



**BOARD OF DIRECTOR'S MEETING**

**THURSDAY, JANUARY 14, 2021 - AGENDA  
3:00 PM**

**Room 1 Harrigan Centennial Hall/Zoom Meeting**

**Regular Meeting**

**3:00 PM**

<b><u>Item</u></b>	<b><u>Action</u></b>
A. Call to Order	Acknowledge
B. Roll Call	Acknowledge
C. Review of Minutes	Motion to Approve
<b>DECEMBER 15TH, 2020</b>	
D. Correspondence & Other Information	Acknowledge/Questions
E. Changes/Additions/Deletions to Agenda	Change/Add/Delete
F. Reports	
G. Persons To Be Heard	
H. Unfinished Business	
1. GPIP Port Tariff Adjustments	Discussion/Recommendation
2. GPIP Haul Out RFP	Discussion/Recommendation
I. New Business	
1. GPIP Landfill Assessments Funding	Discussion/Recommendation
2. Sitka Salmon Shares GPIP Dock Proposal	Discussion/Recommendation
3. Delta Western Request	Discussion/Recommendation
4. CS Enterprises Block 4, Lot 1 Lease Proposal	Discussion/Recommendation
5. Bulk Water Pipeline Repair	Discussion/Recommendation
J. Adjournment	

**EXECUTIVE SESSION – Not expected**

**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**  
**December 15, 2020 3:00pm – Harrigan Centennial Hall**  
**DRAFT Meeting Minutes**

**A. CALL TO ORDER:** The Acting Chair, Vaughn Morrison, called the meeting to order at 3:05pm

**B. ROLL CALL**

**Members Present:** Vaughn Morrison, Mike Johnson, Jamal Floate, Chris Ystad

**Members Absent:** Scott Wagner

**Staff Present:** Garry White, Makena Hardwick

**City Representatives:** Thor Christianson (Assembly Liaison), John Leach (Administrator)

**Others Present:** Jeremy Serka, Stan Eliason, Jorgen Eliason, along with Robert Woolsey and Michael Harmon via Zoom.

**C. Review of Minutes – November 30, 2020**

**Motion:** M/S Floate/Johnson to approve the minutes of November 30, 2020

**Action:** Motion Passed 4/0 on a voice vote

**D. Correspondence & Other Information-**

Garry White presented his recent correspondence with a representative from TRANSOCEANIC LLC. They have a proposal to form a public/private/partnership with the CBS. If the board would like to discuss this further it can be added as an agenda item in the future.

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

**F. Reports –**

Garry White reported on the recent GPIP usage. The dock has seen an increase in revenues in FY19. The RFP has gone to Ports and Harbors administration and was approved. It will go to the assembly on December 22<sup>nd</sup>. Artic Blue is asking that we postpone their contract until they finish their internal paperwork. The contract for Eckert Fine Beverages will go to the assembly next week. There has been more interest in selling fuel out at the dock. Sitka Salmons Shares came in with a proposal that will be discussed at the next meeting.

Mr. Floate asked when the RFP will be made available to the public and how long it will be out. Mr. White stated that the RFP should be ready by the end of the year and they will keep it out for 3 months.

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

**H. Unfinished Business**

1. GPIP Port Tariff Adjustments

Garry White presented this item. He gave a brief history of the dock's port tariffs. This will be the 4<sup>th</sup> Tariff.

Suggestions-

Dockage: adjusted to a 3% increase rather than a 6% increase annually. Additional increase to the incidental use rate per hour for up to 4 hours, from \$25/hr to \$35/hr.

Flat fee of \$850 for any vessel that requires a security plan. And \$4 per person fee.

Terminal Operator Permit—rates would mirror Homer rates. Rates will differ depending on whether you are in the Sitka harbor system.

Limit how long people can be hauled out. A 4-month limit seems reasonable, with option to extend. It will deter people using the GPIP facility as long-term storage.

Mr. Leach mentioned that a correction is needed in the packet to state \$1.50 per foot, rather than \$150 per foot.

**Public Comment:**

Jeremy Serka stated that working at the GPIP dock relieves pressure in downtown docks. If the fees are too high, it will not be desirable.

**Board Discussion:**

The board discussed the cost difference between a 400-foot vessel that would make the dock unusable to others and a 250-foot vessel that would allow other use. Clarification on the cost breakdown for a passenger vessel was then requested.

Mr. White went over the Dock Sample Use document. He mentioned that we need a certain amount of money to cover maintenance costs. Someone will need to be present to monitor the dock to keep all users accountable. Currently Stan is the monitor and because of that we split moorage with Harbors.

Yearly increase rates were discussed and it was brought up that GPIIP does not want to compete with Harbors. Mr. Christianson suggested that a base rate be established with the increases tied to the increases used by the Harbor. Mr. Christianson also suggested that the annualized increase be established so that it does not need to be determined every year by the board. Mr. Floate mentioned that the increase set up now could be an arbitrary number that can be revisited later.

Mr. Ystad brought up that the incidental rate for a small vessel would be higher than a daily rate. Mr. Floate suggested a split level structure so that the pricing for smaller vessels would not be too high.

Mr. Leach reminded the board that GPIIP and the City need working capital to provide funds to fix failing infrastructure.

Mr. Johnson asked the board if they want GPIIP to pay for itself or pay for other docks?

**Public Comment:**

Jorgen Eliason addressed the board and stated that he does not like the fact that the board must charge the fisherman for using the dock. Silver Bay's dock is not functional right now, however, it is free to use. Therefore, when it is functional he will be using that instead of GPIIP. The issue, he said, is that people were overusing GPIIP and just parking there, making it unusable to others. No overnight parking and a reservation system could alleviate the overuse. The fees should be low. Especially during the summer when docks are needed more. Paying for everything that comes on and off the boat seems costly.

**Board Discussion:**

Mr. Floate asked for clarification on the wharfage fee and how it applies to items being taken on and off a boat at the dock. Board members expressed concern for charging too high a cost and discouraging use. Mr. Johnson suggested that they cut fees to small items being taken on and off the dock.

**Motion:** M/S Floate/Johnson move to approve the proposed adjustments to the GPIIP Port Tariff Fee Schedule

**Action:** Passed (4/0) on a voice vote

**Board Discussion:**

Mr. Morrison asked Stan Eliason to speak to how they track movement on the dock to charge fees for certain movement. Mr. Eliason said they focus on items listed in the Tariff. Mr. Morrison clarified that that meant small items and items not listed in the tariff do not get charged. Mr. White mentioned that a list of exemptions could be proposed at the next meeting.

Mr. Floate had one final suggestion that the charges for what is done at the dock were eliminated and a higher dockage fee was created.

The board moved on to discussion on the Policies & Best Management Practices and Appendices document. It was said that changing the language to take out additional insurance requirements will be done.

**No public comment received.**

**Motion:** M/S Floate/Johnson move to approve the Policies & Best Management Practices as written w/ administrative review

**Action:** Passed (4/0) on a voice vote

I. **New Business-** None

J. **Adjournment:** The Acting Chair, Vaughn Morrison, adjourned the meeting at 4:14 pm

DRAFT



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

Tuesday, January 12, 2021

## MEMORANDUM

To: Gary Paxton Industrial Park (GPIP) Board of Directors  
From: Garry White, Director  
Subject: GPIP Port Tariff Discussion and Adjustments

### **Introduction**

The GPIP Board discussed and recommended changes to the GPIP Port Tariff at its November and December 2020 meetings. The proposed changes to the Port Tariff are attached.

The GPIP Board asked for the Port Tariff discussion to continue at its January 2021 meeting.

The GPIP Director is recommending one additional change to the tariff.

GPIP Board members are encouraged to bring their proposed changes forward at this January meeting.

### **GPIP Port Tariff**

A Port Tariff is a document that contains published charges, rules, and requirements of the port, including docks and associated uplands. The Port Tariff is an implied contract that allows for rapid arrangements without the need for complicated agreements for use of the facility.

The GPIP Port is a “landlord” Port, which means that the GPIP will charge users for real estate and dock use and are responsible for maintenance, management and upkeep. The GPIP Port Tariff covers all properties of the GPIP uplands and tidelands.

The entire GPIP Port Tariff can be found at the following link:

<http://www.cityofsitka.com/government/departments/harbor/documents/MasterTariffNo.39-4-2018DRAFT-3.pdf>

### **Background**

The GPIP Board recommended and the City and Borough of Sitka Assembly approved the first GPIP Port Tariff #1 in February 2018. The GPIP Port Tariff #1 was drafted, with input by the GPIP Director, GPIP Board, and by Parrish, Blessing, & Associates Inc. (PBA), a regulatory and economics consulting firm from Anchorage. PBA has experience in port tariff development, having worked with the Port of Alaska (formerly port of Anchorage) on its port tariff development and financial management.

The GPIIP Board discussed the need to monitor the fee schedule and to adjust if need be over time when the tariff was established. The tariff (Port Tariff #2) was adjusted in July 2018 to accommodate incidental use of the facility and to lower wharfage rates to promote more use of the facility. The tariff (Port Tariff #3) was adjusted again in September 2018 to accommodate the movement and storage of fishing gear over the dock and the GPIIP uplands.

### **Proposed Adjustments to the GPIIP Port Tariff Fee Schedule (Port Tariff #4)**

#### **Wharfage**

- **Item 250 – Wharfage**

Item 250 sets the definitions and schedule for any freight, cargo, or goods moved over the GPIIP Dock (Wharf) or GPIIP property.

The GPIIP Director is recommending that the Security Surcharge, under Item 250 (h) be removed from the tariff. The security surcharge is an appropriate fee for large container ports, but due to the low volume of containers and large cargo, it is an inefficient accounting requirement for the GPIIP Port Tariff.

#### **Action**

- GPIIP Board recommendations for additional adjustments to the GPIIP Port Tariff Fee Schedule (Port Tariff #4).

