

## **POSSIBLE MOTION**

**I MOVE TO** approve Resolution 2012-29 on  
first and final reading.



Wednesday, November 28, 2012

MEMORANDUM

To: Jim Dinley, Administrator  
From: Garry White, Director  
Subject: Lot 16 – Carpenter Shop Proposal

**Introduction**

The Sawmill Cove Industrial Park (SCIP) Board of Directors recommends the sale of approximately 66,491 SF of Lot 16 containing the former Carpenter Shop located at the SCIP to Silver Bay Seafoods.

**Background**

Lot 16 as currently platted is 86,626 SF located in the northwestern portion of the SCIP. The Lot contains two buildings; the former carpenter shop and the former mill garage.

The lot has not been leased since 2008. The carpenter shop building cannot currently be leased due to the lack of proper fire suppression equipment and other building deficiencies. The mill garage roof collapsed in 2007 due to snow load, turning the building into a pile of rubble.

The SCIP Board discussed the sale of a portion of Lot 16 and the former Carpenter Shop at their August 27, 2012 and October 8, 2012 meetings.

At the October 8th meeting, the SCIP Board approved a Request for Proposal (RFP) for the development and sale of the carpenter shop and a portion of Lot 16. (Please see attached RFP) The SCIP Director was directed to release the RFP as soon as possible with instructions to receive proposal back in 21 days after release. The RFP was released on October 10th with a proposal deadline of November 1st, 2012.

The CBS received only one response from the RFP from Silver Bay Seafoods (SBS). (Please see attached proposal)

SBS proposed to purchase ~66,491 SF of the 86,626 SF Lot 16, including the former carpenter shop and mill garage.

**Property Information**

The subject sale includes roughly 66,491 SF of lot 16 including two buildings; the former carpenter shop and the former garage. Please attached map.

## Lot 16 - Raw Land

The CBS Assessor has a set a value for the raw property at \$3.75 - \$4.00/SF.

## Former Carpenter Shop

A professional appraisal of the building has not been completed due to the condition of the building. The former CBS Assessor suggested the building had a value of \$0 in 2009. It was estimated that the cost to demolish the building would roughly equal the value of the raw land under the building.

The building is not leasable due to lack of fire suppression equipment. The building has sat empty for most of CBS' ownership of the property.

The Carpenter Shop was constructed by Alaska Pulp Corporation (APC) some time in the late 1950's. The building is a 50' by 100' Quonset-type structure with wood ribs and a corrugated metal skin constructed on a concrete slab. There is a full ground floor, a full second floor, and a smaller third floor mezzanine located on the southwest side of the building.

The building has the following deficiencies:

- The building has no operating electrical, water, sewer, or heating systems.<sup>1</sup>
- Plastic corrugated roofing material at the back dormer over the main shop area is severely damaged.<sup>1</sup>
- There is a sprinkler system plumbed to all floors, however the system is not operational without water to the building. The building does not qualify for a sprinkler waiver and is not leasable without a working sprinkler system.
- Roof/wall leaks in the break room and small office.<sup>1</sup>
- The integrity of the structure is failing at the end walls and Northwest dormer, allowing rainwater to enter the building.<sup>1</sup>
- The building is heavily corroded with corrosion at the joints between roofing panels visible from the interior of the building.<sup>2</sup>

<sup>1</sup> *Carpentry Shop Hazmat Inspection*, Carson Dorn, Inc., January 13, 2010

<sup>2</sup> *Sawmill Cove Master Plan Document Compilation*, Reid Middleton, Inc., January 27, 2000

## Former Mill Garage

The former mill garage located on Lot 16 is currently a pile of rubble and unusable. The roof of the building collapsed due to snow load in 2007. The remnants of the building devalue the property due to the cost associated with clean up.

## **RFP Results**

The SCIP Board and CBS staff received the only response from the RFP on November 1, 2012.

The board reviewed and evaluated the submitted proposal at their November 19, 2012 meeting. The board determined that the proposal was responsive to the RFP.



The board evaluated and scored the proposal based on criteria contained in the RFP. The SCIP Board gave the SBS proposal a score of 97.99 out of a possible 105 points. The CBS Public Works Director scored the proposal at 86 points. Please see attached meeting minutes for the board's breakdown of scoring and attached email from the Public Works Director.

Based off the evaluation, the SCIP Board recommended that the Assembly accept the SBS proposal as presented.

### Additional Information

- The Silver Bay Seafoods proposal requests that the CBS dispose of drums and containers of unknown materials on the subject property before the sale is executed. The identified drums and containers have been investigated and disposed of by the CBS Environment Superintendent. The cost to dispose of was minimal.
- The subject proposal is for purchase of only a 66,491 SF portion of the 86,626 SF Lot16. Lot 16 will need to be surveyed and re-platted before the actual transfer of property can take place.

### Sale of Property Proceeds

- Section 11.16 (b) of the Sitka Charter states the following; "**Flow of Money into the Sitka Permanent Fund.** The **net** proceeds from the sale of any municipal real property shall be deposited into the Sitka Permanent Fund. If the property was an active lease immediately prior to its sale by the City and Borough, for the next three years immediately after the sale the proceeds of the sale shall not be used in the distribution calculation described in subsection (c) of this section. For those properties described in the previous sentence, the value used for the distribution calculation shall for those first three years immediately after the sale be the amount of the lease payment that the sold property generated during the last year that the City and Borough owned the property."

The following cost will be factored into the net proceeds of the sale:

- Costs associated with the disposal of potential hazardous material identified in proposal.
- Costs to survey and re-plat the property.
- Other administrative costs to execute the sale of the property.

The SCIP Director requests the following costs additionally be factored into the net proceeds of the sale:

- Cost associated with providing physical access to the remaining northwest portion of Lot 16, Lot 18, and Lot 19.
  - Currently the only physical access to these lots is through the middle of the subject sale property. An access easement is platted to access these properties, but is undeveloped and limits the marketability of the properties. Additionally, Lot 18 is the designated site for the CBS's future UV treatment facility.

### Action

The SCIP Board recommends Assembly approval of the sale as presented in the SBS proposal.



# Sawmill Cove

INDUSTRIAL PARK

**Request for Proposals  
Private Sector Development of  
Portion of Lot 16 (Carpenter's Shop)**





**Request for Proposals**  
**By the City and Borough of Sitka, Alaska and**  
**The Sawmill Cove Industrial Park Board of Directors**  
**Selection of a private entity(s) to purchase a portion of Lot 16, otherwise known as the**  
**Carpenter's Shop, located at the Sawmill Cove Industrial Park.**

Proposals will be received at the Office of the Municipal Clerk, City Hall, City and Borough of Sitka, 100 Lincoln Street, Sitka, Alaska 99835 until 2:00 P.M., November 1st, 2012. The time of receipt will be determined by the Municipal Clerk's time stamp. Proposals received after the time fixed for the receipt of the bids may not be considered.

**For Proposal Specifications and Evaluation Criteria contact:**

City and Borough of Sitka  
Sawmill Cove Industrial Park Director  
329 Harbor Drive, Suite 212  
100 Lincoln Street, Sitka, Alaska 99835  
(907) 747-2660  
[garrywhite@gci.net](mailto:garrywhite@gci.net)

The project consists of selecting an entity(s) to purchase a portion of Lot 16, otherwise known as the Carpenter's Shop, located at the Sawmill Cove Industrial Park with the intent to develop business opportunities and provide jobs.

Please direct all questions regarding this project to:

Garry White  
Sawmill Cove Industrial Park Director  
907-747-2660  
[garrywhite@gci.net](mailto:garrywhite@gci.net)

Additional information regarding the portion of Lot 16, otherwise known as the Carpenter's Shop is available upon request.

The City and Borough of Sitka reserves the right to accept or reject any and/or all proposals, to waive irregularities or informalities in the proposals, and to negotiate a contract with the respondent that best meets the selection criteria.

Dated this \_\_\_\_ day of \_\_\_\_\_, 2012.

CITY AND BOROUGH OF SITKA

\_\_\_\_\_  
Michael Harmon, Public Works Director

## SAWMILL COVE INDUSTRIAL PARK

Sitka, Alaska is requesting proposals from qualified firms or individuals for the project described herein.

The following subjects are discussed in this RFP to assist you in preparing your proposal.

- I. Introduction
- II. Preferred Outcome
- III. Relationship with City and Borough of Sitka
- IV. Proposal Format and Content
- V. Evaluation Criteria and Selection Process
- VI. Schedule
- VII. Project Location Map
- VIII. Environmental Overview

### I. Introduction

The Sawmill Cove Industrial Park (SCIP) Board of Directors, through the City and Borough of Sitka (CBS), desires to select a private entity(s) to purchase a portion of Lot 16, otherwise known as the Carpenter's Shop. The site is located at the Sawmill Cove Industrial Park, the site of the former Alaska Pulp Company (APC) pulp mill located five miles southeast of downtown Sitka. The site is on the road system.

Sawmill Cove Industrial Park is under development by a five-member board of directors appointed by the Sitka Assembly. The Board manages the day-to-day operations of the Park working with and through the Municipal Administrator and a Park Director. The Board serves in an advisory capacity to the Assembly, who has final authority on leases and sales at the Park.

