

KODIAK CITY COUNCIL

WORK SESSION AGENDA

Tuesday, April 21, 2020, 7:30 p.m.

Elected Officials will be participating via Audio/Video Conferencing and/or a few in person. Public members are encouraged to tune in to KMXT 100.1 FM. For everyone’s protection, there will be no in-person attendance for this work session in compliance with the Centers for Disease Control and Prevention’s guidance on social distancing. Work session agendas and packets are available online at <https://www.city.kodiak.ak.us/meetings>.

Work sessions are informal meetings of the City Council where Councilmembers review the upcoming regular meeting agenda packet and seek or receive information from staff. Although additional items not listed on the work session agenda are sometimes discussed when introduced by the Mayor, Council, or staff, no formal action is taken at work sessions and items that require formal Council action are placed on a regular Council meeting agenda. Public comments at work sessions are NOT considered part of the official record. Public comments intended for the “official record” should be made at a regular City Council meeting.

Discussion Items

1. Public Comments (limited to 3 minutes)
2. Discuss the Fiscal Year 2021 COLA
3. Discuss Utility Billing Declaration of Hardship1
4. Discuss Marine Travelift/Shipyard Proposal4
5. Discuss Outdoor Warning Siren Replacement Project
6. Manager’s Report and Clerk’s Report
7. April 23, 2020, Agenda Packet Review

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CITY OF KODIAK

Water & Sewer Utility Finance Department

Deferred Payment Agreement

Based on Financial Hardship due to COVID-19 Public Health Disaster Emergency

Customer Name: _____

Service Address: _____

Phone number: _____ **E-mail:** _____

I am the owner of above mentioned property: _____

I am the tenant of above mentioned property: _____

-OR-

Business Name: _____

Business Service Address: _____

Owner/Operator Name: _____

Phone number: _____ **E-mail:** _____

Legislation enacted in response to COVID-19 public health disaster emergency has placed a moratorium on the disconnection or residential utility service for customers that are experiencing financial hardship related to the public health disaster emergency. In addition to legislation the City of Kodiak is extending this relief to businesses as well. The moratorium is effective from March 11, 2020, and continues until the public health disaster emergency ends. Customers must enter into a deferred payment agreement with the City of Kodiak (Water & Sewer utility – Finance Department) to receive this benefit.

Accordingly, City of Kodiak Water & Sewer Finance Department and customer agree as follows:

1. Once the moratorium on disconnection ends, the Finance department will determine a reasonable payment schedule and notify the Customer of the schedule. The standard payment schedule will provide for repayment in equal monthly installments over a period of 12 months.
2. Customer agrees to pay Water & Sewer deferred balance on their account in accordance with the payment plan determined under Section 1 above. In addition, Customer agrees to timely pay all future bills for service after the moratorium ends in accordance with Kodiak City Code.
3. City of Kodiak Finance Department will not assess interest or late fees with respect to the deferred balance accrued during the public health disaster emergency if Customer pays the deferred balance in accordance with the payment schedule.
4. Nothing in this agreement relieves Customer of the obligation to pay for utility service or restricts the City of Kodiak ability to recover all amounts due.
5. If Customer fails to make any payment under the deferred payment agreement, the entire unpaid deferred amount will be immediately due, plus any late fees associated with the unpaid amounts. Such failure shall also constitute cause for disconnection of service after due notice in accordance with Kodiak City Code.

Date: _____

Customer name. Please print: _____

Signature: _____

CITY OF KODIAK
Water & Sewer Utility
Commercial / Business
SWORN STATEMENT OF FINANCIAL HARDSHIP DUE TO
COVID-19 PUBLIC HEALTH DISASTER EMERGENCY

My business is experiencing financial hardship (as defined below) related to COVID-19 public health disaster emergency. As a business owner/operator receiving water & sewer services from the City of Kodiak I submit this sworn statement in order to avoid late fees and disconnection of water & sewer services for nonpayment.

I understand that "financial hardship" means that my liquid assets from any source, including payments from the state or federal government because of COVID-19 public health disaster or a state or national disaster related to COVID-19, when combined, would be insufficient to pay the reasonable cost business activities.

I am requesting a temporary reduction in water & sewer charges for the following reasons:

- I own/operate a business that has temporarily or otherwise closed due to COVID-19.
- I own/operate a business that now offers reduced services and or hours due to COVID-19.
- My business has suffered financial hardship due to other COVID-19 related reasons (describe).

I understand that in order to avoid both late fees and disconnection for nonpayment of water & sewer bills, I must, in addition to executing this sworn statement, enter into a Deferred Payment Agreement. I have signed the Deferred Payment Agreement in addition to this sworn statement.

I understand the avoiding payment for water sewer service during the COVID-19 public health disaster emergency does not relieve me of the obligation to pay for water sewer service or restrict the City's right to recover past due amounts.

No notary public or other official empowered to administer oaths is available; therefore,

I certify under penalty of perjury the foregoing is true.

Executed this _____ day of _____, 2020

Business name: _____

Business physical address: _____

Business phone number: _____ E-mail: _____

Owner/operator printed name: _____

Owner/operator signature: _____

CITY OF KODIAK
Water & Sewer Utility - Residential
SWORN STATEMENT OF FINANCIAL HARDSHIP DUE TO
COVID-19 PUBLIC HEALTH DISASTER EMERGENCY

I am experiencing financial hardship (as defined below) related to COVID-19 public health disaster emergency. I am a natural person receiving residential water & sewer services from the City of Kodiak and submit this sworn statement in order to avoid late fees and disconnection of water & sewer services for nonpayment.

I understand that “financial hardship” means that my liquid assets from any source, including payments from the state or federal government because of COVID-19 public health disaster or a state or national disaster related to COVID-19, when combined, would be insufficient to pay the reasonable cost of food, housing, health care, and other goods and services vital to the health and wellness of the person and the person’s spouse and dependents.

I understand that in order to avoid both late fees and disconnection for nonpayment of water & sewer bills, I must, in addition to executing this sworn statement, enter into a Deferred Payment Agreement. I have signed the Deferred Payment Agreement in addition to this sworn statement.

I understand the avoiding payment for water sewer service during the COVID-19 public health disaster emergency does not relieve me of the obligation to pay for water sewer service or restrict the City’s right to recover past due amounts.

No notary public or other official empowered to administer oaths is available; therefore,

I certify under penalty of perjury the foregoing is true.

