




City and Borough of Sitka


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A Coast Guard City

MEMORANDUM

To: Mayor Eisenbeisz and Assembly Members

Thru: John Leach, Municipal Administrator 

From: Amy Ainslie, Planning Director 

Date: October 19, 2021

Subject: Williamson Tidelands Lease

Background and Analysis

Tom Williamson, on behalf of his daughters Sharon and Lisa Williamson, would like to lease city tidelands adjacent to their property at 1406 Sawmill Creek Road. The Williamsons have decided to sell the property; in their efforts to market it, they (as well as the Planning Department) have received feedback from potential buyers that use of the adjacent municipal tidelands is desirable. Having a lease in place that can transfer with the property appears to be the best way to facilitate financing for a new owner and future development. Therefore, it is the intent of the Williamsons to lease these tidelands, and shortly thereafter, assign the lease to the new owner of the upland property. The Consent to Assignment will come back to the Assembly for approval.

Approximately 62% of the tidelands in question are filled, with the remaining 38% being intertidal/submerged. With a large amount of filled tidelands, the opportunities for development of structures, storage, or other uses are broad. A dock, boat lift, or other marine equipment/development could be possible on the submerged tidelands. However, the surrounding area is quite shallow and intertidal. Navigability in this area is limited to smaller vessels. Per SGC 22.12.050, all tidelands not shown as included within any zoning district are subject to all the regulations of the upland district immediately adjacent to the tidelands. In this case, that would be Waterfront zoning which offers a wide-range of residential, recreational, commercial, and industrial uses. Current plans are to maintain use of the property primarily for boat storage.

The State of Alaska transferred ownership of these tidelands to the City and Borough of Sitka (CBS) in 2010. A restriction in the patent for the property states that the grantee (CBS) may lease the land, but not sell it.

SGC 18.12.010(E) states: *Sale or lease of municipal real property, including tidelands, shall be by competitive bid, unless the assembly finds that competitive bidding is*

inappropriate, due to the size, shape, or location of the parcel, rendering it of true usefulness to only one party, or is waived by subsection C of this section. The assembly may also find that competitive bidding is inappropriate due to the nature of the property or the circumstances surrounding its disposal to include possible unjust results with regard to the existing lessee, or adjacent or neighboring property owners. Upland property owner preference for direct leasing has long been recognized as a reason to forego competitive bidding for tidelands, as utilization of tidelands without upland property access may result in trespass/undue impact for the upland property owner, and may also lessen the value of said tidelands.

The Planning Commission reviewed this request on September 15th, 2021, and property owners in the surrounding area were notified of the hearing. The Commission was asked to consider the following:

1. Land management: Is leasing the property in accordance with the request the best use of this municipal property?
2. The Assembly must decide whether there is a clear upland property owner preference right in order to directly lease the property to the applicant – does the Planning Commission also believe that there is a clear upland property owner preference right in this case?
3. Are there neighborhood concerns/impacts that should be considered?

The Commission voted unanimously to recommend approval of the request for the lease.

The Assembly reviewed this request at its October 12th meeting and directed staff to prepare a lease with the following terms:

1. A lease rate of 6% of the assessed value of the lease area will be the annual rent payment for this lease.
2. The term of the lease is thirty years with one, five-year renewal option at the same terms of the lease is available at the option of the lessor and lessee.
3. Competitive bidding of these lands is inappropriate given the location of the lease area which renders it of true use to one party (the upland property owners).

Fiscal Note

The Assessor has valued the tidelands at \$102,501. At a lease rate of 6%, these are the following anticipated CBS revenues from the lease (first year as example):

- Annual Rent: \$6,150.00
- Sales Tax on Annual Rent: \$307.50
- Property Tax Estimate: \$615.01
- Total Revenue: \$7,072.51

Consistent with other CBS leases, the rent will be adjusted annually for CPI.

The applicant has already commissioned a survey of the tidelands, so no other expenses on the part of CBS outside of staff time are expected at this time.

Recommendation

Approve the lease authorizing the Administrator to execute a lease for the property consistent with the terms as approved by the Assembly.

Enclosure: Lease Supporting Documents (including draft lease agreement, aerial view, the surveyed lease area, a navigation chart, photos, the patent for the tidelands, and other materials from the Applicant)