Sitka needs family wage jobs and the Board has certain requirements to assure every effort is being made to secure tenants at the Park that will: 1) Create family wage jobs for Sitkans and; 2) Generate operating and capital funds for the Park.

The Alaska Pulp Corporation and CBS reached an agreement and transferred ownership of the site to CBS in 1999. Prior to that transfer, APC and CBS made agreements with EPA and the Alaska Department of Environmental Conservation (ADEC) regarding





future uses of the site. Attached to this RFP is an overview of the environmental restrictions and agreements between CBS and ADEC and the Park management plan.

## **II. Preferred Outcome:**

The Sawmill Cove Board of Director's preferred outcome from this RFP is the selection of an experienced and well-financed entity(s) to purchase the portion of Lot 16, otherwise known as the Carpenter's Shop, of the Sawmill Cove Industrial Park to establish a business operation(s) and create jobs in Sitka. Once that selection is made, the Board may carry out further negotiations as might be necessary. The Sawmill Cove Board will make its determination of the ideal business operation(s) and forward that recommendation to the City & Borough of Sitka Assembly who has final authority in these matters.

**Retail Development:** The City and Borough of Sitka has set guidelines for retail and business use for the Park. Please see attached Table.

**Additional:** The City and Borough of Sitka reserves the right to negotiate with the finalist(s). The City and Borough of Sitka retains the right to refuse or accept any and/or all proposals.

## **III. Relationship with City and Borough of Sitka / Sawmill Cove Industrial Park**

- a. Selected entity(s) and CBS shall enter into a Purchase and Sale agreement.
- b. CBS will charge Entity(s) property tax on the real property, the assessed value of facilities constructed by Entity(s) and upon the assessed value of the possessory interest.
- c. Entity(s) shall collect and remit CBS sales tax for services or sales the Entity(s) provides at the Sawmill Cove site.
- d. Entity(s) will follow all CBS zoning and building codes.

## **IV. Proposal Format and Content**

Direct questions regarding this proposal to Garry White, Director, Sawmill Cove Industrial Park, (907) 747-2660.

Proposals, that do not address the items listed in this section, may be considered incomplete and may be deemed non-responsive by the City and Borough of Sitka.

### **PROPOSAL FORMAT**

- A. Letter of Transmittal



B. Narrative

1. Brief description of the entity including its legal structure, experience, and the experience of its key individuals. Brief resumes of the managers.
2. Provide a concept level operations plan for the facility. Describe the estimated number of employees and how operation(s) would benefit Sitka over the long term. At a minimum include:
  - A) Estimated number of new (net increase of) full-time equivalent jobs and describe how employment may fluctuate through the year.
  - B) Estimate net increase in sales tax, fish tax or similar taxes to the CBS. Net increase would be additional from sales not already taking place in Sitka.
  - C) Estimated amount of raw property adjacent to the building desired in square feet.
3. Provide proposed purchase price offer and terms.
4. Provide a schedule for start of business operation(s).
5. Provide estimated environmental impact to the location and surrounding community.

**Submit six (6) copies of the completed Proposal in a sealed, secure envelope marked as follows:**

**SAWMILL COVE INDUSTRIAL PARK  
Proposals for Portion of Lot 16 (Carpenter's Shop)**

**PROPOSAL DATED: \_\_\_\_\_, 20\_\_**

The Proposals shall be addressed to:

Municipal Clerk  
City & Borough of Sitka  
Office of the Municipal Clerk  
City and Borough of Sitka  
100 Lincoln Street; Sitka, Alaska 99835

**Proposals shall be received at the office of the City Clerk before 2pm on November 1<sup>st</sup>, 2012.**

**V. Evaluation Criteria and Selection Process**

A selection committee consisting of the Sawmill Cove Board of Directors and the CBS Public Works Department will evaluate the proposals and make a recommendation to the City and Borough Assembly.

The committee will use the following criteria in deriving a numerical score for each proposal:

- a. Qualifications & Experience of the Entity(s). From the proposal and from your own knowledge of this entity, give from 1 to 20 points with the best score as 20.
- b. Concept Plan. Does the concept plan express an understanding of the Request for Proposals? Does the plan accommodate other uses of the Sawmill Cove waterfront and uplands? Does the plan provide or secure long term jobs to the community? How many? Does the plan increase net business activity in Sitka through sales, fish tax, etc.? Score from 1 to 30 points.
- c. Purchase or Lease Price. Do the proposal purchase or lease price and terms adequately compensate the CBS and/or help fulfill the mission of the SCIP? Score from 1 to 25 points with higher purchase price receiving a higher score.
- d. Start up Schedule. What is the time frame for business start up to provide jobs? Score from 1 to 10.
- e. Environmental Impact. Does the proposal address environmental concerns with this project? Total of 15 points available with points lost for larger environmental impacts.
- f. Confidence in Developer(s). This is a judgment call based upon the subjective experience of the evaluator. Score from 1 to 5 points.

TOTAL POSSIBLE POINTS = 105

**VI. SCHEDULE**

**SAWMILL COVE INDUSTRIAL PARK  
SALE OR LEASE OF PORTION OF LOT 16**

- Proposals due 2:00 PM Date: 11/1/2012
- Sawmill Cove Board Selection Nov 2012
- Assembly Approval of Development Agreement Dec 2012
- Operational Goal June 2013





Sitka ♦ Craig ♦ Valdez

208 Lake St. Suite 2E Sitka, Alaska 99835

Phone: 907.966.3110 Fax: 907.966.3115

November 1, 2012

Mr. Jim Dinley  
Municipal Administrator  
100 Lincoln Street  
Sitka, AK 99835

**RE: LETTER OF TRANSMITTAL:  
PRIVATE SECTOR DEVELOPMENT OF PORTION OF LOT 16**

Dear Mr. Dinley & Selection Committee:

In response to the City and Borough of Sitka's Request for Proposals for a portion of Lot 16 at the Sawmill Cove Industrial Park, Silver Bay Seafoods is pleased to submit the attached proposal. Enclosed herein you will find six (6) copies of the completed proposal.

Silver Bay Seafoods is excited about the opportunity to continue to expand operations and retain existing services in Sitka utilizing a portion of Lot 16. This will also further promote the primary mission of Park – to create and sustain family wage jobs in Sitka.

The track record Silver Bay Seafoods has provided to date is one of both vision and successful implementation. We look forward to applying both of these attributes in relation to the purchase and development of Lot 16 in a manner that compliments and grows existing operations in Sitka.

Best Regards,

**Richard A. Riggs CEO**

Silver Bay Seafoods  
4400 SMC RD. STE B  
Sitka, AK 99835  
Ph. (907) 747-7996  
Cell (907) 738-7271  
Fx (907) 747-7998  
E-mail: [richard.riggs@silverbayseafoods.com](mailto:richard.riggs@silverbayseafoods.com)

Attachment: Proposal (6 copies)

## I. INTRODUCTION & BACKGROUND:

Silver Bay Seafoods, LLC ("SBS") is an integrated seafood processing company with facilities in Sitka, Craig, and Valdez, Alaska. Silver Bay's corporate office is located in Sitka, Alaska. In total, nearly 100 Alaska fishermen comprise the majority of the ownership of Silver Bay Seafoods. The Certificate of Organization can be found in Appendix A.

The primary vision of SBS is to operate state of the art freezing and processing facilities that maximize quality, opportunity for harvest, and value for the resource. SBS's track record in implementing this vision is both well documented and unprecedented.

In 2006 SBS commenced construction of the Sitka facility at the Sawmill Cove Industrial Park. The project was completed on time, within a 9-month timeline and with exclusive reliance on local contractors and in-house skilled and non-skilled labor forces. The scope, schedule, and efficiencies of the facility were previously unprecedented in the Alaska salmon industry and brought a \$7M capital project to Sitka.

In 2007 SBS processed over 21 million pounds of salmon at the Sitka facility. Upon completion of the 2007 salmon season, SBS immediately commenced expansion of operations in Sitka to accommodate the Sitka Sound Sac Roe fishery. In prior years, Sitka was afforded limited local processing capacity and as a result much of the harvest was transported to Canada for freezing and subsequent processing. SBS's herring expansion operation more than doubled the available local capacity in 2008 and immediately was recognized as another proven success. The increase in local processing capacity results in a higher value of harvest by maximizing quality and results in additional raw fish tax revenue for the State of Alaska and the City and Borough of Sitka.

In 2008-2012, SBS continued to invest in the Sitka facility, by expanding production and product lines, to increase daily processing capacity for salmon. In a low return year, 2008, SBS managed to process over 27 million pounds of salmon in Sitka during the 2008 season and in 2011, SBS processed just over 50 million pounds of salmon in Sitka in a high return year.

In aggregate, SBS has invested over \$20M in the SBS Sitka facility in a 6-year period. This investment in infrastructure has likewise been an investment in Sitka and promoted the primary goal of the Sawmill Cove Industrial Park - "*creating family wage jobs for Sitkans*". In 2006 SBS shared an aggressive vision for developing the facilities at the Park in a manner that served Alaska fishermen and created family wage jobs for Sitkans. While the dream was big, the reality has far exceeded expectations. SBS is very proud of the immediate contribution it has made to fulfilling the mission of the Park and to complementing the economy of Sitka.

