

## 1. Letter of Transmittal

**To:** Garry White – GPIIP Director

**From:** Jeremy Serka, Sitka Custom Marine, Linda Behnken, ASFT Board President

**Date:** April 7, 2021

**Subject:** Sitka Boatyard RFP Transmittal Letter

Thank you for the opportunity to submit this response to the City of Sitka's request for proposals for the construction and operation of a marine haul out and shipyard. In preparing this proposal, we have worked closely with Sitka's marine service community to create a common vision of a boatyard that will function as a facilitator for commerce, generating modest returns through the haul out operations but substantial economic activity and job creation for the community. Our goal is to build a boatyard that serves the needs of the local fleet at competitive prices while incorporating a phased development approach to attract new marine service business and vessels to Sitka.

The initial phase of development will focus on building a travel lift slip, retaining wall, washdown pad, and staging or queuing dock, then purchasing a 150-ton travel-lift and yard supplies in order to begin hauling vessels in 2022. This will allow the boatyard to meet the immediate needs of most Sitka vessels. We estimate the cost of this stage, from design to operation, to be \$2.9 million. Future stages include upgrading the pier and yard area to allow operation of a 300-ton lift, upgrading the ramp to allow trailer and barge use, and subleasing parcels to marine service businesses interested in operating within the yard. These stages will be undertaken as future funding becomes available.

During the development of this proposal, we have conducted two separate financial analyses of the boatyard operation using expert advice from local shipwrights, investment managers, and public sources on cost structures of other Alaska boatyards, including Homer, Wrangell and Hoonah. Our conclusion is that a marine haul out and shipyard that generates sufficient income to maintain operations and equipment is feasible in Sitka, but only if low interest loans or grants can be secured to finance the necessary site improvements and equipment capital costs. In response to this fact, our proposal integrates private sector investment from local marine service businesses and commercial fishermen, and relies on: 1) grants and low interest loans secured by the Alaska Sustainable Fisheries Trust (a Sitka based 501c3 non-profit); 2) City of Sitka participation through a Sitka Economic Development Fund loan; and, 3) direct investment by the Gary Paxton Industrial Park (GPIP) in the washdown pad and electrical infrastructure. This innovative example of public, private, and nonprofit entities working together to foster community supported economic development and retain a skilled workforce through investment in essential working waterfront infrastructure will provide the necessary foundation to establish the haul out and boatyard Sitka needs now, while working with the CBS and GPIIP to secure additional funding to build the boatyard Sitka deserves.

Below is a summary of the information and assumptions we used in developing this proposal.

## Background

In 2018, Sitka ranked 16th among all US ports in terms of total landed fishery value (US \$65 million)<sup>[1]</sup> despite a population size under 9,000. Over 600 commercial fishing vessels are homeported in Sitka, and close to 1900 people work on fishing boats or in Sitka's processing sector each year.<sup>[2]</sup> In fact, Sitka has more active commercial fishing vessels and more residents who hold federal and state fishing permits than any other Southeast community.<sup>[3]</sup> Sitka's commercial fleet also includes tugs, landing craft and other work boats, all of which depend on working waterfront infrastructure. Liveaboards, a growing number of yachts, pleasure boats and charter fishing boats also fill Sitka's harbors and rely on local marine services, as do vessels moored in Sitka but outside the City harbor system (i.e., at the Quay, Cove Marina, float houses or other private property).

Sitka's large fleet supports a talented marine service sector that includes shipwrights, welders, metal fabricators, mechanics, electronic experts, and surveyors. The support sector provides high paying jobs, generates substantial economic activity, and has historically served the local fleet and attracted non-local boat owners to the community. The working waterfront infrastructure to support this work is crucial to the viability of Sitka's fleet and to the economy of Sitka. In particular, the Sitka fleet depends on access to an efficient haul out and boatyard where annually required maintenance can be performed along with urgent repairs or scheduled upgrades.



## The Problem

Sitka has experienced a sequence of privately owned boatyards converting to other land uses, which parallels a national loss of working waterfront capacity that is widely recognized as a threat to coastal economies and cultures.<sup>[4]</sup> Most recently, Halibut Point Marine, the owner/operator of the last private haul-out, informed the City that the business would cease hauling boats to transition the yard space into a cruise ship dock and storefronts. No other private land or yard operators are available to replace this loss of service and the closest alternative haul-out facilities are more than 100 water miles away. Additionally, no boatyard within 500 miles can accommodate the Sitka fleet during the annual maintenance cycle when good weather allows essential work.

