

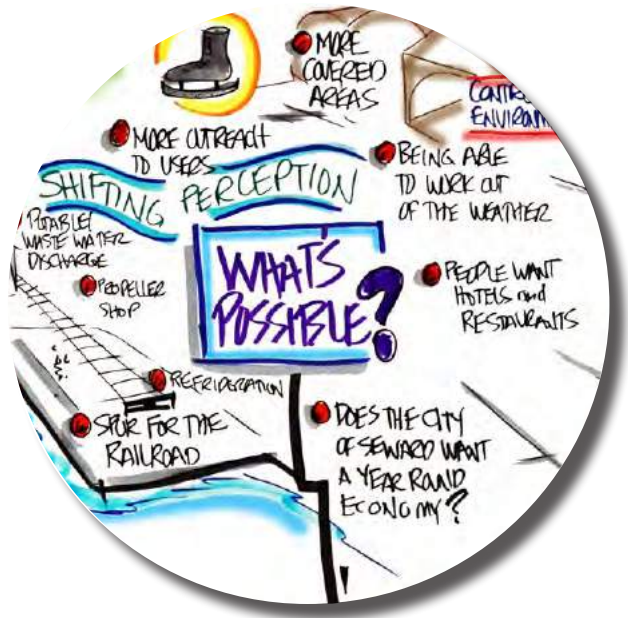


EXHIBIT 1
SMIC STRATEGIC WORK SESSION SUMMARY

JANUARY 22, 2016 @ 1:00 PM – 4:00 PM



SMIC UPLANDS DEVELOPMENT PLAN • STRATEGIC WORKSESSION SUMMARY



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ATTACHMENTS

Graphic Facilitation Recording



MEETING PURPOSE, KEY OBJECTIVE

AIDEA and the City of Seward hosted a Seward Marine Industrial Center (SMIC) Uplands Development Plan Strategic Worksession on January 22, 2016 from 1-4pm at the Sheraton Anchorage Hotel. The goal was to bring together a broad range of current and potential Seward Marine Industrial Center (SMIC) stakeholders with industrial, financial, economic, real estate and educational experts to identify potential long-term development opportunities that may be possible at SMIC.

AIDEA AND CITY OF SEWARD INTRODUCTION

James Hemsath, PE, PMP, Director of Project Development and Asset Management Division (PDAM), AIDEA, reviewed the worksession goals and how this project fits into AIDEA’s overall mission. He shared AIDEA’s Collective Ambition to partner with Alaskans to facilitate economic development via creative application of financing tools. Jim noted that last spring, the Arcadis project team conducted one-on-one interviews with current and potential stakeholders providing a great foundation. He indicated the worksession provides an opportunity for stakeholders and industry experts to come together and build upon those ideas, look for potential development scenario combinations, listen to what others have to say and actively exchange ideas. This session sets the groundwork for future participation and continued conversation.



Ron Long, Assistant City Manager, City of Seward, shared background on SMIC’s 30 year history, unique location, size, current uses and amenities as a deep water, ice-free marine industrial port. The impact of SMIC is greater than just Seward, and is positive for the entire state. He provided an update on the breakwater construction and shared his interest in hearing ideas on how the City can best develop the basin, uplands and utilities. The new breakwater drastically improves the waterfront and basin usability and is a catalyst for economic growth. Mr. Long acknowledged the work provided by Arcadis in conducting interviews with SMIC current and potential users, and in preparing operational analyses of the SMIC facilities and recommending development options.

PROJECT OVERVIEW/STATUS

Mark Griffin, AICP, Senior Land Use Planner, Arcadis, presented an overview of the SMIC Uplands Development Plan, study area, current tenants and planning process.



SMIC has good strategic advantages with its increased boat lift capacity and ship yard operations. There are about 85 acres in initial development area which could be expanded in the future via procurement of private parcels and return of 65 or more acres of adjacent lands east of Delphin St. that is currently leased by the State to support Seward prison growth. The area is developed with internal access road, electrical, city water/sewer and developed parcels. Of the initial development area, 36 acres are currently available,



others are leased or privately owned.

The team interviewed current and prospective users, maintenance and repair (M&R) operators, oil rig tenders and research vessel operators to hear their thoughts on SMIC near, mid and long-term opportunities. A number of current users expressed a variety of possibilities including using SMIC for the storage of tugs and barges, the expansion of uses within several of the existing leased parcels, use the North Dock for unloading cargo and the possibility that SMIC could provide facilities to support the deployment of the new USCG Sentinel class cutters in Alaska. A conceptual build out of SMIC showing M&R and Fabrication services with the incorporation of public amenities and services was presented as one example of how SMIC uplands could be further developed as a marine industrial center.

GROUP DISCUSSION ON DEVELOPMENT OPTIONS

What are City’s goals for this development? AIDEA’s goals?

The City’s goals for SMIC are to make the waterfront/basin more usable with the new breakwater, economic development and revenue creation. The City would like SMIC to become a self-sustaining facility and is interested in seeing new jobs created, restaurants and housing. AIDEA’s goal is to create jobs and help municipalities and boroughs encourage economic development.



