



**Sawmill Cove Industrial Park
Board of Directors Meeting
August 04, 2008 – 4:30 PM
SEDA Office
329 Harbor Drive, Suite 212**

Approved as Amended 08/26/08

A. CALL TO ORDER

The Chair called the meeting to order at 5:00 pm.

B. ROLL CALL

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

Board Members Absent: Lowell Frank

City Staff: Jim Dinley Theresa Hillhouse Scott Brylinsky

Others Present: Garry White Linda Wilson John Sherrod
Jeff Feldpausch (STA Tannery) Robi Craig (STA) Ed Iwamoto (Theobroma)
Dan Parrent Pete Derensis Bruce Pauley Verne Culp
Craig Giammona (Sentinel)

C. REVIEW OF MINUTES –July 21st, 2008

MOTION: M/S Harang/Fondell moved to approve the minutes of July 21st, 2008.

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

D. CORRESPONDENCE AND OTHER INFORMATION (NONE)

E. CHANGES/ADDITIONS/DELETIONS TO THE AGENDA

Item G.4. – SCIP Strategic Plan - was postponed to a future meeting.

F. REPORTS

Mr. White distributed a Sawmill Cove Management Report, dated July 31, 2008 summarizing that status of items of concern and action taken since the last SCIP Board meeting on July 21st.

G. UNFINISHED BUSINESS

1. STA Tannery lease/location

Robi Craig referred to the detailed memo from STA to the SCIP Board and stated that the memo describes the current situation:

- Due to deadlines to secure EDA funding, STA had to move forward with the application process with documents being filed with several State and Federal agencies.
- As per previous site selection review at SCIP with Hugh Bevan and the consensus of the SCIP Board at their April 10th, 2008 meeting, the STA believed that a portion of Lot #15 was the site that would be secured for the Tannery.

- All application documents identify this portion of Lot #15 as the site for the Tannery. It is unlikely that these applications can be modified to change the site selection without a possible loss of funding.
- The architect has been designing based on a building site on Lot #15.
- All other Lots discussed to date would require additional site preparation that would cost more money than STA has available for the project.

Mr. Harang suggested that Lot #17 should be considered as it is fairly close to utilities and looks to be at grade level with no or minimal fill required to build on. Lot #17 had not previously been considered.

After discussion the Board came to a consensus that the interests of SCIP would be better served with the STA Tannery located on Lot #17, however due to the complex application process that STA has already gone through, a portion of Lot #15 would be granted if this is the only way to secure funding for the project.

MOTION: M/S Harang/Fondell moved to recommend to the Assembly that a 10,000 square foot portion of the SW corner of Lot #15 of Sawmill Cove Industrial Park be selected for the STA Tannery, with the understanding that STA will make efforts to work with the various agencies to substitute a portion of Lot #17 for Lot #15, and that a standard lease will be developed following the terms previously agreed upon by the SCIP Board and STA.

2. Theobroma Lease

Ms. Hillhouse stated that Theobroma is current on all payments due to the City as of July 31st, 2008.

The Board emphasized that in consideration for extending Theobroma's lease for one year, Mr. Iwamoto needs to make sincere efforts to improve communication with the City regarding payments.

The Board considered modifying Theobroma's lease to require increased payments during the peak summer months and reduced payments during the slow winter months.

Ms. Hillhouse advised that the promissory note has a set monthly payment and that changes to the lease would require Assembly approval.

Mr. Dinley suggested that Theobroma simply pre-pay (make extra payments) during the peak business season and those payments will be credited to the account.

MOTION: M/S Fondell/ Harang moved to recommend to the Assembly that the lease with Theobroma Chocolate Company be extended for one year, from May 1, 2008 through April 31, 2009 with the requirement that Theobroma remain current on payments for the promissory note, utilities, and lease, and that notice of default shall be reduced from 45 days to 30 days.

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

3. Administration Building Heating Source

Mr. Parrant advised the SCIP Board that the Alaska Energy Authority will soon be soliciting applications for \$50 million in grant funds. There are two grant categories. One is for pre-construction (deign phase) with a grant covering 80% and a 20% match requirement. The second is a construction phase (equipment purchase and installation) grant with a 50% match required.

Ms. Hillhouse stated that the Assembly should be informed whenever a grant is applied for as the match funding from the City would require Assembly approval.

Mr. Sherrod emphasized the need to confirm that there will be a consistent, reliable amount of wood available. He also asked what the cost will be and who will pay for it. These are things the Assembly will want to know.

