


CITY AND BOROUGH OF SITKA

A COAST GUARD CITY

MEMORANDUM

To: Mayor Eisenbeisz and Assembly Members

From: John Leach, Municipal Administrator 

Date: December 2, 2022

Subject: Request for Proposals (RFP) for Lease of Marine Service Center Cold Storage Space

Background

The City and Borough of Sitka (CBS) is requesting proposals from firms interested in leasing one half of Sitka's Marine Service Center (MSC) to provide and manage community cold storage and loading and unloading services to both private party interests and the seafood processing interest in the community. CBS may select to award the entire space to a sole tenant depending on what is in the best interest of CBS.

The space is currently occupied by two lessees with a concurrent lease expiration date of June 30, 2023. The CBS is interested in establishing a long-term lease to provide maximum flexibility and operational planning to potential future lessees.

Analysis

The cold storage facility is located at 600 Katlian Street in Sitka, Alaska. The building contains about 21,000 square feet of which about 16,800 square feet is presently operated as cold storage.

The CBS will make available 8,400 total square feet of refrigerated cold storage for exclusive use of the lessee for cold storage of product related to their business (in the case of two selected tenants). The CBS requires a minimum of 10% of leased square footage (per tenant) be made available for public cold storage. Major components of the exclusive space will include (all square footage doubled in cases of a sole tenant proposal):

- Cold storage space with the capability to store approximately 1,440,000 pounds of seafood at -10° to -20°F.

- Shared office space and warm-up room for cold storage staff.
- Refrigeration, lighting, heating and other utility services required for use. Utilities are paid by CBS, then split and billed to the lessees based on occupancy.

Fiscal Note

The average annual operating cost of the MSC is \$150,000, excluding major maintenance expenses. The facility is maintenance intensive, and the amount spent on major maintenance (usually appropriated as a capital project) can change significantly from year to year depending upon the amount of capital maintenance work that is required.

At the end of FY22 there was \$66,000 appropriated but unspent for more significant maintenance items. In addition, Public Works has identified about \$400,000 in needed repairs over the next four fiscal years.

Recently, significant funding was appropriated to support the seawall repair, which will also support the structural integrity of the MSC. In the future some revenue from the seawall moorage and hoist will be shared with the MSC by the Harbor Fund.

The Marine Services Center is owned and operated by the City of Sitka under an enterprise fund financial model. At the present time, the Fund has about \$1.6 million in working capital, but it is critical that the fund generates enough revenue from its leases to be able to cover major maintenance items and to be able to address them proactively.

Recommendation

Approve the enclosed RFP for a 30-day advertisement period.

Encl: MSC RFP

REQUEST FOR PROPOSALS (RFP)
by
THE CITY AND BOROUGH OF SITKA, ALASKA
for
RENTAL OF MARINE SERVICE CENTER
COLD STORAGE SPACE

A. Overview

The City and Borough of Sitka (CBS) is requesting proposals from firms interested in leasing one half of Sitka's Marine Service Center (MSC) to provide and manage community cold storage and loading and unloading services to both private party interests and the seafood processing interest in the community. CBS may select to award the entire space to a sole tenant depending on what is in the best interest of CBS.

B. Description of Facility

The cold storage facility is located at 600 Katlian Street in Sitka, Alaska. The building contains about 21,000 square feet of which about 16,800 square feet is presently operated as cold storage.

A drawing of the property is included as Attachment A.

The CBS will make available 8,400 total square feet of refrigerated cold storage for exclusive use of the lessee for cold storage of product related to their business (in the case of two selected tenants). The CBS requires a minimum of 10% of leased square footage (per tenant) be made available for public cold storage. Major components of the **exclusive space** will include (all square footage doubled in cases of a sole tenant proposal):

- Cold storage space with the capability to store approximately 1,440,000 pounds of seafood at -10° to -20°F.
- Shared office space and warm-up room for cold storage staff.
- Refrigeration, lighting, heating and other utility services required for use. Utilities are paid by CBS, then split and billed to the lessees based on occupancy.

In addition, the lessee will have access and use of common spaces in the building and at the site for the following:

- Restrooms for employees
- Access to building for delivery of product to the facility for cold storage.
- Access to the building for van loading frozen product for off-site delivery.
- Covered receiving area to accommodate receiving and handling of seafood from the processors main plant into cold storage.
- Loading dock for placing frozen product into vans for shipment.
- Electrical service for charging fork truck batteries.

