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Tuesday, May 21, 2019

## MEMORANDUM

To: Gary Paxton Industrial Park (GPIP) Board of Directors  
From: Garry White, Director  
Subject: Northline Seafoods LLC Lease 9a Termination Request

### **Introduction**

The GPIP Board of Directors met on May 20, 2019 and recommended that the Assembly allow for early termination of Northline Seafoods LLC (Northline)'s lease of a 43,637 SF portion of Lot 9A.

The GPIP Board is recommending early lease termination due to the cooperative and mutual beneficial relationship between the Northline and the GPIP/CBS for the lease of Lot 9a. Northline has constructed and is providing the CBS with the start of its future access ramp to haul vessels at the GPIP. Northline has also allow the CBS and general public access to the ramp and surrounding waterfront during its lease term.

The attached lease was executed on August 1st, 2017 and has a term of 24 months. Early termination of the lease will reduce lease revenue by \$5,236.44 total for the 23<sup>rd</sup> and 24<sup>th</sup> months (June and July 2019) of the lease terms.

### **Background**

G. Pat Glaab, principal of Northline, is a commercial fisherman who is also involved in the seafood processing industry. Mr. Glaab has been involved in numerous seafood processing plant design and construction projects.

In addition to the Lot 9a lease. Northline is currently leasing the following properties at the GPIP:

- Lot 8 Lease – 29,421 SF of raw land:
  - a. Month to month term,
  - b. Rent is \$1,147/month.
- A 20,000 SF portion of tidelands directly in front of Lot 2
  - a. At a rate of \$1,800 per year;
  - b. Terms concurrent with the lease of Lot 8;

- Guaranteed access to the waterfront and tidelands via the access and utility easement located between Lots 2 and 4;
  - a. Payment of an annual \$3,000 user fee
- Lot 4 Lease - 26,031 SF waterfront parcel containing a 6,900 SF building located near the northern portion of the waterfront.
  - a. 60-month term; starting 08/01/2017
  - b. Rent is \$4,155/month
  - c. \$10,000 employee lease credit for each employee making over \$36,000 annually at the GPIIP site;
    - i. Lease credits not to exceed \$20,000 annually;
    - ii. Lease credits expire after 3 years

### **Lot 9a Lease**

Northline is leasing a 43,637 SF portion of lot 9a.

Northline modified the waterfront to allow its barge to be hauled out of the water to conduct marine repair on lot 9a. Northline did this at its own expense.

Terms of the lease are the following:

- Term of 24 month, starting 08/01/2017
- The CBS was allowed to access the property to stage and conduct shoreline stabilization in the 30' access and utility easement between Lot 4 and the tidelands.
- Due to CBS use of the lease property and the startup nature of the use of lot 4, a ramped up rental schedule was established.
 

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|---|------------------|
| ○ Months 0-12 = \$0/month                 | \$0 total        |
| ○ Months 12-15 \$0.01/SF = \$436.37/month | \$1,309.11 total |
| ○ Months 15-18 \$0.02/SF = \$872.74/month | \$2,618.22 total |
| ○ Months 18-21 \$0.03/SF = \$1,309.11     | \$3,927.33 total |
| ○ Months 21-24 \$0.06/SF = \$2,618.22     | \$7,854.66 total |
- Northline was responsible for rock on the lot currently and will return property in a flat and level condition.

### **Action**

- Assembly approval of the GPIIP Board's recommendation for early termination of the Lot 9a lease.