

**Gary Paxton Industrial Park – Board of Directors Meeting
November 30, 2020 3:00pm – Harrigan Centennial Hall**

A. CALL TO ORDER: The Chair, Scott Wagner, called the meeting to order at 3:02 pm

B. ROLL CALL

Members Present: Scott Wagner, Vaughn Morrison, Mike Johnson, Jamal Floate, Chris Ystad

Members Absent: None

Staff Present: Garry White, Makena Hardwick

City Representatives: John Leach (Administrator), Brian Hanson (City Legal)

Others Present: Jeremy Serka, Stan Eliason, Jorgen Eliason and via Zoom Robert Woolsey, Fred Reeder, Michael Eckert, Dawn Johnson, and others

C. Review of Minutes – October 29, 2020

Motion: M/S Floate/Ystad to approve the minutes of October 29, 2020

Action: Motion Passed 5/0 on a voice vote

D. Correspondence & Other Information- A letter from Jorgen Eliason and other fisherman requested information for the GPIIP dock for the calendar year. This shows a usage uptick this summer. Pulled numbers from finance and noticed that for fiscal year 2021 the Tariff fees were not added. \$7,000 in Tariff fees were neglected to be added as our revenue. Since the dock has been in place we have gained \$86,000 in revenues.

E. Changes/Additions/ Deletions to Agenda- None

F. Reports –

Garry White reported on the recent GPIIP usage.

Dock has been a good success, increased revenues year after year. RFP was taken to ports and harbor commission last Monday it was approved to move forward with no changes. The Artic Blue contract was approved to move forward at the next assembly meeting.

The bulk water line had a crack in it. Which was causing water to leak. NSRAA discovered it. A temporary repair was made, a long-term fix will need to be looked into next.

G. Persons to Be Heard-

Fred Reeder spoke on use of the GPIIP dock for a small cruise ship. His statements are summarized below.

He is looking at using the dock for a small cruise ship, 6 uses total, 12 hours a day, for about 175 passengers. Economic Analysis to the city of Sitka, with what will be paid to the dock it is about a \$750,000 impact to the city. The ship will turn here in Sitka, they will go on a brief tour around town, including Fortress of the Bear and the Raptor Center. Fuel will be purchased here in town. A wharfage fee will be added. Revenue will be doubled in 6 days. The inside slip could still be used for other activities. Growth is planned for next year as well. More small ships will be looking into turning here in Sitka. Maintenance, cost every 5 years is \$300,000 to pull the barge dock and work on them. Revenue streams within the park itself will become necessary because the state and city cannot support projects at this time.

H. New Business

1. Eckert Fine Beverages Water Agreement Extension

Garry White explained how GPIIP and the City entered into the original agreement with Eckert. We sent them a letter in October stating that they did not meet the minimum export within the set amount of time. They responded and said they would like to extend their contract.

Michael Eckert spoke on behalf of Eckert Fine Beverage. His statements are summarized below. We need more time, we had many hurdles that made it difficult to reach our export goal. Our intention is still to use the Sitka water in our product. Our original idea was to do bottled water we are now making vodka. It is doing well in Southern California. We lost the timing of our original plan, we would like a reset.

A 36-month extension was suggested from members of the board rather than 5 years.

Motion: **M/S Johnson/Floate** move to change section 3.1 to 72 months instead of 36 months. Section 3.2 to 96 months instead of 60 months.

Action: **Passed (5/0)** on voice vote

2. Northline Seafoods Sublease Request

Garry White introduced this item. Lot 4 and lot 8 are currently being leased by Northline Seafoods, they would like to sublease parts of their property to Sitka Salmon Shares.

Dawn Johnson spoke on behalf of Northline Seafoods. Her statements are summarized below. Salmon Shares is looking to lease some space for ice and such, Northline Seafoods would still be responsible for handling all lease payments to the city.

Brian Hanson: Will the sub-lesers provide a sublease agreement or will the city be expected to create one?

Garry White: We do have the sublease term sheet. We can ask Northline Seafoods to create an official document to propose to the City Assembly for approval.

Motion: **M/S Floate/Ystad** move to approve the sublease between Northline Seafoods and Sitka Salmon Shares and ask them to create an official document to present to the City Assembly.

