



BOARD OF DIRECTOR'S MEETING

**THURSDAY, SEPTEMBER 17, 2020 - AGENDA
3:00 PM**

Room 5 Harrigan Centennial Hall/Zoom Meeting

Regular Meeting

3:00 PM

<u>Item</u>	<u>Action</u>
A. Call to Order	Acknowledge
B. Roll Call	Acknowledge
C. Review of Minutes	Motion to Approve
JUNE 22ND, 2020	
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. GPIP Waterfront Development/Haul Out	Discussion/Recommendation
I. New Business	
1. Delta Western Fuel Sales Proposal	Discussion/Recommendation
2. Sitka Salmon Shares Proposal	Discussion/Recommendation
J. Adjournment	

EXECUTIVE SESSION POTENTIAL

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
June 22, 2020 3:00pm –Harrigan Centennial Hall & Zoom Meeting
DRAFT Meeting Minutes**

A. CALL TO ORDER: The Chair, Scott Wagner, called the meeting to order at 3:00pm.

B. ROLL CALL

Members Present: Scott Wagner, Al Stevens, Mike Johnson, Sheila Finkenbinder

Chair Wagner noted he would need to depart by 4:20 for a prior commitment if the meeting were not already adjourned; Member Finkenbinder agreed to act as Chair if necessary.

Members Absent: Vaughn Morrison

Staff Present: Garry White

City Representatives: Thor Christianson (Assembly Liaison), John Leach (Administrator), Michael Harmon (Public Works Director)

Others Present: Keith Perkins, Jeremy Serka, Marsh Skeelee, Dan Cooper, John Welsh, and others present in person and via Zoom

C. Review of Minutes – April 27, 2020

MOTION: M/S to approve the minutes of April 27, 2020

ACTION: Motion **PASSED 4/0** on a voice vote.

D. Correspondence & Other Information – None

E. Changes/Additions/Deletions to Agenda – None

F. Reports – Mr. White reported the dock at GPIIP has had good use. Every year dock use seems to be growing. Mr. White reported he is still fielding bulk water calls.

G. Persons to Be Heard – None

H. Unfinished Business

1. Gary Paxton Industrial Park (GPIIP) Waterfront Development/Haul Out Proposals

Mr. White provided a brief timeline review and updated GPIIP Board members with the current status of the project. The Assembly and Board put out an RFP to get private sector development of the haul out at Gary Paxton Industrial Park. The RFP was released in March with an April deadline. Two proposals were received.

Mr. White summarized how various changes from the original RFP to the proposal before the GPIIP Board came about. When the RFP was originally put out it asked for a conceptual level operation plans with conceptual level drop layouts and everything else. After listening to all the public comments that came in during the RFP process at the GPIIP and the Assembly meetings, the group decided to pivot from a ramp type of operation to a travel lift sling operation.

Mr. White stated it is important to note that at the same time as the negotiating team was going through this process, the City and Borough of Sitka applied for two grants: the US Build Grant for \$8.2 million and the Port Infrastructure Development Program. So, two grant options currently exist as potential funding sources that didn't exist in January. The City scored well on the Build Grant with a date of September 15th for notification. All the members participating in the negotiations would like to stand by to see if the City is awarded the grant, which would allow the

City to put in necessary infrastructure. SIMS would then buy their own piece of machinery and operate it for the City.

Mr. White introduced Dan Cooper of SIMS, who provided a power point presentation with the proposal of the new plan developed.

Chair Wagner invited members of the public to come forward.

Mike Narco, a local contractor in the boat business, asked for clarification: is the RFP still open? Mr. White replied the RFP is closed. The negotiating team is still engaged in the process with the proposal selected. Mr. Narco stated there are several entities, his own business included, that would have bid on the RFP if it had been known that grant funding to the City for infrastructure was an option. He advocated for re-opening the RFP process.

Jeremy Serka addressed the timing of the consideration of the proposal – he observed most of the fleet is out fishing or getting ready to fish and are not aware the proposal is before the Board on this date.

Baker Hensley, whom identified himself as the other person to submit a proposal as Sitka Sound Industrial (SSI). He stated his concerns: the proposals were submitted based on timelines and guidelines, which began in February 2020, prior to COVID-19. Mr. Hensley cited similarities to his proposal.

Chris Hansen, whom identified himself as a commercial fisherman in Sitka, stated the Sitka fishing fleet is in its busy season and was against decisions being made at this time for that reason.

Mr. Johnson reported he spoke with Chris McGraw. As of Friday (June 19, 2020), Halibut Point Marine will stop hauling boats in June of 2021.

Chair Wagner called for more comments from the public. Hearing none, he noted the GPIB Board heard from both the public and staff. Chair Wagner asked the Board if they had any questions.

Chair Wagner asked City Administrator John Leach if the RFP process is being followed. Mr. Leach confirmed staff had the legal department review the proposal. The RFP was purposely left open where it stated the City had a desired outcome of what it is looking for without specifying how the City would arrive at the desired outcome.

Administrator Leach affirmed the grant opportunity was not known when the RFP went out. As far as the financing piece of the proposal with the grant, it allows the City to NOT loan money to the operator. The original proposal requested a \$1.5 million loan that with the grant opportunity has been reduced to a \$375,000 max loan with lease credits for performance.

The Administrator was asked how could it hurt the City to wait until the outcome of the grant is known. Administrator Leach stated it would slow the project and it would be unlikely that boats could be hauled by next summer. Administrator Leach noted both bidders requested some sort of financing assistance to move the project forward. Grant funds would definitely help the City in that respect. Waiting for the outcome of the grant runs a risk of losing the interest of any of the proposals.

GPIB Board member Mike Johnson acknowledged concerns about the timing and the absence of individuals from the fishing fleet at this meeting. This was not intentional, simply the timeline that has played out. It is unfortunate that it is the busiest part of the fishing season. The level of urgency for a haul out to be ready for the fleet in 2021 has not diminished, however. Halibut Point

Marine has given a firm ending date of June 2021. Further, it would be unfair to put out another RFP since everyone's ideas have been laid out for everyone to use.

Chair Wagner confirmed with Mr. White that the proposal in front the GPIIP Board, if approved, would go before the Assembly and then return to the GPIIP Board for a final agreement through the same process, likely after the fishing season in late September or early October. Chair Wagner requested the City Attorney write an opinion to support whatever decision the GPIIP Board makes, so the Assembly has the legal opinion in hand for their consideration, since members of the public expressed several concerns about the process at this meeting.

Chair Wagner asked if tide lands will also be leased. Mr. White stated tide lands lease hasn't been discussed. Chair Wagner recommended public access to tide lands through an easement.

GPIIP Board member Sheila Finkenbinder stated she agreed with the comments of fellow Board member Mike Johnson. Ms. Finkenbinder further stated her view that the proposal brought forward by SIMS was quite a bit more comprehensive and detailed than the Baker proposal.

Mr. White reviewed the process when the GPIIP Board scored the proposals. The SIMS proposal received the highest points. The GPIIP Board voted on what was scored in the original proposals. That is where the conversation for negotiations began.

Regarding the uplands lease of the ramp, there is precedent for this. The GPIIP Board gave Silver Bay and Northland Seafoods some ramp-up spots in order for the businesses to be successful. The goal of GPIIP is to allow businesses to be successful and to put people back to work.

Thor Christianson, Assembly Liaison, stated he didn't have any problem with the lease ramp-up. He felt either proposal would receive that consideration. His concern is that everything is contingent on the grant.

Ms. Finkenbinder asked the SIMS representatives for their response were the matter tabled, pending the outcome of the grant. He and his partner would like to move forward with this. Because the grant is an integral part of moving forward, they are willing to wait for the outcome of the grant.

GPIIP Board Member Al Stevens agreed with Assembly Liaison Christianson that everyone is waiting on the grant. Mr. Stevens favors waiting to see what happens with the grant.

Mr. White asked Mr. Cooper if the SIMS proposal could move forward if the grant was not awarded. Mr. Cooper stated one of the ideas, because of the ramp condition, would necessitate moving to a slip style haul out and because of the infrastructure needed and it being on City land, SIMS would need help with that.

Chair Wagner stated he is comfortable knowing whatever action is taken by the GPIIP Board at this meeting, it is not a final going to the Assembly. Chair Wagner would like the City Attorney to provide some direction to the Assembly on the legality of the RFP process and the transparency issue for the Assembly to consider. Mr. White and Mr. Leach provided options available to the GPIIP Board at this juncture. Staff will take the matter forward to the Assembly with the recommendation(s) of the GPIIP Board.

MOTION: **M/S Finkenbinder/Stevens** moved the GPIIP Board accept the terms of the lease agreement, with the consideration that staff runs this by legal for any potential problems.

ACTION: **Motion PASSED 4/0 on a roll call vote.** Mr. Morrison was absent.

I. New Business

1. Sitka Salmon Shares Proposal

Chair Wagner invited Mr. Marsh Skeele, Vice President of Sitka Salmon Shares, to present his proposal for leasing dock space at Gary Paxton Industrial Park. Sitka Salmon Shares would like to place a 40-foot container, a forklift and a crane boom truck at the dock during the summertime. These would all be mobile, with the 40-foot container on a chassis so it could be moved out if needed.

The closest comparative Mr. White could find are the GPIIP's monthly rate to store an 8' x 12' palette on the dock at \$250/month. Based on that, Mr. White estimated a couple of rates for the 40' container and the truck, and stated Sitka Salmon Shares would still pay the moorage rates. Sitka Salmon Shares would be agreeable to something close to the terms Mr. White is suggesting at this meeting.

Chair Wagner excused himself and turned the remainder of the meeting over to Ms. Finkenbinder to preside as Acting Chair.

Acting Chair Finkenbinder asked if someone from Sitka Salmon Shares would always be at the dock, or how mobile would the items be, just in case they do get in the way. Marsh Skeele stated they would be used daily and someone from Sitka Salmon Shares could be called to move the boom truck and forklift if needed. The container would be moved by an AML truck, so it would be less immediately mobile, but could be moved.

Mr. Skeele noted the 40' container would be a freezer container and would need electricity. Mr. White confirmed the electrical department would require it to have its own utility meter. For a trial run this summer, however, it might be possible to work on figuring out the cost for a 40-foot refrigerated container to run continuously. Sitka Salmon Shares will return to meet with the GPIIP Board in the fall to discuss a longer-term lease.

MOTION: M/S Stevens/Johnson moved to allow Sitka Salmon Shares to utilize the container with a movable crane on the dock from June to September 1 2020, with the payment of the dock space rent at \$1,000 and for moorage and utilities.

ACTION: Motion PASSED 3/0 on a roll call vote. Mr. Morrison and Mr. Wagner were absent.

2. Block 4, Lot 1 Potential Sale Discussion

Mr. White introduced this topic, noting he has been approached by someone wanting to purchase the lot, which is the property across the river that used to be the Sawmill Farm. If sold, the property would have to be put out for competitive bid process. Mr. White would like to know if the GPIIP Board would like to put the property up for sale by a competitive bid process or not.

Mr. Welsh was invited to speak to the Board and identified himself as the person interested in purchasing the property. He presented his family's interest to purchase the property. He asked the GPIIP Board to send the matter to the Assembly to open the process for sale as he would like to offer a competitive cash deal to the City when the City is ready to move forward with the process of competitive bid.

Acting Chair Finkenbinder summarized the question before the GPIIP Board: to decide if they wish to begin a process to sell the property right now, or whether the GPIIP Board would prefer to keep the property within the City's and GPIIP control so that it could potentially be used as a part of the Marine Services Center or something else that fits within an industrial park.

Acting Chair Finkenbinder invited questions from the Board. Al Stevens asked staff how the various uses of the area (mountain bike path; Sawmill Farm) have been allowed given the dioxin buried in the area. Mr. White stated GPIIP had to obtain DEC approval. DEC has stated the property could be sold and the liability could be passed on to the new owner. However, challenges to that need to be looked into carefully so that the liability wouldn't fall back on the City if the new property owner was no longer viable.

Mr. Leach stated there have been a lot of email communications with DEC on the matter. Mr. Leach read from Sitka General Code on Competitive Bidding and the sale of City property. It is very clear that property must be disposed of by competitive bid, unless there are special circumstances. Mr. Welsh is suggesting this property might have special circumstances because of the condition of the dioxin cap. Mr. White noted the City must monitor the site until 2097, unless the City can pass along some of that liability.

Mr. Welsh stated that in his opinion the property is not suitable for industrial use.

GPIIP Board members stated their initial responses. Ms. Finkenbinder is against selling.

Assembly Liaison Christianson is against selling.

Mr. Welsh stated he is amenable to a lease, and making a substantial contribution to it upfront.

GPIIP Board Member Johnson pondered what industrial purpose it could possibly have and knowing what is underneath the ground, what level of liability could the City divest itself of by transferring ownership and getting the property on the tax rolls.

Al Stevens asked if it were possible to lease at this time. Mr. White stated a lease cannot be discussed at this meeting because that topic hasn't been given public notice for this meeting. Only the topic of the sale of the property can be considered at this meeting.

