GARY PAXTON INDUSTRIAL PARK

BOARD OF DIRECTOR'S MEETING

TUESDAY, DECEMBER 18TH - AGENDA
3:00 PM

SEDA Conference Room – 329 Harbor Dr., Suite 212

Regular Meeting	**3:00 PM**
Item	**Action**
A. Call to Order	Acknowledge
B. Roll Call	Acknowledge
C. Review of Minutes	Motion to Approve
DECEMBER 3RD, 2018	
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. Hanson Maritime Co. Utility Dock Purchase Proposal	Discussion/Recommendation
I. New Business	
1. Utility Dock RFP	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
December 3, 2018 3:00pm SEDA Conference Room
GPIP – DRAFT MINUTES

A. CALL TO ORDER: The Chair called the meeting to order at 3:01pm

B. ROLL CALL

Members Present: Scott Wager, Sheila Finkenbinder, Vaughn Morrison

Members Absent: Dan Jones, Wayne Unger

City Representatives: Keith Brady, Michael Harmon, Brian Hanson, Jay Sweeney, Kevin Mosher

Others Present: Lee Hanson (Hanson Maritime), Terry Trapp (conference phone) Garry White, Sarah Nelson.

C. Review of Minutes – October 30th, 2018

MOTION: **M/S Finkenbinder/Morrison** moved to accept the minutes of October 30th, 2018
ACTION: **Motion PASSED 3/0** on a voice vote

D. Correspondence & Other Information – None

E. Changes/Additions/Deletions to Agenda – Move Strategic Planning to the end of the agenda.

F. Reports

City of Sitka Attorney – Brian Hanson

Mr. Hanson reported on the status of projects.

GPIP Admin Building – It has been on his desk since spring and it gets pushed back as emergencies come up. He met with Mr. White on October 1st. The easement is resolved and he needs half of a day to finish it. His plan is to finish it in the next couple weeks.

PNW lease will not take much time.

Executive Director – Garry White

DOCK

Usage has slowed down with fishing season ending. ACS is installing the fiber at no cost to the city and we are in the system for hook-up.

The Assembly rejected the fee for the Eliason drive down work float. The GPIP tariff will have to be adjusted to make it a level playing field.

HAUL OUT

GPIP board put together a list of 6 priorities and PND is putting together a proposal for cost estimates for each area. Hopefully it will be ready by the first of next year so we can set our capital budget. We are researching grand funding.

1. EPA approved water treatment infrastructure

2. EPA approved wash-down pad or water collection infrastructure
3. Ramp infrastructure improvements - extend current ramp and pave it
4. Uplands improvements
5. Timber Float
6. Something to haul out boats with

BULK WATER/ BOTTLED WATER

Mr. White is having conversations with 4 groups about bulk water. The group from Costa Rica wants exclusivity on the water to put his bottling plant here. Mr. White said potentially short term exclusivity based on performance. This is something for the board to decide. He is hoping to have something for the board in January or February.

ADMINISTRATION BUILDING & PNW LEASE

Brian reported on these items.

SAWMILL FARM

New construction firm is interested in cleaning it up in exchange for equipment. Mr. White has left multiple messages with the Sawmill Farm people. Putting it out for bid will require legal work and documentation. We are going to start moving forward with the legal process.

She will be in town in late December. She should call Garry or the contractors.

Light on Street

Mr. Brady informed the board that the request has been approved to install a light on the street next to Silver Bay.

G. Persons to Be Heard – None

H. Unfinished Business

1. Raw Water Infrastructure Update

CBS will have a report ready for the January meeting.

I. New Business

1. GPIP FY2020 Budget

Mr. White reviewed the proposed budget.

The administrative building is a major expense. Hopefully it will be gone by June 2019.

The park does not have any employees.

Expenses will go down as we continue to sell off properties, especially the building.

Revenue from committed leases is $131,000. Potential leases would add another $150,000.

Discussion to move some funds from the bulk water fund into the GPIP fund.

The goal of the park is to create jobs. Mr. White said we are not ready for the capital budget until we have the numbers from PND for the haul out.

MOTION: **M/S Morrison/Finkenbinder** moved to approve the operational budged with the change to reduce the map survey amount from $15,000 to $5,000.

DRAFT

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

2. Hanson Maritime Co. Utility Dock Purchase Proposal – Lee Hanson

2009 was the last time the board looked at the dock. At this time the dock looked to be at the end of its life.

Question about how the proposal will tie into the park and the tariff. This will protect him and the city. Tariff encompass all of the park that the city owns. It will have to be adjusted to exclude the utility dock if it is sold.

His proposal included the dock with tidelands space for docking boats and barges.

Issue with easement and setbacks on the dock, if he builds a structure in the future.

This is the right time for him financially.

The dock will cost the city more than $90,000 to fix. Selling it goes perfect with the goal of the park. How will the city assembly feel about this proposal?

Mr. Harmon the city public works director informed the board that phase 2 of the deep water dock calls for a dolphin in front of the utility dock. Dolphins and structure may block the access to the utility dock. The future of the deep water dock is for large ships, potential a cruise ship. He stated that disposal of property should go through RFP bid process. Codes for GPIP may be different.

Research where the dolphins will actually be for cruise ships to utilize the deep water dock. Check with Homeland Security to make sure cruise ships will be able to dock there. Is it possible to do both cruise ships and have a marine park?

