



BOARD OF DIRECTOR'S MEETING

**MONDAY, MARCH 25, 2021 - AGENDA
3:00 PM**

Room 6 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
MARCH 1ST, 2021	
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	
A. New Business	
1. K&E Alaska, Inc. Lot 15 Lease Request	Discussion/Recommendation
B. 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
March 1, 2021 3:00pm – Harrigan Centennial Hall**

DRAFT Meeting Minutes

- A. CALL TO ORDER:** The Chair, Scott Wagner, called the meeting to order at 3:01pm
- B. ROLL CALL**
- Members Present:** Scott Wagner, Mike Johnson, Chris Ystad
- Members Absent:** Vaughn Morrison
- Staff Present:** Garry White, Makena Hardwick
- City Representatives:** Thor Christianson (Assembly Liaison), John Leach (Administrator), Brian Hanson (Municipal Attorney)
- Others Present:** Hugh Bevan with Fred Paley and Michael Harmon via Zoom.
- C. Review of Minutes – February 11, 2021**
- Motion:** M/S Johnson/Ystad to approve the minutes of February 11, 2021
- Action:** Motion Passed 3/0 on a voice vote
- D. Correspondence & Other Information-** None
- E. Changes/Additions/ Deletions to Agenda-** Switching Item H and I in the agenda.
- F. Reports –** None
- G. Persons to Be Heard-** None
- I. New Business-**
1. Sitka Bulk Water Export Venture
- Mr. White gave a brief history of the water allocations for bulk water export. The lack of bulk water export being done currently led the assembly to ask if these allocations could be retracted by the State. Research was then done on permits that are wholly or partially abandoned. These permits serve a dual purpose of hydroelectric and bulk water export.
- Mr. Christianson asked if there a real risk of having the permit taken away.
- For the permit to be taken away, a third party would have to petition the state and claim that we are not using our permits.

Gary Paxton Industrial Park Board Meeting
March 1, 2021

Michael Harmon clarified that every permit is actively being used. Additionally, a 5-year period of it not being used is required for it to be considered abandoned.

Mr. White stated that there is currently no way to get the water from the CBS penstock to a ship to be exported. Kind of like a gas station without a pump. It would cost the CBS millions of dollars to do this. The CBS could continue to partner with private companies for them to invest in their plans to export water.

Mr. Wagner asked the board if they want to continue marketing water.

Mr. Johnson extended his support of the bulk water export marketing.

Mr. Christianson added that there is Fatigue from the assembly, rather than lack of support. A bullet point of highlights would make it easier for the assembly to understand the contract details.

H. Unfinished Business

1. Artic Blue Waters Water Purchase Agreement

Mr. White reviewed the decisions made by the board in previous visits with Mr. Paley. Among these are performance bench marks to determine whether a continuation of the water purchase agreement is in the best interest of the City of Sitka.

The Assembly felt that 20 years was too long. Effects of climate change on water were brought up as well. Though, because of the previously mentioned performance bench marks, it is not a 20-year contract, but rather a 5-year contract with the ability to be extended. The city can cancel the agreement if they do not meet the bench marks.

There is potential for the city to enter into another contract with another company after 5 years. It is up to the administrator's discretion to allocate the water. Hydroelectric and drinking water for Sitka has priority over export. There are sections in the contract that protect the city for water issues that could come up. The exported water is being collected after it is used for hydroelectric power. There are also sections that touch on natural disasters and climate change.

Another concern was the pricing being locked with only CPI adjustments. The scheduled increase of 3% calculates to a large profit for the city. One thing that was discussed is that after 48 months Artic Blue Waters must submit designs for a new way to pump the water to the ships for export. This is an added bench mark.

Public Comment:

Hugh Bevan stated that Arctic should provide a conceptual layout of the ship mooring systems and the post hydroelectric collection system. As well as the power demands of the pumping systems from the electric department. And how that integrates with blue lake power house. Discussion of bulk water vessels movements and how they relate to a potential haul out. Mr. Bevan believes that these are all important to know before entering into a contract with Artic Blue Waters.

Board Discussion:

Mr. Paley addressed Mr. Bevan's concerns. They are looking at moving existing water line. They would like to bring in a smaller ship to the existing GPIIP dock, the ship is 300' in length. It would save money and time to be able to use the GPIIP dock. However, if that is not possible they could use a floating dock and a barge at the end of the pipeline. The intent would not be to bring it back every time. It would be moved out of ship traffic, but kept in Sitka.

