

Tuesday, November 17, 2009

MEMORANDUM

To: Sawmill Cove Industrial Park (SCIP) Board of Directors

From: Garry White, Director

Subject: Multi-Purpose Dock Discussion

Introduction

The CBS Assembly at their 10/13/09 meeting approval the SCIP Board Strategic Plan. Strategy No. 2 of that plan is to develop a plan to build a multi-purpose dock at the SCIP.

Background

See attachment dated 09/09/09.

Action

Development of business plan and discussion of action plan.

Memorandum

To: City and Borough of Sitka Assembly

Date: September 9, 2009

Subject: Status of Ocean-going Dock Plans at Sawmill Cove Industrial Park (SCIP)

Background

This provides additional background for the deep water dock strategy. The most likely near-term industrial user of a multi-purpose dock would be the cruise lines. The use of a dock for cruise ships has been the subject of great debate in the community. This has resulted in some confusion, misunderstanding and a hesitancy to move forward with a plan or dock project. A deep water ocean-going dock had been present at the site since the pulp mill was constructed in 1960. Sawmill Cove Industrial Park (SCIP) represents one of the most likely places for such a dock as it is a semi-isolated industrial area, has excellent protected deep water and as the site develops, the need for a deep water ocean-going dock becomes more important. The development of SCIP as a port site requires strategic planning around a deep water dock as the centerpiece of its waterfront development.

Funds for the construction of a dock have consistently been included in City and Borough of Sitka's (CBS) congressional requests since 2000.

The issue of docks has been the subject of the following municipal elections.

- The Oct. 2004 election required a public vote before the CBS could sell, lease, or dispose of any municipal tidelands for purpose of building a dock longer than 200 feet. Docks at the SCIP were exempted.
- During the Oct. 2005 election an advisory question was passed by a public vote to allow construction of a multi-purpose deepwater dock at the SCIP.
- Proposition No. 5 on the October 2006 CBS ballot repealed Section 18.12.014 of the Municipal Code. The 2006 initiative requires a public vote before the CBS can sell, lease, or dispose of any real property for purposes of building a dock longer than 300 feet that could be used by cruise ships. Docks at Sawmill Cove are included. **This proposition does not require a vote if CBS retains ownership of the dock property.**

Advantages of a Dock at SCIP

A deep water dock is essential to certain types of ocean-going commerce. Below is a list of some of the possible users.

- Support Blue Lake dam expansion
- Shipment of fish processed at SCIP
- Shipment of bottled water
- Shipment of bulk water (dock must be designed to allow large bulk water vessels)
- Export of rock
- Tie up larger research vessels
- Bio-fuel projects, such as fish waste, wood products, or recycled materials
- Container transshipment facility, tap into Prince Rupert
- Tie up Cruise Ships

Once a dock is built, businesses will be attracted that have not been envisioned during planning.

Revenue Generated and Economic Impact

- Direct revenue from wharfage and tie up fees
- Sales of utilities and water
- Other dock side services
- Jobs would be created through increased long-shoring personnel, security and maintenance
- Increased sales tax especially with cruise ship use
- Increased administrative presence and service industries related to dock users
- Increase of demand (rent/value) for the City-owned real estate at the cove, the administrative building, etc.

Possible Sources of Funding

- Federal grants.
- State grants.
- Wharfage and tie-up revenue.
- State of Alaska Commercial Passenger Vessel Tax Account
- Marine Passenger Fee Fund
- Municipal bonds.
- Revenues from sales or leases of Sawmill Cove properties.
- Private investors.
- Other

