



**BOARD MEETING – TUESDAY, FEBRUARY 21, 2017**

**AGENDA**

**3:00 PM**

**Gary Paxton Industrial Park – Starting at Front Gate**

**Regular Meeting**

**3:00 PM**

<b><u>Item</u></b>	<b><u>Action</u></b>
A. Call to Order	Acknowledge
B. Roll Call	Acknowledge
C. Review of Minutes	Motion to Approve
<b>JANUARY 9TH, 2017</b>	
D. Correspondence & Other Information	Acknowledge/Questions
E. Changes/Additions/Deletions to Agenda	Change/Add/Delete
F. Reports	
G. Persons To Be Heard	
H. Unfinished Business	
1. Strategic Planning – Walking Discussion	Discussion/Recommendation
I. New Business	
1. Shoreline Stabilization Project	Discussion/Recommendation
J. Adjournment	

**The Mission**

**It is the mission of the Gary Paxton Industrial Park Board and management, by direction of the Sitka Assembly, to strategically develop the park in a fiscally responsible manner that maximizes its economic benefit to the community through creation of meaningful jobs in conformance with established community plans and policies.**

**Gary Paxton Industrial Park - Board of Directors Meeting  
January 9, 2017 3pm  
Minutes**

**A. CALL TO ORDER:** The Chair called the meeting to order at 3:05pm.

**B. ROLL CALL**

**Members Present:** Scott Wager, Charles Horan, Hugh Bevan

**Members Absent:** Dan Jones

**City Representatives:** Dan Tadic, Jay Sweeney, Michael Harmon, Maegan Bosak

**Others Present:** Brielle Schaffer, Robert Woolsey, Garry White, Mary Suminski

**C. Review of Minutes- December 15, 2016**

Mr. Horan corrected his comments during the strategic planning item concerning uplands development.

**MOTION:** M/S Bevan/Horan moved to accept the minutes December 15, 2016

**ACTION:** Motion PASSED 3/0 on a voice vote

**D. Correspondence & Other Information – None**

**E. Changes/Additions/Deletions to Agenda**

- Move Strategic Planning to end of meeting.

**F. Reports - None**

**G. Persons to Be Heard - None**

**H. New Business**

**1. GPIIP Dock Project Alternatives**

**Discussion:**

- Mr. White discussed an alternative proposal from Turnagain marine concerning the different options for the transfer bridge between shore and the dock. Mr. White gave an overview of the different equipment used locally to move freight, specifically wheel base width. Mr. White informed the board that Turnagain Marine would be willing to provide a 16ft wide ramp as part of the base bid; wider ramps would be an additional cost to the project. Turnagain's proposal provided discounted costs of the wider ramps contingent on the demo the utility dock price provided in the original bid be renegotiated. Mr. White suggested that Turnagain had probably under bid the original demo cost and was providing the CBS with a discount for new construction for not taking loss on the demo project.
- Mr. White suggested that a wider ramp would be needed to meet the needs of the equipment being used locally to move freight. Mr. White stated that an 18ft ramp was a

good compromise and it fit with in the funds currently available; Mr. Horan mentioned that there were unknown users and he liked the wider ramp for those users.

- Mr. White stated that he had worked with Public Works and determined that the alternatives of adding heavy shore power (\$60,000) and an 18ft ramp (\$60,000) could be included in the base bid of \$6.8 million.
- Mr. White stated that dock demolition would need to be decided by the end of March.
- Mr. Wagner was interested in using other funds for possible Utility Dock demolition and wanted a more accurate number from Turnagain for demolition. Mr. White will inquire on updated costs to demo the utility dock.
- Mr. Horan suggested that the Environmental Funds were a good fit for the dock removal.
- Mr. Wagner asked if the addition of a crane would increase the cost of the heavy shore power, Mr. Tadic commented that it should not & that minimal structural modifications would need to be done to the barge if the crane was added later.
- Mr. White stated that having a crane at the dock was of interest to local fisherman, Mr. Wagner added that water & shore power are also highly desirable.
- Mr. White stated that the alternative proposal from Turnagain for water was an additional \$45,700 to the base bid.
- Mr. Tadic mentioned the possibility of using existing fire hose to bring water to dock during the summer months.
- Mr. Wagner informed the board of an upcoming Harbor meeting & stated it may be good to get more information on crane use.
- Mr. Tadic stated that Turnagain Marine is scheduled to mobilize June 8-13 and demobilize in mid-August.

**MOTION:** **M/S Horan/Bevan** moved to approve staff recommendation to increase dock ramp size to 18' wide at discounted price of \$60,000 and to move forward with including heavy shore power on the dock. Demo of the Utility Dock will be further investigated.

**ACTION** **Motion PASSED 3/0 on a roll call vote**  
Yeas: Scott Wagner, Charles Horan, Hugh Bevan

## **2. GPIP FY2018 Budget**

### Discussion

- Mr. White discussed projected moorage, freight & tenant revenue, he is estimated \$41,000 annually. He listed dock management at \$25,000.
- Mr. Bevan asked if certification would be in place to bring Allen Marine boats ashore, Mr. White stated that staff would be taking MERSAC classes to be more informed.
- It was mentioned that the Administration Building could be "mothballed" thus removing the utilities line item. Mr. Harmon commented that the building is on a boiler system & turning it off would possibly result in mold & moisture. Mr. Horan stated an alternate heating system might be an option & that the building may not have an economic value greater than the utilities.
- Board had no objection the mothballing the building, Mr. Horan & Mr. Bevan would like to sell the building.
- Mr. White stated that he will be working on the mechanism to sell the building in regards to the recent landslide damage to the building and issues to move forward legally.
- Mr. White ran through the operating budget for FY2018, \$288,927.
- Mr. Horan inquired on revenue to the GPIP fund from sales that might occur at the GPIP, if there was a "tail" on the leases, Mr. Sweeney said that he would look into that. Mr. Sweeney did mention that GPIP currently had 5 years of working capital.

**MOTION:** **M/S Bevan/Horan** moved to forward the GPIIP FY2018 budget as presented to the City Administrator.

**ACTION** **Motion PASSED 3/0 on a roll call vote**  
Yeas: Charles Horan, Hugh Bevan, Scott Wagner

### 3. Sawmill Farm

Discussion

- Mr. White informed the board that he had been to the Sawmill Farm 1 week ago & that it looked to be clean.
- Mr. Wagner was concerned that 2 months ago the board had requested a plan and no plan had come back to the board to date.
- Mr. Bevan suggested holding it over to the next meeting & Mr. Wagner & Mr. Horan stated to terminate the lease if there was no action at February's meeting.
- Mr. White said he would draft a letter stating that Ms. Daniels was in violation of the terms of her lease.

## I. Old Business

### 1. Strategic Planning

Discussion

- Mr. Horan commented that he would like to see GPIIP cleaned up & to work towards a comprehensive solution to deal with rock, utility dock, marine access, clean up lots, prep lots. Mr. Horan stated he believed that the rock at GPIIP is preventing business. He suggested that the rock might be able to be used in other locations within the park; he further commented that the board had no control of land at GPIIP as long as the rock was there & would like to build a ramp & have another entity invest in a haul-out.
- Mr. Bevan lined out items for the 6-year capital improvements program: 1. Comprehensive site grading & clean-up plan, 2. Permit & construct a marine access ramp, 3. Clean up shoreline, 4. Demolition of Utility dock.
- Mr. Horan asked if it were possible to have the city staff help with a grading plan, Mr. Tadic stated that staff is pretty strapped with current workload, they city did have a list of professionals that might be available to help. Mr. Harmon added that there had been a brief survey completed several years ago that might be of assistance.
- Mr. Horan asked what the options were to remove the rock from GPIIP, stating that if the rock was no good it would need to be hauled off & take the loss just to get things moving.
- Mr. Bevan added that the rock could be sorted. He asked Mr. White to talk with contractors about cost to grade/sort rock.
- Mr. Horan commented that maybe the Electric Department would be willing to help with the financial burden of removing the rock, if any of the rock was usable for a ramp that could be set aside.
- Mr. Horan would like to see: 1. Rock sorted (using existing survey), 2. Shoreline (demo of Utility Dock), 3. Ramp design, 4. Finish upland grading, 5. Sale or demo of Admin building.
- Mr. Harmon suggested that some of the action would require money in the budget & it might be wise to include that now as a contract line item.
- Board would like to resolve the Administration Building for next year.
- Board wished to continue Strategic Planning.
- Board wished to present a capital improvement list to the Administrator for the next year.

