



**Sawmill Cove Industrial Park  
Board of Directors Meeting  
February 14, 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 Loiselle  
   Grant Miller                      Charles Horan

Absent and excused:              Trevor Harang

Others Present:                      Hugh Bevan                      Maria Finkenbinder  
   John Sherrod                      Scott Brylinsky  
   Dave Wolff                      Theresa Hillhouse  
   Michelle Gundaker                      Rich Riggs

**C. REVIEW OF MINUTES – January 15<sup>th</sup>, 2007**

**MOTION:**      **M/S Horan/Loiselle** moved to approve the minutes from the January 15<sup>th</sup>, 2007 meeting, as presented.

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

**D. CORRESPONDENCE & OTHER INFORMATION**

On Mr. Loiselle's query about non-payment by Theobroma on its lease payments and property taxes, Mr. Bevan said that Mr. Wolff can shed light on this issue and they could discuss it further along with the FY08 Sawmill Cove Budget under New Business.

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

Mr. Bevan requested to add a brief discussion on the installation of cell phone repeaters at Sawmill Cove. This was added as agenda item no. 1 under Other Business.

**F. UNFINISHED BUSINESS**

**1. Planning Session**

After comparing dates of their availability, the Board agreed to set the Planning Session on March 7<sup>th</sup>, Wednesday at Sawmill Cove at 5:30 pm. There was a consensus that they need to visit certain areas around the site before the start of the planning session.

**G. NEW BUSINESS**

**1. Sawmill Cove FY08 Budget**

Mr. Wolff gave a brief overview of the proposed FY08 Sawmill Cove Budget and presented the following projections:

Total Cash Inflows/Revenues	\$ 636,350
Total Operating Outlays	\$ 511,881
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Budget Surplus	\$ 124,469
Total Capital Outlays money	\$ 209,000 – will come from the original \$4 million Stevens’

He pointed out that the proposed budget includes the transfer of \$163,000 from the General Fund which is part of the proceeds from the TAB sale. However, it does not reflect an increase in SEDA’s management contract from \$75,000 to \$100,000 pending recommendation from the City Administrator. Mr. Wolff added that the budget has not taken into account any bulk water proceeds from TAB.

On Mr. Miller’s query about FY08 capital projects, Mr. Wolff identified the following projects:

Pulp Warehouse Structural Repair	\$ 150,000
Waterline Relocation	\$ 39,000
Close 200-foot Gap in Fireline	\$ 20,000

Mr. Brylinsky spoke about the condition of the pulp dock roof which, he said, needs to be replaced. He also pointed out the installation of mailboxes at Sawmill Cove is included in the budget.

Mr. Horan stated that the Board needs to be proactive in what capital expenses they’d want to commit at the industrial site rather than just reacting to City Staff recommendations. He stressed that City Staff need to do a comprehensive structural assessment of the pulp dock warehouse after which the Board may recommend an “as is, where is” sale of the building. He also expressed hope that the budget can be modified to reflect the plan that the Board wants to implement.

Mr. Bevan said that the revenue stream for the pulp dock warehouse is enough to support a \$3 million revenue bond to replace the pulp dock.

Mr. Loiselle remarked that it is important to note that the Sawmill Cove Fund has a budget for interdepartment services which absorbs other City expenses.

Mr. Wolff also told the Board that TAB is two months behind in their lease payments. Mr. Loiselle requested Mr. Wolff to give the Board a receivables report if a tenant is more than 60 days behind their lease payments so the Board can recommend a course of action.

#### *Theobroma*

Mr. Wolff outlined Theobroma’s financial obligations to the City which include \$69,101.86 in lease payments and \$2,132 in real property taxes. He said he gave Theobroma Chocolates the chance to cure its default on their lease and to make arrangements to pay the outstanding debt. He also informed the Board that he expected Theobroma’s Ed Iwamoto to attend today’s meeting to ask for retroactive job credits to reduce their bill. He admitted that there might be some oversight on the part of City Staff in its collection efforts but he said they have changed internal controls to avoid a similar case from happening in the future. (*Note: Mr. Iwamoto did not attend today’s meeting.*)

Ms. Hillhouse said that if Mr. Iwamoto doesn’t sign the promissory note presented to him, the City will set a time frame to go out and take a lein on his property. The next step for City Staff is to make the Assembly aware of the Theobroma’s outstanding debt and to seek authorization from the Assembly to terminate Theobroma’s lease.

The Chair requested Mr. Wolff to send the Board an electronic copy of the proposed FY08 Sawmill Cove Budget so the members can go over the line items and make recommendations if needed.

## **2. Bike and Hike**

Mr. Bevan presented to the Board a summary of the new Bike and Hike lease proposal. To wit:

1. A five-year lease with three five-year extensions
2. Lease room numbers 19, 26, and 27 with first option to lease room 28. The total area of rooms 19, 26 and 27 is 691 square feet.
3. A base rent rate of \$0.50 per square foot will be paid on a year round basis.
4. Rent will ramp up with no payments for the first six months and a linear increase to full rates over the second six months.
5. An additional \$55 per month will be paid for sewer, janitorial and electric.
6. Outside storage for two 20-foot containers will be included in the lease rate.
7. Three parking spaces proximate to the east side of the Admin building will be included in the lease rate.
8. The standard City long term lease template will be used that includes CPI adjustments, insurance, etc.

Ms. Gundaker told the Board that Bike and Hike plans to do capital improvements on the lease area citing the need to replace the carpeting, repaint the walls, get the bathroom cleaned up, and repair the awning outside. She also spoke about parking spaces which she felt should be provided by the City for free.