Acting Chair Finkenbinder asked for public comment on the sale of the property.

Dan Cooper, with SIMS, would prefer not to see a parcel of property go up for sale that could potentially be used for part of the marine shipyard.

Acting Chair Finkenbinder stated the matter of placing the property up for competitive bid sale died for lack of a motion.

J. Adjournment: Acting Chair Finkenbinder adjourned the meeting at 4:55 pm.

Tuesday, September 15, 2020

MEMORANDUM

TO: GPIIP Board of Directors
FROM: Garry White, Director
SUBJECT: Gary Paxton Industrial Park (GPIP) Management Report

1. GPIIP Dock

The GPIIP Dock is open for business. The dock had a lot of traffic during the spring of 2019. Most use was related to the commercial fishing fleet with vessel moving nets and other fishing gear across the dock.

Security cameras were installed in April, which allows for better management and tracking of use.

Next steps are to continue to monitor uses and adjust the Port Tariff to accommodate users of the facility. Additionally, prepayment or pay for use electric meters are being investigating to allow for better management of electric use. **(05/06/2019)**

The GPIIP Dock continues to see a lot of use this summer. **(09/15/2020)**

2. Marine Services Industries at the GPIIP.

The CBS received a proposal from the owners of Halibut Point Marina (HPM) stating that it will be reducing service within the next two years. HPM additionally submitted a proposal to the CBS to construct marine haul out infrastructure to include; haul out piers, an EPA approved wash down pad with a water treatment facility, and a 100 ton lift. HPM is requesting a trade of other CBS property to offset the cost of construction. The GPIIP Board has been unable to secure funding for the construction of haul out infrastructure to date.

The GPIIP Board held a meeting on December 4th to discuss the proposed haul out infrastructure. Discussion from the public and board focused on travel lift capacity, pier width, upland improvements needed, access, and future management. The Board recommended the Assembly move forward with negotiations with HPM for a facility that has a new 100 tons lift, piers that are 26' apart, infrastructure to include a float to help vessel navigate into the lift, a larger or additional wash down pad be included, and that infrastructure is added to allow people to exit vessels before being lifted.

(12/9/2019)

Halibut Point Marina has withdrew with its proposal to construct a vessel haul out at the GPIIP in exchange for other CBS property due the CBS general code that requires CBS property to be disposed of via competitive bid. The CBS Assembly and GPIIP Board held a joint work session on January 30th to discuss next steps. The CBS Assembly directed the CBS Administrator to prepare and release a RFP for private sector development of vessel haul out at the GPIIP. **(02/10/2020)**

The GPIIP Board met on Feb. 28th and approved a draft RFP for CBS Administration approval to be release to the public for private sector development of a vessel haul out at the GPIIP. **(03/09/2020)**

The CBS received two proposals for development of a vessel haul out at the GPIIP. The GPIIP Board met via Zoom on April 27th and vetted the proposals as part of a selection committee, containing the 5 members of the Board, the CBS Administrator and Public Works Director. The Selection Committee scored a proposal from WC Enterprises as the best proposal. The RFP Scoring results were presented to the Assembly on May 12th. The Assembly gave direction to the CBS Administrator to work with WC Enterprises to develop a detailed agreement to move forward with the development of the haul out. The CBS Administrator, Public Works Director, and the GPIIP Director have been meeting twice a week with WC Enterprises on the agreement. **(06/01/2020)**

The CBS Assembly rejected the proposal by WC Enterprises due to substantial changes to WC request for financial support. The CBS is working on conceptual plans and design for a haul out at the GPIIP. **(09/15/2020)**

3. Bulk Water

The Director continues to work with entities interested in the export of Sitka's water. **(05/06/2019)**

The CBS Assembly met on April 30th to discuss needed repairs to the Raw Water delivery infrastructure. No funding or repair plan was determined. The CBS's ability to delivery water will need to be fixed before the bulk water export venture can move forward. The Assembly directed the GPIIP Director to continue to work with potential investors and exports to find a funding solution to repair the system. The CBS does not believe that the infrastructure can be repaired until the penstock is shut down and dewatered. Estimate timeframe for penstock shut down is estimated to be the fall of 2021. **(06/03/2019)**

The Director continues to receive inquiries from entities wishes to export Sitka's water. **(09/15/2020)**

4. Bottled Water

The Director continues to receive inquires for bottled water. The Director has recently had conversations with entities from China, Costa Rica, and South Korea. **(11/12/2019)**

5. Blue Lake Dam Expansion Project

The Assembly has approved a MOA between the GPIIP and Electric Department to allow the GPIIP to charge for use of Lots 16b and 20. Rock has been stored on these lots since the Blue Lake Dam Expansion project. **(06/03/2019)**

6. GPIIP Dock Fuel Sales

Delta Western has received its build permit to establish a fueling operation on the GPIIP Dock. The fuel tanks will be relocated from the dock itself to the uplands above the dock. **(07/03/2019)**

Delta Western has completed its fuel delivery infrastructure on the GPIIP dock. **(11/12/2019)**



329 Harbor Drive, Suite 202
Sitka, AK 99835
Phone: 907-747-2660

Wednesday, September 16, 2020

MEMORANDUM

To: Gary Paxton Industrial Park (GPIP) Board of Directors
From: Garry White, GPIP Director
Subject: GPIP Waterfront Development/Haul Out

Introduction

The CBS and GPIP Board are working on conceptual plans and design for a haul out at the GPIP.

The CBS and GPIP Board have taken multiple steps over the past few years to develop a marine haul out at the GPIP properties. Please see the background information below.

Most recently, the Assembly gave direction to continue to work on basis of design of a haul out and to wait for the USDOT Build Grant funding decisions. It appears that the CBS will not be a recipient of a 2020 USDOT Build Grant. Funding for the haul out development needs to be identified.

The GPIP Board would like to continue the discussion on conceptual planning and basis for design for a haul out.

Community Discussion on the development of a marine haul out at the GPIP need to include the following:

- Funding for the development,
- Ownership and operation of haul out facility,
- Physical Infrastructure to haul and support vessels,
- Equipment type and capacity,
- GPIP property available for haul out operations and trades support.

Background

The GPIP Board has long recognized the importance of the fishing and maritime industry to the community of Sitka. The GPIP Board and CBS have been working on vessel haul out development concepts since the GPIP properties were acquired.

The public announcement in the fall of 2019, that Halibut Point Marina (HPM) will cease public haul out operations in the next few years has intensified the priority of establishing a marine haul out facility at the GPIP.

The GPIIP Board and Assembly held a joint work session on January 30th, 2020 to discuss different concept regarding; ownership of facility and operations, infrastructure needed to support the fleet, and funding for the haul out construction and operations (Memo Attached). The Assembly gave direction to develop a RFP to investigate private ownership and operations of a haul out.

The GPIIP Board met on February 27th, 2020 to recommend approval of the RFP. The CBS Assembly met on March 10th, 2020 and approved the RFP for release. On March 11th, 2020, the City and Borough of Sitka (CBS) released a Request for Proposal (RFP) for the Construction and Operation of a Marine Haul Out and Shipyard. The RFP was open until April 15th, 2020. The CBS received two proposals from the RFP process.

The GPIIP Board met on April 27th to discuss and score both proposal as part of the CBS RFP Selection Committee. The CBS Selection Committee scored the proposal from WC Enterprises/SIMS with the highest score. The CBS Assembly accepted the GPIIP Board's recommendation to move forward with negotiating terms to move forward on a haul out at the GPIIP with WC/SIMS at its May 12th, 2020 meeting.

At its May 12th, 2020 meeting, the Assembly additionally approved the CBS to apply for a USDOT Build Grant in the amount of \$6,539,000 with a 20% CBS match commitment of \$1,634,600 for a total project cost of \$8,200,000 for the development and construction of a haul out at the GPIIP.

The CBS negotiation team consisting of the CBS Administrator, CBS Public Works Director, and the GPIIP Director met multiple times in May and June with the WC/SIMS' principal owners. After considering all available information, listening to public stakeholder comments, and investigating more in-depth on the financial costs to move forward with a proposal; WC/SIMS concluded that the associated costs to complete a haul would require a larger financial subsidy from the CBS. A modified proposal was brought to the Assembly. The CBS Assembly rejected the modified proposal by WC Enterprises due to substantial changes to WC request for financial support. The Assembly gave direction to continue to work on basis of design of a haul out and to wait for the USDOT Build Grant funding decisions.

On August 11, 2020, The CBS Assembly approved a \$100,000 budget from the Economic Development Fund to support specialized consultant services for the technical analysis and design related to the development of the haul out basis of design and RFP.

Action

- GPIIP Board and public discussion on haul out conceptual plan and basis of design.



329 Harbor Drive, Suite 202
Sitka, AK 99835
Phone: 907-747-2660

Thursday, January 23, 2020

MEMORANDUM

To: Gary Paxton Industrial Park Board of Directors &
Hugh Bevan, Interim CBS Administrator

From: Garry White, GPIIP Director

Subject: GPIIP Vessel Haul-Out Facility Discussion

Introduction

The GPIIP Board has long recognized the importance of the fishing and maritime industry to the community of Sitka.

The GPIIP Board and CBS have been working on vessel haul out development concepts since the GPIIP properties were acquired. Please see the attached GPIIP Port Facility Overview Memorandum for background and more information on past efforts.

Most recently, the GPIIP Board has worked with the community and an outside engineering firm on concepts to construct an access ramp for vessel haul outs using either hydraulic trailers or amphibious marine travel lifts.

The public announcement in the fall of 2019, that Halibut Point Marina (HPM) will cease public haul out operations in the next few years has intensified the priority of establishing a marine haul out facility at the GPIIP. The CBS received a proposal from HPM to build infrastructure to support the establishment of a vessel haul out at the GPIIP in November 2019.

The GPIIP Board met on December 4th, 2019 to discuss overall GPIIP Waterfront Development and the proposal from HPM. The GPIIP Board did not discuss the merits of the entire HPM proposals, but rather focused on what infrastructure is needed to support the fleet in a vessel haul out. (Draft minutes from 12/4/2019 GPIIP meeting attached)

HPM has since withdrew its proposal. The GPIIP Board, CBS, and community are now working towards the development of a vessel haul out facility at the GPIIP properties. Much discussion on how to best service the local fleet and create an economic driver at the GPIIP has taken place on the following:

- Ownership of facility and operations:
 - CBS owned and operated marine services facility
 - CBS owned infrastructure/ Multiple Private operators
 - Private owned and operated
 - CBS enters into a DBFOM (Design- Building – Finance – Operate – Maintain) agreement with a third party for the haul out construction and operation.

- Infrastructure needed to support the fleet:
 - Physical infrastructure
 - Equipment
 - What lifting capacity is needed

- Funding for the haul out construction and operations :
 - Grant funds
 - CBS Borrowing
 - Selling or trading CBS property to acquire funds
 - Private Sector investment

Ownership of facility and Operation Options

There are multiple options for the CBS to consider for ownership of a haul out facility and operations of the facility.

1. CBS Owned and Operated haul out facility

- CBS would design, build, fund, operate, and maintain the haul out.

The estimate costs for the CBS to fund the construction of a vessel haul out with an Access Ramp is \$7,574,391 (2019 PND Engineering estimate). The GPIIP Board looked at developing the haul out facility in phases. The GPIIP Board set the following priorities:

1. EPA approved water treatment infrastructure - \$461,378
2. EPA approved wash down pad or water collection infrastructure - \$399,035
3. Ramp infrastructure improvements, including installing a concrete ramp - \$1,946,284
4. Upland improvements (Electric, water, lighting, etc) - \$2,579,463
5. Timber float - \$910,831
6. CBS owned infrastructure to haul vessel (Hydraulic trailer or lift) - \$1,277,400

Financial estimate of borrowing funds

If the CBS chooses to borrow the ~\$7.5 million dollars, an estimated, back of the napkin, financing repayment is as follows:

\$7.5 million dollars borrowed at a rate of 5.5% (75 basis points over current prime) for 20 year term = \$619,098 in annual debt service.

CBS Operations

The following numbers are a back of the napkin analysis if the CBS chooses to operate a vessel haul with CBS employees.

- The numbers below only consider direct financials of the haul out operations and not the other economic benefits of a haul out to the community.

Potential Haul out Revenue

- The 2014 planning document titled the “Preliminary Screening-Level Feasibility Assessment and Planning for a Marine Center at Sawmill Cove Industrial Park”, prepared by Northern Economics for the CBS suggests estimate annual haul out revenues at \$90,700.

(*Rate is based on \$10-12 per foot for round trip haul out)

- The GPIIP Director contacted HPM and obtained historic haul out revenues for their operation. Average recent haul out revenues are ~\$165,000 annually. (**Rate is based on \$18 per foot for round trip haul out*)

Potential Yard/Storage Revenue

- The GPIIP Director contacted HPM and obtained historic yard/storage revenues for their operation. Average recent yard/storage revenues are ~\$91,000 annually

Estimate Operational Expense

*(*Note: The following estimates were based off actual expense numbers provided by HPM)*

Payroll Expense (Equipment operator and helper)	\$160,000
Repairs/Maintenance (Equipment)	\$20,000
Yard Maintenance	\$5,000
Fuel	\$25,000
Electrical	\$20,000
Liability Insurance	\$24,000
Property Insurance	\$14,000
Garbage	\$15,000
Total	\$283,000

Cash Flow

Based off the above, back of the napkin analysis, the CBS would lose \$27,000 annually operating the haul out.