Mr. Hanson said that if a better use for the utility dock comes along he can sell it. Cruise ships are not a deal breaker for him. He can work with the cruise industry.

Further research needs to be done with:

- Zoning setbacks for building on the dock
- Planning and zoning approval of new lot.
- Dolphin placement in relation to 60 foot barge.
- Cruise ship regulations
- General code with city attorney
- Access issues
- Requirements – city gets first right to purchase the utility dock back
- Performance benchmarks – time frame
- Occupancy issues and safety issues

Possibly purchase the dock and tidelands directly under it. Lease the tidelands around it.

Lee needs to know that the city is behind him on his project. What will the taxes be on the dock? He cannot get insurance how the dock is now. He is willing to move equipment and boats out there immediately. He wants to bring benefit to the deep water dock and not compete with it. He believes the dock has potential and he will not need any uplands.

Do not turn down current project for what may be in the future.

Hopefully this can be sorted out by the January meeting.

Discussion about property sold without competitive bid at the park. This answer will come from the city attorney.

Board is interested. Issues need to be resolved before we can bring the proposal forward to the board. Find out from city attorney if it has to go to RFP.

DRAFT

3. ABWI Water Line Storage – Terry Trapp (Conference call)

He is the principal of AK Bulk Water Inc. They have had multiple bulk water contracts with the city. In 2015 they had a floating pipeline system in the bay to deliver water to a ship. In 2017 the board decided not to purchase the pipeline. He now needs a place to store it. It is a potential asset. The pipeline is in four sections that are 300-400 foot each. They would like to keep it intact to preserve it for future use. It will benefit the city when bulk water is sold.

Looking for a place out of the way at minimal cost. He will hire someone to move the pipeline. The landfill area will work. It will not interfere with the Sawmill Farm cleanup.

MOTION: **M/S Finkenbinder/Morrison** moved to set up a month to month lease for $125.00 a month for ABWI to store their pipe on the land fill area. If abandoned the pipe will become city property.

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

H. Unfinished Business

2. Strategic Planning

Budget item map of survey. Lease places are 40x70 add some smaller areas of 12x8 and 20x20.

The current potential clients are for net storage, bait sheds, and boat storage.

J. Adjournment: M/S Finkenbinder/Morrison moved to adjourn the meeting at 4:53pm.

DRAFT

HANSON MARITIME CO.

P.O.Box 2594 Sitka, Alaska 99835 ~ 907-747-1055 ~ hansonmaritime.com

5 November 2018

Scott Wagner, Chair
Gary Paxton Industrial Park Board of Directors

Re: Utility Dock

Mr. Wagner,

The following shall serve as Hanson Maritime Company's proposal to acquire the former APC "Utility Dock" and associated tidelands, located in the Gary Paxton Industrial Park.

Owned and operated by life long Sitka residents, Hanson Maritime started in 1993 as the commercial diving and salvage sole proprietorship "Underwater Services" later incorporating as Hanson Maritime Co.

Our current service lines are salvage, towing, diving, marine construction, and oil spill response. Also tying into these lines are crane operation and welding. We are the only salvage and oil spill contractor to the U.S. Coast Guard for Sitka and surrounding areas, and have the sole tug in Sitka that is Coast Guard certified. We are also the only diving firm in Sitka that offers underwater welding and burning, and were selected to subcontract on the new GPIP multipurpose dock, performing all underwater welding on the project.

In the last year, we've salvaged and returned to service, 9 vessels with a combined value in excess of $2,000,000.00 and recovered from our waters over 5,000 gallons of diesel, and hundreds of gallons of oil. Since our inception we've salvaged a total of 106 vessels.

Currently there is no location in Sitka where we can moor a barge and because of this, we have one located in Hoonah. Additionally, our small oil spill response barge is inconveniently located off the road system, slowing response times. Because of the industrial nature of our work, and the size of our tug and barges, we have determined that the utility dock would be ideal for our company. Having all of our assets under one roof will provide the stability we need to expand our company as outlined below:

PLANNED USAGE

CRANE / MARINE CONSTRUCTION:

Besides relocating our tug and barge to the utility dock, we will also be bringing in a mobile lattice boom crane. Hanson Maritime is a State of Alaska licensed marine contractor and has repaired or replaced many docks in Sitka. We would like to expand our business to include the manufacturing of floating docks, a new value added segment requiring new hires. Most of the residential docks in sitka were installed in the 1970's or early 80's and are in need of replacement.

GPIP BOAT YARD:

We will construct a building that houses a welding and machine shop. The facility will serve our own maintenance needs but also be a new expanded venture that will compliment a future boat yard at GPIP. We strongly believe that for the future yard to be successful, full services need to be offered on site, we intend to meet this need. Our crane will also be available to move within the Boat yard and GPIP site for customer/ tenant projects. Hanson Maritime is also a dealer of Harbor brand Anodes (zincs) and would have them available to users of the yard.

VALUE ADDED:

Upon completion of a salvage or rescue tow, we will bring vessels back to our facility for repair or refurbishment. Every year we tow vessels to Hoonah, Wrangell, or Ketchikan, for repairs that could be done in Sitka. We would invite local businesses to utilize the facility to carry out hydraulic, fiberglass, electrical, interior, or mechanical repairs on these vessels, generating additional revenue for our economy that is currently being lost. Because of Sitka's ideal location on the Gulf of Alaska, we would also like to see Sawmill Cove added as a "place of refuge" in the Alaska Dept. of Environmental Conservation "Subarea Contingency Plan" for vessels in distress. GPIP is the logical location to base a salvage/response company in Southeast Alaska.

