

Planning Commission Report
Commission Meeting date: July 11, 2023

TO: Borough Assembly
FROM: Planning Commission
Subject: Sale of Borough-Owned Property at 103A Dock St
Wikan Enterprises

The Petersburg Planning & Zoning Commission makes the following findings of fact:

1. Applicant is requesting to purchase approximately 6,722 sf of borough-owned tidelands located at 103 A Dock St (PID#: 01-010-037).
2. Application was referred to the Planning Commission on June 26, 2023.
3. The subject property is currently leased from the borough by Wikan Enterprises and has a structure/shop.
4. The subject property has legal and practical access from Mitkof Highway and Dock St.
5. PMC 16.12.050 requires a property be zoned prior to approval for disposal. Subject property is zoned Industrial.
6. No portion of the property is located within a flood zone.
7. Per borough code, tidelands maybe sold in isolated and necessary instances when not needed for public purposes.
8. Borough departments have reviewed the request and their comments are attached to the application.
9. Hearing notices were mailed to property owners within 600 feet of the area.
10. On July 11, 2023, a duly noticed public hearing was held by the Petersburg Planning Commission. At the public hearing, the Planning Commission considered and reviewed applicant materials, public comments and testimony, and staff comments.

Based on the preceding findings of fact, the Petersburg Planning Commission makes the following recommendation:

The borough owned property at 103A Dock Street be approved for sale.

Motion passed 7-0.



Petersburg Borough, Alaska

Office Use:
 Rec'd. by: DKA
 Fee: \$ 500.00
 Date Rec'd: 6/22/23

Land Disposal Application

(\$500.00 non-refundable filing fee required)

Form must be completed in its entirety to be considered

Date: June 7, 2023

This is a request for land disposal via (circle one):
 Lease **Purchase** Exchange Other

Parcel ID #(s) of Subject Property:
1001958.00

Proposed term of lease: _____
 (total years)

Legal Description of Property:
 Subdivision: Wikan Enterprises PLAT#: 9293
Section 33
Zone 1

Current Zoning of Property:
Tidelands: 37&38
Range: 79E

Applicant Name: John B, Sheri L Wikan; Wikan Enterprises, Inc
 Applicant Mailing Address: PO Box 929
Petersburg, AK 99833
 Applicant Contact Info: (907) 518-1120
 (phone and/or email) swikan@gmail.com

1. Size of Area requested (identify the minimum area necessary in square feet): 6,722
2. Attach a map showing the location of the land requested. Map must show surrounding area with the land requested clearly marked with bolded borders or highlighted color.

3. Narrative on use of property: Explain proposed use of land and when use is expected to begin and end. Include any planned new construction or renovation, including time-frame when construction or renovation will be completed and type of materials to be used. Provide the estimated dollar value of proposed improvements. Explain the value of the proposal to the economy of the borough and any other information you feel should be considered. (attached additional sheet if necessary)

See attachments.

4. Name and address of all adjacent land owners or lessees, including upland owner(s) if applicable: (attach additional sheet if necessary)

US Coast Guard: 107 Dock St
Petro 49 Inc: 100 Dock St
Birchell Properties: 904 S Nordic Dr (auto repair and coffee shop)
Alaska Commercial Electronics: 908 S Nordic Dr
Petro 49 Inc: 901 S Nordic Dr
Petro 49 Inc: 902 S Nordic Dr

5. Are there any existing permits or leases covering any part of the land applied for?

Yes No If yes, please check one: (Lease Permit)

Describe the type of permit or lease, if applicable, and the name and last known address of the permittee or lessee: Tidelands Lease; Wikan Enterprises, Inc./ John B and Sheri L Wikan

6. What local, state or federal permits are required for the proposed use? (list all)

State of Alaska Business License; Petersburg Borough Sales Tax Account

7. If applicant is a corporation, provide the following information:

A. Name, address and place of incorporation: Wikan Enterprises, Inc, PO Box 929, Petersburg, Alaska
Incorporated in the State of Alaska

B. Is the corporation qualified to do business in Alaska?: Yes No

Name and address of resident agent: Sheri Wikan; PO Box 929, Petersburg, AK 99833

8. Why should the Planning Commission recommend Assembly approval of this request?
Wikan Enterprises, Inc is a business that has successfully operated for over 30 years and has played an integral role in the local economy. Our services are critical to the commercial fishing fleet in the region, providing essential maintenance and repairs for marine diesel engines. We are trying to pass our business on to new owners, that will continue on with what we've built over the last three decades. Please see attachments for more details.

9. How is this request consistent with the Borough's comprehensive plan?
By allowing the sale of the tidelands for the purpose of continuing an existing essential business and addressing the financial advantages and risks associated with leasehold improvements, the borough can promote economic development, stability, and longterm prosperity. The sale aligns with the statutes provided and demonstrates that outright sale, in contrast to leasing, is in the best interests of the borough. Please see attachments for more details.

10. Prior to submitting this application, please verify with pertinent Borough Departments that the land requested for lease, purchase or exchange is not needed for a public purpose by speaking with the appropriate personnel in the Electric, Water, Wastewater, Community Development, Harbor or Public Works Departments and obtain their comments and signatures below. (attach additional sheet if necessary):

Department Comments: Attached comments from Harbormaster Wollen in email dated June 21, 2023 3:36 pm

Signature of Department Commenter

Department Comments: Attached comments from Public Works Director Cotta in email dated June 21, 2023 3:51 pm

Signature of Department Commenter

Department Comments: Attached comments from Community Development Director Cabrera in email dated June 21, 2023 4:31 pm.

Signature of Department Commenter

Department Comments:

Signature of Department Commenter

Dear Planning Commission & Borough Assembly,

As we embark on the retirement process and seek to sell our business, Wikan Enterprises, Inc., we are quickly learning that we will need to acquire the leased property our largest business asset sits on, our 3200sf shop. Without the inclusion of these tidelands in the business sale, we would be unable to attain a fair market value for our business due to the financial implications listed below. Regrettably, should the borough decide against selling us the tidelands we have been leasing for over 30 years, we will be unable to successfully sell the business as a whole, and will be compelled to undertake the liquidation process and cease operations within the next 1-2 years. Considering the type of services we offer, this would be detrimental to our local fishing fleet, and overall economy.

When we started our business, the availability of suitable commercial or industrial land was significantly limited. Building our business on this leased land was our last resort. Had we possessed a comprehensive understanding of the long-term ramifications associated with constructing our business assets on leased land, particularly in light of the ever-evolving landscape of finance and lending, we would have endeavored more vigorously to acquire this land at an earlier stage. Nevertheless, we find ourselves at the present juncture.

Please take into consideration the following information when forming your decision to allow for the Direct Sale of this land:

1. **Importance of Continued Economic Development:** Wikan Enterprises, Inc. has played an integral role in the local economy, serving as a Detroit Diesel Dealer, Volvo Penta Dealer, and performing maintenance and rebuilds on many other brands of marine engines. Our services are critical to the large commercial fishing fleet in the area, providing essential maintenance and repairs to their marine diesel engines. It was mentioned by the Harbormaster recently, that our fleet will be growing with the development of the Scow Bay Harbor area as well, so this business will become even more essential if that is the case. By continuing to operate and grow, our business sustains not only the livelihoods of our employees but also supports the economic well-being of the community. Selling the tidelands and allowing the business to continue under new ownership ensures the preservation of jobs, support for our commercial fishing fleet and ongoing economic development.

2. **Unforeseen Market Value Implications:** When we embarked on this journey in 1992, we were unaware that building our business on leased land would have a significant impact on its market value. Over the years, we invested our time, energy, and resources into constructing the building that houses our operations and outfitting it to meet the needs of our customers and regional building codes. However, we were not advised that leasehold improvements would be considered less valuable than those on owned land. This unforeseen consequence has created a disparity between the true value of our business and the market perception of its worth.

3. Limited Options for Financing and Investment: As we work with potential buyers for our business, we face substantial challenges due to the nature of leasehold improvements. Lending institutions view the building as a leasehold improvement, leading to shorter loan terms, higher interest rates, stricter lending criteria, and higher costs. This restricts the pool of qualified buyers, as they encounter difficulties securing financing for an investment perceived as riskier compared to real property purchases. By selling the tidelands and transitioning the business to a real property, broaden financing options, and ultimately secure a fair market value for our years of hard work.

4. Unique Expertise and Industry Demand: With over five decades of experience, we have developed a deep understanding of the marine diesel industry and established ourselves as a trusted resource for our customers. We are one of only two marine diesel shops in the area, catering to the specific needs of commercial fishing vessels. Our knowledge, expertise, and reputation are invaluable assets that contribute to the overall competitiveness and growth of the industry. Selling the business in its entirety, rather than liquidating the leasehold improvements separately, ensures the continuation of this vital resource for the community.