## Proposed Adjustments to the GPIIP Port Tariff Fee Schedule

The following are recommended adjustments to the GPIIP Port Tariff Fee Schedule. Detail regarding proposed adjustments are contained in attached memo.

1. Item 200-Dockage

DOCKAGE RATES WILL BE ASSESSED AS FOLLOWS EXCEPT AS OTHERWISE PROVIDED.

Vessel Length (feet)	DOCKAGE RATE In Dollars					
	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
0 – 50 feet – rate per foot	\$0.89	\$0.94	\$0.97	\$1.00	\$1.03	\$1.06
51 – 149 feet – rate per foot	\$1.12	\$1.19	\$1.23	\$1.27	\$1.31	\$1.35
150 - 199	\$445	\$472	\$486	\$501	\$516	\$531
200 - 299	\$665	\$705	\$726	\$748	\$770	\$793
300-399	\$998	\$1,028	\$1,059	\$1,091	\$1,124	\$1,158
400	\$1,272	\$1,310	\$1,349	\$1,389	\$1,431	\$1,474

2. Incidental Use Fee

- \$35/hr for up to 4 hours

3. Port Security Passenger Fee

- \$850/Vessel Docking

4. Passenger Use Fee

- \$4/passenger registered on vessel

5. Access Ramp Fee

- \$150/foot/calendar day

6. Upland Dry Dock Fee

Short Term Projects

- \$1.95/ft/day

Long Term Project



- \$0.20/sf/month for vessels with a Sitka moorage account
- \$0.23/sf/month for vessels without a Sitka moorage account
- \$50/month Dry Dock Administrative Fee

Dry Dock limited to 4 months. Fee will double each month after 4 months without GPIIP  
Port Director written approval to stay past 4 months.



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

Tuesday, January 12, 2021

MEMORANDUM

To: Gary Paxton Industrial Park Board of Directors

From: Garry White, GPIP Director

Subject: GPIP Waterfront Development/Haul Out RFP

**Introduction**

The CBS Assembly will discuss and either approve or cancel the Haul Out RFP approved by the GPIP in October 2020 on January 12<sup>th</sup> at its meeting. In the event the RFP does get approved by the Assembly, the GPIP Board will have an opportunity to discuss next steps.

# 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 barges. 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 GPIP Uplands Lease Lots and Their Areas

Appendix C GPIP Uplands Parcel Map of Potential Lease Lots

Appendix D GPIP Zoning Code Table of Permitted Uses

Appendix E GPIP Utilities

Dates of Publication:

Sitka Daily Sentinel:



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

Thursday, January 7<sup>th</sup>, 2021

## MEMORANDUM

To: Gary Paxton Industrial Park (GPIP) Board of Directors  
From: Garry White, Director  
Subject: GPIP Landfill Assessment Funding

### **Introduction**

Block 4, Lot 1 at the GPIP property is a 6.69 acre parcel that is the location of the former Alaska Pulp Corporation (APC) Industrial Mill Waste Landfill. The State of Alaska Department of Environmental Conservation (DEC) and the CBS have an agreement which outlines the requirements the former landfill is to be monitored to ensure human health and the environmental are protected. The agreement requires the CBS to monitor water quality and land fill cap integrity among other requirements. Recent surveys of the landfill have shown that Stability Monuments in the cap appear to be moving which has caused a crack in the landfill cap. (Please see attached survey report). The CBS Environmental Superintendent and the DEC are recommending that a Geotechnical Assessment of the area be completed.

Block 3, Lot 1 at the GPIP property is an 8.18 acre parcel that contains various old APC buildings and infrastructure, CBS Electric Department buildings and infrastructure, and another smaller landfill located near the old APC filter plant. The CBS Environmental Superintendent is recommending that a Geotechnical Assessment be completed of the area as well.

### **Background**

In 1999, APC worked with the DEC on corrective actions to close the landfill on Block 4, Lot 1. The DEC likewise worked with the CBS on post closure monitoring and future corrective actions. More information on the former APC Industrial Mill Waste Landfill can be found at this link, <https://dec.alaska.gov/spar/csp/sites/alaska-pulp-corporation/#info>.

### **Fiscal Note**

In 1999, the CBS Assembly approved Resolution 99-730, the overall resolution in which the CBS accepted the Alaska Pulp Corporation mill property. The Resolution established the Sawmill Cove Memorandum of Understanding (MOU) Contingency Fund or Environmental Contingency Fund #173. Per the Resolution, the contingency fund was a separate fund reserved

for unforeseen expenses that may be incurred by the municipality in following the Sawmill Cove Management Plan agreed upon by the CBS and State.

The Contingency Fund #173 has a current balance of \$640,311.

The CBS Environmental Superintendent estimates the expense for the Geotechnical Assessment of Block 4, Lot 1 at \$135,000.

The CBS Environmental Superintendent estimates the expense for the work at the old filter plant at \$135,000 also.

**Action**

- GPIIP Board discussion and recommendation that a FY2022 capital budget of \$270,000 be establish with funds from the GPIIP Contingency fund for GPIIP Landfill Assessments.



November 4, 2020

Shilo Williams  
City & Borough of Sitka  
100 Lincoln Street  
Sitka, AK 99835

Re: APC Waste Disposal Area

Shilo,

Attached is a drawing showing Stability Monument locations and movement since inception in 1999. This drawing also shows the control monumentation surrounding the site used to monitor movement of the stability monuments. Also attached is a copy of the spreadsheet with coordinate data beginning in 1999 to present for comparisons and includes vertical movement.

As previously, monument SS-2 continues to experience significant movement, and, as before, data is also provided at it's base as it is felt that is a better indicator of movement than the top of the pipe (which appears to also be rotating). Please note the nearby TBM (spike in the power pole) has also settled an additional 0.17' from 2016.

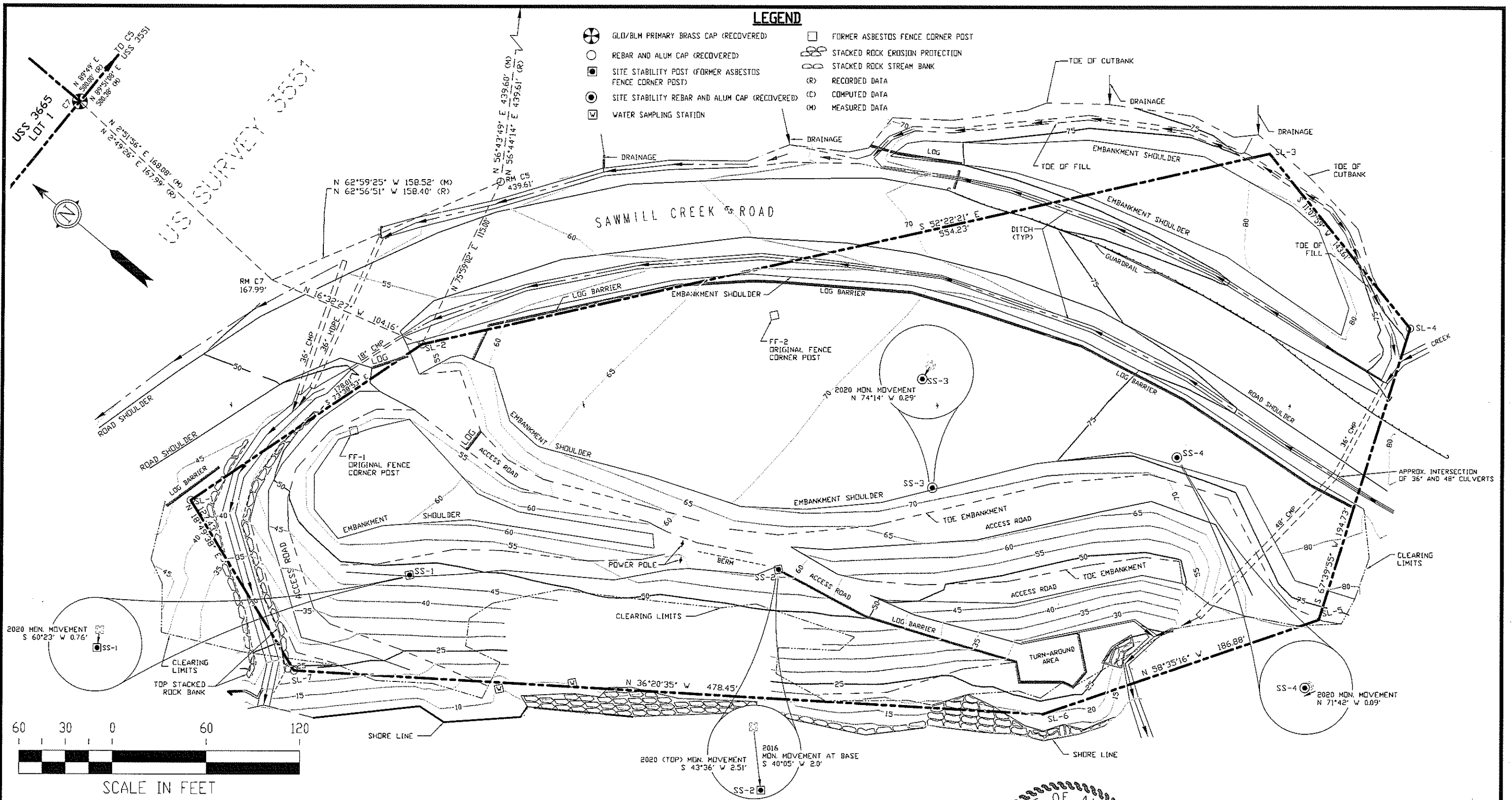
Monument SS-1 has moved 0.18 ft. and monument SS-3 has moved only 0.09 ft. (horizontally) from found locations in 2016. In the past, SS-4 has remained relatively stable, and on this visit we found horizontal movement of only 0.05 ft. horizontally from 2016.