DIVING:

Going hand in hand with above, many vessels travel south that are too large to haul out in Southeast, i.e. large crabbers that are contracted as salmon tenders in summer. We have the ability to pull shafts and propellers on these vessels while dockside. We can also weld new anodes, replace transducers and sonars, carry out insurance surveys and other repairs, all while underwater.

SPILL RESPONSE:

An added benefit of our response equipment being located at GPIP, is protection of the nearby fish hatcheries and Deep Inlet terminal harvest area. With many large fishing vessels using the GPIP and Deep Inlet harvest area, it's prudent to have this equipment nearby. Equipment would consist of our response barge dockside, containment boom in 20' containers, and an assortment of sorbent products. We recently purchased an EPA certified incinerator for disposing of oiled sorbents and recovered fuel/waste oil. Previously these materials were sent outside for disposal at high cost, but we can now generate revenue and employment from this "waste". Key to this venture will be the Utility Dock and its industrial setting.

BULK WATER AND MULTIPURPOSE DOCK:

With our tug being located at GPIP, SEDA could exploit this in the effort to sell water or moorage at GPIP and the Multipurpose dock. The line "tug available on site" costs the City of Sitka nothing but has tremendous value in marketing the site.

STORAGE:

Although it is not one of our core services, limited storage would be available for bait sheds, nets, and skiffs. With the current gear storage company moving away from this market, we would take on some percentage of local gear. Our crane would also be available to pick fishing gear that is to be stored elsewhere at GPIP.

SUPPORT FOR EXISTING GPIP BUSINESSES:

Hanson Maritime had the pleasure of towing NORTHLINE SEAFOOD'S barge to GPIP from Dall Island near Ketchikan. We hope to tow it out upon completion and hopefully many more. We also speculate that they will from time to time have need for other services such as crane use. Besides NORTHLINE SEAFOODS, we are certain that our relocating to the Utility Dock will benefit the SILVER BAY SEAFOODS fleet. Every service we offer can only help strengthen their position in Sitka's economy.

PROPOSED ACQUISITION

Hanson Maritime Co. is seeking ownership of the Utility Dock and underlying tidelands extending 60' beyond the face, 10' beyond the North end, and 20' beyond the South end. We do not want any portion of lot 9 beyond the west edge of the dock. Total square footage would be 33,640.

The Utility Dock has not been used since the City Of Sitka took over ownership of the mill site. During construction of the GPIP Multipurpose Dock, the City of Sitka contracted with TURNAGAIN MARINE CONSTRUCTION INC. for demolition of the Utility Dock for $90,000.00. TURNAGAIN later asked to be let out of its obligation to demolish the dock having substantially underbid the task. Hanson Maritime is suggesting that the City of Sitka views the Utility Dock as having a negative value in excess of $90,000.00. We further suggest that the tide lands also have a negative value in that, in order to utilize them for a new purpose, you would have to first demolish the dock at a price that exceeds the market value of the tidelands.

Hanson Maritime is not proposing to receive past precedence in which we would receive the dock and funds for its repair. We are proposing to relieve the City Of Sitka of the liability, place it on the tax rolls, and create new jobs.

We have the knowledge, ability, and experience to rehabilitate the dock and make it a productive piece of infrastructure again. We are prepared to make a substantial investment in maintenance and repairs to include $100,000.00 in the procurement and installation of pile anodes, the first of many steps needed for the dock to be viable once again.

Thank you for your time and consideration,

Lee Hanson
President, Hanson Maritime Co.

GARY PAXTON INDUSTRIAL PARK

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

Wednesday, December 12, 2018

MEMORANDUM

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

From: Garry White, Director

Subject: Utility Dock RFP

Introduction

Attached is a draft Request for Proposal (RFP) to have a private entity purchase a portion of Lot 9a (the Utility Dock) for further development and job creation for the Board's consideration.

Dock Description

The Utility Dock was constructed in 1958 by the Alaska Pulp Corporation. The Dock is 200 feet long and 85 wide with five rows of piling. The 3 outer rows are 16-inch pipe filled with concrete and the remaining rows are H-sections.

The dock has had little maintenance or use in the 18 years that CBS has owned the structure.

The overall condition of the dock seems poor with no physical assessment completed by the CBS. Access to the dock has been block with barricades.

Action

- GPIP Board approval of attached Request for Proposal to have a private entity purchase a portion of Lot 9a (Utility Dock) for further development and job creation.

GARY PAXTON
INDUSTRIAL PARK

Request for Proposals
Private Sector Development of
A Portion of Lot 9a (Utility Dock)

Request for Proposals
By the City and Borough of Sitka, Alaska and
The Gary Paxton Industrial Park Board of Directors
Selection of a private entity(s) to purchase a portion of Lot 9a, otherwise known as the Utility Dock, located at the Gary Paxton Industrial Park.

