



BOARD OF DIRECTOR'S MEETING

**THURSDAY, OCTOBER 29, 2020 - AGENDA
3:00 PM**

Room 1 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
SEPTEMBER 17TH, 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 RFP	Discussion/Recommendation
I. New Business	
1. Kai Olney-Miller Malicoat Proposal	Discussion/Recommendation
2. Arctic Blue Waters Alaska Inc. Bulk Water 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
September 17, 2020 3:00pm – Harrigan Centennial Hall
DRAFT Meeting Minutes

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

B. ROLL CALL

Members Present: Scott Wagner, Mike Johnson, Jamal Float, Vaughn Morrison

Members Absent: Al Stevens

Staff Present: Garry White, Makena Hardwick

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

Others Present: Jeremy Serka, Marsh Skeelee, Baker Ainslie, Jeff Farvour and others present in person and via Zoom

C. Review of Minutes – June 22, 2020

Motion: M/S Float/Morrison to approve the minutes of June 22, 2020

Action: Motion Passed 4/0 on a voice vote

D. Correspondence & Other Information- Mr. White added that the USDOT Build Grant was not received

E. Changes/Additions/ Deletions to Agenda- None

F. Reports – Mr. White reported a lot of use in the dock, bulk water potential deal in the works. Fuel Sales have been providing cash flow and positive revenue. Last night P&Z Commission address zoning codes. Mr. White will bring zoning code tables back to Board for input as haul out priority has changed.

G. Persons to Be Heard- None

H. Unfinished Business

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

Mr. White stated that this has been a long process. In November of 2019 received notification that HPR Marine haul out would close. Mr. White went over a brief summary of the process up to this point. Mr. White went over design concepts from previous planning for the haul out. We have the option of going back to the private industry. Private industry presents the issue of control. Or develop it through the City to maintain control, however the City does not have the

funds to support this project currently. Another option that happened in Petersburg, tradespeople came together with private capital to bring a haul out.

Mr. Leach spoke to the funding of the project. Sales tax is at a huge loss from previous years. Projected \$85 million loss from lack of visitors due to Covid. Could potentially loan some funds. \$1.4 left in economic development fund. Mr. Leach Summarized the reasoning behind the high cost of development.

Mr. Harmon came forward to explain that the traditional approach costs \$4.8 million to get a haul out started. Cost of wash down pad and treatment is \$1 million. Treatment could be simplified, and could be a temporary wash down set up. However, the City must ensure that wherever the wash down pad is you can deal with the contaminants.

Mr. Christianson suggested that all involved parties need to decide how much control they are willing to give up. The Petersburg model has more political capital and it would involve more Sitkans.

Mr. Harmon Suggested bringing a team in that can help with that. Other options include waiting for the opportunity to apply for future grants, working multiple potential paths, or trying to find a public/private partnership.

Mr. Christianson Asked Mr. Harmon, "From where we are now, and all the work we have done, how close are we to having a shovel ready proposal?"

Mr. Harmon replied "We have the McGraw drawings, and 2007 plans, we aren't there, but if we said we were, we could get everything together quickly. No Bid Package is ready."

Chair Wagner asked to hear from the public:

Baker Ainslie came forward to say that he would love to repurpose his design, it does not require the grant. Would need the economic develop money to buy a trailer. The big problem now is time there are only 10 months until the next fishing season starts.

Jeremy Serka came forward and stated the he still plans to help the project move forward by working the industry on the sidelines. And that he would continue to talk to people in the community about building a haul out without City funds. Mr. Serka also said that he would like to avoid repeating the previous situation.

Jeff Farvour was the final member of the public to come forward he added that he hopes the City does not sell the land and lose control of the project. He suggested that local fishermen would like to hear from the City more formally.

Chair Wagner invited discussion from the board upon hearing no one else from the public come forward.

Mr. Float would like to see a phased in approach. Could put out an RFP, potentially long-term 99-year lease, reviewed in accordance with a mission statement put forward with the RFP.

Mr. White provided a brief historic review. Mr. White also stated that he is looking for the community to come together, go out and find their financing. If someone wants to build their own haul out I don't think anyone would say no.

Mr. Christianson suggested they use that as a framework to get stakeholders together in a formal meeting to jumpstart the co-op instead of waiting for the groups to do it on their own. Having a meeting with the 3 fish plants and the people from this group is a good start.

Mr. Morrison said we can't move forward until we have a substantial financial investment.

Chair Wagner suggested that interested parties work with Mr. Harmon on the group he is forming. Create options based on potential scenarios

Mr. White would like to open another RFP, but put out that there is no city money.

Mr. Leach stated that if the economic development money from the city was used, it would be loaned, and there is no budget for future use.

Mr. Harmon suggested that the RFP be very clear on what type of partnership the city is bringing to the table. Mr. Harmon would like to wait to get the task force started if they are unsure which direction they are going in to pick up the project.

Mr. White asked if it would be beneficial to do an RFI.

Mr. Leach stated that they have had problems with RFIs in the past. They are supposed to be confidential, but they received requests for competitor's information.

Mr. Harmon explained that an RFI is the traditional route, and then an RFP once you get into a competitive and narrowed down stage.

Board decided to put together another RFP for the haul out.

I. New Business

1. Delta Western Fuel Sales Proposal

Mr. Johnson recused himself from the Board discussion and spoke on behalf of Delta Western. Delta Western provides service for the fleet, revenue to the dock and revenue to town.

Traffic has increased, one stipulation for an unattended dock is that it cannot be open to the public. Proposal due to that was based on only serving Silver Bay Seafoods. Have been approached by other fleets to service them as well. Nothing would change, except opening up to more fleets. Not open to the public, because there is no attendant there.

Mr. Float asked why can it not be open to the public?

Mr. Johnson explained that it is Coast Guard EPA regulated, can service a "fleet", exempted fishing boats recently.

Chair Wagner asked if DW is proposing adding another tank?

Mr. Johnson responded, "Not as of right now, but we will look into that later."

Mr. Christianson asked if the board can add language that says DW can sell to anyone legally?

Chair Wagner voiced that his only concern is potential competitor's being upset by seemingly preferential treatment.

Motion: M/S Float/Morrison to allow DW to provide service to other fleets

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

2. Sitka Salmon Shares Proposal

Mr. Skeele spoke on behalf of Sitka Salmon Shares. Sitka Salmon Shares would like to store a movable freezer container and movable crane at GPIP 8 months a year. SSS would be willing to pay for the use of the dock. And the cost to bring potable water down to the freezer container.

Mr. Christianson stated that he has no problems with the concept, possibility allow the crane to be available for rent to the public. Would have to prove that it can be done with the space restrictions.

Mr. White voiced concern over the use of the land by one operator.

Mr. Leach added that the City has thought of putting a crane down there for additional revenue and public use.

Mr. White invited Mr. Skeele to come back to the next meeting with a full proposal.