5. Precedents being set: It is worth noting that the Harbor Department has plans to engage in a land exchange with Petro 49, Inc. This exchange involves the trading of comparable leased and zoned land situated directly across the street from Wikan Enterprises, Inc. in return for a privately owned parcel already held by Petro 49, Inc. The implementation of this arrangement would establish a precedent for the borough to release leased tidelands to the private sector.

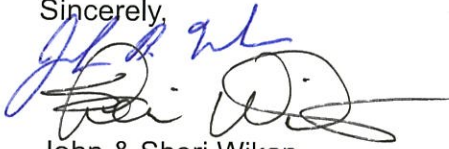
6. Possible public auction of leased tidelands: In the event the borough determines it is beneficial to release this property through a sale, we respectfully advocate for a direct sale rather than an auction, as is allowed in the Petersburg borough statutes. As noted by a borough official recently, the borough could potentially permit the sale of our leased property at auction, which further underscores the inherent risks associated with owning assets on leased land.

Presently, we have a prospective party interested in carrying on the business in its existing state. However, should they encounter challenges in meeting the financial requirements of a commercial loan or be unwilling to assume the risks associated with acquiring leasehold improvements rather than real property, we will proceed with the liquidation of our business. This will include the sale of our building, to any entity that can afford to pay us what we need to attain for the price of our largest asset.

Given the unique circumstances and challenges surrounding the proposed sale of our business, we kindly request that the Planning Commission and Borough Assembly take our perspective into account and extend support for the sale of the tidelands. Such a decision would not only afford us equitable market value for our business but also foster sustained economic growth, safeguard employment opportunities, and preserve the viability of the marine diesel industry within the region. We firmly believe that our years of unwavering diligence and commitment warrant just compensation.

Thank you for devoting your time and consideration to this matter. We eagerly anticipate a favorable resolution that benefits all parties involved. Please help us ensure that this important trade business stays operational in Petersburg.

Sincerely,



John & Sheri Wikan
Wikan Enterprises, Inc.

Dear Planning Commission & Borough Assembly,

We would like to express our endorsement for Wikan Enterprises, Inc's acquisition of the tidelands property it sits on, from the borough. As prospective buyers of this business, we respectfully urge you to consider the distinct advantages and potential that come with owning this property. We would like to emphasize the importance of purchasing the tidelands on which the business operates, rather than continuing to lease the land. We believe that ownership of the land is crucial for the long-term stability, growth, and financial viability of the business.

In learning more about the process of purchasing this shop, and being informed of different loan programs and market valuation information, we have been made aware of some factors that have put the process on hold for us. The risk involved with investing in a leasehold improvement on property owned by the borough will likely result in us not moving forward with this purchase, if the borough is unwilling to dispose of the property to the Wikans prior to the sale of their business. Below are key points highlighting the hurdles of financing presented by continuing to lease the land and the benefits of purchasing the tidelands:

1. **Enhanced Financing Opportunities:** The acquisition of the tidelands provides us, as prospective buyers, with significantly improved financing options compared to leasing. Financial institutions perceive leasehold improvements as less valuable and more risky collateral than real property. By owning the land, we can secure more favorable loan terms, including longer loan durations, lower interest rates, and reduced down payments (from upward of 25% cash down in a leasehold improvement situation, to as low as 5% down, as real property). This not only lowers our financing costs but also ensures greater financial stability for the business.
2. **Increased Market Value:** Leasehold improvements, such as the building constructed by the current owners, are not considered real property and are subject to more rapid depreciation. This depreciation negatively impacts the overall market value of the business, making it less attractive to potential lenders and investors. However, by purchasing the tidelands and owning the real property, the market value of the business is enhanced, bolstering its financial prospects and increasing its appeal to financing institutions. Just like the Wikans, we will need to protect any investments we make in this community, for the future, when we also decide to retire, or need to sell the business for any other reason.
3. **Mitigating Risk:** Continuing to lease the land introduces a significant level of uncertainty and risk to the business. As lessees, we are subject to the terms and conditions set forth by the borough, including the possibility of lease termination or non-renewal at the end of the lease term. This lack of control over the land hampers our ability to secure long-term financing and plan for the future. By purchasing the tidelands, we gain a sense of security and stability, allowing us to invest confidently in the business's growth and expansion.
4. **Long-Term Business Planning:** Ownership of the tidelands enables us to implement long-term business planning, fostering stability and growth. It provides the flexibility to make

significant capital improvements, expand facilities, and adapt to changing market conditions without the limitations imposed by leasehold agreements. By having complete control over the property, we can make strategic decisions that benefit the business's long-term success, creating a sustainable enterprise that will positively impact the local community.

5. **Borough's Best Interests:** While we understand the borough's preference toward leasing land to promote orderly marine development, we believe that the sale of the tidelands in this particular case serves the borough's best interests. By facilitating the acquisition, the borough supports the stability, growth, and economic development of Wikan Enterprises, Inc., ensuring its continued contribution to the community. The sale of the tidelands aligns with the borough's goals of supporting local marine businesses and fostering a thriving economy. The failure to approve the sale of the tidelands to Wikan Enterprises, Inc. will most likely result in us pulling out from the sale of the business, which in turn would very likely lead to liquidation of the business assets, and closure of the longstanding business.

In the event that the borough determines it is beneficial to divest itself of this property through a sale, we respectfully advocate for a direct sale rather than an auction. The prospect of the borough potentially permitting a party other than the Wikans to acquire this land further underscores the inherent risks associated with owning assets on leased property.

In addition to the compelling reasons outlined above for purchasing the tidelands on which Wikan Enterprises, Inc. operates, we would like to emphasize how our specific qualifications as prospective buyers further strengthen the case for acquiring the land. While these details are minor points compared to the broader argument, they highlight our unique suitability to lead the business and ensure its continued success.

Earl Warner's extensive experience servicing and maintaining large engines and his diesel certification from Universal Technical Institute make him exceptionally well-suited to navigate the complexities of the marine diesel industry. His background as an electrician further enhances his ability to handle the technical aspects of the business. Earl's expertise and knowledge will be instrumental in providing top-notch service to the commercial fishing fleet and ensuring the seamless continuation of Wikan Enterprises, Inc.'s reputation for excellence. Earl has already committed to working full time to start his training with John.

Hillary MacDonald's diverse entrepreneurial background, which includes owning and operating various successful businesses, positions her as a capable leader in managing and growing Wikan Enterprises, Inc. Furthermore, her experience in bookkeeping and her familiarity with the operations side of a diesel marine business provide valuable insights into the financial and administrative aspects of the industry. Hillary's skills in these areas will contribute to the efficient management of the business and its sustained profitability.

