



**BOARD OF DIRECTOR'S REGULAR MEETING  
THURSDAY OCTOBER 26, 2006  
AGENDA**

**8:00 AM  
SEDA Board Room**

<u>Item</u>	<u>Action</u>
A. Call to Order	Acknowledge
B. Roll Call	Acknowledge
C. Review of Minutes	Motion to Approve
• October 17, 2006	
D. Correspondence & Other Information	Acknowledge/Questions
E. Changes/Additions/Deletions to Agenda	Change/Add/Delete
F. Unfinished Business	
1. Stikine Holdings Lease Revisions	Discussion/Recommendation
G. New Business	
1. Meeting minutes, new Assembly policy	Discussion
2.	Discussion/Decision
H. Other Business	
1.	
I. Reports	
1. Sawmill Cove Management Report	
J. Adjournment	

**The Mission**

It is the mission of the Sawmill Cove Industrial Park board and management, by direction of the Sitka Assembly, to strategically develop the park in a fiscally responsible manner that maximizes its economic benefit to the community through creation of meaningful jobs in conformance with established community plans and policies.

**Sawmill Cove Industrial Park  
Board of Directors Meeting  
October 17, 2006 – 6:30 PM  
SEDA Board Room  
329 Harbor Drive Suite 212, Sitka 99835**

**A. CALL TO ORDER**

Chairperson Davis called the meeting to order at 6:30 pm.

**B. ROLL CALL**

Board Members Present: Nancy Davis Trevor Harang  
Bob Loiselle Charles Horan

Absent and excused: Grant Miller

Others Present: Hugh Bevan Maria Finkenbinder  
Colleen Pellett John Stein  
Rich Riggs

**C. REVIEW OF MINUTES – Aug. 24, Aug. 30 and Sept. 11, 2006**

**MOTION:** M/S Harang/Loiselle moved to approve the minutes from the Aug. 24<sup>th</sup>, Aug. 30<sup>th</sup>, and Sept. 11<sup>th</sup> meetings, as presented.

**DISCUSSION:** Mr. Loiselle pointed out that the last sentence of the second paragraph on page 2 of the Sept. 11<sup>th</sup> minutes, under item no. 2, *SMC Board Presentation to Tourism Stakeholders*, should read as:

*“...Mr. Loiselle added that whether the Board has a plan or not is beyond the scope of the TOURISM PLANNING STAKEHOLDERS’ [Board’s] mission.”*

Mr. Horan brought up the following changes to the Aug. 30<sup>th</sup> minutes on page 2 under “Section 1.5 LESSEE’S ~~Lessor’s~~ Option to Purchase Subject Property”:

(1) First paragraph, first sentence: Change the word “lessor” to “lessee” to read as:

*“Subject to approval by the Assembly of a subsequent negotiated Purchase and Sales Contract, LESSEE [Lessor] shall have an option to purchase some or all of the Subject Property including potentially the land beneath the Subject Property...”*

(2) Third paragraph, first sentence: change the phrase “dating back to” to “at the time of” to read as:

*“The purchase price shall be based upon FEE SIMPLE “as was” appraisal AT THE TIME OF [dating back to] the execution date of this Lease...”*

**ACTION:** Motion PASSED 4-0 on a voice vote, as amended.

The Board expressed appreciation to SEDA Staff for making the Board packet available online. They believed that it would help in promoting transparency of the Board’s meetings and actions.

**D. CORRESPONDENCE & OTHER INFORMATION – None**

**E. CHANGES/ADDITIONS/DELETIONS TO THE AGENDA**

Mr. Loiselle requested to add a discussion on the \$1.9 million Federal Transit money for the multipurpose dock. This item was added under H. Other Business.

