



**Sawmill Cove Industrial Park
Board of Directors Meeting
June 8, 2009 – 3:00 PM
SEDA Board Room
329 Harbor Drive, Suite 212**

A. CALL TO ORDER

The Chair called the meeting to order at 3:06 pm.

B. ROLL CALL

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

Board Members Absent: None

City Representatives: Jim Dinley Theresa Hillhouse (arr. 3:11)

Others Present: Garry White Linda Wilson
Greg Miller (Cove Partners) Dave Benneth (Cove Partners)
Rich Riggs (Silver Bay Seafoods – Arr. 4:28)
Craig Giamonna (Sitka Sentinel) Robert Woolsey (KCAW Raven Radio)

C. REVIEW OF MINUTES – May 28, 2009

MOTION: M/S Horan/Fondell moved to approve the minutes of May 28, 2009.

ACTION: Motion PASSED unanimously 5/0 on a voice vote.

D. CORRESPONDENCE AND OTHER INFORMATION (NONE)

E. CHANGES/ADDITIONS/DELETIONS TO THE AGENDA

F. REPORTS

1. SCIP Management Report (included in packet)

Mr. White reported the following:

- Through contact with the attorney for Cove Partners, Cove has been added to the agenda for the next SCIP Board meeting at the end of June.
- Discussion about construction of a dock at SCIP took place at the last SCIP meeting and is included in the Strategic Plan as presented later on this agenda.
- The Marine Service Industry RFP has received two indications of interest. A representative from one of the companies visited Sitka on June 3rd and was given a tour of SCIP. The second interested company is sending a representative this week.
- There has been a drop off in bulk water inquiries.
- STA is still working with their engineer on the placement and design of the tannery building to accommodate the fire line (Lot 17).

G. PERSONS TO BE HEARD (Moved to later in the agenda, after I.1.)

I. UNFINISHED BUSINESS

1. Updated Strategic Plan Format

Mr. White reported that John Holst was hired as a consultant to reformat the Strategic Plan. Mr. Horan reviewed the revised Plan and made some changes. However, it is basically the same material in a more professional format.

Mr. Horan stated that he reviewed the Strategic Plan and added to the introduction. Mr. Horan read the new introductory paragraph (Pg. 1, ¶ 2) and requested comments from the BOD prior to approving the revised Strategic Plan. The purpose of adding the introductory paragraph is to emphasize that the park is now at mid-life development and accelerated sale and lease of property should be expected.

Mr. Miller suggested reviewing the Mission Statement to consider adding wording about generating revenue for the City.

Mr. Horan stated that this is covered in the guiding principle to minimize negative cash flow. The goal is to stay in the black, but the mission of SCIP was never to make money, but to create jobs. The words "fiscally responsible" covers it, and since the Mission Statement has been approved by the Assembly, it would be best not to change it.

Mr. Harang stated that the Mission Statement is broad enough to cover everything the Board would like to do, and suggested leaving it as is.

Mr. White stated that he will have the Strategic Plan added to the agenda for the next Assembly meeting on June 23rd.

Mr. Dinley stated that he will get two sponsors to place this item on the agenda.

Mr. Miller stated that the Board wants to bring the Strategic Plan before the Assembly to confirm they are on the right track, to address their concerns and receive guidance on continuing in this direction.

Mr. Horan stated that the SCIP Board should leave the Assembly with affirmation or approval on the direction of the Strategic Plan.

The Board reviewed the "assign to" and "start date" portion of the plan and made adjustments.

Mr. Horan suggested adding some method to more clearly identify the action items that have been completed.

MOTION: **M/S Horan/Harang** moved to adopt the updated SCIP Strategic Plan with modifications as discussed.

ACTION: **Motion PASSED** unanimously 5/0 on a voice vote.

G. Persons To Be Heard (taken out of agenda order)

Mr. Greg Miller of Cove Partners LLC (CP) appeared before the Board to provide an update on the status of their business proposal.

Ms. Hillhouse advised the Board that since Cove Partners business was not an advertised agenda item, that no decisions can be made during this meeting related to Cove business. Cove representatives can provide information and the Board can ask limited questions.

Mr. Greg Miller reported on progress at the bottling plant providing the following information:

- CP purchased three additional production lines that are being shipped from Wyoming in four containers.

- The plan is to produce specialty waters including vitamin and fruit waters.
- Unlike the previous water bottling company, Cove intends to have the product produced and ready for delivery before sales are taken. There were some problems with the last owner selling water that was never delivered.
- Old TAB customers have been contacted and are willing to give Cove an opportunity as a supplier.
- Customers like the water quality.
- Delivery logistics are being worked out.
- CP intends to start small and grow with demand.
- A new PLA bottle is being developed. The bottle is made from a corn based material that is compostable with a decomposition rate of 30-60 days. The body of the bottle is 100% recyclable. One old bottle can be made into one new bottle. However, this material cannot be recycled with PET bottles, so the public would need to be educated about the difference. Only the lid and sealing ring are not compostable. There is a plant in Wisconsin that recycles PAL. The new bottle is more expensive and the cost would need to be passed on to the consumer, but there is a market for "green" and Cove believes the demand will grow.
- Multiple product lines create a more stable working environment. If one line is down, then work continues on the other lines.
- The building still has a serious roof problem that will cost about \$200k to fix. The building also needs a face-lift and additional upgrades.
- One-liter TRUE Alaska water bottles are now in production.
- The new production line equipment should arrive and be set up to run within two months.
- Purchase of equipment and refurbishment costs to date = \$200-250k

Mr. Horan asked Cove Partners to bring a summary of money Cove has invested in the bottling plant to date.

