

market value at the end of the original lease, provided that STA follows through with the building of the STA tannery on the selected location.”

- No specific site location was formally agreed upon or guaranteed

Mr. White also noted a letter from Hugh Bevan to Robbie Craig of STA, dated April 14, 2008 that stated a site for the STA Tannery was yet to be determined.

Mr. White reported that, early in July, Board members Charles Horan and Trevor Harang visited SCIP to review possible sites for the STA Tannery. Lots #19 and #18 were determined to be the preferred choices due to their location away from the area being reserved for development of marine services.

Mr. Feldpausch stated that based on discussion at the April 10, 2008 SCIP Board meeting he had believed that the NW corner portion of Lot #15 would be made available and that the EDA grant application process and building plans had moved forward with the assumption that this parcel would be the one selected for the STA Tannery. He stated that Lots #18 and #19 both pose significant site development costs making them unsuitable due to the limited budget for the project. The problems with Lot #19 include removal of large concrete slabs and space configuration. Lot #18 would require water and sewer being brought in from quite a distance and the addition of some fill material. The NW corner of Lot #15 would have a lower development cost. Mr. Feldpausch also suggested that the NE corner of Lot #15 might work as well. He would need to determine if the building footprint would work.

After discussion the Board determined that Lot #18 is the best option and avoids any conflict with future development of marine services at SCIP. The Board directed Mr. Feldpausch to consult with the STA engineer to determine the feasibility of developing Lot #18 for the tannery and to bring this information to the next Board meeting. The Board will postpone any decisions until that time.

Mr. Feldpausch agreed to consult with the STA engineer and bring the findings back to the SCIP Board.

2. Ordinance 2008-26-A (as amended by the Assembly on July 8, 2008)

Mr. Miller stated that as a result of the Assembly amendment to the wording of Ordinance 2008-26 the ordinance needs to be reconsidered by the SCIP Board. Research into previous planning for a multipurpose dock at Sawmill Cove indicates that Ord. 2008-26 as amended serves no legitimate purpose.

A number of studies and reports related to construction of a multipurpose dock were cited, along with professional drawings of several dock designs. Also noted were continued requests by the City for funding to support the “Sawmill Cove Industrial Park Waterfront Development Plan” (dated April 30, 2002). This plan includes several options for a dock at Sawmill Cove, including a dock capable of serving cruise ships. The Sawmill Cove Industrial Park Waterfront Development Plan was approved by the Assembly. A Request for Proposal to build a dock at SCIP was released with Assembly approval and received one response. Therefore an advisory vote seeking approval to “...develop a plan to construct a multipurpose dock...” is redundant and serves no practical purpose.

Mr. Dinley requested a report from Marlene Campbell on the status of funding related to the dock.

Ms. Campbell reported that Senator Stevens had earmarked \$1.94 million for development of an intermodal facility at SCIP (part of the SCIP Waterfront Development Plan) and that these funds are awaiting Federal Transportation Administration (FTA) approval. The funds are to be used for paving access roads, parking area construction and public transit. If no dock will be constructed, the City will not be able to retain these funds and time is running out. This was a 2004 grant and will likely be lost if progress toward construction of the dock does not take place soon.

Ms. Campbell added that, since the City took over SCIP, funding for the SCIP Waterfront Development Plan has been a part of the City’s congressional request every year.

Ms. Campbell stated that there are also two HUD grants to be considered. One has already been expended and the other has \$144,000 remaining to be spent on developing plans for the multipurpose dock at SCIP.

Mr. Fondell stated that Senator Bert Stedman told him recently that he is confident that state and federal funding for construction of the dock is available. However, support by the Assembly would have to come first.

Mr. Fondell also suggested that the \$30 million in cruise ship passenger fees being held by the State of Alaska might be tapped for some funding for the dock.

Mr. Miller stated that due to the current economic downturn, there is a need to move forward on construction of a dock to support the development of new jobs and economic diversification as quickly as possible, however it would be better to wait until 2009 for a public vote. This would allow time for holding public forums and meetings and educate the public on the need for a multipurpose dock.

Mr. Culp stated that he is not opposed to a cruise ship dock, but is opposed to any plan that results in Sitka becoming like Juneau, Ketchikan and Skagway with large corporate owned businesses coming to town such as Diamonds International. He emphasized his desire to see a good Tourism Plan developed before construction of a dock goes forward.

Mr. Dinley pointed out that due to the current economy and high fuel costs it is unlikely that construction of a dock for a single cruise ship will increase the number of cruise passengers coming to Sitka. There is a need to diversify Sitka's economy beyond tourism and fishing and a dock will provide opportunities to do that. Sitka is the only port city without a dock.

MOTION: M/S Fondell/Harang moved to recommend that the Assembly vote down Ordinance 2008-26, as amended by the Assembly on July 8, 2008, to give the Sawmill Cove Board of Directors the time and opportunity to hold public forums and meetings and to develop a comprehensive plan for a multipurpose dock that will then be brought before the Assembly

ACTION: Motion PASSED unanimously (4/0) on a voice vote.

3. Theobroma Lease

Mr. White reported that Ed Iwamoto, President of Theobroma, understands that his lease has lapsed and is asking for a one year extension of the lease to operate through April of 2009. Mr. Iwamoto agreed to meet with the City Finance Director before the end of July and bring payments up to date.

Mr. White stated that according to the terms of the lease, rate adjustments are due on July 1st of each year based on the current Consumer Price Index.

Ms. Hillhouse advised that the payments due by Theobroma need to reflect any CPI based price adjustment as of July 1, 2008. Legally the lease terms are still in effect.

Upon further discussion, the Board decided to allow Theobroma until the end of the month to follow through with paying all monies owed and then have Mr. Iwamoto appear before the Board for consideration of any lease extension.

MOTION: M/S Harang/Frank moved to send a letter to Ed Iwamoto requiring that he become current on all monies owed to the City, including promissory note payments, utility bills and lease payments through July 2008, with amounts to be determined by the city Finance Department by the end of the business day on July 31, 2008.

ACTION: Motion PASSED unanimously (4/0) on a voice vote.

H. NEW BUSINESS (NONE)

I. OTHER BUSINESS (NONE)

J. ADJOURNMENT

MOTION: M/S Fondell/ Harang

ACTION: Motion **PASSED** unanimously (4/0) on a voice vote.

The meeting adjourned at 6:55 pm.