PASSED 5-0.

Public hearing and consideration of a conditional use permit request for marijuana retail at 205 Harbor Drive, in the central business district. The property is also known as Lot 1 Van Winkle Subdivision. The request is filed by Mary Magnuson. The owners of record are Frank and Mary Magnuson.

Scarcelli reviewed the request. The ultimate decision about possible buffer zone issues would be determined by the state AMCO office. Staff recommends that the commission postpone the request to a later meeting so more information can be provided. Windsor asked if a postponement would "foul up" the process for the applicant. Scarcelli stated that he understands that the state is postponing some of their previously advertised dates. Spivey asked if staff have reached out to request additional information, and Scarcelli stated that he and Pierson had both been in touch with the applicant, requested additional information, and the applicant indicated that she would provide more information. Pohlman stated concern for proximity to the Lutheran Church.

Mary Magnuson stated that operations will be according to state regulations. Magnuson stated that she has difficulty luring her potential tenant before a permit is granted. The property has been retail in the past, and will be some sort of retail in the future. Magnuson stated that she believes her application is adequate. The building is already sprinkled and fire alarmed, has "tremendous" ventilation, and will have approximately 16 security cameras. Magnuson stated that she does not see the need to delay the request. Windsor asked if the applicant had plans for a smoking room, and Magnuson said no.

Margie Esquiro stated concern for the proximity to sensitive uses, and the city can be more stringent than the state.

Joe D'Arienzo stated that this is one of the only available sites in the central business district due to sensitive uses.

Scarcelli read a letter from Susan Jensen, in opposition to the proposal.

Windsor asked what would happen if the conditional use permit was granted but the state license was denied. Scarcelli stated that until a state license is granted, the conditional use permit is not activated. Hughey asked what would be required for staff to view the application as complete. Scarcelli stated that the ordinance pulls state regulations into municipal requirements, so the city can enforce issues as they arise; therefore, the planning department would like to receive the same information that is submitted to the state, including security, dversion, floor plan, and overall detailed plans. Parker Song asked if another retail would be analyzed to this extent. Bosak stated that uses that are conditional are analyzed by the framework in code.

Pohlman stated that community concerns have been raised, so she would like to see the lessee and his/her plans in full detail. Spivey stated that a conditional use requires detailed plans. Ν

Windsor/Hughey moved to POSTPONE the item to June 21 and request that the applicant provide more information. Motion PASSED 5-0.

Public hearing and consideration of a conditional use permit request for a marijuana retail facility at 1321 Sawmill Creek Road J, in the C-2 commercial and mobile home zone. The property is also known as US Survey 2729. The request is filed by Anna Michelle Cleaver. The owner of record is Eagle Bay Inn, LLC.

Scarcelli described the request for marijuana retail. The applicant has provided the AMCO application. Parking is sufficient, but parking space striping should be a condition of approval. No sensitive uses are known within the state buffer zone. Staff recommends approval. Spivey stated that he notarized the state application, but has no financial gain at stake.

Michelle Cleaver stated that the owner intends to stripe 120 parking spaces by the end of the month. Hughey clarified that Cleaver would sell locally cultivated marijuana, and she stated yes.

Jeremy Twaddle asked about how odor is determined. Bosak stated that odor would be addressed if complaints were raised.

Jennifer Davis stated that she lives nearby, and is concerned that children and families use the plaza.

Windsor asked about the time requirements for review by the board. Bosak stated that review could occur at any time when a meritorious complaint is received which indicates that the operation is not in compliance with the conditions of approval.

Parker Song/Pohlman moved to APPROVE the required findings.

Required Findings for Conditional Use Permits. The planning commission shall not recommend approval of a proposed development unless it first makes the following findings and conclusions:

1. The city may use design standards and other elements in this code to modify the proposal. A conditional use permit may be approved only if all of the following findings can be made regarding the proposal and are supported by the record that the granting of the proposed conditional use permit will not:

a. Be detrimental to the public health, safety, and general welfare;

b. Adversely affect the established character of the surrounding vicinity; nor

c. Be injurious to the uses, property, or improvements adjacent to, and in the vicinity of, the site upon which the proposed use is to be located.

2. The granting of the proposed conditional use permit is consistent and compatible with the intent of the goals, objectives, and policies of the comprehensive plan and any implementing regulation.

