



**BOARD OF DIRECTOR'S REGULAR MEETING  
THURSDAY SEPTEMBER 6, 2007  
AGENDA**

**3:00 PM  
SEDA Board Room**

<u>Item</u>	<u>Action</u>
A. Call to Order	Acknowledge
B. Roll Call	Acknowledge
C. Review of Minutes	Motion to Approve
• <b>JULY 19, 2007</b>	
D. Correspondence & Other Information Board membership list	Acknowledge/Questions
E. Changes/Additions/Deletions to Agenda	Change/Add/Delete
Unfinished Business	
1. Fishing Processing Warehouse and Dock	Project Report
2. SCIP Subdivision No. 2 – plat concepts	Discussion
G. New Business	
1. Misty Fiords Water Company – Blue Lake water allotment	Discussion/Recommendation
2.	
3.	
H. Other Business	
1.	
I. Reports	
1. Sawmill Cove Management Report	
J. Adjournment	

**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.



**Sawmill Cove Industrial Park  
Board of Directors Meeting  
July 19, 2007 – 2:00 PM  
SEDA Board Room  
329 Harbor Drive Suite 212, Sitka 99835**

**A. CALL TO ORDER**

The Chair called the meeting to order at 2:00 pm.

**B. ROLL CALL**

Board Members Present: Nancy Davis Bob Loisel  
Charles Horan Trevor Harang

Absent and excused: Grant Miller

Others Present: Hugh Bevan Maria Finkenbinder  
John Stein Joe Castro  
Gerry Hope

Mr. Stein introduced Mr. Castro, the new City Public Works Director, to the Board.

**C. REVIEW OF MINUTES – June 5<sup>th</sup>, 2007 meeting**

**MOTION:** M/S Harang/Loiselle moved to approve the minutes from the June 5<sup>th</sup>, 2007 meeting.

**DISCUSSION:** Mr. Horan introduced the following amendment to the minutes:

On page 3 of 4, under *Selling the Stores Building*:

Mr. Horan cited two ISSUES TO BE ADDRESSED BEFORE ~~things which he said are precursors to selling the property~~ selling the property: (1) information about the property, and (2) MARKET TIMING ~~the market has to mature~~. He said THERE ARE OTHER DEVELOPMENTS GOING IN THE PARK THAT JUSTIFY DELAYING THE PROJECT ~~there are other issues going in the park that there is some value in delaying feedback on this project~~.

**ACTION:** Motion **PASSED 4-0** on a voice vote.

**D. CORRESPONDENCE & OTHER INFORMATION - None**

Mr. Bevan brought the Board's attention to the roster of members which indicated that the terms of two members – Loiselle and Harang – are up for renewal.

The Chair said that Mr. Loiselle is not renewing his term which will leave one seat open. The members expressed disappointment over Mr. Loiselle's leaving the Board.

Mr. Loiselle explained that Shee Atika's business has grown geometrically such that he no longer has the time to adequately participate on the Board.

**E. CHANGES/ADDITIONS/DELETIONS TO THE AGENDA**

Mr. Horan asked the following items to be added to the agenda:

1. Status report on bulk water
2. TAB's purchase of option land
3. PND presentation

The first two items were added under Old Business and the third, under New Business.

**F. UNFINISHED BUSINESS**

**1. Administration Building Lease Rates**

Mr. Bevan presented a spreadsheet that lists portions of the administration building that could be rented as stand-alone areas. He also showed a breakdown of the operating costs for the building which adds up to \$45,621 annually. He suggested that the Board establish the lease rates for these areas to be used as a basis for increased marketing efforts.

Mr. Horan thought that \$70,000 a year is a more realistic operating costs for the building. He pointed out that the administration building can be a sufficient stand-alone property and they can put in rental rates for different classes of offices.

Mr. Loiselle stressed that the rates need to reflect market conditions but they should be cognizant of the fact that they are not providing excess competition to downtown businesses. He suggested that they come up with a standard lease for people to look at. He mentioned that there will be issues on security, access to the main door, etc. which he thought should be included in the operations plan for the building.

The Chair said that there is a severe lack of commercial spaces downtown especially for professional services.

