



**BOARD MEETING – THURSDAY,  
AGENDA  
FEBRUARY 20<sup>TH</sup>, 2018  
11:00 AM  
SEDA Conference Room – 329 Harbor Dr., Suite 212**

**Regular Meeting**

**11:00 AM**

<b><u>Item</u></b>	<b><u>Action</u></b>
A. Call to Order	Acknowledge
B. Roll Call	Acknowledge
C. Review of Minutes	Motion to Approve
<b>JANUARY 25<sup>TH</sup>, 2018</b>	
D. Correspondence & Other Information	Acknowledge/Questions
E. Changes/Additions/Deletions to Agenda	Change/Add/Delete
F. Reports	
G. Persons To Be Heard	
H. Unfinished Business	
1. CBS Water Rights	Discussion/Recommendation
I. New Business	
1. Greengold Distributors LTD Water Purchase Request	Discussion/Recommendation
2. GPIP Port Tariff Schedule	Discussion/Recommendation
3. GPIP Port Planning	Discussion/Recommendation
J. Adjournment	

**The Mission**

**It is the mission of the Gary Paxton Industrial Park Board and management, by direction of the Sitka Assembly, to strategically develop the park in a fiscally responsible manner that maximizes its economic benefit to the community through creation of meaningful jobs in conformance with established community plans and policies.**

**Gary Paxton Industrial Park - Board of Directors Meeting  
January 25, 2018 3:00 pm SEDA Conference Room  
Draft Minutes**

**A. CALL TO ORDER:** The Chair called the meeting to order at 3:07 pm.

**B. ROLL CALL**

**Members Present:** Scott Wager, Hugh Bevan, Sheila Finkenbinder, Charles Horan,  
Dan Jones (teleconference)

**Members Absent:** None

**City Representatives:** Keith Brady, Michael Harmon, Dan Tadic, Shilo Williams, Brian Hanson, Bob Potruzuski

**Others Present:** Garry White, Jim O'Brien, Robert Woolsey, Trevor Harang, Lee Hanson, Aaron Bean, Richard Wein, Mary Suminski, Tim Eddy

**C. Review of Minutes- December 13, 2017**

**MOTION:** M/S Finkenbinder/Bevan moved to accept the minutes December 13, 2017

**ACTION:** Motion PASSED 5/0 on a voice vote

**D. Correspondence & Other Information**

Mr. White briefly discussed the GPIIP Budget stating that utilities and building repair are projected to go over budget due the Administration building still owned by the City. Mr. Bevan asked Mr. White to look into why the GPIIP Budget was behind in revenue.

**E. Changes/Additions/Deletions to Agenda- None**

**F. Reports**

**Executive Director**

**GPIIP DOCK**

Mr. White informed the board that the dock at GPIIP was now in the City of Sitka's ownership and insurance. He stated that prior to using the dock a landline would need to be installed per fire code. It was also mentioned that the piling were removed, outside contractor was completing the tariff schedule and that the security cameras were in the works. Mr. Tadic added that 'punch list' items were being completed this week. It was suggested to plan a grand opening.

**BULK WATER**

Mr. White informed the board that Arctic Blue Waters had not paid the City and was now in default, he said that he would be working with the City Attorney to draft a letter that would give Arctic 45 days to cure the default. Mr. White also stated that the Eckharts had not paid in 3 months and that they were no longer communicating. Mr. Bevan mentioned a water crisis that would be effecting Cape Town, South Africa that there would be no water beginning in April.

## **GPIP PROPERTY**

Mr. White stated that clean-up of Lot 9A and 15 was out for bid and that the Sawmill Farm had been notified that the City would clean up the Farm and be charging her.

A discussion about cell phone service at GPIP revealed that the Electric Department was working on upgrade this summer and GPIP was hoping to tie into that system.

### **G. Persons to Be Heard-None**

#### **H. Unfinished Business**

##### **1. Administration Building**

Board discussed the details of selling the Administration Building

#### Comments:

- A member from the public expressed interest in leasing the Administration building with intent to remodel with milestones if agreeable with the board.
- Mr. White informed the board he did not bring the board's December recommendation forward to the Assembly. Mr. White stated two issues with the December recommendation were the following:
  - Mr. White had a discussion with the CBS Attorney regarding the liability to the CBS with leasing the property. Leasing the building with the current landslide risk was not advisable.
  - Mr. White would like the board to better identify actions that would consist of remodeling the building.
- Mr. White stated selling the building, rather than leasing, would be a better option and potentially could offer less risk to the CBS.
- The administration building is the 'Gateway' to the park and it is imperative that it be visually pleasing.
- It was mentioned that the entire building is not in the high-risk zone, only about 1/3 of the building is.
- Mr. White informed the board that he has contacted two construction firms and determined an estimate for demolition and abatement of the building was \$775K-\$800K, up to 1 Million.
- It was stated that the expense of the Administration building has always been higher than the income and that it is a problem property. Use should be compliant with the property and that it should look nice upon entering the park.
- It was asked about having covenants on the property dealing with use/landscape; the City Attorney stated that the law does not allow for that.
- A board member reminded the board that a motion was already voted on regarding the building.
- Several board members expressed in selling rather than leasing the building.

**MOTION: M/S: Jones** Move to recommend that the City and Borough of Sitka Assembly approve to sell lot 23 via the invitation to bid process, with no minimum bid, and with a requirement that the property be demolish or renovate to code within 24 months.

**ACTION: DIED lack of 2nd**

**MOTION:** **M/S: Horan/ Bevan** Move to recommend that the City and Borough of Sitka Assembly approve to sell lot 23 via the invitation to bid process, with no minimum bid. Potential buyers must read Landslide Assessment, Shannon Wilson Geo-tech Report and City and Borough of Sitka Zoning Code/Map.

**ACTION:** **Motion PASSED 5/0**

Yes: 5- Finkenbinder, Jones, Bevan, Horan, Wagner

No: 0

## I. New Business

### 1. O'Brien Lot 7 Lease Request

Mr. Wagner & Mr. Jones were recused, Mr. Bevan acted as Chair.

Mr. O'Brien requested leasing lot 7 of GPIIP to store equipment and material (rock) to process (crusher and screener); he is offering to pay \$.03/SF/Month or \$986.37/Mo. He is requesting to lease the lot for a 12-month term with option to renew for up to three additional years.

- It was asked if 4 year was need, Mr. O'Brien stated that he is thinking long-term, he has plans that makes the longer term necessary.
- Mr. White was asked if he felt this was a good fit for GPIIP, he stated that yes, he believed it was.
- A board member asked if Mr. O'Brien would be using material that was at GPIIP (cleaning up the site) and Mr. O'Brien said that he would be bring the lot down to grade, improving the property and using the material that was utilizable.
- It was asked why a lower than market price, it was mentioned that currently the revenue is zero and intermitted properties do not fetch the same prices as permanent or housing markets.
- A board member stated that eventually Lot 7 would be part of a tariff area and that the tariff would trump the lease but that O'Brien would be allowed to stay if agreeable to the terms of the tariff.
- Mr. O'Brien asked about remediating fill at GPIIP. Mr. O'Brien was asked to come back to the board when he had the permitting in place.
- Mr. White stated that the fair market value of lot is \$1,109.67/Month.

**MOTION:** **M/S: Horan/Finkenbinder** Moved to recommend the City and Borough of Sitka Assembly lease lot 7 to O'Brien and Son's Construction for a 12 month term, with an option for three (3) successive 12-month terms at \$1000/mo for year 1, \$1100/mo for year 2 and \$1200/mo for year 3 and 4.

**ACTION:** **Motion PASSED 3/0**

Yes: 3-Finkenbinder, Horan, Bevan

No: 0

Recused: 2-Jones, Wagner

### 2. Arctic Blue Waters Alaska Inc.

Mr. White informed the board Arctic Blue Waters Alaska, Inc. had failed to make its \$90k payment with the 120 days. He informed the board that he would be working with CBS Attorney, Brian Hanson to draft a 45-day cure letter, after which the agreement could be terminated.

**No Action was taken.**

**3. GPIIP Dock Insurance**

Mr. White informed the board that the City had liability insurance for the dock, but not property, he felt that having property insurance would be prudent.

Comments:

- It was mentioned that the liability insurance would cover in the event that the dock sank.
- Board asked that Mr. White bring the policy to the board for their review.

**MOTION: M/S: Finkenbinder/Jones Finkenbinder** Moved to recommend the City and Borough of Sitka obtain property insurance at an annual premium of \$5,200 for the dock at the Gary Paxton Industrial Park.

**ACTION: Motion PASSED 5/0**

Yes: 5- Bevan, Horan, Wagner, Finkenbinder, Jones

No: 0

**4. CBS Water Rights**

Mr. White told the board that a Water Committee had been formed with himself and various CBS staff. He stated the need to establish a standard unit of measurement for water.

Comments:

- Board members were concerned with the 'Speed limit' in the tunnel and that it may be a limiting factor for obtaining water.
- Board members were disappointed that there were no members from the Electric Department, City staff agreed.

Other Comments:

- Mr. White stated that a new map for the GPIIP is being finalized.
- A board member suggested that we ensure that the tariff covers aggregate over the waterfront.

**J. Adjournment: M/S Bevan/Finkenbinder moved to adjourn the meeting at 4:51 pm**

**Gary Paxton Industrial Park  
Financial Analysis**

**As Of, And For the Three-Month Period Ending September, 2017**

**KPI Dashboard**

Indicator	Amount	Compared To Last Yr	Compared To Plan
Revenue	40,527	 Less Than Last Year	 Lower Than Planned
Earnings (Loss) Before Interest	(78,957)	 Improved (Smaller Loss)	 Greater Loss Than Planned
Earnings (Loss) Before Interest and Depreciation	(61)	 Improved (Smaller Loss)	 Greater Loss Than Planned
Net Income (Loss)	739,825	 Improved	 Met Plan
Total Working Capital	1,161,567	 Improved	 Met Plan
Repair Reserve (1% of PPI)	162,451	 Larger	 Met Plan
Working Capital Appropriated For Projects	253,241	 Larger	 Met Plan
Undesignated Working Capital	745,876	 Not Significantly Different	 Met Plan
Days Cash on Hand, Total Working Capital	1,925.19	 Greater Than Last year	 Met Plan
Days Cash on Hand, Undesignated Working Capital	1,236.22	 Greater Than Last year	 Met Plan

The fiscal results of the Gary Paxton Industrial Park fund were significantly impacted by the receipt of State grant funding for the dock. Grant funds are not considered earnings from operations; hence, the large difference between earnings before interest and depreciation (EBID) and net income is grant revenue.

Aside from the impact of grant revenue, the Fund performed better than FY2017 and just slightly behind plan. For illustrative purposes, any variance within +/- 5% is considered not significantly different or in accordance with plan. EBI, for example, varied from plan by 9.8% but was only \$7K below planned levels.

The major issues facing the Fund and the Park remained unchanged. The Park needs to continue to transition from a real estate management entity to a diversified industrial park and port facility. The ability to generate net income from the dock (revenue greater than operating and administrative costs plus some accretion of working capital for repair) is critical.

