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Tuesday, June 5th, 2018

MEMORANDUM

To: Keith Brady – CBS Administrator
From: Garry White, Director
Subject: Trident Seafoods Lot 6 Lease Request

Introduction

Trident Seafoods Corporation is requesting to lease a portion of Lot 6 of the Gary Paxton Industrial Park (GPIP) for staging and storing of fishing equipment. Please see the attached request from Trident.

The GPIP Board met on May 10th and approved the following motion:

MOTION: M/S Bevan/Jones Moved to recommend the City and Borough of Sitka Assembly lease 34,860 square feet of Lot 6 to Trident Seafoods for a term of 3 years at a rate of \$14,120.00 annually, with no buying option and no extension.

ACTION: Motion PASSED 5/0

Yes: 5 – Finkenbinder, Jones, Bevan, Wagner, Unger.

Background

Trident Seafood Company is a large seafood processing company based out of Seattle, Washington. Trident has processing plants in SE Alaska.

Lease Terms

The GPIP Board of Directors is recommending to lease 34,860 SF of Lot 6 to Trident Seafoods for 36 months for an annual payment of \$14,120 a year.

Lot 6 is a 41,028 SF parcel of raw property located in the northern portion of the park. Currently, 6,165 SF of lot 6 is leased to Sitka Bike and Hike on a month to month basis.

$41,028 \text{ SF} - 6,165 \text{ SF} = 34,863 \text{ SF}$ of remaining space on Lot 6 to lease.

Rent

Lot 6 was appraised in 2014 at a value of \$184,626 or \$4.50/SF. The CBS Assessor suggests an increase in the value of property for 2018 at a value of \$255,200 or \$6.22/SF

$34,863 \text{ SF} @ \$6.22/\text{SF} = \$216,853$

$\$216,853 @ 9\% \text{ return on asset value} = \$19,517 \text{ annually or } \$1,626.40/\text{month}$

The GPIIP Board is recommending leasing the property for \$14,120 based off the property value in 2014.

34,863 SF @ \$4.50/SF = \$156,884

\$156,884 @ 9% return on asset value = \$14,120 annually

(The GPIIP Board typically tries to achieve a 9% return annually on the value of the property asset in rental amount. Rent is adjusted based on activity, business establishment, and job creation.)

Additional Information

The GPIIP Board's 2017 Strategic Plan for the development of the GPIIP calls for Lot 6 to be designated for future private or public development to support maritime industry. The Board is recommended a 3 year term to allow time for the maritime industry to develop at the site and then determine the best use for lot 6 and job creation.

Action

- Assembly approval of the attached lease between the CBS and Trident Seafood Company.