Executed this _____ day of _____, 2020

Printed name: _____

Physical address of service: _____

Contact phone number: _____

E-mail: _____

Signature: _____



ATTENTION:

Mike Tvenge
City Manager
710 Mill Bay Road, Room 114
Kodiak Alaska 99615

SUBJECT: City Of Kodiak Marine Travelift/Shipyard Operator

SUBMITTED BY:

Highmark Marine Fabrication, LLC
2018 Mill Bay rd.
Kodiak, AK 99615
(907)486-5220
highmarkmarine@outlook.com

Highmark Marine Fabrication, LLC is pleased to provide the following proposal for the City of Kodiak Marine Travelift/Shipyard Operator RFP. The term of this proposal is for a minimum of 5 years with an extension possible upon agreement of all parties.

This proposal is valid for 90 days from the proposal submission deadline of April 8th, 2020.

Highmark Marine Fabrication, LLC is 100% owned by Cooper Gregory Curtis who has the sole authority to conduct all negotiations, decisions, and signatures on behalf of Highmark Marine Fabrication, LLC in regards to this proposal and all current and future business matters.

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City of Kodiak Marine Travelift/Shipyard Operator Proposal Presented by Highmark Marine Fabrication, LLC

Overview:

Highmark Marine Fabrication, LLC is dedicated to transforming Kodiak into a true marine service destination. It is the intention of Cooper Curtis and Highmark Marine Fabrication, LLC (HMF) to enter into a mutually agreeable contract with the City of Kodiak for the operation and management of the City of Kodiak Shipyard and Marine Travelift. We strongly believe that through efficient management and operation practices we will bring additional business and customers to the Shipyard facility and our City. Our business model is based on providing high quality services that are essential to our valuable customers. We have continued to expand exponentially by filling the gaps in Alaska's marine service industry. The addition of new customers and expansion of the Shipyard will bring direct revenue to the city as well as additional sales tax income from services rendered in Kodiak. We have calculated this proposal and business plan to ensure that our operating costs and payroll are covered while allocating the remainder of the revenue to the City. HMF will make this business plan profitable by increasing the number of vessels that are serviced in Kodiak by offering comprehensive shipyard solutions as well as "open yard" services. By operating this Shipyard at a break even point, this will allow for the future reduction of haul out and lay day costs which will in turn attract additional customers to our city.

Qualifications and Experience:

Qualifications:

Highmark Marine Fabrication, LLC has been operating as a marine and industrial service provider out of Kodiak, Alaska since March of 2014. Our extensive experience in the Alaska Marine industry has enabled us to grow from a one man operation to a local Kodiak company that employs an average of 25 full time employees in a variety of marine trades. Our highly skilled team includes certified welders, fabricators, machinists, coating technicians, electricians, mechanics, divers, Shipyard Competent Persons, Marine Travel lift operators, equipment operators, crane operators, and skilled laborers. We have conducted marine repair and maintenance operations throughout Alaska to include locations such as Prudhoe Bay, Naknek, Seward, Nome, Homer, Bethel, Kotzebue, Nenana, and of course Kodiak. Our personnel uphold the highest levels of quality, efficiency, and safety in all of our capacities.

Experience:

Since the formation of Highmark Marine Fabrication, LLC we have conducted increasing amounts of work inside the City of Kodiak's Shipyard. We are extremely experienced in the operations, capabilities, equipment, and facilities that

make up the Kodiak City Shipyard. Since May of 2019, Highmark Marine Fabrication, LLC has operated the 660 Ton Travelift for the City as well as provide support and assistance in the form of skilled laborers, snow removal, maintenance, and equipment operators. In this timeframe, we have gained an extensive knowledge of the facility, its operations, and environmental systems that make the operation of this yard possible.

Administration:

Our skilled and motivated office staff have the knowledge and technical training to effectively manage the administration and bookkeeping side of the Shipyard. The office personnel and office manager regularly schedule and invoice upwards of 80 jobs per week during the peak seasons. It will be a natural transition for our staff to incorporate the Shipyard administration into their work load.

Wheeled Lift Operation:

Highmark Marine Fabrication, LLC has been operating the 660 Ton Travelift for the City of Kodiak since May of 2019. During this period we have lifted approximately 40 vessels of varying sizes and hull designs. Utilizing our training, vessel construction knowledge, previous lift documentation, and assistance from our on staff divers, we have completed all of these lifts with zero accidents or mishaps. Conducting lifting and blocking operations takes training, knowledge, planning, coordination, and skilled workers at every level. HMF has successfully demonstrated our ability to accomplish all of these tasks in a safe and timely manner. Our procedures protect employees, customers, equipment, and the facility from potentially dangerous and damaging scenarios. We currently have two Travelift operators and more than twelve full time employees that are familiar and experienced with our shipyard operations, ensuring that we are always ready to conduct a lift or launch.

Open Yard Operation:

I have personally been working in the City of Kodiak’s “open” Shipyard since 2010 and have thousands of hours of experience working in this facility. Although the management of this shipyard would be Highmark Marine Fabrication’s first experience in the operation of an “open yard” facility, we can strongly guarantee a safe and efficiently run operation if we are awarded this contract. We understand better than anybody how important it is to keep this facility open for vessel owners and crew to do their own work as well as hire any contractor they desire. Keeping this yard “open” attracts a large number of our mutual customers to the shipyard with the ability to keep their costs down and control every aspect of the repair process. It alleviates many of the concerns that vessel owners have with full service shipyards in other locations. It is our goal to provide the best possible “open yard” experience to all of our existing and future customers.

Environmental Compliance:

Highmark Marine Fabrication, LLC is fully prepared to comply with all applicable rules, regulations, and laws in regards to the environmental permitting

and compliance of the shipyard. Although we do not currently have experience in the permitting of this specific facility, we routinely conduct marine and industrial operations that require extensive environmental permitting and compliance. Some of these operations include media blasting and disposal, fuel and waste tank cleaning, waste disposal, containment, cleanup, and remediation of contaminated materials.

Capabilities:

Our wide range of services attracts new and recurring business and keeps our local fleet up and running. Our capabilities are as follows:

- ABS, ASME, AWS, API Certified welders
- Experienced Fabricators
- Full Service Machine Shop
- CNC 5 axis Waterjet
- NACE Certified Coating Technicians and Inspector
- Media Blasting, UHP Waterjet Blasting
- Thermal Spray Metalizing
- Spray Foam and Polyurea Coatings
- Certified Crane Operators
- 32 and 10 Ton Crane Trucks
- 40 Bbl Vacuum Truck
- Aluminum, Steel, Stainless Steel Metal Sales
- Pipe, Fittings, Valves
- Marine and Industrial Supplies
- Welding Supplies
- Compressed Gases
- Hardware, Tools, Equipment
- Industrial Equipment Rental

Highmark Marine Fabrication, LLC and its team members are properly trained and equipped to successfully manage the Kodiak Shipyard and ensure that it is open for business 24 hours per day/7 days per week.