It was determined that a summary of the contract will be created for assembly review. And that it will be expressed in the summary that after 5 years, the contract is essentially an annual contract that can be cancelled at any time at the discretion of the administrator if Artic Blue Waters is not meeting export goals.

Brian Hanson wanted to address Mr. Bevan's legitimate comments. From Mr. Hanson's perspective as a risk manager, it does not put the City at risk due to the fact that we have provisions put in place that protect us from a failure in these systems. Protections are already put in place in the contract to ensure that the city still gets the drinking water and electricity from the water before it can be taken for export.

Mr. Johnson stated that water export is a great source of revenue for the city and has done well so far.

The recommendation is to add to 48-month submission of the engineering plans to be able to pump water to the ships for export and create an executive summary of the contract for assembly review.

Motion: M/S Ystad/Johnson move to resubmit the amended contract after legal review by municipal attorney along with an executive summary of the contract for assembly review.

Action: Passed (3/0) on a voice vote

J. Adjournment: The Chair, Scott Wagner, adjourned the meeting at 3:41 pm

Monday, March 22, 2021

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)**

GPIP Dock Revenues have increased each fiscal year. FY18 - \$689, FY19 - \$14,643, FY20 - \$37,462, FY21 YTD - \$32,955. **(11/25/2020)**

The GPIP Port Tariff #4 was approved by the Assembly in February 2021. The dock is starting to see an increase in use due to the fishing season starting. **(03/22/2021)**

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 GPIIP Board has been unable to secure funding for the construction of haul out infrastructure to date.

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

(12/9/2019)

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

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

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

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

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)**

The GPIIP Board met at its October 29th meeting and approved another RFP for private sector development of a haul out. The draft RFP was presented and approved by the CBS Ports and Harbors Commission at its November 23rd meeting. The RFP was approved by the Assembly at its January 26th, 2021 meeting and released to the public on February 2nd.

The public can find the RFP on the CBS Bid Express website. Proposals are due on April 8th, 2021. **(2/8/2021)**

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)**

The GPIIP Board recommended approval of a new water purchase agreement between the CBS and Arctic Blue Waters Alaska Inc. at its October 29th meeting. The Agreement will go to the CBS Assembly for approval on February 23rd. **(02/08/2021)**

The CBS Assembly met on March 9th and approved the water purchase agreement between the CBS and Arctic Blue Water. The GPIIP Director has received call from other potential exporters of Sitka's water. **(03/22/2021)**

4. Bottled Water

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

5. Blue Lake Dam Expansion Project

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

The GPIIP Director has met with the CBS Electric Director regarding leveling out the above lots for future leases or sales at the GPIIP. **(03/22/2021)**

6. GPIIP Dock Fuel Sales

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

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

Delta Western is in the process of installing a second fuel tank at the GPIIP for fuel delivery off the GPIIP Dock. **(03/22/2021)**

7.



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

Monday, March 22, 2021

MEMORANDUM

To: Gary Paxton Industrial Park (GPIP) Board of Directors
From: Garry White, Director
Subject: K&E Alaska Inc. Lot 15 Lease Request

Introduction

K&E Alaska Inc. (K&E) is requesting to lease a 25,000 SF (250' x 100') portion of Lot 15 for staging equipment and materials during the construction of the CBS critical secondary water treatment facility on Lot 17. K&E would like to lease the property for roughly 4 months starting April 1st on a month to month basis.

Background

Lot 15 is 113,369 SF parcel of property located in the center of the GPIP property.

Lease Terms

K&E proposes to lease a 25,000 SF portion on a month to month basis.

Lot 15 has an assessed value of \$509,700. $\$509,700 @ 9\% = \$45,873$ or $\$0.405/\text{SF}/\text{YR}$

