


City and Borough of Sitka

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Coast Guard City, USA

MEMORANDUM

To: Mayor Eisenbeisz and Assembly Members

From: John Leach, Municipal Administrator 

Date: April 21, 2021

Subject: Marine Services Center Public Storage Rates for Services Provided by Seafood Producers Cooperative

Background

Seafood Producers Cooperative (SPC) currently has a lease agreement with the City and Borough of Sitka (CBS) to lease approximately 8,400 square feet of cold storage space at the Marine Services Center (MSC) and provide public access subject to the storage rights granted to SPC. SPC has had that lease in place since July 1, 2008 for a five-year term with two five-year options available.

The SPC lease was amended and approved by the Assembly on May 14, 2013. The lease expires on June 30, 2023 with no remaining options to extend per section 1.2 of the lease.

Analysis

Per section 3.4(g) of the lease – SPC will charge cold storage customers rates currently in use. Rates will be clearly posted and will be uniformly charged for all cold storage service provided at the facility. Rate changes will require prior approval of the City. Rate adjustments can be proposed by either SPC or the City. Adjustments will be made to keep rates current with prevailing rates in the Puget Sound area.

Per section 3.4(i) – Subject to the storage rights granted to SPC, cold storage will be made available to the public without discrimination to all customers that meet operating requirements of the facility.

It was determined that storage rates had not been updated since June 27, 2000.

In accordance with the lease terms, SPC has proposed the enclosed “General Terms and Conditions” for rates and operating requirements related to public cold storage.

Fiscal Note

Revenue from the SPC lease is about \$110,880 per year.

The seawall generates about \$30,000 per year in moorage revenue that includes freighters, various work boats, and small cruise vessels.

The seawall has a small electric/hydraulic hoist that generates about \$4,000 in revenue per year.

The average annual operating cost of the MSC is \$106,000. This amount varies significantly from year to year depending upon the amount of maintenance work that is required. The facility is maintenance intensive. Public Works has identified about \$400,000 in needed repairs over the next four fiscal years.

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 \$1.9 million in Working Capital.

Recommendation

Approve the enclosed "General Terms and Condition" related to SPC lease activities to go into effect on May 1, 2021.

Encl: Sitka Marine Services Center General Terms and Conditions (SPC)

SITKA MARINE SERVICES CENTER

General Terms and Conditions

Regular Warehouse Hours

- A. Regular hours of operation are 8:00 a.m. to 5:00 p.m. Monday through Friday, except holidays. A phone reservation is required two hours before delivery. Reservations can be obtained by contacting (907) 738-4371 or (907) 747-5811.
- B. Receipt and delivery on Saturday, Sunday, and Holidays can be arranged with prior notice.

Handling and Storage

- A. Storage space is not unlimited. Subject to the storage rights granted to Seafood Producers Cooperative (SPC), cold storage will be made available to the public without discrimination to all customers that meet operating requirements of the facility.
- B. Rates for handling and storage will be computed on the following basis:
 - 1. Shipments into storage received from the first day of any month through the 14th day of the same month will be charged a full month's storage.
 - 2. Shipments into storage received from the 15th day of any month through the last day of the same month will be charged one-half month's storage.
- C. Setting up a new account with the SMSC will be a flat \$75.00.
- D. Handling charges are due the first month shipments are received, within 10 days of the date of invoice. Each different lot will be charged \$30.00 per pallet/tote per month. Minimum charge per customer is \$30.00 per month. These charges include both in/out activity.
- E. All Products will be stored in totes/pallets supplied by SPC/SMSC or by owner. If owner of product chooses to take tote/pallet belonging to SMSC when shipping product customer will be charged \$35.00/tote and \$15.00 per pallet. SMSC will create label for customer indicating what products/weights/description are in the tote/pallet.
- F. Handling charges cover the ordinary labor and duties incidental to receiving goods at warehouse door, stowing and delivering to warehouse door, but do not include labor for sorting, weighing, marking, sampling, inspecting or unloading.
- G. The Sitka Marine Services Center, upon 30 days written notice to the owner, may require the removal of the goods or any portion thereof and require payment of all charges attributable to those goods whether or not there has been default by the owner under these terms and conditions. If the goods are not removed, the Sitka Marine Service Center shall sell the goods and may exercise any other rights it needs to recover unpaid bill.

Delivery in/out of Warehouse

- A. No goods shall be delivered or transferred without complete written instructions from the owner.
- B. When goods are ordered out of the warehouse, storage charges shall be paid through the end of the month in which the goods leave the warehouse.
- C. If the Sitka Marine Services Center is unable due to causes beyond its control to deliver the goods prior to the expiration of the current storage period, the goods will be subject to storage charges for the next succeeding storage period.