**MOTION:** M/S Horan/Bevan moved to submit a capital improvement plan to the administrator for the following projects:

1. \$250,000 to be expensed from the GPIIP Environmental Fund for the demolition of the Utility Dock and shoreline stabilization.
2. \$40,000 of GPIIP working capital to be used for design of a water access ramp for marine services/etc...

**ACTION** Motion PASSED 3/0 on a roll call vote  
Yeas: Hugh Bevan, Charles Horan, Scott Wagner

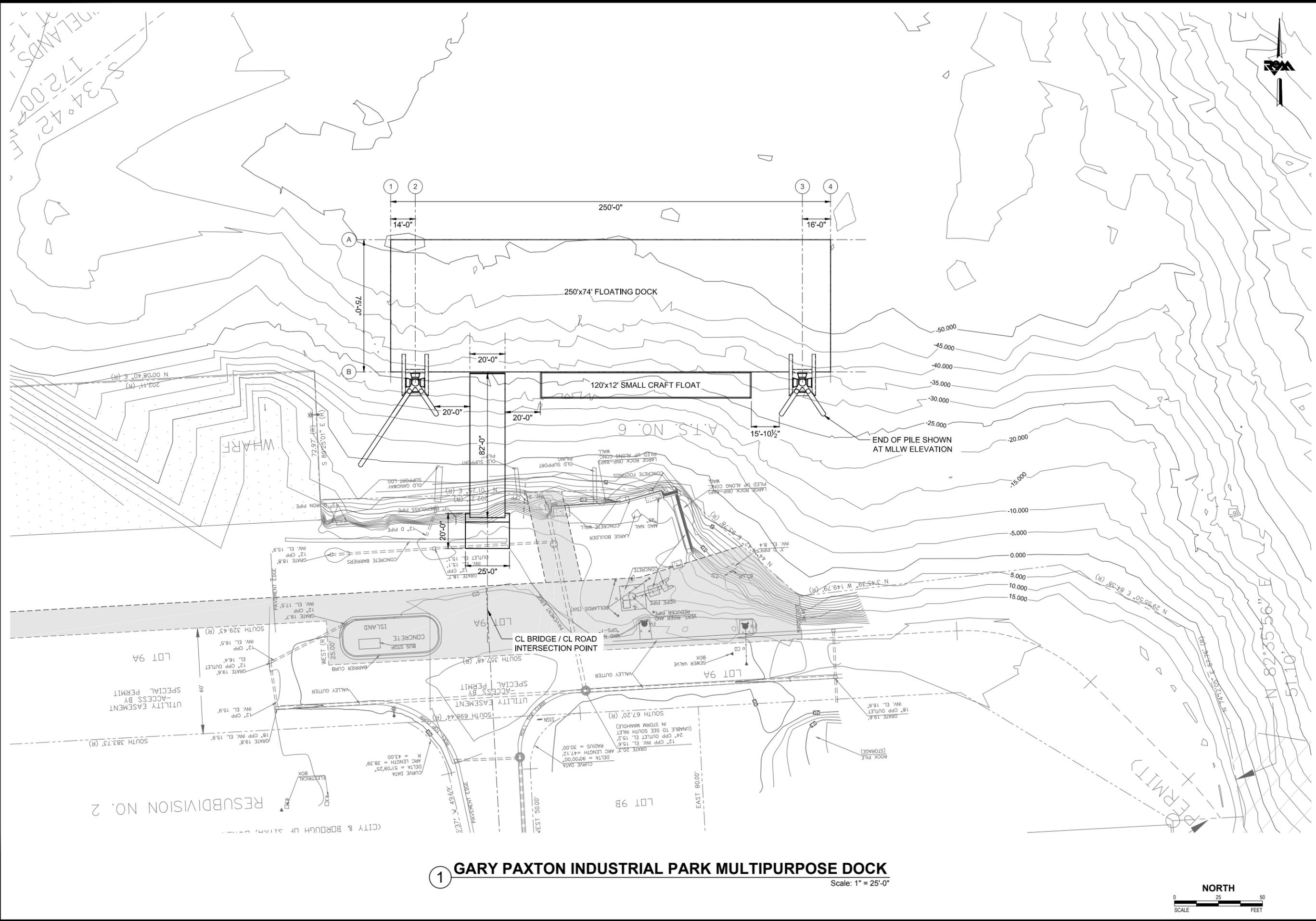
## 2. Bulk Water

Discussion

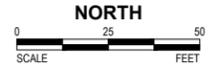
- Mr. Bevan requested 15 minutes on a future meeting agenda give a presentation on bulk water.

**J. Adjournment:** Mr. Wagner moved to adjourn the meeting at 5:12pm

Plotted 2/8/2017 11:14 AM by Josh Zellmer Z:\project\2409.01 CB SITKA Gary Paxton Industrial Park Multi Purpose Dock\Civil\ACAD\2409.01 Pile Plan.dwg



**1 GARY PAXTON INDUSTRIAL PARK MULTIPURPOSE DOCK**  
 Scale: 1" = 25'-0"



**R&M CONSULTANTS, INC.**  
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City & Borough of Sitka  
**GARY PAXTON INDUSTRIAL PARK MULTIPURPOSE DOCK**

City of Sitka logo with the text 'CITY OF SITKA' and 'DECEMBER 2 1971'.

Drawn By: PMH	Checked By: JZ
Date: FEBRUARY 28, 2017	
Title: DRAFT	
Project No:	
Sheet Title: SITE PLAN	
Sheet No: 1	



329 Harbor Drive, Suite 212 \* Sitka, Alaska 99835

## *Creating Jobs and Business Opportunities*

# **Sawmill Cove Industrial Park Strategic Plan June 2009**

### *The Mission*

***It is the mission of the Sawmill Cove Industrial Park board and management, by direction of the Sitka Assembly, to strategically develop the park in a fiscally responsible manner that maximizes its economic benefit to the community through creation of meaningful jobs in conformance with established community plans and policies.***

### Introduction

This Strategic Plan was initially formulated by the SCIP Board at a planning session held in May, 2008 worked on and formally adopted by the board in August 2008. Adjustments to the plan have been made as plan priority items have been completed. The Plan was updated by the SCIP Board June 2009 for presentation to the City Borough Assembly for review and comment.

The Sawmill Creek Industrial Park has been improved, marketed and developed with several businesses. There are still large areas of opportunity for continued development. The project is fairly well defined and we are moving into a time of transition where we expect to accelerate park development and use within the private sector. Our goal is to dispose of the lands in a manner consistent with our mission. This updated plan calls for three significant strategies enumerated in the following attachments with appropriate action plans.

- Strategy 1 - We will develop a comprehensive land use and marketing program for the park.
- Strategy 2 - We will develop a plan to build a multi-purpose dock at the park.

Strategy 3 - We will continue to monitor market and local conditions to determine if the development, marketing, and management of the Saw Mill Cove Industrial Park is appropriate or needs adjusting.

These strategies and related action plans are outlined for Assembly review and approval or comment. They are made based on the following guiding principles.