After learning that the shop area is available for rent, Ms. Gundaker expressed interest in leasing the space and added that if they can get it, they might not need to maintain the outside storage containers. She requested that they'd be given more time to consider the shop area to be included in their lease proposal and bring it back to the Board at a future date.

Mr. Bevan clarified that the Code provides that the City provides parking spaces in the central business district. At Sawmill Cove, employee parking has been included in lease payments for past leases.

Mr. Horan cited the need to mark out common areas and assign per square footage rates. He said he doesn't have a problem with the lease as long as it doesn't get in the way in having a cohesive utility of space in the administration building.

The Board agreed to direct Mr. Bevan to continue negotiating the lease proposal with Ms. Gundaker and possibly schedule another meeting to finalize the lease agreement.

## **3. Multipurpose Dock – Phased Development**

Mr. Bevan presented to the Board his proposal for a phased development approach in constructing the dock with CBS maintaining ownership of the dock. He also briefly discussed the projected cash flow for each phase which indicates a negative cash flow for the first phase; positive but less profitable for the second phase, and very profitable for the third phase. He posed two questions: (1) What does the Board intend to do with this exercise? (2) Who is the audience?

Mr. Horan stated that the purpose of the exercise is to determine what kind of dock is feasible, build a rationale for that kind of dock, and offer it to the political process. He added that the audience would be the Board members themselves.

Mr. Loiselle said that the project is only feasible if they incorporate cruise ship use for the dock and utilize its revenue stream to fund the construction. He stressed that this, however, needs political support. He added that at this point, the Board needs to know if they can get support from the Assembly. He also pointed out that they should not lose sight of the fact that the pulp dock is also a major concern.

The members exchanged views on the different options to fund the construction of the dock including selling revenue bonds and seeking relaxation of the FTA restrictions on the \$1.9 million FTA grant. They also discussed how to present to the Assembly the different options and the steps the Board has taken in addressing public concerns such as traffic, retail, helicopter use, and City ownership of the dock.

The Chair said that it is possible that the dock would gain support if they put together clear information why the dock requires cruise ship urevenues and get the information out to the public.

The members agreed to adopt Mr. Bevan's recommendation, present it to the Assembly, and ask for their direction whether to continue public discussion about the dock. Mr. Bevan said that he will send a draft memo around for the members approval before sending it to the City Administrator.

#### **4. Silver Bay Seafoods – Housing Layout**

Mr. Riggs, Silver Bay Seafoods CEO, presented to the Board the proposed employee housing layout which will be built on the concrete foundation slab from the old APC warehouse building. He told the Board that the project will be a two-storey building with 37 rooms with four bunk beds per room, accommodating a total of 148 employees, and with laundry facilities in the first floor. There won't be a kitchen facility in the building since there will be one in the processing facility.

Mr. Horan expressed concern that there might not be enough space to accommodate 148 people in the building but he said he will leave it to Silver Bay Seafoods to determine what is best for its employees.

**MOTION:** **M/S Loiselle/Horan** moved to approve the Silver Bay Seafoods housing project layout. Additionally, Staff is directed to write a letter to Silver Bay Seafoods and request them to submit an as-built layout for the project.

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

#### **5. Fortress of the Bear – catwalk demolition**

Mr. Bevan explained that Fortress of the Bear (FOB) has offered to demolish the steel framework and catwalk that connects the old APC blower building to the City recycling tank. FOB intends to use the metal grating in their project.

**MOTION:** **M/S Horan/Loiselle** moved to allow Fortress of the Bear to re-use the metal grating and other steel components from the aeration building catwalk with the condition that the entire catwalk structure is demolished.

**DISCUSSION:** Mr. Loiselle brought up the issue of liability when taking the structure down. He recommended making sure that Fortress is up to date with their liability insurance.

**AMENDED MOTION:** **M/S Horan/Loiselle** moved to allow Fortress of the Bear to re-use the metal grating and other steel components from the aeration building catwalk with the condition that the entire catwalk structure is demolished and that Fortress of the Bear has current liability insurance.

**DISCUSSION:** The members briefly discussed how the unused steel components will be disposed and how the City could gain from it.

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

## **H. OTHER BUSINESS**

### **1. Cellphone Repeaters**

Mr. Bevan explained that currently, there is hardly any cellphone signal at Sawmill Cove. He felt that the need to address the problem is becoming more apparent as activity at the site continues to grow particularly in the pulp dock area. He pointed out that the Fire Department is offering a cellphone repeater that can be installed at Sawmill Cove. If it works, the Board can recommend getting an additional unit which is estimated to cost around \$1,000 - \$1,500.

**MOTION:** **M/S Miller/Loiselle** moved to accept the Fire Department's offer to install its cellphone repeater at Sawmill Cove.

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

### **2. Scrap Metal from Building Demolition**

At this juncture, Mr. Bevan sought the opportunity to bring up before the Board the possibility of a barge coming in sometime in May to pick up the pile of scrap metal that came off from the demolition of the old APC warehouse. He said it will be an opportunity to clean up the site of junk and other scrap metal coming from other projects.

The members briefly compared the costs of having the site cleaned up of scrap metal for free and the costs of having the City do the clean up and making money out of the scrap metal collected. They agreed to direct Mr. Bevan to discuss with City Staff the best way to do it.

## **I. REPORTS**

### **1. Sawmill Cove Management Report**

Mr. Bevan referred the Board to his written report that was included in the packet. No discussion followed.

## **J. ADJOURNMENT**

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

The meeting adjourned at 4:20 pm.