Based on fundamentals that demand innovation and entrepreneurship, SBS has developed a proven platform of seafood processing that has performed quite admirably. The SBS vision has also translated into producing the highest quality frozen seafood products. As a "fishermen-owned" company that has strategic proximity to the fishing grounds and adheres to a rigid set of quality standards from the point of harvest to the point of customer delivery, SBS has quickly developed a very positive reputation in the market place for both high volume and high quality. While the initial focus has been to be a commodity-type processor, the SBS vision going forward includes implementing value added opportunities within our Alaska facilities.



## KEY PERSONNEL:

- Richard A. Riggs is the SBS Chief Executive Officer. Mr. Riggs brings unique set of skill sets to SBS as a licensed Civil Engineer in the State of Alaska, a former commercial fisherman, and now the second generation in his family to be integrally involved with a seafood company. Reference Appendix B for a complete resume.
- Van Kramer is the SBS Chief Financial Officer. Mr. Kramer brings over 30 years of financial expertise. He brings validity to the financial records as well as helping to establish the necessary metrics by which management can gauge their improvements. Reference Appendix B for a complete resume.
- Troy Denkinger is a managing member of SBS and has served as the Fleet Manager since inception and effective October 2011 has been fulfilling the role of President.
- SBS Fishermen: As noted previously, SBS is primarily owned by Alaska fishermen. The fishermen, whether they are owners in the company, or simply a member of the loyal fleet, are the most integral component of SBS.
- SBS Staff: SBS currently has 79 full time employees (FTEs). The 2011 SBS gross payroll was over \$10M. SBS has assembled an experienced and professional core group of dedicated employees that carry out the SBS vision.

## II. LOT 16 OPERATIONS PLAN:

Lot 16 of the Sawmill Cove Industrial Park Resubdivision No. 1 includes existing structures, generally referred to as the "Carpenter Shop" and the "Tire Shop". The structures have had very limited use over the last decade, and the Tire Shop structure failed a few years ago under heavy snow load.

Realizing that the City and Borough of Sitka would like to retain the northwesterly portion of Lot 16, SBS's proposal is to purchase the portion of Lot 16 identified in Appendix C as "Lot 16A", comprising of approximately 66,491 square feet.

The immediate operations plan for Lot 16A includes two primary scope elements:

**Scope Element No. 1 – Fisherman / Fleet Storage:** In July 2011, SBS entered into a short term lease with CBS for this identical use and the subject lease is still effective. At the time, SBS expressed their interest in promoting Sitka as a "destination" for fishermen to perform their year-round maintenance on ancillary items (i.e. nets and skiffs) with the expectation that this would promote additional, year-round activity and employment in Sitka. Ample storage space was an integral component of successfully promoting this activity.

The net storage component provides opportunity for the fleet not only to store their net in Sitka, but most importantly to Sitka, an opportunity for the fleet to maintain their net in Sitka using the "SBS Fishermen's Support Facility" that we maintain at the Park, with all the amenities needed to work and maintain nets. Traditionally, all of those that currently use the SBS facility previously performed this work out of town, with the majority using the facilities at Fishermen's Terminal in Seattle. By providing this service in Sitka, we have shifted that related employment and business activity to Sitka. We have approximately 40

fishermen and their respective crews, that now do this work in Sitka rather than another location. Furthermore, all pallets used for storing nets are constructed by SBS with materials purchased locally.

The same is true for seine skiff storage, but this applies to both fisherman owned skiffs and also to SBS owned skiffs. A common service provided in the industry is having spare skiffs on a moments notice in case the fisherman's primary skiff breaks down. SBS owns 20 seine skiffs that we make available to the fleet. In order to both operate and maintain these skiffs in Sitka, ample storage is needed and over the last 14 months the subject lease area has accommodate this need and allowed for Sitka to be promoted as the SBS "hub" for this activity.

Additionally, SBS has started a program of annually constructing "tender packs", which is a complement of all equipment needed to perform the in-season tendering operation. All technical scope elements associated with these builds (electrical, mechanical, fabrication) are performed in Sitka. The storage footprint being available in Sitka promotes Sitka being the hub for these builds, and also ensures Sitka being an annual "port of call" at the beginning of the season for our tenders.

With the pending Blue Lake project, the footprint utilized over the last 14 months needs to be vacated to accommodate the needs of the project. Lot 16-A as proposed will provide a long-term location for this scope element and allow SBS to continue to promote Sitka as a destination to perform fleet maintenance as previously described and also to expand the related scope elements.

SBS has approximately 10 full time equivalent positions that are directly involved with this scope element. In terms of economic benefit, there is equal or greater value in both the "related job opportunity" with these services as well as multiplier dollars generated with fishermen and crews coming to Sitka to perform their maintenance activities on a year-round basis – even when Sitka is not the place they reside (which happens to increase bed-tax opportunity for Sitka). Furthermore, the reason the industry provides spare skiffs is to maximize a fisherman's opportunity – in the case of SBS, a fisherman that harvests more fish due to the availability of a SBS spare results in additional harvest than would have been recognized otherwise and ultimately is increased raw fish tax. While realistically impossible to quantify other than a recognizable net increase/benefit, all of these preceding items are properly characterized as "net increase" because they are at risk in varying degrees otherwise.

**Scope Element No. 2 – Bunkhouse:** In 2011, SBS leased a portion of the Administrative Building in order to provide additional housing for employees. This was pursued by SBS, anticipating a strong southeast salmon run. As a direct result of having additional housing facilities, SBS was able to process over 50 million pounds of salmon in Sitka alone, and among other economic benefits that are directly proportional to the scale of fish processed, CBS recognized additional raw fish tax revenue. Without the additional housing, SBS would not have been able to process 50 million pounds, and also would not have been able to implement value added products such as ikura and fillets (both of which were added in 2011).

The subject property is immediately adjacent to SBS's current bunkhouse. There is no way for SBS to recognize nearly the full potential of the existing SBS processing capacity in Sitka without additional housing. Furthermore, SBS intends for further invest in value added products in Sitka, all of which require additional labor and the associated housing.



SBS envisions constructing additional housing facilities in 2012/2013 to support existing operations and future growth. The subject property is well suited, especially considering the proximity to the adjacent facilities.

As noted in the first scope element, the APC "Administrative Building" is not an option for SBS in 2013 or the foreseeable future due to the pending Blue Lake project.

This scope element is estimated to have the opportunity to provide 20 plus full time equivalent jobs, plus many more seasonal jobs. It is important to realize that additional housing accommodates additional opportunity for harvest, which creates additional production, which in turn creates additional highly skilled jobs, irrespective of whether or not they utilize the bunkhouse facilities. Likewise, increased production results in linear increases in raw fish tax to Sitka and "multiplier dollars" to Sitka. Due to other variables such as value of the resource, actual fish returns, etc., these items are impossible to quantify with certainty, other than the given that they would be increases that could be substantial. Furthermore, construction of this facility will also result in annual increases to the property tax rolls for CBS.

In summary, the operations plan identified above for Lot 16-A results in additional employment (both with SBS and others that complement the industry), raw fish tax, property tax, bed tax, multiplier dollars, value of harvest (which is another example of a multiplier dollar opportunity for Sitka and would be recognized through increased value added opportunity), and generally further growth of Sitka's seafood industry – a critical component of Sitka's economy. While the net increase in taxes being paid to CBS (through raw fish tax, property tax, bed tax and sales tax) is difficult to project with accuracy considering all of the variables, this benefit alone could fairly be stated as a potential six-figure economic benefit annually.

### **III. PURCHASE PRICE:**

SBS's purchase price for Lot 16-A (based on a footprint of 66,491 SF as depicted in Appendix C) is **\$235,000**. SBS is prepared to make a lump sum payment simultaneous with transfer of title. Due to CBS desire to retain the northwesterly portion, CBS would need to survey and re-plat Lot 16-A. Furthermore, as part of this proposal, SBS requests that CBS dispose of the drums and other containers / tanks on the subject property, perhaps as part of the CBS HHHW program. SBS would be responsible for all other demolition of existing structures and facilities.

### **IV. SCHEDULE:**

SBS intends to implement the operations plan presented as soon as title is conveyed.

### **V. ENVIRONMENTAL IMPACTS:**

There are no adverse environmental impacts anticipated to be associated with this proposal, and in fact, the associated site preparation activity will likely result in environmental enhancements.

**VI. CONCLUSION:**

Silver Bay Seafoods is looking forward to the opportunity to create beneficial use with Lot 16-A as proposed – both to SBS and the community of Sitka. The track record SBS has provided to date for both vision and implementation will be applied towards full utilization of the parcel in a manner that grows operations at the Park and, consistent with the mission of the Park, creates family wage jobs for Sitkans.