Total estimate Revenue	\$256,000 (\$165k + \$91k)
<u>Total estimate Expense</u>	<u>\$283,000</u>
Cash Flow	-\$27,000

Total estimated annual subsidy required = \$646,098 (Debt service + operational costs)

2. CBS owned haul out facility/Multiple Operator

- CBS would design, build, fund, operate, and maintain the haul out.
- CBS would enter into agreements with private operators to provide haul out services.
 - A RFP could be used to select operator(s).
 - A tariff schedule or lease agreements would be developed to assess charges for use of CBS facilities and property.

The Estimate cost for the CBS to fund the construction of a vessel haul out with an Access Ramp is \$6,296,991 (2019 PND Engineering estimate minus cost of equipment to haul vessels). Private operators would be responsible for providing their own equipment to haul vessels.

Financial estimate to borrowing funds

If the CBS chooses to borrow the ~\$6.3 million dollars, an estimated back of the napkin financing repayment is as follows:

\$6.3 million dollars borrowed at a rate of 5.5% (75 basis points over current prime) for 20 year term = \$520,042 in annual debt service.

CBS Operations

There are multiple options for entering into agreements with potential operators of the haul out to determine potential revenue and expense estimates.

3. Private Owner and Operated

- CBS enters into a DBFOM (Design- Building – Finance – Operate – Maintain) agreement with a third party for the haul out.
 - The CBS would enter into a lease agreement or sell property to a private entity, which would construct and operate the haul out.
 - A RFP would be used to select the private entity.

Financial estimate

- The numbers below only consider direct financials of leasing property for a haul out and not the other economic benefits of a haul out on the community.

Under this option the CBS would receive lease revenue for the property leased to private entity.

Potential lease revenue

(*Note: Estimate based off 2018 Assessed values considering a 4.5% return on asset)

<u>Lot</u>	<u>Value</u>	<u>Potential Annual Lease Revenue</u>
Lot 6	\$255,200	\$11,484
Lot 7	\$188,100	\$8,465
Lot 8	\$199,400	\$8,973
44k SF Lot 9a	\$352,000	\$15,840
Lot 9b	\$43,500	\$1,958
<u>Lot 15</u>	<u>\$509,700</u>	<u>\$22,937</u>
Total	\$1,547,900	\$69,657

Conclusion:

If the CBS chooses to fund the construction of the haul out infrastructure there will need to be a substantial subsidy. Grant funds are still being investigated with the Federal and State delegations and other agencies. A private owned and operated haul out facility provides minimal cash flow to the CBS but allows the venture to move forward without a CBS subsidy.

Infrastructure needed to support the fleet

The GPIIP Board has held multiple meetings throughout the years to determine the best infrastructure to construct at the GPIIP to support the fleet and create an economic driver for the community. Multiple site locations, physical infrastructure (access ramp vs travel lift piers), and lift capacities have been discussed. The EPA approved water treatment facility, water collection infrastructure, and upland utilities will be needed for a functional haul out regardless of the infrastructure constructed to remove vessels from the water. Direction needs to be finalized on which method to lift vessels from the water and lift capacity for phase I of the development of the GPIIP Marine Service Center.

The CBS currently has a functional gravel access ramp located on the northern portion of Lot 9a at the park. The access ramp was funded and constructed in 2017 by Northline Seafoods. Northline Seafoods successfully hauled its barge for retrofitting, creating multiple new jobs at the GPIIP. Northline Seafoods has stated that it wishes to continue to utilize the access ramp for future barge projects. The access ramp needs additional improvements to be used for public vessel haul outs.

The Board had a robust discussion with around 50 members of the local fleet at its December 4th, 2019 meeting and came to the conclusion that the proposed infrastructure by HPM would meet most of the fleet's needs.

The HPM proposal consisted of travel lift piers with a width of at least 26', a 100 ton travel lift. The site location was on the southern end of Lot 9a and did not interfere with operations of the current access ramp.

Since, the December 4th, 2019, the GPIIP Director has had multiple meetings with various members of the local fleet on various locations, vessel lifting infrastructure, and lift capacity for a future haul out operation.

Potential Haul out site locations/Physical Infrastructure

1. Northern End of Park (Water Access Easement Area).
 - Conceptual design focuses on travel lift piers
 - The GPIIP Board discussed constructing travel lift piers in the water access easement located between Lots 2 & 4. (See attached map)
 - Water depths have come into questions on this site.

(*Note: Travel lift piers could be angled toward deeper water)

Benefits of this site

- Close to current access ramp.
 - EPA wash down infrastructure could be centrally located.
- Located near proposed upland haul out yard and infrastructure.

Cons of site

- Potential water depth issues.

2. Current Access Ramp location (Lot 9a)
 - The GPIIP Board has focused on this site in the summer of 2018. The 2019 PND Engineer's number are related to this site. (See attached map)

Benefits of this site

- Demonstrated success of hauling barges at this location
 - No additional improvements needed to continue to haul barges.
- Current angle of ramp of 8% is consistent with suggested ramp angle presented by PND Engineers.
- Located near proposed upland haul out yard and infrastructure
- Allows for use of both hydraulic trailers and amphibious travel lifts

Cons of site

- Potential water depth issues for haul vessels (more investigation needed)

3. Southern end of Lot 9a (near GPIP Dock)
 - Conceptual design focuses on travel lift piers
 - This site was proposed by HPM.

Benefits of this site

- Water column is good.
- Travel lift piers are in line with prevailing winds
- Close to covered work area (Former bottling plant building)

Cons of site

- Potential congestion issues with GPIP Dock.
- Existing infrastructure would need to be moved

Equipment/Lifting Capacity

There are multiple options for lifting vessel out of the water that other communities have used at vessel haul outs.

Table 1. General Cost Comparison for Selected Vessel Haul-outs at Alaska and Washington Facilities, 2013

Location/Facility	Maximum Capacity (Tons)	Vessel Length			
		30 Feet	58 Feet	75 Feet	100 Feet
		Haul-out Cost (\$)			
Craig	Trailer - 60 Tons	300.00	NA	NA	NA
Hoonah	Trailer - 35 Tons	360.00	NA	NA	NA
Hoonah	Lift - 200 Tons	330.00	754.00	975.00	1,300.00
Juneau - Auke Bay Loading	Trailer - 45 Tons	270.00	NA	NA	NA
Juneau - Deharts Marina**	Lift - 15 Tons	540.00	NA	NA	NA
Juneau - Near Aurora Basin**	Lift - 35 Tons	540.00	NA	NA	NA
Ketchikan - Air Marine Harbor	Rail - 160 Tons	360.00	696.00	900.00	NA
Ketchikan - Air Marine Harbor	Lift - 50 Tons	300.00	NA	NA	NA
Kodiak Fullers Boat Yard	Lifts - 150, 100, 50, and 25 Tons	332.00	786.00	1,800.00	4,000.00
Kodiak Shipyard	Lift - 600 Tons	1,590.00	3,074.00	3,975.00	6,000.00
Petersburg	Trailer - 25 Tons	300.00	NA	NA	NA
Petersburg	Trailer - 50 Tons	360.00	NA	NA	NA
Petersburg	Rail - 260 Tons	300.00	440.00	637.50	NA
Port Townsend	Hoist - 70 Tons	252.38	NA	NA	NA
Port Townsend	Lift - 300 Tons	330.00	638.00	900.00	1,400.00
Seattle - Seaview Boatyard	Lift - 165 Tons	240.00	696.00	1,200.00	NA
Seward*	Lift - 50 Tons	236.25	NA	NA	NA
Seward*	Lift - 250 Tons	346.50	1,218.00	1,575.00	2,100.00
Sitka - Halibut Point Marine***	Lift - 80 Tons	540.00	1,044.00	NA	NA
Skagway	Trailers - 30 and 20 Tons	200.00	NA	NA	NA
Wrangell*	Trailer - 40 Tons	225.00	NA	NA	NA
Wrangell	Lift - 150 Tons	330.00	696.00	975.00	NA
Wrangell - Wrangell Boat Shop	80 and 60 Tons	180.00	348.00	NA	NA

Notes: NA = this facility does not have the capacity to haul out a vessel of this size.

*Rates are per hour.

**Price for haul-out includes a free wash down of the vessel.

***Price for haul-out includes a \$6 per foot environmental fee.

Source: Compiled by Southeast Strategies, 2013.

(*Note: HPM Marine Travel Lift is 88 ton)

The GPIP Director has been in discussions with multiple groups on the use of various pieces of equipment to haul vessels and barges. There are multiple benefits and cons for every piece of equipment.

Equipment types

There are multiple types of equipment to haul vessels. The GPIP Director has only investigated marine travel lifts, amphibious travel lifts, and hydraulic trailers.

1. Marine Travel Lifts

- Land based lifts that use travel lift piers to haul vessels.



Benefits

- Travel lifts have traditionally been used in Sitka, fleet is more used to them.
- Equipment does not go into water, potential for less corrosion.

2. Amphibious Travel Lifts

- Travel lifts that use an access ramp to haul vessels.



Benefits

- Used with access ramps

- Can share access ramps with hydraulic trailers.

Cons

- Greater risk for corrosion
- Issues lining up vessel in windy conditions

3. Hydraulic Trailers

- Trailers that use an access ramp to haul vessels.



Benefits

- Used with access ramps
 - Can share access ramps with Amphibious travel lifts.

Cons

- Greater risk for corrosion
- Issues lining up vessel in windy conditions

Lifting Capacity

The GPIP Board at its Dec. 4th, 2019 meeting recommended moving forward with a 100 ton marine travel lift.

- Lifts in the 45 ton to 100 ton capacity are lower cost and can accommodate a majority of the local fleet.
- Lifts in the 150-300 ton range cost more, but can accommodate large vessels.
 - Larger vessels tend to spend more on vessel projects and attract marine service providers, creating more jobs.

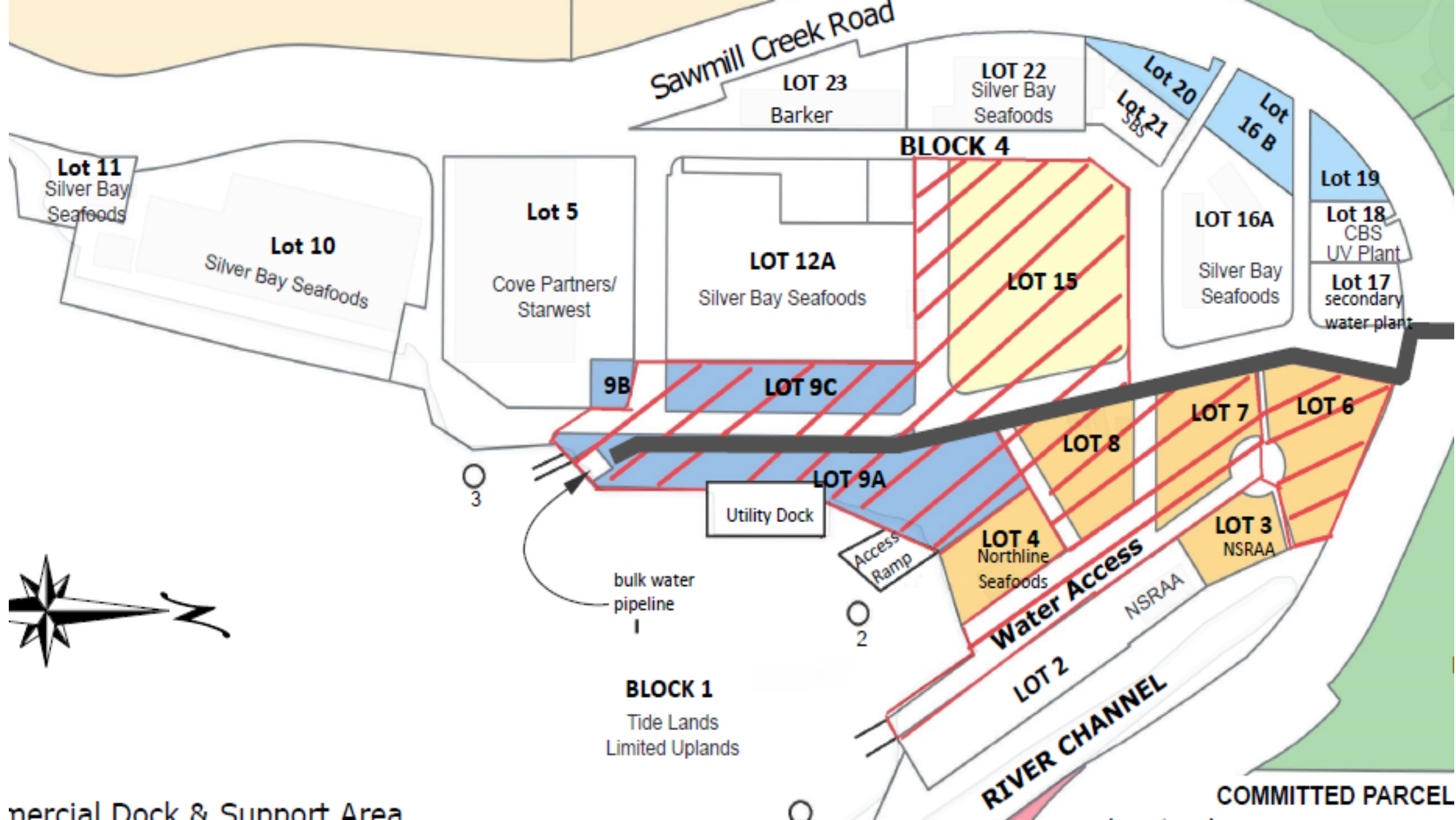
Conclusion: There are multiple options for site location, equipment type, and lift capacity. There are benefits and cons for each location, equipment, and lift capacity.

