



**BOARD OF DIRECTOR'S
MEETING AGENDA
WORK SESSION/ REGULAR MEETING
THURSDAY, MARCH 13, 2025 3:00 P.M.**

HARRIGAN CENTENNIAL HALL ROOM 6, 330 HARBOR DRIVE

Work Session

GPIP Haul Out Operations - Highmark Proposal

Regular Meeting

- | | |
|--|-----------------------|
| A. Call to Order | Acknowledge |
| B. Roll Call | Acknowledge |
| C. Approval of Minutes
January 16, 2025 & February 26, 2025 | Motion to Approve |
| D. Correspondence & Other Information | Acknowledge/Questions |
| E. Changes/Additions/Deletions to Agenda | Change/Add/Delete |
| F. Reports | |
| G. Persons To Be Heard (<i>For items OFF the agenda - not to exceed 3 minutes</i>) | |
| H. Unfinished Business | |
| 1. GPIP Haul Out Operations - Highmark Proposal
Discussion/Recommendations | |
| I. New Business | |
| 1. High Output Adventures, LLC - Lease Request
Discussion/Recommendations | |
| J. Persons To Be Heard (<i>For items ON or OFF the agenda - not to exceed 3 minutes</i>) | |
| K. Adjournment | |

**Gary Paxton Industrial Park – Board of Directors Meeting
January 16, 2025 3:00 pm
Room 3, Centennial Hall**

A. CALL TO ORDER: The Chair, Scott Wagner, called the meeting to order at 3:03 pm

B. ROLL CALL

Members Present: Scott Wagner, Mike Johnson, Chad Goeden, Lauren Howard

Members Absent: Casey Campbell

Staff Present: Garry White

City Representatives: Michael Harmon, John Leach

Others Present: Members of the public

C. Review of Minutes – Dec 17, 2024

Motion: M/S Goeden/Howard to approve the minutes of Dec 17, 2024

Action: Motion Passed 4/0 on a roll call vote

D. Correspondence & Other Information- None

E. Changes/Additions/ Deletions to Agenda

F. Reports – Mr. White gave an overview on GPIIP Dock schedule for this summer and Bulk Water. He noted that other items, specifically the haul out will be addressed later in the agenda.

G. Persons to Be Heard- None

H. Unfinished Business –

1. GPIIP Haul Out Project Update

Mr. White invited Mr. Harmon to give an update. Mr. Harmon discussed that things are continuing to move forward according to schedule. There were no public comments.

2. GPIIP Haul Out Operations RFQ

Mr. White gave a brief overview of the RFQ process as discussed in former meetings. In previous meetings the board agreed to move forward with the process as outlined

and most recently a Scope of Services was developed. It outlines that the operator will haul boats, move boats, set boats, operate the washdown pad, and oversee some of the environmental and permitting work. A document for review and approval/recommendation was sent out for discussion at today's meeting and will then move forward to the Assembly. The packet material overviews the mentioned scope of services as well as a draft contract, and a fee schedule. This is a proposed operating agreement, not a lease agreement Mr. White clarified. Mr. Leach and Mr. White answered clarifying questions from the board about the documents. Public comment included: continued concern about why this is being contracted out, desire for it to be city run, fleet concerns on price, and a gratefulness for a focus on this project. Mr. Leach then helped clarify some sections of the draft contract for the board. The facility management plan will be discussed at the Feb 20th plan.

Motion: **M/S Howard/Johnson** to recommend this draft operating agreement, scope of services, and bid items go to Assembly to move process forward.

Action: **Motion Passed 4/0** on a roll call vote

3. Sitka Sound Science Center Lot 15 Lease Request

Mr. White explained the science center is looking for a rental space to sort and store marine debris. Sofia Nicholson explained Lot 15 of approximately 7,500 SF would be a good location for SSSC research and facilities equipment storage and marine debris storage and sorting. SSSC recently obtained a restoration contract to remove ~37000lbs of marine debris from coastlines near Sitka, and a separate contract to conduct research about the impacts of marine debris on our shorelines. To successfully complete this work, we need space to stage gear, sort collected marine debris by type, and store marine debris for short intervals of time before being recycled or moved to the transfer station. Our storage needs for this project will commence in late spring 2025 and conclude by October 2026 at the latest.

Motion: **M/S Howard/Goeden** to approve Lease for Lot 15 to Sitka Sound Science Center of 7,500sq ft lot 15 location to be determined beginning April 1 price as presented in motion.

Action: **Motion Passed 4/0** on a roll call vote

I. New Business-

1. Ben Lawrie Lease Request

Ben Lawrie, a private resident, requests a short-term lease for a 2,000 SF portion of lot 15 to store personal items. Mr. White suggested a flat rate may be more appropriate since it's a lot of administrative work for little profit. Mr. Leach suggested attorney rates for leases are something to consider, if this is pursued there should be some more research as to if we want

to make this a standard process/option for individuals at a fair, yet competitive rate. Mr. White will research further and will be discussed at next meeting.

