

# Multi-purpose Dock



Monday, July 7, 2008

MEMORANDUM

To: Sawmill Cove Board of Directors  
From: Garry White, Director  
Subject: Sawmill Cove Multi-purpose Dock

Background

Proposition No. 5 on the October 2006 CBS ballot repealed Section 18.12.014 of the Municipal Code. The previous version established in the Oct 2005 election required a public vote before the City could sell, lease, or dispose of any **municipal tidelands** for purpose of building a dock longer than **200 feet. Docks at Sawmill Cove were exempted.**

The 2006 initiative requires a public vote before the CBS can sell, lease, or dispose of any real property for purposes of building a dock longer than **300 feet that could be used by cruise ships. Docks at Sawmill Cove are included.**

The main differences between the two ordinances are shown in bold font.

Ordinance 2008-26

The Assembly could authorize construction of the dock without any further vote or being subject to SGC 18.12.014, since the CBS would retain ownership. However, in order to obtain input from the public, the SMCIP Board recommends that CBS consider an advisory vote on whether the CBS should pursue construction of a multi-purpose dock at Sawmill Cove which would be owned and operated by CBS. The SMCP Board contends CBS needs a dock that can accommodate cargo, bulk water vessels and a single cruise ship tied to dock at anyone time. CBS also needs to increase revenue. It is SMCIP Board's opinion that construction and ownership of a multi-purpose dock would accomplish both needs.

Informational material on Ordinance 2008-26

**This would allow a maximum of one cruise ship tied to the dock at any one time.**

- Only one cruise ship would be tied to the dock at any one time.

**Currently no retail business is allowed at Sawmill Cove Industrial Park other than what is already provided for in SGC Table 22.16.015-6**

- Retail business is restricted to current Sitka General Code.

**It is intended that this dock would be self supporting.**

- It is intended that the project will have to show sufficient cash flow to support itself.

#### Current analytical data to be considered

The following is a quick look at numbers available and best case scenarios as of today's date. More research needs to be completed to get better understanding of these numbers.

- Assumed gross revenues obtained from multi-purpose dock in relations to cruise ships are \$636,887. Marine Passenger Fees are not considered in gross revenues. These figures were obtained with the following assumptions.
  - Considering the largest ship on 2008 daily cruise ship schedule will moor at the dock.
  - Using Juneau's tonnage and length fee schedule of \$3/ft length fee and \$.055 net tonnage fee (CBS needs to develop their own docking and wharfage fee schedule to determine actual revenues); CBS will receive \$568,487 in fees from cruise ships docking at SCIP in strictly docking and wharfage fees. This is in relation to \$79,754 in current tendering fees based off same 2008 daily schedule (information provided by Cruise Line Agencies of Alaska (CLAA)).
  - Using SE AK averages for water charges and 2008 schedule, \$68,400 in revenues for providing water to the ships (information provided by CLAA).
  - Additional information to consider relating to gross revenues to CBS related to cruise ships tying up at the SCIP.
    - CLAA states more passengers tend to get off the ship at docking ports versus tendering ports. (increase in marine passenger fees)
    - Increase in sales tax, CLAA states that passengers generally spend more at dock locations versus tendering ports.
- Past studies have shown the ability to receive approximately \$65,000 addition revenues in wharfage and docking fees from the shipment of cargo from current tenants of SCIP. A marketing effort would increase the ability to generate more revenues from cargo.
- The CBS has bulk water export permits for 26.1 MGD of water. Current contract with TAB is \$.01/gallon. At full capacity this would bring \$95,265,000 in revenues. This option does not currently seem viable as to date no water has been shipped. Although, recent contact with TAB indicates that this project is closer to completion.

#### Cost of construction

Costs prepared by PND Engineers, Inc. on 11/09/07. The project is for a 120' sheet pile bulkhead with fill and upland improvements constructed in two phases. The design includes a fender system, mooring dolphins, catwalks, and lighting. It considers a close rock source, assuming rock quarry option near Sawmill Cove is explored further. Additionally this project design allows for ships with berth depth of about 40 feet. This project design might not be deep enough to accommodate all bulk water ships. Additional research will need to be completed on depth requirements for bulk water and larger cargo ships.

Total construction cost estimated to be \$8,778,609 on 11/09/07 (this figure includes a 15% contingency). Estimate an additional cost increase of approximately 10% based off increase in materials and fuel brings total construction cost to \$9,656,470. Assuming the CBS can obtain a revenue bond at 7% for 20 years, the annual debt service would be \$930,360. SCIP board should suggest CBS create an ordinance which would require all cruise ships over 701' to have to moor at the multi-purpose dock. This might help in getting revenue bond.

### Operational Expense

Estimated operational costs will be \$330,000, assuming the following:

- Manager \$75,000
- Security \$50,000
- Marketing \$25,000
- Admin \$25,000
- Utilities \$10,000
- Maint. \$10,000
- Misc. \$10,000
- Insurance \$125,000