



**Sawmill Cove Industrial Park
Board of Directors Meeting
October 29, 2009 – 3:00 PM
SEDA Conference Room
329 Harbor Drive – Suite 212**

A. CALL TO ORDER

The Chair called the meeting to order at 3:01 p.m.

B. ROLL CALL

Board Members Present: Grant Miller Chris Fondell Trevor Harang
Lowell Frank (arv. 3:13)

Board Members Absent: Charles Horan

City Representatives: Theresa Hillhouse Dan Jones (arv. 3:15) Jack Ozment (arv. 3:50)

Others Present: Garry White Linda Wilson John Sherrod
Troy Tadenko (ADF&G) Jeff Feldspausch (STA) Robi Craig (arv. 3:50 STA)
Sandy Dalton (TM Construction)

C. REVIEW OF MINUTES – September 21, 2009 and October 1, 2009

MOTION: M/S Harang/Fondell Moved to approve the minutes of September 21, 2009.

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

MOTION: M/S Fondell / Harang Moved to accept the minutes of October 1, 2009.

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

D. CORRESPONDENCE AND OTHER INFORMATION (NONE)

E. CHANGES/ADDITIONS/DELETIONS TO THE AGENDA

Mr. Miller moved items H.2. – STA Tannery Update, and I.1 – TM Construction Lease Request forward on the agenda.

F. REPORTS

1. SCIP Management Report

Mr. White referred to the printed report provided in the packet and made the following comments:

- Cove Partners is reviewing a draft purchase agreement for water that was approved by the SCIP Board at their last meeting.
- The Assembly approved the SCIP Strategic Plan as presented. Members of the Assembly requested that SCIP follow a public process for any action regarding a dock.

Mr. Fondell asked for development of a timeline for the public process.

Mr. White stated he would develop something for presentation at the next SCIP meeting.

- The shipyard proposal provided a development outline, but a conceptual layout and feasibility study are still needed before any capital is spent. Puglia Engineering is working on providing this information.

- The bulk water contract with TAB expires December 8, 2009.
- The contract to sell Lot 22/Stores Building has been executed. However, EDA has still not confirmed the amount of grant funding that the City will need to repay. It is likely to be less than the maximum \$78K, but some amount will be due.
- Due to liability insurance requirements, the Audio Workshop lease is on hold.

G. PERSONS TO BE HEARD (NONE)

H. UNFINISHED BUSINESS

2. STA Tannery Update (Moved forward on the agenda)

Mr. White reported that he met with STA Representative: Jeff Feldspausch and Robi Craig; CBS Engineer: Dan Jones; O'Neil Surveyors: Pat O'Neill and Dennis Carlson, and the STA engineer: Tony Yorba (via phone) to discuss location options for the STA Tannery. Lot 17 has perceived problems with underground infrastructure and does not have electricity near the lot. The cost to add an electrical connection from 270 feet away is estimated at \$27K. Lot 15 has some substructure issues with a lot of reinforced concrete. The North central location proposed by the STA on Lot 15 creates potential conflict with future development at SCIP. The Carpenter Shop and a portion of Lot 16 were also discussed.

Mr. White stated that a suggestion had been made to consider working with the Water Department to bring electricity to Lot 18 for the future water UV treatment plant. This would bring the electric hookup past Lot 17.

Mr. Feldspausch stated that a preliminary inspection of the Carpenter Shop was done and that the building looks okay. EDA was asked if it would be okay to invest grant funds in an existing building. EDA indicated this was not ideal, but did not say no.

Mr. Feldspausch stated that it cost \$6K for an engineer to survey Lot 17 and determine the site won't work within the STA's budget, STA has limited funds. The main drawback with the suggestion to run electricity for the Water Department to Lot 18 now is that the City has no funds for this in the budget and the time for construction of the treatment plant is too distant to meet STA grant requirements for the Tannery project.

Mr. Jones stated that the Carpenter Shop has a 4,800 SF footprint and is already fitted with sprinklers. The sprinkler system needs new heads. The building will be cleaned out over the winter.

Mr. Feldspausch stated that STA could find use for the additional space, possibly using the second floor area for storage. STA has a budget of \$574K for the Tannery project. This is for all phases of development, including construction. If the Carpenter Shop would work, the money for construction would be used for a remodel of the existing structure. The engineer would need to do an inspection to determine the estimated cost for the remodel. If the building looks good, the Carpenter Shop and a portion of Lot 16 could work.

MOTION: M/S Miller/Fondell moved to recommend that the City allow the Sitka Tribe of Alaska to consider the Carpenter's Building and a portion of Lot 16 for development of the STA Tannery.

ACTION: Motion PASSED 4/0 on a roll call vote.

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

Ms. Hillhouse advised that this item needs to be put on the agenda for the next Assembly meeting and will require just one vote.

I. NEW BUSINESS

1. TM Construction Lease Request (moved forward on the agenda)

Mr. White referred to the written request by TM Construction (included in packet) and provided the following summary of the request:

- Todd Miller (TM Construction) has secured some available timber and would like to establish a bio-fuel business.
- A site is needed to off load the timber from a barge, split and dry the timber, and make the final product.
- A barge landing spot has been identified near the old Utility Dock.
- Looking for a short-term lease for 10,000 square feet to store wood, and barge access.

