



**Sawmill Cove Industrial Park
Board of Directors Meeting
January 17, 2008 – 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 Trevor Harang
Charles Horan Chris Fondell

Absent: Grant Miller

Others Present: Hugh Bevan Maria Finkenbinder
Chuck McGraw Chris McGraw
James Wileman Robert Woolsey
Jim Steffen Karen Martinsen
Rich Riggs Debra Lyons

City Staff: Joe Castro Theresa Hillhouse
Lynn McGowan John Stein

C. REVIEW OF MINUTES – January 4th, 2008 meeting

MOTION: M/S Horan/Fondell moved to approve the minutes from the January 4th, 2008 meeting.

DISCUSSION: Mr. Horan pointed out that the minutes omitted any reference to the discussion about the extension of the offer to purchase the option land. He recalled that the members have talked about to make the offer subject to similar performance requirements that were part of the original purchase and sale agreement for the bottling building and 3 acres of land. He suggested adding a paragraph in the minutes about the said discussion.

ACTION: Motion **PASSED unanimously** on a voice vote, as amended.

D. CORRESPONDENCE & OTHER INFORMATION - None

E. CHANGES/ADDITIONS/DELETIONS TO THE AGENDA

Mr. Bevan suggested that they defer agenda item no. 5 pertaining to the biodiesel project to the next meeting when Mr. Miller would be present to participate in the discussion.

The Chair indicated that under reports, City Staff would provide some information related to Silver Bay Seafoods' offer to purchase the dock warehouse.

F. UNFINISHED BUSINESS - NONE

G. NEW BUSINESS

1. Sitka Marine Industries Survey

Mr. Bevan presented the results of the survey, concepts of the boat haul out, and some ideas on how to operate the facility borrowed from the Wrangell study. He said same information has been sent to the McGraws who owns Halibut Point Marine; NSRAA, whose leasehold is adjacent to the marine access corridor, and The Boat Company.

He discussed the two concepts in detail, explaining that concept 1 involves filling out in the tidelands to reach deeper water with a haul out pier to be created at the end of the fill while concept 2 involves dredging a portion of the cover to create deeper water. He mentioned that NSRAA is not too keen about concept 2 because of the possibility that it might affect their outfall pipe while The Boat Company is watching closely the dialogue on this project.

Comments from the McGraws

Mr. Chris McGraw told the Board that Halibut Point Marine (HPM) serviced 350 boats last year with the bulk in the 30-50 foot range. Their haul out rate is \$11/foot and \$1.35/foot/day for use of the boat yard. They generated \$150,000 in revenues last year, \$80,000 of which was from leasing out a portion of the land and the fuel dock. It takes half an hour to haul out a boat and at that rate they could haul out 15 boats a day. He estimated that the useful life of a haul out facility is 25 years. He clarified that they do not have any intention of building condominiums on the property contrary to public perception.

Mr. Chuck McGraw said that there are not enough boats in Sitka to support a travel lift bigger than the 150-ton travel lift they currently have. HPM is missing around 20 local boats a year that go to Seattle or other places where there is a bigger travel lift. He said that if Sitka builds a 200-300 ton lift, Sitka would be competing with Seattle. He expressed doubts that Sitka will be able to attract boats from the Seattle area since there is guaranteed year round work in Seattle. He pointed out that the “economics isn’t there”. He told the Board that the boat yard is losing money.

In addition, he said that Sawmill Cove does not have room in the uplands and if buildings are built, there’s no room for a large number of boats. HPM has 3.5 acres with 1 acre leased out. He mentioned that Kodiak is putting in a 600-ton lift for Bering Sea crabbers while Wrangell has a big travel lift.

Furthermore, Mr. McGraw stated that they do not have any intention of doing anything in the foreseeable future. In response to the Board’s query on the life expectancy of their facility, he said that HPM has 10-15 years of useful life left without doing major work.

Board Comments

The Chair said that a feasibility study might be necessary to help the Board decide whether to move forward with the project or not. She also indicated that the Board is also exploring the possibility of locating a vocational training center at Sawmill Cove for marine-related courses such as welding and general boat mechanic. She also raised the possibility of the City taking back the Boat Company leasehold to expand the area for the haul out and related marine services.

She also stressed that Sawmill Cove is not in the business to compete with local businesses. The Board has to figure out what’s feasible and discuss with the Assembly if they are in agreement to pursue the haul out facility. She suggested scheduling a work session with the Assembly to update them on the current dialogue and to meet with commercial fishermen and the marine services sector and get their input.

Mr. Horan pointed out that there is a perception that the existing facility is getting old and has some environmental issues. He explained that the Sawmill Cove Board is studying if Sitka is missing a market or a niche and if indeed it does, Sawmill Cove is looking at the possibility of filling in that niche.

He suggested that the Board begin to identify the market in quantitative manner by getting the numbers from other markets and exploring the idea of what makes Sitka stand out or how Sitka can distinguish itself from other places. He thought that Sawmill Cove could build a niche and dovetail with what's going out at HPM.

He spoke about the Board holding a work session and going back to PND and see if the project can be phased. He raised the possibility for the City to get a grant to fund the first phase such as improving portions of the Stores Building to lease out to the trades. He offered to look at the Wrangell study to understand the concepts further.

Mr. Fondell pointed out that Sawmill Cove could target smaller boats for Phase I, explaining that it would not directly compete with HPM.

Public Comments

Mr. Steffen spoke about Sitka losing business to other communities. He felt that Sitka needs a haul out with shop space and boat storage, adding that tradesmen need affordable space.