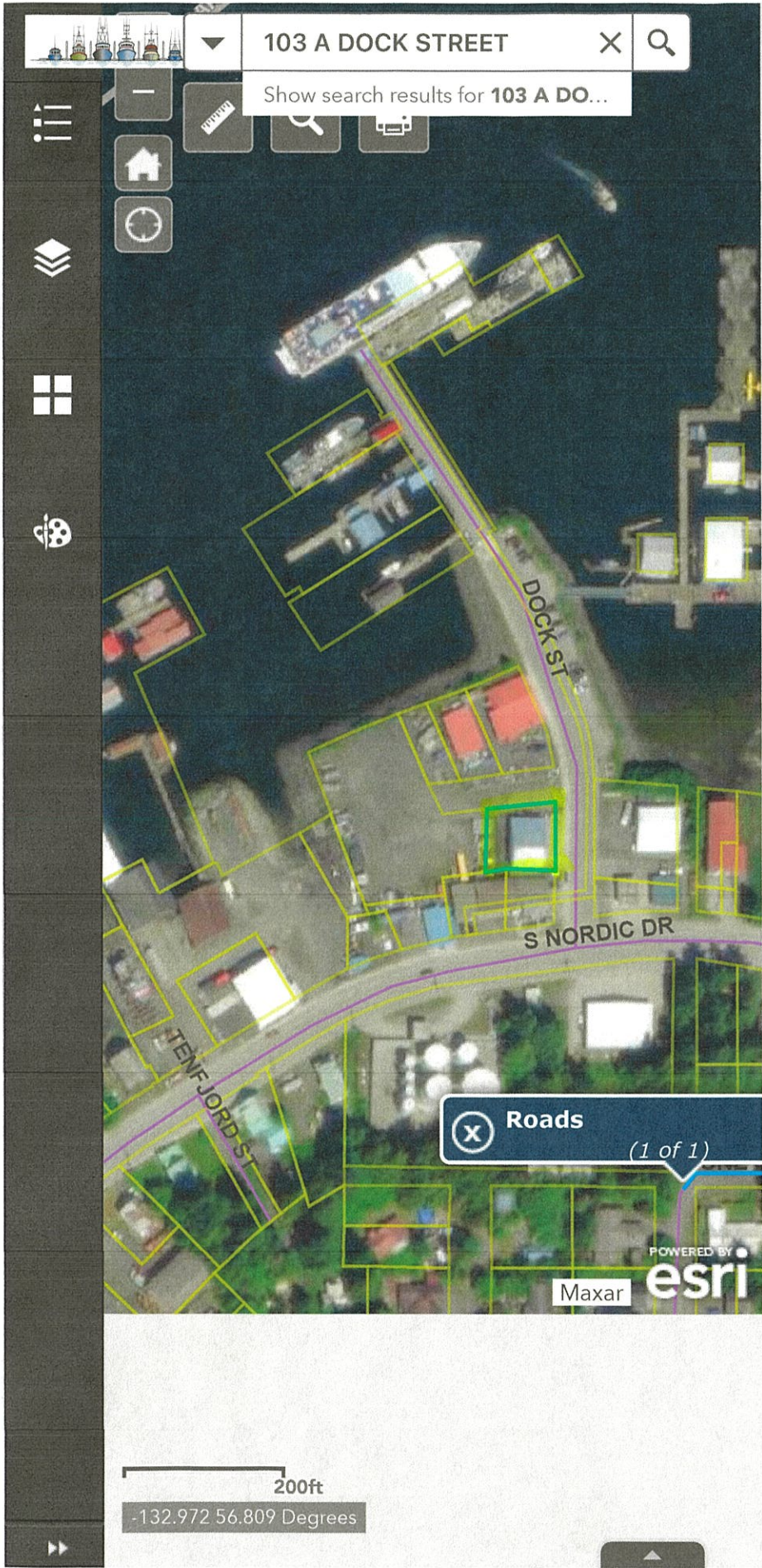
We appreciate your consideration of our qualifications and our shared vision for the future of Wikan Enterprises, Inc. We hope the borough will consider the need to let go of this piece of property in order to allow this essential trade business to continue on in Petersburg. As we all are aware, many small communities, including our own, are desperately lacking a strong

workforce in the trades, and the loss of this business would be detrimental to our commercial fleet and local economy.

Sincerely,

A handwritten signature in blue ink, consisting of two distinct parts: a stylized 'E' followed by a stylized 'H' and 'M'.

Earl Warner and Hillary MacDonald
Prospective Buyers



Tidelands

6/19/23

500.00

500.00

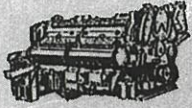
6/19/23

31809

Petersburg Borough

\$500.00

SECURITY FEATURES INCLUDE TRUE WATERMARK PAPER, HEAT SENSITIVE ICON AND FOIL HOLOGRAM.



WIKAN ENTERPRISES, INC.
PO BOX 929
PETERSBURG, AK 99833
(907) 772-4155

FIRST BANK
89-4/1252

31809

FRAUDARMOR

DATE
6/19/23

Memo: 19649

Five Hundred and 00/100 Dollars

AMOUNT

\$ 500.00

PAY
TO THE
ORDER
OF:

Petersburg Borough
PO Box 329
Petersburg, AK 99833



[Handwritten Signature]
MP
AUTHORIZED SIGNATURE



⑈031809⑈ ⑆125200044⑆ 0000540220⑈

Details on Back. Security Features Included

NOTICE TO APPLICANT(S):

Applicant will be required to pay a non-refundable filing fee with the Borough of \$500 to cover estimated costs of: a title report, survey, legal fees, postage, recording fees, public noticing and advertising and other costs incidental to the processing of this application.

I hereby certify that I have received and reviewed a copy of Petersburg Municipal Code Chapters 16.12 and 16.16 (as they may pertain to my particular application) and understand the Code requirements. I further certify I am authorized to sign this application on behalf of the applicant.

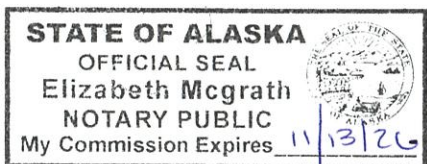
Please sign application in the presence of a Notary Public.

Applicant/Applicant's Representative

Subscribed and sworn to by Sheri L. Wikan, who personally appeared
before me this 18th day of June, 2023.

Notary Public

Notary Public in and for the State of Alaska. My Commission Expires: 11/13/2026



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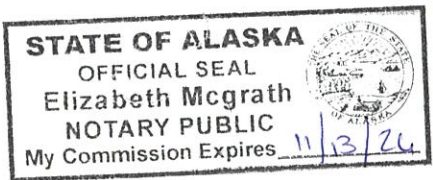
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Applicant/Applicant's Representative

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Notary Public

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Wikan Enterprises
103A Dock Street
01-010-037



PROPERTY AREA

Wikan Enterprises
103A Dock Street
01-010-037

Item 7D.





June 20, 2023

To Whom It May Concern:

I am assisting Hillary MacDonald & Earl Warner with the financing of the proposed purchase of Wikan Enterprises, Inc. Due to the fact that the building that houses Wikan Enterprises, Inc. is on land leased from the borough, the structure of a Commercial Loan associated with a Real Estate purchase changes from a Commercial Real Estate loan, to a leasehold improvement and commercial equipment & inventory loan. It is considered a leasehold improvement, rather than real property.

Typically, banks are inclined to lend only a percentage of this value. In leasehold improvement scenarios where no real estate is involved, it is common for buyers to need to provide a 25% down payment for most commercial loans of this nature, with loan terms being much shorter than those of real estate loans, making the payments much higher.

Commercial Real Estate loans, depending on the loan program, may have a down payment as low as 5-10%. Commercial Real Estate loans can often offer longer loan terms making the monthly payments much lower.

The tax assessed value of the leasehold improvements associated with Wikan Enterprises Inc. is \$115,700. To substantiate the transaction's value, a bank would likely need to order a commercial real estate appraisal (or in this case leasehold improvement valuation) which can be quite expensive, or conduct an in-house valuation based on the specific circumstances. While it is possible for an appraisal to yield a slightly higher value than the tax assessment, it may not yield much higher, and would require the use of several comparable sales of a similar nature to establish the value solely for the improvements. Generally, an acceptable appraisal relies on 4-5 comparable properties for value substantiation, which may be hard to come by in the region. It is important to note that broker's opinions of value do not suffice, as they do not meet appraisal standards.

Additionally, when appraising an improvement on leased land, appraisers often take into account the adverse impact of the remaining lease term on the value. As the lease term shortens and approaches expiration, it tends to limit the potential sale price due to the exclusion of the land. Conversely, when the land is included in the transaction, the value is often higher, allowing the seller to demand a higher price that buyers may be willing to pay. Appraisers appropriately factor in this higher value. Real estate and building transactions offer a wider range of market and finance options compared to leasehold improvements alone.

It is worth noting that even programs such as the Small Business Administration (SBA) and the U.S. Department of Agriculture (USDA) have limitations when leasehold improvements are involved without any real estate. And these loan programs are quite appealing to a buyer trying to obtain financing for the purchase of a business of this nature.

P.O. Box 241489
Anchorage, Alaska 99524-1489
Phone: (907) 562-0062 · (800) 478-2265
northrim.com



Page 2
June 20, 2023
To Whom It May Concern

In closing, it would be much easier for a commercial lender, myself included, to approach this financing if it were associated with real property vs leasehold improvements. I can be available to answer any questions that might arise in this process. Please don't hesitate to contact me anytime.

Sincerely,



David Byrne
Vice President
Commercial Loan Officer
Juneau Financial Center
907-790-5143

P.O. Box 241489
Anchorage, Alaska 99524-1489
Phone: (907) 562-0062 · (800) 478-2265
northrim.com





PO Box 2060 Petersburg, AK 99833 | p: 907.772.3300 | f: 907.782.4199 | e: info@apalaska.com | w: www.apalaska.com

Angela Menish
Licensed Real Estate Agent
Anchor Properties
PO Box 2060
Petersburg, AK 99833

June 8, 2023

Petersburg Alaska Borough Assembly
PO Box 329
Petersburg, AK 99833

Dear members of the Borough Assembly,

I hope this letter finds you in good health and high spirits. I am writing to bring to your attention an urgent matter concerning the sale of Wikan Enterprises, a vital business in our community.

