



Tuesday, January 29, 2008

MEMORANDUM

To: Sawmill Cove Board of Directors  
From: Hugh Bevan, Director  
Subject: Evolution of Pulp Dock and Warehouse Project

The intent of this memo is to provide the SCIP Board with background material relating to the proposed reconstruction of the pulp dock/warehouse complex and to the proposed sale of the facility to Silver Bay Seafoods.

January 2000

The City received its first engineering report on the pulp dock by Reid Middleton engineers. Based upon a review of historical information obtained from Alaska Pulp records and from their own visual inspection the engineers reported that the “general condition of the piling under both docks is poor .... Until such time that a detailed condition survey can be performed, we recommend that extreme care be exercised in using either structure.”

May 2000

PND Engineers performed a more detailed condition survey of the dock that included actual concrete strength tests on the deck slab. The concrete was found to have lower-than-expected strength. This new information added to the knowledge base regarding the remaining useful life of the dock.

Based upon visual inspection the dock piling were in worse condition on the south end of the dock, although the B row of piling were bad along its entire length.

June 30, 2004 PND Report

The City retained PND Engineers to evaluate the dock with the specific uses in mind that were proposed by Baranof Frozen Foods. These uses were:

- Forklift traffic across the dock to deliver totes of fish from boats to the BFF processing plant that was located within the warehouse.
- Forklift traffic from the BFF ice machine to the face of the dock to deliver ice to fishing boats.
- Installation of a pad mounted hydraulic crane at the face of the dock to facilitate loading/unloading of ice and fish

PND's major recommendations included:

1. Pile supported areas of the dock should continue to be restricted to light vehicles and pedestrian loads except that 5,000-pound capacity forklifts can operate within a specific 12-foot wide access corridor that connects the face of the dock and the warehouse. This corridor corresponds with pilings that are in fair condition.
2. Fender piles should be installed to prevent boats from breasting against the existing dock piling.

The 12-wide access corridor and load requirements were included in the BFF lease. BFF paid PND to design a specific location for a dock crane that BFF subsequently installed.

The City installed 240 feet of new fender piling as recommended.

At that point Baranof was in business and operating within the structural limitations that were known at that time. Additional studies done after the June 30, 2004 report would further refine these limitations.

In March/April 2006 lease negotiations began with Stikine Holdings (Silver Bay Seafoods). From the onset Silver Bay was told that the dock was weak. Silver Bay was given copies of dock reports including the June 30, 2004 report that was eventually attached to their lease.

Silver Bay was not concerned about the dock at first because their plan included pumping fish from the face of the dock into their processing facility. Silver Bay did not need to use fork lifts on the dock nor did they need a pad mounted dock crane.

Silver Bay understood the requirement for new fender piling so they paid for a 120 foot extension of the City's new fender system. This gave Silver Bay 200 feet of dock frontage to work from while Baranof had 160 feet. The entire 360 feet of dock was protected by a new fender system. The remaining 240 feet (the south end of the dock) remains un-fendered and not usable by vessels.

#### March 6, 2007 PND Report

As Silver Bay's business plan evolved and as they began actual construction of the plant they realized the load bearing limitations of the dock. Silver Bay asked for permission to use fork lifts on the dock and to store construction materials. Silver Bay also expressed interest in installing pad mounted dock cranes.

In mid February 2007, on a minus tide, PND and City staff inspected the dock piling. PND also inspected the superstructure of the dock and performed structural calculations in an attempt to respond to Silver Bay's request for increased usage. The calculations were based upon actual measurements of deck concrete strength, upon the original design drawings and upon estimates of remaining capacity of the piling.

The calculations concluded that allowable loads could not be increased based upon increased analysis; in fact the additional information caused the Engineer to reduce the estimated working load of the dock.

The major recommendations in the March 6, 2007 report are:

- Loads on the dock should be limited to light pedestrian loads and gatherings of groups of less than 10 people.
- No vehicles should be allowed on the dock except in two access corridors identified in the June 30, 2004 report.
- The dock load limits should be clearly spelled out in multi-lingual signs that are placed at the dock.
- The forklift access lanes should be painted on the dock surface.
- The current situation is critical due to the fact that the dock supports the building. If the dock collapses it will cause the building to collapse which will result in damage to equipment and structures in the building and harm or death to workers in the building.

On April 6 and April 30, 2007 the City and PND Engineers performed actual metal thickness measurements on the dock piling and actual load testing on the dock surface. The load testing consisted of two forklifts each hoisting one water-filled tote. The 17,000 load was twice the loading requested by Silver Bay.

Actual deflection measurements were made of the dock surface to determine if the dock was moving under the loaded forklifts. Such movement was not detected. This testing allowed additional forklift corridors to be established within the Silver Bay lease area.

The April 2007 testing was summarized in a PND report dated May 15, 2007. The work done in the spring of 2007 allowed Silver Bay to move forward with its construction and to operate its business during the summer of 2007.

The May 15, 2007 report also emphasized the need for the City to move forward with vigor to fund, design and construct improvements to the facility. Subsequently the City retained PND, and over the course of the summer and fall the Engineer developed nine design alternatives.

Several of the alternatives involved reducing the size of the warehouse i.e. cutting back that portion of the warehouse that is supported by the dock, reducing the size of the dock and reducing the size of the tenant work areas.

Silver Bay expressed concerns that a large City construction project would interfere with their business operations and that any reduction in their lease areas such as cutting back the size of the warehouse would adversely affect their business.

As a result, Silver Bay submitted a proposal at the end of September 2007 to purchase the dock and warehouse and to take control of the repair process. By so doing Silver Bay will also assume the liability for effecting repairs in a timely manner to avoid the implications of a structural failure of the dock.

The Sawmill Cove Board of Directors has managed the evolution of the pulp dock and warehouse issue in a prudent manner by following engineering recommendations and placing appropriate controls in tenant leases. The Board has also negotiated a proposed sale of the facility that conforms to the fundamental principles of the Industrial Park.