On Mr. Horan's query about the minimum height of the building to accommodate boats, Ms. Lyons thought that it should be at least 30 feet. She added that Sawmill Cove can offer specific services such as a covered space for painting boats. For major repair work, boat owners would always prefer to go to the Washington area.

2. BOAT HAUL OUT CONCEPTS

Discussion of this agenda item was integrated with item no. 1 – Marine Services Survey.

3. TENANT LAYOUT STORES BUILDING

Mr. Bevan presented a proposed layout dividing the Stores Building into lease spaces of various sizes, emphasizing that substantial work must be done to the building electrical system to subdivide it into the same use areas.

He suggested that Board put out an RFP for dry boat storage and lease the lots for business that do marine services. He also stressed that the strategic move is to pursue the \$6 million legislative appropriations and build the travel lift.

The Board discussed the possible uses of the lease areas. They felt that the building would be conducive to commercial fishermen working on their nets or for boat storage or for small boats to do maintenance work.

Mr. Fondell suggested that the City pursue a grant to reconstruct the ramp and put in the heating system for the building. He also reiterated the need for the Board hold a public forum to meet with the marine services sector and commercial fishermen.

Mr. Horan said that there's more information that can be gleaned from the survey. He suggested requesting Staff to analyze further the response, have the meeting with the marine services sector, and finalize the concept. He expressed reservations about encumbering the middle parcel and suggested to put storage in a corner lot.

Mr. Castro told the Board that City Staff is currently putting together the initial draft of the budget for Sawmill Cove and the only item for the Stores Building is the sprinkler system. He asked if there are other items the Board would want to be included.

Mr. Horan suggested that the Board request the City Public Works Department to inventory the building and find out what needs to be done to make it rentable. He also recalled that the Board requested Mr. Wolff last year to come forth with a building by building budget.

4. DRAFT PORT SECURITY PLAN

Mr. Bevan told the Board that the City agreed to fund the port security plan for Sawmill Cove. The Juneau consultant has completed the initial port security plan but the document will remain confidential. The plan will apply to the fish dock/warehouse complex and to the multipurpose dock. The City, however, will have to submit a minor amendment to the plan when a multipurpose dock is constructed.

According to Mr. Bevan, the consultant drafted a list of items to be completed and action to be taken before the plan can be implemented. The actions fall into the following general categories:

- o Security employee training and certification;
- o Installation of physical barriers, signs and lighting
- o Management of the plan including record keeping, practice drills and communications with the Coast Guard.

He suggested that the Board recommend to the City Administration that they start the process and make it happen such as identifying the security person and installing signs. He added that the port security plan would be useful in marketing bulk water.

Mr. Horan wondered if it is the responsibility of the tenants to take the steps required instead of the City doing it. He wanted to make sure that the City is not creating another level of bureaucracy or an inconvenience to City Staff.

The Chair said she didn't see any problems making a recommendation to move forward with the plan, explaining that it is better for the City to be prepared when needed.

MOTION: M/S **Fondell/Harang** moved to recommend to the Assembly that the City move forward with the port security plan for Sawmill Cove.

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

6. HERRING COVE TRAILHEAD AND PARKING LOT

Ms. Lyons briefly spoke about the project which will be the construction of a 1.2 mile trail from Herring Cove to Beaver Lake with the parking lot and trailhead to be located on the old landfill at Herring Cove. The parking lot will be an acre in area with a 25 foot easement for the trail. She told the Board that funding will come from the Land and Water Conservation Fund which requires that the footprint of the project has to be guaranteed in perpetuity to be used as a recreation area. The construction of the trail will complete the entire 9-mile Sawmill Cove loop trail system. She sought support from the Board for the project.

Ms. McGowan pointed out the potential benefit to the community including the use by commercial tour operators for guided hikes.

The Chair wanted to make sure that the project wouldn't infringe on any development on the site or on anything that Sawmill Cove might need to do in the future.

Mr. Horan disclosed a potential conflict of interest and recused himself from participating in the discussing. He is a member of the Board of Directors of Sitka Trail Works.

MOTION: **M/S Harang/Fondell** moved to express support to the Herring Cove Parking Lot and Trailhead project

DISCUSSION: On Mr. Harang's question about the location of the gate, Mr. Stein said that the Electric Department will move the gate to a more strategic site further down the road.

ACTION: Motion **PASSED 3-0-1** on a voice vote. Mr. Horan abstained.

H. OTHER BUSINESS

I. REPORTS

Mr. Stein distributed copies of a memo from Dave Wolff to the Assembly dated January 16, 2008 regarding his review of Silver Bay Seafoods (SBS) financial statements. He said that City Staff would like to meet with the Chair, Vice Chair, and Executive Director after the meeting to discuss the possible scenario at the Assembly meeting on Tuesday.

Ms. Hillhouse explained that it is a public document and will be dealt by the Assembly on Tuesday. The Board can't discuss it because it's not advertised as an agenda item. She said that the Board and Executive Director will be invited to the Assembly's Executive Session. She added that if the Assembly approves the motion, they will schedule it as an agenda item in the next meeting to approve a resolution.

Mr. Castro enumerated the documents to be included in the Assembly packet: summary of PND options; drawing of their September presentation, and quick summary of the warehouse report. He said these documents are public records.

Mr. Horan thought that it is critically important that what has been discussed should be made public immediately.

Mr. Riggs told the Board that from SBS perspective, they have no problem with anything that has been discussed and negotiated. SBS is willing to come out in public anytime. It was the City's decision to keep the negotiations in executive session.

J. ADJOURNMENT

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

The meeting adjourned at 4:25 pm.