**Guiding principles**

1. Always preserve public access and marshalling areas to the waterfront as it is the most commercially viable waterfront left in Sitka.
2. Make lease, buy/sell or other land use decisions based on the mission of the Park – to create family wage jobs for Sitkans in a financially responsible manner.
3. Consistent with principles 1 & 2, identify and minimize negative cash flows to the City from the operation of the Park.

See also attached

1. Land Use Plan
2. Sawmill Cove Subdivision
3. Sawmill Cove Overlay Map

# Action Plan

Strategy No. 1  
 Plan No. A  
 Date: June 1, 2009

**Strategy:** We will develop a comprehensive land use and marketing program for the Park.

**Specific Result:** To create a detailed property information base to be used in land use decision-making.

#	ACTION STEP (Number each one)	Assigned To:	Start Date:	Due Date:	Completed Date:
1	Develop detailed property information for each parcel/building including dimensions, physical characteristics, and location of utilities and other infrastructure.	ED	6/8	ongoing	7/10
2	Identify the possible highest and best use for all uncommitted parcels and buildings, utilizing recently approved plat and waterfront development plan.	Board	6/09	ongoing	
3	Using the Guiding Principals, determine priorities regarding sale versus lease for each property.	Board	6/09	ongoing	
4	Actively promote the sale or lease of the former administration building.	ED	6/08	ongoing	
5	Actively promote the sale or lease of the former maintenance/stores building.	ED	6/08		5/09
		Responsible: <input type="text"/>			



# Action Plan

Strategy No. 1  
 Plan No. B  
 Date: June 1, 2009

**Strategy:** We will develop a comprehensive land use and marketing program for the Park.

**Specific Result:** To create a plan for a marine service industry at the Park.

#	ACTION STEP (Number each one)	Assigned To:	Start Date:	Due Date:	Completed Date:
1	Identify properties within Plan A that would appropriately serve an expanded marine services industry.	Board	8/08	ongoing	4/09
2	Develop and release an RFP for a marine haul out facility to serve the marine services offered at the Park.	ED	3/00		4/09
3	Solicit from current Sitka marine service providers considerations to accommodating their needs at the Park.	ED Board	6/09	ongoing	
4	Review other marine service facilities outside of Sitka to determine necessary components of a successful marine services industry.	ED	6/09	ongoing	
		Responsible:	<input type="text"/>		

# Action Plan

Strategy No. 1

Plan No. C

Date: June 1, 2009

**Strategy:** We will develop a comprehensive land use and marketing program for the Park.

**Specific Result:** To develop a Marketing Plan for the Park.

#	ACTION STEP (Number each one)	Assigned To:	Start Date:	Due Date:	Completed Date:
1	Research successful marketing plans currently in use in marine industrial parks in Alaska and USA.	ED	6/8	ongoing	
2	From Plan A and the research of other marketing plans, develop lease rates and land value estimates and other pertinent information to be used in marketing the Park through either lease or sales.	ED	6/09	ongoing	
3	Present the Park to local, regional and national markets with a web-based advertising program, supplemented with other media as appropriate.	ED	6/09	ongoing	
		Responsible: <input type="text"/>			

# Action Plan

Strategy No. 2

Plan No. A

Date: June 1, 2009

**Strategy:** We will develop plan to build a multi-purpose dock at the Park.

**Specific Result:** To develop a comprehensive plan for the construction, use and management of a multi-purpose dock.

#	ACTION STEP (Number each one)	Assigned To:	Start Date:	Due Date:	Completed Date:
1	<p>List all of the potential uses of a multi-purpose dock at the Park to include, but not limited to, the following uses:</p> <ul style="list-style-type: none"> <li>• Bulk Water shipment.</li> <li>• Ocean-going freight, in or out of Sitka.</li> <li>• Container transshipment facility tied to Prince Rupert.</li> <li>• Shipment of bottled water</li> <li>• Shipment of fish processed at SCIP</li> <li>• Export of rock.</li> <li>• Bio-fuel projects using fish waste, wood products, and recycled materials</li> <li>• Scientific and Marine/Fishing Research vessels</li> <li>• Cruise Ships</li> </ul>	ED + Board	8/09	ongoing	
2	Determine which of these or other potential uses are viable for Sitka and the Park.	ED	8/09	ongoing	
3	Design a multi-purpose dock that would meet the determined needs.	ED	11/09	ongoing	
4	Seek funding or private/public partnerships and build an agreed-upon multi-use dock that would meet as many of the needs as possible as well as generated sufficient income that the dock could be fiscally viable.	ED + CBS	2000	ongoing	
5	Develop a management plan for the use of the multi-purpose dock if it is to remain in the ownership and control of the City and Borough of Sitka or the Saw Mill Cove Industrial Park.	ED + CBS			
		Responsible:	<input type="text"/>		

# Action Plan

Strategy No. 2

Plan No. A

Date: June 1, 2009

**Strategy:** We will develop plan to build a multi-purpose dock at the Park.

**Specific Result:** To develop a comprehensive plan for the construction, use and management of a multi-purpose dock.

#	ACTION STEP (Number each one)	Assigned To:	Start Date:	Due Date:	Completed Date:
1	<p>List all of the potential uses of a multi-purpose dock at the Park to include, but not limited to, the following uses:</p> <ul style="list-style-type: none"> <li>• Bulk Water shipment.</li> <li>• Ocean-going freight, in or out of Sitka.</li> <li>• Container transshipment facility tied to Prince Rupert.</li> <li>• Shipment of bottled water</li> <li>• Shipment of fish processed at SCIP</li> <li>• Export of rock.</li> <li>• Bio-fuel projects using fish waste, wood products, and recycled materials</li> <li>• Scientific and Marine/Fishing Research vessels</li> <li>• Cruise Ships</li> </ul>	ED + Board	8/09	ongoing	
2	Determine which of these or other potential uses are viable for Sitka and the Park.	ED	8/09	ongoing	
3	Design a multi-purpose dock that would meet the determined needs.	ED	11/09	ongoing	
4	Seek funding or private/public partnerships and build an agreed-upon multi-use dock that would meet as many of the needs as possible as well as generated sufficient income that the dock could be fiscally viable.	ED + CBS	2009	ongoing	
5	Develop a management plan for the use of the multi-purpose dock if it is to remain in the ownership and control of the City and Borough of Sitka or the Saw Mill Cove Industrial Park.	ED + CBS			
		Responsible:			

# Action Plan

Strategy No. 2

Plan No. B

Date: June 1, 2009

**Strategy:** We will develop plan to build a multi-purpose dock at the Park.

**Specific Result:** To develop an information program regarding the multi-purpose dock.

#	ACTION STEP (Number each one)	Assigned To:	Start Date:	Due Date:	Completed Date:
1	<b>Develop specific informational materials that will accurately describe the intended and potential uses of a multi-purpose dock.</b>	ED	6/09	ongoing	
2	<b>Prepare and disseminate accurate information to voters regarding the intended and potential uses of a multi-purpose dock (This effort will not be lobbying or advocacy; it will be the presentation of factual information that will allow the Assembly and voters to make informed decisions).</b>	ED + Board	6/09	ongoing	
Responsible:		<input type="text"/>			

# Action Plan

Strategy No. 3  
 Plan No. A  
 Date: June 1, 2009

**Strategy:** We will continue to monitor market and/or local conditions to determine if the development and management of the Saw Mill Cove Industrial Park is appropriate or needs adjusting.