The additional cost and travel time for resident fishing operations to perform annual maintenance will displace entry level and economically marginal fishing operations, force some boat-owners to homeport their vessels in other towns and cripple Sitka marine service sector. The loss of economic activity, jobs and sales revenue to Sitka will undermine economic, social and cultural stability. Because many major vessel repair jobs happen in the winter, the boatyard loss will especially impact the critical cash flow from a stable year-round workforce essential to balance other more seasonal jobs. These workers are highly skilled and once gone this workforce is hard to replace, hence the urgency to develop an immediate long-term solution.

### Our Solution

To support Sitka's fleet, the community's economic stability, and to retain essential jobs, the Alaska Sustainable Fisheries Trust (ASFT), a Sitka-based 501c3 organization, and Sitka Custom Marine have worked for the past year with local Sitka marine tradesmen to develop this proposal for a sustainable marine services center at the GPIP site. We share a common vision to construct a state-of-the-art facility that provides affordable and efficient services to the local fleet, attracts additional boats to Sitka, and promotes opportunity in the marine trades.



PhotoScan by Google Photos

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Sitka Custom Marine, ASFT and project partners are applying for a 50-year long-term lease of approximately 6.8 acres at the GPIP site to ensure the property remains working waterfront for the long-term and serves as an economic driver for the community. Our goal is to foster the haul out and boatyard Sitka needs while working with the City and Borough of Sitka, GPIP, and local businesses to build the boatyard Sitka deserves. Our long-term vision includes workforce development, education, and fleet innovation to increase long-term economic viability while safeguarding the environment.

As envisioned, the Sitka Community Boatyard will function as a facilitator for commerce, generating modest returns through the haul out operations but substantial economic activity and job creation for the community. We support the City in creating a structure that encourages investment while retaining land ownership as a community asset. Leasing land at reasonable prices to qualified vendors will attract a robust marine service sector and fishing fleet. The benefit to the City of Sitka is job creation, sales tax revenue, and year-round employment.



### The Structure

If our bid is adopted by the City, project partners will create the Sitka Community Boatyard LLC, (SCB) which will be a new for-profit LLC, registered in the State of Alaska, with ASFT, Sitka Custom Marine, and 2-4 mission aligned investors as the managing members. The Sitka Community Boatyard LLC will be guided by a five, to seven-member board that includes people with business and shipyard experience. ASFT will guide the mission-related aspects such as job creation, economic development, and educational and workforce development. The SCB will contract with Sitka Custom Marine to oversee yard construction and operation.

By partnering with experienced marine tradesmen, commercial fishermen, and investors with business experience, the Sitka Community Boatyard LLC will be managed to ensure economic success. The 50-year lease of the property will ensure long-term stability and a business environment conducive to infrastructure and capacity investment. Haul out and yard rates will

be commensurate with rates charged at comparable and relatively proximate yards to maintain affordability while still servicing debt and, eventually, generating modest profit.

### Our Funding Plan

The projected capital cost to launch the Sitka Community Boatyard is \$2.9 million. ASFT has been invited by the Rasmuson Foundation to apply for a \$1 million capital investment contribution structured as a combination of a grant and a program related investment loan. If awarded, this investment will allow ASFT to finance a travel lift, staging dock, and yard equipment. As back up to Rasmuson Foundation funding, the Sitka Community Boatyard has discussed the project and been encouraged to apply for a US Department of Commerce Small Business Economic Development Loan. ASFT has also described this project and discussed funding needs with The Nature Conservancy and the Denali Commission staff and received positive initial responses. ASFT will actively pursue these funding opportunities and continue to invite charitable, state and federal entities to provide support for the Sitka boatyard. Other private equity partners will invest approximately \$250,000 in risk capital for start-up costs, including operating capital and lease site improvements.

The Sitka Community Boatyard LLC will also apply to the City for a \$1.25 million loan from the City of Sitka's Economic Development Fund at low interest terms similar to the program related investment funding. These funds will be used to build the travel lift slip and piers as an essential site improvement. Finally, we will request \$400,000 in project investment from the GPIIP to contract with SCB to install an EPA approved vessel wash-down pad and to perform site electrical and road upgrades.

We will continue to pursue additional economic development funds to add yard capacity as we build toward the yard Sitka deserves. We look forward to working with the City of Sitka and GPIIP to foster economic development, retain a skilled workforce and essential services, and promote education and workforce development through investment in essential working waterfront infrastructure.

Responses to specific elements of the RFP are described in detail in the attached proposal.

Thank you for considering this proposal.

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[1] <http://www.st.nmfs.noaa.gov/commercial-fisheries/commercial-landings/index>.

[2] <http://live.laborstats.alaska.gov/seafood/seafoodstatewide.cfm>.