After a brief discussion, the Board established the following rates:

First Floor:	F1 to F6	-	\$0.75/sq. ft. Bike and Hike \$0.50/sq. ft. winter; \$0.75/sq. ft. summer, Power not included
	F7	-	\$1.00/sq. ft.
	F10	-	\$0.50/sq. ft.
	F8, F9, F11, F12 are not rentable spaces.		
Second Floor:	S1	-	leased by Theobroma \$0.64/sq. ft. for manufacturing; \$0.75/sq. ft. for retail; power not included
	S2	-	\$1.50/sq. ft.
	S3, S4	-	Municipal Records Center \$1.25/sq. ft. including utilities
	S5	-	\$1.25/sq. ft.
	S6	-	Common Area
	S7	-	\$1.50/sq. ft.

Mr. Bevan suggested that instead of installing individual meters, a surcharge can be added to the lease rates, e.g. \$0.16/sq. ft. for utilities. The Chair said that the surcharge can be renegotiated if the lessee can prove that their utility costs are lower.

Mr. Stein recommended that the Board ask the Assembly for delegation of authority for short-term leases up to 5 years.

**MOTION:** **M/S Loiselle/Horan** moved to direct Mr. Bevan to put together a rental plan for the administration building which includes a building policy, standard lease, and lease rates provided by Mr. Horan and discussed by the Board.

**ACTION:** Motion **PASSED 4-0** on a voice vote.

## **2. Marine Industries Market Survey**

The Board briefly went through the draft survey questionnaire and suggested a few changes. Mr. Bevan told the Board that Mr. Wolff has agreed the costs of the survey can be paid by the Sawmill Cove budget. The questionnaire will be sent out in the fall. Staff also explained that a random sampling will be taken from the City's property tax roll for boat owners.

**MOTION:** **M/S Loiselle/Harang** moved to approve the Marine Industries Survey with changes.

**ACTION:** Motion **PASSED 4-0** on a voice vote.

## **3. Bulk Water Update/TAB's purchase of option land**

Mr. Bevan updated the Board about the recent inquiries he received about bulk water, one from a Canadian who was ready to ship bulk water from Canada when the Canadian government passed a law prohibiting bulk water exports, and the other was from a bulk water businessman from the east coast who thought that Sitka's price of \$0.01/gallon is too expensive. He suggested that the Board provide that information to the Assembly.

Regarding the increase to TAB's bulk water contract, he told the Board that he emailed a list of negotiating terms to TAB on May 22<sup>nd</sup> but he hasn't received any response from them.

Mr. Stein said that TAB is exercising its option to purchase the option area. He added that one of the conditions of the purchase is for TAB to be current with the City on its lease and utility payments. He also asked the Board for direction on what the City should do with the Quest deposit money.

Mr. Loiselle suggested that if the City gives TAB an extension on their option, the City has to restate that TAB has to be current with its payments.

## **G. NEW BUSINESS**

### **1. Sitka Police Department Storage Lease**

Mr. Bevan briefly outlined the month-to-month lease proposal from the Sitka Police Department (SPD) for Room 36 (or F5) in the first floor of the Administration Building which is 338 square feet in size. SPD is also requesting first option to lease Rooms 32 and 33, two rooms in the F4 area.

Asked by Mr. Loiselle about the type of materials that will be stored in the proposed lease area, Mr. Stein said that SPD will be storing evidence records.

Mr. Horan wondered if SPD is willing to take F9 in lieu of rooms 32 and 33 in the F4 area if they decide to exercise their option. He explained that F4 would work together as three spaces aside from the fact that the F1-F7 areas are premium spaces. He said that he is just being aggressive in managing the rentable spaces.

Mr. Bevan pointed out that it would be difficult for SPD to acquire funds in the future to demolish the old equipment inside F9. It will be another hoop for the SPD to jump through. Without making any major investment in the first floor area, the only use that is allowed by the Fire Marshall is storage.

**MOTION:** **M/S Harang/Loiselle** moved to recommend approval of the month-to-month lease of the Sitka Police Department.

**ACTION:** Motion **PASSED 4-0** on a voice vote.

### **3. Community Ride passenger staging area**

Mr. Bevan said that Community Ride intends to provide public service to Sawmill Cove and they need a location for a bus passenger shelter. He and Community Ride Transportation Manager Gerry Hope discussed a location near the south end of the Administration building, the general area that will host the new mail box cluster.

He suggested that the Board offer Community Ride a no-cost lease with the requirements that adequate liability insurance is maintained on the facility and that it is maintained in a manner acceptable to the Board.

Mr. Hope told the Board that STA was contracted to manage the Community Ride and that they have been working on a grant that would allow them to extend bus routes to other areas, one of which is Sawmill Cove. Their request to the Board is for an area in the industrial park that will serve as a pull-out site where they can build a shelter with a little shoulder for the buses to pull in and out. The shelter will be 10 feet x 5 feet x 10 feet in size. He added that as part of a future discussion, they are considering a plan to locate a bus and bus maintenance facility at Sawmill Cove. He thought that the bus facility will be a good fit with the FTA grant that the City is applying for.