2. Election of GPIIP Board Officers

Motion: To move forward with Scott Wagner as Chair.

Action: Passed (4/0) on a roll call vote.

Motion: To move forward with Mike Johnson as Vice Chair

Action: Passed (3/1) on a roll call vote.

J. Adjournment

Motion: M/S Wagner/Howard move to adjourn the meeting at 4:17pm.

Action: Passed (4/0) on a voice vote

DRAFT

**Gary Paxton Industrial Park – Special Meeting
February 26 2025 3:00 pm
Room 6, Centennial Hall**

A. CALL TO ORDER: The Chair, Scott Wagner, called the meeting to order at 3:00 pm

B. ROLL CALL

Members Present: Scott Wagner, Mike Johnson, Casey Campbell, Lauren Mitchell

Members Absent: Chad Goeden

Staff Present: Garry White

City Representatives: Chad Ystad, Michael Harmon, John Leach, Melissa Haley

Others Present: Members of the public, Highmark representatives - Dee Monroe and Ian Whiddon

C. Changes/Additions/ Deletions to Agenda

D. Persons to Be Heard- None

E. Unfinished Business –

1. GPIIP Haul Out Project Update

Mr. White and Mr. Harmon gave an update on the Haul Out Project and shared that all pile driving has been completed, fill, armour rock and excavation utilities as well as wash down pad are awaiting warmer weather, likely to be done mid- April and Travel lift machine is still on schedule for March delivery.

F. New Business-

1. GPIIP Haul Out Operations – Highmark Proposal

Mr. White explained the GPIIP Board met on January 16th, 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 28th, 2025, meeting and approved the release of the ITB and related exhibits.

He shared that a bid proposal from Highmark Marine Fabrication LLC (Highmark) was received on February 13th and has been made available for the GPIIP Board review and recommendations to the CBS Assembly. He invited Highmark via Zoom to share their

proposal as well as Melissa Haley to share an independent financial analysis of a CBS operated haul out shipyard.

Dee Monroe and Ian Whiddon shared the fee schedule model and that they understand the fee schedule proposed exceeds rates deemed “competitive” in the area of relevant industry. However, he shared 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.

Melissa Haley, Finance Director then shared the independent financial analysis of what the projected cost would be for the city to run the haul out in a cost comparison. The analysis gave comparisons for what it would cost to haul out a 42-foot boat, wash it down, and spend two days in the boatyard, if the service were provided by Highmark or the city. Under the Highmark bid, the price would be \$1,490. If the haul out were to be operated as a city-run enterprise: \$1,945.44 not including depreciation, and \$2,827.86 with depreciation included. Mrs. Haley also stressed that the board understand that among extra costs for the city are wages and health insurance for three workers, contributions to the Public Employees Retirement System, and higher costs associated with rules for collective bargaining agreements.

The board then shared questions to clarify both proposals regarding staffing, insurance, collective bargaining restrictions, depreciation, improvements, budget, subsidies, and limiting factors.

The discussion was then opened to the public. Concerns were shared about the lack of revenue being shared back into the city, sustainability of the fee schedule, desire to keep it run local and pull from our labor pool, fear of Sitka fleet still going elsewhere due to high costs, and a desire for more information from Wrangell and their city run success.

Mr. White shared currently the board can recommend to accept, reject or renegotiate this proposal to move forward to the assembly. The board did not feel confident in moving forward with a decision, but desired a work session to compare city vs private numbers before recommending either way.

Motion: M/S Mitchell/Campbell to postpone the decision for the Highmark proposal to the next meeting.

Action: Passed (3/1) on a roll call vote

2. GPIIP Marine Vessel Shipyard Facility Use Agreement.

Mr. White explained marine vessel and haul out 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 owner (CBS) to manage regulatory compliance, risk and asset protection, and ensure that community relationships

are fully understood. Mr. White shared a draft of the agreement with the board. The board discussed fees, insurance, waivers, overnight stays and potential additional items to include.

Mr. White appreciated the feedback and will bring back a revised agreement next meeting.

J. Adjournment

Motion: M/S Wagner/Mitchell move to adjourn the meeting at 5:10 pm.

Action: Passed (4/0) on a voice vote

DRAFT



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

Friday, March 7, 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 7th, 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 17th, 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 16th, 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 28th, 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 13th and is available for the GPIIP Board review and recommendations to the CBS Assembly.

The GPIIP Board met on February 20th to discuss the Highmark proposal and requested a work session to further discuss the proposal.

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 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 (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 GPIIP 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 \$110,000 annually
 - \$30,000 annually for insurance on CBS Haul Out assets
 - ~\$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: ~\$110,000 annual cost for "Owner's Responsibility would require an increase of roughly \$7.59/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 GPIIP 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 Wrangell 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 (~\$33.67/ft)

- 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 an “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.

