



**Sawmill Cove Industrial Park  
Board of Directors Meeting  
September 6, 2007 – 3:00 PM  
Sawmill Cove Industrial Park Board Room  
4600 Sawmill Creek Road, Sitka AK 99835**

**A. CALL TO ORDER**

The Chair called the meeting to order at 3:30 pm. She and Mr. Miller expressed apologies for coming in late due to a miscommunication on the venue of the meeting.

**B. ROLL CALL**

Board Members Present:	Nancy Davis Grant Miller	Chris Fondell Trevor Harang
Absent and excused:	Charles Horan	
Others Present:	Hugh Bevan Dave Miller John Florry	Maria Finkenbinder Dick Somerville Rich Riggs
City Staff:	John Stein Joe Castro Scott Brylinsky Jim Corak	Theresa Hillhouse Well Williams Dan Jones Mary Larsen

**C. REVIEW OF MINUTES – July 19<sup>th</sup>, 2007 meeting**

**MOTION:** M/S Harang/Miller moved to approve the minutes from the July 19<sup>th</sup>, 2007 meeting.

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

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

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

**F. UNFINISHED BUSINESS**

**1. Fish Processing Warehouse and Dock**

PN&D Engineer Dick Somerville briefly reviewed the options that have been presented through Work Session No. 3 held on July 26<sup>th</sup>, 2007. Six concepts have been presented to implement permanent configuration and repairs to the dock and warehouse. All options include demolition of the entire dock both interior and exterior of the warehouse due to critical structural conditions. Long term needs have not been well-established and no preference has been selected to date by the City or the tenants. Cost for these six permanent options range between \$9.4 million and \$10.1 million.

Mr. Somerville presented three more concepts which focus on temporary or short term repair solutions that can be completed over the next 2 years to provide for continued operations as additional funding is obtained for implementing the permanent improvements. He walked the members through the cost

estimates and layout of the three new interim repair options which cost between \$3.2 million and \$4.9 million. To wit:

Concept 7 – Involves adding temporary support column; cutting the building back; removing concrete dock; installing safety barriers and weather protection; constructing new MSE wall and float facility. Additive alternate will be to construct pile-supported dock section and relocate crane.

Base bid:	\$	3,741,393
Additive alternate:	\$	802,187
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	\$	4,543,580

Concept 8 – Involves removing the area exterior to the building – seaward portion of existing dock; constructing building support/shoring at Grid C'; constructing float facility; constructing pile-supported dock section & relocating crane. Additive alternate will be to do Grid B repairs.

Base bid:	\$	3,870,047
Additive alternate:	\$	1,039,830
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	\$	4,909,877

Concept 9 – Involves pile repairs at Grids B, C and dock access corridors. There will be no demolition and nothing will be done to the building. Contingency costs are increased by 25% due to higher risks.

Project cost:	\$	3,219,250
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Mr. Somerville also presented a master plan for a fisherman's terminal and tanker terminal based on a suggestion from Senator Bert Stedman at Work Session No. 3 that a long term master plan be examined for the marine facilities at Sawmill Cove to better position the City for legislative appropriations. The master plan provides for two marine terminals using rock-filled Open Cell sheet pile structures. Fish processing warehouse repairs and upgrades are included in the facility's total costs estimated at \$42.6 million. The master plan can be constructed in phases:

Phase I	- Fisherman's Terminal and Warehouse Upgrades	\$ 22.4 million
Phase II	- Tanker Terminal =	\$ 20.2 million
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		\$ 42.6 million

*Board Discussion*

The Chair said the Board needs to pick a concept for repair and start looking for funding. But that shouldn't stop them from pursuing the master plan.

Mr. Miller stated that whatever interim option they recommend for funding, they would still need to have a long range plan for the facility. He proposed starting with repairs and going for maximum funding.

Mr. Jones pointed out that if the Board chooses concept 8, they will have to go for the full amount. He explained that concept 8 will not stand on its own without the additive alternate.

Mr. Riggs said that the options presented would limit Silver Bay Seafoods (SBS) ability to operate. Whether the Board chooses concept 7 or 8, SBS needs a high dock and hoist cranes to convey products. He also noted some limitations on the upland side.