**APPENDIX A**

**CERTIFICATE OF  
ORGANIZATION**



Alaska Entity #: 103179

State of Alaska  
Department of Commerce, Community, and  
Economic Development  
Corporations, Business and Professional Licensing

**CERTIFICATE  
OF  
ORGANIZATION**  
Limited Liability Company

THE UNDERSIGNED, as Commissioner of Commerce, Community, and Economic Development of the State of Alaska, hereby certifies that Articles of Organization duly signed and verified pursuant to the provisions of Alaska Statutes has been received in this office and have been found to conform to law.

ACCORDINGLY, the undersigned, as Commissioner of Commerce, Community, and Economic Development, and by virtue of the authority vested in me by law, hereby issues this certificate to

**Silver Bay Seafoods, L.L.C.**

and attaches hereto the original copy of the Articles of Organization for such certificate.



IN TESTIMONY WHEREOF, I execute this certificate and affix the Great Seal of the State of Alaska on August 30, 2006.

A handwritten signature in black ink, appearing to read "William C. Noll".

William C. Noll  
Commissioner

## APPENDIX B

# RESUMES

## Richard A. Riggs

305 Mills Street  
Sitka, AK 99835  
907.747.7996 (Work) 907.747.7209 (Home)

### PROFESSIONAL PROFILE

#### REGISTRATION

- Professional Engineer; 1998 Alaska #CE 9802

#### EDUCATION

- B.S. Civil Engineering; University of Alaska, Fairbanks; May, 1993

#### AFFILIATIONS

- Member, American Society of Civil Engineers
- Member, Tau Beta Pi Engineering Honorary Society
- Member, AWWA
- Member, Board of Directors, Solid Waste Association of North America

#### PROFESSIONAL EXPERIENCE

Silver Bay Seafoods  
Sitka, Alaska

January 2007 – Present.

##### *Chief Executive Officer*

- Responsibilities include managing the day to day operations of Silver Bay Seafoods consistent with the organizational goals, strategies, and measures as provided by the Board, including capital construction, facility startup, facility production, government relations, and operating and capital budgets. Utilize management skills to build and motivate teams that exceed production expectations and generally achieve exceptional results while reducing operating costs and improving product quality.

City and Borough of Sitka  
Sitka, Alaska

May 2003 – January 2007

##### *Public Works Director*

- Responsibilities included managing and carrying out the mission of a diverse municipal department with fourteen different operating budgets, \$40M in capital projects, and 35 FTEs with a seasonal work force of 60 employees, all in manner that emphasized customer satisfaction, quality public service, and the long-term best interest of the community. Developed a sustainable 6-year budget and capital plan this is still being utilized by the City and Borough. Promoted positive and productive interface with the general public, municipal boards and commissions, business leaders, and governmental entities including the Assembly.

City and Borough of Sitka  
Sitka, Alaska

June 2001 – May 2003.

##### *Municipal Engineer.*

- Responsibilities included managing the street and civil utility infrastructure of the Municipality, managing capital improvement projects, tracking and managing budgets – capital and operational, administering and applying for various grants, direct interface with the Planning Commission and Assembly on various issues pertaining to the business of the City and Borough, coordination with both regulatory and other governmental agencies on all levels, assisting the building official in code interpretations and addressing controversial issues, managing the Municipality's Engineering Department, and generally working closely with both the administration and the public – addressing questions, comments, and concerns of the citizens.



Van Kramer  
1900 Alaskan Way #106  
SEATTLE, WA 98101  
(206) 427-3997  
van\_kramer@hotmail.com

**Strategic Planning...Results Oriented...Team Leader...New Systems**

Experienced in planning, administrating, problem solving and leading others in all areas of accounting, finance and systems. Results and detail oriented with excellent interpersonal skills. CPA/MBA

---

**SELECTED ACCOMPLISHMENTS**

Kings Command Foods, Inc.

KENT, WASHINGTON

Position: Chief Operating Officer / Chief Financial Officer

08/08—

- Responsible for all finance, accounting, budgeting and system related issues pertaining to operation of two manufacturing facilities including one headquarters facility. Manage and direct efforts of VP—Operations, VP—Sales, HR Manager, Accounting Manager and Purchasing Manager. Revenues approx. \$50MM. Total employee approx. 120.
- Provide strategic guidance to President, BOD's regarding future and current market opportunities.
- Analyze sales, margin, profit, and key operating statistics and variances between actual, budget and prior year. Write monthly operations memo to President and to BOD.
- Perform Treasury and Risk Management functions including cash flow analysis, bank and insurance relations.
- Negotiated a 11.8% and a 4.5% decrease in company health care costs (for 2009 and 2011, respectively). Negotiated a 16.5% and a 5.7% decrease in company general and product liability insurance (for 2009 and 2011, respectively).
- Upgraded company technology—general ledger is now windows based, sales system includes state of art bid system which enhanced sales opportunities, revamped company website.
- Negotiated long term contracts with major customers (Sysco, Safeway). Established new distribution channel with DOT to enhance sales to smaller volume customers that could previously be reached.
- Created a Product Development department to facilitate sales and operations in regards to possible retail and food service sales opportunities.
- Restructured operations to run one extended shift rather than two distinct shifts thereby reducing headcount by 30 employees. Production volume actually increased due to no down time from shift changes.

Gaming Consultants Inc.  
Position: **Controller**

RENTON, WASHINGTON  
08/06 – 06/08

- Responsible for all accounting, budgeting and system related issues pertaining to operation of twelve casinos. Ten are in Washington State and one is in Calgary, Alberta. Manage and direct efforts of two Assistant Controllers. Revenues approx. \$50-\$60MM. Total employee approx. 1,500.
- Provide strategic guidance to President, BOD's and local GM's regarding future and current market opportunities.
- Analyze sales, margin, profit, and key operating statistics and variances between actual, budget and prior year. Write monthly operations memo to President and to BOD.
- Performed due diligence and participated in negotiations for three acquisitions. Two in Washington and one in Calgary, Alberta.
- Performed accounting work to take company public on the Toronto Stock Exchange, TSX, in October, 2006.
- Responsible for all external financial reporting including MD&A for TSX disclosure.

ALLIED WASTE INDUSTRIES OF SEATTLE  
dba: Rabanco  
Position: **District Controller**

SEATTLE, WASHINGTON  
03/02 – 07/06

- Responsible for all accounting, budgeting and system related issues pertaining to operations that provide waste collection and recycling services to the Seattle Metro area. Manage and direct efforts of four division Controllers. Revenues approx. \$170MM. Total employee approx. 650.
- Coordinated and monitor key Internal Control processes to ensure compliance with SOX 404 procedures designed by the company (AR, AP, Payroll, GL, Fixed Assets and Application Security).
- Analyze sales, margin, profit, volume, and key operating statistics and variances between actual, budget and forecast (volume, price, efficiency and spending). Write monthly operations memo to local VP and to Region staff.
- Monitor key financial statistics (DSO, DPO, ROIC, CAPEX). Outsourced residential collection calls that helped reduce DSO to lowest level in four years. Secured extended AP terms in exchange for higher volume of business with fewer vendors. Ensured all dollars spent for capital generated company mandated returns.
- Provide strategic guidance to local VP and GM's regarding future and current market opportunities (pricing, bid preparation, cost of service, etc.). Developed a Route Efficiency report by line of business that ranks routes from most efficient to least. This allows GM's to focus on "exceptions" only.

SMURFIT-STONE RECYCLING, INC.  
Position: **Regional Controller**

SEATTLE, WASHINGTON  
04/99 – 05/01

- Responsible for coordinating the regional accounting, system and financial reporting pertaining to fourteen recycling facilities located in Alaska, Washington, Oregon and California. In 2000, facilities processed 1,936M tons of paper and cardboard to company, trade and export paper and packaging mills. Regional sales \$230MM, profits \$12MM.
- Coordinated month end closing and regional consolidation of financial results with seven plant controllers. Write monthly operations memo to Regional GM and Corporate VP's analyzing sales, margin, profit, volume and key variances between actual and budget (volume, price, efficiency and spending).
- Disseminate Corporate and Regional GM's profit expectations so Plant GM and Plant Controller can prepare and submit next month and full year forecast. Consolidate regional forecast and submit to Regional GM and to Corporate.
- Monitor key operating statistics (DSO, DPO, Working Capital as % of Sales and Cash Flow) at both plant and regional level. Make recommendations to Regional GM for improving results as well as perform special projects. In 1999, improved AR aging to +90% from 70%. In 2000 focused on extending payables and reducing export credit terms to improve regional cash flow.
- Coordinate the regional budget process. Distribute corporate budget models along with assumptions. Review the completed plant budgets and prepare regional consolidation schedules and variance analysis. Participate

with Regional GM to support Plant GM and Plant Controller during Corporate budget review. Developed standardized supporting schedules to allow for better comparability between plants.

- Assist Plant GM and Plant Controller prepare for bi-annual audits. Along with Regional GM participate in the Audit Close meeting and ensure that any internal control recommendations are implemented.
- Prepared and coordinated a Regional Controllers meeting to cover specific topics as well as allow for exchange of ideas on accounting processes.
- Advise on, and review plants' capital and major expense justifications (budgeted and non-budgeted) for appropriate ROI and accurate and complete documentation.
- Fill in for Plant Controllers when they were on vacation or when there were key vacancies due to promotions, turnover, illness, etc. In cases of turnover, responsible for recruiting and training new Controller. Was acting Controller until new employee could assume full duty with complete competency.

