



BOARD OF DIRECTOR'S REGULAR MEETING

WEDNESDAY DECEMBER 19, 2007

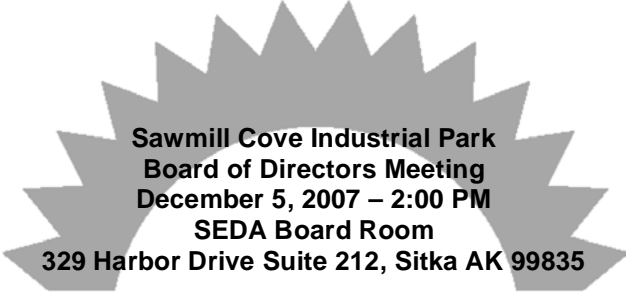
AGENDA

2:00 PM
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
<p style="text-align: center;">• DECEMBER 5, 2007</p>	
D. Correspondence & Other Information	Acknowledge/Questions
E. Changes/Additions/Deletions to Agenda	Change/Add/Delete
Unfinished Business	
1. Proposal (s) to Purchase Dock Warehouse	Discussion
2.	
3.	
G. New Business	
1. Sitka Chamber of Commerce lease Stores Building	Discussion/Recommendation
2.	
3.	
H. Other Business	
1. Proposal (s) to Purchase Dock Warehouse	Executive Session
I. Reports	
1. Update on Marine Services survey	
2. Update on SEDA study for a marine haul out	
3. Update on Port Security Plan	
4. Update on new plat	
5. Update on revised layout/cost for multi-purpose dock	
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
December 5, 2007 – 2:00 PM
SEDA Board Room
329 Harbor Drive Suite 212, Sitka AK 99835**

A. CALL TO ORDER

The Chair called the meeting to order at 2:00 pm.

B. ROLL CALL

Board Members Present:	Nancy Davis Grant Miller Chris Fondell	Trevor Harang Charles Horan
Others Present:	Hugh Bevan John Sherrod Tim Ryan Fred Reeder Scott Saline	Maria Finkenbinder Rich Riggs Robert Woolsey Brent McClung
City Staff:	Joe Castro Theresa Hillhouse	John Stein
Sitka Historical Society:	Doris Bailey	Sabra Jenkins

C. REVIEW OF MINUTES – Nov. 8, 2007 meeting

MOTION: M/S Harang/Miller moved to approve the minutes from the November 8th, 2007 meeting.

ACTION: Motion **PASSED 4-0** on a voice vote. Mr. Horan came in after vote was taken.

D. CORRESPONDENCE & OTHER INFORMATION - None

E. CHANGES/ADDITIONS/DELETIONS TO THE AGENDA

F. UNFINISHED BUSINESS

1. Proposal(s) to purchase dock warehouse

Mr. Bevan initially spoke about the discussions over the past several months regarding the structural conditions of the pulp dock and repair considerations including the 9 design options presented by PND Engineers, Inc. He pointed out that when Silver Bay Seafoods made their offer to purchase the pulp dock warehouse, dock structure, and housing parcels at the Board's October 4th meeting, he proposed to the Board to (1) recommend one of the PND Concepts and proceed with the design by 12/01/07 and (2) proceed with the negotiations with Silver Bay Seafoods with a 12/01/07 deadline. He also mentioned that repair of the pulp dock is included in the City's legislative priorities for a state grant request.

The Chair stated that the cost to fix the pulp dock ranges from \$3.5 million to \$12 million, depending on the design concept. She said the discussions also included efforts to pursue grant funding. She pointed out that Staff was directed to solicit proposals from the other two tenants of the facility to purchase the entire facility. Proposals were due October 31, 2007 but the Board did not receive any.

- *Meeting Minutes*

Mr. Ryan wanted to know if there's more information available to the public other than the two sets of minutes which he said took 6-8 weeks before it became available.

In response, Mr. Horan said that the minutes are good sources of information. It provides a good background on the why and how the Board tried to find a sound financial approach to stabilize the building. He also pointed out that the PND reports and design concepts, and the 2007 BBFM report on the dock warehouse are also available to the public.

