



**BOARD OF DIRECTOR'S SPECIAL MEETING AGENDA**

**WEDNESDAY, FEBRUARY 26TH, 2025 3:00 PM**

**Harrigan Centennial Hall Room 6, 330 Harbor Drive**

**Regular Meeting**

- A. Call to Order Acknowledge
- B. Roll Call Acknowledge
- C. Changes/Additions/Deletions to Agenda Change/Add/Delete
- D. Persons To Be Heard *(For items OFF the agenda - not to exceed 3 minutes)*
- E. Unfinished Business
  - 1. GPIP Haul Out Project Update Discussion/Recommendations
- F. New Business
  - 1. GPIP Haul Out Operations - Highmark Proposal Discussion/Recommendations
  - 2. GPIP Marine Vessel Shipyard Facility Use Agreement Discussion/Recommendations
- G. Persons To Be Heard *(For items ON or OFF the agenda - not to exceed 3 minutes)*
- H. Adjournment

**The Mission**

**It is the mission of the Gary Paxton Industrial Park Board and management, by direction of the Sitka Assembly, to strategically develop the park in a fiscally responsible manner that maximizes its economic benefit to the community through creation of meaningful jobs in conformance with established community plans and policies.**



329 Harbor Drive, Suite 202  
Sitka, AK 99835  
Phone: 907-747-2660

Friday, February 21, 2025

## MEMORANDUM

To: Gary Paxton Industrial Park (GPIP) Board of Directors  
From: Garry White, GPIP Director  
Subject: GPIP Haul Out Development Discussion/Direction

### **Introduction**

The GPIP Board and CBS are in the process of developing a vessel haul out and shipyard at the Gary Paxton Industrial Park. The CBS has been working on vessel haul out development concepts since the GPIP properties were acquired in 2000. The CBS obtained funding for the development of the haul out facility and shipyard via a public vote on October 4th, 2022 in the amount of ~\$8.18 million dollars. Further funding was obtained via a Denali Commission grant in July 2023 for \$1 million dollars for the purchase of equipment to lift vessels.

The Board held multiple public meetings since the October 2022 vote to discuss and develop a Project Charter that outlines the project goals and scope of work for Phase 1 of the haul out development. Phase 1 of the Project Charter scope (attached) addresses the steps needed for the waterfront development to allow vessels to be haul out of the water.

The design includes a 150-ton vessel lift and other various components for the haul out to operate. The design includes an ability to expand the haul out facility to a 300-ton vessel lift in the future.

More information about the GPIP Vessel Haul Out Development Project can be found at the following link:

<https://www.cityofsitka.com/departments/PublicWorks/GPIPHaulOut>

### **Background**

The CBS has repeatedly included marine haul out infrastructure requests in both its Federal and State Legislative Priorities. The CBS recently applied for a USDOT Grant in 2020, 2021, 2022 and plans to apply for future grant opportunities.

The CBS has released multiple Request for Proposals (RFP) for private sector development of a haul out at the GPIP since 2009. None of the private sector development proposals moved forward due to multiple reasons, including the cost of construction.

On October 4th, 2022, the citizens of Sitka voted to appropriate ~\$8.18 million dollars from the Sitka Permanent Fund for the development of a haul out and shipyard at the Gary Paxton Industrial Park (GPIP).

### **Fiscal Note**

Total funding allocated for this project is \$10,131,040 (\$8,181,040 from the proceeds of the sale of the Sitka Community Hospital property, \$100,000 appropriated towards the development in 2021, \$1 million dollar grant from Denali Commission, and an additional \$850,000 appropriated by the Assembly in 2024). The Assembly approved an appropriation for Phase I estimated costs of the based bid items in the amount of \$8,187,000 at its July meeting.

To complete the additive alternative items remaining in phase 1 an estimated ~\$6 million will be needed based off a past estimates. New cost estimates are being researched due to increased cost of construction. With no readily available municipal source of working capital to fund the additive, alternate items of Phase 1, grant-funding opportunities are the most likely funding source. It is important to note that if the funding source is federal, there may be some added cost related to federal funding restrictions. Cost estimates for Phase 2 of the project have not been fully developed but estimated to be in the \$18 million dollar range.

## **Developmental Updates**

### **Project Construction**

The attached Project Cover Sheet outlines project scope of work, budget and key milestones.

Recent developments include the following:

- The CBS was awarded its environment permits to start in-water construction on November 20<sup>th</sup>. Western Marine began driving pilings on November 21<sup>st</sup>.
- All pile driving has been completed. Six sets of piles are in place.
- Concrete panels are in place and are awaiting warm temperatures to finalize grouting.
- Fill, armour rock, and excavation for utilities are awaiting warmer temperatures.
- Construction of wash down pad is awaiting warmer temperatures.
- The Travelift machine is being constructed and is still on schedule for a March 2025 delivery.
- Project completion has been delayed due to weather conditions with a completion date estimated until mid-April.

### **Action**

- GPIP Board discussion on vessel haul out development updates.

**PROJECT COVER SHEET – Updated 2/20/25**

Project Title/ Number: GPIP Vessel Haul-Out Development – Phase 1

Project Manager: Michael Harmon Project Sponsor: Garry White

Project Description: Planning, Environmental Permitting, Engineering Design, and CMAR Construction of Phase 1 Improvements including a 150-ton haul-out pier, wash-down pad, water treatment, and 150-ton boat hoist at Gary Paxton Industrial Park, Sitka, Alaska.

Design  
 Construction  
 Other

Project Charter Available?  Yes  No

Project Status: <i>(highlight green, yellow, red)</i>		
<b>Scope</b>	<b>Schedule</b>	<b>Budget</b>

Milestones:	
<p align="center"><u>Recently Completed</u></p> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> 04.26.23 Site No. 2 Selected by GPIP BOD</li> <li><input checked="" type="checkbox"/> 07.25.23 Assembly Adopted Concept 4</li> <li><input checked="" type="checkbox"/> 01.15.24 Environmental Permit Applications</li> <li><input checked="" type="checkbox"/> 04.16.24 Travel Lift Bid (March Delivery)</li> <li><input checked="" type="checkbox"/> 04.18.24 WMC CMAR Contract Executed</li> <li><input checked="" type="checkbox"/> 05.24.24 65% Design Complete</li> <li><input checked="" type="checkbox"/> 07.02.24 Final Design &amp; Fixed Construction Price</li> <li><input checked="" type="checkbox"/> 11.21.24 Permits Acquired and Construction Start</li> <li><input checked="" type="checkbox"/> 12.17.24 GPIP/Assembly Meetings added Washdown and Contingency Funds</li> </ul>	<p align="center"><u>Upcoming</u></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Q4 '24 :April 2025: On-Site Construction</li> <li><input type="checkbox"/> 1.31.25: WMC completed in water work piles and concrete panels set and mobilized out of town.</li> <li><input type="checkbox"/> K&amp;E has completed 80% of the fill, amour rock is set, and drainage structures are in place.</li> <li><input type="checkbox"/> 3.30.25 K&amp;E to complete sewer lift station and associated connection and electrical service</li> <li><input type="checkbox"/> 3.15.25: Boat Hoist Delivery</li> <li><input type="checkbox"/> 4.30.25 Hard Rock to complete concrete and grouting.</li> <li><input type="checkbox"/> 4.30.25: Complete added Washdown Pad</li> </ul>

Project Budget:	
<b>Phase 1 - Estimated Total Project Cost</b>	<b>\$9,781,040</b>
General Fund Working Capital	\$8,444,565.00
GPIP Working Capital	\$350,000
Grants	\$1,000,000.00
Other PSMFC	\$336,475
<hr/>	<hr/>
<b>Total Funded</b>	<b>\$10,131,040</b>
<b>Phase 2 Funding Gap</b>	<b>\$23,894,117 GPIP Fund</b>

Contract Management: (list all contracts anticipated on the project)			
<u>Contractor/Function*</u>	<u>Type**</u>	<u>Amount</u>	<u>% of Project</u>
PND –Preconstruction, Permitting, Design & Const. Services	T&M/LS	\$1,415,967	14%
Western Marine Construction (WMC)	CMAR	\$6,179,362	61%
Kendrick Equipment (Marine Travelift Purchase)	LS	\$1,377,800	14%
PND - Specialty Inspection Services (Future Procurement)	T&M	\$127,256	1.3%
CBS Indirect Cost & CBS Permits (\$71k spent thru Aug.)	Payroll	\$149,282	1.5%
Electrical Dept. Power Service (Future Procurement)	T&M	\$31,373	0.3%
WMC - Added Concrete Washdown Pad	LS	500,000	5%
Current Construction Contingency	-	\$350,000	3%

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**General Comments:**  
 The construction start was delayed due to federal permits not being executed on the timeline committed by the agencies. Shipyard operations is not part of this project charter and are a separate development process.

**Key Milestones: 2/20/25 UPDATE**

Key Tasks & Milestones	Start Date	End Date
1. Project Charter Approval: The Project Charter is brought to GPIIP Board for approval.		11/21/22
2. Project Budget Appropriation Assembly	11/8/22	11/22/22
3. Prepare RFQ for PM services Port Planner SME	11/17/22	12/8/22
4. Advertise PM/Port Planner RFQ	12/12/22	2/1/23
5. Selection of PM/Port Planner/Engineer- PND	2/2/23	3/6/23
6. Contract Execution/NTP for PM/Port Planner/Engineer	3/7/23	3/29/23
7. Planning, Surveying, Public Involvement Process, Concepts, Costs, Preferred Alternative, Final Basis of Design & Charter Scope	4/3/23	7/31/23
8. Geotechnical Invest. - Work Plan, Driller Contract, Drilling Permits, Fieldwork, Analyses & Geo Report	5/22/23	01/31/24
9. Concept Rescoping due to Geotech Findings	10/1/23	11/15/23
10. Biological Assessment, IHA & Environmental Permit Applications	5/22/23	01/15/24
11. Regulatory Consultations, Permit Reviews and Authorizations	7/15/23	11/21/24*
12. 35% Preliminary Design	11/15/23	3/1/24
13. Prepare CMAR RFP	11/15/23	2/06/24
14. CMAR Solicitation & Contract Execution	1/15/24	4/18/24
15. PND 65% Design Develop w/ WMC, CBS & GPIIP	4/01/24	5/24/24
16. WMC GMP Development	4/01/24	6/3/24
17. Ph 1 Scope Refinement, Finalize GMP & WMC CO	6/04/24	6/18/24
18. PND Final Design & Stamped Construction Docs	6/18/24	7/16/24
19. Material Procurement	6/18/24	12/1/24
20. On Site Construction	11/21/24	4/30/25*
21. Secure Operator for 2025 Season	3/15/24	3/15/25*
22. Procure 150T Boat Hoist	12/1/23	3/15/25*
23. Haul Out is Operational		5/30/25
* Critical Path Items- Environmental Permitting has delayed construction originally planned to start 10/15/24		
Milestones for Phase 2 TBD once funding is secured:		
Need to masterplan uplands during the development of Phase 1 to apply for grants and position this phase to proceed.		
Environmental permitting will likely need to be redone once this phase is better defined through a masterplan and funding is available.		



329 Harbor Drive, Suite 202  
Sitka, AK 99835  
Phone: 907-747-2660

Monday, February 17, 2025

MEMORANDUM

To: Gary Paxton Industrial Park (GPIP) Board of Directors  
From: Garry White, GPIP Director  
Subject: GPIP Haul Out Operations – Highmark Marine Fabricators LLC Proposal

**Introduction**

The GPIP Board has been discussing the operations of a haul out and shipyard facility at the GPIP over the past few years. The GPIP Board chose to investigate a private sector operation for the haul out and shipyard. The GPIP Board met on July 18, 2024, and approved the attached Request for Qualifications (RFQ) for a Marine Vessel Haul Out and Shipyard Operations at the Gary Paxton Industrial Park.

The RFQ requested qualifications from experienced firms or individuals to operate a marine vessel haul out and shipyard at the GPIP.

The RFQ requested individuals or firms that have qualifications in the following operations to submit their credentials.

- Vessel Lift Operations
- Vessel Wash-down Systems
- Vessel Movements
- Permits and Licenses

The goal was to find qualified operators and work with them to develop a detailed scope of work to be incorporated into a Request for Proposals (RFP) or Invitation to Bid (ITB) for operations of the haul out and shipyard.

The RFQ was released on July 25, 2024, with a submittal deadline of September 17, 2024. A non-mandatory pre-proposal conference was held on August 7, 2024. The CBS received two responses to the RFQ. City and Borough of Sitka (CBS) and GPIP staff met on September 20, 2024, to evaluate the responses and determine if Minimum Qualifications of Services were provided in each proposal. One proposal was determined to have provided the Minimum Qualifications of Services. Letters were sent to both entities, inviting one firm to continue with the process of providing input in the development of a detailed scope of work to be incorporated into a Request for Proposals.

The GPIP Board met on November 7<sup>th</sup>, 2024, and directed the CBS to move forward with the negotiations of a draft scope of services to be brought back the GPIP Board for review and recommendations.

The GPIIP Board met on December 17<sup>th</sup>, 2024, and approved the draft scope of services for the Marine Vessel Haul Out and Shipyard Operations at the Gary Paxton Industrial Park.

The GPIIP Board met on January 16<sup>th</sup>, 2025, and recommended approval of the draft Operating Agreement for the Marine Vessel Haul Out and Shipyard Operations at the Gary Paxton Industrial Park, and the Invitation to Bid, including all exhibits to be released to the qualified bidder. The CBS Assembly reviewed the documents and GPIIP Board recommendations at its January 28<sup>th</sup>, 2025, meeting and approved the release of the ITB and related exhibits.

A bid proposal from Highmark Marine Fabrication LLC (Highmark) was received on February 13<sup>th</sup> and is available for the GPIIP Board review and recommendations to the CBS Assembly.

Highmark's proposal is outlined below as well as an independent financial analysis of a CBS operated haul out shipyard facility.

### **Background**

The GPIIP Board and CBS have been working on vessel haul out development concepts since the GPIIP properties were acquired. The CBS has repeatedly included marine haul out infrastructure requests in both its Federal and State Legislative Priorities. The CBS applied for a USDOT Grant in 2020, 2021, 2022 and plan to apply for future grant opportunities. The CBS was awarded a Denali Commission Grant in 2023.

The CBS has released multiple Request for Proposals (RFP) for private sector development of a haul out at the GPIIP since 2009. None of the private sector development proposals moved forward due to multiple reasons, including the cost of construction.

On October 4<sup>th</sup>, 2022, the citizens of Sitka voted to appropriate ~\$8.18 million dollars from the Sitka Permanent Fund for the development of a haul out and shipyard at the Gary Paxton Industrial Park (GPIIP).

### **Highmark Marine Fabrication LLC Proposal**

Attached is Highmark's proposal regarding different fees associated with operating the haul out and shipyard. If approved, the fee schedule will be packaged together in a final Operating Agreement for the Marine Vessel Haul Out and Shipyard Operations at the Gary Paxton Industrial Park, including the proposed Scope of Services (attached).

- Section A of the proposal outlines the proposed fees charged by the operator to Lift, Block, and Launch vessels.
- Section B of the proposal outlines the proposed fees charged by the operator for Dry Dock Space, Hang Time, and On-site Storage.
- Section C of the proposal outlines the proposed fees charged by the operator for Utilities, Equipment Rental, and Waste Disposal.
  - This section addresses pre-approved vendors and fees. CBS and GPIIP staff have created a proposed GPIIP Marine Vessel Haul Out and Shipyard Facility Use Agreement based off a similar document used by the Wrangell Marine Service Center. The Facility Use Agreement will be discussed in a separate agenda item.

- Section D of the proposal discusses the proposed use of Building 4690 in the GPIP and proposed lease fee for the warehouse space.
- Section E of the proposal discusses owner compensation for the operator’s use of the haul out property and costs to the CBS associated with the “Owners Responsibilities” as outlined in Section 9 of the draft Operating Agreement between the CBS and Highmark.
  - Per section 9 of the draft Operating Agreement, the CBS will be financially responsible for the following:
    - All parts, material and consumable for maintenance and operation of the facility.
    - Replacement and maintenance of haul out and shipyard equipment.
    - Major repair work to the facility.
    - Shipyard property grading and major snow removal.
    - Phase I environmental assessment.
    - Annual environmental reporting.
    - 150-ton Marine Travel Lift certifications.
  - Estimated annual costs the CBS for “owners responsibilities” is \$80,000 annually
    - ~\$48,000 budgeted for Annual Facility Equipment Repair and Maintenance
    - ~\$8,000 budgeted for Annual Building Maintenance.
    - ~12,000 budgeted for Annual Environmental Reporting
    - ~\$150,000 budgeted for Phase I Environmental Assessment
      - Cost over 5 years = \$30,000 Annual

*(Note: ~\$80,000 annual cost for “Owner’s Responsibility would require an increase of roughly \$5.52/ft per lift considering 345 vessels lifted annually at an average length of 42 feet.)*

**City and Borough of Sitka Operated Haul Out and Shipyard Facility**

The CBS hired an outside consulting firm, Alaska Tactical Solutions, to complete a financial analysis of a city operated haul out and shipyard. The financial analysis was completed by analyzing data from CBS records, comparable shipyard operations, and public available financial reports from similar facilities in Alaska. Additionally, the consultant interviewed subject matter experts that had operated the former Halibut Point Marine Services operation in Sitka to gain a better understanding of financial assumptions and historic operations.

Please find the attached GPIP Marine Shipyard Financial Analysis Executive Summary.

The executive summary contains a “Base Scenario” that looks at the haul out and shipyard operations as a stand-alone enterprise fund. The financial analysis uses comparable rates charged in Wrangell; \$17.50/ft, plus the \$1.16/ft environmental fee charge by Wrangel for lifting a vessel. It also considers the \$0.50/ft/day charge for dry dock space. The financial model predicts a \$2,488,823 dollar loss over three years. (The detailed analysis is included in the report).

The executive summary also contains a “Breakeven Scenario” that additionally looks at the haul out and shipyard operations as a stand-alone enterprise fund. Dry dock charges remain the same (\$0.50/ft/day), but the lift fees are adjusted to have the enterprise fund breakeven. One scenario includes accounting for depreciation or replacement value of the haul out and shipyard assets. The other scenario does not include accounting for depreciation or replacement value. The depreciation financial model suggests a fee of \$65.17/ft to achieve breakeven profit and loss of



\$0. The no coverage of accounting for depreciation suggests a fee of \$44.16/ft. The CBS would have to find other ways of financing for haul out and shipyard assets replacements. (The detailed analysis is included in the report).

