



Proposal to Fund, Construct, and Operate a Marine Haul Out and Shipyard at the Gary Paxton Industrial Park

By

Sitka Sound Industrial, LLC
3208 Halibut Point Road #22
Sitka, Alaska 99835
907-394-3323

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Proposal Narrative

A. Introduction

Sitka Sound Industrial, LLC (SSI) is a newly organized company consisting of journeyman level boat repair personnel with experience working in boat yards throughout Alaska and elsewhere in the Pacific Northwest. Mr. Baker Hensley, the principal of SSI, has twenty-five years of experience as a shipyard worker in most of the major shipyards in the state of Alaska.

Appendix A has a biography of Mr. Hensley, and a number of other SSI staff. Mr. Hensley and his staff have experience with every type of equipment available to put boats on and off uplands; airbags, floating docks, synchro lifts, trailers, and travel sling lifts. SSI knows what customers of a shipyard require in terms of lift and uplands features, schedule, and services.

SSI understands that the community of Sitka is faced with the serious problem of losing their marine haul out, due to Halibut Point Marine's recent closure announcement. The need for the Gary Paxton Industrial Park (the Park) as a usable industrial shipyard is at an all-time high. We are pleased to be able to make a proposal under the City and Borough of Sitka's Request for Proposal (RFP).

Leasing the Park property to a single entity with the expectation that they will provide a large boatyard does not directly address the needs of the Sitka fleet, which consists mainly of boats 30 to 50 feet. These fisherpersons cannot easily afford the fees of a large private commercial boatyard. It would be better to keep the Park property public and lease space to individuals, shops and boats, for short and long-term storage and maintenance. This would allow the smaller business and Boat owners that make up the majority of Sitka's marine businesses to utilize the property to create the economic development that the Park was created for. Our recent discussions with past and current operators of shipyards confirm that it is difficult to operate a shipyard on property that must be leased or owned, and that property that is owned is inevitably converted to a more profitable use, leading to closure of the yard.

SSI is engaged in ongoing discussions regarding minority private equity funding for the development portion of this proposal. Additional funding will be obtained through a conventional loan. If required, SSI may apply for a loan from the City and Borough's Southeast Economic Development, or a loan guarantee from that source, in support of a conventional loan.

B. Scope of proposal:

The four items in SSI's proposal are:

- Management of all of the Park's assets, including the Floating Dock, which was not mentioned in the RFP,
- Funding and ownership of the Boat Washdown facility by the Park/City and Borough, rather than SSI,
- A Phase 1 development plan which provides a 60-ton hydraulic trailer to be operated by SSI on the existing unpaved Ramp,
- A 10-year contract term.

These items are more fully described and discussed in the following paragraphs.

SSI proposes to provide management all of the Park's fixed marine service assets, not just the Uplands and Ramp discussed in the RFP. In addition to management of the Boat Washdown facility developed under this proposal, SSI would provide management of the existing Floating Dock, unpaved Ramp, and the Uplands identified as available for marine services in the RFP. The Park would maintain ownership of the assets. SSI would collect fees for use of all of these assets based on the existing Tariff Schedule, modified to include rates for Ramp usage, use of the Boat Washdown facility, and Uplands use for short and long-term boat storage and maintenance.

The Uplands would be managed as an integrated managed access/tariff use/lease area. Under the terms of the Tariff Schedule, any and all users would have access to the Park for marine services, subject only to equitable Floating Dock and Ramp scheduling, and allotment of Uplands work area, by SSI.

SSI proposes that the Park/City and Borough fund and own the Boat Washdown facility required as part of the RFP. As a fixed asset not able to be moved after construction, the facility could not be easily funded by a conventional loan to a private party. Once constructed, by being included in the Tariff Schedule, it would be available to the public on the same equitable basis as the other Park marine services.

SSI is aware that Northline Seafoods has the permitting required to put more rock at the bottom of the Ramp and would be willing to reopen that permit to allow the work to be

finished. SSI proposes that the Park/City and Borough provide funding for this work, as well as a limited amount of funding for debris removal and grading of the Uplands.

It is important to keep the existing Ramp intact now and in the future of the Park, for hauling barges. Barges could be the key to attracting larger private business and possible private funding for portions of future phases, as well as a large source of income for the community as it usually requires a large crew to do most of the necessary work as well as large amounts of consumables. SSI knows that Northline Seafoods spent in excess of one million dollars in the community of Sitka on its first barge project, including having permitted and built the existing Ramp, and has plans to complete as many as ten more barge projects using the Park Ramp in the next several years.

