



**Sawmill Cove Industrial Park
Board of Directors Meeting
March 27, 2008 – 3:00 PM
SEDA Board Room
329 Harbor Drive Suite 212, Sitka AK 99835**

A. CALL TO ORDER

The Chair called the meeting to order at 3:00 pm.

B. ROLL CALL

Board Members Present:	Nancy Davis Charles Horan	Trevor Harang
Absent:	Chris Fondell	Grant Miller
Others Present:	Linda Wilson Robbie Craig (STA)	Hugh Bevan (via phone) Jeff Feldpausch (STA)
City Staff:	Scott Brylinsky	Joe Castro

C. REVIEW OF MINUTES – March 17th, 2008 meeting

MOTION: **Mr. Harang** moved to approve the minutes from the March 17th, 2008 meeting. **Mr. Horan** asked that the minutes be set aside until the next SCIP Board meeting.

ACTION: **Chair Davis** agreed to postpone approval of the March 17th, 2008 minutes for the next SCIP Board meeting.

D. CORRESPONDENCE & OTHER INFORMATION

Mr. Bevan notified the Board of accelerated interest in public records requests for information regarding the pending sale of SCIP property to Silver Bay Seafoods. He stated that the proper procedure for this is for all requests to go through the City Attorney's office for review. A cost to produce the documents is then determined and after receiving payment from the person requesting the documents they are provided to that person.

Mr. Castro clarified the point that only existing documents could be provided via the public records request procedure. This process does not allow for the creation of new documents.

Ms. Davis made note of the letter from the SEDA Board to the SCIP Board in support of the City funding the SEDA FY09 contract at current levels, which are a minimum amount required to function adequately.

Mr. Brylinsky distributed copies of a letter from PND Engineers "Re: Sawmill Cove Industrial Park Dock Structural Condition." (Attachment A – PND 072043.01 dated March 26, 2008). He noted that this item was being included for information only at this time and that no action was requested or required.

E. CHANGES/ADDITIONS/DELETIONS TO THE AGENDA

1. Mr. Brylinsky requested an addition under Other Business to discuss the structure of SCIP management.

2. Chair Davis moved agenda item G.1. forward – STA tannery - allowing the Sitka Tribe representatives to finish their business and depart.
Both changes were approved.

G. NEW BUSINESS (as moved forward)

1. STA Tannery

Ms. Craig stated that the Sitka Tribe of Alaska (STA) is interested in pursuing an opportunity to move the STA tannery to a site at SCIP. Currently, they are considering the purchase of the warehouse building owned by The Boat Company and are working with the Federal Economic Development Administration to acquire funding. This building is not being used and appears to meet the size and condition needs of the STA tannery. Purchasing the existing building at a favorable price would be more cost effective for STA than building a new building on another lot. She explained that the STA would need to negotiate with the SCIP Board for a non-terminable lease with a term of not less than 20 years and negotiate a more favorable lease rate.

Ms. Davis stated that STA would need to work with Mr. Bevan to negotiate the terms of a lease.

Mr. Horan expressed his concern that the warehouse building owned by The Boat Company is located in the waterfront area that has been set aside for development of marine industry business. He noted that since the tannery does not require waterfront access, perhaps another suitable location at SCIP could be found for the tannery so that the waterfront area would remain available for marine industry development making best use of that property.

Mr. Feldspausch provided an overview of plans for and needs of the tannery at SCIP.

- o Approximately 6,000 square feet would be used for commercial tanning of hides.
- o Approximately 1,000 square feet would provide office space, and room for artist demonstrations.
- o STA tour busses would bring people to the site to view the process and artist demonstrations.
- o The tannery processes hides received from across the state.
- o Two full-time and two to three more seasonal full-time employees are expected.
- o Possible addition of a walk-in freezer onto the existing building.
- o Space for five to six vehicles at the site and access for the STA tour busses.

He noted that the tannery has a low profit margin and requires high volume production to be viable and that tourism would help support the tannery. He stated that STA has already begun planning for their wastewater discharge and that this should not be a problem. It was also noted that the tanning process, properly conducted, does not produce noticeably offensive odors.

Mr. Horan suggested that STA consider the Stores Building as an option. While this building does need investment to make it useable, this would preserve the waterfront as a marine industry area.

Ms. Craig expressed concern that EDA may not fund lease or purchase of the Stores Building due to its poor condition. The Stores Building is also not ideal for tourism.

Ms. Davis acknowledged that the Stores Building would require some work and investment, but that the EDA has put money into similar buildings in the past. She stressed that SCIP would be a good location for the tannery and that the Board would like to work with STA to find an optimal site that would work for both parties.

Mr. Horan suggested a possible partnership with another business or organization that could take over additional space in the Stores Building.

Ms. Craig and Mr. Feldspausch agreed to work with Mr. Bevan to identify potential SCIP sites that might work for the tannery and to negotiate the lease if a site is agreed upon.