How much research has been done on the marketability of SMIC and market demand? Are there enough vessels and owners to support increased M&R business at SMIC? Build it and they will come approach?

With new USCG regulations and more aging vessels, vessels are being kept longer. SMIC is well positioned to serve 50-foot or longer vessels. There is an attractive market of the 50-foot or longer vessel size that could use the City’s 330-ton Travelift. The 2010 McDowell Group study showed sufficient market to support more development and a growing market.

Prior to designing the basin, it is important to get an understanding of market and additional upland development. Basin buildout concepts will follow the upland development plans.

How can we maximize the value of SMIC uplands and waterfront?

The Alaska business climate has changed dramatically in the past year with low oil prices, Shell cutting back in the state and OCS oil support unlikely in the near term. We should expand on “blue collar recession-proof” industry to create new jobs and bring in additional revenue.

SMIC Improvement and Needs

SMIC users and stakeholders noted the following improvements would encourage more development and investment:

- Develop a drainage system to route water to the ocean
- Extend power throughout site



- Marketing by City and State
- Develop blue collar skilled trades and skilled labor in the Kenai Borough
- Create encouraging business environment for investors. Some (but not all) Small Business Association Loans are not available for leased property.
- Integrate AVTEC, University of Alaska and manufacturing industry
- Develop a covered, contained and large protected work area for boat/vessel repairs. This is required for USCG and large international companies with strict QA conditions.
- Propeller shop, refrigeration, life raft service, potable water and wastewater services



Does Seward Want a Year-Round Economy?

If SMIC is to develop into a full-service, year-round facility, Seward needs to become more attractive as a place to live year-round. Seward has seen the benefits that year round business can provide. When the Noble Discoverer vessel was in Seward, City sales tax revenue increased 11.2% and hotels and restaurants stayed open in the winter. If Seward wants a year-round economy, the City needs to attract more people to live in Seward. It is a community effort and commitment to build a year-round economy.

BREAKOUT QUESTIONS

Following the break, all participants shifted tables, were asked three questions to discuss with their table and report back to the group.

Question 1: What is the advantage of being in SMIC area for your business? What are the benefits?

Land/Geographic Position

- 125 miles from Anchorage; 2 hour drive from Anchorage and the nation's 2nd largest cargo airport
- Beautiful Alaska Scenery
- Ice-free port and deep water; Close to fishing/shipping vessels
- No beluga whales
- Available land for lease and development
- Air, road and rail access to SMIC
- Proximity to trade routes, land available, no currents, less wind than in town, no maintenance dredging required.
- Warm weather, lots of winter sun at SMIC
- Central location to Western Alaska fleet, near Gulf of Alaska
- Central to Cook Inlet and Prince William Sound



SMIC Infrastructure/Amenities

- Breakwater under construction
- Good infrastructure at SMIC, building on to something that already exists
- SMIC has three different size boat lifts.
- Vigor is an Anchor tenant until 2040, work to attract other businesses

- Fish processing industry
- US Coast Guard
- Year-round boat maintenance and repair
- World class simulator at AVTEC

Education

- State educational system willing to transform and help train workforce
- Alaska SeaLife Center (Marine Research Facility)
- Institute of Marine Science

Seward Benefits

- Seward is a viable community with great hospitality
- Year round infrastructure, restaurants, hotels, historic town, things for people to do
- AT&T cable coming to Seward
- Hospital in Seward

Economy

- Laid off North Slope workers coming to Seward to find job opportunities, wanting to stay in Alaska
- Strong-pro-growth community in Seward
- Multi-skilled workforce
- Positive tourism economy in Seward
- Sport fishing industry
- Birding/whale watching

Question 2a: What kind of training would be needed? What training would support new businesses?

- Focus on what is required for new USCG regulations
- Distance learning options
- Reshape vocational education training
- General life skills training, how to get work every day
- Short-term training for workers, skilled labor, background for ship building, industry specific
- Boat electrical training, hydraulics, refrigeration; how to work around moving machinery, work on boat safely (3-5 day certification)
- General construction and inspection skills training
- Diesel mechanics training
- Industrial math (more than just applied math)
- Regulatory compliance training
- Repair side/deck side training (broad spectrum)
- Auto body, ship body, boat fixture/repair training
- Leadership training and supervisory skills training
- ABS classes



Question 2b: How training can be implemented?

- Expanded training at AVTEC; industry partner with AVTEC to add more shipyard worker specific training
- Expansion of Marine Sciences partnership with UAF; Marine biology research schools; combine with marine sciences at AK SeaLife Center
- Industry partnership with Maritime Academy
- Train the trainer - train 2 workers who can come back and train the rest, instead of sending 50 to the training; bring instructor to Seward to do the training
- Basic skills such as adult education, computer skills training – can partner with Department of Labor
- In Ketchikan, Vigor has great partnerships with local schools and University of Alaska Southeast – Vigor helps to tailor curriculum so students can walk out of school and get a job with those skills; promote Industry participation
- Aim to keep as much training in Seward including distance learning vs. traveling out of Seward to receive training; attract students to train here
- Build a training center for these specific needs; housing/restaurants for students
- 2 year apprentice level engineering program
- Joint technology center located at SMIC
- General Marine repair (ABYC) for certification



Question 3a: What new business opportunities do we see in the SMIC/Seward area?