Mr. Bevan also explained that the minutes are not released to the public until approved by the Board. The October 8th and 11th minutes were not approved until November 8th which explains the time lag.

Ms. Hillhouse pointed out that the minutes are also available online.

- *Permanent Fund*

Mr. Miller asked about using the Permanent Fund as a source of funding for the reconstruction of the pulp dock.

Mr. Bevan said that 6% of the average market value of the Permanent Fund for the prior three years goes to the General Fund annually and it requires public vote to authorize the use of the Permanent Fund for a specific purpose.

- *Other Comments*

Mr. Reeder urged the Board to sell the property, explaining that the property is a real liability to the City unless the City can come up with the money to fix it. He said that he has always maintained the position that the land at the industrial park should be sold. The sooner the property gets into private hands, the faster the site will be creating more jobs.

Mr. Riggs stated that the original negotiations and subsequent lease with Stikine Holdings included the lessee's option to purchase the subject property until 2010. He said the dock issues that came up shortly before they started their operations prompted Silver Bay to accelerate the proposal. Silver Bay made a positive impact in the local economy that they want to sustain. He added that their offer is mutually beneficial for the City and Silver Bay considering the capital costs and risk liabilities that the dock presents.

Mr. Saline wanted to know if the potential sale would include certain performance requirements such as fixing the dock within a certain period of time.

The Chair said that they might possibly be talking in areas that are still under negotiations and stressed that if such transfer did occur, the Board would ensure that it would result in a safe and up-to-Code-standards dock.

The Chair stated that the Board would go into executive session later in the meeting.

G. NEW BUSINESS

1. Sitka Historical Society Storage Area Admin Building

Ms. Bailey, a Board Member of the Sitka Historical Society (SHS), briefly spoke about the storage conditions in the Stores Building, the mission of their organization, and funding support they get from the City. She also told the Board about the efforts of their Executive Director Bob Mendinger to pursue a permanent solution to the museum's storage problems, a process that would take 2 to 5 years. For the meantime, they are proposing to lease Rooms 29 and 30 in the Administration Building at no cost. She explained that the extra room would allow them to sort out a roomful of documents currently stored in the museum.

Mr. Miller said that he doesn't have a problem with the request, explaining that no one is currently clamoring for a space in the Administration Building.

Mr. Horan pointed out that SHS is supported by the City and as such, he has no problem entering into a month-to-month short term lease with SHS at no cost. He wanted to make sure however that the lease would not create a permanent encumbrance on a future opportunity to sell the building. He also suggested that SHS take rooms F9/F10, saying that F29 and F30 would be more attractive to potential paying tenants.

Ms. Hillhouse said that the lease with SHS would include a waiver of liability. She also shared with the Board concerns from some Assembly members about other users of the Stores Building who are not paying rent. She suggested that the Board document the use of the said spaces in the Stores Building, even if it's at no cost.

MOTION: **M/S Miller/Fondell** moved to accommodate the Sitka Historical Society in Rooms 29 and 30 in the Administration Building on a temporary basis at no cost and on other terms to be negotiated by Mr. Bevan, including the condition that the building shall not be encumbered.

ACTION: Motion **PASSED unanimously** on a voice vote.

2. Teleconference with Fred Fuller regarding bulk water

Mr. Bevan gave a brief background about the bulk water contracts that the City has entered into in the past with Global Water Resources and Quest Imports, both of which had exclusivity clauses. The current bulk water contract with True Alaska Bottling (TAB) provides that the City refer all third party inquiries for bulk water to TAB and TAB has 90 days to reach an agreement with the third party. If an agreement is not reached, the third party is free to negotiate directly with the City.

He also told the Board about the correspondence and phone conversations he had with Mr. Fuller, an export agent based in Chilliwack, BC Canada. Mr. Fuller has expressed interest in bulk water and has introduced Mr. Bevan to his contact in Saudi Arabia who informed Mr. Bevan that they are interested in developing the port at Sawmill Cove.