DARIGOLD, INC. (a.k.a. WEST FARM FOODS)  
Position: **Manager of Cost Accounting**

SEATTLE, WASHINGTON  
06/96 – 03/99

- Responsible for all cost/manufacturing accounting and system related issues pertaining to ten dairy production plants. Plants process approx. 5 billion pounds of milk into a full array of dairy products (Consumer Products: fluid milk, cottage and cream cheese, yogurt, ice cream and various mixes; Food Ingredients: non-fat dry milk, whey powder, cheese and butter).
- Justified to executive management the decentralization of the manufacturing accounting process by developing the Plant Controller concept. Hired, trained and managed seven plant controllers. Along with corporate direct reports, consisting of three exempt senior cost analysts and three exempt cost accountants, performed special projects, ensured accuracy of bill of materials, analyzed manufacturing variances and improved the timing of month end closing from fifteen days to five.
- Interact with executive management as well as plant managers to provide economic justification for projects being considered (i.e. new product cost requests, organizational consolidations and capital, etc.). Two significant economic justifications prepared were for a major plant expansion and for the purchase of Oracle software solution to completely replace company's legacy systems.
- Team lead for the design, development and implementation of Oracle's manufacturing modules, which included Inventory, Costing, Production, QC and Formula Management.

LEPRINO FOODS COMPANY  
Position: **Plant Controller**

ALLENDALE, MICHIGAN  
11/93 – 05/96

- Promoted into position. Responsible for all accounting and system related issues pertaining to the operations associated with a plant which processes 650 million lbs. of milk and produces 78 million lbs. of cheese for the pizzeria industry. Total plant budget \$97 million.
- Manage one exempt supervisor and eight non-exempt analysts who complete daily, weekly and monthly yield and efficiency reports as well as numerous other plant production reports, financial analyses and inventory reconciliation's which support four production departments and seven support departments. Positions include production accounting, payroll, accounts payable and capital tracking.
- Ensure timely and accurate production reporting for cheese, processing and whey to allow quality and cost-effective operating decisions.
- Coordinate the preparation of the plant budget including the development of standard costs for over 100 different products in a process costing environment -- direct materials, direct labor and overhead.
- Coordinate all monthly and quarterly financial reviews by providing input for financial forecasting and variance analysis.
- Review new computerized methods of performing accounting functions; seek ways to upgrade systems and make recommendations for improvements; and train subordinates in those areas. Coordinated the roll out of Computer Integrated Manufacturing system, Computer Maintenance Parts Management system and an upgrade to the Kronos automated payroll system.
- Interact with management personnel to review and resolve accounting related issues. Provide technical expertise in special accounting projects for the Plant Manager, Regional and Corporate staff.



- Ensure accuracy of plants quarterly incentive program with respect to financial, safety, quality and attendance results. Make presentations to all plant personnel regarding results.
- Write to Plant Manager and Regional Controller a month end Operations Memo explaining all material variances to standard and budget.

LEPRINO FOODS COMPANY  
 Position: **Production Projects Manager**

DENVER, COLORADO  
 10/91 – 10/93

- Performed special projects (financial and operational) for Executive Management, Division, Regional and Plant Controllers and Plant management. (Company consists of eight plants, \$950 MM in sales, 5.5 billion lbs. of milk produced into approx. 650 million lbs. of mozzarella cheese, approx. 2,000 employees.)
- Functioned as Plant Controller or Accounting Supervisor while those individuals were on leave of absence or vacation.
- Developed, maintained and analyzed methods to account for yield, running costs, and pricing for the company's largest international purchaser of whey powder.
- Created and implemented, with input from Plant Managers and Controllers, a standardized HI-Speed tracking report which summarized, on a daily, weekly and monthly basis, each plants' compliance with the company's weights and measures policy which is crucial to yield reporting.
- Provided Plant Controllers with financial analysis for quarterly reviews.
- Made presentations at annual Controller's meetings on High-Speed reporting/results, remote journal entries and on Same Day Dice economics.
- Wrote several month end Production Division Operations memos in absence of Production Division Controller.
- Analyzed a milk protein and quality premium program with a potential cooperative. By incorporating numerous protein and quality scenarios into the company's yield formula, developed a breakeven analysis upon which a premium payment program could be offered and be beneficial to the company.
- Reviewed weekly and month-end yield and efficiency reports. Prepared a cover letter for Corporate Management explaining unusual variances.
- Trained plant accounting staff on Processing Department Yield & Efficiency reporting.
- Prepared and analyzed comparative budget schedules for executive review.
- Created and administered an accounting/tracking system for plant R&D projects. Reconciled to G/L and provided necessary financial support for capitalizing projects that were successful.
- Documented monthly statistics package as well as numerous internal accounting models to allow for more effective training and development of new employees.

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**ADDITIONAL WORK HISTORY**

RAWLINGS SPORTING GOODS ST. LOUIS, MISSOURI  
 Position: **Manager of Manufacturing Accounting** 10/01 – 02/02

NESTLE FOODS USA ST. LOUIS, MISSOURI  
 Position: **Plant Controller** 05/01 – 10/01

PEPSI-COLA BOTTLING COMPANY TULSA, OKLAHOMA  
 Position: **Supervisor of Financial Operations** 06/89 – 01/90  
 Position: **Accounting Supervisor** 10/87 – 05/89

PEPSICO INC. – INTERNAL AUDIT DALLAS, TEXAS  
 Position: **Senior Auditor** 07/85 – 09/87

COOPERS & LYBRAND (a.k.a. PRICE WATERHOUSE COOPERS) DENVER, COLORADO  
 Position: **Auditor** 01/84 – 06/85

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### EDUCATION

**MBA FINANCE**, 1991 (3.5 GPA), University of Colorado, Boulder  
**BS ACCOUNTING**, 1983 (3.5 GPA), University of Colorado, Boulder

### CERTIFICATION AND AFFILIATIONS

**CPA**, 1984, State of Colorado (Status Inactive)  
Member of the American Institute of Certified Public Accountants, Colorado Society of CPA's and the Colorado State Board of Accountancy.

### OTHER

Proficient with PC's including Windows, Excel, Word, Lotus, Lotus Notes. Have worked with Oracle, SAP, and JD Edwards Costing, Manufacturing, Inventory, GL and Financial Reporting software systems.

**APPENDIX C**

**LOT 16-A**





The Board and Director reviewed the proposal and proceeded with the evaluation and scoring as described on page six of the RFP. The Board discussed each of the criteria. Each Board member provided their individual score. Points were averaged for each criteria and then totaled. The Public Works Department will provide their evaluation.

Scoring by the three Board members present resulted in the following averages and final score.

- a. Qualifications & Experience of the Entity(s). Average score = 20 points
- b. Concept Plan. Average score = 25.666 points
- c. Purchase or Lease Price. Average score = 25 points
- d. Start Up Schedule. Average score = 10 points
- e. Environmental Impact. Average score = 12.333
- f. Confidence in Developer(s). Average score = 5

**Total points = 97.99**

**MOTION:** M/S Miller/Horan moved to recommend that the Assembly accept the proposal by Silver Bay Seafoods based on the evaluation criteria and recommends that the Assembly approve the sale.

**ACTION:** Motion PASSED 3/0 on a roll call vote.

Yeas: Aaron Wilkinson, Grant Miller, Charles Horan

Nays: None Absent: Chris Fondell, Dan Jones

## **2. Silver Bay Seafoods Lease Requests**

Silver Bay Seafoods requests a lease for Room 27 of the Administration Building for records storage.

**MOTION:** M/S Miller/Horan moved to approve a month-to-month lease of Room 27, being 240 square feet, at a lease rate of \$0.75 per square foot per month to Silver Bay Seafoods.

**ACTION:** Motion PASSED 3/0 on a roll call vote.

Yeas: Aaron Wilkinson, Grant Miller, Charles Horan

Nays: None Absent: Chris Fondell, Dan Jones

## **3. Southeast Earthmovers, Inc. Lease Request**

Southeast Earthmovers, Inc. requests a lease of rooms 105 and 106 in the Administration Building for general office use during the Blue Lake dam project. The estimated period for the lease is one to two years beginning on December 1, 2012.

**MOTION:** M/S Wilkinson/Miller moved to accept the lease request as proposed by Southeast Earthmovers per the terms of the memo dated November 14, 2012 and that this be a month-to-month lease.

Terms of the memo dated November 14, 2012

a. Room 105 – 753 square feet at \$1.00 per square foot per month

b. Room 106 – 138 square feet at \$1.00 per square foot per month

Total = \$891 per month

**ACTION:** Motion PASSED 3/0 on a roll call vote.

Yeas: Grant Miller, Charles Horan, Aaron Wilkinson,

Nays: None Absent: Chris Fondell, Dan Jones

## **4. J.S. Redpath, Corp. Lease Request**

J.S. Redpath Corporation requests a lease of moorage space for a 152' x 50' floating barge containing a sports fishing lodge with accommodations for up to 20 people. The lodge will be used for housing during the Blue Lake project. J.S. Redpath will be responsible for acquiring all utilities through normal City procedures. Redpath will also be responsible for establishing all gangways and access between the barge and shore.