Proposed Personnel:

- | | |
|---------------------------------|---|
| Shipyard Operations Manager: | Cooper Curtis – Owner/Highmark Marine Fabrication, LLC, Primary Travelift Operator. |
| Assistant Shipyard Ops Manager: | Jordan Young – Secondary Travelift Operator, Primary Diver, Blocking Supervisor. |
| Facility Maintenance: | Dee Monroe – Yard Maintenance/Equipment Operator. |

Equipment Maintenance: Brandon Cox – Maintenance Supervisor/Equipment Operator.
Administrative: Amanda Ledoux – Shipyard Office Manager.
Secondary Diver: Nathan Difiore – PADI Certified Diver.

All proposed key personnel to be included in the operation of the shipyard are current employees of Highmark Marine Fabrication, LLC. Each of these team members has an outstanding record of safety and technical knowledge in their field. All employees filling key and secondary positions have experience in this particular shipyard conducting vessel lift, launch, and blocking procedures. Every employee of Highmark Marine Fabrication, LLC participates in a constantly revolving safety program that covers general and industry specific programs such as shipyard safety, dock operations, fall protection, confined space entry, Shipyard Competent Person, electrical safety, fire safety, equipment operation, and more. Our safety manager conducts daily safety meetings, in depth weekly safety briefs, and ongoing safety training to ensure that all of our employees and operations are up to the most recent OSHA standards.

Marine Travelift Vehicle:

As one of Alaska’s largest marine repair service providers, Highmark Marine Fabrication, LLC owns, operates, and maintains all of its own equipment. This includes over \$2,000,000 in equipment such as large generators and air compressors, forklifts, scissor lifts, snorkel lifts, crane trucks, commercial trucks and trailers, a 40 bbl vacuum truck, and much more. We have an extensive maintenance program that accounts for routine and unexpected maintenance for all of our equipment. This program will be extended to include the Marine Travelift and all associated Shipyard equipment and facilities under the supervision and control of the key personnel as outlined in the previous section. Our maintenance supervisor Brandon Cox is trained and competent in diesel engine repair, electrical, hydraulics, power transmission, crane operation and maintenance, and general equipment maintenance. Every maintenance item and scheduled service interval will be properly maintained and documented as required for safe and efficient operation of the Travelift and all associated equipment. If awarded the contract, we ask that the City of Kodiak designate an employee that is knowledgeable in the maintenance routine of the Shipyard to help transition all service documentation and schedules to our maintenance department. Our first order of business will be to bring every piece of equipment up to good operating condition and ensure that all documentation is accounted for. After this is achieved, we will resume regular maintenance intervals and repairs as necessary. All documentation will be available for review by the City of Kodiak at any time upon request. Highmark Marine Fabrication, LLC was founded and operates on the principle that we are here to provide essential services to our valued customers 24/7. We deeply understand that

this can only be accomplished with reliable, well maintained equipment and properly trained personnel.

Shared Facilities:

It is our goal to enter into this contract with the City of Kodiak in a cooperative capacity that is conducive to growing and expanding the Shipyard facility. This includes working together with the City of Kodiak and its personnel in the most efficient way possible. Although our scope will include full operation of the Shipyard facility, we welcome the use of the docks, piers, and uplands by harbor personnel as deemed necessary by the Harbor Master. There are times of the year when vessels are busy fishing and there will be large areas of the facility available for Harbor use as necessary. We look forward to encouraging team work between the City of Kodiak and Highmark Marine Fabrication, LLC in the use of the facility. We believe that all involved parties are aware of the mission of the Shipyard and will respect its primary value to our community as it is in everyone's best interest to see additional business brought to Kodiak.

Scope of Services:

Highmark Marine Fabrication, LLC is prepared to offer the following services if awarded the Shipyard Operator contract by the City of Kodiak.

1. 660 Ton Travelift Operation and Maintenance

HMF will provide a minimum of two certified and competent Marine Travelift operators to ensure 24/7 availability of lift and launch services. HMF will supply all routine and unexpected maintenance labor in regards to the Marine Travelift, not to exceed an amount set by HMF and the City of Kodiak during the contracting process. HMF will submit all purchase orders to the City Manager for approval prior to procuring parts. Upon approval, HMF will place the order and invoice the City of Kodiak for the exact purchase price and freight cost incurred.

2. Lifting, Launching, and Blocking Operations

HMF will provide all labor to safely accomplish lifting, launching, and blocking operations within the Kodiak City Shipyard. This includes skilled laborers, equipment operators, divers, Travelift operators, mechanics, and other necessary personnel. HMF will provide a minimum of three personnel during all Travelift operations and more when deemed necessary by the operator. Existing and replacement blocking will be provided by the City of Kodiak. Notification will be provided to the City Manager when and if additional blocks are required. Our large full time and local work force allows

us to easily account for potential staffing shortages in order to keep lifts on schedule.

3. Scheduling, Administration, Payments, Recordkeeping.

HMF will provide administrative staff to coordinate Shipyard scheduling, organization, payments, recordkeeping and management. All administrative operations will be conducted through our office location at 2018 Mill Bay Rd. Kodiak, AK 99615 by our current office staff. Bookkeeping, lift records, and maintenance records will be available for review upon request.

4. Kodiak Shipyard Facility and Equipment Maintenance

HMF will provide all facility and city equipment maintenance labor to properly maintain and protect the City's Shipyard assets such as the washdown filtration system, boiler heating system, restrooms, utility room, pressure washers, tractor, backhoe, and 80' boom lift. HMF will provide minor yard maintenance in the form of filling potholes and keeping the facility clean. HMF will provide minor snow removal in the form of a plow truck and use of the City's backhoe to keep the vessel pads and washdown pad clear of snow in the winter months. HMF requests the assistance of the Kodiak City Public Works Department in major snow removal and driveway maintenance via their grader/loader upon request from the Shipyard Manager. 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. HMF will submit all purchase orders to the City Manager for approval prior to ordering parts. Upon approval, HMF will place the order and invoice the City of Kodiak for the exact purchase price and freight cost incurred.

5. City of Kodiak Responsibilities

- The City of Kodiak shall be responsible for all parts, materials, and consumables necessary for the maintenance and operation of the Shipyard and its equipment. This ensures that the City owned assets are paid for appropriately by City funds with no added costs.
- The City of Kodiak shall be responsible for all utilities in regards to the Shipyard. This includes all water, sewer, electricity, and fuel necessary for the operation and maintenance of the Shipyard and its equipment. This ensures that City owned assets and facilities are paid for appropriately by City funds with no added costs.
- The City of Kodiak shall be responsible for Shipyard property grading and major snow removal via the City Public Works Department. This allows all involved parties to keep maintenance costs as low as possible by utilizing the cost effective services provided by the Public Works Department.