**Specific Result:** To maintain continuing efforts on long-term projects at the Park.

#	ACTION STEP (Number each one)	Assigned To:	Start Date:	Due Date:	Completed Date:
1	Maintain a comprehensive plan for marketing bulk water and managing bulk water export information requests.	ED	6/08	ongoing	
2	Continue to pursue the development of a private marina in Herring Cove.	ED	6/08	ongoing	
3	Improve cell phone coverage at the Park and provide high speed internet access to all areas of the Park.	ED + CBS	6/08	ongoing	
4	Pull together existing studies that have been conducted over the years and identify areas that need further study to fully take advantage of the potential of the Park.	ED	6/08		6/09 ✓
5	Continue to research the development of a rock quarry in the vicinity of the Park.	ED	1/09	ongoing	
		Responsible:			

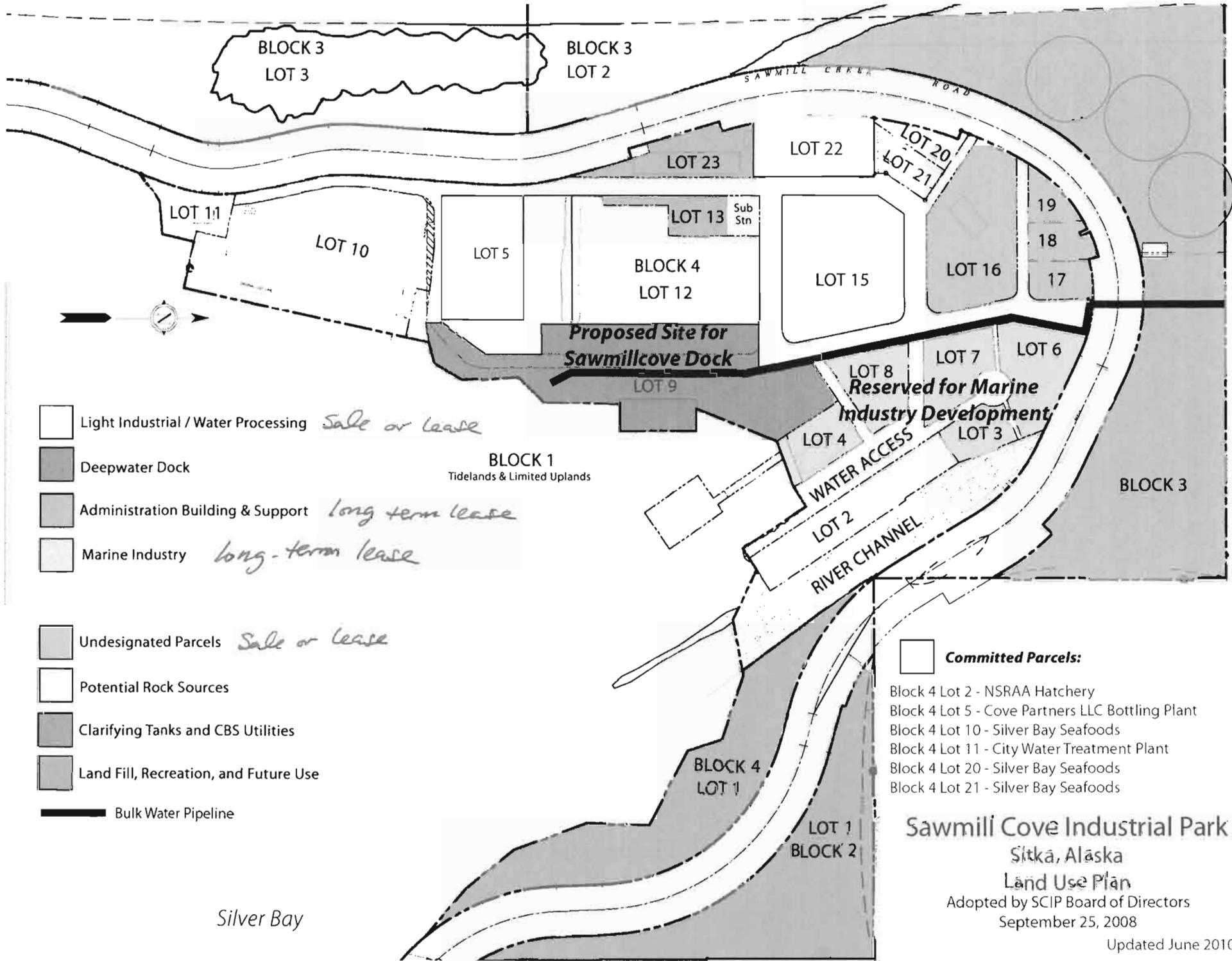
# Action Plan

Strategy No. 3  
 Plan No. B  
 Date: June 1, 2009

**Strategy:** We will continue to monitor market and/or local conditions to determine if the development and management of the Saw Mill Cove Industrial Park is appropriate or needs adjusting.

**Specific Result:** To monitor and adjust internal Saw Mill Cove Industrial Park Board and Executive Director relationships, internally and with the City and Borough staff and Assembly.

#	ACTION STEP (Number each one)	Assigned To:	Start Date:	Due Date:	Completed Date:
1	Meet with CBS Administrator and staff to clarify roles in the management and operation of the Park, and to develop an authority matrix.	ED	6/8		7/08 ✓
2	Work with the Public Works Department during the upcoming paving project to insure that pavement is placed in locations that will least likely need to be disturbed in the future.	ED	4/09		4/10 ✓
3	Examine the possibility of inviting SEDA to relocate their office to the Park.	ED			
Responsible: <input type="text"/>					



- Light Industrial / Water Processing *sale or lease*
- Deepwater Dock
- Administration Building & Support *long term lease*
- Marine Industry *long-term lease*

- Undesignated Parcels *sale or lease*
- Potential Rock Sources
- Clarifying Tanks and CBS Utilities
- Land Fill, Recreation, and Future Use

Bulk Water Pipeline

- Committed Parcels:**
- Block 4 Lot 2 - NSRAA Hatchery
  - Block 4 Lot 5 - Cove Partners LLC Bottling Plant
  - Block 4 Lot 10 - Silver Bay Seafoods
  - Block 4 Lot 11 - City Water Treatment Plant
  - Block 4 Lot 20 - Silver Bay Seafoods
  - Block 4 Lot 21 - Silver Bay Seafoods

**Sawmill Cove Industrial Park**  
 Sitka, Alaska  
 Land Use Plan

Adopted by SCIP Board of Directors  
 September 25, 2008

Updated June 2010

Silver Bay

## 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

investigation they determined the natural remediation was functioning as intended and recovery seemed to be ahead of schedule.

- Cove Capacity for Handling Deep Water Docks
  - Sawmill Cove Industrial Park waterfront development plan by PND dated April 2002 identified about five possible locations for deep water docks in the area.
- Ballast Water Concerns – bulk water tankers
  - The USCG is responsible for monitoring ballast water as mandated under 33 CFR 151.2035(b).



329 Harbor Drive, Suite 212, Sitka, AK 99385  
Phone: 907-747-2660

Tuesday, February 14<sup>th</sup>, 2017

MEMORANDUM

TO: GPIP Board of Directors  
FROM: Garry White, Director  
SUBJECT: Gary Paxton Industrial Park (GPIP) Management Report

**1. GPIP Port Planning/Feasibility Study**

The CBS commissioned a planning/feasibility study with Northern Economics (NE) to determine potential market demand for a large vessel moorage facility, a vessel haul out facility, and potential uses and location of a deep water dock. The CBS worked with NE over the fall and winter of 2013/2014, taking input from the community and helping to provide potential market demand opportunities. Funding for the planning/feasibility study came from a \$487k Federal appropriation for the GPIP waterfront development

Northern Economics provided a preliminary screening-level feasibility assessment and planning study to the CBS in March 2014, which can be view on the [www.sawmillcovc.com](http://www.sawmillcovc.com) website.