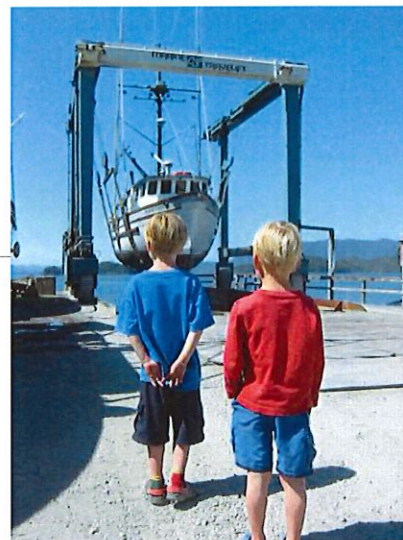
[3] Fey et al., 2016

[4] <http://www.workingwaterfrontarchives.org/2012/05/22/the-value-of-working-waterfronts/>

Sincerely,



Linda Behnken, ASFT President



## 2. Narrative

a. *Brief description of the company including its experience, the experience of its key individuals and a financial statement to prove its ability to finance this project. Brief resumes of the Developer(s), managers and lead design engineers and of the key technical and operational personnel to be assigned to this project. Discuss the experience of these persons and relate that experience to this project.*

Sitka Custom Marine, the Alaska Sustainable Fisheries Trust (ASFT), and project partners are applying for a 50-year long-term lease of approximately 6.8 acres at the GPIIP site to develop and operate a marine haul out facility and shipyard. If our bid is accepted by the City, project partners will create the Sitka Community Boatyard LLC (SCB), which will be a new for-profit LLC, registered in the State of Alaska, with ASFT, Sitka Custom Marine, and 2-4 mission aligned investors as the managing members. The SCB will contract with Sitka Custom Marine to oversee yard construction and operation.

Sitka Custom Marine (SCM) is an established, locally owned and operated marine service business with skilled year-round staff who are qualified, licensed and insured to oversee boatyard construction, operate the travel hoist, block boats for dry dock work, and manage the boatyard. Business owner Jeremy Serka has been a driving force behind the SCB concept and shares a common vision for a full-service marine center that also promotes education and service sector opportunity through intern- and apprenticeships. SCM will operate a welding, metal fabrication and repair shop at the GPIIP site, and will encourage other marine service sector businesses to operate on the premises. When not hauling boats, SCM employees will work in the welding and fabrication shop, securing high paying, year-round employment.

ASFT is a Sitka-based 501c3 non-profit founded in 2012 that works to strengthen fishing communities and marine resources through education, research and economic opportunity. ASFT's Board President Linda Behnken has extensive experience in non-profit fundraising and program development. For example, ASFT recently secured \$1.5 million in program related investment loans from charitable foundations to provide low-cost funding to entry level fishermen. As a managing member, ASFT will guide mission-related objectives, such as job creation, economic development, and educational and workforce development. As a non-profit, ASFT will also serve as a conduit for grants and low interest loans to support high construction costs and facilitate workforce development and job retention.

The projected capital cost to launch the Sitka Community Boatyard is \$2.9 million. Individuals in the marine service business and commercial fishermen have agreed to provide \$250,000 in capital for SCB. These funds will be used to cover start-up costs during construction and operation. SCB will also apply to the City of Sitka for a \$1.25 million Sitka Economic Development loan to fund construction of the travel lift slip, piers and retaining wall. Project partners have preliminary estimates from Turnagain Marine and Western Marine for a design/build contract to perform the construction. The estimates include engineering and design, environmental permit procurement, environmental monitoring during construction, mobilization of equipment, construction materials and labor. Once the loan is secured, SCB will finalize a contract with Turnagain Marine or Western Marine and initiate application for the necessary permits and approval to construct and operate the yard. The design and permit approval stage is

estimated to take 5-6 months. The travel lift slip will have capacity to safely operate a 150-ton hoist to haul boats up to 300,000 pounds and 65 feet in length. The 150-ton Travelift will accommodate more of Sitka's fleet than the 120 ton lift currently owned by HPM. The travel lift slip will be constructed on the southern corner of lot 9A, next to the bulk water outflow. Construction will entail driving piling and building a travel lift slip with two piers and an estimated overall size of 50' by 80'; a 40' by 10' (approximately) staging/queuing dock will also be constructed and located proximate to the travel lift slip. Sitka Custom Marine will oversee the construction of the travel lift slip, piers, retaining wall and staging dock.

Cost estimates for the Travelift, which include shipping and assembly in Sitka, have also been researched and defined. Turnagain and Western Marine have provided estimates for the proposed staging dock with 4 creosote pilings. Cost estimates for the remaining haul-out equipment have been developed and reviewed by project partners with experience operating shipyards.