Additional Information

The GPIIP Board has discussed the yard space needed for haul out and shipyard facility at the GPIIP

Upland Facilities Needed to Support Marine Trades

Sources of data: Review of Marine Trades Spatial Needs, BST Associates, 2010, Commercial Boat Launch Location Study, Anchor/KPF, 2008, plus Port staff review of existing Puget Sound facilities and input from local operators.

Boat Repair Yard

- *Upland Acreage:* Boat repair yards range from 1.5 to 3 acres. New yards tend to be larger.
- *Upland Maneuver Space:* 150 Ton lift requires 240’ upland space.
- *Waterside Facilities:* Minimum 60’-110’; ideally 250’-300’ in staging float plus 75’-130’ waterside approach area; total water-side approach of 135’-240’ depending on lift/vessel size.
- *Water Depth:* 12’ to 18’ adjacent to bulkhead, depending on vessel size.
- *Zoning:* Light Industrial, Marine Industrial or Waterfront Commercial zoning with height regulations to permit 50’ to 60’ tall buildings or paint tents.
- *Building Size:* Seaview North buildings are 26,000 square feet, 35’ and 42’ tall, which is too small. 50-60’ foot height is needed.
- *Stormwater Facilities:* Paved yards with adequate stormwater collection and treatment facilities to meet Department of Ecology requirements for a Boatyard General Permit

Comparable Marine Service Centers

- Halibut Point Marine ~2.5 acres of uplands (no vendor space)
- Wrangell Marine Service Center ~7 acres of uplands (includes vendor space)
- Hoonah Marine Industrial Center ~3.5 acres of uplands
- Cordova Shipyard ~3 acres of uplands (no vendor space)

GPIIP remaining property for development near waterfront

Phase 1 property available for haul out and shipyard

Lot 9a	~62,000 SF (not including road easement and dock)
Lot 6	41,028 SF
Lot 7	32,879 SF
	135,907 SF or 3.12 Acres

Phase 2 property available for shipyard

Lot 15	113,369 SF
Lot 9c	34,636 SF
	148,005 SF or 3.40 Acres

Multipurpose Dock Support Space

The GPIIP Dock has a multi-purpose, floating dock facility to serve a range of industries, including but not limited to fishing and container/cargo shipping. The primary floating dock is a repurposed double hull steel barge, 250 feet long and 74 feet wide, and is accessible by a drive-down ramp with a minimum width of 14 feet. The structure can accommodate the handling of loaded containers, truck and trailers, and vehicles intended to support vessels with a maximum draft 40 feet.

When originally constructed the GPIIP Board discussed yard space needed to support the GPIIP Dock. The Board reviewed the following information.

The following information was sourced from the *Port Designer's Handbook (second edition)* by Carl A Thoresen

The Handbook suggests that primary and secondary yards combined should be ~985' deep behind the apron for a multi-purpose dock. Primary yards usually consist of 50-75% of total yard area.

GPIIP potential yard requirement:

- Using Port Designer's Handbook suggested apron face and yard depths.
- 50% area needed for primary yard.

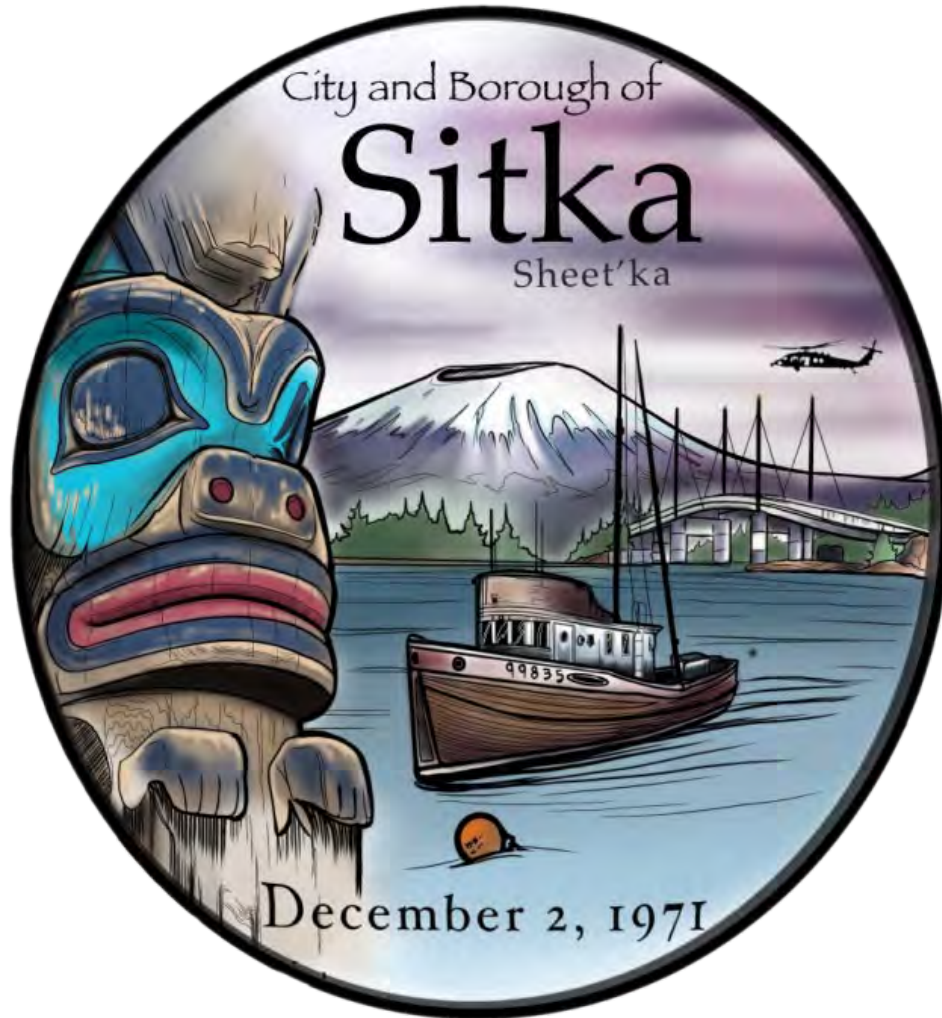
250' apron face x 985' yard depth = 5.65 acres * 50% = 2.82 acres suggested for primary yard area.

