

Tuesday, March 23, 2010

MEMORANDUM

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

1. Cove Partners and the former TAB Building.

Cove Partners has placed \$170k into a CBS controlled account. An amendment to the warranty deed has been submitted to remove the reversionary interest in the property.

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.

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.

Currently no funding is available for the construction of a dock at SCIP. Many different design and funding options have been researched, including having a cruise ship tie to a dock.

The SCIP Board has requested the CBS Assembly include a \$6mm dollar funding request to the State and Federal Government to fund Phase I of the dock in its legislative requests. The Assembly approved the request with their FY11 Legislative Priority list on 12/22/09.

Phase I includes a 120' bulkhead dock and 2 mooring dolphins. Phase I allows for barge traffic and ships that draft less than 39' an ability to use the dock. The bulkhead dock would allow freight associated with the proposed Blue Lake Dam expansion, State improvements of Sawmill Creek Road, and other projects and business to be moved across the bulkhead portion of the dock.

Phase II of the dock could include a cruise ship component in the future.

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.

The Director met with Puglia Engineer and toured the Fairhaven Shipyard in late December 2009. Puglia is currently investigating a feasibility study.

4. Bulk Water.

The Assembly approved an amendment to the TAB contract that allows the group another 12 months to export 50 million gallons of water. The CBS charged TAB \$100k to amend the contract. A major change to the contract was the removal of Section 5.2, which gave TAB exclusive rights to Sitka's bulk water allocations. The CBS now has the right to negotiate with other entities interested in obtaining a bulk water contract. TAB has a contract for about 1/3 of Sitka's allocation. The other 2/3's is now open to other potential clients. Several clients are in the process of developing proposals to establish additional contracts.

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. STA has found issues with Lot 15 and has requested to investigate the old carpenter shop located on Lot 16. The CBS Assembly gave STA approval to investigate the carpenter shop located on Lot 16. STA is in the process of evaluating the property.

6. Stores Building.

The sale of the Stores building to SBS has been completed. The EDA review of the sale is complete. The EDA will allow CBS to retain the roughly \$78k of EDA grant funds that were used to remodel the building, with the condition the funds are spent on the Administration Building.

7. The Assembly at their 12/22/09 meeting approved to cancel the lease between the Boat Company and the CBS on the receipt of transfer of the Boat Company building to the CBS.
8. The lease for ADF&G has been complete and they have moved vehicles to the SCIP for storage.
9. Theobroma has moved out of the Administration Building and is no longer a tenant of the Park.
10. The Assembly at their 10/13/09 approved the SCIP Board's Strategic Plan as presented.
11. 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.
12. 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.
13. 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.
14. The Audio Workshop group has been successful in recording music and has chosen to extend their lease at least another month to continue to record.