**F. UNFINISHED BUSINESS - None**

**G. NEW BUSINESS**

**1. Municipal Records Storage Area**

Mr. Bevan pointed out the rates charged to the other tenants in the building. To wit:

- Theobroma
  - Manufacturing space: \$0.62/square foot
  - Retail space: \$0.72/square foot
- S&S \$1.28/square foot

Ms. Pellett briefly discussed the City's proposal to lease space in the Administration Building to serve as a storage center for municipal records, requiring an area of 2,000 – 2,500 square feet. She brought forward a diagram showing two areas in the building, either of which the City is considering of leasing: Area 1 which includes rooms 129, 146 and 147 and Area 2 which includes rooms 142, 143 and 144. She expressed preference for Area 2 since heating is part of a zone that is presently heated. She added that the City is willing to rehabilitate the lease area to accommodate their needs.

Mr. Riggs explained that Area 1 is a separate heat zone and as such, would be an additional cost to the building's oil heat bill. Area 2 shares heating with the rest of the building.

Mr. Horan spoke about changing the lease area to the rooms contiguous to Theobroma, explaining the need to accommodate prospective lessees who might require a bigger area such as the areas being considered by the City.

**MOTION:** **M/S Horan/Harang** moved to recommend to the Assembly approval of the City's lease of area 2 in the administration building at a rate of \$1.25 per square foot per month with the option in the future to move the lease area at Sawmill Cove's expense, if needed, and to add a surcharge if the rent does not adequately cover utility costs.

**DISCUSSION:** Mr. Loiselle said that the \$1.25 per square foot is a fair rate but he suggested dropping the condition to add a surcharge.

Mr. Horan suggested offering a 10-year lease with a rent review after three years. He didn't want to set the rent too low, explaining that they may not be able to recapture the value of the building.

After a brief discussion, Mr. Horan with the concurrence of Mr. Harang withdrew his original motion.

**NEW MOTION:** **M/S Horan/Harang** moved to recommend to the Assembly approval of the City's lease of Area 2 in the administration building at a rate of \$1.25 per square foot per month for a fixed term of 10 years with a rent review after five years and with the option in the future to move the tenant to another lease area at Sawmill Cove's expense.

**ACTION:** Motion **PASSED 4-0** on a voice vote.

## **2. One Time Fish Processing Dock Use – Ken Wilkinson**

Mr. Bevan told the Board that Mr. Wilkinson has a month-to-month lease from July to November and is requesting to use the pulp dock (Stikine area) to tie a barge and load insulation on the barge for a period of one to four days. He pointed out three issues:

- a. Mr. Wilkinson would be required to obtain a general liability insurance;
- b. He would have to submit an engineering plan to and get an analysis from PND Engineers if he uses any kind of equipment running across the dock; and
- c. He has to do it before Stikine moves in.

Mr. Horan suggested asking Mr. Wilkinson to talk with Baranof Frozen Foods for the use of the latter's dock.

Mr. Loiselle pointed out that Mr. Wilkinson's request is part of the park's day-to-day operations and suggested that the Board leave it to the City administration to decide. He added that deciding on the structural integrity of the dock is not within the Board's area of expertise.

Mr. Riggs said that Mr. Wilkinson approached Warren Lee first but was advised to talk to the Public Works Director. He hasn't heard yet from Mr. Wilkinson. He also expressed the same concerns raised by Mr. Bevan regarding insurance and PND engineering opinion.

**MOTION:** M/S Loiselle/Horan moved to refer Mr. Wilkinson's request to City Administration.

**ACTION:** Motion **PASSED 4-0** on a voice vote.

### **H. OTHER BUSINESS**

#### **1. \$1.9 million Federal Transit funding**

On Mr. Loiselle's query about the status of the funding, Mr. Stein told the Board that the consultant working on the grant has informed the City that he is now up to the point of moving the money from FTA with the expectation that the Alaska congressional delegation will support the reauthorization of the money and that Congress will approve the budget.

Mr. Loiselle stressed that they need to come up with a plan if the City gets the money, saying that there are a lot of issues to be dealt with.

Mr. Bevan said that he, Mr. Stein and Dave Wolff are actively working on the City's options.

Mr. Horan stated that it is more sensible for the City to build the dock. He said that they should move forward, put together a plan, and demonstrate that the City can do it.