J. Adjournment: The Chair, Scott Wagner, adjourned the meeting at 4:41pm

Tuesday, October 27th, 2020

MEMORANDUM

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

1. GPIP Dock

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

The GPIP Director has received a request from the cruise ship industry for 7-8 port of calls for a 300 foot cruise ship at the GPIP Dock in 2021 and the potential for additional port of calls for the 2022 season. The cruise ship would be turning passengers while in port in Sitka. The GPIP Director and CBS Harbor Master are working cruise line officials to determine infrastructure needs, develop a Facility Security Plan, and work out logistics to accommodate cruise passengers. **(10/27/2020)**

2. Marine Services Industries at the GPIP.

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 GPIP 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)**

The CBS was unsuccessful in obtaining grant funds for the development of a CBS owned marine haul out facility. The GPIIP Board met in September and provided direction that another RFP be developed for private sector development of the haul out. The CBS Assembly met in October and gave direction that they wished to see a partial private sector development of a haul out with the CBS retaining ownership of its property. **(10/27/2020)**

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 GPIP and Electric Department to allow the GPIP 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. GPIP Dock Fuel Sales

Delta Western has received its build permit to establish a fueling operation on the GPIP 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 GPIP dock. **(11/12/2019)**

7.



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

Tuesday, September 29, 2020

MEMORANDUM

To: John Leach, CBS Administrator
From: Garry White, GPIIP Director
Subject: GPIIP Vessel Haul-Out Development

Introduction

The CBS and GPIIP Board have taken multiple steps over the past two decades to develop a vessel haul out at the GPIIP properties.

The biggest hurdle to the development of a vessel haul out at the GPIIP has been the lack of funding for the project. The CBS has been unsuccessful in obtaining outside funding for this project.

The CBS has released multiple Request for Proposals (RFPs) for private sector development of a vessel haul out. Past proposals from the private sector for development of a haul out have not come to fruition due to either; 1) the proposer requesting financial support from the CBS, which was not deemed feasible, or 2) the CBS did not want to give up ownership and/or control of GPIIP property to a third party.

The GPIIP Board met on September 17th to discuss next steps to develop the haul out with the recent news that the CBS was not successful in obtaining a USDOT Build Grant for haul out development. After hearing public comments, the Board suggested that another RFP for private sector development be released. The Board stated that the RFP should be clear that no CBS funding is available for the project. The issue of property ownership/control was not discussed in detail during the Board discussion.

The GPIIP Director is recommending that the Assembly provide direction on the following options for a vessel haul out RFP, considering funding and control.

1. Full Private Sector Development RFP

This option considers the CBS is willing to sell GPIIP property to an outside entity for full private sector development of a vessel haul out.

Property (Please see the attached map - orange)

- CBS would agree to sell the following upland Lots for private development of a haul out:
 - Lot 6 41,028 SF
 - Lot 7 32,879 SF

- Lot 9b 7,583 SF
 - Lot 15 113,369 SF
194,859 SF or 4.47 Acres uplands
- CBS would agree to sell limited waterfront property and tidelands for marine haul out piers access. (See attached map - orange)

Pros

- The benefit of a full private sector development is potentially more private sector developers will be willing to propose as they can realize control over their investment and potentially earn a better return on their investment.
- Faster development than public sector development.

Cons

- Potential loss of local control of the site.
- Potential for local marine trade vendors to not to have access to site.

Mitigants to Cons

- CBS adjusts zoning code to require that all property can only be used for public haul out operations.
- CBS includes contract language which requires property be used as a public haul out operation only.
- CBS enters into a lease to purchase agreement that allows private sector to own property once certain benchmarks have been completed, such as construction of haul out piers, wash down infrastructure, etc.

2. Partial Private Sector Development RFP

This option considers that the CBS wishes to continue to control the GPIIP property via long term leases. This type of RFP would be similar to the RFP the CBS released in April 2020. (All proposals submitted required some sort of financial support from the CBS. No private entity proposed using 100% outside funding.)

Property (Please see the attached map)

- All GPIIP property will be leased to entities or held in reserve.
- CBS allows access ramp to be used “as is” or with minimal improvements.
- CBS could consider building EPA approved wash-down facility.
- CBS could agree to sell a small portion of waterfront property (in green on the map) for private sector development of a marine haul out piers.
 - Location of access is related to conversation regarding a private sector haul out on Lot 5.

Pros

- The CBS would continue to control the site.

Cons

- This method of RFP has been tried without success.

- Potential for local marine trade vendors to not to have access to site.
- Potential liability risk with private haul out operations being completed on public property.

Mitigants to Cons

- Local marine trade vendors and stakeholders work together and submit a proposal to control their own destiny.
- CBS develops construction and operations regulations to address potential safety and environmental concerns.

3. CBS Developed Haul Out

This options considers that the CBS controls its own destiny and continues to search for outside funding support via Federal/State Grants or borrows funds to develop a vessel haul out.

Pros

The CBS would fully control the site and development.

Cons

- No funding has been identified for the project.
 - Without outside funding, a CBS subsidy will be required.
- Potential for a longer time frame before a vessel haul out is put into operation.

Background

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. Every Legislative Priorities list from FY2005 through FY2016 included a reference to development of a marine industry and infrastructure at the GPIIP and/or a specific funding request. The CBS most recently applied for a USDOT Build Grant in May 2020.

In 2009, the CBS released a RFP for private sector development of a vessel haul at the GPIIP. The RFP was mailed directly to a list of over 60 targeted clients and advertised globally. The GPIIP Director met with various marine service providers throughout the state and in the Puget Sound area that were interested in operating a marine haul out, but many were not interested in providing the funding for the base infrastructure needed for a haul out operations. The CBS received one proposal to the RFP from Puglia Engineering Inc. out of Bellingham, WA. Puglia and the CBS could not come to terms on the proposal and investment, due to large capital requirement (~\$21 million) requested to be funded by the CBS. (*Note: There was a global recession in 2009, access to capital was limited)

In 2014, Silver Bay Seafoods proposed to construct a haul out at the GPIIP properties. After months of negotiations the venture did not move forward due to multiple reasons, including lack of waterfront ownership, infrastructure funding, and having other GPIIP lots being leased to other ventures in GPIIP.