Next Steps

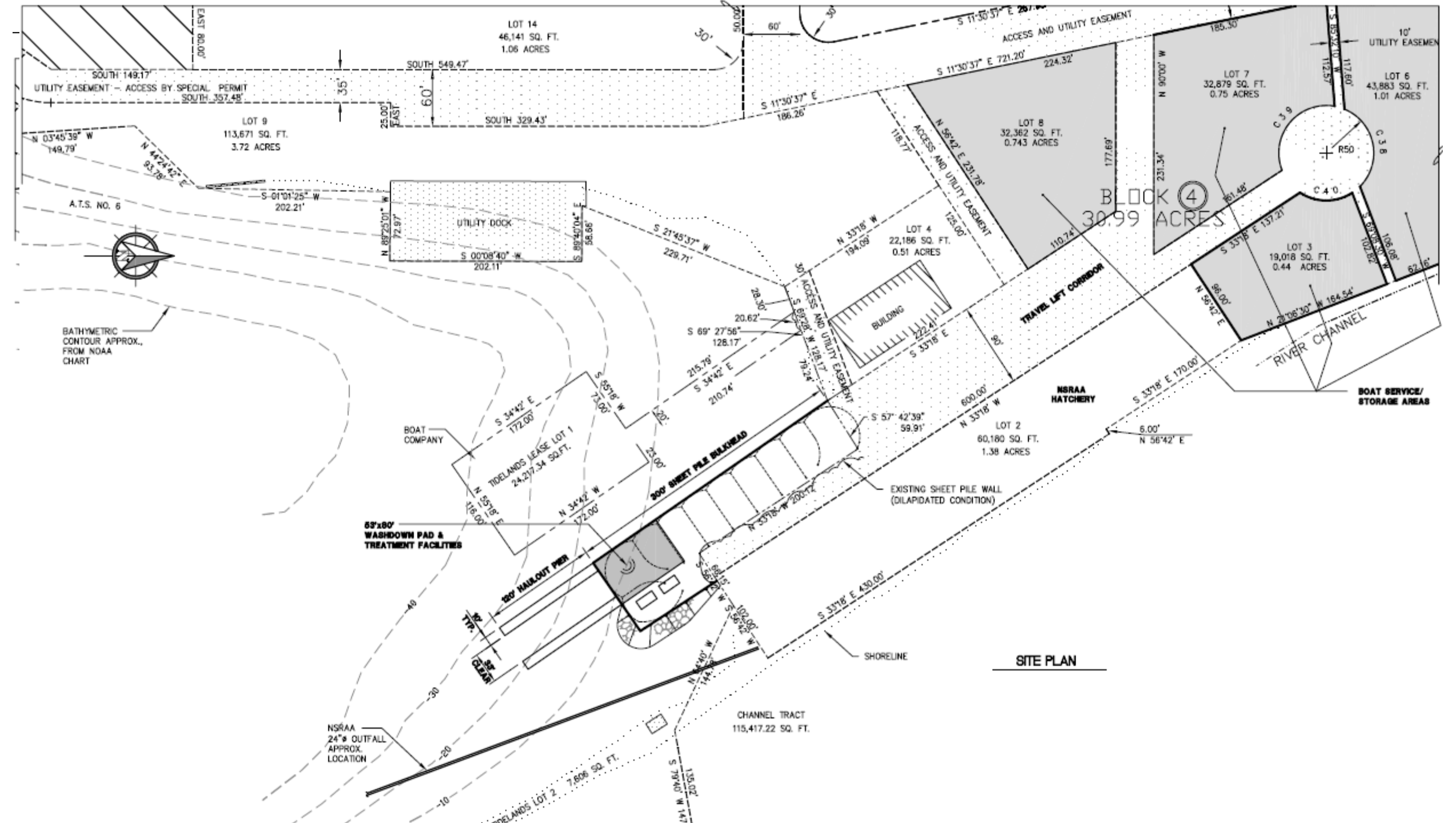
1. GPIP/Assembly direction of different ownership options.
 - CBS ownership
 - Where is funding coming from?
 - Private Ownership
 - What terms would the CBS like to include in DBFOM lease agreement?
2. GPIP/Assembly direction on potential site location.
 - Access ramp location.
 - North end of park.
 - South end of Lot 9a.
 - Allow private industry to propose via RFP for any/all locations.
3. GPIP/Assembly direction on potential equipment and lift capacity.
 - Traditional travel lift.
 - Amphibious travel lift.
 - Hydraulic trailer.
 - Allow private industry to propose equipment and lift capacity via RFP process.
4. Other GPIP/Assembly discussions
 - Potential for short term goals to service fleet with phased development.

GPIP Vessel Haul Out Discussion

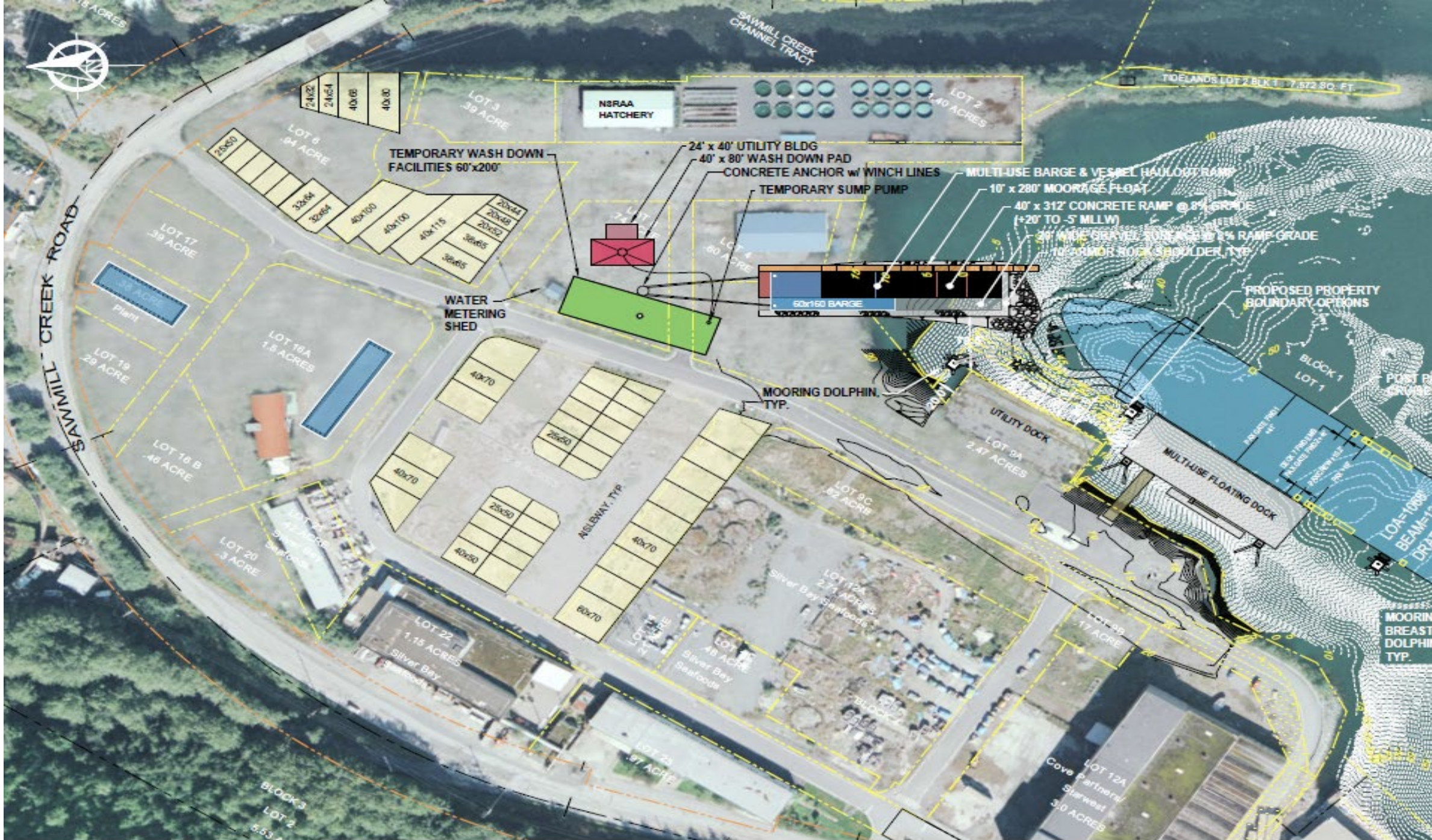
- ❖ Historic Efforts
- ❖ Funding for development
- ❖ Ownership/Operations Discussion
- ❖ Infrastructure Discussion
 - Land/Location
 - Equipment/Lift Capacity
- ❖ GPIP property available for haul out operations and trades support
- ❖ Other?



Commercial Dock & Support Area



SITE PLAN





Existing Multi Purpose Dock

REINFORCED CONCRETE DRIVE PATH

REINFORCED CONCRETE DRIVE PATH

TRAVELIFT PIER

BOARDING FLOAT WITH RAMP TO SHORE

72'-6"

26'