### **Highmark Fee Proposal Compared to CBS Breakeven Fee Analysis**

*(Note: Fee comparison does not include fee coverage for cost associated with CBS Owner's Responsibilities.)*

#### ***Estimate Costs of hauling a 42-foot vessel with a 2-day yard stay***

##### 1. CBS Operated Yard Financial Analysis Considering Accounting for Depreciation

- Lift fee -  $\$65.17/\text{ft} \times 42' = \$2,737.14$
- Environmental Fee -  $\$1.16/\text{ft} \times 42' = \$48.72$
- Yard Fee –  $(\$0.50/\text{ft} \times 42') \times 2 = \$42.00$

Total Fee = \$2,827.86

##### 2. CBS Operated Yard Financial Analysis Considering No Depreciation Accounted

- Lift Fee -  $\$44.16/\text{ft} \times 42' = \$1,854.72$
- Environmental Fee -  $\$1.16/\text{ft} \times 42' = \$48.72$
- Yard Fee –  $(\$0.50/\text{ft} \times 42') \times 2 = \$42$

Total Fee = \$1,945.44

##### 3. Highmark Marine Fabricators Proposed Fees

- Lift Fee -  $\$26.50/\text{ft} \times 42' = \$1,113$
- Environmental Fee -  $\$1.70/\text{ft} \times 42' = \$71.40$
- Estimate Fee for Travel Strap Set Up - \$130 in T, M, E
- 1-hour Washdown - \$100/hour
- Yard Fee -  $\$1.80/\text{ft} \times 42' = \$75.60$

Total Fee = \$1,490.00

### **Governance Model Pros and Cons (Private Operated versus Municipal Operated)**

##### 1. Fee Structure of Operations

- Both models require CBS Assembly approval of fee structure

##### 2. Public oversight to allow for fair and equitable use of the facilities of all users

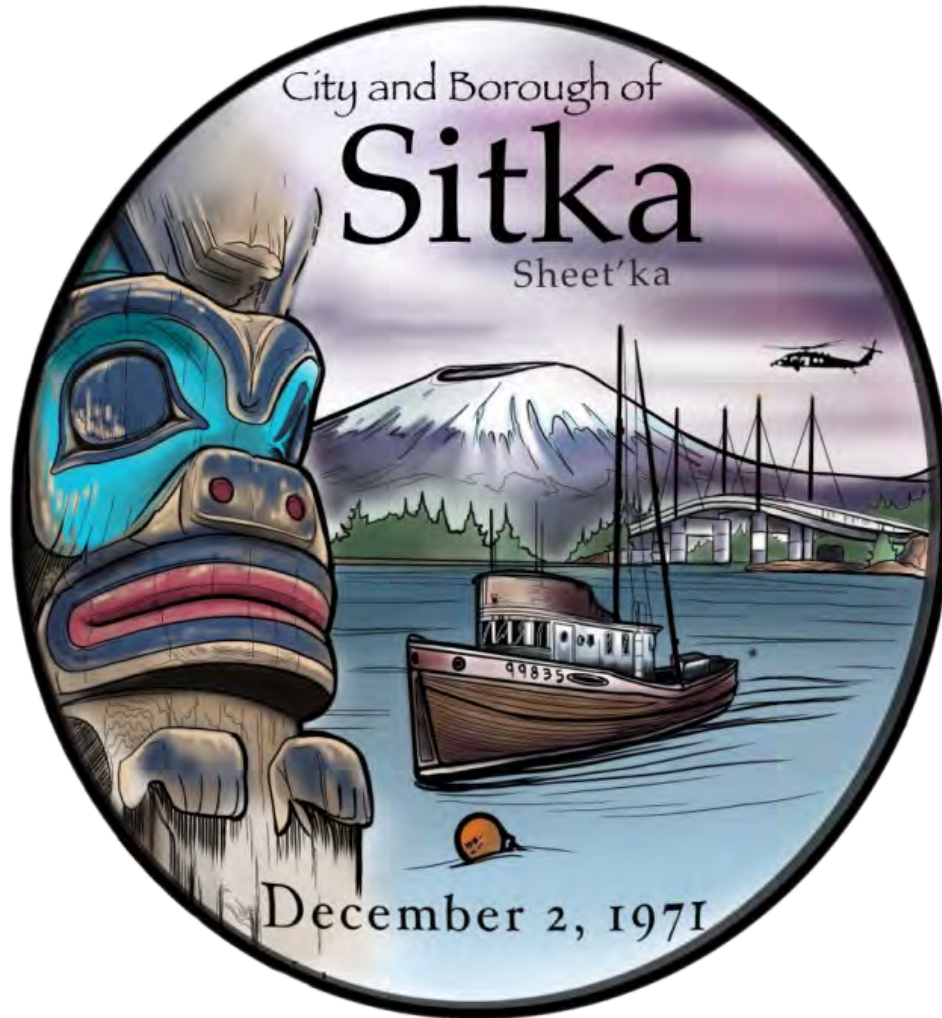
- Both models require and “Open Yard” concept. All vessel owners will be allowed to work on their vessels and hire any approved vendors to conduct vessel work.

##### 3. Environmental Risks

- Both models require the CBS to monitor environmental risks. The Facility User Agreement must be signed by all users of the facility and agree to abide by Best Management Practices.
4. Efficiency of Operations
    - There is a potential for a private operation to operate more efficiently due to private operator being incentivized by profit to conduct more business.
  5. Start of Operations
    - Both models will require the acquisition of materials and the hiring of employees to operate the facility.
    - Private operations have the ability to move faster than municipal hiring requirements and procurement processes.

**Action**

- GPIIP Board discussion and recommendations on the Highmark Proposal for Haul Out and Shipyard Operations.



## **REQUEST FOR QUALIFICATIONS**

# **MARINE VESSEL HAUL OUT AND SHIPYARD OPERATIONS AT THE GARY PAXTON INDUSTRIAL PARK (GPIP)**

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# Introduction

The City and Borough of Sitka (CBS) is seeking qualifications from experienced firms or individuals to operate a newly constructed marine vessel haul out and shipyard at the Gary Paxton Industrial Park (GPIP). This facility is a key component of Sitka's maritime infrastructure, located in the scenic panhandle of southeast Alaska.

Sitka, encompassing an area of 2,870 square miles, is a unique and remote community accessible only by airplane or boat, with a population of approximately 8,500 residents. The local climate, characterized by an average annual precipitation of 131 inches and frequent overcast conditions, is a testament to the region's rich coastal environment.

The GPIP, situated around the 4500 block of Sawmill Creek Road, approximately 6 miles south of the town center, includes a deep-water dock and upland land available for lease, positioning it as a strategic location for maritime and industrial activities. As part of its commitment to enhancing the maritime capabilities of the region, the CBS is constructing a state-of-the-art vessel haul out and shipyard facility within the park, poised to significantly bolster Sitka's maritime services by incorporating a 150-ton vessel hoist, a pile-supported pier for the lift vehicle, a wash-down pad, and a graded gravel vessel laydown area.

## Selection and Award Stages:

The CBS invites qualified firms or individuals to submit their Statement of Qualifications (SOQ) to operate the haul out and shipyard. This solicitation will be awarded through a multistage development and selection process. CBS will review the proposer's SOQ and shortlist those who meet the minimum qualifications to move forward to the next stage in providing input in the development of a detailed scope of work to be incorporated into a Request for Proposals (RFP). Each prequalified proposer will then be invited to submit a price-based proposal that meets the minimum scope of the RFP and the proposer with the best value or low bid may be considered for a final award of the work. If parties cannot come to terms on such an award, the RFP may be solicited to the general public or awarded to other proposers based on best value or low bid.

### Anticipated Schedule:

- **RFQ Advertised by City and Borough of Sitka:** July 25, 2024
- **RFQ Prebid Meeting:** Meeting to clarify the process and answer questions from potential bidders, August 7, 2024 @ Harrigan Centennial Hall, 330 Harbor Drive, Sitka, AK 99835
- **RFQ Response Deadline:** September 17, 2024
- **Prequalification Invitation to Participate in the RFP Development Process:** Formally invite RFQ Proposers who met the Minimum Qualified to participate in the development of RFP October 4, 2024
- **RFP Development based on input from Prequalified Proposers:** January 4, 2025
- **Invitation to Bid (ITB) to Prequalified Proposer Only :** January 14, 2025

- **ITB Deadline:** Responses Received from Prequalified Proposers: February 14, 2025
- **Completion of Evaluations and Issue Notice of Intent (NOI) to Award:** March 15, 2025
- **Recommendation for Approval of Operator Contract/Lease by GPIP Board:** March 25, 2025
- **Approval of Operator Contract/Lease by City and Borough of Sitka Assembly:** April 4, 2025

The CBS invites firms or individuals to submit their SOQ to demonstrate their ability to fulfill the operational requirements of this critical infrastructure, contributing to the growth and success of the maritime sector in Sitka and the broader region. Further details, including the haul out and shipyard designs and proposed vessel lift specifications, are available on the City and Borough of Sitka's official website: <https://www.cityofsitka.com/departments/PublicWorks/GPIPHaulOut>.

## Minimum Qualifications of Services

Qualified Operators shall demonstrate their capacity to manage a comprehensive range of services essential for the effective operation of a marine vessel haul out and shipyard. Proposers are to focus on their resume of past experience running boat yards only and do not need to provide any specific information as to how they would run a yard in the future or any specifics about the Sitka Boat Yard. The purpose of the Statement of Qualifications (SOQ) is to determine if a proposer meets the minimum qualifications for past experience to be invited to participate in the development and bidding stages. Proposer's SOQ will not be ranked or scored relative to other proposers. It is a "pass or fail" determination to be considered prequalified to move forward. To meet the minimum qualifications proposers must demonstrate competency in services in the following areas:

1. **\*\*Vessel Lift Operations:\*\*** Demonstrated experience ensuring boat hoists of 100 tons or larger are operated safely, efficiently, and effectively and maintained to high standards for lifting and moving vessels within the shipyard.
2. **\*\*Vessel Wash-Down System:\*\*** Proven competencies in managing wash-down and drainage systems for cleaning vessels during haul-out including environmental permit administration and monitoring.
3. **\*\*Vessel Movement:\*\*** Proven competency and positive references in scheduling vessel and moving them to designated areas.
4. **\*\*Permits and Licenses:\*\*** Demonstrated ability to acquire all necessary permits and licenses to operate within local, state, and federal regulations.

The facility must operate as an 'open yard,' where the Operator does not have exclusive rights to provide vessel repair and maintenance services, except for those related to the vessel lift manufacturer.

## Submission of Statement of Qualifications (SOQ)

Applicants are required to submit their qualifications in a structured format that includes:

1. **\*\*Company Profile:\*\*** Including name, address, and contact information (2 pages maximum).
2. **\*\*Past Experience:\*\*** Detailing experience in similar projects (8 pages maximum).

3. **Financial Stability:** Including financial statements and business history.
4. **Relevant Certifications:** Any licenses or certifications pertinent to maritime operations.

## General Information

This section provides general guidelines and requirements for firms or individuals interested in submitting their qualifications for the Marine Vessel Haul Out and Shipyard Operations at the Gary Paxton Industrial Park. It outlines the submission process, key dates, contact information for inquiries, and other essential details.

The City and Borough of Sitka reserves the right to modify this Request for Qualifications (RFQ) at any time. The City and Borough further reserves the right to evaluate the SOQs in any manner the City and Borough deems appropriate.

The City and Borough of Sitka reserves the right to accept or reject any and/or all SOQs, to waive irregularities or informalities in the SOQs, and to negotiate a contract with the respondent that best meets the selection criteria.

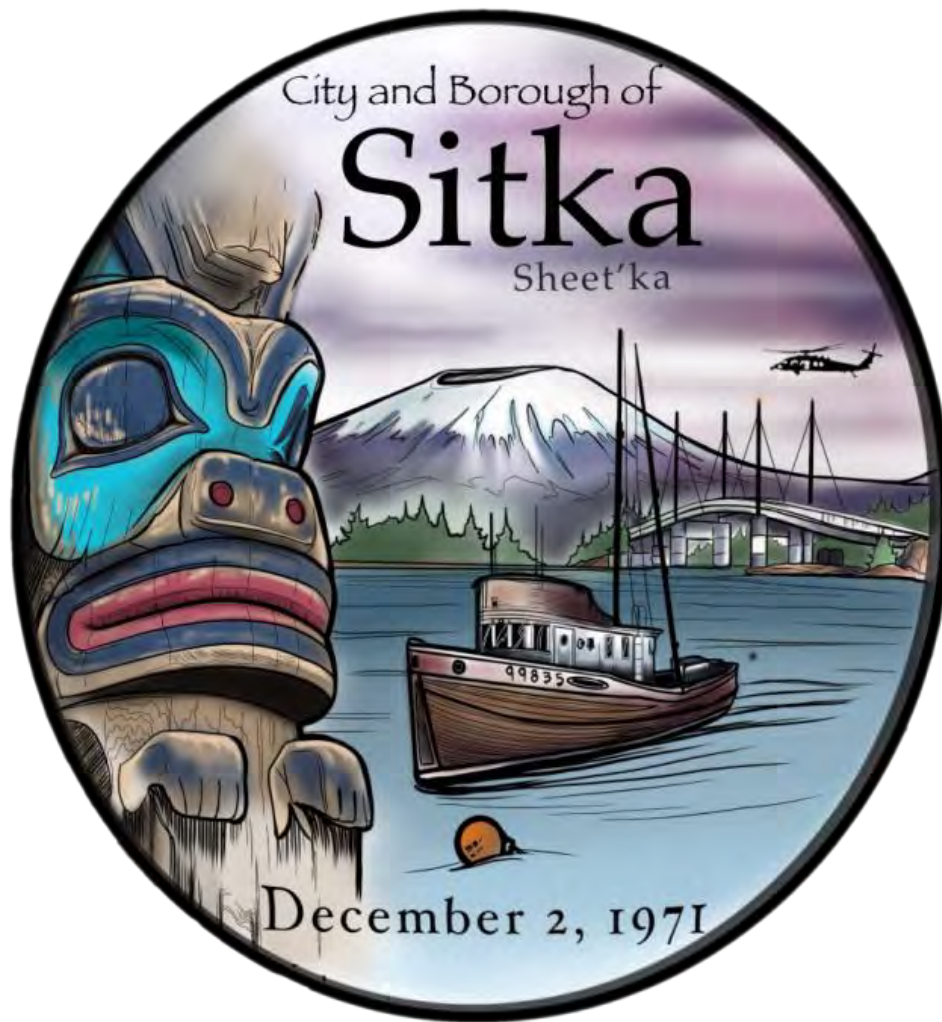
All Proposals received by the CBS in response to this RFQ are deemed property of the CBS and are subject to the Public Records Act. CBS, or any of its agents, representatives, employees, or consultants shall not be liable to the Proposer or individual participating in a Proposal, as a result of the disclosure of all or a portion of a Proposal under this RFQ. Any information contained in a Proposal that the Proposer believes constitutes proprietary or confidential, exempting the information from any Public Record disclosure shall be clearly designated. Blanket designations shall not be accepted.

All proposal information will be treated by CBS in a confidential manner during the evaluation and award activities and will not be disclosed to any person or entity not involved in the evaluation and award process until after contract award.

**Contact:** For questions or requests for additional information regarding this RFQ, please direct all inquiries in writing to: [GPIPHaulOut@cityofsitka.org](mailto:GPIPHaulOut@cityofsitka.org)

**Deadline for Receipt of Qualifications:** Qualifications shall be submitted via BidExpress.com, which is located on the CBS website at: [www.cityofsitka.com](http://www.cityofsitka.com) (click on **Bids and RFP** link, then **Bid Express**).

Qualifications must be received no later than 2:00:00 PM local time on **September 17, 2024**. It is the responsibility of the firm or individual to ensure timely delivery of the qualifications. Late submissions may not be considered.



INVITATION TO BID (ITB)  
FOR  
MARINE VESSEL HAUL OUT AND SHIPYARD  
OPERATIONS AT THE GARY PAXTON  
INDUSTRIAL PARK (GPIP)



## **Overview**

This is an Invitation to Bid (ITB) to operate a marine haul out and shipyard at the Gary Paxton Industrial Park (GPIP) on behalf of the City and Borough of Sitka (CBS).

The CBS is requesting bids from prequalified entities for the project described herein. The following subjects are discussed in this ITB to assist you in preparing your bid.

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- I. Appendices

#### **A. Introduction and Additional Information**

The City and Borough of Sitka (CBS) is seeking bids from prequalified firms or individuals to operate a newly constructed marine vessel haul out and shipyard at the Gary Paxton Industrial Park (GPIP). This facility is a key component of Sitka's maritime infrastructure, located in the scenic panhandle of southeast Alaska.

Sitka, encompassing an area of 2,870 square miles, is a unique and remote community accessible only by airplane or boat, with a population of approximately 8,500 residents. The local climate, characterized by an average annual precipitation of 131 inches and frequent overcast conditions, is a testament to the region's rich coastal environment.

The GPIP, situated around the 4500 block of Sawmill Creek Road, approximately 6 miles south of the town center, includes a deep-water dock and upland land available for lease, positioning it as a strategic location for maritime and industrial activities. As part of its commitment to enhancing the maritime capabilities of the region, the CBS is constructing a state-of-the-art vessel haul out and shipyard facility within the park, poised to significantly bolster Sitka's maritime services by incorporating a 150-ton vessel hoist, a pile-supported pier for the lift vehicle, a wash-down pad, and a graded gravel vessel laydown area.

Sitka has a significant marine customer base. All developers are encouraged to conduct their own due diligence regarding the proposed customer base.

A desired Operating Agreement for Marine Vessel Haul Out and Shipyard Operations is attached for your review as Appendix A.

## **B. Scope of Services**

The bidder agrees to perform Shipyard Services at and use the Facilities as set out in the Scope of Services/Facilities (Appendix B) in a prompt, efficient, prudent, and economical manner, including providing all clerical personnel, laborers, and supervision necessary to perform such Shipyard Services.