City and Borough of Sitka  
Gary Paxton Industrial Park Fund  
Income Statement  
For The Twelve-Month Period Ending June 30, 2018  
(Unaudited)

	Jul-Sep 2017	Oct-Dec 2017	Jan-Mar 2018	Apr-Jun 2018	2018 YTD	FY2017 YTD	Variance To FY2017 YTD	FY2018 Plan (S/L - 25.00%)	Variance To FY2018 Plan
<b>Revenue:</b>									
Leases	40,527	-	-	-	40,527	44,957	(4,430)	48,206	(7,679)
Other Operating Revenue	-	-	-	-	-	-	-	10,200	(10,200)
<b>Total Revenue:</b>	<b>40,527</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>40,527</b>	<b>44,957</b>	<b>(4,430)</b>	<b>58,406</b>	<b>(17,879)</b>
<b>Cost of Sales:</b>									
Operations	40,588	-	-	-	40,588	55,037	14,449	51,385	10,797
Depreciation	78,896	-	-	-	78,896	78,896	-	78,896	-
<b>Total Cost of Sales:</b>	<b>119,484</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>119,484</b>	<b>133,933</b>	<b>14,449</b>	<b>130,281</b>	<b>10,797</b>
<b>Gross Margin:</b>	<b>(78,957)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(78,957)</b>	<b>(88,976)</b>	<b>10,019</b>	<b>(71,875)</b>	<b>(7,082)</b>
	-194.83%	-	-	-	-194.83%	-197.91%	3.09%	-123.06%	-71.77%
<b>Selling and Administrative Expenses</b>									
<b>Earnings Before Interest (EBI):</b>	<b>(78,957)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(78,957)</b>	<b>(88,976)</b>	<b>10,019</b>	<b>(71,875)</b>	<b>(7,082)</b>
	-194.83%	-	-	-	-194.83%	-197.91%	3.09%	-123.06%	-71.77%
<b>Non-operating Revenue and Expense:</b>									
Interest and Non-Operating Revenue:	1,192	-	-	-	1,192	5,132	(3,940)	5,000	(3,808)
Grant Revenue:	816,613	-	-	-	816,613	-	816,613	816,613	-
Sale of Fixed Assets	-	-	-	-	-	-	-	-	-
Transfers From SMC Contingency Fund	2,999	-	-	-	2,999	4,261	(1,262)	4,500	(1,501)
Interest Expense:	(2,022)	-	-	-	(2,022)	(2,023)	1	(2,023)	1
<b>Total Non-operating Revenue &amp; Expense:</b>	<b>818,782</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>818,782</b>	<b>7,370</b>	<b>811,412</b>	<b>824,091</b>	<b>(5,309)</b>
<b>Net Income:</b>	<b>739,825</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>739,825</b>	<b>(81,606)</b>	<b>821,431</b>	<b>752,216</b>	<b>(12,391)</b>
	1825.51%	-	-	-	1825.51%	-181.52%	2007.03%	1287.91%	719.12%
<b>Earnings Before Interest and Depreciation (EBID):</b>	<b>(61)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(61)</b>	<b>(10,080)</b>	<b>10,019</b>	<b>7,021</b>	<b>(7,082)</b>
	-0.15%	-	-	-	-0.15%	-22.42%	22.27%	12.02%	-12.17%

<b>Debt Principal Coverage</b>									
Simple Cash Flow (Net Income Plus Depreciation)	818,721	-	-	-	818,721	(2,710)	821,431	831,112	(12,391)
Debt Principal	12,446	-	-	-	12,446	12,446	-	12,446	-
Debt Principal Coverage Surplus/Deficit	806,275	-	-	-	806,275	(15,156)	821,431	818,666	(12,391)
<b>Debt Principal Coverage Percentage</b>	<b>6578.19%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6578.19%</b>	<b>-207.07%</b>	<b>6785.26%</b>	<b>6677.74%</b>	<b>107.51%</b>
<b>Simple Asset Replacement Coverage</b>									
Debt Principal Coverage Surplus/Deficit (From Above)	806,275	-	-	-	806,275	(15,156)	821,431	818,666	(12,391)
Depreciation	78,896	-	-	-	78,896	78,896	-	78,896	-
Cash Accumulated For/(Taken From) Asset Replacement	727,379	-	-	-	727,379	(94,052)	821,431	739,770	(12,391)

Item D

Working Capital

Cash Flow:									
Net Income Plus Depreciation Less Principal CapEx, Accruals, and other Balance Sheet Changes	806,275	-	-	-	806,275	(15,156)	821,431	818,666	(12,391)
Increase in (Decrease in) Working Capital	(639,119)	-	-	-	(639,119)	15,363	(654,482)	(639,119)	-
Plus Beginning Total Working Capital	167,156	-	-	-	167,156	207	166,949	179,547	(12,391)
Equals Ending Total Working Capital:	994,411	-	-	-	994,411	918,695	75,716	994,411	-
	1,161,567	-	-	-	1,161,567	918,902	242,665	1,173,958	(12,391)

Working Capital Detail:									
Repair Reserve (1% of PPE):	162,451	-	-	-	162,451				
Working Capital Designated for CapEx	253,241	-	-	-	253,241				
Undesignated Working Capital	745,876	-	-	-	745,876				
Total Working Capital:	1,161,567	-	-	-	1,161,567				

Days On Hand Annual Cash Outlays in Total Working Capital: 1,925.19

Days On Hand Annual Cash Outlays in Total Working Capital Less Repair Reserve: 1,655.94

Days On Hand Annual Cash Outlays in Undesignated Working Capital: 1,236.22

Workii Current Assets	2,184,593	-	-	-	2,184,593				
Current Liabilities	(973,242)	-	-	-	(973,242)				
CPI, LTD	(49,784)	-	-	-	(49,784)				
Total Working Capital	1,161,567	-	-	-	1,161,567				

City and Borough of Sitka  
 Gary Paxton Industrial Park Fund

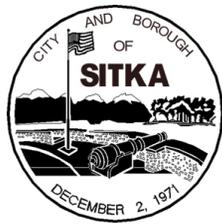
Income Statement

For The Twelve-Month Period Ending June 30, 2018  
 (Unaudited)

Project	FY2018 Appropriations	Funding Sources				Construction In Progress 6/30/2017	Supplies Expense	Contracted & Purchased Services Expenses	Interdepartment Services Expenses
		Cash	State Grant A/R	State Loan A/R	Federal Loan A/R				
90748 - GPIP Dock	\$ -	\$ (565,267.95)	\$ 816,612.70	\$ -	\$ -	\$ 4,570,710.06	\$ 12,405.99	\$ 842,332.26	\$ 10,624.74
90836 - GPIP Shoreline Stabilization	\$ -	\$ 205,538.46	\$ -	\$ -	\$ -	\$ 11,174.65	\$ -	\$ 23,979.10	\$ 9,307.79
90837 - GPIP Dock Access Ramp Design	\$ -	\$ 40,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Totals:</b>	\$ -	\$ (319,729.49)	\$ 816,612.70	\$ -	\$ -	\$ 4,581,884.71	\$ 12,405.99	\$ 866,311.36	\$ 19,932.53

Project	Total Expenses	Mixed Project Expenses Reclassified	Expenses Reclassified To CIP	CIP/Expense Reclass to Parent Fund	Construction In Progress 6/30/2018	Total Assets	Accounts Payable	Retainage Payable	Total Liabilities
90748 - GPIIP Dock	\$ 865,362.99	\$ -	\$ -	\$ -	\$ 4,570,710.06	\$ 4,822,054.81	\$ -	\$ 243,642.50	\$ 243,642.50
90836 - GPIIP Shoreline Stabilization	\$ 33,286.89	\$ -	\$ -	\$ -	\$ 11,174.65	\$ 216,713.11	\$ -	\$ -	\$ -
90837 - GPIIP Dock Access Ramp Design	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,000.00	\$ -	\$ -	\$ -
<b>Totals:</b>	<b>\$ 898,649.88</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,581,884.71</b>	<b>\$ 5,078,767.92</b>	<b>\$ -</b>	<b>\$ 243,642.50</b>	<b>\$ 243,642.50</b>

Project	Working Capital
90748 - GPIIP Dock	\$ 7,702.25
90836 - GPIIP Shoreline Stabilization	\$ 205,538.46
90837 - GPIIP Dock Access Ramp Design	\$ 40,000.00
Totals:	\$ 253,240.71

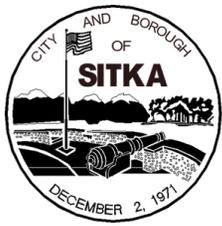


# Budget Performance Report

Fiscal Year to Date 02/16/18

Include Rollup Account and Rollup to Account

Account	Account Description	Adopted Budget	Budget Amendments	Amended Budget	Current Month Transactions	YTD Encumbrances	YTD Transactions	Budget - YTD Transactions	% Used/ Rec'd	Prior Year YTD
Fund 270 - Gary Paxton Industrial Complex										
REVENUE										
Division 300 - Revenue										
Department 340 - Operating Revenue										
3442										
3442.000	Moorage-Transient	40,600.00	.00	40,600.00	.00	.00	.00	40,600.00	0	.00
3442 - Totals		\$40,600.00	\$0.00	\$40,600.00	\$0.00	\$0.00	\$0.00	\$40,600.00	0%	\$0.00
Department 340 - Operating Revenue Totals		\$40,600.00	\$0.00	\$40,600.00	\$0.00	\$0.00	\$0.00	\$40,600.00	0%	\$0.00
Department 360 - Uses of Prop & Investment										
3601										
3601.000	Rent - Land	192,824.00	.00	192,824.00	200.00	.00	33,839.79	158,984.21	18	73,167.36
3601 - Totals		\$192,824.00	\$0.00	\$192,824.00	\$200.00	\$0.00	\$33,839.79	\$158,984.21	18%	\$73,167.36
3602										
3602.000	Rent - Building	.00	.00	.00	5,853.25	.00	48,136.00	(48,136.00)	+++	31,186.27
3602 - Totals		\$0.00	\$0.00	\$0.00	\$5,853.25	\$0.00	\$48,136.00	(\$48,136.00)	+++	\$31,186.27
3609										
3609.000	Wharfage Fees	500.00	.00	500.00	.00	.00	.00	500.00	0	.00
3609 - Totals		\$500.00	\$0.00	\$500.00	\$0.00	\$0.00	\$0.00	\$500.00	0%	\$0.00
3610										
3610.000	Interest Income	20,000.00	.00	20,000.00	818.06	.00	7,300.10	12,699.90	37	11,902.95
3610 - Totals		\$20,000.00	\$0.00	\$20,000.00	\$818.06	\$0.00	\$7,300.10	\$12,699.90	37%	\$11,902.95
Department 360 - Uses of Prop & Investment Totals		\$213,324.00	\$0.00	\$213,324.00	\$6,871.31	\$0.00	\$89,275.89	\$124,048.11	42%	\$116,256.58
Department 390 - Cash Basis Receipts										
3950										
3950.173	Transfer In SCIP Conting	18,000.00	.00	18,000.00	.00	.00	6,495.76	11,504.24	36	10,389.42
3950 - Totals		\$18,000.00	\$0.00	\$18,000.00	\$0.00	\$0.00	\$6,495.76	\$11,504.24	36%	\$10,389.42
Department 390 - Cash Basis Receipts Totals		\$18,000.00	\$0.00	\$18,000.00	\$0.00	\$0.00	\$6,495.76	\$11,504.24	36%	\$10,389.42
Division 300 - Revenue Totals		\$271,924.00	\$0.00	\$271,924.00	\$6,871.31	\$0.00	\$95,771.65	\$176,152.35	35%	\$126,646.00
REVENUE TOTALS		\$271,924.00	\$0.00	\$271,924.00	\$6,871.31	\$0.00	\$95,771.65	\$176,152.35	35%	\$126,646.00
EXPENSE										
Division 600 - Operations										
Department 630 - Operations										
5203										
5203.001	Electric	10,000.00	.00	10,000.00	1,805.27	.00	10,243.28	(243.28)	102	13,060.45
5203.005	Heating Fuel	10,000.00	.00	10,000.00	1,112.02	.00	9,726.86	273.14	97	10,135.70
5203 - Totals		\$20,000.00	\$0.00	\$20,000.00	\$2,917.29	\$0.00	\$19,970.14	\$29.86	100%	\$23,196.15
5204										
5204.000	Telephone	.00	.00	.00	.00	.00	718.11	(718.11)	+++	712.38
5204 - Totals		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$718.11	(\$718.11)	+++	\$712.38
5205										
5205.000	Insurance	6,000.00	.00	6,000.00	.00	.00	4,772.95	1,227.05	80	3,354.26