- The City of Kodiak shall provide HMF with the use of the equipment currently used in the Shipyard to include but not limited to the backhoe, John Deere tractor, all terrain forklift, 80' boom lift, and pressure washing equipment. The use of this equipment allows HMF to properly operate and maintain the facility and equipment without the prohibitive costs of obtaining additional equipment. HMF will be responsible for all maintenance labor to keep this equipment in top running condition.
- In the event that replacement equipment is necessary for the Shipyard due to excessive maintenance costs or major repairs, HMF and the City of Kodiak will come to an agreement regarding the acquisition of new equipment or the optional use of HMF equipment for this purpose.
- The City of Kodiak will reimburse HMF for all major repair work that falls outside general maintenance. This work will be invoiced at a mutually agreeable rate.
- The City of Kodiak will be responsible for the initial environmental study prior to HMF assuming management duties. Annual environmental reports regarding the wastewater system to be conducted by the City of Kodiak.

Compensation:

It is the intention of HMF to enter into a mutually agreeable contract with the City of Kodiak in regards to the operation and management of the Shipyard and Travelift. This includes a compensation agreement that satisfies both parties. HMF proposes the following financial agreement and is fully prepared to negotiate and alter the terms of the agreement in order to satisfy all involved parties.

Monthly Payment:

HMF proposes a monthly payment of \$5,000.00 payable to the City of Kodiak as a base rate for compensation. This payment is considered a base rate to ensure that the City is compensated for public utilities and maintenance materials consumed by the Shipyard. This will total \$60,000 annually and is due by the 1st of each month.

Percentage Payment:


HMF proposes a percentage payment to the City of Kodiak equaling 15% of all direct Shipyard related income charged and received by HMF. This will include all lifting, launching, blocking, washing, lay days, electricity, and other services provided to Shipyard customers. This does NOT include any work conducted by HMF in regards to ship repair or any business activity currently conducted by HMF that is invoiced directly to the customer. Payment to the City shall be due 30 days after payment has been received by HMF for Shipyard services rendered. This allows sufficient time for payments to be processed and issued to the City of Kodiak.

Each payment will be made according to the individual vessel to ensure easy tracking and accountability. Utilizing an average of the 2017, 2018, 2019 Shipyard revenues, this will account for a \$92,681.47 annual payment to the City of Kodiak based on past performance. It is the goal of HMF to bring the Kodiak City Shipyard to a level where it is a profit producing facility. This payment program is designed to compensate the City of Kodiak for a portion of the interest and loan payment. As we continue to increase shipyard revenues through our marketing and service programs, the City of Kodiak will share in the increased revenues in the form of direct payments as well as the additional commerce and sales tax revenue that will be brought to Kodiak.

This proposed payment plan was drafted to account for maximum revenue to be passed on to the City of Kodiak while ensuring that HMF is compensated sufficiently to cover payroll and operating expenses. Our business plan includes operating the Shipyard at a near net zero balance while relying on the additional business we will attract to provide our profits.

Overview:

For 6 years Highmark Marine Fabrication, LLC has been changing the way that Kodiak's fleet conducts vessel maintenance and repairs. We continue to offer our customers the highest quality services due to our skilled team members and cutting edge equipment. For several years we have attended industry trade shows and conducted marketing on behalf of ourselves and the City of Kodiak. Through the efficient management of the shipyard, our code of ethics and reputation, range of services offered, and the acquisition of shipyard grant funding, it is our mission to increase customer use of the facility and add additional infrastructure such as a vessel enclosure and dock space. Our ultimate goal is to transform the way Alaska conducts marine repairs by offering the absolute best service and capabilities at a fair market price. Together, we can significantly increase the marine traffic flow through Kodiak, bringing millions of dollars in additional revenue to our City every year.



MARINE TRAVELIFT

CITY OF KODIAK SHIPYARD BUSINESS AND MARKETING PLAN

Presented by:

Highmark Marine Fabrication, LLC

2018 Mill Bay rd.
Kodiak, AK 99615
(907)486-5220

highmarkmarine@outlook.com
www.highmarkmarine.com



Highmark Marine Fabrication, LLC/City of Kodiak Shipyard Marketing Plan

I. Executive Summary

Business Overview

Highmark Marine Fabrication, LLC provides the highest quality manufacturing and repair services for our valued marine and industrial customers. Our extensive client base extends from the north slope of Alaska to Seattle Washington and everywhere in between. We specialize in comprehensive marine and industrial repair solutions to include certified and competent welders, fabricators, coating technicians, machinists, mechanics, crane operators, fiberglass technicians, and more. Our retail facility carries a wide variety of metal, marine supplies, compressed gases, coatings, hardware, tools, and equipment to keep our customers operating efficiently. We pride ourselves in the highest quality, efficient, and cost effective marine repair solutions in Alaska.

Products / Services Offered

Open Shipyard Services.
660 Ton Travelift Lift, Launch, and Block.
ABS, ASME, AWS, API Certified welding and fabrication.
NACE Certified Coating inspector and technicians.
UHP, Vapor, dry media blasting coating removal.
Thermal Spray metalizing.
Spray foam and polyurea coating application.
Full service machine shop.
NCCCO Certified crane operator.
CNC Waterjet cutting table.
32 & 10 ton crane trucks.
40 bbl Vacuum truck and environmental services.
Equipment rental.
Steel, aluminum, and stainless steel metal sales.
Compressed gas sales.
Marine and industrial supplies.
3M safety and abrasives distributor.
PPG marine and industrial coatings distributor.
Miller welding equipment distributor.

Success Factors

City of Kodiak/HMF Shipyard is uniquely qualified to succeed due to the following reasons:

- **Products and/or Services:** We provide the absolute highest quality service to our customers in the form of highly skilled and trained personnel, 24/7 availability, our extensive network of suppliers and vendors, and our wide range of services and capabilities. We complete our projects on time and under budget to keep our customers on the water.
- **Location:** Our location allows us to best serve our customers. The Kodiak City Shipyard is strategically placed to service the thousands of commercial fishing, shipping, and pleasure vessels that navigate the waters of Alaska. This easily accessible location allows for cost effective shipping from ports in Washington and Alaska. With our dedication, Kodiak has the potential to become Alaska's premier marine service destination.
- **Operational Systems:** Our internal systems allow us to provide high quality products/services at a lower cost. These systems include: Internal organizational structure, efficient construction and repair procedures and self-sufficient operations that enable us to complete our projects on time and under budget. We control every aspect of the ship repair process, allowing for lower overhead, operational costs, and savings for our customers.
- **Customers:** It is our mission to serve key elements of the marine industry such as fishing vessels, shipping vessels, pleasure vessels, as well as our federal and military customers. Our dedicated customer base knows that they can depend on us to get the job done correctly and efficiently.
- **Marketing:** Our unique marketing skill sets enable us to attract new customers at a low cost. Our excellent reputation, extensive industry networking, and marketing outreach pave the way for our future growth and success.
- **Successes Achieved to Date:** We have successfully grown to become one of Alaska's largest marine service providers.
 - The acquisition of Kodiak Metals and Supply in 2019 streamlined our material acquisition process, passing the savings on to our customers. We now have by far the largest parts and material inventory and marine repair capabilities in Kodiak and most of Alaska.
 - In May of 2019, we took over Travelift operations for the City of Kodiak. This integration gave us valuable experience in the operation of an open shipyard.