## **C. Insurance Requirements**

The selected bidder shall provide the types of insurance as outlined in Section 14 of Appendix A.

## **D. Facility Operations**

The selected bidder shall be responsible for the day-to-day operations of the Marine Vessel Haul Out and Shipyard. Bidder is expected to work closely with the CBS and the GPIIP Board to create a fully functional marine haul out service sector at GPIIP.

## **E. Relationship with CBS**

The selected bidder will be expected to maintain a working relationship with the CBS as outlined in Appendix A.

## **F. Bid Format and Content**

Please direct questions regarding this ITB to:

Municipal Administrator  
City and Borough of Sitka  
100 Lincoln Street  
Sitka, Alaska 99835  
907-747-1812  
[administrator@cityofsitka.org](mailto:administrator@cityofsitka.org)

### Bid Format

Bidders will provide pricing for detail services listed and any other additional fees it deems necessary to operate the shipyard on the Fee Schedule for Shipyard Services included as Appendix C.

Bids may be delivered either electronically by email to [administrator@cityofsitka.org](mailto:administrator@cityofsitka.org) or by mail to:

Municipal Clerk  
City and Borough of Sitka  
100 Lincoln Street  
Sitka, Alaska 99835

## **G. Schedule**

Bids will be accepted until 2:00 PM on February 13th, 2025. Late bids will not be accepted.

## **H. Evaluation Criteria and Selection Process**

Bids will be evaluated by the CBS on a best value approach.

CBS reserves the right to negotiate with any bidder, waive any informalities in the bids, and award the Marine Vessel Haul Out and Shipyard Operations agreement to the bidder that, in CBS's sole discretion, provides the best value for the Municipality. CBS also reserves the right to reject any or all bidders. At the conclusion of the bid period, CBS will notify both selected and non-selected bidders. Additionally, CBS will collaborate with the selected bidder to draft and enter into an exclusive agreement that aligns with the desired outcomes of this ITB.

## **I. Appendices**

Appendix A      Operating Agreement for Marine Vessel Haul Out and Shipyard Operations

Appendix B      Scope of Services/Facilities

Appendix C      Fee Schedule for Shipyard Services

Appendix D      GPIP Environmental MOU between the State of Alaska and CBS

**OPERATING AGREEMENT  
BETWEEN  
CITY AND BOROUGH OF SITKA  
AND  
HIGHMARK MARINE FABRICATION, LLC  
FOR MARINE VESSEL HAUL OUT AND SHIPYARD OPERATIONS**

The City and Borough of Sitka (“Owner”) desires the firm Highmark Marine Fabrications, LLC (“Contractor”) to Provide Marine Vessel Haul Out and Shipyard Operations. This Operating Agreement (“Agreement”) is made and entered into by and between Owner and Contractor in consideration of the mutual promises contained in this Agreement.

This Agreement also consists of:

Exhibit A – Scope of Services/Facilities – 3 pages, dated January 29<sup>th</sup>, 2025

Exhibit B – Fee Schedule for Shipyard Services, dated January 29<sup>th</sup>, 2025 (2 pages)

Exhibit C – MOU between the State of Alaska and City and Borough of Sitka Management Plan for Sawmill Cove Industrial Park

**SECTION 1. DEFINITIONS**

For the purpose of this Agreement, the terms used in this Agreement shall have the following meaning:

- A. “Owner” shall mean the CITY AND BOROUGH OF SITKA, Alaska.
- B. “Contractor” shall mean HIGHMARK MARINE FABRICATIONS, LLC, a Partner, Associate, or any other person acting for and/or on behalf of the firm HIGHMARK MARINE FABRICATIONS, LLC.
- C. “Owner’s authorized representative” shall mean the person set forth in Section 12 of this Agreement.
- D. “Days” shall mean calendar days.

**SECTION 2. TERM AND DURATION**

This Agreement begins **Month \_\_, 2025** and ends June 30, 2030. It will be automatically extended for up to five (5) one-year renewal terms provided Contractor’s performance is deemed acceptable and the terms of this Agreement are found to remain in the public interest following completion of an Annual Review by Owner. This Agreement may be extended beyond June 30, 2035 by the mutual written agreement of Owner and Contractor.

**SECTION 3. FACILITIES**

The Owner will make available to the Contractor certain equipment and adjacent property at

*Operating Agreement between the City and Borough of Sitka and Highmark Marine Fabrications, LLC  
For Marine Vessel Haul Out and Shipyard Operations.*

the Gary Paxton Industrial Park (GPIP), as depicted in **Exhibit A** to the Agreement (“Facilities”). The Owner shall have the right to make additions, alterations, or improvements to the Facilities which do not impede Contractor’s access to or use of the Facilities, except as required to perform necessary repairs to the Facilities.

#### **SECTION 4. SCOPE OF SERVICES**

The Contractor agrees to perform Shipyard Services at and using the Facilities as set out in the attached **Exhibit A** in a prompt, efficient, prudent, and economical manner including the provision of all clerical personnel, laborers, and supervision necessary to perform such Shipyard Services. The Contractor shall exercise independent judgment in performing its obligations and responsibilities under this Agreement in compliance with all OSHA regulations.

- A. Exclusive and Non-Exclusive Rights
  - 1. Contractor shall have exclusive rights to use of the 150-ton Marine Travel Lift (“Travel Lift”) twenty-four (24) hours per day, seven (7) days per week and up to **square feet** of Contractor storage.
  - 2. Contractor shall have non-exclusive rights to use of all other Shipyard Facilities. Such use shall be coordinated with Owner. Contractor shall not unreasonably hinder use of other Facilities by persons permitted by Owner to use other Facilities under the Owner’s “Open Shipyard” policy.
  - 3. Contractor shall have non-exclusive rights to use Owner’s real property at the Shipyard within the boundaries shown in **Exhibit A**. Contractor shall not unreasonably hinder use of Owner’s real property at the Shipyard by persons permitted by Owner to enter and occupy Owner’s real property at the Shipyard under Owner’s “Open Shipyard” policy. Contractor shall allow and coordinate other use of the Shipyard by vessel owners to maximize use of the Shipyard for its intended purpose.
- B. Services by Other Persons at Shipyard. A person other than Contractor may provide services at the Shipyard to vessel owners that do not require use of the Travel Lift. Contractor shall coordinate use of the Shipyard by others.
  - 1. Shipyard Services. Shipyard Services means lifting, launching, blocking, washing, lay days, hang time, and other services provided to Shipyard customers at rates set by Owner performed by Contractor at the Shipyard. Services provided by Contractor for ship repair or any business activity currently conducted by Contractor that is invoiced directly to the customer at rates set by Contractor are not Shipyard Services. Provision of utilities is a Shipyard Service. Provision of dry dockage space and on-site storage are Shipyard Services.

#### **SECTION 5. PERFORMANCE/ANNUAL REVIEW**

Contractor agrees to perform the work on a non-exclusive basis, when requested, as described in Exhibit A. On or before August 1 of each year during the initial or extended term of this Agreement, Owners shall provide Contractor a written statement of whether Contractor's performance during the previous calendar year has been acceptable and whether the terms of this Agreement have been found by Owner to remain in the public interest. If the Owner deems Contractor's performance not acceptable or that the terms of this Agreement do not remain in the public interest, Owner and Contractor shall negotiate in good faith for an amendment to the Agreement effective on the anniversary date of the initial term.

## **SECTION 6. CONTRACTOR COMPENSATION**

The Owner agrees Contractor may retain all payments made to Contractor for Shipyard Services and other services provided by Contractor to Shipyard users subject to Owner's Compensation required by Section 8 of this Agreement. Contractor is responsible for billing and collection of charges from vessel owners for Shipyard Services.

## **SECTION 7. RATES**

Rates Contractor must invoice for use of Facilities and Shipyard Services are identified in the attached **Exhibit B** and may be changed only upon approval of the Assembly of the City and Borough of Sitka. The Contractor shall be bound by any future modification or amendments to rates made by the Assembly. Rates for other services provided by Contractor to vessel owners may be set by Contractor. All such sums shall be charged against the vessel or cargo and shall be collected by the Contractor, and a portion thereof remitted by the Contractor to the Owner as required by this Agreement.

## **SECTION 8. OWNER COMPENSATION**

On or before the first day of each month during the initial or any extended term hereof, Contractor shall pay Owner \$\_\_\_\_\_. In addition to this fixed monthly payment commencing **Month 1, 2025** on or before the thirtieth day of each month during the initial or extended term, Contractor shall pay Owner a sum equal **XXXX percent (X%)** of the gross receipts of Contractor from all Shipyard Services received during the previous calendar month, including all utility expenses. Owner will invoice the Contractor monthly for all utility expenses. Such remittances shall be accompanied by appropriate itemized documentation.

## **SECTION 9. OWNER RESPONSIBILITIES**

- A. Owner shall provide all parts, materials, and consumables necessary for the maintenance and operation of the Facilities. Owner will designate an employee knowledgeable in the maintenance routine of the Shipyard to help transition service documentation and schedules for the Facilities.
2. If any replacement equipment is necessary due to excessive maintenance costs or major repairs, Contractor and Owner will come to an agreement in writing regarding either the

acquisition of new equipment or the use of Contractor equipment.

3. Owner will reimburse Contractor for all major repair work that falls outside general maintenance subject to prior approval in writing of the Municipal Administrator and Contractor on the scope and cost of the major repair work. For purposes of this Agreement, "major repair work" is repairs whose estimated costs exceed ten thousand dollars (\$10,000.00).
  - B. Owner will make available all utility connections, however, Contractor shall be responsible for all Shipyard utilities. This includes all water, sewer, electricity, and fuel necessary for the operation and maintenance of the Facilities.
  - C. Owner shall be responsible for Shipyard property grading and major snow removal.
  - D. Owner will complete a Phase I environmental assessment within sixty (60) days of commencement of this Agreement.
4. Owner shall be responsible for preparing all annual environmental reports on the Shipyard wastewater system and submitting the reports to the State of Alaska Department of Environmental Conservation.
  - E. Owner shall be responsible for the 150-ton Marine Travel Lift Certification.

#### **SECTION 10. RELATIONSHIP OF PARTIES**

Contractor shall perform its obligations under this Agreement as an independent Contractor of Owner. Owner may administer the Agreement and monitor Contractor's compliance with its obligations. Owner shall not supervise or direct Contractor other than as provided in this section.

#### **SECTION 11. ASSIGNMENTS**

Unless otherwise allowed by this Agreement or in writing by Owner, any assignment by Contractor of its interest in any part of this Agreement or any delegation of duties under this Agreement shall be void, and any attempt by Contractor to assign any part of its interest or delegate duties under this Agreement shall give Owner the right immediately to terminate this Agreement without any liability for work performed.

The Owner reserves the right to approve all subcontractor contracts.

#### **SECTION 12. DESIGNATION OF REPRESENTATIVE**

The Parties agree that, for the purposes of this Agreement, the Owner shall be represented by and may act on through the Municipal Administrator or such other person as he/she may designate in writing.

### **SECTION 13. DEFAULT AND TERMINATION**

The Owner may declare a default hereunder and terminate this Contract, in addition to exercising any other available remedy, upon the occurrence of any of the following:

- A. The failure of the Contractor to pay any sum of money due under this Agreement within ten (10) days after the due date.
- B. The failure of the Contractor to perform or observe any covenant or condition of this Agreement, other than a default in the payment of money, which is not cured within thirty (30) days after notice thereof from the Owner to the Contractor, unless the default is of a kind that may be cured, but not within such thirty (30)-day period, in which case no default shall be declared so long as the Contractor shall commence the curing of the default within such thirty (30)-day period and thereafter shall diligently and continuously prosecute the curing of same.
- C. The commencement of a case under any chapter of the Federal Bankruptcy Code by or against the Contractor, or the filing of a voluntary or involuntary petition proposing the adjudication of the Contractor as bankrupt or insolvent, or the reorganization of the Contractor, or arrangement by the Contractor with its creditors, unless the petition is filed or case commenced by a party other than the Contractor and is withdrawn or dismissed within ninety (90) days after the date of its filing.
- D. The admission in writing by the Contractor of its inability to pay its debts when due; the appointment of a receiver or trustee for the business or property of the Contractor, unless such appointment shall be vacated within ten (10) days after its entry; the Contractor making an assignment for the benefit of creditors; or the voluntary or involuntary dissolution of the Contractor.

### **SECTION 14. INSURANCE**

- A. Contractor shall at all times during the term of this Agreement, maintain in good standing the insurance described in Subsection B. Before rendering any services under this Agreement, Contractor shall furnish Owner with proof of insurance in accordance with Subsection B in a form acceptable to the Risk Manager for Owner; such proof of insurance shall be incorporated into this Agreement.
- B. Type of coverage (may include umbrella):
  - 1. Minimum Scope of Insurance
    - a. Commercial Marine Liability
    - b. Commercial Automobile Liability Insurance
    - c. Pollution Insurance



2. Minimum Limits of Insurance

Contractor shall maintain limits no less than:

- a. Commercial Marine Liability: \$1,000,000 combined limit per occurrence for bodily injury and property damage claims. The general aggregate limit shall be \$2,000,000.
- b. Commercial Auto Liability: \$1,000,000 combined single limit per accident for bodily injury and property damage.
- c. Pollution insurance: \$5,000,000 combined single limit per loss applicable to bodily injury, property damage, cleanup costs and defense. Coverage shall apply to sudden and non-sudden pollution conditions.
- d. Umbrella Liability Insurance: The Contractor shall procure and maintain during the life of this Agreement umbrella liability insurance, not less than \$5,000,000 combined single limit per occurrence and aggregate for bodily injury and property damage claims arising from all operations related to this Agreement.

3. Other Insurance Provisions

The policies are to contain, or be endorsed to contain the following provisions:

a. Commercial Marine Liability and Automobile Liability and Pollution.

(1) The City and Borough of Sitka, its officers, officials, employees and volunteers are to be covered as additional insureds as respects: liability arising out of activities performed by or on behalf of the Contractor, products and completed operations of the Contractor, premises owned, occupied or used by the Contractor, or automobiles owned, leased, hired or borrowed by the Contractor. The coverage shall contain no special limitation on the scope of protection afforded to the City and Borough of Sitka, its officers, officials, employees and volunteers.

(2) The Contractor's insurance coverage shall be primary insurance as respects the City and Borough of Sitka and its officers, officials, employees and volunteers. Any insurance or self-insurance maintained by the City and Borough of Sitka, its administrators, officers, officials, employees and volunteers shall be excess of the Contractor's insurance and shall not contribute to it.

(3) The Contractor's insurer shall agree to waive all rights of subrogation against the City and Borough of Sitka, its officers, officials, employees and volunteers for losses arising from work performed by the Contractor or any subcontractor for the City and Borough of Sitka.

b. Employer's Liability. The Contractor's insurer shall agree to waive all rights of subrogation against the City and Borough of Sitka, its Administrator, officers, officials, employees and volunteers for losses arising from work performed by the Contractor or any subcontractor for the City and Borough of Sitka.

c. All Insurance. Each insurance policy required by this Agreement shall be

endorsed to state that coverage shall not be suspended, voided, canceled by either party, reduced in coverage or in limits except after thirty (30) days prior written notice for nonpayment of premium or fraud on the part of the Contractor or sixty (60) days prior written notice for any other reason by certified mail, return receipt requested, has been given to the City and Borough of Sitka. Such notice shall be mailed by the Contractor's insurer(s) to the attention of the Municipal Administrator for the City and Borough of Sitka.

4. Acceptability of Insurers. Insurance is to be placed with insurers with a Best's rating of no less than A-: VII
5. Verification of Coverage. Contractor shall furnish the City and Borough of Sitka with approved certificates of insurance and with certified copies of all endorsements effecting coverage required by this clause. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. The certificates are to be on forms provided by the City and Borough of Sitka, or which meet industry standard (ACORD form). The City and Borough of Sitka reserves the right to require complete, certified copies of all required insurance policies, at any time.

#### **SECTION 15. IDEMNITY**

Contractor agrees to indemnify, defend, and hold the City and Borough of Sitka and its administrators, officers, agents, employees, volunteers and servants harmless from and against any and all claims, demands, actions, losses, expenses, and liabilities for, or related to, loss of or damage to property or injury to or death of any person relating to or arising or resulting in any way from the performance by the Contractor or any of its subcontractors under the Agreement, or the work or services provided or the condition or use thereof, regardless of any negligence of the City and Borough of Sitka or their respective agents or employees, excepting only such loss, damage, injury or death which results solely from the negligence or willful misconduct of the City and Borough of Sitka.

#### **SECTION 16. COPYRIGHTS AND RIGHTS IN DATA**

All documents produced under this Agreement are the property of Owner, including notes, drawings, reports and other technical information referred to as work products, except items which have pre-existing copyrights. Payments to Contractor for services include full compensation for all work products produced by Contractor and its subcontractors.

All such subject data furnished by Contractor pursuant to this Agreement are instruments of its services in respect to this particular project. It is understood that Contractor does not represent such subject data to be suitable for reuse on any other project or for any other purpose. If Owner reuses the subject data without Contractor's specific written verification of adaption, such reuse will be at the risk of Owner, without liability to Contractor. Any such verification of adaption requested in

writing by Owner at Owner's sole option will entitle Contractor to further compensation at rates agreed upon by the Parties.

#### **SECTION 17. RESPONSIBILITY OF CONTRACTOR**

At all times during Contractor's performance of services under this Agreement, Contractor shall possess and exercise the level of competence, knowledge and skill presently maintained by other practicing members of the profession in good standing in the same or similar localities.

#### **SECTION 18. COMPLIANCE WITH APPLICABLE LAWS**

Contractor shall, in the performance of the Agreement, comply with all applicable federal, state and local laws, ordinances, orders, rules and regulations applicable to its performance hereunder.