ASFT has been invited by the Rasmuson Foundation to apply for \$1 million in a combination of grant and PRI loan to fund purchase of the Travelift, staging dock, and other haul-out equipment. As back up to Rasmuson Foundation funding, the Sitka Community Boatyard has discussed the project and been encouraged to apply for a US Department of Commerce Small Business Economic Development Loan. ASFT has also discussed the SCB project and funding needs with The Nature Conservancy and the Denali Commission staff and received positive responses. ASFT will actively pursue these funding opportunities and continue to solicit support from other charitable, state and federal entities to secure full funding for the boatyard as proposed.

Finally, SCB requests GPIP provide SCB with the \$100,000 in infrastructure funds approved for boatyard site improvements at GPIP. These funds will be used to install electrical infrastructure and upgrade the road in preparation for haul out operations. SCB also requests GPIP provide \$300,000 in contract funds to construct an EPA approved washdown pad on lot 9B or a portion of lot 9C. The washdown pad will be constructed by local contractors using existing engineered drawings. Project partners have also received quotes for a prefabricated waste-water treatment plant. These are ready-to-go systems designed specifically for boatyards.

Haul out operations will begin in Spring 2022. Once on dry land, each boat will be moved to a wash down pad where pressure washers will be available. Boats will then be moved to yard space and blocked or cradled. A per day rate for storage will be charged along with the round-trip haul fee. Boat owners will be allowed to work on their own boats or to hire contractors approved with the necessary insurance to operate on the premises. Electrical outlets will be provided at each dry dock space. Boats will be required to hold haul out insurance or to sign a waiver against City or Boatyard liability. As the boatyard gains capacity, we anticipate covered workspace to allow efficient and high-quality repairs or upgrades.

#### **List of key principals contributing to proposal development**

- Sitka Custom Marine, Jeremy Serka, owner Sitka Custom Marine
- Alaska Sustainable Fisheries Trust- Linda Behnken, president, and Dan Falvey, vice-president
- Ben Blakey- Co-owner of Northline Seafoods

- Jeff Farvour- local fisherman, shipwright and board member of Sitka Salmon Shares and the Alaska Longline Fishermen's Association (ALFA)
- Terry Perensovich- local fisherman, shipwright and board member of ALFA
- Justus Raeppe, The Nature Conservancy (financial model assistance)
- Marc Wheeler, business owner (business plan assistance)
- Sam Skaggs, Verdant Money (project guidance)

*b. Provide a list of other marine facilities owned and/or operated.*

Sitka Custom Marine (SCM) will be contracted to oversee construction and operate the yard. SCM is a trade name for Serka's Welding and Fabrication LLC. Jeremy Serka has been in business continually for 20 years and annually services over 150 vessels and other customers in Sitka. Jeremy Serka, the owner of SCM, and his staff collectively have 50 plus years in the marine trades, with extensive experience in vessel construction and maintenance. SCM has on staff a highly experienced Travelift and boatyard operator. SCM carries Marine Shipyard General Liability Insurance, Workers Compensation Insurance, and because of attention to safety, SCM has never filed an insurance claim in over 20 years of business.

*c. Include a plan/program that is designed to satisfy the requirements listed in the "Scope of Project." Describe your understanding of the project, the proposed work plan, and the schedule you intend to follow in order to complete the project in a timely manner.*

Project as we understand it is described above; work plan and timeline outlined in ".d" below.

### **Ownership Criteria**

The GPIIP Strategic Plan identifies the importance of preserving public access, creating family-wage jobs for Sitka residents and setting aside remaining GPIIP land for a much-needed boatyard. We strongly support these goals and priorities. SCB is requesting a long-term lease as described under section "F" below and does not intend to purchase the land. We strongly believe the City of Sitka should retain ownership of the 6.8 acres of GPIIP land to ensure the land continues to meet the needs of the Sitka community and the local fleet for the long-term. The SCB will support the economic success of Sitka's fishing fleet and marine trades while generating substantial economic activity for the community.

### **Insurance Requirements**

Sitka Custom Marine will carry all comprehensive general liability insurance, equipment and vehicle insurance and all workers compensation insurance to satisfy the City of Sitka and State of Alaska requirements. Once SCB LLC is formed, we will consult with insurance specialists to ensure adequate coverage for SCB to meet City of Sitka requirements as specified in the RFP.

