GARY PAXTON
INDUSTRIAL PARK

BOARD OF DIRECTOR'S
MEETING AGENDA
WORK SESSION/ REGULAR MEETING
THURSDAY, MAY 15, 2025 3:00 P.M.
HARRIGAN CENTENNIAL HALL ROOM 6, 330 HARBOR DRIVE

Work Session

GPIP Haul Out Development Discussions

Regular Meeting

A.	Call to Order	Acknowledge
B.	Roll Call	Acknowledge
C.	Approval of Minutes	Motion to Approve
	April 17, 2025	
D.	Correspondence & Other Information	Acknowledge/Questions
E.	Changes/Additions/Deletions to Agenda	Change/Add/Delete
F.	Reports	
G.	Persons To Be Heard *(For items OFF the agenda - not to exceed 3 minutes)*	
H.	Unfinished Business	
	1. GPIP Haul Out Development Discussion/Direction	Discussion/Recommendations
	2. GPIP Port Tariff Discussion and Adjustments	Discussion/Recommendations
I.	New Business	
	1. Sitka Marine Trades Association	Discussion/Recommandations
	2. Arctic Blue Waters Purchase Agreement Extension	Discussion/Recommendations
	3. NSRAA Tidelands Request	
J.	Persons To Be Heard *(For items ON or OFF the agenda - not to exceed 3 minutes)*	
K.	Adjournment	

The Mission

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

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

Friday, May 9, 2025

MEMORANDUM

To: Gary Paxton Industrial Park (GPIP) Board of Directors

From: Garry White, GPIP Director

Subject: GPIP Haul Out Development Work session

Introduction

The GPIP Board and CBS are in the process of developing a vessel haul out and shipyard at the Gary Paxton Industrial Park.

More information about the GPIP Vessel Haul Out Development Project can be found at the following link:
https://www.cityofsitka.com/departments/PublicWorks/GPIPHaulOut

Future Haul Out and Shipyard Development

The GPIP Board in the past discussed the yard space needed for the haul out and shipyard facility at the GPIP, specifically the amount of space needed for a working yard, long term vessel storage, gear storage, and space available for vendor operations.

The GPIP Director has received multiple inquiries regarding future leases of property at the GPIP for marine services and other activities.

A discussion regarding future developments by the GPIP Board is needed to start the future development of properties to support the haul out and shipyard facility.

The attached GPIP Land Use Plan conceptual drawing outlines current property owners and current long-term leases.

Questions for a planning discussion on future haul out and shipyard development:

1. How much space does the Board wish to allocate for vendor operations in the park and which areas should be designated?

2. How does the Board recommend that property is allocated, via sales or long-term leases.

3. If long term leases, suggested lease terms and whether a bid process is needed to ensure fair and equitable opportunities. Sales are required to go through a competitive bid process or RFP process.

4. How much space will be allocated for long-term storage of vessels?

5. How much space will be allocated for gear storage?

6. Other potential uses of GPIP property?

DRAFT Shipyard Layout

- Please see the proposed haul out layout.

Fiscal Note

Total funding allocated for this project is $10,131,040 ($8,181,040 from the proceeds of the sale of the Sitka Community Hospital property, $100,000 appropriated towards the development in 2021, $1 million dollar grant from Denali Commission, and an additional $850,000 appropriated by the Assembly in 2024). The Assembly approved an appropriation for Phase I estimated costs of the based bid items in the amount of $8,187,000 at its July meeting.

To complete the additive alternative items remaining in phase 1 an estimated ~$6 million will be needed based on a past estimates. New cost estimates are being researched due to increased cost of construction. With no readily available municipal source of working capital to fund the additive, alternate items of Phase 1, grant-funding opportunities are the most likely funding source. It is important to note that if the funding source is federal, there may be some added cost related to federal funding restrictions. Cost estimates for Phase 2 of the project have not been fully developed but estimated to be in the $18 million dollar range.

Additional Information

Upland Facilities Needed to Support Marine Trades

Sources of data: Review of Marine Trades Spatial Needs, BST Associates, 2010, Commercial Boat Launch Location Study, Anchor/KPF, 2008, plus Port staff review of existing Puget Sound facilities and input from local operators.

Boat Repair Yard

- *Upland Acreage*: Boat repair yards range from 1.5 to 3 acres. New yards tend to be larger.
- *Upland Maneuver Space*: 150 Ton lift requires 240' upland space.
- *Waterside Facilities*: Minimum 60'-110'; ideally 250'-300' in staging float plus 75'-130' waterside approach area; total water-side approach of 135'-240' depending on lift/vessel size.
- *Water Depth*: 12' to 18' adjacent to bulkhead, depending on vessel size.
- *Zoning:* Light Industrial, Marine Industrial or Waterfront Commercial zoning with height regulations to permit 50' to 60' tall buildings or paint tents.
- *Building Size:* Seaview North buildings are 26,000 square feet, 35' and 42' tall, which is too small. 50-60' foot height is needed.
- *Stormwater Facilities*: Paved yards with adequate stormwater collection and treatment facilities to meet Department of Ecology requirements for a Boatyard General Permit

Comparable Marine Service Centers

- Halibut Point Marine ~2.5 acres of uplands (no vendor space)
- Wrangell Marine Service Center ~7 acres of uplands (includes vendor space)
- Hoonah Marine Industrial Center ~3.5 acres of uplands

- Cordova Shipyard ~3 acres of uplands (no vendor space)

GPIP remaining property for development near waterfront

Phase 1 property available for haul out and shipyard

Lot 9a	~62,000 SF (not including road easement and dock)
Lot 4	~19,000 SF (not including the 6,900 SF Building
Lot 6	41,028 SF
Lot 7	32,879 SF
Lot 8	29,421 SF
	184,328 SF or 4.23 Acres

Phase 2 property available for shipyard

Lot 15	113,369 SF
Lot 9c	34,636 SF
	148,005 SF or 3.40 Acres

Multipurpose Dock Support Space

The GPIP Dock has a multi-purpose, floating dock facility to serve a range of industries, including but not limited to fishing and container/cargo shipping. The primary floating dock is a repurposed double hull steel barge, 250 feet long and 74 feet wide, and is accessible by a drive-down ramp with a minimum width of 14 feet. The structure can accommodate the handling of loaded containers, truck and trailers, and vehicles intended to support vessels with a maximum draft 40 feet.

When originally constructed the GPIP Board discussed yard space needed to support the GPIP Dock. The Board reviewed the following information.

The following information was sourced from the *Port Designer's Handbook (second edition) by Carl A Thoresen*. The Handbook suggests that primary and secondary yards combined should be ~985' deep behind the apron for a multi-purpose dock. Primary yards usually consist of 50-75% of total yard area.

GPIP potential yard requirement:

- Using Port Designer's Handbook suggested apron face and yard depths.
- 50% area needed for primary yard.

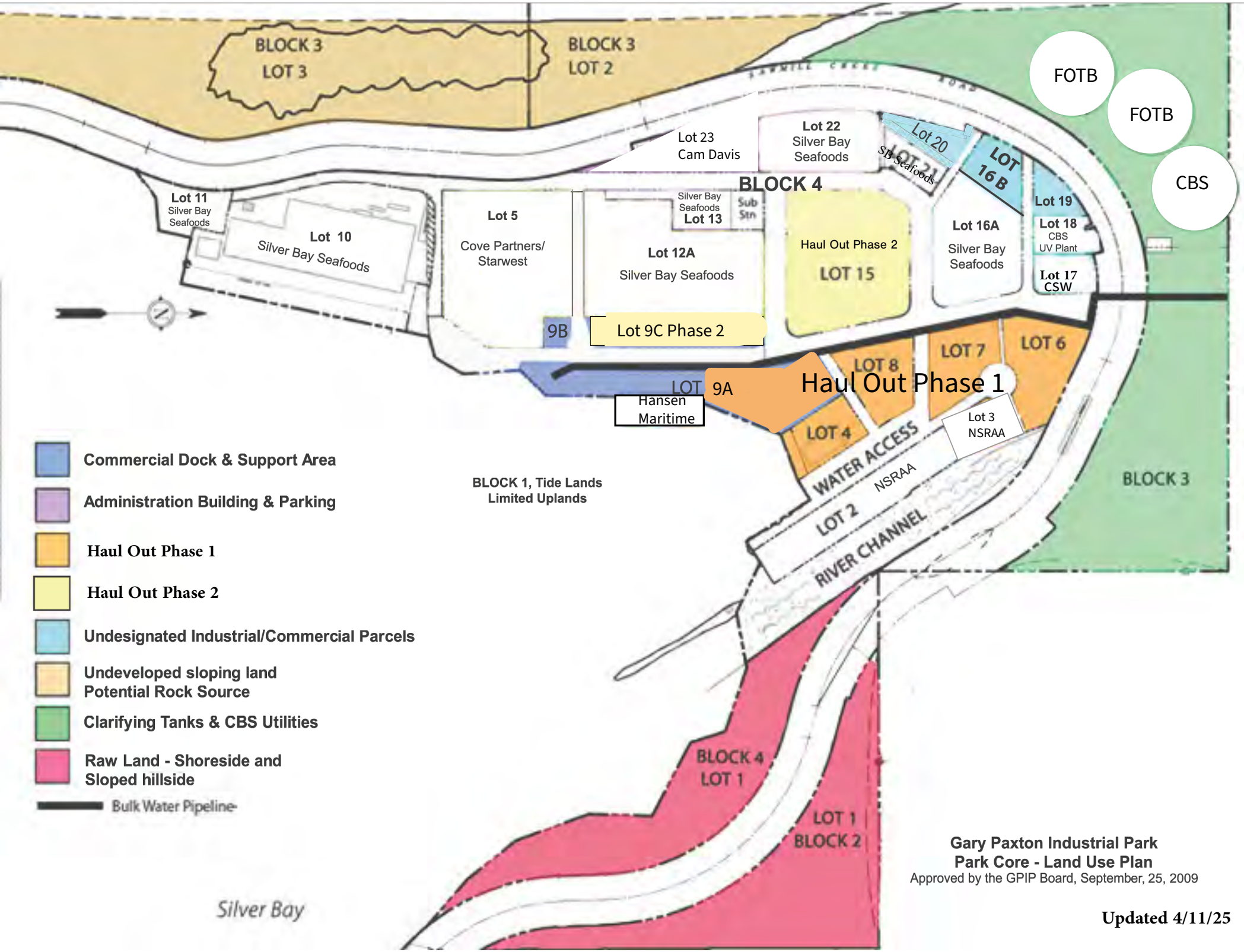
250' apron face x 985' yard depth = 5.65 acres * 50% = 2.82 acres suggested for primary yard area.

Comparable Terminal Yards in Sitka

- Sampson Tug and Barge Uplands 1.92 acres
- AML Uplands 3.42 acres
- Old Northern Sales uplands 1.4 acres

Action

- GPIP Board work session on future haul out and shipyard development.