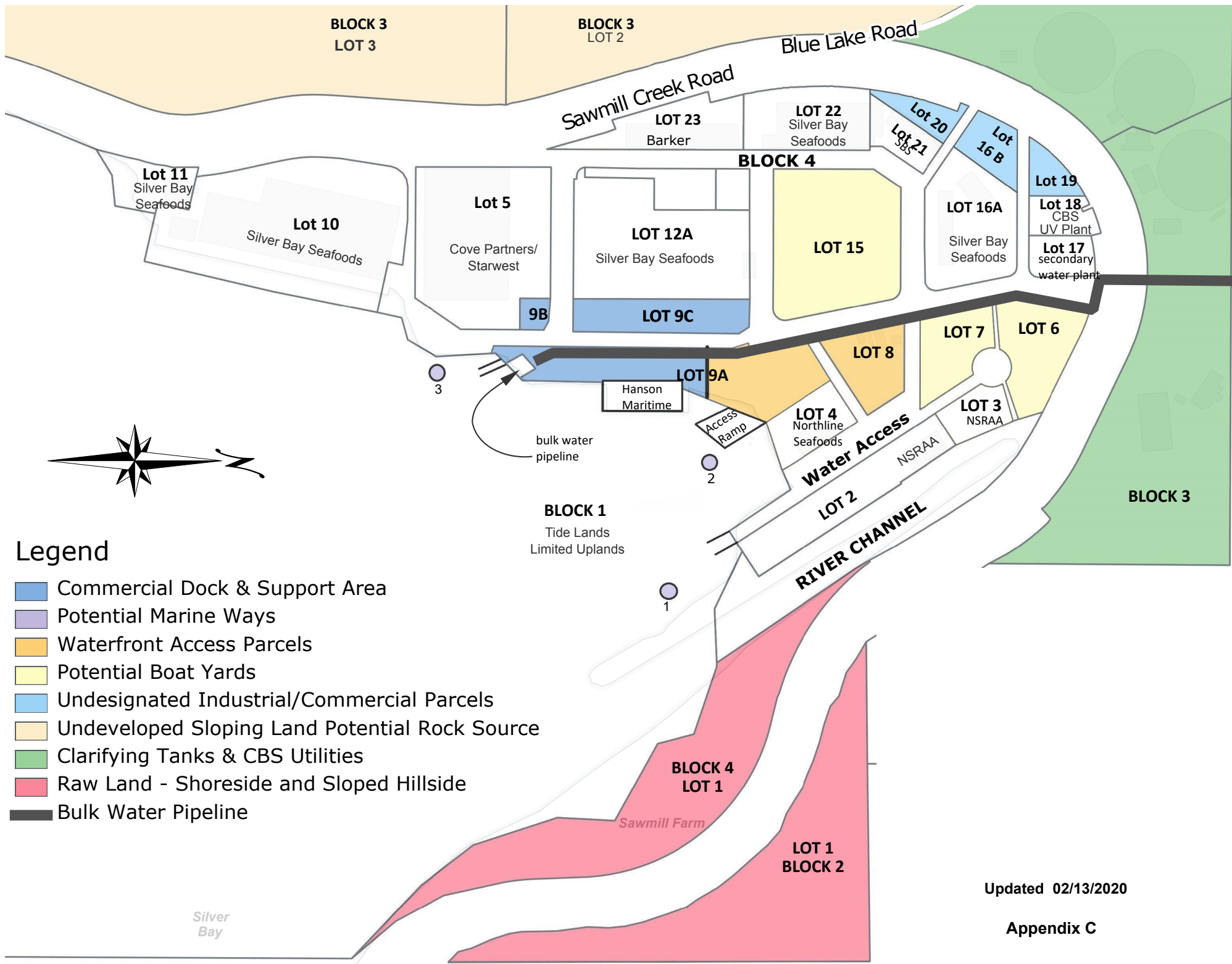
In the spring of 2020, the CBS released another RFP for private sector development of a haul out. The RFP was structured for long term leases only.

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.

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.

Action

- Assembly discussion/direction on what option of RFP should be released.
- Assembly discussion/direction on potential for CBS developed haul out.



BLOCK 3
LOT 3

BLOCK 3
LOT 2

Blue Lake Road

Sawmill Creek Road

LOT 23
Barker

LOT 22
Silver Bay
Seafoods

Lot 20
Lot 21

Lot 16 B

Lot 11
Silver Bay
Seafoods

Lot 10
Silver Bay Seafoods

Lot 5
Cove Partners/
Starwest

LOT 12A
Silver Bay Seafoods

LOT 15

LOT 16A
Silver Bay
Seafoods

Lot 19
Lot 18
CBS
UV Plant
Lot 17
secondary
water plant

9B

LOT 9C

LOT 9A

Hanson
Maritime

LOT 8

LOT 7

LOT 6

Access
Ramp

LOT 4
Northline
Seafoods

LOT 3
NSRAA

BLOCK 1
Tide Lands
Limited Uplands

Water Access
NSRAA

LOT 2

RIVER CHANNEL

BLOCK 3

1

BLOCK 4
LOT 1

Sawmill Farm

LOT 1
BLOCK 2

Silver
Bay

Updated 02/13/2020

Appendix C

Legend

- Commercial Dock & Support Area
- Potential Marine Ways
- Waterfront Access Parcels
- Potential Boat Yards
- Undesignated Industrial/Commercial Parcels
- Undeveloped Sloping Land Potential Rock Source
- Clarifying Tanks & CBS Utilities
- Raw Land - Shoreside and Sloped Hillside
- Bulk Water Pipeline

<u>Waterfront Access Parcels</u>		4.5% ROA	9% ROA
Lot 8	32,362 SF	\$8,973	\$17,946
Northern portion of Lot 9A	43,634 SF	\$15,710	\$31,420
 <u>Potential Parcels Available for Boat Yard</u>			
Lot 6	41,028 SF	\$11,484	\$22,968
Lot 7	32,879 SF	\$8,465	\$16,929
Lot 15	113,369 SF	\$22,937	\$45,873
Lot 9c	34,636 SF	\$8,181	\$16,362
 TOTAL	 297,908 SF	 \$75,749	 \$133,552
	(6.84 acres)		

**Note: The CBS is open to negotiate lease rates.*



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

Monday, October 26, 2020

MEMORANDUM

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

Introduction

The GPIIP Board at its September 17, 2020 meeting gave direction for another Request for Proposal (RFP) be developed to request private sector development of a marine haul out at the GPIIP.

The GPIIP Director drafted the attached memo to CBS Administrator on September 29th. The Administrator asked the Assembly at its October 13, 2020 meeting for direction on how the RFP should be focused. One option was for a full private sector developed haul out. This concept suggested selling property to an outside entity for haul out development and implementing zoning code and contractual requirements that the property always be operated as a haul out. Another option was for a partial private sector developed haul. This concept gave the CBS more control in the haul out operation with long term leases, but has not shown to be successful with past efforts. The Assembly suggested it preferred the partial private sector development.

The attached DRAFT RFP has been developed for GPIIP Board recommendations to the CBS Haul Out Working Group and CBS Assembly for approval and release.

Background

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. Every Legislative Priorities list from FY2005 through FY2016 included a reference to development of a marine industry and infrastructure at the GPIIP and/or a specific funding request. The CBS most recently applied for a USDOT Build Grant in May 2020.

In 2009, the CBS released a RFP for private sector development of a vessel haul at the GPIIP. The RFP was mailed directly to a list of over 60 targeted clients and advertised globally. The GPIIP Director met with various marine service providers throughout the state and in the Puget Sound area that were interested in operating a marine haul out, but many were not interested in providing the funding for the base infrastructure needed for a haul out operations. The CBS received one proposal to the RFP from Puglia Engineering Inc. out of Bellingham, WA. Puglia and the CBS could not come to terms on the proposal and investment, due to large capital requirement (~\$21 million) requested to be funded by the CBS.