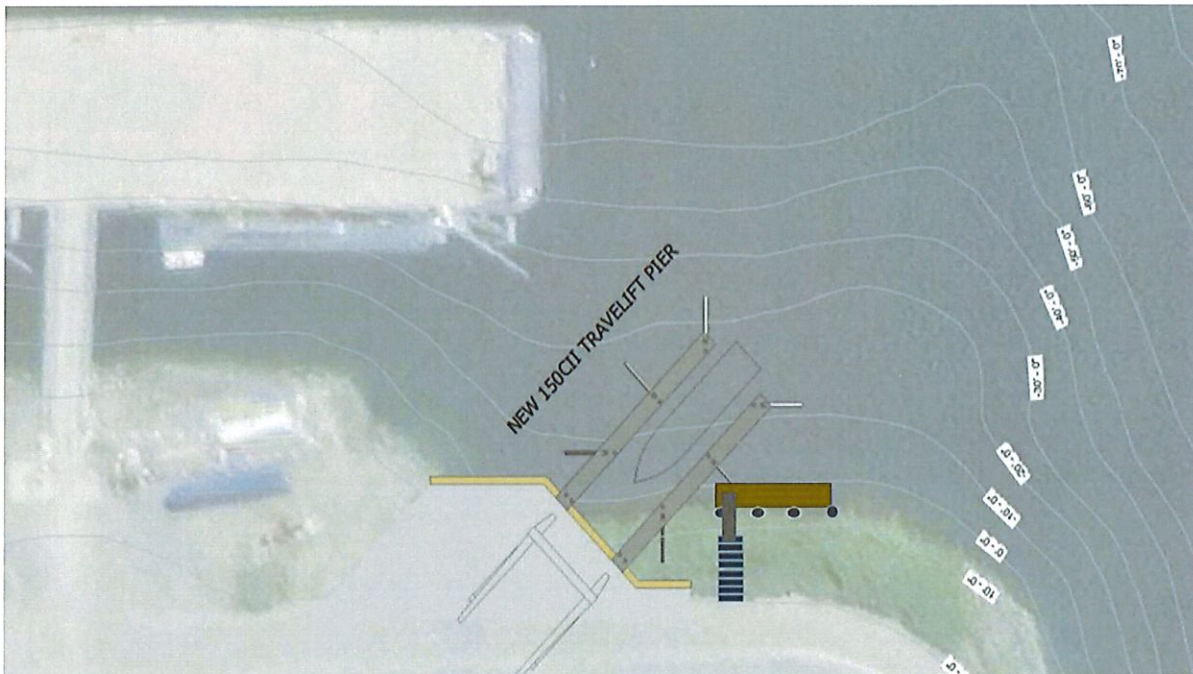
### **Location Analysis**

SCB considered multiple configurations for developing the marine haul out and shipyard. The first configuration considered was a self-propelled trailer to operate on the existing ramp off lot 9A. The trailer/ramp configuration was estimated to cost \$1.3 million but would only have serviced a small percentage of Sitka's fleet. We also considered including a 300-ton hoist in this project, but upland improvement and hoist costs would have approximately doubled the start-up

costs for the boatyard. Based on this review, we identified the 150-ton Travelift as the appropriate equipment for Phase 1.

Our analysis concludes that, based on the limited options for a travel lift slip due to significant GPIIP land use and distribution fragmentation, the best option for construction of a travel lift slip is off the southern corner of lot 9A as shown below. The travel lift slip consists of two piers with an overall estimated size of 50' wide by 80' long and a queuing dock approx. 40' long by 10' wide. The overall tideland area occupied by the combined Travelift and queuing dock is estimated to be 110' wide by 50' long. The estimated extra width of the tidelands needed is due to pier construction that includes batter piling necessary to reinforce the vertical piling. A more precise estimate of tideland area use will be known once the engineered design is finalized.

**Aerial perspective showing bathymetrics, retaining wall, location of Travelift slip extending approximately 80' from southern corner of Lot 9A and associated queuing dock**



#### **Incorporate access to the current GPIIP ramp**

As noted in the transmittal letter, upgrades to the ramp area to allow trailer hauling and further use by barges are part of future development plans that depend on securing additional funding. The added capacity and uses fit within the management and design structure of this proposal but are not included in our current budget. The public will be allowed to utilize the ramp for a fee as specified in GPIIP's tariff schedule. The fee will be passed through to GPIIP minus the cost of processing.



**Aspirational project scope components:**

With respect to upland sub-lease to other marine service businesses, SCB is fully committed to providing workspace for Sitka’s talented marine service businesses and encourages additional uplands investment in working waterfronts infrastructure. We would like to negotiate the City’s share of those sub-leases once the details of the lease agreement and debt structure are finalized.

**Permitting**

*The Developer is expected to provide for design, construction and construction management services to deliver a quality Project. The Project Team is expected to have experience and qualifications to deliver the proposed development vision.*

As noted previously, project partners have preliminary estimates from Turnagain Marine and Western Marine for a design/build contract to perform the proposed construction. The estimates include engineering and design, environmental permit procurement, environmental monitoring during construction, mobilization of equipment, construction materials and labor. SCB will work with the contractors to ensure the necessary permits are obtained. SCM, the operator and yard manager, shall acquire and maintain all necessary stormwater and environmental permits necessary for EPA approved boat yards.