3. All conditions necessary to lessen any impacts of the proposed use are conditions that can be monitored and enforced.

4. The proposed use will not introduce hazardous conditions at the site that cannot be mitigated to protect adjacent properties, the vicinity, and the public health, safety, and welfare of the community from such hazard.

5. The conditional use will be supported by, and not adversely affect, adequate public facilities and services; or that conditions can be imposed to lessen any adverse impacts on such facilities and services.

6. Burden of Proof. The applicant has the burden of proving that the proposed conditional use meets all of the criteria in subsection B of this section.

The city may approve, approve with conditions, modify, modify with conditions, or deny the conditional use permit. The city may reduce or modify bulk requirements, off-street parking requirements, and use design standards to lessen impacts, as a condition of the granting of the conditional use permit. In considering the granting of a conditional use, the assembly and planning commission shall satisfy themselves that the general criteria set forth for uses specified in this chapter will be met. The city may consider any or all criteria listed and may base conditions or safeguards upon them. The assembly and planning commission may require the applicant to submit whatever reasonable evidence may be needed to protect the public interest. The general approval criteria are as follows:

 Site topography, slope and soil stability, geophysical hazards such as flooding, surface and subsurface drainage and water quality, and the possible or probable effects of the proposed conditional use upon these factors;
 Utilities and service requirements of the proposed use, including sewers, storm drainage, water, fire protection, access and electrical power; the assembly and planning commission may enlist the aid of the relevant public utility officials with specialized knowledge in evaluating the probable effects of the proposed use and may consider the costs of enlarging, upgrading or extending public utilities in establishing conditions under which the conditional use may be permitted;

3. Lot or tract characteristics, including lot size, yard requirements, lot coverage and height of structures;

4. Use characteristics of the proposed conditional use that affect adjacent uses and districts, including hours of operation, number of persons, traffic volumes, off-street parking and loading characteristics, trash and litter removal, exterior lighting, noise, vibration, dust, smoke, heat and humidity, recreation and open space requirements;

5. Community appearance such as landscaping, fencing and screening, dependent upon the specific use and its visual impacts.

Specific Guidance from 22.24 on Findings for Marijuana Uses Findings of Fact: Upon review and considerations of the required criteria, the Planning Commission shall determine whether the proposed use(s) at the proposed project location are found to not present a negative impact to the public's health, safety, and welfare.

1. If such a finding can be made, then the proposed use shall be approved with standard regulations, dimensions, and setbacks.

2. In the alternative, where the Planning Commission finds negative impacts are present, the Planning Commission shall only approve conditional use permits where the negative impacts can be adequately mitigated by conditions of approval that preserve the public's health, safety, and welfare. These conditions of approval shall be case by case specific and in addition to the standard regulations.

3. If negative impacts to the public's health, safety, and welfare cannot be mitigated through conditions of approval then the Planning Commission shall so find and deny the proposed conditional use permit.

#### Motion PASSED 5-0.

Parker Song/Pohlman moved to APPROVE the conditional use permit request filed by Anna Michelle Cleaver for marijuana retail at 1321 Sawmill Creek Road, Unit J, in the C 2 General Commercial and mobile home zone subject to the attached 11 conditions of approval. The property is also known as U.S. Survey 2729. The owner of record is Eagle Bay, LLC.

**Conditions of Approval:** 

1. Owners, operators, and staff of conditional uses shall comply with all state and municipal licensing regulations.

2. All licensed facilities shall comply with all life and safety regulations as promulgated by the municipal Building Official.

 All licensed manufacturing and cultivation uses shall provide a fire safety plan, material handling plan, and comply with all fire safety regulations that satisfies the Fire Marshal or their designee and the Building Official.
 All licensed facilities and/or uses shall provide screening from public view of manufacturing uses and an analysis and an analysis and an analysis.

any marijuana related commercial, retail, cultivation, or manufacturing use. 5. All licensed facilities and/or uses shall establish an active sales account and business registration with the Municipality and shall comply with all standard & required accounting practices.

6. It shall be a standard regulation that all conditional uses comply with all applicable state regulations and licensing laws or it shall be deemed to abandon and extinguish and associated municipal license or conditional use permit.

7. All approved conditional use permits shall comply with all Sitka General Code or shall be deemed to abandon and extinguish any associated municipal license or conditional use permit

8. Applicant shall provide a Parking Plan that complies with Section 22.20.100 for all uses present and proposed at the current property including striped parking spaces where feasible (i.e. concrete or asphalt areas).

