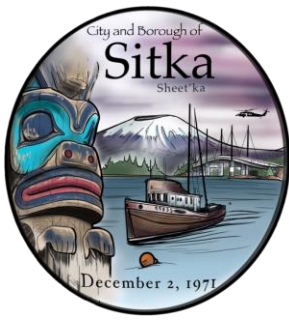


POSSIBLE MOTION

I MOVE TO approve a Consent to Assignment of Lease between the City and Borough of Sitka, McG Constructors, Inc. and Colaska, Inc. dba Secon for Granite Creek Lease Areas 2 and 3.





CITY AND BOROUGH OF SITKA

A COAST GUARD CITY

MEMORANDUM

To: Mayor Eisenbeisz and Assembly Members

Thru: John Leach, Municipal Administrator 

From: Ron Vinson, Public Works Director 

Date: August 22, 2023

Subject: Reassignment of Granite Creek Lease Area 2 and 3

Background

In December of 2021 the City and Borough of Sitka (CBS) publicly advertised a Request for Proposal (RFP) to solicit bids for a mineral extraction lease at Granite Creek Lease Areas 2 and 3.

By January of 2022, the RFP solicitation for Granite Creek Lease Areas 2 and 3 closed. Though the solicitation period for the RFP was open for approximately one month, the solicitation yielded only one respondent, McG Constructors Incorporated (McG). In October of 2022, CBS entered into a 5-year lease agreement with McG for the advertised lease areas.

In April of 2023, citing the unfortunate passing of a principal member of the lessee's business operations, McG formally requested consent from CBS to reassign the role of lessee from McG to Colaska/SECON.

Analysis

In consideration of providing consent to reassign this lease to the proposed candidate lessee, the CBS has evaluated several key areas which could carry potential for risk. Key areas of evaluation focus around verification of good-standing status with regulatory bodies and good-standing with past and current financial engagements with the CBS for both parties.

Financial Compliance – As of the date of this evaluation, both McG and SECON are in good financial standing with the CBS. McG has paid all due royalties that are associated with the existing lease and has made timely lease payments throughout the existing lease. Additionally, Colaska/SECON has paid all due lease payments during their existing lease at the Granite Creek Lease Site 7.

Safety Compliance – As of the date of this evaluation, both McG and Colaska/SECON are in good standing with the Federal Mine Safety and Health Administration (MSHA) and do not have any outstanding violations.

Environmental Compliance – As of the date of this evaluation, both McG and Colaska/SECON are in good standing with the Alaska Department of Environmental Conservation (ADEC) and do not have any outstanding Multi-Sector General Use Permit (MSGP) violations.

Fiscal Note

There are no proposed changes to the financial terms of the lease and therefore no financial impact related to the assignment of this lease.

Recommendation

Following the evaluation of key risk areas associated with providing consent to reassign the lease from McG to Colaska/SECON, it is recommended that the CBS provide consent to reassign the lease. It is further proposed that all lease terms and conditions remain the same as the initial lease that was assigned to McG.

Enc:

1. Letter of request from McG Constructors Incorporated
2. Letter of request from Colaska/SECON
3. Letter of good standing with Alaska DEC; from Colaska/SECON
4. Letter of good standing with MSHA; from Colaska/SECON
5. Existing Lease for Lease Areas 2 & 3
6. Consent to Assignment of Lease Between CBS, McG Constructors, Inc., and Colaska, Inc. D/B/A Secon



To Whom it May Concern,

McG Constructors is requesting the CBS Assembly to approve assignment of the Granite Creek Lease Areas 2 & 3 to Secon.

The reason for this request is our son Chuck Jr. passed away last August . He was the principal person in charge of all operations at the quarry and performed most of the work. He was listed in our RFP as the principal individual responsible for the operation of the quarry.

Without Chuck Jr. we have no responsible individual to manage and operate the quarry. We had hoped the Chuck Jr's son Alec would take over. Alec has started his own excavation company and does not have the time or inclination to operate the quarry.