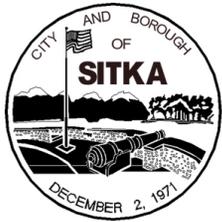


# Budget Performance Report

Fiscal Year to Date 02/16/18

Include Rollup Account and Rollup to Account

Account	Account Description	Adopted Budget	Budget Amendments	Amended Budget	Current Month Transactions	YTD Encumbrances	YTD Transactions	Budget - YTD Transactions	% Used/ Rec'd	Prior Year YTD
Fund 270 - Gary Paxton Industrial Complex										
EXPENSE										
Division 600 - Operations										
Department 630 - Operations										
	<b>5205 - Totals</b>	\$6,000.00	\$0.00	\$6,000.00	\$0.00	\$0.00	\$4,772.95	\$1,227.05	80%	\$3,354.26
5206										
5206.000	Supplies	.00	.00	.00	.00	.00	.00	.00	+++	5,657.32
	<b>5206 - Totals</b>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	+++	\$5,657.32
	<b>5207</b>									
5207.000	Repairs & Maintenance	5,000.00	.00	5,000.00	.00	.00	.00	5,000.00	0	.00
	<b>5207 - Totals</b>	\$5,000.00	\$0.00	\$5,000.00	\$0.00	\$0.00	\$0.00	\$5,000.00	0%	\$0.00
	<b>5208</b>									
5208.000	Bldg Repair & Maint	2,500.00	.00	2,500.00	.00	.00	2,773.21	(273.21)	111	2,869.24
	<b>5208 - Totals</b>	\$2,500.00	\$0.00	\$2,500.00	\$0.00	\$0.00	\$2,773.21	(\$273.21)	111%	\$2,869.24
	<b>5212</b>									
5212.000	Contracted/Purchased Serv	130,815.00	.00	130,815.00	601.75	.00	70,229.49	60,585.51	54	95,441.70
	<b>5212 - Totals</b>	\$130,815.00	\$0.00	\$130,815.00	\$601.75	\$0.00	\$70,229.49	\$60,585.51	54%	\$95,441.70
	<b>5214</b>									
5214.000	Interdepartment Services	37,874.00	.00	37,874.00	.00	.00	19,608.25	18,265.75	52	23,757.60
	<b>5214 - Totals</b>	\$37,874.00	\$0.00	\$37,874.00	\$0.00	\$0.00	\$19,608.25	\$18,265.75	52%	\$23,757.60
	<b>5223</b>									
5223.000	Tools & Small Equipment	750.00	.00	750.00	.00	.00	.00	750.00	0	.00
	<b>5223 - Totals</b>	\$750.00	\$0.00	\$750.00	\$0.00	\$0.00	\$0.00	\$750.00	0%	\$0.00
	<b>5226</b>									
5226.000	Advertising	1,000.00	.00	1,000.00	.00	.00	650.80	349.20	65	.00
	<b>5226 - Totals</b>	\$1,000.00	\$0.00	\$1,000.00	\$0.00	\$0.00	\$650.80	\$349.20	65%	\$0.00
	<b>5230</b>									
5230.000	Bad Debts	.00	.00	.00	.00	.00	682.50	(682.50)	+++	810.34
	<b>5230 - Totals</b>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$682.50	(\$682.50)	+++	\$810.34
	<b>5231</b>									
5231.000	Credit Card Expense	600.00	.00	600.00	21.70	.00	504.36	95.64	84	333.04
	<b>5231 - Totals</b>	\$600.00	\$0.00	\$600.00	\$21.70	\$0.00	\$504.36	\$95.64	84%	\$333.04
	<b>5290</b>									
5290.000	Other Expenses	1,000.00	.00	1,000.00	.00	.00	.00	1,000.00	0	.00
	<b>5290 - Totals</b>	\$1,000.00	\$0.00	\$1,000.00	\$0.00	\$0.00	\$0.00	\$1,000.00	0%	\$0.00
	Department 630 - Operations Totals	\$205,539.00	\$0.00	\$205,539.00	\$3,540.74	\$0.00	\$119,909.81	\$85,629.19	58%	\$156,132.03
	Division 600 - Operations Totals	\$205,539.00	\$0.00	\$205,539.00	\$3,540.74	\$0.00	\$119,909.81	\$85,629.19	58%	\$156,132.03
	<b>EXPENSE TOTALS</b>	\$205,539.00	\$0.00	\$205,539.00	\$3,540.74	\$0.00	\$119,909.81	\$85,629.19	58%	\$156,132.03
Fund 270 - Gary Paxton Industrial Complex Totals										
	<b>REVENUE TOTALS</b>	271,924.00	.00	271,924.00	6,871.31	.00	95,771.65	176,152.35	35%	126,646.00



# Budget Performance Report

Fiscal Year to Date 02/16/18

Include Rollup Account and Rollup to Account

Account	Account Description	Adopted Budget	Budget Amendments	Amended Budget	Current Month Transactions	YTD Encumbrances	YTD Transactions	Budget - YTD Transactions	% Used/ Rec'd	Prior Year YTD
	<b>EXPENSE TOTALS</b>	205,539.00	.00	205,539.00	3,540.74	.00	119,909.81	85,629.19	58%	156,132.03
Fund	<b>270 - Gary Paxton Industrial Complex</b> Totals	\$66,385.00	\$0.00	\$66,385.00	\$3,330.57	\$0.00	(\$24,138.16)	\$90,523.16		(\$29,486.03)
	Grand Totals									
	<b>REVENUE TOTALS</b>	271,924.00	.00	271,924.00	6,871.31	.00	95,771.65	176,152.35	35%	126,646.00
	<b>EXPENSE TOTALS</b>	205,539.00	.00	205,539.00	3,540.74	.00	119,909.81	85,629.19	58%	156,132.03
	Grand Totals	\$66,385.00	\$0.00	\$66,385.00	\$3,330.57	\$0.00	(\$24,138.16)	\$90,523.16		(\$29,486.03)



Friday, February 16, 2018

MEMORANDUM

TO: GPIP Board of Directors

FROM: Garry White, Director

SUBJECT: Gary Paxton Industrial Park (GPIP) Management Report

**1. GPIP Port Planning/Feasibility Study**

The CBS commissioned a planning/feasibility study with Northern Economics (NE) to determine potential market demand for a large vessel moorage facility, a vessel haul out facility, and potential uses and location of a deep-water dock. The CBS worked with NE over the fall and winter of 2013/2014, taking input from the community and helping to provide potential market demand opportunities. Funding for the planning/feasibility study came from a \$487k Federal appropriation for the GPIP waterfront development

Northern Economics provided a preliminary screening-level feasibility assessment and planning study to the CBS in March 2014, which can be view on the [www.sawmillcovc.com](http://www.sawmillcovc.com) website.

**2. Construction of a multipurpose dock at GPIP.**

The dock project is moving along fine. The contractors purchased the 250' by 74' barge in the winter of 2016. The barge was located in Tacoma, WA through the winter and spring to complete in-water work. The barge went through various remodeling, including pouring of the concrete deck to support freight traffic. The barge was hauled to the Ketchikan Shipyard and was in dry dock at Vigor Shipyards to complete epoxy coating work on the exterior of the barge. The barge was brought to the GPIP in September. Turnagain Marine acquired the Army Corps permits in early October. Turnagain has removed old APC infrastructure in the water. Turnagain has installed dolphins to hold the dock in place. The project is scheduled for completion in January 2018. (11/20/2017)

The GPIP Dock has been fastened to the installed dolphins, the transfer bridge (ramp) has been installed, and the barge has been ballasted with fresh water. Turnagain Marine is nearly complete with the project. (12/11/2017)

The GPIP Dock is near completion.

- The contractor will be working next week to finish a few punch list items.
- A landline phone needs to be installed to meet the fire safety requirements.
- Two under water pilings need to be removed.

- A tariff schedule for the dock is in progress.
- A camera security system is being investigated  
(01/16/2018)

### **3. Marine Services Industries at the GPIIP.**

The GPIIP Director is researching the marine industry in SE Alaska and looking for opportunities for marine service industries that would fit well with the GPIIP assets. Research is also being completed to identify funding sources for marine service industries infrastructure. (03/23/15)

The Assembly approved funding in June for the design, engineering, and permitting of an access ramp to support the marine services sector at the park.

The CBS entered into a lease with Northline Seafoods LLC to install an access ramp to accommodate hauling barges on the northern portion of Lot 9a of the waterfront. The CBS is working with Northline Seafoods to ensure the ramp can be modified in the future to accommodate multiple uses. (08/01/2017)

Northline Seafoods has completed its ramp on lot 9a. Northline is working on constructing a dead man anchor system to haul out barges. (12/11/2017)

Northline Seafoods is still working towards hauling its barge out of the water  
(01/18/2018)

### **4. Bulk Water**

The CBS Administrator and GPIIP Director traveled to Washington DC to meet with the Alaska and California delegations regarding the potential to export Sitka's water to CA.  
(06/29/2015)

The GPIIP Director flew to Seattle to meet with representative of Aquaomnis, an Icelandic Bulk Water Company. The purpose of the visit of was to learn about each bulk water source and potential export projects. (08/31/2015)

The GPIIP Director has received multiple requests from companies interested in acquiring water for bulk export from Green Lake. (11/02/2015)

The GPIIP Board of Directors recommended that a RFP be released to solicit proposals for entities to export Sitka's bulk water assets. Four separate entities attended the 04/07/2016 GPIIP Board meeting expressing interest in obtaining a contract to ship Sitka's water. (04/12/2016)

The CBS received four proposals in response to the Bulk Water RFP released in April. The GPIIP Board will meet May 16 to make its recommendations to the Assembly.  
(05/10/2016)

The GPIIP recommended and the CBS Assembly approved that the CBS enter into three separate contracts with ABWI (2 contracts) and Arctic Blue Water Inc. for roughly 8.8 billion gallons of water annually. The CBS will receive \$1.1 million dollars in non-

refundable payments that can be used as water contracts from the water exporters. (07/11/2016)

ABWI and Arctic Blue Waters missed the contractual deadline to submit non-refundable payments to initiate the bulk water agreements. As such all contracts are null and void. The CBS is continuing to market its water assets and is willing to receive proposals from any entity willing to export Sitka's water. The GPIIP has suggested that it will only be willing to recommend new contracts with entities that demonstrate the ability to ship water immediately or provide payments to the CBS up front. (08/5/2016)

The Director continues to discuss the bulk water export venture with various groups around the globe. (12/6/2016)

The GPIIP Board met on two entities interested in exporting water from Sitka throughout the summer of 2017. The GPIIP Board and CBS Assembly approved terms of water purchase agreements with Eckert Fine Beverages and Arctic Blue Waters Alaska in September 2017. Total allocation of water between the two entities is 2.1 billion gallons. The CBS still retains over 7.5 billion gallons of water for export. (10/16/2017)

The Director continues to discuss bulk water export with various groups around the world. The Director toured a group from Switzerland and Holland to Blue and Green Lakes in November. (12/11/2017)

## **5. Bottled Water**

The Director has met with multiple potential investors into the venture of bottling water in Sitka. The existing bottling plant owners and operators have been included in the discussions. (10/24/2013)

The CBS Assembly approved setting tote/container water rates at \$0.01/gallon for water exported in containers larger than 5 gallons at their 3/11/2014 meeting. (03/17/2014)

Multiple groups have visited and contacted the Director regarding obtaining property to construct another bottling plant. (11/02/2015).

The CBS is continuing to market its water assets for both bottling and bulk operations. (08/05/2016)

The Director continues to work with entities interested in bottling water with Sitka water. Water samples were recently sent to a prospective client. (02/14/2017)

The Director continues to receive calls from numerous entities that are interested in obtaining water for bottling operations. (05/31/2017)

The Director continues to receive inquiries for bottled water. The Director has recently had conversations with entities from China and Costa Rica. (01/18/2018)

## **6. GPIIP Property Marketing**

Detailed profiles of GPIIP properties have been developed and approved by the Board.

The profiles have been placed on the GPIIP website at [www.sawmillcove.com](http://www.sawmillcove.com) and will be used for other marketing opportunities.

Marketing materials have been updated on the [www.sawmillcove.com](http://www.sawmillcove.com) website and hard copy to reflect recent sale of property. **(03/02/2015)**

The sawmillcove.com website has been updated. Property marketing is still the focus of the website. **(05/31/2017)**

## **7. Blue Lake Dam Expansion Project**

The Blue Lake Dam Expansion Project has been completed. Evacuated rock from the project is still being stored on park property. Rock needs to be removed from the property for economic development to continue on the site. The CBS is still working on a solution. **(05/12/2015)**

The CBS Electrical Department intends to release a request for proposals of entities interested in purchasing rock stored at GPIIP. **(06/29/2015)**

The CBS Electrical Department has recently investigated several plans to remove rock from the property. **(09/22/2015)**

Rock is actively leaving the park via contracts between the CBS Electric Department and various entities. **(07/11/2016)**

The Director is currently working with various groups to continue to remove rock from the industrial site and bring the industrial site condition back to leasable condition. **(05/31/2017)**

The CBS Electric Department reports that a contractor has purchase all the remaining rock left in the GPIIP. The rock will be barged out of the park for use in a private waterfront development. The contractor anticipates that all rock will be removed from the park by the end of the calendar year. **(08/01/2017)**

A majority of the rock in the park has been removed. Rock remains on lots 15, 16b, 19, and 20. **(10/16/2017)**

More rock has left the park. Rock only remains on lots 16b, 19, & 20. The Assembly has approved funding to clean up the waterfront and interior lots to bring back to a usable state. **(01/18/2018)**

## **8. Wharfage Rates**

The GPIIP Board set general wharfage rates for use of the waterfront property at the park. Rock, Sand, and Gravel was set at \$1.00 per US ton; all other freight items will be on a case-by-case basis. **(10/2/2012)**

A draft tariff schedule was developed by SEDA Staff and presented to the GPIIP Board for its review during its December 2015 meeting. The board provided direction to hold off on finalizing the schedule until the dock project can be further determined. **(01/11/2016)**

