



**Sawmill Cove Industrial Park  
Board of Directors Meeting  
April 30, 2007 – 3:00 PM  
SEDA Board Room  
329 Harbor Drive Suite 212, Sitka 99835**

**A. CALL TO ORDER**

The Chair called the meeting to order at 3:00 pm.

**B. ROLL CALL**

Board Members Present:	Nancy Davis	Charles Horan
	Trevor Harang	Bob Loiselle
	Grant Miller	

Others Present:	Hugh Bevan	Maria Finkenbinder
	John Sherrod	John Stein
	Jack Ozment	Dick Kearns
	Keith Perkins	Rich Riggs
	Dave Wolff	

**C. REVIEW OF MINUTES – March 29<sup>th</sup>, 2007**

**MOTION:** M/S Loiselle/Harang moved to approve the minutes from the March 29<sup>th</sup>, 2007 meeting, as presented.

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

**D. CORRESPONDENCE & OTHER INFORMATION**

Mr. Loiselle expressed concern about the letter from Silver Bay Seafoods and suggested that the Board request Mr. Riggs to clarify their position. He stressed that the building was leased “as is, where is” and the City is doing its best to insure the tenants’ safety.

Mr. Bevan told the Board that PND and City Staff were doing load testing on the pulp dock that day to test if the dock can accommodate a forklift which he said is tied in with the subject letter.

At a later part of the meeting, Mr. Riggs told the Board that Silver Bay Seafoods’ managing partners were surprised by the rate that the pulp dock rehabilitation project has progressed. They are concerned about how it may affect their \$7 M processing facility which is scheduled to be operational for the 2007 seine season. They don’t anticipate any gaps and can’t afford any interruption in their operations. He stressed that Silver Bay is working with the City to ensure safety on the pulp dock and explore possibilities on what could potentially be done.

On Mr. Loiselle’s query if there is any indication of Silver Bay actually buying the building, Mr. Riggs said there is some level of discussion but they are focusing their efforts in getting through the first season and for their capital project to take off.

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

The Chair mentioned that Rich Riggs of Silver Bay Seafoods is requesting a letter of support from the Sawmill Cove Board to their loan application from the Southeast Alaska Economic Development Fund. She suggested adding this as agenda item no. 3 under New Business.

Mr. Loiselle requested Mr. Kearns to update the Board on the progress of TAB's partnership with H2O Bottling and bulk water contract. This was added as an item under H – Other Business.

## **F. UNFINISHED BUSINESS**

### **1. FY08 Sawmill Cove Budget**

Mr. Wolff told the Board that there haven't been any changes to the working draft from the previous meeting. City Staff has not look into the enterprise funds yet neither has the Assembly. He said the Assembly will go over the General Fund in their next special meeting and will take up the enterprise funds in a succeeding meeting. He offered to work with the Board in a work session or in another meeting to go over the budget with them.

Mr. Horan said he did not bring his notes from the last meeting and is not prepared to go over the budget at this point. He, however, stressed the need to connect the Board's strategic plan with the budget process and for the Board to propose projects that would relate to the plan. He wanted to see an affirmation of revenues coming to the park and help get the capital project done at the site.

With the concurrence of the members, the Chair directed SEDA staff to schedule a special meeting on Thursday, May 3<sup>rd</sup>, 3:00 pm to review the Sawmill Cove budget with Mr. Wolff.

### **2. Herring Cove**

Mr. Bevan told the Board that an RFP for private sector development of the marina was issued a few years back. It received a few soft inquiries but developers felt they could not compete with municipal moorage rates. He said that the City needs to expand its harbors and might want to consider Herring Cove as the new site. He also brought up the issue with tidelands and zoning.

Mr. Loiselle said that one of the suggestions brought up during the tourism planning work session with Chris Beck was taking advantage of yachts coming to town. He thought that a marina at Herring Cove might serve that purpose but they have to find someone willing to take the risk to put in the infrastructure. He suggested that the Board continue to try to see if there is interest out there by maintaining the website and doing some limited advertising. He expressed uncertainty about the kind of public reception the project would get. He felt that it is something to talk about with the Assembly during their work session.