#### **SECTION 19. NONDISCRIMINATION**

- A. Contractor may not discriminate against any employee or applicant for employment because of race, religion, color, national origin, age, disability, sex, marital status, changes in marital status, pregnancy, or parenthood. The Contractor shall post in a conspicuous place, available to employees and applicants for employment, a notice setting out the provisions of this paragraph.
- B. Contractor shall state, in all solicitations or advertisements for employees to work on jobs relating to this Agreement, that all qualified applicants will receive consideration for employment without regard to race, religion, color, national origin, age, disability, sex, marital status, changes in marital status, pregnancy, or parenthood.
- C. Contractor shall include the provisions of Subsection A in every subcontract or purchase order under this Agreement, so as to be binding upon every such subcontractor or vendor of Contractor under this Agreement.
- D. Contractor shall comply with all applicable Federal, State and City laws concerning the prohibition of discrimination.

#### **SECTION 20. RECORDS AND AUDIT**

The Owner, in cooperation with the Contractor, agrees to maintain sufficient and accurate records and books of hauls and launches, including detailed hauling profiles of each vessel, complete date and time records, showing all direct labor hours expended and all costs incurred and the same shall be provided in a timely fashion to the Owner for its record keeping. Contractor shall maintain such records for a period at least equal to the period established by the City and Borough of Sitka records retention schedule or any subsequent amendment thereto following expiration or termination of this agreement.

## **SECTION 21. NOTICES**

Any notice required pertaining to the subject matter of this Agreement shall be in writing and either personally delivered or mailed by prepaid, first class, registered or certified mail, return receipt requested, to the following addresses:

### **OWNER:**

City and Borough of Sitka  
Municipal Administrator  
100 Lincoln Street  
Sitka, AK 99835

### **CONTRACTOR:**

Highmark Marine Fabrications, LLC  
2018 Mill Bay Road  
Kodiak, AK 99615

## **SECTION 22. CLAIMS AND DISPUTES**

If Contractor becomes aware, or reasonably should have become aware, of any act or occurrence which may form the basis of a claim, Contractor shall immediately notify in writing Owner's authorized representative. If the matter cannot be resolved within seven (7) days, Contractor shall, within the next fourteen (14) days, submit a written notice of the claim to Owner. Contractor shall, in presenting the claim, include the facts and circumstances surrounding the claim, the specific relief requested including any additional compensation claimed and the basis upon which it was calculated, and the provisions of this Agreement under which the claim is made. This procedure covers all claims by Contractor for additional compensation or any extension of the time for performance or any dispute regarding a question of fact or interpretation of this Agreement. Contractor agrees that unless these written notices are provided, Contractor shall have no entitlement to additional time nor compensation for such act, event or condition.

## **SECTION 23. SUCCESSORS AND ASSIGNS**

The Parties bind themselves, partners, successors, assigns and legal representatives to the other Party to this Agreement and to partners, successors, assigns and legal representatives of such other Party with respect to all covenants of this Agreement.

## **SECTION 24. PERMITS, LAWS AND TAXES**

Contractor shall acquire and maintain in good standing all permits, licenses and other entitlement necessary to its performance under this Agreement. All actions taken by Contractor under this Agreement shall comply with all applicable statutes, ordinances, rules and regulations. Contractor shall pay all taxes pertaining to its performance under this Agreement.

## **SECTION 25. ATTORNEY'S FEES**

In the event either party institutes any suit or action to enforce its right hereunder, the prevailing party shall be entitled to recover from the other party its reasonable attorney's fees and costs in such suit or action and on any appeal therefrom.

**SECTION 26. NON-WAIVER**

The failure of either Party at any time to enforce a provision of this Agreement shall in no way constitute a waiver of the provision, nor in any way affect the validity of this Agreement or any part, or the right of such Party to enforce each and every provision.

**SECTION 27. AMENDMENT**

- A. This Agreement shall only be amended, modified or changed by a written amendment, executed by authorized representatives of the Parties, and such amendment shall be attached to this Agreement as an appendix.
- B. For the purposes of any amendment, modifications or change to the terms and conditions of this Agreement, the only authorized representatives of the Parties are:
  - 1. \_\_\_\_\_ - For Contractor
  - 2. John Leach, Municipal Administrator - For Owner
- C. Any attempt to amend, modify or change this Agreement by either an unauthorized representative or unauthorized means, shall be void.

**SECTION 28. SEVERABILITY**

Any provision of this Agreement decreed invalid by a court of competent jurisdiction shall not invalidate the remaining provisions of the Agreement.

**SECTION 29. JURISDICTION - CHOICE OF LAW**

Any civil action arising from this Agreement shall be brought in the Alaska Superior Court at Sitka. The laws of the State of Alaska shall govern the rights and obligations of the Parties under this Agreement.

**SECTION 30. INTEGRATION**

This instrument and all exhibits, appendices and amendments embody the entire Agreement of the Parties. There are no promises, terms, conditions or obligations other than those contained in this Agreement. This Agreement shall supersede all previous communications, representations, or Agreements, either oral or written, between the Parties.

**SECTION 31. FORCE MAJEURE**

- A. Any failure to perform by either party due to force majeure shall not be deemed a violation or breach hereof.

*Operating Agreement between the City and Borough of Sitka and Highmark Marine Fabrications, LLC  
For Marine Vessel Haul Out and Shipyard Operations.*

- B. As used in this Agreement, force majeure is an act or event of substantial magnitude, beyond the control of the delayed party, which delays the completion of this Agreement, including without limitation:
1. Any interruption, suspension or interference resulting solely from the act of Sitka or neglect of Sitka not otherwise governed by the terms of this Agreement.
  2. Strikes or work stoppages.
  3. Any interruption, suspension or interference with the project caused by acts of God, or acts of a public enemy, wars, blockades, insurrections, pandemics, riots, arrests or restraints of governments and people, civil disturbances or similar occurrences.
  4. Order, action, or failure to act, by a court, administrative agencies or governmental officers other than Sitka.

IN WITNESS WHEREOF, the Parties have executed this Agreement, on the date and at the place shown below.

CITY AND BOROUGH OF SITKA, ALASKA

\_\_\_\_\_  
Date

\_\_\_\_\_  
By: John Leach  
Its: Municipal Administrator

STATE OF ALASKA            )  
  ) ss.  
FIRST JUDICIAL DISTRICT )

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2025, by John Leach, Municipal Administrator of the CITY AND BOROUGH OF SITKA, ALASKA, an Alaska home rule municipality, on behalf of the municipality.

\_\_\_\_\_  
Notary Public in and for the State of Alaska  
My Commission Expires: \_\_\_\_\_

HIGHMARK MARINE FABRICATIONS, LLC

\_\_\_\_\_  
Date

\_\_\_\_\_  
By: Cooper Curtis  
Its: President

STATE OF ALASKA            )  
  ) ss.  
FIRST JUDICIAL DISTRICT )

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2025, by Cooper Curtis, President for the HIGHMARK MARINE FABRICATIONS, LLC, an Alaska corporation, on behalf of the corporation.

\_\_\_\_\_  
Notary Public in and for the State of Alaska  
My Commission Expires: \_\_\_\_\_

January 29<sup>th</sup>, 2025

## **Scope of Services**

### 1. 150-Ton Travelift Operation and Maintenance

- Contractor will provide a minimum of two certified and competent Marine Travelift operators to ensure 24/7 availability of lift and launch services.
- Contractor will prevent the discharge of any hazardous substances and follow all Environmental Laws regarding the handling and documentation of hazardous substances.
- Contractor will supply all routine and unexpected maintenance labor for the Marine Travelift, not to exceed an amount set by Contractor and the CBS during the contracting process. Contractor will submit all purchase orders, following Sitka General Code 4.15 (Procurement Policy), to the Municipal Administrator or designee for approval prior to procuring parts. Upon approval, Contractor will place the order and invoice the CBS for the exact purchase price, and freight cost incurred.
- Perform visual inspections of lift, strap, and cables prior to, and after, each use per the Marine Travelift operation and maintenance manual.
- Always use the highest level of safety precautions while operating the Travelift.
- Keep the straps and cables clean and free of debris that may cause premature deterioration.
- Always check all fluid levels before use and maintain proper fuel levels and oil levels.
- All lifts and launches shall not exceed the recommended loads as specified by Marine Travelift.
- Loads must be properly distributed per the Travelift operator's manual.
- Owner/operators of all vessels to be lifted must identify the known underwater fixtures, transducers, bearing and shaft locations and any other underwater appendages that may affect the strap placement. Contractor will take every precaution to ensure underwater appendages are not damaged, including requiring owners to sign a lift agreement if it is deemed necessary.
- 

### 2. Lifting, Launching, and Blocking Operations

- Contractor will provide all labor to safely accomplish lifting, launching, and blocking operations within the GPIP Shipyard. This includes skilled laborers, equipment operators, divers, Travelift operators, mechanics, and other necessary personnel. Contractor will provide a minimum of two personnel during all Travelift operations and more when deemed necessary by the operator.
- Contractor will provide all blocking and boat stands it deems necessary to block vessels.
- Contractor shall record weight and other data on each vessel lifted. A photograph or notes regarding strap locations and underwater appendages, as well as displacement reading of Travelift gauges shall be recorded. Notes shall record each vessel's load, including water, fuel, freight, etc.



- Contractor will prevent the discharge of any hazardous substances and follow all Environmental Laws regarding the handling and documentation of hazardous substances.

### 3. Scheduling, Administration, Payments, Recordkeeping.

- Contractor will provide administrative staff to coordinate Shipyard scheduling, organization, payments, recordkeeping and management. Bookkeeping, lift records, and maintenance records will be available for review upon request.

### 4. GPIP Shipyard Facility and Equipment Maintenance

- Contractor will provide all labor to properly maintain and protect the City's Shipyard assets such as the washdown filtration system and the building at 4690 Sawmill Creek Road.
- Contractor will provide minor yard maintenance in the form of filling potholes and keeping the facility clean.
- Contractor will provide minor snow removal to keep the vessel pads and washdown pad clear of snow in the winter months. Contractor may request the assistance of the CBS Public Works Department in major snow removal and driveway maintenance via their grader/loader. This shared responsibility will help keep costs low for all involved parties.
- Parts and materials that are required for maintenance operations will be treated in the same manner as Travelift maintenance items. Contractor will submit all purchase orders, following Sitka General Code 4.15 (Procurement Policy), to the Municipal Administrator or designee for approval prior to ordering parts. Upon approval, Contractor will place the order and invoice the CBS for the exact purchase price and freight cost incurred.
- Contractor will prevent the discharge of any hazardous substances and follow all Environmental Laws regarding the handling and documentation of hazardous substances.

## **Facilities and Equipment**

The CBS shall make the following Facilities and Equipment available for the Contractor's use.

- 2025 Marine Travelift Corp. Model 150TG
- Pile Supported Pier
- Gravel vessel laydown area
- Washdown Filtration System including the concrete wash-down pad
- Building 4690 located at the GPIP
  - Water
  - Sanitary sewer
  - Electrical service
  - Boiler heating system
  - Restrooms
  - Utility room

# Marine Vessel Haul Out and Shipyard Conceptual Diagram



REV	DATE	DESCRIPTION	DWN	CHK	APP

**T N E**  
ENGINEERS, INC.

1000 Otisville Highway Ste 100  
Sitka, Alaska 99801  
Phone: 907.546.2000  
Fax: 907.546.2099  
www.tne-engineers.com

SCALE IN FEET  
1" = 120 FT.

**CONCEPT**

**CITY & BOROUGH OF SITKA ALASKA**  
**GARY PAXTON INDUSTRIAL PARK**

SHEET TITLE: **VESSEL HAULOUT PIER**  
**CONCEPT NO. 4**  
**SITE PLAN**

PROJ: 0017 NO. 2.9.2013 DATE: 8/12/23

1

JANUARY 29<sup>TH</sup>, 2025

## Fee Schedule for Shipyard Services

Bidders are requested to provide pricing for the following shipyard services. Additionally, bidders are encouraged to detail any extra fees necessary for the operation of the shipyard.

### **A. Lift, Block, and Launch Vessels (Max Width 32')**

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*\*Bid prices can be demonstrated in price per feet or grouped for different vessel sizes.*
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10. Scheduling Deposit
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### **B. Dry Dockage Space**

1. Dry Dockage Space (lay day)
  - 1 to 30 days
  - 31 to 60 days
  - 61 days or greater
2. On-site Storage
3. Other fees

### **C. Other Requirements and Fees**

1. Vendor liability coverage requirements
2. Utility fees
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4. Waste disposal
5. Environmental Fees

- 6. Labor
- 7. Other requirements and fees

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*\*The estimated 1,900 SF office portion of Building 4690 located at the GPIIP is envisioned to be used for the GPIIP Marine Vessel Haul Out and Shipyard operations, including making public restrooms available to haul out clients. No fees for office space will be assessed to the future contractor. The contractor will be responsible for utility costs associated with the building. The estimated 5,000 SF of warehouse space of the building can also be used for haul out and shipyard operations.*

- 1. What is the Contractor's proposed use of Building 4690 and requested price per square foot for lease or rental of warehouse space?

**E. Ownership Compensation**

The owner (CBS) will have costs associated with its responsibilities outlined in the proposed Operating Agreement between the CBS and Contractor.

- 1. What payment structure does the Contractor propose to pay the Owner for use of its haul out and shipyard facilities?

By signing this fee schedule, you are confirming that you are an authorized representative of this company and will honor the prices provided.

*Highmark Marine Fabrications, LLC*

\_\_\_\_\_

*Your Name*

\_\_\_\_\_

*Title*

\_\_\_\_\_

*Signature*

\_\_\_\_\_

*Date*

*REVISED* Memorandum of Understanding  
Between the State of Alaska and the City and Borough of Sitka  
Management Plan for Sawmill Cove Industrial Park  
(Former APC Mill Site)  
May 28, 2014

This revised Memorandum of Understanding (MOU) "Management Plan" is made between the State of Alaska (State) and the City and Borough of Sitka (CBS) to set forth measures for implementing recorded institutional controls and other long-term responsibilities for management of the former Alaska Pulp Corporation property located at what is now known as the Sawmill Cove Industrial Park. This revised MOU supersedes the April 28, 1999 MOU signed by Commissioner Michele Brown and Sitka Mayor Stan Filler.

This Management Plan describes how CBS and the State will work together to implement the recorded institutional controls and site management activities for the uplands area and navigation and dredging.

### **Introduction**

From approximately 1995-1999, the State required intensive studies of the environmental conditions of the property and the larger areas affected by the operation of the former APC pulp mill (the Upland and Bay Operable Unit study areas) in consultation with the Sitka Tribe of Alaska, other agencies, and the public. This revised Management Plan specifies the remaining work to be done under a 1999 prospective purchaser agreement between the State and CBS for the former APC pulp mill property. The PPA limits CBS liability for existing contamination associated with the property in exchange for this work.

### **Uplands – Land Use, Future Construction Activities, and Management of Contaminated Soils or Other Contaminated Media**

**Restrictive Covenants** – Two of the four restrictive covenants recorded by APC in 1997 were rescinded in 2005 to allow for unrestricted land use at the former developed mill site (AK Tidelands Patent No. 20 and U.S. Survey No. 2797). Two covenants remain in effect. Restrictive Covenant Sitka Plat 81-40 comprises 12.522 acres at Herring Cove. Restrictive Covenant U.S. Patent No. 1213671 comprises 143.87 acres adjacent to the former developed mill site. The remaining two restrictive covenants are effective until July 11, 2097, or until dioxins and furans are shown not to be present in concentrations exceeding site-specific, risk-based residential cleanup levels. The restrictive covenants disallow human habitation, schooling of children, hospital care, child care or any purpose necessitating around-the-clock residency by humans. Of its own accord or if requested by CBS, DEC will review information showing that these restrictions may be modified or lifted.

**Reporting** – If contaminated soils or other media that require special handling are encountered during construction activities, CBS or its tenants or contractors working on the Sawmill Cove Industrial Park property will promptly notify DEC's Contaminated Sites Program, Juneau office, and the CBS Public Works Director. These obligations exist in addition to any other notifications required by law. The Public Works Director or designee, who may be a qualified contractor, shall serve as the project manager for managing the material or taking any remedial actions.

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(Former APC Mill Site)

May 28, 2014

Site Management – The Public Works Director or designee will require the testing and proper treatment or disposal in accordance with applicable law and DEC regulations and guidance on the management of contaminated soils or other contaminated media. The Public Works Director or designee will promptly report the actions to be taken to DEC as required by applicable law.

DEC Approvals – DEC will process any approvals necessary for addressing existing contamination as part of the implementation of the amended Record of Decision and its institutional controls under applicable regulations and not as enforcement actions.

**Sawmill Cove – Future Construction Activities and Vessel Management**

Definitions:

1. Area of Concern – The Area of Concern (AOC) is an area in west Sawmill Cove approximately 100 acres in size. The boundary of the AOC begins approximately 2000 lineal feet southwest of outfall 001, extends 500 feet offshore along a southeast line, and follows a rough arc through western Sawmill Cove back to the shoreline approximately 1200 lineal feet north of outfall 001.
2. No Disturbance Zone – A No Disturbance Zone (NDZ) has been established within the AOC. The purposes of the NDZ are to minimize re-suspension of pulp residue and to ensure that no activity occurs that may compromise the ability of the area to achieve the natural recovery ecological management goals within the stated time frame. The NDZ is an area of tidal and submerged lands and overlying seas within the Area of Concern where toxicity is greatest and pulp residue thickest. The area encompasses approximately 6 acres of tidal and submerged lands extending to the southwest immediately offshore of outfall 001. The area is bounded by a perimeter that begins at a shoreward point 50' from the south end of the former pulp dock; extends approximately 425' into Sawmill Cove along a southeast line to the intersection of the – 100 foot contour; turns southwest for approximately 375' to the intersection of the – 120 foot contour; and turns due west for approximately 375' to a point shoreward.
3. Navigational Corridor – The Navigational Corridor is an area of tidal and submerged lands and overlying seas in the AOC bounded by a perimeter that begins at a shoreward point fifty feet (50') from the south end of the former pulp dock; parallels the end of the dock out to the minus sixty foot (–60') contour interval; follows the minus sixty foot (–60') contour to the north end of the Area of Concern boundary, and swings shoreward along the AOC boundary line.

Navigational Dredging - Navigational dredging on the west side of Sawmill Cove in the AOC should be limited to the Navigational Corridor unless extenuating circumstances prevail. Navigational dredging within the AOC does not include blasting of the outcrop of native rocky material in front of the former pulp dock that follows the depth contours to the southeast.

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Dredging actions that occur outside of the Navigation Corridor should be limited in scope and ancillary to in-water construction.