- Self-sustaining, private training facilities
- Shipyard University (SMIC U) one-stop training, maritime university; evening courses for workers, offer certifications; heavy equipment operator training
- Modular fabrication – LNG Plant; ship modules north on rail line or use barges; modular pipe sections
- Urgent Care Clinic/Fire/ Emergency Response at SMIC/Confined Space Rescue team
- Movie theater, bowling alley, activity center to make Seward more attractive to residents
- Cargo consolidation
- Vertical agriculture, aquaculture
- Fish processing plant expansion
- Tourism/day camps for kids in summer
- Winter tourism packages; boat tours in winter; winter railroad packages
- Maritime museum
- Movie/film academy or school
- Eatery/restaurant/bar at SMIC
- Cold storage
- Rentable space and warehouses
- Fiber/fishnet co-op
- Grocery co-op, one-stop shop, general marine store (Similar to Kachemak Gear Shed in Homer)

Question 3b: What needs to be in place to make that happen?

- A suite of investment incentives
- Competitive pricing on commodity needs for vessels to operate; look at Seattle and Homer markets to understand why owners take their boats there
- Rail connection to shipyard
- AIDEA financing participation
- Tighter collaboration between University and AVTEC
- Crews that come into port have students that need training, get them to stay longer
- Affordable housing, student dorms/rooms for workers in the summer months, private hotels very expensive; very important for recruitment
- Restaurants, shops, recreational activities; increased winter hours of operations
- Better marine infrastructure at SMIC
- Sell fuel
- Attract fisheries
- Electricity at SMIC
- Cheap energy or natural gas in Seward; Seward discussing compressed natural gas; may not have volume to do LNG plant at SMIC
- Employ Spring Creek Correctional Center prisoners
- Marketing plays big role in attracting customers
- Shuttle or Ferry Service from SMIC to downtown Seward



VISUAL GRAPHIC SUMMARY

Tim Corey, Graphic Facilitator, Colibri Facilitation, provided a brief recap of his drawing (see attached). He encouraged everyone to use the information from today’s worksession to develop individual ideas for the group’s work moving forward. Looking at the visual graphic, follow the black lines and the arrows as a way to understand more deeply the work done at this worksession. Sectors/industries are noted below the water along the earth to represent the importance of collaboration and working together. Innovation happens when we work together and collaborate. It is important to take this conversation and apply it to future work efforts.

CLOSING REMARKS

City of Seward Mayor Jean Bardarson thanked everyone for their participation in this effort and encouraged the group to stay engaged. SMIC needs help being successful. The City will review all this information and use it to make decisions on how best to move forward. Ron Long encouraged people to share ideas with him as this planning effort moves forward.

In conclusion, the worksession was successful in bringing together a broad range of SMIC stakeholders and interested community members and resulted in a wide ranging discussion on the development potential of the SMIC facility.

In particular, the project team identified the following set of ideas and suggestions to consider in the on-going development of SMIC:

1. That a focused and dedicated Advisory Committee comprising business interests, lease holders, shipping and logistics service industries, and education and vocational training institutions at SMIC be established by the City to monitor and promote development initiatives and greater use of the SMIC facilities;
2. That the City be active in addressing the utilities and other operations issues highlighted by SMIC users;
3. That the City and SMIC business interests cooperate in promoting the improvements being made at SMIC and actively market the competitive advantages of SMIC, including its lift capacity, storage area, range of M&R and fabrication services, and educational and economic development opportunities.
4. That educational and vocational training institutions, including the UAA, AVTEC, industry partners and the Alaska SeaLife Center create a workforce development/new product incubation facility at SMIC to provide maritime vocational training and education as well as potential research through the University; and
5. The development of a sheltered work area in the City boat yard.

Workshop participants are encouraged to contact Ron Long, City of Seward, 907-224-4020 or rlong@cityofseward.net to continue involvement in SMIC development plan.

