



**City of Saxman  
Building and Ordinance Committee  
Meeting  
April 13, 2021  
4:00 PM**

**AGENDA**

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**Call to Order**

**Roll Call**

**Public Comment**

**Consideration of the Agenda**

**Old Business**

**Old Business**

**1. Cape Fox Land Purchase Request**

Background: Cape Fox is requesting a consideration from the committee in the purchase of land for a new industry in Saxman.

Staff Recommended Action: "I move to request staff to arrange a Workshop Meeting for the Council and Cape Fox representatives"

**2. Old School House Lease**

Background: The Saxman IRA is requesting a renewal of the Old School House lease. Attached are the current expired lease, a request from the IRA to the Council, and the rental review to establish a market value.

Staff recommended action: "I move to recommend to the Council to approve a new lease agreement and set an amount for rent."

**3. Code Enforcement**

Background: The municipal attorney advised that in order to enforce Saxman City Code the first step is to identify those ordinances the Council wishes to enforce with fines. If the Council directs staff where to start staff can prepare and agenda item for next month.

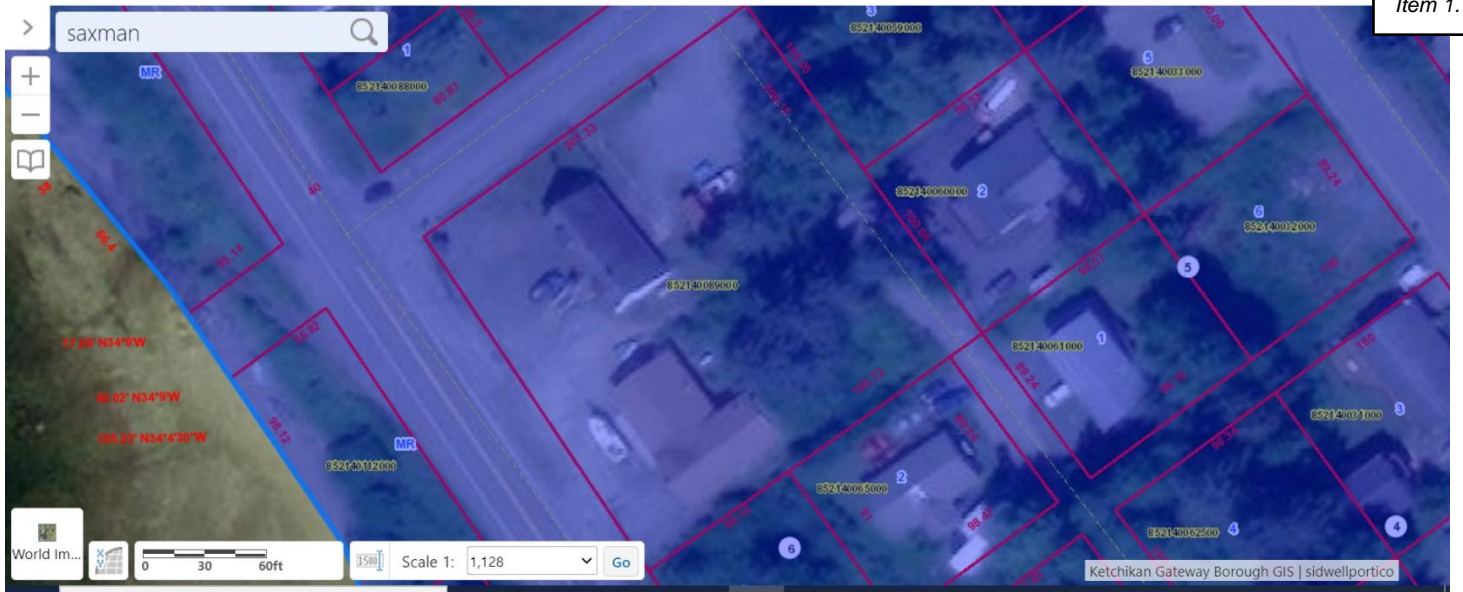
Staff Recommended Action: "I move to request the Mayor to direct staff to prepare Ordinance # (Insert number) and return to committee."

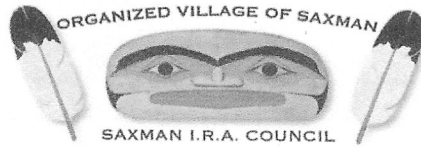
**4. Land Swap**

Background: Consideration of the land swap requested by the Mayor to allow for an increase in the quantity of commercial zones.