Comparable Terminal Yards in Sitka

- Sampson Tug and Barge Uplands 1.92 acres
- AML Uplands 3.42 acres
- Old Northern Sales uplands 1.4 acres

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.

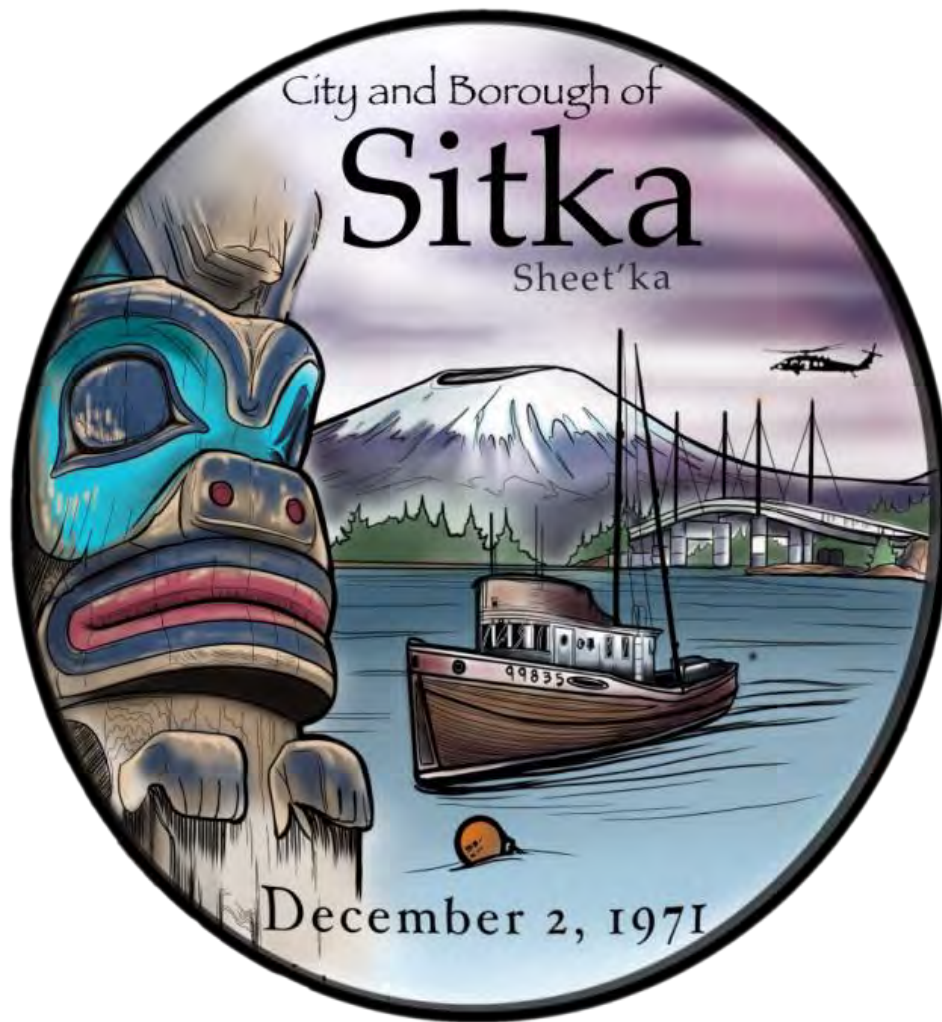
All Proposals received by the CBS in response to this RFQ are deemed property of the CBS and are subject to the Public Records Act. CBS, or any of its agents, representatives, employees, or consultants shall not be liable to the Proposer or individual participating in a Proposal, as a result of the disclosure 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

Deadline for Receipt of Qualifications: Qualifications shall be submitted via BidExpress.com, which is located on the CBS website at: 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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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

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 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 29th, 2025

Exhibit B – Fee Schedule for Shipyard Services, dated January 29th, 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 29th, 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

ENGINEERS, INC.