As a licensed real estate agent with Anchor Properties, I have had the privilege of representing my clients, John and Sheri Wikan, throughout the process of listing their esteemed diesel mechanic repair, sales, and service business. Wikan Enterprises has been the exclusive local dealership for Detroit Diesel, MTU, and Volvo Penta since its establishment in 1992.

The services provided by Wikan Enterprises are crucial to the fishing industry in Petersburg and the surrounding southeast Alaska communities. Fishing vessels heavily rely on the expertise and support offered by Wikan Enterprises to ensure their engines are in optimal condition, maximizing their fishing seasons. The potential impact of not selling the business in its entirety could have devastating consequences for these fishermen and their livelihoods. Petersburg Borough would also be adversely affected with loss of revenue stream from the absence of this business.

While there have been expressions of interest from two other parties, namely a federal agency and a refrigeration business, it is important to highlight that their interest has primarily centered around acquiring the building alone, rather than the entire business. To maintain the seamless provision of services

and preserve the legacy established by John and Sheri Wikan, it is crucial that the business is sold as a whole.

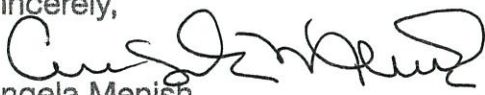
Fortunately, there is a couple who has demonstrated a sincere interest in acquiring the business and carrying it forward in its current form. They possess the necessary experience, dedication, and passion to ensure the continuation of the exceptional services provided by Wikan Enterprises. It is imperative that we prioritize their offer to maintain the level of service our community relies upon.

John and Sheri Wikan have been transparent from the beginning of the listing process, making it abundantly clear that their foremost priority is to ensure the availability of the services their business offers to the community. Their dedication to the community and their customers is admirable, and it is crucial that we honor their wishes throughout the negotiation process.

I kindly request your support in emphasizing the importance of selling Wikan Enterprises as a whole to potential buyers. By doing so, we can safeguard the essential services provided to the fishing community of Petersburg, Alaska, and surrounding areas.

Thank you for your attention to this matter. I look forward to discussing further details and collaborating to secure the best outcome for our clients, the community, and the continued success of Wikan Enterprises.

Sincerely,



Angela Menish
Licensed Real Estate Agent
Alaska License #: 206037
Anchor Properties

Debra Thompson

From: Glorianne Wollen
Sent: Wednesday, June 21, 2023 3:36 PM
To: Debra Thompson; Chris Cotta; Karl Hagerman; Liz Cabrera
Subject: RE: Wikan Enterprises Application to Purchase Borough Property

Thanks Debbie.

Harbormaster I am not in favor of starting the trend of selling leased property unless there are substantial strings attached, strings that are probably not legal and 20 yrs from now no one will remember. We need to secure that this is property will be used for Marine Services. We have lost considerable ground in support of the original concept of a marine industrial park with Bus Depot, a mechanic garage and a coffee stand all have been oked by a sympathetic City Council. I also expect that this would upset the present applecourt in regards to every other lease that the Borough has with business/private.

Thanks, glo

From: Debra Thompson <dthompson@petersburgak.gov>
Sent: Wednesday, June 21, 2023 2:52 PM
To: Glorianne Wollen <gwollen@petersburgak.gov>; Chris Cotta <ccotta@petersburgak.gov>; Karl Hagerman <khagerman@petersburgak.gov>; Liz Cabrera <lcabrera@petersburgak.gov>
Subject: Wikan Enterprises Application to Purchase Borough Property

Dear Glo, Chris, Karl & Liz

John and Sheri Wikan are applying to purchase the land where their business is located (parcel #01-010-037) that they currently lease from the Borough. The Wikans are retiring and trying to sell the business to Earl Warner and Hillary Whitethorn. Earl and Hillary can get much better interest rates from the bank if the land the business is on is not leased land.

Anyway, please respond to this email with your comments as to whether any of your departments have a need for the subject parcel as soon as you can.

Thank you,
 Debbie

Debra K. Thompson, CMC
 Borough Clerk/Human Resources Director

Petersburg Borough
 907-772-5405

Debra Thompson

From: Chris Cotta
Sent: Wednesday, June 21, 2023 3:51 PM
To: Glorianne Wollen; Debra Thompson; Karl Hagerman; Liz Cabrera
Subject: RE: Wikan Enterprises Application to Purchase Borough Property

I agree with Glo’s comments and feel this proposed sale starts us down a slippery slope with other Borough leases. Also I seem to recall that at least one other entity (USFS) expressed some interest in acquiring parcel #01-010-037 if it were available for sale.

That being said, Public Works does not have any need for the parcel in question. Thanks,

Chris

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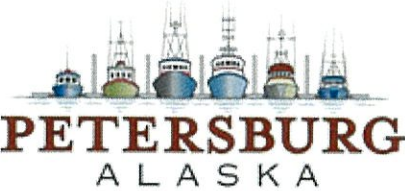
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907-772-5405



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From: Liz Cabrera
Sent: Wednesday, June 21, 2023 4:31 PM
To: Chris Cotta; Glorianne Wollen; Debra Thompson; Karl Hagerman
Subject: RE: Wikan Enterprises Application to Purchase Borough Property

Community Development has no public use for the parcel.

Just in case the question is asked, the borough has no mechanism to address the issue raised by Glo, i.e. restricting use to marine services in this area, through its existing zoning code.

From: Chris Cotta <ccotta@petersburgak.gov>
Sent: Wednesday, June 21, 2023 3:51 PM
To: Glorianne Wollen <gwollen@petersburgak.gov>; Debra Thompson <dthompson@petersburgak.gov>; Karl Hagerman <khagerman@petersburgak.gov>; Liz Cabrera <lcabrera@petersburgak.gov>
Subject: RE: Wikan Enterprises Application to Purchase Borough Property

I agree with Glo’s comments and feel this proposed sale starts us down a slippery slope with other Borough leases. Also I seem to recall that at least one other entity (USFS) expressed some interest in acquiring parcel #01-010-037 if it were available for sale.

That being said, Public Works does not have any need for the parcel in question. Thanks,

Chris

From: Glorianne Wollen <gwollen@petersburgak.gov>
Sent: Wednesday, June 21, 2023 3:36 PM
To: Debra Thompson <dthompson@petersburgak.gov>; Chris Cotta <ccotta@petersburgak.gov>; Karl Hagerman <khagerman@petersburgak.gov>; Liz Cabrera <lcabrera@petersburgak.gov>
Subject: RE: Wikan Enterprises Application to Purchase Borough Property

Thanks Debbie.

Harbormaster I am not in favor of starting the trend of selling leased property unless there are substantial strings attached, strings that are probably not legal and 20 yrs from now no one will remember. We need to secure that this property will be used for Marine Services. We have lost considerable ground in support of the original concept of a marine industrial park with Bus Depot, a mechanic garage and a coffee stand all have been oked by a sympathetic City Council. I also expect that this would upset the present applecourt in regards to every other lease that the Borough has with business/private.

Thanks, glo

From: Debra Thompson <dthompson@petersburgak.gov>
Sent: Wednesday, June 21, 2023 2:52 PM
To: Glorianne Wollen <gwollen@petersburgak.gov>; Chris Cotta <ccotta@petersburgak.gov>; Karl Hagerman <khagerman@petersburgak.gov>; Liz Cabrera <lcabrera@petersburgak.gov>
Subject: Wikan Enterprises Application to Purchase Borough Property

Dear Glo, Chris, Karl & Liz

John and Sheri Wikan are applying to purchase the land where their business is located (parcel #01-010-037) that they currently lease from the Borough. The Wikans are retiring and trying to sell the business to Earl Warner and Hillary Whitethorn. Earl and Hillary can get much better interest rates from the bank if the land the business is on is not leased land.

Anyway, please respond to this email with your comments as to whether any of your departments have a need for the subject parcel as soon as you can.

Thank you,
Debbie

Debra K. Thompson, CMC
Borough Clerk/Human Resources Director

Petersburg Borough
907-772-5405



Debra Thompson

From: Karl Hagerman
Sent: Thursday, June 29, 2023 2:46 PM
To: Debra Thompson; Glorianne Wollen; Chris Cotta; Liz Cabrera
Subject: RE: Wikan Enterprises Application to Purchase Borough Property

Water, Sewer and Power utilities have no need for this subject parcel.

