



Tuesday, March 19th, 2019

MEMORANDUM

To: Keith Brady, CBS Administrator
From: Garry White, Director
Subject: GPIIP Enterprise Fund Budget Adjustment – Utility Dock outside legal work

Introduction

The Gary Paxton Industrial Park (GPIP) Board of Directors met on February 27, 2019 and approved a motion to recommend that a budget adjustment be made to the FY19 budget to allow for outside legal work.

The Board is recommending that \$20,000 be moved from GPIIP Undesignated Working Capital to provide outside legal support to develop a purchase/sale agreement for the sale of the Utility Dock to Hanson Maritime. The purchase agreement needs to include easement language to address multiple users of the waterfront area.

Utility Dock Purchase/Sale Agreement

The CBS released an RFP for the sale of the Utility Dock at the beginning of January. The CBS received one response to the RFP from Hanson Maritime Company (Attached). Hanson Maritime is offering no cash for the Utility Dock, but is offering to remove the Utility Dock and tidelands from the CBS Inventory due to the associated liability to the CBS. The Utility Dock has not been used since the CBS took over ownership of the GPIIP properties in 1999. The CBS received a bid of \$90,000 to demolish the Utility Dock during the GPIIP Multipurpose Dock construction project by Turnagain Marine. Turnagain later asked to be let out of its obligation to demolish dock as it had substantially under bid the task. The CBS used this opportunity to trade the demolish task of the Utility Dock to provide a substantially better transfer bridge for the GPIIP Multipurpose Dock.

The GPIIP Board had discussions at its January and February meetings on how to dispose of the Utility Dock and associated tidelands without hindering the ability to continue with potential future development in the central waterfront portion of the park. The Board's goal is to have the CBS divest itself of the non-performing Utility Dock, but

to also allow for development of an Access Ramp and potential expansion of the GPIIP Multipurpose Dock without future user conflicts. The Board is recommending that an outside legal team with experience marine navigation and tideland easement issue be contracted to complete a purchase/sale agreement to outline potential user conflict issues. A legal team has been identified by the GPIIP Director.

Utility Dock Fiscal Note

The GPIIP Board is recommending that up to \$20,000 be allocated from GPIIP Undesignated Working Capital to contract outside legal help.

The GPIIP Undesignated Working Capital fund has a balance of \$598,835 as of September 30, 2018 per the Finance Director.

Action

Assembly Approval of the budget adjustments to allow the project to move forward.

CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2019-07
AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA
MAKING SUPPLEMENTAL APPROPRIATIONS FOR FISCAL YEAR 2019
(GPIP Utility Dock)

BE IT ENACTED by the Assembly of the City and Borough of Sitka, Alaska as follows:

1. CLASSIFICATION. This ordinance is not of a permanent nature and is not intended to be a part of the Sitka General Code of the City and Borough of Sitka, Alaska.

2. SEVERABILITY. If any provision of this ordinance or any application thereof to any person or circumstance is held invalid, the remainder of this ordinance and application thereof to any person and circumstances shall not be affected thereby.

3. PURPOSE. The purpose of this ordinance is to make a supplemental operating appropriation for Fiscal Year 2019.

4. ENACTMENT. In accordance with Section 11.10(a) of the Charter of the City and Borough of Sitka, Alaska, the Assembly hereby makes the following supplemental appropriations for the budget period beginning July 1, 2018 and ending June 30, 2019.

Table with 2 columns: FISCAL YEAR 2019 EXPENDITURE BUDGETS, ENTERPRISE AND INTERNAL SERVICE FUND. Content: Gary Paxton Industrial Park Fund - Operations: Increase appropriation in the amount of \$20,000 to hire an outside attorney to write a purchase agreement regarding the GPIP Utility Dock. These funds will come from the Gary Paxton Industrial Park working capital.

EXPLANATION

The Gary Paxton Industrial Park Board has determined that additional operating expenditures for the utility dock are necessary, and, has requested that additional operating appropriations be made by the Assembly.

The Gary Paxton Industrial Park Fund has not had any supplemental appropriations to date in FY2019.

5. EFFECTIVE DATE. This ordinance shall become effective on the day after the date of its passage.

PASSED, APPROVED, AND ADOPTED by the Assembly of the City and Borough of Sitka, Alaska this 9th Day of April, 2019.

ATTEST:

Valorie Nelson, Vice Deputy Mayor

Sara Peterson, MMC
Municipal Clerk

Sponsor: Administrator

1st reading 3/12/19 - meeting cancelled due to lack of quorum
1st reading 3/26/19
2nd and final reading 4/9/19