### **I. REPORTS**

#### **1. Sawmill Cove Management Report**

Mr. Bevan updated the Board regarding his meeting with Doug Jay of Baranof Frozen Foods (BFF):

- BFF now employs eight (8) year-round employees.
- BFF has invested \$1.8 million at Sawmill Cove.
- BFF processed four (4) million pounds of fish this year with a value of \$10 million.
- Mr. Jay plans to increase their freezing capacity to 80,000 pounds/day and will be adding a 2<sup>nd</sup> crane, cold storage, van loading dock at the plant.

He also told the Board that the major pieces of the business are in place now and Mr. Jay is happy with the way things are going.

Mr. Horan stated that there is a need to reevaluate the costs of fixing the pulp dock and consider options other than rebuilding it. He suggested using the \$500,000 Denali Commission grant money to study the options.

## **2. Chairperson's Report**

The Chair informed the members that she received an email from the Municipal Clerk requesting support from the Board for the nomination of Doris Bailey for the Alaska Municipal League (AML) Municipal Official of the Year award.

By unanimous consent, the Chair will email the Municipal Clerk extending their support to Ms. Bailey's nomination.

## **J. ADJOURNMENT**

**MOTION:** M/S Horan/Harang moved to adjourn the meeting.

The meeting adjourned at 7:45 pm.

DRAFT

**Hugh Bevan - Sitka Economic Development Assoc.**

**From:** John Dunlap [jdunlap@allenmarine.com]  
**Sent:** Wednesday, October 25, 2006 8:47 AM  
**To:** 'Hugh Bevan - Sitka Economic Development Assoc.'  
**Cc:** warren@cityofsitka.com; Vienna Vaden  
**Subject:** RE: Sitka Traditional Canoe Storage Storage

Hello Hugh,

Thank you for the so-speedy reply to my unusual request. If you have space in the unheated Stores Building that would be outstanding! We totally understand that you cannot commit to any specific duration for the storage being available. We know that your priority mission is to put the property to work. I personally guarantee the canoe will be moved or removed within 3 days of getting notice that storage must end. Look forward to hearing back from you.

Also, thank you for the additional thought contacting the City Historic Preservation Commission. I will do exactly that. Along a similar thought process – I have been volunteering as much time as possible to helping with Japonski Island rehab project. I believe that the boathouse area (future Maritime Museum) would absolutely be the most appropriate home for Sitka's Canoe. It fits in with the mission of the place and it would be a place where it could be appreciated by everyone and easily put in the channel to paddle.

Take care,

John

-----Original Message-----

**From:** Hugh Bevan - Sitka Economic Development Assoc. [mailto:hughbevan@gci.net]  
**Sent:** Tuesday, October 24, 2006 12:34 PM  
**To:** 'John Dunlap'  
**Cc:** warren@cityofsitka.com  
**Subject:** RE: Sitka Traditional Canoe Storage Storage

John,

I suspect Sawmill Cove can store the canoe on an interim basis in the Stores Building. It is not heated and freezing conditions will occur. We are actively marketing that building and the canoe may have to move if a tenant or buyer is found.

On a parallel track I might suggest that the Canoe Club meeting with the City Historic Preservation Commission to see if there is a long term solution that could put the canoe on display.

I will solicit comments from our site manager Warren Lee and get back to you.

Hugh Bevan

**From:** John Dunlap [mailto:jdunlap@allenmarine.com]  
**Sent:** Tuesday, October 24, 2006 11:54 AM  
**To:** inforequest@sawmillcove.com  
**Cc:** Vienna Vaden  
**Subject:** Sitka Traditional Canoe Storage Storage

10/25/2006

Greetings Hugh,

I am writing to you behalf of the Sitka Traditional Canoe Club. As you might recall from my making a quick mention of it a few months ago, our group does not presently have a safe and secure location to store Sitka's traditional (hand-carved) canoe. We have been storing the canoe on Allen Marine property out by the ferry terminal. This location is relatively secure (fenced in), but there is no room out there to keep the canoe under cover. It is an acceptable location during the spring through fall months, but we are very concerned about the canoe being exposed to the strong wind and snow-accumulation of winter.