Karl Hagerman
Utility Director
907-772-5421

From: Debra Thompson <dthompson@petersburgak.gov>
Sent: Wednesday, June 21, 2023 2:52 PM
To: Glorianne Wollen <gwollen@petersburgak.gov>; Chris Cotta <ccotta@petersburgak.gov>; Karl Hagerman <khagerman@petersburgak.gov>; Liz Cabrera <lcabrera@petersburgak.gov>
Subject: Wikan Enterprises Application to Purchase Borough Property

Dear Glo, Chris, Karl & Liz,

John and Sheri Wikan are applying to purchase the land where their business is located (parcel #01-010-037) that they currently lease from the Borough. The Wikans are retiring and trying to sell the business to Earl Warner and Hillary Whitethorn. Earl and Hillary can get much better interest rates from the bank if the land the business is on is not leased land.

Anyway, please respond to this email with your comments as to whether any of your departments have a need for the subject parcel as soon as you can.

Thank you,
Debbie

Debra K. Thompson, CMC
Borough Clerk/Human Resources Director

Petersburg Borough
907-772-5405



As Mayor for the City of Pelican, I introduced a series of ordinances that authorized the sale and transfer of the former Pelican Seafoods crab plant property to Yakobi Fisheries (YF). YF had leased the facility.

Approved June 1, 2021, Ordinance 2021-2 An Ordinance of the City of Pelican added an economic development provision to Title 3 Sale and Disposal of city-owned property;

3.08.310 Disposal for economic development purposes.

The city council may dispose of real property or an interest in real property to any person or entity in furtherance of local trade or industry for less than the fair market value of that real property or interest in real property. If a disposal is made to further economic development, a non-code ordinance authorizing the disposal must include in addition to the requirements in section 3.08.130:

1. A finding that the property or property interest which is the subject of the disposal will be used in furtherance of local trade or industry; and
2. At the discretion of the Pelican City Council, the conveyance of the property or property interest disposed may include a condition that title will revert to the municipality in the event the property is no longer used for the local trade or industry justifying the disposal.

Approved December 8, 2021, Ordinance 2021-8, a Non-Code Ordinance designated USS 2819 Block 17, Lot 2 for sale and disposal. The ordinance recognized the economic benefits of this real property disposal as necessary for economic development purposes; and, authorized the Mayor to negotiate terms for the sale of the real property to Yakobi Fisheries, LLC.

Approved December 13, 2022, Ordinance 2022-1, a Non-Code Ordinance authorizing the sale and disposal of 'Lot eleven (11), Salmon Subdivision, according to Plat 2021-8, Sitka Recording District, First Judicial District, State of Alaska' to Yakobi Fisheries LLC. This ordinance describes the real property as including "Tidelands" and the former crab plant building. The ordinance approves the "Purchase Agreement", and "Warranty Deed".

A Bill of Sale and other closing documents were delivered to Alaska Escrow and Title Agency, Inc. for filing with the Sitka Recorder's office. The documents were finalized the first week of January.

The investments made by Yakobi Fisheries at the crab plant facility were substantial and the council deemed it in the best interest of the community to maintain the economic benefits of seafood processing in the community. The three ordinances are included for your review.

I support the sale of the leased tidelands to Wikan Enterprises. Our business, Pacific Fishing, Inc., F/V Pacific Dawn, relies on Wikan Enterprises for our engine repairs and maintenance. In 2014, Wikan Enterprises repowered the main engine and two gensets, we utilize Wikan Enterprises for parts and equipment and completed a ¾ main engine overhaul in April 2023. The economic benefit to the community is substantial. And having a reliable quality engine repair shop is critical to commercial fishing support services. Thank you.

Sincerely, 

Patricia Phillips PO Box 109 Pelican, AK 99832



City of Pelican

BOX 737 - PELICAN, ALASKA 99832 - PHONE: 735-2202/2203 - FAX: 735-2258 - EMAIL: cityhall@pelicancity.org - WEBSITE: www.pelican.net

EQUAL OPPORTUNITY EMPLOYER

Introduced by: Patricia Phillips

Date Introduced: 5-24-21

Public Hearing Date: 6-1-21

Action: Approved

Date Enacted: 6-1-2021

CITY OF PELICAN ORDINANCE NO. 2021-2

A ORDINANCE OF THE CITY OF PELICAN

WHEREAS; Pelican Municipal Code (PMC) Title 3; Acquisition and Disposal of City Property

WHEREAS; Pelican Municipal Code Title 3; Chapter 3.08.110 Sale and disposal - Rights and powers A. The city may sell, convey, exchange, transfer, donate, dedicate, direct, or assign to use, or otherwise dispose of city-owned real property by any lawful means of conveyance, and

WHEREAS; the City finds that certain real properties it owns are pre-established for economic development purposes, and

WHEREAS; the revenue from the sale of those properties would help meet its budgetary needs, and

WHEREAS; the Pelican City Council finds that an economic development provision in Title 3 will provide for the disposal of real property for economic development purposes.

BE IT ENACTED BY THE COUNCIL OF THE CITY OF PELICAN, ALASKA:

- Section 1. Classification. This ordinance is of a general and permanent nature and the adopted shall be part of the Pelican Municipal Code.
- Section 2. General Provisions. This ordinance adds a provision to Title 3. Chapter. 08 Acquisition and Disposal of City Property
- Section 3. Enactment. To add a section to the Pelican Municipal Code, to read:



3.08.310 Disposal for economic development purposes.

The city council may dispose of real property or an interest in real property to any person or entity in furtherance of local trade or industry for less than the fair market value of that real property or interest in real property. If a disposal is made to further economic development, a non-code ordinance authorizing the disposal must include in addition to the requirements in section 3.08.130:

1. A finding that the property or property interest which is the subject of the disposal will be used in furtherance of local trade or industry; and
2. At the discretion of the Pelican City Council, the conveyance of the property or property interest disposed may include a condition that title will revert to the municipality in the event the property is no longer used for the local trade or industry justifying the disposal.

Section 5. Effective Date.

PASSED AND APPROVED BY A DULY CONSTITUTED QUORUM OF THE CITY COUNCIL THIS 1st

DAY OF June, 2021.

Patricia Phillips
Patricia Phillips, Mayor of Pelican

ATTEST:

Lattieca Stewart
Lattieca Stewart, City Clerk





City

of

Pelican

BOX 737 - PELICAN, ALASKA 99832 - PHONE: 735-2202/2203 - FAX: 735-2258 - EMAIL: cityhall@pelican.net - WEBSITE: www.pelican.net

EQUAL OPPORTUNITY EMPLOYER

Introduced by: Patricia Phillips
 Date Introduced: 11-10-21
 Public Hearing Date: 12-8-21
 Action: Approved
 Date Enacted: 12-8-21

**CITY OF PELICAN
 ORDINANCE 2021-8**

**A NON-CODE ORDINANCE DESIGNATING USS 2819 BLOCK 17, LOT 2 FOR SALE
 AND DISPOSAL.**

WHEREAS, the city owns the following real property: USS Block 17, Lot 2, Sitka Recording District, First Judicial District, State of Alaska;

WHEREAS, the real property consists of the “former crab plant building” located on USS Block 17, Lot 2;

WHEREAS, Pelican Municipal Code (PMC) Title 3; Chapter 3.08.110 Sale –Rights and powers. A. The city may sell, convey, exchange, transfer, donate, dedicate, direct or assign to use, or otherwise dispose of city-owned real property by any lawful means of conveyance;

WHEREAS, Pelican Municipal Code (PMC) Title 3; Chapter 3.08.310 Disposal for economic development purposes. The city council may dispose of real property or an interest in real property to any person or entity in furtherance of local trade or industry for less than the fair market value of that real property or interest in real property;

WHEREAS, the lease and operating agreement between the City of Pelican (City) and Yakobi Fisheries, LLC, Alaska Entity #126094 (Yakobi Fisheries) authorizes the “Right of First Refusal”;

WHEREAS, the Pelican City Council (Council) recognizes the economic benefits of this real property disposal is necessary for economic development purposes:

- Continued renewal and enhancement of seafood processing in Pelican.
- The multiplier effect of improved economic activity within the community, including moorage, ice and fuel purchases, restaurant sales, local small business sales, marine services, seaplane activities, movement of freight, ongoing ferry service, hiring locally, hiring families with children for improved school enrollment, jobs generated within the community, public safety and public health and volunteer activities within the emergency responder network for the fire department, emergency medical services, and search and rescue.

NOW, THEREFORE BE IT ENACTED BY THE PELICAN CITY COUNCIL:**Section 1. Classification.**

This is a non-code ordinance.

Section 2. Intent.

Authorize the Mayor and Council to negotiate the terms of sale and disposal of USS Block 17, Lot 2 and the "former crab plant" (crab plant) for authorization and approval of the sale and disposal terms by a separate ordinance.

