



**Sawmill Cove Industrial Park
Board of Directors Meeting
November 8, 2007 – 2:00 PM
SEDA Board Room
329 Harbor Drive Suite 212, Sitka AK 99835**

A. CALL TO ORDER

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

B. ROLL CALL

Board Members Present: Nancy Davis Trevor Harang
Grant Miller Charles Horan
Chris Fondell

Others Present: Hugh Bevan Maria Finkenbinder
John Sherrod Peggy Reeve
Don Wulff Rich Riggs

City Staff: Joe Castro Jim Corak
Gary McCarty

C. REVIEW OF MINUTES – October 4 & October 11, 2007

MOTION: M/S Harang/Miller moved to approve the minutes from October 4th and October 11th, 2007 meetings.

ACTION: Motion **PASSED unanimously** on a voice vote.

D. CORRESPONDENCE & OTHER INFORMATION

Mr. Horan expressed concern about the \$1.9 million FTA grant, saying that he wanted to make sure the grant will not prevent the City from getting the revenues from the proposed dock.

Mr. Bevan explained that the new proposal which is to improve the driving surface, including asphalt paving of the access ways, and to develop and pave the staging and parking areas for public transit vehicles serving the dock, is the City's last effort to get the FTA money. It will not encumber the dock revenues since it will only be used for the access component of the facility, not the dock component. He stressed that the one-year extension language for the grant has yet to be approved by Congress.

E. CHANGES/ADDITIONS/DELETIONS TO THE AGENDA

The Chair suggested discussing the Sitka Mountain Bike Association proposal first before going into the unfinished business which she said could take up a fair amount of time. There was no objection from the members.

Mr. Bevan said that he will give additional updates under Other Business.

G.1 NEW BUSINESS

1. Sitka Mountain Bike Association proposal

Mr. Bevan briefly explained that the association would like to build a mountain bike single-track path at the old APC landfill area. He said that the group has checked with the City Public Works Department, US Forest Service, Alaska Department of Environmental Conservation, and Sitka Trail Works, and everybody gave their approval for the project. He added that there are no environmental restrictions for the use of the landfill except for the monitored seep areas which are not to be disturbed. Once approved by the Board, the proposal will go to the Assembly for approval by a simple motion.

Mr. Wulff and Ms. Reeve stepped forward to outline their proposal and responded to questions from the Board. Mr. Wulff pointed out that the path will be made exclusive only for non-motorized transportation and given the nature of the trail, high speed biking will not be allowed.

Mr. Horan wanted to make sure that the Sitka Mountain Bike Association is aware that the use of the landfill area may be terminated at some point in the future when better use for the property comes along. He also proposed that management of the trail be given to the group.

Mr. Castro indicated that the property is zoned industrial and the group may have to go before the Planning Commission to ask for the rezoning of the area.

Mr. Miller brought up the need for restrooms if the property is designated as a park. The Chair expressed concern about designating it as a park.

MOTION: **M/S Horan/Miller** moved to recommend approval of the Sitka Mountain Bike Association proposal to build a mountain bike single-track path at the old APC landfill area.

DISCUSSION: The Board made sure that a memorandum of agreement will be entered into between the association and the City.

ACTION: Motion **PASSED** unanimously on a voice vote.

F.1 Administration Building Policy

Mr. Bevan presented the proposed Administration Building Management Policy which includes building use goals, building layout diagrams, building lease rates, annual adjustment to lease rates, tenant insurance requirements, utility fees, vehicle parking, building security, use of conference rooms and common areas, USPS mailboxes, use of restrooms, janitorial services, building maintenance services, and wireless internet services. He explained that a wireless internet service is less expensive than fully wiring the rooms due to asbestos issues in the building.

Mr. McCarty, City Information Systems Director/Acting City Administrator, told the Board that Sawmill Cove currently has a limited bandwidth. ACS needs to improve the bandwidth before an efficient wireless internet service can be provided to the tenants.

Mr. Horan wanted to use the broader term "commercial" instead of "professional" in building use goal #1 i.e. "*To provide professional office space for Sitka businesses.*" He also expressed concern about including in the policy the presence of a building manager during normal hours, Monday to Friday; the use of the conference room, and the provision of a wireless internet service. He stressed that the Board shouldn't promise anything that may change in the future. He also wanted to know the building's operating costs for FY 2009.

The members exchanged ideas about the points raised by Mr. Horan but no consensus was reached. Mr. Sherrod suggested amending the paragraph on the use of the conference room to read as: "*A conference room may be available for use by tenants...*"

The Chair pointed out that the building policy is always subject to change as the industrial park continues to grow. She thought that it is reasonable to have the conference room listed in the building policy. She

also directed Staff to continue working on the building policy and bring back to the Board a more definitive policy on the wireless internet service.

F.2 Stores Building Usage Update

Mr. Bevan walked the Board through his memo regarding the current usage of the Stores Building and the conditions set by the Sprinkler Waiver Committee which are:

- (1) The maximum building usage is less than 12,000 square feet – the cap without putting in the sprinkler system which costs \$25,000 to \$30,000.
- (2) No new uses or tenant without another waiver approval.
- (3) No fuel burning appliances allowed.

He said that the Board needs to decide on the following:

- (1) Lease space on a permanent basis or month-to-month.
- (2) Recommend to the City that the sprinkler project be completed (it will have annual expenses).
- (3) Establish a policy and rate for electrical use in the building.

He also indicated the Silver Bay Seafoods is leasing a total area of 5,550 square feet on a month-to-month basis but has indicated their intent to enter into a long term lease agreement.