 1000 Otisville Highway Ste 100

 Sitka, Alaska 99801

 Phone: 907.546.2000

 Fax: 907.546.2099

 www.tndengineers.com

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 29TH, 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')

1. Pricing to lift, block, and launch vessels.
**Bid prices can be demonstrated in price per feet or grouped for different vessel sizes.*
2. After-hours surcharge
3. Nonstandard Lift (operator and lift)
4. Travel strap setup
5. Inspection Lift
6. Hang Time (other than wash pad)
7. Hang Time, on wash pad
8. Delay of Lift
9. Vessel repositions
10. Scheduling Deposit
11. Other fees

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
3. Equipment rental fees
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?

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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.

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

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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May 28, 2014

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 must be notified of each filing and furnished with a copy of the Notice of Restricted Area in Sawmill Cove.

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



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.)

Dry Dockage Space					
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
Hang Time					
Hang Time, on Wash Pad	\$100.00	/hr			\$0.00
Other than Wash Pad	\$175.00	/hr			\$0.00
On-site Storage (Other than Vessel)					
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.

Utilities (Includes Water)					
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
Equipment Rental					
Fork lift	\$94.00	/half hr			\$0.00
Pressure Washer	\$250.00	/day /unit			\$0.00
Stair (Scaffolding)	\$20.00	/day			\$0.00
Waste Disposal					
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 29TH, 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')

1. Pricing to lift, block, and launch vessels.
**Bid prices can be demonstrated in price per feet or grouped for different vessel sizes.*
2. After-hours surcharge
3. Nonstandard Lift (operator and lift)
4. Travel strap setup
5. Inspection Lift
6. Hang Time (other than wash pad)
7. Hang Time, on wash pad
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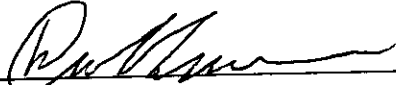
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Highmark Marine Fabrications, LLC

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
Annual Labor Expense	\$ 149,679	\$ 120,872	\$ 112,229	\$ 154,512	\$ 124,840	\$ 115,939	\$ 159,503	\$ 128,942	\$ 119,773
Total Annual Labor Expense			\$ 382,780			\$ 395,291			\$ 408,218
Fully Loaded Hourly Rate	\$ 71.96	\$ 58.11	\$ 53.96	\$ 74.28	\$ 60.02	\$ 55.74	\$ 76.68	\$ 61.99	\$ 57.58
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
Haul-Out Revenue	\$ 156,744	\$ 50,942	\$ 50,942	\$ 11,756	\$ 161,446	\$ 52,470	\$ 52,470	\$ 12,108	\$ 166,291	\$ 54,045	\$ 54,045	\$ 12,472
Annual Haul-out Revenue				\$ 270,383				\$ 278,495				\$ 286,853
Inflationary Rate Increase 3%/Yr												
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	\$ 0.500	\$ 0.500	\$ 0.500	\$ 0.500	\$ 0.500	\$ 0.500	\$ 0.500	\$ 0.500
Vessel Storage Revenue	\$ 25,200	\$ 19,110	\$ 19,110	\$ 13,230	\$ 25,200	\$ 19,110	\$ 19,110	\$ 13,230	\$ 25,200	\$ 19,110	\$ 19,110	\$ 13,230
Annual Vessel Storage Revenue				\$ 76,650				\$ 76,650				\$ 76,650
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
Total Quarterly Revenue	\$ 182,944	\$ 71,052	\$ 71,052	\$ 25,986	\$ 187,646	\$ 72,580	\$ 72,580	\$ 26,338	\$ 192,491	\$ 74,155	\$ 74,155	\$ 26,702
Total Annual Revenue				\$ 351,033				\$ 359,145				\$ 367,503