Proposals will be received at the Office of the Municipal Clerk, City Hall, City and Borough of Sitka, 100 Lincoln Street, Sitka, Alaska 99835 until 2:00:00 P.M., January 17th, 2019. The time of receipt will be determined by the Municipal Clerk's time stamp. Proposals received after the time fixed for the receipt of the bids may not be considered.

The project consists of selecting an entity(s) to purchase a portion of Lot 9a, otherwise known as the Utility Dock, located at the Gary Paxton Industrial Park with the intent to develop business opportunities and provide jobs.

Please direct all questions regarding this project to:

Garry White
Gary Paxton Industrial Park Director
329 Harbor Drive, Suite 212
Sitka, Alaska 99835
907-747-2660
garrywhite@gci.net

Bid documents may be downloaded from the web:

www.cityofsitka.com
(*Click on the **Bids and RFP** link*)

It is the responsibility of the bidder to regularly check the website for addenda to the project for which they are bidding.

Additional information regarding the portion of Lot 9a, otherwise known as the Utility Dock is available upon request.

The City and Borough of Sitka reserves the right to accept or reject any and/or all proposals, to waive irregularities or informalities in the proposals, and to negotiate a contract with the respondent that best meets the selection criteria.

Dated this _____ day of _____, 2018.

CITY AND BOROUGH OF SITKA

_____
Keith Brady, Municipal Administrator

GARY PAXTON INDUSTRIAL PARK

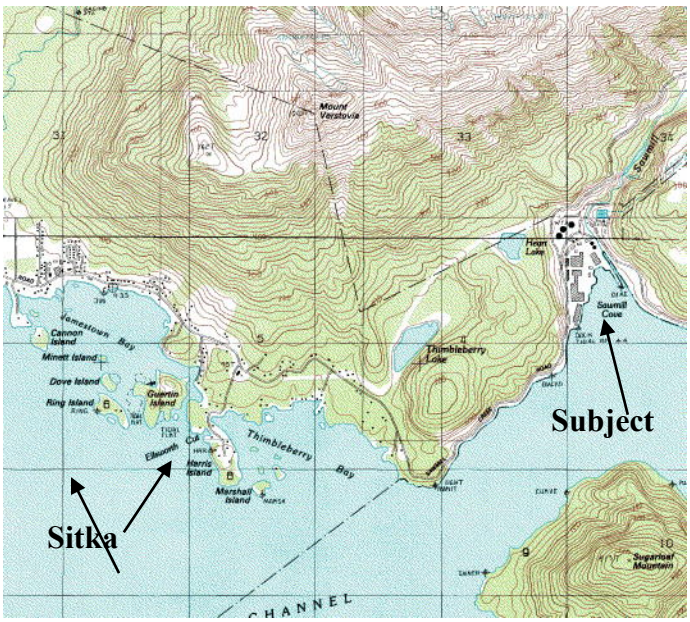
Sitka, Alaska is requesting proposals from qualified firms or individuals for the project described herein.

The following subjects are discussed in this RFP to assist you in preparing your proposal.

I. Introduction
II. Preferred Outcome
III. Relationship with City and Borough of Sitka/Gary Paxton Industrial Park
IV. Proposal Format and Content
V. Evaluation Criteria and Selection Process
VI. Estimated Schedule
VII. Reference Documents
  a. Revised Memorandum of Understanding Between the State of Alaska and the City and Borough of Sitka Management Plan for Sawmill Cove Industrial Park
  b. Environmental Overview
  c. GPIP Retail & Business uses
  d. Project Location Map
  e. Reference Drawings

I. Introduction

The Gary Paxton Industrial Park (GPIP) Board of Directors, through the City and Borough of Sitka (CBS), desires to select a private entity(s) to purchase a portion of Lot 9a, otherwise known as the Utility Dock. The site is located at the Gary Paxton Industrial Park, the site of the former Alaska Pulp Company (APC) pulp mill located five miles southeast of downtown Sitka. The site is on the road system.



Gary Paxton Industrial Park is under development by a five-member board of directors appointed by the Sitka Assembly. The Board manages the day-to-day operations of the Park working with and through the Municipal Administrator and a Park Director. The Board serves in an advisory capacity to the Assembly, who has final authority on leases and sales at the Park.

Sitka needs family wage jobs and the Board

has certain requirements to assure every effort is being made to secure tenants at the Park that will: 1) Create family wage jobs for Sitkans and; 2) Generate operating and capital funds for the Park.

The Alaska Pulp Corporation and CBS reached an agreement and transferred ownership of the site to CBS in 1999. Prior to that transfer, APC and CBS made agreements with EPA and the Alaska Department of Environmental Conservation (ADEC) regarding future uses of the site. Pursuant to 13 CFR 314.10(e)(3); the Property at no time shall be used for inherently religious activities prohibited by applicable federal law; and at no time shall the property be used for any purpose that would violate the nondiscrimination requirements set forth in 13 CFR 302.20.

Attached to this RFP is an overview of the environmental restrictions and agreements between CBS and ADEC and the Park management plan.

GPIP Multipurpose Dock: The CBS recently installed a multi-purpose, floating dock facility at the Gary Paxton Industrial Park, adjacent to the Utility Dock, to serve a range of industries, including but not limited to fishing and container/cargo shipping. The GPIP Dock was constructed to allow for future upgrades that will enhance accommodation of larger vessels, bulk water distribution, or other new industry. The CBS will potentially be constructing additional infrastructure in the vicinity of the Utility Dock.