All stability monuments have settled since 1999. SS-1 by 1.87 ft., SS-2 by 2.23 ft., SS-3 by 0.87 ft., and SS-4 by 1.07 ft. At the time of this survey, SS-4 was found with chunks of concrete and 4" dia. Logs piled on top but otherwise looked in good shape.

Let me know if you have any questions.

Kelly O'Neill, PLS

North 57 Land Surveying LLC, 215-F Smith Street, Sitka, AK (907-747-6700)  
Mailing Address: 2007 Cascade Creek Rd, Sitka, AK 99835  
Email: [north57landsurveying@yahoo.com](mailto:north57landsurveying@yahoo.com) or [koneill@north57ls.com](mailto:koneill@north57ls.com)



NOV. 4, 2020  
40040-12-00

**NORTH 57\***  
**LAND SURVEYING LLC**

(907) 747-6700 215-F SMITH STREET, SITKA, AK  
MAILING ADDRESS - 2007 CASCADE CREEK ROAD,  
SITKA, AK 99835  
EMAIL: north57landsurveying@yahoo.com

DRAWN BY: SD/KQ/ACAD  
CHECKED BY: KQ  
DATE: 11/4/20  
DATE SURVEYED: 10/30/20  
SCALE: 1" = 60'  
SURVEYOR: KELLY J. O'NEILL  
PROJ NO: 40040-12-00

**SURVEYOR'S CERTIFICATE**

I HEREBY CERTIFY THAT I AM A REGISTERED SURVEYOR, LICENSED IN THE STATE OF ALASKA, AND THAT IN OCT. 2020 A SURVEY OF THE HEREIN DESCRIBED LANDS WAS CONDUCTED UNDER MY DIRECT SUPERVISION AND THAT THIS PLAT IS A TRUE AND ACCURATE REPRESENTATION OF THE FIELD NOTES OF SAID SURVEY, AND THAT ALL DIMENSIONS AND OTHER DETAILS ARE CORRECT ACCORDING TO SAID FIELD NOTES.

Nov 4, 2020  
DATE

*Kelly J. O'Neill*  
KELLY J. O'NEILL LS 13321



**SITE STABILITY MONUMENTS  
(2020 UPDATE)**

**12-3-99 SITE AS-BUILT OF 1992 CLOSED  
APC/SITKA SOLID WASTE DISPOSAL FACILITY**

CLIENT: CITY AND BOROUGH OF SITKA



APC Asbestos Disposal Site Monitoring

Description	Control Data, Dec. 1999			July 2001 Data			Change From 1999 Data		
	Northing	Easting	Elevation	Northing	Easting	Elevation	△Northing	△Easting	△Elevation
SS-1 (4" o.d. galvanized fence post)	8401.82	75682.77	51.06 Ft.	8401.86	75682.72	50.86 Ft.	0.03	-0.05	-0.20 Ft.
SS-2 (4" o.d. galvanized fence post)	8223.06	75835.83	64.71 Ft.	8222.96	75835.63	64.59 Ft.	-0.10	-0.20	-0.12 Ft.
SS-3 (5/8" rebar with aluminum cap)	8181.05	75938.60	74.29 Ft.	8181.04	75938.57	74.20 Ft.	-0.01	-0.03	-0.09 Ft.
SS-4 (5/8" rebar with aluminum cap)	8073.12	76053.32	77.68 Ft.	8073.12	76053.32	77.63 Ft.	-0.01	0.00	-0.05 Ft.
Description	August 2004 Data			Change From 1999 Data					
	Northing	Easting	Elevation	△Northing	△Easting	△Elevation			
SS-1 (4" o.d. galvanized fence post)	8401.91	75682.68	50.50 Ft.	0.09	-0.09	-0.56 Ft.			
SS-2 (4" o.d. galvanized fence post)	8222.85	75835.40	64.26 Ft.	-0.21	-0.43	-0.45 Ft.			
SS-3 (5/8" rebar with aluminum cap)	8181.12	75938.49	73.97 Ft.	0.07	-0.11	-0.32 Ft.			
SS-4 (5/8" rebar with aluminum cap)	8073.17	76053.31	77.42 Ft.	0.05	-0.01	-0.26 Ft.			
Description	February 2011 Data			Change From 1999 Data					
	Northing	Easting	Elevation	△Northing	△Easting	△Elevation			
SS-1 (4" o.d. galvanized fence post)	8401.72	75682.39	49.96 Ft.	-0.10	-0.38	-1.10 Ft.			
SS-2 (4" o.d. galvanized fence post)	8222.17	75834.80	63.63 Ft.	-0.89	-1.03	-1.08 Ft.			
SS-3 (5/8" rebar with aluminum cap)	8181.05	75938.42	73.73 Ft.	0.00	-0.18	-0.56 Ft.			
SS-4 (5/8" rebar with aluminum cap)	8073.13	76053.30	77.13 Ft.	0.01	-0.02	-0.55 Ft.			
Description	February 2016 Data			Change From 1999 Data					
	Northing	Easting	Elevation	△Northing	△Easting	△Elevation			
SS-1 (4" o.d. galvanized fence post)	8401.52	75682.28	49.58 Ft.	-0.30	-0.50	-1.48 Ft.			
SS-2 (4" o.d. galvanized fence post)	8221.58	75834.42	63.03 Ft.	-1.48	-1.41	-1.68 Ft.			
SS-3 (5/8" rebar with aluminum cap)	8181.02	75938.39	73.58 Ft.	-0.03	-0.21	-0.71 Ft.			
SS-4 (5/8" rebar with aluminum cap)	8073.13	76053.29	76.91 Ft.	0.01	-0.03	-0.77 Ft.			
Description	October 2020 Data			Change From 1999 Data					
	Northing	Easting	Elevation	△Northing	△Easting	△Elevation			
SS-1 (4" o.d. galvanized fence post)	8401.45	75682.12	49.19 Ft.	-0.37	-0.66	-1.87 Ft.			
SS-2 (4" o.d. galvanized fence post)	8221.24	75834.10	62.48 Ft.	-1.82	-1.73	-2.23 Ft.			
SS-3 (5/8" rebar with aluminum cap)	8181.13	75938.32	73.42 Ft.	0.08	-0.28	-0.87 Ft.			
SS-4 (5/8" rebar with aluminum cap)	8073.15	76053.24	76.61 Ft.	0.03	-0.08	-1.07 Ft.			

(To base of post)

→

Post leans 14° away from the road and is 2.9' above ground.

Post leans away from road and is 2.8' above ground.

Debris (pieces of concrete and Alder logs) piled on top of monument.



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

Friday, January 8, 2021

MEMORANDUM

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

**Introduction**

Sitka Salmon Shares is proposing to lease portions of the GPIP dock for its fish buying operations. Please see the attached proposal from Salmon Shares.

In the summer of 2020 Salmon Shares requested to lease area on the southeastern portion of the GPIP Dock to place a mobile boom truck and 40’ freezer container to assist in their fish buying operation. GPIP Board approved terms for month to month use for \$1,000 per month to allow the equipment to be staged on the dock with Harbor Master authority to have the infrastructure moved if needed. Additional tariff fees of moorage, wharfage and utility usage were charged for vessels using the dock.

**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.

Fees to use the GPIP Dock can be found at:

<http://www.cityofsitka.com/government/departments/harbor/documents/MasterTariffNo.39-4-2018DRAFT-3.pdf>

**Dock Storage Fees**

Current storage rates for use of the GPIP Dock are below:

	<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 GPIIP Director recommends that any use of the dock be considered non-exclusive use, vessels using the facility must complete a GPIIP Vessel Berthing Application and follow CBS Harbor scheduling processes.

### **Action**

- GPIIP discussion and approval of a lease to Sitka Salmon Shares at the GPIIP Dock.



December 11, 2020

City and Borough of Sitka, Municipal Clerk  
100 Lincoln Street  
Sitka, Alaska 99835

Please accept this letter of interest and proposal for use of Gary Paxton Industrial Park float dock on behalf of Sitka Salmon, LLC (dba as Sitka Salmon Shares).

Signed,

Nic Mink  
President & CEO, Sitka Salmon LLC



## **I. Narrative:**

Founded in 2010, Sitka Salmon Shares is an innovative company dedicated to providing a premier wild Alaskan seafood experience for home cooks across the country, while supporting our small-boat Alaskan fishing families and coastal communities. The Company specializes in home delivery of premium-quality, responsible seafood to customers in the Midwest, and increasingly nationwide, via a Community Supported Fishery (CSF) model. The Company has a unique ownership model that provides fishermen equity opportunities in the Company.

The Company has grown steadily since its inception, and the last eight months of 2020 have brought tremendous growth as consumers nationwide increasingly turn to home delivery. As we face unprecedented new growth, the subject of infrastructure in Sitka to support expanded fish processing operations is a critical one.

The GPIIP Municipal Float Dock, owned by the City and Borough of Sitka (CBS), represents a significant and irreplaceable asset for the community of Sitka. As the 10th largest fishing port in the nation by value, and 6th in Alaska (according to 2017 NOAA Fisheries of the United States), access to these kinds of services are critical to the economic future of this community, its fishermen, and residents. This infrastructure has allowed our business to thrive even in the most challenging of times. As the seafood industry struggles to adapt to an uncertain future in which climate change and unstable global markets are major factors, infrastructure like that of the GPIIP Float Dock can mean all the difference when working to build a business environment which nurtures entrepreneurial innovation.

Shifts in ways of doing business are no longer an option, but an imperative. This has been proven true once again as COVID-19 has destabilized global markets for seafood; markets which the major seafood processors and fishermen who deliver to them are heavily reliant upon. We believe the GPIIP Float Dock can support greater economic opportunity and output despite the increasingly limited and variable amount of seafood being landed in Sitka. Opportunities in the seafood space are growing for businesses who can communicate the who, how, and where of their fish, and who can provide access to a market of domestic consumers nationally. Fishermen are ready to take advantage of those opportunities so long as they have access to the necessary infrastructure and services required to adapt.

