

### *Excerpt from 9/11 Stakeholder meeting notes*

[See also the SCIP handout]

#### **Sawmill Cove Industrial Park Board presentation**

Representatives of the SCIP board (Nancy Davis, Bob Loiselle, Trevor Harang, and Charles Horan) are present to answer the Stakeholders' request for information about SCIP plans and operations (Business O).

They begin by presenting a brief history of SCIP and overview of their current operations. [See also the handout on SCIP]

Nancy, Bob, and Charles have been on the board since it was started in 1999. The SCIP board was commissioned to figure out what to do with the vast demolished parcel of land at SCIP; their job is to develop the site by adding infrastructure; find tenants, and be a business advisory commission for the City and Borough of Sitka. The Assembly was looking for a commission to advise the day-to-day operations of SCIP, but every decision goes back to the Assembly for approval.

The SCIP Board started by getting a waterfront development plan to help think about what to do with the waterfront.

The current tenants include a chocolate factory, bottled water company, Fortress of the Bear, fish processing, and some eco-tourism (Sitka Bike & Hike). NSRAA is going to move out there with a hatchery. It's an industrial park – they're looking to build jobs and monetary returns to the city. Their mission is to strategically develop the park in a fiscally responsible manner that maximizes the economic benefit to the community through the creation of meaningful jobs and revenues to the city. Board members tell the Stakeholders that they take their job very seriously, and when they approach the Assembly with a recommendation, they've already "chewed it apart" in many different ways and considered all the angles.

One of the board members contrasts their job to that of real estate development – if you're developing real estate property, there is likely a vision of an end product that you're working toward. But the purpose of having this site is to provide an environment so if someone has an idea about fulfilling our mission, they could approach us, and we can consider if it will create family-wage jobs, etc. There have been careful and diligent studies done on the site, and there are constraints and management issues based on those studies. What we do is sift through those ideas and see if it fits this site and our mission. Our plan is to use the land judiciously, control it to benefit the community, and maximize the job potential.

Q: Do you advertise for tenants, or are they looking around and they find you?

A: We have advertised in the past – for example, for bulk water industry, we've advertised in bottling publications trying to attract some distributors. We'll advertise locally occasionally. The website [www.sawmillcove.com](http://www.sawmillcove.com) has a lot of info. If people in or out of town are looking to expand their business, it's pretty well-known that this property exists – there is lots of advertising by word of mouth. We also get the word out through realtors.

Board members indicate they are strong advocates for the multi-purpose dock; "we're very optimistic about getting this place to develop as originally intended."

Q: As you know, this is a tourism planning groups – our questions about SCIP have been focused around the boards plans and hopes for a dock, what that means for traffic, how it

relates to cruise ships, and so on. Could you tell us more about where we're at with those concepts now?

A: When we first started with SCIP, we knew we needed a dock; it's been in the plans since the beginning. It's ridiculous to have a deep-water port with no dock – we need to be able to ship freight, etc. We sent out RFP for multi-purpose dock, saying it can accommodate a cruise ship, but it has to be multi-purpose. If it wasn't, it could be \$2-3 million less and be like a dock like Juneau has that just accommodates cruise ships. We had 13 potential candidates picked up the RFP packet, but only 1 filled it out and turned it in. There's also been some talk about the city putting a dock in. We want a multi-purpose dock, we don't want just a cruise dock, and we haven't found a way to build it without the cruise industry's support for maintenance.

A: Also, I know there's been a lot of skepticism and concern about this – that “multi-purpose” is a ruse for “cruise ship dock” – it's actually the opposite. Cruise traffic is what we can currently identify as the funding for this dock – that assured stream of income would provide the funding. For those of us on the board – our goal is industry, not tourism, but sometimes we have to be creative to come up with funding for projects. Page 2 of the handout shows funding – there's not a lot of taxpayer money there. The cruise lines are a way to pay for this dock, and the dock includes the possibility for heavy freight – this can support our current industry and potential in the future. We've done our best to respond to the community's concerns about this – we've spent a good deal of time working with the downtown business community to place regulations on retail out there. There's been concern about helicopters out there because one company that picked up the RFP owns Temsco, but we said we would not consider any of that within park boundaries – it's not in our mission, it's not safe, it's too loud...it's not compatible with the industrial park. Finally, another concern that's been raised is the issue of transporting cruise passengers from park into town: The Assembly commissioned a transportation study, and the results will be presented this month, to the Assembly on the 25<sup>th</sup>. Preliminary results indicate that traffic will be similar to what we have, and certainly no worse than it was when the pulp mill was running. It seems feasible for a single ship to dock there. Trying to get more than one there would be a different story. But with one, it seems reasonable for community, and having the cruise ship there will allow us to generate the immediate revenues. In the future, if significant freight business is developed, cruise ships would be less important. It's a chicken and egg situation - without this dock, it's hard to get bulk water out of here.