Gary Paxton Industrial Park
Park Core - Land Use Plan
Approved by the GPIP Board, September, 25, 2009

Updated 4/11/25

Draft Shipyard Layout

Draft

GARY PAXTON
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Gary Paxton Industrial Park – Board of Directors Meeting
April 17, 2025 3:00 pm
Room 6, Centennial Hall

A. CALL TO ORDER: The Chair, Scott Wagner, called the meeting to order at 4:00 pm

B. ROLL CALL

Members Present: Scott Wagner, Mike Johnson, Chad Goeden, Lauren Howard, Casey Campbell

Members Absent: None

Staff Present: Garry White

City Representatives: John Leach, Rachel Jones, Michael Harmon, Chris Ystad

Others Present: Members of the public

C. Review of Minutes – March 13, 2025

Motion: **M/S Goeden/Johnson to** approve the minutes of March 13, 2025 as written.

Action: **Motion Passed (5/0)** on a voice vote

D. Correspondence & Other Information- None

E. Changes/Additions/ Deletions to Agenda - None

F. Reports – Mr. White gave a brief update on bulk water. He stated that Arctic Blue Waters Alaska did not make its payment to exercise its first right of refusal to acquire additional water allocations. It is expected they will be coming back to the board asking for an extension in the future. Mr. White informed the Board that Global Hydration LLC was not awarded a water purchase agreement as the assembly did not approve its request.

G. Persons to Be Heard- Chris Hanson spoke about future options for marine trades as a group at the haul out. Jeremy Serka and Michael Nerko spoke addressing the public letting them know that they are open to working with any and all potential clients. Linda Behnken shared she was interested in seeing long term plans for revenue generation. Dave Miller inquired about aesthetics of the GPIP property as far as tourism is concerned.

H. Unfinished Business –

1. **GPIP Haul Out Development**

DRAFT

Mr. White stated the travel lift is expected to arrive May 6th. He then discussed future haul out and shipyard development by opening up discussion to the board regarding how much space to allocate for vendor operations, sales vs leases and the process, how much space will be allocated for long term vessel and gear storage and any other potential GPIP property uses. The board discussed current short-term leases, usable space, benefits of leasing versus selling land, pros and cons of specifical lot development, and defined priorities for phase 1 and 2 development. This conversation will continue in future meetings. Lastly Mr. Harmon discussed budgeted cost versus current actual spend and updated project timeline. Public comment showed desire to see what options there were for vendors, electricity plan, restrooms, and washdown pad.

I. New Business-

1. GPIP Port Tariff Discussion and Adjustments

Mr. White explained CBS Harbor rates are currently in the draft FY2026 budget to be increased by 4% for fiscal year 2026. The GPIP Tariff has tried to mirror Harbor Department rates. He has reviewed the rates the CBS charges for small cruise ships in relation to other private docks in the area and is recommending that the CBS increase its rates to be comparable to other local docks. The board discussed transient dock space and appropriate compensation.

Motion: **M/S Howard/Johnson to** move forward with the Tariff as written with change of incidental dock fee left at $35 per hour and the cruise passenger vessel fee at $5 per hour and adding verbiage about storage of anything on the dock.

Action: **Passed (5/0)** on a roll call vote.

2. Pacific Jewel Marine Lot 9b Long Term Lease Request

Ms. Jones explained the long-term lease request process for the Assembly as it relates to competitive bid and the unique circumstance exceptions to go outside of competitive bid process. Mr. Serka was invited to explain his intentions with the lot. Mr. White suggested the CBS Assessing Department is in the process of revaluating property values and suggested any long-term leases wait until property values can be updated. Mr. White will work with Mr. Serka and bring some lease terms to the next meeting for the board to review and make suggestions to Assembly depending property value updates.

3. Silver Bay Seafoods Lot 9c Short Term Lease Request

Mr. White explained Silver Bay Seafoods has been leasing space at GPIP for nine seasons and that short-term leases can be cancelled with a 30-day notice. He said that SBS knows this is the last summer they will be able to do this.

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Motion: **M/S Howard/Goeden to** move forward with the Lot 9c Short Term Lease request for Silver Bay Seafood at $ 453.49/month on a month-to-month basis.

Action: **Passed (5/0)** on a roll call vote.

4. **K & E Lot 15 Short Term Lease Request**

Mr. Harmon explained this is a short-term lease request to dump rock that will then be used for the city's critical water supply project and that this will basically be a staging area for 3 weeks.

Motion: **M/S Johnson/Goeden to** move forward with the Lease request for K & E as written.

Action: **Passed (5/0)** on a roll call vote.

J. Adjournment

Motion: **M/S Wagner/Campbell** move to adjourn the meeting at 5:10pm.

Action: **Passed (5/0)** on a voice vote.

DRAFT

329 Harbor Drive, Suite 212, Sitka, AK 99385
Phone: 907-747-2660

Monday, May 6th, 2025

MEMORANDUM

TO: GPIP Board of Directors

FROM: Garry White, Director

SUBJECT: Gary Paxton Industrial Park (GPIP) Management Report

1. **GPIP Dock**

The GPIP Dock was open for business in 2018. GPIP Dock revenues have increased each fiscal year. FY18 - $689, FY19 - $14,643, Fy20 - $37,462, FY21- $65,322, FY22 - $87,340, FY23 – (11/30/22) $27,753 **(2/7/2023)**

The GPIP Dock received its first small cruise ship on May 17, 2022. The ship Ocean Victory had six ports of calls at the dock in the summer of 2022. The dock received 14 port of calls for the 2023 summer. Twenty-five ports of calls are scheduled for the 2024 summer season.

A temporary potable water system has been set up at the dock to allow cruise ships to load and pay for fresh water. Cruise Line Agency is providing port security for the dock this summer in lieu of the CBS. They have purchased and implemented an x-ray system to move passenger luggage more efficiently.
(8/21/24)

The 2025 GPIP dock cruise ship schedule has been released. Ports of calls this year will be 18, down from 25 calls last year. **(01/13/25)**

2. **Marine Services Industries at the GPIP.**

On October 4, 2022, the citizens of Sitka voted to appropriate ~$8.18 million dollars from the Sitka Permanent Fund for the development of a haul out and shipyard at the Gary Paxton Industrial Park (GPIP).

CBS and GPIP staff developed a GPIP Vessel Haul Out Development Project Charter (attached) that outlines the project goals, project scope, and timeline for moving the development forward. The GPIP Board at its November 2022 meeting approved the Charter.

One of the first benchmarks in the key milestones of the project is the hiring of a project management team. The CBS has selected PND Engineering as the project management team to help the community formulate a basis of design of the project. Additionally, the

team will designing, engineering the project, and working closely with a construction firm to build the project. **(02/07/2023)**

Both the GPIP Board and Assembly have approved a conceptual design for the haul out. The environmental permit process has started. The goal is to have a contractor hired by the end of January 2024, construction started in August 2024, with the haul out being operational by the end of 2024. **(09/01/2023)**

A 150 ton Marine Travelift has been ordered from Kendrick Equipment for $1,377,800 after a competitive bid process.

Final design for Phase 1 has been completed. A firm fixed bid with Western Marine has been agreed to with a fixed lumped sum of $6,248,364. (Note: Construction costs came in roughly $1,055,000 above estimated costs).

A request for qualifications for GPIP Haul Out operations is being developed to determine what if any third party entity will run the haul out. **(8/21/2024)**

The CBS was not successful in obtaining a Denali Commission grant to fund electrical infrastructure for the haul out development.

Disaster Relief Payment from ADF&G as part of the 2020/21 Statewide Salmon disaster.

The RFQ was released to the public and the CBS chose and entity to start negotiating a scope of services for the haul out operations. **(10/30/24)**

A draft scope of service will be presented to the GPIP Board at its 12/17 meeting.

The CBS received its environmental permits to start the in-water construction on 11/20/24. The marine contractor starting driving pilings for the haul out piers on 11/21/24. **(12/12/24)**

The GPIP Board and CBS Assembly approved additional funding of $850k toward the haul out project, bringing total project cost to ~$10.1 million. The GPIP Board will be reviewing and making recommendations on a scope of work package to operate the haul out including, a draft operator agreement and an invitation to bid on proposed services at its 1/16 meeting. **(01/08/25)**

The GPIP Board met on January 16th, 2025, and recommended approval of the draft Operating Agreement for the Marine Vessel Haul Out and Shipyard Operations at the Gary Paxton Industrial Park, and the Invitation to Bid. The CBS Assembly approved the GPIP Board recommendations at its January 28th, 2025.

A bid proposal from Highmark Marine Fabrication LLC (Highmark) was received on February 13th. The GPIP Board met on February 20th to discuss the Highmark proposal and requested a work session to further discuss the proposal.

The GPIP Board held a work session and regular meeting on March 13th to discuss the Highmark proposal. The Board recommended accepting Highmark's bid, without including a portion of the bid related to leasing warehouse space.

The CBS Assembly met on March 25th and approved to accept the Highmark proposal as presented, including the warehouse space. Staff was directed to return to the Assembly with a finalized Operating Agreement between the CBS and Highmark for Assembly approval in the near future.

The 150-ton Travelift machine is delayed in shipping to Sitka. The estimated timeframe for delivery is early May. **(04/07/2025)**

Haul out Phase 1 construction is nearly complete. The heated concrete pad construction is moving forward. The CBS and Highmark officials met and are working towards a final Operating Agreement for the Assembly review and approval. **(05/06/25)**

3. Lot 4 Purchase

The CBS has entered into a purchase agreement with Sayak Logistics to repurchase the building and lot 4 of the GPIP. The CBS and Northline Seafoods LLC (Sayak's previous business name) entered into a lease agreement on July 15, 2017 to use the property and building for activities related to the seafood and marine services industries. The term of the lease was 5 years and allowed Sayak to purchase the building after 5 years if they met certain employment criteria. The lease additionally allowed the CBS first right of repurchase if Sayak wished to sell the property in the future. Sayak purchased the property in August 2022 and has since gave notice that it wishes to sell the property. The purchase agreement allowed little time for the CBS to exercise its interest in repurchasing the property. CBS Administration and the Assembly moved immediately to execute a new purchase agreement.

The purchase price was $1.3 million. Funding from the purchase came from the following funds: $700k from the raw water fund, $240k from the GPIP Contingency Fund, $10k from previous left over funds from a GPIP capital project, and a $350k loan from the CBS Economic Development fund.