Mr. Horan raised the possibility of starting a private houseboat marina which could be a way of selling spots or funding the construction.

Mr. Miller shared Mr. Horan's houseboat concept and added that it might also address the affordable housing crunch and moorage problems at the harbors. He thought distance from town would be less of an issue especially for commercial fishermen with the two fish processors located at Sawmill Cove and Silver bay as a fishing ground. He stressed the need to figure out the target market for advertising.

Mr. Stein suggested advertising Herring Cove as a "blank slate" and leaving it to anybody to propose the best use for the property.

By consensus, the members agreed to keep the development of Herring Cove in the strategic plan. It would also be included in the agenda for the work session with Assembly.

### 3. March 7 Board Planning Meeting Notes

Mr. Bevan presented a revised version of the Board's three-year plan as edited at the March 29, 2007 meeting. He pointed out that some of the items in the list are already in motion such as fish processing dock revitalization; marine industries market study; bulk water marketing, and administration building lease schedule. He said that the plan will be revised and updated as the work session date nears. He told the Board that the work session with the Assembly is scheduled on June 12<sup>th</sup> at 6:00 pm and the three-year strategic plan would be the front page for discussion.

Mr. Miller proposed adding Herring Cove as the 8<sup>th</sup> item in the list based on an earlier discussion. Mr. Horan agreed, saying that the list doesn't limit the Board on what they can do.

### G. NEW BUSINESS

#### 1. Administration Building lease areas

Mr. Bevan briefly presented a revised layout of the administration building and proposed portions of the building that could be rented as stand-alone areas. He pointed out that he neglected to include on the spreadsheet existing lease rates for some of the areas. To wit:

<i>Area No.</i>	<i>Room Numbers</i>	<i>Tenant</i>	<i>Lease Rate</i>
F2	26-29	Bike and Hike	Summer Rate: \$0.75/sq. ft. Winter Rate: \$0.50/sq. ft.
S1	105-108, 111	Theobroma	Manufacturing: \$0.64/sq. ft. Retail: \$0.75/sq. ft. (pays their own utilities)
S4	142-144	CBS Records Center	\$1.25/sq. ft. (includes utilities)

The Chair said that the Board has always been concerned about competing with downtown businesses for office spaces but the reality is, there are not professional spaces available downtown for 600 sq. ft. She thought the second floor of the admin building can fill in that gap.

Mr. Loiselle concurred and stressed that they need to make the Assembly aware of the Board's plans for the building. He also pointed out the need to advertise but they have to be careful with the rate structure and to keep in mind distance from downtown as a built-in disadvantage.

Mr. Horan said that it will be helpful to find out the operating costs of the building such as utilities, insurance, sprinkler system, etc. when they determine the optimal lease rates. He felt that it is a good spot for business incubation. He offered to help Staff put together the spreadsheet and determine the appropriate lease rates.

The Chair also said that she is willing to sit down with Mr. Horan and Mr. Bevan to compare downtown rates for commercial spaces and work on the spreadsheet.

#### 2. Marine Industries Study

Mr. Bevan presented the spreadsheet on the number of boats in the property tax roll and estimates on the cost to survey a portion of the total boat owners.

Mr. Loiselle said that the market study should concentrate on boats that require haul outs. He cited some examples of information the survey may indicate:

- Number of boats currently hauled out in Sitka
- Kinds of services required on the boats

- Availability of existing haul out
- Size of boats
- What are the needs of the boat owners?

Mr. Stein pointed out that there is an existing City ordinance that prohibits storage of commercial boats on residential property without conditional use permit and thought that Sawmill Cove can offer to lease out space for boat storage.

Mr. Miller offered to work with Mr. Bevan on the survey questions.