Mr. Bevan distributed copies of a letter dated Dec. 5th from Terry Trapp of TAB stating that he spent many hours educating Mr. Fuller on the nature of TAB's business and their thoughts as to what constitutes a viable plan to enter the bulk water business. Mr. Trapp's letter also indicated that there has been no mention of any deal to negotiate between TAB and Mr. Fuller.

Responding to a question from Mr. McClung, a local TAB employee, is there anything that can be used to show that negotiations have occurred between TAB and a third party, Mr. Bevan said that he initially sends out a referral letter to TAB indicating when the 90-day period starts and ends. He also pointed out that he encouraged the parties to put everything in writing.

The Chair made it clear to Mr. Fuller that the Board is not negotiating with him and the purpose of the teleconference is simply for the Board to listen to what he has to say. She also informed Mr. Fuller that TAB is fully aware of the meeting and a TAB representative is present in the room. She also introduced the Board, City Staff, and other individuals present.

Mr. Fuller's Comments

Mr. Fuller stated that he is not in negotiations with TAB. He asserted that he only spent 10 minutes with Mr. Trapp and 4 minutes with Mr. Kearns, and he has phone bills to verify this. He also told the Board that his Arab contact is interested to develop the port at Sawmill Cove and he has another major investor group from Korea who is interested in bulk water. He requested a "moratorium on licenses being sold or given away" and to have the ability to have the first right of refusal on any bulk water sales. He needed to know that the Sawmill Cove Board and the City are on board with him. He stated that he has no problem if the Board stipulates specific guidelines on performance. If these performance requirements are not met, the contract is off. He wanted to know what the Board's guidelines are.

He indicated that he requested from TAB price quotes to ship bottled water from Sitka to Calcutta, India and hasn't received any to date. He pointed out that TAB wanted cash up front.

Responding to Mr. Horan's question if he has any experience in moving water, Mr. Fuller spoke about moving desalinated water 200-300 containers a day from a floating barge in Hawaii. He encouraged the Board to check out www.deeppoceanhawaii.com.

Ms. Hillhouse stressed to Mr. Fuller that he is not working for Sitka. She wanted to make sure that Mr. Fuller is aware that the City has a contract with TAB as long as TAB is in compliance. Regarding the port deal, she said the City is not actively soliciting for proposals to create a port. If it does, it will have to go through a public process.

The Board also asked Mr. Fuller about his concept of shipping water in containers and mode of loading water from Sawmill Cove.

The Chair urged Mr. Fuller to continue to work with TAB and to keep the Board apprised on the status of his negotiations with TAB.

After the teleconference call, the Board briefly talked about their individual impressions on the continuing interest in bulk water, the different modes of shipping water, and TAB's compliance with their bulk water contract.

H. OTHER BUSINESS

1. Proposal(s) to purchase dock warehouse

MOTION: **M/S Miller/Horan** moved to go into executive session to consider further the offer of Silver Bay Seafoods to purchase the dock warehouse, dock structure, and housing parcels, a matter which, if it was made public immediately would clearly have an adverse effect upon the finances of the City and Borough of Sitka, and to invite City Public Works Director Joe Castro and SEDA Executive Director Hugh Bevan, to attend the executive session.

ACTION: Motion **PASSED** unanimously on a voice vote.

3:45 pm **EXECUTIVE SESSION**

5:05 pm Regular Session

MOTION: **M/S Miller/Harang** moved to reconvene the Board in regular session.

ACTION: Motion **PASSED unanimously** on a voice vote.

MOTION: **M/S Harang/Fondell** moved to present the Board's final offer to Silver Bay Seafoods with a 7-day deadline for Silver Bay Seafoods to respond.

ACTION: Motion **PASSED unanimously** on a voice vote.

I. REPORTS

Mr. Bevan gave the following updates:

1. City has agreed to fund the Port Security Plan for Sawmill Cove. He pointed out that a port security plan is required before commercial vessels such as fish transport freighters or bulk water ships can use Sawmill Cove.
2. SEDA staff is compiling the returns of the Marine Industries survey. A synthesis of the survey results will be submitted to the Board in January 2008.
3. The SEDA Board has agreed to fund a \$3,000 study for a haul out facility at Sawmill Cove. He briefly outlined the goals and scope of the study, and described the options to achieve vessel draft. He also pointed out the areas that the Board has set aside as a marine access corridor and marine industries parcels.