EXCAVATE AS NECESSARY

WASHDOWN PAD WITH FILTER SYSTEM
SPACE FOR FUTURE WASHDOWN



LOT 23

LOT 22

LOT 20

LOT 21

LOT 16B

LOT 19

LOT 13

LOT 14
ELECTRIC
SUBSTATION

35 X 70

35 X 70

LOT 12A

LOT 12A

FIRE HYDRENT
ACCESS

LOT 16A

LOT 17

100' X 40' WASHRACK
WATER TREATMENT BLDG

LOT 9B

LOT 9A

40 X 115

25 X 50

35 X 70

BLAST AND
PAINT SHOPS

40 X 115

LOT 6

LOT 9A

LOT 5

35 X 70

CITY FLDAT

HANSEN

LAUNCH RAMP

LOT 4

NSRAA

LOT 3

LOT 2

Equipment Types

Marine Travel Lift

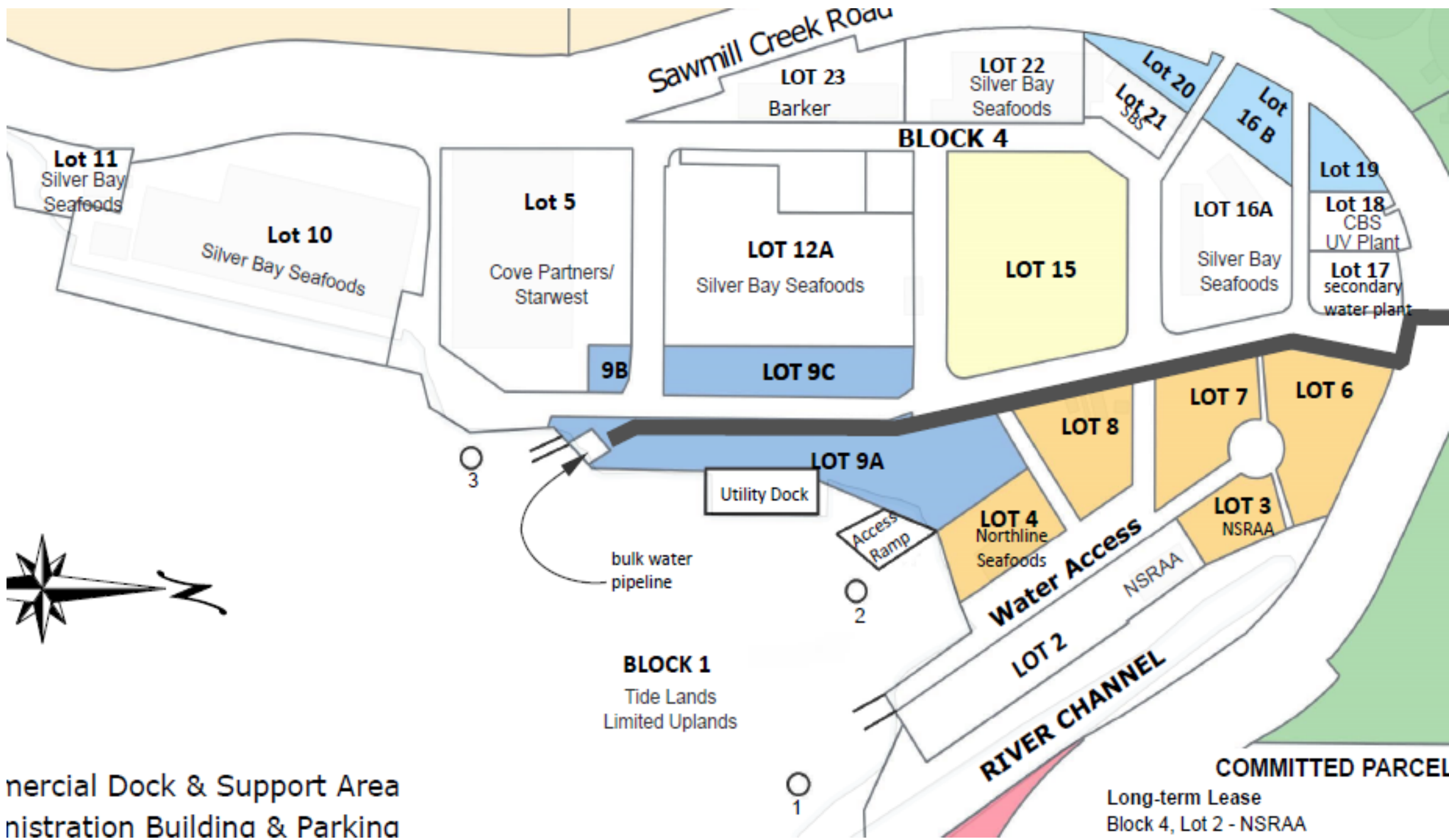


Amphibious Travel Lift



Hydraulic Trailer





Sawmill Creek Road

LOT 23
Barker

LOT 22
Silver Bay
Seafoods

Lot 20
Lot 21
SBS

Lot 16 B

Lot 19

Lot 18
CBS
UV Plant

Lot 17
secondary
water plant

BLOCK 4

Lot 11
Silver Bay
Seafoods

Lot 10
Silver Bay
Seafoods

Lot 5

Cove Partners/
Starwest

9B

LOT 12A
Silver Bay
Seafoods

LOT 15

LOT 16A

Silver Bay
Seafoods

LOT 9C

LOT 7

LOT 6

LOT 9A

Utility Dock

LOT 8

LOT 4
Northline
Seafoods

LOT 3
NSRAA

Access
Ramp

bulk water
pipeline

Water Access

LOT 2

NSRAA

BLOCK 1

Tide Lands
Limited Uplands

RIVER CHANNEL

COMMITTED PARCEL

Long-term Lease
Block 4, Lot 2 - NSRAA



Commercial Dock & Support Area
Administration Building & Parking



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

Monday, September 14, 2020

MEMORANDUM

To: Gary Paxton Industrial Park (GPIP) Board of Directors
From: Garry White, Director
Subject: Delta Western Fuel Sales Proposal

Introduction

Delta Western has a Dock and Uplands Use Agreement with the CBS to sell fuel on the GPIP Dock. 2020 was the first summer of fuel sales by Delta Western at the GPIP Dock. Delta Western would like to amend it “use agreement” to allow for additional customers other than the just Silver Bay Seafoods, which the current agreement only allows.

Please see the attached request from Delta Western and Dock and Upland Use Agreement.

Fuel Sale Revenues

Dock fuel sale revenues are as follows:

FY2019	\$243
FY2020	\$5,014
FY2021 to date	\$5,104

Additional Information

- The current Port of Sitka Tariff Wharfage rate schedule lists the rate for moving fuel across the dock at \$1.78/barrel of fuel or 42 gallons (\$0.042/gallon). Attached.
- Item 170 of the Port of Sitka Tariff outlines the rules and regulations of moving Bulk Petroleum Products across the dock. Attached.
- Attached are parts of the Port of Sitka Tariff related to the transfer of Bulk Petroleum Transfers. The entire Tariff can be found at <http://www.cityofsitka.com/government/departments/harbor/documents/MasterTariffNo.27-12-2018FINAL.pdf>

Action

- GPIP Board approval to amend existing Dock and Upland Use Agreement.

PORT OF SITKA TERMINAL TARIFF, FMC NO. 2	Orig./Rev.	Page
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	Effective Date	
	Correction No.	

SECTION 1 GENERAL RULES AND REGULATIONS

ITEM 105 APPLICATION OF RATES

(a) Except as otherwise provided, rates apply per 2,000 lbs., or per 40 Cu.Ft. as rated by ocean carrier, or per M.B.M., or 42 gal. per bbl. of bulk petroleum products corrected to 60° Fahrenheit, or 376 lbs. per bbl. of bulk cement.

(b) **RATES ARE SPECIFIC:**

Rates provided for commodities herein are specific and may not be applied by analogy. If rates are not provided for specific commodities, rates to be applied are those established for "Freight N.O.S."

(c) **PREFERENTIAL USER AGREEMENTS (PUA)**

The Port of Sitka reserves the right to negotiate preferential user rates and terms (i.e. a reduced charge for dockage, wharfage, and real estate) with requesting users who agree to provide profitable long-term business arrangements with the Port, at rates, terms and conditions consistent with policies set by the Port and City and Borough of Sitka.

NOTE: There is no requirement for PUAs to be standardized, beyond those requirements mandated in Municipal Code to be so. Rather, terms and conditions will be tailored to each individual applicant.

ISSUED BY: Keith Brady, Municipal Administrator, Sitka, Alaska

PORT OF SITKA TERMINAL TARIFF, FMC NO. 2

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SECTION 2 DEFINITIONS AND SCHEDULE OF CHARGES

COMMODITY	WHARFAGE RATE In Dollars					
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
FUEL Liquids, Petroleum or Petroleum Products, N.O.S., in bulk, discharged or loaded between mobile motor freight tank vehicles or railroad tank cars and vessels tanks per gal. NOTE 1: All petroleum transferring operations are subject to rules governing bulk petroleum products. See Item 170.	\$1.58	\$1.67	\$1.78	\$1.88	\$1.99	\$2.11
POWDER Gun or Blasting; Blasting Cap; Dynamite; High Explosive, N.O.S.; Explosive Ammunition other than small arms Ammunition (See note) NOTE 1: Written permission of the Port Director must be obtained prior to any movement of merchandise named in this Item over the Municipal Terminal facilities.	\$1.75	\$1.86	\$1.97	\$2.08	\$2.21	\$2.34

ISSUED BY: Keith Brady, Municipal Administrator, Sitka, Alaska

ITEM 170 BULK PETROLEUM PRODUCTS

(a) APPLICATION OF TARIFF:

Except as otherwise provided in this section, the rates, rules and regulations published in other sections of this tariff apply to vessels, shippers, and consignees of Bulk Petroleum Products.

(b) CLEARING PETROLEUM LINES:

Shippers, consignees or vessels and persons in charge thereof are responsible for providing means to assure the proper flow of products. Shippers, consignees or vessels and persons in charge thereof will be responsible for clearing all petroleum products, other liquid products, compounds, and residues from lines located on or adjacent to the Petroleum Terminal after vessel completes loading or discharging unless otherwise authorized by the Port Director. In the event the Port of Sitka performs any of the above named services, any applicable costs will be billed to shipper, consignee or vessel at cost plus 15% overhead.

(c) REGULATIONS GOVERNING PETROLEUM PRODUCTS:

The transfer of bulk petroleum products shall be governed by applicable federal, state and local laws, regulations, permits and ordinances/regulations including Port of Sitka Bulk Petroleum Transfer Procedures Manual rules.

(d) HOUSEKEEPING:

Flammable liquids leaked or spilled on wharves shall be cleaned up immediately. Vessel operators or their agents shall remove temporary lines immediately upon completion of receipt or discharge of flammable liquids. Spillage from disconnected lines shall be the responsibility of the petroleum terminal operator, vessel owner/operator and/or their agents. All spills should be reported to the Port Director and regulatory authorities immediately.

(e) DEPARTURE AFTER LOADING OR DISCHARGING:

Any vessel after having discharged or loaded any petroleum product must immediately haul away from dock, pier or wharf and depart, unless otherwise authorized by the Port Director.

ISSUED BY: Keith Brady, Municipal Administrator, Sitka, Alaska

DOCK AND UPLANDS USE AGREEMENT

This Dock and Uplands Use Agreement is dated July 29, 2019 (this "Agreement") and is by and between Delta Western, LLC, a Washington limited liability company ("Delta Western") and the City and Borough of Sitka, Alaska ("Sitka").

RECITALS

WHEREAS, Sitka owns the Gary Paxton Industrial Park, which is known as the GPIIP facility, on which is located a deep water dock as further shown on Exhibit A attached hereto (the "Dock");

WHEREAS, Sitka desires to allow, and Delta Western desires to use, the 160 square feet of the northeast portion of the Dock (the "Northeast Dock") and 800 square feet of Lot 9 immediately adjacent to the Dock, as further shown on Exhibit A attached hereto (the "Uplands" and together with the Northeast Dock, the "Use Premises");

WHEREAS, in connection with Delta Western's proposed operations at the Dock, Delta Western intends to install approximately 310 feet of two inch supply pipeline against and below the bull rail on the north side of the Dock, across the Uplands to the Tank (as defined herein) (the "Pipeline"); and

NOW THEREFORE, the parties hereto, in consideration of the mutual promises and covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency are hereby acknowledged, agree as follows:

1. Installation of Pipeline; Fueling Dispensers and Tank. Sitka hereby grants Delta Western the right to install and maintain (a) one (1) fuel dispenser, (b) one (1) 10,000 gallon double wall fuel tank (the "Tank"), (c) the other equipment listed on Exhibit B attached hereto (collectively, the "Equipment"), and (d) the Pipeline, on the Use Premises and the surrounding area, as depicted on Exhibit A attached hereto. Title to the Equipment and the Pipeline shall remain with Delta Western.

2. Single-Use; Exclusive Use. Sitka grants Delta Western the right to use the Use Premises to install the Equipment and the Pipeline, to store petroleum products in the Tank, and to operate its business of receiving, storing, distributing and transporting and selling petroleum products. Notwithstanding any other provision of this Agreement, during the Term (as defined herein), Delta Western agrees and acknowledges that it shall sell fuel from the Equipment at the Dock exclusively to Silver Bay Seafoods LLC. Notwithstanding any other provision of this Agreement, during the Term, Delta Western agrees and acknowledges that it shall not permit any party other than Silver Bay Seafoods LLC to purchase fuel from the Equipment at the Dock.

3. Term; Termination. The term of this Agreement shall commence on the date first set forth above and continue on a month-to-month basis until such time as it is terminated by either party (the "Term"). To terminate this Agreement, either Delta Western or Sitka must provide written notice to the other party at least thirty (30) days prior to the date on which this Agreement shall terminate.

4. Fees. As consideration for this Agreement, Delta Western shall pay Sitka a monthly fee of \$416.67 per month (the "Monthly Fee"). Each calendar month, Delta Western shall pay to Sitka a throughput fee in an amount equal to \$.0397 per gallon dispensed from the Tank in excess of 10,495 gallons (the "Throughput Fee"). By way of example only, if Delta Western dispensed 11,000 gallons from the Tank during the month of February, Delta Western would owe Sitka a Throughput Fee of \$20.0485 (i.e., 505 multiplied by \$.0397). The Throughput Fee, if any, and the Monthly Fee will be payable by Delta Western within thirty (30) days of the end of each calendar month. Delta Western will provide to Sitka reasonable supporting documentation showing the calculation of the Throughput Fee.

5. Priority Access. Sitka agrees and acknowledges that Delta Western shall have priority access to the Use Premises, after providing Sitka with four (4) hours advance notice of a delivery to the Equipment. Delta Western agrees and acknowledges that its vessels shall be promptly removed from the Dock after delivery of petroleum products to the Equipment. Delta Western shall pay to the public authorities charged with the collection thereof, promptly as the same becomes due and payable, all wharfage, dockage, storage, and other public charges, pursuant to the GPIIP Part Tariff and other applicable laws, for deliveries made to the Equipment.

6. Real and Personal Property Taxes. During the Term, Delta Western shall pay to the public authorities charged with the collection thereof, promptly as the same becomes due and payable, all real and personal property taxes, assessments general and special, permits, inspections fee and license fees and other public charges whether of like or different nature, levied upon or assessed against the Use Premises and for the Equipment.

7. Insurance. Delta Western shall procure and maintain at its sole cost and expense, throughout the Term, insurance on its fueling operations and tangible improvements related to its fueling operations as follows:

a. Commercial/General Liability: With minimum limits of \$2,000,000 per occurrence and \$5,000,000 endorsed to include broad form contractual liability coverage, bodily injury, and property damage.

b. Environmental/Pollution Insurance: including coverage for clean-up and remediation with limits not less than those required by applicable law or \$5,000,000 per occurrence whichever is greater.

c. Workers Compensation Insurance and Employers Liability: upon its employees extended to include applicable state workers compensation acts, with statutory limits for workers compensation and minimum limits of \$2,000,000 per occurrence for employer's liability.

d. Insurance: Sitka shall be named as an additional insured. The party insured (or so required) releases the other from liability for damages to the extent recoverable by reason of the insurance and waives its right of subrogation.