Mr. Horan proposed a four-step approach:

- (1) Complete an optimum multi-tenant layout.
- (2) Put together a capital budget to bring it up into a tenantable building;
- (3) Develop an operating budget to include insurance costs, sprinkler system, etc.
- (4) Put together a rent schedule that would recapture the operating costs

The Board briefly discussed the conditions of the building; the advantages and disadvantages of leasing it out as multi-tenant building, in a permanent basis versus month-to-month.

Mr. Riggs told the Board that Silver Bay Seafoods plans to enter into a long-term lease agreement with the City contingent upon the installation of the sprinkler system.

Mr. Horan and Mr. Miller offered to work with Mr. Bevan in determining the layout of the Stores Building some time in December.

The Board also expressed consensus to allow the City Public Works Department to lease a portion of the building for the recycling operations.

F.3 Proposal(s) to purchase dock warehouse

Mr. Bevan told the Board that immediately after the last meeting, Baranof Frozen Foods and Omega Sea were informed about the Board's direction to Staff to solicit proposals from them to purchase the entire facility. Proposals were due October 31, 2007. Mr. Crews of Omega Sea has indicated he would submit a proposal but as of Nov. 1st, Staff did not receive one from Mr. Crews.

MOTION: **M/S Harang/Miller** moved to go into executive session to consider further the offer of Silver Bay Seafoods to purchase the dock warehouse, dock structure, and housing parcels, a matter which, if it was made public immediately would clearly have an adverse effect upon the finances of the City and Borough of Sitka, and to invite Acting City Administrator Gary McCarty, City Assessor Jim Corak, City Public Works Director Joe Castro, and SEDA Executive Director Hugh Bevan, to attend the executive session.

ACTION: Motion **PASSED** unanimously on a voice vote.

3:20 pm **EXECUTIVE SESSION**

4:20 pm Regular Session

MOTION: M/S Miller/Harang moved to reconvene the Board in regular session.

ACTION: Motion **PASSED** unanimously on a voice vote.

MOTION: M/S Harang/Fondell moved to express the following statement: "The Board discussed the various aspects of the ongoing negotiations with Silver Bay Seafoods to purchase the property at Sawmill Cove Industrial Park. The Board instructed staff to continue those negotiations."

ACTION: Motion **PASSED** unanimously on a voice vote.

G.2 Port Security Plan

Mr. Bevan briefly explained that a port security plan is required by Coast Guard before commercial vessels can access the Sawmill Cove waterfront. He has talked to City Finance Director Dave Wolff and Harbormaster Ray Majeski both of whom agreed with the proposal to hire a consultant, David Eley of Cape International Inc., to do the security plan for \$3,500. He said the funds will come from the City.

MOTION: M/S Horan/Miller moved to direct Mr. Bevan to move forward with the proposal to hire a consultant to draft a port security plan

ACTION: Motion **PASSED 4-0** on a voice vote. Mr. Harang left the meeting before vote was taken.

G.3 City Legislative Priorities

Mr. Bevan told the Board about the two requests pertaining to Sawmill Cove Industrial Park which are included in the City's legislative priorities: (1) completion of Phase III of Sawmill Creek Road (Whale Park to SCIP) and (2) Sawmill Cove Waterfront Development matching grants with the following as top priorities: Fish Processing Dock (Area 5), the Multipurpose Dock (Area 4), and the dredging and sheet pile wall project near the NSRAA hatchery (Area 3). He requested the Board to identify their top priorities.

Mr. Miller recommended focusing on the boat haul out, explaining that Sitka is lagging behind Wrangell and Hoonah in this respect.

Mr. Horan wanted the two-phase master plan for a fisherman's terminal and tanker terminal presented by PND which they estimated to cost \$42.6 million.

The Chair said she'll go for the pulp dock as a priority until it is resolved.

Mr. Bevan suggested that they stick with the phased construction of the multipurpose dock and stay in contact with Senator Stedman for an opportunity to do the bigger project.

After a brief discussion, the Board reached a consensus to include the boat haul out as part of Area 3 and make it as the second priority.

H. OTHER BUSINESS

1. Hugh Bevan

Mr. Bevan filled the Board in on three items that were not included in the Sawmill Cove Management Report. To wit:

- True Alaska Bottling – He has talked to Mr. Kearns who informed him that H₂O Bottling has resolved some legal issues and is now back on track with its bulk water export contract.

- New Bulk Water Contact – Mr. Bevan has talked to a new Canadian contact who expressed interest in bulk water and has Arabian connections. He was able to contact the Arabian connection who informed him that they are interested in developing the port at Sawmill Cove.
- Silver Bay is donating housing for high school kids from out-of-town who are participating in a State wrestling tournament to be held in Sitka. Mr. Riggs gave further details about the arrangement.

2. Joe Castro

Mr. Castro told the Board that the Public Works Department recently conducted a test of the bulk water pipeline, the initial results of which showed that the pipeline can run water at 43 million gallons a day. He expressed caution however that the flow rate depends on several variables such as the water level of the Blue Lake dam, the distance of the tanker from the valve, the height of the tanker, the size of the hose from the valve to the tanker, etc. He said that an operating procedure needs to be in place to establish direct coordination between the Electric Department and the water pipeline operator. They would invite the Board to the next test they plan to conduct.

He also informed the Board that they received a quote for the mailboxes to be installed at Sawmill Cove.

I. REPORTS

J. ADJOURNMENT

MOTION: M/S Fondell/Miller moved to adjourn the meeting.

The meeting adjourned at 4:50 pm.