**Council Comments**

**Adjournment**





ROUTE 2, BOX 2 – SAXMAN, KETCHIKAN, ALASKA 99901 • FAX: (907) 247-2504 • PHONE (907) 247-2502

April 6, 2021

Lori Richmond  
City of Saxman  
Rt. 2, Box 1 (Saxman)  
Ketchikan, Alaska 99901

**RE: Saxman Old School House Lease Agreement**

Dear Lori,

The Saxman I.R.A. Council met on Monday, April 5, 2021 and discussed the Saxman Old School House Lease Agreement between the City of Saxman and the Organized Village of Saxman, which has a lease term from January 17, 2018 to January 17, 2021. The Saxman I.R.A. Council would like to formally request to renew the lease of the Old School House property.

The Saxman I.R.A. Council respectfully request to continue the lease for four more years with the same terms and conditions of the original and now expired Lease Agreement.

The Council is pleased it has a tribal office home while continuing to preserve the building by adequate heating and maintaining an interior climate to protect this older structure. Prior to 2018, this structure was unoccupied leading to slow deterioration due to lack of heat and the constant wet climate of Southeast Alaska. To prevent dampness, mildew, and mold build-up the Tribe desired to occupy the Old School House, and with amicable rapport, the City and Tribe entered into a Lease Agreement benefitting both governments.

In revisiting this Lease Agreement, the Tribe desires mutual consent to the terms and conditions contained in the original Lease Agreement to remain in effect for a term of a renewed Lease Agreement. Please respond in writing concerning whether this Lease Agreement can be renewed with the original terms and conditions. Thank you for your consideration and I look forward to your reply.

Sincerely,

Lee Wallace  
President

copy/file: Saxman I.R.A. Council

SAXMAN OLD SCHOOL HOUSE: LEASE AGREEMENT

**THIS LEASE AGREEMENT** (hereinafter referred to as the "Agreement") made and entered into this 17th day of January, 2018, by and between the City of Saxman (hereinafter referred to as "Landlord") and the Organized Village of Saxman (hereinafter referred to as "Tenant").

**TERMS AND CONDITIONS:**

**WHEREAS**, Landlord is the fee owner of certain real property being, lying and situated in Saxman, Alaska, such real property having a street address of **2706 Tongass Avenue, Saxman, Alaska** (hereinafter referred to as the "Premises").

**WHEREAS**, Landlord desires to lease the Premises to Tenant upon the terms and conditions as contained herein; and

**WHEREAS**, Tenant desires to lease the Premises from Landlord on the terms and conditions as contained herein;

**NOW, THEREFORE**, for and in consideration of the covenants and obligations contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto hereby agree as follows:

1. **TERM.** Landlord leases to Tenant and Tenant leases from Landlord the above described Premises together with any and all appurtenances thereto, for a term of Three years, such term beginning on January 17, 2018, and ending at 11:59 PM on January 17, 2021.
2. **RENT.** The total rent for the term hereof is the sum of \$-0-
3. **DAMAGE DEPOSIT.** Upon the due execution of this Agreement, Tenant shall deposit with Landlord the sum of \$500.00, receipt of which is hereby acknowledged by Landlord, as security for any damage caused to the Premises during the term hereof. Such deposit shall be returned to Tenant, without interest, and less any set off for damages to the Premises upon the termination of this Agreement.  
The tenant agrees to pay utility costs and it is understood that there is a set amount funded under the Small Tribes Grant (attach proposal). This amount will be obligated to utility costs but at the end of the year should the operation costs be less than the budgeted amount these funds shall be placed in reserve to cover any maintenance costs that the City deems necessary. At year end, any leftover funds after expenses of utilities was expended, the left over funds would be reserved for maintenance of the facility.
4. **UTILITIES.** Tenant agrees to put all necessary utilities in the Business name such as water, sewer, electricity and oil with the appropriate utility company. The City agrees to charge the residential rates for Water & Sewer services. The garbage can either be:
  - a) disposed of by the tenant and their expense
  - b) picked up by the City weekly and

disposed of at \$25.00 per month.