Sitka Salmon Shares has been an active and regular user of the Seawall at the Marine Services Center and the GPIIP Float Dock for the last three years. We managed and oversaw a total of 388 offloads at several CBS municipal dock sites in the 2020 season, and this purchase volume of 731,675 lbs speaks not only to the depth of our relationship with the CBS Harbor Department, but the overall need and value of a formalized lease agreement. Due to the fact that our processing facility is located inland as opposed to seaside, previous use of the GPIIP Float Dock has been absolutely pivotal to the growth and success of the Company. Without it, it is unlikely we would be where we are today. That being said, our desired option would be to enter into a 8 month lease of the property for the purpose of offloading. We believe that there is ample space at the GPIIP location to accommodate our activities as well as those associated with commercial



cruise ships. This is evidenced by the satisfactory completion of a seasonal Salmon Shares lease of space at the GPIF Float Dock in 2020. The proposed lease area would be similar to the area used in 2020; 2500 sq ft area at the southern end of the float dock, for which we paid \$11,802.71 for wharfage/moorage, along with an additional \$4,349.84 in equipment rentals.

Leasing the GPIF location and/or increased offload access could provide significant and steady rental income to CBS and increase the economic viability of the property while also supporting the capacity of our business and others.

## **II. State of Qualifications:**

### **A. Experience & Background of Sitka Salmon Shares**

Founded in 2010, Sitka Salmon Shares is an innovative company dedicated to providing the premier wild Alaskan seafood experience for home cooks across the country, while supporting our small-boat Alaskan fishing families and coastal communities. The Company specializes in delivering premium-quality, responsible seafood to customers in the Midwest and increasingly nationwide, via a Community Supported Fishery (CSF) model.

Since our inception, the Company's business has been built around the place and people of the community Sitka. Our co-founder, Marsh Skeelee, comes from a Sitka-based fishing family. Marsh, his father John, and other Sitka fishermen partnered with our CEO and co-founder, Nic Mink, to develop new markets for their seafood in Nic's home geography of the midwestern United States. This unique combination of experience, skills, hard work and passion has allowed the Company to succeed in achieving what numerous direct marketers and small fishing companies have attempted to do: build a viable market for Alaskan seafood that provides traceable, high-quality seafood to domestic consumers in a manner that generates greater income for local fishermen. We have achieved this while also supporting the important interconnected goals of bolstering the health of food systems and the long-term health of ocean ecosystems in the places we work.

The last four years have represented a significant growth period for the Company. Sitka Salmon Shares is now a fully-integrated boat-to-doorstep seafood Company with a processing plant in Sitka, a manufacturing/packing facility in Galesburg, Illinois, and a marketing and finance hub in Madison, Wisconsin. Our subscription-based model allows our CSF members to receive ~5 lbs. of premium Alaskan seafood delivered monthly to their doorstep.

Early on in the Company's creation, we recognized that control over the product from the time it is landed until the moment it is delivered to our members was vital to our future. The last several years have entailed significant investment in our Sitka facility to ensure we produce the quality seafood our customers demand. The Company has overcome numerous obstacles to reach the point where we are at today, and we are proud of our growth, success, and community investment.



We are continuing to bring on more fishermen owners who are excited by the opportunity to fish in a manner that gives them a connection to the consumer and rewards their quality and stewardship practices. The Company buys salmon as well as halibut, lingcod, sablefish, spot prawns, and rockfish from our fishermen and pays them an average of 20% over the prevailing dock price. Currently, we employ 6 year-round and approximately 30 seasonal employees in Sitka, and projections for 2021 suggest increasing our seasonal workforce by upwards of 20 employees for a total of 50 plant workers. If growth continues at the rate projected, we estimate the Company's economic impact by 2023 could include over 60 full-time and seasonal jobs per year in Sitka adding value to the pockets of our local fishermen. In addition to our contribution to the local fish tax base, payments to fishermen, and direct employment, significant investments have been made at our fish plant which translate into dollars and work for numerous local contractors from electricians to welders. Furthermore, in 2019 we also purchased the Rockfish Lodge on Sawmill Creek Road to provide employee housing, and we regularly bring investors, members of the media, and other staff to Sitka who stay, eat, and engage in visitor activities that support the economic success of the town. While these activities have been put on hold due to COVID-19, we would expect them to resume when appropriate. You can view output from one of these media trips in 2019 [here](#).

## **B. Key Staff**

Key staff who are responsible for the management of our fish plant and Company, and who would be involved in any project at the GPIP float Dock are listed below. A description of their role in the project is included below, and resumes are attached. In addition to these key staff, we intend to hire at least two additional high-level staff in the next three to six months that would play key roles in the project. One would be midwest-based with extensive food manufacturing experience and one Alaska-based with extensive experience in seafood processing. These two positions would provide critical leadership in the next phase of the development and expansion of the company's processing equipment, services, and facilities in Sitka.

**Nic Mink, President & CEO** - Company vision, values, and mission, hiring key staff, and overseeing Company growth and operations.

**Marsh Skeele- Vice President** - Oversight of key staff, project oversight, management of fleet, and Company engagement in various fisheries, community relations.

**Tom Stitgen- Chief Financial Officer** - Financing and management of capital projects and equipment; oversight of the financial performance of manufacturing/processing facilities.

**Troy Alexander - Chief Supply Chain Officer-** Supply chain management, operations, order fulfillment and staff oversight.

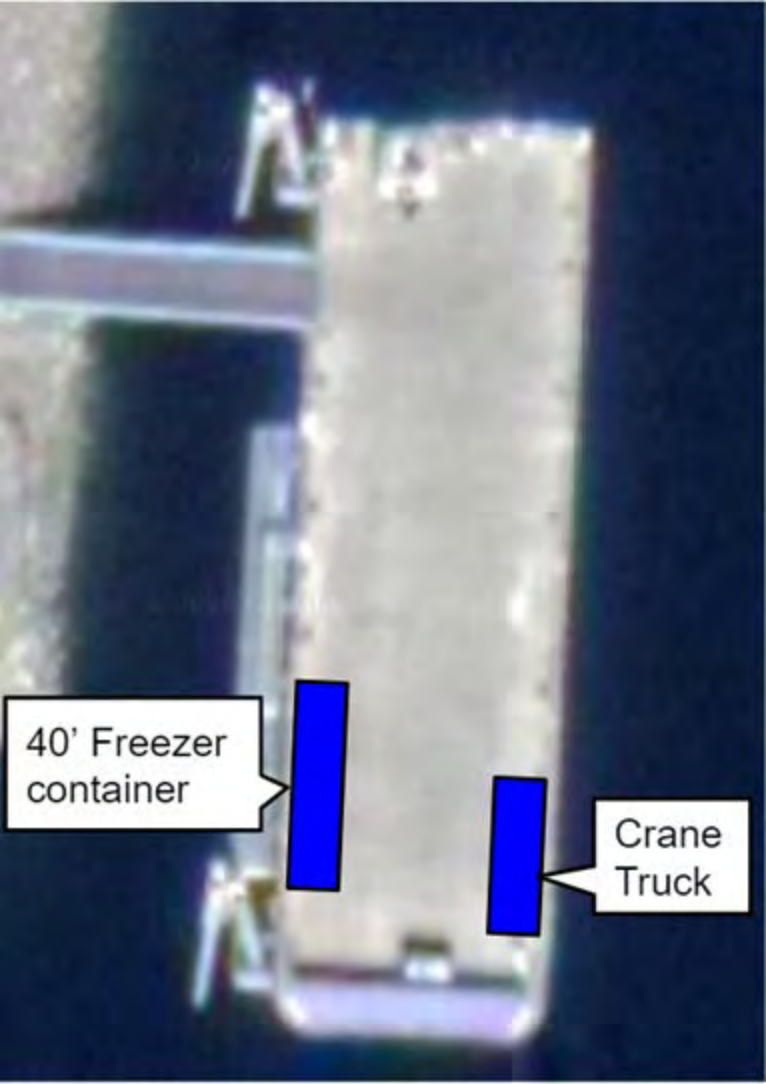
**Kelly Harrell- Chief Fisheries Officer-** Fleet engagement, staff and project management, seafood supply chain management, processing plant performance.



**Jacob Finsen, Director of Sitka Operations-** Environmental and regulatory compliance, capital projects construction and operations, contractor relations, project, and staff oversight.

**Danen Vest, Director of Engineering-** Capital project design and oversight, project management, code compliance, and contractor relations.





40' Freezer  
container

Crane  
Truck



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

Monday, January 11<sup>th</sup>, 2021

MEMORANDUM

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

**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. In September 2020, Delta Western requested and the GPIP Board approved to amend the “use agreement” to allow for additional customers to use the facility.

Delta Western is requesting to lease additional uplands on Lot 9a to add a fuel tank to increase fuel sales. Please see the attached request from Delta Western and Dock and Upland Use Agreement.

Additionally, Delta Western is requesting to convert the month to month user agreement into a 5 year user agreement.

**Fuel Sale Revenues**

Dock fuel sale revenues are as follows:

FY2019	\$243
FY2020	\$5,014
FY2021 to Sept. 2020	\$5,104

**Proposed Lease Area**

The attached drawing shows the area Delta Western is requesting to lease. The GPIP Director recommends adjust the proposed lease area as follows:

1. The CBS lease a 70’ by 38’ for the storage of fuel tanks and fencing. The GPIP Director wishes to keep the 32’ x 22’ additional area proposed by Delta Western in CBS ownership to allow access to the bulk water pipeline terminus.