The building has multiple benefits to the existing haul out development. **(11/08/2023)**

4. 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 GPIP 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 CBS and Arctic Blue Waters Alaska entered into a water purchase agreement in the spring of 2021. Arctic has 5 years to export water. **(06/01/21)**

The Director continues to receive inquiries from entities wishes to export Sitka's water. **(02/07/2023)**

The GPIP Board has recommended approval of another water purchase agreement with Global Hydration LLC, A Florida Corporation. **(8/21/24)**

The GPIP Board has received an updated conceptual drawing from Arctic Alaska Blue Waters for its water loading infrastructure. **(12/12/24)**

The Assembly met on January 14th to discuss a water purchase agreement between the CBS and Global Hydration LLC and chose to postpone deciding until March 11th due to Arctic Alaska Blue Waters officially executing its first right of refusal to acquire additional water allocations as per its water purchase agreement. The additional water allocations will make it not possible to sign the agreement with Global Hydration. Arctic will need to provide a letter from a qualified purchaser of water and pay the CBS and an additional $100,000. **(01/08/25)**

Arctic Blue Water Alaska failed to make its $100,000 payment within the required timeframe to receive additional water rights per its water purchase agreement. The Assembly chose not to enter into another water purchase agreement with Global Hydration at its March 11th meeting. Arctic Blue Waters met with CBS officials and is still working towards its loading plan to export water. **(04/07/2025**

5. Bottled Water

The Director continues to receive inquires for bottled water. **(01/08/2025)**

6. Blue Lake Dam Expansion Project

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

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

The GPIP Director has met with the new CBS Electric Director regarding a plan to deal with the remaining rock left on site from the Blue Lake Expansion project. **(01/08/25)**

7. GPIP Dock Fuel Sales

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

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

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

The GPIP has seen increases in dock fuel sales each year since the dock has become operational. **(12/12/24)**

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Friday, May 9, 2025

MEMORANDUM

To: Gary Paxton Industrial Park (GPIP) Board of Directors

From: Garry White, GPIP Director

Subject: GPIP Haul Out Development Discussion/Direction

Introduction

The GPIP Board and CBS are in the process of developing a vessel haul out and shipyard at the Gary Paxton Industrial Park. The CBS has been working on vessel haul out development concepts since the GPIP properties were acquired in 2000. The CBS obtained funding for the development of the haul out facility and shipyard via a public vote on October 4th, 2022 in the amount of ~$8.18 million dollars. Further funding was obtained via a Denali Commission grant in July 2023 for $1 million dollars for the purchase of equipment to lift vessels.

The Board held multiple public meetings since the October 2022 vote to discuss and develop a Project Charter that outlines the project goals and scope of work for Phase 1 of the haul out development. Phase 1 of the Project Charter scope (attached) addresses the steps needed for the waterfront development to allow vessels to be haul out of the water.

The design includes a 150-ton vessel lift and other various components for the haul out to operate. The design includes an ability to expand the haul out facility to a 300-ton vessel lift in the future.

More information about the GPIP Vessel Haul Out Development Project can be found at the following link:
https://www.cityofsitka.com/departments/PublicWorks/GPIPHaulOut

Background

The CBS has repeatedly included marine haul out infrastructure requests in both its Federal and State Legislative Priorities. The CBS recently applied for a USDOT Grant in 2020, 2021, 2022 and plans to apply for future grant opportunities.

The CBS has released multiple Request for Proposals (RFP) for private sector development of a haul out at the GPIP since 2009. None of the private sector development proposals moved forward due to multiple reasons, including the cost of construction.

On October 4th, 2022, the citizens of Sitka voted to appropriate ~$8.18 million dollars from the Sitka Permanent Fund for the development of a haul out and shipyard at the Gary Paxton Industrial Park (GPIP).

Fiscal Note

Total funding allocated for this project is $10,131,040 ($8,181,040 from the proceeds of the sale of the Sitka Community Hospital property, $100,000 appropriated towards the development in 2021, $1 million dollar grant from Denali Commission, and an additional $850,000 appropriated by the Assembly in 2024). The Assembly approved an appropriation for Phase I estimated costs of the based bid items in the amount of $8,187,000 at its July meeting.

To complete the additive alternative items remaining in phase 1 an estimated ~$6 million will be needed based on a past estimates. New cost estimates are being researched due to increased cost of construction. With no readily available municipal source of working capital to fund the additive, alternate items of Phase 1, grant-funding opportunities are the most likely funding source. It is important to note that if the funding source is federal, there may be some added cost related to federal funding restrictions. Cost estimates for Phase 2 of the project have not been fully developed but estimated to be in the $18 million dollar range.

Developmental Updates

Project Construction

The attached Project Cover Sheet outlines project scope of work, budget and key milestones.

Recent developments include the following:

- All pile driving has been completed. Six sets of piles are in place.
- Concrete panels are in place and grouting has been applied and is currently curing.
- Utilities for water treatment for wash down facilities are in the final planning stages for installation.
- Construction of the permanent concrete wash down pad has been awarded.
- The Travelift machine is scheduled to be erected and May 12th.
- Other upland shipyard improvements are in the works.
- Funding for further shipyard improvements are being investigated.

GPIP Haul Out Operations

The GPIP Board has been discussing the operations of a haul out and shipyard facility at the GPIP over the past few years. The GPIP Board chose to investigate a private sector operation for the haul out and shipyard. The GPIP Board met on July 18, 2024, and approved a Request for Qualifications (RFQ) for a Marine Vessel Haul Out and Shipyard Operations at the Gary Paxton Industrial Park.

The goal of the RFQ was to find qualified operators and work with them to develop a detailed scope of work to be incorporated into a Request for Proposals (RFP) or Invitation to Bid (ITB) for operations of the haul out and shipyard.

The RFQ was released on July 25, 2024, with a submittal deadline of September 17, 2024. A proposal from Highmark Marine Fabricators LLC (Highmark) was determined to have provided the Minimum Qualifications of Services. The GPIP Board met multiple times over the fall and winter discussing the operations and recommended approval of a draft Operating Agreement for the Marine Vessel Haul Out and Shipyard Operations at the Gary Paxton Industrial Park, and an Invitation to Bid. The CBS Assembly reviewed the documents and GPIP Board recommendations at its January 28th, 2025, meeting and approved the release of the ITB and related exhibits.

A bid proposal from Highmark Marine Fabrication LLC (Highmark) was received on February 13th and was presented to the GPIP Board review and recommendations to the CBS Assembly.

The GPIP Board met on February 20th to discuss the Highmark proposal and requested a work session to further discuss the proposal.

The GPIP Board held a work session on March 13th to discuss the Highmark proposal. A regular GPIP meeting was held immediately after the work session.

The GPIP Board discussed the Highmark proposal and a CBS operated facility in depth. The Board moved towards moving forward with the Highmark proposal and focused on the lack of funds paid to the CBS for operations. The discussion revolved around starting a separate competitive bid process for the warehouse space to investigate if the building could generate larger revenues and allow other potential tenants to utilize the building. The GPIP Board ultimately recommended the following motion:

Motion: **M/S Campbell/Goeden to** accept Highmark's bid, without including the warehouse space.

Action: **Motion Passed (3/2)** on a roll call vote.

Highmark was contacted after the GPIP Board recommendation and stated that they could not reduce its proposal as presented as it was structured as conservatively as possible, with the lowest cost to consumers feasible while maintaining financially sustainable operations. Highmark stated that housing a retail marine and fabrication supplies and materials shop in the warehouse is essential for having supplies available on site for frequent maintenance items common in marine repair.

The CBS Assembly met on March 25th and approved to accept the Highmark proposal as presented, including the warehouse space. The CBS Administrator and other CBS staff met with Highmark in late April and are working towards finalizing an Operating Agreement between the CBS and Highmark for Marine Vesel Haul Out and Shipyard Operations for Assembly review and approval.

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The GPIP Board in the past discussed the yard space needed for the haul out and shipyard facility at the GPIP, specifically the amount of space needed for a working yard, long term vessel storage, gear storage, and space available for vendor operations.

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6. Other potential uses of GPIP property?

DRAFT Shipyard Layout

- Please see the proposed haul out layout.

<u>Additional Information</u>

Upland Facilities Needed to Support Marine Trades
Sources of data: Review of Marine Trades Spatial Needs, BST Associates, 2010, Commercial Boat Launch Location Study, Anchor/KPF, 2008, plus Port staff review of existing Puget Sound facilities and input from local operators.

Boat Repair Yard

- *Upland Acreage*: Boat repair yards range from 1.5 to 3 acres. New yards tend to be larger.
- *Upland Maneuver Space*: 150 Ton lift requires 240' upland space.
- *Waterside Facilities*: Minimum 60'-110'; ideally 250'-300' in staging float plus 75'-130' waterside approach area; total water-side approach of 135'-240' depending on lift/vessel size.
- *Water Depth*: 12' to 18' adjacent to bulkhead, depending on vessel size.
- *Zoning:* Light Industrial, Marine Industrial or Waterfront Commercial zoning with height regulations to permit 50' to 60' tall buildings or paint tents.
- *Building Size:* Seaview North buildings are 26,000 square feet, 35' and 42' tall, which is too small. 50-60' foot height is needed.
- *Stormwater Facilities*: Paved yards with adequate stormwater collection and treatment facilities to meet Department of Ecology requirements for a Boatyard General Permit

<u>Comparable Marine Service Centers</u>

- Halibut Point Marine ~2.5 acres of uplands (no vendor space)
- Wrangell Marine Service Center ~7 acres of uplands (includes vendor space)
- Hoonah Marine Industrial Center ~3.5 acres of uplands
- Cordova Shipyard ~3 acres of uplands (no vendor space)

<u>GPIP remaining property for development near waterfront</u>

Phase 1 property available for haul out and shipyard

Lot 9a	~62,000 SF (not including road easement and dock)
Lot 4	~19,000 SF (not including the 6,900 SF Building
Lot 6	41,028 SF
Lot 7	32,879 SF
Lot 8	29,421 SF
	184,328 SF or 4.23 Acres

Phase 2 property available for shipyard

Lot 15	113,369 SF
Lot 9c	34,636 SF
	148,005 SF or 3.40 Acres

Multipurpose Dock Support Space

The GPIP Dock has a multi-purpose, floating dock facility to serve a range of industries, including but not limited to fishing and container/cargo shipping. The primary floating dock is a repurposed double hull steel barge, 250 feet long and 74 feet wide, and is accessible by a drive-down ramp with a minimum width of 14 feet. The structure can accommodate the handling of loaded containers, truck and trailers, and vehicles intended to support vessels with a maximum draft 40 feet.

When originally constructed the GPIP Board discussed yard space needed to support the GPIP Dock. The Board reviewed the following information.

The following information was sourced from the *Port Designer's Handbook (second edition) by Carl A Thoresen*

The Handbook suggests that primary and secondary yards combined should be ~985' deep behind the apron for a multi-purpose dock. Primary yards usually consist of 50-75% of total yard area.

GPIP potential yard requirement:

- Using Port Designer's Handbook suggested apron face and yard depths.
- 50% area needed for primary yard.