Would there be a suitable place, out of the way and under cover, where we could store the canoe at the Sawmill Cove site for the winter months? The ideal environment for the canoe is in a shelter where direct sunlight, wind, rain and snow accumulation cannot get to it. It is also ideal, but not necessary, for the canoe to be stored in an environment where the temperature does not get much below freezing. The canoe actually "likes" a semi-damp environment ... we have to keep a few inches of water in the bottom of the canoe to keep the wood from drying-out and splitting. The canoe-on-trailer "footprint" is approximately 36' x 7'.

I would like to add that the canoe is not the property of the Traditional Club. The canoe is owned by all the people of Sitka. Our canoe club is open to all who are interested, and it is our responsibility to be the "care takers" of the canoe. If you have a place where we could store that canoe, without the canoe interfering with the primary mission of the Sawmill Cove site, we would greatly appreciate the help.

Please let me know if you have any questions or concerns that need to be addressed before you can fully-consider this request.

Warm Regards,

John Dunlap  
Vice President  
Sitka Traditional Canoe Club



**SITKA ECONOMIC DEVELOPMENT ASSOCIATION**

329 Harbor Drive, Suite 212 · Sitka, Alaska 99835 (907) 747-2660 · fax (907) 747-7688 www.sitka.net

Wednesday, October 25, 2006

MEMORANDUM

To: Sawmill Cove Board of Directors  
From: Hugh Bevan, Director *HB*  
Subject: Stikine Holdings Lease

Pursuant to the Assembly meeting of October 24, 2006 I met with Troy Denkinger of Stikine Holdings, LLC. Stikine presented the following proposal as a last effort to reach agreement with the Assembly for a lease at Sawmill Cove.

Stikine proposal:

1. Remove all references to a \$350,000 economic development grant from the lease.
2. Increase the annual employee credit from a maximum of \$64,000 per year to a maximum of \$100,000 per year. The employee credit provision will end on 12-31-2010.
3. Lower the rent rate for that portion of the warehouse that is on the pulp dock from \$0.30 per year to \$0.05 per year. The effect is a reduction in Stikine's rent of \$30,690 per year.
4. The lease provision that the City will provide 15,000 square feet of land at the Industrial Park that Stikine can lease for an employee housing project will not change. However, the City will provide the land in a "buildable" state i.e. any demolition of existing structures required to clean up the housing parcel will be performed at City expense.

Stikine must have a housing parcel at their disposal by January 1, 2007.