Lot 9a has a value of  $\$8/\text{SF} * 9\% = \$0.72/\text{SF}/\text{YR}$  or  $\$0.06/\text{SF}/\text{month}$

$70' \times 38' = 2,660 \text{ SF} - 500 \text{ SF} = 2,660 \text{ SF} * \$0.06/\text{SF}/\text{Month} = \$159.60$  additional lease payment for use of the space.

2. The CBS lease a 50' x 22' area for the location of a 20' container for the storage of spill response equipment in the area on the road side of the bulk water pipeline. The GPIIP Director does not wish to see access from the bulk water pipeline to the ocean blocked.

$50' \times 22' = 1,100 \text{ SF} * \$0.06/\text{SF}/\text{Month} = \$66$  additional lease payment.

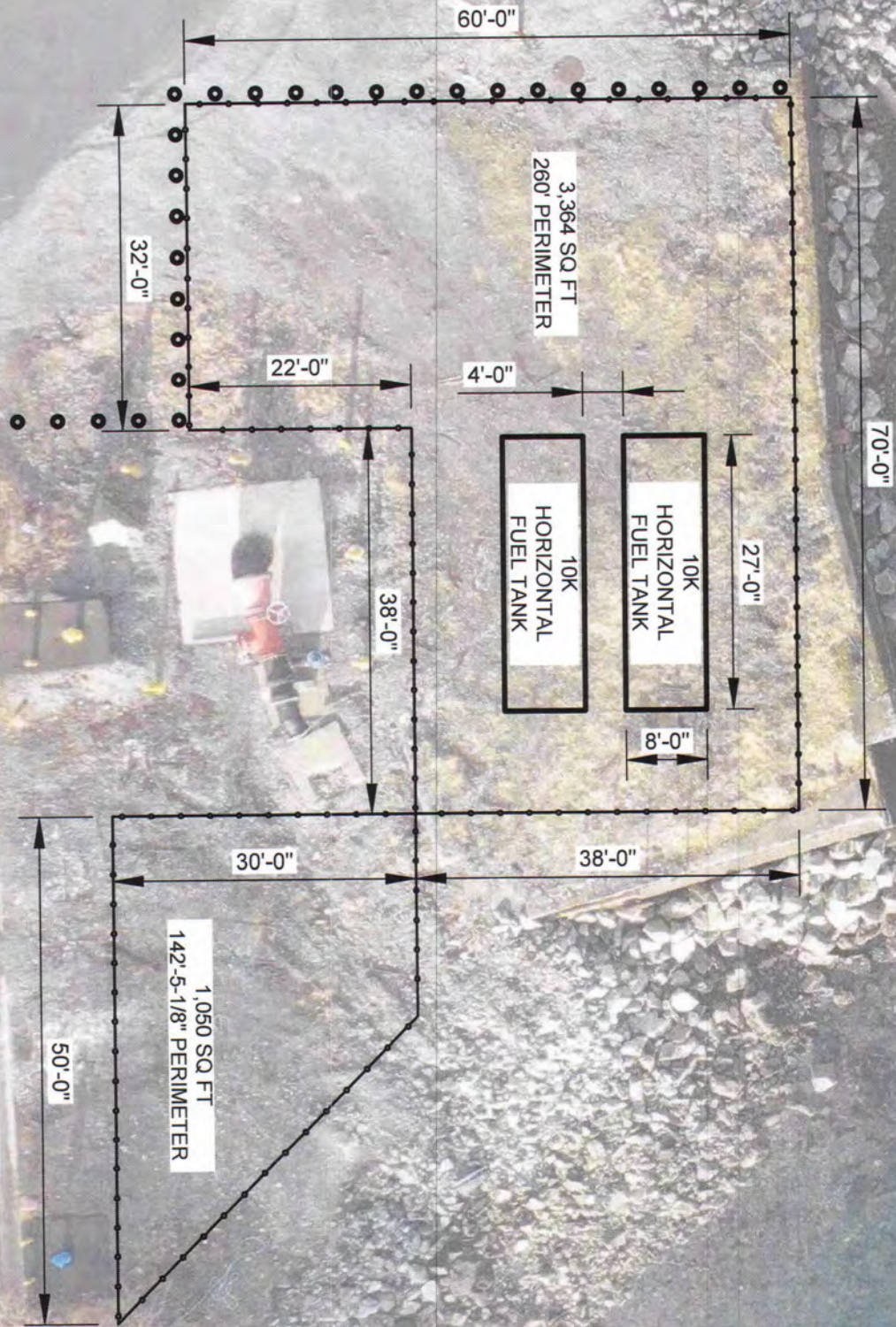
*\*The additional \$225.60 monthly payment will be in addition to the \$416.67 monthly minimum fee and additional "Throughput fees" as stated in the original Use Agreement.*

### **Additional Information**

- 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**

- GPIIP Board approval to amend existing Dock and Upland Use Agreement to include additional fees for upland use.
- GPIIP Board recommendations to the CBS Assembly to convert the month to month user agreement into a 5 year user agreement.



60'-0"

3,364 SQ FT  
260' PERIMETER

32'-0"

22'-0"

4'-0"

70'-0"

10K  
HORIZONTAL  
FUEL TANK

10K  
HORIZONTAL  
FUEL TANK

27'-0"

8'-0"

38'-0"

30'-0"

38'-0"

1,050 SQ FT  
142'-5-1/8" PERIMETER

50'-0"



GPIP Board of Directors:

After a successful completion of our first summer season dispensing diesel from the GPIP dock, Delta Western would like to request additional upland lease area on lot 9A.

Due to the nature of our 24/7 fuel dispensing operation at GPIP and the size of vessels that typically frequent the dock, we experienced difficulty in keeping enough fuel in our tank to serve the fleet. As such, we'd like to expand our storage capacity by installing a second double walled fuel tank directly alongside our existing tank. Further, we'd like to also lease the small triangular area of lot 9A between the bulk water header and the roadway. Our intention is to raise the elevation of all occupied areas to roughly match the existing improved grade. The only permanent construction would be for tank related footings or fencing while the rest would be reserved for rolling stock access & placement of a 20' container van & associated spill response equipment. Our intent is to transform our current month-to-month lease into a long term lease of the area.

For reference I've attached a diagram showing a rough footprint of the area we'd like to lease. It's understood that adjustments may be needed to this lease request.

Thank you for your consideration. We look forward to helping make the Gary Paxton Industrial Park a successful marine industry center.

**Mike Johnson**

Delta Western Petroleum

Direct: 907-747-1401

Cell: 907-752-7900

[mikej@deltawestern.com](mailto:mikej@deltawestern.com)

Sitka, Alaska



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

Friday, January 08, 2021

MEMORANDUM

To: Gary Paxton Industrial Park (GPIP) Board of Directors  
From: Garry White, Director  
Subject: CS Enterprises Block 4, Lot 1 Lease Request

**Introduction**

Clay Stromquist dba CS Enterprises is requesting to lease a portion of Block 4, Lot 1 at the Gary Paxton Industrial Park (GPIP) for the purpose of operating a small sawmill. CS Enterprises current operates his sawmill in the parking lot of the Administration building, but needs to relocate the operation. Please see the attached proposal and executive summary.

**Background**

Block 4, Lot 1 is a 6.69 acre parcel of undeveloped property located adjacent to Sawmill Creek, across the creek from the GPIP proper. Block 4, Lot 1 is the former location of the APC landfill. The landfill was capped in 1999 with crushed concrete and vegetation. Maintaining the integrity of the landfill cap (including soils and grasses) and existing surface water drainage around the landfill are required per the CBS agreement with the State of Alaska Department of Environmental Conservation. More information on the former APC Industrial Mill Waste Landfill can be found at this link, <https://dec.alaska.gov/spar/csp/sites/alaska-pulp-corporation/#info>.

The uplands restrictions on the landfill area exist until July 11, 2097.

Block 4, Lot 1 was most recently leased to the Sawmill Farm Group in 2016. The GPIP Board approved a lease contingent on approval of the State of Alaska Department of Environmental Conservation (DEC). The DEC and CBS required that water quality and cap integrity were maintained as per the management plan with the DEC.

**Lease Terms**

CS Enterprises proposes to lease a 20,000 SF portion on an annual basis at the GPIP Block 4, Lot 1 (starting at the southern driveway entrance running along the road to the north, and to the western edge of the leveled ground). CS Enterprises wishes to conduct sawmill operations, storage of logs, and construct a temporary structure for storage of milled lumber on the leased property.

CS Enterprises proposes the following terms:

- 20,000 SF of property @ \$0.04/SF/year = \$800/year

Block 4, Lot 1 has a value of \$0.35/SF, 20,000 SF \* \$0.35 = \$7,000 \* 9% = \$630 annual lease rate. \$630/20,000 SF = \$0.03/SF/YR

The GPIP Director is recommending a month to month lease with an annual payment of \$800.

A month to month will allow the CBS to terminate the lease if lease terms are not being followed to the requirements of the CBS and/or State of Alaska DEC.

The GPIP Director is recommending the following terms be implemented into a lease:

- Property use is restricted to a 10 foot set back from all slopes.
- Property use is restricted to the SE corner of the lot. No activity near the landfill monuments and the crack in the cap.
- The existing road access to the waterfront is restricted from use to ensure CBS access to sampling and survey locations.
- No water ponding occurs on the property.
- Landfill cap is not disturbed.
- CBS and/or DEC inspection access is ensured.
- All State of Alaska DEC requirements are met on an ongoing basis.

### **Action**

- GPIP Board discussion and recommendation on a month to month lease to CS Enterprises per DEC approval.



### **CS Enterprises Proposal**

CS Enterprises is requesting to lease 20,000 SF of property at the GPIIP Block 4, Lot 1 to conduct sawmill operations as well as log storage.