SMIC WORK SESSION GRAPHIC SUMMARY

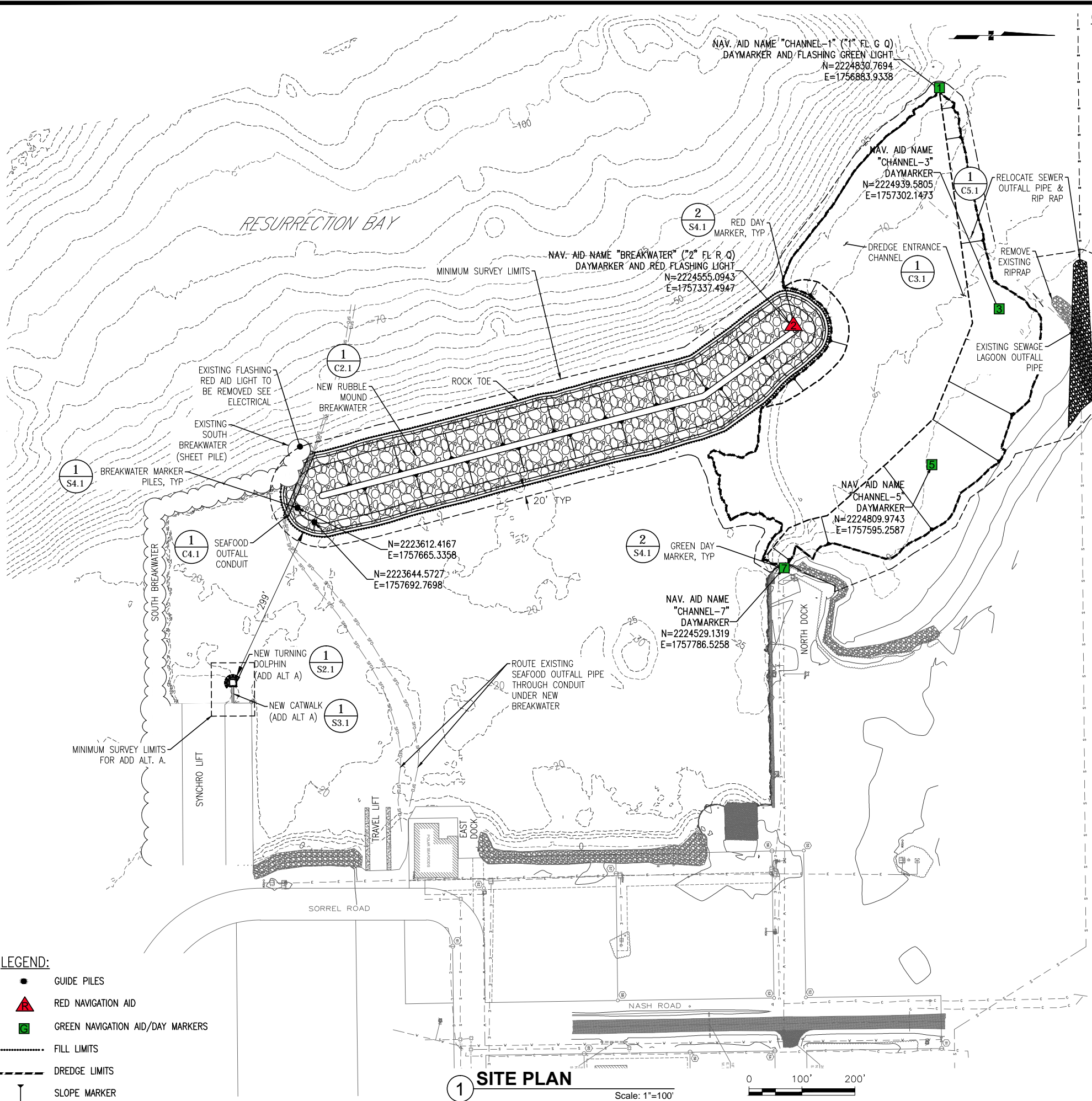
JANUARY 22, 2016





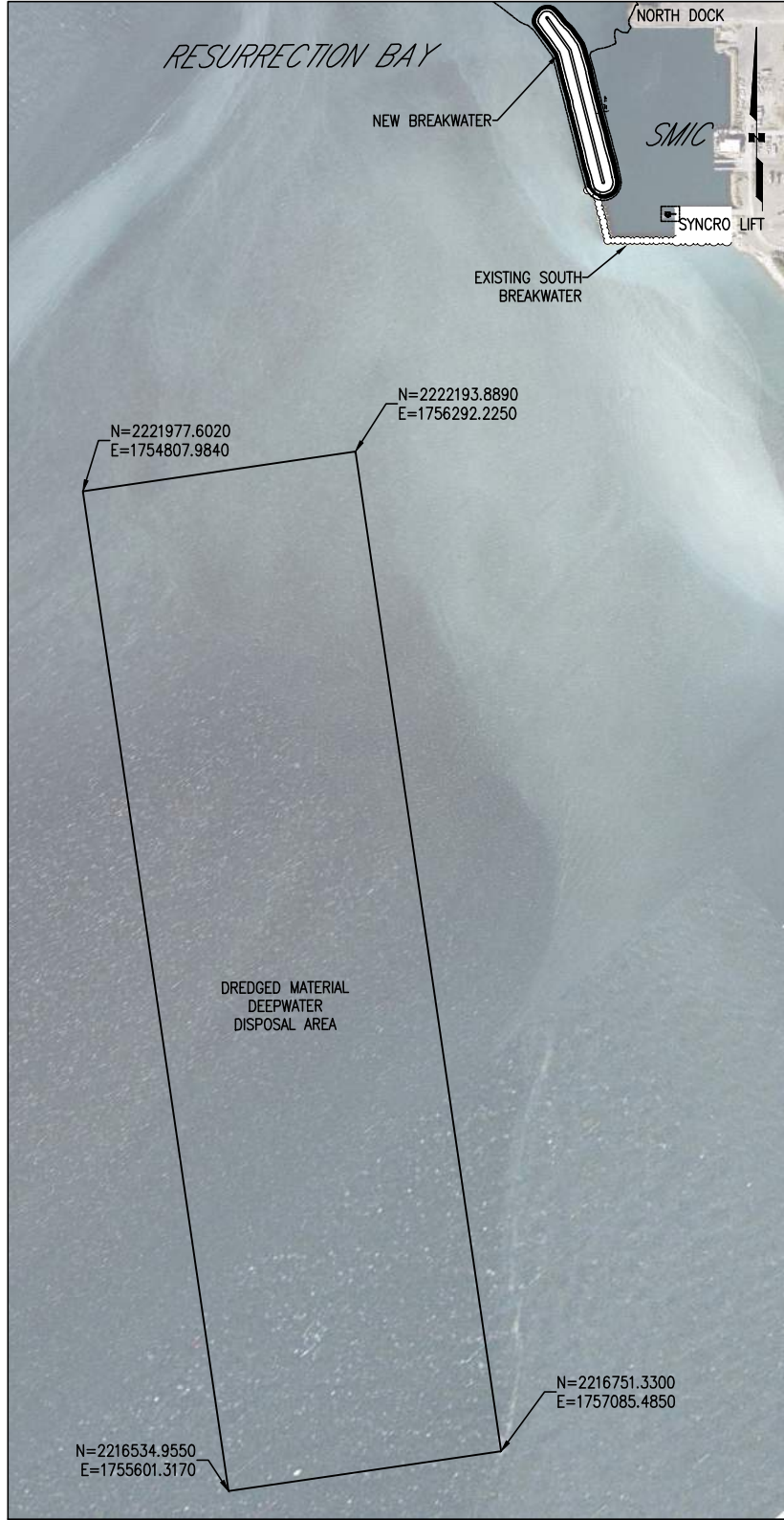
EXHIBIT 2
SMIC HARBOR IMPROVEMENTS PHASE 1 - SITE PLAN

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Plotted 3/6/2015 5:29 PM by Luke Ayer



GENERAL NOTES:

1. THE CONTRACTOR SHALL BE RESPONSIBLE FOR HAVING EXISTING UTILITIES IN THE PROJECT AREA FIELD LOCATED. VARIOUS UTILITIES MAY BE PRESENT WITHIN THE PROJECT AREA. THE CONTRACTOR SHALL TAKE ALL PROPER PRECAUTIONS TO AVOID ANY DISTURBANCE OF SUCH UTILITIES AND SHALL BE RESPONSIBLE FOR REPAIRING ANY DAMAGE TO UTILITIES DURING CONSTRUCTION.
2. SCHEDULING AND PHASING OF WORK SHALL CONFORM TO SPECIFICATIONS