8. Compliance with Law. Delta Western and Sitka shall each comply with, and abide by, all federal, state, municipal and other governmental statutes, laws, ordinances, rules, regulations and court orders, affecting the Use Premises or any activity on the Use Premises. In furtherance, and not in limitation of the foregoing, Delta Western and Sitka shall each comply

with, and abide by, all federal, state, municipal and other governmental statutes, laws, ordinances, rules, regulations and court orders relating to health, safety, noise, environmental protection, waste disposal, hazardous or toxic materials and substances, and water and air quality.

9. Encumbrances. Delta Western shall not allow any liens or encumbrances to be filed against the Use Premises; in the event of filing of a lien or encumbrance Delta Western will promptly take such action as may be required to remove the lien or encumbrance, including, without limitation, obtaining a bond, if required.

10. Operation; Maintenance. The Dock is operated by, and is the sole responsibility of, Sitka. The Use Premises, the Pipeline and the Equipment are operated by, and are the sole responsibility of, Delta Western. The maintenance of the Dock shall be performed by, and at the risk of Sitka, and shall be performed in a professional and workmanlike manner. The maintenance of the Use Premises, the Pipeline and the Equipment shall be performed by, and at the risk of Delta Western, and shall be performed in a professional and workmanlike manner. Delta Western will pay, or cause to be paid, all proper charges for public or private utility services, which shall be used by or supplied to the Use Premises and the Equipment.

11. Power to Make Changes. Delta Western shall not make or permit to be made any alteration of, addition to, or change in the Dock without the prior written consent of Sitka, which consent shall not be unreasonably withheld. Delta Western shall have the right to replace, remove, alter or modify the Equipment. Delta Western shall give written notice of any proposed replacements, removals, alterations or modifications. Upon the end of the Term, Delta Western shall remove the Pipeline and the Equipment from the Use Premises. If the Pipeline and the Equipment is not so removed from the Use Premises and/or the Use Premises is not so surrendered, Delta Western shall indemnify, defend, and hold harmless Sitka from and against all claims made by any succeeding user against Sitka, founded upon delay occasioned by the failure of Delta Western to remove the Pipeline and the Equipment and/or surrender the Use Premises.

12. No partnership or joint venture. Nothing hereby shall be deemed or construed by the parties hereto, nor any third party, as creating or authorizing the creation of a partnership or joint venture between Delta Western and Sitka.

13. Limitation of Liability. EXCEPT TO THE EXTENT OF REQUIRED INSURANCE, IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER PARTY FOR CONSEQUENTIAL, SPECIAL OR INDIRECT DAMAGES, INCLUDING WITHOUT LIMITATION, LOSS OF USE, LOSS OF PROFIT OR BUSINESS INTERRUPTION.

14. Authority. Delta Western and Sitka each warrant and represent to one another that this Agreement constitutes a legal, valid and binding obligation of that party. Without limiting the generality of the foregoing, each party represents that its governing board has authorized the execution, delivery and performance of this Agreement by it. The individuals executing this Agreement warrant that they have full authority to execute this Agreement on behalf of the entity for whom they purport to be acting. Each party represents to the other that neither the execution and the delivery of this Agreement, nor the consummation of the transaction contemplated hereby will: (i) violate or conflict with any constitution, statute, regulation, rule, injunction, judgment, order, decree, ruling, charge, or other restriction of any government, government agency or court

to which it is subject or any provision of its charter or bylaws; or (ii) conflict with, result in a breach or constitute a default under any other agreement to which it is a party or by which it is bound. Neither party needs to give any notice to, make any filing with, or obtain the consent of any party to consummate the transaction contemplated by this Agreement.

15. Notice. Any notices required in accordance with any of the provisions herein may be personally delivered or, if mailed, shall be sent by overnight mail with delivery receipt or by certified mail, return receipt requested, addressed Sitka at 100 Lincoln Street, Sitka, Alaska 99835, Attention: Municipal Administrator, or at such other address as Sitka may in writing direct; and addressed to Delta Western at 420 L Street, Suite 101, Anchorage, Alaska 99501, Attention: President, or at such other address as Delta Western may in writing direct. Notices sent by certified mail shall be deemed received five (5) days after they have been placed in the United States mail, postage paid.

16. Survival. Any covenant or condition set forth in this Agreement, which, by its nature or by its terms, is to survive the expiration or termination of this Agreement, shall survive the expiration or earlier termination of this Agreement and shall remain fully enforceable thereafter.

17. Amendment and Modification: No amendment, modification, deletion, addition or novation of this Agreement shall be effective unless it is completely and unambiguously contained in a writing and executed by all the parties to this Agreement. No failure on the part of either party to enforce any covenant or provision of this Agreement, and no waiver of any right under this Agreement by either party, unless in writing and signed by the parties sought to be bound, shall discharge or invalidate such covenants or provisions or affect the right of such party to enforce the same.

18. Government law, entire agreement, and severability: This Agreement shall be governed by and construed in accordance with the laws of the State of Alaska. This Agreement, together with all recitals, exhibits and schedules (all of which are incorporated herein by this reference) contain the entire agreement and understanding concerning this subject matter and contains the entire agreement and understanding concerning this subject matter within the parties and supersedes any other agreement or understanding between the parties related to this subject matter. If any provisions of this Agreement shall be held to void, violated, invalid, or in operative, no other provision of this Agreement shall be affected, and the remaining provisions of this Agreement shall remain in force and effect.

19. Restrictions regarding assignments, Transfer and Subleasing. Delta Western has no power under this Agreement to assign or transfer the Use Premises, except with the prior written consent of Sitka, which consent shall not be unreasonably withheld. Delta Western shall not sublease the Use Premises or any portion of it, except with the prior written consent of Sitka. Any sublease approved by Sitka shall be expressly subject and subordinate to this Agreement.

20. Attorney's fees and legal costs. All legal costs and attorney fees incurred by any party to this Agreement to enforce any duties or obligations of the other party under this Agreement shall be paid to the prevailing party by the other party.

IN WITNESS WHEREOF, this Dock And Uplands Use Agreement has been signed by the duly authorized representatives of Delta Western and Sitka as of the dates written below.

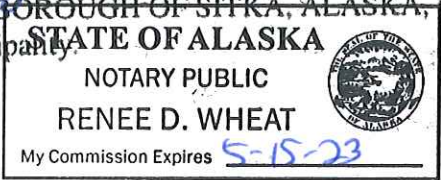
CITY AND BOROUGH OF SITKA, ALASKA

Date July 29 2019

[Signature]
By: David E. Miller
Its: Interim Municipal Administrator

STATE OF ALASKA)
) ss.
FIRST JUDICIAL DISTRICT)

The foregoing instrument was acknowledged before me this 29th day of July, 2019, by David E. Miller, Interim Municipal Administrator of the CITY AND BOROUGH OF SITKA, ALASKA, an Alaska home rule municipality, on behalf of the municipality.



[Signature]
Notary Public in and for the State of Alaska
My commission expires: 5-15-23

DELTA WESTERN, LLC
07-29-2019
Date

[Signature]
By: Don Stone
Its: Vice President of Supply and Logistics

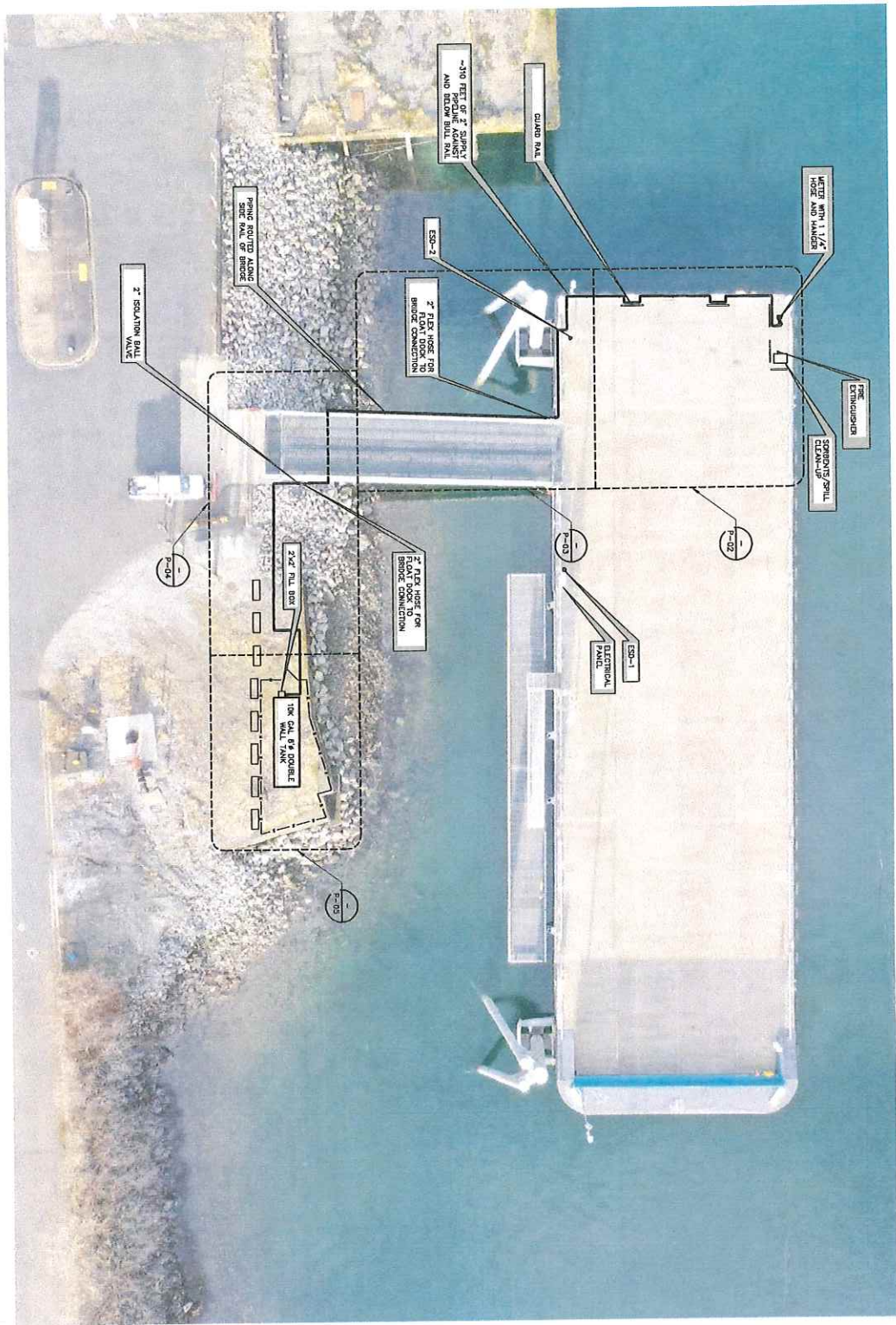
STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

The foregoing instrument was acknowledged before me this 29th day of July, 2019, by Don Stone, VP of Supply - Logistics of the, a Washington limited liability company licensed in the State of Alaska, on behalf of the company.



[Signature]
Notary Public in and for the State of ~~Alaska~~ Washington
My commission expires: 5-19-2020

Exhibit A
Use Premises



FUEL PIPING KEY PLAN
SCALE: 1" = 10'-0" (FULL SIZE 22'x34')
1" = 32'-0" (PLAN SIZE 11'x17')

- NOTES:**
- (01) NO HOT WORK 50 FEET FROM DISPENSER NOZZLE
 - (02) PLUS HOSE LENGTH PER 2012 IFC 2310.2.5
 - (03) INSTALL SIGNAGE PER 2012 IFC SECTION 2310.2.1

DATE:	06/05/19
DRAWN:	MS
CHECKED:	MS
DESIGNED:	MS
APPROVED:	
P-01	2
DWG NO.	REV.
18119-01	
PROJECT NO.	