II. Preferred Outcome:

The Gary Paxton Board of Director's preferred outcome from this RFP is the selection of an experienced and well-financed entity(s) to purchase the portion of Lot 9a, otherwise known as the Utility Dock, of the Gary Paxton Industrial Park to establish a business operation(s) and create jobs in Sitka. Once that selection is made, the Board may carry out further negotiations as might be necessary. The Gary Paxton Board will make its determination of the ideal business operation(s) and forward that recommendation to the City & Borough of Sitka Assembly who has final authority in these matters.

Retail Development: The City and Borough of Sitka has set guidelines for retail and business use for the Park. Please see attached Table 22.16.015-6 from the Sitka General Code.

Additional: The City and Borough of Sitka reserves the right to negotiate with the finalist(s). The City and Borough of Sitka retains the right to refuse or accept any and/or all proposals.

III. Relationship with City and Borough of Sitka / Gary Paxton Industrial Park

a. Selected entity(s) and CBS shall enter into a Purchase and Sale agreement.

b. CBS will charge Entity(s) property tax on the real property, the assessed value of facilities constructed by Entity(s) and upon the assessed value of the possessory interest.

c. Entity(s) shall collect and remit CBS sales tax for services or sales the Entity(s) provides at the Gary Paxton Industrial Park site.

d. Entity(s) will follow all CBS zoning and building codes.

IV. Proposal Format and Content

Direct questions regarding this proposal to Garry White, Director, Gary Paxton Industrial Park, (907) 747-2660.

Proposals, that do not address the items listed in this section, may be considered incomplete and may be deemed non-responsive by the City and Borough of Sitka.

PROPOSAL FORMAT

A. Letter of Transmittal

B. Narrative

1. Brief description of the entity including its legal structure, experience, and the experience of its key individuals. Brief resumes of the managers.

2. Provide a concept level operations plan for the facility. Describe the estimated number of employees and how operation(s) would benefit Sitka over the long term. At a minimum include:

   A) Estimated number of new (net increase of) full-time equivalent jobs and describe how employment may fluctuate through the year.

   B) Estimate net increase in sales tax, fish tax or similar taxes to the CBS. Net increase would be additional from sales not already taking place in Sitka.

   C) Estimated amount of raw property adjacent to the building desired in square feet.

3. Provide proposed purchase price offer and terms.

4. Provide a schedule for start of business operation(s).

Submit six (6) copies of the completed Proposal in a sealed, secure envelope marked as follows:

GARY PAXTON INDUSTRIAL PARK
Proposals for Portion of Lot 9a (Utility Dock)

PROPOSAL DATED: _____, 20___

The Proposals shall be addressed to:

Office of the Municipal Clerk
City and Borough of Sitka
100 Lincoln Street; Sitka, Alaska 99835

Proposals shall be received at the office of the City Clerk before 2:00:00 pm on January 17th, 2019.

V. Evaluation Criteria and Selection Process

A selection committee consisting of the Gary Paxton Industrial Park Board of Directors will evaluate the proposals and make a recommendation to the City and Borough Assembly.

The committee will use the following criteria in deriving a numerical score for each proposal:

a. Qualifications & Experience of the Entity(s). From the proposal and from your own knowledge of this entity, give from 1 to 25 points with the best score as 25.

b. Concept Plan. Does the concept plan express an understanding of the Request for Proposals? Does the plan accommodate other uses of the Gary Paxton Industrial Park waterfront and uplands? Does the plan provide or secure long term jobs to the community? How many? Does the plan increase net business activity in Sitka through sales, fish tax, etc.? Score from 1 to 35 points.

c. Purchase or Lease Price. Do the proposal purchase or lease price and terms adequately compensate the CBS and/or help fulfill the mission of the GPIP? Score from 1 to 15 points with higher purchase price receiving a higher score.

d. Start up Schedule. What is the time frame for business start up to provide jobs? Score from 1 to 10.

e. Environmental Concerns. Does the proposal address the environmental concerns with future construction and vessel management with this project? Total of 10 points available.

f. Confidence in Developer(s). This is a judgment call based upon the subjective experience of the evaluator. Score from 1 to 5 points.

TOTAL POSSIBLE POINTS = 100

VI. ESTIMATED SCHEDULE

GARY PAXTON INDUSTRIAL PARK
SALE OR LEASE OF PORTION OF LOT 23

- Proposals due 2:00:00 PM Date: 01/17/2019
- Gary Paxton Industrial Park Board Selection Jan. - Feb. 19'
- Assembly Approval of Development Agreement Feb-March19'
- Operational Goal 06/30/2019

VII. Reference Documents

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 umestricted 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.

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 ofDecision 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.

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 stmctures.

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/departmenis/planning/index.html, and on NOAA charts.

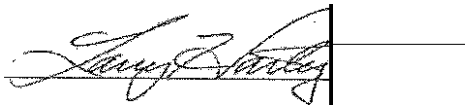
Approaching or departing vessels may traverse the NDZ as long as precautionary measures are taken to minimize disturbance of bottom sediments. To the extent that it is safe and practicable, the following standard operating procedures should be followed by personnel maneuvering approaching or departing 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.