Dock Use and Future Expansion – Existing docks can be used as-is without any further regulatory action, subject only to berthing and dock expansion alternatives identified in the *Decision Framework for Managing Navigation in Sawmill Cove* (Exhibit 7, 1999 MOU). These alternatives are consistent with the remedy (natural recovery) and may be implemented through the normal permit process. Other berthing options are not necessarily precluded, but if proposed, they would have to be evaluated in the future for consistency with the remedy.

In-Water Construction – In-water construction in the AOC is allowed with appropriate precautions and best management practices, incorporated through the permitting process, to minimize disturbance or re-suspension of sediments. In-water construction in the AOC may include pilings, dolphins, docks, bulkheads, moorage and navigation aids, and other structures.

Vessel Management – Vessels are permitted to drop anchor in the AOC, excluding the NDZ and a 100' corridor designed to protect the wastewater discharge pipe that extends beyond the AOC. New single point mooring systems and navigation aids may be established, as needed. The NDZ boundaries and the pipeline corridor are depicted on the CBS Geographic Information System, viewable on-line at <http://www.cityofsitka.com/government/departments/planning/index.html>, and on NOAA charts.

Approaching or departing vessels may traverse the NDZ as long as precautionary measures are taken to minimize disturbance of bottom sediments. To the extent that it is safe and practicable, the following standard operating procedures should be followed by personnel maneuvering approaching or departing vessels in the vicinity of the No Disturbance Zone:

- Approach the dock at as high an angle as possible.
- Minimize the use of the main propulsion system, thrusters, and tugs when over or near the NDZ or buffer zone.
- Use as low a “bell” (such as “dead slow” or the slowest revolutions per minute ordered) when berthing.

Dredging, expansion of moorage, and in-water construction are prohibited in the NDZ, except that CBS may repair, maintain, or remove existing facilities using best management practices to minimize disturbances with approval by DEC prior to the work.

The Sawmill Cove Industrial Park manager will provide each landowner and tenant with a signed copy of the revised Management Plan. The plan must be filed with the Sitka Recorder's Office for each affected parcel. DEC's Institutional Controls Unit, at [DEC.ICUNIT@alaska.gov](mailto:DEC.ICUNIT@alaska.gov) must be notified of each filing and furnished with a copy of the Notice of Restricted Area in Sawmill Cove.

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May 28, 2014



Larry Hartig, Commissioner  
Department of Environmental Conservation

Date May 28, 2014



Mim McConnell, Mayor  
City and Borough of Sitka

6/4/14  
Date



# Sitka GPIIP Shipyard ITB Response

Prepared by Highmark Marine Fabrication

The following entails Highmark Marine’s formal response to the Invitation to Bid for the GPIIP Haulout Facility, as proposed by the City and Borough of Sitka, herein abbreviated as CBS, or referred to as “Owner”.

In our proud partnership with the City of Kodiak, we have been proud to augment the Kodiak Shipyard from a burgeoning service to a thriving utility for the Kodiak fishing, working and pleasure fleets, and brought new marine demographics and business never before serviced in Kodiak. It is our hope that through a partnership with the City and Borough of Sitka, we might help them achieve the same. Our ongoing mission remains to, through our growing interdisciplinary mastery, develop and keep industry, jobs, and economic development here, in Alaskan communities.

Herein we aim to offer our proposed fee schedules as requested, and offer further context to help shape our position on the optimal operation of the facility, in a manner mutually beneficial to operating and owning parties, and at maximum utility to the community of Sitka.

## A.)

Lift, Block, and Launch					
0' to 30'	\$22.50	/ft			\$0.00
31' to 40'	\$24.50	/ft			\$0.00
41' to 55'	\$26.50	/ft			\$0.00
55' and up	\$28.50	/ft			\$0.00
After hours surcharge	20%	total lift			\$0.00
Nonstandard Lift (operator and lift)	\$600.00	/hr			\$0.00
Travel strap set up	T,M&E	/T/M			\$0.00
Inspection Lift (includes 1 hour hang time free)	75% of lift per launch				\$0.00
Delay of Lift	\$150.00	/half hour			\$0.00
Reposition	50% of lift /launch				\$0.00
Environmental Fee	\$1.7	/ft			\$0.00

**B.)**

<b>Dry Dockage Space</b>					
1 to 30 days	\$1.80	/ft/day			\$0.00
31 to 60 days	\$1.00	/ft/day			\$0.00
61 days or greater	\$0.85	/ft/day			\$0.00
<b>Hang Time</b>					
Hang Time, on Wash Pad	\$100.00	/hr			\$0.00
Other than Wash Pad	\$175.00	/hr			\$0.00
<b>On-site Storage (Other than Vessel)</b>					
Daily (first three days or portion thereof no charge)	\$0.05	/sq.ft/day			\$0.00
Minimum Charge	\$15.00				\$0.00

C.)

Pre-approved vendors, including operator, with \$1 million liability coverage, would pay \$500/yr to CBS, and be current in relevant documentation with the Harbor Office.

<b>Utilities (Includes Water)</b>					
120v, 30 amp or actual kWh cost, whichever is greater	\$7.00	/day			\$0.00
208v, 50 amp or actual kWh cost, whichever is greater	\$15.00	/day			\$0.00
<b>Equipment Rental</b>					
Fork lift	\$94.00	/half hr			\$0.00
Pressure Washer	\$250.00	/day /unit			\$0.00
Stair (Scaffolding)	\$20.00	/day			\$0.00
<b>Waste Disposal</b>					
Used Oil	\$1.30	/gallon			\$0.00
Dumpster (5.5 yard)	\$251.26	per empty			\$0.00
Non-Hazardous Liquids (including oil bilge water)	\$2.80	/gallon			\$0.00
Hazardous	Cost + 15%				\$0.00
Other, e.g., Metals and Wood	Cost + 15%				\$0.00
55 Gallon Drums (Empty)	\$25	/drum			\$0.00
Wood Block Replacement	\$50	/unit			\$0.00

Shipyards Labor (Regular)	\$130	/M			\$0.00
Shipyards Labor (Overtime)	\$195	/M			\$0.00

## D.)

We propose to use Building 4690 to stock and retail marine and fabrication supplies and materials deemed essential for anode renewal, coatings renewal, propulsion renewal, metal fabrication and welding, fiberglass work, and other frequent maintenance items common in marine repair. We propose to lease the warehouse space for \$1/sf.

## E.)

Concerning remitted payments by Contractor to Owner for use of the Facility, our position is as follows: our proposed fee schedules are based on profitability projections built with data from the Halibut Point Haulout Facility, as well as the City of Wrangell’s Shipyards, and other similarly sized operations as per research done by Rain Coast Data, ca. 2022. Even assuming traffic levels of an operation in full swing of productivity (projected to be around 315-345 vessels per year), assuming rates competitive with Wrangell and others puts the projected net profit at a massive deficit for the Operator, given associated operating costs. As it stands, this leaves no room for remitted payments to CBS.

We understand our fee schedule proposed herein far exceeds rates deemed “competitive” in the area of relevant industry; given associated costs to Operator, the rates proposed are the *minimum* required to achieve a 10% profit margin to Operator, which would ensure the operation is, at a minimum, financially feasible and stable in the long-term, and a secure investment on the part of the Operator and Owner. Again, this model still does not account for any additional payments to CBS.

As we understand it, many similarly sized operations (such as Wrangell, as outlined in Rain Coast’s 30-year 2022 analysis), operate at a loss to the Owner, but are heavily subsidized by inter-funds or similar mechanisms, in order to reduce cost to the userbase. Additionally, some select insurance obligations may be absorbed by Owner to achieve a similar effect (such as environmental), or some investments absorbed by Owner (such as the sourcing and provision of blocking materials).

With the assumption that increasing community utility of the GPIF Facility and decreasing cost to the user are to be given due measure of consideration, we take these factors into account, and invite further discussion into implementing these aforementioned mechanisms (or others), in order to offer more competitive and affordable service to Sitka’s userbase.

JANUARY 29<sup>TH</sup>, 2025

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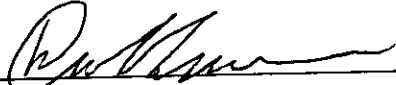
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Highmark Marine Fabrications, LLC

DEE MONROE  
\_\_\_\_\_  
Your Name  
  
\_\_\_\_\_  
Signature

SHIPYARD MANAGER  
\_\_\_\_\_  
Title  
2-13-25  
\_\_\_\_\_  
Date

FEBRUARY 10, 2025

GARY PAXTON INDUSTRIAL PARK  
MARINE SHIPYARD FINANCIAL ANALYSIS  
EXECUTIVE SUMMARY



ALASKA TACTICAL SOLUTIONS

ALASKA TACTICAL SOLUTIONS  
SITKA, ALASKA

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## Introduction

Alaska Tactical Solutions is pleased to present its financial analysis of the potential Municipal operation of the Marine Shipyard at the Gary Paxton Industrial Park in Sitka, Alaska.

The directed scope of this analysis was to utilize relevant data from CBS records, comparable shipyard operations and publicly available financial reports from similar facilities in Alaska to prepare a comprehensive financial analysis addressing the operational and financial requirements for CBS to internally manage the marine shipyard and haul-out facility.

This analysis contains two key deliverables, which are a projected base scenario pro forma financial forecast for three years and a breakeven analysis. The pro forma financial forecast is composed of a base scenario sales forecast and forecasted profit and loss statements, balance sheets, and cash flow statements. The breakeven analysis is composed of a breakeven sales forecast and breakeven profit and loss statement.

## Base Scenario

The Base Scenario in our analysis is a Marine Shipyard (Shipyard) located at the Gary Paxton Industrial Park which is operated by the City and Borough of Sitka as an enterprise fund.

As an enterprise fund, the Marine Shipyard could operate as either a stand-alone enterprise or as a portion of another existing City and Borough of Sitka Enterprise Fund, such as the Harbor Fund or the Gary Paxton Industrial Park Fund. It could also be combined with an existing enterprise into a new merged enterprise. For purposes of this analysis and in order to provide a straight comparison with other stand-alone marine shipyards, we have modeled the Shipyard as a stand-alone enterprise.

As a stand-alone enterprise fund, the financial operation of the Shipyard will be accounted similarly to, and subject to, other enterprise funds. Operations will be accounted for on an accrual accounting basis and many general and administrative functions (accounting, legal, central treasury, risk management, etc.) will be performed by the main government of the City and Borough of Sitka. The enterprise fund will be charged inter-governmental charges for services provided by other segments of the City and Borough of Sitka government.

The base scenario is comprised of three successive fiscal years of four fiscal quarters each. The scenario begins with the Spring Quarter of fiscal year one. In the base scenario, importantly, marine haul-out rates are held constant at \$17.50 per linear foot over the course of the three years, to give a comparison with competing facilities. Likewise, shore-side yard rent is also held steady at \$0.50 per linear foot per day over the three years. The effect of holding these rates constant is to give readers a specific financial result driven by holding these rates steady and as a result of the other critical assumptions outlined in this analysis.

The base scenario envisions that operation of the facility will involve using the new 150-ton marine travel lift and the 29 shore-side stalls outlined in Phase 1 of the Gary Paxton Industrial Park Shipyard Master Plan. Importantly, daily haul-outs (or put-ins) with the travel lift will be capped at three per day. As a result of this constraint, all available shore-side stall space will not be used, due to the daily capacity limit of the travel lift.

## Base Scenario Modeling Process

The base scenario modeling process we used involved the following steps

- Defining critical assumptions;
- Determining financial drivers and constraints attributable to those assumptions;
- Developing a sales forecast to provide critical financial inputs into profit and loss;
- Developing direct labor and fixed asset depreciation schedules;
- Developing a Pro Forma Profit and Loss Statement for each year;
- Developing year-end balance sheet statements for each of the years, and
- Developing annual cash flow statements for each of the three years.

The modeling was done using Microsoft Excel with multiple spreadsheets contained within two workbooks, with cells linked by dynamic cell reference linkages.

To model the balance sheets, net income or loss from the profit and loss statement was assumed to transpire in cash (other current assets and liabilities are held steady) and advances from the Central Treasury was used as the balancing account. The notion is that, as the enterprise operates under the base scenario at a loss and with a cash flow deficit, the enterprise would require sizeable ongoing advances from the Central Treasury. Interest expense on cash advances was modeled as a non-operating expense.

To recap, assumptions flow into the sales forecast, which creates revenue which flows into the profit and loss statement. Profit or loss flows into retained earnings in the balance sheet and either produces or uses cash. The balance sheet is kept in balance by varying the advances from the Central Treasury account as needed.



# Assumptions

The following assumptions and cost constraints are used in preparing this analysis. These assumptions were obtained in three different manners:

- Through conversations with CBS management personnel;
- Through analysis of available information for competing facilities; and
- Through conversations with non-CBS personnel with marine shipyard operating experience.

Assumptions are divided into 5 categories:

- City and Borough of Sitka cost allocations and inter-departmental charges
- Insurance
- Expense inflation
- Direct labor and benefits
- Fixed assets and depreciation.

## City and Borough of Sitka cost allocations and inter-departmental charges

The new enterprise will incur inter-departmental charges similar to those incurred by other enterprise funds. These include a management fee, information technology services charge, building maintenance service charge, and central garage vehicle charge. The marine Shipyard is anticipated to need one full-size pickup truck. Inter-departmental charges were estimated in conjunction with the CBS Finance Director. Interdepartmental charges are forecast to rise annually by either 2% or 3%.

## Insurance

Insurance is assumed to be provided under the Municipality's comprehensive insurance program and allocated to the enterprise in the same fashion as other enterprise funds. In its insurance program, general liability insurance is determined as a function of payroll and a rate of 8 and ½ cents per direct labor hour was used. Property and machinery and auto insurance was forecast at set rates. Insurance costs are expected to grow by 5% annually.

## Expense inflation

Expense inflation was forecasted at 4% annually for equipment repair and maintenance, 3% for contracted services, 2% for other indirect expenses and 2% for general and administrative expenses.

### Direct labor and benefits

Staffing of the new enterprise is forecasted with a manager earning \$40.00 per hour, a lead operator earning \$30.00 per hour and a second operator earning \$27.00 per hour. All employees are assumed to work full-time at 2,080 direct labor hours per year. All employees will receive standard CBS benefits including health insurance and PERS. Health insurance is assumed to be provided for employees and family members, per the City and Borough of Sitka benefits package. Workers compensation insurance is modeled as USL&H due to the dock and a rate of 5% of gross wages is used. Wages are forecasted to grow 3% per year and health insurance is forecasted to grow at 4% per year.

### Fixed assets and depreciation

It is assumed that the Municipality will capitalize the new enterprise by general government bearing the cost of initial facility improvements and equipment acquisitions. These acquisitions include the new dock, the 150-ton travel lift, shore-side land improvements, and boat stands. Fixed assets are depreciated on a straight-line basis over terms of 10 to 35 years with only the travel lift assumed to have salvage value.

# Gary Paxton Industrial Park Maurine Haul-Out Facility

## Pro Forma Financial Forecast

### Assumptions

#### 1. City and Borough of Sitka Internal Cost Allocations and Inter-Departmental Charges

Estimates determined through conversation with  
City and Borough of Sitka Finance Director

Management Fee	\$ 85,000	per fiscal year
Annual Charge Inflationary Increase	2.0%	
Information Technology Services Charge	\$ 30,000	per fiscal year
Annual Charge Inflationary Increase	3.0%	
Building Maintenance Services Charge	\$ 10,000	per fiscal year
Central Garage Vehicle Services Charge	\$ 12,500	per fiscal year
Annual Charge Inflationary Increase ( full size pick-up truck)	2.0%	

#### 2. Insurance

Liability - Based off Payroll	\$ 0.085	per dollar payroll
Property and Machinery	\$ 30,000	per fiscal year
Auto and Truck	\$ 3,000	per fiscal year
Property and Auto Annual Premium Increase	5.0%	

#### 3. Expense Inflation

Equipment Repair and Maintenance	4.0%
Contracted Services	3.0%
Other Indirect Expenses	2.0%
Other General and Administrative Expenses	2.0%



**Gary Paxton Industrial Park Maurine Haul-Out Facility  
Pro Forma Financial Forecast  
Direct Labor Assumptions and Expense Schedule**

	Year 1			Year 2			Year 2		
	Manager	Operator	Operator	Manager	Operator	Operator	Manager	Operator	Operator
Wage Per Hour	\$ 40.00	\$ 30.00	\$ 27.00	\$ 41.20	\$ 30.90	\$ 27.81	\$ 42.44	\$ 31.83	\$ 28.64
Hours	2080	2080	2080	2080	2080	2080	2080	2080	2080
Wages Earned	\$ 83,200	\$ 62,400	\$ 56,160	\$ 85,696	\$ 64,272	\$ 57,845	\$ 88,267	\$ 66,200	\$ 59,580
FICA	\$ 1,206	\$ 905	\$ 814	\$ 1,243	\$ 932	\$ 839	\$ 1,280	\$ 960	\$ 864
SBS	\$ 5,158	\$ 3,869	\$ 3,482	\$ 5,313	\$ 3,985	\$ 3,586	\$ 5,473	\$ 4,104	\$ 3,694
PERS	\$ 18,304	\$ 13,728	\$ 12,355	\$ 18,853	\$ 14,140	\$ 12,726	\$ 19,419	\$ 14,564	\$ 13,108
Health Insurance	\$ 34,400	\$ 34,400	\$ 34,400	\$ 35,776	\$ 35,776	\$ 35,776	\$ 37,207	\$ 37,207	\$ 37,207
Vacation	\$ 3,200	\$ 2,400	\$ 2,160	\$ 3,296	\$ 2,472	\$ 2,225	\$ 3,395	\$ 2,546	\$ 2,292
Sick Leave	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50
Workers Comp	\$ 4,160	\$ 3,120	\$ 2,808	\$ 4,285	\$ 3,214	\$ 2,892	\$ 4,413	\$ 3,310	\$ 2,979
<b>Annual Labor Expense</b>	<b>\$ 149,679</b>	<b>\$ 120,872</b>	<b>\$ 112,229</b>	<b>\$ 154,512</b>	<b>\$ 124,840</b>	<b>\$ 115,939</b>	<b>\$ 159,503</b>	<b>\$ 128,942</b>	<b>\$ 119,773</b>
<b>Total Annual Labor Expense</b>			<b>\$ 382,780</b>			<b>\$ 395,291</b>			<b>\$ 408,218</b>
<b>Fully Loaded Hourly Rate</b>	<b>\$ 71.96</b>	<b>\$ 58.11</b>	<b>\$ 53.96</b>	<b>\$ 74.28</b>	<b>\$ 60.02</b>	<b>\$ 55.74</b>	<b>\$ 76.68</b>	<b>\$ 61.99</b>	<b>\$ 57.58</b>
Annual Wage Increase									
Annual Health Insurance Increase									
(Health Insurance is Employee + Family)									

3%
4%

**Gary Paxton Industrial Park Maurine Haul-Out Facility**  
**Pro Forma Financial Forecast**  
**Infrastructure and Heavy Equipment Depreciation**

**Total Capital Investment in Land, Buildings, Dock and Travel Lift**

Total Investment	\$ 11,450,000			
Land	\$ 779,000			
Building	\$ 521,000	Straight Line Depreciation		
		Useful Life	10	Years
		Salvage Value	\$ -	
Dock	\$ 8,750,000	Straight Line Depreciation		
		Useful Life	35	Years
		Salvage Value \$0	\$ -	
150 Ton Travel Lift	\$ 1,400,000	Straight Line Depreciation		
		Useful Life	30	Years
		Salvage Value \$0	\$ 50,000.00	
Boat Stands	\$ 50,000	Straight Line Depreciation		
		Useful Life	10	Years
		Salvage Value \$0	\$ -	

**Quarterly Depreciation Expense**

Building	\$ 13,025
Dock	\$ 62,500
Travel Lift	\$ 11,250
Boat Stands	<u>\$ 1,250</u>
	<u>\$ 86,775</u>



## Sales Forecast

Our sales forecast is an integral part of the model and pro forma financial statements. It incorporates assumptions as to sales volume and pricing, then generates quarterly revenue totals for haul-out revenue, shore-side boat storage revenue and skilled trades permit revenue. These revenue totals are linked to the sales revenue line in the profit and loss statement.