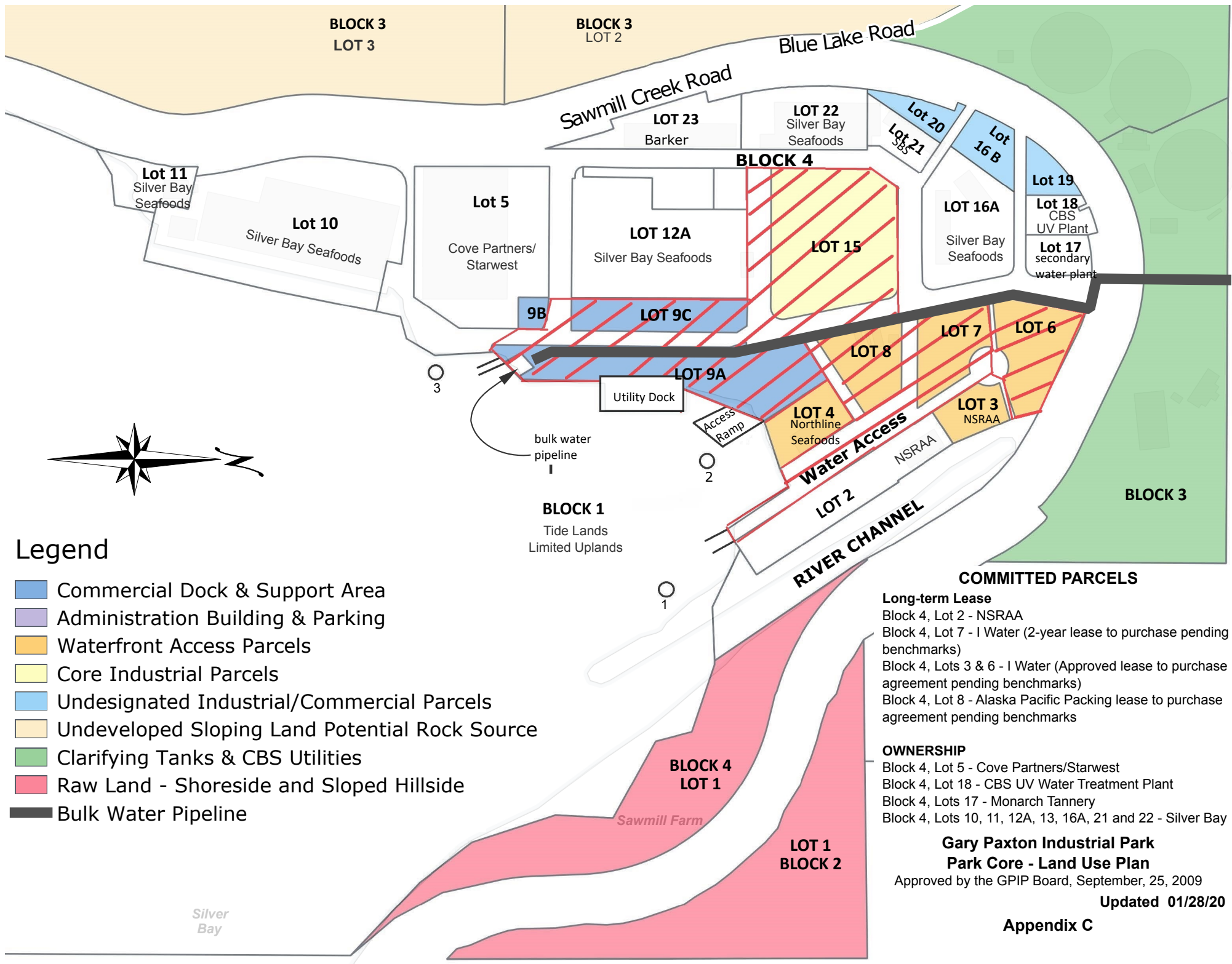
25,000 SF of property @ $\$0.404/\text{SF}/\text{year} = \$10,100/\text{year}$ or $\$842/\text{month}$

The GPIP Director is recommending a month to month lease of \$842 per month.

All other standard lease requirements will be included in the lease.

Action

- GPIP Board discussion and recommendation on a month to month lease to K&E for a portion of Lot 15.



Legend

- Commercial Dock & Support Area
- Administration Building & Parking
- Waterfront Access Parcels
- Core Industrial Parcels
- Undesignated Industrial/Commercial Parcels
- Undeveloped Sloping Land Potential Rock Source
- Clarifying Tanks & CBS Utilities
- Raw Land - Shoreside and Sloped Hillside
- Bulk Water Pipeline