Action: **Passed (5/0)** on voice vote

3. GPIP Budget FY22

Garry White presented the budget. Last fiscal year ended this June 2020, all expense totaled at \$244,000, enterprise fund has operated to create jobs, and divest itself from its property. The purpose is to get it in the hands of private enterprise. End of fiscal year 20 we had \$818,00 in working capital. The budget shows revenues \$197,000, dock revenue could be increased to \$50,000 as more and more business gets pushed to the dock. On the business side, pretty similar to previous years. Fixed costs have not changed a great deal. Utilities seem high, Garry will look into that. Certain maintenance expenses cannot be avoided.

Motion: **M/S Floate/Morrison** to approve the operating budget for FY22 and to present to the Assembly for approval

Action: **Passed (5/0)** on voice vote

Garry White made suggestions for the capital budget and what the board may ask for in the budget such as a wash down pad or a crane. Members of the board discussed what items they may like to have and what fund would be supporting those items. John Leach recommend to hold off as of right now, due to lack of money available. The assembly is recommending all departments put in only core needs for their budgets. Within the next one to two assembly meetings we will have a better idea of where it is going.

4. GPIP Port Tariff Adjustments

Garry White introduced the next item. There is no rush to approve it today. All forms are in draft format. Mr. White then explained the history of the tariffs used at the GPIP site.

Mr. White had several Suggestions that are listed below.

Dockage- we have built in CPI adjusted rates. Currently anything over 150' is a flat fee. Move all fees up 6% and instead of flat fee above 150' do a per foot charge. A tiered fee system could be implemented that charges per foot within sections (i.e. 40'-80').

Security-A security system and plan will need to be put in place for the cruise ships.

There was a board discussion on who would pay for the security. What the ongoing fees involved with a security plan are. \$1,200 of estimated yearly costs for a FSP and \$5,500 to implement a plan. The money could be taken out of the general head tax funds.

A concern that was voiced during the discussion is that MARSEC level 2 and 3 are higher security levels that could limit public access to the dock.

A security plan, though the need is driven by the cruise ship, per the harbor master is a good tool for any public dock to have. Certain funds that could cover the cost of the security plan are only available for entities working with cruise ships.

A security fee charged to the cruise ships was suggested. Wharfage facility security fee (\$1.39 per person or \$850 flat fee).

Motion: M/S Floate/Morrison move to approve the City setting up a security plan for the GPIIP port

Action: Passed (4/1) on voice vote

Miscellaneous- Mr. White already talked to the cruise line agency staff and they agreed they will be responsible for everything to do with the ship and there will not be liability on GPIIP.

Charges for miscellaneous services were suggested, charge \$4 for every person that comes off a vessel.

A time limit may need to be implemented to avoid a luxury vessel tying up for an entire month.

User Agreements and other documents- The city of Homer has a plot of land similar to GPIIP, and many of their agreements and rules can be applied to GPIIP. Modified documents have been supplied in the meeting packet. These documents could allow the dock to operate as a haul out without too much capital investment needed. These documents will also limit liability on GPIIP and the City. Each document will need to be reviewed and approved and some still require format editing.

Mr. Wagner suggested a chart of recommended changes so that they can be seen easily picked through one by one for the next meeting.

John Leach reminded the board that the City has been looking for money to fund the haul out. And asked what are we willing to do to get the revenue? John Leach stated that the cruise ship could bring in revenue that could fund City maintenance projects such as the seawall and the pillars under the net shed at Crescent Harbor.

The board spoke on the fear that it will become a cruise ship dock and local access will be cut off. The worry is that the dock will be taken away from fisherman.

Garry White mentioned that this item can be put on the next agenda.

Comments from the public:

Jeremy Serka mentioned concern with what kind of long-term plan will be set up with the cruise ships. He stated that it is important to establish a long-term plan. He asked, will these companies try to take some land and take away revenue from local businesses? And said that we want to stay away from what is happening in Ketchikan with the tourism driving many local decisions.

Jorgen Eliason said that the working side of the dock being taken up by a cruise ship will mean no other boats can use the dock. He went further to say that the inside of the dock is unusable especially at low tide. Tying up cruise ships out there goes against what he believed the haul out facility vision was. July and August is when the ship would come in and that is also peak fishing season here in Southeast Alaska. That dock is needed most every day during the summer. Many companies use the dock including Trident Seafoods.

I. Adjournment: The Chair, Scott Wagner, adjourned the meeting at 4:48 pm