In 2014, Silver Bay Seafoods proposed to construct a haul out at the GPIIP properties. After months of negotiations the venture did not move forward due to multiple reasons, including lack of waterfront ownership, infrastructure funding, and having other GPIIP lots being leased to other ventures in GPIIP.

In the spring of 2020, the CBS released another RFP for private sector development of a haul out. The RFP was structured for long term leases only.

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.

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.

Draft RFP

The attached draft RFP has several areas highlighted in yellow for the Board's consideration. The Director is looking for direction from the Board to either include or remove the language from RFP.

1. The GPIIP Director has included the option for a potential purchase of CBS property. The rationale for including this language was to determine if there are private entities that have a successful record of constructing and operating a marine haul out and are willing to develop a haul out in Sitka, but would only be willing to do so if they had control of the property.
 - The CBS has the ability to reject any and all proposals if it chooses to do so.
2. The GPIIP Director has included language that would give potential private entities exclusive right to operate and sublease property for haul out operations.
 - Proposers from past marine haul out RFPs have suggested that operations involved in just hauling vessels in and out of the water do not provide a sufficient profit margin to justify the expense of developing a haul out. Allowing the developer to control subleases and providing marine trades is needed to offset development expenses.

Action

- GPIIP Board discussion and recommendations regarding proposed RFP

GARY PAXTON

INDUSTRIAL PARK



**Request for Proposal (RFP)
Private Sector Development of Marine
Service Industry**



REQUEST FOR PROPOSALS (RFP)
by
THE CITY AND BOROUGH OF SITKA, ALASKA
for
THE CONSTRUCTION AND OPERATION OF A MARINE HAULOUT AND SHIPYARD

Overview

The project consists of selecting a private entity(s) (developer or developers) willing and able to privately fund and operate a marine haul out and ship yard, furnishing all financing, labor, materials, equipment, tools, supervision, and other facilities necessary to create and manage the marine facility(s).

The City and Borough of Sitka (CBS) is requesting proposals from qualified entities for the project described herein. The following subjects are discussed in this RFP to assist you in preparing your proposal.

Table of Contents

- A. Introduction and Additional Information
- B. Preferred Outcome
- C. Scope of Services
- D. G Requirements
- E. Facility Operations
- F. Relationship with the City and Borough of Sitka
- G. Proposal Format and Content
- H. Evaluation Criteria and Selection Process
- I. Schedule

A. Introduction and Additional Information

The Gary Paxton Industrial Park (GPIP) Board of Directors, through the City and Borough of Sitka (CBS), desires to select a private entity(s) to fund, construct, and operate marine facilities to form a marine service sector. The site is located at the Gary Paxton Industrial Park, the site of the former Alaska Pulp Company (APC) pulp mill located five miles southeast of downtown Sitka. The site is on the road system.

In 1999 the Gary Paxton Industrial Park (GPIP) property was transferred from Alaska Pulp Corporation to the City and Borough of Sitka. (CBS).

The property and the near-shore, submerged tidelands were extensively studied, and an

environmental Memorandum of Understanding was concluded between CBS and the State of Alaska. Details of that memorandum are included in the Appendices.

GPIP is managed by a five-member Board of Directors (GPIP Board) who are appointed by the CBS Assembly.

During the ensuing years some of the original GPIP property has been sold and leased, and portions of the GPIP infrastructure have been improved. In 2018 the GPIP Board began actively planning for a private entity to fund, construct and operate a marine vessel haulout and related marine shipyard services.

Sitka has a substantial marine customer base. All developers are encouraged to complete their own due diligence of proposed customer base.

B. Preferred Outcome

The CBS' preferred outcome from this RFP is the selection of an experienced and well financed private sector Developer(s) is to create a privately funded and managed marine services shipyard at the GPIP. Specifically, CBS is seeking a private sector Developer(s) to construct and operate a marine vessel haul out facility and an EPA approved boat washdown area(s).

Developers are expected to finance the full project development. Qualification packages must demonstrate the team's ability to finance the project without CBS funds.

CBS desires that Developer have a functional vessel haul out system in place as soon as possible.

Additionally, CBS has available for long-term lease up to 6.8 acres of GPIP uplands for the Developer to create opportunities for marine tradesmen and support businesses that support Sitka's commercial and sport fishing fleets. **GPIP uplands may be possibly purchased by Developer. Any consideration by the Sitka Assembly to sell uplands will be based upon a successful record of marine haul out and shipyard management by the Developer.**

A map and a listing of the GPIP uplands that are available under this RFP are included in the Appendices.

Developer will be able to sublease the GPIP parcels and set its own haul out service fees and sublease rates for the GPIP uplands.

Any long-term lease **or sale** of GPIP property to the Developer will have use restrictions consistent with the preferred outcome as negotiated with CBS. All use of any GPIP property will be subject to regulatory action by federal, state, and municipal regulators, which is the sole responsibility of the selected Developer to determine.

Access to the existing waterfront ramp by the public must be maintained to assure access to the GPIIP uplands for those entities who have existing businesses at the Park. However, the Developer will be authorized to schedule and manage third party access to the ramp if Developer elects to use the ramp in its boat haul out operations.

Additional: The City and Borough of Sitka reserves the right to negotiate with the finalist(s). The City and Borough of Sitka retains the right to refuse or accept any and/or all proposals.

C. Scope of Services

The project consists of furnishing all funds, labor, materials, equipment, tools, supervision, and other facilities necessary to perform the design, construction and operation of the proposed marine facility(s) in accordance with the standards and criteria of the City and Borough of Sitka and State and Federal agencies.

Sitka has a substantial marine customer base. Approximately 665 vessels between 32 feet and 86 feet are permanently moored in the Sitka harbor system. Of those 665 vessels about 97% are 58 feet or less. Developer is expected to provide vessel haul out equipment and services that will support the Sitka fleet.

This work includes, but is not limited to the following:

Task 1: Ownership Criteria

The CBS Assembly's prefers long term leases that match the anticipated life of the proposed marine facility(s), but will accept all proposals including ownership options, for submerged and uplands. Any consideration by the Sitka Assembly to sell uplands will be based upon a successful record of marine haul out and shipyard management by the Developer. Public access to and from the waterfront is an essential element of the anticipated development plan. Business entity type must be included in proposal. Proposal should include lease rate or purchase amount desired.

Task 2: Location Analysis

In the proposal, discuss various marine facility(s) alignment alternatives and the budget costs for each alignment. The selected Developer(s) shall provide a marine facility(s) design survey and a tidelands boundary survey for CBS use in developing a tidelands lease.