**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
Gross Sales	\$ 182,944	\$ 71,052	\$ 71,052	\$ 25,986	\$ 187,646	\$ 72,580	\$ 72,580	\$ 26,338	\$ 192,491	\$ 74,155	\$ 74,155	\$ 26,702
Direct Costs of Sales												
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
Total Direct Costs of Sales	104,615	115,695	99,695	105,847	107,743	118,823	102,823	108,975	110,975	122,055	106,055	112,207
Gross Margin	78,329	(44,643)	(28,643)	(79,861)	79,904	(46,243)	(30,243)	(82,636)	81,517	(47,900)	(31,900)	(85,505)
Gross Profit Percentage	42.8%	-62.8%	-40.3%	-307.3%	42.6%	-63.7%	-41.7%	-313.7%	42.3%	-64.6%	-43.0%	-320.2%
Indirect Costs of Sales												
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
Total Indirect Costs of Sales	43,625	43,814	44,004	44,195	44,675	44,869	45,065	45,261	57,755	45,954	46,155	46,358
General and Administrative Costs												
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
Total General and Administrative Costs	95,787	45,787	45,787	45,787	46,894	46,894	46,894	46,894	45,944	45,944	45,944	45,944
Earnings Before Interest, Depreciation and Amortization EBIDA	(61,083)	(134,244)	(118,434)	(169,844)	(11,665)	(138,006)	(122,201)	(174,791)	(22,182)	(139,799)	(123,999)	(177,807)
EBIDA Percentage	-33.4%	-188.9%	-166.7%	-653.6%	-6.2%	-190.1%	-168.4%	-663.6%	-11.5%	-188.5%	-167.2%	-665.9%
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
Net Income From Operations	(147,858)	(221,019)	(205,209)	(256,619)	(98,440)	(224,781)	(208,976)	(261,566)	(108,957)	(226,574)	(210,774)	(264,582)
Non-Operating Revenue and Expenses												
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)	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-Operating Revenue and Expenses	-	(458)	(1,465)	(2,353)	(3,627)	(3,715)	(4,750)	(5,666)	(6,977)	(7,143)	(8,192)	(9,122)
Net Income	\$ (147,858)	\$ (221,477)	\$ (206,674)	\$ (258,972)	\$ (102,067)	\$ (228,495)	\$ (213,725)	\$ (267,232)	\$ (115,935)	\$ (233,717)	\$ (218,966)	\$ (273,703)
Net Income Percentage	-80.82%	-311.71%	-290.88%	-996.59%	-54.39%	-314.82%	-294.47%	-1014.61%	-60.23%	-315.17%	-295.28%	-1025.04%

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
Current Assets												
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
Total Current Assets	66,000	51,000	23,500	6,000	69,000	53,000	24,500	6,000	72,150	55,100	25,550	6,000
Property, Plant and Equipment												
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)
Total Property, Plant and Equipment	11,413,225	11,326,450	11,239,675	11,152,900	11,066,125	10,979,350	10,892,575	10,805,800	10,719,025	10,632,250	10,545,475	10,458,700
Total Other Assets	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL ASSETS	11,479,225	11,377,450	11,263,175	11,158,900	11,135,125	11,032,350	10,917,075	10,811,800	10,791,175	10,687,350	10,571,025	10,464,700
LIABILITIES												
Current Liabilities												
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
Total Current Liabilities	177,083	296,786	389,185	543,882	622,174	747,894	846,345	1,008,302	1,103,612	1,233,504	1,336,145	1,503,523
Total Long Term Liabilities	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	177,083	296,786	389,185	543,882	622,174	747,894	846,345	1,008,302	1,103,612	1,233,504	1,336,145	1,503,523
EQUITY												
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)
TOTAL EQUITY	11,302,142	11,080,664	10,873,990	10,615,018	10,512,951	10,284,456	10,070,730	9,803,498	9,687,563	9,453,846	9,234,880	8,961,177
TOTAL LIABILITIES AND EQUITY	\$ 11,479,225	\$ 11,377,450	\$ 11,263,175	\$ 11,158,900	\$ 11,135,125	\$ 11,032,350	\$ 10,917,075	\$ 10,811,800	\$ 10,791,175	\$ 10,687,350	\$ 10,571,025	\$ 10,464,700

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

Net Income:	\$	(147,858)	\$	(221,477)	\$	(206,674)	\$	(258,972)	\$	(102,067)	\$	(228,495)	\$	(213,725)	\$	(267,232)	\$	(115,935)	\$	(233,717)	\$	(218,966)	\$	(273,703)		
Cash Flows From Operating Activities																										
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		-		-		-		-
Net Cash Flows From Operating Activities		<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>
Cash Flows From Investing Activities																										
Net Purchases of Property & Equipment		(11,500,000)		-		-		-		-		-		-		-		-		-		-		-		-
Paid in Capital, City and Borough of Sitka		11,500,000		-		-		-		-		-		-		-		-		-		-		-		-
Net Cash Flows From Investing Activities		<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>
Cash Flows From Financing Activities																										
Proceeds from Long-Term Debt Financing		-		-		-		-		-		-		-		-		-		-		-		-		-
Repayments of Long-Term Debt		-		-		-		-		-		-		-		-		-		-		-		-		-
Distributions		-		-		-		-		-		-		-		-		-		-		-		-		-
Net Cash Flows From Financing Activities		<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>
Net Increase (Decrease) in Cash	\$	<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>		
Balance in Central Treasury, Beginning of Period	\$	<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>		
Balance in Central Treasury, End of Period	\$	<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>		