The location would be near the old ramp barge area with tie up at the existing dolphins.



## Garry White

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**From:** Michael Harmon <michael@cityofsitka.com>  
**Sent:** Wednesday, November 21, 2012 9:14 AM  
**To:** Garry White (garrywhite@gci.net)  
**Subject:** Silver Bay Seafoods Proposal Evaluation - Lot 16 RFP

Gary,

I evaluated the proposal submitted by Silver Bay Seafoods (SBS) for the purchase of Lot 16. It is challenging to speculate on a large range of uses for this property in an effort to gauge how well we are obtaining the highest and best use. Evaluating this is a difficult proposition when the SCIP has such little activity today relative to the vision of what may be possible in the future. It is also a difficult evaluation when you take into account the type of development and growth in most waterfront industrial parks throughout the world.

There are four fundamental elements in my view that support a recommendation to award the proposal to SBS:

1. There is no question that SBS is a proven qualified business that has demonstrated a high level of success. They are a model for what is possible within SCIP when property is made available for private ownership and development.
2. Although their proposal does not yield a business plan that has the identified potential of the primary SBS plant, it provides an important supporting role to the SBS operation within the SCIP versus needing to look for property outside SCIP. Moving to properties outside of SCIP would potentially result in increased costs to SBS and reduced revenues to SCIP.
3. Private businesses generally want to invest in ownership and opportunity. It is this opportunity that will promote growth within SCIP. If there is a higher use for Lot 16, private ownership is best positioned to respond to this need internally or sell the property if appropriate.
4. SBS is the only company who responded with interest in utilizing Lot 16 and meeting the goals of the RFP.

My evaluation of the RFP is based off of the premise or benchmark of what I believe are highest and best use goals within waterfront industrial parks (i.e. a high benchmark being something equivalent to the SBS plant operation and a low benchmark being CBS ownership with no activity). Based on these benchmarks, I believe this proposal is suitable but mediocre. The following summarizes my scoring:

a. Qualifications & Experience of the Entity:	20-points
b. Concept Plan:	21-points
c. Purchase Price:	20-points
d. Startup Schedule:	8-points
e. Environmental Impact:	12-points
f. <u>Confidence in Developer:</u>	5-points
Total	86-points

**Recommendation:**

Award the sale of Lot 16 to Silver Bay Seafoods.

**MICHAEL HARMON, P.E.**

Public Works Director  
City and Borough of Sitka  
100 Lincoln Street  
Sitka, AK 99835  
Office 907-747-1823  
Fax 907-747-3158  
[michael@cityofsitka.com](mailto:michael@cityofsitka.com)



CITY AND BOROUGH OF SITKA

RESOLUTION NO. 2012-29

A RESOLUTION OF THE CITY AND BOROUGH OF SITKA APPROVING THE SALE OF REPLATTED LOT 16-A CONTAINING THE FORMER CARPENTER SHOP AND MILL GARAGE/TIRE SHOP PROPERTY AT SAWMILL COVE INDUSTRIAL PARK TO SILVER BAY SEAFOODS, LLC, AND AUTHORIZING THE MUNICIPAL ADMINISTRATOR TO SIGN THE AGREEMENT

WHEREAS, the Assembly established Sawmill Cove Industrial Park ("SCIP") in Sitka General Code ("SGC") 2.38 by Ordinance 00-1568; and

WHEREAS, Ordinance 00-1568 states: "PURPOSE. Unlike other property owned by the municipality, the former Alaska Pulp Corporation mill site was acquired not for governmental purposes from the state or federal government, but for economic development and disposal. In general the property will not be used for public improvements. It will be leased or sold to individuals and corporations to develop business opportunities and provide jobs. For that reason, it is important to enact a procedure for property management and disposal at the site which more closely corresponds to private sector disposals;" and

WHEREAS, SGC 2.38.020 established the SCIP Board of Directors ("Board") which "... shall generally exercise all powers necessary and incidental to operation of all SCIP facilities in the public interest and in a sound business manner . . . .;" and

WHEREAS, SGC 2.38.080A.7 provides that the Board shall "...dispose of tideland, submerged land and all other land ... subject to Sawmill Cove Industrial Park administration....," and in SGC 2.38.080A.7.a states that "any sale ... shall be subject to approval of the Assembly by resolution;" and

WHEREAS, the Board issued a Request for Proposals ("RFP") with Assembly approval regarding a portion of SCIP Lot 16 containing the Carpenter Shop; and

WHEREAS, Silver Bay Seafoods, LLC was the only response to the RFP; and

WHEREAS, the Board and Public Works Department reviewed and evaluated the submitted proposal and determined that the proposal was responsive to the RFP; and

WHEREAS, the Board recommends to the Assembly to replat Lot 16 to Lot 16 and Lot 16-A, and accept the proposal submitted by SBS concerning the Carpenter Shop and Mill Garage/Tire Shop property which will be in Lot 16-A; and

WHEREAS, the attached Purchase And Sales Contract Regarding Lot 16-A Between City And Borough Of Sitka And Silver Bay Seafoods, LLC ("Agreement") has been modeled after other SCIP purchase agreements; and

49 **WHEREAS**, SBS is offering to pay \$235,000 for the property, and also remove existing  
50 buildings and structures at its own cost on Lot 16-A, as well as build at its own expense storage  
51 for fish nets and a bunkhouse, which will create jobs; and

52  
53 **WHEREAS**, the purchase price is within the Assessor's appraised price for the raw property  
54 without any deduction for removing the existing structures, which was \$3.75-\$4.00/square foot,  
55 or approximately \$250,000-\$266,000; and

56  
57 **NOW, THEREFORE, BE IT RESOLVED** that the Assembly for the City and Borough of  
58 Sitka approves the sale, and authorizes the Municipal Administrator to execute the Purchase  
59 Agreement in substantially the same form as attached SCIP Lot 16-A to SBS, which contains in  
60 part the follow key provisions:

- 61
- 62 1) CBS will sell to SBS property upon which the Carpenter Shop and Mills  
63 Garage/Tire Shop Property is located, replatted as SCIP Lot 16-A, subject to  
64 reservations, exceptions, easements, covenants, conditions and restrictions of  
65 record as set forth in the attached Agreement;
  - 66  
67 2) SBS will pay CBS the sum of Two Hundred Thirty Five Thousand Dollars  
68 (\$235,000.00) at the time of Closing as well as pay for the removal of the  
69 structures currently on Lot 16-A, and build a bunkhouse and provide for fishing  
70 net storage consistent with its RFP;
  - 71  
72 3) CBS determines that the purchase price is within the appraised value of Lot 16-A  
73 based on the raw property value determined by the Assessor, deducting the costs  
74 to be paid by SBS for removal of existing structures;
  - 75  
76 4) SCIP property sales are not required to be by competitive bid, although the  
77 current sale is based on a response to a RFP;
  - 78  
79 5) This sale is consistent with SCIP goals as set out in the Sitka General Code at  
80 28.38. *et seq.*, including creating jobs; and
  - 81  
82 6) CBS authorizes the Municipal Administrator to sign the attached Agreement or a  
83 substantially similar version.

84  
85 **PASSED, APPROVED AND ADOPTED** by the Assembly of the City and Borough of Sitka,  
86 Alaska, on this 11<sup>th</sup> day of December, 2012.

87  
88  
89  
90 \_\_\_\_\_  
Mim McConnell  
Mayor

91 ATTEST:

92 \_\_\_\_\_  
93 Sara Peterson  
94 Acting Municipal Clerk

**PURCHASE AND SALES CONTRACT REGARDING LOT 16-A**  
**BETWEEN CITY AND BOROUGH OF SITKA**  
**AND SILVER BAY SEAFOODS, LLC**

This Purchase And Sale Contract Regarding Lot 16-A Between City And Borough Of Sitka And Silver Bay Seafoods, LLC ("Agreement") is entered into between the City and Borough of Sitka ("Seller"), a home rule municipality and municipal corporation whose address is 100 Lincoln St., Sitka, Alaska 99835, and Silver Bay Seafoods, LLC ("Purchaser"), an Alaskan limited liability corporation whose address is 208 Lake Street, Suite 2E, Sitka, Alaska, collectively referred to as "Parties."

1. **PROPERTY.** Upon the terms, conditions and covenants set forth in this Agreement, the Purchaser and Seller agree as follows regarding the property subject to purchase under this Agreement.

Seller retains the northwesterly portion of Lot 16 which will be surveyed and replatted and sells the remaining property that will become Lot 16-A, including the former carpenter shop and mill garage/tire shop, to Purchaser.

Purchaser agrees to purchase and Seller agrees to sell to Purchaser the following Sawmill Cove Industrial Park ("SCIP") real property with related buildings (hereinafter referred to as the "Property"):

Replatted SCIP Lot 16-A, comprising of approximately 66,491 square feet containing the former Carpenter Shop and Mill Garage/Tire Shop, more particularly identified in EXHIBIT A, excluding all utility easements, public use easements, public easements, right of ways, roads, public improvements, and utility improvements. Lot 16 will be surveyed and replatted as Lots 16 and 16-A.

