



BOARD OF DIRECTOR'S MEETING

MONDAY, JULY 11TH, 2022 - AGENDA

3:00 PM

Room 6 Harrigan Centennial Hall

Regular Meeting

3:00 PM

| <u>Item</u> | <u>Action</u> |
|--|----------------------------|
| A. Call to Order | Acknowledge |
| B. Roll Call | Acknowledge |
| C. Review of Minutes | Motion to Approve |
| JUNE 27TH, 2022 | |
| 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 | |
| I. New Business | |
| 1. Assembly Proposal to Submit a Question to Qualified Voters To Use ~\$8.1 million dollars of the proceeds from the sale of Sitka Community Hospital, which were deposited into the Permanent Fund for Haul Out Construction at GPIP | Discussion/Recommendations |
| 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
June 27th, 2022 3:00 pm
Gary Paxton Industrial Park
DRAFT Meeting Minutes

- A. CALL TO ORDER:** The Chair, Scott Wagner, called the meeting to order at 3:00 pm
- B. ROLL CALL**
- Members Present:** Scott Wagner, Mike Johnson, Lauren Mitchell, Chris Ystad, Chad Goeden
- Members Absent:** None
- Staff Present:** Garry White, Alaina Brown
- City Representatives:** Thor Christianson, Mike Harmon, Melissa Henshaw
- Others Present:** Adam Olson – NSRAA, and other members of the public.
- C. Review of Minutes – April 18th, 2022**
- Motion:** M/S Mitchell/Johnson to approve the minutes of April 18th, 2022
Action: Motion Passed 5/0 on a voice vote
- D. Correspondence & Other Information-** None
- E. Changes/Additions/ Deletions to Agenda-** Moved item 3 to the first item.
- F. Reports –**
1. **CBS Strategic Plans Report** - Melissa Henshaw reported on the Sitka Strategic Plan. This plan is for direction and action and short-term goals to bring all departments in one direction. She asked members of the board three questions to help guide this plan and informed them on the online survey.
 2. **GPIP Report:** Mr. White reported that Salmon Shares are no longer using the dock and the loss of future revenue. The screening process for cruise ships is running more smoothly and a more substantial tent has been put up for the screening.

The Sitka Assembly is planning to bring a ballot initiative to taxpayers for the use of some of the funds – “Up to 8.3 million” from the sale of the hospital to be diverted

from the permanent fund to the haul out. The environmental impact survey is the biggest initial slowdown. The Denali Commission grant is still in progress.

Mr. White continues to work with potential bulk water clients and is talking with 3 or 4 groups. Arctic Blue Waters has the first right of refusal if any proposals come in.

Lot 15 has been cleared of junk vehicles that were dumped at the park and looking to put in more security cameras.

G. Persons to Be Heard- None

H. Unfinished Business – None

I. New Business-

1. GPIP Officers –

Motion: M/S Mitchell/Ystad moved to make Mr. Wagner Chair.

Action: Passed (5/0) on a voice vote

Motion: M/S Mitchell/Ystad moved to make Mr. Johnson Vice-Chair.

Action: Passed (5/0) on a voice vote

2. Sayak Logistics Lot 4 Lease Extension Request

Sayak signed its intent to purchase Lot 4 as per their lease agreement, which terminates on July 15, 2022. The intent to purchase allows Sayak 60 days to close on the property. Mr. White suggested the Board approve a month-to-month extension of the lease to allow Sayak an additional 60 days to close.

Motion: M/S Ystad/Goeden moved to approve the month-to-month contract, not to exceed 60 days, on lot 4.

Action: Passed (5/0) on a voice vote

3. NSRAA Lot 2 & 3 Combination Request

Mr. Wagner recused himself for this agenda item due to potential conflicts of interest. Mr. Johnson took over as chair for this item.

NSRAA is requesting to combine Lots 2 & 3 at GPIP as the new hatchery construction is very tight on space. NSRAA has long term leases on both Lots 2 & 3. The plat change request will need to go to CBS planning and zoning for approval.

Motion: Mitchell/Ystad moved for the approval of NSRAA combining Lot 2 & 3 and the amendment of the lease.

Action: Roll call - Mike Johnson (Y), Lauren Mitchell (Y), Chris Ystad (Y), Chad Goeden (Y).

J. Adjournment

Motion: M/S Mitchell/Johnson move to adjourn the meeting at 3:52 pm

Action: Passed (5/0) on a voice vote

DRAFT



329 Harbor Drive, Suite 202
Sitka, AK 99835
Phone: 907-747-2660

Friday, July 8th, 2022

MEMORANDUM

To: Gary Paxton Industrial Park (GPIP) Board of Directors

From: Garry White, GPIP Director

Subject: Assembly Proposal to Submit a Question to Qualified Voters to Use ~\$8.1 million dollars of the proceeds from the sale of Sitka Community Hospital, which were deposited into the Permanent Fund for Haul Out Construction at GPIP.

Introduction

The GPIP Board and CBS are still engaged in the process of trying to establish a marine haul out at the GPIP.

The CBS has attempted to work with the private sector on the development of a haul out unsuccessfully over the past decade. All deals have not moved forward as outlined in the Background section. A proforma cash flow projection developed by the GPIP Director using Halibut Point Marine and Wrangell's shipyard financials suggests that the venture does not provide positive cash flow without a subsidy in the development of the baseline haul out infrastructure.

The CBS has applied for Federal Grant funds over the past years without success. The 2022 grant application was vetted through the CBS's lobbyist firm and the CBS is hopeful that 2022 efforts will be successful. The CBS has likewise asked the State for funding as the haul out and other working waterfront projects are the CBS's top priority.