## H. OTHER BUSINESS

### 1. Silver Bay Seafoods Loan Request

Mr. Riggs explained that Silver Bay Seafoods is applying for a \$1M loan from the Southeast Alaska Economic Development Fund (Stevens' Funds) which has not been utilized for some time. Alaska Pacific Bank, the participating bank on this project, intends to present the project for consideration by the Long Range Planning Commission on May 10<sup>th</sup> and then take it to the Assembly on May 22<sup>nd</sup>. The following is a summary of the financing they are working on:

Silver Bay Cash Contribution	\$ 5	M
CBS Economic Development Fund	\$ 1	M loan
AIDEA	\$ 1.17	M loan
Alaska Pacific Bank	\$ .13	M
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	\$ 7.3	M Total

Mr. Riggs stressed that their loan request is consistent with the mission/plan of the Sawmill Cove Industrial Park which is to develop business opportunities and more importantly, create jobs. He also mentioned that their project will have an impact on raw fish tax and property tax collected by the City. He stated that they are seeking an endorsement from the Board for their loan request of \$1 million from the SE Alaska Economic Development Fund.

The members briefly exchanged views on the merits of the loan request and agreed that the project indeed meets the objectives of the industrial park.

**MOTION:** **M/S Loiselle/Horan** moved to recommend to the Long Range Planning and Economic Development Commission and the Assembly to approve the Silver Bay Seafoods loan request based on the fact that the project will create jobs and promote economic development.

**DISCUSSION:** Mr. Horan said that the Board is not obligating the City to anything neither is the Board making any statement on the credit-worthiness of Silver Bay Seafoods.

Mr. Loiselle stated that the Board is not rendering a credit opinion on the loan but the fact that Silver Bay is bringing in a significant cash investment gives some comfort for the Board to make the endorsement.

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

Mr. Loiselle suggested that Silver Bay Seafoods also request a letter of support of the SEDA Board of Directors.

## **2. TAB Update - Dick Kearns**

Mr. Kearns told the Board that TAB was able to pay the City for the building and the three acres of land. They anticipate taking their option on the remaining three acres close to the deadline in June.

TAB has been engaged in negotiations with several credible bulk water customers and one of their requirements is that the water be processed through a proprietary processing equipment to be installed prior to the first bulk water shipment. They currently have an order for two ship loads of water, 40 million gallons each, as soon as the bulk water pipeline is available and assuming that they won't have problems getting the ships in. They have three options to do so: (1) Using two barges; (2) buoy anchors which has to go through a 90-day permitting process, and (3) dock facility. The vessel is 700 feet in size.

Mr. Kearns said that the real problems with bulk water are transportation and unloading facility at destination. TAB has been responsive to and has followed up on the bulk water inquiries and found them to be poorly conceived an ungrounded. Most inquiries have failed to consider basic issues such as processing and transport.

He also told the Board that TAB will be asking the Board in their next meeting to consider expanding TAB's bulk water allotment from the current 9.1 MGD to 26 MGD. They are prepared to put up a non-refundable deposit to retain that water allocation for 12 months.

On Mr. Loiselle's query about the status of the Eugene plant, Mr. Kearns said that they were ready to switch it on only to find out that the contractors failed to get the pertinent permits from the City. TAB will continue to produce True bottled water for the Sitka area and some customers even after they start producing oxidized water which will be pricy.

Asked by the Chair about TAB's obligations to the City, Mr. Kearns said they are close to being current on their bills.

The Chair requested Mr. Kearns to submit in writing TAB's request for the expansion of their bulk water allocation and the details of their proposal.

## **I. REPORTS**

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

Mr. Bevan informed the Board about a forthcoming request from Fortress of the Bear for another extension of the grace period on their lease rate granted to them by the Assembly in May last year.

On the Chair's request for an update regarding Theobroma, Mr. Bevan said that he was informed that Theobroma has paid the property taxes but is struggling keeping up with the other obligations.

Mr. Stein added that a letter was sent out to Theobroma owner, Ed Iwamoto who didn't show up for a meeting with Mr. Wolff. Mr. Iwamoto is reportedly talking to potential investors.

## **J. ADJOURNMENT**

The next meeting is set on Thursday, May 3rd, 3:00 pm to be chaired by Mr. Loiselle. Ms. Davis will be out of town starting May 1<sup>st</sup>.

Mr. Stein suggested adding the Fortress of the Bear lease rate in the agenda for Thursday's meeting.

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

The meeting adjourned at 4:50 pm.