



AMMENDED AND APPROVED – 6/19/08

**A. CALL TO ORDER**

The Chair called the meeting to order at 6:03 pm.

**B. ROLL CALL**

**Board Members Present:** Grant Miller                      Trevor Harang  
Charles Horan                                      Chris Fondell                      Frank Lowell

**City Staff:** Theresa Hillhouse              Jim Dinley              Dan Jones  
Joe Castro                                      Scott Brylinsky

**Others Present:** Gary White              Linda Wilson  
Rich Riggs              Jack Ozment              John Sherrod              Cheryl Westover  
Robert Woolsey (Raven Radio)  
Verne Culp              Dorrie Farrell              (members of the public)

**C. REVIEW OF MINUTES – May 27nd, 2008 meeting**

**MOTION:** M/S Fondell/Harang moved to approve the minutes from the May 27th, 2008 meeting.

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

**D. CORRESPONDENCE & OTHER INFORMATION (NONE)**

**E. CHANGES/ADDITIONS/DELETIONS TO THE AGENDA (NONE)**

**F. UNFINISHED BUSINESS**

**1. Silver Bay Seafoods – Purchase and Sale Agreement**

Mr. Miller read a summary of the “Evolution of Pulp Dock and Warehouse Project” (see memorandum from Hugh Bevan to SCIP Board dated January 29, 2008). This provided background information to the public detailing the actions, events, and engineering reports that led to the Board’s decision to sell the SCIP property to Silver Bay Seafoods.

Mr. Miller stated that the Sawmill Cove Board had held about forty-four meetings focused on this issue and the options for repair or replacement of the Pulp Dock. These meetings included efforts to identify secure funding sources for the City to make the needed repairs. Funding efforts included requests made to both US Senator, Ted Stevens, and State Senator, Bert Stedman. No funding was available.

Mr. Miller advised that Sawmill Cove Board meetings are and have been open to the public. The only exception being the executive sessions held to determine details related to negotiations required to develop the Purchase and Sale Agreement. The public has/had access to the original offer by Silver Bay Seafoods and the final negotiated Purchase and Sale Agreement.

Mr. Horan acknowledged his background as a real estate assessor and welcomed the public's attendance at the meeting. He then identified the three main reasons he supports the sale of the SCIP Pulp Dock and Warehouse to Silver Bay Seafoods as defined by the final Purchase and Sale Agreement.

- 1) The sale meets the goals of the SCIP Board as defined by the mission statement: creating good jobs, and bringing significant revenue to the City and community.
- 2) The sale addresses a negative, or at best neutral, property value and cash flow for the Pulp Dock and Warehouse
- 3) The sale provides for proper management of the multi-tenant property. The City lacks the capacity to act as landlord and manage the complex process of the on-going repairs to the property that will be required. As a private entity, Silver Bay Seafoods can make the repairs at a cost below any cost the City would face to make the same repairs. The City, for example, would have to pay Davis-Bacon wages and be required to build to higher than needed standards.

Mr. Miller called for questions from the public.

Mr. Riggs acknowledged his appreciation for the amount of time the SCIP Board and Assembly had given toward developing the final Purchase and Sale Agreement and stated that it is consistent with Resolution 2008-08. Some changes that had been made since Silver Bays initial purchase offer include a commitment by SBS to spend a minimum of three million dollars on repairs to the Pulp Dock and Warehouse and the addition of a Quit Claim Deed to address the concerns of the public related to potential use of the dock by a cruise ship of 300 or more feet in length.

Mr. Culp (member of Sitkans for a Clear Vote) stated that the current Quit Claim Deed is not sufficient to secure the rights of the voters.

Ms. Hillhouse responded that the Quit Claim Deed was vetted by the City and by an outside real estate attorney who agreed that the Quit Claim Deed as written is enforceable. Silver Bay Seafoods agreed to the Deed requirement that if the dock is ever capable of serving a cruise boat of 300 feet or more in length the use of that dock for such a purpose would be brought before the voters, and that according to the specifications of the Quit Claim Deed any Sitka resident could bring the issue to court to enforce the deed.

Ms. Hillhouse continued, stressing that the current condition of the pulp dock made it physically and legally incapable of being used by any ship of 300 feet or more in length and that Clear Vote could take the issue to court if the dock ever becomes physically capable of serving a vessel of 300 feet or more in length.

A member of the public asked what would happen if the original ordinance (...requiring a public vote on the sale of City land that could be used for a cruise ship dock for vessels of 300 feet or more in length) were rescinded or amended. How would this affect the Quit Claim Deed?

Ms. Hillhouse responded that Silver Bay Seafoods is held and will be held to the same restrictions currently held by the City of Sitka.