5. **PARKING.** Parking during the months of October through April 15<sup>th</sup> will be in the front and/or back of the building; during the months of April 16 through the end of September the parking will be designated behind the building only as the tour buses consume the front parking lot during tourism season.
6. **USE OF PREMISES.** The Premises shall be used and occupied by Tenant, for public purpose. Tenant shall comply with any and all laws, ordinances, rules and orders of any and all governmental or quasi-governmental authorities affecting the cleanliness, use, occupancy and preservation of the Premises.
7. **CONDITION OF PREMISES.** Tenant stipulates, represents and warrants that Tenant has examined the Premises, and that they are at the time of this Lease in good order, repair, and in a safe, clean and tenantable condition. In addition the tenant shall, in partnership with the landlord complete and agree upon a move-in inspection report, which will outline, in detail, the condition of the premises at the time of initial occupancy.
8. **ASSIGNMENT AND SUB-LETTING.** Tenant shall not assign this Agreement, or sub-let or grant any license to use the Premises or any part thereof without the prior written consent of Landlord. If OVS wants to sublease in the future, they need to bring the plan to the committee for consideration and then to council for approval.
9. **ALTERATIONS AND IMPROVEMENTS.** Tenant shall make no alterations to the buildings or improvements on the Premises or construct any building or make any other improvements on the Premises without the prior written consent of Landlord. Any and all alterations, changes, and/or improvements built, constructed or placed on the Premises by Tenant shall, unless otherwise provided by written agreement between Landlord and Tenant, be and become the property of Landlord and remain on the Premises at the expiration or earlier termination of this Agreement.
10. **PROMPT NOTIFICATION FOR REPAIRS:** Tenant agrees to promptly notify landlord immediately by phone or in person of need for any repairs to the premises. Small problems can become big problems if not attended to immediately and the tenant should make maintenance requests promptly. The City will perform regular maintenance at the cost of the City with exception of damages caused by the Organized Village of Saxman.
11. **ILLEGAL ACTIVITY CLAUSE:** The Landlord may terminate this lease for a) Drug-related activity engaged in, on, or near the premises, by tenant or employee b) Criminal activity by a tenant or employee that threatens the health or safety of other persons in the immediate vicinity of the premises.
12. **HAZARDOUS MATERIALS.** Tenant shall not keep on the Premises any item of a

dangerous, flammable or explosive character that might unreasonably increase the danger of fire or explosion on the Premises or that might be considered hazardous or extra hazardous by any responsible insurance company.

13. **GOOD AND SANITARY CONDITION RULES.** Tenant will, at its sole expense, keep and maintain the Premises in good and sanitary condition during the term of this Agreement and any renewal thereof. Without limiting the generality of the foregoing, Tenant shall:
- (a) Keep all windows, glass, window coverings, doors, locks and hardware in good, clean order and repair;
  - (b) Not leave windows or doors in an open position during any inclement weather;
  - (c) Deposit all trash, garbage, rubbish or refuse in the locations provided therefor and shall not allow any trash, garbage, rubbish or refuse to be deposited or permitted to stand on the exterior of the building.
14. **INSPECTION OF PREMISES.** The Landlord shall provide a 24 hour notice during the term of this Agreement and any renewal thereof to enter the Premises for the purpose of inspecting the building and improvements thereon. And for the purposes of making any repairs, additions or alterations as may be deemed appropriate by Landlord for the preservation of the Premises or the building. In non-emergency situations, the Landlord will provide at least 24-hour notice to the Tenant prior to any inspection unless under emergency situations.
15. **SURRENDER OF PREMISES.** Upon the expiration of the term hereof, Tenant shall surrender the Premises in as good a state and condition as they were at the commencement of this Agreement, reasonable use and wear and tear thereof and damages by the elements expected.
16. **ANIMALS AND SMOKING:** No animals or smoking are allowed in the residence.
17. **INDEMNIFICATION.** Landlord shall not be liable for any damage or injury of or to the Tenants, employees, guests, or to any person entering the Premises or the building of which the Premises are a part or to goods or equipment, or in the structure or equipment of the structure of which the Premises are a part, and Tenant hereby agrees to indemnify, defend and hold Landlord harmless from any and all claims or assertions of every kind and nature. The City of Saxman is the owner of the building and agrees to maintain insurance of the building thereof; any insurances required by the tenant shall be the responsibility of the tenant.
18. **PARTNERSHIP.** The Organized Village of Saxman is the Tenant and hereby agrees to seek out grants that will provide maintenance and improvements to the building yet keeping to the requirement of being a historical building; the tenant will perform the duties in preparing and submitting such grants for the building with notice to the landlord. The landlord shall provide letter of supports, information needed, etc. for

grant proposal and timely review and approval of said proposal.