*d. Provide a schedule for completion of the project.*

**Anticipated schedule for boat yard construction**

Upon approval of this proposal, project partners will form the Sitka Community Boatyard LLC, secure start-up funding (2-4 weeks) and initiate the following process:

**2 weeks:** Solicit bids for design, permitting and construction of marine travel lift piers, washdown pad and provide down payment on travel lift. We have secured preliminary estimates from design/build contractors Western Marine Construction and Turnagain Marine which provide estimated details of all components of pier construction costs, timing and understanding of project scope. Geotechnical assessments of the proposed sites were concluded during the preliminary construction phase of the GPIP multi-use dock. SCB has secured three quotes for travel lifts as well as cost estimates for the washdown pad and related filtration system.

Once a design/construction bid is accepted, estimated timeline would commence as follows:

**6-7 months:** Haul out pier design, engineering, environmental and core permits, procurement of materials and mobilization of equipment.

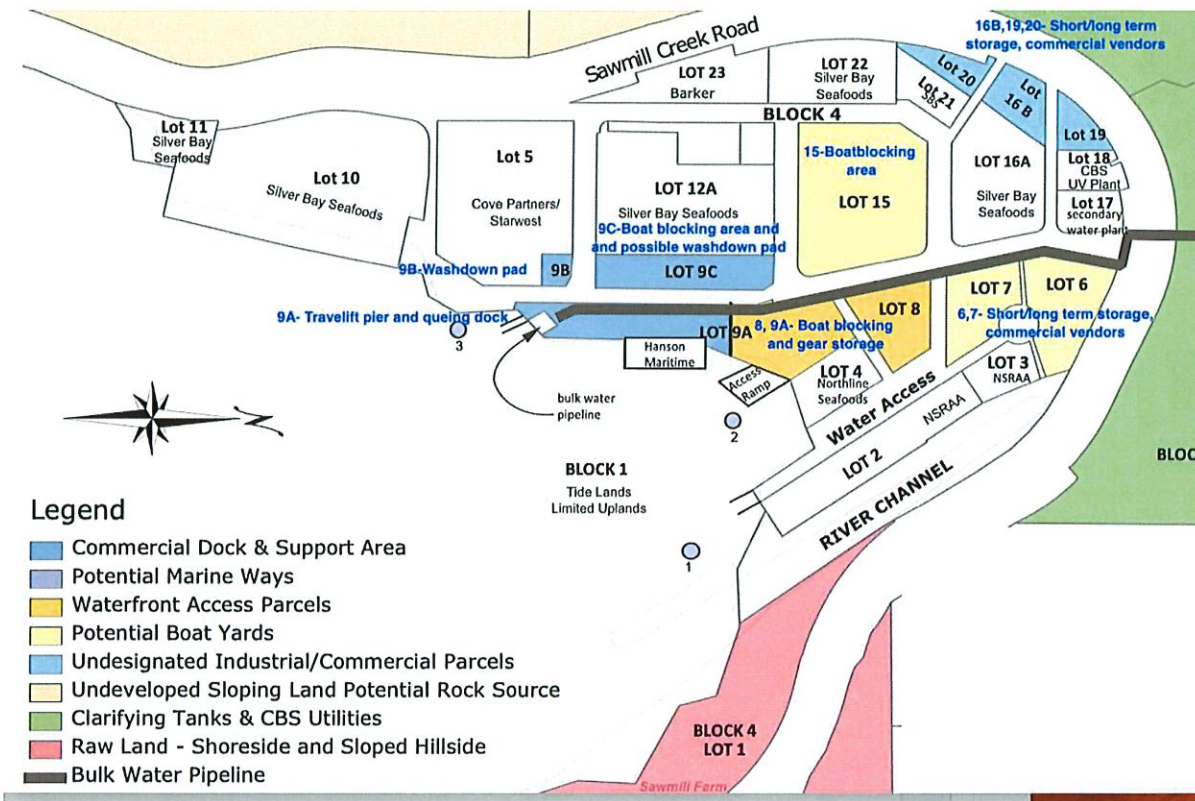
- Remove junk in GPIP boatyard areas (2 weeks)
- Local contractors build washdown pad (3- 4 weeks)
- Local contractors build retaining wall to engineered drawings supplied by pier design/build contractor (4 weeks)
- Local contractors build wood staging/queuing float (3-4 weeks)
- Travelift arrives, local contractors are used for assembly (2 cranes required) (4-month delivery, 1 week assembly)
- City grades yard and installs electrical and water as needed (3 – 4 weeks)

**3-4 weeks:** Once materials are on location, the marine pile driving company can construct the haul out pier, drive pilings for support float, and install support float and associated gangway.