Ms. Dalton stated that a 10,000K square foot storage area for logs and/or chips is being requested on a short-term lease. A building may be planned for the future, but for now the site at SCIP would be a simple storage area. Processing would be done more efficiently at the timber harvest site. Mr. Miller has a supply of timber now with additional timber pending.

Mr. White stated that Charles Horan requested that a contingency for clean-up of the lease area be included in the lease and that barge access be via a monthly lease rate that does not prevent access by others.

Mr. Horan suggested that repair of any damage caused by tie up or off-loading of the barge is included in the lease agreement.

Mr. White stated that there are restrictions on retail sales at SCIP. Bulk wood sales would be allowed. However, a single truck load of wood would not be considered a bulk sale and would require a conditional use permit.

Ms. Dalton stated that use of the site would be for storage only with no on-site sales.

MOTION: M/S Harang / Fondell Moved to approve the TM Construction request to lease a 10,000 square foot portion of Lot 12 and the monthly rate for barge moorage as presented.

ACTION: Motion PASSED 4/0 on a roll call vote.

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

2. ADF&G Lease Request

Mr. White stated that ADF&G is currently storing vehicles and boats behind the Police Department. There is need for additional space for off-season storage. A fence would be constructed around the lease area to protect the property. A portion of Lot 17 provides one option, with an out of the way spot of 4,000 square feet that will not conflict with other development plans. This would be a short-term lease at \$100 per month.

MOTION: M/S Miller / Harang Moved to approve the 4,000 square feet of Lot 17 for storage of ADF&G vehicles on a short-term lease at \$100 per month.

ACTION: Motion PASSED 4/0 on a roll call vote.

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

H. UNFINISHED BUSINESS

1. Utility Dock

Mr. White referred to the proposal from Monrean Engineering regarding the cost to do a condition analysis of the Utility Dock.

Mr. White suggested that before paying someone to do the analysis it would be appropriate to determine potential uses for the dock.

Mr. Miller stated that there may be useful life left in the Utility Dock and that can only be determined by an engineering assessment.

Mr. White stated that the condition of the Utility Dock should be considered comparable to the Pulp Dock. Both docks were built at the same time, using the same materials and methods. A visual inspection during a minus tide was conducted with Scott Brylinsky and confirmed that pilings are deteriorated with those on the south side being the most damaged.

Mr. Jones expressed his opinion, based on his experience working at SCIP for 16 years as an engineer that the Utility Dock is in slightly better condition than the Pulp Dock was at the time of sale to Silver Bay Seafoods. However, the Utility Dock is beyond its useful life when considering City liability issues.

Mr. Miller stated that because City funds are so low, it is worth trying to find existing assets that are useable.

Ms. Hillhouse stated that there is \$143K in HUD money available that could be used for rehabilitation of SCIP including engineering studies.

Mr. White stated that the Reid Middleton report of 1999 stated that the Utility Dock had reached its "end of life" and the SCIP Waterfront Development Plan of 2002 includes a tear-down of this dock.

Mr. Miller stated that other uses for the \$143K in HUD funding could include a bathymetric study for a boat haulout.

Mr. White suggested the Board develop a wish list for use of the \$143K.

Mr. Miller emphasized the potential for use of the dock to support activities related to the Blue Lake expansion project and suggested getting more information from the City.

Mr. Jones stated that it will be one to two years before the City will need SCIP support for the Blue Lake project.

The Board came to a consensus to wait on paying for an engineering study of the Utility Dock until there is more information on potential uses for the dock.

I. NEW BUSINESS

3. FY 2011 Legislative Priorities (taken out of order)

Mr. White stated that the two SCIP funding priorities could be submitted together or split into separate requests.

Mr. White advised that the City Assembly would likely support Phase I, construction of the bulkhead; however Phase II, the addition of supporting infrastructure for a dock that could serve cruise ships, might require public process.

Mr. White stated that construction of the bulkhead would make SCIP accessible to vessels with a draft up to 39 feet. There would not be infrastructure to handle passengers. Phase II could be funded via cash flow from cruise ship docking fees, if that were approved.

Mr. Fondell asked if the bulkhead, as designed, could be expanded to accommodate two cruise ships at once. The City could then have the option of eliminating lightering.

Mr. White stated that the bulkhead could be expanded into a dock that could serve either one or two cruise ships as desired.

The Board came to a consensus to make construction of the bulkhead the first priority for a state funding request.

MOTION: M/S Harang / Frank Moved to recommend to the Assembly to move ahead with the capital improvement project for the SCIP bulkhead dock as a legislative priority.

ACTION: Motion PASSED 4/0 on a roll call vote.

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

G. PERSONS TO BE HEARD (delayed to end of the meeting)

J. ADJOURNMENT

MOTION: M/S Harang / Miller Moved to adjourn the meeting.

ACTION: Motion PASSED 4/0 on voice vote.

The meeting adjourned at 4:29 p.m.