Asked by the Chair about the bus schedule and routing, Mr. Hope said that they have ordered the bus and haven't decided on the schedule yet. But they plan to expand the routes to a three-route system and extend their hours of operation to include Saturday and 17 hours/day, based on the need.

On Mr. Loiselle's question about the cost of the shelter, Mr. Hope explained that it costs \$10,000 to build a shelter but it will be at no cost to Sawmill Cove if the actual piece of land is dedicated for the shelter.

**MOTION:** **M/S Loiselle/Horan** moved to recommend to the Assembly the plan to provide an area for a Community Ride bus shelter without compensation provided that adequate liability insurance is maintained on the facility and that it is maintained in a manner acceptable to the Board.

**ACTION:** Motion **PASSED 4-0** on a voice vote.

### **3. July 24<sup>th</sup> Assembly Work Session**

The Board briefly discussed the Board's three-year plan which they will present to the Assembly. They briefly exchanged ideas on what needs to be emphasized, what direction they'd want the discussion would go, their expectations from the discussion on each item in the three-year plan. There was a consensus that the goal of the work session is to present their three-year plan and get input from the Assembly e.g. direction on the multipurpose dock, bulk water, and fish processing dock.

The members likewise discussed the delinquent accounts of Theobroma, Baranof Frozen Foods, and TAB. The Chair said that a procedure should be in place that would allow the Board to put some pressure on tenants who have delinquent accounts with the City.

The Chair requested Mr. Bevan to finalize the talking points for the Assembly work session based on the discussion and provide copies to the members prior to the meeting. She also directed Staff to send Mr. Miller a reminder about the work session.

Mr. Loiselle said that he will not be available to attend the work session.

#### **4. SCIP Subdivision No. 2 – plat concepts**

Mr. Bevan presented a concept plat for a second major subdivision of the industrial park. It will subdivide the property into four blocks in the following manner:

- Block 1 – consisting of all submerged tidelands including the tidelands beneath the pulp dock, utility dock, and Boat Company tidelands lease.
- Block 2 – 5.1 acre hillside on the east side of Sawmill Creek Road, or sometimes referred to as the APC landfill quarry
- Block 3 – uplands on the other side of the road including Fortress of the Bear, Recycling Center
- Block 4 – area bordered by the tidelands and Sawmill Creek Road which is further subdivided into separate lots such as NSRAA hatchery, dock support area, pulp dock warehouse, pulp dock warehouse parking area, marine industries lots, TAB's option area, administration building, stores building, employee housing, etc.

He explained that a number of issues have arisen which necessitates a new plat. These are:

1. The location of an employee housing parcel, about half of which was leased to Stikine Holdings;
2. The expense incurred by the City to provide legal descriptions of leaseholds for Baranof Frozen Foods and Stikine Holdings;
3. The ongoing need to have defined parcel shapes and areas available for inspection by prospective tenants;
4. The need for a graphic depiction of land that is for sale or lease at the Industrial Park.
5. A plat will fix the location of road and utility easements and provide mathematical relationships between easements and lot lines.
6. A plat is required to sell the second parcel of land to TAB.

There was extensive discussion if the easement bisecting the dock support areas would be identified as a public right of way or not. Mr. Horan argued against making it a public right of way, saying that it will help contain traffic flow in the area and maximize development of the waterfront.

Mr. Loiselle suggested exploring the quarry potential of Block 3 to serve the rock fill needs of the airport runway extension project.

Mr. Horan and Mr. Stein suggested the possibility of annexing USS 3665 as part of the industrial park. Mr. Bevan said that the USS 3665 may be part of the Electric Department landholdings.

By consensus, the Board directed Mr. Bevan to clean up the plat and work out the details with the surveyor and submit for presentation to the Planning Commission.

#### **5. PND Presentation**

Mr. Horan said that he won't be able to attend PND's July 26<sup>th</sup> presentation but he has attended the previous meetings with City Staff and PND engineers. He expressed concern that PND has presented only one alternative costing \$9 million, a number above the value of the property. He thought that PND is not giving a rational option to deal with the property neither do they want to deal with a temporary fix. He wanted to get another opinion or two to address the question: Can the pulp dock be stabilized for three to five years? He said that the Board needs to be aware that the only option being proposed is not the option.