SSI proposes to provide a 60-ton marine hydraulic trailer and 4x4 tractor, along with jack stands and blocking required for placing boat on the Uplands. The trailer would utilize the existing unpaved Ramp. SSI would operate and bill users for services using the trailer under its own fee schedule, outside of the Park Tariff Schedule.

Delivery of the trailer and related equipment would complete Phase 1 of development of the Park as a marine services destination, designed to keep the fleet of Sitka serviced while not spending money



unnecessarily without additional planning and market knowledge. Phase 1 would provide haul out and Uplands maintenance space to the vast majority of the local fleet, excluding only the larger seiners and tenders.

The use of a hydraulic trailer is an excellent first step to an efficient haul out service. Most yards use either a trailer alone or in conjunction with a travel lift. Some advantages of hydraulic trailers, either in general or in the case of the Park, are:

- Trailers can park smaller boats much closer together, maximizing the use of the yard space. This is particularly valuable as the yard grows and travel lifts also begin to be used.
- A 60-ton hydraulic trailer would service most of the fleet on the existing ramp with some improvements, such as adding 20 feet at the bottom of the existing grade.
- Starting with a trailer will put the Park in the marine services business within the time allowed by the RFP, setting the stage for future additional growth of the marine services business.
- A trailer is the perfect solution to bow poles as there is no overhead structure to deal with, eliminating the need to pull boats backwards.
- Using a trailer does not require expensive upgrades to the existing unpaved Ramp. Unless future phases of development involve submersible travel lifts, the Ramp can be maintained unpaved indefinitely.

Future phases of development are not included in this proposal. Those phases could include a 100 and/or 300-ton travel lift, infrastructure for a travel lift location, power and water improvements, Shipwright leases, and yard infrastructure such as restrooms, shower, and laundry facilities. Because the Park marine services would be managed by SSI under the Tariff Schedule with access available to all users, future phases could be developed by SSI, or by other vendors chosen by the Park under the existing RFP, or future solicitations.

Any requests for long term leases for Uplands area development made to SSI by third parties would be offered to the Park for approval, and for Park management if desired.

SSI proposes that the management and development contract offered based upon our proposal be for 10 years, with 5-year extensions by mutual agreement. SSI would reserve the right to transfer the contract to a qualified successor operator during the term of the contract.

C. Funding and Construction

As noted above, in Section B. Scope of Proposal, this proposal requests that the Park/City and Borough provide the funding for design and construction of the Boat Washdown facility,

extension of the existing Ramp, and minor cleanup of the Uplands. SSI would consult with the Park/City and Borough regarding Boat Washdown facility design, location and capabilities required, at no cost, as a part of its management contract. SSI has some specific ideas about



the design of the Boat Washdown facility that we believe could reduce the cost to the Park/City and Borough. SSI would also accept a separate contract for project management of the design and construction of the Boat Washdown facility, if it was offered. That additional contract and any purchases or construction contracts would

be managed in accordance with City and Borough of Sitka Procurement Procedures manual.

SSI has developed the following budget estimate for providing the 60-ton marine hydraulic trailer and 4x4 tractor and Uplands support equipment:

2020 Hostar 60-ton hydraulic trailer	\$195,000
Yard Bully (used) (4x4 short radius tractor)	\$50,000
Shipping	\$22,500
Jack stands	\$20,000
Blocking	<u>\$20,000</u>
Total	\$307,500

Other Similar Marine Facilities Owned or Operated

SSI does not own, nor has it operated any marine facilities owned by others. Our experience is as long-time users of marine facilities owned and operated by other parties. We have experience with every type of equipment available to put boats on and off uplands, and have experienced good and bad service and services in twenty-five years of experience in most of the major shipyards in the state of Alaska. Those shipyards include:

- Seward Ship's Dry Dock
- Resolve Magone Marine, Unalaska
- Offshore Divers, Anchorage
- Whittier Seafoods
- Port of Homer
- Nikiski Dock
- Snug Harbor, Naknek
- Crowley Maritime, Kotzebue
- Leader Creek Fisheries, Dillingham
- Vigor Alaska, Seward

And, among others outside of Alaska:

- Port of Skagit, LaConner, WA

Time Schedule for Providing Marine Haul Out and Developing Uplands Businesses

SSI proposes the following schedule for performance under the management and development contract:

1. By July 1 2020: The Park/City and Borough and SSI will complete any negotiations regarding terms of the contract.
2. By July 1 2020: The Park/City and Borough will modify the Tariff Schedule as noted above, and rezone or otherwise designate the Uplands as a managed access/tariff use/lease area.
3. July 1 2020: SSI will begin management of the existing Park assets, and begin obtaining funding for and purchasing the 60-ton hydraulic trailer, 4x4 tractor, and related boat management materials and equipment.
4. July 1 2020: The Park/City and Borough and SSI will begin design and construction work on the Boat Washdown facility, to be completed not later than June 1 2021.
5. June 1 2021: SSI will add management of the Boat Washdown facility to its operations, and begin providing haul out services with the 60-ton hydraulic trailer and 4x4 tractor.