9. Odor Control shall include reasonable best means (such as high quality Commercial HEPA filter) to limit and mitigate odor impacts to surrounding uses. Should a meritorious odor complaint be received, the Planning Commission may require additional odor control measures to mitigate any actual negative impacts.

10. The proposed retail site shall not be located within 500 feet of any school grounds, recreation or youth center, religious service building, or correctional facility that was legally established prior to approval of this conditional use permit as intended by licensing restriction and regulations of the state in 3 AAC Chapter 306.

11. The Planning Commission may, at its discretion and upon receiving meritorious evidence of negative impacts to public health, safety, and welfare, schedule a review to address issues of concern and pursue mitigation through additional conditions if necessary.

Motion PASSED 5-0.

#### VI. PLANNING DIRECTOR'S REPORT

Bosak reported on the Assembly Lands Work Session from the previous week. The June 7 meeting will focus on acquisition, retention, and disposal of municipal lands, and will be held at the Fire Hall. The July 5 meeting is cancelled.

#### VII. PUBLIC BUSINESS FROM THE FLOOR

Mary Magnuson stated that she was told that she would not have to disclose the identity of her lessee. Scarcelli stated that the tenant isn't relevant, but the details are relevant.

#### VIII. ADJOURNMENT

Hughey/Windsor moved to ADJOURN at 9:44 PM. Motion PASSED 5-0.

ATTEST: \_\_\_\_\_ Samantha Pierson, Planner I



# City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

Coast Guard City, USA

# Planning and Community Development Department

MEETING FLOW

- Date: May 6, 2016
- From: Maegan Bosak, PCDD
- To: Planning Commission
- Re: Petro Marine Services Tideland Lease Request

#### **GENERAL INFORMATION**

Applicant:	Petro Marine Services P.O. Box 418 Sitka, AK 99835	• ;	Report from Staff Applicant comes forward Applicant identifies him/herself – provides comments
Property Owner:	City and Borough of Sitka	•	Commissioners ask applicant questions Staff asks applicant any questions Floor opened up for Public Comment
Property Address:	Adjacent 1 Lincoln Street		Applicant has opportunity to clarify or provide
Legal Description:	7082 sq ft submerged tidelands within ATS 15	•	additional information Comment period closed - brought back to the board Findings
Parcel ID Number:	New parcel to be created	•	Motion of recommendation
Size of Existing Lot:	7,082 square feet		
Zoning:	WD Waterfront		
Existing Land Use:	Unoccupied submerged tidelands		
Utilities:	None		
Access:	By water or Lincoln Street		
Surrounding Land Use	: Commercial		

### **ATTACHMENTS**

Attachment A: Vicinity Map Attachment B: Aerial Vicinity Map Attachment C: Parcel Pictures Attachment D: Application Attachment E: Site Plan Attachment F: Subdivision Plat Attachment G: Zoning Map Attachment H: Mailing List Attachment I: City Department Staff Comments

#### **PROJECT DESCRIPTION**

Petro Marine is requesting a long term tideland lease adjacent their deeded tidelands at 1 Lincoln Street. The request includes 7,082 square feet for the purpose of relocating the existing floating fuel dock to the area and replacing it with a 150' marine fueling dock.

The Assessor is working on establishing an assessment for the tidelands of which the lease would be charged a 4.5% annual fee, with an adjustment every 7 years, per SGC. The applicant has requested a 50 year lease period.

Following the Planning Commission meeting, the request will be presented to the Assembly for preliminary approval. From preliminary approval, a plat will be created and presented to the Commission again for subdivision approval. Port and Harbors and Historic Preservation will be consulted. A final lease ordinance will be authorized by the Assembly and then the parcel to be put out for competitive bid. This is a long and arduous process and one that Staff is hoping to streamline in the new land use plan.

#### BACKGROUND

In March, Petro Marine submitted a request to purchase additional tidelands adjacent their deeded tidelands at 1 Lincoln Street, for expansion of marine fueling services and dock realignment. The sales request was denied based on:

Possible limitations to use to upland property owners

Restriction of access to upland property owners

Comprehensive Plan Policy 2.4.12 *To maintain public access to the waterfront, where feasible, in all zones* 

Municipally owned tidelands are limited and are not considered surplus to future community priorities.

The applicant was instead routed towards the lease process and resubmitted requesting a 50 year lease.