19. **NOTICE.** This lease can be terminated by either party will no less than 90 days written notice by either party. Any notice required or permitted under this Lease or under state law shall be deemed sufficiently given or served if sent by United States certified mail, return receipt requested, addressed as follows:

If to Landlord to:  
**City of Saxman**  
**C/O City Administrator**  
**Route 2, Box 1 Saxman**  
**Ketchikan, AK 99901**

If to Tenant to:  
ORGANIZE VILLAGE OF SAXMAN  
RT. 2 BOX 28  
KETCHIKAN, AK 99901

As to Landlord this 19<sup>th</sup> day of MARCH, 2018.

LANDLORD:

Sign: [Signature] Print: LEONA HOFFNER  
Date: \_\_\_\_\_

As to Tenant, this 1<sup>st</sup> day of JANUARY, 2018.

TENANT ("Tenant"):

Sign: [Signature] Print: LEE WALKER  
Date: 1.17.18

TENANT:

Sign: \_\_\_\_\_ Print: \_\_\_\_\_  
Date: \_\_\_\_\_



## Comparative Market Analysis (RENT)

# City of Saxman 2706 S. Tongass

Ketchikan, AK

Prepared by John Thompson on March 23rd, 2021

The purpose of this report is to help determine the market rate for rent to be applied to the subject property.







## Summary

It is the opinion of Alpine Real Estate that the subject property has a rental value of \$1.00 - \$1.50 per square foot; this value applies to both the office space and retail space of the building given current market conditions.

The value for the office space reflects typical rates in normal market conditions; the value for retail space has been adjusted down from \$2.25 - \$3.00 per square foot due to current market conditions negatively affecting retail spaces with a high dependency on tourism.

The subject property benefits from being in a central location within the City of Saxman that is easily accessible and from its close proximity to tourist attractions. The current condition of the property does not provide for an increased/premium rate.

Rent	Square Footage	Total
<b>\$1.00<sup>^</sup></b>	<b>3076 sqft*</b>	<b>\$3076.00</b>
\$1.25	3076 sqft*	\$3845.00
\$1.50	3076 sqft*	\$4614.00

<sup>^</sup> Comparable Market Rate

\* Square Footage Source: KGB Tax Records

## Subject Property Description

The subject property is located on the South of Ketchikan, next to the main highway, and at the entrance to the City of Saxman. The location benefits from being next to two main thoroughfares, Tongass Highway and Totem Row, and being adjacent to tourist attractions. Currently zoned General Commercial (CG), and building type is described as a Special Purpose / Community building. The current use of the building is mixed; containing a commercial enterprise in a retail area and office space.

The overall condition of the interior is average; not updated. The area used as a retail space for a coffee shop is in a condition that varies from the overall interior of the building and is considered to be in good condition.

The exterior of the building ranges from average to poor condition. Several components of the exterior currently have deferred maintenance; most notably the siding (particularly the shingle siding on the lower portion), roof, gutters, and paint.

The lot is approximately 1 acre and is shared with another building. The lot is landscaped. The lot has ample parking; parking is available directly in front of the building in addition to a parking lot located at the back of the building; the back lot also provides ramp access to the building. The lot has high functionality to support on-site parking sufficient for tenants and for customers.

## Market Conditions

The current global pandemic has negatively impacted commercial *retail* space rent values in Ketchikan for locations desirable to types of business that typically depend on a high volume of traffic from the tourism industry. The economic downturn has forced many tenants in spaces which values are directly tied to tourism to seek rent relief. The relief has come in the form of financial assistance through local and federal programs, deferred payments for rent, temporary decreases in rent contingent on conditions (e.g. cruise ship passengers returns to 50% of normal levels). It has also led to a higher rate of vacancies as businesses default on leases, do not renew leases, or terminate existing leases.

It is also important to note that the negative impact from the pandemic has minimally, if at all, crossed over into commercial rental spaces used primarily for office space; nor does it impact retail spaces not typically dependent on tourism traffic as the main source of revenue.

## Market Conditions and Subject Property

The current layout for the subject property consists of retail space and office space. Due to that fact, the overall space can be categorized as both commercial retail space and commercial office space. Furthermore, because the building is in close proximity to tourism traffic, the retail

space rental value must also reflect any changes in market conditions relating to tourism. The office space remains unchanged by market conditions; the retail space has been adjusted down for market conditions.