C. Excluded Uses at the Site

The following uses are specifically prohibited at the site or as a part of the lessee's use of the common spaces or exclusive use spaces:

- Primary processing of seafood.
- Delivery or handling of unprocessed seafood.
- Secondary processing of seafood.
- Retail sales. The term "retail sales" means direct retail sales to customers coming to the site to view and purchase a product. Examples would be a marine chandlery, sales equipment, provisions and supplies, and sales of seafood products similar to a grocery or convenience store operations.
- Equipment storage or any other activity not directly related to the lessee's exclusive use cold storage activities at the site.

D. Items to be Provided by the Lessee

- All equipment for handling the lessee's seafood products for cold storage including electric fork trucks and electric charging equipment.
- Racks or stacking aids for cold storage.
- Totes, boxes, or other supplies related to lessee's cold storage service activities.
- Telephone, garbage collection or any other utility required for operations.
- All permits or licenses required for lessee's operations.
- All utilities to be the responsibility of the lessee.
- The 10% of leased space for public cold storage shall be clearly identified by appropriate markings and segregated from lessee exclusive cold storage space.

E. Items to be Provided by the CBS

- Common building and site space of use by the lessee.
- Building maintenance of cold storage equipment and common areas at no charge to the lessee.
- Management of individual lease agreement to the site.
- Lessee may charge third-party users storage rates and fees as determined by the lessee, however, the rate structure and operations requirements for public users of the cold storage facility shall be agreed upon by both lessees (in the case of two selected tenants) and presented to the CBS Assembly annually for approval.
- Lease terms will be a 10-year base lease with two (2) 5-year options to extend.
- An annual lease rate escalator of 2% will be applied on July 1st of each lease year.

*** The CBS will not be held liable for temperature variation in the MSC Cold Storage due to improperly handled (above 5°F in temperature and/or wet cardboard boxes) product being introduced to the cold storage vault by the lessee, or any mechanical breakdowns of the facility. All items stored are required to be frozen prior to placing them into the cold storage facility. CBS reserves the right to shut down the facility for maintenance as necessary with proper notice for planned maintenance. If temperatures cannot be maintained, it is the lessor's responsibility to find alternative locations for all frozen product at no additional cost to the CBS.

F. General Contract Requirements

The goal of CBS is to lease the cold storage space to the entity who provides the best value to the City and Borough, the local fishing fleet, and the citizens and businesses of Sitka. The proposals will be evaluated based upon the following criteria:

- A. Award 0 to 20 points based upon the proposer's plan to lease and operate a cold storage facility.
- B. Award 0 to 20 points based upon proposer's commitment to Sitka. Proposer must identify the number of Sitka ported vessels from which they purchase product and what percentage of their overall business this represents. Proposer must also outline the importance of this facility to the overall success of their business.
- C. Award 0 to 10 points based upon the proposer's plan to accommodate public use of the cold storage facility.
- D. Award up to 50 points for proposer's bid price to lease the cold storage facility.

Points will be awarded based upon this formula:

$$\frac{\text{Proposer's bid price}}{\text{Highest bid price received}} \times 50 = \text{Bid Price Points}$$

The total maximum number of points = 100

The City and Borough of Sitka reserves the right to negotiate with any proposer, to waive informalities in any of the proposals and to award the lease of the space to whichever entities are deemed to provide the best value for the Municipality at the sole discretion of the City and Borough of Sitka.

G. Requirements for Proposal

Proponents submitting proposals must include the following information:

- 1. A letter of interest signed by an authorized representative of the Lessee.
- 2. A narrative clearly describing the Lessee's plan to lease and manage the cold storage facility and related infrastructure.
- 3. A narrative outlining the importance of this lease to the success of the proposer's local business. This narrative shall include information about the number of Sitka ported vessels from which they purchase product and what percentage of their overall business this represents.
- 4. Clearly identify responses to the General Contract Requirements stated above.
- 5. A copy of current Alaska Business License.