Only upland property owners have "preference rights" to tidelands, meaning that a sale or lease can be made without going to a public competitive bid process. For this small portion of property, the upland property owner is the Forest Service and CBS. The lease request requires a public competitive bid process.

Tidelands will continue to increase in value and be an asset to the citizens. Many feel the waterfront should be for public facilities and enjoyment, more of a benefit to the masses rather than an individual land owner. Tidelands are a very limited resource.

PCDD is in support of a Class III Tideland lease. This commercial designation lease requires a lengthy public notification period which allows concerns to be aired.

This option seems to be beneficial to all parties in that it allows the applicant the use of the property and allows CBS to retain the property should future needs arise.

### **ANALYSIS**

**Project / Site:** The proposed tidelands are immediately adjacent 1 Lincoln Street. It is approximately 7,082 square feet of unoccupied submerged tidelands that are next to the current Petro Marine Fuel dock.

Amount of vehicular traffic to be generated and impacts of the traffic on nearby land uses: Same amount of vehicular traffic as currently observed. No increase in expected. Concerns stem from access and the restrictions that this new configuration could impose.

Amount of noise to be generated and its impacts on surrounding land use: Construction noise should be anticipated during install of the new dock facility. After that, Staff expects that noise would be similar to present use.

Odors to be generated by the use and their impacts: Odors from gas and boat exhaust should be anticipated.

Hours of operation: Unknown. Expect similar hours as present site.

**Effects of vehicular and pedestrian safety:** Public safety in general is a concern for any fuel facility. Commissioners should consider plans for spill response, boat congestion, dock falls and fire.

Ability of the police, fire and EMS personnel to respond to emergency calls on the site: Same as present.

Effects of signage on nearby uses: Limited change to signage.

**Conformity with Comprehensive Plan:** The Comprehensive Plan section 2.3.12 *To maintain public access to the waterfront, where feasible.* 

### RECOMMENDATION

It is recommended that the Planning Commission adopt the Director's analysis and move to recommend preliminary approval of the tideland lease adjacent 1 Lincoln Street.

If the Planning Commission approves the proposed tideland lease, the process would be this: The request would go to the Assembly for concept approval, followed by creation of a minor subdivision, through Ports and Harbors and Historic Preservation Commissions, public competitive bid and then back to the Assembly for a final land sale ordinance.

### **Recommended Motions:**

1) I move to recommend preliminary approval of the proposed tideland lease adjacent to 1 Lincoln Street filed by Petro Marine Services.

# Memorandum

## TO: Maegan Bosak, Planning and Community Development Director

FROM: Wendy Lawrence, Assessing Director Wendy Lawrence
SUBJECT: City and Borough of Sitka Tidelands Assessed Valuation for Proposed Lease – Approximately 7,082 sf of a Portion of ATS 15/ADL 1966 (which is adjacent to: PID: 1-0010-000 - #1 Lincoln)

DATE: May 12, 2016

The real property described above was inspected for the valuation of tideland parcel subject to a lease proposal of sloping tidelands adjacent to the Petro Marine fuel dock at #1 Lincoln Street.

The subject site consists of 7,082sf of sloping tidelands within ATS 15, located directly north and adjacent to Petro Marine's downtown facility. The depth of the water ranges from 15-35' more or less, is zoned waterfront, and is intended to be used as key waterfront access for this marine fueling facility. Use of this site would allow the applicant to reconfigure, expand and enhance the current fuel dock for greater efficiency and safety.

Tidelands within the City and Borough of Sitka are valued according to their classification: upland and filled tidelands are valued at the same rate as the regular land values for the area, with sloping and submerged tidelands valued at a percentage of the upland rate. This standard of valuation is used throughout Alaska, with price variances according to upland land values, zoning classifications, and adjustments for inferior or superior qualities in comparable sales. Acquisition of this site would enhance Petro Marine's waterfront access to this marine fueling business, and as such is valued at 45% of the upland land value for Petro Marine's #1 Lincoln overall facility.

Waterfront comparable sales prices per square foot range from \$26.05 to \$34.99 per upland square foot for this market area. The attached table shows the tideland comparable sales, with most weight being given to the subject's prior tideland purchase, at this same location, as Comparable #1 at a timeadjusted value of \$32.11/sf. Comparable #2 is similar in quality and location, and as such is weighted heavily as well at a time adjusted upland rate of \$34.99/sf. Comparable #3 is slightly inferior in location to the subject and brackets the subject at the low end of the range. All uses are commercial and all zoning classifications for the comparable sales are waterfront, similar to the subject property. Time adjustments were calculated at 2% per year prior to 2008, and 1% per year after.