Mr. Miller spoke about DEC compliance requirements for a haul out.

Mr. Horan requested an update on the Sawmill Cove plat.

J. ADJOURNMENT

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

The meeting adjourned at 5:15 pm.



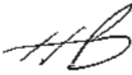
SITKA ECONOMIC DEVELOPMENT ASSOCIATION

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

Monday, December 17, 2007

MEMORANDUM

To: Sawmill Cove Board of Directors

From: Hugh Bevan, Director 

Subject: Sitka Chamber of Commerce

Sitka Chamber of Commerce has been using about 1,200 square feet of the first floor of the Stores Building to the Fourth of July booths and other community service equipment. Traditionally the Chamber has stored these items at no cost.

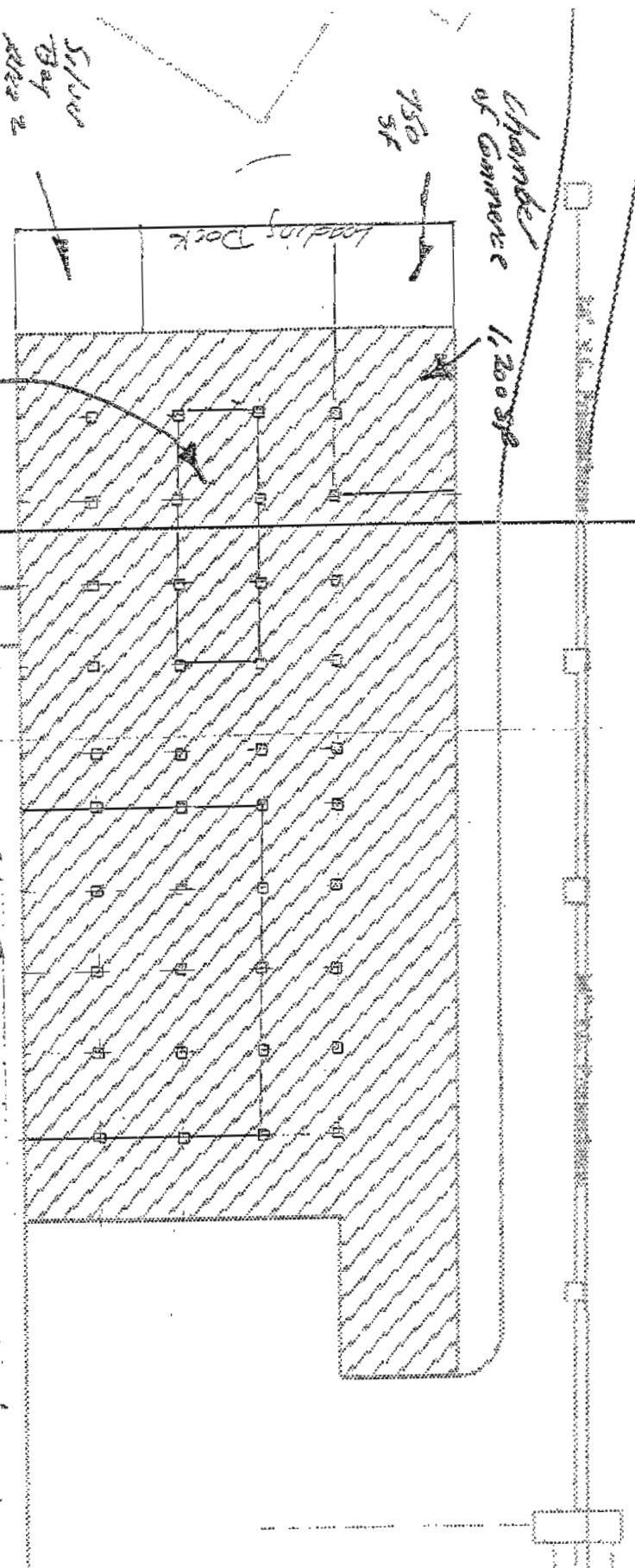
Subsequent to the Board's last meeting with Sitka Historical Society I advised the Chamber Director to formally request a month to month, no-cost lease from the Board for continued use of the Stores Building.