Section 3. Best Interest.

The Council finds that it is necessary for economic development, and in the best interest of the public to authorize the sale and disposal of USS Block 17, Lot 2 and the "former crab plant" to Yakobi Fisheries, LLC.

Section 4. Findings.

1. The Council shall authorize disposal terms by separate ordinance.
2. The real property has no value because of the following conditions:
 - a) The State of Alaska Fire Marshall has indicated the building must have aworking fire suppression system to remain in service.
 - b) The installation expense of a fire suppression system, estimated by a qualified engineering firm in September 2021, is \$550,000.
 - c) The most recent valuation of the property is \$200,000.
 - d) Exterior condition of the building has not changed substantially since the most recent valuation.
 - e) Interior improvements made to the building by the primary tenant are owned by the tenant and are not considered an element of real property value.

Section 5. Effective Date.

This ordinance is effective upon adoption by the Pelican City Council.

PASSED AND APPROVED THIS 8th DAY OF December, 2021.

Signed: Patricia Phillips
Patricia Phillips, Mayor

Attest: Lattieca Stewart
Lattieca Stewart, City Clerk



City

of

Pelican

BOX 737 - PELICAN, ALASKA 99832 - PHONE: 735-2202/2203 - FAX: 735-2258 - EMAIL: cityhall@pelicanacity.org - WEBSITE: www.pelican.net

EQUAL OPPORTUNITY EMPLOYER

Introduced by: Phillips
 Date Introduced: 12-5-22
 Public Hearing Date: 12-13-22
 Action: approved
 Date Enacted: 12/13/22

**CITY OF PELICAN
ORDINANCE 2022-1**

A NON-CODE ORDINANCE AUTHORIZING THE SALE AND DISPOSAL OF CITY-OWNED REAL PROPERTY 'LOT ELEVEN (11), SALMON SUBDIVISION, ACCORDING TO PLAT 2021-8, SITKA RECORDING DISTRICT, FIRST JUDICIAL DISTRICT, STATE OF ALASKA' TO YAKOBI FISHERIES LLC.

WHEREAS, Pelican Municipal Code (PMC) Title 3; Chapter 3.08.110 Sale –Rights and powers. A. The city may sell, convey, exchange, transfer, donate, dedicate, direct or assign to use, or otherwise dispose of city-owned real property by any lawful means of conveyance; and

WHEREAS, Pelican Municipal Code (PMC) Title 3; Chapter 3.08.310 Disposal for economic development purposes. The city council may dispose of real property or an interest in real property to any person or entity in furtherance of local trade or industry for less than the fair market value of that real property or interest in real property;

WHEREAS, the city owns the following real property: Lot 11, Salmon Subdivision, according to Plat 2021-8 (which amended Plat 2014-11.) in the records of the Sitka Recording District, of Alaska, **including** all tidelands (the “Tideland”), and all structures, buildings and fixtures located on the Tideland (the “Crab Plant”) (hereinafter referred to as Lot 11, Salmon Subdivision, according to Plat 2021-8, Sitka Recording District, First Judicial District, State of Alaska); and

WHEREAS, Lot 11, Salmon Subdivision, according to Plat 2021-8, and the Crab Plant together are ‘the Property’; and

WHEREAS, the ‘Property’ is located at 172 Salmon Way, Pelican, Alaska; and

WHEREAS, Yakobi Fisheries LLC, Entity # 126094 (hereinafter referred to as Yakobi) operates a fish processing enterprise at the Property;

WHEREAS, Ordinance 2021-8, states the economic benefits of disposal of the ‘Property’ for economic development purposes; and

NOW, THEREFORE BE IT ENACTED BY THE PELICAN CITY COUNCIL:

ORDINANCE 2022-1 – PAGE 2

- Section 1. Classification.**
This is a non-code ordinance.
- Section 2. Intent.**
Lot 11, Salmon Subdivision, according to Plat 2021-8, Sitka Recording District, First Judicial District, State of Alaska, shall be sold for economic development purposes, subject to the following terms and conditions:
- Section 3. Effective Date.**
This ordinance is effective upon adoption by the Pelican City Council.
- Section 4. Real Property Defined.**
“Real property” includes any estate in land, easement, right-of-way, lease, permit, license, franchise, future interest, building, fixture, or any other right, title, or interest in land or a building.
- Section 5.** The City Council has determined it is in the best interests of the city for the sale and disposal of real property Lot 11, Salmon Subdivision, according to Plat 2021-8, Sitka Recording District, First Judicial District, State of Alaska.
- Section 6.** The city desires to enter a “Purchase and Sale Agreement” to sell the ‘Property’ to Yakobi and to convey : Lot 11, Salmon Subdivision, according to Plat 2021-8, Sitka Recording District, First Judicial District, State of Alaska, and Crab Plant to Yakobi, subject to the restrictive covenants: (1) The Property is used for seafood processing; (2) the ‘Crab Plant’ is retrofitted with a fire suppression system approved by the Alaska State Fire Marshall.
- Section 7. Purchase Agreement.**
Ordinance 2022-1 Attachment 1: Purchase Agreement identified as “Purchase Agreement between the City of Pelican, Alaska and Yakobi Fisheries LLC”, 66 Pages”. An Agreement entered into by and between the City of Pelican, Alaska, a municipal corporation, of P.O. Box 737 Pelican, Alaska 99832 (“Grantor”), Yakobi Fisheries LLC, an Alaska ‘Limited Liability Company’, entity number 126094, 172 Salmon Way, Room E, Pelican, Alaska 99832 (Grantee”), and Chris McDowell and Seth Stewart (Guarantors”).
- Section 8. Warranty Deed.**
Identified as “Exhibit B to Purchase Agreement, Warranty Deed, Pages 1 – 3”.
- Section 9.** The City of Pelican, Alaska, a municipal corporation, of P.O. Box 737, Pelican, Alaska 99832, for and in consideration of Ten Dollars (\$10.00) and other valuable consideration, in hand paid, conveys and warrants to Yakobi Fisheries LLC, an Alaska Limited Liability Company, of 172 Salmon Way, Room E, Pelican, Alaska 99832, the following real property to-wit: Lot 11, Salmon Subdivision, according to Plat 2021-8, Sitka Recording District, First Judicial District, State of Alaska;
- Section 10.** The Council authorizes the sale and disposal of real property, Lot 11, Salmon Subdivision, according to Plat 2021-8, Sitka Recording District, First Judicial District, State of Alaska, by any lawful means. Any instrument requiring execution by the city shall be signed by the mayor and attested by the city clerk.

ORDINANCE 2022-1 -- PAGE 3

Section 11. The 'Property' shall be sold "as is", in its current condition. The City makes no representations regarding, and disclaims any liability for, each property sold, and/or improvements located thereon, including but not limited to (1) condition of the property; (2) the exact location of the property, the existence of markers on the property, or the ability or cost of surveying the property; (3) the status or insurability of title to the property, including the status of the title held by the City and the existence of any liens or encumbrances on the property; (4) the existence, or the potential for installation of utilities on or to the property. It is the purchaser's responsibility to investigate these matters and as to the condition of the property, including the condition of title to the property.

Section 12. Right to Adjourn/Postpone/Cancel

The City reserves the right to postpone or cancel a land offering, in whole or in part, if necessary to protect the interest of the City of Pelican at any time prior to the City of Pelican signing a final conveyance document.

PASSED AND APPROVED THIS 13 DAY OF December, 2022.

Introduced: 12, 5, 2022

Public Hearing: 12, 13, 2022

Signed:

Patricia Phillips
Patricia Phillips, Mayor

Attest:

Lattieca Stewart
Lattieca Stewart, City Clerk



Yakobi Fisheries, LLC
Po Box 13, Pelican, AK 99832

RE: LETTER OF INTENT

Dated as of August 11, 2022.

The purpose of this Letter of Intent ("**Letter**") is to set forth certain non-binding understandings between the City of Pelican (the "City") and Yakobi Fisheries, LLC (Yakobi") for a proposed transaction regarding the following property

Lot 11, Salmon Subdivision, according to Plat 2021-8 (which amended Plat 2014-11,) in the records of the Sitka Recording District, of Alaska, **including** all tidelands (the "Tideland"), and all structures, buildings and fixtures located on the Tideland (the "Crab Plant.")

The Tideland and the Crab Plant together are "the Property."