Responding to Mr. Riggs' concerns, Mr. Somerville said that the T-dock with hoist crane can be shifted to the middle with a common access for SBS and Baranof Frozen Foods. He also pointed out that concept 7 can be tied with concepts 1-6.

Mr. Bevan suggested adding another criterion – allows tenants for continued operation – to the list of interim solution criteria provided by Mr. Somerville which were the following:

1. Addresses immediate safety concerns.
2. Minimizes initial capital costs;
3. Allows for design and construction process to proceed immediately;
4. Allows for other long term alternatives to be planned concurrently and without significant impact;
5. Minimizes sunk costs – minimal reconfiguration or lost effort required to adapt to another long term alternative in the future.

The Board members briefly exchanged ideas on how to proceed with the process and decided to hold another meeting before the end of the month to give the tenants a chance to go over the options and to work with Mr. Bevan. The Chair said that Mr. Bevan will directly communicate with City Staff and PN&D.

Mr. Castro said that City Staff can provide the Board the pros and cons of each concept to help them arrive at a decision. Mr. Stein likewise suggested including potential revenue estimates for each concept.

Action on this agenda item is deferred to the next meeting scheduled on Friday, Sept. 21<sup>st</sup>, 3:00 pm in the Sawmill Cove Industrial Park Board Room.

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

Mr. Bevan updated the Board on the dialogue that has taken place both at the Planning Commission meeting and between SEDA and City Staff. He spoke about pursuing a planned unit development (PUD) as suggested by City Planning Director Wells Williams to address the concerns raised by Mr. Stein.

Mr. Stein outlined his concerns about the setbacks of existing buildings and lot coverage. He thought the ROWs are too narrow for an industrial site and allowing zero setbacks constricts circulation. He also noted a lack of limitation on lot sizes for future owners, explaining that the future owners might subdivide the parcels further to smaller lots.

Mr. Williams explained that a PUD will fix lot sizes along with some plat notes. He also said that with a PUD, the Board can identify common areas that the City can keep.

Mr. Bevan said he'll continue to refine the plat further and consult with Mr. Williams to address the issues raised. He suggested bringing back this agenda item in the next meeting before going back to the Planning Commission for the preliminary plat.

## **G. NEW BUSINESS**

### **1. Misty Fjords Water Company – Bulk Water Allotment**

Mr. Bevan explained that Misty Fjords (MF) is requesting an allotment of Blue Lake water up to 600,000 gallons per year for its bottled water products. Sitka has 17 million gallons per day or 6.2 billion gallons per year that is unencumbered. Misty Fjords' request is less than 1/100 of one percent of the available water. He suggested the following concepts for the Misty Fjords 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.

Mr. Dave Miller, Misty Fjords major investor, told the Board that Misty Fjords can easily do 5,000 gallons a month but they cannot get enough water from the artesian well. They will come up with a different label and market the water differently. He thought that 600,000 gallons a year is a good number for them to work with.

Responding to Mr. Fondell's question on how long the contract would go, Mr. Bevan said that it will go as long as Misty Fjords can meet 600,000 gallons per year. Board member Miller suggested making the initial term of the contract for 10 years with the option to renew.

**MOTION:**        **M/S Miller/Harang** moved to recommend that the City enter into a Blue Lake water sales agreement with Misty Fjords Water Company under the terms described in Mr. Bevan's memo for a term of 10 years with an option to renew.

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

## **H.        OTHER BUSINESS**

### **1.        Tenant Account Update**

The Chair sought an update from City Staff on the status of the Sawmill Cove tenants' accounts with the City and opened the discussion on how the Board can get tenant account information on a regular basis and how the Board can interact with tenants in arrears.

Mr. Stein told the Board that Theobroma, TAB, and Baranof Frozen Foods (BFF) are the tenants in arrears. Theobroma has worked out a 10-year payment plan with the City. He said that the City Finance Department has come up with a system to generate monthly reports on the tenants' accounts with the City.

## **J.        ADJOURNMENT**

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

The meeting adjourned at 5:20 pm.