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Monday, December 14, 2020

MEMORANDUM

To: John Leach, CBS Administrator
From: Garry White, GPIP Director
Subject: GPIP Waterfront Development/Haul Out RFP

Introduction

The Gary Paxton Industrial Park (GPIP) Board of Directors is requesting private sector development of a marine haul out at the GPIP. The GPIP Board met on October 29th, 2020 and recommended that the attached Request for Proposal (RFP) be released. The following motion was approved by the Board.

Motion: M/S Floate/Morrison moved to move the RFP forward to the workgroup with terms as listed in the presented RFP.

Action: Passed (5/0) on a voice vote

The RFP was brought to the CBS Ports and Harbors Commission meeting on November 23rd, 2020 and was approved as presented with the following motion.

Motion: M/S Ystad/Thornton motioned that the Port and Harbor Commission support the draft RFP for the construction and operation of a vessel haul-out at the GPIP as written.

Motion passed 4/0.

The RFP was presented to the CBS Administrator for review by a working group and future presentation to the City and Borough of Sitka (CBS) Assembly.

The attached RFP is designed to cast a wide net to determine what entities are willing to invest in the development of a haul out at the GPIP.

Background

The GPIP Board has long recognized the importance of the fishing and maritime industry to the community of Sitka.

The GPIP Board and CBS have been working on vessel haul out development concepts since the GPIP properties were acquired. Every Legislative Priorities list from FY2005 through FY2016 included a reference to development of a marine industry and infrastructure at the GPIP and/or a specific funding request. The CBS most recently applied for a USDOT Build Grant in May 2020.

In 2009, the CBS released a RFP for private sector development of a vessel haul at the GPIIP. The RFP was mailed directly to a list of over 60 targeted clients and advertised globally. The GPIIP Director met with various marine service providers throughout the state and in the Puget Sound area that were interested in operating a marine haul out, but many were not interested in providing the funding for the base infrastructure needed for a haul out operations. The CBS received one proposal to the RFP from Puglia Engineering Inc. out of Bellingham, WA. Puglia and the CBS could not come to terms on the proposal and investment, due to large capital requirement (~\$21 million) requested to be funded by the CBS.

In 2014, Silver Bay Seafoods proposed to construct a haul out at the GPIIP properties. After months of negotiations the venture did not move forward due to multiple reasons, including lack of waterfront ownership, infrastructure funding, and having other GPIIP lots being leased to other ventures in GPIIP.

In the spring of 2020, the CBS released another RFP for private sector development of a haul out. The RFP was structured for long term leases only.

The CBS received two proposals from the RFP process. The GPIIP Board met on April 27th to discuss and score both proposal as part of the CBS RFP Selection Committee. The CBS Selection Committee scored the proposal from WC Enterprises/SIMS with the highest score. The CBS Assembly accepted the GPIIP Board's recommendation to move forward with negotiating terms to move forward on a haul out at the GPIIP with WC/SIMS at its May 12th, 2020 meeting.

The CBS negotiation team consisting of the CBS Administrator, CBS Public Works Director, and the GPIIP Director met multiple times in May and June with the WC/SIMS' principal owners. After considering all available information, listening to public stakeholder comments, and investigating more in-depth on the financial costs to move forward with a proposal; WC/SIMS concluded that the associated costs to complete a haul would require a larger financial subsidy from the CBS. A modified proposal was brought to the Assembly. The CBS Assembly rejected the modified proposal by WC Enterprises due to substantial changes to WC request for financial support.

The GPIIP Board at its September 17, 2020 meeting gave direction for another Request for Proposal (RFP) be developed to request private sector development of a marine haul out at the GPIIP.

Additional Information

- The GPIIP Board is currently in the process of establishing policies, regulations, and operating procedures for vessels to be haul out and worked on at the GPIIP using existing, limited, infrastructure and available property. The policies are intended to limit the CBS's exposure to liability and environmental risks.
- The CBS has been unsuccessful in obtaining grants funds for CBS development of a haul out. The GPIIP Board will continue to investigate grant opportunities.

Action

- Assembly approval and release of the RFP for private sector development of a haul out at the GPIIP.