### **Proposal**

CS Enterprises proposes to lease a 20,000 SF portion on an annual basis at the GPIIP Block 4, Lot 1 (starting at the southern driveway entrance running along the road to the north, and to the western edge of the leveled ground). CS Enterprises wishes to conduct sawmill operations, storage of logs, and construct a temporary structure for storage of milled lumber on the leased property.

CS Enterprises proposes the following terms:

- 20,000 SF of property @ \$0.04/SF/year = \$800/year

## **CS Enterprises**

1302 Sawmill Creek Rd. #31, Sitka, AK 99835

January 10, 2021

### **Executive Summary**

#### ***The Ownership***

The company will be structured as a sole proprietorship.

#### ***The Goals and Objectives***

The main goal is to remove the standing alder trees and add fill to create a mostly level surface on which we plan to store logs and manufacture lumber.

#### ***The Product***

Manufacturing lumber.

#### ***The Target Market***

The target market is local consumers.

## **Business Plan - CS Enterprises**

### **The Company**

#### ***Company Goals and Objectives***

The main goal is to remove the standing alder trees and add fill to create a mostly level surface on which we plan to store logs and manufacture lumber.

#### ***Organizational Timeline***

The process of removing alder trees and adding fill should take one week.

### **The Product**

*The Product*

Manufacturing lumber.

## **Marketing Plan**

### *The Target Market*

The target market is local consumers.

## **Operations**

### *Daily Operations*

Moving logs from storage area to sawmill.

Milling lumber.

Stacking and storing milled lumber.

## **Potential Concerns on property**

When removing the alder trees, we do not plan on disrupting the cap. we plan on cutting the trees 6" above the current surface. Then, once the fallen alder trees have been removed, we will fill a minimum of 12" above the cap.

We will use a forklift to move logs and lumber on the lot. The forklift we typically use weighs 10,000 pounds.

There will be no residents living at the property therefore we will not need electricity, water, sewage or garbage services.





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

Tuesday, January 12, 2021

MEMORANDUM

To: Gary Paxton Industrial Park (GPIP) Board of Directors  
From: Garry White, Director  
Subject: Bulk Water Pipeline Repair

**Introduction**

The Bulk Water Pipeline has developed a leak and has been temporarily repaired twice in the past few months. A permanent repair is needed to ensure water can be transported to the NSRAA Sawmill Cove Hatchery and for future water export ventures.

NSRAA has made the two temporary repairs as water flow is essential to keeping their fish alive.

The GPIP Director is recommending that the GPIP Board recommend a budget of \$74,000 be included in the FY22 GPIP capital projects. Funding for this repair is recommended to be appropriated from the CBS Raw Water Fund which was established from fees of past bulk water purchase agreements. The Raw Water Fund has a balance of \$846,483.

**Bulk Water Delivery Infrastructure**

The current bulk water delivery infrastructure consists of two main systems; the high pressure system, running from Blue Lake Dam to the former turbine pit or wet well at elevation 148.7' and a lower pressure, system running from the wet well location to the shores edge of Sawmill Cove via 42" and 36" pipe. The system was designed to flow at a rate of at least 33.6 million gallons of water per day.

NSRAA has a tap into the bulk water line which brings water to its Sawmill Cove Hatchery.

Clients interested in exporting Sitka's water via large tanker ships or floating bags have identified a high volume flow rate to minimize the time a ship would need to spend in port taking on water through the existing infrastructure.

Clients interested in exporting Sitka's water in small container sizes of 5 gallon to 20 foot containers have expressed interest in having a lower volume flow rate to allow for the small containers to be filled. The 2017 Water Purchase Agreement between the CBS and Eckert Fine Beverages called for the establishment of a low volume water filling station to be designed, funded, and constructed by Eckert Beverages to be turned over to the CBS to accommodate all potential low volume water exporters.

## **Pipeline Repair Budget**

Please see the attached pipeline repair budget prepared by NSRAA. The budget includes the following:

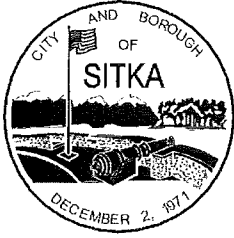
1. Bulk Water Repair - \$73,370
  - \$66,000 in repairs
  - \$6,670 for design and engineering
  - The GPIIP Director is recommending that the CBS enter into a cost sharing agreement with NSRAA to have NSRAA complete the repairs to the system.
    - NSRAA and the CBS have a Water Delivery Agreement (see attached)
2. Bulk Water Line Upgrade - \$5,203
  - \$4,730 in upgrades
  - \$473 for design and engineering
  - NSRAA will be responsible for the costs to upgrade the pipeline
3. Eckert Fine Beverages Line Tap - \$16,880
  - \$15,345 to tap the line and construct the low volume water delivery infrastructure
  - \$1,535 for design and engineering
  - Eckert Fine Beverages will be responsible for the cost of the low volume delivery infrastructure.

## **Action**

- GPIIP Board recommendation to establish a budget of \$74,000 in the FY22 GPIIP Capital budget. Funds for the project should be taken from the CBS Raw Water Fund.

## **POSSIBLE MOTION**

**I MOVE** to approve the Water Delivery Agreement between the City and Borough of Sitka and Northern Southeast Regional Aquaculture Association and authorize the Interim Administrator to execute the document.



# City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

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## MEMORANDUM

To: Mayor Gary Paxton and Assembly Members

From: Hugh Bevan, Interim Municipal Administrator *HB*

Date: January 15, 2020

Subject: NSRAA Agreement for Water Withdrawal at Sawmill Cove

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### Background

Northern Southeast Regional Aquaculture Association (NSRAA) operates a salmon hatchery at the Gary Paxton Industrial Park. The facility annually produces about 1.8 million coho and 45 million chum salmon. These fish are raised and released for the benefit of commercial, sport and subsistence fishermen.

The ex-vessel value to commercial fisheries in 2019 from the GPIF facility was over \$7 million dollars. This was comprised of \$7.5 million in chum value from Crawfish Inlet and approximately \$300 thousand dollars in coho value from the Deep Inlet coho program. Over 200 thousand coho have been harvested in the Sitka area to the benefit of commercial and sport fishermen since the GPIF facility began production in 2013.

Since 2006 NSRAA has leased land from the Industrial Park for the hatchery. They have also operated under an agreement with CBS to withdraw up to 10 cfs of untreated Blue Lake water as the supply for the hatchery.

Recently NSRAA began planning for an expansion of the GPIF hatchery that will add the production of 2 million Chinook salmon to the facility. They have leased the GPIF lot that is adjacent to the hatchery and they have requested an increase to their allotted Blue Lake water from 10 cfs to an annual average of 14cfs with a maximum flow rate of 20 cfs. (1 cfs = 449 gallons per minute)

20 cfs is about 4.5% of the average inflow rate into Blue Lake.

For the past few years CBS and NSRAA have been trying to reach a new agreement for Blue Lake water use. This fall our Electric Department Working Group worked with NSRAA to reach an agreement satisfactory to both parties.



## Analysis

The attached schematic of the Blue Lake water supply arrangement is also an attachment to the proposed Water Delivery Agreement.

It depicts the three specific locations for withdrawal of water under the new agreement.

The existing, primary source for NSRAA will continue and is labeled Withdrawal Point 1. This access is taken directly from the penstock, the same access point as the Bulk Water pipeline. Water taken from Withdrawal Point 1 is removed above the Blue Lake powerhouse, thus it not available to generate electric power.

Withdrawal Point 1 is important to NSRAA because it feeds the hatchery with gravity water pressure, thus eliminating the need for expensive pumping systems.

Withdrawal Point 2 will be used in the future by NSRAA when Sitka needs all of the water in the penstock to produce power. Water taken from Point 2 has passed through the power house turbines and has produced electric energy. Point 2 requires NSRAA to maintain and operate a pumping system.

Withdrawal Point 3 is directly from Sawmill Creek. Point 3 will be used whenever the Blue Lake power plant and/or the penstock are taken out of service for emergencies, for maintenance or for mandatory FERC inspections.

CBS is also installing a withdrawal system at Point 3 to feed the new water filter plant.

The recent analysis of Sitka's remaining hydroelectric capacity assumed 20 cfs of water will continue to be taken from the penstock above the Blue Lake power plant, so the NSRAA agreement does not reduce our projections for the remaining generation capacity.