Q: Re: the dock – we've heard some things, that this is the first phase, there could be more ships in the future...what's the real story?

A: Having more than one ship out there has never been mentioned or discussed at SCIP meetings. You never fully know what will happen in the future, but our intent is to have only one dock out there, and only one ship.

A: During the waterfront development study in 2002 – the scope of work for consultant was to think of all the options to tie up ships in that area. They found 4 sites that you could tie up. Is there an active plan to build 4 docks? No. Two dock sites? Yes, the multi-purpose dock and one to service tenders bringing fish to processors – that second one will be too small for a ship.

A: Also, when you consider all the issues around having a dock out there, to build one dock out there is marginal for management issues – it's barely economical to build one dock, let alone more than one. To think about more than one dock is not economical.

Q: I saw the waterfront development plan – weren't there two ships on a pier? Does the development out there eliminate that? Could you still berth more than one?

A: We have to be able to dock a heavy freighter. If our goal was to get the max # of cruise ships, you could build a dock away from the shore, get ships on both sides of it and

trussle out to other side. The plan we have for a dock precludes having more than one ship because the dock is butted right up to the shore.

Q: I'm trying to understand who the other users of the dock will be – which clients would be using it? It looks like Baranof Frozen Foods and the fish processing will have their own dock.

A: The first thing that comes to mind is to enable a water bottling company to ship out directly from SMC instead of trucking their load to the other side of town. We may be a couple years ahead of the contracts, but we've been following the water industry, and we feel water will be needed by the world in the future, and it will give much more money to the community than cruise ships do. Users of the dock could include bulk water and bottled water. True Alaska has some plans for producing other products – juices, maybe? Furthermore, Prince Rupert is building a huge container lot, and we're sitting on the right part of the rim that we could take advantage of that too.

A: Any freight that currently leaves SCIP has to be trucked to AML. Bottled water company has plans to ramp up their production, and it would be easier to ship out from site – trucking across town is expensive. Potential in the long run is for tankers taking bulk water out of Sitka. That, along with a pipeline funded by feds...there's huge potential use.

A: Also, the fish processing dock is not suitable for moving fish across in its finished form – right now they're trucking out to AML too. If Stikine does the volumes they're talking about, it would make more sense to ship out from there instead of trucking.

A: And that's all revenue for Sitka, because of wharfage fees.

Q: Could you describe the infrastructure and activities that fill in the remaining orange part on the diagram, called "dock support?" And, in the ordinance about retail – does that exclude tourism-related services, like tours, or can they originate from that site?

A: Dock support is more than people moving across – it's for container vans and moving heavy equipment across there. We tried to protect as much waterfront as possible for whatever develops. As for tourism-related services, it's going to depend on each lease. If it's a private company providing transportation for visitors, they could do tours. People who sell tours to people as they disembark the ships could still do that – clearly, that's what the ships, passengers, and tour companies want. That will be worked out if this goes forward.

Q: I'd like to thank you for your help with these zoning concerns – that helps sustain our current small businesses. Can you talk about the future possibilities for bulk water industry here?

A: True/H2O is the name of the new company – they have every intention of shipping bulk water out of here. It's not really being done anywhere at this point yet. But if you Google water shortages, you'll see all sorts of info about the need to move water around the globe, that shortage situations are worsening. We could have a bulk water pipeline coming down to the dock, under the road – a 42" high density line which will partly serve NSRAA hatchery, and also available for bulk water shipment. It will take some time to see if it develops, but there's every indication there's an opportunity for it to. We're working through shipping, supplying – there are issues on the receiving end too, of course.

A: We also have water rights from the state and back from the pulp company – not many communities have those rights.

A: The next bulk water contract goes to ass on 9/26

A: Stats on bulk water are included in the packet.