In May 2022, the Assembly considered a ballot initiative to ask voters if they would be willing to fund the haul out with CBS funding. The Assembly tabled the item with direction for the Administrator to work with a couple of Assembly members and come up with a plan. Additional sales tax proposals were considered. A group consisting of the GPIP Director, GPIP Board Chair, CBS Administrator and staff, and Assembly members was held recently to discuss options in moving forward an "in-house" funding method for the haul out development. The group came to the conclusion that a ballot initiative question will be drafted for Assembly consideration to ask the voters if funds from the sale of the Sitka Community Hospital should be diverted from the Sitka Permanent Fund into the development of the baseline infrastructure needed to start get the haul moving forward. Estimate fund amount is ~\$8.1 million.

The Assembly will be meeting on July 12th, 2022 to discuss placing the following question on the ballot for voters to consider:

Proposing an appropriation from the Sitka Permanent Fund of the net proceeds received from the sale of Municipal real property, known as the Sitka Community Hospital Site, in the amount not to exceed \$8,181,040.28, which was deposited into the Sitka Permanent

Fund, for the purpose of funding construction of a marine vessel haulout and shipyard at the Gary Paxton Industrial Park; and submitting the question of such appropriation to the qualified voters at the regular election on October 4, 2022

Background

The GPIIP Board has long recognized the importance of the fishing and maritime industry to the community of Sitka.

The GPIIP Board and CBS have been working on vessel haul out development concepts since the GPIIP properties were acquired. The CBS has repeatedly included marine haul out infrastructure requests in both its Federal and State Legislative Priorities. The CBS most recently applied for a USDOT Build Grant in May 2020 and has been preparing for the upcoming 2021 grant opportunities.

In 2009, the CBS released a RFP for private sector development of a vessel haul at the GPIIP. The GPIIP Director met with various marine service providers throughout the state and in the Puget Sound area that were interested in operating a marine haul out, but many were not interested in providing the funding for the base infrastructure needed for a haul out operations. The CBS received one proposal to the RFP from Puglia Engineering Inc. out of Bellingham, WA. Puglia and the CBS could not come to terms on the proposal and investment, due to large capital requirement (~\$21 million) requested to be funded by the CBS.

In 2014, Silver Bay Seafoods proposed to construct a haul out at the GPIIP properties. After months of negotiations the venture did not move forward due to multiple reasons, including lack of waterfront ownership, infrastructure funding, and having other GPIIP lots being leased to other ventures in GPIIP.

In the spring of 2020, the CBS released another RFP for private sector development of a haul out. The RFP was structured for long term leases only.

The CBS received two proposals from the RFP process. The GPIIP Board met on April 27th to discuss and score both proposal as part of the CBS RFP Selection Committee. The CBS Selection Committee scored the proposal from WC Enterprises/SIMS with the highest score. The CBS Assembly accepted the GPIIP Board's recommendation to move forward with negotiating terms to move forward on a haul out at the GPIIP with WC/SIMS at its May 12th, 2020 meeting.

The CBS negotiation team consisting of the CBS Administrator, CBS Public Works Director, and the GPIIP Director met multiple times in May and June with the WC/SIMS' principal owners. After considering all available information, listening to public stakeholder comments, and investigating more in-depth on the financial costs to move forward with a proposal; WC/SIMS concluded that the associated costs to complete a haul would require a larger financial subsidy from the CBS. A modified proposal was brought to the Assembly. The CBS Assembly rejected the modified proposal by WC Enterprises due to substantial changes to WC request for financial support.

The Assembly gave direction to continue to work on basis of design of a haul out and to wait for the USDOT Build Grant funding decisions. The CBS was informed in early fall 2020 that it was not successful in obtaining any grant funding for the haul out development.

The GPIIP Board met in September 2020 to discuss next paths forward and recommended that another RFP be issued for private sector development. The new RFP should be clear that the

CBS did not have funding for the development of a haul out. The Assembly met in October 2020 and directed the GPIIP Board to draft and release another RFP for partial private sector development of the haul out and ship yard. The GPIIP Board met in late October to discuss a new RFP and recommended Assembly approval of the new RFP. The RFP was forwarded to the Ports and Harbors Commission and was further approved by a haul out working committee developed by the CBS Administrator. The Assembly gave final approval to release the RFP in late January 2021. The RFP was released on the 1st of February and stayed open until April 8th.

A proposal from Jeremy Serka, Sitka Custom Marine and Linda Benken, ASFT Board President, as principals for the Sitka Community Boatyard LLC (SCB) was submitted.

The GPIIP Board met in executive session at its April 21st meeting as the Selection Committee to score the proposal. The Board was unable to come to a decision if the proposal was responsive to the RFP, nor score the proposal. Instead the Board sent the proposers a detailed list of qualifying questions to help clarify sections of the proposal.

The GPIIP Board met again on May 12th in executive session as the selection committee and determined that the proposal was responsive to the RFP requirements. The Board tasked me with negotiating terms a lease with the principals of SCB.

The GPIIP Director met with the SCB folks multiple time in late spring and negotiated lease terms acceptable to both parties. The lease terms were presented to both the GPIIP Board and Assembly in June and July, with both bodies approving terms.

The CBS hired outside legal counsel to draft a detailed lease to incorporate various performance benchmarks into a lease document. The final draft of the lease was presented to SCB in early fall 2021. Due to the deadline to determine whether the CBS would be successful in obtaining a USDOT RAISE Grant was coming up in November the process stalled. The CBS found out November 19th that it was not successful. SCB has submitted a list of clarification questions regarding terms in the lease document. SCB questions were all answered.

SCB has chosen to not move forward with signing the lease and has withdrawn its proposal for consideration. The group suggested that it has determined that development of a haul out facility is more expensive than they originally estimated.

Action

- GPIIP Board discussion and recommendation on proposed Assembly ballot proposal.