

POSSIBLE MOTION

I MOVE TO approve the First Extension of Lease Agreement between the City and Borough of Sitka and Northern Southeast Regional Aquaculture Association Inc for Block 4 Lot 3 of the Gary Paxton Industrial Park (GPIP) as recommended by the GPIP Board and authorize the Municipal Administrator to execute the document.



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Monday, February 15, 2021

MEMORANDUM

To: John Leach, CBS Administrator

From: Garry White - GPIIP Director

Subject: NSRAA Lot 3 Lease extension

Introduction

Northern Southeast Regional Aquaculture Association (NSRAA) is requesting to extend its lease of Lot 3 at the Gary Paxton Industrial Park (GPIP). Please the attached request.

NSRAA and the CBS entered into a lease agreement on February 27, 2018 for a 3 year term to acquire the property to continue with its due diligence regarding expanding fish hatchery operations at the GPIP site. Section 1.3 of the lease agreement allows NSRAA to exercise the option for (4) successive terms of (10) ten years. NSRAA is requesting that instead of a new 10 year lease that this lease term should coincide with the lease terms of NSRAA's for Lot 2 which expires on May 7, 2026 or a new lease of roughly 74 months.

The GPIIP Board met on Feb. 11th and approved the following motion:

Motion: M/S Ystad/Johnson move to recommend approval of the 74-month lease extension between the City of Sitka and NSRAA with the knowledge that NSRAA has complied with all the lease terms in accordance with the document prepared by the municipal attorney.

Action: Passed (3/0) on a voice vote

Background

NSRAA is a private non-profit corporation created to assist in the restoration and rehabilitation of Alaska's salmon stocks and to supplement the fisheries of Alaska.

The City and Borough of Sitka (CBS) and NSRAA entered into a lease agreement for Lot 2 of the GPIIP in 2006 with an initial term of 10 years with a lease amount of \$1,200 annually. The lease was extending in 2016 for another 10 years with an option to extend the lease for (4) four – additional 10 year terms. The lease amount was increased to \$2,400 annually, with the lease amount to be negotiated at each extension.

NSRAA leased the undeveloped Lot 2 from the CBS in 2006 and constructed a multi-million dollar fish hatchery on the property, including an outfall pipe that extends into the bay. The hatchery provides millions of Coho and Chum Salmon to the common property fishery in the Sitka area. The GPIIP hatchery has created 1 ½ FTE job at the site and provides other economic benefits to the community through fish harvest and processing.

NSRAA plans to expand salmon production on Lot 3 in the near future. The expansion will help alleviate crowding, increase capacity and address emergency water loss issues with existing facility. NSRAA estimates the new production will have an ex-vessel value of \$5-\$8 million dollars.

Action

- CBS Assembly approval of the lease extension between the CBS and NSRAA.