Task 3: Geotechnical Investigation, Facility Design and Permits.

a. The project site is known to have pulp mill debris offshore. Substantial subsurface (surface of ocean floor) information has been developed in the past by APC and CBS. This information is available.

b. Upland work within the Industrial Park will involve excavation in areas with abandoned structures remaining from the APC pulp mill. Developer(s) should expect to encounter concrete foundations and other difficult excavation conditions.

c. The selected Developer(s) shall acquire permits from State and Federal agencies necessary to construct the project. Uplands infrastructure will require approval from CBS Public Works Department, CBS Electric Department and CBS Building Official.

Task 4: Scope of Project

CBS requests that Respondents describe their qualifications to perform planning, financing, permitting, engineering, procurement, construction, operations and maintenance of the major infrastructure proposed to be constructed during the duration of the contractual term.

The following items are the required components of the project scope:

- Provided haul-out and vessel washdown system for the next 20 years.
- Provide float for passengers to safely get off a vessel prior to being lifted out of the water.
- Operate, manage and maintain the Haul-out and Shipyard for the duration of the agreement.
- Maintain and incorporate access to the current GPIIP ramp for vendors to haul large vessels for repair such as badges. Plan for areas to install anchors and cable systems to pull vessels up the ramp.

The aspirational project scope includes the following components:

- Consider commercial vendors and subleasing in other available lease areas.
- Consider providing available areas for public use.
- Consider improved covered areas for working on boats
- Consider long term storage of boats
- Consider installation of utilities for vendors and boat repair areas.

Permitting

The Developer shall prepare permit applications and obtain all permits necessary for the proposed construction activities and operations at the GPIIP. CBS will review all documents prior to agency submittal and support this effort as necessary and to the extent it is reasonably able to do so.

Construction

The Developer is expected to provide for design, construction and construction management services to deliver a quality Project. The Project Team is expected to have experience and qualifications to deliver the proposed development vision. CBS project management may periodically review the project delivery status and adherence to the contractual performance requirements.

D. Insurance Requirements

The Developer shall provide the following types of insurance:

1. Worker’s Compensation at the limits required by the Alaska State Worker’s Compensation Statues.

2. Comprehensive General Liability	Minimum Limits
Single Limit	\$1,000,000
General Aggregate	\$2,000,000

- *premises operations
- *products/completed operations
- *blanket contractual
- *broad form property damage
- *personal injury
- *independent contractors

3. Comprehensive Automobile Liability	\$1,000,000
• Including all owned, hired and non-owned vehicles	

The City and Borough of Sitka shall be named as an additional named insured on all insurance policies. Sitka shall also be granted a full waiver of any rights of subrogation. These requirements extend to all sub-contractors.

E. Facility Operations

Developer shall be responsible for the day to day operation of the marine haul out and marine shipyard sublease areas. Developer is expected to work closely with the CBS and the GPIIP Board to create a fully functional marine haul out service sector at GPIIP.

CBS has an established a retail and business use zoning code for the GPIIP. This information is

included in the Appendices.

F. Relationship with CBS

Developer shall be an independent contractor who has the **exclusive right** to operate a marine haul out and shipyard at GPIIP. Developer shall lease upland areas from CBS and Developer shall have the right to sublease those lands.

Developer shall be responsible for operating in accordance with all codes and laws and for enforcing the same requirements with any subleases that Developer may create.

CBS will operate all municipal utility systems such as electricity, water and sewer. Developer will be expected to connect to CBS utilities at Developer's expense.

Developer will also be required to pay all applicable CBS utility fees and charges.

Developer shall collect and remit CBS sales tax for services or sales that Developer provides at GPIIP.

Developer is responsible for the safety of persons using Developer's facilities.

Developer shall provide a port security plan, if required in the future.

G. Proposal Format and Content

Please direct questions regarding this RFP to:

Garry White – GPIIP Director
City and Borough of Sitka
100 Lincoln Street
Sitka, Alaska 99835
907-747-2660

Proposal Format

1. Letter of Transmittal
2. Narrative
 - a. Brief description of the company including its experience, the experience of its key individuals and a financial statement to prove its ability to finance this project. Brief resumes of the Developer(s), managers and lead design engineers and of the key technical and operational personnel

to be assigned to this project. Discuss the experience of these persons and relate that experience to this project.

- b. Provide a list of other marine facilities owned and/or operated.
- c. Include a plan/program that is designed to satisfy the requirements listed in the "Scope of Project." Describe your understanding of the project, the proposed work plan, and the schedule you intend to follow in order to complete the project in a timely manner.
- d. Provide a schedule for completion of the project.
- e. Provide a concept level layout of proposed marine facility(s) and uplands facilities and identify what concept the facility(s) includes as identified in the Preferred Outcome.
- f. Provide proposed submerged and upland lease rates and/or purchase prices offers.
- g. Provide a concept level operations plan for the facility(s). Describe the estimated number of employees and how operation would benefit the Sitka and Southeast marine industry.

Submit three (3) copies of your Proposal in a sealed, secure envelope marked as follow:

Gary Paxton Industrial Park
Proposal to Fund, Construct and Operate a Marine Haul Out and Shipyard
Proposal Dated: _____, 2020

Proposals shall be addressed to:
Municipal Clerk
City and Borough of Sitka
100 Lincoln Street
Sitka, Alaska 99835

Proposals shall be received until 2:00 PM on December 17th, 2020.

H. Evaluation Criteria and Selection Process

A selection committee consisting of the GPIIP Board of Directors and the CBS Public Works Department will evaluate the proposals and make a recommendation of award to the CBS Assembly.

The committee will use the following criteria in deriving a numerical score for each proposal:

1. Qualifications, Financial Ability & Experience of the Developer(s) and the Design Engineer. From the proposal and from your own knowledge of this firm, give from 1 to 30 points with the best score as 30.
2. Concept Plan. Does the concept plan express and understanding of the Request for Proposals? Does the plan accommodate other users of the marine facilities? Does the plan accommodate other uses of the Gary Paxton waterfront and uplands? Does the plan provide jobs to the community? Does the plan support the marine industry? Score from 1 to 30 points.
3. Rates & Fees Bid. Does the proposal define what size of land and at what rate the Developer(s) is willing to lease both submerged and uplands or purchase uplands? What is the offered rate? Does it define a fee for the use of marine facility? Score from 1 to 20 points with higher lease rates or purchase price receiving a higher score.
4. Operations Plan. Does the proposal provide for adequate management and maintenance of the facilities? Will other users of the marine facilities be accommodated? Score from 1 to 30 points.
5. Ability to Meet Project Schedule. Should the proposal clearly reflect that the Developer(s) could meet the design, permitting and construction schedule identified in this request for proposals; the firm shall be awarded 20 points. Otherwise, the firm shall be awarded less than 20 points.

The total maximum number of points = 130

CBS reserves the right to negotiate with any proposer, to waive informalities in any of the proposals and to award the marine shipyard development contract to whichever proposer is deemed to provide the best value for the Municipality at the sole discretion of CBS. CBS will notify the selected proposer and work with that selected proposer to draft and enter into an exclusive agreement that best satisfies the preferred outcome of this RFP.

