

HANSON MARITIME CO.

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12 January 2019

City and Borough of Sitka,
Gary Paxton Industrial Park Board of Directors,
Scott Wagner, Chair

Re: Utility Dock, portion of lot 9A

Mr. Wagner,

The following shall serve as Hanson Maritime Company's proposal to acquire the former APC "Utility Dock" and associated tidelands, located in the Gary Paxton Industrial Park.

Owned and operated by life long Sitka residents, Hanson Maritime started in 1993 as the commercial diving and salvage sole proprietorship "Underwater Services" later incorporating as Hanson Maritime Co. We are a subchapter "S" corporation with no "parent" and have the following Corporate structure:

Lee Hanson - President / CEO / Shareholder
Ahna Hanson - Vice President
Rafe Hanson - Treasurer

Our current service lines are salvage, towing, diving, marine construction, and oil spill response. Also tying into these lines are crane operation and welding. We are the only salvage and oil spill contractor to the U.S. Coast Guard for Sitka and surrounding areas, and have the sole tug in Sitka that is Coast Guard certified. We are also the only diving firm in Sitka that offers underwater welding and burning, and were selected to subcontract on the new GPIP multipurpose dock, performing all underwater welding on the project.

In the last year, we've salvaged and returned to service, 9 vessels with a combined value in excess of \$2,000,000.00 and recovered from our waters over 5,000 gallons of diesel, and hundreds of gallons of oil. Since our inception we've salvaged a total of 106 vessels.

Currently there is no location in Sitka where we can moor a barge and because of this, we have one located in Hoonah. Additionally, our small oil spill response barge is

inconveniently located off the road system, slowing response times. Because of the industrial nature of our work, and the size of our tug and barges, we have determined that the utility dock would be ideal for our company. Having all of our assets under one roof will provide the stability we need to expand our company as outlined below:

PLANNED USAGE

CRANE / MARINE CONSTRUCTION:

Besides relocating our tug and barge to the utility dock, we will also be bringing in a mobile lattice boom crane. Hanson Maritime is a State of Alaska licensed marine contractor and has repaired or replaced many docks in Sitka. We would like to expand our business to include the manufacturing of floating docks, a new value added segment requiring new hires. Most of the residential docks in Sitka were installed in the 1970's or early 80's and are in need of replacement.

GPIP BOAT YARD:

We will construct a building that houses a welding and machine shop. The facility will serve our own maintenance needs but also be a new expanded venture that will compliment a future boat yard at GPIP. We strongly believe that for the future yard to be successful, full services need to be offered on site, we intend to meet this need. Our crane will also be available to move within the Boat yard and GPIP site for customer/tenant projects. Hanson Maritime is also a dealer of Harbor brand Anodes (zincs) and would have them available to users of the yard.

VALUE ADDED:

Upon completion of a salvage or rescue tow, we will bring vessels back to our facility for repair or refurbishment. Every year we tow vessels to Hoonah, Wrangell, or Ketchikan, for repairs that could be done in Sitka. We would invite local businesses to utilize the facility to carry out hydraulic, fiberglass, electrical, interior, or mechanical repairs on these vessels, generating additional revenue for our economy that is currently being lost. Because of Sitka's ideal location on the Gulf of Alaska, we would also like to see Sawmill Cove added as a "place of refuge" in the Alaska Dept. of Environmental Conservation "Subarea Contingency Plan" for vessels in distress. GPIP is the logical location to base a salvage/response company in Southeast Alaska.

DIVING:

Going hand in hand with above, many vessels travel south that are too large to haul out in Southeast, i.e. large crabbers that are contracted as salmon tenders in summer. We have the ability to pull shafts and propellers on these vessels while dockside. We can also weld new anodes, replace transducers and sonars, carry out insurance surveys and other repairs, all while underwater.

SPILL RESPONSE:

An added benefit of our response equipment being located at GPIIP, is protection of the nearby fish hatcheries and Deep Inlet terminal harvest area. With many large fishing vessels using the GPIIP and Deep Inlet harvest area, it's prudent to have this equipment nearby. Equipment would consist of our response barge dockside, containment boom in 20' containers, and an assortment of sorbent products. We recently purchased an EPA certified incinerator for disposing of oiled sorbents and recovered fuel/waste oil. Previously these materials were sent outside for disposal at high cost, but we can now generate revenue and employment from this "waste". Key to this venture will be the Utility Dock and its industrial setting.

BULK WATER AND MULTIPURPOSE DOCK:

With our tug being located at GPIIP, SEDA could exploit this in the effort to sell water or moorage at GPIIP and the Multipurpose dock. The line "tug available on site" costs the City of Sitka nothing but has tremendous value in marketing the site.