Past Concerns and Response

- Retail Sales Issues – with cruise ship use
 - Currently no retail business is allowed at Sawmill Cove Industrial Park other than what is already provided for in SGC Table 22.16.015-6
- Tourism Concerns – with cruise ship use
 - The 2007 Sitka Visitor Industry Plan 2.0 encourages that this type of planning proceeds, keeping in mind the quality of life and authentic character of the community. (Section I.3.d)
- Traffic Issues – with cruise ship use
 - Transportation Engineering NorthWest, LLC completed a Transportation Impact Study on Sept. 20, 2006 to determine the impact of traffic and infrastructure of a Cruise Ship docking at SCIP. It was determined that “Based on the estimated increase in daily traffic volumes, all roadways are designed to carry this additional traffic demand, and thus, no roadway improvements are need for traffic capacity. In general, the additional traffic demands generated by the SCIP would be similar to the years when the Alaska Pulp Company has 400 employees working in three shifts at the site.”
- Environmental and Safety concerns – with cruise ship use
 - Cruise ships in Alaska are held to very high standards and regulations. These standards and regulations are enforced by state and federal agencies including the Alaska Department of Environmental Conservation, U.S. Environmental Protection Agency, the U.S. Coast Guard and International Convention of Safety of Life at Sea (SOLAS) among others.
- Sawmill Cove Industrial Site Environmental Issues
 - All uses must adhere to a set of environmental rules established in full in two documents that memorialize agreements with the State of Alaska under which the City and Borough manages the Park. The agreements are the Memorandum of Understanding’s Management Plan and the Prospective Purchaser Agreement.
 - Contaminant studies at the park began in 1990 by the EPA, in cooperation with the U.S. Fish and Wildlife Service and DEC. In 1995, a Commitment Agreement was signed by APC and DEC, which required APC to investigate and remediate any and all constituents of concern present at the site. Upon completion of the remediation, the DEC determined that the only ecological risk was the depressed seafloor in what is known as the Area of Concern (AOC). In 1999 the CBS signed an MOU with the State to take over the environmental monitoring of the SCIP. This MOU requires monitoring for 40 years in 10 year increments; the first monitoring will be 2010. In 2003 The DEC did a review of the park to make sure remediation had worked and to investigate how the AOC was doing. During their

**SAWMILL COVE INDUSTRIAL SITE
MULTI-PURPOSE DOCK
PHASE 1 - 120 LF BULKHEAD, FILL & UPLAND IMPROVEMENTS
PROJECT BUDGET**

Prepared By: PND Engineers, Inc. on October 14, 2008

Item	Item Description	Units	Quantity	Unit Cost	Amount
1505.1	Mobilization	LS	All Req'd	10%	\$339,375
2060.1	Demolition & Disposal	LS	All Req'd	\$300,000	\$300,000
2202.2	Subbase Grading A	CY	750	\$25	\$18,750
2202.4	Shot Rock Borrow	CY	25,000	\$18	\$450,000
2204.1	Base Course Grading C-1	CY	500	\$45	\$22,500
2205.1	Armor Rock	CY	1,000	\$50	\$50,000
2246.1	Vibracompaction	LS	All Req'd	\$40,000	\$40,000
2501.1	Storm Drain System	LS	All Req'd	\$40,000	\$40,000
2702.1	Construction Surveying	LS	All Req'd	\$20,000	\$20,000
2891.1	Sheet Pile Bulkhead Dock	TON	600	\$3,200	\$1,920,000
2896.2	Fender System	LS	All Req'd	\$200,000	\$200,000
3305.1	Concrete Dock Face Apron	CY	150	\$1,600	\$240,000
5120.2	Mooring Cleats & Bollards	EA	3	\$6,000	\$18,000
5120.3	Steel Safety Rails	LF	150	\$150	\$22,500
5120.4	Dock Ladder	EA	3	\$4,000	\$12,000
5120.5	Cathodic Protection	LS	All Req'd	\$40,000	\$40,000
ESTIMATED CONSTRUCTION BID PRICE					\$3,733,125
SCOPE & CONSTRUCTION CONTINGENCY (15%)					\$559,969
SITE INVESTIGATIONS - SURVEYS & GEOTECHNICAL					\$150,000
ENVIRONMENTAL PERMITTING					\$75,000
FINAL DESIGN & CONTRACT DOCUMENTS (6%)					\$257,586
CONTRACT ADMIN. & CONSTRUCTION INSPECTION (6%)					\$257,586
OWNER ADMIN. (2%)					\$85,862
TOTAL RECOMMENDED PROJECT BUDGET - PHASE 1					\$5,119,127