I. Schedule

Advertise Request for Proposals	December 1, 2020 to March 11, 2021
Proposals Due	March 15, 2021
Internal Review and Negotiations	March 16, 2021 to March 31st, 2021
Possible CBS Assembly Award	April 2021

I. Appendices

Appendix A Environmental MOU between the State of Alaska and CBS

Appendix B GPIIP Uplands Lease Lots and Their Areas

Appendix C GPIIP Uplands Parcel Map of Potential Lease Lots

Appendix D GPIIP Zoning Code Table of Permitted Uses

Appendix E GPIIP Utilities

Dates of Publication:

Sitka Daily Sentinel:



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

Monday, October 26, 2020

MEMORANDUM

To: Gary Paxton Industrial Park (GPIP) Board of Directors
From: Garry White, Director
Subject: Kai Olney-Miller Mailcoat Proposal

Introduction

Kai Olney-Miller Mailcoat is requesting to lease a 3,500 SF of property at the GPIP to complete repairs to his commercial fishing vessel. Please see the attached proposal from Mr. Mailcoat, including his background information.

Background

The CBS and GPIP Board have taken multiple steps over the past few years to develop a marine haul out at the GPIP properties. The CBS will be releasing another RFP in the near future to request private sector development of a haul out. The GPIP Board has identified a majority of the remaining available property for the haul out operation.

The CBS is in the process of finalizing a haul out yard user agreement to set rules, regulations, insurance requirements, and liability coverages to ensure safety for users and the CBS.

Proposal

Kai Mailcoat proposes to lease a 3,500 SF portion at the GPIP on a month to month basis. Mr. Mailcoat wishes to construct a temporary structure on the leased property to conduct vessel repairs out of the weather. Mr. Mailcoat will make his own arrangements to haul the vessel out of the water to be placed on the leased property.

Mr. Mailcoat proposes the following terms:

- 3,500 SF of property @ \$0.03/SF/month = \$105 per month

Rent

The GPIP Director recommends that the Board consider locating the requested lease on a portion of Lot 9c north of the area that has been leased by Silver Bay Seafoods for seasonal use. Please see attached map.

Lot 9c was appraised in 2014 at a value of \$181,800 for the entire 34,636 SF lot or \$5.25/SF. The GPIP Board has traditionally asked for a 9% return on asset.

\$5.25 @ 9% = \$.4725/SF/YR or \$0.039/SF/month
3,500 SF @ \$0.039/SF/month = \$136.50 per month.

Additional Information

- In addition to finalizing a GPIIP Yard User Agreement, the GPIIP Board will need to approve user fees for the use of the GPIIP Access Ramp. Proposed fee schedule for the Access Ramp will be brought to the GPIIP Board at its November meeting.
- A GPIIP Haul Out Agreement is currently being drafted to address safety and liability issues for users wishing to haul vessels via the access ramp.

Action

- GPIIP Board recommendations and direction on a short term lease.

Garry White

From: Kai Malicoat <kmalicoat@me.com>
Sent: Thursday, September 24, 2020 4:27 PM
To: Gary White SEDA
Subject: GPIIP Haulout Proposal

9/24/20

GPIIP Board Members,

Please accept this letter as an official proposal to haul out my 58' Seiner, the f/v Ginny O, this winter on a designated plot of land in the Gary Paxton Industrial Park, to undergo a major rebuild. I am excited about the idea to spearhead a project of this caliber on the GPIIP land. My vision goes beyond my fishing operation and hopes to tap in to the potential this town has to build a successful boat haul out. I have been following the towns progress getting a haul out started and I am eager to do whatever I can to help facilitate this accomplishment.

Some background may be necessary to fully understand the circumstances:

Personal Background:

I am highly invested in this community not just as a fisherman but as a future laborer and entrepreneur. I grew up fishing out of Sitka with my family. I bought my own seiner January 2019 and am passionate about continuing to fish many different seasons here in South East Alaska. I majored in mathematics and minored in computer science and business management at Providence College. As a motivated younger member of this community I feel driven not only to advance my personal business but to get involved in a larger way and push the boundaries of our town's workforce.

Vessel Background:

The f/v Ginny O, previous the Marauder, was built in 1974 in Tacoma, Washington. Built as a drum seiner, its hull was unconventionally formed out of 3 layers of 1/2" plywood wrapped around a steel pipe and flat bar frame. In 2015 the previous owner began a major rebuild from the bottom up. Replacing the plywood with 1/4" steel around a brand new frame, re-insulating the fish hold, rebuilding the main engine and genset, stainless plumbing, new rigging and mast, and a fresh paint job. The rebuild, however, was not completed. In order to get fishing, the forward 18' of the hull remained original. They bolted the plywood bow to the new steel structure.

I bought the boat two years ago knowing I was getting an unfinished project, but I was confident the boat could fish successfully until I finished the bow with steel as quickly as possible. Indeed, I was able to seine, tanner and king crab, and pot fish black cod. Unfortunately, my summer season this year ended abruptly when the boat ran aground in crawfish, tearing apart the plywood in the bow and quickly sinking.

Lee Hansen of Hansen Maritime was called in to salvage the vessel and did an amazing job floating the boat while emphasizing maintaining its integrity with the knowledge that the boat would be well worth salvaging.

Currently:

I hauled the boat out at the dry dock at Allen Marine and put a temporary patch over the damaged part of the hull. The vessel is being put back in the water and will be moved to Halibut Point Marine to be hauled out and stored, or disposed of. I will use time in the immediate future to continue cleaning up the boat and doing my due diligence to see if a plan to rebuild is feasible. Both Allen Marine and Halibut Point Marine have noted that hauling the boat out at their facilities to work this winter is an option. Halibut Point is a valid option but a rebuild there would be difficult due to the lack of available shelter and equipment, cost of storage, and a limiting time constraint. Allen Marine would be able to put the boat inside their warehouse and complete the repairs quickly but would require a large upfront cost.

The details of my proposal are as follows:

GPIIP Proposal Benefits:

Hauling out on the GPIIP land appeals to me for the following reasons that I will go into some more detail about.

1. More flexible time constraints.
 - Hauling out on GPIIP land would be a long term project such that: Winter 2020 would consist of putting lots of man hours in to stripping the engine room and planning for rebuild. Winter 2021 is when the rebuild would begin. Starting with the hull, then installing engines.
 - A location would be chosen that is out of the way of both current occupants of the GPIIP land and future planned GPIIP projects so that the boat could stay out of the water for an extended amount of time.
 - It is understood that the GPIIP land would be leased on a month to month basis and if my project was in the way of any future projects the town wishes to undergo, the boat could be moved.
2. More flexible land use.
 - At a minimum I would need to construct a plastic wrapped wood shelter around the bow to work through out the winter and in the rain.
 - My vision is something potentially quite larger that could be used in the future for other boats to do work. A shelter built out of shipping containers with either a Quonset hut or steel framed roof would be of extreme value to this town. No matter the direction the town takes with the haul out, a dry spot to work and store tools is a crucial part of any project. A shipping container structure, like the buildings in the Wrangell ship yard, is a great option because they are cheap to build and are easy to move around if necessary in the future.