Seller shall dispose of drums and other containers/tanks on the Property.

Seller agrees to pay costs associated with surveying and replatting, and disposal of drums and other containers/tanks on the Property.

2. **PURCHASE PRICE.** The purchase price for the Property ("Purchase Price") shall be Two Hundred Thirty Five Thousand DOLLARS (US \$235,000.00). The Purchase Price shall be paid to Seller immediately at Closing.

3. **SELLER'S REPRESENTATIONS, WARRANTIES, AND COVENANTS.**

(a) Purchaser acknowledges and understands that Seller owns the Property and intends that as a result of the transaction contemplated in this Agreement, Seller will have no further responsibility or liability for the Property. Purchaser and Seller have specifically negotiated this Agreement with the goal that after Closing of the transactions



contemplated in this Agreement, Seller will have no responsibility or liability for the Property, for events occurring after the Closing Date.

(b) Notwithstanding anything to the contrary set forth in this Agreement, Purchaser is acquiring the Property "AS IS", "WHERE IS," with all faults and defects. Purchaser acknowledges and agrees that Seller (or any agent, official or employee of Seller) has not made and does not make, and Seller specifically disclaims, any representations, warranties, promises, covenants, agreements or guaranties of any kind or character whatsoever, whether express or implied, oral or written, past, present or future, of, as to, concerning or with respect to:

(i) the nature, quality or condition of the Property, including without limitation, the water, soil and geology of, or the presence or absence of any pollutant, hazardous waste, gas of substance or solid waste on or about, or deriving from the Property,

(ii) the income to be derived from the Property,

(iii) the suitability of the Property for any and all activities and uses which Purchaser may intend to conduct thereon,

(iv) the compliance of or by the Property or its operations with any laws, rules, ordinances or regulations of any government authority or body having jurisdiction over the Property, including but not limited to environmental laws, such as CERCLA and RCRA, zoning laws, platting laws and building codes,

(v) the habitability, merchantability or fitness for a particular purpose of the Property,

(vi) any matter regarding tax consequences, the presence of asbestos, utilities, valuation, governmental approvals, the truth, accuracy or completeness of the items delivered, and

(vii) any other matter related to or concerning the Property, except as expressly set forth in this Agreement or the Exhibits.

Purchaser shall not seek recourse (or seek any remedy, including rescission) against Seller on account of any loss, cost or expenses suffered or incurred by Purchaser with regard to any of the matters described in (i) through (vii) above.

4. SELLER'S DISCLAIMER'S

(a) Purchaser acknowledges that Purchaser, having been given the opportunity to inspect the Property, is relying solely on its own investigation of the Property and not on any information provided or to be provided by Seller. Purchaser further acknowledges that no independent investigations or verifications have been or will be made by Seller

with respect to any information supplied by Seller concerning the Property, and that Seller makes no representation as to the accuracy or completeness of such information. Purchaser will conduct prior to Closing, such investigations of the Property, including but not limited to, the physical and environmental conditions thereof, as Purchaser deems necessary to satisfy itself as to the condition of the Property and the existence or nonexistence of curative action to be taken with respect to any hazardous or toxic substances on or discharged from the Property, and except as expressly set forth in this Agreement, will rely solely upon same and not upon any information provided by or on behalf of Seller or its agents or employees with respect thereto. Upon Closing, Purchaser shall accept the risk that adverse matters, including but not limited to, construction defects and adverse physical and environmental conditions, may not have been revealed by Purchaser's investigations, and except as expressly set forth in this Agreement, Purchaser upon Closing, shall be deemed to have waived, relinquished and released Seller from and against any and all claims, demands, causes of action (including causes of action in tort), losses, damages, liabilities, costs and expenses (including attorneys' fees and court costs) of any and every kind or character, known or unknown, which Purchaser might have asserted or alleged against Seller at any time by reason of or arising out of any of the subject areas listed in this Section 4 and violations of any applicable laws (including any environmental laws) and any and all other acts, omissions, events, circumstances or matters regarding the Property. Purchaser acknowledges that the purpose of this section is for Purchaser, to the fullest extent possible at law, to waive, relinquish, release and disclaim, any claim or liability of or against Seller as the result of any condition or state of facts relating or pertaining to the Property on the Closing Date, except as expressly set forth in this Agreement. Purchaser shall verify the accuracy and completeness of such information itself.

Purchaser bears the risk of any costs or expenses suffered or incurred by Purchaser with regard to any lack of information, incorrect information or inadequate information relating to any of the matters described in (i) to (vi) above.

(b) Upon its purchase, the condition and use of the Property are still as provided in and/or subject to the applicable provisions of EXHIBITS B, C, D, and E which are entitled as follows and attached to this Agreement:

- EXHIBIT B - Prospective Purchaser Agreement between the State of Alaska and the City-Borough of Sitka for the Former Alaska Pulp Corporation Pulp Mill Property
- EXHIBIT C - Agreement to Convey between Alaska Pulp Corporation and the City and Borough of Sitka
- EXHIBIT D - Management Plan for Sawmill Cove Property
- EXHIBIT E - SCIP RFP regarding Lot 16-A, released October 10, 2012 and Purchaser's Response, dated November 1, 2012

(c) Upon its purchase, the condition and use of the Property is provided in and/or subject to all applicable federal, state, and municipal laws, including SCIP ordinances, rules and regulations.

(d) All required action necessary to authorize Seller to enter into this Agreement and to carry out Seller's obligations under this Agreement has been taken or will be taken by the Closing Date.

(e) The representations and warranties set forth above are made as of the Execution Date and shall be deemed made also as of the Closing Date. If Purchaser knows prior to Closing that any representation or warranty above is untrue, then Purchaser shall give Seller written notice of such fact. If (a) such representation and warranty is not remedied by Seller prior to Closing, or (b) the representation and warranty, as remedied, has an adverse affect on any decision made by Purchaser to proceed with this transaction, or (c) any representation or warranty made by Seller is untrue and such fact is not disclosed to Purchaser until Closing, and same has a material and adverse affect on Purchaser's decision to purchase the Property, then Purchaser may either (i) terminate this Agreement, and neither Party shall have any further rights, duties or obligations pursuant to this Agreement except as expressly provided herein, or (ii) waive its objections to any such untrue representation or warranty and this Agreement shall remain in full force and effect. Purchaser shall have a period of one (1) year and one (1) day from the Closing Date to bring any action against Seller for the breach of any such representation or warranty.

(f) Notwithstanding Seller's disclaimers in this section 4, Seller warrants that upon Purchaser's installation of a certified fire sprinkler system for the related building Property, Seller or its authorized department will issue a Certificate of Occupancy.

(g) The provisions of this Section 4 survive the Closing or termination of this Agreement.

5. PURCHASER'S REPRESENTATIONS, WARRANTIES AND COVENANTS.  
Purchaser represents, warrants, covenants, and agrees with Seller to the following as of the Execution Date and as of the Closing Date:

(a) Purchaser has the full right, power, and authority to purchase the Property from Seller as provided in this Agreement and to carry out Purchaser's obligations under this Agreement. All required action necessary to authorize Purchaser to enter into this Agreement and to carry out Purchaser's obligations under this Agreement has been taken. The individual executing this Agreement on behalf of Purchaser has the authority to do so.

(b) There are no pending, or to the knowledge of Purchaser threatened, actions, suits, claims, proceedings or litigation against Purchaser that would prevent Purchaser from entering into this Agreement, or adversely affect Purchaser's ability to perform under this Agreement, or that would in any way result in any liability to Seller.



(c) There are no attachments, executions, assignments for the benefit of creditors, receiverships, conservatorships, or voluntary or involuntary proceedings in bankruptcy or pursuant to any other debtor relief laws contemplated or filed by Purchaser or to the best knowledge of Purchaser pending against Purchaser.

(d) The representations and warranties set forth above are made as of the Execution Date and shall be deemed made also as of the Closing Date. It shall be a condition of Seller's obligation to close that the representations and warranties made hereunder are true on the Closing Date. In the event any representation or warranty made by Purchaser as of the Closing Date is untrue, Seller must bring any action with respect to such breach of the representation and warranty within two (2) years and (1) day of the Closing Date.

6. CLOSING. The Effective Date of the Agreement shall be within 30 days of the date of approval of this Agreement by the Sitka Assembly, the date when both parties are required to sign the Agreement if it is to be effective. The "Closing Date" shall be within 30 calendar days of the Effective Date. Another date may be mutually agreed in writing between Seller and Purchaser prior to 30 calendar days after the Effective Date of this Agreement as the "Closing Date," which may not be more than a thirty (30) calendar day extension, at a date agreed to by Seller and Purchaser. The Agreement shall be closed ("Closing") in the offices of the Seller or at such other place as is mutually agreed to in writing between Seller and Purchaser.

(a) At Closing, Seller, at Seller's expense, shall deliver to Purchaser:

- (i) Executed Quit Claim Deed in the format attached as EXHIBIT F; and
- (ii) Any and all other documents reasonably required to be executed by Purchaser to consummate this transaction,

(b) At Closing, Purchaser, at Purchaser's expense, shall deliver to Seller:

- (i) The Purchase Price; and
- (ii) Any and all other documents reasonably required to be executed by Seller to consummate this transaction.