**SAWMILL COVE INDUSTRIAL SITE
MULTI-PURPOSE DOCK
PHASE 2 - MOORING & BREASTING DOLPHINS
PROJECT BUDGET**

Prepared By: PND Engineers, Inc. on October 14, 2008

Item	Item Description	Units	Quantity	Unit Cost	Amount
1505.1	Mobilization	LS	All Reqd	10%	\$319,000
2601.1	Water Service	LS	All Reqd	\$75,000	\$75,000
2702.1	Construction Surveying	LS	All Reqd	\$20,000	\$20,000
2896.1	Breasting/Mooring Dolphin	EA	8	\$300,000	\$2,400,000
2896.2	Catwalks	LF	900	\$600	\$540,000
16000.1	Lighting	LS	All Reqd	\$250,000	\$250,000
ESTIMATED CONSTRUCTION BID PRICE					\$3,604,000
SCOPE & CONSTRUCTION CONTINGENCY (15%)					\$540,600
FINAL DESIGN & CONTRACT DOCUMENTS (6%)					\$248,676
CONTRACT ADMIN. & CONSTRUCTION INSPECTION (6%)					\$248,676
OWNER ADMIN. (2%)					\$82,892
TOTAL RECOMMENDED PROJECT BUDGET - PHASE 2					\$4,724,844



**DRAFT
REVENUE POTENTIAL
SAWMILL COVE DOCK**

BASED ON 2008 USE

SHIP	PAX EST	TONNAGE	LENGTH	TONNAGE FEE	LENGTH FEE	WATER CHG	TOTAL PORT CHARGE	CURRENT
OOSTERDAM	1,848	41,640	936	0.055	\$3.00	\$400.00	\$5,498.20	\$699.60
STATENDAM	1,266	26,945	720	0.055	\$3.00	\$400.00	\$4,041.98	\$699.60
MERCURY	1,754	43,108	858	0.055	\$3.00	\$400.00	\$5,344.94	\$699.60
OOSTERDAM	1,848	41,640	936	0.055	\$3.00	\$400.00	\$5,498.20	\$699.60
WESTERDAM	1,848	41,640	936	0.055	\$3.00	\$400.00	\$5,498.20	\$699.60
MERCURY	1,754	43,108	858	0.055	\$3.00	\$400.00	\$5,344.94	\$699.60
INFINITY	2,038	53,239	965	0.055	\$3.00	\$400.00	\$6,223.15	\$699.60
AMSTERDAM	1,460	33,000	780	0.055	\$3.00	\$400.00	\$4,555.00	\$699.60
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CARNIVAL SPIRIT	2,124	52,000	963	0.055	\$3.00	\$400.00	\$6,149.00	\$699.60
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SAWMILL COVE DOCK**

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RADIANCE OF THE	2,100	49,900	962	0.055	\$3.00	\$400.00	\$6,030.50	\$699.60
SERENADE OF THE	2,100	49,900	962	0.055	\$3.00	\$400.00	\$6,030.50	\$699.60
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MILLENNIUM	2,038	53,239	965	0.055	\$3.00	\$400.00	\$6,223.15	\$699.60
200,086	4,769,498	102055				\$45,600.00	\$614,087.39	\$79,754.40

DRAFT
REVENUE POTENTIAL
SAWMILL COVE DOCK

BASED ON 2008 USE

SHIP	PAX EST	TONNAGE	LENGTH	TONNAGE FEE	LENGTH FEE	WATER CHG	TOTAL PORT CHARGE	CURRENT
Averages	1,755	41,837	895	\$0.055	\$3.00	\$400.00	\$5,386.04	

90 day season \$484,740 Annually
100 day season \$538,604 Annually
114 day season \$614,087 Annually

Assumptions:

Largest Ship of 08' schedule ties up
\$3/ft and \$.055/net ton fees are achievable
Water is sold to Ships

<u>Finance Amt</u>	<u>Terms</u>	<u>Annual Payment</u>
\$9,843,971.00	7% for 20 years	\$915,840.00
\$4,724,844.00	7% for 20 years	\$439,584.00