- Since the formation of HMF in 2014, we have grown from an owner/operator welding company to provide the widest range of services of any single marine repair service provider in Alaska.

II. Company Overview

Below is a snapshot of Highmark Marine Fabrication, LLC since its inception:

- Date of formation: 03-01-2014 – Owner/operator
- Legal Structure: Limited Liability Company
- Revenue generated last month: \$398,032.00
- Revenue generated last year: \$4,224,747.00
- Average number of full time employees: 22

III. Industry Analysis

Current Market Size

Our current market size is the annual revenue that the Shipyard produces and the number of customers it services.

- Approximately 30-40 vessels are hauled out in the shipyard annually.
- Gross annual revenues typically land between \$415,000 and \$515,000.

Anticipated Market Size

Our anticipated market size is the potential annual revenue that the Shipyard will produce under management and operation by Highmark Marine Fabrication, LLC.

- HMF anticipates an average number of customers for the first 12-18 months of operation due to the transition phase.
- We anticipate a conservative annual growth rate of 6%-10% once our marketing and outreach programs have been implemented. This accounts for an additional 2-4 vessels per year.
- According to our recent market research, HMF has the ability to exponentially grow the customer base of this shipyard. Our current customers across the state of Alaska are excited about the possibility of this integration and streamlined service. These customers include fishing vessel fleets, maritime shipping vessels, and privately owned fishing vessels.

IV. Customer Analysis

Target Customers

- Commercial Fishing Vessels
- Shipping Vessels
- Towing Vessels
- Research Vessels
- Pleasure Vessels
- Law Enforcement and Military Vessels

Customer Needs

Highmark Marine Fabrication deeply understands our customers needs and how best to support them.

Value: Overall Value is of the utmost importance when customers make decisions regarding the maintenance of their vessel and is a combination of the following elements:

Quality: Quality of service is absolutely key in securing new and return business.

Speed: In the marine repair industry, speed and efficiency are key to maintaining low cost maintenance and repair programs.

Location: Customers desire a centrally located and convenient location to conduct their shipyard projects.

Reliability: Customers need service providers and facilities that they can depend on time after time.

Price: Customers desire appropriately priced services and facilities in order to keep their projects under budget.

Customer Service: Fast and courteous customer service is essential to ensuring return business and growing the customer base.

Convenience: Customers appreciate anything that will make their operations more efficient and convenient.

V. Competitive Analysis

Direct Competitors

Direct Competitor #1: Seward Synchronlift/Jag Alaska

- Products/services offered: Shipyard services, welding, coatings, machining, etc...
- Location(s): Seward, AK
- Customer segments/geographies served: Alaska Marine vessels up to 5000 tons
- Competitor's key strengths: Shipyard and lifting capabilities up to 5000T
- Competitor's key weaknesses: Out of state ownership and workforce. Lack of appreciation for Alaska's unique customer base.
- Competitor's Overview: The Seward Ships/Jag drydock located in Seward is similarly located to Kodiak in relation to Alaska's shipyard needs.

Direct Competitor #2: City of Seward Shipyard

- Products/services offered: Lifting, blocking, and vessel storage.
- Location(s): Seward, AK
- Customer segments/geographies served: Alaska Marine customers up to 300 tons
- Competitor's key strengths: 300 ton Marine Travelift. Affordable rates. Open yard.
- Competitor's key weaknesses: Poorly equipped facility. Not EPA compliant.
- Competitor's Overview: The City of Seward owns and operates a 300 ton Marine Travelift and open shipyard. This facility has the ability to service many of Kodiak's smaller boat fleet.

Direct Competitor #3: Resolve Marine Group

- Products/services offered: 1000 ton drydock, welding, machining, mechanic services.
- Location(s): Dutch Harbor, Alaska
- Customer segments/geographies served: Dutch Harbor/Bering Sea marine vessels.
- Competitor's key strengths: Strategic Location, 1000 ton drydock.
- Competitor's key weaknesses: Non-Alaska based and owned company.
- Competitor's Overview: Resolve Marine Group offers shipyard, welding, machining, and repair solutions in Dutch Harbor, AK.

Indirect Competitors

Indirect Competitor #1: Fred Wahl Marine Construction

- Products/services offered: 685 ton Travelift, 900 Ton railway. Welding, machining, painting, marine repair and construction.
- Location(s): Reedsport, Oregon
- Customer segments/geographies served: Oregon, Washington, Alaska
- Competitor's key strengths: 685 and 900 ton vessel capacity. Convenient location for some vessels.

- Competitor's key weaknesses: Long travel distances for Alaskan customers.
- Competitor's Overview: Fred Wahl Marine Construction offers marine vessel repair and construction in Reedsport, Oregon.

Indirect Competitor #2: Port of Toledo

- Products/services offered: Vessel lift and launch, coating removal and application, welding/hot work, repair services.
- Location(s): Toledo, Oregon
- Customer segments/geographies served: Western US/Alaska marine vessel owners
- Competitor's key strengths: Open yard structure. Repair facilities.
- Competitor's key weaknesses: Long travel distances for Alaskan customers.
- Competitor's Overview: The Port of Toledo operates an "open yard" shipyard with a 660 ton ASCOM lift. They also offer coating removal, application and hot work in addition to several approved vendors.

