



Petro Building Status October 2023

In 2018, the Petersburg Assembly instructed staff to work with Petro 49 to acquire the old Union Oil building and property at 703 South Nordic Dr. for a future Harbor maintenance facility and storage area. This location had formally been the office, storage facility, and tank farm for Alaska Fuel Service operation which Petro 49 purchased years ago and moth balled. The tentative agreement with Petro 49 involves the exchange of several Borough leases including the building and lot at 100 Dock Street (fuel station and adjacent storage building), and approximately \$80,000 in cash to Petro 49, with the Borough receiving the building at 703 South Nordic. Petro 49 would own the leased land and the Borough would own the building and adjacent lot at 703 South Nordic. Cost to the Borough would be the one-time payment of \$80,000 to Petro 49 and the loss of the annual lease revenue of \$30,500.

The Assembly requested staff work with our attorney, Petro 49 and Alaska Department of Environmental Conservation (ADEC). These discussions have been ongoing. The Borough is requiring a clear letter of conditions on the property from ADEC for the property before agreeing to the transaction. The Borough Assembly did not wish to proceed until ADEC could confirm the environmental condition of the site and any future conditions the Borough would need to follow if ownership of the building was transferred. To date, ADEC has been unable to provide the information needed by the Borough. Recently an Environmental consultant hired by the Borough informed staff the timeframe for completion of this project may be several more years.

The Harbor continues to need an enclosed and larger maintenance facility near the Harbors. Harbor Master Wollen and the Harbor Advisory Board have been supportive of this project and the need for the maintenance location. Estimates for a stand alone building in the Middle Harbor area are in the process of being developed by Harai & Associates. We expect this to cost approximately \$300,000 for engineering and construction, although we will have a more accurate number after the engineer finishes the estimates.

Due to the extended status of this project, Staff is asking the Assembly to confirm the direction you would like us to go so plans can be developed.

Stephen Giesbrecht
Borough Manager
Petersburg Borough