The GPIIP Board and staff are currently working on developing a fee schedule and tariff schedule for the GPIIP Dock. The GPIIP Directors is investigating firms to provide a detail tariff for the GPIIP Port. **(10/16/2017)**

The Assembly has approved funding to hire an outside firm to develop a tariff schedule for the dock. The CBS is working with Parrish, Blessing & Associates (PBA). PBA recently completed tariffs for the Port of Anchorage and the Port of Skagway. The tariff is scheduled to be completed in early February. **(01/18/2018)**

## **9. Hazard Risk Mitigation**

Due to the August 18, 2015 landslide that occurred at the GPIIP, the CBS is assessing its risk to allow occupancy of municipal owned property. The CBS Attorney is developing waiver language for current and future lessees of the property for day use only. The Attorney is additionally investigating the potential to lease properties to entities that wish to lease the property for overnight housing. **(04/12/2016)**

The CBS has hired a consultant to complete hazard risk assessment of the property surrounding the GPIIP properties. A written assessment is expected this summer. **(07/11/2016)**

CBS Administration has determined that the liability risk of allowing the Administration Building to be occupied is too great due to landslide risk and have terminated all leases in the building effective 9/30/2016. **(08/05/2016)**

- 10.** The GPIIP Board met over the winter and spring to develop an updated strategic plan for the development of the industrial site. The Board approved the 2017 GPIIP Strategic Plan at its July 31<sup>st</sup> meeting. **(08/01/2017)**

A set of detailed maps that outlines property ownership, utilities, etc. is being finalized for Board approval. **(10/16/2017)**

- 11.** The CBS is moving forward with stabilizing the shoreline seaward of the building located on Lot 4. The shoreline has been comprised due to erosion. **(05/31/2017)**

The CBS has awarded a contract for shoreline stabilization, the project will move forward soon. **(10/16/2017)**

The Shoreline Stabilization project has been completed. **(01/18/2018)**

- 12.** The CBS Assembly agreed to a 99 years and increased the lease area for Fortress of the Bear. **(06/05/2017)**

- 13.** The CBS Assembly agreed to accept the insurance settlement on the damaged Administration Building. **(06/05/2017)**

- 14.** The CBS Assembly agreed to lease lot 9a to Northline Seafoods for a 24-month term and lease with option to purchase for lot 4 at its July 11 meeting. **(07/24/2017)**

**15.** The RFP for the Administration Building has been released. The RFP closes on 9/19/2017. **(07/24/2017)**

The CBS did not receive any proposals to purchase the Administration Building. **(10/16/2017)**

The GPIIP Board intends to release an invitation to bid or similar process to sell the building. **(01/18/2018)**

**16.** The CBS Assembly has approved funding to clean up the Sawmill Farm site. **(01/18/2018)**



329 Harbor Drive, Suite 212  
Sitka, AK 99835  
Phone: 907-747-2660

Friday, February 16, 2018

MEMORANDUM

To: Gary Paxton Industrial Park (GPIP) Board of Directors  
From: Garry White, Director  
Subject: Green Gold Distributors Water Purchase Request

**Introduction**

Green Gold Distributors LTD (Green Gold) is requesting to establish a water purchase agreement with the CBS to export raw water in bulk.

Green Gold is an importer/exporter company located in South Africa. The recent drought in South Africa has created a huge need for water in Cape Town.

Please see the attached proposal and addendum #1 from Green Gold.

**Bulk Water Export Background**

The City and Borough of Sitka (CBS) has permits to export 29,235 Acre-feet (~9.5 billion gallons) of raw water annually.

The CBS has entered into multiple water purchase agreements with multiple entities for bulk export since 1996.

Currently the CBS has water purchase agreement with Arctic Blue Waters Alaska Inc. for 6,138 Acre-feet (~2 billion gallons annually) of water and Eckert Fine Beverages for 100 million gallons of water annually.

The CBS has 22,789 Acre-feet or ~7.4 billion gallons of water annually available for export.

**Proposed Water Purchase Agreement Terms**

Please see that suggested terms from Green Gold outlined in Addendum #1.

**Additional Information**

The most recent water purchase agreement executed by the CBS with Arctic Blue Waters Alaska Inc. in 2017 is attached for the Board's reference. The following agreement terms to consider:

ADDENDUM 1

On the 9<sup>th</sup> of February we had a meeting with the City of Cape Town.

The following points came out of the meeting:

1. Cape Town City will only deal on this with a SOUTH AFRICAN-based company, preferably Western Cape-based, so they can have ease of communication and control.
2. The moment we have the contract in place between us and Sitka, the City of Cape Town will provide us with a letter of intent to buy the water from us, which we will use to negotiate the freight to the lowest possible rate.
3. The City of Cape Town will handle all local storage and testing.
4. The water will therefore come into Cape Town on a CIF basis so all local costs including demurrage (should it be incurred) will be for the city's account.
5. The city wants the newest available analysis results for the water, even though it is not sold as potable, so that they can know what they are dealing with in terms of purification.
6. Even though Day ZERO has been moved out to the 11<sup>th</sup> of May, the whole point of importing the water would be to prevent Day ZERO from ever happening

Further to this meeting, we have decided that we will be willing to negotiate a short-term contract with renewal option with Sitka. Should we be unable to pull this through, we will be happy to relinquish the rights given to us after the initial term.

Due to the dire need of the city, we believe we can export the total available amount per year and this is what we approached the city with, so as to make this a viable option for them. It was in fact the quantity that made them sit up and notice what we are trying to achieve.... One of the first questions asked was whether we would be able to deliver the quantity if the deal went through. So please keep this in consideration. We are satisfied with taking a sliding scale that works up to the full amount if certain milestones are reached. We do however request that, for the short period until we can see whether we can move a significant amount of water, no further rights are issued, in order to protect the quantity of water in the event of it being needed by Cape Town.

Should we perform up to expectation, we ask that you give us permanent rights to the water, so that we can be the ones to pick the fruit of our labors, since nobody has done this successfully before. Suddenly everybody wants to jump onto our ship and we are not prepared to let it sink.

We already have to cope with the result of 30 years of not getting the job done, in the form of challenges with dealing on the shipping side of the venture... as demonstrated by some of the mails I have forwarded to Garry.

With the meeting with Cape Town, we sealed in place a customer able to manage the water on arrival. The politics in South Africa is such that the only reason this water will be bought by the city is because we offered it as a company based in the Western Cape that is majority owned by women.

As such, we expect to reap long-term benefits of making the possibility of trade in bulk water a reality, and not let some other company walk away with our achievement after we have made this happen.

**PURCHASE AGREEMENT  
FOR RAW WATER IN BULK FOR EXPORT**

**BETWEEN:** City and Borough of Sitka, Alaska (“Sitka”)  
100 Lincoln Street  
Sitka, Alaska 99835

**AND:** Arctic Blue Waters Alaska, Inc. (“ABWAI”)  
78 C Street  
Fairbanks, Alaska 99701

**1. Term and Documents Comprising this Agreement.**

1.1 The initial term of this Agreement shall commence upon ABWAI making a non-refundable payment of Ten Thousand Dollars (\$10,000.00) on the total payment of One Hundred Thousand Dollars (\$100,000.00), payable upon signing this Agreement, to the Administrator of Sitka (“Administrator”), and shall end at 11:59 p.m. Alaska Standard Time on September 15, 2037. The balance owing of Ninety Thousand Dollars (\$90,000.00) is to be paid within One Hundred Twenty (120) days of the signing of this Agreement. Sitka hereby grants to ABWAI, the right to purchase raw water in bulk for export, to be delivered to it by Sitka from the Blue Lake reservoir, a water source within Sitka, on the terms and conditions set forth herein.

1.2 At the conclusion of the initial term of this Agreement, four (4) additional terms of five (5) years may be exercised upon the written consent of both parties. ABWAI must notify the Administrator in writing no earlier than one (1) year and no later than four (4) months before the end of the initial term of its desire to add an additional five-year term, and shall thereafter notify the Administrator no earlier than one (1) year and no later than four (4) months prior to the expiration of each exercised additional term of its desire to exercise the next five-year term. If ABWAI does not so timely notify the Administrator, this Agreement shall terminate at the expiration of the then-current term. If ABWAI does so timely notify the Administrator, Sitka has thirty (30) days to notify ABWAI in writing of its consent to the additional term. As initiated in writing by Sitka after notice is given by ABWAI of its desire to add an additional five-year term, Sitka's raw water price is subject to re-negotiation before the commencement of each additional term. If a price is not agreed upon in writing, this Agreement shall terminate at the expiration of the then-current term.

1.3 The Agreement consists of the 23 sections plus Appendix A (a map) and Appendix B (the “Prospective Purchaser Agreement Between the State of Alaska and the City-Borough of Sitka for the Former Alaska Pulp Corporation Pulp Mill Property” dated April 28, 1999, including all attachments, which specifically includes “Memorandum of Understanding between the State of Alaska and the City and Borough of Sitka [:] Management Plan for Sawmill Cove Property (Former APC Property).”).

## 2. Definitions.

In this Agreement, the following terms shall have the definitions stated:

- a) "acre-foot" or "af" means 325,851 U.S. gallons.
- b) "annually" means 12 consecutive months.
- c) "beneficial use" means the application of water, purchased by ABWAI for export or for use at the point of delivery, to a useful purpose, including domestic, commercial, agricultural, wildlife, and recreational uses.
- d) "BG" or "bg" means billions of gallons.
- e) "bulk water" means untreated non-potable water sold by Sitka to ABWAI under this Agreement, and delivered by Sitka to ABWAI in the measured quantities specified in this Agreement.
- f) "deliver" or "to deliver" or "delivered" means Sitka making a specific quantity of water available to ABWAI at the point of delivery.
- g) "export" means the transportation by ABWAI of bulk water to a destination outside the hydrological unit of the Blue Lake drainage.
- h) "gallon" means one US gallon or 3.785 liters.
- i) "loading" means transporting the raw water which is the subject of this Agreement from Blue Lake through pipelines and other conveyances into the ABWAI-chartered ship for export outside Alaskan waters.
- j) "MG" or "mg" means millions of gallons.
- k) "MGD" means millions of gallons per consecutive 24-hour period.
- l) "per day" means calendar day starting at midnight.
- m) "per week" means during a period of seven (7) consecutive days.
- n) "per year" means during a period of 12 consecutive months.
- o) "point of delivery" means that physical location at which the Sitka-owned physical facilities and equipment, employed in the transportation of Sitka's bulk water for delivery to ABWAI, terminates.
- p) "raw water" means untreated non-potable water delivered by Sitka to the point of delivery from Blue Lake via the Blue Lake penstock, a conduit which transports water from Blue Lake to the Blue Lake Powerhouse as shown on Exhibit A.

q) “rule curve” means the relationship between the elevation of the water surface of Blue Lake and the volume of water contained in Blue Lake, which regulates the reservation of water for fish, wildlife, and habitat protection.

r) “Stage” means a time period in this Agreement that starts 12 months after the effective date of this Agreement; a Stage is composed of one or more 12-month periods, with each 12-month period starting on the anniversary of the day the Stage begins.

s) “Stage Anniversary Date” means the day starting a 12-month period in a Stage.

t) "ton" means one US short ton or 2,000 pounds.

u) “unforeseen” means an exceptional event, not contemplated by the parties in negotiating this Agreement. Performance made more difficult or expensive than expected is not “unforeseen.” The burden of proving that an event is unforeseen is on the party that advances it as a reason for non-performance.

v) “water rights” means those rights to the beneficial use of water which are held by Sitka under certificates of appropriation issued by the State of Alaska pursuant to Alaska law.

**3. Water Volumes Contracted by ABWAI from Sitka.**

3.1 Sitka will make available to ABWAI a total of 6,138 acre-feet of raw water for a period of 60 months after the effective date of this Agreement (the “60-month period”). At the conclusion of the 60-month period, ABWAI's access to such water will be governed by the stages set out in subsection 3.2 below, provided that ABWAI has met the minimum export volumes set out in this section. During the 60-month period, ABWAI must take delivery of and export at least 50 million gallons of raw water. If ABWAI does not take delivery of and export at least 50 million gallons of raw water from Sitka during the 60-month period, this Agreement shall, at Sitka’s election, terminate and expire without further action by Sitka on the forty-fifth (45<sup>th</sup>) day after Sitka’s sending of the Administrator’s notice to ABWAI, in accordance with section 23 below, that ABWAI has failed to comply with this subsection, unless within said 45-day period ABWAI cures its failure to take delivery of and export at least 50 million gallons of raw water from Sitka.