Based upon the sales data available for this area, I have estimated the fee simple assessed value of \$102,300 for this proposed site. This figure was calculated by multiplying 45% of the upland square foot value of \$32.11 to the estimated square footage of 7,082 for these sloping tidelands, for a rounded fee simple value of \$102,300.

			Compar: Waterfront 7	able Sales T Fidelands V					
2016								Up/Fill	ed Rate
							Ti	ime-Adj	Sale
Comp	PID	Location	Zoning	Sale Date	Sale Price	Size		\$/SF	Price/SF
1	1-0010-000	#1 Lincoln	W	11/20/98	\$45,800	2,125	\$	32.11	\$23.16
2	1-6655-000	201 Katlian	W	06/20/06	\$38,000	4,514	\$	34.99	\$31.68
3	1-6845-000	485 Katlian	W	01/26/16	\$20,800	5,327	\$	26.05	\$26.05
			Range: \$26	.05/sf to \$3	4.99/sf				

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## **Samantha Pierson**

From:Stan EliasonSent:Wednesday, March 16, 2016 9:42 AMTo:Samantha PiersonSubject:Re: Land Purchase Inquiries

Samantha, I don't foresee any use of these tidelands with my operations.

Stan

Sent from my iPhone us my new email address: <a href="mailto:stan.eliason@cityofsitka.org">stan.eliason@cityofsitka.org</a>

On Mar 14, 2016, at 12:32 PM, Samantha Pierson < samantha.pierson@cityofsitka.org > wrote:

Dear Department Heads,

Two parties have expressed interest in acquiring parcels of city-owned property. One inquiry concerns a the sale of a portion of tidelands adjacent to 1 Lincoln Street. The applicants state that they wish to create a new fuel dock on the property.

The second inquiry concerns the sale of Mineral Survey 1587, near Herbert Graves Island. The applicant wishes to purchase the property for personal use as a subsistence camp.

Like most land sales, these proposals will also receive formal review by the Historic Preservation Commission and the Port and Harbors Commission.

Before proceeding with a process to possibly dispose of these properties, a necessary step is to determine if they are surplus to the city's needs.

Therefore, I ask department heads to advise the Planning Department as to whether these parcels are surplus to their department's needs. Additionally, even if it is surplus, please advise if you are aware of a reason why it might be in the city's best interest to retain these properties in the city lands inventory.

Please respond by Tuesday, March 22, or let me know if you need more time. If we receive no response from a department, the Planning Department will consider there to be no objection to disposing of the property.

Feel free to give me a call if you would like more information. Thank you.

Sam

Samantha Pierson Planner I City and Borough of Sitka 100 Lincoln Street Sitka, AK 99835 (907) 747-1814

Petro Marine Services Tideland Lease Request Adjacent to 1 Lincoln Street

## Samantha Pierson

From:Dave MillerSent:Monday, March 14, 2016 2:29 PMTo:Samantha PiersonSubject:RE: Land Purchase Inquiries

Fire Department has no problems with the sale Dave Miller

From: Samantha Pierson Sent: Monday, March 14, 2016 12:32 PM To: cbs.deptheads.staff <cbs.deptheads.staff@cityofsitka.org> Subject: Land Purchase Inquiries

Dear Department Heads,

Two parties have expressed interest in acquiring parcels of city-owned property. One inquiry concerns a the sale of a portion of tidelands adjacent to 1 Lincoln Street. The applicants state that they wish to create a new fuel dock on the property.

The second inquiry concerns the sale of Mineral Survey 1587, near Herbert Graves Island. The applicant wishes to purchase the property for personal use as a subsistence camp.

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Before proceeding with a process to possibly dispose of these properties, a necessary step is to determine if they are surplus to the city's needs.

Therefore, I ask department heads to advise the Planning Department as to whether these parcels are surplus to their department's needs. Additionally, even if it is surplus, please advise if you are aware of a reason why it might be in the city's best interest to retain these properties in the city lands inventory.

Please respond by Tuesday, March 22, or let me know if you need more time. If we receive no response from a department, the Planning Department will consider there to be no objection to disposing of the property.

Feel free to give me a call if you would like more information. Thank you.