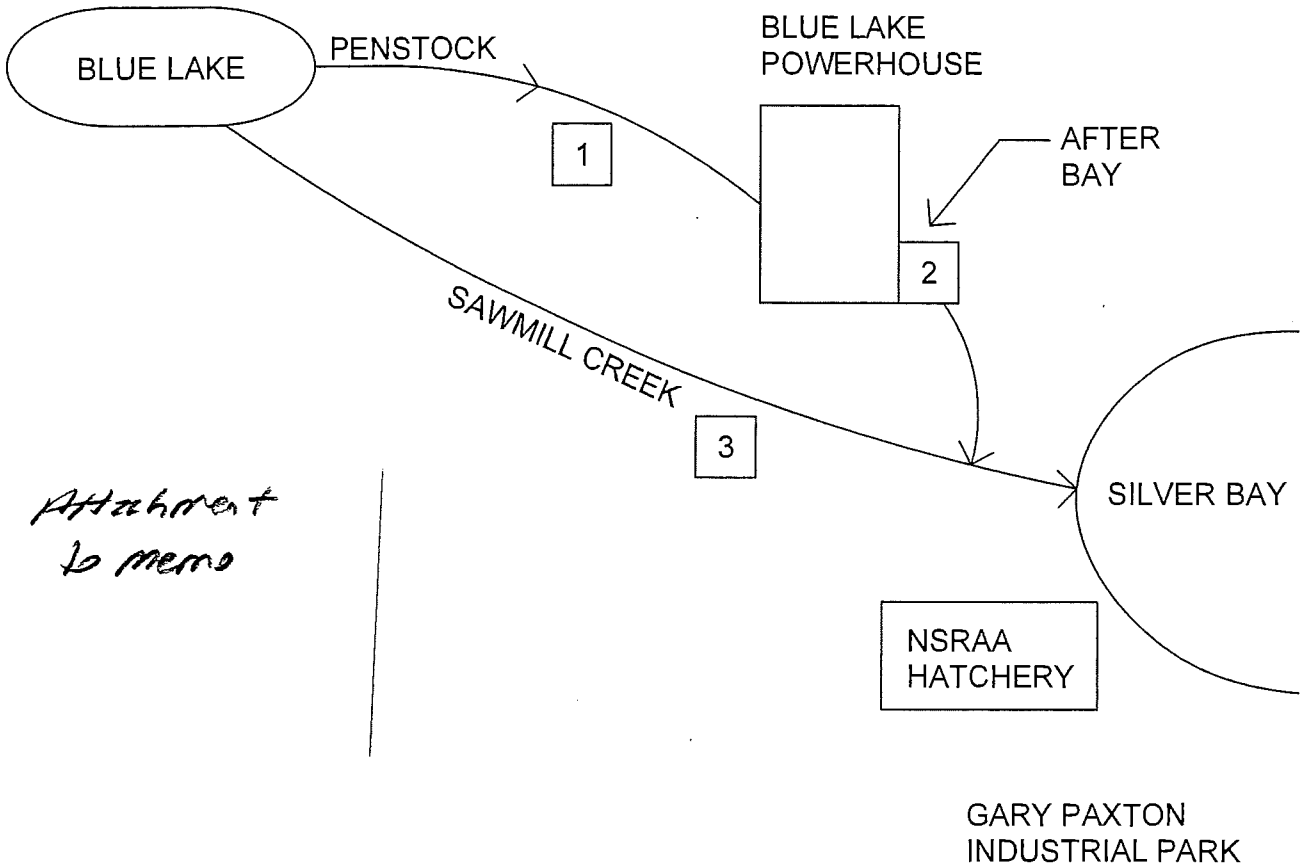
The agreement is subject to review and renegotiation in ten years.

## Fiscal Note

There are no increased costs to CBS as a result of this agreement.

## Recommendation


Approve the Water Delivery Agreement between the City and Borough of Sitka and Northern Regional Aquaculture Association.



*Attachment  
to memo*

**LEGEND**

- 1** PENSTOCK WITHDRAWAL POINT, GRAVITY FED WATER
- 2** AFTER BAY WITHDRAWAL POINT
- 3** SAWMILL CREEK WITHDRAWAL POINT



City and Borough of Sitka  
 DEPARTMENT OF PUBLIC WORKS  
 100 LINCOLN STREET • SITKA, ALASKA 99835  
 TEL (907) 747-1804 FAX (907) 747-3158

**APPENDIX A TO  
 CBS/NSRAA WATER  
 DELIVERY AGREEMENT**

DRAWN: JJH	SCALE: N.T.S.
CHECKED: H.BEVAN	DATE: Dec 2019
DRAWING NAME: AppendixA.dwg	
SHEET NO. 1	1 / 1

Water Delivery Agreement  
Between the City and Borough of  
Sitka, Alaska (CBS)  
and  
Northern Southeast Regional Aquaculture Association (NSRAA)

Definitions

cfs – means cubic feet per second, a measure of the volume of water.  
1 cfs is equal to approximately 448 gallons per minute

Penstock – The large diameter pipe and rock tunnel system that transports water from Blue Lake reservoir to the Blue Lake powerhouse for the purpose of generating electricity.

Afterbay – the concrete plunge basin located at the Blue Lake powerhouse where water emerges from the powerhouse after generating electricity. From the afterbay the water flows into Sawmill Creek and eventually into Silver Bay.

Purpose of Agreement

NSRAA operates a fish hatchery within the Gary Paxton Industrial Park which is owned by CBS. NSRAA has a land lease with CBS for the purpose of operating the hatchery. A reliable source of fresh water is essential to the success of the hatchery venture. It is the desire of NSRAA to acquire their water supply from the CBS industrial water certificate No. ADL 43826, as issued by the State of Alaska to CBS.

CBS is sympathetic to the water supply needs of NSRAA an organization CBS believes to be an important element of the overall Sitka economy. CBS currently has a surplus volume of industrial water available on an annual basis and wishes to make this available for economic development in the GPIIP. CBS currently lacks the ability or controls to reliably supply Industrial Water to the GPIIP through the penstock or via the powerhouse afterbay pumps. This agreement allows NSRAA to manage the Bulk Water Line supply until a point in time when the city may be able to reliably supply water via these methods.

This agreement establishes the technical and economic relationship between CBS and NSRAA for the purpose of providing a long term, reliable source of water for the hatchery.

A schematic diagram of the physical layout of the physical features described in this Agreement is attached as Appendix A.

This Agreement shall be subject to review and re-negotiation 10 years from the date of execution by both parties.

CBS shall:

1. Allow NSRAA to withdraw water from the penstock at Withdrawal Point 1 based upon an expected, calendar year average of 14 cfs with a not-to-exceed, maximum flow of 20 cfs. CBS will allow this withdrawal of water at no charge to NSRAA for the water.
2. Retain the right to determine when NSRAA may withdraw water from the penstock at Withdrawal Point 1 and which piping system is used to deliver the water to NSRAA.
3. Allow NSRAA to withdraw water at Withdrawal Point 2 at no charge to NSRAA for the water.
4. Allow NSRAA, at NSRAA expense, to upgrade existing afterbay water delivery infrastructure at Withdrawal Point 2 subject to CBS prior review and approval.
5. Allow NSRAA to upgrade, at NSRAA expense, certain water control valves, piping and control systems as described in Appendix B of this Agreement subject to CBS prior review and approval. These features are shown on the Water Delivery Agreement Flow Diagram which is attached to this Agreement as Appendix C.
6. Notify NSRAA as soon as possible when penstock water will not be available from Withdrawal Point 1 and/or when afterbay water will not be available from Withdrawal Point 2. CBS will give NSRAA at least 30 days notice of planned changes to water availability from either of these two Withdrawal Points.
7. Coordinate with NSRAA if and when the bulk water pipeline is used to transport bulk water while also supplying water the NSRAA.

It is understood and agreed that there will be unanticipated system failures or emergencies determined by CBS or NSRAA when water will not be available from Withdrawal Point 1. In that situation NSRAA must obtain its water from Withdrawal Point 2 or, if it is not available directly from Withdrawal Point 2, then from Withdrawal Point 3, i.e. directly from Sawmill Creek. There may also be times when the water quality of Withdrawal Point 2 (saltwater intrusions into afterbay) will not be suitable for the hatchery utilization due to elevation of afterbay weir. It is further understood that the surplus volume of raw water available from Withdrawal Point 1 may cease to be available in the future when additional water is needed for electric power generation.

NSRAA shall

1. Provide at its expense capital equipment, maintenance and operations of pumping equipment, valves, pipes and meters at all Withdrawal Points that are necessary to support NSRAA operations.

2. Pay CBS published rates for electric energy necessary to operate NSRAA equipment at all Withdrawal Points.
3. Provide and maintain industrial water flow meters at each Withdrawal Point with a SCADA output to CBS that will allow CBS to remotely monitor NSRAA water usage.
4. Acquire CBS and third-party approvals and permits necessary to construct facilities within Sawmill Creek at Withdrawal Point 3 or to alter Sawmill Creek stream flow to raise water levels in the afterbay at Withdrawal Point 2.
5. For any NSRAA facilities and infrastructure, and for any NSRAA activities, on CBS property, NSRAA shall, during the term of this Agreement, provide and maintain: worker's compensation insurance meeting the requirements of the State of Alaska; comprehensive general liability insurance with limits per occurrence and in the aggregate in the amount of \$2,000,000; and, automobile liability insurance with minimum limits of \$2,000,000. NSRAA shall provide proof of insurance upon written demand by CBS in the form of a Certificate of Insurance, and NSRAA's insurer shall give thirty (30) days written notice to the CBS of any material change, cancellation, or non-renewal of the insurance policies. All insurance policies required shall name the CBS as an additional insured for the purposes of the Agreement and shall contain a waiver of subrogation against the CBS.
6. Coordinate with CBS to service low-volume, third party water contracts that may need access to NSRAA water systems at Gary Paxton Industrial Park from time to time.
7. Indemnify, defend, save, and hold CBS harmless from any claims, lawsuits, or liability, including attorney's fees and costs, arising from any intentional misconduct or negligent act, error, or omission, occurring during the course of or as a result of NSRAA's performance or operations under this Agreement, except those arising from the intentional misconduct or negligent acts, errors, or omissions of CBS.
8. Not assign any rights or interests in this Agreement without the prior written consent of CBS.

[SIGNATURES ON NEXT PAGE]

In recognition of the terms described above the parties approve this Agreement.