## Utilities

The utilities for the building are not paid for by the landlord. The utilities include heat, electric, phone and internet, and trash pickup. The cost of utilities are excluded from the calculation for rent.

## Source(s) of Information

There is no centralized database for rentals or past rental agreements to procure data sets. Information to determine the Broker's Opinion of Value for the rental amount of the subject property was derived from the following sources:

- 1) Privileged information derived from existing property management services provided by Alpine Real Estate for commercial properties.
- 2) Actively listed commercial properties for rent.
- 3) Direct inquiry about vacant commercial properties not actively listed.
- 4) Cooperation with outside agencies when seeking commercial properties for clients.

# Comparable #1

**516 Stedman Street**

Office Space

2200 sqft

Monthly Rent: \$2000.00

Heat: Included

Trash: Included

Electric: Not Included

Kitchenette In Unit



Notes: The square footage and functionality of the space most closely reflects the subject property — making this the best comparable of active commercial spaces available for rent. The location is less accessible and inferior to the subject; the exterior condition is average to good and considered superior; the interior condition average and considered similar.

## Comparable #2

**223 Main Street**

Retail Space

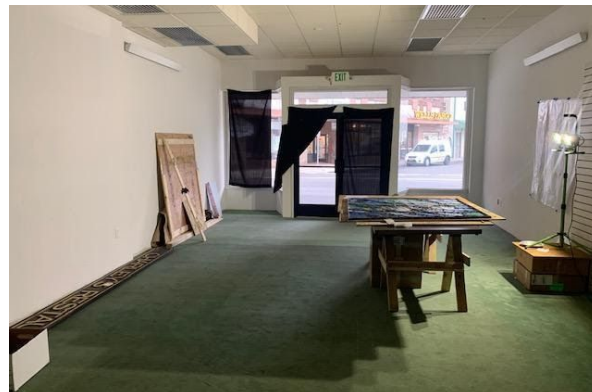
1000 sqft

Monthly Rent: \$1200.00

Heat: Included

Trash: Included

Electric: Included



Notes: A small retail space located downtown in an area considered to receive medium foot traffic; similar to the foot traffic that may be expected at the subject property. The exterior condition is average and considered superior; the interior condition is average and considered similar.

## Comparable #3

**338 Main Street**

Office Space

1200 sqft

Monthly Rent: \$1200.00

Heat: Included

Trash: Included

Electric: Included



Notes: Smaller office space located downtown with adjacent parking. Though located in the downtown area, foot traffic related to tourism is minimal compared to nearby locations. Exterior is in good condition and considered superior; interior is in good condition and considered superior.

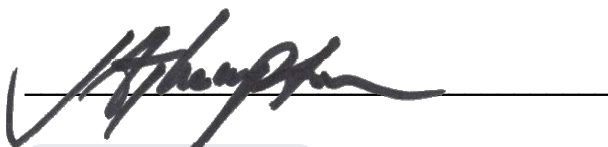
## Conclusion

The current use of the subject property combines a retail area with office spaces. While this is not a unique characteristic to the market, the layout for the subject does deviate from the normal layout. Most buildings feature retail on the lower (or ground level) floor with office spaces being on the upper level(s) — the subject properties current layout of the spaces is side-by-side, in addition to having office space on the upper level. Despite having a different layout, varying rates still apply as they do in other buildings.

In normal market conditions it would be our recommendation to charge a higher rate of rent for the retail area, particularly due to the fact that it is in a location that can take advantage of tourism traffic. However, due to current conditions we do not recommend that at this time and have applied the rental rate of office space for the entire space.

The condition of the building was given some consideration in determining the rental value. Due to the deferred maintenance to parts of the exterior and lack of updates to areas on the interior, a higher rate, or a premium rate, is not justified. Because many office spaces in Ketchikan also suffer from deferred maintenance or lack of updates, we also did not adjust down.

If you have any questions, comments or concerns regarding any of the information provided in this report, please feel free to contact us directly.



**John Thompson**

Broker

Alpine Real Estate

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E: [john@alpinerealestateak.com](mailto:john@alpinerealestateak.com)

Link to announcement of BIA changes that allows for the 100% reimbursement of tribal expenses like rent for offices. [Click Here](#)





Enter Map Title...

Web Print: 04/12/2021

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