The GPIP port planning/feasibility study has been closed at this time. Planning for the next steps is on hold currently. **(08/26/2014)**

The CBS still has \$333,320 available for port planning. **(04/12/2016)**

The Alaska Department of Transportation has sent the CBS notification that the funds for planning have terminated. The CBS is in the process of investigating this claim. **(07/11/2016)**

**2. Construction of a bulkhead at GPIP.**

Funding for the construction of a bulkhead at the GPIP was approved via statewide transportation GO bond in the November 2012 election. A RFQ (request for qualifications) was developed, released, and advertised for engineering services for the bulkhead project. The CBS received two responsive proposals to the RFQ for engineering services. The CBS Assembly approved and awarded a professional service agreement to Moffatt and Nichol (M&N) for engineering services at their 04/22/2014 meeting. M&N presented conceptual plans and asked for community input on dock design and use during a GPIP Board meeting on 04/28/2014. M&N provided to CBS staff Basis of Design and Alternative Analysis Design documentation over the summer. The CBS and GPIP staff placed the project on a temporary hold until a clearer direction

of the future use of the industrial site in relation to the various proposals submitted has been further vetted by the board and Assembly. **(01/05/2015)**

The GPIIP Board at its April 2015 meeting directed staff to investigate the feasibility of purchasing and bringing a floating pontoon dock to the GPIIP. Staff is currently working on the project. **(05/12/2015)**

The CBS has hired R&M Engineering – Ketchikan to investigate the conditional assessment and feasibility of acquiring an existing floating pontoon to be used for the GPIIP dock. **(09/22/2015)**

The GPIIP Board at its December 2015 meeting directed CBS staff to develop and release a design build request for proposal to purchase, refurbish, and install a floating dock at the Gary Paxton Industrial Park. **(01/11/2016)**

The CBS is in the process of hiring an outside engineering firm to act as the CBS's agent in releasing a RFP for the dock project. Staff hopes to have the RFP released within a month. **(04/12/2016)**

The CBS has hired Windward Project Solutions Inc. to act as the CBS's agent in preparing and releasing the design building RFP for the dock project. Windward plans to release the RFP on 6/15/2016. **(05/10/2016)**

The CBS released a design build RFP for the multipurpose dock project on June 22<sup>nd</sup>. The CBS had received much interest in the project. Proposals are due August 18, 2016. **(07/11/2016)**

The CBS received 4 proposals for the GPIIP dock on August 18<sup>th</sup>, 2016. All four proposals exceeded the available funds for the project. The GPIIP Board met on September 1<sup>st</sup>, 2016 to evaluate the proposals and determined that it would not request additional funds from the Assembly.

As a result, at the GPIIP Board's recommendation, the CBS re-engaged all four Proposer's in a competitive, Best & Final Offer process with restructured project priorities. On September 27<sup>th</sup>, three Final Offers were received. Those Offers include a total of six design options all of which accommodate freight and fishing industries and allow for future development that would enable use by larger vessels. Furthermore, all three Proposals each contain a solution within the available funds amount.

The GPIIP Board met on October 17<sup>th</sup> to evaluate the 3 proposals and selected Turnagain Marine Construction as the best apparent value proposer. The GPIIP Board recommended that staff proceed with finalizing the scope of work and contract terms with Turnagain for board review and Assembly approval.

The GPIIP Board met on November 14<sup>th</sup> to recommend approval of a construction contract between the CBS and Turnagain Marine. The CBS Assembly met on November 22<sup>nd</sup> to approve on first reading transferring \$125k from the GPIIP Enterprise Fund and \$125k from the Raw Water fund to provide a contingency fund for the project. **(12/6/2016)**

### **3. Marine Services Industries at the GPIIP.**

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. **(01/11/2010)**

Puglia has determined that as it stands now, its original concept will not be feasible. **(04/26/2011)**

The GPIIP Board has heard from the community at multiple meetings, strategic planning sessions, and joint Ports and Harbors Commission meetings that there is a need for a haul out for larger vessels in the community. **(12/16/2011)**

The GPIIP Director is researching the marine industry in SE Alaska and looking for opportunities for marine service industries that would fit well with the GPIIP assets. Research is also being done to identify funding sources for marine service industries infrastructure. **(03/23/15)**

See item #1 port planning

### **4. Bulk Water**

The CBS Administrator and GPIIP Director traveled to Washington DC to meet with the Alaska and California delegations regarding the potential to export Sitka's water to CA. **(06/29/2015)**

The GPIIP Director flew to Seattle to meet with representative of Aquaomnis, an Icelandic Bulk Water Company. The purpose of the visit of was to learn about each bulk water source and potential export projects. **(08/31/2015)**

The GPIIP Director has received multiple requests from companies interested in acquiring water for bulk export from Green Lake. **(11/02/2015)**

The GPIIP Board of Directors recommended that a RFP be released to solicit proposals for entities to export Sitka's bulk water assets. Four separate entities attended the 04/07/2016 GPIIP Board meeting expressing interest in obtaining a contract to ship Sitka's water. **(04/12/2016)**

The CBS received 4 proposals in response to the Bulk Water RFP released in April. The GPIIP Board will meet May 16<sup>th</sup> to make its recommendations to the Assembly. **(05/10/2016)**

The GPIIP recommended and the CBS Assembly approved that the CBS enter into 3 separate contracts with ABWI (2 contracts) and Arctic Blue Water Inc. for roughly 8.8 billion gallons of water annually. The CBS will receive \$1.1 million dollars in non-refundable payments that can be used as water contracts from the water exporters. **(07/11/2016)**

ABWI and Arctic Blue Waters missed the contractual deadline to submit non-refundable payments to initiate the bulk water agreements. As such all contracts are null and void. The CBS is continuing to market its water assets and is willing to receive proposals from any entity willing to export Sitka's water. The GPIIP has suggested that it will only be willing to recommend new contracts with entities that demonstrate the ability to ship water immediately or provide payments to the CBS up front. **(08/5/2016)**

The Director continues to discuss the bulk water export venture with various groups around the globe. **(12/6/2016)**

## **5. Bottled Water**

The Director has met with multiple potential investors into the venture of bottling water in Sitka. The existing bottling plant owners and operators have been included in the discussions. **(10/24/2013)**

The CBS Assembly approved setting tote/container water rates at \$0.01/gallon for water exported in containers larger than 5 gallons at their 3/11/2014 meeting. **(03/17/2014)**

Multiple groups have visited and contacted the Director regarding obtaining property to construct another bottling plant. **(11/02/2015)**.

The CBS is continuing to market its water assets for both bottling and bulk operations. **(08/05/2016)**

The Director continues to work with entities interested in bottling water with Sitka water. Water samples were recently sent to a prospective client. **(02/14/2017)**

## **6. GPIIP Property Sales**

The CBS commissioned a professional third-party appraisal on lots at the industrial site in September 2014.

The GPIIP Board received multiple official proposals for property purchase during its fall and winter 2014/2015 meetings.

The GPIIP Board and CBS Assembly approved and sold lots 11, 12a, 13, and 17 at the GPIIP. Lot 11 (former GPIIP wastewater treatment plant building) was sold to Silver Bay Seafoods (SBS) at appraised value. SBS intends to use the building to process fish by-product. Lots 12a and 13 were also sold to SBS at appraised value for use in expansion of fish processing, value added, and cold storage. Sale of Lot 17 to Monarch Tanner at

appraised value to construct a tannery building was approved by the Assembly in January, 2015. **(03/02/15)**

Additionally, the GPIIP Board has agreed to sell Lot 23 and the former Administration Building to SBS for appraised value. The 1950's administration building was remodel in 2001 with grant funds from the US EDA. The US EDA grant covenant concerning the sale of the building are being investigated to move the sale forward to the Assembly for their approval.

