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Tuesday, November 5, 2019

MEMORANDUM

To: Hugh Bevan, CBS Interim Administrator
From: Garry White, Director
Subject: Utility Dock RFP/Hanson Maritime Purchase Agreement

Introduction

The Gary Paxton Industrial Park (GPIP) Board of Directors is recommending that the City and Borough of Sitka (CBS) sell the former Utility Dock at the GPIP to Hanson Maritime Company.

The GPIP Board met on February 27th, 2019 and approved the following motion:

MOTION: M/S Finkenbinder/Morrison moved to sell the dock to Hanson Maritime with 10 feet of tidelands on each side and 60 feet tidelands in front. With a budget of up to \$20,000 to hire an outside attorney to write the purchase agreement to address potential easement language and language to allow all parties to work together.

ACTION: Motion PASSED 4/0

Yes: 4- Wagner, Finkenbinder, Unger, Morrison
No: 0

CBS Administration, CBS Legal and outside counsel have struggled to come up with terms of the purchase and sales agreement that have been acceptable to Hanson Maritime, CBS Administration, and the Assembly.

The main issues revolve around finding contractual language that protects the CBS's interest for future development on the waterfront that doesn't greatly limit Hanson Maritime's ability to develop and use the property.

The GPIP Board met again on October 21st, 2019 to further discuss overall GPIP Waterfront Development and the sale of the Utility Dock. The Board took a position to focus on smaller vessel and the marine services rather than large ships in the development of the water front. The Board voted to add the following language to its original motion in February:

MOTION: M/S Johnson/Morrison moved to modify the Board’s recommendation at its February 27th meeting, to include the following: **“Terms of the purchase and sales agreement shall not be restrictive to Hanson Maritime. The GPIIP Board wishes to focus on smaller vessels and the marine services industry on the GPIIP Waterfront.”**

ACTION: Motion PASSED 4/0 in a roll call vote.

Background

The GPIIP Board discussed the sale of the Utility Dock at meetings in October and December 2018. The Board approved a Request for Proposal (RFP) for the development and sale of the facility at its December 18th, 2018 meeting.

The RFP was released on January 11th, 2019 and an addendum to the RFP was added on January 21st with a proposal deadline of January 25th, 2019. The CBS received one response to the RFP from Hanson Maritime Company (Attached).

Dock Description

The Utility Dock was constructed in 1958 by the Alaska Pulp Corporation. The Dock is 200 feet long and 85 wide with five rows of piling. The 3 outer rows are 16-inch pipe filled with concrete and the remaining rows are H-sections.

The dock has had little maintenance or use in the 19 years that CBS has owned the structure.

The overall condition of the dock seems poor.

Access to the dock has been block with barricades.

Hanson Maritime Proposal

Hanson Maritime’s proposal outlines the different ways they intend to use the facility to add value to the GPIIP. Hanson Maritime is offering no cash for the Utility Dock, but is offering to remove the Utility Dock and tidelands from the CBS Inventory due to the associated liability to the CBS. The Utility Dock has not been used since the CBS took over ownership of the GPIIP properties in 1999. The CBS received a bid of \$90,000 to demolish the Utility Dock during the GPIIP Multipurpose Dock construction project by Turnagain Marine. Turnagain later asked to be let out of its obligation to demolish dock as it had substantially under bid the task. The CBS used this opportunity to trade the demolish task of the Utility Dock to provide a substantially better transfer bridge for the GPIIP Multipurpose Dock.

Additional Information

- February 21st, 2019 memo from PND Engineers, Inc. titled GPIIP – Ramp Project Concept No. 3 Operational Narrative.
- Concept No. 3 Drawing

Action

- CBS Assembly approval of the purchase and sales agreement to transfer the Utility Dock and additional tidelands to Hanson Maritime.