PIPING KEY PLAN
SITKA GPII FUEL TANK
DELTA WESTERN PETROLEUM
SITKA, ALASKA



REV	DATE	REVISION DESCRIPTION	DWN	CHK
2	06/19/19	ISSUED FOR CONSTRUCTION	RD	
1	06/07/19	ISSUED FOR CONSTRUCTION	RD	
0	06/06/19	ISSUED FOR CONSTRUCTION	JM	

06/19/19
DATE SIGNED





DATE SIGNED
06/19/19

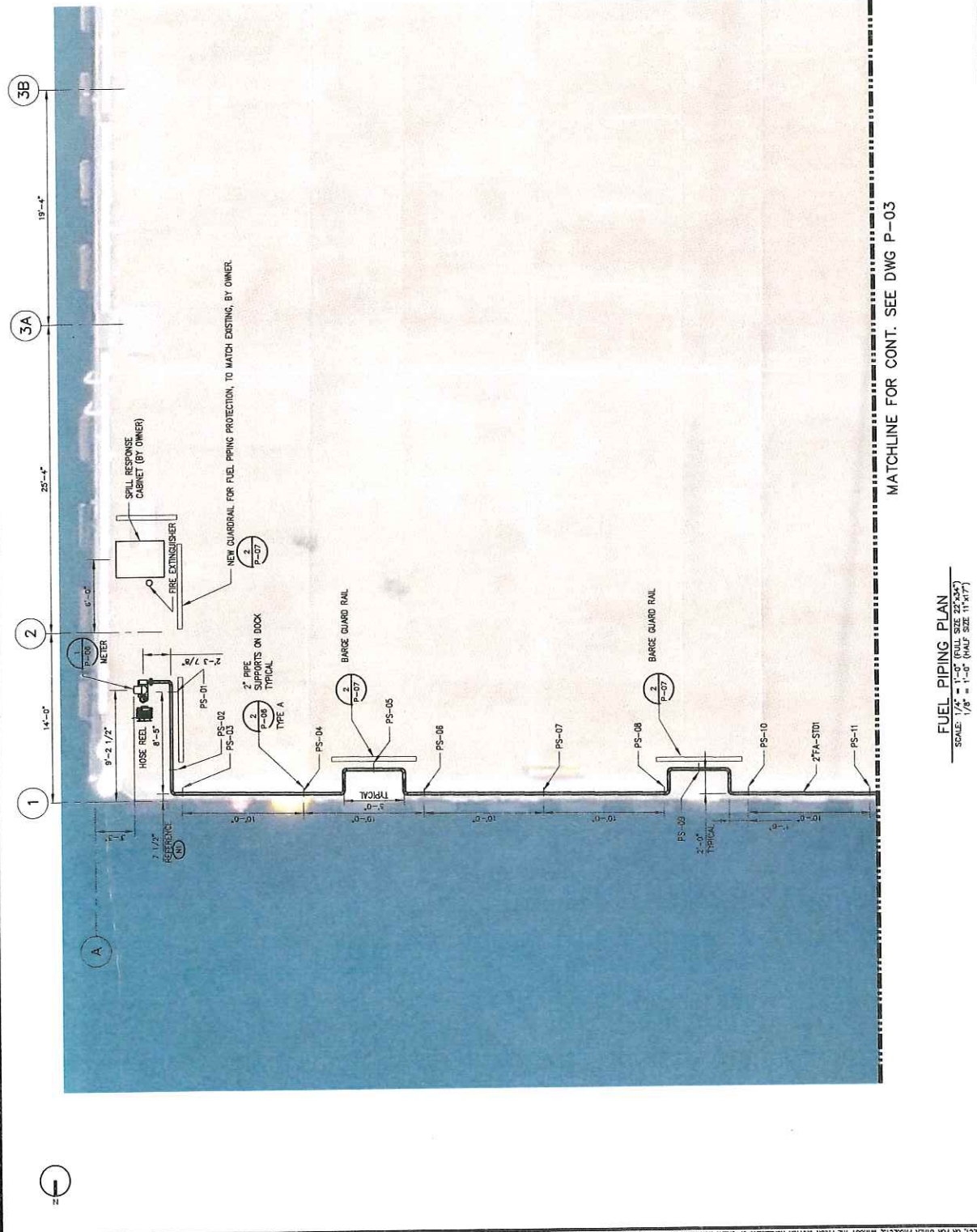
REV	DATE	REVISION DESCRIPTION
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1	06/07/19	ISSUED FOR CONSTRUCTION
2	06/19/19	ISSUED FOR CONSTRUCTION

GREAT NORTHERN ENGINEERING
137 E. MOORE BLVD. 1ST FL.
SITKA, AK 99581
(907) 745-6158

PIPING PLAN
SITKA GRP FUEL TANK
DELTA WESTERN PETROLEUM
SITKA, ALASKA

DATE:	06/02/19
DRAWN:	JM
CHECKED:	TS
DESIGNED:	TS
APPROVED:	
P-02	2
DWG NO.	REV.
18119-01	
PROJECT NO.	

- NOTES:**
- ALL DIMENSIONS AND ELEVATIONS SHALL BE AS SHOWN UNLESS OTHERWISE NOTED. CONTRACTOR SHALL ADJUST ELEVATIONS AND DIMENSIONS TO FIT ACTUAL CONDITIONS.
 - CONTRACTOR SHALL ADD TO THE EXISTING PIPING PLAN THE NECESSARY FITTINGS WHEN NECESSARY. NEW PIPING SHALL BE SUPPORTED AT 10'-0" O.C. MAX. AS REQUIRED TO MAINTAIN PROPER SLOPE, I.A.W. PLANS.
 - FUEL OIL PIPING SHALL BE DESIGNED, FABRICATED AND INSTALLED IN ACCORDANCE WITH ASME B31.3 PROCESS PIPING FOR ALL CLASS 150 SYSTEMS WHERE APPLICABLE. SEE PG DWGS.
 - WELDING SHALL BE PERFORMED IN ACCORDANCE WITH ASME B31.3 AND WPS SHALL BE FIELD VERIFIED PRIOR TO CONSTRUCTION.
 - ALL STRUCTURAL STEEL WELDING SHALL BE IN ACCORDANCE WITH AWS D1.1.



FUEL PIPING PLAN
SCALE: 1/8" = 1'-0" (R/W SEE 11.017)

THIS DRAWING AND THE DESIGN IT COVERS ARE THE PROPERTY OF GREAT NORTHERN ENGINEERING, LLC. THEY MAY NOT BE REPRODUCED, COPIED, LOANED, DIVULGED, OR USED EXCEPT BY CLIENT AND FOR THIS SPECIFIC PROJECT. THEY MAY NOT BE USED FOR ANY FUTURE ACTIONS OR ALTERATIONS TO THIS PROJECT OR FOR OTHER PROJECTS WITHOUT THE WRITTEN ASSENT OF GREAT NORTHERN ENGINEERING, LLC. ANY UNAUTHORIZED USE OF THIS DRAWING AND DESIGN SHALL BE AT CLIENT'S SOLE RISK AND WITHOUT LIABILITY TO GREAT NORTHERN ENGINEERING, LLC.



REV	DATE	REVISION DESCRIPTION
0	06/06/19	ISSUED FOR CONSTRUCTION
1	06/07/19	ISSUED FOR CONSTRUCTION
2	06/19/19	ISSUED FOR CONSTRUCTION

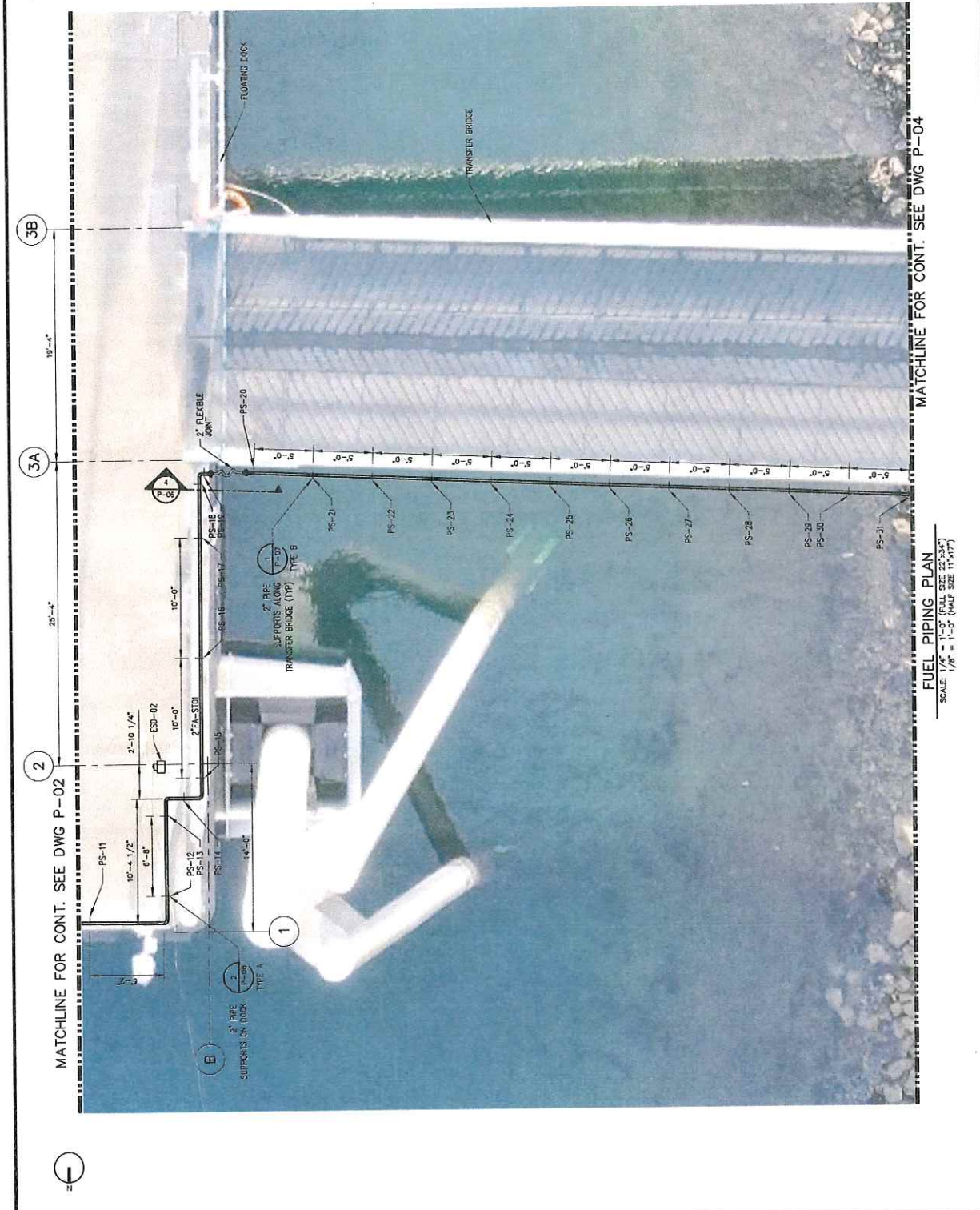
DATE SIGNED: 06/19/19

PROJECT NO. 18119-01
 DWG NO. P-03 2
 REV. 2

DATE: 06/06/19
 DRAWN: JH
 CHECKED: TS
 DESIGNED: TS
 APPROVED:

SITKA GPIP FUEL TANK
 DELTA WESTERN PETROLEUM
 SITKA, ALASKA
 PIPING PLAN

- NOTES:**
- (1) ALL DIMENSIONS AND ELEVATIONS SHALL BE AS SHOWN UNLESS OTHERWISE NOTED. CONTRACTOR SHALL ADJUST ELEVATIONS AND DIMENSIONS TO FIT ACTUAL CONDITIONS.
 - (2) CONTRACTOR SHALL ADD TO THE EXISTING PIPING SYSTEM AS NECESSARY TO MAINTAIN PROPER SLOPE I.A.W. SUPPORTED AT 10'-0" O.C. MAX. AS REQUIRED TO MAINTAIN PROPER SLOPE I.A.W. P.I.P.S.
 - (3) FUEL OIL PIPING SHALL BE DESIGNED, FABRICATED AND INSTALLED IN ACCORDANCE WITH ASME B31.3 PROCESS PIPING FOR ALL CLASS 150 SYSTEM WHERE APPLICABLE. SEE P.I.P.S.
 - (4) ALL CORROSION AND PROTECTION ARE TO BE DETERMINED BY THE FIELD ENGINEER PRIOR TO CONSTRUCTION.
 - (5) ALL STRUCTURAL STEEL WELDING SHALL BE IN ACCORDANCE WITH AWS D1.1.



FUEL PIPING PLAN
 SCALE: 1/8" = 1'-0" (FULL SIZE 22"x34")
 1/8" = 1'-0" (HALF SIZE 11"x17")

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DATE SIGNED
06/19/19

REV	DATE	REVISION DESCRIPTION
2	06/19/19	ISSUED FOR CONSTRUCTION
1	06/07/19	ISSUED FOR CONSTRUCTION
0	06/06/19	ISSUED FOR CONSTRUCTION

GREAT NORTHERN ENGINEERING
137 E. PARKWAY, SUITE 100
PARKER, CO. 80454
(303) 745-6138

PIPING PLAN
SITKA GPIP FUEL TANK
DELTA WESTERN PETROLEUM
SITKA, ALASKA

DATE: 06/19/19
DRAWN: TS
CHECKED: TS
DESIGNED: TS
APPROVED:

P-04 2
DWC NO. REV.
18119-01
PROJECT NO.