Sam

Samantha Pierson Planner I City and Borough of Sitka 100 Lincoln Street Sitka, AK 99835 (907) 747-1814

> Petro Marine Services Tideland Lease Request Adjacent to 1 Lincoln Street

# CITY AND BOROUGH OF SITKA SLOT & O WW QEANING DEPARTMENT LAND SALES APPLICATION

Applicant
Applicant's Name:Petro Marine Services Phone:747-3414
If application is a corporation, give name of agent: Jerry Jacobs
Mailing Address:Box 418, Sitka AK 99835
Requested Property SEE ATTACHED DRAWING
Legal Description: Lot Block U.S. Survey No
Existing Subdivision
Street Address
Intended Use (circle): Residential Private Recreation Commercial Industrial
Reason for requesting sale: _To relocate the existing floating fuel dock at #1 Lincoln St. to the area in question, and replace it with a structure designed to enhance public safety and environmental protection (see attached).
Area of land:7082 sq. ft
Current use and appearance: Unoccupied submerged tidelands adjacent to the Petro Marine fuel dock at #1 Lincoln St.
Historical Use: See attached comments.
Proposed construction or improvement: <u>150' marine fueling dock – see attached</u> drawings
If the Assembly authorizes the sale to proceed, 1) an additional \$150 will be required to cover advertising costs, 2) a subdivision plat will be required, and 3) an appraisal will be required. The cost of the appraisal may be split between the municipality and the applicant.
Signature: Date: 3/2/16

Petro Marine Services Land Management - Tideland Purchase Request 1 Lincoln Street

#### Attachment to Land Sales Application

Petro Marine Services

#### Reason for requesting sale (continued)

Petro Marine is considering a reconfiguration of the marina for several reasons. These include:

<u>Upgrade Aging Equipment.</u> The existing marina has been in place since the mid 1980's. The proposed marina will be much like the one we built at our Katlian St. facility in 2012. That design incorporates improved control valves, among other features, that do not allow fuel to flow unless the valves are energized by an attendant.

<u>Public Safety.</u> The new configuration improves access to the USFS dock by reducing conflicts between boat traffic to our marina and the float plane the USFS brings in to their dock during the summer. Boat traffic to the proposed marina would be much farther from the USFS dock than it is at present, reducing the chance of a boat/plane collision.

The proposed design includes a covered ramp, reducing the possibility of slips, trips and falls due to the buildup of snow and ice. The design also contains permanently mounted safety ladders. Incidents at City harbors over the last few years have shown the value of this equipment. Due to its configuration and method of construction, installing ladders on the existing dock is not practical.

<u>Enhanced Spill Response.</u> The design of the marina provides immediate containment of any fuel spilled on the marina surface itself. In addition, the plan calls for staging spill containment boom in a shed on the marina. This boom can be easily deployed to contain spills to the water surrounding the marina itself and the adjacent piling dock. The pontoon design means that, in combination with deployed boom, the marina itself is part of a containment system that allows for rapid control of a fuel spill.

Enhanced Fire Suppression Capability. At the request of the Fire Chief, the water supply line to the north plant marina (constructed in 2012) is equipped with fittings for the connection of fire hoses. It was the Chief's opinion that this would significantly improve the Fire Departments ability to fight a fire there. This design could also be incorporated into the proposed marina.

#### Historical Use (continued)

The Lincoln St. fuel facility has been an important location for re-fueling both local and out of town vessels for well over 100 years. In the 30's, 40's and 50's, the tidelands in question were home to a piling dock owned by Standard Oil Company (picture attached). Since that time, most of the vessels that have come in to fuel up at either of the docks at the Lincoln St. facility have transited and/or moored in the area above these tidelands (pictures attached).

Petro Marine Services Land Management - Tideland Purchase Request 1 Lincoln Street



# City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

Coast Guard City, USA

# Notice of Public Hearings

The Assembly of the City and Borough of Sitka will hold a public hearing during a regular meeting scheduled Tuesday, September 13, 2016 on the following items:

- A. <u>Public hearing and consideration of a tideland lease request filed by Petro</u> <u>Marine Services for 7109 square feet of tidelands adjacent to 1 Lincoln Street.</u> <u>The property is also known as a portion of ATS 15.</u>
- B. Public hearing and consideration of a land lease renewal request filed by White Elephant Shop for 323 Seward Street. The property is also known as all of lot 7 and a fractional part of lots 8, C-9, and C-10 of Block 8, US Survey 1474 Tract A.