Mr. Horan acknowledged that there has been significant public concern over the sale of the pulp dock some of it based on a lack of information or a misunderstanding of the information. Mr. Horan advised that the Purchase and Sale Agreement includes repair to the entire dock and assumption of all liability related to the pulp dock and warehouse by Silver Bay Seafoods.

Ms. Hillhouse advised that the executive sessions were limited to SCIP Board members, the City Attorney, and at times other relevant City employees. At no time were any representatives of Silver Bay Seafoods present during an executive session. From these meetings the key points of Resolution 2008-

08 were identified and put together for presentation to the Assembly. Resolution 2008-08 was approved by the Assembly.

Ms. Hillhouse reviewed Resolution 2008-08 point by point connecting each point with a specific section of the Purchase and Sale Agreement and explaining the purpose of each point.

Mr. Horan requested a revision of item E.c. on page 5 of 16 "... the seller shall assume responsibilities of relocating the former longshore building..."

Requested change to "... of relocating or **removing** the former..." The addition of the word "removing" will be made in two places.

Additional discussion of several points in the Purchase and Sale Agreement took place, however no other revisions were made.

**MOTION:** Mr. Horan made a motion that the Board recommend the terms of items 12 and 13 of the Purchase and Sale Contract, regarding rights of first refusal and purchase options, be extended from ten (10) years to twelve (12) years.

**ACTION:** **No Second – Motion died.**

Ms. Hillhouse advised that any motion to recommend approval of the Purchase and Sale Contract requires a roll call vote since the item in question involves money.

**MOTION:** Mr. Horan moved that the Sawmill Cove Industrial Park Board find that the Purchase and Sale Contract between the City & Borough of Sitka and Silver Bay Seafoods, LLC is consistent with Assembly approved Resolution 2008-08, and therefore the Board recommends approval of the Contract.

**SECOND:** Chris Fondell

**ACTION:** **Motion PASSED** on a roll call vote:

**Mr. Horan – Yes**  
**Mr. Miller – Yes**  
**Mr. Harang – Yes**  
**Mr. Fondell – Yes**  
**Mr. Frank - Yes**

## **2. SCIP Strategic Planning Session**

Mr. Horan provided a brief overview of the strategic plan as he presented it at the May 27<sup>th</sup> meeting and emphasized the need for an interest in moving forward with development of marine services at the SCIP.

Mr. Miller stated that a large portion of the waterfront is still available for development with a part of that being held aside for a marine haulout to support marine service industry businesses. He suggested that Sitka could be the first city in Alaska with an environmentally sound marine haulout and service facility.

Mr. Miller emphasized the need for a deep water dock in order to create a true port than can take advantage of ocean-going commerce including transport of freight and bulk-water, docking space for research vessels such as NOAA, potential barge operations for sand and gravel and fish waste for biodiesel production. Such a multi-purpose dock would allow Sitka to tie in to the commerce being generated by the new port facilities at Prince Rupert and inter-coastal trade.

Mr. Miller mentioned that the Administration and Stores buildings are available for lease or sale and requested that anyone with a business proposal bring it forward for consideration.

Mr. Horan stated that one obvious funding source for building such a multi-purpose dock is cruise ship traffic. Docking one cruise ship per day during the summer season would virtually cover the costs of building and maintaining the dock. Since the City would maintain ownership and control of the property there would be no legal requirement for a public vote to build this dock, however the Board recommends and advisory vote seeking the public's support.

Mr. Miller stated that there may or may not be any incentive for the community to support a single berth cruise ship dock, but that this funding source needs to be seriously considered along with other funding possibilities.

Mr. Horan asked for public participation in developing strategic planning options for Sawmill Cove Industrial Park, encouraging members of the public to bring their ideas to future Board meetings.

Mr. Culp mentioned the public confusion and "angst" regarding the sale of the pulp dock to Silver Bay Seafoods.

Mr. Miller said he hoped that the meeting tonight would help start rebuilding confidence in the Board and that all regular Board meetings are open to the public.

Mr. Culp suggested that the times and places for previous Board meetings have not been convenient for public attendance.

Mr. Miller responded that the Board will work to make the meeting times and places more accessible, however he pointed out that even when meetings were held in the evening in the past, there was little to no public attendance.

Mr. Horan encouraged the public to come forward with any input on a strategic plan for Sawmill Cove. The Board definitely wants public input **before** decisions are finalized.

Mr. Fondell suggested that the next meeting be held next week during the evening in order to move forward with discussion on whether or not to have an advisory vote on a multi-purpose dock this year.

**G. NEW BUSINESS (NONE)**

**H. OTHER BUSINESS (NONE)**

**I. REPORTS (NONE)**

**J. ADJOURNMENT**

**MOTION:** M/S Fondell/Harang moved to adjourn the meeting

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

The meeting adjourned at 8:24 pm.