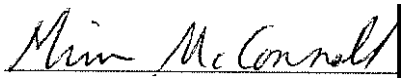
The Sawmill Cove Industrial Park manager will provide each landowner and tenant with a signed copy of the revised Management Plan. The plan must be filed with the Sitka Recorder's Office for each affected parcel. DEC's Institutional Controls Unit, at DEC.ICUNIT@alaska.gov must be notified of each filing 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)
May28,2014



Larry Hartig, Commissioner
Department of Environmental Conservation

Date May 28, 2014



Mim McConnell, Mayor
City and Borough of Sitka

6/4/14
Date

Alaska Department of Environmental Conservation
Contaminated Sites Program

Amendment to the April 1999 Record of Decision
Alaska Pulp Corporation
March 30, 2005

Background
At the request of the Alaska Department of Environmental Conservation (DEC), Alaska Pulp Corporation, (APC), through restrictive covenants, created equitable servitudes running appurtenant to all land within U.S. Survey 2797 and Alaska Tidelands Patent No. 20, as described by Alaska Tideland Survey No. 6. The restrictive covenants were recorded at Book 126, Pages 713 – 716, Sitka Recording District on September 4, 1997. The equitable servitudes prohibited certain uses on the property as follows:

> The property shall not, at any time, be used, in whole or in part, for human habitation, schooling of children, hospital care, child care or any purpose necessitating around-the-clock residency by humans unless said property is first investigated for the presence of dioxins/furans and any such dioxins/furans are reduced to a concentration, or determined to be present at a concentration, which is at or below a site-specific, risk based, cleanup level established by ADEC, based upon actual or reasonably foreseeable exposure pathways for children.

In April 1999, DEC issued a Record of Decision (ROD) that summarized the history of the site and documented the environmental status of the site based on cleanup actions and institutional controls. The ownership of the former mill site property was then conveyed from APC to the City and Borough of Sitka (CBS).

A management plan (Management Plan for the Sawmill Cove Property) was drafted that incorporated the terms and conditions of the ROD and specified any cleanup work to be performed under a prospective purchaser agreement (PPA) between the State and CBS for the Property. The PPA limited CBS liability for existing contamination at the site in exchange for the cleanup work that was identified in the Management Plan and DEC's Record of Decision. The plan was signed by the DEC Commissioner (Michelle Brown) and the mayor of Sitka on April 28, 1999.

The CBS currently operates the site as the Sawmill Cove Industrial Park. In order to increase future development options (including housing for seasonal seafood industry workers), CBS hired an environmental consulting firm in late 2004 to review the 1999 human health risk assessment and determine if a residential use scenario could occur without posing human health risks. The 1999 Foster Wheeler assessment evaluated risk considering potential exposure across the entire site, but the more conservative residential exposure assumptions were not used. This resulted in the commercial/industrial land use restrictions commensurate with the site's use and borough zoning requirements.

The CBS consultant evaluated possible risk scenarios in 2004 based on length of residency and whether the occupants were adults or children. It was determined that future residents at the former mill site (either year-round or part of the year) would not be at risk from hazardous substance contamination at levels determined acceptable by DEC. Based on this analysis, DEC determined that chemicals of potential concern, including dioxins/furans, were not present on the property in concentrations exceeding DEC site-specific, risk based residential cleanup levels. For dioxins and furans combined, the site-specific residential cleanup level is 8×10^{-4} milligrams per kilogram (parts per million) using the toxic equivalent quotient methodology.

Public Comment Responsiveness Summary
In mid-February 2004, a 14-day public notice was issued in the Sitka Sentinel regarding the proposed modification to the commercial/industrial land use restriction. One verbal comment was received regarding alleged use of preservatives on the pulp rolls following manufacture. According to the commentor, chemicals were sprayed onto the pulp rolls in and around the vicinity of the warehouses, which are still standing. The commentor was concerned that residual chemicals could pose human health risk.

Response: The follow-up research indicated that small quantities of a chemical fluffing agent were added at the request of customers to certain grades of rayon pulp for use in high absorbent linings of personal hygiene products. The fluffing agent was added to the final sheets at the end of the manufacturing process at the pulp cutter adjacent to the roll storage. After adding the chemicals, bales were formed, wrapped in heavy paper, stacked and placed on pallets. From there they were taken into the warehouse area for storage prior to loading onto ships. The chemical fluffing agent did not come into contact with the concrete warehouse floors and it was concluded that human health risks from residual chemicals do not exist.

Amended Decision
DEC has evaluated the new information provided in the 2004 risk assessment regarding unrestricted land at this property. The proposed residential land use designation is the least restrictive use as it relates to contaminated site management but it has been determined that site specific conditions at the Property allow residential use and development of the property without posing an unacceptable health risk. This includes: human habitation; schools; health care facilities; and other uses that may be compatible with the management plan for this Property.

Based on the information provided to date, DEC approves of the change in land use restrictions at the Sawmill Cove Property from commercial/industrial to residential use. The contaminant levels do not pose an unacceptable health risk to human habitation at this property and the equitable servitude previously attached to the property should be rescinded. All other terms and conditions of the original Record of Decision shall remain in effect.

The recision, applicable to U.S. Survey No, 2797 and Alaska Tidelands Patent No. 20, as described by Alaska Tideland Survey No. 6, will be recorded at the Sitka Recorders Office.