Competitive Advantages

The City of Kodiak/HMF Shipyard is positioned to outperform competitors for the following reasons:

- Products and/or Services: Our Products and/or Services are superior to our competitors because we are always prepared to offer shipyard services and the highest level of customer service 24 hours a day, 7 days a week, 365 days per year.
- Location: Kodiak's central location allows us to better serve customers, it allows for easy access to our shipyard and associated marine trades.
- Operational Systems: We have developed systems that enable us to provide high quality products/services at a lower cost. These systems include the integration of all necessary shipyard services into a single entity. This reduces delays, miscommunication, and costs for our customers. We conduct in house product design and engineering, CAD and CNC programming/drafting, all appropriate safety and industrial certifications, positive work flow, project management, and accurate recordkeeping. These systems are a proven conduit for our success.
- Intellectual Property (IP): Our internal structure and training programs allow for a flexible and competent workforce that is constantly prepared to achieve any task set before them.
- Customers: We are currently serving key customers across Alaska that include local Kodiak fishing and shipping vessels, large cannery-owned fishing vessel fleets, state and federal vessels and entities, and petroleum transportation, tug, and barge operations.

VI. Marketing Plan

Our marketing plan, included below, details our products and/or services, pricing, promotions plans and distribution strategy.

Products, Services & Pricing

Product/Service #1: Open Shipyard Operation

- Product/Service benefits: Certified and competent shipyard services to include vessel scheduling, lifting, launching, blocking, pressure washing, equipment operation, and environmental clean up operations at the City of Kodiak Shipyard.
- Product/Service Price: See vessel pricing worksheet.

Product/Service #2: Certified Marine Travelift Operator

- Product/Service benefits: We employ two Marine Travelift Operators that work exclusively within the City of Kodiak Shipyard.
- Product/Service Price: \$250/hr.

Product/Service #3: Certified Diving

- Product/Service benefits: Certified scuba diving for vessel inspections and shipyard drydocking services.
- Product/Service Price: \$200/hr.

Product/Service #4: Certified Welding and Fabrication

- Product/Service benefits: ABS, ASME, AWS, API Certified welders and Fabricators. Our crew of skilled fabricators are competent and experienced in aluminum, steel, stainless steel, and exotic alloy welding and fabrication. Shop and mobile services.
- Product/Service Price: \$100 - \$150/hr.

Product/Service #5: Coating Removal and Application

- Product/Service benefits: NACE Certified coating removal by means of UHP water jet, Vapor blasting, dry media blasting, mechanical methods. Mobile and shop services. Marine and industrial coating application to include epoxy's, thermal spray metalizing, spray foam, polyurea, and more.
- Product/Service Price: Dependent on products/methods utilized.

Product/Service #6: Machining

- Product/Service benefits: Full service machine shop equipped with multiple mills, lathes, drills, saws, and equipment.
- Product/Service Price: \$150/hr.

Product/Service #7: CNC Waterjet

- Product/Service benefits: 6.5'x13' CNC 5 axis Waterjet machining table. Capabilities include cutting any material up to 8" thick. Accuracy guaranteed to .001 per 12".
- Product/Service Price: Dependent on application.

Product/Service #8: Propulsion/Alignment

- Product/Service benefits: Propulsion and steering system services to include alignment, installation, repair, retrofit, modification, and inspection.
- Product/Service Price: \$150/hr.

Product/Service #9: Mobile Crane Services

- Product/Service benefits: 32 and 10 ton mobile crane trucks and transportation capabilities for all of your construction, equipment, and logistical needs.
- Product/Service Price: \$150 - \$250/hr.

Product/Service #10: Material Sales

- Product/Service benefits: We stock an extensive inventory of more than \$2,000,000 in steel, aluminum, stainless steel, plastic, and exotic alloys. This includes, plate, pipe, angle, beam, channel, flat bar, round stock, rectangular and square tubing. Other products include pipe fittings, flanges, valves, and gaskets.

Product/Service #11: Marine Supplies

- Product/Service benefits: We stock a large inventory of marine supplies such as hardware, tools, marine equipment, rigging, LED lighting, and more.

Product/Service #12: Compressed Gases

- Product/Service benefits: Our inventory of compressed gases includes oxygen, acetylene, argon, Co2, Nitrogen, and mixed gases.

Product/Service #13: Marine and Industrial Coatings

- Product/Service benefits: As a direct distributor of PPG and Wasser products, we stock marine and industrial sealers, primers, top coats, non-skid, and antifouling coatings.

Product/Service #14: Welding Equipment and Supplies

- Product/Service benefits: Our inventory includes high quality Miller and Hypertherm welding and plasma cutting equipment. We offer welding consumables, tools, and supplies. As a direct distributor for 3M, we offer a wide variety of abrasives, chemicals, and safety supplies.

Product/Service #15: Vacuum Truck/Environmental Services

- Product/Service benefits: Our trained technicians and 40 bbl Vacuum truck are ready to assist with environmental clean up, disposal, tank cleaning, soil reclamation, and critical services trenching.

Product/Service #16: Product Engineering and Design

- Product/Service benefits: We pride ourselves in our product development and design. utilizing 3D CAD design software and knowledgeable design staff we can assist our customers with all of their specialized equipment manufacturing and modification needs.

Promotions Plan

Highmark Marine Fabrication, LLC will use the following tactics to attract new customers to the shipyard:

- Online Marketing: We maintain and will continue to maintain our online marketing presence in the form of our website and social media platforms.
- Email Marketing: Email marketing will be utilized to notify our customers of news, information, capabilities, seasonal pricing, and more information to help attract more business to the shipyard.
- Event Marketing: We plan to attend and sponsor local Kodiak and Alaskan events such as sporting events, St. Jude Telethon, non-profit fundraisers, and more. We currently utilize these opportunities to give back to our community and show our appreciation to our valuable customers.
- Networking: We will utilize networking with our suppliers, vendors, customers, and industry professionals to help promote our capabilities and services.
- Newspaper/Magazine ads: We plan to advertise with local newspapers and industry publications to inform our current and potential customers of what we have to offer.
- Radio Ads/TV Ads/Infomercials: Radio advertising will be utilized throughout the year to keep our current and potential customers informed as well as notify them of changes in service and capabilities.
- Trade Shows: We will continue to attend industry trade shows such as Comfish Alaska, Pacific Marine Expo, and the Work Boat Show to attract new business to the Kodiak Shipyard.
- Word of Mouth / Viral Marketing: Our stellar reputation and satisfaction of our customers will continue to be a vital form of marketing and advertising. The commercial fishing and work boat community of Alaska is small and we understand that better than anyone.

Distribution Plan

Customers can purchase from us via the following methods:

- Shipyard Location: Near Island, Kodiak AK 99615
- Retail location: 2018 Mill Bay rd. Kodiak, AK 99615
- Company website: www.highmarkmarine@outlook.com
- Company Phone: (907)486-5220
- Direct mail: 2018 Mill Bay rd. Kodiak, AK 99615
- On site and remote repair and installation.