Transfer of Ownership of Goods in Warehouse

- A. When part of a lot is transferred in the warehouse from one party to another and requires physical separation of the goods in the lot, the new pallet/tote charge for separation will be created for whom the transferee designates.
- B. Goods transferred in the warehouse from one party to another may be subject to the Warehousemen's Lien for storage charges of the transferer. The Sitka Marine Services Center may require payment of all charges owed by the transferor prior to transferring goods in the warehouse.

Loading and Unloading

- A. Handling rates in this tariff do not include loading or unloading vans, trucks or any other vehicles.
- B. In loading, unloading and sorting goods, the Sitka Marine Services Center acts as agent for the owner and will not be responsible for errors or shortages, because goods are billed "Shipper's Load and Count". Owner may furnish checker to verify load and count, otherwise the Sitka Marine Services Center record of load and count shall be conclusive, and the Sitka Marine Services Center shall have no liability for later discrepancies.
- C. Owner shall deliver a Bill of Lading or other document against which owner shall be solely responsible for verifying the amount of goods described in the warehouse receipt. In the absence of such documents for verification, the amount of goods delivered to owner shall be conclusively presumed to be the amount of goods delivered to the Sitka Marine Services Center by the owner, regardless of the amount described in the warehouse receipt.

Liability

- A. The responsibility of a warehouseman in the absence of a written contract is the reasonable care and diligence required by law. The Sitka Marine Services Center will have no responsibility for concealed damage, leakage, variation in weights, or loss of weight by reason of defective or insufficient containers, occurring while goods are in storage or are being handled, nor for failure to detect or remedy same.
- B. Perishable goods or goods susceptible to damage through temperature changes or other causes incidental to general storage, are accepted into general storage only at the owner's

risk for such damage as may result from general storage conditions.

- C. All commodities of a very perishable nature are stored at owner's risk and shall be inspected once a week by the owner or his designated agent. The Sitka Marine Services Center will not assume responsibility except for the maintenance of a given temperature, which will be stated at the time of storage.
- D. Liability of the Sitka Marine Services Center for loss or damage to goods shall in no case exceed \$.50 per pound, unless excess value is declared by the customer at the time the goods are stored. A charge will be made for such excess value.
- E. By delivering goods to the warehouse or delivering instructions to the Sitka Marine Service Center regarding the contents and packaging of goods in the warehouse, the owner thereof thereby warrants and represents to the Sitka Marine Services Center that such goods are not adulterated or misbranded within the meaning of the Food and Drug Cosmetic Act. If the Sitka Marine Services Center accepts such goods and ships such goods in good faith, and incurs any damage, loss, expense, or liability arising from such acceptance or delivery under the Food and Drug Cosmetic Act or under any other law, order or regulation, the owner shall defend and indemnify the Sitka Marine Services Center against same, including attorney's fees.

Insurance

The goods stored are not insured by the Sitka Marine Services Center and the storage rates do not include insurance coverage other than Warehouseman's Liability Coverage with the limitations described above. By delivering goods to the warehouse, owner instructs the Sitka Marine Services Center not to obtain insurance on the goods stored, unless the Sitka Marine Services Center has agreed in writing to obtain such insurance for the benefit of the owner.

Waiver of Severability

- A. Failure on the part of the Sitka Marine Services Center to insist upon strict compliance with any provision hereof shall not constitute a waiver or Estoppel to later demand strict compliance.
- B. If any provision hereof is declared invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not be in any way affected or impaired thereby.

Liens

- A. The Sitka Marine Services Center shall be entitled to a lien on all goods held in the warehouse under a customer account, and such lien shall be in the amount of all storage, handling and related charges incurred by such customer, and all expenses reasonably necessary for preservation of the goods or reasonably incurred by the Sitka Marine Service Center in exercising its lien rights. If the goods are transferred out of the warehouse, the lien for any unpaid charges relating to such goods shall be enforceable against any goods remaining in the warehouse under the same customer account. In addition, by delivering goods to the warehouse, the customer grants a security interest in the goods and all proceeds derived from the goods for all charges described above,

whether incurred before or after such delivery.

- B. If goods are transferred into the warehouse from one party to another, and charges relating to the goods have not been paid in full on the date of the transfer by the transferor, the lien for all such charges shall attach to all goods retained in the warehouse by the transferor and to the goods transferred to the transferee. The Sitka Marine Service Center may require a transferee to acknowledge such lien rights prior to transferring such goods to the transferee in the warehouse.

Payment Terms

All charges are due with payable 10 days from the date of invoice. A late charge of 1.5% per month will be assessed on outstanding balances for accounts past due.

Access to Goods

Customers, subject to insurance regulations and reasonable limitations, have access to their goods in the warehouse when accompanied by a warehouse employee.

SITKA MARINE SERVICES CENTER
Tariff Schedule

Handling and first month's storage (received frozen) will be charged in accordance with the rates outlined in "Handling and Storage" of the General Terms and Conditions.

The rates reflect the receiving dates for products handled by the SMSC.

SMSC will only store food or bait products.