

September 11, 2018

Mr. Keith Brady

City of Sitka Administrator

Thank you for meeting with me on August 31st. We would look forward to seeing the details of your proposed RFP regarding the SMSC when it is published. At this point, Seafood Producers Cooperative is not in a position to purchase the facility. In addition, we do not see a benefit in leasing the vacant half of the facility on a short term basis. In regards to the idea of switching sides in the facility, we are comfortable remaining in our current location.

As we discussed, original obligations of the grant have sunset. The City can now sell the facility and there is no requirement to provide public service. The original lease (1991) listed public access which was to be provided by SPC while Sitka Sound Seafood agreed to provide facility maintenance. The language in the extensions require SPC to continue public service. Since SSS chose not to renew their extension, the non-obligatory requirement falls wholly to SPC. We do not wish to continue public access under the current lease as conditions have changed. If the City wishes to continue public access, we suggest that it be written into the forthcoming RFP. Otherwise, SPC's lease rate should be adjusted to account for the reduced storage area which is being utilized by public access.

SPC currently has 1.65 million pounds of product on hand, 200,000 lbs. of which is being stored in containers because of a lack of cold storage space. There are 27 active accounts, and 22 non-active accounts totaling 207,000 pounds, of which 40,000 lbs. is waiting to be unloaded. Many of the items in the "public side", such as food can't be stacked which further reduces SPC's lease benefit.

SPC's goal to hold product for after season value added processing, which has been our strategy to provide more year round employment continues to be less achievable because of the reduced storage opportunity.

In the very least, the number of active accounts should be capped, and the storage and handling rates adjusted to a "Sitka" fair market value, not based on Seattle tariffs whose operating costs are well below Sitka's.

Again, if the City wishes to continue to provide public cold storage access the best avenue would be to include it in the forthcoming RFP, regardless of whether it is based on a sale, lease, or both.

I will be traveling until the second week of October but can be reached by email if necessary.

Sincerely,


Craig Shoemaker, SPC Sitka.