3. Less money needed upfront.
 - A long term project is only feasible with a low rate lease so I don't accrue a large bill for boat storage.
 - At this time it is unclear what kind of funding I will have access to in order to complete this rebuild project. The GPIIP land is a great option if the town is willing to work with me to facilitate this rebuild. A low cost lease on the land would allow me to take time to carefully plan the project while raising funds pay for it.
 - Avenues to raise money to complete the project include: income made from fishing, insurance claim money, CARES Grant money, disaster relief loan money, and other financing options.
 - A low cost lease opens the door for numerous opportunities to throw money back into skilled workers of this town, in a time when economy could use any help it can get.
4. Demonstrates the potential of a future haul out on GPIIP land.
 - Currently it's no secret the GPIIP land is lacking in just about everything needed to run a successful haul out: a Travelift to take boats out of the water, electrical and water utilities, and shop space to work.
 - Completing a project of this magnitude without the amenities offered by most ship yards would demonstrate how much could be done in this town if it were to have a successful haul out.
 - It would allow welders, fabricators, mechanics, and electricians in Sitka to get experience on a large scale rebuild project this town isn't used to seeing.
 - It could help facilitate the vision of so many to see fisherman from all over South East Alaska bring their boats here to Sitka to get work done.

Proposal Specifics:

Understandably all of the specifics of my proposal are negotiable to best suit the needs of all parties involved. I propose that the City of Sitka:

- Lease me a 70' by 50' (3500 square foot) plot of land for the rate of \$0.03 a square foot (\$105 per month)
- Allow me to build, at a minimum, a structure around the bow of my boat, and consider allowing a structure big enough to fit the entire boat under if proper engineering and planning is done.

Logistics:

I have spoken with a few people about the logistics of getting the boat out of the water and on to the designated plot of land. Pat Glob of Northline Seafoods has air bags he used for his barge that would be a good method for rolling the boat up the ramp onto flat ground. I would prefer to place the boat straight in front of the ramp a ways past Northline Seafoods on the land Tim Eddy is currently leasing. If the boat had to be moved to a different location I have been talking with Jeremy Serka about building a trailer large enough to tow the vessel. Tim Eddy has lowboy trailers, I-beams, and heavy-duty axels that could be used to build such a trailer. Lee Hansen has a crane big enough to wright the boat once on level ground and either help block it up or position it on a trailer. Everything is still in the planning stage, but contingent on GPIIP board approval, I would begin working with the aforementioned people to come up with a reasonable and safe plan.

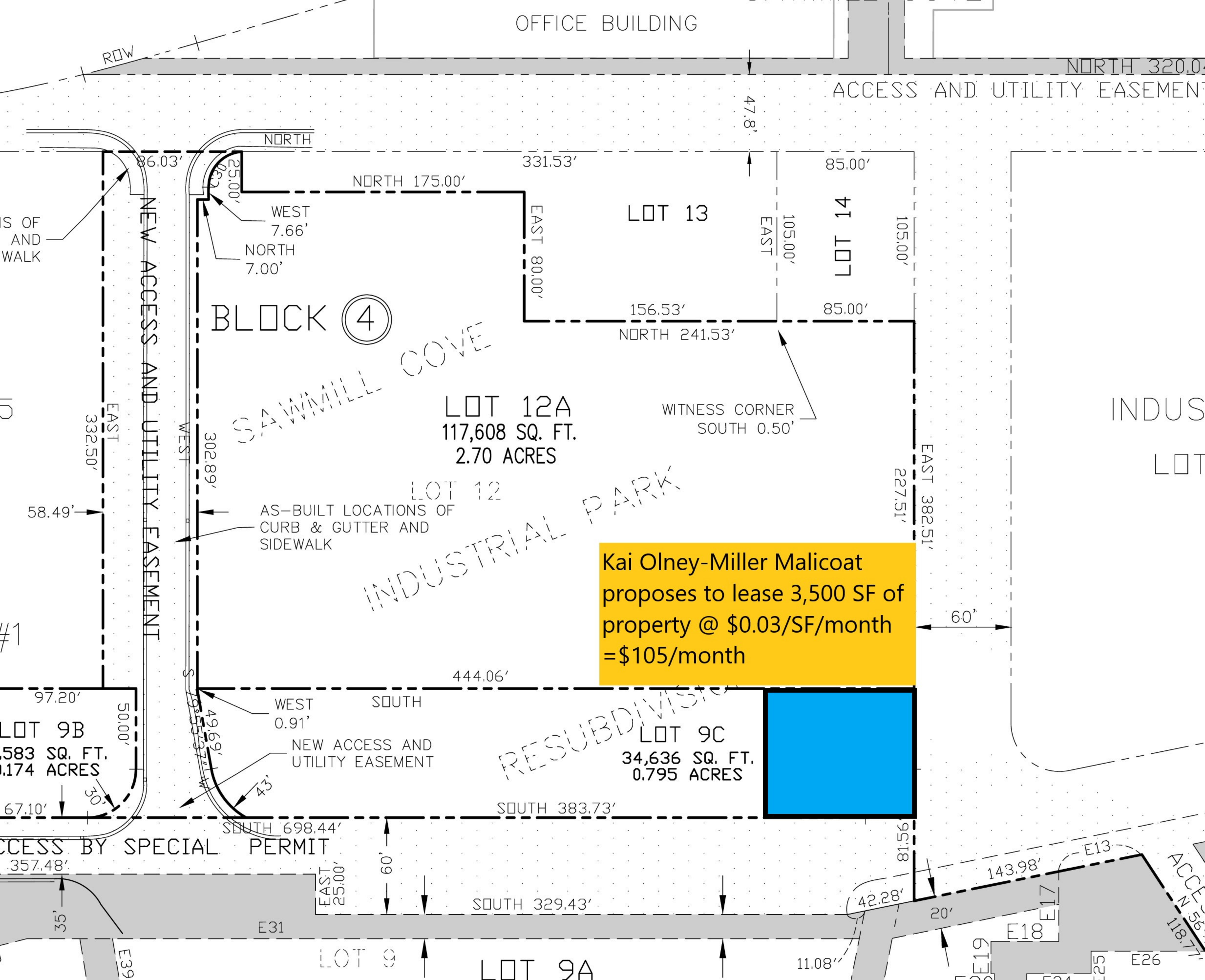
Thank you for your time and consideration

Sincerely,
Kai Olney-Miller Malicoat
kmalicoat@me.com
(206) 802-8542

OFFICE BUILDING

NORTH 320.0'

ACCESS AND UTILITY EASEMENT



Kai Olney-Miller Malicoat
 proposes to lease 3,500 SF of
 property @ \$0.03/SF/month
 =\$105/month





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

Thursday, October 22nd, 2020

MEMORANDUM

To: Gary Paxton Industrial Park (GPIP) Board of Directors
From: Garry White, Director
Subject: Arctic Blue Waters Alaska Inc. Water Purchase Agreement

Introduction

Arctic Blue Waters (Alaska) Inc. (Arctic) is requesting to establish a water purchase agreement with the CBS to export raw water in bulk.