Mr. Grant Miller suggested that Board members tour the plant. To make arrangements for a tour, call Brent at 738-3859.

Ms. Hillhouse reminded the Board that no more than two members can meet together at one time.

H. NEW BUSINESS

1. Stores Building (Lot 22) RFP

Mr. White reported that two proposals were received and he reviewed both and determined that they were responsive to the RFP and both made the deadline. Therefore, the two proposals are ready to be scored following the evaluation criteria.

Mr. Miller asked if the Board needed to follow the formality of the evaluation criteria.

Ms. Hillhouse stated the Board must abide by the evaluation criteria as listed in the RFP.

Each member of the Board confirmed that they had read both proposals and were ready to give their scores.

Scoring *(based on the average from the sum of the five Board member individual scores)*

a. Qualifications & Experience of the Entity(s). From the proposal and from your own knowledge of this entity, give from 1 to 20 points with the best score as 20.

Omega Sea	Silver Bay Seafoods
15	20

Comments:

Mr. Miller stated that Omega Sea had the experience of only a couple of people in a limited area of activity. Silver Bay Seafoods has more personal with diverse experience and has demonstrated success in a broader range of activities, including the design, construction and repair of the fish process plant.

b. Concept Plan. Does the concept plan express an understanding of the Request for Proposals? Does the plan accommodate other uses of the Sawmill Cove waterfront and uplands? Does the plan provide jobs to the community? How many? Does the plan increase net business activity in Sitka through sales, fish tax, etc.? Score from 1 to 30 points.

Omega Sea	Silver Bay Seafoods
20	23

Comments:

Mr. Miller stated that he saw the numbers in Omega Sea's estimated revenues as being more speculative while SBS provided more support for its estimated revenue numbers.

Mr. Horan stated that while Omega Sea's plan would provide two near term jobs, the long term prospect for job creation was not as strong as that offered in the SBS plan.

c. Purchase or Lease Price. Do the proposal purchase or lease price and terms adequately compensate the CBS and/or help fulfill the mission of the SCIP? Score from 1 to 25 points with higher purchase price receiving a higher score.

Omega Sea	Silver Bay Seafoods
5	20

Comments:

Mr. Horan stated that the Silver Bay bid was relative to the land value as discussed at previous meetings.

Mr. Miller stated that the Omega Sea bid indicated that the building had no value and focused only on liability, while the SBS bid reflected the property value and added some value to the building.

d. Start up Schedule. What is the time frame for business start up to provide jobs? Score from 1 to 10.

Omega Sea	Silver Bay Seafoods
4.8	6

Comments:

Mr. Miller stated that Omega Sea could start business sooner, freezing seafood, without major building upgrades, but the building would still need more work. Silver Bay Seafoods proposes to do repairs to the building immediately.

e. Environmental Impact. Does the proposal address environmental concerns with this project? Total of 15 points available with points lost for larger environmental impacts.

Omega Sea	Silver Bay Seafoods
9	15

Comments:

Mr. Horan stated that while neither proposal indicated any significant negative environmental impacts, the Omega Sea proposal provided for less positive impact through clean-up, waste reduction.... Etc... No real

downside to either proposal. Silver Bay Seafoods would actually create an improved environment through recovery of fish waste that is now being disposed on in the ocean.

f. Confidence in Developer(s). This is a judgment call based upon the subjective experience of the evaluator. Score from 1 to 5 points.

Omega Sea	Silver Bay Seafoods
3.5	5

Comments:

Board members expressed confidence in both Omega Sea and Silver Bay Seafoods, however, the impressive record of SBS following through in a timely manner with all of the requirements of the purchase agreement for the warehouse and dock lead to a higher score.

FINAL SCORE

Omega Sea	Silver Bay Seafoods
57.3	89

TOTAL POSSIBLE POINTS = 105

Mr. Horan suggested that, while he has no specific concerns regarding assurances, for these two proposals, an assurance to follow through with the proposed plan should be included in future RFPs. The assurance could be as simple as a letter of promise.

MOTION: **M/S Harang/Horan** moved to recommend selection of Silver Bay Seafoods proposal for the Stores Building/Lot 22 of the Sawmill Cove Industrial Park.

ACTION: **Motion PASSED** 5/0

Grant Miller – Yes Trevor Harang – Yes Chris Fondell – Yes
Lowell Frank – Yes Charles Horan - Yes

J. ADJOURN

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

ACTION: **Motion PASSED** unanimously 5/0 on a voice vote.
The meeting adjourned at 4:55 pm.