BACKGROUND:

Yakobi currently occupies a majority of the Property under a lease with the City (the "Lease.") The Lease includes a right to extend the term of the Lease and a right of first refusal in the event the City decides to sell the "entire Crab Plant". Yakobi operates a fish processing business on the leased premises and wishes to continue that business on all of the Property but will need to invest in a fire suppression system and other improvements and replacements to the Property to do this. It is seeking to purchase the Property so that it will have the opportunity to recoup its investment and earn a return on it. The City is willing to sell all of its interest in the Property provided the proposed transaction will support long-term economic benefits for Pelican, particularly the use and development of its waterfront to facilitate fish processing and other activities supportive of the commercial fishing industry in the community.

The Crab Plant, pilings and the rest of the supporting structure on the Tideland (other than the "dolphin" more recently constructed by the City) date back to as early as 1938. Besides the need to install a fire suppression system, there are other concerns relating to the condition of the Property, including specific environmental concerns. Material to the City's decision to enter into a sale of the Property to Yakobi, and perhaps provide owner financing, is Yakobi's willingness to accept the Property "as is", and ability to install the fire suppression system, perform needed maintenance and

repairs, address any remaining environmental concerns and otherwise operate its fish processing business on the Property in compliance with applicable federal, state and local legal requirements.

Yakobi's experience under the Lease has given it the opportunity to become familiar with most conditions on the Property. It has also given the City the opportunity to see Yakobi's commitment to the community and to good business practices. With these objectives and understandings in mind, the City and Yakobi seek to negotiate an agreement following the general outline set out below. Again, this outline has been developed only to facilitate their negotiations and is not a binding agreement itself.

OUTLINE OF KEY PROVISIONS TO BE NEGOTIATED:

This Letter outlines the basic terms of the proposed transaction based on each party's present understanding but does not preclude either party from proposing additional terms during the course of their negotiations. The parties' final, comprehensive, and binding agreements shall be in the form of Definitive Agreements as set forth below.

The parties understand and expect that:

- A. This transaction will advance economic development in Pelican;
- B. Nothing in the parties' Agreements shall in way preclude or limit the City from using or disposing of any of its other real property; and;
- C. This transaction will facilitate a long-term relation between them for their mutual benefit; and
- D. Unless otherwise agreed to by the City, the Property will be used for seafood processing and other uses supportive of the commercial fishing industry.

The following numbered paragraphs 1 through 10 of Part One, along with related understandings and goals described above, constitute a general outline of the proposed transaction, the purchase price, key agreements, and important conditions. The provisions shall be included in the Definitive Agreements, but in all instances shall be subject to and contingent upon the parties reaching agreement on the Definitive Agreements and the terms and conditions set forth in the Definitive Agreements. The parties expressly state their intention that this Letter shall not constitute or give rise to a legal and binding obligation, contract, or agreement between any of the parties, and are not intended to be an extensive summary of all of the terms and conditions of the proposed acquisition or the Definitive Agreements.

The parties do, however, expressly intend that (paragraphs 11 through 16 of Part Two of this Letter, upon acceptance by the Holder shall constitute the parties' agreement with respect to the procedures for negotiation and preparation of the Definitive Agreements.

PART ONE: NON-BINDING STATEMENT OF UNDERSTANDING

1. Legal Requirements

The parties understand and acknowledge that the City is a public governmental municipal subdivision of the State of Alaska and this transaction is subject to laws and regulations governing sale and lease of municipal property. In the event of any such law or regulation conflicts with the provisions of this letter or the Definitive Agreements, the law or regulation must control.

2. Sale of the Property.

The City will convey to, and Yakobi will accept the conveyance of, the Property, for a price of \$401,000. (the "**Acquisition Price**"). The City will retain a right of first refusal to repurchase the Property in the event Yakobi seeks to sell or transfer Property, including a change of control of Yakobi.

3. Finance of the Sale.

The terms of the sale will be \$40,100 paid at the closing of this transaction, and a promissory note in the amount of \$360,900, providing for monthly payments of \$2,200 at an interest rate of 5% per annum, for a term of approximately 125 months, secured by a first position deed of trust on the Property. No additional liens, deeds of trust, or encumbrances may be put of record against the Property without the prior written consent of the City, however such consent will not be unreasonably withheld in the case of a lien to secure funds needed to correct code violations. The deed of trust will have a "due on sale" provision.

4. Restrictions, Covenants and Easements The conveyance of the Property will include existing restrictions, covenants and easements of record and also include:

- a. Easements for utilities and access that may be agreed to by the parties prior to closing
- b. An easement in favor of the City to maintain, repair or replace the existing dolphin (although the City shall have no obligation to do this),
- c. An easement or other appropriate agreement that provides for necessary limits on activities on the Property during periods of fuel deliveries to the City's neighboring facilities;
- d. Restrictions on the use of the Property or any of it consistent

with the purposes set forth above, including allowing its current use;

5. Release of Claims relating to the Condition of the Property.

Yakobi will be accepting all of the Property “as is, where is, with all faults, known or unknown” and waive any claims against the City, including any claims for contribution, relating to any condition on or affecting the Property. Yakobi will be accepting responsibility for the proper storage, use or disposal any personal property that was present on the Property at the time of Closing, including any personal property abandoned on the Property by prior tenants.

6. Due Diligence. Yakobi, as tenant in possession of a majority of the

Crab Plant, has had and continues to have the opportunity to observe environmental and other conditions of the Property. Yakobi will also have a limited “due diligence period” to give it additional time prior to closing to conduct whatever inspections, sampling, analyses and other investigations it cares to do of any of the Property. Such investigations shall be at the sole cost and risk of Yakobi. Yakobi will rely on its own due diligence and not on any statements by the City of Pelican, its contractors or agents in assessing conditions on or affecting the Property in entering this transaction.

7. Use of the Property. The Property shall be used for the primary

purpose of processing commercially harvested seafood or for other uses supportive of the commercial fishing industry. Yakobi will maintain the Property and conduct all operations on it in accordance with applicable laws. The City may change the zoning requirements affecting the Property; and Yakobi shall not object to any such change; however any such change will not prohibit the use of seafood processing.

8. Indemnity. Yakobi will indemnify and defend the City from all

claims relating to conditions and operations on the Property; and any related terms in the Lease shall remain a continuing obligation of Yakobi as to any conditions that existed or operations that occurred during the term of the Lease.

9. Easements. The parties shall prior to closing collaborate in

identifying and establishing any easements needed for access or utilities to or across the Property.

10. Preparation of Definitive Agreements. The parties will

negotiate the terms, and begin preparation, of the Definitive Agreements that will govern the transactions described in this Letter. To the extent appropriate for transactions of this type and size, the

Definitive Agreements will contain customary representations, warranties, covenants, indemnities, and other agreements of the parties, including, but not limited to: (1) representations and warranties related to each party's power and authority to enter into the Definitive Agreements and perform its obligations thereunder; and (2) ownership of and title to the Property.

The Definitive Agreements are expected to include (a) a sale agreement that provides for the transactions set forth in this letter; (b) closing documents including a conveyance of the Property, instruments required to secure and evidence financing arrangements, as well as any other agreements and documents, necessary or desirable in connection with any of the foregoing arrangements or any transaction contemplated herein.

PART TWO: AGREEMENTS OF THE PARTIES REGARDING THE PROCEDURES FOR NEGOTIATION AND PREPARATION OF THE DEFINITIVE AGREEMENTS.

In consideration of the costs to be borne by each party in pursuing the acquisition and sale contemplated by this Letter and in consideration of the mutual undertakings by the parties as to the matters described in this Letter, upon execution of counterparts of this Letter by each party, the following paragraphs 11 through 16 will constitute legally binding and enforceable agreements of the parties regarding the procedures for the negotiation and preparation of the Definitive Agreements.

- 11. Good Faith Negotiation.** The parties agree that from the date of this Letter until the Letter terminates the parties will discuss and negotiate in good faith the transactions contemplated in this Letter and the drafting of Definitive Agreements, with the intention that the Definitive Agreements will be completed and executed within thirty (30) days.
- 12. Due Diligence.** Yakobi is currently, and has been for the last several years, occupying the Tideland and the Crab Plant, and acknowledges that it has had access to all of these properties and environmental reports on the Alaska Department of Environmental Conservation website, and has familiarity with those properties. In light of this, the Definitive Agreements will provide for a limited inspection period prior to closing.
- 13. Expenses.** Except to the extent otherwise provided in any

Definitive Agreement entered into by the parties, each party shall be solely responsible for its own expenses, legal fees, and consulting fees related to the negotiations described in this Letter, whether or not any of the transactions contemplated in this Letter are consummated.

- 14. Termination.** Any rights and obligations of the parties under This Letter will immediately terminate and cease to apply as of the date Definitive Agreements as are contemplated by this Letter are entered into by the parties.