Fred Paley is one of the principal owners of Arctic. Mr. Paley has previously obtained water purchase agreements from the CBS in the past. Most recently in the fall of 2017, Arctic Blue Waters (Alaska) entered into a water purchase agreement for 2 billion gallons of water. The Agreement required a non-refundable payment of \$100,000 to be made in two installments; \$10,000 when the agreement was executed and \$90,000 one hundred and twenty days after execution of the agreement. The \$90,000 payment was never made and the agreement was terminated.

In 2016, Arctic Blue Water (Canada), another entity of Mr. Paley's, entered into a water purchase agreement for 6.8 billion gallons of water. The agreement required a non-refundable payment of \$871,795 to execute the agreement. Arctic Blue Water (Canada) was unable to make the non-refundable payment, which resulted in the agreement not being executed.

Arctic is proposing to enter into another water purchase agreement with the CBS.

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.

The CBS currently has one raw water export agreements:

The CBS entered into a 20 year water purchase agreement with Eckert Fine Beverages in the October of 2017 for 100 million gallons of water annually. Eckert is required to export at least

75 thousand gallons of water within 36 months from the execution of the agreement or the agreement terminates. The price of water is set at \$0.01/gallon. The point of delivery for the water is from the Blue Lake penstock. Eckert is required to make a non-refundable payment of \$1,250 annual to the CBS to keep the agreement in good standing. Eckert has failed to export 75 thousand gallons within the 36 month time frame and a 45 day cure letter has been sent.

<u>Permit</u>	<u>Acre Feet</u>	<u>Gallons</u>
LAS 19669	14,000	4,561,914,000
<u>ADL 43826</u>	<u>15,235</u>	<u>4,964,339,985</u>
Total Available	29,235	9,526,253,985
<u>Eckert Agreement</u>	<u>0.31</u>	<u>100,000,000</u>
<u>Phase 1 Arctic Proposal</u>	<u>6,138</u>	<u>2,000,073,438</u>
<u>Phase 2 Arctic Proposal</u>	<u>20,869</u>	<u>6,800,257,957</u>
Available for water bottling Contracts	2,227.69	725,895,0142

Note: The GPIIP Director recommends the CBS retain between 700-750 million gallons of annual water allocation to accommodate a potential future bottling operation and other low volume uses.

Proposed Water Purchase Agreement Terms

Term

- 20-Year term with four 5-year extensions with consent of both parties.

Water Volume

Phase 1

- 6,138 Acre-feet (~2 billion gallons) annually
 - Arctic must pay a non-refundable fee of \$10,000 to execute agreement within 15 days of Sitka Administrator signature.
 - Arctic must purchase and export a total of 50 million gallons of water within a 60-month period or Sitka can terminate agreement.
 - After 60 months, the agreement defines Stages of water volume export to retain water allocation amounts.
 - Arctic gains more allocations by exporting more water and can lose allocation amounts by failing to export specified amounts.

Phase 2

- Arctic has the first right of refusal acquire an additional 20,869 Acre-feet (~6.8 billion gallons) annually.
 - Arctic must pay a \$100,000 non-refundable fee to acquire additional rights.
 - Arctic has 60 months to execute its first right of refusal from execution of the agreement.
 - Arctic must pay an additional \$250,000 non-refundable fee at intervals of \$50,000 per year to be prorated based on when first right of refusal is executed.
 - Arctic must purchase and export a total of 50 million gallons of water within a 60-month period or Sitka can terminate agreement.
 - After 60 months, the agreement defines Stages of water volume export to retain water allocation amounts.
 - Arctic gains more allocations by exporting more water and can lose allocation amounts by failing to export specified amounts.

Point of Water Delivery

- The point of delivery for water delivered by Sitka will be water in the Blue Lake Power House After Bay.
 - Arctic will be responsible for all expenses for design, construction, and pumping water from after bay.

Water Pricing

- The price for water from the CBS power house after bay will be \$1,629.26/Acre-foot or \$0.005/US gallon.
- Arctic will receive 50,000 gallons of water free of charge for wash-down, washout, or other non-export applications per each loading event. After the first 50,000 gallons per loading event, the price is \$.001/gallon.

Other Terms

- Ensures municipal water uses retain first right and priority to the water.
- The agreement allows for hydroelectric dam and water system maintenance.
- Defines requirements for ballast water discharges and water loading.
- Allows option for Arctic to install a water based water-loading station per CBS approval.

Additional Information

- Arctic has stated that it wishes to establish a tideland-loading facility similar to the one installed in the CBS tidelands by Alaska Bulk Water Inc.
 - Recommended that tideland-loading system be addressed via a separate permit or amendment to agreement at a later date.

Action

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



'Taste the True Nature of Water'

October 27, 2020

The Board of Directors
Gary Paxton Industrial Park
C/O City and Borough of Sitka
100 Lincoln Street
Sitka, Alaska 99835

Dear Board Members and Garry White (SEDA);

Since our first visit in 1995 to your fine City to discuss the purchase of bulk water, we have never deviated from our vision to provide pure drinking water to regions of the world, where drinking water supplies are being depleted and polluted with man-made chemicals and fecal toxins.

The proposed Agreement that is being presented to your Board of Directors is a request for Arctic Blue Waters Alaska, Inc., to have the right to purchase 2.0 billion US gallons per year for a period of five years. (This lengthy time period is due to the present COVID-19 pandemic). Under the terms of the Agreement, Arctic will provide \$10,000 as pre-purchase payments for future bulk water.

The first rights of refusal for additional bulk water, provided for in the Agreement, will only apply when Arctic exercises its rights and has secured the following:

- a) Arctic has been successful in securing a bulk water sale with an accredited purchaser for 100 million US gallons per year;
- b) Provides to Sitka pre-purchase payments for bulk water as outlined in the Agreement.

Management of Arctic continues to work hard to secure bulk water sales. At present we are in discussions with a major beverage group who bottle and distribute beverages. This group has expressed a possible interest in bottling water at Sitka.

We trust that approval of the Water Purchase Agreement by local Government Boards will be forthcoming and management of Arctic look forward to working with your City, to make this much needed project a success.

"Original Signed"

Fred Paley
Arctic Blue Waters Alaska, Inc.

c.c. Chuck Cartier, President
Andrew Argent
Ron Robertson

The Time For Bulk Water Is Now

Visit www.arcticbluewaters.com or email fred.paley@arcticbluewaters.com