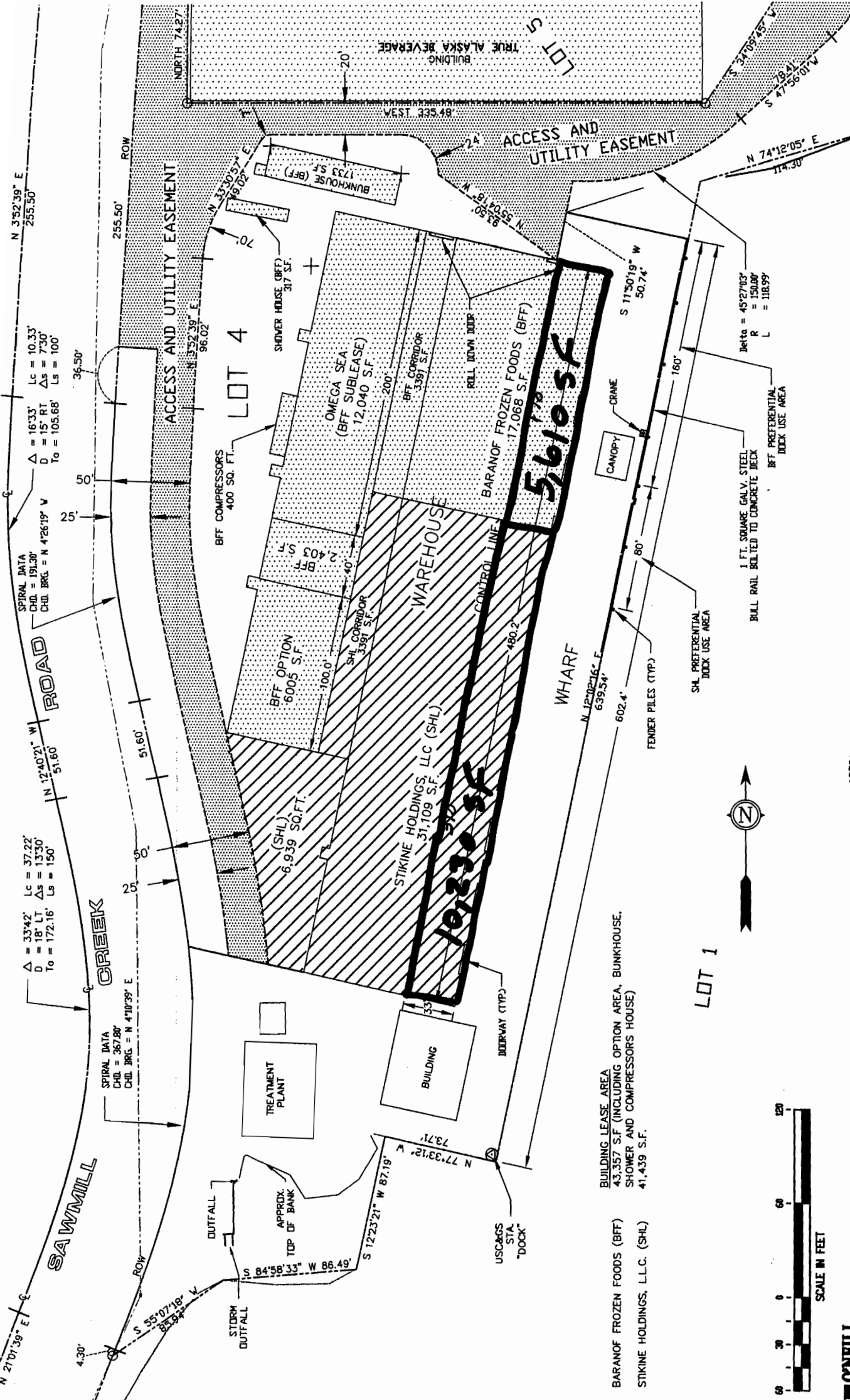
My Comments

- A. Even if the building rent rate is reduced to \$0.05 per SF, the sprinkler surcharge should remain which makes the effective rate \$0.10 per SF.
- B. If the City intends to follow through with the TAB land acquisition for a designated employee housing site, \$75,000 must be allocated by the City ASAP to allow demotion
- C. If the Board lowers Stikine's rent to \$0.05 per SF for that portion of the lease that is over the dock, you should consider doing the same for Baranof Frozen Foods. The reduction in Baranof's rent would be about \$16,830 per year.