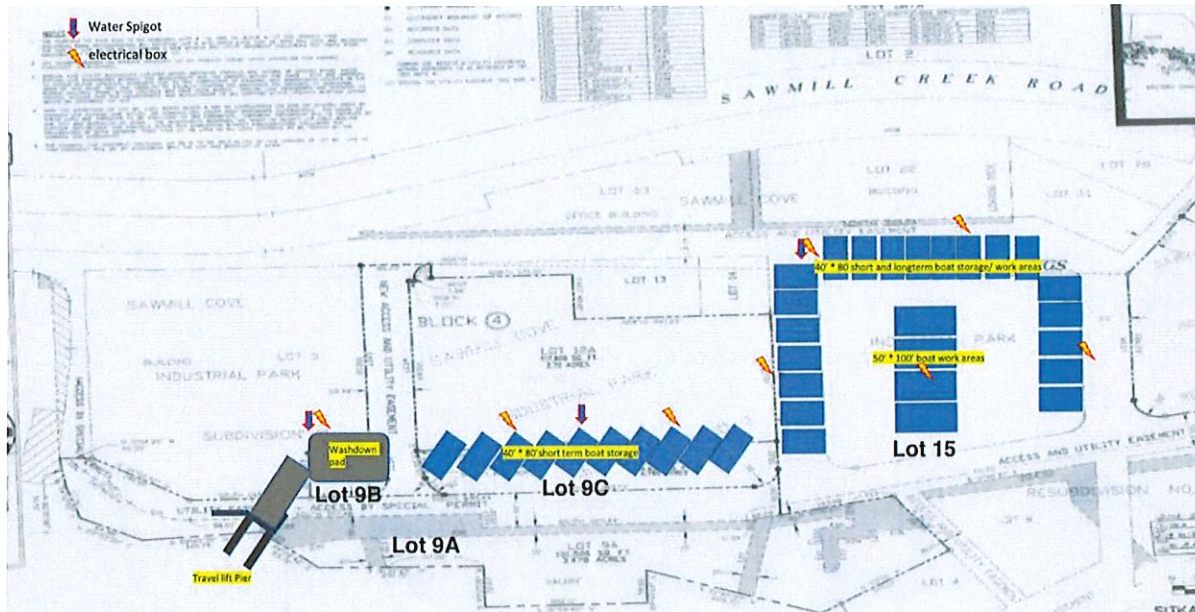
**Total Build time:** Approximately 8 – 9 months

e. Provide a concept level layout of proposed marine facility(s) and uplands facilities and identify what concept the facility(s) includes as identified in the Preferred Outcome.

Map of proposed boatyard layout with lot numbers and corresponding uses



**Map showing proposed layout of Travelift pier slip off lot 9A, washdown pad on lot 9B, short term boat blocking areas on lots 9C and 15 and related utilities**



**Phased project priorities**

Priority 1- Tasks necessary to begin successfully hauling vessels within 10-12 months after approval and funding

- Remove junk in yard
- Construction of retaining wall, pier and queuing dock off lot 9A
- Construction of washdown pad and related utility services on either 9B or 9C.
- Preparation and utility installments for short- and long-term boat blocking on lots 9C and 15
  - Lot 9C can accommodate approximately 10 vessel spaces measuring 40 feet by 80 ft. Lot 9C will have 1 hose barb and 2 electric meters, each with electrical cord plug outlets.
  - Lot 15 will be used for overflow short-term vessel work areas as well as long-term vessel storage and work areas. Lot 15 can accommodate approximately 22 - 30 vessel spaces of 40 feet by 80 ft with ample room for a forty-foot wide Travelift. Lot 15 will have 7 electrical meters and 2 water spigots; each meter will have 4 plug outlets.
- Upgrades to GPI road areas identified for Travelift use

Priority 2- Provides additional boat/gear storage and room for services

- Preparation and utility installments on lots 9A, 8, 7 and 6 for short- and long-term boat blocking and gear storage
  - Lots 9A and 8 will be used when lots 9C and 15 have reached capacity.
  - Preparation on lots 6 and 7 for gear storage and marine related services

- Lots 9A, 8, 7 and 6 will be used as public storage areas, commercial vendor areas and available for short and long-term leases for mission related businesses. Utilities will be provided in these areas as demand and revenues progress.

Priority 3- Provides additional service area

- Prep of lots 16B, 19 and 20 for marine related services

All effort will be taken to work with and around the multi-use dock, SBS, Hansen Marine, Northline Seafoods and any future landowners and renters to ensure these landowners or renters continue to have access to their property and equipment. We will also protect Northline's view of Silver Bay.