McG Constructors, Inc. was the only responder to the RFP that was issued for lease areas 2&3. Which tends to indicate very little interest by other contractors for lease areas 2 & 3. Secon has an adjoining lease area in the Granite Creek quarry. Secon's willingness to take over the lease on these areas 2 & 3 makes sense due to this fact.

Thank you for your consideration for McG Constructors, Inc to assign the lease for Granite Creek areas 2 & 3 to Secon.



Chuck McGraw
President
McG Constructors, Inc.



P.O. Box 32159
Juneau, Alaska 99801
(907) 780-5145
Fax (907) 780-5896

A COLAS COMPANY

July 18, 2023

Ron Vinson
City and Borough of Sitka
100 Lincoln St.
Sitka, AK 99827

Re: **Granite Creek Lease Areas 2 & 3**
Statement of qualifications and compliance.

Ron,

Secon has operated in Granite Creek Lease area 7 since 2016. In this time SECON has maintained compliance with all environmental permitting, inspection, and reporting requirements necessary for the activities performed in the leased area with all necessary regulatory agencies. If the City consents to assignment of lease area 2 & 3 to SECON, these areas would be added to all appropriate environmental permits and maintained in the same manor and to the same standards as our currently leased and maintained area.

In addition, SECON operates and maintains hard rock quarries, aggregate manufacturing, and sales facilities throughout Southeast Alaska. SECON is experienced in the safe and responsible mining practices in quarries and in civil road construction settings and delivering aggregates to the market for public consumption.

SECON is qualified and capable of continuing to operate the Granite Creek Lease Areas 2 & 3 in the interest of the City and Borough of Sitka, while maintaining safe, responsible, and environmentally compliant mining practices.

Sincerely,

A handwritten signature in blue ink that reads "B. Maller".

Brian Maller
Assistant General Manager
SECON



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Bellevue, Washington 98004
(425) 827-3193
Fax (425) 576-5113

P.O. Box 32159
Juneau, Alaska 99803
(907) 780-5145
Fax (907) 780-5896

P.O. Box 7038
Ketchikan, Alaska 99901
(907) 225-6491
Fax (907) 225-6492

September 5th, 2023,

To Whom It May Concern:

Secon currently holds a lease and SWPPP permit in the Sitka Granite Creek Pit. That SWPPP is currently in good standing with DEC.

Secon has hired Crouse Environmental Compliance and Admiralty Environmental to ensure that we stay in compliance throughout the transition of adding a new pit to our SWPPP and lease.

Sincerely,

A handwritten signature in black ink, appearing to read "Noah Molnar", written in a cursive style.

Noah Molnar
Responsible Official



A COLAS COMPANY

P.O. Box 32159 – Juneau, AK 99803 – (907) 780 5145 – Fax (907) 780 5896

September 5th, 2023

To whom it may concern,

Secon operates and maintains 7 separate Mine IDs throughout Southeast Alaska. Each is eligible for 2 annual MSHA site inspections when active. Workload throughout our region determines what sites will be active and for what duration. MSHA has an online reference to determine mine operators' compliance with the agency, and what citations have been issued to that quarry in the past. This can be found at <https://www.msha.gov/data-and-reports/mine-data-retrieval-system>

Secon has and will continue to comply with regulations enacted to protect our miners employed at our sand and gravel quarries. We operate under an MSHA approved training plan that requires an initial 24-hour classroom-based introduction to mining hazards to entry level employees, and 8 hours of annual refresher training to our experienced miners.

Below is a list of our current Mine IDs;

- 50-00244
- 50-01601
- 50-01633
- 50-01755
- 50-01847
- 50-01861
- M905

Jason Lindley

Safety Specialist



A COLAS COMPANY

Office : 907- 780-5145

Cell : 907-723-4447

jlindley@colaska.com