Mr. Loiselle remarked that instead of a building with positive value, it has become a liability. He said that it may be justifiable to give the building to either of the tenants if they are willing to take on the liability. He thought that the private sector might be able to arrive at a solution that may be more economical. He mentioned that Stikine is willing to sit down in September to discuss the possibility of buying the building.

Mr. Bevan stressed that health and safety of the public must not be predicated on how long the dock "might" last.

#### **H. OTHER BUSINESS**

The Chair thanked Mr. Loiselle for his valuable service to the Sawmill Cove Board for the past seven years.

#### **J. ADJOURNMENT**

**MOTION:** M/S Loiselle/Harang moved to adjourn the meeting.

The meeting adjourned at 5:30 pm.



**BOARD OF DIRECTORS**

*5 members appointed by the Assembly, 2-year terms  
Established by Ordinance 00-1568*

<b><u>APPOINTEE</u></b>	<b><u>CONTACT NUMBERS</u></b>	<b><u>APPOINTED</u></b>	<b><u>EXPIRATION</u></b>
Nancy Davis 104 Lake St. Sitka, AK 99835 <a href="mailto:ndavis@gci.net">ndavis@gci.net</a>	747-1032 Work 747-8097 Home 747-1035 Work Fax 747-8053 Home Fax 752-1045 Cell	06/01/00 05/28/02 05/28/04 05/23/06	06/01/02 05/28/04 05/28/06 05/23/08
Charles Horan 403 Lincoln St. Sitka, AK 99835 <a href="mailto:charles@horanappraisals.com">charles@horanappraisals.com</a>	747-6666 Work 747-7417 Fax	06/01/00 05/28/02 05/30/04 06/13/06	06/01/02 05/28/04 05/30/06 06/13/08
Trevor Harang 1517 Sawmill Creek Road Sitka, AK 99835 <a href="mailto:trevor@lynden.com">trevor@lynden.com</a>	747-8647 Work 747-5040 Home 747-6433 Fax 752-8647 Cell	08/23/05 08/14/07	08/23/07 08/14/09
Grant Miller PO Box 6097 Sitka, AK 99835 <a href="mailto:grant@gci.net">grant@gci.net</a>	747-7870 Home 747-3443 Fax 738-3443 Cell	06/13/06	06/13/08
Chris Fondell 407 Lincoln St. Sitka, AK 99835 <a href="mailto:chrisf@gci.net">chrisf@gci.net</a>	747-5744 Work 747-0660 Fax	07/24/07	07/24/09
John Stein 100 Lincoln St. Sitka, AK 99835 <a href="mailto:johnstein@cityofsitka.com">johnstein@cityofsitka.com</a>	747-1812 Work 747-7403 Fax	City Administrator (Ex-Officio)	
Theresa Hillhouse 100 Lincoln St. Sitka, AK 99835 <a href="mailto:hillhouse@cityofsitka.com">hillhouse@cityofsitka.com</a>	747-1810/1821 747-7403 Fax	City Attorney (Ex-Officio)	

**UNFINISHED BUSINESS**



Tuesday, September 04, 2007

MEMORANDUM

To: Sawmill Cove Board of Directors

From: Hugh Bevan, Director

Subject: September 6, 2007 Board Meeting  
Unfinished Business

The Unfinished Business section of your September 6, 2007 meeting includes two items.

1. City Public Works engineering staff and PND Engineers will discuss the latest thinking regarding the dock warehouse project.
2. The Sitka Planning Commission will take its first look at the SCIP plat tonight, September 4<sup>th</sup>. I expect the Commission will have comments on the plat so I put the plat on your agenda so we can keep the plat moving toward completion.
- 3.

# **NEW BUSINESS**



Tuesday, September 04, 2007

MEMORANDUM

To: Sawmill Cove Board of Directors

From: Hugh Bevan, Director

Subject: Misty Fiords Water Company  
Raw Water Purchases

Misty Fiords (MF) Water Company is a Sitka based business that produces bottled water for sale in SE Alaska.

MF has requested an allotment of Blue Lake water as a new source for its bottled water products.

Sitka has State of Alaska permits to export up to 26.1 million gallons per day (MGD) of Blue Lake water. The State does not distinguish between bulk and bottled water. If the water leaves Sitka in a bottle, it must come from the export permits.

At the moment Sitka has 17 MGD of export water that is unencumbered. This is equal to about 6.2 billion gallons per year.

Misty Fiords requests up to 600,000 gallons per year which is less than 1/100 of one percent of the available water.

To date Sitka has sold water under a lengthy and thorough bulk water agreement. Perhaps the Misty Fiords agreement can be simpler due to the amount of water involved.