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Steve Reifentuhl  
General Manager  
Northern Southeast Regional Aquaculture Association  
1308 Sawmill Creek Road  
Sitka, Alaska 99835

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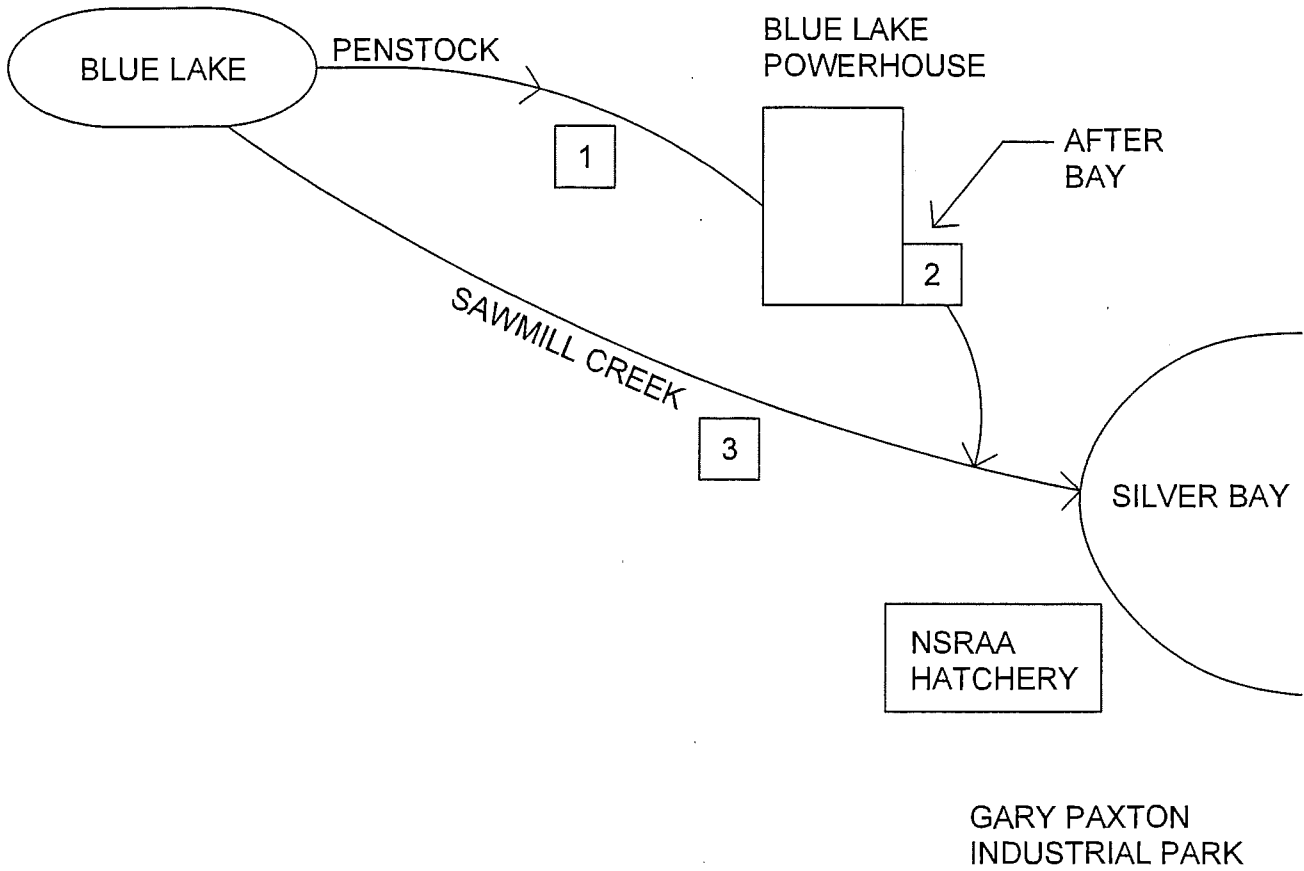
Date

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Hugh R. Bevan  
Interim Administrator  
City and Borough of Sitka  
100 Lincoln Street  
Sitka, Alaska 99835

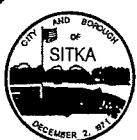
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Date



## LEGEND

- 1** PENSTOCK WITHDRAWAL POINT, GRAVITY FED WATER
- 2** AFTER BAY WITHDRAWAL POINT
- 3** SAWMILL CREEK WITHDRAWAL POINT



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## APPENDIX A TO CBS/NSRAA WATER DELIVERY AGREEMENT

DRAWN:	JJH	SCALE:	N.T.S.
CHECKED:	H.BEVAN	DATE:	Dec 2019
DRAWING NAME:	AppendixA.dwg		
SHEET NO.	1 / 1		

## Appendix B

### Water Delivery Agreement Between the City and Borough of Sitka, Alaska (CBS) and

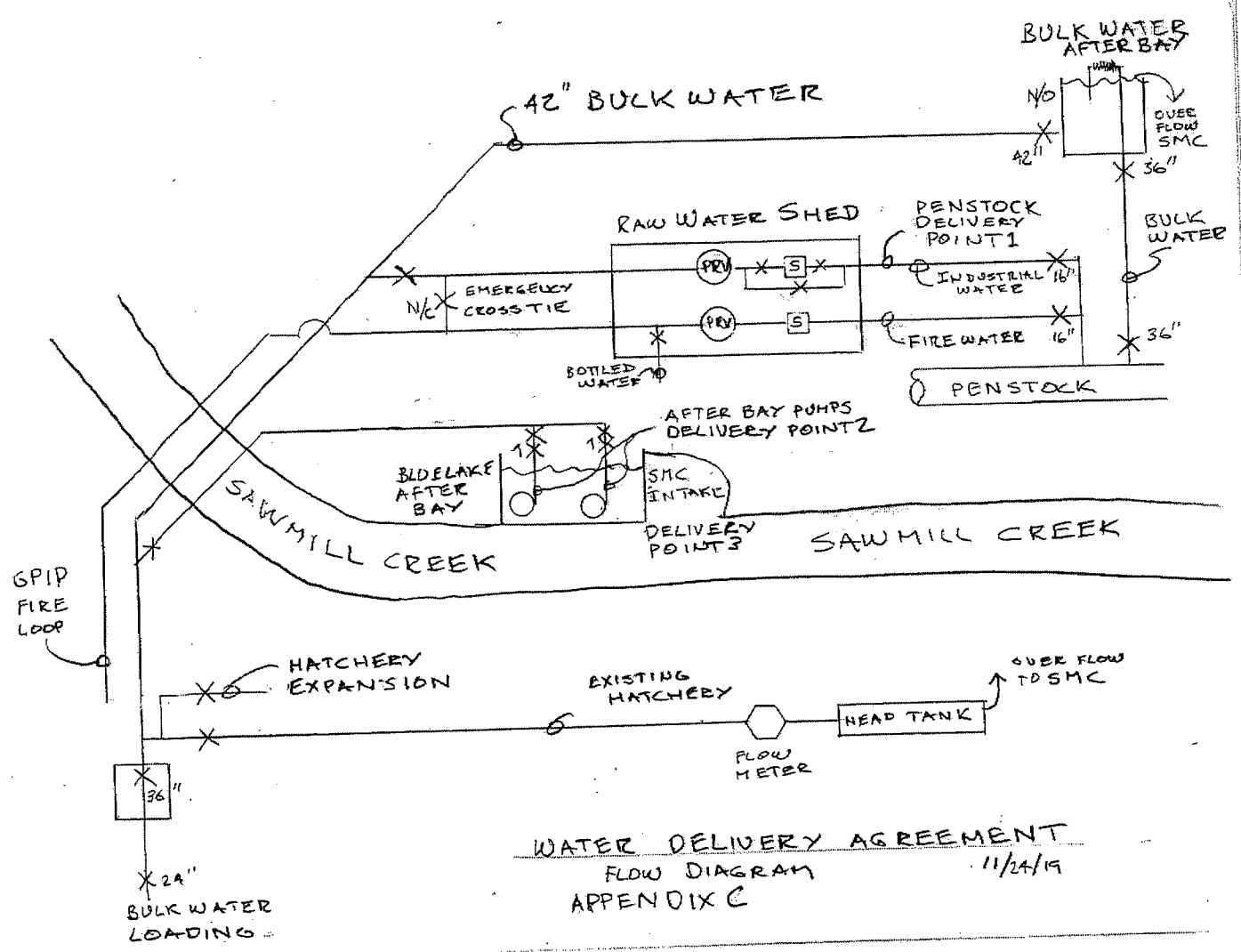
### Northern Southeast Regional Aquaculture Association (NSRAA)

Allow NSRAA to upgrade, at NSRAA expense, certain water control valves, piping and control systems as described below subject to CBS review and approval.

1. CBS shall allow NSRAA to upgrade the 10-inch PRV supply to a 14- inch supply.
2. NSRAA shall insure the 42-inch bulk water valve at the intake end of the bulk water line remains in the open position.
3. CBS shall insure the 24-inch bulk water loading valves at the discharge end of the bulk water line remain in the closed position under normal operation and will coordinate with NSRAA before these valves are opened for line flushing or for any other purpose.
4. CBS shall maintain 39PSI in 36-inch bulk water line during line flushing or any other GPIIP park water delivery purpose. CBS shall notify and coordinate with NSRAA prior to any planned line pressure changes.
5. CBS shall allow NSRAA to install controls on the bulk water line, the afterbay pumps and NSRAA's 16-inch PRV penstock supply subject to CBS review and approval.
6. CBS shall allow NSRAA access to the existing afterbay pumps for testing and operational purposes.
7. CBS shall maintain after bay elevation of 10.7'
8. CBS shall maintain the connection of the two existing after-bay pumps to the Blue Lake Powerhouse standby generator.
9. Situations when CBS will notify NSRAA that water is unavailable at Withdrawal Point 1 and/or Withdrawal Point 2. These situations are generally rare occasions and may include, but not limited to:
  - a. Power Conduit shutdown
  - b. Repair or replacement of any penstock root valve or piping
  - c. Drought- when Blue and Green Lake water levels are 5ft. below the average water rule curve for both lakes for more than 30 consecutive days.
  - d. Reservoir balancing.



- e. Water mismanagement by either CBS or NSRAA, i.e. NSRAA wasting water at Withdrawal Point 1 through the Filter Plant after bay, CBS releasing water unnecessarily at the Fish Valve by-pass valve or penstock drain valve.
- f. Blue Lake Power Plant shutdown.
- g. Dewatering of the Blue Lake after bay for repairs or access to turbine draft tubes.
- h. Many of these situations will also result in CBS turning off interruptible customers which would impact ratepayers also.



WATER DELIVERY AGREEMENT  
 FLOW DIAGRAM  
 APPENDIX C  
 11/24/19