STORAGE:

Although it is not one of our core services, limited storage would be available for bait sheds, nets, and skiffs. With the current gear storage company moving away from this market, we would take on some percentage of local gear. Our crane would also be available to pick fishing gear that is to be stored elsewhere at GPIIP.

SUPPORT FOR EXISTING GPIIP BUSINESSES:

Hanson Maritime had the pleasure of towing NORTHLINE SEAFOOD'S barge to GPIIP from Dall Island near Ketchikan. We hope to tow it out upon completion and hopefully many more. We also speculate that they will from time to time have need for other services such as crane use. Besides NORTHLINE SEAFOODS, we are certain that our relocating to the Utility Dock will benefit the SILVER BAY SEAFOODS fleet. Every service we offer can only help strengthen their position in Sitka's economy.

PROPOSED ACQUISITION

Hanson Maritime Co. is seeking ownership of the Utility Dock and underlying tidelands extending 60' beyond the face, 10' beyond the North end, and 20' beyond the South end. We do not want any portion of lot 9 beyond the west edge of the dock. Total square footage would be 33,640 valued at \$67,280.00

The Utility Dock has not been used since the City Of Sitka took over ownership of the mill site. During construction of the GPIP Multipurpose Dock, the City of Sitka contracted with TURNAGAIN MARINE CONSTRUCTION INC. for demolition of the Utility Dock for \$90,000.00. TURNAGAIN later asked to be let out of its obligation to demolish the dock having substantially underbid the task. Hanson Maritime is suggesting that the City of Sitka views the Utility Dock as having a negative value in excess of \$90,000.00. We further suggest that the tide lands also have a negative value in that, in order to utilize them for a new purpose, you would have to first demolish the dock at a price that exceeds the market value of the tidelands.

Hanson Maritime is offering no cash for the utility dock and tidelands. To understand this proposal in monetary terms we are offering the following: Remove the Utility dock and tidelands from the CBS inventory for \$90,000.00, to be reconciled through disposal of tidelands valued at \$67,280.00 to Hanson Maritime. The difference of \$22,720.00 will remain un-disbursed to Hanson Maritime but will instead be credited as paid to the City and Borough of Sitka by Hanson Maritime. The difference of \$22,720.00 shall be considered our bid for the property.

We believe this proposal is fair and of good value to the City and Borough of Sitka. \$90,000.00 was insufficient to complete the task of demolishing the dock, yet we have chosen to honor the figure in our proposal. Also, the tidelands relating to the Utility dock are impaired and restricted to industrial or commercial use. The general public will not lose out on recreational opportunities or water access because of the potential of this property being transferred to private ownership. Creating jobs and tax revenue is the best use of this property and the logical avenue for the public to benefit.

Thank you for your consideration,

Lee Hanson
President, Hanson Maritime Co.

PROPOSAL EXPOUNDED

QUALIFICATIONS / CREDENTIALS:

Lee Hanson

- Diving since 1984, commercially 1993. *Association Of Diving Contractors* commercial certification #171 1995.
- Recognized Salvage Master, U.S. Coast Guard.
- Master of Towing Vessels Unlimited
- Master of Inspected Vessels 200 Gross tons Near Coastal
- Unlimited RADAR Observer
- Qualified welder, structural, pipe, underwater
- Alaska CDL
- Crane operator

COMPANY MEMBERSHIPS / QUALIFICATIONS:

- *American Salvage Association*
- U.S.C.G. BOA contractor
- *Southeast Conference*
- State of Alaska contractor
- *Marine Exchange of Alaska*

EXPANDED EMPLOYMENT / BENEFIT TO SITKA:

- Immediately, 2 new hires with 5+ after new shop constructed.
- Just as important as creating new jobs, preserving existing jobs.
- Hanson Maritime is the only company in Sitka that works to protect the marine environment that our fishing and visitor industries depend on.
- Having a complete marine services company in Sitka reduces maintenance and new construction costs to the municipality and private businesses by reducing mobilization costs and shortening repair times.
- Construction projects will result in a temporary increase in our workforce with additional hires from what is listed above.
- New sales tax will depend on when and how many of our proposed uses are allowed to commence. Also, whether or not a boat yard is built at GPIIP will significantly affect our sales tax returns. Conservatively, without a boatyard or new expanded service lines, we estimate \$6,000.00 per year in new sales tax. At this time the majority of our sales are in government, exceed the taxable limit, or are outside the municipality.

START TIME FOR BUSINESS:

- We are an established business and are ready to proceed immediately barring any restrictions imposed by the City and Borough of Sitka.