

**CITY AND BOROUGH OF SITKA**

**RESOLUTION NO. 2008-08**

**A RESOLUTION OF THE CITY AND BOROUGH OF SITKA AUTHORIZING SALE OF THE PULP DOCK WAREHOUSE, TIDELANDS AND UPLANDS IN SAWMILL COVE INDUSTRIAL PARK TO SILVER BAY SEAFOODS, LLC.**

**WHEREAS**, the Assembly established Sawmill Cove Industrial Park in Sitka General Code 2.38 by Ordinance 00-1568; and

**WHEREAS**, Ordinance 00-1568 states: “PURPOSE. Unlike other property owned by the municipality, the former Alaska Pulp Corporation mill site was acquired not for governmental purposes from the state or federal government, but for economic development and disposal. In general the property will not be used for public improvements. It will be leased or sold to individuals and corporations to develop business opportunities and provide jobs. For that reason, it is important to enact a procedure for property management and disposal at the site which more closely corresponds to private sector disposals.; and

**WHEREAS**, SGC 2.38.020 established the Sawmill Cove Industrial Park Board of Directors which “...shall generally exercise all powers necessary and incidental to operation of all SCIP facilities in the public interest and in a sound business manner ...”;and

**WHEREAS**, SGC 2.38.080, 7. provides that the board shall “...dispose of tideland, submerged land and all other land ... subject to Sawmill Cove Industrial Park administration... “and in SGC 2.38.080 7. a. any sale ...shall be subject to approval of the Assembly by resolution.” ; and

**WHEREAS**, over the course of several years the SCIPB advertised and offered for lease to the general public space in buildings at the Sawmill Cove Industrial Park Pulp Dock; and

**WHEREAS**, the City and Borough of Sitka (CBS) has provided full disclosure of all engineering reports, the latest included PND Engineers, Inc.’s Structural Analysis of the Fish Processing Warehouse, 24 Oct 07, and PND’s Sep 2007 six permanent repair options for the dock/warehouse which range in cost from \$9,400,000 to \$10,100,000 and did not fully replace the existing dock footprint; and

**WHEREAS**, PND’s three temporary repair options range in cost from \$3,200,00 to \$6,000,000 and will require additional repairs after about five years; and

**WHEREAS**, PND recommended that repairs to the docks should be initiated no later than Fall 2008 and until such time, operational constraints for both the dock and warehouse should be maintained; and

**WHEREAS**, Silver Bay Seafoods, LLC (SBS) seeks to purchase the Pulp Dock Warehouse and its associated buildings with uplands, the associated dock; additional tidelands seaward from the face of the dock, and the uplands lot where the SBS bunkhouse is constructed.

**NOW, THEREFORE, BE IT RESOLVED** that the Administrator is authorized to execute a sale of the described property to SBS in accordance with CBS Ordinance 2.38.080A.7.a. as follows:


- 1) CBS will sell to Silver Bay Seafoods, LLC (SBS) the Pulp Dock Warehouse and its associated buildings with uplands, the associated dock; 50 feet of additional tidelands seaward from the face of the dock, (Lot 10, containing about 187,252 square feet); and the uplands lot where the SBS bunkhouse is constructed, (Lot 21, containing about 18,315 square feet) all totaling approximately 205,567 square feet from the City and Borough of Sitka (CBS); and
- 2) The former longshore building located at the northwest corner of Lot 10, now leased by Baranof Frozen foods, will be released by SBS to CBS by the year 2026, at which time the building relocation shall become the responsibility of CBS; and
- 3) CBS will grant SBS first right of refusal to purchase at fair market value or lease the parcel adjacent to the SBS bunkhouse, (Lot 20, containing about 13,088 square feet), with terms identical to those currently in place for Lot 21; and
- 4) SBS will pay CBS the sum of one million dollars (\$1,000,000) at the time of closing; and
- 5) CBS shall reimburse SBS up to a total amount of \$1,000,000 over the following three (3) years from the closing date, for eligible expenses incurred by SBS during the stabilization and repair of the warehouse and dock including, but not limited to the repairs outlined in the 2007 BBFM Engineers report; and
- 6) CBS will collect and retain the interest earned on the \$1,000,000; and
- 7) CBS will pay all surveying, platting, closing costs and title insurance; and
- 8) SBS will submit piling repair plans consistent with the Sitka Building Code, which authorizes dock repair work that is generally consistent with industry standards since both locally adopted and state adopted codes do not include structural design criteria for marine structures, for review and approval by the CBS Building Department prior to execution of the purchase and sale agreement; and
- 9) Both SBS and CBS shall be responsible for its responsibilities under the Prospective Purchaser Agreement and the Memorandum of Understanding between CBS, Alaska Pulp Corporation and the State of Alaska; and
- 10) Upon closing SBS shall assume all rights and liabilities with respect to the existing leases between CBS and Baranof Frozen Foods and Omega Sea; and

- 11) SBS has demonstrated to the satisfaction of CBS that SBS has the financial resources to complete the stabilization of the warehouse and dock and CBS has examined the SBS financial information under the terms of a Non Disclosure Agreement; and
- 12) SBS agrees to indemnify CBS for liability issues associated with the facility upon execution of the agreement and the language of indemnification shall be jointly developed by CBS and SBS; and
- 13) Subsequent to the purchase, SBS shall continue to have continued right to access to all CBS utilities, including the CBS owned seafood waste outfall pipe, in accordance with Sitka General Code; and
- 14) Agreement of the major terms stated herein will cause SBS to perform an engineering analysis of the dock/warehouse and other due diligence within ninety (90) days from the date of approval of this resolution, with the Administrator having the latitude to extend the time frame if substantial progress and immediately forthcoming resolution can be demonstrated by SBS; and
- 15) No use of the dock will be permitted for cruise ships except as provided in SGC 18.12.014, and subject to any amendments or repeal of this section.
- 16) Attached hereto and made a part hereof is Appendices A-1 Map of pulp dock and A-2 map of bunkhouse lot.
- 17) CBS shall have an option to repurchase the land and buildings at fair market value should SBS cease to operate. CBS shall also have a first right of refusal should another entity make a bona fide offer to purchase.

**PASSED, APPROVED AND ADOPTED** by the Assembly of the City and Borough of Sitka, Alaska, on this 12th day of February 2008.

  
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Marko Dapceovich  
Mayor

ATTEST:

  
Colleen Pellett, MMC  
Municipal Clerk