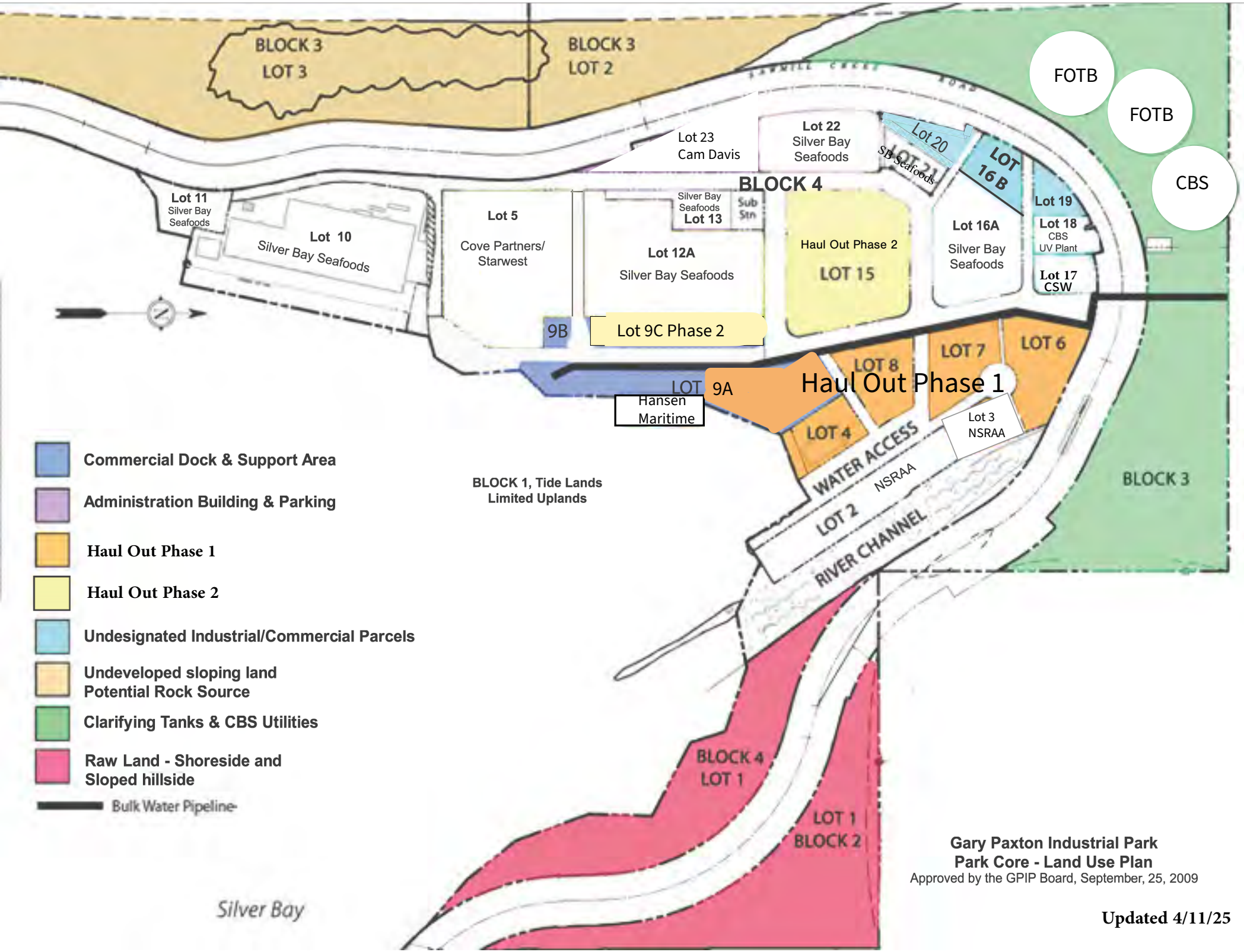
250' apron face x 985' yard depth = 5.65 acres * 50% = 2.82 acres suggested for primary yard area.

Comparable Terminal Yards in Sitka

- Sampson Tug and Barge Uplands 1.92 acres
- AML Uplands 3.42 acres
- Old Northern Sales uplands 1.4 acres

Action

- GPIP Board discussion on vessel haul out development updates.
- GPIP Board discussion on future haul out and shipyard development.



Gary Paxton Industrial Park
Park Core - Land Use Plan
Approved by the GPIP Board, September, 25, 2009

Updated 4/11/25

Draft Shipyard Layout

Draft

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

Wednesday, April 30, 2025

MEMORANDUM

To: Gary Paxton Industrial Park (GPIP) Board of Directors

From: Garry White, Director

Subject: GPIP Port Tariff Discussion and Adjustments

Introduction

The GPIP Director recommended a discussion and adjustments to the GPIP Port Tariff #5 at the GPIP Board's April 17th, 2025 meeting. The Board approved the following motion:

Motion: **M/S Howard/Johnson to** move forward with the Tariff as written with change of incidental dock fee left at $35 per hour and the cruise passenger vessel fee at $5 per hour and adding verbiage about storage of anything on the dock.

Action: **Passed (5/0)** on a roll call vote.

Upon further review of the GPIP Port Tariff #5, the GPIP Director is recommending that Item 260 – Charges for Miscellaneous Services items b) and c) be removed from the tariff. Item 260 b) and c) sets fees for the use of the Access Ramp (no longer available) and Dry Dock Fees. These fees were set before the development of the haul out facilities and no longer apply with the haul out development being under way and the addition of a haul out operator with other established fees.

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.

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 and GPIP Board, 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 GPIP Board discussed the need to monitor the fee schedule and to adjust, if need be, over time when the tariff was established. The tariff has been 4 times since it was established to mirror harbor rates and to manage the facility better.

The entire GPIP Port Tariff #5 can be found at the following link:
https://www.cityofsitka.com/media/Harbor/Master%20Tariff%20No.%205%20Final.pdf

Proposed Updates to GPIP Port Tariff #5

Based off conversations with potential future users of the facility, the GPIP Director proposed and the GPIP Board recommend the following adjustments to the fee schedule to the GPIP Board. (*Proposed new fees in yellow)*

Dockage Fees

0. Item 200 – Dockage

A. General Dockage

Item 200 sets the definitions and schedule of charges for docking or mooring a vessel to the GPIP Dock. The current tariff fee schedule for vessels is below.

Vessel Length (feet)	DOCKAGE RATE In Dollars				
	2023	**2024**	**2025**	**2026**	**2027**
0 – 80 feet – rate per foot	$1.34	$1.45	$1.57	$1.63	$1.70
81 – 150 feet – rate per foot	$2.29	$2.48	$2.68	$2.79	$2.90
151 +	$3.43	$3.71	$4.02	$4.18	$4.34
Cruise Passenger Vessel (250 feet +)	$3,000	$3,249	$3,519	$3,660	$3,806

Note: 400' is the largest vessel that *can be accommodated at the GPIP Dock.*

The tariff has been revised to match current CBS Harbor rates for fiscal year 2026:

- $1.63 per foot per day (0'-80')
- $2.79 per foot per day (81'-150')

C. Monthly Dockage Fee

The current GPIP Tariff monthly dockage fee is the following:

Monthly permits (30 days):

- $22.98 per foot of overall length up to 150'
- $34.46 per foot of overall length for 151' and up

CBS Harbor monthly dockage fee for fiscal year 2026:

Monthly permits (30 days):

- $27.75 per foot of overall length up to 150'
- $41.60 per foot of overall length for 151' and up

Suggested Monthly Dockage Fees for 2026 & 2027:

2026

- $27.75 per foot of overall length up to 150'
- $41.60 per foot of overall length for 151' and up

2027

- $28.86 per foot of overall length up to 150'
- $43.26 per foot of overall length for 151' and up

Wharfage

1. **Item 250 – Wharfage**

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

All Wharfage fees in the Definition and Schedule of Charges have been adjusted to update tariff to show fee schedule for the next 2 years. All fees are increased by 4% annually to match recent Assembly Harbor fee increases, except for Passenger Vessel Fees.

Action

- GPIP Board approval and recommendations on the proposed adjustments to the GPIP Port Tariff Fee Schedule #6.

Effective 7/1/2025

GARY PAXTON INDUSTRIAL PARK PORT TARIFF

OPERATED BY THE CITY AND BOROUGH OF SITKA, ALASKA

CBS TARIFF NO. 6

NAMING RATES, CHARGES, RULES AND REGULATIONS

~For~

Wharfage Dockage and Storage

At

The Port of Sitka, Alaska

DRAFT

ISSUED BY:

PORT OF SITKA
SITKA, ALASKA

Published as
Gary Paxton Industrial Park Port Terminal Tariff CBS NO. 6

John Leach, Municipal Administrator
100 Lincoln Street
Sitka, Alaska 99835
Phone: (907)747-1808
John.leach@cityofsitka.org

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EXPLANATION OF ABBREVIATIONS AND SYMBOLS

ABBREVIATIONS APPEARING IN TARIFF

B.M.	Board Measure	Min.	Minimum
Bbl.	Barrel	Misc.	Miscellaneous
Bdl.	Bundle	M.T.	Cubic Ton of 40 Cu. Ft.
C.L.	Carload	No.	Number
Cs.	Case	N.O.S.	Not Otherwise Specified herein
Crt	Crate	Par.	Paragraph
Ctn	Carton	Pig.	Package
Cu.Ft.	Cubic Foot or Feet	Port	Port of Sitka
Dkg.	Dockage	S.U.	Set-Up
Ea.	Each	Sq.Ft.	Square Foot or Feet
F.F.	Folded Flat	Stg.	Storage
F.M.C.	Federal Maritime Commission	Term'l.	Terminal
Gals.	Gallons	Unldg.	Unloading
Hdlg.	Handling	US	United States of America. Inc.
	Incorporated	USCG	United States Coast Guard K.D.
	Knocked Down	W.T.	Weight ton of 2000 pounds
K.D.F.	Knocked Down Flat	W/M	Weight ton of 2000 pounds
Lb.	Pound		or cubic ton of 40 cu. Ft.
L.C.L.	Less Than Carload	W.R.	Warehouse Receipt
Ldg.	Loading	Wt.	Weight
Lgth.	Length	Yd.	Yard
M.B.M.	1000 Ft. Board Measure	Viz.	Videlicet (examples, lists)
Meas.	Measurement		

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EXPLANATION OF ABBREVIATIONS AND SYMBOLS

SYMBOLS APPEARING IN TARIFF

The following symbols will be used for the purpose indicated only, and will not be used for any other purpose in this tariff.

(A)	New or Added Matter
(+)	Increase
(-)	Reduction
(C)	Change, neither increase nor reduction
(R)	Indicates that item or rule has been revised
(**)	Cancelled or eliminated

DRAFT

SECTION 1 GENERAL RULES AND REGULATIONS

ITEM 100 NOTICE TO PUBLIC

The Port of Sitka is a Non-Operating Port and is owned by the City and Borough of Sitka. This tariff is published on the City and Borough of Sitka website and is, therefore, notice to the public, shippers, consignees and carriers, that the rates, rules and charges apply to all traffic without specific notice, quotation or arrangement. **(R)**

ITEM 100 APPLICATION OF TARIFF

(a) GENERAL APPLICATION OF TARIFF:

Rates, charges, rules and regulations provided in this tariff will apply only to merchandise received at or shipped from the facilities or properties operated under the jurisdiction and control of the Port of Sitka, and specifically to City and Borough Terminals, appurtenant structures thereto and waterways under the management of the Port Director, City and Borough of Sitka. Vessel charges and assessments provided in this tariff are applicable to all vessels, self-propelled or other than self-propelled, when such vessels are provided with dockage services or other vessel services named in this tariff.