3. THE PROJECT SITE IS SUBJECT TO HIGH WIND, WAVES, AND CURRENTS. SUCH CONDITION CAN & DO OCCUR ANYTIME OF THE YEAR. THE CONTRACTOR SHALL PLAN & PERFORM ITS CONSTRUCTION ACTIVITIES & SEQUENCE TO TAKE INTO ACCOUNT SUCH CONDITIONS.
4. WAVE HEIGHTS UP TO 8FT & PERIODS OF 4-5 SECONDS HAVE BEEN OBSERVED AT THE PROJECT SITE. TIDAL CURRENTS OF 1.0 TO 1.7 KNOTS ARE COMMON DURING HIGH TIDAL FLUCTUATIONS.
5. THE CONTRACTOR SHALL COORDINATE WITH THE SEWARD HARBORMASTER & THE LOCAL SEAFOOD PROCESSORS TO MINIMIZE DISRUPTION OF HARBOR OPERATIONS & FISH DELIVERY & PROCESSING.



LEGEND:

- GUIDE PILES
- ▲ RED NAVIGATION AID
- GREEN NAVIGATION AID/DAY MARKERS
- FILL LIMITS
- DREDGE LIMITS
- ┆ SLOPE MARKER

1 SITE PLAN
Scale: 1"=100'

2 DEEPWATER DISPOSAL AREA
LOCATION MAP
Scale: 1"=500'



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CITY OF SEWARD
SMIC HARBOR IMPROVEMENTS

