



# City and Borough of Sitka

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*Coast Guard City, USA*

## MEMORANDUM

**To:** Mayor Eisenbeisz and Assembly Members

**Thru:** John Leach, Municipal Administrator  
Melissa Haley, Finance Director

**From:** Jay Sweeney, Compliance Officer

**Date:** April 12, 2021

**Subject:** Early Termination of Land Lease for 725 Siginaka Way

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### Background

The City and Borough of Sitka (CBS) has received a request from Christian Scantling and Deborah Wynsen to have their land lease for Municipal property terminated early, prior to the termination date of May 1, 2022 currently set forth in the lease document.

#### Lease History:

1. The CBS owns property at 725 Siginaka Way, upon which is a coffee stand has been constructed.
2. The CBS took possession of the coffee stand and equipment in April 2016 upon the eviction of 4Js Coffee for non-payment of rent.
3. The CBS subsequently leased the property and coffee stand in May 2017 to April Wheldon and William Akin for a term of 5 years (see attached lease). Subsequently, the CBS Assembly approved an assignment of the lease for the municipal property to Christian Scantling and Deborah Wynsen. Municipal Administrator Hugh Bevan signed a Consent to Assignment on December 28, 2019 (see attached Consent to Assignment and Assignment and Assumption of Lease).
4. On February 13, 2021, the CBS received a letter from the present tenants asking that lease be terminated early (see attachment). The CBS replied to the tenants on February 22, 2021 acknowledging their request (attachment).

### Analysis

1. The Assembly could choose to either enforce the terms of the lease or agree to an early termination. The decision rests with the Assembly.

2. The tenants have indicated in their correspondence that their business has been adversely impacted by the Covid-19 pandemic. This should bear on any decision.
3. Re-leasing of the property will need to be accomplished by issuance of an RFP by the Planning Department.

**Fiscal Note**

1. As set forth in the attached lease, rent is \$540.45 per month. As required by the lease, an annual CPI-based rent adjustment was made effective July, 2020.
2. The tenants have an excellent record of making timely rent payments and are current with the Municipality in all aspects.

**Recommendation**

Should the assembly approve the early termination request, it would be helpful to have a specific date of termination in order to clearly determine any final financial settlement due (either to the CBS or to the lessee).