(b) TARIFF EFFECTIVE:

The rates, charges, rules and regulations named in this tariff, additions, revisions, or supplements thereto shall apply on all freight received at facilities subject to this tariff on and after revisions, or supplements, thereto. Unless otherwise specified, all transit freight received at terminals and undelivered prior to effective dates of tariff, revisions, or supplements thereto, shall be charged the rates in effect on the date such freight was received until entire lot or shipment has been withdrawn.

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

(Continued on next page)

DRAFT

SECTION 1 GENERAL RULES AND REGULATIONS

APPLICATION OF TARIFF (Continued)

(c) ACCEPTANCE OF TARIFF:

Use of wharves and facilities shall be deemed an acceptance of this tariff and the terms and conditions named therein.

(d) RESERVATIONS OF AGREEMENT RIGHTS

Right is reserved by the Port of Sitka to enter into agreement with carriers, shippers, consignees and/or their agents concerning rates and services, providing such agreements are consistent with existing local, state and national law governing the civil and business relations of all parties concerned.

DRAFT

SECTION 1 GENERAL RULES AND REGULATIONS

ITEM 105 APPLICATION OF RATES

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

(b) RATES ARE SPECIFIC:

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

(c) PREFERENTIAL USER AGREEMENTS (PUA)

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

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

DRAFT

SECTION 1 GENERAL RULES AND REGULATIONS

ITEM 110 INSURANCE

(a) Rates named in this tariff do not include insurance of any kind.

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SECTION 1 GENERAL RULES AND REGULATIONS

ITEM 115 METHOD OF PAYMENT AND PENALTIES

(a) RESPONSIBILITY FOR CHARGES, PAYMENT TERMS:

All charges for services rendered by the Port of Sitka or for the use of terminal facilities shall be billed in arrears and payable 30 days from invoice date arrears of such services or use, as follows:

1. For all charges to the vessel, from its owners or agents before a vessel commences it's loading or discharging.

2. For all charges to the cargo, from a vessel owner, charterer, shipper or consignee before the cargo leaves the custody of the terminal.

3. For all charges on perishable goods or freight of doubtful value, or household goods.

(b) COMPLIANCE WITH CONDITIONS OF BERTH RESERVATION:

Use of Port facilities and services shall comply with the Conditions of Berthing set forth in the Supplement to the Vessel Berthing Application as published by the Port.

(c) PENALTY CHARGES ON DELINQUENT ACCOUNTS:

All invoices will be declared delinquent thirty days after the date of the invoice and, as such, will be charged a penalty charge of $25.00 per month for each additional thirty day period in which the invoice is past due or not fully paid, up to a maximum penalty of $250.00. All extra expense, including legal expense, litigation cost, or costs of agents employed to affect collection shall also be assessed to, and payable to, such accounts.

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SECTION 1 GENERAL RULES AND REGULATIONS

ITEM 120 <u>LIABILITY FOR LOSS OR DAMAGE</u>

(a) RESPONSIBILITY LIMITED:

No persons other than employees or agents of the holder of an authorized Terminal Operator Permit shall be permitted to perform any services on the wharves or premises of the Port of Sitka, operated under the authority of the Port Commission of the Port of Sitka, except upon written authorization of the Port Director or their designee.

The Port of Sitka will not be responsible for any loss, damage, injury or death, including but not limited to, loss, damage, injury or death caused by earthquakes, tidal waves, fire, frost, heating, dampness, leakage, the elements, evaporation, natural shrinkage, wastage or decay, animals, rats, mice, or other rodents, moths, weevils, or other insects, leakage or discharge from sprinkler fire systems, collapse of building or equipment, or by floats, logs or pilings required in breasting vessels way from wharf, nor will it be liable for any loss, damage, injury or death or delay arising from insufficient notification or from war, insurrection, shortage of labor, combinations, riots or strikes of any person in its employ or in service of others or from any consequences arising herefrom, except, the Port of Sitka shall not be relived from liability for its own negligence.

(b) HOLD HARMLESS AND INDEMNITY:

Except for that portion resulting from the negligence of the Port of Sitka, if any, owners, shippers, consignees, and carriers shall indemnify, defend, save and hold the City and Borough of Sitka, Port of Sitka harmless from and against all charges, losses, damages, liabilities, expenses, causes of action, suits, claims, demands, or judgments of any nature whatsoever that may be incurred or rise from or grow out of use of Port of Sitka facilities.

DRAFT

SECTION 1 GENERAL RULES AND REGULATIONS

ITEM 125 RIGHTS OF TERMINAL

(a) RIGHTS RESERVED:

Right is reserved by the Port of Sitka to furnish all equipment, supplies and materials and to perform all services in connection with the operation of terminals under rates and conditions named herein.

(b) RIGHT TO REFUSE FREIGHT:

Right is reserved by the Port of Sitka, without responsibility for demurrage, loss or damage attaching, to refuse to accept, receive, or unload, or to permit any vessel to discharge at Terminals or appurtenant premises:

1. Freight for which previous arrangements for space, receiving, unloading or handling have not been made by shipper, consignee or carrier.

2. Freight deemed extra offensive, perishable or hazardous.

3. Freight, the value of which may be determined as less than the probable terminal charges.

4. Freight, not packed in packages or containers suitable for standing the ordinary handling incident to its transportation. Such freight, however, may be repacked or reconditioned at the discretion of the Port of Sitka and all expense, loss or damage incident thereto shall be for the account of the shipper, consignee, owner, or carrier.

(c) RIGHT TO REMOVE, TRANSFER OR WAREHOUSE FREIGHT:

Hazardous or offensive freight which by its nature is liable to damage other freight, may be immediately removed to other locations or receptacles with all expense and risk for loss or damage for the account of the owner, shipper, agent or consignee.

(Continued on next page)

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SECTION 1 GENERAL RULES AND REGULATIONS

RIGHTS OF TERMINAL (Continued)

Freight remaining after the sailing of a vessel may be piled or re-piled to make space, transferred to other locations or receptacles or removed to public or private warehouse with all expense and risk of loss or damage for account of the owner, shipper, consignee, agent, or carrier as responsibility may appear.

This provision is subject to Item 120 (b)

(d) RIGHT TO WITHHOLD DELIVER OF FREIGHT:

Right is reserved by the Port of Sitka to withhold delivery of freight until all accrued terminal charges and/or advances against said freight have been paid in full. At the Port Director's discretion, any or all of such freight may be placed in public or private warehouse with all cost of removal and subsequent handling and storage for the account of the owner of the freight.

(e) RIGHT TO SELL FOR UNPAID CHARGES:

Freight on which unpaid terminal charges have accrued may be sold to satisfy such charges and costs, provided such sale has been publicly advertised. Freight of a perishable nature or of a nature liable to damage other freight may be sold at public or private sale without advertising, providing owner has been given proper notice to pay charges and to remove said freight and has neglected or failed to do so within a prescribed reasonable time.

(f) EXPLOSIVES:

The acceptance, handling or storage of explosives or excessively flammable material shall be subject to special arrangements with the Port Director and governed by rules and regulations of Federal, State and local authorities.

(g) OWNERS RISK:

All water craft if and when permitted by the Port Director or his authorized agent to be moored at wharves or alongside of vessels, are at owner's risk for loss or damage.

This provision is subject to Item 120(b).

DRAFT

SECTION 1 GENERAL RULES AND REGULATIONS

ITEM 130 SHIPPERS' REQUESTS AND COMPLAINTS

Shipper requests and complaints may be made by any shipper by filing a written statement with the Port Director, Port of Sitka, 329 Harbor Drive, Suite 202, Sitka, Alaska 99835

ITEM 131DEMURRAGE OR DELAYS

In furnishing the service of vessel berth scheduling, no responsibility for any demurrage or delays whatsoever, on freight, will be assumed by the Port of Sitka.

This provision is subject to Item 120(b).

ITEM 135 DELAYS - NO WAIVER OF CHARGES

Delays which may be occasioned in loading, unloading, receiving or delivering freight as a result of equipment failure or breakdown or of combinations, riots or strikes of any persons or arising from any other cause not reasonably within the control of the Port of Sitka, will not excuse the owners, shippers, consignees or carriers of the freight from full wharf demurrage or other terminal charges or expenses which may be incurred under conditions stated herein.

This provision is subject to Item 12(b).

ITEM 140 MANIFESTS REQUIRED OF VESSELS

Masters, owners, terminal operators, agents or operators of freight vessels are required to furnish the Port of Sitka with complete copies of vessels' manifests showing names of consignees or consignors and the weights or measurements of all freight loaded or discharged at the facilities of the Port of Sitka. Such manifests must be certified as correct by an authorized official of the company and must also designate the basis weight or measurement on which ocean freight was assessed. In lieu of manifests, freight bills containing all information as required above may be accepted.

DRAFT

SECTION 1 GENERAL RULES AND REGULATIONS

ITEM 145 CLASSIFICATION OF TRAFFIC

Coastwise Trade: All traffic between West Coast ports of the United States and Alaska. Inter-Coastal Trade: All traffic between ports of the United States, other than West Coast ports, and Alaska.

Intra-Alaska Trade: Traffic between points in Alaska.

Foreign Trade: All traffic between ports outside the United States of Alaska.

ITEM 150 BERTHING

The maximum vessel sizes that can berth at the face of the dock is a 30' beam by 150' long vessel with 440 US ton displacement and a berthing velocity normal to the dock of .71 knots with existing fender system.

Vessels over 150' up to a 100' beam by 400' long with a displacement of 22,000 US tons can be accepted at the face of dock with an approved fender system.

ITEM 150 ENVIRONMENTAL PARAMETERS

Tidal Currents

Tidal currents for the Port generally vary from 2-4 knots. Extreme tidal currents in excess of 5 knots have been reported. Tidal current information is published and available from NOAA.

Temperature

Temperatures at the Port generally range from 62 degrees Fahrenheit in the summer to 30 degrees Fahrenheit in the winter.

(Continued on next page)

DRAFT

SECTION 1 GENERAL RULES AND REGULATIONS

ENVIRONMENTAL PARAMETERS (Continued)

DEPTH OF WATER

50' at the face of the dock.
30'-50' at the stern of the barge (left side facing out) Not sure how to designate the area.
20' at the interior small boat float.

NOAA TIDE BENCHMARKS AT SITKA, ALASKA:

ELEVATION DATUM FOR THE PROJECT IS 0.0 FT MEAN LOWER LOW WATER (MLLW)

- HIGHEST TIDE OBSERVED 14.8 FT
- MEAN HIGHER HIGH WATER 9.9 FT
- MEAN HIGH WATER 9.2 FT
- MEAN TIDE LEVEL 5.3 FT
- MEAN LOW WATER 1.5 FT
- MEAN LOWER LOW WATER 0.0 FT
- LOWEST TIDE OBSERVED -4.1

(Continued on next page)

DRAFT

SECTION 1 GENERAL RULES AND REGULATIONS

ENVIRONMENTAL PARAMETERS (Continued)

WINTER USE OF THE PORT

The Port is open year round. However, extreme temperatures provide a number of challenges during the winter months. Machinery including fuel systems, cooling systems, winches, anchors, ballast water systems, and other auxiliary systems must be winterized and maintained in a state for use in the extreme environment. Tug assistance aids in mitigating these conditions.