Suggested concepts for the Misty Fiords Blue Lake water agreement

1. Sitka agrees to provide up to 600,000 gallons per year of untreated Blue Lake water as long as MF purchases at least 60,000 gallons per year. If MF falls below 60,000 gpy, Sitka has the option to reduce the 600,000 gpy allotment.
2. Sitka may suspend water sales at any time if necessary to maintenance of the water system or if the water level of Blue Lake falls below the Rule Curve. Except in emergency situations, Sitka will give MF at least 30 days notice of planned water outages.

3. Sitka will sell untreated Blue Lake water to MF at the unit price of \$0.01 per gallon. This price will be adjusted every five years based upon the cumulative change in the Anchorage CPI. City sales tax will be applied.
4. MF is responsible for constructing and maintaining its facilities necessary to obtain Blue Lake water. MF will pay the costs incurred by the Sitka Public Works Department to service the MF fill station.
5. Sitka is not responsible for water quality issues relating to MF's use of Blue Lake water.
6. MF will provide liability insurance satisfactory to Sitka.

### Recommendation

The SCIP Board recommends that the City of Sitka enter into a Blue Lake water sales agreement with Misty Fiords Water Company under the terms described in this memorandum.

C: Mark Buggins, Sitka PW Department

# REPORTS



Monday, August 27, 2007

MEMORANDUM

To: Sawmill Cove Board of Directors

From: Hugh Bevan, Director

Subject: Sawmill Cove Management Report

1. Baranof Frozen Foods is leasing 43,357 square feet including 37,516 SF of warehouse and 5,841 SF of outside areas for bunkhouses.

BFF employs nearly 30 people. They plan to process 6 million pounds of fish this year.

Over the course of this winter BFF has remodeled their fish processing area including the installation of new floor drain and freezer system.

2. Stikine Holdings LLC. (dba Silver Bay Seafood) Silver Bay has leased 34,500 SF of dock warehouse space, 6,900 SF of outside land for a van loading facility and 15,000 SF of outside space for employee housing.

Silver Bay has about 140 employees living in their bunkhouse at Sawmill Cove.

To date Silver Bay has processed over 17 million pounds of fish.

3. Last spring TAB purchased 3.0 acres of land and the bottling building for about \$750,000. TAB continues to lease about 7.5 acres of its original leasehold. TAB has exercised its option to purchase an additional 3.1 acres of lease land at the same purchase price as the original 3 acres. The purchase price for the option land is about \$546,000.

As of last week the option agreement had not been finalized.

4. The Sawmill Cove Board met with the Assembly on July 24, 2007. The Board presented its 3 Year Plan. The Assembly seemed receptive to this effort by the Board.
5. The State Dept of Fish and Game has issued the final NSRAA hatchery permit. Construction on the project has begun and the hatchery should be operational late this fall.

6. The bulk water pipeline project is complete. True Alaska Bottling is working on a contract that would result in substantial bulk water shipments.
7. The Sawmill Cove Board has approved a 2,300 square foot lease with the City of Sitka in the Administration Building for use as a Municipal Records Storage Center. The Sitka Police Department has requested a lease for storage of their records as well.
8. Bike and Hike has been sold to another Sitka company. The Sawmill Cove Board has met with the new owners and agreed to extend the present lease terms for 12 months.
9. For the past several months City staff and PND Engineers of Juneau have been meeting with the tenants of the dock warehouse to discuss the dock renovation project.

The general design opportunities and limitations are now known. Two macro-level concepts are clear:

- a. The building can not be scaled down in size without negatively impacting the tenants' operations.
- b. The cost of the project exceeds available municipal funds.

The next meeting is September 6, 2007 with the Sawmill Cove Board. The goal is to present the recommended alternative to the Assembly in November.

10. On September 4, 2007 the Sitka Planning Commission will consider a major subdivision plat for the Industrial Park. The subdivision provides lot and block identification of parcels, establishes road and utility easements, correlates specific parcels of land with individual buildings that exist on site.

The plat will facilitate the sale and leasing of property, the writing of legal descriptions and the layout of construction

11. Fortress of the Bear has received their Fish and Game permit to house and display up to two bears. Fortress received their first bear cub, a male brown bear from Angoon. His name is Kilsnoo.

Pending issues at Sawmill Cove are:

- Complete a phased development plan for a multi-purpose dock
- Develop a repair plan for the dock warehouse
- Prepare a building management policy for the Administration Building
- Facilitate the export of bulk water