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
Haul-Out Revenue	\$ 557,168	\$ 181,080	\$ 181,080	\$ 41,788	\$ 573,883	\$ 186,512	\$ 186,512	\$ 43,041	\$ 591,058	\$ 192,094	\$ 192,094	\$ 44,329
Annual Haul-out Revenue	\$ 961,115				\$ 989,949				\$ 1,019,576			
Inflationary Rate Increase 3%/Yr												
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
Vessel Storage Revenue	\$ 25,200	\$ 19,110	\$ 19,110	\$ 13,230	\$ 25,956	\$ 19,683	\$ 19,683	\$ 13,627	\$ 26,735	\$ 20,274	\$ 20,274	\$ 14,036
Annual Vessel Storage Revenue	\$ 76,650				\$ 78,950				\$ 81,318			
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
Total Quarterly Revenue	\$ 583,368	\$ 201,190	\$ 201,190	\$ 56,018	\$ 600,839	\$ 207,195	\$ 207,195	\$ 57,668	\$ 618,793	\$ 213,368	\$ 213,368	\$ 59,365
Total Annual Revenue	\$ 1,041,765				\$ 1,072,898				\$ 1,104,894			

**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
Gross Sales	\$ 583,368	\$ 201,190	\$ 201,190	\$ 56,018	\$ 600,839	\$ 207,195	\$ 207,195	\$ 57,668	\$ 618,793	\$ 213,368	\$ 213,368	\$ 59,365
Direct Costs of Sales												
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
Total Direct Costs of Sales	104,615	115,695	99,695	105,847	107,743	118,823	102,823	108,975	110,975	122,055	106,055	112,207
Gross Margin	478,753	85,495	101,495	(49,829)	493,097	88,373	104,373	(51,307)	507,819	91,313	107,313	(52,841)
Gross Profit Percentage	82.1%	42.5%	50.4%	-89.0%	82.1%	42.7%	50.4%	-89.0%	82.1%	42.8%	50.3%	-89.0%
Indirect Costs of Sales												
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
Total Indirect Costs of Sales	43,625	43,814	44,004	44,195	44,675	44,869	45,065	45,261	57,755	45,954	46,155	46,358
General and Administrative Costs												
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
Total General and Administrative Costs	84,537	34,537	34,537	34,537	35,419	35,419	35,419	35,419	34,240	34,240	34,240	34,240
Earnings Before Interest, Depreciation and Amortization EBIDA	350,591	7,144	22,954	(128,562)	413,003	8,085	23,889	(131,986)	415,824	11,119	26,918	(133,439)
EBIDA Percentage	60.1%	3.6%	11.4%	-229.5%	68.7%	3.9%	11.5%	-228.9%	67.2%	5.2%	12.6%	-224.8%
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
Net Income From Operations	263,816	(79,631)	(63,821)	(215,337)	326,228	(78,690)	(62,886)	(218,761)	329,049	(75,656)	(59,857)	(220,214)
Non-Operating Revenue and Expenses												
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)	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-Operating Revenue and Expenses	-	2,629	2,683	2,855	1,891	4,988	5,049	5,228	4,238	7,357	7,440	7,642
Net Income	\$ 263,816	\$ (77,002)	\$ (61,138)	\$ (212,482)	\$ 328,119	\$ (73,702)	\$ (57,836)	\$ (213,533)	\$ 333,287	\$ (68,299)	\$ (52,416)	\$ (212,572)
Net Income Percentage	45.22%	-38.27%	-30.39%	-379.31%	54.61%	-35.57%	-27.91%	-370.28%	53.86%	-32.01%	-24.57%	-358.07%
Annual Net Income				\$ (86,806)	Annual Net Income		\$ (16,953)	Annual Net Income				\$ -
Annual Cash Flow				260,294	Annual Cash Flow		330,147	Annual Cash Flow				347,100
Cumulative Cash Flow Coverage of Depreciation				(86,806)	Cumulative Cash Flow Coverage of Depreciation		(103,759)	Cumulative Cash Flow Coverage of Depreciation				(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 212
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Phone: 907-747-2660

Thursday, March 6, 2025

MEMORANDUM

To: Gary Paxton Industrial Park (GPIP) Board of Directors
From: Garry White, Director
Subject: High Output Adventures LLC Lease Request

Introduction

High Output Adventures LLC (formerly Sitka Bike and Hike) is requesting to lease a 7,500 SF portion of Lot 15 at the GPIP.