VII. Operations Plan

Our Operations Plan details:

- The key day-to-day processes that our business performs to serve our customers
- The key business milestones that our company expects to accomplish as we grow.
-

Key Operational Processes

The key day-to-day processes that our business performs to serve our customers are as follows:

- **Sales:** Our sales team reaches out to potential and existing customers to improve the services we offer and overall customer experience.
- **Marketing:** Our marketing team advertises and attends industry and trade shows to demonstrate our capabilities and services we can provide. We will utilize social media, web, and interactive outreach.
- **Customer Service:** Customer service exists at every level of our process. We make customers feel welcomed and valued during the entire shipyard experience.
- **Manufacturing:** Our manufacturing processes are held to the highest quality control standards.
- **Administration:** Our administration team ensures a well organized structure the shipyard operation.
- **Accounting/Payroll:** Our accounting and payroll team ensures that all payroll and invoices are paid in a timely manner and that all customer invoices are completed, issued, and paid as soon as possible.

Milestones

The key business milestones that our company expects to accomplish as we grow include the following:

1. To Be Completed By : 2021
 - Accomplishment #1: Align all Shipyard operations with existing company procedures.
 - Accomplishment #2: Bring all equipment maintenance and recordkeeping up to date.
 - Accomplishment #3: Publish a new Kodiak City Shipyard/Highmark Marine Fabrication website to fully detail our capabilities.
2. To Be Completed By : 2022
 - Accomplishment #1: Pursue shipyard grant funding for shipyard vessel enclosure.
 - Accomplishment #2: Pursue shipyard grant funding for additional dock space for shipyard use.

- Accomplishment #3: Conduct marketing for the shipyard at the Pacific Marine Expo, Comfish, and other trade shows. This marketing will be continued on an annual basis.
 - Accomplishment #4: Begin the planning phase of a vessel enclosure.
 - Accomplishment #5: Begin the planning phase of additional dock space for shipyard use.
 - Accomplishment #6: Conduct market research to determine how to better serve our customer base.
3. To Be Completed By : 2023
- Accomplishment #1: Begin construction of shipyard vessel enclosure if funding is secured.
 - Accomplishment #2: Conduct market research and implement strategy to better serve our customer base.
 - Accomplishment #3: Bring total vessels serviced at the Shipyard from 30 to 40 or more annually.
4. To Be Completed By : 2024
- Accomplishment #1: Begin construction of additional shipyard dock space if funding is secured.
 - Accomplishment #2: Conduct market research and implement strategy to better serve our customer base.
5. To Be Completed By : 2025
- Accomplishment #1: Conduct market research and implement strategy to better serve our customer base.
 - Accomplishment #2: Bring total vessels serviced at the Shipyard to 50 or more annually.

VIII. Management Team

Our management team has the experience and expertise to successfully execute on our business plan.

Management Team Members

Cooper Curtis

Title: Owner/General Manager

Background: After graduating high school, Cooper attended the Alaska Vocational

Technical Center's Combination Welding Program. After graduating from AVTEC, Cooper enlisted in the United States Marine Corps and was honorably discharged after 6 years of service as a platoon sergeant. This experience has

prepared him for managing and coordinating one of Alaska's largest marine repair service providers. Cooper has over 12 years of experience working in marine and industrial settings across the state of Alaska and the United States.

David Cox

Title: Shop/Project Manager

Background: David Cox is a lifetime resident of Kodiak Alaska. He has over 12 years of experience repairing and maintaining the marine vessels of Kodiak. He has been an invaluable member of Highmark Marine Fabrication since his hiring in 2015.

Jordan Young

Title: Project Manager

Background: Jordan Young attended the Combination Welding program at the Alaska Vocational Technical Center after graduating from high school. He is a lead project manager and secondary Marine Travelift operator for Highmark Marine Fabrication.

Ryan Marsh

Title: Office Manager

Background: Ryan Marsh was born and raised in Kodiak. His technical expertise allows him to manage two additional employees in the administrative and office duties of Highmark Marine Fabrication.

IX. Financial Plan

Revenue Model

The city of Kodiak Shipyard generates revenue from the following services:

- Lifting, blocking, and launching vessels.
- Lay day charges while vessels are blocked inside the shipyard.
- Electrical service to vessels.
- Forklift/equipment operator.
- Pressure washing vessels.

Highmark Marine Fabrication, LLC provides many other services that are not considered “shipyard revenue” and are not included in this proposal or these projections.

Revenue and Costs

We estimate a beginning average similar to 2019 at approximately 36 vessels serviced by the yard. This number is subject to change based on many factors but we anticipate an average annual growth rate of 6% to 10%. Please see the following descriptions of the items in these projections.

- Revenues: Gross revenues from all direct shipyard services.
- Direct expenses: HMF covered expenses. Payroll, marketing, insurance, etc...
- Other expenses: Payments to the city of Kodiak. \$5,000/m plus 15% of gross revenues.
- Net Income: Net income to HMF after all expenses and payments.

HMF anticipates the following approximate annual expense breakdown to total the Direct Expenses line of the table.

Administrative payroll:	\$60,000
Yard maintenance payroll:	\$80,000
Equipment Maintenance payroll:	\$20,000
Lifting, Launching, Blocking, payroll:	\$100,000
Marketing:	\$30,000
Insurance:	\$40,000
Total:	\$330,000

Summary

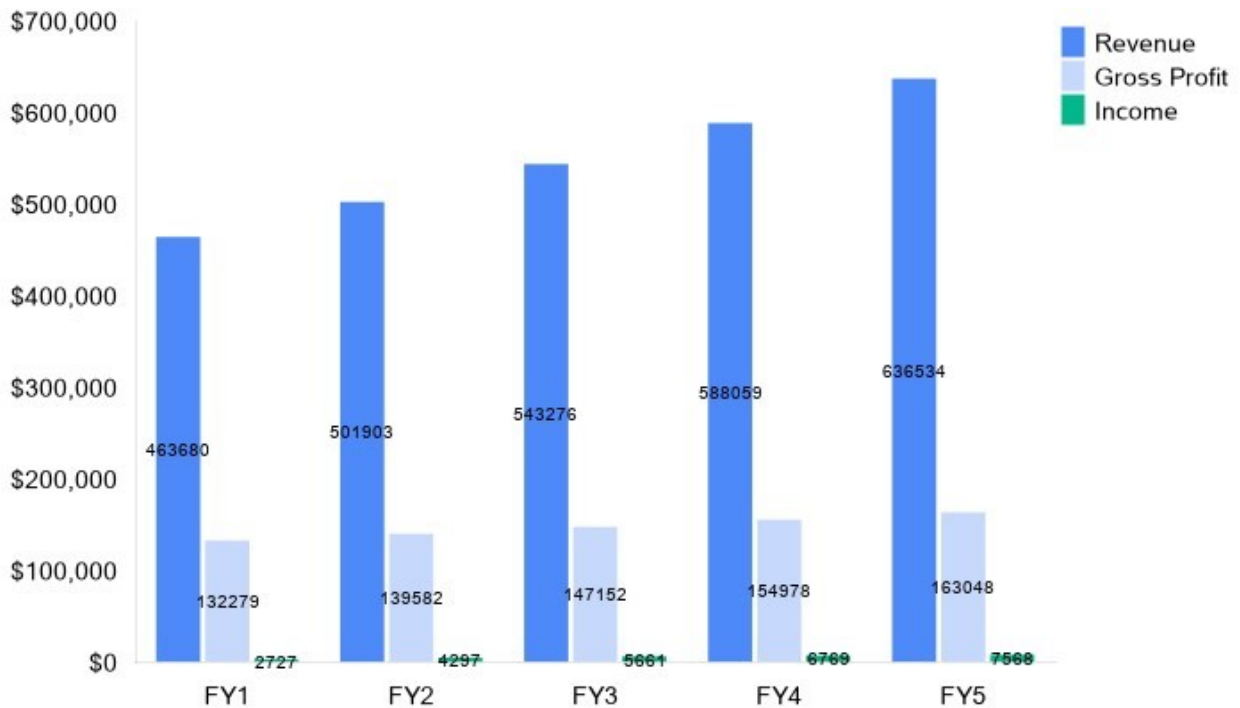
Below is an overview of our expected financial performance over the next five years:

	FY 1	FY 2	FY 3	FY 4	FY 5
Revenues	\$463,680	\$501,903	\$543,276	\$588,059	\$636,534
Direct Expenses	\$331,401	\$362,320	\$396,123	\$433,080	\$473,486
Gross Profit	\$132,279	\$139,582	\$147,152	\$154,978	\$163,048
Gross Profit (%)	28.5%	27.8%	27.1%	26.4%	25.6%
Other Expenses	\$129,552	\$135,285	\$141,491	\$148,208	\$155,480
Net Income	\$2,727	\$4,297	\$5,661	\$6,769	\$7,568

Financial Projections

Projected Sales, Gross Profit & Net Income

The projections below show an annual increase in gross revenue as well as revenue received by the City of Kodiak. The payment structure has been designed to allow for a projected net zero balance for HMF annually while passing the profits on to the City of Kodiak.



Summary

Highmark Marine Fabrication, LLC would like to enter into a mutually agreeable contract with the City of Kodiak for the Marine Travelift/Shipyard Operator RFP in accordance with all information stated in this business plan and proposal. We envision a minimum 5 year contract with the possibility of extending indefinitely upon the approval of all involved parties. All information included in these documents is considered confidential and should only be distributed to those personnel deemed necessary by the Kodiak City Manager.

Kodiak Shipyard Rates 2020

9.17 Boat Yard

- Payment, without pre-approved credit, is 50% of the estimated yard fees and is due before the lift; the remainder must be paid prior to launch.
- Lifts taking more than four hours will be assessed extra labor and/or machine time.
- Dry dockage is assessed the entire time the vessel remains in the yard.

9.17.1 Lift, Block, and Launch

9.17.1.1 Vessels up to 80'	69.00/ft
9.17.1.2 81' to 100'	78.00/ft
9.17.1.3 101' to 120'	94.00/ft
9.17.1.4 121' to 150'	111.00/ft
9.17.1.5 151' and up	120.00/ft
9.17.2 After hours surcharge	+ 20%/ft
9.17.2.1 Nonstandard Lift (operator and lift)	1,500.00/hr
9.17.2.2 Travel strap set	T,M&E + 15%
9.17.2.3 Inspection Lift includes 1 hour hang time free	75% of lift per launch
9.17.2.4 Hang Time	275.00 ea. addl. Hour
9.17.2.4.1 Hang Time, on wash pad.....	200.00/hr
9.17.2.4.2 Hang Time, on heated wash pad.....	300.00/hr
9.17.5 Delay of Lift	250.00/half hour
9.17.6 Pressure Wash (and scrape if necessary)	T, M, & E*
9.17.7 Reposition	50% of lift /launch
9.17.8 Scheduling Deposit (credited to lift or forfeited if the vessel is late or no show)	1000.00

9.17.9 Dry Dockage Space

9.17.9.1 1 to 30 days	2.20/ft/day
9.17.9.2 31 days or greater	1.10/ft/day

9.17.10 On-site Storage

9.17.10.1 Daily (first three days or portion thereof no charge)	0.05/ft/day
9.17.10.2 Minimum charge	15.00

9.17.11 Vendor (must be preapproved and have \$1 million liability coverage)

9.17.11.1 Annual vendor fee	1000.00/yr
9.17.11.2 Per vessel vendor fee (one-time use)	500.00

9.17.12 Utilities (includes water)

- 9.17.12.1 120v single-phase 30 amp or actual kWh cost, whichever is greater 18.50/day
- 9.17.12.2 208v single-phase 50 amp or actual kWh cost, whichever is greater 44.20/day
- 9.17.12.3 208v three-phase '100 amp or actual kWh cost, whichever is greater 50.35/day
- 9.17.12.4 480v three-phase 100 amp or actual kWh cost, whichever is greater 70.00/day

9.17.13 Equipment Rental

- 9.17.13.1 Fork lift 75.00/half hr
- 9.17.13.2 Man lift75.00/half hr
- 9.17.13.3 Pressure Washer 250.00/day
- 9.17.13.4 Other T, M & E*
- 9.17.14 Environmental Tarp (ground tarp required for all bottom work) \$500 per use

9.17.15 Waste Disposal

- 9.17.15.1 Used oil 1.30/gallon
- 9.17.15.2 Dumpster (5.5 yard) 110.00/tip
- 9.17.15.3 Non-Hazardous liquids, including oil bilge water 2.80/gallon
- 9.17.15.4 Hazardous Cost + 15%
- 9.17.15.5 Other, e.g., metals and wood..... Cost + 15%

9.17.16 Labor

- 9.17.16.1 HMF Employee, straight time90.00/hr
- 9.17.16,2 HMF Employee, overtime 115.00/hr
- 9.17.16.3 Contract service provider (e.g., diver, lift operator, etc) Cost + 15%

9.17.17 Environmental Surcharge 2.5% of gross

9.17.18 Other Fees and Services ... Cost + 15% *T, M, & E: Time (i.e., labor hours), materials, and equipment hours.

9.17.19 HMF reserves the right to reduce Shipyard fees up to 20% in order to bring additional business to the shipyard during the slow seasons. This will promote business and bring in customers when the yard would otherwise be empty.