Table 22.16.015-6
Retail and Business Uses

ZONES	Gary Paxton Industrial Park
RETAIL USES	
• Building, hardware and garden materials	P
• Bulk forest products sales	P
• Retail forest products sales	C
• Art galleries and sales of art	
• Department and variety stores	
• Food stores	C
• Agricultural product sales	P
• Motor vehicle and boat dealers	P
• Auto supply stores	P
• Gasoline service stations	C
• Apparel and accessory stores	
• Furniture and home furnishing stores	C
• Eating and drinking places	C
• Drug stores	
• Liquor stores	
• Used goods, secondhand stores	C
• Sporting goods	
• Book, stationery, video and art supply	
• Jewelry stores	
• Monuments, tombstones and gravestones	P
• Hobby, toy, game stores	
• Photographic and electronic stores	
• Fabric stores	
• Fuel dealers	C
• Florists	
• Medical supply stores	
• Pet shops	
• Sales of goods that are wholly manufactured at Gary Paxton Industrial Park GPIP	P
• Sales of gifts, souvenirs and promotional materials that bear the logo or trade name of an GPIP permitted use business	P
• Stand alone souvenir and gift shops	
• Bulk retail	
• Commercial home horticulture	
• Horticulture and related structures	P
• Marijuana retail facility	C

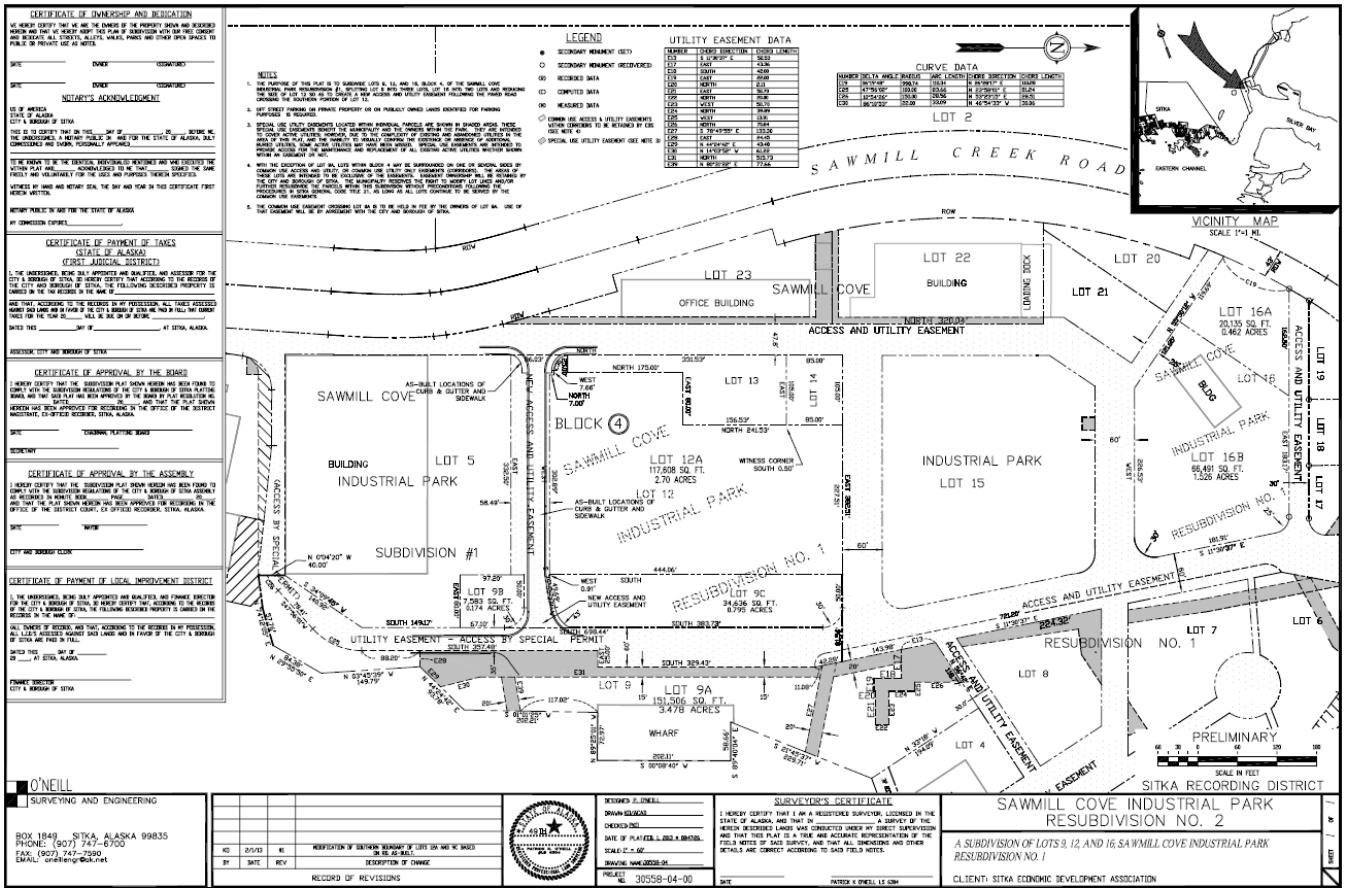
BUSINESS SERVICES	P
• General business services	C
• Professional offices	P
• Communications services	P
• Research and development services	P