The CBS will be terminating the business' lease area on lot 6 on March 31st due to the development of the haul out and shipyard on Lot 6. The business has been a tenant of the industrial site for over 20 years and has successfully operated a tour operation. High Output Adventures is looking for a short-term lease area for the upcoming summer. Long term lease options have been discussed with the business, but the pending ballot initiative to limit cruise passengers has caused uncertainty for the longevity of the business to continue to operate. High Output Adventures/Sitka Bike and Hike needs to find a new location to operate and wishes to remain in the GPIP.

Property

Lot 15 is a 113,369 SF parcel of property located in the center of the GPIP across the access easement from the haul out.

Lot 15 was valued in 2018 at \$509,700 or \$4.50/SF. Traditionally, raw property in the GPIP has been leased at a 9% return of asset value.

Rent

7,500 SF at \$4.50/SF = \$33,750
\$33,750 @ 9% = \$3,038 annually or \$253.17/month

Action

- Board discussion and approval of High Output Adventures LLC lease proposal.

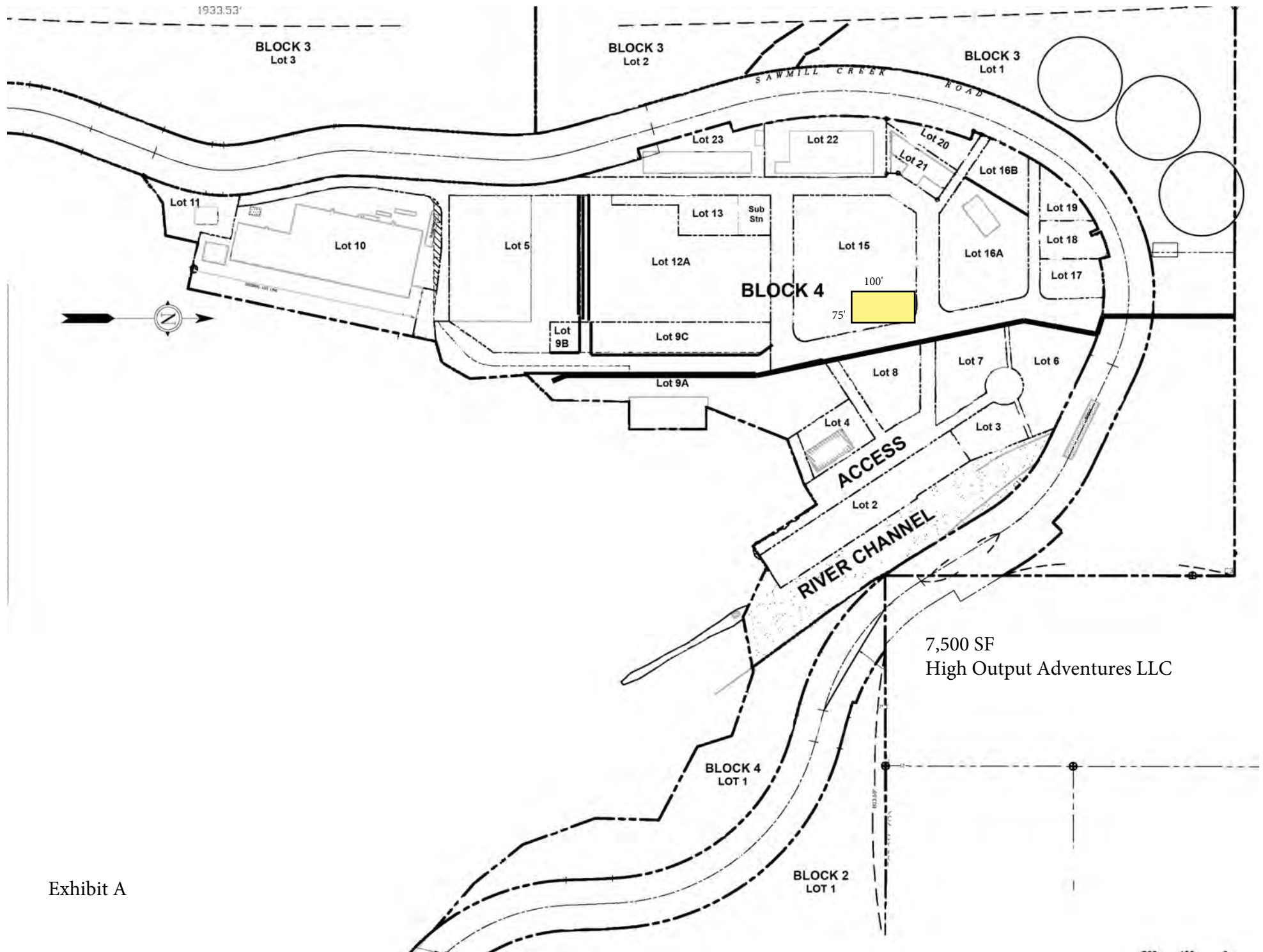


Exhibit A