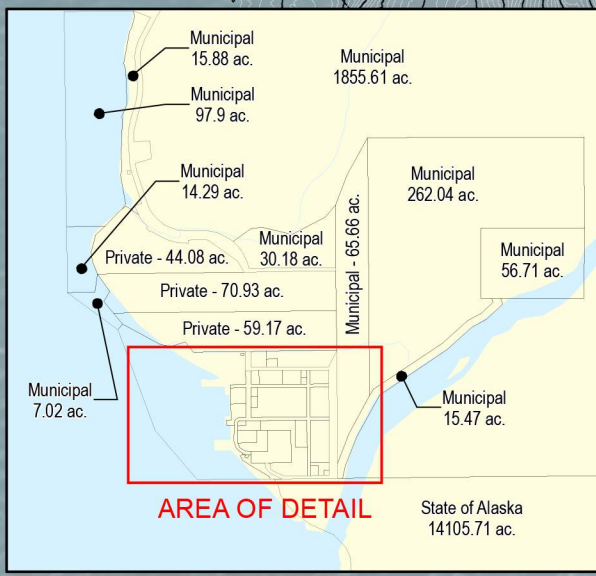
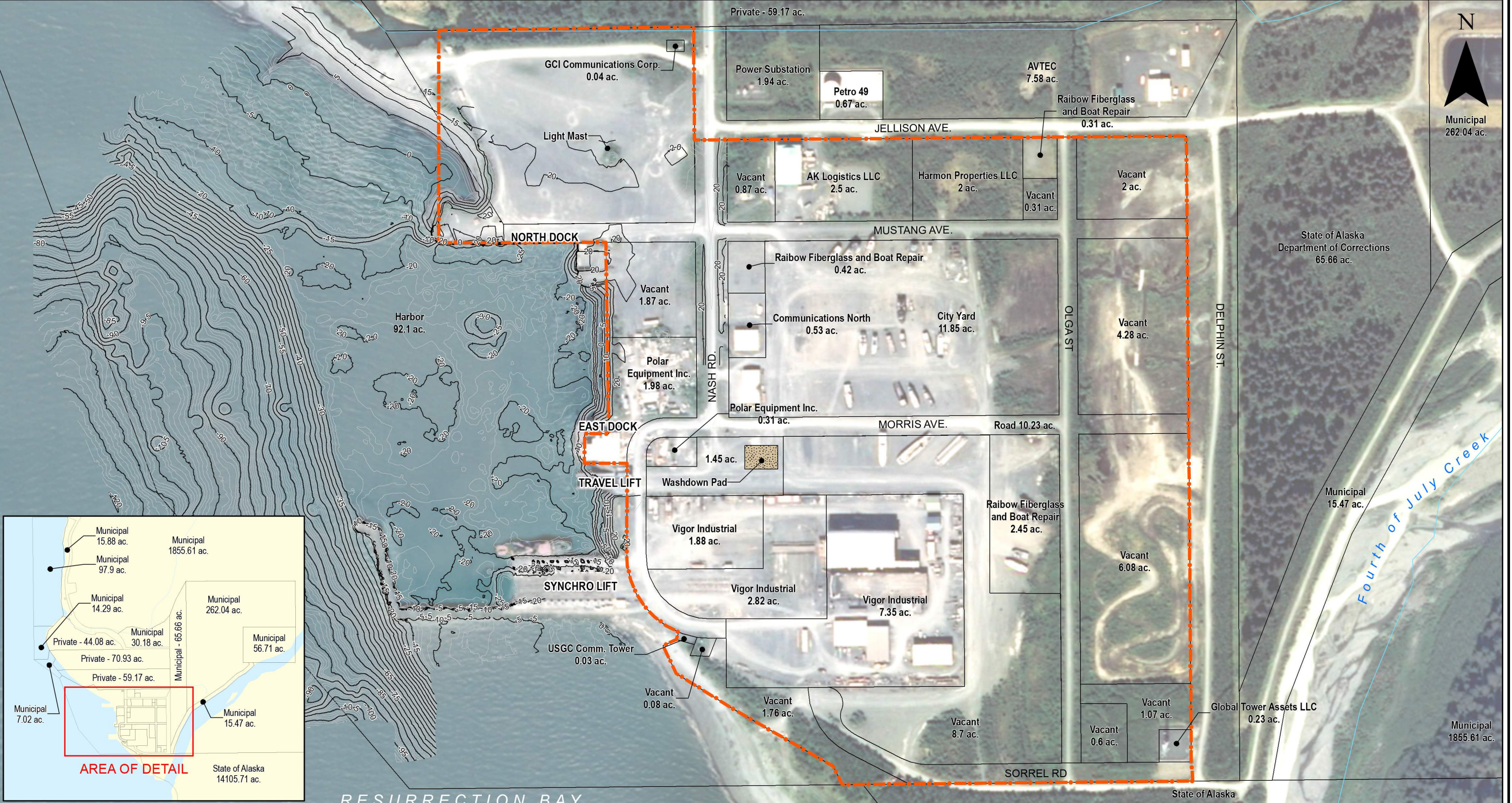
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Drawn by:	Checked by:
LA	KN
Date:	MARCH 6, 2015
Project:	95% DESIGN
Project No.:	1770.01
SHEET TITLE:	SITE PLAN

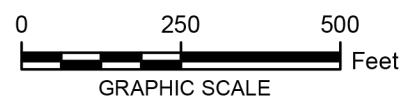
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 6 OF 29
G5



EXHIBIT 3
SMIC UPLANDS DEVELOPMENT AREA



- Parcels
- Development Boundary
- Washdown Pad
- Initial Development
- Elevation/Bathymetry
- 20 foot Interval
- 1 foot Interval
- Streams