3.2 The Stages described in this subsection start 60 months after the effective date of this Agreement. The maximum quantity of raw water in bulk available for export by ABWAI from Sitka under this Agreement and the minimum export requirements are set forth below as follows:

<b>Contract Increment Stages</b>	<b>Maximum Water Delivery per 24-Hour Period</b>	<b>Acre-Foot Available Annually</b>	<b>Minimum Export Required to Move to Next Stage</b>	<b>Minimum Export Required to Remain at Stage</b>	<b>Required Period of Performance</b>
Stage 1	33.6 MG	1,000 af	230.2 af (75mg)	153.4 af (50mg)	12-month period

Stage 2	33.6 MG	2,000 af	306.9 af (100mg)	230.2 af (75mg)	12-month period
Stage 3	33.6 MG	4,000 af	920.7 af (300mg)	306.9 af (100mg)	12-month period
Stage 4	33.6 MG	10,000 af	3,068.9 af (1bg)	920.7 af (300mg)	12-month period
Stage 5	33.6 MG	( ) <sup>1</sup>	N/A	3,068.9 af (1bg)	12-month period

Stage 1: Stage 1 begins 60 months after the effective date of this Agreement. Sitka will make available to ABWAI not less than 1,000 acre-feet (325.8 MG) of raw water in a 12-month period in Stage 1. To remain at Stage 1 for a 12 month-period starting on the Stage Anniversary Date of Stage 1, ABWAI must have taken delivery of and exported from Sitka a minimum of 153.4 af (50 MG) of raw water within the 12-month period immediately preceding the most recent Stage Anniversary Date of Stage 1. If ABWAI does not take delivery and export the said minimum, this Agreement shall, at Sitka's election, terminate and expire without further action by Sitka on the forty-fifth (45th) day after Sitka's sending of the Administrator's notice to ABWAI, in accordance with section 23 below, that ABWAI has failed to meet such requirement, unless within said 45-day period ABWAI cures such failure, as determined by Sitka in its sole discretion.

Stage 2: ABWAI shall take delivery and pay for a minimum of 230.2 acre feet of raw water within a 12-month period during this Stage. If ABWAI takes delivery of and exports a total of at least 230.2 acre-feet (75 MG) of bulk water in a 12-month period, then the amount of raw water Sitka will make available for delivery to ABWAI will be increased to 2,000 acre-feet of water in a 12-month period, provided at that time that the Administrator has determined in his/her sole discretion that Sitka still has adequate water quantities available and uncommitted. To remain at Stage 2 for the next 12 months ABWAI must have taken delivery of and exported from Sitka at least 230.2 af (75 MG) within the 12-month period immediately preceding the most recent Stage 2 Anniversary Date. If ABWAI does not meet the requirement to remain at Stage 2 set out in the previous sentence, ABWAI shall revert to Stage 1 thereby establishing a new Stage 1 Anniversary Date.

Stage 3: ABWAI shall take delivery and pay for a minimum of 306.9 acre feet of raw water in a 12-month period during this Stage. If ABWAI takes delivery of and exports a total of at least 306.9 acre-feet (100 MG) of raw water per 12-month period, then the amount of water Sitka will make available for delivery to ABWAI will be increased to 4,000 acre-feet per year, provided at that time that the Administrator has determined in his/her sole discretion that Sitka still has adequate water quantities available and uncommitted. To remain at Stage 3 for the next 12 months ABWAI must have taken delivery of and exported from Sitka at least 306.9 af (100 MG) within the 12-month period preceding the most recent Stage 3 Anniversary Date. If ABWAI does not meet the requirement set out in the previous sentence to remain at Stage 3, ABWAI shall revert to Stage 2 thereby establishing a new Stage 2 Anniversary Date.

<sup>1</sup> Annual acre-feet available and the minimum amount of water available for export per 12-month period will be determined solely by Sitka at that time based on availability.

Stage 4: ABWAI shall take delivery and pay for a minimum of 920.7 acre feet of raw water in a 12-month period during this Stage. If ABWAI takes delivery of and exports a total of at least 920.7 acre-feet (300 MG) per 12-month period, then the amount of raw water Sitka will make available for delivery to ABWAI will be increased to 10,000 acre-feet per 12-month period, provided at that time that Sitka's Administrator has determined in his/her sole discretion that Sitka still has adequate water quantities available and uncommitted. To remain at Stage 4 for the next 12 months ABWAI must have taken delivery of and exported from Sitka at least 920.7 af (300 MG) within the 12-month period immediately preceding the most recent Stage 4 Anniversary Date. If ABWAI does not meet the requirement set out in the previous sentence to remain at Stage 4, ABWAI shall revert to Stage 3 thereby establishing a new Stage 3 Anniversary Date.

Stage 5: ABWAI shall take delivery and pay for a minimum of 3,068.9 acre feet of raw water in a 12-month period during this Stage. If ABWAI takes delivery of and exports a total of 3,068.9 acre feet (1 billion gallons) of raw water per 12-month period, then ABWAI may request from Sitka additional raw water in a volume to be determined by the Administrator in his/her sole discretion at that time, provided that the Administrator has determined in his/her sole discretion that Sitka still has adequate water quantities available and uncommitted. To remain at Stage 5 for the next 12 months ABWAI must have taken delivery of and exported from Sitka at least 3,068.9 af (1 BG) within the 12-month period immediately preceding the most recent Stage 5 Anniversary Date. If ABWAI does not meet the requirement set out in the previous sentence to remain at Stage 5, ABWAI shall revert to Stage 4 thereby establishing a new Stage 4 Anniversary Date.

3.3 If ABWAI fails to take delivery of and export the required minimum volume specified in Stages 2 through 5 within the time periods specified for those Stages as set out in Subsection 3.2, the respective obligations of Sitka to make raw water available, and of ABWAI to take delivery of and accept and export such volume shall be reduced to the next lower Stage for the next 12-month period. If ABWAI meets the minimum performance requirement of that lower Stage within the time period specified, then the next higher Stage shall again be in effect during the next 12-month period. The date upon which Sitka moves ABWAI either up or down from stage to stage will start the 12-month time period anew and create a new Stage Anniversary Date, provided at that time that Sitka still has adequate raw water quantities available and uncommitted for export.

3.4 Notwithstanding any other provision of this Agreement, if raw water delivered by Sitka to ABWAI and exported by ABWAI falls below 50 million gallons during any period of 12 consecutive months after the first 36 months after the effective date of this Agreement, this Agreement shall, at Sitka's election, terminate and expire without further action by Sitka on the forty-fifth (45th) day after Sitka's sending of the Administrator's notice to ABWAI, in accordance with section 23 below, that ABWAI has failed to comply with this subpart, unless within said 45-day period ABWAI cures its failure to take delivery of and export at least 50 million gallons of water from Sitka.

3.5 At no time may ABWAI take delivery of raw water at a rate greater than 33.6 MGD.

**4. The Parties' Rights and Obligations Regarding Water Delivered for Export.**

4.1. Sitka is entering into this Agreement to sell raw water in bulk pursuant to water to Sitka's water export authority contained in Water Appropriation Certificates LAS 19669 and ADL 43826. Sitka's obligation to deliver water to ABWAI in the quantities specified in this Agreement is subject to these conditions and limitations:

a) Notwithstanding any other provision of this Agreement, Sitka shall retain first right and priority to water required for its municipal drinking water supply system and its municipal hydroelectric system, and it may suspend or limit raw water deliveries in bulk to ABWAI to meet the requirements of its municipal drinking water and hydroelectric systems. Whether there is a sufficient volume of raw water available for these purposes shall be decided in the sole discretion of the Administrator.

b) Sitka will abide by the 1992 Blue Lake Watershed Control Plan as approved by the U.S. Environmental Protection Agency and described in City and Borough of Sitka Ordinance No. 92-1091.

c) The Administrator may temporarily suspend raw water deliveries in bulk in order to perform routine maintenance on its municipal drinking water, hydroelectric and/or water delivery systems, provided that the Administrator shall give not less than 60 days prior notice to ABWAI of any such planned suspension.

d) Sitka shall be relieved of its obligation to deliver raw water in bulk to ABWAI in the event of an interruption in water supply due to circumstances that require repair to or reconstruction of the municipal drinking water, hydroelectric systems, water delivery system, or other of Sitka's facilities. Delivery of raw water in bulk to ABWAI may be reduced to the extent necessary to make such repair(s) or reconstruction, and for so long as the Administrator in his/her sole discretion determined is required to make such repairs or reconstruction.

e) The volumes of Sitka's raw water deliveries in bulk to ABWAI for export are subject to Sitka's overriding obligation to comply with all of the conditions contained in Water Appropriation Certificates ADL 43826, LAS 19669, and LAS 20526, including compliance with the rule curve and the support of spawning, incubation, and rearing of certain species of fish in Sawmill Creek and Blue Lake. Interpretation of applicable requirements and the means used to achieve compliance with such requirements shall be in the Administrator's sole discretion.

f) In the event Sitka is relieved of its obligation to make agreed quantities of water available to ABWAI for reasons noted in this paragraph or due to Force Majeure or due to unforeseen circumstances, then ABWAI's obligation to take delivery of and to export water shall be reduced to the volumes actually delivered by Sitka during that period of time and the time within which ABWAI is authorized to receive raw water shall be extended for a period equal to the period of time that Sitka has been so relieved of its obligation.

4.2 ABWAI agrees and warrants that the raw bulk water delivered to it by Sitka for export shall be put to one or more beneficial uses by it or by its water purchasers. Breach of this warranty shall be a material breach of this Agreement.

4.3 For that portion of the raw bulk water which is made available for human consumption ABWAI shall, at ABWAI's sole cost, promptly comply with all Government Regulations relating to the condition, use or quality of such water for human consumption. ABWAI shall establish staff and maintain an on-site Water Quality laboratory to perform ABWAI's obligations under Paragraph 13.3.

5. **[This section deliberately left blank.]**

6. **No Warranty by Sitka of Water Quality or Fitness for a Particular Purpose.**

6.1 THE WATER CONTRACTED FOR DELIVERY, AND/OR ACTUALLY DELIVERED, TO ABWAI UNDER THIS AGREEMENT IS NON-POTABLE. SITKA DOES NOT WARRANT THE QUALITY OR FITNESS FOR A PARTICULAR PURPOSE OF ANY WATER CONTRACTED FOR DELIVERY, AND/OR ACTUALLY DELIVERED, TO ABWAI UNDER THIS AGREEMENT. ABWAI ACKNOWLEDGES AND AGREES THAT BEFORE ENTERING INTO THIS AGREEMENT, IT HAS EXAMINED SITKA'S WATER SOURCE, SITKA'S METHODS OF DIVERSION, AND SITKA'S MEANS OF DELIVERY TO ABWAI OF THE QUANTITIES OF WATER WHICH ARE CONTRACTED FOR UNDER THIS AGREEMENT, AND THAT IT HAS FOUND ALL SUCH ITEMS ADEQUATE AND SATISFACTORY FOR ECKERT'S PURPOSES.

6.2 ABWAI acknowledges and agrees that Sitka's routine alterations in its hydroelectric operations may produce temporary changes in water quality due to turbidity, and that the occurrence of such events shall not alter or affect ABWAI's obligations under this Agreement.

6.3 ABWAI acknowledges and agrees that the quality of raw water contracted by Sitka to be delivered in bulk to ABWAI for export may vary due to natural events over which Sitka has no control, which include, without limitation, rainfall, drought, snowfall, avalanches and landslides, and that the occurrence of such events shall not alter or affect ABWAI's contractual obligations under this Agreement, except that the quantity of water ABWAI is obligated to take delivery of and to export shall be reduced to the quantity Sitka can and does make available for delivery to ABWAI, as a consequence of an occurrence of any of such natural events.

6.4 ABWAI SHALL BE SOLELY RESPONSIBLE AND LIABLE FOR THE QUALITY AND USEFULNESS FOR ANY PARTICULAR PURPOSE, INCLUDING HUMAN CONSUMPTION, OF ALL WATER EXPORTED BY, TRANSPORTED BY, USED BY, OR SOLD BY, OR DELIVERED BY ABWAI.

7. **Purchase Price for Raw Water.**

7.1 ABWAI shall pay the following prices for raw bulk water for export from Sitka:

*Purchase Agreement for Raw Water in Bulk  
Between the City and Borough of Sitka and Artic Blue Waters, Inc.*

a. Raw water delivered in bulk to ABWAI for export shall be priced at U.S. \$0.01 (one cent) per gallon.

b. Raw water delivered by Sitka to ABWAI for vessel wash-down, washout and any other non-export application shall be priced at no charge for the first 50,000 gallons per each loading event and US \$0.005 (one-half of a cent) per gallon above 50,000 gallons per each loading event. Such quantities shall be separately metered, and shall not be included in the total quantities of raw water delivered to ABWAI for export.