Construction of Uplands improvements and preparation of Uplands leases will be done on a schedule to meet the requests of users over time.

Proposed Haul Out Equipment and Uplands Layout

SSI proposes to provide a new Hostar 60-ton hydraulic boat trailer, and a used 4x4 tractor for pulling the trailer. Hostar's sales literature for the models of trailers being considered is included in Appendix ???

A specific Uplands layout will not be required upon the start of SSI's management of the Park's marine services assets, with only smaller boats to place and no current requests from marine service contractors for Uplands lease areas. The conceptual layout developed for the Park board by PND Engineers of Juneau is included in Appendix C, as reference.

A specific Uplands layout should be developed after obtaining greater market knowledge through operations.

Operations Plan

All of the Park's marine service assets will be managed by SSI in accordance with the Tariff Schedule, as modified to include the Uplands, Boat Washdown facility, and Ramp. All users, whether customers of SSI, customers of other organizations, or members of the public will have equitable access to the Park marine service assets.

In order to provide the most flexibility in management of the Uplands, they will be managed as an integrated managed access/tariff use/lease area. SSI will determine which areas of the Uplands are available for access and movement and which are used for storage and maintenance at any time. However, SSI will ensure public and user access within the Uplands, and into and out of the Uplands from the Floating Dock, unimproved areas of the waterfront, and the Ramp.

SSI will have a Site Manager onsite daily during daylight hours, and otherwise as needed. SSI will also take over the existing camera/recording system on the Floating Dock, and supplement it with cameras on the Ramp and Uplands as needed to ensure that use of the facilities is documented for billing. Prior to beginning boat haul out and washdown services in June 2021, additional SSI staff will be available to the Site Manager on an as-needed basis, for assistance to the Site Manager and users of the facilities.

Beginning in June 2021, SSI will have not less than two staff persons onsite during daylight hours, for utilization by the Site Manager when and as needed for Boat Haul Out, Washdown, and management of the Floating Dock. When not needed by the Site Manager, these staff may be employed by SSI in work unrelated to the management contract. As business increases, SSI will make additional staff available to the Site Manager as needed.

The Park marine services facility will be maintained by SSI to the highest standards of Harbor cleanliness and organization, at all times.

In lieu of lease payments for use of the Uplands, and in recognition of the Park's ownership of the other fixed assets, SSI proposes to share revenues under the Tariff Schedule with the Park as follows.

1. Floating Dock and Ramp (prior to June 2021): SSI will bill for and collect all Tariff revenue for use of the Floating Dock and Ramp.

Beginning in the third quarter of the first year of the contract (January 2021), SSI will remit to the Park an amount equal to 50% of that portion of the revenue collected which is greater than \$10,000 per quarter, with the amount remitted to the Park not to exceed \$5000 per quarter.

2. Floating Dock, Ramp, and Boat Washdown (beginning June 2021): SSI will bill for and collect all Tariff revenue for use of the Floating Dock, Ramp, and Boat Washdown.

Effective June 2021 SSI will remit to the Park an amount equal to 50% of that portion of the revenue collected which is greater than \$12,000 per quarter, with the amount remitted to the Park not to exceed \$8,000 per quarter.

3. Uplands (Beginning June 2020): SSI will bill for and collect all Tariff revenue for the use of the Uplands.

Beginning in the third quarter of the third year of the contract (January 2023), SSI will remit to the GPIP an amount equal to 25% of that the portion of that revenue which is greater than \$5,000 per quarter, but not greater than \$30,000 per quarter.

Beginning in the third quarter of the fourth year of the contract, SSI will remit to the GPIP an amount equal to 50% of that the portion of that revenue which is greater than \$10,000 per quarter, but not greater than \$30,000 per quarter.

Revenue projections for remittances to the Park for Uplands use cannot be adequately projected until a number of years of management have occurred. However, SSI expects that, during some portion of the proposed 10-year contract period, the Park will realize income from these remittances that can be equated to lease payments for the use of the property. SSI would be pleased to negotiate a projection of these remittances during the RFP evaluation and selection process, in order to be awarded evaluation points for the "...proposer's bid price to lease..." evaluation criteria.