## Comparison of Stikine Holdings and Baranof Foods Leases (Rent Only)

Per Assembly meeting of October 24, 2006

	<u>Warehouse</u>	<u>Van Loading</u>	<u>Employee Housing</u>	<u>Total per Year</u>
<b>Stikine Holdings</b>				
As Originally Proposed	34,500 sf @ \$0.30 \$124,200 per year	6,939 sf @ \$0.035 \$2,914 per year	15,000 sf @ \$0.035 \$6,300 per year	\$133,414
Modified 10/25/06	10,230 sf @ \$0.05 \$6,138 per year			\$6,138
	24,270 sf @ \$0.30 \$87,372 per year	6,939 sf @ \$0.035 \$2,914 per year	15,000 sf @ \$0.035 \$6,300 per year	\$96,586 \$102,724 <b>(\$30,690)</b>
	<b>Originally Proposed vs Modified</b>			
<b>Baranof Frozen Foods</b>				
Omega Sea area	<u>Warehouse</u> 12,040 sf @ \$0.33 \$47,181	<u>Bunkhouse City owned</u>	<u>Outbuildings BFF owned</u>	<u>Total per Year</u> \$47,181 Paid by Omega Sea
Present BFF lease	28,867 sf @ \$0.30 \$103,921	1,733 sf @ \$0.30 \$6,239	867 sf @ \$0.035 \$364	\$110,524
Modified 10/25/06	5,610 sf @ \$0.05 \$3,366			\$3,366
	23,257 sf @ \$0.30 \$83,725	1,733 sf @ \$0.30 \$6,239	867 sf @ \$0.035 \$364	\$90,328 \$93,694 <b>(\$16,830)</b>
	<b>Original Lease versus Modified</b>			



$\Delta = 33'42"$   $Lc = 37.22'$   
 $D = 18'$   $LT = 133'0"$   
 $To = 172.16'$   $Ls = 150'$

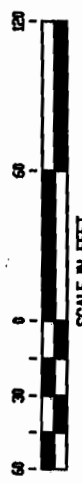
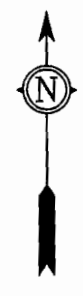
SPIRAL DATA  
 $CHD. = 367.80'$   
 $CHD. BRG. = N 41'03" E$

$\Delta = 16'33"$   $Lc = 10.33'$   
 $D = 15'$   $RT = 73'0"$   
 $To = 105.68'$   $Ls = 100'$

$\Delta = 12'40'21"$   $W = 51.60'$   
 $N 12'40'21" W = 51.60'$

$\Delta = 3'52'39" E$   $255.50'$   
 $N 3'52'39" E = 255.50'$

$\Delta = 45'27'03"$   $R = 150'00"$   
 $L = 118.99'$



# DOCK WAREHOUSE

PORTION OF LOT 4,  
 SAWMILL COVE INDUSTRIAL  
 PARK SUBDIVISION #1

CLIENT: SCDA  
 PROJECT: 30558-02-00

SURVEYOR'S CERTIFICATE  
 I HEREBY CERTIFY THAT I AM A LICENSED SURVEYOR LICENSED IN THE  
 STATE OF ALASKA AND THAT I HAVE A COPY OF THE  
 SURVEY RECORDS FOR THIS PROJECT AND HAVE REVIEWED THE  
 FIELD BOOKS OF THIS PROJECT AND THAT ALL MEASUREMENTS AND  
 CALCULATIONS ARE CORRECT ACCORDING TO THE FIELD BOOKS.



BY	DATE	REV.	DESCRIPTION OF CHANGE	RECORD OF REVISIONS

**O'NEILL**  
 SURVEYING AND ENGINEERING  
 BOX 849 SITKA, ALASKA 99835  
 PHONE: (907) 442-9700  
 FAX: (907) 442-9700  
 EMAIL: jwo@o-survey.com



Thursday, October 19, 2006

MEMORANDUM

To: Sawmill Cove Board of Directors  
From: Hugh Bevan, Director  
Subject: Sawmill Cove Management Report

1. Baranof Frozen Foods is leasing 43,357 square feet including 37,516 SF of warehouse and 5,841 SF of outside areas for bunkhouses. BFF has reached “build-out” for gross lease area inside the building.

The Board recently approved expansion of the BFF lease area outside the warehouse by addition of another mobile bunkhouse and a space for a 9x40 compressor building.

BFF has preferred use of 160 feet of the Fish Processing Dock (former pulp dock). This year will pay between \$40,000 and \$70,000 for dock use depending upon the total pounds of fish landed at the dock.

BFF employed nearly 50 people this summer. BFF plans to employ 10 people over the winter to continue construction of the BFF plant.