7. CLOSING COSTS. At Closing, closing costs and expenses of sale shall be borne as follows:

(a) Seller shall be obligated for and shall pay:

- (i) Survey and platting costs;
- (ii) Cost of disposal of drums and other container/tanks costs on Property;

- (iii) Seller's attorneys' fees.
- (b) Purchaser shall be obligated for and shall pay:
  - (i) Any costs associated with Purchaser's due diligence;
  - (ii) Any fees and expenses incurred by Purchaser in connection with Purchaser obtaining financing for its purchase of the Property;
  - (iii) Recording fee; and
  - (iv) Purchaser's attorneys' fees.

All other closing costs not mentioned herein and for which no provision is made in this Agreement shall be paid equally by the Seller and Purchaser.

8. DEFAULT AND REMEDIES. In the event that this transaction is not consummated by reason of Seller's or Purchaser's default, both Parties sole remedy shall be termination of this Agreement.

9. INDEMNITY. Purchaser will hold harmless, indemnify and defend Seller, its employees, elected and unelected officials, from and against any and all losses, claims, actions, demands, damages or other liabilities of any and every nature ("Claims") arising from the Property after the Closing Date of this Agreement.

10. ASSIGNMENT OF AGREEMENT. This Agreement may not be assigned by Purchaser, without Purchaser having to first obtain the consent of Seller.

11. NOTICES. Any notices to be given by either Party to this Agreement shall be given in writing and may be effected by personal delivery, facsimile transmittal, delivery by overnight Federal Express or similar courier service, or mailed through the United States Postal Service, as follows:

To Purchaser:                      Richard A. Riggs  
   Silver Bay Seafoods, LLC  
   4400 SMC RD, STE B  
   Sitka, AK 99835  
   Telephone: (907) 747-7996  
   Telecopy/Fax: (907) 747-7998  
   E-mail: Richard.riggs@silverbayseafoods.com

To Seller:                              Jim Dinley  
   Municipal Administrator  
   City and Borough of Sitka  
   100 Lincoln Street

Sitka, Alaska 99835  
Telephone: (907) 747-1808  
Telecopy/Fax: (907) 747-7403  
E-mail: jimdinley@cityofsitka.com

The Parties shall have the right from time to time to change their respective addresses, and each shall have the right to specify as its address any other address by at least five (5) calendar days prior written notice to the other Party as herein provided. Notice shall be effective and deemed given upon actual receipt or upon the fifth (5th) business day after same is sent as specified above, whichever is earlier; provided, however, notice given by facsimile transmittal shall be effective upon actual receipt and telephonic confirmation that such notice has been received in its entirety.

12. MODIFICATION OF AGREEMENT; WAIVER. This Agreement may not be modified or amended except by a written instrument signed by Seller and Purchaser. Purchaser and Seller may waive any of the conditions contained in this Agreement or any of the obligations of the other party under this Agreement, but any such waiver shall be effective only if in writing and signed by the party waiving such condition or obligation.

13. BINDING EFFECT. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective heirs, successors, legal representatives and, subject to Section 10, assigns.

14. ENTIRE AGREEMENT. This Agreement, including any attached Exhibits, constitutes the entire agreement and understanding between the Parties and supersedes all prior and contemporaneous agreements and undertakings of the Parties in connection with this Agreement. No statements, agreements or understandings, representations, warranties or conditions not expressed in this Agreement shall be binding upon the Parties, or shall be effective to interpret, change or restrict the provisions of this Agreement unless such is in writing signed by both Parties and by reference made a part of this Agreement.

The terms of this Agreement are contractual and not a mere recital. The rule of construction that a document is more strictly construed against the drafter shall not apply in the interpretation of this Agreement. The purpose of this Agreement is to ensure the full, complete, and final resolution of any disputes and claims between the Seller and Purchaser regarding the subjects discussed in this Agreement, including but not limited to the purchase of the Property, Parties' obligations and liabilities regarding the Property.

15. GOVERNING LAW. This Agreement shall be construed and interpreted in accordance with the laws of the State of Alaska. Venue for any action regarding the interpretation and enforcement of this Agreement shall be in the Superior Court for the State of Alaska at Sitka, Alaska.



16. ATTORNEYS' FEES. In the event of a dispute or controversy concerning the agreements that are the subject of this Agreement that results in litigation, the prevailing party in such litigation shall be entitled to reasonable attorneys' fees and costs as determined by the Court.

17. COUNTERPARTS; FACSIMILE SIGNATURES. This Agreement may be executed in counterparts, each of which shall be deemed an original. Each Party agrees that its signature page may be attached to an identical counterpart of this Agreement so that there are signature pages of each such Party to such counterpart of this Agreement.

18. CAPTIONS. Captions and headings throughout this Agreement are for convenience and reference only, and they shall not define, limit, modify or add to the interpretation or meaning of any provisions of this Agreement or in any way affect the scope, intent or effect of this Agreement.

19. SEVERABILITY. If any one or more of the provisions contained in this Agreement shall for any reason be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained.

20. EXHIBITS. All exhibits attached to this Agreement are made a part of this Agreement for all purposes whatsoever.

21. SURVIVAL. All provisions of this Agreement shall survive Closing.

22. ASSEMBLY APPROVAL. This Agreement is subject to approval by the Assembly for the City and Borough of Sitka regarding its being consistent with the terms and conditions outlined and approved by the Assembly on \_\_\_\_\_. This Agreement, together with any modifications, changes, or amendments to this Agreement, cannot be enforced against the Seller unless the Assembly for the City and Borough of Sitka has approved this Agreement and any modification, changes, or amendments to this Agreement.

EXECUTED by the Parties as of the date set forth below the signature of each party, with the Effective Date of this Agreement to be the date first listed in this Agreement.

CITY AND BOROUGH OF SITKA, SELLER

\_\_\_\_\_  
Jim Dinley, Administrator

STATE OF ALASKA            )  
  ) ss:  
FIRST JUDICIAL DISTRICT    )

On this \_\_\_\_ day of \_\_\_\_\_, 2012, JAMES DINLEY, Municipal Administrator of City and Borough of Sitka, Alaska, a municipal corporation organized under the laws of the State of Alaska, signs this document on its behalf, and affirms by signing this document to be authorized to sign on its behalf, and does so freely and voluntarily.

\_\_\_\_\_  
Notary Public for Alaska  
My Commission Expires: \_\_\_\_\_

SILVER BAY SEAFOODS, LLC, Purchaser

\_\_\_\_\_  
Richard Riggs, Chief Executive Officer

STATE OF ALASKA            )  
  ) ss:  
FIRST JUDICIAL DISTRICT    )

On this \_\_\_\_ day of \_\_\_\_\_, 2012, personally appeared before me RICHARD RIGGS, whose identity is personally known to me or proved to me on the basis of satisfactory evidence, and who states under oath by signing this document that he has the authority as Chief Executive Officer of Silver Bay Seafoods, LLC to sign on its behalf, and does so freely and voluntarily.

\_\_\_\_\_  
Notary Public for Alaska  
My Commission Expires: \_\_\_\_\_

AFTER RECORDING, RETURN TO:  
Silver Bay Seafoods, LLC  
208 Lake Street, Suite 2E  
Sitka, Alaska 99835

**QUIT CLAIM DEED**

Grantor, City and Borough of Sitka, 100 Lincoln Street, Sitka, Alaska, 99835, for and in consideration of valuable consideration as set forth in the "Purchase And Sales Contract Regarding Lot 16-A Between City And Borough Of Sitka And Silver Bay Seafoods, LLC," including payment of \$235,000 to Grantor by Grantee, Silver Bay Seafoods, LLC, an Alaska Limited Liability Corporation, 208 Lake Street, Suite 2E, Sitka, Alaska, 99835, conveys and quit claims to Grantee the following designated property which is located in the Sitka Recording District of Alaska:

Replatted Lot 16-A at Sawmill Cove Industrial Park, comprising of approximately 66,491 square feet containing the former Carpenter Shop and Mill Garage/Tire Shop, more particularly identified in EXHIBIT A, excluding all utility easements, public use easements, public easements, right of ways, roads, public improvements, and utility improvements.

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 2012 at Sitka, Alaska.

\_\_\_\_\_  
Jim Dinley, Municipal Administrator

STATE OF ALASKA                    )  
  ) ss.  
FIRST JUDICIAL DISTRICT        )

THIS CERTIFIES that on \_\_\_\_\_, before me, a Notary Public in and for the State of Alaska, personally appeared JIM DINLEY, known to me to be the person whose name is subscribed to the foregoing deed, and by signing this deed, swears or affirms under oath that he is the Municipal Administrator of the City and Borough of Sitka, Alaska, a municipal corporation organized under the laws of the State of Alaska, that he has been authorized to execute the foregoing deed on its behalf, which he executes freely and voluntarily on behalf of the City and Borough of Sitka.

\_\_\_\_\_  
Notary Public for Alaska  
My Commission Expires: