

**Sawmill Cove Industrial Park  
Board of Directors Meeting  
October 17, 2006 – 6:30 PM  
SEDA Board Room  
329 Harbor Drive Suite 212, Sitka 99835**

**A. CALL TO ORDER**

Chairperson Davis called the meeting to order at 6:30 pm.

**B. ROLL CALL**

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

Absent and excused:                Grant Miller

Others Present:                        Hugh Bevan                                    Maria Finkenbinder  
   Colleen Pellett                                    John Stein  
   Rich Riggs

**C. REVIEW OF MINUTES – Aug. 24, Aug. 30 and Sept. 11, 2006**

**MOTION:**            **M/S Harang/Loiselle** moved to approve the minutes from the Aug. 24<sup>th</sup>, Aug. 30<sup>th</sup>, and Sept. 11<sup>th</sup> meetings, as presented.

**DISCUSSION:** Mr. Loiselle pointed out that the last sentence of the second paragraph on page 2 of the Sept. 11<sup>th</sup> minutes, under item no. 2, *SMC Board Presentation to Tourism Stakeholders*, should read as:

*“...Mr. Loiselle added that whether the Board has a plan or not is beyond the scope of the TOURISM PLANNING STAKEHOLDERS’ [Board’s] mission.”*

Mr. Horan brought up the following changes to the Aug. 30<sup>th</sup> minutes on page 2 under “Section 1.5 LESSEE’S ~~Lessor’s~~ Option to Purchase Subject Property”:

(1) First paragraph, first sentence: Change the word “lessor” to “lessee” to read as:

*“Subject to approval by the Assembly of a subsequent negotiated Purchase and Sales Contract, LESSEE [Lessor] shall have an option to purchase some or all of the Subject Property including potentially the land beneath the Subject Property...”*

(2) Third paragraph, first sentence: change the phrase “dating back to” to “at the time of” to read as:

*“The purchase price shall be based upon FEE SIMPLE “as was” appraisal AT THE TIME OF [dating back to] the execution date of this Lease...”*

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

The Board expressed appreciation to SEDA Staff for making the Board packet available online. They believed that it would help in promoting transparency of the Board’s meetings and actions.

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

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

Mr. Loiselle requested to add a discussion on the \$1.9 million Federal Transit money for the multipurpose dock. This item was added under H. Other Business.

**F. UNFINISHED BUSINESS - None**

**G. NEW BUSINESS**

**1. Municipal Records Storage Area**

Mr. Bevan pointed out the rates charged to the other tenants in the building. To wit:

- Theobroma
  - Manufacturing space: \$0.62/square foot
  - Retail space: \$0.72/square foot
- S&S \$1.28/square foot

Ms. Pellett briefly discussed the City's proposal to lease space in the Administration Building to serve as a storage center for municipal records, requiring an area of 2,000 – 2,500 square feet. She brought forward a diagram showing two areas in the building, either of which the City is considering of leasing: Area 1 which includes rooms 129, 146 and 147 and Area 2 which includes rooms 142, 143 and 144. She expressed preference for Area 2 since heating is part of a zone that is presently heated. She added that the City is willing to rehabilitate the lease area to accommodate their needs.

Mr. Riggs explained that Area 1 is a separate heat zone and as such, would be an additional cost to the building's oil heat bill. Area 2 shares heating with the rest of the building.

Mr. Horan spoke about changing the lease area to the rooms contiguous to Theobroma, explaining the need to accommodate prospective lessees who might require a bigger area such as the areas being considered by the City.

**MOTION:** **M/S Horan/Harang** moved to recommend to the Assembly approval of the City's lease of area 2 in the administration building at a rate of \$1.25 per square foot per month with the option in the future to move the lease area at Sawmill Cove's expense, if needed, and to add a surcharge if the rent does not adequately cover utility costs.

**DISCUSSION:** Mr. Loiselle said that the \$1.25 per square foot is a fair rate but he suggested dropping the condition to add a surcharge.

Mr. Horan suggested offering a 10-year lease with a rent review after three years. He didn't want to set the rent too low, explaining that they may not be able to recapture the value of the building.

After a brief discussion, Mr. Horan with the concurrence of Mr. Harang withdrew his original motion.

**NEW MOTION:** **M/S Horan/Harang** moved to recommend to the Assembly approval of the City's lease of Area 2 in the administration building at a rate of \$1.25 per square foot per month for a fixed term of 10 years with a rent review after five years and with the option in the future to move the tenant to another lease area at Sawmill Cove's expense.

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

## **2. One Time Fish Processing Dock Use – Ken Wilkinson**

Mr. Bevan told the Board that Mr. Wilkinson has a month-to-month lease from July to November and is requesting to use the pulp dock (Stikine area) to tie a barge and load insulation on the barge for a period of one to four days. He pointed out three issues:

- a. Mr. Wilkinson would be required to obtain a general liability insurance;
- b. He would have to submit an engineering plan to and get an analysis from PND Engineers if he uses any kind of equipment running across the dock; and
- c. He has to do it before Stikine moves in.

Mr. Horan suggested asking Mr. Wilkinson to talk with Baranof Frozen Foods for the use of the latter's dock.

Mr. Loiselle pointed out that Mr. Wilkinson's request is part of the park's day-to-day operations and suggested that the Board leave it to the City administration to decide. He added that deciding on the structural integrity of the dock is not within the Board's area of expertise.

Mr. Riggs said that Mr. Wilkinson approached Warren Lee first but was advised to talk to the Public Works Director. He hasn't heard yet from Mr. Wilkinson. He also expressed the same concerns raised by Mr. Bevan regarding insurance and PND engineering opinion.

**MOTION:** M/S Loiselle/Horan moved to refer Mr. Wilkinson's request to City Administration.

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

## **H. OTHER BUSINESS**

### **1. \$1.9 million Federal Transit funding**

On Mr. Loiselle's query about the status of the funding, Mr. Stein told the Board that the consultant working on the grant has informed the City that he is now up to the point of moving the money from FTA with the expectation that the Alaska congressional delegation will support the reauthorization of the money and that Congress will approve the budget.

Mr. Loiselle stressed that they need to come up with a plan if the City gets the money, saying that there are a lot of issues to be dealt with.

Mr. Bevan said that he, Mr. Stein and Dave Wolff are actively working on the City's options.

Mr. Horan stated that it is more sensible for the City to build the dock. He said that they should move forward, put together a plan, and demonstrate that the City can do it.

## **I. REPORTS**

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

Mr. Bevan updated the Board regarding his meeting with Doug Jay of Baranof Frozen Foods (BFF):

- BFF now employs eight (8) year-round employees.
- BFF has invested \$1.8 million at Sawmill Cove.
- BFF processed four (4) million pounds of fish this year with a value of \$10 million.
- Mr. Jay plans to increase their freezing capacity to 80,000 pounds/day and will be adding a 2<sup>nd</sup> crane, cold storage, van loading dock at the plant.

He also told the Board that the major pieces of the business are in place now and Mr. Jay is happy with the way things are going.

Mr. Horan stated that there is a need to reevaluate the costs of fixing the pulp dock and consider options other than rebuilding it. He suggested using the \$500,000 Denali Commission grant money to study the options.

## **2. Chairperson's Report**

The Chair informed the members that she received an email from the Municipal Clerk requesting support from the Board for the nomination of Doris Bailey for the Alaska Municipal League (AML) Municipal Official of the Year award.

By unanimous consent, the Chair will email the Municipal Clerk extending their support to Ms. Bailey's nomination.

## **J. ADJOURNMENT**

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

The meeting adjourned at 7:45 pm.