A: We can support the suppliers here – and we're relying on them to determine if there is a market for this. We had 1/2 dozen inquiries in the last year – why are they coming to us? One thing we have is an abundant supply of high-quality water close to the shore.

We're all realistic, maybe even a bit pessimistic about this working, but I think we would have sent some out already if we had a hose down there too. I've come to believe we have some kind of market advantage here.

Q: I'm trying to see how your plans could affect tourism in Sitka. I look at AML's barge landing and it looks like a couple million dollars of infrastructure. When I think about loading a tanker, I think the way more liquid bulk is handled is with hose and dolphins – the only thing you need a deep-water dock for is heavy freight. Nothing you've mentioned so far couldn't be handled more economically by putting in a couple of dolphins and a hose and do the same thing. You wouldn't need \$10 million wharf to do that.

A: I'm sure there have been many options looked at – this one seems the most desirable at this point. I'm sure there's a way to do it for less – there always is; but this provides the best broad uses at this point.

A: If you wanted to specialize in just one market, there's a cheaper way to do bulk water, cheaper to do just cruise passengers, etc. But this dock gives flexibility – it can accommodate all the uses we've imagined for the future.

Q: What sort of info do you have about possible conflicts as far as loading time for freight if the dock's under contract giving privileges to cruise ships?

A: We'll have to do some scheduling to accommodate all uses – docks operate 24 hours/day, it would be possible to load smaller loads after the ship leaves. There's potential for conflicts, but if there are conflicts, it means there's lots of business out there. I'm sure we will need some real planning and management for the summertime.

A: A pipeline would be capable of pumping 25,000 gallons per minute – it could load quickly.

Q: When you consider future ideas of water, do you take into account potential water shortage from a drought?

A: There's a diagram called the "rule curve" for Blue Lake, which shows over time how it rises and falls and determines an average curve level. CBS has to operate above the curve. If we're short of water for any reasons, priority goes to the city and all contracts have clause that they'd get cut in that situation.

Q: You've considered having the city build a dock – it seems CBS would be more in line to profit from use. The price tag on building the dock is \$6.9 million – is there any Stevens money left? Have you looked at any funding scenarios?

A: I don't know about Stevens money, but ironically, the cruise ship head tax that was just passed would cover it, but to use that money, you'd have to tie up a cruise ship.

Q: I'd assume anyone who bid on it would see it as profit making venture. Why doesn't the city bid?

A: We received only one response to the RFP, and that entity hasn't come back to table. The cash flow probably isn't great. We've been looking – the only feasibility we see is to have grants or transportation money pay for it. In looking at other options...we need to do it and not have it cost taxpayers, then service the debt from revenues.

Q: Do you have a sense of tourism-related activities that might originate from Herring Cove? Any plans?

A: Herring Cove Marina has not gone farther than this development plan. We even had a website, but there wasn't strong enough response. There's no infrastructure, no sewer, no power; development costs are high.

Q: Is there enough electricity for projected plans? Do you need more hydroelectric power?

A: An electrical project done in 2002 put 7000 megawatts out there – there's lots of juice. We don't have any plans to plug in a ship like they do in Juneau; the dock won't use a lot, so right now we're all right.

A: In the short term, it will actually be more beneficial because we'll more fully use the power that's there.

Q: The multi-purpose dock – will it be able to handle the mega-ships that they're building now?

A: It can handle the current biggest ones that come here now. Megaships are also limited by getting through the Panama Canal.

Q: You have a grant for \$1.9 million to build the dock – how does the Sitkans for a Clear Vote initiative affect you in getting that money?

A: The assembly is authorized to gather that money. If you read the SFCV initiative, it's about disposing land for a dock; it doesn't talk about needing a public vote for the city to build if it so chooses. The money is on the way, the city may choose to use it to build a portion of the dock, and see what happens after that. If the money were used in conjunction with a private company, it could be limited by that vote. But if the city builds, it's not.

One week from tomorrow night (Sept 19) at the Senior Center, SEDA is going to give another presentation about the ballot initiative at 7:00.

Q: This is an industrial area, and the future you're envisioning is industrial – why not limit your focus to that? It feels like you're giving us mixed messages. If a private cruise-related company builds the dock, then they run it and industry is on the back burner. Why aren't you looking at other possibilities?