The GPIIP board is still deliberating on various proposals for use of waterfront lots and upland property in relation to the marine services industry. **(03/23/2015)**

The GPIIP Board recommended approval for a lease to purchase agreement between the CBS and Alaska Pacific & Packing (APP) for Lot 8, a 20,000 SF tidelands lease, and guaranteed utility and access easement to the waterfront. APP intends to construct a building on Lot 8 for engineering offices, fabrication shop, and industrial freezing. Once APP meets certain performance benchmarks it can purchase the property at appraised value. **(03/31/2015)**

The GPIIP Board continues to receive proposal to purchase property at the GPIIP. The Board had directed the Director to establish an area at the park for a marshalling or storage yard to support the new multiple purposed dock that is proposed. The GPIIP additionally has asked for Director to continue to investigate private investment of a marine service center on lot 4 & 15. **(06/29/2015)**

The CBS Assembly has granted authority for approximately 25 acres adjacent to Lot 1, Block 2 to be marketed for development. The Director is working with two separate potential water bottling operators to develop proposals for board review.

A RFP for development ideas for lots 16b, 19, and 20 has been developed has advertised on the [www.sawmillcove.com](http://www.sawmillcove.com) website. Additionally, the CBS will be advertising the RFP in local and regional media. **(09/22/2015)**

The CBS did not receive any proposals for the development of lots 16b, 19, and 20 during the RFP process which ended 3/31/2016. **(04/05/2016)**

Monarch Tannery has withdrawn its request to purchase lot 17 at the GPIIP to build a larger tannery operation. **(04/12/2016)**

## **7. GPIIP Property Marketing**

Detailed profiles of GPIIP properties have been developed and approved by the Board. The profiles have been placed on the GPIIP website at [www.sawmillcove.com](http://www.sawmillcove.com) and will be used for other marketing opportunities.

The Director continues to receive request for park usage post Blue Lake project. **(02/20/2014)**

The Board at their May 14<sup>th</sup> meeting, heard proposals during “persons to be heard” for a majority of the remaining space at the GPIIP. The Board is awaiting formal proposals to determine use of the park in the future. **(06/24/2014)**

Marketing materials have been updated on the [www.sawmillcove.com](http://www.sawmillcove.com) website and hard copy to reflect recent sale of property. (03/02/2015)

## **8. Blue Lake Dam Expansion Project**

The Blue Lake Dam Expansion Project has been completed. Evacuated rock from the project is still being stored on park property. Rock needs to be removed from the property for economic development to continue on the site. The CBS is still working on a solution. (05/12/2015)

The CBS Electrical Department intends to release a request for proposals of entities interested in purchasing rock stored at GPIP. (06/29/2015)

The CBS Electrical Department has recently investigated several plans to remove rock from the property. (09/22/2015)

Rock is actively leaving the park via contracts between the CBS Electric Department and various entities. (07/11/2016)

## **9. Wharfage Rates**

The GPIP Board set general wharfage rates for use of the waterfront property at the park. Rock, Sand, and Gravel was set at \$1.00 per US ton; all other freight items will be on a case-by-case basis. (10/2/2012)

A full tariff schedule is being developed for the park. (07/09/2013)

A draft tariff schedule was developed by SEDA Staff and presented to the GPIP Board for its review during its December 2015 meeting. The board provided direction to hold off on finalizing the schedule until the dock project can be further determined. (01/11/2016)

## **10. Hazard Risk Mitigation**

Due to the August 18, 2015 landslide that occurred at the GPIP, the CBS is assessing its risk to allow occupancy of municipal owned property. The CBS Attorney is developing waiver language for current and future lessees of the property for day use only. The Attorney is additionally investigating the potential to lease properties to entities that wish to lease the property for overnight housing. (04/12/2016)

The CBS has hired a consultant to complete hazard risk assessment of the property surrounding the GPIP properties. A written assessment is expected this summer. (07/11/2016)

CBS Administration has determined that the liability risk of allowing the Administration Building to be occupied is too great due to landslide risk and have terminated all leases in the building effective 9/30/2016. (08/05/2016)

## **11. Baranof Island Brewing Company as withdrawn its request to lease Lot 4 at the GPIP. (07/11/2016)**

- 12.** The GPIIP Board recommended that Lot 4 be lease to Alaska Pacific & Packing for a 1-year term at its 7/13/2016 meeting. **(08/05/2016)**
- 13.** The GPIIP Board recommended that a portion of Lot 6 be leased to Sitka Bike & Hike at its 10/17/2016 meeting **(10/31/2016)**
- 14.** The GPIIP Board recommended that a portion of Lot 15 be leased to CBC Construction at its 10/17/2016 meeting. **(10/17/2016)**
- 15.** The GPIIP Board will be meeting over the winter and spring to develop an updated strategic plan for the development of the industrial site. **(12-6-2016)**



329 Harbor Drive, Suite 212  
Sitka, AK 99835  
Phone: 907-747-2660

Tuesday, February 14, 2017

MEMORANDUM

To: Gary Paxton Industrial Park (GPIP) Board of Directors  
From: Garry White, Director  
Subject: Shoreline Stabilization Project

**Introduction**

The shoreline of industrial park is eroding. The GPIP Board of Directors has asked for support in funding from the State of Alaska in its FY2014 - FY2016 legislative priorities to fix the situation. The shoreline in front of lot 4 and portions of lot 9a have been eroding to the point of endangering the upland infrastructure.

Currently, the shoreline bank seaward of lot 4 (Building 4690) has been under cut to the point where the foundation of the building is in jeopardy. The shoreline seaward of the bus shelter on lot 9a is within a foot of the asphalt.

**Background**

The CBS has been unsuccessful in obtaining State funding to address shoreline erosion.

Please see the attached information regarding the GPIP Contingency Fund, which was established when the industrial site was acquired from the Alaska Pulp Corporation to address environmental issues.

**Action**

- Board discussion and recommendation on an immediate project to stabilize the shoreline area of the GPIP to address erosion issues that will affect uplands.



# Balance Sheet

Through 01/10/17  
Detail Listing  
Include Rollup Account/Rollup to Account

Account	Account Description	Current YTD	Prior Year	Net Change	Change %
Fund Category	Governmental Funds	Balance	Total Actual		
Fund Type	Special Revenue Funds				
Fund	173 - SMC Contingency				
<b>ASSETS</b>					
<b>1027</b>	<b>Change in FMV-Investments</b>				
1027.000	Change in FMV-Investments	21,569.00	21,569.00	.00	.00%
<b>1030 - Change in FMV-Investments Totals</b>		<b>\$21,569.00</b>	<b>\$21,569.00</b>	<b>\$0.00</b>	<b>.00%</b>
<b>1030</b>	<b>Investment-Central Trea.</b>				
1030.100	Investment-Central Trea.	842,234.54	844,428.67	(2,194.13)	(.26)
<b>1030 - Investment-Central Trea. Totals</b>		<b>\$842,234.54</b>	<b>\$844,428.67</b>	<b>(\$2,194.13)</b>	<b>(0.26%)</b>
<b>ASSETS TOTALS</b>					
		\$863,803.54	\$865,997.67	(\$2,194.13)	(0.25%)
<b>FUND EQUITY</b>					
<b>2900</b>	<b>Reserve for Encumbrances</b>				
2900.010	Reserve for Encumbrances	(194.00)	(194.00)	.00	.00%
<b>2900 - Reserve for Encumbrances Totals</b>		<b>(\$194.00)</b>	<b>(\$194.00)</b>	<b>\$0.00</b>	<b>.00%</b>
<b>2920</b>	<b>Undesignated/Re. Earnings</b>				
2920.000	Undesignated/Re. Earnings	865,997.67	865,997.67	.00	.00%
<b>2920 - Undesignated/Re. Earnings Totals</b>		<b>\$865,997.67</b>	<b>\$865,997.67</b>	<b>\$0.00</b>	<b>0.00%</b>
<b>2965</b>	<b>P/Y Encumbrance Control</b>				
2965.000	P/Y Encumbrance Control	194.00	194.00	.00	.00%
<b>2965 - P/Y Encumbrance Control Totals</b>		<b>\$194.00</b>	<b>\$194.00</b>	<b>\$0.00</b>	<b>0.00%</b>
<b>FUND EQUITY TOTALS Prior to Current Year Changes</b>		<b>\$865,997.67</b>	<b>\$865,997.67</b>	<b>\$0.00</b>	<b>0.00%</b>
Prior Year Fund Equity Adjustment		.00			
Fund Revenues		(7,713.55)			
Fund Expenses		9,907.68			
<b>FUND EQUITY TOTALS</b>		<b>\$863,803.54</b>	<b>\$865,997.67</b>	<b>(\$2,194.13)</b>	<b>(0.25%)</b>
<b>LIABILITIES AND FUND EQUITY TOTALS</b>					
Fund	173 - SMC Contingency Totals	\$863,803.54	\$865,997.67	(\$2,194.13)	(0.25%)
Fund Type	Special Revenue Funds Totals	\$0.00	\$0.00	\$0.00	+++
Fund Category	Governmental Funds Totals	\$0.00	\$0.00	\$0.00	+++
<b>Grand Totals</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>+++</b>

