

**Gary Paxton Industrial Park – Special Meeting**  
**February 26, 2025 3:00 pm**  
**Room 6, Centennial Hall**

**A. CALL TO ORDER:** The Chair, Scott Wagner, called the meeting to order at 3:00 pm

**B. ROLL CALL**

**Members Present:** Scott Wagner, Mike Johnson, Casey Campbell, Lauren Mitchell

**Members Absent:** Chad Goeden

**Staff Present:** Garry White

**City Representatives:** Chris Ystad, Michael Harmon, John Leach, Melissa Haley

**Others Present:** Members of the public, Highmark representatives - Dee Monroe and Ian Whiddon

**C. Changes/Additions/ Deletions to Agenda**

**D. Persons to Be Heard-** None

**E. Unfinished Business –**

**1. GPIP Haul Out Project Update**

Mr. White and Mr. Harmon gave an update on the Haul Out Project and shared that all pile driving has been completed, fill, armour rock and excavation utilities as well as wash down pad are awaiting warmer weather, likely to be done mid- April and Travel lift machine is still on schedule for March delivery.

**F. New Business-**

**1. GPIP Haul Out Operations – Highmark Proposal**

Mr. White explained the GPIP Board met on January 16<sup>th</sup>, 2025, and recommended approval of the draft Operating Agreement for the Marine Vessel Haul Out and Shipyard Operations at the Gary Paxton Industrial Park, and the Invitation to Bid, including all exhibits to be released to the qualified bidder. The CBS Assembly reviewed the documents and GPIP Board recommendations at its January 28<sup>th</sup>, 2025, meeting and approved the release of the ITB and related exhibits.

He shared that a bid proposal from Highmark Marine Fabrication LLC (Highmark) was received on February 13<sup>th</sup> and has been made available for the GPIP Board review and recommendations to the CBS Assembly. He invited Highmark via Zoom to share their

proposal as well as Melissa Haley to share an independent financial analysis of a CBS operated haul out shipyard.

Dee Monroe and Ian Whiddon shared the fee schedule model and that they understand the fee schedule proposed exceeds rates deemed “competitive” in the area of relevant industry. However, he shared given associated costs to Operator, the rates proposed are the minimum required to achieve a 10% profit margin to Operator, which would ensure the operation is, at a minimum, financially feasible and stable in the long-term, and a secure investment on the part of the Operator and Owner.

Melissa Haley, Finance Director then shared the independent financial analysis of what the projected cost would be for the city to run the haul out in a cost comparison. The analysis gave comparisons for what it would cost to haul out a 42-foot boat, wash it down, and spend two days in the boatyard, if the service were provided by Highmark or the city. Under the Highmark bid, the price would be \$1,490. If the haul out were to be operated as a city-run enterprise: \$1,945.44 not including depreciation, and \$2,827.86 with depreciation included. Mrs. Haley also stressed that the board understand that among extra costs for the city are wages and health insurance for three workers, contributions to the Public Employees Retirement System, and higher costs associated with rules for collective bargaining agreements.

The board then shared questions to clarify both proposals regarding staffing, insurance, collective bargaining restrictions, depreciation, improvements, budget, subsidies, and limiting factors.

The discussion was then opened to the public. Concerns were shared about the lack of revenue being shared back into the city, sustainability of the fee schedule, desire to keep it run local and pull from our labor pool, fear of Sitka fleet still going elsewhere due to high costs, and a desire for more information from Wrangell and their city run success.

Mr. White shared currently the board can recommend to accept, reject or renegotiate this proposal to move forward to the assembly. The board did not feel confident in moving forward with a decision, but desired a work session to compare city vs private numbers before recommending either way.

**Motion:** M/S Mitchell/Campbell to postpone the decision for the Highmark proposal to the next meeting.

**Action:** Passed (3/1) on a roll call vote

## **2. GPIIP Marine Vessel Shipyard Facility Use Agreement.**

Mr. White explained marine vessel and haul out shipyards generally have Facility Use Agreements to ensure that the facilities operate in a safe, efficient, and environmentally responsible manner. Additionally, these agreements help the owner (CBS) to manage regulatory compliance, risk and asset protection, and ensure that community relationships

are fully understood. Mr. White shared a draft of the agreement with the board. The board discussed fees, insurance, waivers, overnight stays and potential additional items to include.

Mr. White appreciated the feedback and will bring back a revised agreement next meeting.

#### **J. Adjournment**

**Motion:** M/S Wagner/Mitchell move to adjourn the meeting at 5:10 pm.

**Action:** Passed (4/0) on a voice vote