

Marine Industries RFP Concepts



Wednesday, January 09, 2008

MEMORANDUM

To: Sawmill Cove Board of Directors
From: Hugh Bevan, Director
Subject: Marine Industries

The marine industries business sector is poised for development at the Industrial Park. The boat owner's survey commissioned by the Board revealed a need in Sitka for more skilled trades, more land area to work on boats and more land area to store boats. All of the elements can be accommodated at Sawmill Cove.

There are three macro level issues that must be resolved:

1. Funding and development of a haul out facility and ADEC approved storm water control systems
2. Funding and operation of a haul out machine(s)
3. Funding and development of land for marine industries businesses.

This memo suggests that the project be divided into two areas:

- Public funding of the haul out and storm water facilities
- Private sector funding and operation of the haul out and the marine services businesses.

Public funding of haul out and storm water facilities

The concept work done by PND Engineers estimates a cost of about \$6 million to fill the tidelands adjacent to the marine access corridor to sufficient depth to support a haul out pier. The project would also stabilize the old APC retaining wall located near the NSRAA hatchery. Funds have been requested from the State and Federal government for this project.

Local funding sources could include:

1. Ask the voters if Sitka can reinvest funds from the sale of certain Sawmill Cove lands into a marine services haul out. The example below generates \$1.1 million.

Assume Lots 3, 6, 7, 8 and 16, 17, 18 and 19 are sold to the successful respondent.

Total area = 260,814 square feet (6 acres)

Value at \$4.50 per SF is \$1,108,460 (TAB land appraised at \$4.00 in Feb 2006)

2. Allocate \$100,000 per year raw fish tax for revenue bond to construct the haul out pier and wash down facilities. Establish a 10 year sunset for the fee or when the bond is paid off whichever comes first.
3. Allocate 25% of sport catch fish box tax for revenue bond to construct the haul out pier and wash down facilities. Establish a 10 year sunset for the fee or when the bond is paid off whichever comes first.
4. Increase harbor moorage fees by \$0.25 per foot for revenue bond to construct haul out pier and wash down facilities. (Value of a 25 cent increase is about \$145,000 per year). Establish a 10 year sunset for the fee or when the bond is paid off whichever comes first.

Charge a surcharge at the haul out for boats using the haul out who are not harbor stall owners. This levels the playing field for those paying moorage fees.

Private funding of a haul out machine and operation of marine services sector

This element of the project can be captured by requesting proposals to develop the marine services sector. Some suggestions for an RFP are:

1. Sell identified parcels of land for appraised value. The land must be used for marine services purposes – deed restriction.
2. Offer a development credit allowance for improvements made by developer. Credit to be based upon assessed value of improvements. Credit allowance will sunset at year 5 which means improvements made after the 5th year of ownership are not eligible for the credit against the original purchase price. The total value of credits can not exceed 50% of the original sales price. (\$554,230 based upon example above)
3. Haul out machine will be at least 80 ton capacity.
4. The developer will pay CBS a fee to use the haul out pier/wash down. These fees will be collected in a special City fund to pay for maintenance of the facilities.

The RFP evaluation criteria might be:

30 points – Demonstrate financial capacity to purchase land, provide haul out machine, and develop the property.

40 points – Demonstrate experience operating a marine haul out and boat storage facility.

30 points – Demonstrate experience constructing and managing industrial rental property.

100 points – Total points available

Sawmill Cove Marine Center – Next Steps

If the Board elects to pursue this project, the next actions could include:

1. Finalize bullet point concepts for an RFP
2. Meet with the Municipal Attorney and make sure the RFP format passes the legal stink test
3. Meet with the City Assessor and agree on a price for land sales that can be advertised in the RFP.
4. Meet with Marlene Campbell for an update on legislative grant possibilities
5. Inform the Assembly of the RFP concepts and seek assurance that they concur with the Board's direction
6. Publish the RFP and identify a private sector partner for the project.