*f. Provide proposed submerged and upland lease rates and/or purchase prices offers.*

The 6.8 acres of GPIIP land identified for the Sitka Community Boatyard includes Lots 6-8, 9A, 9B, 9C, 15 and the smaller outlying lots 16B, 19, and 20. While this area is irregular in shape, with careful planning it can be used efficiently as a haul out and boatyard, with room for a washdown pad and boat dry dock. Upon approval of this proposal and LLC formation, Sitka Community Boatyard will apply to the City of Sitka for long-term tideland lease of lot 9A (pier site), upland leases for lots 9B or a portion of 9C for the washdown pad, lots 9C and 15 for short term boat storage, and lots 6, 7, 8, 16B, 19, and 20 for longer term boat storage, gear storage and business lease areas. The request will be for a 50-year lease with performance metrics and lease fees reviewable every 5 years. For the first five years, a lease fee of \$1/foot for each vessel hauled will be applied, with the tariff reviewed every 5 years after initiation. This amount is slightly below the \$1.50/ft tariff applied in Homer but will allow SCB to maintain competitive haul out fees and reduce financial risk during the initial years of operation. After year five of operation, the lease fee will be reviewed review and SCB can consider additional lease fees for upland storage of vessels during haul out, washdown pad use, and sub-lease of lots 6, 7, 8, 16B, 19 and 20.

*g. Provide a concept level operations plan for the facility(s). Describe the estimated number of employees and how operation would benefit the Sitka and Southeast marine industry.*

The Sitka Community Boatyard is open to future partnerships with businesses that contribute additional hoist capacity or other marine services to the yard. SCB envisions an additional haul out pier and 3000-ton marine Travelift will be the next major phase of development once the yard is returning profit or additional capital is secured.

The value of the SCB is first and foremost due to its proximity to Sitka and the fishing grounds. Second, provided the City retains land ownership and continues to invest in haul out use of the land, the boatyard will provide economic activity in Sitka, generating tax revenue and supporting year- round jobs. By providing affordable workspace proximate to dry-docked boats, the City will support efficient and high-quality workmanship by the marine service sector, increasing the success of the fleet and drawing more boat owners to Sitka for similar work. Finally, by providing a convenient, well run, efficient and high-quality yard, the SCB will support the

economic success of Sitka's fishing fleet, which in turn supports Sitka's economy and generates revenue.

The SCB will contract with Sitka Custom Marine (SCM) to oversee pier construction, manage all business aspects of the boatyard and work directly with boat owners to schedule and perform haul outs. The SCB board will provide regular reports to the City on operations relative to projected metrics and costs.

Sitka Custom Marine is owned and operated by Jeremy Serka. SCM employs an average of two full time and two part time employees. SCM anticipates hiring another 2-3 full time employees and a part time bookkeeper if awarded this contract.

#### Personnel or Contract

- Yard manager --operates equipment and supervises yard activities
- Part-time yard assistant-- assists with haul out/launch process
- Business manager- books haul outs/launches, manages books and administrative details; guides yard development and commitment to mission.
- Part-time bookkeeper

Sitka Custom Marine is currently in negotiations with Starwest and the Cove Partners to own and manage the old water bottling plant on lot 5 at GPIP. The Cove building will be used as an office and maintenance facility while contracting boat yard services for SCB. Sitka Custom Marine will manage the building as a center to expand and facilitate new and existing marine related businesses. The building will be available for all new and existing businesses that may want to conduct sandblasting, fiberglass and painting, welding and fabrication, machining, wood shipwrighting and milling, diesel mechanic repairs or upgrades, electrical, marine engineering and design, and logistic support for vessel owners. All existing vessel repair businesses will have an opportunity to rent space in the building or work collectively on projects while using the building's space and resources. Sitka Custom Marine will also use the building to develop and expand full time and seasonal job opportunities by helping to teach and sustain new and entry level tradesmen. Internship and apprenticeship programs, seasonal employment for fishermen, and community structured projects will all be used to promote and sustain the stable workforce critical to a successful boatyard.

Sitka Custom Marine has plans to build a covered boat shed to accommodate two 50-foot vessels under a climate controlled and sealed environment for year-around wood boat repair, painting, and other exterior work. In addition, lots 6 and 7 will be available for affordable subleases for businesses looking to build additional covered boat areas.

**Thank you** for the opportunity to submit a proposal to the City of Sitka for an innovative public: private partnership in the Sitka Community Boatyard. We are excited to be part of meeting the City's long term economic development and job retention goals while also supporting Sitka's fishing fleet.