



March 23, 2017

Re: Fortress Of The Bear site:

Following up on the original December 16, 2015 purchase request.

In light of the FERC lines on the property Fortress accepts the 99-year lease paid continuing at the annual \$600 per year.

If the FERC is lifted and the city chooses to sell the property, Fortress Of The Bear is requesting a \$100 property sale for the site.

The following is a cost breakdown of incurred expenses and it FOTB's hope that this board and the CBS will understand and support our request.

Les & EVY Kinnear
Co-Directors

Fortress of the Bear site investment generalization.

FOB incorporated in the spring of 2002 and lobbied the CBS for access to the site. WE signed a long term lease, and took possession of the site on Aug. 1 2003. Demolition of residual mill infrastructure and initiating action on ADF&G bear permit requirements were our focus. Initial fees to the city included \$6,100.00 first and last months rent, we secured a multimillion dollar general liability insurance policy with the city as co-insured. We were billed \$1,100.00 for property insurance for the first year. With the cost of specialty tools, fuel, equipment, scrap shipping and labor our expenses for the first year were @\$45,000.00.

Over the next four years, while meeting ever changing ADF&G requirements we created bear management gating systems, eliminated several hundred tons of unserviceable material and scrapped at least 200 tons of metals. If it could be repurposed on site it was. From 2004-2007 we invested \$45,000.00 in time and \$25,000.00 in expense to continue development. In the spring of 2007, I constructed an ADA accessible ramp to a viewing deck as one of the last requirements for the ADF&G permit to recover bears. The permit was issued on the 19th of July 2007 and the first bear arrived eight days later. A second bear arrived on September 20th. While we had nearly exhausted our resources we at last had something to show for all our efforts.

Our first season exhibiting bears involved a great deal of coordination between a small, overextended staff and a haphazard, ill-coordinated, though enthusiastic visitor experience. We continue to expand our appeal through the cruise industry and tour companies. Subsequent seasons have seen a progression of sophistication all around. We were especially delighted when we acquired electricity, water, sewer and real restrooms.

Revenue has increased dramatically, expenses have increased and plans for expansion are accelerating. Staffing levels with highly qualified personnel have grown, now providing a visitor experience of exceptional quality. The 2016 season saw 30,000 visitors at FOB. We are generation nearly \$200,000.00 in direct wages annually into the community. We also have a capital improvements budget of over \$200,000.00 for the 2017 season.

On a recent visit to the Sea Life Center in Seward we were amazed at the scope of that project, also amazing is the \$32,000,000.00 price tag, funded primarily by the government. We take pride in the "home grown" nature and atmosphere of Fortress of the Bear.

We estimate the cost of improvements at FOB from inception to the end of the 2016 season at \$685,000.00



Fortress Of The Bear

*-For Protection And Positive Solutions
Through Education-*

December 14, 2015

Dear Mr. White and Board Members:

Purchasing Fortress Of The Bear property:

Fortress Of The Bear is pleased to present this proposal for the purchase within the Gary Paxton Industrial Park:

We are requesting that the CBS and this board grant us sale of the property we have occupied since 2003 for \$100.00

12 years since establishing Fortress Of The Bear, we have gone through many twists and turns. Meeting the demands of numerous permitting processes, seeking funding, and tackling the dream of building a first class orphaned bear center has been daunting. We have been breaking new ground from the start, overcoming the concerns of a very skeptical community, and navigating government regulation to finally open a world class bear habitat with visitor amenities.

This year we completed our most successful year yet. We had over 30,000 visitors who witnessed all 8 of our bears interacting with each other, their keepers and most importantly their constantly improving habitats. Construction of a breezeway connecting the brown bear habitats has allowed us an opportunity to introduce two captive populations. An accomplishment duplicated in few other institutions in the country. Our bears interact with other bears, their keepers, the public, and explore new habitats and unique enrichment. What we do is becoming a blueprint for zoos and sanctuaries around the world to follow. In 2013 we brought in 3 orphaned black bears that garnered national attention and pressured Alaska Department of Fish & Game into allowing a new bear species onto Baranof Island.

- We believe we have come to the point where we need to take ownership of this property. There are several reasons for this request:
- Almost 13 years of sweat equity of a property that the CBS was prepared to destroy at a cost of an estimated \$100,000.00
- The enhancement of the property is one of our next major goals. For us to continue to invest in building new offices, food prep areas, vet areas, intern housing, and visitor amenities, without ownership, does not make business

sense. We believe we can attract outside funding, for construction on property that is owned by the Fortress of the Bear. This has been verified by several potential funding organizations.

