

# Reports



Tuesday, April 22, 2008

MEMORANDUM

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

1. Silver Bay Seafoods has leased 34,500 SF of dock warehouse space, 6,900 SF of outside land for a van loading facility and 18,000 SF of outside space for employee housing.

Silver Bay had about 160 employees at the peak of their 2007 operations. They processed over 21 million pounds of fish during their first season in business.

Silver Bay and the Sawmill Cove Board have come to terms on a sale of the pulp dock, dock warehouse, specific uplands and specific tidelands at the Industrial Park. On January 23, 2008 the Assembly concurred with those terms.

On February 15, 2008 the Assembly approved a Resolution that will sell the property to Silver Bay. Approval of the Resolution gives the Administrator authority to sign a Purchase and Sale Agreement.

Silver Bay will complete an engineering analysis of the pulp dock before they execute a Purchase and Sale Agreement. They must complete this work by May 15.

Silver Bay processed 8 million pounds of herring last month at their Sawmill Cove plant.

2. Last spring TAB purchased 3.0 acres of land and the bottling building for about \$750,000. The sale includes restrictions (reverters) on the deed that allows the City to repossess the property if TAB does not perform certain improvements by certain dates.

The first reverter clause has a deadline of June 7, 2008 for TAB to greatly expand their bottling line, make improvements to the bottling building and complete other, lesser items. It is almost a certainty that TAB will fail to make this deadline.

3. Construction of the new NSRAA hatchery is ongoing and the hatchery should be operational next year. The main hatchery building has been erected and the little coho rearing tanks are being installed.
4. The bulk water pipeline project is complete. SEDA continues to get a steady stream of inquiries regarding bulk water. The inquiries of late have been from more sophisticated parties than past years and I have hopes that the bulk water business is closer to fulfillment.

However, it is imperative the Sitka clear the political hurdles necessary to build a dock. If Sitka waits until a potential bulk buyer appears, it will be hard to hang onto the deal while Sitka holds a special election.

5. On January 17, 2008 the Sawmill Cove Board reviewed the marine services survey that was mailed to over 600 Sitka vessel owners. The Board also discussed two concept designs for a marine haul out facility.

Present at the meeting were the owners of the private haul out facility – Halibut Point Marine. They enlightened the Board on the issues surrounding ownership and operations of a haul out and boat repair yard. Since that meeting the owners of Halibut Point Marine have expressed interest in responding to a City RFP for haul out services. Their interest is based upon an opportunity to buy land at Sawmill Cove for this purpose. They are not interested in leasing.

The Sawmill Cove Board will discuss the RFP on May 6<sup>th</sup>.

6. A major subdivision plat of the Industrial Park has been approved by the Planning Commission. Final approval is before the Assembly on April 22, 2008.

The plat is specifically laid out to facilitate the development of a marine services industry at the north end of the site.

7. On March 27, 2008 the Sawmill Cove Board reviewed the draft operating budget for the Industrial Park. The sale of the dock warehouse to Silver Bay Seafoods and the cancellation of the TAB land lease have resulted in an FY09 budget deficit of \$109,000. The Board sent a memo to the City Administrator suggesting a combination of revenue assistance and budget cuts to meet a balanced budget.

The Assembly will review the Sawmill Cove budget on May 1, 2008.