7.2 ABWAI shall pay for each volume of water loaded no later than twenty-five (25) days after the presentation of an invoice by the Administrator to ABWAI for such water. Failure by ABWAI to make timely payment shall be a material breach of this Agreement and be cause for the Administrator to suspend water delivery to ABWAI until payment is made or other action is taken under this Agreement.

7.3 Beginning July 1, 2021 and every calendar year thereafter, the prices charged by Sitka for raw water delivered to ABWAI under this Agreement shall be adjusted by the Administrator based on the "All Items" figure for Seattle, Washington as published in the "Consumer Price Index for All Urban Consumers" ("CPI) published the most immediately before January 1 of the calendar year for which prices are being calculated. Notwithstanding the previous sentence, in no event will the CPI adjustment described in the previous sentence exceed + 3.0% nor the adjustment be made if the result of such adjustment would be a decrease in any price charged under this Agreement.

7.4 ABWAI shall pay Sitka for the volume of water delivered to ABWAI as measured by flow meters owned, operated, and documented by Sitka at or near the point of delivery. One year after the first delivery of water, the Administrator shall arrange for an independent third party to calibrate the flow meters after which they will calibrated every other year during the term of this Agreement.

7.5 The non-refundable payment of \$100,000 made by ABWAI to commence this Agreement will be credited toward export of water payments over the term of this Agreement.

## **8. Conditions for Maintaining ABWAI's Purchase Right and Obligation; Termination.**

8.1 Notwithstanding any other provision of this Agreement, this Agreement shall, at Sitka's Administrator's election, terminate and expire without further action by Sitka on the forty-fifth (45th) day after the Administrator mails notice to ABWAI by certified mail that ABWAI has breached or failed to comply with one or more of the conditions or requirements of this Agreement, or become insolvent, or abandoned the project unless within said 45-day period, ABWAI cures the specified default or defaults to Sitka's satisfaction, as determined by Sitka in its sole discretion.

8.2 Upon termination, all legal rights and obligations as between Sitka and ABWAI under this Agreement shall cease, except that ABWAI's obligations to Sitka under Sections 13, 14, 15, 16, and 17 of this Agreement shall survive termination.

## **9. Sitka's Permitting Actions.**

The Administrator shall take any and all actions which she/he determines, in the exercise of her/his sole discretion, to be reasonable, necessary, and economically feasible to maintain in good standing any permit, license, certificate, allocation, appropriation or other authorization required for Sitka to fulfill its obligations under this Agreement.

## **10. Delivery, Loading, and Transportation of Water in Bulk.**

10.1 The parties agree that ABWAI shall be solely responsible for the costs of acquisition, construction and installation, maintenance and repair of any structure, facility or vessel downstream of the point of delivery which it determines to be required or convenient for the loading and transportation of bulk water delivered to it by Sitka, and for initiating and completing such acquisition, construction and installation. All structures and facilities must comply with all Federal, State, and local law, including zoning requirements.

10.2 Sitka shall retain the right to own, and operate a raw bulk water delivery pipeline that serves the Gary Paxton Industrial Park. In such event, Sitka may require ABWAI to use Sitka's facilities and may change the point of delivery to the point at which Sitka's facilities end. Unless and until Sitka provides such new facilities, ABWAI shall be fully responsible, at its own cost and expense, for arranging and accomplishing transport of raw bulk water from the point of delivery established by Sitka.

10.3 ABWAI shall pay such port vessel dockage fees established by Sitka. SITKA DOES NOT WARRANT THE QUALITY OR FITNESS FOR A PARTICULAR PURPOSE OF ANY DOCK OR WHARF AT SUCH WATERFRONT, AND ABWAI MUST ASSURE THE ADMINISTRATOR OF THE FEASIBILITY OF A PARTICULAR USE BEFORE ENGAGING IN SUCH USE.

10.4 ABWAI shall be solely responsible for arranging the transportation of all water delivered to it by Sitka for export.

10.5 No later than 30 days before the first delivery of water takes place under this Agreement, ABWAI will designate in a writing to the Administrator a local representative as ABWAI's continuing personal contact with the Administrator and its subordinate departments, agencies and authorities.

10.6 Sitka's flow meter which is used to calculate the quantities of water delivered to ABWAI shall be located near the point of delivery.

## **11. Ballast Water and Wash Water Discharges.**

11.1 ABWAI shall comply with all applicable international, federal, state, and local requirements regarding the discharge of any ballast water (including bilge water) or any wastes at all times and as to all vessels traveling to and from Silver Bay and/or Sawmill Cove for the purpose of receiving any raw bulk water from Sitka under this Agreement. Such requirements described in this Section include, but are not limited to, those in Section IV of the Sawmill Cove Management Plan, which is included in Appendix B.

11.2 ABWAI shall comply with all applicable federal, state and local requirements regarding the use and disposal of any raw or treated water delivered to ABWAI by Sitka for the purposes of vessel wash-down or washout, or any other non-export application.

## **12. Water Loading Plan Requirements.**

12.1 Before ABWAI loads any bulk water delivered to it by Sitka, ABWAI shall submit to the Administrator a written Water Loading Plan. This Plan shall be deemed approved by the Administrator unless no later than fourteen days after its submission the Administrator in his or her sole discretion rejects—or requires ABWAI to resubmit—any portion of the Plan. Such action by the Administrator shall be in a writing to ABWAI that states the deficiency. Sitka shall deliver no bulk water to ABWAI and ABWAI shall not load any bulk water delivered to it by Sitka as long as any portion of the Plan has been rejected and not approved after re-submittal. ABWAI shall submit a separate Water Loading Plan at least ten (10) days before each loading of bulk water under this Agreement.

12.2 The Water Loading Plans required by this section shall address administrative, environmental, and logistical matters related to the loading of water. The issues and items to be addressed in each Water Loading Plan shall include, without limitation, each of the following:

- a) identify and provide information requested by the Administrator regarding any vessel to be used by ABWAI in the loading or transport of raw bulk water;
- b) steps to be taken to insure the safety of persons in any way involved in the loading of bulk water;
- c) certification that ABWAI has a Contingency Plan that meets all of the requirements of State law applicable to the vessel that is being loaded;
- d) steps to be taken to insure the safety of the public before, during, and after loading of raw bulk water;
- e) steps to be taken to address the effects of wind and tidal conditions on the loading;
- f) steps to be taken concerning moorage and access to vessels during loading;
- g) steps to assure communication before, during, and after loading between those loading and the Administrator or his/her designee;

- h) details about the precise location and proposed use of any structure, facility, pipe, pipeline, or other infrastructure to be used in the loading of raw bulk water and details describing how ABWAI intends to address the risks associated with a catastrophic event arising from ABWAI's loading activities or ABWAI's failure to adhere to the proposed Water Loading Plan;
- i) steps to be taken to avoid conflicts with other vessel traffic and industrial park users;
- j) details on proposed handling of any ballast water in any vessel to be used in the loading of raw bulk water, including plans to respond to the unauthorized discharge of such water;
- k) details on proposed handling of any residual and/or wash water, or other materials in the tanks of any vessel to be used in the loading;
- l) the days and the periods of time within each day that raw bulk water is proposed to be loaded; and,
- m) details describing how the proposed Water Loading Plan shall be made consistent with Appendix B, which includes the "Prospective Purchaser Agreement Between the State of Alaska and the City-Borough of Sitka for the Former Alaska Pulp Corporation Pulp Mill Property" dated April 28, 1999, including all attachments, which specifically includes "Memorandum of Understanding between the State of Alaska and the City and Borough of Sitka [:] Management Plan for Sawmill Cove Property (Former APC Property)." The details describing such consistency must include any and all specific steps to be taken to avoid anchoring in prohibited areas and in any way disturbing the sea bottom in the "No Disturbance" zone described in the last-referenced documents.

12.3 ABWAI shall comply with all provisions of each Water Loading Plan after all of such provisions have been approved either upon submittal or re-submittal under Subsection 12.1 above, as to the water loading operation for which the Water Loading Plan was submitted.

12.4 APPROVAL BY SITKA'S ADMINISTRATOR OF ANY WATER LOADING PLAN SHALL NOT IMPOSE UPON SITKA THE STATUS OF GUARANTOR OF THE FEASIBILITY, PROPRIETY, OR SAFETY OF ANY ASPECT OF AN APPROVED WATER LOADING PLAN, NOR SHALL SUCH APPROVAL CREATE OR CONFER BENEFITS ON ANY THIRD PARTY.

### **13. Indemnification of Sitka.**

13.1 Notwithstanding anything to the contrary in this Agreement, ABWAI shall defend, indemnify, and hold Sitka harmless from any liability, claim, demand, action, obligation, or proceeding of any kind or nature, based upon, arising out of, or related to:

- a) any defect or flaw in the quality of raw bulk water supplied under this Agreement;

- b) any delays on the part of Sitka in the delivery of raw bulk water under this Agreement as the result of the mechanical or physical breakdown of equipment or facilities owned or operated by the Sitka or other unforeseen event;
- c) claims arising from the transportation or shipment of raw bulk water after such water has left Sitka's water delivery system and the point of delivery;
- d) injuries to employees of ABWAI or any of its contractors or their employees;
- e) damages resulting from accidents involving mooring, unmooring, navigation of vessels, or cargo loading operations, including but not limited to claims for personal injury, property damage, and pollution;
- f) violations and claims of violations related to the water loading plan described in section 12.2; and,
- g) harm, including illness and death, to persons who consume the raw bulk water caused by the failure of ABWAI to comply with section 6.3 of this Agreement.

13.2 ABWAI shall at all times during this Agreement maintain insurance policies providing umbrella coverage against matters including but not limited to those covered by this Agreement in an amount not less than U.S. \$5,000,000, with Sitka named as an additional insured, and with a waiver of subrogation against Sitka. ABWAI shall provide a copy of the certificate insurance ABWAI to Sitka within sixty (60) days after the effective date of this Agreement.

13.3 ABWAI shall be responsible for ensuring that each of its contractors is qualified to do business in Alaska and refrains from activities for which insurance cannot be obtained. ABWAI shall assure that any contractor for ABWAI which is to perform any task or work within the territorial jurisdiction of Sitka has insurance appropriate to any task to be performed by that contractor, and ABWAI shall deliver a certificate of such insurance to the Administrator within 30 days of such hiring.

#### **14. Assignment.**

This Agreement, which is in the nature of a personal services contract, may not be assigned by either party without the prior written consent of the other party, which shall have full discretion to grant or withhold such approval, in its sole and absolute discretion except as provided below.

Should Sitka form a Port Authority, or similar entity, this Agreement shall be completely transferable to said Port Authority. A transfer of the Agreement to any such entity shall not create any restrictions upon ABWAI to purchase water other than those restrictions set out in this Agreement.

**15. Waiver and Integration.**

This Agreement integrates the entire Agreement between the parties regarding the sale and purchase of raw water. This Agreement supersedes all previous agreements, discussions, and negotiations, whether written or oral. Each party specifically acknowledges and represents that it has had ample opportunity to consult with legal counsel regarding this Agreement, and that any rule that an agreement should be construed against its drafter shall not apply to this Agreement.

**16. Force Majeure.**

Neither party shall be in breach of this Agreement as the result of any failure or delay in performing any of the obligations in this Agreement if such failure to perform or delay in performing is directly and proximately caused by storm, flood, avalanche, landslide, earthquake, tsunami, act of the public enemy, war, rebellion, insurrection, sabotage, epidemic, quarantine restriction, or act of God. Sitka shall not be in breach of this Agreement as the result of any failure or delay in performing any of its obligations in this Agreement if such failure to perform or delay in performing is directly and proximately caused by any order of any United States court of competent jurisdiction, or by any act, rule, regulation, order or directive of any superior governmental unit or any agency thereof, or by any termination, modification, suspension, or revocation of any permit, license, allocation, appropriation, or certificate held by Sitka. In the event Sitka or ABWAI is relieved of an obligation under this Agreement due to Force Majeure, time periods under this Agreement shall be adjusted accordingly. The party asserting a Force Majeure event must demonstrate by clear and convincing evidence that the failure or delay in performance is directly and proximately caused by a Force Majeure event.

**17. Applicable Law.**

ABWAI shall comply with all provisions of law applicable to its obligations under this Agreement. This Agreement shall be construed in accordance with the laws and procedures of the State of Alaska.

