

Possible Motion

I MOVE TO approve the term sheet for the utility dock transaction between the City and Borough of Sitka and Hanson Maritime Company and proceed with the purchase and sale agreement and other documents referenced.



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Tuesday, July 16, 2019

MEMORANDUM

To: Dave Miller, CBS Interim Administrator
From: Garry White, Director
Subject: Utility Dock RFP/Hanson Maritime Proposal Approval of Terms

Introduction

The Gary Paxton Industrial Park (GPIP) Board of Directors is recommending that the City and Borough of Sitka (CBS) sell the former Utility Dock at the GPIP to Hanson Maritime Company.

The GPIP Board met on February 27th, 2019 and approved the following motion:

MOTION: M/S Finkenbinder/Morrison moved to sell the dock to Hanson Maritime with 10 feet of tidelands on each side and 60 feet tidelands in front. With a budget of up to \$20,000 to hire an outside attorney to write the purchase agreement to address potential easement language and language to allow all parties to work together.

ACTION: Motion PASSED 4/0

Yes: 4- Wagner, Finkenbinder, Unger, Morrison
No: 0

CBS Administration and the GPIP Director request that the CBS Assembly approve terms of a sale agreement with Hanson Maritime before additional funds are expended in drafting an official sales agreement.

Background

The GPIP Board discussed the sale of the Utility Dock at meetings in October and December 2018. The Board approved a Request for Proposal (RFP) for the development and sale of the facility at its December 18th, 2018 meeting.

The RFP was released on January 11th, 2019 and an addendum to the RFP was added on January 21st with a proposal deadline of January 25th, 2019. The CBS received one response to the RFP from Hanson Maritime Company (Attached).

The subject property was served a Condemnation Notice by the CBS Building Official on January 21, 2019. The GPIIP Board appealed the Condemnation Notice and the Assembly approved the appeal at a special meeting on April 22, 2019.

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 recommended that an outside legal team with experience in marine navigation and tideland easement issues be contracted to complete a purchase/sale agreement to outline potential user conflict issues with a budget not to exceed \$20,000. A legal team has been identified by the GPIIP Director. The Assembly approved this recommendation on March 26th, 2019.

The GPIIP Director requested that the CBS Assembly provide direction or approval of the sale of the property to Hanson Maritime at the March 26th meeting before expending funds to obtain outside legal work, but CBS Administration requested that the condemnation hearing for the Utility Dock take place first. The Assembly took no action at its March 26th meeting concerning the sale of the property.

Dock Description

The Utility Dock was constructed in 1958 by the Alaska Pulp Corporation. The Dock is 200 feet long and 85 wide with five rows of piling. The 3 outer rows are 16-inch pipe filled with concrete and the remaining rows are H-sections.

The dock has had little maintenance or use in the 19 years that CBS has owned the structure.

The overall condition of the dock seems poor. Please see attached 1999 email from Reid Middleton.

Access to the dock has been block with barricades.

Hanson Maritime Proposal

Hanson Maritime's proposal outlines the different ways they intend to use the facility to add value to the GPIIP. 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.

Additional Information

- Attached is a February 21, 2019 letter from PND Engineering that discusses some of the potential user conflicts and operational restrictions with Utility Dock use, a future access ramp, and potential expansion of the GPIIP Multipurpose dock.
- Attached is a drawing of all the potential uses in the GPIIP central waterfront area.
 - A more detailed map will be prepared for the actual sale of the property. A plat subdivision will need Planning and Zoning approval to remove the subject area from Block 1, Lot 9a.

Action

- CBS Assembly decision on terms for the sale of the Utility Dock to Hanson Maritime Company.