Haul-out revenue is a function of the number of haul-outs times mean linear feet hauled per lift times lift rate per linear foot. The haul-out rate per linear foot is held steady at \$17.50 per linear foot hauled. This rate is comparable with competing facilities. The mean linear foot per haul-out was set at 42 feet through conversation with private sector managers with Marine Shipyard experience.

The linear footage hauled is based on an estimate of the number of haul-outs per quarter, which is a critical limiting constraint. Experts have suggested that the average sustainable number of haul-outs per day is three. Sometimes more can be obtained on given days but this is countered by lift down-town for maintenance and complicated picks. Experts have opined that marine shipyard business is very seasonal, with the spring quarter the busiest.

Opinions gathered indicate that many commercial vessels desire a spring haul-out with shoreside storage time of just 1-2 days, for zinc replacement and painting. Thus, the spring quarter will operate all-out, perhaps operating weekends. In a 13-week period, operating 5 days a week with three lifts a day, the maximum capacity is  $13 \times 3 \times 5 = 195$  haul-outs. Our sales forecast thus includes 200 spring haul-outs, assuming some overtime is spent for weekend haul-outs.

Summer and fall haul-outs are forecast to be at 33% of the spring volume, reflecting the desire of boat owners to be on the water in these seasons. Shoreside storage time is increased for these quarters to 7 days per lift, however, to reflect longer and more complicated repair jobs.

Winter haul-outs are forecast to drop to 1 a week, based on expert advice that this is the lull season for marine shipyards. Shoreside storage time is increased to 21 days per lift in the winter, reflective of the belief that winter repairs are long and complicated.

For every lift, an environmental fee of \$1.16 per linear foot hauled out is charged. This rate is commensurate with similar rates charged at competing facilities.

Finally, a nominal stream of revenue from skilled trades operating permits is forecast.

In summary, revenue is primarily a function of the number of haul-outs, which is the constraining factor. The available storage capacity of the Phase 1 boat yard is greater than the capacity of one travel lift to completely fill it. Maximum storage capacity in the Phase 1 boat yard is 1,470 linear feet per day. Times 6 days a week for thirteen weeks (assuming storage is not charged for haul-out days but for nights in the yard), maximum quarterly storage capacity is 123,900 linear feet. Spring storage is forecast at 16,800 linear feet, reflecting the significant travel lift capacity places upon the operation.

**Gary Paxton Industrial Park Maurine Haul-Out Facility**  
**Pro Forma Financial Forecast**  
**Sales Forecast**

	Year 1				Year 2				Year 3			
	Spring	Summer	Fall	Winter	Spring	Summer	Fall	Winter	Spring	Summer	Fall	Winter
Number Of Haul-Outs	200	65	65	15	200	65	65	15	200	65	65	15
Mean Linear Feet	42	42	42	42	42	42	42	42	42	42	42	42
Linear Feet Hauled Out	8,400	2,730	2,730	630	8,400	2,730	2,730	630	8,400	2,730	2,730	630
Rate per Linear Foot	\$ 17.50	\$ 17.50	\$ 17.50	\$ 17.50	\$ 18.03	\$ 18.03	\$ 18.03	\$ 18.03	\$ 18.57	\$ 18.57	\$ 18.57	\$ 18.57
Environmental Fee per Linear Foot	\$ 1.16	\$ 1.16	\$ 1.16	\$ 1.16	\$ 1.19	\$ 1.19	\$ 1.19	\$ 1.19	\$ 1.23	\$ 1.23	\$ 1.23	\$ 1.23
<b>Haul-Out Revenue</b>	<b>\$ 156,744</b>	<b>\$ 50,942</b>	<b>\$ 50,942</b>	<b>\$ 11,756</b>	<b>\$ 161,446</b>	<b>\$ 52,470</b>	<b>\$ 52,470</b>	<b>\$ 12,108</b>	<b>\$ 166,291</b>	<b>\$ 54,045</b>	<b>\$ 54,045</b>	<b>\$ 12,472</b>
<b>Annual Haul-out Revenue</b>				<b>\$ 270,383</b>				<b>\$ 278,495</b>				<b>\$ 286,853</b>
<b>Inflationary Rate Increase 3%/Yr</b>												
<b>Average # Days/Boat Occupied</b>	<b>3</b>	<b>7</b>	<b>7</b>	<b>21</b>	<b>3</b>	<b>7</b>	<b>7</b>	<b>21</b>	<b>3</b>	<b>7</b>	<b>7</b>	<b>21</b>
Mean Linear Foot per Day Occupied	16,800	5,460	5,460	1,260	16,800	5,460	5,460	1,260	16,800	5,460	5,460	1,260
Rate Linear Foot per Day	\$ 0.500	\$ 0.500	\$ 0.500	\$ 0.500	\$ 0.500	\$ 0.500	\$ 0.500	\$ 0.500	\$ 0.500	\$ 0.500	\$ 0.500	\$ 0.500
<b>Vessel Storage Revenue</b>	<b>\$ 25,200</b>	<b>\$ 19,110</b>	<b>\$ 19,110</b>	<b>\$ 13,230</b>	<b>\$ 25,200</b>	<b>\$ 19,110</b>	<b>\$ 19,110</b>	<b>\$ 13,230</b>	<b>\$ 25,200</b>	<b>\$ 19,110</b>	<b>\$ 19,110</b>	<b>\$ 13,230</b>
<b>Annual Vessel Storage Revenue</b>				<b>\$ 76,650</b>				<b>\$ 76,650</b>				<b>\$ 76,650</b>
Skilled Trades Permit Revenue	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
<b>Total Quarterly Revenue</b>	<b>\$ 182,944</b>	<b>\$ 71,052</b>	<b>\$ 71,052</b>	<b>\$ 25,986</b>	<b>\$ 187,646</b>	<b>\$ 72,580</b>	<b>\$ 72,580</b>	<b>\$ 26,338</b>	<b>\$ 192,491</b>	<b>\$ 74,155</b>	<b>\$ 74,155</b>	<b>\$ 26,702</b>
<b>Total Annual Revenue</b>				<b>\$ 351,033</b>				<b>\$ 359,145</b>				<b>\$ 367,503</b>



**Gary Paxton Industrial Park Maurine Haul-Out Facility  
Pro-Forma Profit and Loss Statements  
For Twelve Successive Fiscal Quarters**

	Year 1				Year 2				Year 3			
	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 1	Quarter 2	Quarter 3	Quarter 4
<b>Gross Sales</b>	\$ 182,944	\$ 71,052	\$ 71,052	\$ 25,986	\$ 187,646	\$ 72,580	\$ 72,580	\$ 26,338	\$ 192,491	\$ 74,155	\$ 74,155	\$ 26,702
<b>Direct Costs of Sales</b>												
Direct Labor & Benefits	95,695	95,695	95,695	95,695	98,823	98,823	98,823	98,823	102,055	102,055	102,055	102,055
Other Direct Costs	8,920	20,000	4,000	10,152	8,920	20,000	4,000	10,152	8,920	20,000	4,000	10,152
<b>Total Direct Costs of Sales</b>	<b>104,615</b>	<b>115,695</b>	<b>99,695</b>	<b>105,847</b>	<b>107,743</b>	<b>118,823</b>	<b>102,823</b>	<b>108,975</b>	<b>110,975</b>	<b>122,055</b>	<b>106,055</b>	<b>112,207</b>
<b>Gross Margin</b>	<b>78,329</b>	<b>(44,643)</b>	<b>(28,643)</b>	<b>(79,861)</b>	<b>79,904</b>	<b>(46,243)</b>	<b>(30,243)</b>	<b>(82,636)</b>	<b>81,517</b>	<b>(47,900)</b>	<b>(31,900)</b>	<b>(85,505)</b>
<b>Gross Profit Percentage</b>	<b>42.8%</b>	<b>-62.8%</b>	<b>-40.3%</b>	<b>-307.3%</b>	<b>42.6%</b>	<b>-63.7%</b>	<b>-41.7%</b>	<b>-313.7%</b>	<b>42.3%</b>	<b>-64.6%</b>	<b>-43.0%</b>	<b>-320.2%</b>
<b>Indirect Costs of Sales</b>												
Utilities and Communications	5,000	5,025	5,050	5,075	5,101	5,126	5,152	5,178	5,204	5,230	5,256	5,282
Small Tools and Supplies	9,000	9,045	9,090	9,136	9,181	9,227	9,273	9,320	9,366	9,413	9,460	9,508
Equipment Repair and Maintenance	10,000	10,075	10,151	10,227	10,303	10,381	10,459	10,537	22,616	10,696	10,776	10,857
Contracted Services	2,500	2,525	2,550	2,576	2,602	2,628	2,654	2,680	2,707	2,734	2,762	2,789
Information Technology Expenses (IT ISF Charges)	7,500	7,500	7,500	7,500	7,725	7,725	7,725	7,725	7,957	7,957	7,957	7,957
Vehicle Expenses (CG ISF Charges)	3,125	3,125	3,125	3,125	3,188	3,188	3,188	3,188	3,251	3,251	3,251	3,251
Building Maintenance (BM ISF Charges)	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Inter-Department Services (Water Department-Washdown Runoff)	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Other Indirect Costs of Sales	2,500	2,519	2,538	2,557	2,576	2,595	2,615	2,634	2,654	2,674	2,694	2,714
<b>Total Indirect Costs of Sales</b>	<b>43,625</b>	<b>43,814</b>	<b>44,004</b>	<b>44,195</b>	<b>44,675</b>	<b>44,869</b>	<b>45,065</b>	<b>45,261</b>	<b>57,755</b>	<b>45,954</b>	<b>46,155</b>	<b>46,358</b>
<b>General and Administrative Costs</b>												
Management Fee	21,250	21,250	21,250	21,250	21,675	21,675	21,675	21,675	22,109	22,109	22,109	22,109
Insurance	12,537	12,537	12,537	12,537	13,079	13,079	13,079	13,079	11,553	11,553	11,553	11,553
Marketing/Advertising	1,000	1,000	1,000	1,000	1,020	1,020	1,020	1,020	1,040	1,040	1,040	1,040
Professional Fees	55,000	5,000	5,000	5,000	5,100	5,100	5,100	5,100	5,202	5,202	5,202	5,202
Travel	1,000	1,000	1,000	1,000	1,020	1,020	1,020	1,020	1,040	1,040	1,040	1,040
Other General and Administrative Costs	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
<b>Total General and Administrative Costs</b>	<b>95,787</b>	<b>45,787</b>	<b>45,787</b>	<b>45,787</b>	<b>46,894</b>	<b>46,894</b>	<b>46,894</b>	<b>46,894</b>	<b>45,944</b>	<b>45,944</b>	<b>45,944</b>	<b>45,944</b>
<b>Earnings Before Interest, Depreciation and Amortization EBIDA</b>	<b>(61,083)</b>	<b>(134,244)</b>	<b>(118,434)</b>	<b>(169,844)</b>	<b>(11,665)</b>	<b>(138,006)</b>	<b>(122,201)</b>	<b>(174,791)</b>	<b>(22,182)</b>	<b>(139,799)</b>	<b>(123,999)</b>	<b>(177,807)</b>
<b>EBIDA Percentage</b>	<b>-33.4%</b>	<b>-188.9%</b>	<b>-166.7%</b>	<b>-653.6%</b>	<b>-6.2%</b>	<b>-190.1%</b>	<b>-168.4%</b>	<b>-663.6%</b>	<b>-11.5%</b>	<b>-188.5%</b>	<b>-167.2%</b>	<b>-665.9%</b>
Depreciation and Amortization	86,775	86,775	86,775	86,775	86,775	86,775	86,775	86,775	86,775	86,775	86,775	86,775
<b>Net Income From Operations</b>	<b>(147,858)</b>	<b>(221,019)</b>	<b>(205,209)</b>	<b>(256,619)</b>	<b>(98,440)</b>	<b>(224,781)</b>	<b>(208,976)</b>	<b>(261,566)</b>	<b>(108,957)</b>	<b>(226,574)</b>	<b>(210,774)</b>	<b>(264,582)</b>
<b>Non-Operating Revenue and Expenses</b>												
Interest Income/(Interest Expense) - Central Treasury	-	(458)	(1,465)	(2,353)	(3,627)	(3,715)	(4,750)	(5,666)	(6,977)	(7,143)	(8,192)	(9,122)
Other Non-Operating Revenue & (Expenses)	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Non-Operating Revenue and Expenses</b>	<b>-</b>	<b>(458)</b>	<b>(1,465)</b>	<b>(2,353)</b>	<b>(3,627)</b>	<b>(3,715)</b>	<b>(4,750)</b>	<b>(5,666)</b>	<b>(6,977)</b>	<b>(7,143)</b>	<b>(8,192)</b>	<b>(9,122)</b>
<b>Net Income</b>	<b>\$ (147,858)</b>	<b>\$ (221,477)</b>	<b>\$ (206,674)</b>	<b>\$ (258,972)</b>	<b>\$ (102,067)</b>	<b>\$ (228,495)</b>	<b>\$ (213,725)</b>	<b>\$ (267,232)</b>	<b>\$ (115,935)</b>	<b>\$ (233,717)</b>	<b>\$ (218,966)</b>	<b>\$ (273,703)</b>
<b>Net Income Percentage</b>	<b>-80.82%</b>	<b>-311.71%</b>	<b>-290.88%</b>	<b>-996.59%</b>	<b>-54.39%</b>	<b>-314.82%</b>	<b>-294.47%</b>	<b>-1014.61%</b>	<b>-60.23%</b>	<b>-315.17%</b>	<b>-295.28%</b>	<b>-1025.04%</b>

**Gary Paxton Industrial Park Maurine Haul-Out Facility**  
**Pro-Forma Balance Sheets**  
**Quarter Ending, For Twelve Successive Fiscal Quarters**