**18. Dispute Resolution.**

18.1 Good Faith Efforts of the Parties. Upon notice by either party to the other party of any dispute or claim arising out of or related to this Agreement the parties shall first make a good-faith endeavor to resolve the dispute or claim by meeting informally "face-to-face" within 15 days of such notice to mediate the dispute or claim in good faith without a third-party mediator.

18.2 Jurisdiction and Venue. Should any party hereto institute any action or proceeding to enforce any provision hereof or for damages by reason of any alleged breach of any section of this Agreement or for any other remedy, such an action shall be brought in the Superior Court for the State of Alaska. Venue for any such action or lawsuit shall lie exclusively in Sitka, Alaska. The parties specifically agree not to remove jurisdiction to federal courts on the grounds of diversity of citizenship.

18.3 Attorney's Fees and Legal Expenses. Should any party hereto institute any action or proceeding to enforce any provision hereof or for damages by reason of any alleged breach of any section of this Agreement or for any other remedy, the party that is successful in such action shall be entitled to receive from the losing party all of its reasonable legal costs and expenses, including without limitation, reasonable attorneys' fees and all arbitration costs.

**19. Effective Date.**

This Agreement shall become effective upon ABWAI making a non-refundable deposit of \$10,000 to Sitka, no later than September 19, 2017. The date on which ABWAI makes such a payment will be the "effective date" for the purpose of any time period which incorporates that term in this Agreement. Should ABWAI fail to make such a payment by September 15, 2017 this Agreement is null and void.

**20. Authority.**

The parties represent and warrant to each other that they have the full, complete, and absolute authority to enter into this Agreement; that this Agreement has been duly authorized by the governing body of each party; that the person executing this Agreement on its behalf has the full power and authority to do so; and that this Agreement is binding and enforceable against it in accordance with its terms. ABWAI acknowledges that this Agreement is only effective against Sitka if the City and Borough of Sitka Assembly votes to authorize the Administrator to execute this Agreement on behalf of Sitka. By affixing his signature to this Agreement, the Administrator represents and warrants that the Assembly has so voted.

**21. Amendment and Severability.**

This Agreement may not be amended except by written agreement of both parties. If any provision of this Agreement or any application thereof to any person, entity, or circumstance is held invalid, the remainder of this Agreement and application thereof to any person, entity, or circumstances shall not be affected thereby.

**22. Time of Essence.**

Time is of the essence in this Agreement.

**23. Notices.**

Any notices required or authorized to be given by this Agreement shall be in writing and shall be sent by **email and** by either **commercial courier, facsimile, or** by **certified U.S. mail**, postage prepaid and return receipt requested, addressed to the proper party at the address stated below or such address as the party shall have designated to the other parties in accordance with this section. Such notice shall be effective three (3) days after sending through the mails or after receipt by courier or facsimile by the addressee party, except that any facsimiles received after 5:00 p.m. of the addressee's local time shall be deemed delivered the next day.

If to ABWAI: Charles Cartier  
Arctic Blue Waters Alaska, Inc.  
78 C Street  
Fairbanks, Alaska 99701

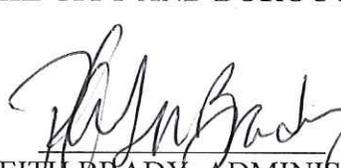
If to Sitka: Administrator  
City and Borough of Sitka, Alaska  
100 Lincoln Street  
Sitka, Alaska 99835

IN WITNESS THEREOF, the parties have executed this Agreement as of the dates shown below.

ARCTIC BLUE WATERS ALASKA INC.

THE CITY AND BOROUGH OF SITKA

 DATE 9/18/17  
CHARLES CARTIER, PRESIDENT  
ARCTIC BLUE WATER ALASKA INC.

 DATE 9/21/17  
KEITH BRADY, ADMINISTRATOR  
THE CITY AND BOROUGH OF SITKA

ATTEST:

 DATE 9-21-17  
SARA PETERSON CMC  
Municipal Clerk  
THE CITY AND BOROUGH OF SITKA

STATE OF ALASKA )  
FIRST JUDICIAL DISTRICT )

) ss. **ACKNOWLEDGMENT**

THIS CERTIFIES that on this 18<sup>th</sup> day of September, 2016, before me, a Notary Public in and for the State of Alaska personally appeared **CHARLES CARTIER** to me known and known to me to be the person whose name is subscribed to the foregoing **PURCHASE AGREEMENT FOR RAW WATER IN BULK FOR EXPORT** and after being first duly sworn according to law, he stated to me under oath that he is the **PRESIDENT of ARCTIC BLUE WATERS ALASKA INC.**, that he has been authorized by said company to execute the foregoing **PURCHASE AGREEMENT FOR BLUE LAKE RAW BULK WATER** on its behalf and he executed the same freely and voluntarily as the free act and deed of said corporation.



*Cassie A. Glass*

Notary Public

My Commission Expires: *04/17/2021*

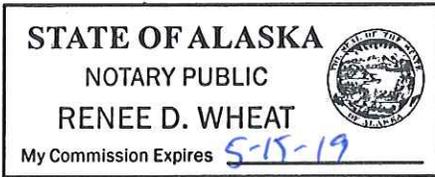
STATE OF ALASKA )

) ss. **MUNICIPAL ACKNOWLEDGMENT**

FIRST JUDICIAL DISTRICT )

THIS CERTIFIES that on this *27<sup>th</sup>* day of *September*, 2016 before me, a Notary Public in and for the State of Alaska, personally appeared **KEITH BRADY** to me known and known to me to be the person whose name is subscribed to the foregoing **PURCHASE AGREEMENT FOR RAW WATER IN BULK FOR EXPORT**, and after being first duly sworn according to law, he stated to me under oath that he is the **ADMINISTRATOR** of the City and Borough of Sitka, Alaska, a municipality organized under the laws of the State of Alaska, that he has been authorized by said municipality to execute the foregoing **PURCHASE AGREEMENT FOR BLUE LAKE RAW BULK WATER** on its behalf and he executed the same freely and voluntarily as the free act and deed of said corporation.

WITNESS my hand and official seal the day and year in this certificate first above written.



*Renee D. Wheat*

Notary Public for Alaska

My Commission Expires: *5-15-19*

Residing at Sitka, Alaska



329 Harbor Drive, Suite 212  
Sitka, AK 99835  
Phone: 907-747-2660

Friday, February 16, 2018

MEMORANDUM

To: Gary Paxton Industrial Park (GPIP) Board of Directors  
From: Garry White, Director  
Subject: GPIP Tariff Schedule

**Introduction**

The GPIP Director has recommended that a tariff schedule be established for the GPIP Port. Attached is a draft tariff schedule for the Board's review.

**GPIP Dock Background**

The GPIP Dock will be a multi-purpose, floating dock facility to serve a range of industries, including but not limited to fishing and cargo shipping. The primary floating dock is a repurposed double hull steel barge, 250 feet long and 74 feet wide, and will be accessible by a drive-down ramp with a width of 20 feet.

**Tariff Schedule**

The attached tariff schedule recommends the inclusion of the entire GPIP property in conjunction with the Sitka Marine Service Center Facility Use Agreement.

**Action**

- GPIP Board of Directors discussion/direction on GPIP Port Tariff.

**SITKA MARINE SERVICE CENTER at the  
GARY PAXTON INDUSTRIAL PARK (GPIP)  
FACILITY USE AGREEMENT**

**THIS AGREEMENT IS INTENDED FOR OUR “DO-IT-YOURSELF” USERS – BOTH PRIVATE OWNERS AND BUSINESS VENDORS/CONTRACTORS USING THE FACILITY TO WORK ON VESSELS OWNED BY THIRD-PARTIES.**

**BY SIGNING THIS AGREEMENT, YOU ARE AGREEING TO ALL THE TERMS AND CONDITIONS DESCRIBED HEREIN, AND ARE AGREEING TO FULLY COMPLY WITH THE SAME. FAILURE TO DO SO WILL RESULT IN THE IMMEDIATE TERMINATION OF YOUR RIGHT TO USE THIS FACILITY.**

**A. BASIC YARD RULES AND REGULATIONS**

- 1. ALL FACILITY USERS MUST BE APPROVED AND HAVE A WRITTEN GPIP FACILITY USE AGREEMENT ON FILE WITH THE HARBOR DEPARTMENT.**
2. Users are fully liable for damage caused by them to their own vessels, vessels in their care, vessels belonging to third-parties, Yard property, and the environment. The Harbor Department and/or City and Borough of Sitka specifically reserves the right to prevent or stop any work being performed by a user of the facility that is hazardous to other people, other vessels, or the environment.
3. **Proof of Insurance Coverage:** Prior to commencement of any maintenance or repair activities at the GPIP, persons engaged in the following activities: welding, oxy-acetylene cutting or any type of open flame work; boom truck activities or forklift activities; commercial spray painting; fibreglassing or structural boat work shall provide the Borough with certificates of insurance and/or policies, acceptable to the City and Borough of Sitka, as described below.
4. Vehicles must be kept close to the vessel or work site and out of the way of yard equipment. Yard equipment, such as mobile boat lift, hydraulic trailers, loader and forklifts, have the right of way.  
The vehicle speed limit is TEN (10) miles per hour.
5. Children under the age of 12 must be accompanied by an adult.
6. Dumpsters are available at the GPIP. Receptacles will be provided by the Harbor Department upon request. The pickup fees are the responsibility of the boat owner.

Receptacles are for household type small items and debris. All garbage and debris need to be in garbage bags prior to being placed in the receptacles. Large items are the responsibility of the vessel owner and need to be hauled to the transfer center or an off-site location. If owner has no vehicle, they need to make arrangements to have items hauled.

7. Clean up of area due to accidental spills or acts of nature, (for example, but not limited to, wind storms) will have precedence over work. Stop activity immediately to clean up, and then proceed with work.
8. Vessel owners need to provide necessary project tools. The Harbor Department does not provide equipment or tools.
9. Pre-arrange things such as pressure washers and workers to help expedite the process.
10. Living or sleeping aboard vessels while in the yard is limited to no more than 14 days for entire length of time the vessel is in the yard with permission from the Harbormaster.
11. Launches require a 24 hour notice.
12. Cancellations within one (1) hour of scheduled launch or haul time may result in a cancellation fee of \$300.00.
13. Any and all equipment supplied or provided by you, must comply with all local, State and Federal laws and regulations.
14. User agrees to comply with all local, State and Federal laws and regulations.

**B. BOATYARD USER REQUIRED BEST MANAGEMENT PRACTICES**

It is the City and Borough of Sitka's goal to ensure that use of this facility is done in an environmentally responsible manner. Towards that goal, users are required to follow Best Management Practices (BMP'S) at all times, designed to prevent or reduce the discharge of pollutants into surface or ground water.

IN THE EVENT THE HARBOR DEPARTMENT DETERMINES THAT THE BMPS ARE NOT BEING FOLLOWED, THE PROJECT IN QUESTION WILL BE SHUT DOWN UNTIL IT IS DETERMINED THAT THE PROJECT IS IN COMPLIANCE WITH THE BMPS.

**1. General Practice BMP's**

- a) You are responsible for the work area around your boat or leased work areas, and for the actions of anyone assisting you be it family, crew, or contractors. Please keep your work area clean, safe and orderly.
- b) Vessels entering yard must be placed on a tarp. Vessel owner is responsible for providing a tarp large enough for their vessel.
- c) You must tarp under the vessel to catch all debris and dust from such activities as sanding, grinding, scraping, painting, wood planing, or any other activity which may contaminate the soil.
- d) All items from project must be kept on the tarp. Piling debris off of tarp will not be allowed. Oily or greasy items (for example, but not limited to, engines) must be on pallets, and totally covered by a tarp to keep the rain off.
- e) Tarps must be swept and the debris deposited into the dumpster. Alternatively, you may dispose of the whole tarp after careful folding to contain all dust and debris. To avoid wind-blown debris and dust you may need to sweep more often. It is recommended that you sweep and dispose of debris at the end of each day.
- f) All used sandpaper, cans, brushes, etc. must be cleaned up and deposited in the dumpster. We recommend you do this at the end of each day.
- g) All spray painting, sandblasting, and sanding shall be controlled with structures or drapes to the maximum extent to minimize the spreading of wind-blown materials. The local air quality authority may have additional requirements beyond these minimal requirements
- h) At times, windy conditions will force some activities to be delayed until containment can be effective.
- i) Airborne pollution is not permitted from any maintenance activity.
- j) Do not shift or move boat stands. Only Harbor Personnel are allowed to move boat stands.
- k) City and Borough of Sitka invoices must be paid before a vessel can be launched. Cash, checks and Visa or MasterCard are accepted.