COMMITTED PARCELS

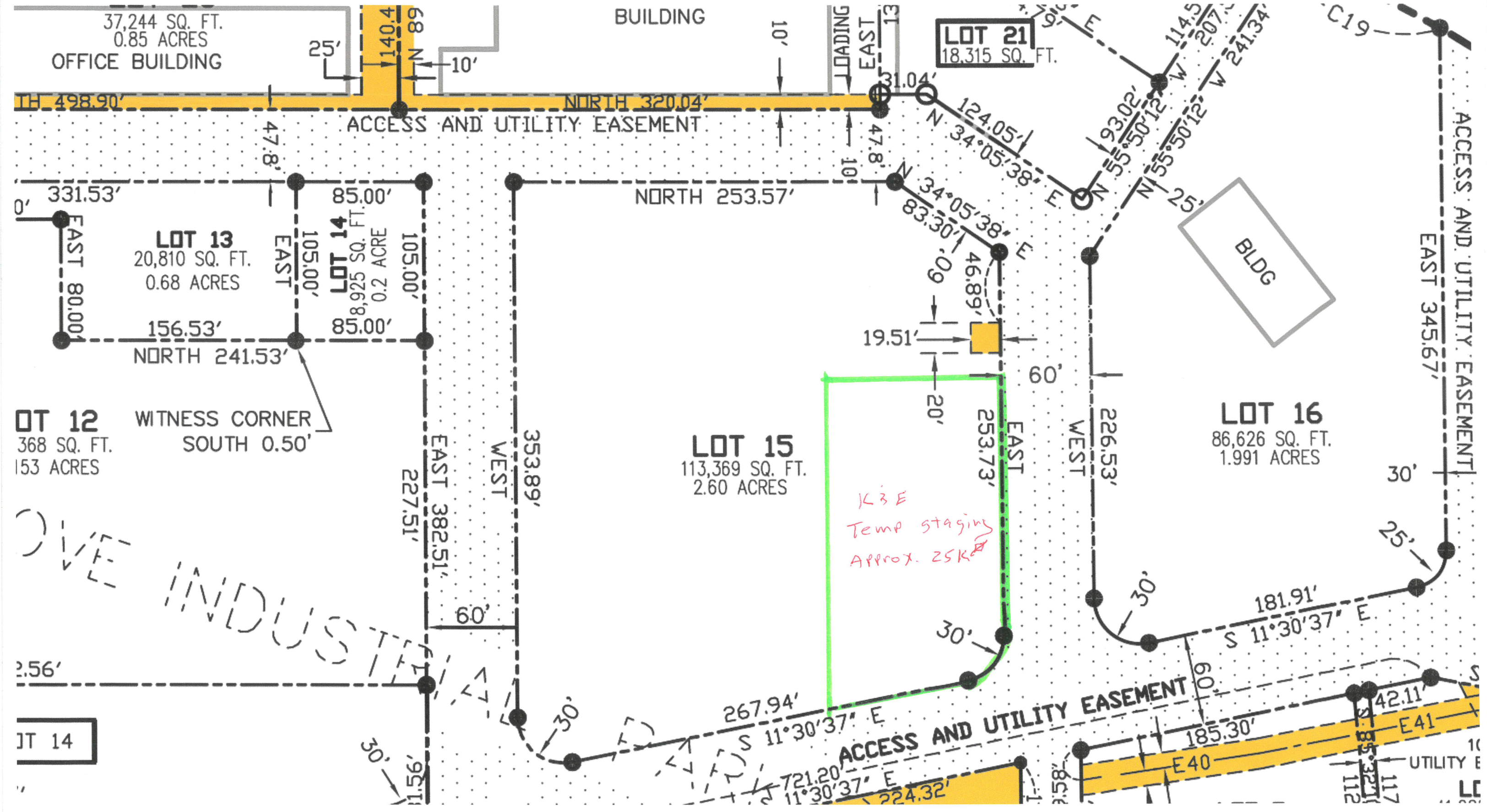
- Long-term Lease**
- Block 4, Lot 2 - NSRAA
 - Block 4, Lot 7 - I Water (2-year lease to purchase pending benchmarks)
 - Block 4, Lots 3 & 6 - I Water (Approved lease to purchase agreement pending benchmarks)
 - Block 4, Lot 8 - Alaska Pacific Packing lease to purchase agreement pending benchmarks

- OWNERSHIP**
- Block 4, Lot 5 - Cove Partners/Starwest
 - Block 4, Lot 18 - CBS UV Water Treatment Plant
 - Block 4, Lots 17 - Monarch Tannery
 - Block 4, Lots 10, 11, 12A, 13, 16A, 21 and 22 - Silver Bay

**Gary Paxton Industrial Park
Park Core - Land Use Plan**

Approved by the GPIP Board, September, 25, 2009
Updated 01/28/20

Appendix C



K3E
Temp staging
Approx. 25K

INDUST

LOT 14

LOT 21
18,315 SQ. FT.

LOT 16
86,626 SQ. FT.
1.991 ACRES

LOT 15
113,369 SQ. FT.
2.60 ACRES

LOT 13
20,810 SQ. FT.
0.68 ACRES

LOT 14
8,925 SQ. FT.
0.2 ACRE