H. Schedule

Advertise Request for Proposals	December 30, 2022 to January 31, 2023
Proposals Due	February 2, 2023
Internal Review and Negotiations	February 6, 2023 to February 10, 2023
Possible CBS Assembly Award of Lease	February 28, 2023
Possible Commencement of Lease Occupancy	July 1, 2023

I. Submissions and Inquiries

Proposals must be submitted either electronically using Bid Express or hard copy delivered to the Municipal Clerk's office in a sealed box or envelope with the company name and "RFP Rental of MSC" shown clearly on the outside and addressed to:

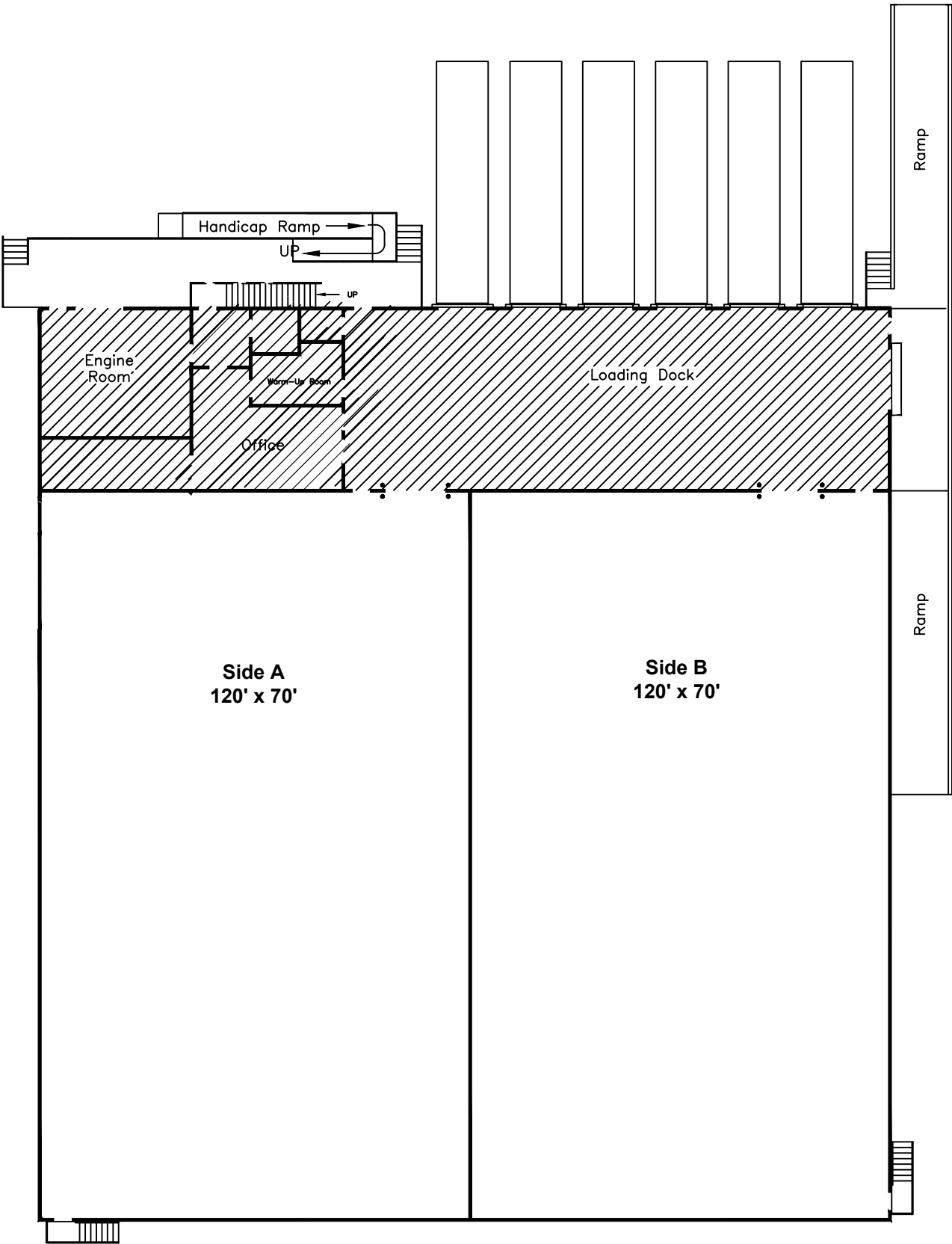
City and Borough of Sitka, Municipal Clerk
100 Lincoln Street,
Sitka, Alaska 99835

Proposals will be received until **2:00:00 pm local time Thursday, February 2, 2023**.

Any questions regarding this project should be directed to Tori Fleming, Compliance Officer, at tori.fleming@cityofsitka.org, (907) 747-1845.

Dates of Publication:

Sitka Daily Sentinel:



PORT/BULKHEAD

 COMMON AREAS

MARINE SERVICES CENTER