Their letter is attached.

The Board has previously quoted a price of \$0.25 per SF per month to the City Public Works and to Silver Bay Seafoods.

Stairwell core industrial yard Storm Building 1 1/2 40 feet

Storm Floor



City of Sikee
Plastic Recycling
1,200 SF

Silver Bay
Area 1 4,800 SF
Stairwell Core Road

Attachment A



THE 1 GREATER SITKA
chamber
OF COMMERCE

329 Harbor Drive, Suite 212
Mail: P.O. Box 638 • Sitka, Alaska 99835
(907) 747-8604 • Fax (907) 747-7413

December 13, 2007

Sawmill Cove Board of Directors
c/o Hugh Bevan

Sawmill Cove Board of Directors:

The Greater Sitka Chamber of Commerce would like to request a meeting with the Sawmill Cove Board of Directors. The Sitka Chamber of Commerce is appreciative of the Sawmill Cove Board for letting the Chamber store the 4th of July booth equipment and other community service equipment in the Stores Building without charge. This agreement between the Sawmill Cove Board and the Chamber of Commerce has always been informal and has allowed the Chamber of Commerce to continue providing community service to Sitka. Currently, all Chamber of Commerce items that occupy the Stores Building are used for community service for the Chamber and rented (without charge) to other organizations such as the Sitka School District and Rotary International. The loss of the free storage space to keep these items would hinder the Chamber of Commerce in its' community involvement. The Greater Sitka Chamber of Commerce requests that the Sawmill Cove Board formalize the existing agreement regarding storage space in the Stores Building.

Best Regards,

Andrea Keikkala
Executive Director
Greater Sitka Chamber of Commerce
P.O. Box 638
Sitka, Alaska 99835
(907) 747-8604



Tuesday, December 18, 2007

MEMORANDUM

To: Sawmill Cove Board of Directors
From: Hugh Bevan, Director
Subject: Other Items to Report

This memo updated the Board on several actions that are underway.

1. SEDA staff is compiling the returns on the marine services survey that was commissioned by the Board. We mailed out 608 surveys and have received over 200 responses. When the data reduction is complete we will add a report to the next Board agenda. The City agreed to fund the cost of the survey (\$1,500).
2. The SEDA Executive Committee has agreed to fund a \$3,000 study for a haul out facility at SCIP.

The Engineer has prepared two concepts. We have provided comments and we have sent them to NSRAA for comments. This information will be discussed with the Board at your next meeting.

3. The City has agreed to fund the development of a Port Security Plan for the Industrial Park. SEDA staff will manage the project. David Eley of Cape International (Juneau) was in Sitka on December 17, 2007 to review the site. We also met with Fred Reeder and discussed likely vessel operations at the Fish Processing Dock.

The consultant will prepare a security plan for the Fish Processing Dock that will allow foreign flagged vessels to pick up cargo loads of fish.

Amendments to the plan will be done at a later date for a multi-use dock when the design for such a facility is complete.

A Port Security plan is required before commercial vessels such as fish transport freighters or bulk water ships can use Sawmill Cove. Such a plan is also required before passenger vessels of more than 150 persons can berth at Sawmill Cove.

4. The new plat of the Industrial Park is complete except for final resolution of the size lot that will be sold to Silver Bay Seafoods. On December 13, 2007 I met with Charles Horan and Chris Fondell. We went over the final details of the plat.

The plat must go back to the Planning Commission (two more times) for final approval and then to the Assembly (one time, I hope)

5. The SEDA Executive Committee agreed to fund an updated layout and cost estimate for the multi-purpose dock at SCIP. The Sawmill Cove Board revised the plan several months ago to include a phased development. The initial bulkhead phase was scaled back from a 300 working dock face to a 120 foot dock. The second phase includes the dolphins and catwalks necessary to berth vessels up to 1,000 feet in length.

The cost of the update was \$1,500.