The Assembly may take action on September 13, 2016. The Assembly meeting will begin at 6:00 pm at University of Alaska Southeast, 1332 Seward Avenue, Room 229 in Sitka.

Interested residents are encouraged to make comments during the meeting and written comments can be submitted to the Municipal Clerk at 100 Lincoln Street.

Parcel ID: 10001000 STATE OF ALASKA PIONEER HOME ALASKA, STATE OF P.O. BOX 110690 JUNEAU AK 99811

Parcel ID: 10015002 CITY & BOROUGH OF SITKA C/B OF SITKA 100 LINCOLN ST SITKA AK 99835

> Parcel ID: 10017000 STATE OF ALASKA CASTLE HILL STATE OF ALASKA 6860 GLACIER HWY JUNEAU AK 99801

Parcel ID: 10033000 BLANCA HERNANDEZ HERNANDEZ, BLANCA 2435 MARIAN BAY CIRCLE ANCHORAGE AK 99515

Parcel ID: 16015000 ROBERT/KAREN PARKER PARKER, ROBERT & KAREN 204 KATLIAN AVE SITKA AK 99835

Parcel ID: 16656000 ALASKA, STATE OF TOTEM SQUARE LAWN ALASKA, STATE OF TOTEM SQ LAWN SITKA AK 99835 Parcel ID: 10010000 HARBOR ENTERPRISES, INC. PETRO MARINE SERVICES HARBOR ENTERPRISES, INC. P.O. BOX 389 SEWARD AK 99664-0389

Parcel ID: 10015004 CITY & BOROUGH OF SITKA C/B OF SITKA 100 LINCOLN ST SITKA AK 99835

Parcel ID: 10017001 CITY & BOROUGH OF SITKA CASTLE HILL/BELOWIMARB DR C/B OF SITKA 100 LINCOLN ST SITKA AK 99835

Parcel ID: 15997000 SITKA TRIBE OF ALASKA SHEETKA KWAAN NAA KAHINI SITKA TRIBE OF ALASKA 456 KATLIAN ST. SITKA AK 99835

> Parcel ID: 16655000 SCOJO, LLC TOTEM SQUARE SCOJO, LLC 2819 DAWSON ST ANCHORAGE AK 99503

Parcel ID: 16657000 U.S. FOREST SERVICE FOREST SERVICE DOCK U.S. FOREST SERVICE 204 SIGINAKA WAY SITKA AK 99835 Parcel ID: 10015001 RAVEN RADIO FOUNDATION, INC. RAVEN RADIO FOUNDATION, INC. 2B LINCOLN ST. SITKA AK 99835

Parcel ID: 10016000 CITY & BOROUGH OF SITKA CITY HALL C/B-OF SITKA T00 LINCOLN ST SITKA AK 99835

Parcel ID: 10020000 CASTLE HILL, LLC CASTLE HILL, LLC 117 GRANITE CREEK RD, STE 201 SITKA AK 99835

> Parcel ID: 16000000 JAMES MCGOWAN MCGOWAN, JAMES, W. 202 KATLIAN, #A SITKA AK 99835

Parcel ID: 16655001 C/B OF SITKA BETWEEN TOTEM SO & RAT AVE C/B OF SITKA 100 LINCOLN ST SITKA AK 99835

Parcel ID: 16675000 CITY & BOROUGH OF SITKA (BAILEY'S MARINE) C/B OF SITKA 100 LINCOLN ST SITKA AK 99835





# City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

Coast Guard City, USA

## Notice of Public Hearings

The Assembly of the City and Borough of Sitka will hold a public hearing during a regular meeting scheduled Tuesday, June 14, 2016 on the following item:

# A. <u>Public hearing and consideration of a tideland lease request filed by Petro</u> Marine Services for tidelands adjacent to 1 Lincoln Street.

The Assembly may take action on June 14, 2016. The Assembly meeting will begin at 6:00 pm at University of Alaska Southeast, 1332 Seward Avenue, Room 229 in Sitka.

Interested residents are encouraged to make comments during the meeting and written comments can be submitted to the Municipal Clerk at 100 Lincoln Street.