(Continued on next page)

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SECTION 1 GENERAL RULES AND REGULATIONS

ENVIRONMENTAL PARAMETERS (Continued)

SAFETY CABINETS AND BOLLARD SPECIFICATIONS

DESIGN LOADS:

* ASCE 7-05 MIN DESIGN LOADS
* ASCE 61-14 SESMIC DESIGN OF PIERS AND WHARVES
* UFC 4-159-03 DESGIN: MOORINGS

DEAD LOAD	WEIGHT OF ALL CONSTRUCTION MATERIALS	
LIVE LOAD	FLOATING DOCK	400 PSF
	TRANSFER BRIDGE	125 PSF
	SMALL CRAFT FLOAT	50 PSF
	SMALL CRAFT GANGWAY	50 PSF
SNOW LOAD		50 PSF
WIND LOAD ON STRUCTURES		
	WIND SPEED. V	120 MPH 3-SEC GUST
	EXPOSURE CATEGORY	D
	IMPORTANCE FACTOR, LW	1
	TOPOGRAPHIC FACTOR. Kzt	1
	DIRECTION FACTOR	0.85
	GUST FACTOR, G	0.85
SEISMIC	ASCE 61-14 PERFORMANCE REQUIREMENTS = LOW	
	DISGIN EARTHQUAKE PER ASCE 7.05	
	LIFE SAFETY PROTECTION	
	SS = 0.834 g.S1=0.46g. Fa = 1.1, Fv= 2.4	
	SDS=0.611 g.SDI=0.742G	
	SEISMIC DESIGN CATEGORY	D
	SITE CLASS	E

SECTION 1 GENERAL RULES AND REGULATIONS

ITEM 160 SAFETY, SANITATION AND HOUSEKEEPING

(a) SAFETY AND SANITATION:

Users/Operators of Port of Sitka facilities will be required to comply with all safety and sanitation rules applicable on structures and facilities of the Port of Sitka as required by federal, state and local law.

(b) RESPONSIBILITY FOR HOUSEKEEPING:

Users/Operators of Port of Sitka property will be required to maintain same in an orderly manner as directed by the Port Director. If User/Operator does not properly clean property used, the Port Director shall order the work performed and User/Operator will be billed at cost, including 15% overhead.

(c) SMOKING PROHIBITED:

No smoking shall be allowed on any wharf, pier or in any warehouse or transit shed except in approved areas specifically designated for that purpose. Persons violating this rule may be barred, at the discretion of the Port Director, from the further use of any wharf and, in addition, shall be subject to prosecution under applicable Federal, State and Municipal Laws.

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SECTION 1 GENERAL RULES AND REGULATIONS

ITEM 165 RESPONSIBILITY FOR PROPERTY DAMAGE

Damaged Port property and facilities should be reported immediately to the Port Director. The initial reporting of damages should be communicated by the most expeditious means, followed in writing. Owners/operators damaging Port of Sitka property will be responsible for repairs. Should the repairs be undertaken by the Port of Sitka the owners/operators will be billed for repairs to damaged property at cost, including 15% overhead.

ITEM 166 FACILITY USE AGREEMENT

Private owners and business vendors/contractors desiring to use the GPIP facility to work on vessels owned by a third-party shall complete a facility use agreement with the port and pay appropriate fee before they begin work on vessel(s). The facility use agreement has specific provisions that address basic yard rules and regulations, boatyard user required best management practices, an agreement section addressing indemnify/hold harmless requirements and insurance requirements. The facility use agreement is available for review during normal business hours.

DRAFT

SECTION 1 GENERAL RULES AND REGULATIONS

ITEM 170 <u>BULK PETROLEUM PRODUCTS</u>

(a) APPLICATION OF TARIFF:

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

(b) CLEARING PETROLEUM LINES:

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

(c) REGULATIONS GOVERNING PETROLEUM PRODUCTS:

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

(d) HOUSEKEEPING:

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

(e) DEPARTURE AFTER LOADING OR DISCHARGING:

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

DRAFT

SECTION 2 DEFINITIONS AND SCHEDULE OF CHARGES

ITEM 175 <u>DEFINITIONS – GENERAL</u>

(a) "AFFREIGHTMENT": A contract of affreightment is one with a ship owner to hire his ship or part of it for the carriage of goods. Such a contract generally takes the form of a charter party or bill of lading.

(b) "BEAM" means the greatest overall width of a vessel.

(c) "BILL OF LADING" means a document by which the master of a ship acknowledges having received in good order and condition (or the reverse) certain specified goods consigned to him by some particular shipper, and binds himself to deliver them in similar condition - unless the perils of the sea, fire, or enemies prevent him - the consignees of the shipper at the point of destination on their paying him the stipulated freight.

(d) "BULK CARGO" means cargo that is loaded and carried in bulk without mark or count in a loose unpackaged form, having homogeneous characteristics. Bulk cargo loaded into intermodal equipment, except LASH or Seabee barges, is subject to mark and count and is, therefore, subject to the requirements of this part.

(e) BUSINESS ENTITY" means a person, firm, association, organization, partnership, business trust, corporation, company, or any other business entity.

(f) "CARLOADING OR UNLOADING" is the service performed to load cargo from wharf premises or other such terminal premises designated by the Port Director or his authorized representative to be used for such purposes, to or from railroad cars or trucks, trailers, semi-trailers from or to wharf premises or other terminal premises.

(g) "COMMISSION" means the Federal Maritime Commission.

(h) "CONSIGNEE" means the recipient of cargo from a shipper, individuals or business entities to whom a transported commodity is to be delivered.

(Continued on next page)

DRAFT

SECTION 2 DEFINITIONS AND SCHEDULE OF CHARGES

DEFINITIONS – GENERAL (Continued)

(i) freight-carrying unit designed to be transported by different modes of transportation and having construction, fittings, and fastenings able to withstand, without permanent distortion or additional exterior packaging or containment, the normal stresses that apply on continuous all-water and intermodal transportation. The term includes dry cargo, ventilated, insulated, refrigerated, flat rack, vehicle rack, liquid tank, and open-top containers without chassis, but does not include crates, boxes or pallets.

(j) "DELINQUENT LIST" means the record of vessels, their owners or agents, or other users of the Port of Sitka who have failed to pay charges within sixty (60) days after date of invoice or who have not furnished proper cargo statements to the Port Director.

(k) "DERELICT" means any watercraft moored or otherwise located within the Port which is forsaken, abandoned, deserted or whose owner fails to contact the Port Director within seven (7) days after written notice declaring the watercraft to be abandoned is attached to said watercraft.

(l) "DIRECT LOADING OR UNLOADING" is the service accorded to cargo in transferring cargo by ship's tackle between ship and open top railroad cars, vehicles, pipeline, or water, raft, barge, lighter, or other waterborne vessels; or open top trucks, trailer beds or bodies, which are spotted within reach of ship's tackle or terminal's tackle.

(m) "DOCKAGE" is the charge assessed to a vessel for docking at a wharf, dock, pier or other facility, or for mooring to a vessel so docked.

(n) "DUNNAGE" means loose wood or other material used in a ship's hold for the protection of cargo and specified items approved by the Sitka Port Commission in Item 202.

(o) "FLOATING DOCKS/FLOATS" means docks/floats equipped with or without gangways that are secured to the appurtenant to it for the use of small vessels.

(p) "FOREIGN COMMERCE" means that commerce under the jurisdiction of the Foreign Commerce Act.

(Continued on next page)

DRAFT

SECTION 2 DEFINITIONS AND SCHEDULE OF CHARGES

DEFINITIONS – GENERAL (Continued)

(q) "FOREST PRODUCTS" means forest products including, but not limited to, lumber in bundles, rough timber, ties, poles, piling, laminated beams, bundled siding, bundled plywood, bundled core stock or veneers, bundled particle or fiber boards, bundled hardwood, wood pulp in unitized bales, paper and paper board in rolls or in pallet or skid-sized sheets, liquid or granular by-products derived from pulping and papermaking, and engineered wood products.

(r) "GANGWAY" means a narrow, portable platform used as a passage by persons entering or leaving a vessel moored alongside a quay or pier.

(s) "HANDLING" is the service accorded to cargo movement from end of ship's tackle or terminal's tackle to the first place of rest on the wharf or other terminal premises designated by the Port Director or his authorized representative to be used as the first place of rest, or from such first place of rest on the wharf or other such terminal premises to a place within reach of ship's tackle or terminal's tackle.

(t) "HOLIDAYS": Whenever in this tariff reference is made to holidays the following days are included: New Year's Day, Martin Luther King Day, President's Day, Seward's Day, Memorial Day, Independence Day, Labor Day, Veterans Day, Thanksgiving Day, Day After Thanksgiving, Christmas Day, and every other day appointed by the President of the United States of America and/or the Governor of Alaska. In the event that one of the above mentioned holidays occurs on Saturday, the previous Friday will be considered a holiday for the purpose of this tariff. In the event that one of the above mentioned holidays occurs on Sunday, the following Monday will be considered a holiday for the purpose of this tariff.

(u) "INDUSTRIAL PARK" means those parcels of real property adjacent to the Municipal Terminal which organizations with business interests at the Port may lease/rent from the Municipality.

(v) "LADDER" means a metal, wooden or rope stairway.

(w) "LOA" means the overall length of a watercraft measured from the most forward point at the Beam to the aftermost part of the stern of the watercraft, to include the motor.

(Continued on next page)

DRAFT

SECTION 2 DEFINITIONS AND SCHEDULE OF CHARGES

DEFINITIONS – GENERAL (Continued)

(x) "MANIFEST" means a detailed statement of a vessel's cargo, giving the bills of lading numbers, marks, number of packages, names of shipper, names of consignee, weight or total measurement of goods, rate of freight and where payable. Such a statement is sent by the owners or brokers at port of shipment to their agents at destination port.

(y) "MOORING" means to secure a ship or vessel or any floating object in a particular place by weight, chain, rope, float, structure, or any appliance used for anchoring purposes by a watercraft which is not carried aboard a watercraft as part of it.

(z) "MOTOR VEHICLE" means a wheeled vehicle whose primary purpose is ordinarily the non- commercial transportation of passengers, including an automobile, pickup truck, minivan, or sport utility vehicle.

(aa) "CITY AND BOROUGH DOCK" means the concrete operating wharves and their associated facilities, such as cranes, transit shed and access trestles permanently affixed thereto.

(bb) "CITY AND BOROUGH TERMINALS" means the Municipal Docks and all waterfront property as shown on page __ of this tariff, Transit Areas and their associated facilities, such as access roads, and the adjacent storage areas necessary to conduct normal day-to-day dock or cargo handling operations.

(cc) "NON•OPERATING PORT" means a landlord port with all port facilities generally leased, rented or preferentially assigned with the lessee, rental permittee or assignee responsible for operating the facilities.

(dd) "OPERATING PORTS" generally provide all port services except stevedoring with their own employees including, but not limited to, loading and unloading of rail cars and trucks and the operation of container terminals, grain elevators, and other bulk terminal operations.