Each party hereby reaffirms its intention that this Letter is not intended to constitute, and shall not constitute, a legal and binding obligation, contract or agreement between any of the parties, and are not intended to be relied upon by any party as constituting such.

- 15. Governing Law.** This Agreement shall be governed and construed in accordance with the laws of the State of Alaska, without regard to the laws of conflict of laws.

- 16. Acceptance.** If the terms of this Letter are agreeable to you, please sign a copy of this Letter and return by email a signed copy to, by no later than close of business on 8/19/2022. This Letter may be executed in one or more counterparts, each of which when so executed shall be deemed an original, but all of which taken together shall constitute one and the same document. Upon acceptance of the binding provisions of this Letter (those provisions set forth in Part Two (paragraphs 11 through 16) by each party, the parties will negotiate in good faith to prepare and enter into Definitive Agreements.

CITY OF PELICAN, ALASKA

By: Patricia Phillips
Patricia Phillips, Mayor

YAKOBI FISHERIES, LLC

By: 
Its: Seth Stewart

From: [Debra Thompson](#)
To: [Anna Caulum](#)
Cc: [Liz Cabrera](#); [Ray Wesebaum](#)
Subject: FW: Letter in Support of Land Sale to Wikan Enterprises
Date: Wednesday, July 5, 2023 11:54:06 AM

From: Kirby Green <shirt50@yahoo.com>
Sent: Tuesday, July 4, 2023 7:53 AM
To: Debra Thompson <dthompson@petersburgak.gov>
Subject: Letter in Support of Land Sale to Wikan Enterprises

Dear Ms. Thompson,

Below please find a letter intended for the Borough Planning Commission supporting the sale of borough land to Wikan Enterprises. I apologize for not having it in a format that's easier to share, but I'm working off my iPad. Please feel free to copy and paste it into Word or whichever format works best for you. Thank you!

Kirby Green

Dear Petersburg Borough Planning Commission,

I am writing to strongly urge the Planning Commission to recommend allowing Wikan Enterprises Inc. (owners John and Sheri Wikan) to purchase the property where their business is located. This business is an integral part of Petersburg's economy and by approving the sale of the land the Petersburg Borough can help ensure the health of the fishing industry, in the "town that fish built", into the future.

Wikan Enterprises provides a level of service, professionalism, and human touch that is rare in any industry. As the current owners prepare to retire it is extremely important that the Borough does what it can to allow the business to continue and thrive here in Petersburg. The Planning Commission can do this by recommending the sale of currently lease held land to Wikan Enterprises. This will allow the potential buyers of the business to secure more favorable lending, own the shop outright, and continue to provide an incredibly valuable service to Petersburg residents.

Selling the property is in line with the stated goal of having businesses in that area that are focused on the marine industry. It would also send a message that the Borough is supportive of local small businesses and entrepreneurs. Having a knowledgeable and capable diesel mechanic in Petersburg benefits every local business by attracting more boats and people to town. Wrangell, Sitka and Ketchikan have increased their services for the commercial and recreational boating sector in recent

years and it is vital that Petersburg do the same.

On a more personal note, the idea of not having a diesel repair business like Wikan Enterprises in Petersburg is concerning. I am a seasonal resident of Petersburg whose fishing business has happily operated here for 25 years. Without reliable engine repair service, advice, and supplies I would reluctantly (extremely reluctantly due to my love for this place) consider moving at least part of my business to another town in Southeast. I strongly urge the Planning Commission to support the sale of land to Wikan Enterprises and help create a stronger future for the city and borough.

Thank you,
Kirby Green
F/V Janet G LLC
206-817-5033

From: [Debra Thompson](#)
To: [Anna Caulum](#)
Cc: [Liz Cabrera](#); [Ray Wesebaum](#)
Subject: FW: Wikan Enterprises
Date: Friday, July 7, 2023 8:59:01 AM

From: tina green <tlbg2583@yahoo.com>
Sent: Friday, July 7, 2023 8:28 AM
To: Debra Thompson <dthompson@petersburgak.gov>
Subject: Wikan Enterprises

To the Board

Please approve the request from Wikan Enterprises to purchase the lot on Dock Street where the marine diesel shop is built. We are in support of this sale from the Borough in order that the business can be sold.

Thank you for considering this - a very important transaction in order to keep this vital service in Petersburg.

Thank you
Jim Green
Tina Green

June 30, 2023

Debbie Thompson, Deputy Borough Clerk
Petersburg, Alaska

Hi Debbie and Planning Commission,

I received a letter from John & Sheri Wikan outlining their trials of selling the business and the problems tied to the leased land that their business building has sat on for the last 30+ years.

The fishing community is going to miss the expertise of these two as they start their well-deserved retirement process. The bit of light at the end of this tunnel for the fishing fleet is Earl Warner and Hillary McDonald are learning the skill set for repair of diesel machinery. This skill is very limited in town, it's kind of scary how limited it is. Warner & McDonald would like to purchase the Wikan's business to continue machine repair but not having the property attached (only leased) is not a financial investment. Banks like owned property not leased.

Both Kurt and I support the borough in selling this parcel of land to Wikans. Why not sell the property at fair market value to them. Let's keep business in Petersburg.



Kurt & Janet Kvernvik
PO Box 1081
Petersburg AK 99833

FV Island Girl
FV Marsons

From: David Beebe fvjerryo@mac.com
Subject: Wikan Enterprise represents an 'essential business'
Date: Jun 29, 2023 at 8:37:30 PM
To: Wikan Enterprises service@wikanent.com

To whom this matter may concern,

Wikan Enterprises has enabled small business people such as myself and countless others in the fishing fleet of Petersburg over the last 3 decades, to maintain continuity of livelihoods, solvency and residency.

Wikan Enterprises represents an 'essential business' crucial to an essential sector of the borough economy. It is in the best interests of the community at large to enable a continuity of ownership and operational capability of Wikan Enterprises Inc. — consistent with long-standing borough zoning objectives.

I feel confident if this were ever brought to a vote, a clear majority of residents would approve any procedural measures and/or necessary actions taken by the borough to assure such an outcome.

There are clear priorities to consider at the altar of the free market. Sacrificing collective community interests for the freedom of individual private interests to prevail upon the interests of the whole does not bode well for the continuity of the community itself.

Respectfully,
David Beebe
F/V Jerry O

From: [Debra Thompson](#)
To: [Anna Caulum](#)
Cc: [Liz Cabrera](#); [Ray Wesebaum](#)
Subject: FW: Letter of Support for Wikan Enterprises
Date: Monday, July 10, 2023 1:28:17 PM

From: Sheri Wikan <swikan@gmail.com>
Sent: Monday, July 10, 2023 12:16 PM
To: Debra Thompson <dtompson@petersburgak.gov>
Subject: Letter of Support for Wikan Enterprises

Dear Debbie Thompson

I am writing this letter in support of a direct sell of property to Wikan Enterprise on which it is now situated.

I believe that Wikan Enterprise has and will continue to be a solid business that will support the 100s of commercial vessels that call Petersburg home if the land sell is direct to them.

As a vessel owner of the F/V Cape Reliant I have been dependent on Wikans expertise for 25 plus years to keep me up and running so we could support several families with good income producing jobs and substantial tax revenue to the town of Petersburg.

As all buisness know professionals are extremely difficult to find. What Wikan Enterprise is proposing is a secure and stable business in Petersburg for the long term.

To deny the direct land purchase to Wikan Enterprise will do a deserves to all of Petersburg, buisness and families and the city itself.

If the land sell is not granted directly to Wikan Enterprise we will lose one of only two diesel mechanics that are serving 100s of local vessels. This could possibly cause many vessels and families to relocate to other towns that provide these services.

For the record in the last two years CRF.INC has taken its vessel to Wrangell for services no longer available in Petersburg spending in excess of 400k that could have been spent in Petersburg. I really do not wish to chase diesel mechanics also.

In closing let's not lose any local businesses. I fully support the direct sell of the property to Wikan Enterprise.

Bill Connor

Po box 1124

July 10, 2023

Petersburg Planning Commission
C/O Petersburg Borough
12 South Nordic Dr., PO Box 329
Petersburg, AK 99833

Dear Petersburg Planning Commission,

Wikan Enterprises, Inc. is an essential business for commercial fishing fleet and has helped to support local fishers, as well as being an integral business in our community. We wish to see this business continue.

Wikan Enterprises, Inc., should be granted the ability to purchase the tidelands in which the physical building of Wikan Enterprises, Inc. is located.

Sincerely yours,

Craig Evens

Ginger Evens

Craig and Ginger Evens