Mr. Parrent reported that there is someone in Ketchikan with 3,000 cords of wood available with an estimated delivered to Sitka price of \$175 per cord.

Mr. Brylinsky suggested that a feasibility study would cost about 20-25 thousand and that 80% of the cost could be covered by a pre-construction grant from the AEA.

Mr. Miller asked to have this project added to the agenda for the next Sawmill Cove Board meeting.

H. NEW BUSINESS

1. TAB Property – Cove Partners LLC

Mr. White advised that Cove Partners would like to come to Sitka to appear before the Board to discuss options that could prevent them from losing their financial interest in the TAB building.

Ms. Hillhouse advised that all reverter provisions remain with the deed despite any transfer of ownership. You can meet with Cove Partners and listen to them, but the SCIP Board cannot interfere with TAB at this time.

Mr. Miller instructed Mr. White to invite all concerned parties to come before the Board: Cove Partners LLC, Dick Kearns and any other parties with a vested interest in TAB's property and business.

2. Tongass Biofuels – Space Rent

Mr. Derensis requested that 1,000 square feet of space in the Stores Building be leased on a short term basis to Tongass Biofuels for the small scale, "test" production of fuel briquettes to be made from waste cardboard. A three-phase power connection would be required to run the equipment.

Discussion yielded the following points:

- The best location is likely on the second floor of the Stores building, providing access from Sawmill Creek Road
- Some electrical work would need to be done to create a three-phase connection at the required spot, and an electric meter would need to be installed
- There is no set rate schedule for leases in the Stores Building.
- 1,500 to 2,000 square feet would be desirable
- A rate of 25 cents per square foot per month would be acceptable for a short term lease, with the understanding that the rate may increase after the first two months when a proper rate schedule is developed.

MOTION: **M/S Horan/Harang** moved to grant a temporary lease of 1500 square feet up to two months at a rate of 25 cents per square foot, location to be determined by the Executive Director, and contingent upon approval of a waiver application by the City Building Inspector and they need to pay for a power hook up and on-going power.

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

3. Multi-purpose Dock – plan

Mr. Miller suggested holding at least two public forums, one before the end of summer and then a second after the fishing season ends. The goal is to have panel with a diverse group of people that can provide solid information on the pros and cons of building a multipurpose dock at SCIP and answer questions from the public. Possible people to invite to sit on the panel include: Marlene Campbell, Hugh Bevan, Jim

Dinley, Ray Majeski, and Senator Bert Stedman. Additional presentations should be made to various groups in town including: Chamber of Commerce, Rotary, SAFV, etc...

Mr. Horan stated that although the SCIP Board is not a political body, it is the responsibility of the Board to be informed on what constituents want. He stressed the need for a step-by-step approach to planning for construction of the dock that includes identifying issues that require or will benefit from public input. Mr. Horan suggested there are four distinct sections to any dock plan: design, funding, construction, and marketing.

Mr. White stated that he has started research on the marketing aspect by communicating with a representative of the Alaska Cruise Association to determine if and why a cruise ship would choose to pay more to tie up at a dock versus using the lightering facility.

Mr. Miller suggested contacting several engineering firms (PND, Reed Middleton, and BBFM) to assist in determining the basic dock requirements that would be needed to serve the market (maximum ship size, depth of water required, length of the dock facing, etc...) This should be done now as it will affect all other aspects of the project.

Mr. White reported that one of the parties interested in purchasing bulk water says that the to be economically feasible a bulk water ship with a capacity of at least 40 million gallons would be required. Such a vessel, fully loaded, has 55' draft. The most recent design for a multi-purpose dock would not be adequate. To reach the minimum 60' depth required would mean building the dock farther out, or dredging. Dredging is not a good option and may not be allowed. There may be an option to build the dock as designed in the plan and then add a mooring buoy/dolphin farther out where a bulk water vessel could tie up one end to the dock in the deepest water and tie up the other end to the buoy/dolphin.

Mr. Miller brought up several questions that need to be answered:

1. Once a dock is built how and by whom will it be managed?
2. How will use of the dock be scheduled to maximize the revenue?
3. How will long term maintenance of the dock be funded?
4. How can Sitka benefit from ships crossing the Pacific?

Mr. Horan suggested that an ordinance requiring the largest cruise ship in port on any given day be docked at SCIP be considered.

Mr. White stated that the Board should wait until after the October election to present their plan to the Assembly.

I. OTHER BUSINESS (NONE)

J. ADJOURNMENT

MOTION: M/S Fondell/ Harang

ACTION: Motion **PASSED** unanimously

The meeting adjourned at 7:10 pm.