

POSSIBLE MOTION

I MOVE TO approve Ordinance 2018-22 on
second and final reading.



City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

Coast Guard City, USA

MEMORANDUM

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

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

Subject: Lease of Tidelands Adjacent 5309 Halibut Point Road

Date: April 16, 2018

Background: Samson Tug and Barge Company requests a long-term lease renewal for tidelands adjacent to 5309 Halibut Point Road. The 4.52 acre parcel is also known as US Survey 1571. The lease parcel and uplands properties are zoned Industrial. On these tidelands and adjacent uplands, Samson Tug and Barge operates a freight facility and Delta Western operates a bulk fuel facility. The bulk fuel facility is in compliance with the required conditional use permit.

The existing lease expired August 13, 2017 and a month-to-month lease was approved by the Assembly until a long-term lease could be drafted to the agreement of both parties. Long-term leases are approved by the Assembly by ordinance. The proposed lease is for a 55 year term.

Valuation: The Assessor completed an appraisal in September 2017 and determined a fee simple valuation of \$672,900. SGC 18.16.210(A) establishes the lease rate as 4.5% of the property value, resulting in an annual lease payment of \$30,280.50 plus tax. Every seven years, lease rate will be adjusted according to the Consumer Price Index – U.S. City Average. Competitive bidding is not appropriate, as the lease applicants are the upland property owners and have existing rights for lease renewal.¹

Recommendations: At their July 18, 2017 meeting, the Planning Commission recommended approval of the tideland lease renewal on a 4-0 vote subject to making the existing conditions of approval for the bulk fuel facility a term of the lease.

Staff suggests the assembly approve the ordinance for a long-term lease for tidelands adjacent 5309 Halibut Point Road.

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

Sponsor: Administrator

CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2018-22

AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA
AUTHORIZING THE LEASE OF ALASKA TIDELAND SURVEY 1571 TO SAMSON TUG AND
BARGE COMPANY, INC.

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

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

3. **PURPOSE.** The purpose of this ordinance is to facilitate the lease of Alaska Tideland Survey (ATS) 1571, consisting of approximately 4.52 acres of tidelands adjacent 5309 Halibut Point Road to Samson Tug and Barge Company, Inc.

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

A. The leasing of ATS 1571, consisting of 4.52 acres of tidelands adjacent 5309 Halibut Point Road is hereby authorized with the following terms:

1) The term is for 55 years.

2) The monthly lease payments shall total \$2,523.38/month plus tax. Lease rate shall be adjusted every seven years.

3) As the applicant is the upland property owner, competitive bid is inappropriate.

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

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

PASSED, APPROVED, AND ADOPTED by the Assembly of the City and Borough of Sitka, Alaska this 22th day of May, 2018.

Matthew Hunter, Mayor

ATTEST:

Melissa Henshaw, CMC
Acting Municipal Clerk

1st reading 5/8/18

2nd reading 5/22/18