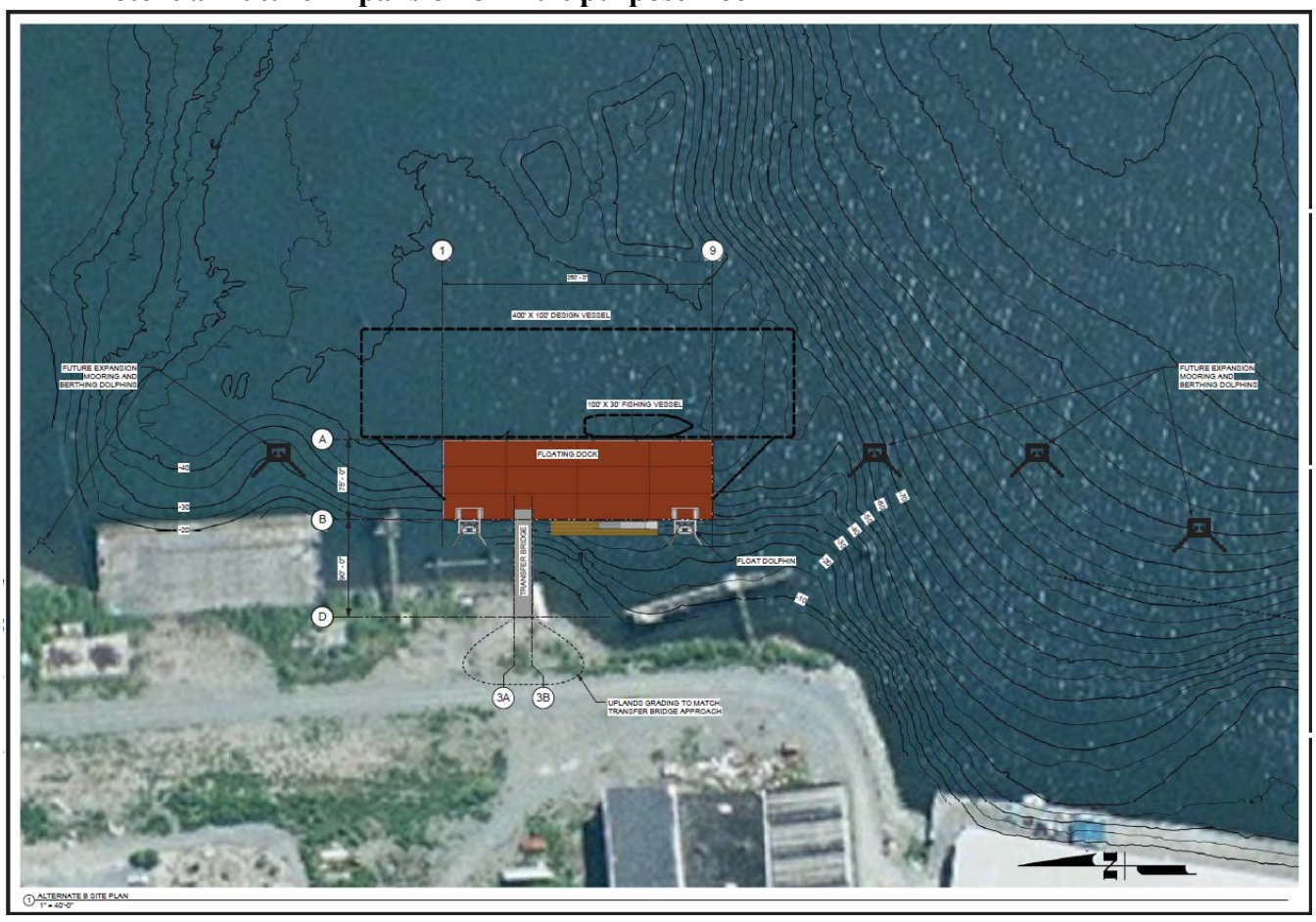
P—Permitted

C—Conditional Use Permit Required

H. Retail and Business Uses Table 22.16.015-6 Footnotes.

1. Public facilities not otherwise identified may be permitted in the public zone subject to planning commission recommendation and assembly approval subject to findings of fact that show the use is in the public interest, all reasonable safeguards are to be employed to protect the surrounding area, and that there are no reasonable alternative locations for the use.
2. All uses in the waterfront district are intended to be water-related or water-dependent except that upland uses may be non-water-related.
3. No industrial use shall be of a nature which is noxious or injurious to nearby properties by reason of smoke, emission of dust, refuse matter, odor, gases, fumes, noise, vibration or similar conditions.
4. Uses listed as conditional uses in the GI and LI zones may be considered, but not necessarily approved, on a case-by-case basis.
5. When associated with a water-related principal use.
6. Small scale convenience stores subordinate to principal permitted uses.
7. Motor vehicles and boat dealers permitted on a short-term basis.
8. Kiosks, outdoor restaurants, portable structures such as food stands and other temporary structures that are clearly incidental to the primary use on the lot are permitted uses. Mobile food carts on wheels are permitted uses on private property. Kiosks, outdoor restaurants, portable structures such as food stands and other temporary structures that are not clearly incidental to the primary use on the lot are conditional uses.



2013 – Plat of the GPIP (Utility Dock is shown as Wharf)

Potential Future Expansion of Multipurpose Dock