Appendix A, Biographies

Baker Hensley

Life and Work Experience:

- Lifelong Southeast Alaskan
- Grew up in Family Owned Salmon Trolling Business
- Boat Owner and Handtroller
- Shipwright and Iron Worker
- Worked in Shipyards and Oil Field Construction
- Building and Maintaining Fish Plants while living in Sitka

Personal:

My wife Cassandra and I are calling Sitka home again after many years.

I was born in Juneau and lived in a float house in Thompson Harbor as a little kid as well as in Juneau, Pelican, Port Protection, Ketchikan and later graduating from Elfin Cove School in 1987.

My family owned and operated a salmon troller based mostly out of Sitka and Elfin Cove. After graduation I purchased a hand troller of my own which I only ran for two seasons as I was severely injured out west on a factory longliner ending my fishing career.

I started working in shipyards and oil field construction. In the last few years, I have spent most of my time building and maintaining fish plants, which brought me back to Sitka.

As a shipwright and iron worker I have seen most of shipyards in Alaska and in Washington State.

Mark Quinn

Work Experience:

- Underwater Welding for Magone Diving and Salvage
- Forman Welding High Rises in Las Vegas
- Operated Heavy Equipment including Cranes, Bulldozers and Loaders
- Quality Control and Welding Foreman at Seward Ship's Drydock
- Iron Work in High Rises for Alpine Welding
- Multiple Jobs with Baker Hensley, as His Boss/Co-worker/Employee
- Many Jobs on His Own over the Last Several Years

Cassandra Hensley

Clerical Certificates and Clerical Work Experience:

- Alaska Vocational Technical Center 2004-2005 Business and office course, Office Administration certificate. UAA-Kenai Peninsula College Associates in Applied Sciences in General Business
- TLC Business Services, Accountant
- Kenai Peninsula Urology, Receptionist
- Hames Corporation, Accounting Specialist

Appendix B, Hydraulic Trailer Information



ONE KENDRICK ROAD, WAREHAM, MA 02571

Telephone: (508) 295-2900
Fax: (508) 295-2922
<http://www.hostarmarine.com>

HOSTAR HST6500YS SUBMERSIBLE YARD TRAILER

HOSTAR Model HST6500YS Submersible Hydraulic Trailer for yard use, configured with the following equipment and specifications:

- o To handle power boats to 62 feet, sailboats to 70 feet
- o Overall trailer length of 56 feet (+ or -)
on flat: 48 feet ((+ or -)
- o Overall trailer width of 11 feet
- o Weight capacity in yard of 120,000 pounds
- o 16" x 8" x 1/2" structural rectangular steel tubing main frame, reinforced with 15" x 40 pound channel
- o Frame sealed and tested for air tightness to prevent corrosion
- o Gooseneck with hand rail for fifth wheel operation
- o Hydraulics: Six fully adjustable hydraulic arms to handle up to 8' draft;
forward-facing rear arm, inward-canting forward arms
Hydraulic raising and lowering each side of main frame
Two hydraulic front landing wheels
Dual self-contained hydraulic systems, 24VDC electrical
Dual hand-held control boxes for solenoid actuated operation of hydraulics, with walk-around cables
Hydraulic solenoid valves
Pilot-operated double-locking valves on all cylinders
- o Two 4-DM deep cycle marine batteries
- o Six slide-through and removable cross beams for keel support
- o Cross beam pockets through frame
- o Strap hangers with straps for sailboat keels
- o Outboard walking beam (hydraulic) suspension (frame lowers to ground)
- o Eight low profile high/flotation 32 x 12.1 x 15 yard tires (rear)
- o Two 28 x 12.5 x 15 yard tires (front landing wheels)
- o Expanded metal basket at frame front
- o Battery charger or power connection to tow vehicle
- o Stainless steel T-pins and all hardware
- o Finish: Entire unit sandblasted to white steel; finished with two coats high-build epoxy primer with hardener, three coats high performance acrylic urethane with hardener (choice of color)
Galvanized hydraulic arms, arm inserts, pad brackets

Price: \$174,790

FOB - WAREHAM, MASSACHUSETTS

Options:	Additional pair hydraulic arms	\$4725
	Solid tires in lieu of pneumatic tires (10)	\$13025
	Wireless remote control system	Special Quote
	Hydraulically articulating gooseneck for fifth-wheel operation	\$5250
	Reinforced aluminum cross beams	each \$ 650

Production Time: Sixteen to eighteen weeks from start of construction

Payment Schedule: One-third - at signing of contract
One-third - at midpoint of construction
Balance - upon completion

This price quotation is valid until January 12, 2020

12/12/19





Appendix C, PND Engineers Conceptual Site Layout