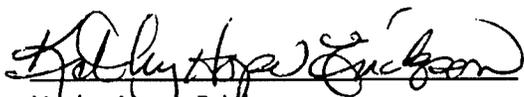
**NOW THEREFORE BE IT RESOLVED** by the Assembly of the City and Borough of Sitka, Alaska that:

- A. The City & Borough of Sitka accepts the Alaska Pulp Corporation mill property from Alaska Pulp Corporation subject to the provisions of the conveyance agreement and closing documents.
- B. The mayor is authorized to sign the documents necessary to complete the conveyance of the property from Alaska Pulp Corporation to Sitka.
- C. Sitka shall establish a contingency fund as follows:
  1. The City & Borough of Sitka shall establish a Sawmill Cove Memorandum of Understanding (MOU) Contingency Fund and shall, immediately upon receipt, place in the fund the property remaining in the Trust identified in paragraph 4 of the Conveyance Agreement. Not later than such time, Sitka shall also place \$500,000 from the Southeast Alaska Economic Development Fund in the fund.
  2. The fund shall be invested and shall remain segregated from the general fund and other municipal funds and accounts. The fund shall be reserved for unforeseen expenses that may be incurred by the municipality in implementing the Sawmill Cove Management Plan/MOU between the State and Sitka.
  3. Sitka may add such sums to the fund from time to time as it deems advisable. Funds may come from public or private sources, grants funds, lease revenues, or other public or private sources. The fund shall maintain a balance of not less than \$200,000 until the last monitoring event prior to final site closure under the Sawmill Cove Management Plan/MOU (depending on the duration of the long-term monitoring programs, the final site closure may be for either the area of concern or the general industrial waste landfill). Any funds remaining after site closure shall be expended by the municipality for environmental or community improvements.

**PASSED AND APPROVED** by the Assembly of the City and Borough of Sitka, Alaska on this 6<sup>th</sup> day of April, 1999.

  
 Stan J. Filler, Mayor

ATTEST:

  
 Kathy Hope Erickson  
 Municipal Clerk

**CITY AND BOROUGH OF SITKA**

**RESOLUTION NO. 99-730**

**A RESOLUTION OF THE ASSEMBLY OF THE CITY AND BOROUGH  
OF SITKA, ACCEPTING THE ALASKA PULP CORPORATION MILL PROPERTY**

- WHEREAS,** Alaska Pulp Corporation (APC) is the landowner of certain property in and around Silver Bay in Sitka, Alaska (Property), concerning which the Alaska Department of Environmental Conservation (DEC) is completing the site clean-up investigation and remediation process (remedial studies) pursuant to a September 1995 Commitment Agreement between APC and the State of Alaska (the State); and
- WHEREAS,** APC desires to convey the property, along with certain buildings, docks, equipment, permits, water, and other real property rights to the City and Borough of Sitka (Sitka); and
- WHEREAS,** in April, 1998, the Assembly of Sitka voted in concept to accept the property subject to staff working out the details of the transaction, assuring the ability to redevelop and use the site, and protecting Sitka from potential liability; and
- WHEREAS,** Sitka recognizes the opportunities and feasibility of using the property as a site for economic development, public facilities, and public benefit; and
- WHEREAS,** it would be in the public interest to convey the site to the Sitka community to put it to productive use for jobs, tax, recreation, and other benefits, as soon as possible; and
- WHEREAS,** the Assembly has directed staff to initiate a process for the planning, management, and redevelopment of the Property; and
- WHEREAS,** Sitka is reasonably aware of the potential operating and maintenance costs associated with the property based upon its own investigation and analysis; and
- WHEREAS,** Sitka is reasonably aware of the status of environmental and other issues concerning the property, having conducted its own due diligence review and all reasonable inquiry into existing contamination, which has been ongoing since April 1998, based on DEC's remedial studies; and
- WHEREAS,** APC represents that it has disclosed to Sitka all the information which in its opinion is material to the obligations and risk which Sitka is undertaking by this Agreement; and
- WHEREAS,** Sitka currently assesses the value of the property for purposes of property taxes at \$18.83 million; and

- WHEREAS,** DEC has assured Sitka in a letter from the Commissioner dated March 5, 1999 that Sitka will not be liable under state law for past or continuing releases from existing contamination and for natural resource damages and that the institutional controls to be imposed will not preclude reasonable use of the property; and
- WHEREAS,** the State and Sitka have developed a draft prospective purchase agreement and related exhibits which incorporate these assurances and define Sitka's future site management responsibilities in a legally binding agreement; and
- WHEREAS,** the prospective purchaser's agreement will assure the municipality that among other assurances:
1. The State recognizes that Sitka has not previously been an owner, operator, generator, or transporter of any existing contamination, and has not been named as a potentially responsible party at the Property; and to the best of its knowledge and belief, Sitka has not, prior to taking title to the property, caused or contributed to a release or threat of release of hazardous substances or contaminants of concern on the property.
  2. The State will not sue or take any other civil or other administrative action against Sitka or other Approved Beneficiaries (including naming them potentially responsible parties) for any claim, including claims for equitable relief or damages under A.S. Title 46 and Title 18 of the Alaska Administrative Code, (including natural resource damages) directly or indirectly arising from releases of, or the existence of, existing contamination.
  3. The State agrees not to require Sitka to undertake remedial actions with respect to Existing Contamination except as expressly agreed therein.
- WHEREAS,** the Assembly has considered public comment and the public review drafts of the conveyance agreement, the prospective purchaser agreement, and draft Sawmill Cove management plan, and finds that they will promote restoration of the mill property for the productive use and benefit of the public and are in the public interest; and
- WHEREAS,** at a special session of the Assembly on April 6, 1999, Sitka has determined that conveyance of the property under the terms of this conveyance agreement and the prospective purchaser agreement, and their related exhibits, would reasonably protect the community from liability and future adverse environmental impacts that pulp mill operations may have caused; and
- WHEREAS,** Redevelopment and public use of the property, and Sitka performance of the long-term monitoring and institutional controls, provide a substantial direct and indirect benefit to the public welfare and is in the public interest.

*REVISED* Memorandum of Understanding  
Between the State of Alaska and the City and Borough of Sitka  
Management Plan for Sawmill Cove Industrial Park  
(Former APC Mill Site)  
May 28, 2014

This revised Memorandum of Understanding (MOU) "Management Plan" is made between the State of Alaska (State) and the City and Borough of Sitka (CBS) to set forth measures for implementing recorded institutional controls and other long-term responsibilities for management of the former Alaska Pulp Corporation property located at what is now known as the Sawmill Cove Industrial Park. This revised MOU supersedes the April 28, 1999 MOU signed by Commissioner Michele Brown and Sitka Mayor Stan Filler.