- We are required by the Department of Agriculture to build a second perimeter fence that extends beyond our current lease area. This fence is to help stop humans from breaching the bear areas.
- We need to enlarge the black bear habitat; they have outgrown their area. We have enclosed a proposed new area to be included in this sale.

Fortress Of The Bear signed a lease with the CBS for the property located at 4639 Sawmill Creek Road. Since the signing, we have come before the Industrial Park Board and the city assembly to renew that lease several times. The CBS acknowledging our value to the community has allowed us to continue our lease at a reduced rate.

Reasons:

Sweat Equity- 12 years of non-stop development of the property

Financial Investment – While in development, we have personally sustained our lives through our own funding as well as contributing to the purchase of materials needed. A conservative estimate for this is in excess of \$350,000.

Contributions to CBS economic development- payments to the city for property taxes, loan fees, sales tax and increased revenues for satellite businesses who depend on us, in some cases, in large part for their livelihood. These include, but are not limited to tour companies, taxis, shuttle services and car rental companies. Local suppliers include, Spenard Builders, Northern Sales, True Value, Fuel Companies, Freight services, bookkeeping services and direct and indirect employment of local citizens.

Fortress Of The Bear welcomes all service organizations. Additionally educational, sports, and service organizations and deliver educational tours for no cost.

Recycling: We are Sitka's largest private recycling company.

History:

The Fortress of The Bear incorporated in 2002. We provide an educational experience for residents, students, and visitors and secure a home for orphaned and

injured bears in Alaska. While we received a great deal of support from the Gary Paxton Industrial Park Board in securing the site, there were no utilities or useable structures to begin our venture. In order to maintain captive bears in Alaska there were several primary criteria that we met. We were required to prove our animal husbandry skills by raising and maintaining a large animal species on site for one year. We brought 6 pigs to Sitka in August 2003. We had arranged with the local markets to use their discarded, outdated, bakery, dairy, and produce as a food source for our animals. We use industrial wood chips, straw, and shredded paper for bedding, and compost all residues. A second requirement was to obtain a class "C" Federal exhibition license, subject to periodic unannounced inspection, in compliance with Federal regulations. We acquired that license in 2004 and have maintained it in good standing since. In 2007 we received a bear permit from ADF&G and 10 days later received our first bears.

Our key achievements include:

- We have removed infrastructure from the 2 bear habitats added an additional habit for 3 orphaned black bears and have prepared homes for 3 bear populations.
- Installed a large viewing platform with both stairs and handicapped access ramp. ☐
- Installation of water management system and electricity. Completion of gift shop and restrooms. ☐
- Acquisition, training and relocation of 3 cubs to the Bronx Zoo in 2009. A brown bear from Hoonah to Montana Grizzly Encounters and a Black bear sent to International Exotic Animal Sanctuary in Boyd, Texas ☐
- Initiation of Intern training program and implementation of a successful Intern training program.
- Organized tours and numerous independent travelers extensively visit our facility. The contribution to the local economy is evident in the extensive use of cabs, rental cars, tours, B &B guests, Charter fishing clients and independent travelers. Many who have told us that this was there singular reason for visiting Sitka. It is our estimate that in 2015 this generated an \$800,000.00 income for these entities. ☐
- Recovery of more than 70 tons of market discard material from the local refuse stream per year. After cycling it through our animals, it has been reduced to more than 50 tons of quality compost ☐
- We have entertained and educated more than 80,000 visitors, including nearly all of the grade school children on scheduled field trips. We regularly see Mt.

Edgumbe students, ORCA groups, home school field trips, Center for Community, Big Brothers/Sisters, Girl and Boy Scout Troops, visitors from out of town, and even wheel chair patients from the Long Term Care unit at the Community Hospital. ☐

- We have recycled more than 200 tons of scrap metal, miscellaneous valves, pumps, motors, pipe, etc. ☐
- We have reused 20 tons of infrastructure for buildings, animal housing and utilities. ☐
- People come away from the Fortress Of The Bear with a connection to Bears that is unlike any other bear viewing experience. The program we have set forth to maintain a viable enrichment program for our resident and visiting bears allows for a high level of activity within their captive environment. ☐

It is our hope that this board will recognize the keystone attraction Fortress Of The Bear has become and allow us to continue to develop the site. By doing so, we believe this will ensure a vibrant tourism industry and enrich our community with a unique center unlike any other in Alaska.

Sincerely,

Les Kinnear
Executive Director
Fortress Of The Bear

Addendum:

Tax return totals 2010-2014
Proposed property lines