AIDEA AND CITY OF SEWARD

SMIC UPLANDS DEVELOPMENT PLAN

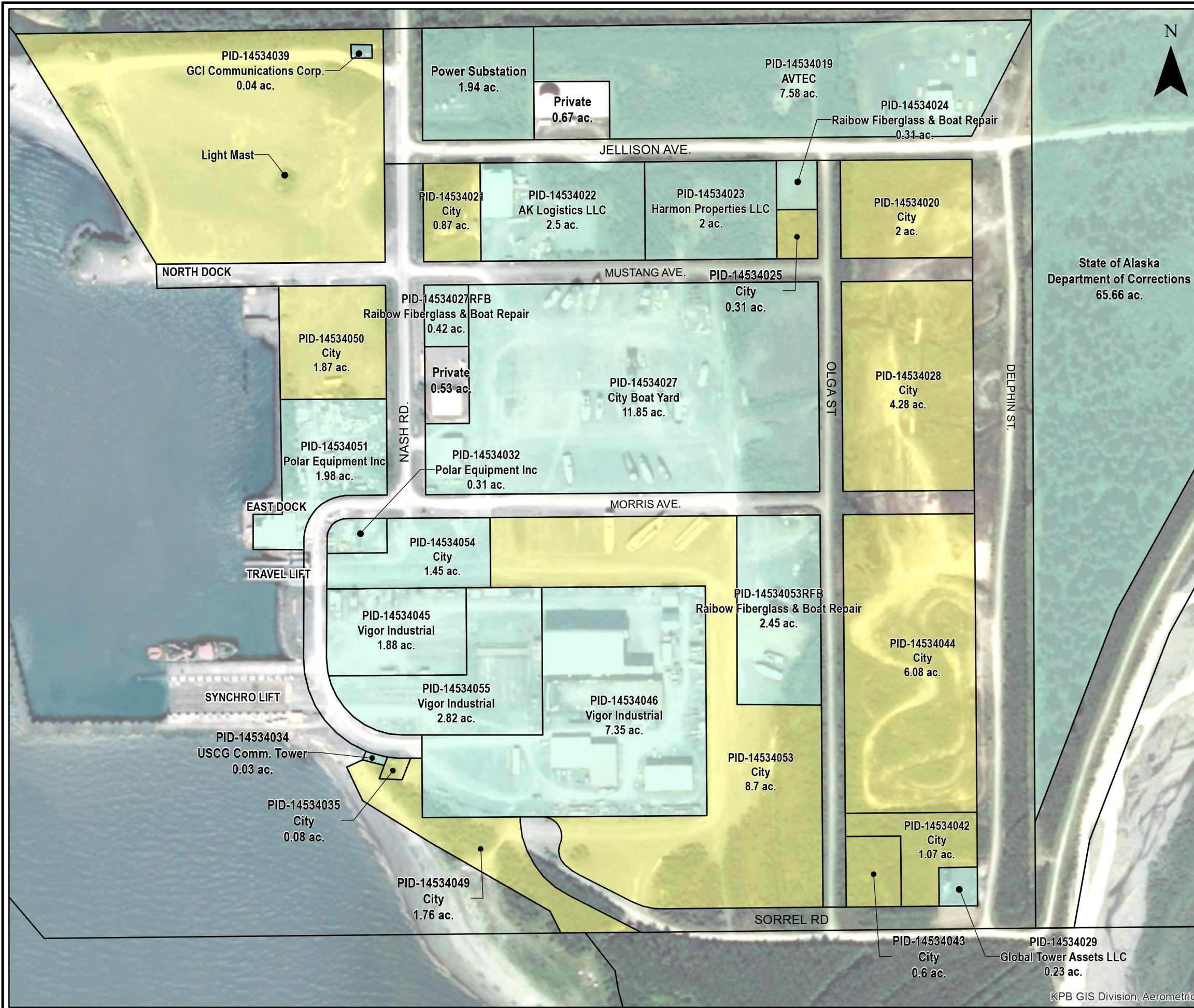
SMIC AREA

FIGURE
A

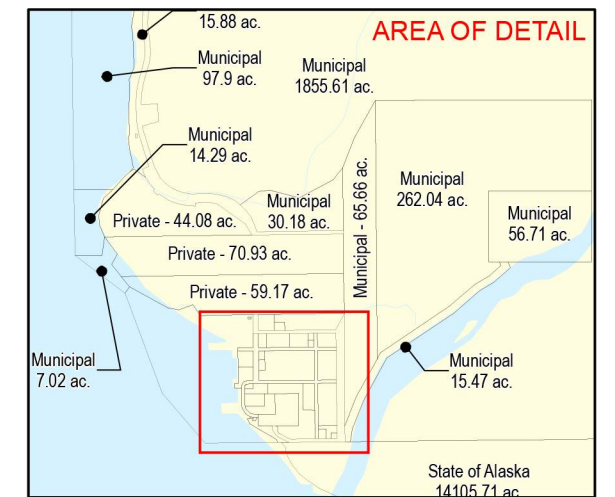
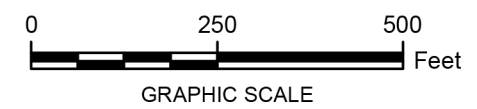
Parcel Data: KPB GIS Division
 Imagery Source: KPB GIS Division,
 Aerometric 2012 Aerial Imagery