(ee) "LIMITED•OPERATING PORTS" lease facilities to others, but continue to operate one or more facilities with port employees. These operated facilities may be specialized terminals, such as grain elevators, bulk terminals, container terminals, etc.

(Continued on next page)

DRAFT

SECTION 2 DEFINITIONS AND SCHEDULE OF CHARGES

DEFINITIONS – GENERAL (Continued)

(ff) "OVERSTOWAGE" means faulty loading, as when cargo for the second port of discharge is stowed above cargo for the first port and therefore the latter cannot be discharged at its destination.

(gg) "POINT OF REST": Point of Rest is defined as that area on the terminal facility which is assigned for the receipt of inbound cargo from the vessel and from which inbound cargo may be delivered to the consignee and that area which is assigned for the receipt of outbound cargo from shippers for vessel loading.

Note: Issued pursuant to F.M.C., Docket 875, General Order 15.

(hh) "PORT" means a place at which a common carrier originates or terminates (by transshipment or otherwise) its actual ocean carriage of cargo or passengers as to any particular transportation movement.

(ii) "PORT DIRECTOR" means the Director of the Port of Sitka or the Port Director's designee.

(jj) "PORT FACILITIES" means all docks, floats, berths, wharves, and other landing, launching, mooring, cargo or other facilities located within the Port of Sitka.

(kk) "PORT OF SITKA" means the Port of Sitka Subdivision as defined by plat number ___, sheets, exclusive of those areas which are within the exclusive jurisdiction of either the state or the United States.

(Continued on next page)

DRAFT

SECTION 2 DEFINITIONS AND SCHEDULE OF CHARGES

DEFINITIONS – GENERAL (Continued)

(ll) "TERMINAL OPERATOR" means a person or company engaged in the United States or a commonwealth, territory, or possession thereof, in the business of furnishing wharfage, dock, warehouse or other terminal facilities or services in connection with a common carrier, or in connection with a common carrier and a water carrier subject to Subchapter II of Chapter 135 of Title 49, United States Code. A marine terminal operator includes, but is not limited to, terminals owned or operated by states and their political subdivisions; railroads who perform port terminal services not covered by their line haul rates; common carriers who perform port terminal services; and agents thereof who operate port terminal facilities.

(mm) "TERMINAL OPERATOR PERMIT" is a permit issued by the City and Borough of Sitka for an agency/entity to perform one or more of the following marine related services or operations at the Port of Sitka: petroleum transfer operations; general cargo operations; dry bulk cargo operations; outloading of cargo from first place of rest within Port transit areas; vessel servicing; fish handling operations; and, passenger operations.

(nn) "TRANSSHIPMENT" means the transfer of goods from the vessel stipulated in the contract of affreightment to another vessel before the place of destination has been reached.

(oo) "VESSEL" means ships or crafts of all types, including but not limited to the following: motor ships, steam ships, canal boats, tugs, barges, sailing vessels, motor boats, and every structure adapted to be navigated from place to place for the transportation of property and persons by any means.

(pp) "VESSEL OWNER" means the actual or registered owner, charterer, master, agent, person in navigational control or person responsible for the operation of the vessel.

(qq) "WATERCRAFT" means any vessel, including but not limited to houseboats, floatplanes, waterborne aircraft, floats, scows, rafts, pile drivers, or any other floating structure adopted to be navigated from place to place, used for recreational, commercial, or other purpose upon the waterways within the Port or moored at any place within the Port.

(Continued on next page)

DRAFT

SECTION 2 DEFINITIONS AND SCHEDULE OF CHARGES

(rr) "WHARFAGE" is the charge assessed against any freight, cargo, goods placed in a transit shed or on a wharf, or passing through, over or under a wharf or Municipal terminal; or transferred between vessels, or loaded to or unloaded from a vessel at a wharf, regardless of whether or not a wharf is used. Wharfage is solely the charge for use of wharf and does not include handling, sorting, piling of freight or charges for any other services.

DRAFT

SECTION 2 DEFINITIONS AND SCHEDULE OF CHARGES

ITEM 200 DOCKAGE

(a) DOCKAGE:

Dockage is the charge assessed to a vessel for docking at a wharf, dock, pier or other facility, or for mooring to a vessel so docked.

(b) DOCKAGE PERIOD - HOW CALCULATED:

Dockage shall commence when a vessel's first line is made fast to a wharf, pier or other facility, or when a vessel is moored to another vessel so berthed and shall continue until such vessel is completely freed from and has vacated the berth. No deductions will be made for Sundays or holidays.

(c) BASIS FOR COMPUTING CHARGES:

Dockage charges will be assessed on the length-over-all of the vessel. Length-over-all shall be construed to mean the linear distance, expressed in feet, from the most forward point of the stem of the vessel to the aftermost part of the stern of the vessel, measured parallel to the baseline of the vessel.

For dockage billing purposes, length-over-all of the vessel as published in "Lloyd's Register of Shipping" will be used. If no such figure appears in "Lloyd's Register", the Port reserves the right to: (1) obtain the length-over-all from the vessel's register, or (2) measure the vessel.

(d) VESSEL DOCKED TO REPAIR, SHORE, OUTFIT OR FUMIGATE:

Full dockage will be charged if and when a vessel is permitted to make repairs or alterations, shore for special freight, outfit, store or fumigate while docked at wharf.

(Continued on next page)

DRAFT

SECTION 2 DEFINITIONS AND SCHEDULE OF CHARGES

DOCKAGE (Continued)

(e) VESSELS REQUIRED TO OBTAIN ASSIGNMENTS/BERTHING RESERVATION:

No vessel will be permitted to berth at a wharf or terminal facility of the without having first made written application for a berth assignment and without such an assignment having been granted. Berthing Applications are available from the Port of Sitka offices.

Application of berth assignments must be made as far in advance of the arrival of vessel as possible and must specify arrival and departure dates and the nature and quantity of the freight to be loaded or discharged.

(f) BERTHING POLICY/BERTHING RESERVATION:

A Terminal Operator Permittee may secure reserved dock space under the following conditions:

(1) Provide the Port with a fully completed Berthing Application indicating berth and desired, scheduled dockside activities/services needed and timeframes/ date(s) requested.

(2) Berthing Application and prepaid dockage must be received by the Port a minimum of 4 business days prior to anticipated vessel arrival. Applications will be processed on a first-come first-served basis.

(3) Port will determine availability of berth, services, etc., and dates requested. Should berthing schedule conflicts be found between berthing applicants, the Port shall mediate a resolution which will attempt to minimize negative impacts on both (or all) parties?

(4) Full dockage fees will be paid to the Port at the time of application for berthing reservation Prepaid dockage fees will be non-refundable unless a written cancellation is received by the Port a minimum of 24 hours prior to scheduled vessel arrival.

(Continued on next page)

DRAFT

SECTION 2 DEFINITIONS AND SCHEDULE OF CHARGES

DOCKAGE (Continued)

(5) When space is available, vessels with approved reservations may have a 24•hour grace window on either side of scheduled call/stay provided no other reservations have been received.

(6) Vessels that dock at berths without prior berthing application approvals do not have berthing privileges or priority and shall complete a berthing application immediately after docking.

(g) VESSELS REQUIRED TO VACATE BERTHS:

Vessels may occupy a berth, subject to charges named in Item 200, Section (j), providing such vessel shall vacate the berth upon demand by the Port Director or his authorized representative. Vessels refusing to vacate berth on demand may be moved by tug or otherwise, and any expenses or damages to vessel, other vessels or wharf structures during such removal shall be charged to the vessel so moved.

(h) CHARGES ON VESSEL SHIFTING:

When a vessel is shifted directly from one wharf (berth) to another wharf (berth) owned by the Port of Sitka, the total time at such berths will be considered together in computing the dockage charge.

(i) CHARGES TO ASSISTING VESSELS:

A single vessel, when actively engaged as a tug boat, assisting and made fast outboard of a vessel loading or discharging cargo, will be accorded free dockage. A tug boat leaving its tended vessel for any purpose shall waive its right to free dockage for the period of berthing it left its tended vessel until it secures back to its tended vessel.

DRAFT

SECTION 2 DEFINITIONS AND SCHEDULE OF CHARGES

DOCKAGE (Continued) **(R)(+)**

(j) DOCKAGE RATES WILL BE ASSESSED AS FOLLOWS EXCEPT AS OTHERWISE PROVIDED.

Vessel Length (feet)

	2025	2026	2027
0 – 80 feet – rate per foot	$1.57	$1.63	$1.70
81 – 150 feet – rate per foot	$2.68	$2.79	$2.90
151 +	$4.02	$4.18	$4.34
Cruise Passenger Vessels 150 feet +	$3,519	$3,660	$3,806

Note: 400' is the largest vessel that *can be accommodated at the GPIP Dock*

ISSUED BY: John Leach, Municipal Administrator, Sitka, Alaska

Revision approved by CBS Assembly 3/14/2023
Increase approved by CBS Assembly //2025

DRAFT

SECTION 2 DEFINITIONS AND SCHEDULE OF CHARGES

Note 1: Dockage is assessed as follows:
a. Incidental Use of the Dock – Vessels 0 - 200 feet = $40/hour for up to 4 hours. **(+)**
b. Over 4 hours, and not more than 24 hours, shall be charged one full day's dockage.
c. Vessels over 200 feet shall be charged one full day's dockage for incidental use.

(k) MONTHLY DOCKAGE RATES:

Vessels employed solely in the business of providing tug service to vessels calling at the Port may make application to the Port Director for monthly dockage rates.
4
Vessels accorded the monthly rate shall not be deemed to have been given any preferential berthing right and shall vacate any particular berth when ordered to do so by the Port Director.

The monthly agreement may be revoked by the Port Director and terminated by the operator upon five days written notice.
a. Monthly permits (30 days) **(R)(+)**
2025 - $22.98 per foot of overall length up to 150'
$34.46 per foot of overall length for 151' and up

2026 - $27.75 per foot of overall length up to 150'
$41.60 per foot of overall length for 151' and up

2027 - $28.86 per foot of overall length up to 150'
$43.26 per foot of overall length for 151' and up

ISSUED BY: John Leach, Municipal Administrator, Sitka, Alaska

Revision approved by CBS Assembly 3/14/2023 Increase approved by CBS Assembly //2025

DRAFT

SECTION 2 DEFINITIONS AND SCHEDULE OF CHARGES

IITEM 202 <u>DUNNAGE</u>

(a) DEFINITION:

The specified items approved by the Sitka Port Commission for which no wharfage charge will be assessed on outbound containers carrying the specific dunnage items, for which wharfage was assessed on the inbound movement. The qualifying dunnage materials that are used strictly for the purpose of securing and protecting cargo are listed below:

Bags, Horticultural, Growing Bags, bulk container, empty Bales of Cardboard
Baskets
Bins, necessary for the transportation of groceries, foodstuffs and/or department store merchandise
Blankets, furniture
Boxes, fiberboard, paper or pulpboard, used, collapsed
Bread Trays
Cans, Aluminum, empty, used
Containers, bulk flour
Containers, bulk liquid (Porta-feeds), used for transporting chemicals or paint, in bulk, capacity not to exceed 500 gallons each
Cylinders
Cribbing
Cribs
Dunnage, rubber, inflatable Dunnage, wooden Hampers, garment Hangers, garment
Kegs, not exceeding 55 gallon capacity
Load locks
Material, not a part of the pallet, platform, skid or shipping container, used to protect top of
lading or to secure the load to the pallet, platform or shipping container
Milk Baskets, Milk Crates
Pads; i.e., packing, shipping, cotton or jute, old, used per Item 148700 of NMFC
(Furniture Pads)
Pallets

(Continued on next page)

DRAFT

SECTION 2 DEFINITIONS AND SCHEDULE OF CHARGES

DUNNAGE
(Continued)

Pallets, Platforms or Skids, with or without standing or collapsible sides or ends, with or without top, and includes plastic or rubber liners used in conjunction therewith

Platforms, Partitions or Dividers
Racks
Racks,
Shoe
Reels
Skids
Spools
Totes

Note: the return provisions of dunnage will apply only when the returned articles have been assessed wharfage on inbound movement.