NOTES:

- 1) ALL DIMENSIONS AND ELEVATIONS SHALL BE FIELD VERIFIED PRIOR TO CONSTRUCTION. CONTRACTOR SHALL ADJUST ELEVATIONS AND DIMENSIONS TO FIT ACTUAL CONDITIONS.
- 2) NEW PIPING SHALL BE SUPPORTED AT 10'-0" O.C. MAX. CONTRACTOR SHALL SHIM PIPING AS REQUIRED TO MAINTAIN PROPER SLOPE I.A.W. PLANS.
- 3) NOT USED.
- 4) FUEL OIL PIPING SHALL BE DESIGNED, FABRICATED AND INSTALLED IN ACCORDANCE WITH ASME B31.3 PROCESS PIPING FOR AMS CLASS 150 SYSTEM WHERE APPLICABLE. SEE P-0 BRGS.
- 5) ALL STRUCTURAL STEEL WELDING SHALL BE IN ACCORDANCE WITH AWS D11.1 AND COMPACT ALLOWS USAGE FOR PLACEMENT OF NEW PIPE SUPPORTS. BACKFILL TO BE TYPE II INF PER THE SVEE SCHEDULE.
- 6) SUPPORT PIPE, MID-SPAN UNDERNEATH TRANSFER BRIDGE. CONTRACTOR TO FIELD VERIFY SUPPORT METHOD WITH OWNERS REPRESENTATIVE.

TYPE II LINES FILL

US Std. Sieve (Square Opening)	Cumulative % Passing (By Weight)
6-inch	100
3-inch	85-100
1 1/2-inch	20-30
No. 40	0-35
No. 200	0-5

* NONE REQUIRED.



FUEL PIPING PLAN
SCALE: 1/4" = 1'-0" (FULL SIZE 22"x34")
1/8" = 1'-0" (HALF SIZE 11"x17")

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DATE SIGNED: 06/19/19

REV	DATE	REVISION DESCRIPTION	DWN
0	06/05/19	ISSUED FOR CONSTRUCTION	JK
1	06/07/19	ISSUED FOR CONSTRUCTION	RS
2	06/19/19	ISSUED FOR CONSTRUCTION	RS

GREAT NORTHERN ENGINEERING
 137 E. AVENUE, SUITE 101
 SITKA, ALASKA 99584
 (907) 745-9328

PIPING PLAN
 SITKA GPP FUEL TANK
 DELTA WESTERN PETROLEUM
 SITKA, ALASKA

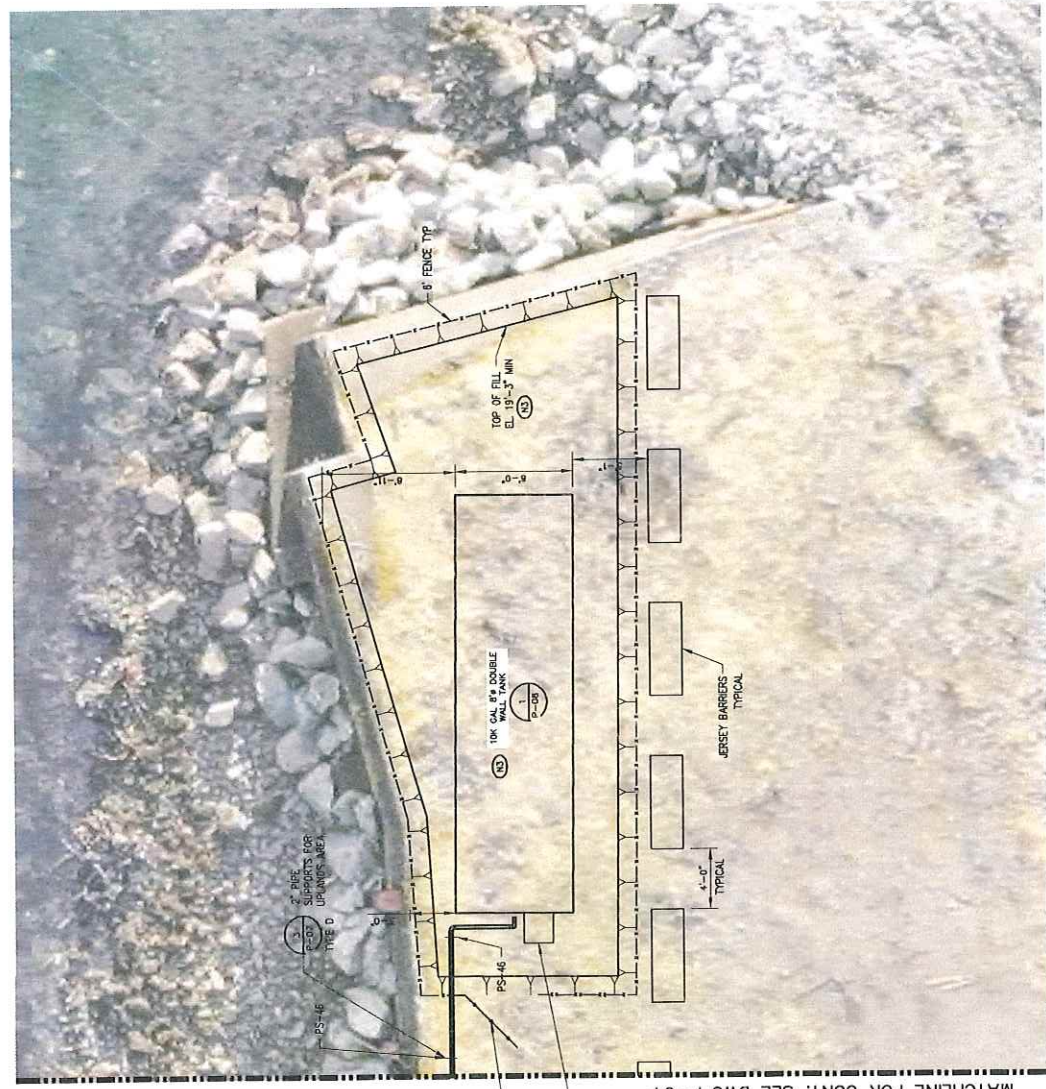
DATE:	06/05/19
DRAWN:	JK
CHECKED:	RS
DESIGNED:	RS
APPROVED:	
P-05	2
DWG NO.	REV.
18119-01	
PROJECT NO.	

- NOTES:**
- (1) ALL DIMENSIONS AND ELEVATIONS SHALL BE FIELD VERIFIED PRIOR TO CONSTRUCTION AND ADJUST ELEVATIONS AND DIMENSIONS TO FIT ACTUAL CONDITIONS.
 - (2) NEW PIPING SHALL BE SUPPORTED AT 10'-0" O.C. MAX. CONTRACTOR SHALL SHIM PIPING AS REQUIRED TO MAINTAIN PROPER SLOPE I.A.W. PLANS.
 - (3) BOTTOM OF TANK SHELL TO BE ABOVE BASELINE ELEVATION OF 19'-0" MIN. CONTRACTOR SHALL VERIFY SHELL ELEVATION IN ORDER TO DELIVER THE TANK SHELL AND COMPLETE PER DRAWING P-06.
 - (4) FUEL OIL PIPING SHALL BE DESIGNED, FABRICATED, AND INSTALLED IN ACCORDANCE WITH ASME B31.3 AND PER THE REQUIREMENTS FOR AWS K85.103 QUALIFICATION TESTING. SEE P-03 DIMS.
 - (5) STRUCTURAL STEEL WELDING SHALL BE IN ACCORDANCE WITH AWS D11.

TYPE II JETES FILL

US Std. Sieve (Square Opening)	Cumulative % Finishing (By Weight)
6-inch	100
3-inch	85-100
2-inch	20-80
No. 40	0-35
No. 200	0-6

* NONE REQUIRED.



FUEL PIPING PLAN
 SCALE: 1/8" = 1'-0" (FULL SIZE 22"x34")
 1/8" = 1'-0" (HALF SIZE 11"x17")

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Exhibit B

Equipment

10,000 Gallon Double Wall Tank

Blackmer Pump

Access Controller

LC M5 Meter

100' 1 1/4" Hose

290 Series Nozzle

Spill Response Tote

Hose Hanger Pedestal

Piping from tanks to pedestal



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

Tuesday, September 15, 2020

MEMORANDUM

To: Gary Paxton industrial Park (GPIP) Board of Directors
 From: Garry White, Director
 Subject: Sitka Salmon Shares Proposal

Introduction

Sitka Salmon Shares utilized portions of the GPIP dock this past summer to place a 40’ freezer container and a dock crane to assist in their fish buying operation. Salmon Shares wishes to further increase its commercial operation on the GPIP Dock. Please see the attached proposal from Salmon Shares.

GPIP Dock

The GPIP dock was opened for operation in the spring of 2018. The GPIP dock is managed by the CBS Harbor Department. Activity at the GPIP dock has increased substantially every year the facility has been open to the public for use.

GPIP Dock Tariff Rates

Rate for using the GPIP dock can be found on the CBS Harbor Department website.
<http://www.cityofsitka.com/government/departments/harbor/documents/MasterTariffNo.39-4-2018DRAFT-3.pdf>

Current the only published rates for storage of equipment on the GPIP dock are:

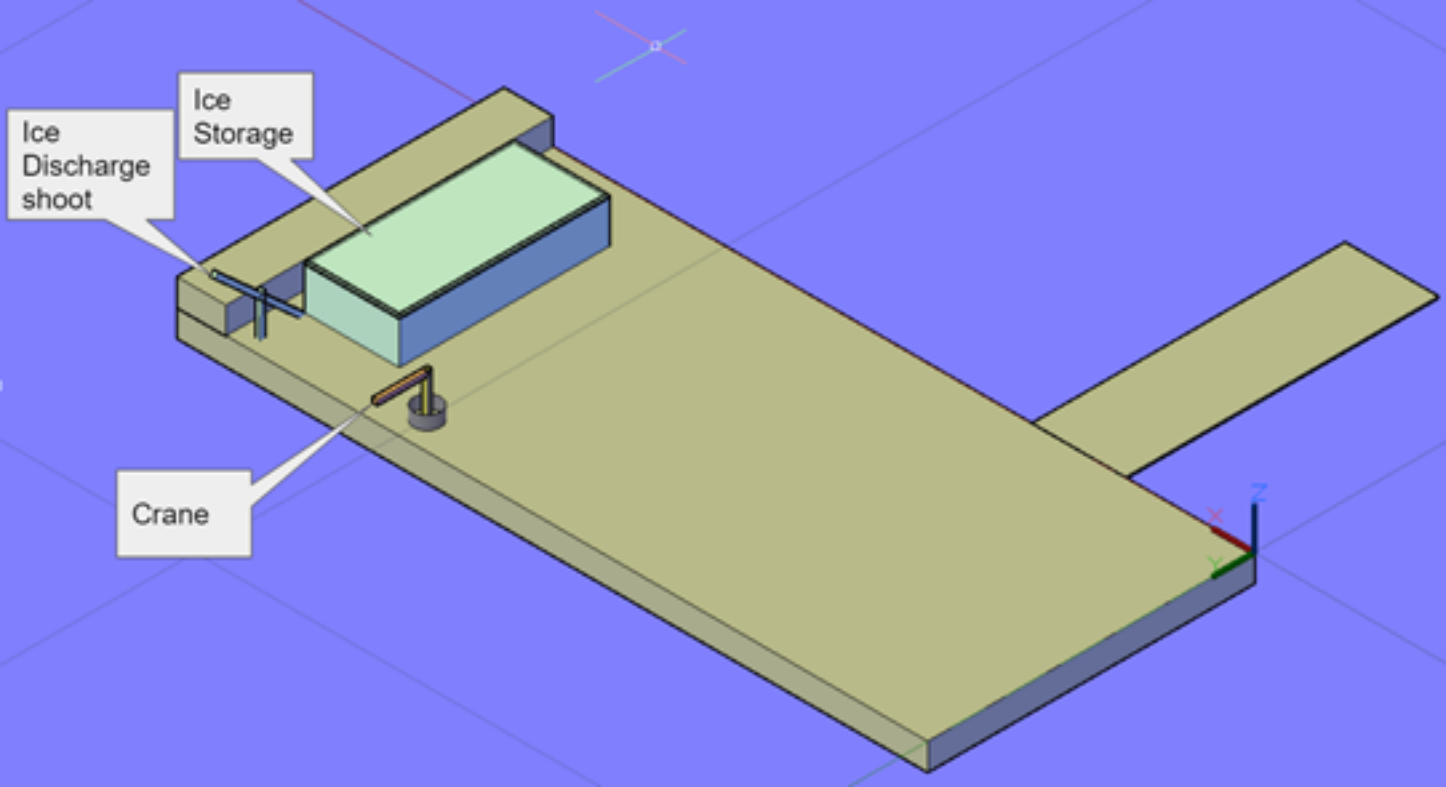
	<u>STORAGE RATE in Dollars</u>				
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
(1) Annual rate for storage of fishing nets on 8’x12’ pallets:	\$1,000	\$1,060	\$1,123.60	\$1,191	\$1,262.50
Storage rate per month: \$125/month (2 month minimum, paid up front).	\$250	\$265	\$280.90	\$297.75	\$315.62
Storage rate per month for fishing nets stored on dock.	\$250	\$265	\$280.90	\$297.75	\$315.62

Additional Information

- The Harbor Master has advised against a permanent monthly loss of moorage space as demand is high for the GPIIP dock face.

Action

- GPIIP Discussion of Sitka Salmon Shares Proposal.



Ice Storage

Ice Discharge shoot

Crane