2. On September 19, 2006 the Assembly approved a lease with Stikine Holdings LLC. Stikine desires to lease 34,500 SF of dock warehouse space, 6,939 SF of outside land for a van loading facility and 15,000 SF of outside space for employee housing.

Stikine intends to construct and operate a fish processing plant within the warehouse. Their project will bring substantial new revenues and employment to Sitka.

Stikine plans to be in operation by March 2007.

3. On September 11, 2006 members of the Sawmill Cove Board met with Sitka Tourism Planning Group. The Board made a presentation and took questions, most of which centered on a dock at Sawmill Cove.
4. TAB’s proposal to purchase 3.0 acres of its leasehold at the industrial park including the bottling building was approved by the Assembly March 28. TAB will continue leasing the remainder of its original leasehold. TAB also has an option to purchase an additional 3.1 acres of land at the same price if the option is exercised within six months.

TAB has signed the Purchase and Sale Agreement. They made a presentation to the Assembly on September 26, 2006. The Purchase and Sale will close by the end of October.

5. Survey Point Holding Company has concluded that the lease arrangement proposed by the City does not balance with near term revenue opportunities for the new dock. SPH desires to negotiate an agreement with the City that ramps up City fees in concert with SPH developing revenue sources.

Recently the Sawmill Cove Board sent a memo to the Assembly recommending that the City study the feasibility of constructing a municipal dock at Sawmill Cove.

6. The City is working with the Federal Transit Agency to utilize a \$1.94 M federal grant at Sawmill Cove. The intent is to incorporate these funds into the new multi-purpose dock project. The City has hired a consultant to help with the grant development.

The Assembly has approved cash matching funds (nearly \$400,000) that consist of a federal HUD grant and a loan from a City economic development fund.

An agreement on project design scope and environmental review must be made with FTA before an engineering RFP will be issued.

7. On April 25, 2006 the Assembly approved the final version of the NSRAA lease for a hatchery at Sawmill Cove. There are no known impediments to the NSRAA project at this time and the project should enter construction in 2007.
8. The Sawmill Cove Board has approved a bulk water agreement with TAB. This contract was approved by the Assembly on September 26, 2006.
9. Fortress of the Bear has completed all of its permit requirements and is standing by waiting for ADFG to issue a bear permit. In late July a State ADFG official and a Texas bear management (zoo) expert met with SEDA staff and Fortress owners at the site. The meeting was positive and we expect Fortress will receive clearer direction from the State in the future.
10. The City is relocating the Police Dept vehicle impound yard from Kimsham Landfill to the Sawmill Cove recycling center. They are also building a new building to store recyclable materials out of the weather.
11. The City awarded a bid for the bulk water pipeline at the Assembly meeting on September 26, 2006. The State Legislature funded \$1,000,000 for the bulk water pipeline at Sawmill Cove. This appropriation is due to efforts by Senator Stedman.

The low bid was received by S & S Construction at about \$1.3 million. The contractor told me they could be complete as soon as the end of January.

12. The City was notified that the Denali Commission will provide \$500,000 for design and permitting of a major renovation of the pulp dock. Apparently the funding will come through the Federal Transit Administration, the same agency that is holding a \$1.9 million earmark for the multi-purpose dock. Both projects will have to meet FTA environmental scrutiny. It is not known yet what that will entail.

Applications for the second round of Denali Funds are being accepted.

13. TENW Engineers of Seattle presented the final cruise passenger transportation study to/from Sitka and Sawmill Cove to the Assembly on September 26, 2006.
14. The Sawmill Cove Board has approved a 2,300 square foot lease with the City of Sitka in the Administration Building for use as a Municipal Records Storage Center.
15. Pending issues at Sawmill Cove are:
  - Complete TAB sale
  - Assembly approval economic development grant of \$350,000 for Stikine Holdings LLC
  - Develop a final agreement with fish processors for use of the outfall pipe.
  - Develop a detailed plat of the uplands portion of the property
  - Revise TAB lease document to reflect land purchased from original lease area
  - Complete a feasibility plan for a dock constructed using CBS funds.