- l) The yard gates are open between 7:00 am and 9:00 pm October through March and 7:00 am and 11:00 pm April through September, seven days a week.
- m) Customer vehicles must be kept next to the project site or outside the gate. No unattended vehicles allowed.

## **2. Boat Bottom Cleaning**

- a) Pressure washing shall only take place over the wash-down pad and wash-down water collection system. All other boat washing activities must first be approved by Harbor Personnel. All wash water must be collected and deposited in the wash-down water collection system.
- b) Clean up the wash-down area after pressure washing.

## **3. Sandblasting**

- a) Projects being sandblasted will be controlled with structures or tarps to the maximum extent practical.
- b) Sandblasting site must be cleaned daily.
- c) Sandblasting material must be swept or vacuumed. No water will be allowed to clean up sandblasting debris.
- d) All sandblasting material, new and used must be kept contained off of the ground and covered from rain to prevent being introduced to the environment.
- e) All sandblasting debris must be disposed of according to State and Federal Regulations.

## **4. Paint Management**

- a) The use of paints and solvents shall be carried out in such a manner so as to prevent these products from entering the soil or water if accidentally spilled.
- b) Drip pans, drop cloths, tarpaulins or other protective devices shall be required for all paint mixing and solvent use operations.

- c) Paint cans shall be kept in drip pans with drop cloths or tarps underneath the drip pan.
- d) Paint and solvent spills shall be treated as oil spills and shall be prevented from reaching the ground, in order to avoid the spills reaching the storm drains and subsequently discharge into the water.
- e) Anti-fouling paints containing tributyltin (TBT) are prohibited from use on any vessel. Exception per Alaska Statue is as follows: slow-leaching TBT-based marine antifouling paint may be imported into and sold in the state. A slow-leaching TBT-based marine antifouling paint may be applied in the state only to aluminum vessel hulls and lower outboard drive units.
- f) Empty cans must be allowed to dry, and then thrown into dumpster.
- g) Projects being spray painted will be controlled with structures or tarps to the maximum extent practical.

## **5. Toxic Materials Storage**

- a) Solid chemicals, chemical solutions, paints, oils, solvents, acids, caustic solutions and waste materials, including used batteries and their contents shall be stored in a manner which will prevent inadvertent entry of these materials into the water or onto the ground. Storage shall be in a manner which will prevent spillage by overfilling, tipping, or rupture.
- b) Keep all hazardous materials in the original container. Make sure the container labels remains in place. Keep the containers in areas where they will not get knocked over. Keep the containers in areas that have good ventilation.
- c) Keep all containers out of the reach of children.
- d) Incompatible or reactive materials shall be segregated and securely stored in separate areas that prevent mixing of chemicals.
- e) Waste liquids and excess chemical products shall be stored under cover such as tarps or roofed structures. When ready for disposal these hazardous materials shall be taken to **Waste Water Treatment Facility**. These materials shall not be disposed of in the dumpsters or sewer or water.

## 6. Bilge Water and Waste Oil

- a) Bilge pumps must be turned off prior to being hauled out of the water.
- b) Boat owners wishing to pump bilges must contact Harbor Personnel for assistance. Harbor Personnel will determine if water can be discharged into the wash-down water collection system and if not, owner will be responsible for collection and disposal according to State and Federal Regulations.
- c) No discharge of oil to the water or ground is permitted. The Harbor Department has provided used oil tanks along the waterfront. Please use them to dispose of your waste oil only.
- d) In the event of an accidental discharge of oil into waters or onto land, the Harbor Department staff should be notified immediately.
- e) Cleanup efforts shall commence immediately and be completed as soon as possible, taking precedence over normal work, and shall include proper disposal of any spilled material and used cleanup materials.
- f) Drip pans or other protective device shall be required for all petroleum product transfer operations to catch incidental spillage and drips from hoses, drums, or portable containers.
- g) Leaking connections, valves, pipes, hoses and equipment shall be repaired or replaced immediately. Hydraulic hoses and connections to deck gear seem especially vulnerable to accidental discharges.

## 7. Long Term Storage

- a) Long term storage is limited to 24 consecutive months pursuant to ordinance no. 871: 14.09.110 Idle Vessel Removal. **No vessel will be allowed to remain in the GPIIP for longer than 24 consecutive months and such vessel is thereafter subject to impoundment and sale per sections 14.13.005-.060.**
- b) Long term storage rate DOUBLES after 12 consecutive months.

**C. INDEMNIFY/HOLD HARMLESS AGREEMENT**

The user agrees to defend, pay on behalf of, indemnify and hold harmless the **City and Borough of Sitka**, its elected and appointed officials, employees, volunteers, and others working on behalf of the City and Borough of Sitka against any and all claims, demands, lawsuits, liabilities or losses, including costs and attorney fees connected therewith, and for any damages which may be asserted, claimed or recovered against or from the City and Borough of Sitka, its elected and appointed officials, employees, volunteers or others working on behalf of the City and Borough of Sitka, by reason of person injury, including bodily injury or death, property damage, including loss of use thereof, and environmental damage or liabilities, which arises out of or is in any way connected or associated with the use of this facility or property of the City and Borough of Sitka by the User, its employees, agents, or contractors.

It is specifically understood by the undersigned that the City and Borough of Sitka is not responsible for any loss, damage, or injury arising out of work while within the GPIIP or on the respective vessel.

**SIGNED:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**IF SIGNING ON BEHALF OF A BUSINESS ORGANIZATION, THE USER MUST SUPPLY PROOF OF AUTHORITY TO BIND THAT BUSINESS ORGANIZATION.**

**D. INSURANCE REQUIREMENT FOR VENDORS/CONTRACTORS AND SMALL BUSINESS OWNERS ENGAGED IN CERTAIN ACTIVITIES**

Any user engaged in the following activities: welding, oxy-acetylene cutting or any type of open flame work; boom truck activities or forklift activities; commercial spray painting; fibreglassing; or structural boat work, by his or her signature below, certifies that he or she, or their business, holds the following insurance policies and that such policies comply with all applicable local, state or federal laws:

1. **General Liability Insurance;**
2. **Motor Vehicle Liability Insurance** (for individuals engaged in boom truck or forklift activities);
3. **Workers Compensation Insurance** (where appropriate).

Proof of insurance must be provided prior to commencement of any work on GPIIP property.

**BY MY SIGNATURE BELOW, I AM AGREEING TO ALL THE TERMS AND CONDITIONS DESCRIBED HEREIN, AND ARE AGREEING TO FULLY COMPLY WITH THE SAME. I UNDERSTAND THAT FAILURE TO DO SO WILL RESULT IN THE IMMEDIATE TERMINATION OF ANY RIGHT I MIGHT HAVE TO USE THIS FACILITY. I HEREBY ACKNOWLEDGE THAT I HAVE FULLY READ, THAT I UNDERSTAND, AND DO AGREE TO ABIDE BY THE GARY PAXTON INDUSTRIAL PARK USE AGREEMENT.**

I further understand and acknowledge by my signature that the City and Borough of Sitka is not responsible for damage or loss to vessel or articles left in or attached to the vessel in case of fire, theft, accident, inclement weather or any other cause beyond its control.

Printed Name:

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Signature:

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Street Address:

---

City/ State/ Zip:

---

Phone number:

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**APPROVAL: THE CITY AND BOROUGH OF SITKA**

APPROVED BY: \_\_\_\_\_ Date: \_\_\_\_\_

- The agreement sets performance criteria of water volumes exported by certain dates to keep agreement in good standing. (Section 3.1)
- The agreement defines Stages of water volume export to retain water allocation amounts. (Section 3.2)
  - Arctic gains more allocations by exporting more water and can lose allocation amounts by failing to export specified amounts.
- The agreement requires a non-refundable payment, which can be used as water credits. (Section 1.1)
- Ensures municipal water uses retain first right and priority to the water. (Section 4a)
- The agreement allows for hydroelectric dam and water system maintenance. (Section 4c)
- The price for water has been set at \$3,258.51/Acre-feet or \$0.01/US gallon. (Section 7.1)
- Defines requirements for ballast water discharges and water loading.
- Other Standard language from past bulk raw water purchase agreements will be used.

**Action**

- Board discussion and recommendation of water purchase agreement to the Assembly.



329 Harbor Drive, Suite 212  
Sitka, AK 99835  
Phone: 907-747-2660

Friday, February 16, 2018

MEMORANDUM

To: Gary Paxton Industrial Park Board of Directors (GPIP Board)  
From: Garry White, Director  
Subject: GPIP Port Planning

**Introduction**

The development of a port facility to accommodate the maritime industry at the Gary Paxton Industrial Park (GPIP) is a priority of the GPIP Board. The GPIP Port facility will include a deep water, multi-purpose dock, a water access ramp, as well as maritime uses of the tidelands and uplands of the GPIP.

**GPIP Deep Water, Multi-purpose Dock Background**

The GPIP deep water, multi-purpose dock is a multi-purpose, floating dock facility located at the GPIP to serve a range of industries, including but not limited to fishing and container/cargo shipping. The primary floating dock is a repurposed double hull steel barge, 250 feet long and 74 feet wide, and is accessible by a drive-down ramp with a width of 20 feet. The structure will accommodate the handling of loaded containers, truck and trailers, and vehicles intended to support vessels with a maximum draft 40 feet.

A separate, new floating dock is attached to the primary dock to allow for 120 feet of transient moorage for smaller vessels. Some features of the facility include lighting, electrical power sources, and a fire suppression system. Fenders, life rings, and access ladders are installed to provide for safe operation. The facility will have a 50-year design life and meet or exceed industry standards relating to corrosion resistance with minimal long-term maintenance.

A portion of the existing deteriorated in-water structures have been removed as required to install the new facility. The final design and location will not unreasonably restrict opportunities for future upgrades that will enhance accommodation of larger vessels, bulk water distribution, or other new industry. The GPIP Dock is substantially complete.

A tariff Schedule has been developed for use of the dock and will be reviewed by the GPIP Board for recommendation of approval by the CBS Assembly.

A Security Camera system will be installed at the site to monitor the facility. The Harbor Department and GPIIP Director will have access to review live and recorded footage of the facility.

### **Access Ramp Background**

The GPIIP Board and CBS Assembly approved a lease between Northline Seafoods and the CBS on the northern portion of Lot 9a. Northline has constructed an access ramp to accommodate the hauling of its barges for maintenance work. The GPIIP Board intends to further modify the access ramp installed by Northline or construct a new ramp to accommodate other uses, such as vessel haul outs. The CBS Assembly has approved \$40,000 in funding for design, engineering, and permitting of the multi-use access ramp. Access ramp cost estimates and funding sources are currently being investigated.

### **Tideland and Upland Use Background**

The GPIIP Board has identified lots 3, 6, 7, 8, 9a, 9b, 9c, & 15 to support the maritime industry at the GPIIP. Additionally, the tidelands seaward of the GPIIP are intended to be used to support the maritime industry as well.

### **Port Planning/Port Management**

The GPIIP Board held a discussion regarding dock management during various Board meetings.

The GPIIP Director has met with the CBS Administrator and Harbormaster and is recommending the following initial management of the GPIIP Dock:

- The CBS Harbor Department will assist the GPIIP Director with dock moorage to include; scheduling, monitoring, billing, and collections for users that moor to the dock.
- The CBS Harbor Department will split dock moorage revenue 50/50 with the GPIIP Enterprise Fund.
- The GPIIP Director will monitor freight moving across the dock and will send billing information to CBS finance.
  - In the event that freight traffic increases to a volume outside of the ability of the GPIIP Director to maintain, it is recommended that a third party or another employee be hired.
    - In the event a third party is contracted to manage dock, it is recommended that the third party is responsible for billing of customers and submitting tariff fees to the CBS, with the ability for the CBS to audit the third party against shipping manifests.
- The CBS Harbor Department or a contracted third party will assist with O&M maintenance.

The GPIIP Director recommends the following items be considered for future port management:

- Establishment of a Facility Security Plan (FSP)
  - The USCG requires FSP at ports that accept foreign-flagged vessel and various other reasons.

- Current anticipated use of the dock would does not require a FSP, other than bulk water vessels.
  - The CBS previous had a FSP for the GPIIP Port specific to bulk water tanker vessels. The FSP was terminated concurrent with the ABWI water purchase agreement termination.
- The establishment of the FSP requires that a Facility Security Officer and potentially security staff.
  - The Harbor Master and the GPIIP Director both have their FSO Certifications.
- Port Equipment
  - Currently the GPIIP Dock does not have equipment available to assist off-loading of freight. The GPIIP Director recommends that larger freight operations be leased to a third party terminal operator to manage continuous freight operations and acquire necessary equipment.

### **Action**

- GPIIP Board discussion/direction of GPIIP Port Development.