ASSETS	Year 1				Year 2				Year 3			
	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 1	Quarter 2	Quarter 3	Quarter 4
<b>Current Assets</b>												
Balance In Central Treasury	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Accounts Receivable	5,000	10,000	2,500	5,000	5,000	10,000	2,500	5,000	5,000	10,000	2,500	5,000
Prepaid Expenses	60,000	40,000	20,000	-	63,000	42,000	21,000	-	66,150	44,100	22,050	-
Other Current Assets	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
<b>Total Current Assets</b>	<b>66,000</b>	<b>51,000</b>	<b>23,500</b>	<b>6,000</b>	<b>69,000</b>	<b>53,000</b>	<b>24,500</b>	<b>6,000</b>	<b>72,150</b>	<b>55,100</b>	<b>25,550</b>	<b>6,000</b>
<b>Property, Plant and Equipment</b>												
Marine Dock	8,750,000	8,750,000	8,750,000	8,750,000	8,750,000	8,750,000	8,750,000	8,750,000	8,750,000	8,750,000	8,750,000	8,750,000
Travel Lift	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000
Building	521,000	521,000	521,000	521,000	521,000	521,000	521,000	521,000	521,000	521,000	521,000	521,000
Land	779,000	779,000	779,000	779,000	779,000	779,000	779,000	779,000	779,000	779,000	779,000	779,000
Boat Blocks	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Accumulated Depreciation	(86,775)	(173,550)	(260,325)	(347,100)	(433,875)	(520,650)	(607,425)	(694,200)	(780,975)	(867,750)	(954,525)	(1,041,300)
<b>Total Property, Plant and Equipment</b>	<b>11,413,225</b>	<b>11,326,450</b>	<b>11,239,675</b>	<b>11,152,900</b>	<b>11,066,125</b>	<b>10,979,350</b>	<b>10,892,575</b>	<b>10,805,800</b>	<b>10,719,025</b>	<b>10,632,250</b>	<b>10,545,475</b>	<b>10,458,700</b>
<b>Total Other Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>11,479,225</b>	<b>11,377,450</b>	<b>11,263,175</b>	<b>11,158,900</b>	<b>11,135,125</b>	<b>11,032,350</b>	<b>10,917,075</b>	<b>10,811,800</b>	<b>10,791,175</b>	<b>10,687,350</b>	<b>10,571,025</b>	<b>10,464,700</b>
<b>LIABILITIES</b>												
<b>Current Liabilities</b>												
Accounts Payable	3,600	3,600	3,600	3,600	3,650	3,650	3,650	3,650	3,700	3,700	3,700	3,700
Wages Payable	-	-	-	-	-	-	-	-	-	-	-	-
Payroll Liabilities	11,000	11,000	11,000	11,000	11,100	11,100	11,100	11,100	11,200	11,200	11,200	11,200
Balance Owed Central Treasury	162,483	282,186	374,585	529,282	607,424	733,144	831,595	993,552	1,088,712	1,218,604	1,321,245	1,488,623
<b>Total Current Liabilities</b>	<b>177,083</b>	<b>296,786</b>	<b>389,185</b>	<b>543,882</b>	<b>622,174</b>	<b>747,894</b>	<b>846,345</b>	<b>1,008,302</b>	<b>1,103,612</b>	<b>1,233,504</b>	<b>1,336,145</b>	<b>1,503,523</b>
<b>Total Long Term Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>177,083</b>	<b>296,786</b>	<b>389,185</b>	<b>543,882</b>	<b>622,174</b>	<b>747,894</b>	<b>846,345</b>	<b>1,008,302</b>	<b>1,103,612</b>	<b>1,233,504</b>	<b>1,336,145</b>	<b>1,503,523</b>
<b>EQUITY</b>												
Paid In Capital	11,450,000	11,450,000	11,450,000	11,450,000	11,450,000	11,450,000	11,450,000	11,450,000	11,450,000	11,450,000	11,450,000	11,450,000
Retained Earnings (Loss)	-	(147,858)	(369,336)	(576,010)	(834,982)	(937,049)	(1,165,544)	(1,379,270)	(1,646,502)	(1,762,437)	(1,996,154)	(2,215,120)
Current Period Net Income (Loss)	(147,858)	(221,477)	(206,674)	(258,972)	(102,067)	(228,495)	(213,725)	(267,232)	(115,935)	(233,717)	(218,966)	(273,703)
<b>TOTAL EQUITY</b>	<b>11,302,142</b>	<b>11,080,664</b>	<b>10,873,990</b>	<b>10,615,018</b>	<b>10,512,951</b>	<b>10,284,456</b>	<b>10,070,730</b>	<b>9,803,498</b>	<b>9,687,563</b>	<b>9,453,846</b>	<b>9,234,880</b>	<b>8,961,177</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 11,479,225</b>	<b>\$ 11,377,450</b>	<b>\$ 11,263,175</b>	<b>\$ 11,158,900</b>	<b>\$ 11,135,125</b>	<b>\$ 11,032,350</b>	<b>\$ 10,917,075</b>	<b>\$ 10,811,800</b>	<b>\$ 10,791,175</b>	<b>\$ 10,687,350</b>	<b>\$ 10,571,025</b>	<b>\$ 10,464,700</b>

**Gary Paxton Industrial Park Maurine Haul-Out Facility  
Pro-Forma Cash Flow Statements  
Quarter Ending, For Twelve Successive Fiscal Quarters**

<b>Net Income:</b>	\$	(147,858)	\$	(221,477)	\$	(206,674)	\$	(258,972)	\$	(102,067)	\$	(228,495)	\$	(213,725)	\$	(267,232)	\$	(115,935)	\$	(233,717)	\$	(218,966)	\$	(273,703)		
<b>Cash Flows From Operating Activities</b>																										
Depreciation		86,775		86,775		86,775		86,775		86,775		86,775		86,775		86,775		86,775		86,775		86,775		86,775		86,775
Changes in Accounts Receivable		(5,000)		(5,000)		7,500		(2,500)		-		(5,000)		7,500		(2,500)		86,775		86,775		86,775		86,775		86,775
Changes in Accounts Payable		3,600		-		-		-		50		-		-		-		-		(5,000)		7,500		(2,500)		(2,500)
Changes in Other Current Liabilities		11,000		-		-		-		100		-		-		-		50		-		-		-		-
Changes in Other Current Assets		(61,000)		20,000		20,000		20,000		(63,000)		21,000		21,000		21,000		100		-		-		-		-
<b>Net Cash Flows From Operating Activities</b>		<u>35,375</u>		<u>101,775</u>		<u>114,275</u>		<u>104,275</u>		<u>23,925</u>		<u>102,775</u>		<u>115,275</u>		<u>105,275</u>		<u>20,775</u>		<u>103,825</u>		<u>116,325</u>		<u>106,325</u>		<u>22,050</u>
<b>Cash Flows From Investing Activities</b>																										
Net Purchases of Property & Equipment		(11,500,000)		-		-		-		-		-		-		-		-		-		-		-		-
Paid in Capital, City and Borough of Sitka		11,500,000		-		-		-		-		-		-		-		-		-		-		-		-
<b>Net Cash Flows From Investing Activities</b>		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>
<b>Cash Flows From Financing Activities</b>																										
Proceeds from Long-Term Debt Financing		-		-		-		-		-		-		-		-		-		-		-		-		-
Repayments of Long-Term Debt		-		-		-		-		-		-		-		-		-		-		-		-		-
Distributions		-		-		-		-		-		-		-		-		-		-		-		-		-
<b>Net Cash Flows From Financing Activities</b>		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>
<b>Net Increase (Decrease) in Cash</b>	\$	<u>(112,483)</u>	\$	<u>(119,702)</u>	\$	<u>(92,399)</u>	\$	<u>(154,697)</u>	\$	<u>(78,142)</u>	\$	<u>(125,720)</u>	\$	<u>(98,450)</u>	\$	<u>(161,957)</u>	\$	<u>(95,160)</u>	\$	<u>(129,892)</u>	\$	<u>(102,641)</u>	\$	<u>(167,378)</u>	\$	<u>(167,378)</u>
<b>Balance in Central Treasury, Beginning of Period</b>	\$	<u>-</u>	\$	<u>(112,483)</u>	\$	<u>(232,186)</u>	\$	<u>(324,585)</u>	\$	<u>(479,282)</u>	\$	<u>(557,424)</u>	\$	<u>(683,144)</u>	\$	<u>(781,595)</u>	\$	<u>(943,552)</u>	\$	<u>(1,038,712)</u>	\$	<u>(1,168,604)</u>	\$	<u>(1,271,245)</u>	\$	<u>(1,271,245)</u>
<b>Balance in Central Treasury, End of Period</b>	\$	<u>(112,483)</u>	\$	<u>(232,186)</u>	\$	<u>(324,585)</u>	\$	<u>(479,282)</u>	\$	<u>(557,424)</u>	\$	<u>(683,144)</u>	\$	<u>(781,595)</u>	\$	<u>(943,552)</u>	\$	<u>(1,038,712)</u>	\$	<u>(1,168,604)</u>	\$	<u>(1,271,245)</u>	\$	<u>(1,438,623)</u>	\$	<u>(1,438,623)</u>



## Base Scenario Conclusions

In the base scenario, given the stated assumptions and by holding the haul-out rate steady at \$17.50 per linear foot, the environmental charge steady at \$1.16 per linear foot, at the vessel shoreside storage charge steady at \$0.50 per linear foot per day (based on nights in the storage yard), a Municipally-operated Marine Shipyard would incur a cumulative net loss of (\$2,488,823) over three years and a cumulative cash flow deficit of (\$1,447,523).

The difference between the cumulative net loss and cumulative cash flow deficit is attributable to depreciation expense. As infrastructure and equipment is assumed to be contributed to the enterprise at its outset by the City and Borough of Sitka General Government, there is no cash outlay by the enterprise for these capital items. It is important to point out, however, that in the base case, a Municipally-operated Marine Shipyard does not generate positive cash flow and, therefore, there is NO accumulation of a cash sinking fund for eventual maintenance or replacement of fixed assets, equipment and infrastructure.

By making internal decisions regarding the expense structure stated in the assumptions, in particular by lowering or eliminating inter-governmental charges and/or staffing levels, the financial results could be marginally improved. Such extreme expense reductions, however, while generating positive cash flow, would still not provide for a profitable enterprise. For example, if all general and administrative charges were eliminated, all inter-governmental charges were eliminated, and direct labor was reduced by half, EBIDA would be \$138,100 before depreciation expense in year 3 and the enterprise would still incur a net loss from operations in year three of (\$209,087).

It is clear that the critical constraint in the base scenario is the haul-out capacity of the travel lift. With an average of three picks per day at an average length of 42 feet and the haul-out rate set at \$17.50 per linear foot, the boat yard is not filled while there is likely a waiting list of customers in the spring quarter desiring haul-outs. To make the enterprise pencil out either on a profit/loss basis or a positive cash flow basis, the rates charged must be significantly above those contained in the base scenario.

## **Breakeven Scenario**

In the breakeven scenario, the underlying model has been modified to allow for what-if scenarios by varying either the haul-out rate per linear foot, the shoreside storage charge per linear foot. By utilizing the back-solving capability of Microsoft Excel, the haul-out rate per linear foot necessary to cause the enterprise to either break even profit-wise, or break-even cash flow-wise, can be calculated.

The following spreadsheet titled “Breakeven Analysis Parameters and Results” (Page 19) provides a dash board where either a what-if haul-out rate per linear foot, or the storage rate per linear foot, or a combination of both can be entered (in the green-shaded blocks) to produce a resulting net income/(loss), cashflow surplus/(deficit) and depreciation expense coverage amount. The values entered into the dashboard transfer into the Breakeven Sales Forecast (Page 20) and its revenue totals transfer into the Breakeven Profit and Loss Statement (Page 21) by dynamic spreadsheet linkages.

At the bottom right-hand corner of the Breakeven Profit and Loss Statement (Page 21) are three blue shaded cells titled Annual Net income, Annual Cash Flow, and Cumulative Cash Flow Coverage of Depreciation. By using the Microsoft Excel back-solving function (What-If Analysis/Goal Seek), setting the desired result value to zero in any one of these three blue-shaded cells, and back-solving for the necessary haul-out rate per square foot, breakeven analyses can be performed.



**Gary Paxton Industrial Park Maurine Haul-Out Facility  
Break-Even Analysis Parameters and Results  
At The End Of Twelve Successive Fiscal Quarters**

**Vary These Parameters (What-If):**

Variable Parameters	
Haul-Out Rate Per Linear Foot	\$ 65.17
Storage Rate Per Linear Foot	\$ 0.500

**To Produce These Results:**

Results at End of Year 3	
Net Income	\$ -
Cash Flow	\$ 347,100
Depreciation Coverage	\$ (103,759)

**Gary Paxton Industrial Park Maurine Haul-Out Facility  
Pro-Forma Break-Even Sales Forecast  
For Twelve Successive Fiscal Quarters**

	Year 1				Year 2				Year 3			
	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Number Of Haul-Outs	200	65	65	15	200	65	65	15	200	65	65	15
Mean Linear Feet	42	42	42	42	42	42	42	42	42	42	42	42
Linear Feet Hauled Out	8,400	2,730	2,730	630	8,400	2,730	2,730	630	8,400	2,730	2,730	630
Rate per Linear Foot	\$ 65.17	\$ 65.17	\$ 65.17	\$ 65.17	\$ 67.12	\$ 67.12	\$ 67.12	\$ 67.12	\$ 69.14	\$ 69.14	\$ 69.14	\$ 69.14
Environmental Fee per Linear Foot	\$ 1.16	\$ 1.16	\$ 1.16	\$ 1.16	\$ 1.19	\$ 1.19	\$ 1.19	\$ 1.19	\$ 1.23	\$ 1.23	\$ 1.23	\$ 1.23
<b>Haul-Out Revenue</b>	<b>\$ 557,168</b>	<b>\$ 181,080</b>	<b>\$ 181,080</b>	<b>\$ 41,788</b>	<b>\$ 573,883</b>	<b>\$ 186,512</b>	<b>\$ 186,512</b>	<b>\$ 43,041</b>	<b>\$ 591,058</b>	<b>\$ 192,094</b>	<b>\$ 192,094</b>	<b>\$ 44,329</b>
<b>Annual Haul-out Revenue</b>				<b>\$ 961,115</b>				<b>\$ 989,949</b>				<b>\$ 1,019,576</b>
<b>Inflationary Rate Increase 3%/Yr</b>												
Average # Days/Boat Occupied	3	7	7	21	3	7	7	21	3	7	7	21
Mean Linear Foot per Day Occupied	16,800	5,460	5,460	1,260	16,800	5,460	5,460	1,260	16,800	5,460	5,460	1,260
Rate Linear Foot per Day	\$ 0.500	\$ 0.500	\$ 0.500	\$ 0.500	\$ 0.515	\$ 0.515	\$ 0.515	\$ 0.515	\$ 0.530	\$ 0.530	\$ 0.530	\$ 0.530
<b>Vessel Storage Revenue</b>	<b>\$ 25,200</b>	<b>\$ 19,110</b>	<b>\$ 19,110</b>	<b>\$ 13,230</b>	<b>\$ 25,956</b>	<b>\$ 19,683</b>	<b>\$ 19,683</b>	<b>\$ 13,627</b>	<b>\$ 26,735</b>	<b>\$ 20,274</b>	<b>\$ 20,274</b>	<b>\$ 14,036</b>
<b>Annual Vessel Storage Revenue</b>				<b>\$ 76,650</b>				<b>\$ 78,950</b>				<b>\$ 81,318</b>
Skilled Trades Permit Revenue	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
<b>Total Quarterly Revenue</b>	<b>\$ 583,368</b>	<b>\$ 201,190</b>	<b>\$ 201,190</b>	<b>\$ 56,018</b>	<b>\$ 600,839</b>	<b>\$ 207,195</b>	<b>\$ 207,195</b>	<b>\$ 57,668</b>	<b>\$ 618,793</b>	<b>\$ 213,368</b>	<b>\$ 213,368</b>	<b>\$ 59,365</b>
<b>Total Annual Revenue</b>				<b>\$ 1,041,765</b>				<b>\$ 1,072,898</b>				<b>\$ 1,104,894</b>

**Gary Paxton Industrial Park Maurine Haul-Out Facility  
Pro-Forma Break-Even Profit and Loss Statement  
For Twelve Successive Fiscal Quarters**

	Year 1				Year 2				Year 3			
	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 1	Quarter 2	Quarter 3	Quarter 4
<b>Gross Sales</b>	\$ 583,368	\$ 201,190	\$ 201,190	\$ 56,018	\$ 600,839	\$ 207,195	\$ 207,195	\$ 57,668	\$ 618,793	\$ 213,368	\$ 213,368	\$ 59,365
<b>Direct Costs of Sales</b>												
Direct Labor & Benefits	95,695	95,695	95,695	95,695	98,823	98,823	98,823	98,823	102,055	102,055	102,055	102,055
Other Direct Costs	8,920	20,000	4,000	10,152	8,920	20,000	4,000	10,152	8,920	20,000	4,000	10,152
<b>Total Direct Costs of Sales</b>	<b>104,615</b>	<b>115,695</b>	<b>99,695</b>	<b>105,847</b>	<b>107,743</b>	<b>118,823</b>	<b>102,823</b>	<b>108,975</b>	<b>110,975</b>	<b>122,055</b>	<b>106,055</b>	<b>112,207</b>
<b>Gross Margin</b>	<b>478,753</b>	<b>85,495</b>	<b>101,495</b>	<b>(49,829)</b>	<b>493,097</b>	<b>88,373</b>	<b>104,373</b>	<b>(51,307)</b>	<b>507,819</b>	<b>91,313</b>	<b>107,313</b>	<b>(52,841)</b>
<b>Gross Profit Percentage</b>	<b>82.1%</b>	<b>42.5%</b>	<b>50.4%</b>	<b>-89.0%</b>	<b>82.1%</b>	<b>42.7%</b>	<b>50.4%</b>	<b>-89.0%</b>	<b>82.1%</b>	<b>42.8%</b>	<b>50.3%</b>	<b>-89.0%</b>
<b>Indirect Costs of Sales</b>												
Utilities and Communications	5,000	5,025	5,050	5,075	5,101	5,126	5,152	5,178	5,204	5,230	5,256	5,282
Small Tools and Supplies	9,000	9,045	9,090	9,136	9,181	9,227	9,273	9,320	9,366	9,413	9,460	9,508
Equipment Repair and Maintenance	10,000	10,075	10,151	10,227	10,303	10,381	10,459	10,537	22,616	10,696	10,776	10,857
Contracted Services	2,500	2,525	2,550	2,576	2,602	2,628	2,654	2,680	2,707	2,734	2,762	2,789
Information Technology Expenses (IT ISF Charges)	7,500	7,500	7,500	7,500	7,725	7,725	7,725	7,725	7,957	7,957	7,957	7,957
Vehicle Expenses (CG ISF Charges)	3,125	3,125	3,125	3,125	3,188	3,188	3,188	3,188	3,251	3,251	3,251	3,251
Building Maintenance (BM ISF Charges)	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Inter-Department Services (Water Department-Washdown Runoff)	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Other Indirect Costs of Sales	2,500	2,519	2,538	2,557	2,576	2,595	2,615	2,634	2,654	2,674	2,694	2,714
<b>Total Indirect Costs of Sales</b>	<b>43,625</b>	<b>43,814</b>	<b>44,004</b>	<b>44,195</b>	<b>44,675</b>	<b>44,869</b>	<b>45,065</b>	<b>45,261</b>	<b>57,755</b>	<b>45,954</b>	<b>46,155</b>	<b>46,358</b>
<b>General and Administrative Costs</b>												
Management Fee	10,000	10,000	10,000	10,000	10,200	10,200	10,200	10,200	10,404	10,404	10,404	10,404
Insurance	12,537	12,537	12,537	12,537	13,079	13,079	13,079	13,079	11,553	11,553	11,553	11,553
Marketing/Advertising	1,000	1,000	1,000	1,000	1,020	1,020	1,020	1,020	1,040	1,040	1,040	1,040
Professional Fees	55,000	5,000	5,000	5,000	5,100	5,100	5,100	5,100	5,202	5,202	5,202	5,202
Travel	1,000	1,000	1,000	1,000	1,020	1,020	1,020	1,020	1,040	1,040	1,040	1,040
Other General and Administrative Costs	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
<b>Total General and Administrative Costs</b>	<b>84,537</b>	<b>34,537</b>	<b>34,537</b>	<b>34,537</b>	<b>35,419</b>	<b>35,419</b>	<b>35,419</b>	<b>35,419</b>	<b>34,240</b>	<b>34,240</b>	<b>34,240</b>	<b>34,240</b>
<b>Earnings Before Interest, Depreciation and Amortization EBIDA</b>	<b>350,591</b>	<b>7,144</b>	<b>22,954</b>	<b>(128,562)</b>	<b>413,003</b>	<b>8,085</b>	<b>23,889</b>	<b>(131,986)</b>	<b>415,824</b>	<b>11,119</b>	<b>26,918</b>	<b>(133,439)</b>
<b>EBIDA Percentage</b>	<b>60.1%</b>	<b>3.6%</b>	<b>11.4%</b>	<b>-229.5%</b>	<b>68.7%</b>	<b>3.9%</b>	<b>11.5%</b>	<b>-228.9%</b>	<b>67.2%</b>	<b>5.2%</b>	<b>12.6%</b>	<b>-224.8%</b>
Depreciation and Amortization	86,775	86,775	86,775	86,775	86,775	86,775	86,775	86,775	86,775	86,775	86,775	86,775
<b>Net Income From Operations</b>	<b>263,816</b>	<b>(79,631)</b>	<b>(63,821)</b>	<b>(215,337)</b>	<b>326,228</b>	<b>(78,690)</b>	<b>(62,886)</b>	<b>(218,761)</b>	<b>329,049</b>	<b>(75,656)</b>	<b>(59,857)</b>	<b>(220,214)</b>
<b>Non-Operating Revenue and Expenses</b>												
Interest Income/(Interest Expense) - Central treasury	-	2,629	2,683	2,855	1,891	4,988	5,049	5,228	4,238	7,357	7,440	7,642
Other Non-Operating Revenue & (Expenses)	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Non-Operating Revenue and Expenses</b>	<b>-</b>	<b>2,629</b>	<b>2,683</b>	<b>2,855</b>	<b>1,891</b>	<b>4,988</b>	<b>5,049</b>	<b>5,228</b>	<b>4,238</b>	<b>7,357</b>	<b>7,440</b>	<b>7,642</b>
<b>Net Income</b>	<b>\$ 263,816</b>	<b>\$ (77,002)</b>	<b>\$ (61,138)</b>	<b>\$ (212,482)</b>	<b>\$ 328,119</b>	<b>\$ (73,702)</b>	<b>\$ (57,836)</b>	<b>\$ (213,533)</b>	<b>\$ 333,287</b>	<b>\$ (68,299)</b>	<b>\$ (52,416)</b>	<b>\$ (212,572)</b>
<b>Net Income Percentage</b>	<b>45.22%</b>	<b>-38.27%</b>	<b>-30.39%</b>	<b>-379.31%</b>	<b>54.61%</b>	<b>-35.57%</b>	<b>-27.91%</b>	<b>-370.28%</b>	<b>53.86%</b>	<b>-32.01%</b>	<b>-24.57%</b>	<b>-358.07%</b>
<b>Annual Net Income</b>				\$ (86,806)	<b>Annual Net Income</b>		\$ (16,953)	<b>Annual Net Income</b>				\$ -
<b>Annual Cash Flow</b>				260,294	<b>Annual Cash Flow</b>		330,147	<b>Annual Cash Flow</b>				347,100
<b>Cumulative Cash Flow Coverage of Depreciation</b>				(86,806)	<b>Cumulative Cash Flow Coverage of Depreciation</b>		(103,759)	<b>Cumulative Cash Flow Coverage of Depreciation</b>				(103,759)



