

Monday, October 26, 2009

MEMORANDUM

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

1. Cove Partners and the former TAB Building.

The Assembly at their 07/28/09 meeting approved a motion to read "to remove CBS reversionary interest in Lot 5 provided the following is completed by 01/01/10. That \$170k be placed in an escrow account to address roof, sewer, electrical, and other capital upgrades established under the control of the CBS and that any interest from the escrow account goes to the CBS."

Cove appears to be moving forward with their plans to market Sitka's premium water. The Director has been assisting a marketing group with pictures of Blue Lake and Sitka to highlight the purity and beauty of Sitka.

New markets have been opened for the group since the last meeting in August. Marketing efforts have been successful.

The SCIP Board at the 10/01/09 meeting approved a water purchase contract between Cove and the CBS. Cove is in the process of reviewing the contract with their attorneys.

2. Construction of a dock at SCIP.

Funds were requested from the State to construct a 120' bulkhead at the SCIP to be used to assist the CBS with bringing in materials for the expansion of Blue Lake. The legislative budget did not include any funding for the project. Funds have also been requested from the Federal Government. No word on funding from the Feds yet.

The Director has research multiple options of revenue sources, including a cruise ship mooring at the dock, and can not find sufficient revenue to offset the debt service associated with funding the construction of the proposed dock design with bonds. Research needs to be completed on other revenue sources and different dock designs.

The SCIP Director addressed capital funding for a dock with the USDA Under Secretary of Rural Development at the 08/29/09 meeting held in Sitka. The representative toured the SCIP.

3. Marine Services RFP.

The CBS Assembly approved the Marine Services RFP at their 03/24/09 meeting. The RFP was mailed to target clients worldwide. The RFP was advertised on www.sitka.net, www.sawmillcove.net, and CBS website. Additionally, the RFP was advertised in Sitka Sentinel, Juneau Empire, Pacific Fishing Magazine, Fishermen's News, and the Daily Shipping news.

The CBS received one response to the RFP from Puglia Engineering Inc. of Bellingham, WA. The proposal was concept in general. Puglia is currently working on more in-depth information.

4. Bulk water pipeline project is complete to the shoreline.

TAB's contract has been approved for a 1 year extension. TAB has until 12/08/09 to export 20 million gallons of water.

5. Sitka Tribe of Alaska Tribal Tannery.

On August 27, 2008 the CBS Assembly approved a long term lease to STA for a 10,000 SF lot. STA plans to move their Tribal Tannery to this location after the construction of roughly a 3,000 SF building. The facility will provide an additional 2-4 FTE at the location. The overall operation is estimated to employ 44 full time people between tribal tours to tour the operation, tannery workers, and at home fur crafters. STA's grant application has been approved by US EDA.

STA has requested to get a formal lease in place. They are working with their engineers to establish a location for their building on a portion of Lot 17. Lot 17 has a fire water line running through the middle of it, which makes finding a building footprint difficult. The Director has recently met with STA officials and their engineering firm to discuss building location.

STA has found a number of issues with the underground infrastructure of Lot 17 and requested to move the site location to Lot 15 at the SCIP 07/20/09 meeting. The Board approved the request and STA is moving forward with investigating Lot 15.

6. Stores Building.

The CBS finance department has informed the Director that an US EDA grant was used to upgrade portions of the Stores Building between 2001-2003. The Director is working with EDA and CBS to determine what was upgraded on the building and if EDA will consider waiving grant requirements of if the CBS will owe EDA funds with the sale of the building.

The Assembly at their 09/08/09 meeting approved the purchase agreement between the CBS and SBS for the sale of the building.

The CBS is awaiting word from the EDA on the dollar amount of grant funds they have on record that were spent on the Stores Building. The CBS will execute the contract once the amount is defined.

7. The Assembly at their 10/13/09 approved the SCIP Board's Strategic Plan as presented.
8. CBS staff is in the planning and design phase of the new water treatment building proposed on Lot 18. The property lines of the lots of 17 and 18 might be adjusted to maximize the property.
9. The SCIP Director met with the CBS Building Official and determined that the Blue building located near the FOB lease area is available to lease.
10. SWPPP letters have been sent to all tenants at the SCIP informing them of their responsibility to determine their need to investigate their operation in regards to NPDES.
11. The Audio Workshop lease is on hold due to issues revolving around general liability insurance costs.