

Tuesday, July 8, 2008

MEMORANDUM

To: Sawmill Cove Board of Directors
From: Garry White, Director
Subject: Sawmill Cove Management Report

1. The CBS Assembly approved the Purchase and Sale Agreement of the pulp dock property on 06/24/2008.
2. FY09' MOU between CBS and SEDA has been completed and signed. Director met with CBS Administrator to define management structure.
3. \$30,000 was approved in FY09' CBS budget for the repair the sprinkler system in the Stores Building. Scott Brylinsky is working on creating a RFP.
4. December 2006, 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 deadline of June 7, 2008 has passed for TAB to greatly expand their bottling line, make improvements to the bottling building and complete other, lesser items. They have failed to meet this benchmark. SMC Board to discuss options 07/10/08. TAB investors and CEO have agreed to conference call to discuss options at 07/10/08 meeting.

5. 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 that 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. PND Engineering was contacted on water delivery options to get bulk water from shore to tanker ships. Estimated cost of constructing two mooring buoys for tanker ships to tie is \$3mm-\$4mm (tankers would need to have on ship piping system to get water from shore). PND states that some tanker ships have this option, but due to water depths, the mooring buoys would have to be placed very far from shore, making this option not viable. Estimated cost of construction two mooring buoys for tankers with off shore water pipeline intergraded into buoy system is estimated to cost more than the construction of a dock. A dock is the best and most economical option at an estimated cost of \$10mm.

6. Construction of a Multi-purpose dock at SCIP. Public education of benefits of dock is imperative to this project moving forward.
7. 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.

End users are being contacted to determine needs and uses. Other facilities in SE Alaska are being researched to see what they did right/wrong. Funds sources are being researched.

8. A major subdivision plat of the Industrial Park has been approved by the Planning Commission and the Assembly. A comprehensive marketing and management plan is being developed identify highest and best uses of properties. The plat is specifically laid out to facilitate the development of a marine services industry at the north end of the site.
9. SEDA and ACS are working on costs associated with increasing internet, phone, and cell phone service to SCIP. GCI will be contacted as well to ensure best option for CBS.