## **Breakeven Scenario Conclusions**

Using the original assumptions and only varying the haul-out rate per linear foot, it is possible to achieve break-even profit/(loss) of \$0 by charging a haul-out rate of \$65.17 per linear foot hauled-out. Such a rate provides a positive cash flow in year 3 of \$347,100 and total positive cash flow over three years of \$927,061 and 89% coverage of depreciation expense with positive cash flow over the three-year period.

Break-even cash flow of \$0 in year 3 can be achieved with a haul-out rate of \$44.16 per linear foot hauled out. Such a rate results in a net loss in year 3 of (\$347,100) and 0% (no) coverage of depreciation expense with positive cash flow over the three-year period.



329 Harbor Drive, Suite 202  
Sitka, AK 99835  
Phone: 907-747-2660

Wednesday, February 19, 2025

MEMORANDUM

To: Gary Paxton Industrial Park (GPIP) Board of Directors  
From: Garry White, GPIP Director  
Subject: GPIP Marine Vessel Haul Out and Shipyard Facility Use Agreement

**Introduction**

Marine vessel haul outs and shipyards generally have Facility Use Agreements to ensure that the facilities operate in a safe, efficient, and environmentally responsible manner. Additionally, these agreements help the facility owner (CBS) manage regulatory compliance, risk and asset protection, and ensure that community relationships are fully understood.

Attached is a draft Facility Use Agreement for the GPIP Marine Vessel Haul Out and Shipyard for the GPIP Board's review and recommendation to the CBS Assembly.

This document was crafted by CBS and GPIP staff after reviewing similar documents from the previous local haul out, Wrangell, and Homer shipyards.

**Action**

- GPIP Board discussion on the draft GPIP Marine Vessel Haul Out and Shipyard Facility Use Agreement.

**GARY PAXTON INDUSTRIAL PARK (GPIP)  
MARINE VESSEL HAUL OUT AND SHIPYARD  
FACILITY USE AGREEMENT**

**THIS AGREEMENT IS INTENDED FOR OUR “DO-IT-YOURSELF” USERS - BOTH PRIVATE OWNERS AND BUSINESS VENDORS/CONTRACTORS USING THE FACILITY TO WORK ON VESSELS OWNED BY THIRD- PARTIES.**

**BY SIGNING THIS AGREEMENT, YOU ARE AGREEING TO ALL THE TERMS AND CONDITIONS DESCRIBED HEREIN, AND ARE AGREEING TO FULLY COMPLY WITH THE SAME. FAILURE TO DO SO WILL RESULT IN THE IMMEDIATE TERMINATION OF YOUR RIGHT TO USE THIS FACILITY.**

**A. BASIC YARD RULES AND REGULATIONS**

**1. ALL FACILITY USERS MUST BE APPROVED AND HAVE A WRITTEN GPIP FACILITY USE AGREEMENT ON FILE WITH THE CITY AND BOROUGH OF SITKA (CBS).**

**2. Vendors/Contractors** – Individuals available for hire or contract labor are considered "vendors" and must be on CBS's GPIP Approved Vendor List for certain activities (\*) before they are allowed to work on any vessel at the GPIP Marine Vessel Haul Out and Shipyard Facility. This list is then provided to vessel owners who wish to hire contractors or vendors to perform work on their vessels.

*\*Certain activities include, but are not limited to: welding, oxy-acetylene cutting, or any type of open flame work; boom truck or forklift operations; commercial spray painting; fiberglass work; and structural boat work.*

a) The vessel owner or operator is solely responsible for Contracting for all services provided to the vessel while it is in the yard and paying for those services.

b) All Approved Vendors - To stay on the list, vendors must annually complete the Vendor Agreement with CBS and pay a \$150 fee before providing services.

**3.** Users are entirely liable for any damage caused to their vessel(s), vessels in their care, vessels belonging to third parties, Yard property, and the environment by them, their contractors, or anyone else performing work on their vessels, whether compensated or not. The Shipyard Operator and/or the City and Borough of Sitka specifically reserves the right to prevent or stop any work being performed by a user of the facility that poses a hazard to other individuals, vessels, or the environment.

**4. Proof of Insurance Coverage:** Before starting any vessel lift, maintenance, or repair activities at the GPIP Marine Vessel Haul Out and Shipyard, facility users must provide the City and Borough of Sitka with insurance certificates and/or

policies that are acceptable to the City and Borough of Sitka, as outlined in Section D below.

5. Vehicles should remain near the vessel or work site and clear of yard equipment. Yard equipment, including mobile boat lifts, hydraulic trailers, loaders, and forklifts, has the right of way. The speed limit for vehicles is TEN (10) miles per hour.
6. Children under 12 must be accompanied by an adult at all times.
7. Dogs must be confined or under leash control by owners.
8. Dumpsters are located in front of the GPIP Shipyard office. The receptacles are intended for small household items and debris. All garbage must be placed in garbage bags before being disposed of in the receptacles. Large items and hazardous waste are the responsibility of the vessel owner and should be taken to a landfill or another off-site location. If the owner does not have a vehicle, they must arrange for transportation to dispose of these items.
9. Cleanup of the area due to accidental spills or acts of nature (for example, but not limited to, wind storms) will have precedence over work. Stop the activity immediately to clean up, and then proceed with work.
10. Vessel owners must supply the required project tools.
11. Pre-arrange purchases, borrowing, or rentals of equipment like pressure washers and organize workers to help expedite the process.
12. Living or sleeping on vessels while in the yard is not allowed without permission from the Shipyard Operator.
13. Any equipment supplied or provided by you must comply with all local, state, and federal laws and regulations.
14. User agrees to comply with all local, state, and federal laws and regulations.

**B. BOATYARD USER REQUIRED BEST MANAGEMENT PRACTICES**

The goal of the City and Borough of Sitka is to ensure that the use of this facility is conducted in an environmentally responsible manner. To achieve this goal, users must adhere to Best Management Practices (BMPs) at all times, which are designed to prevent or reduce the discharge of pollutants into surface or ground water.

If the shipyard operator and/or CBS find that the BMPs are not being followed, the project in question will be halted until it is confirmed that the project complies with the BMPs.

**1. General Practice BMP's**

- a) You are responsible for the work area around your boat or leased work areas and for the actions of anyone assisting you, be it family, crew, or contractors. Please keep your work area clean, safe, and orderly.
- b) Vessels entering the yard must be placed on a tarp. The vessel owner is responsible for providing tarps that are large enough for their vessel.
- c) You must tarp under the vessel to catch all debris and dust from activities such as sanding, grinding, scraping, painting, wood planing, or any other activity that may contaminate the soil.
- d) All project items must be kept on the tarp. Piling debris off the tarp will not be allowed. Oily or greasy items (for example, but not limited to, engines) must be on pallets and totally covered by a tarp to keep the rain off.
- e) Tarps must be swept, and debris deposited into the dumpster in garbage bags. Alternatively, you may dispose of the whole tarp after careful folding to contain all dust and debris. To avoid wind-blown debris and dust, you may need to sweep more often. It is recommended that you sweep and dispose of debris at the end of each operation and at the end of each day.
- f) All used sandpaper, cans, brushes, etc., must be cleaned up and deposited in the dumpster. We recommend doing this at the end of each day.
- g) All spray painting, sandblasting, and sanding must be contained using structures or drapes as much as possible to reduce the spread of materials blown by the wind. The local air quality authority may impose additional requirements beyond these minimum standards.
- h) At times, windy conditions will delay some activities until containment can be effective.
- i) Airborne pollution is not permitted from any maintenance activity.
- j) Do not shift or move boat stands. Only Shipyard Operators are allowed to move boat stands.
- k) Shipyard Operator and/or CBS invoices must be paid before launching a vessel.
- l) Customer vehicles must be kept near the project site or outside the gate. No unattended vehicles are allowed.



## **2. Boat Bottom Cleaning**

- a) Pressure washing must only occur on the washdown pad and washdown water collection system. All other boat washing activities require prior approval from the Shipyard Operator. All wash water must be collected and put into the washdown water collection system.
- b) Clean up the wash-down area after pressure washing.

## **3. Sandblasting**

- a) Projects being sandblasted will be controlled with structures or tarps to the maximum extent practical.
- b) The sandblasting site must be cleaned daily.
- c) Sandblasting material must be swept or vacuumed. Water will not be allowed to clean up sandblasting debris.
- d) All sandblasting material, new and used, must be kept off the ground and covered from rain to prevent it from being introduced into the environment.
- e) All sandblasting debris must be disposed of following State and Federal Regulations.

## **4. Paint Management**

- a) The use of paints and solvents must be conducted in a manner that prevents these products from entering the soil or water in case of accidental spills.
- b) Drip pans, drop cloths, tarpaulins, or other protective devices shall be required for all paint mixing and solvent use operations.
- c) Paint cans shall be kept in drip pans with drop cloths or tarps underneath the drip pan.
- d) Paint and solvent spills shall be treated as oil spills and shall be prevented from reaching the ground, in order to avoid the spills reaching the storm drains and subsequently discharging into the water.

- e) Anti-fouling paints containing tributyltin (TBT) are prohibited from use on any vessel. Exception per Alaska Statute is as follows: slow-leaching TBT-based marine antifouling paint may be imported into and sold in the state. A slow-leaching TBT-based marine antifouling paint may be applied in the state only to aluminum vessel hulls and lower outboard drive units.
- f) Empty cans must be allowed to dry and then thrown into the dumpster.
- g) Projects being spray painted will be controlled with structures or tarps to the maximum extent practical.

## **5. Toxic Materials Storage**

- a) Solid chemicals, chemical solutions, paints, oils, solvents, acids, caustic solutions, and waste materials, including used batteries and their contents, shall be stored in a manner that will prevent the inadvertent entry of these materials into the water or onto the ground. Storage shall be in a manner that will prevent spillage by overfilling, tipping, or rupture.
- b) Keep all hazardous materials in the original container. Make sure the container labels remain in place. Keep the containers in areas where they will not get knocked over. Keep the containers in areas that have good ventilation.
- c) Keep all containers out of the reach of children.
- d) Incompatible or reactive materials shall be segregated and securely stored in separate areas that prevent the mixing of chemicals.
- e) Waste liquids and excess chemical products shall be stored under cover, such as tarps or roofed structures. When ready for disposal, these hazardous materials shall be taken to the CBS Scrapyard. They shall not be disposed of in dumpsters, sewers, or water.

## **6. Bilge Water and Waste Oil**

- a) Bilge pumps must be turned off before being hauled out of the water. Boat owners who wish to pump bilges must contact the Shipyard Operator for assistance. The Shipyard Operator will decide if water can be discharged into the washdown water collection system; if not, the owner will be responsible for collection and disposal in accordance with State and Federal Regulations.

- b) No discharge of oil to the water or ground is permitted. The CBS has used oil tanks located in most harbors. Please use them to dispose of your waste oil only.
- c) In the event of an accidental discharge of oil into waters or onto land, the Shipyard Operator staff should be notified immediately.
- d) Cleanup efforts shall commence immediately and be completed as soon as possible, taking precedence over routine work, and shall include proper disposal of any spilled material and used cleanup materials.
- e) Drip pans or other protective devices shall be required for all petroleum product transfer operations to catch incidental spillage and drips from hoses, drums, or portable containers.
- f) Leaking connections, valves, pipes, hoses and equipment shall be repaired or replaced immediately. Hydraulic hoses and connections to deck gear seem especially vulnerable to accidental discharges.

**C. INDEMNIFY/HOLD HARMLESS AGREEMENT**

The user agrees to defend, pay on behalf of, indemnify, and hold harmless **the City and Borough of Sitka**, its elected and appointed officials, employees, volunteers, and others working on behalf of the City and Borough of Sitka against any and all claims, demands, lawsuits, liabilities or losses, including costs and attorney fees connected therewith, and for any damages which may be asserted, claimed or recovered against or from the City and Borough of Sitka, its elected and appointed officials, employees, volunteers or others working on behalf of the City and Borough of Sitka, by reason of economic loss, person injury, including bodily injury or death, property damage, including loss of use thereof, and environmental damage or liabilities, which arises out of or is in any way connected or associated with the use of this facility or property of the City and Borough of Sitka by the User, its employees, agents, or contractors.

It is specifically understood by the undersigned that the City and Borough of Sitka is not responsible for any loss, damage, or injury arising out of work while within the GPIIP Marine Haul Out and Shipyard or on the respective vessel.

**SIGNED:** \_\_\_\_\_ **Date:** \_\_\_\_\_  
IF SIGNING ON BEHALF OF A BUSINESS ORGANIZATION, THE USER MUST SUPPLY PROOF OF AUTHORITY TO BIND THAT BUSINESS ORGANIZATION.

**D. INSURANCE REQUIREMENTS**

1. Users other than Vendors agree to have a current marine insurance policy of a “named perils” or “all risks” type that fully insures the value of the vessel, plus liability. Hull and machinery coverage shall be sufficient to dispose of the vessel if abandoned, burned, or otherwise left to the GPIIP Marine Vessel Haul Out and Shipyard.
2. Vendors/Contractors and Small Business Owners engaged in certain activities\* on file with the City and Borough of Sitka a current Certificate of Insurance to cover all services provided. All vendors must carry a minimum of \$1,000,000 per incident and \$2,000,000 in aggregate liability insurance, and the City and Borough of Sitka must be included as additional insured. Copies of the insurance policy must be on file with City and Borough of Sitka before work may begin.

*\*Certain activities include, but are not limited to: welding, oxy-acetylene cutting, or any type of open flame work; boom truck or forklift operations; commercial spray painting; fiberglass work; and structural boat work. By signing below, he or she certifies that he or she, or their business, holds the following insurance policies and that such policies comply with all applicable local, state, or federal laws:*

Proof of insurance must be provided prior to commencement of any work on the GPIIP Marine Vessel Haul Out and Shipyard property.

**BY MY SIGNATURE BELOW, I AM AGREEING TO ALL THE TERMS AND CONDITIONS DESCRIBED HEREIN AND AM AGREEING TO FULLY COMPLY WITH THE SAME. I UNDERSTAND THAT FAILURE TO DO SO WILL RESULT IN THE IMMEDIATE TERMINATION OF ANY RIGHT I MIGHT HAVE TO USE THIS FACILITY. I HEREBY ACKNOWLEDGE THAT I HAVE FULLY READ, UNDERSTAND, AND AGREE TO ABIDE BY THE GPIIP MARINE VESSEL HAUL OUT AND SHIPYARD FACILITY USE AGREEMENT.**

I further understand and acknowledge by my signature that the City and Borough of Sitka is not responsible for damage or loss to vessel or articles left in or attached to the vessel in case of fire, theft, accident, inclement weather or any other cause beyond its control.

Printed Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Street Address: \_\_\_\_\_

City/ State/ Zip: \_\_\_\_\_

Phone number: \_\_\_\_\_

**APPROVAL: THE CITY AND BOROUGH OF SITKA**

APPROVED BY: \_\_\_\_\_ Date: \_\_\_\_\_