Parcel ID: 10001000 STATE OF ALASKA PIONEER HOME ALASKA STATE OF P.O. BOX 110208 JUNEAU AK 99811

Parcel ID: 10015002 CITY & BOROUGH OF SITKA C/B OF SITKA 100 LINCOLN ST STTKA AK 99835

> Parcel ID: 10017000 STATE OF ALASKA CASTLE HILL STATE OF ALASKA 6860 GLACIER HWY JUNEAU AK 99801

Parcel ID: 10033000 BLANCA HERNANDEZ HERNANDEZ, BLANCA 2435 MARIAN BAY CIRCLE ANCHORAGE AK 99515

Parcel ID: 16015000 ROBERT/KAREN PARKER PARKER, ROBERT & KAREN 204 KATLIAN AVE SITKA AK 99835

Parcel ID: 16656000 ALASKA, STATE OF TOTEM SQUARE LAWN ALASKA, STATE OF TOTEM SQ LAWN SITKA AK 99835 Parcel ID: 10010000 HARBOR ENTERPRISES, INC. PETRO MARINE SERVICES HARBOR ENTERPRISES, INC. P.O. BOX 389 SEWARD AK 99664-0389

Parcel ID: 10015004 CITY & BOROUGH OF SITKA C/B OF SITKA 100 LINCOLN ST SITKA AK 99835

Parcel ID: 10017001 CITY & BOROUGH OF SITKA CASTLE HILL(BELOW)MARB DR C/B OF SITKA 100 LINCOLN ST SITKA AK 99835

Parcel ID: 15997000 SITKA TRIBE OF ALASKA SHEETKA KWAAN NAA KAIINI SITKA TRIBE OF ALASKA 456 KATLIAN ST. SITKA AK 99835

Parcel ID: 16655000 SCOJO, LLC TOTEM SQUARE SCOJO, LLC 2819 DAWSON ST ANCHORAGE AK 99503

Parcel ID: 16657000 U.S. FOREST SERVICE FOREST SERVICE DOCK U.S. FOREST SERVICE 204 SIGINAKA WAY SITKA AK 99835 Parcel ID: 10015001 RAVEN RADIO FOUNDATION, INC. RAVEN RADIO FOUNDATION, INC. 2B LINCOLN ST. SITKA AK 99835

Parcel ID: 10016000 CITY & BOROUGH OF SITKA CITY HALL CHE OF SITKA 100 LINCOLN ST SITKA AK 99835

Parcel ID: 10020000 CASTLE HILL, LLC CASTLE HILL, LLC 117 GRANITE CREEK RD, STE 201 SITKA AK 99835

> Parcel ID: 16000000 JAMES MCGOWAN MCGOWAN, JAMES, W. 202 KATLIAN, #A SITKA AK 99835

Parcel ID: 16655001 C/B OF SITKA BETWEEN TOTEM SO &KAT AVE C/B-OF SITKA T00 LINCOLN ST SITKA AK 99835

Parcel ID: 16675000 CITY & BOROUGH OF SITKA (BAILEY'S MARINE) C/B OF SITKA - TOO LINCOLN ST SITKA AK 99835

State of Alaska PO Box 110690 Juneau, AK 99811



Parcel ID: 10010000 HARBOR ENTERPRISES, INC. PETRO MARINE SERVICES HARBOR ENTERPRISES, INC. P.O. BOX 389 SEWARD AK 99664-0389

Parcel ID: 10015004 CITY & BOROUGH OF SITKA C/B OF SITKA 100 LINCOLN ST SITKA AK 99835

Parcel ID: 10017001 CITY & BOROUGH OF SITKA CASTLE HILL(BELOW)HARB DR C/B OP STTKA HOT LINCOLN ST SITKA AK 99835

> Parcel ID: 16656000 ALASKA, STATE OF TOTEM SQUARE LAWN ALASKA, STATE OF TOTEM SQ LAWN SITKA AK 99835

#### Parcel ID: 10015001 RAVEN RADIO FOUNDATION, INC. RAVEN RADIO FOUNDATION, INC. 2B LINCOLN ST. SITKA AK 99835

Parcel ID: 10016000 CITY & BOROUGH OF SITKA CITY HALL C/B OF SFTKA 100-LTNCOLN ST SITKA AK 99835

Parcel ID: 10020000 CASTLE HILL, LLC CASTLE HILL, LLC 117 GRANITE CREEK RD, STE 201 SITKA AK 99835

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Parcel ID: 16655000 SCOJO, LLC TOTEM SQUARE SCOJO, LLC 2819 DAWSON ST ANCHORAGE AK 99503

## **Petro Marine Services**

Tideland Lease Request Adjacent to 1 Lincoln Street