A: We haven't been able to do a feasibility study without a tenant. The reason it's multi-purpose is because the most immediate source of funding is the cruise industry. That's all we've been able to come up with at this point that is feasible. If bulk water would become a reality, everything would change.

A: A cruise ship dock use is an industrial dock use – it's usual that they would share, it's just a scheduling issue. True Alaska said they'd be so excited to see this dock built because they could pay the going rate and schedule their departures around the ships.

Q: How many bulk water transportation facilities are there in the world?

A: I don't know. A few, but not a lot.

Q: Have you tried to use those as a model?

A: We've not tried to solve this economic question – it's beyond our capacity. We've left it up to potential customers. We have not addressed the issue of whether bulk water is saleable across great distances, etc.

Q: What do you consider a family wage? And the jobs out there now – do they pay a family wage?

A: I don't have that answer – we're just trying to get the most best-paying jobs that we can. Some are not that high-paying, but they are jobs. I can't tell you what a family wage it. But to have enterprise, there will be a mix of wages.

Q: Next year, they predict we'll have 40,000 less cruise passengers. Would the dock implementation assist in stabilizing cruise traffic to Sitka? What is the length of contract with the cruise industry?

A: That's an interesting question – we hear lots of focus on the negative impacts. This group might want to address potential positive impacts of the dock. Studies done by McDowell show lightering alone is a disadvantage – a community that lighters only is going to be the last choice port of call if others are available. This might be an advantage to maintaining a certain level of tourism. We have not entered any negotiations with cruise ships at this point. Our approach is shifting from believing that the only way to fund is private enterprise to starting to talk about how to fund the dock through the city without raising taxes. Discussions with cruise lines would be appropriate if that's the way we're going to go, but we're not going that way.

Q: What would the contract have been with SE Stevedoring?

A: There was some talk, it would have been fairly long-term, but different if it's a city-owned...haven't really explored the length of contract.

Q: What are your current projects or hopeful timeline from today to completion of dock, and next steps in your process?

A: We'll need to figure out what to do with \$1.9 million soon. The upcoming vote muddies the water a bit. The Assembly needs to make some policy calls – we can advise, but ultimately it's their decision.

Q: Re: cruise ship port calls – one thing we struggle with is having a lot of ships on one day, and not many on others. I've heard the dock might even out those days, that the ships might adjust their schedules if there's a day when the dock is available.

A: I don't know if we could claim that at this point. Their schedules are key to turnaround points, departure times, etc. Don't know if the dock would actually even that out.

Q: What's the advantage of a ship tying up at a dock as opposed to lightering – isn't it more expensive?

A: It's about the passengers – some find lightering adventurous, but the majority would rather walk off, and more may leave the ship and come to shore if they can just walk off. Ships benefit from passengers going on shore excursions, so even though it costs more to tie up than to lighter, they want to get more people off the ship.

A: Also, the captains and the insurance companies like it better when the ship isn't relying solely on the anchor – it's better to be tied up.

Q: I've heard that if ships don't stop in Sitka, they can make an extra trip, shorten their trips, etc. Therefore Sitka better have something special so the ships keep coming here. Isn't that what we should be looking that and not worry about whether or not, if they will, etc.?

A: Yes, it should be. We are out of the way from the other communities.

Matthew goes through the debriefing questions to determine if this topic is closed. Everyone understands what's been presented and accepts the report that they've given. One person points out that depending on the length of our process and what's happening at SMC, the information about it might change. He suggests the Stakeholders stay abreast of what's happening out there, especially in a post-election situation – it will be helpful for us to know if anything changes in next couple of months.

Hugh encourages everyone to watch Assembly meeting on 26<sup>th</sup> – to hear about the transportation study results. The SCIP board tells the SH that their meeting notes are available publicly, and their meetings are advertised and open to the public.

Q: There was a question that I'm not sure it was answered – about whether the costs have been estimated for building a dock that wouldn't service a cruise dock. But maybe this comes out next week when SEDA presents at the Senior Center – maybe info from that meeting can come back to this group.

Matthew comments that this raises some interesting questions for this group about keeping up-to-date and being relevant – that we need to think strategically about phrasing things in the plan so they're relevant for future changes and yet moving this process forward.

Hugh comments that one thing that could make a huge difference is that the 1.9 million is federal money and it needs an environmental assessment – this might make it more complicated.

The SH agree to give Business O a Red Dot and close the topic.