F. UNFINISHED BUSINESS (out of order as per changes under E.2.)

1. FY09 SCIP Budget

Mr. Bevan advised the SCIP Board to assume the sale to Silver Bay Seafoods would be completed and to work with the numbers based on that assumption.

Ms. Davis stressed that it would be unlikely that they could find expenses that could be cut enough to balance the budget and would have to look to increased revenues to do that.

Mr. Bevan reviewed possible revenue sources:

- o Quest - use their bulk water deposit as revenue in the FY09 SCIP budget - \$100,000
- o Fish tax - allocate \$100,000 of fish tax to Sawmill Cove
- o New lease income - market property and generate \$30,000 in new lease income

Mr. Brylinsky advised that the \$100,000 Quest money had already been placed in the General Fund and was no longer available.

Mr. Horan stated that the \$100,000 Quest money could still be requested to fund SCIP FY09 budget even though it is currently in the General Fund.

Ms. Davis stated that it comes down to the politics of asking for the \$100,000 Quest money and the \$100,000 in fish tax receipts and stressed that this would require educating the Assembly and gaining their support for SCIP.

Mr. Horan noted that the budget appears to be "management heavy" and that future divestment of some of the property should reduce this expense item. He suggested an aggressive marketing campaign for the Administration Building be conducted over the next 12 months. He also suggested asking for a negotiated reduction in the interdepartmental line item.

Mr. Bevan explained that this line item covers City overhead for positions such as the City Attorney and City Administrator.

Mr. Brylinsky suggested possible restructuring of SCIP management by combining the positions of Site Manager and SEDA Executive Director into one job.

Mr. Horan expressed reluctance to reduce the Site Manager position currently held by Warren Lee due to his extensive knowledge of the SCIP site.

Ms. Davis suggested going forward to request funding for the SCIP FY09 budget as currently drafted with the suggestions that \$200,000 of the funds needed to cover the deficit come from the \$100,000 Quest money now in the General Fund and \$100,000 from the Fish Tax.

Mr. Horan suggested presenting a plan to the Assembly that demonstrates the SCIP Board's commitment to developing SCIP and increasing revenues to make SCIP self-sufficient. He listed six items:

- o Continue to market bulk water
- o Sell the Administration Building transferring ownership to private hands
- o Make necessary fixes to the Store's Building and find tenants to make it productive
- o Promote development of marine services industry at the site
- o Establish needed infrastructure such as a boat launch ramp
- o Move forward with plans for a multi-purpose dock

Mr. Castro stated that the Finance Director and City Administrator have directed all City Departments to come with a balanced budget. He suggested that perhaps it was time to request another

investment from the Economic Development Fund instead of asking for the \$100,000 from the General Fund.

Mr. Brylinsky noted that the SCIP is different than a regular City Department and that the City recognized from the beginning that it would take up to 20 years to make SCIP self-sufficient.

Mr. Harang pointed out that if it were not for the recent loss of revenue streams due to lease termination with TAB and the pending sale to Silver Bay Seafoods, the budget would be in balance.

Mr. Bevan suggested language for a draft memo to the City Administrator dated 3/27/08 (see attachment B)

Ms. Davis emphasized the need to work with the City Administrator and the Assembly either individually or in a work session.

MOTION: M/S Harang/Horan moved to approve language for the memo as drafted by Mr. Bevan.

ACTION: Motion PASSED unanimously on a voice vote.

G. NEW BUSINESS

1. STA tannery (covered previously)

**2. Dock warehouse – Assembly appointed committee
Assembly did not create the committee**

H. OTHER BUSINESS

1. Sawmill Cove Management Structure

Mr. Brylinsky provided copies of City Ordinance #00-1568, regarding SCIP management, to the Board and stated that this item was for discussion only and that no action was requested or required at this meeting. He stated that SCIP management was established by ordinance to allow for the the independence necessary to run SCIP as a business. He suggested that for management efficiency the SCIP needs to follow the original structure set up by this ordinance, which includes specific job descriptions. He suggested adding a discussion of how to integrate the new Executive Director into this management structure.

Mr. Bevan cautioned that while SCIP management is autonomous as per the Ordinance, the City controls the money that funds SCIP.

Mr. Brylinsky volunteered to research the legal aspects and background on the SCIP management structure and how this might affect efforts to streamline SCIP management to reduce the management expense line item on the budget.

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Ms. Davis asked for clarification on why the contract with PND Engineers was terminated

Mr. Castro, City Public Works Director, advised that all obligations of the contract had been completed and therefore the contract was closed. Mr. Castro continued with a summary of the status of the PND Engineers report and contract.

I. REPORTS

1. Sawmill Cove Management Report

Mr. Bevan advised that the next review of the SCIP plat by the Planning Commission would be moved forward to their next meeting scheduled for April 1st. Ms. Davis and Mr. Bevan stated they would try to attend the meeting.

J. ADJOURNMENT

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

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

The meeting adjourned at 4:50 pm.