



City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

MEMORANDUM

To: Mayor Gary Paxton and Assembly Members

From: John Leach, Municipal Administrator

Date: June 25, 2020

Subject: GPIIP Haul Out Request for Proposal

Background

The CBS haul out negotiation team has met the past month with WC Enterprises (now SIMS), the entity selected by the CBS Selection Committee from the CBS RFP process to develop a marine haul out facility. WC Enterprises has since changed its entity name to Sitka Industrial Marine Shipyard, LLC (SIMS).

The GPIIP Board of Directors met on June 22nd, 2020 and approved the following motion:

MOTION: **M/S Johnson/Stevens** Moved to recommend that the CBS Assembly approve the terms presented by the CBS negotiation team contingent on legal review of the RFP process

ACTION: **Motion PASSED 4/0 on a roll call vote.**

Attached are proposed terms for the development of a haul out and shipyard at the GPIIP for the CBS Assembly's consideration.

Analysis

The CBS has long recognized the importance of the fishing and maritime industry to the community of Sitka. The GPIIP Board and CBS have been working together on vessel haul out development concepts since the GPIIP properties were acquired.

The public announcement in the fall of 2019, that Halibut Point Marina (HPM) will cease public haul out operations in the summer of 2021 has intensified the priority of establishing a marine haul out facility.

The GPIIP Board and Assembly held a joint work session on January 30th, 2020 to discuss different concepts regarding; ownership of facility and operations, infrastructure

needed to support the fleet, and funding for the haul out construction and operations. The Assembly gave direction to develop an RFP to investigate private ownership and operations of a haul out. The GPIIP Board met on February 27th, 2020 to recommend approval of the RFP. The CBS Assembly met on March 10th, 2020 and approved the RFP for release. On March 11th, 2020, the City and Borough of Sitka (CBS) released a Request for Proposal (RFP) for the Construction and Operation of a Marine Haul Out and Shipyard. The RFP was open until April 15th, 2020. The CBS received two proposals from the RFP process.

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

The CBS negotiation teams consisting of the CBS Administrator, CBS Public Works Director, and the GPIIP Director met multiple times since May 12th with the SIMS' principal owners and have presented the attached proposed terms for consideration.

CBS negotiation team brought forward points regarding haul out operations and equipment types presented by the public during the GPIIP and Assembly meetings.

The SIMS team has provided the following points to the CBS negotiation team which resulted in the proposed terms presented:

1. After considering all available information and studies provided concerning the existing ramp, SIMS has concluded that its use for a large amphibious marine lift is not possible. SIMS will continue usage of the ramp for smaller vessels, public use, and be available for barge repairs through SIMS scheduled access. SIMS has also concluded that the associated cost and negative impact on the environment that would result from improving the ramp to accommodate a large amphibious lift is too great.
2. Due to the negative environmental impact resulting from any ramp improvements as well as the input we received from the public, SIMS has decided to use a traditional sling lift and slip to haul the majority of the fleet. SIMS believes that using a sling lift will shorten the construction timeline, reduce the overall construction cost, and reduce environmental impact. This plan change also provides a marine lift that will satisfy the requirements stated in this agreement while meeting the needs and desires of the fleet.
3. A modern 200 to 300-ton marine travel lift is capable of hauling vessels from 32 ft to 100 ft which allows us to haul a larger percentage of the fleet with a machine that the fleet is accustomed to and comfortable with which will improve their overall haul out experience.

I believe, and the Municipal Attorney concurs, that although SIMS' shift from the ramp to pier style haul out was not a substantial shift in the proposal, the new funding design and City infrastructure requirement is. If their bid now relies on the outcome of a BUILD grant, and they shifted from a \$1.5M loan request to a City infrastructure requirement (financial investment), SIMS has gone outside the scope of their original bid.

Recommendation

Recommend the Assembly reject all bids, wait for a BUILD grant funding decision, and then resolicit with more structured requirements.

Encl: (1) June 22, 2020 GPIIP Board Meeting Minutes
(2) CBS and SIMS Proposed Lease Terms