EXHIBIT 4
CURRENT PARCEL LEASE STATUS



City Leaseholders/ Occupied
Available Parcels

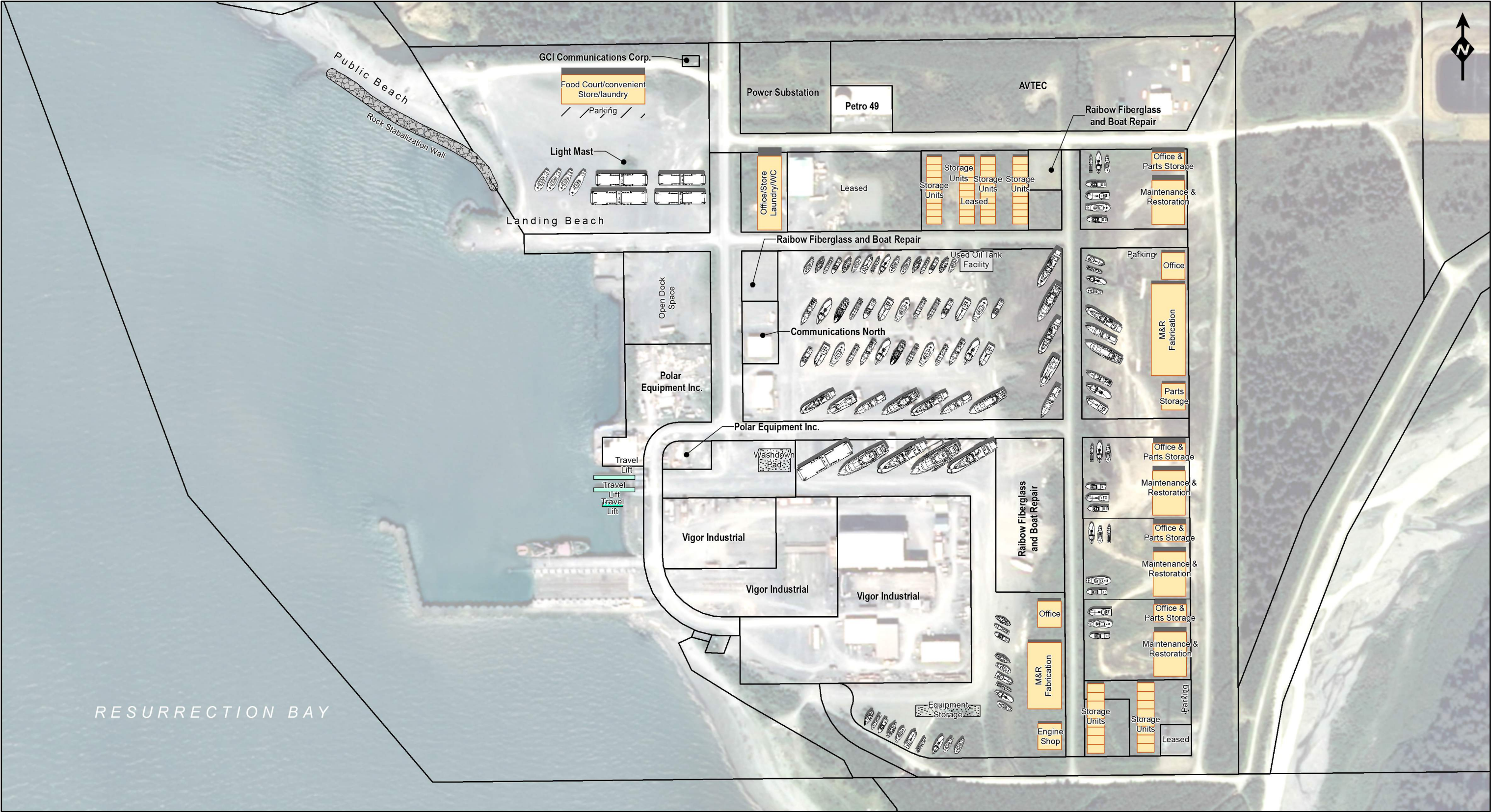


AIDEA AND CITY OF SEWARD
SMIC UPLANDS DEVELOPMENT PLAN
PARCEL LEASE STATUS



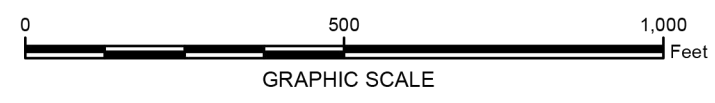
EXHIBIT 5

CONCEPTUAL M&R BUILD-OUT



RESURRECTION BAY

- Buildings
- Oil Tank
- P1 Travel Lift A
- P2 Travel Lift B
- Equipment Storage/Washdown Pads
- Parking
- Parcels
- Stabalization



Parcel Data: KPB GIS Division
Imagery Source: KPB GIS Division,
Aerometric 2012 Aerial Imagery

**AIDEA AND CITY OF SEWARD
SMIC UPLANDS DEVELOPMENT PLAN
MARINE M&R AND FABRICATION
CENTER CONCEPTUAL BUILDOUT**

FIGURE
C