This Management Plan describes how CBS and the State will work together to implement the recorded institutional controls and site management activities for the uplands area and navigation and dredging.

### **Introduction**

From approximately 1995-1999, the State required intensive studies of the environmental conditions of the property and the larger areas affected by the operation of the former APC pulp mill (the Upland and Bay Operable Unit study areas) in consultation with the Sitka Tribe of Alaska, other agencies, and the public. This revised Management Plan specifies the remaining work to be done under a 1999 prospective purchaser agreement between the State and CBS for the former APC pulp mill property. The PPA limits CBS liability for existing contamination associated with the property in exchange for this work.

### **Uplands – Land Use, Future Construction Activities, and Management of Contaminated Soils or Other Contaminated Media**

**Restrictive Covenants** – Two of the four restrictive covenants recorded by APC in 1997 were rescinded in 2005 to allow for unrestricted land use at the former developed mill site (AK Tidelands Patent No. 20 and U.S. Survey No. 2797). Two covenants remain in effect. Restrictive Covenant Sitka Plat 81-40 comprises 12.522 acres at Herring Cove. Restrictive Covenant U.S. Patent No. 1213671 comprises 143.87 acres adjacent to the former developed mill site. The remaining two restrictive covenants are effective until July 11, 2097, or until dioxins and furans are shown not to be present in concentrations exceeding site-specific, risk-based residential cleanup levels. The restrictive covenants disallow human habitation, schooling of children, hospital care, child care or any purpose necessitating around-the-clock residency by humans. Of its own accord or if requested by CBS, DEC will review information showing that these restrictions may be modified or lifted.

**Reporting** – If contaminated soils or other media that require special handling are encountered during construction activities, CBS or its tenants or contractors working on the Sawmill Cove Industrial Park property will promptly notify DEC's Contaminated Sites Program, Juneau office, and the CBS Public Works Director. These obligations exist in addition to any other notifications required by law. The Public Works Director or designee, who may be a qualified contractor, shall serve as the project manager for managing the material or taking any remedial actions.

*REVISED* Memorandum of Understanding  
Between the State of Alaska and the City and Borough of Sitka  
Management Plan for Sawmill Cove Industrial Park  
(Former APC Mill Site)

May 28, 2014

Site Management – The Public Works Director or designee will require the testing and proper treatment or disposal in accordance with applicable law and DEC regulations and guidance on the management of contaminated soils or other contaminated media. The Public Works Director or designee will promptly report the actions to be taken to DEC as required by applicable law.

DEC Approvals – DEC will process any approvals necessary for addressing existing contamination as part of the implementation of the amended Record of Decision and its institutional controls under applicable regulations and not as enforcement actions.

**Sawmill Cove – Future Construction Activities and Vessel Management**

Definitions:

1. Area of Concern – The Area of Concern (AOC) is an area in west Sawmill Cove approximately 100 acres in size. The boundary of the AOC begins approximately 2000 lineal feet southwest of outfall 001, extends 500 feet offshore along a southeast line, and follows a rough arc through western Sawmill Cove back to the shoreline approximately 1200 lineal feet north of outfall 001.
2. No Disturbance Zone – A No Disturbance Zone (NDZ) has been established within the AOC. The purposes of the NDZ are to minimize re-suspension of pulp residue and to ensure that no activity occurs that may compromise the ability of the area to achieve the natural recovery ecological management goals within the stated time frame. The NDZ is an area of tidal and submerged lands and overlying seas within the Area of Concern where toxicity is greatest and pulp residue thickest. The area encompasses approximately 6 acres of tidal and submerged lands extending to the southwest immediately offshore of outfall 001. The area is bounded by a perimeter that begins at a shoreward point 50' from the south end of the former pulp dock; extends approximately 425' into Sawmill Cove along a southeast line to the intersection of the – 100 foot contour; turns southwest for approximately 375' to the intersection of the – 120 foot contour; and turns due west for approximately 375' to a point shoreward.
3. Navigational Corridor – The Navigational Corridor is an area of tidal and submerged lands and overlying seas in the AOC bounded by a perimeter that begins at a shoreward point fifty feet (50') from the south end of the former pulp dock; parallels the end of the dock out to the minus sixty foot (–60') contour interval; follows the minus sixty foot (–60') contour to the north end of the Area of Concern boundary, and swings shoreward along the AOC boundary line.

Navigational Dredging - Navigational dredging on the west side of Sawmill Cove in the AOC should be limited to the Navigational Corridor unless extenuating circumstances prevail. Navigational dredging within the AOC does not include blasting of the outcrop of native rocky material in front of the former pulp dock that follows the depth contours to the southeast.

*REVISED* Memorandum of Understanding  
Between the State of Alaska and the City and Borough of Sitka  
Management Plan for Sawmill Cove Industrial Park  
(Former APC Mill Site)

May 28, 2014

Dredging actions that occur outside of the Navigation Corridor should be limited in scope and ancillary to in-water construction.

Dock Use and Future Expansion – Existing docks can be used as-is without any further regulatory action, subject only to berthing and dock expansion alternatives identified in the *Decision Framework for Managing Navigation in Sawmill Cove* (Exhibit 7, 1999 MOU). These alternatives are consistent with the remedy (natural recovery) and may be implemented through the normal permit process. Other berthing options are not necessarily precluded, but if proposed, they would have to be evaluated in the future for consistency with the remedy.

In-Water Construction – In-water construction in the AOC is allowed with appropriate precautions and best management practices, incorporated through the permitting process, to minimize disturbance or re-suspension of sediments. In-water construction in the AOC may include pilings, dolphins, docks, bulkheads, moorage and navigation aids, and other structures.

Vessel Management – Vessels are permitted to drop anchor in the AOC, excluding the NDZ and a 100' corridor designed to protect the wastewater discharge pipe that extends beyond the AOC. New single point mooring systems and navigation aids may be established, as needed. The NDZ boundaries and the pipeline corridor are depicted on the CBS Geographic Information System, viewable on-line at <http://www.cityofsitka.com/government/departments/planning/index.html>, and on NOAA charts.

Approaching or departing vessels may traverse the NDZ as long as precautionary measures are taken to minimize disturbance of bottom sediments. To the extent that it is safe and practicable, the following standard operating procedures should be followed by personnel maneuvering approaching or departing vessels in the vicinity of the No Disturbance Zone:

- Approach the dock at as high an angle as possible.
- Minimize the use of the main propulsion system, thrusters, and tugs when over or near the NDZ or buffer zone.
- Use as low a “bell” (such as “dead slow” or the slowest revolutions per minute ordered) when berthing.

Dredging, expansion of moorage, and in-water construction are prohibited in the NDZ, except that CBS may repair, maintain, or remove existing facilities using best management practices to minimize disturbances with approval by DEC prior to the work.

The Sawmill Cove Industrial Park manager will provide each landowner and tenant with a signed copy of the revised Management Plan. The plan must be filed with the Sitka Recorder's Office for each affected parcel. DEC's Institutional Controls Unit, at [DEC.ICUNIT@alaska.gov](mailto:DEC.ICUNIT@alaska.gov) must be notified of each filing and furnished with a copy of the Notice of Restricted Area in Sawmill Cove.

*REVISED* Memorandum of Understanding  
Between the State of Alaska and the City and Borough of Sitka  
Management Plan for Sawmill Cove Industrial Park  
(Former APC Mill Site)  
May 28, 2014



Larry Hartig, Commissioner  
Department of Environmental Conservation

Date May 28, 2014



Mim McConnell, Mayor  
City and Borough of Sitka

6/4/14  
Date