



City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

MEMORANDUM

To: Mayor Gary Paxton and Assembly Members

From: John Leach, Municipal Administrator 

Date: July 22, 2020

Subject: **GPIP Haul Out Project Development & Budget Appropriation**

Background

The CBS has long recognized the importance of the fishing and maritime industry to the community of Sitka. The GPIP Board and CBS have been working together on vessel haul out development concepts since the GPIP properties were acquired.

The public announcement in the fall of 2019, that Halibut Point Marina (HPM) will cease public haul out operations in the summer of 2021 has intensified the priority of establishing a marine haul out facility.

Summary of project development to date:

- January 30, 2020 GPIP Board and Assembly held a joint work session to discuss different concepts regarding; ownership of facility and operations, infrastructure needed to support the fleet, and funding for the haul out construction and operations. The Assembly gave direction to develop an RFP to investigate private ownership and operations of a haul out.
- February 27, 2020 GPIP Board met to recommend approval of the RFP.
- March 10, 2020 CBS Assembly met and approved the RFP for release.
- On March 11th, 2020 City and Borough of Sitka (CBS) released a Request for Proposal (RFP) for the Construction and Operation of a Marine Haul Out and Shipyard.
- April 15, 2020 the RFP closed. The CBS received two proposals from the RFP process.
- April 27, 2020 GPIP Board met to discuss and score both proposals as part of the CBS RFP Selection Committee. The CBS Selection Committee scored the proposal from WC Enterprises (now SIMS) with the highest score.
- May 12, 2020 CBS Assembly accepted the GPIP Board's recommendation to move forward with negotiating terms to move forward on a haul out at the GPIP with WC/SIMS.

- The CBS negotiation team, consisting of the CBS Administrator, CBS Public Works Director, and the GPIIP Director, met multiple times since May 12th with the SIMS' principal owners to develop terms for consideration.
- June 22, 2020 SIM's development terms were reviewed by the GPIIP Board. GPIIP Board requested a legal review to determine if the terms expanded beyond what should be allowed in the RFP process given it shifted to requiring a major financial investment by CBS (BUILD grant).
- Legal concurred that the final terms were outside the limits of the RFP process and a recommendation went to the Assembly on June 30, 2020 to reject all bids, wait for a BUILD grant funding decision, and then resolicit with more structured requirements.

Analysis

Based on discussion/direction during the June 30, 2020 Assembly meeting, staff moved forward to develop a plan to take lead on this project. Staff have prepared a high level schedule and cost to move the project forward through the pre-bid stages, develop project solutions with or without the BUILD Grant, and develop a design/construction RFP package based on a vetted design and approved Rough Order of Magnitude (ROM) cost estimate.

The following is a pre-bid development summary of scope for Stage-1:

Stage-1 Goal:

Performing all needed pre-bid steps needed to put out an RFP once we have a better understanding of the BUILD Grant award.

Stage-1 Deliverables:

1. **Develop a Plan:** Develop a detailed project delivery process with strong buy-in.
2. **Define the team structure/process:** Formulate a multi-level project development team to include high-level meetings with the GPIIP Board and technical working groups consisting of subject matter experts running haul out machines and operations.

These groups will function as follows:

- a. **Technical Working Group (TWG):** This group will consist of CBS project staff, Consultants, and 2 to 4 experienced haul out operators. This group will get into draft layout options, equipment sizing, and cost analysis needed to define a draft basis of design for review. The TWG will develop a project scope to execute once a decision is reached on BUILD grant funding with options that are scalable based on the level of funding received and the return on investment and to include how to proceed if no funding is received.
- b. **Haul Out Task Force (HTF):** The HTF would have a diverse knowledge of GPIIP, the regions vessel fleet and CBS finances along with having the time to commit to detailed reviews. The HTF is proposed to consist of 2 GPIIP Board Members, 2 Port and Harbors Commission Members, 1 Assembly member (as appointed by the Assembly), the GPIIP Director and the Administrator. This group's focus will be largely proofing the economics, business plan and

customer base assumptions. They will also provide focused first-line feedback to refine assumptions before draft options go public in the more formal GPIIP Board meetings and work sessions.

- c. **GPIIP Board:** The GPIIP Board will review all work products developed by TWG and reviewed by the HTF and will be the interface between these plans and obtaining public input and Assembly action. The GPIIP Board may need to have several work sessions to include public input and, at times, may bring in the Port and Harbors Commission. The GPIIP Board will give ultimate direction to task the HTF to refine and improve work products as needed.
3. **Set our course:** Finalize a basis of design document that becomes the core framework to develop the project (size of boats, type of haul out and machine, etc.)
4. **Execute:** Develop a draft RFP (likely design/build) to execute a project in accordance with the approved basis of design.

We have set a goal to complete Stage-1 by the end of November assuming we receive full grant funding or the end of April 2021 if we need to secure a general obligation bond. The best-case scenario is to have design/build contracting complete and have an operational haul out by spring 2022 assuming full grant funding and approval. Bonding the project, or more traditional project delivery methods, would likely push the project out another 6 to 8 months.

Managing projects and grant funding is something Public Works does on a regular basis and has a lot of experience doing successfully. There is a high level of confidence for executing a project such as the haul out following this recommended approach.

Fiscal Note

We recommend an appropriation of \$100,000 to support specialized consultant services for the technical analysis and design related to the development of a haul out basis of design and RFP. It is recommended that funding for this work come from the Economic Development Fund.

The following is a beginning phase high-level ROM Cost for a haul out to get to the point of hauling and washing boats (assuming 150-ton). It is important to note there are other major elements/costs to developing the uplands not included in these costs.

Haul out pier:	\$2,600,000
Concrete washdown pad and water treatment:	\$1,000,000
150-ton travel lift:	\$1,200,000
Total:	\$4,800,000

Recommendation

Recommend the Assembly approve the supplemental budget appropriation.

Encl: (1) City Haul Out Supplemental Appropriation