DRAFT

SECTION 2 DEFINITIONS AND SCHEDULE OF CHARGES

ITEM 210 LOADING AND UNLOADING (R)(+)

	2025	2026	2027
Over 20 feet RATE (each per day)	$9.85	$10.24	$10.65

(a) DIRECT LOADING AND UNLOADING:
Direct loading or unloading is the service accorded to cargo in transferring cargo by ship's tackle or terminal's tackle between ship and open top railroad cars or water, raft, barge, lighter, or other waterborne vessels; or open top trucks, trailer beds or bodies, which are spotted within reach of ship's tackle or terminal's tackle. Cargo shall be subject to wharfage charges.

DRAFT

SECTION 2 DEFINITIONS AND SCHEDULE OF CHARGES

ITEM 212 FREE TIME

(a) DEFINITION:
The specified period during which cargo may occupy space assigned to it on Terminal property, free of wharfage, demurrage or terminal storage charges, immediately prior to the loading, or subsequent to the discharge, of such cargo on or off the vessel.

(b) COMPUTING FREE TIME:
Free time starts the first 12:00 am after cargo is received or unloaded onto wharf from car or truck, or, in the case of cargo received from vessel, the first 12:00 am after completion of the vessel's discharge. On outbound traffic, the day or days vessel is loading are not included in the computation. On inbound traffic from vessel, delivery of which is made after the allotted free time period, the day freight is loaded out or delivered to truck or car is to be included in the computation as a storage day.

When freight is transshipped between deep sea vessels and involves application of both a long and short time period, the longer period shall be allowed, but not the aggregate of any two free time periods.

(c) FREE TIME PERIOD:

Free time of three (3) days will be allowed on all inbound traffic. Free time of three (3) days will be allowed on all outbound cargo. Subject to the discretion of the Port Director.

DRAFT

SECTION 2 DEFINITIONS AND SCHEDULE OF CHARGES

ITEM 215 <u>TERMINAL OPERATOR PERMIT</u>

(a) TERMINAL OPERATOR PERMITS:
The services set forth in Item 215, Section (b) shall be provided by independent agents at the Port of Sitka under Terminal Operator Permits issued by the Sitka Port Commission. These permits are available to any qualified agent desiring to provide terminal services at the Port of Sitka and required by the Port of Sitka.

A current list of the Terminal Operator Permit Holders operation at the Port of Sitka is on file at the Port of Sitka and available upon request.

Permit fee: $150 annually **(A)**

ITEM 220 <u>MINIMUM CHARGES</u>

Except as otherwise provided herein, where named services are performed, the minimum charge for any single shipment shall be:

Wharfage: $35.00

(Continued on next page)

DRAFT

SECTION 2 DEFINITIONS AND SCHEDULE OF CHARGES

ITEM 222 PORT LABOR

(a) SUBJECT TO CHANGE:
The rates named in this tariff, revisions or supplements thereto, are based upon ordinary traffic and labor conditions. If and when these conditions change because of demand of labor for increased wages, strikes, congestions or other causes not reasonably within the control of the Port of Sitka, resulting in an increased cost of service, the rates are subject to change without notice.

(b) OVERTIME:
Overtime work performed on Saturdays, Sundays, or Holidays or after 5:00 P.M., or before 8:00 A.M., Mondays through Fridays, or during meal periods as shown below:

06:00 A.M.	to	07:00 A.M.
12:00 Noon	to	01:00 P.M.
06:00 P.M.	to	07:00 P.M.

(c) STANDBY TIME:
Except as otherwise provided, when the Port of Sitka is required to order labor for a specific service, and through no fault or inability of the Port of Sitka, the work or service is not commenced, causing standby time to accrue, or when work or service after commencement is delayed through no fault of the Port of Sitka for periods of fifteen consecutive minutes or more, current man-hour rates or agent's actual labor rates, plus 15% will be assessed against the part for whom labor was ordered. In computing cost of man-hour time, less than 15 minutes will be considered no delay, but time of 15 minutes or more will be considered delay time and charges computed from cessation of work until resumption of work will be assessed in units of 15 minutes, except that no charge will be made for the final 15 minutes if work commences within the first seven minutes of such period.

(d) MINIMUM LABOR HOURS:
When the Port of Sitka is required to furnish labor for a specific service and such service is completed before the expiration of the minimum time allowed under current labor working agreements and awards, the labor charges accruing after the specific service is completed and until the end of the minimum time allowed will be assessed at current man-hour rates plus 15% overhead.

DRAFT

SECTION 2 DEFINITIONS AND SCHEDULE OF CHARGES

PORT LABOR (Continued)

(e) RATES APPLY WHEN NOT OTHERWISE PROVIDED:
When services are performed by the Port of Sitka, its employees or agents, for which no specific rates are set forth in this tariff, or when reference is made to this item, charges for such services shall be at current man-hour rates, or agent's actual labor rates, plus 15% overhead, and the charge for any equipment used as set forth in Item 205. Charge for materials furnished in connection with said services will be assessed at actual cost to the Port of Sitka, plus 15%.

(f) LINE HANDLING:
The Port of Sitka does not perform the services of line handling. Such service is arranged by and is for the account of the agents of the vessel or stevedore company handling the vessel.

(g) LONGSHORE MAN•HOUR RATES:
Man-hour rates for longshore work are available from holders of valid stevedore companies.

DRAFT

ITEM 250 <u>WHARFAGE</u>

(a) Wharfage is the charge assessed against any freight, cargo, goods placed in a transit shed or on a wharf, or passing through, over or under a wharf or Municipal Terminal; or transferred between vessels, or loaded to or unloaded from a vessel at a wharf, regardless of whether or not a wharf is used. Wharfage is solely the charge for use of wharf and does not include handling, sorting, piling of freight or charges for any other

(b) APPLICATION:
Wharfage rates named in this tariff will be charged for all merchandise received over the Municipal Docks or Municipal Terminal of the Port of Sitka and will be in addition to all other charges made under provisions of this tariff, EXCEPT:

No wharfage shall be charged to ship's gear, such as strongbacks, lines, hatch covers, walking boards, etc., placed on wharf during unloading operations. Fuel handled over wharf will not be considered as ship's stores and will be subject to wharfage and other charges that may be incurred.

No wharfage shall be charged for fishing gear and consumables under 30 square feet in area for vessels that fish for local processors. **(A)**

(Continued on next page)

DRAFT

SECTION 2 DEFINITIONS AND SCHEDULE OF CHARGES

(c) OVERSIDE:
Full wharfage named herein will be charged to merchandise discharged or loaded overside of vessel directly to or from another vessel or to the water when vessel is berthed at wharf.

(d) OVERSTOWED CARGO:
Overstowed cargo destined for discharging at another port will be exempt of wharfage charges, provided such cargo is immediately re-loaded to departure of the same vessel.

(e) MINIMUM CHARGE:
See Item 220.

(f) SCHEDULE OF RATES:
Except as otherwise specifically provided, rates are in cents per ton of 2000 lbs.

(g) TRANSSHIPPED CARGO:
Transshipped cargo shall be taken as a single through movement and shall be included only one time for purposes of determining the wharfage rate.

(h) ~~SECURITY SURCHARGE:~~
~~Notwithstanding any other schedule of charges, the Port of Sitka shall assess a security surcharge of $0.58 per ton for all commodities crossing the Port of Sitka.~~ **(**)**

(i) Passenger Flat Fee:
In addition to other tariff provisions, the terms and conditions of this item apply. Charges are assessed to passenger vessels and cruise ships using the Port of Sitka. **(A)**

DRAFT

SECTION 2 DEFINITIONS AND SCHEDULE OF CHARGES (R)(+)

COMMODITY

		2025	2026	2027
ITEM 251 Aggregates	Per ton	$1.84	$1.91	$1.99
ITEM 252 Freight, N.O.S	Per ton	$11.04	$11.48	$11.94
ITEM 253 Fish	Per ton	$22.77	$23.68	$24.63
ITEM 254 Seine Skiff/Bait Shed/Nets on Pallet	Per skiff	$54.94	$57.14	$59.42
ITEM 255 30 AMP	Per day	$12.55	$13.05	$13.57
ITME 255 50 AMP	Per day	$23.54	$24.48	$25.46
ITEM 255 100 AMP	Per every 4 hours	$31.39	$32.65	$33.95
ITEM 256 Passenger Vessel Fee	Per person	$5.00 **(R)**	$5.00	$5.00
ITEM 257 Potable Water (+)	Per Day	$300.00	$312.00	$324.00

DRAFT

SECTION 2 DEFINITIONS AND SCHEDULE OF CHARGES

COMMODITY

	2025	2026	2027
FUEL (R)(+)			
Liquids, Petroleum or Petroleum Products, N.O.S., in bulk, discharged or loaded between mobile motor freight tank vehicles or railroad tank cars and vessel's tanks per gal.	$2.47	$2.57	$2.67
NOTE 1: All petroleum transferring operations are subject to rules governing bulk petroleum products. See Item 170.			
POWDER (R)(+)			
Gun or Blasting; Blasting Cap; Dynamite; High Explosive, N.O.S.; Explosive Ammunition other than small arms Ammunition (See note)	$2.74	$2.85	$2.96
NOTE 1: Written permission of the Port Director must be obtained prior to any movement of merchandise named in this Item over the Municipal Terminal facilities.			

DRAFT

SECTION 2 DEFINITIONS AND SCHEDULE OF CHARGES

COMMODITY

	2025	2026	2027
VANS OR CONTAINERS (R)(+)			
Freight; rigid, non-disposable, dry cargo, insulated, refrigerated, flat rack, liquid tank, or open top container, with or without wheels or chassis attached, minimum dimensions 8 ft. wide and 20 ft. long, viz: containing merchandise, except containing powder, gun or blasting, or other articles as described in Item 264, under seal. (Subject to Notes 1 and 2)	$5.51	$5.73	$5.95
Empties returning, each (Subject to Note 1)	$1.84	$1.91	$1.99
NOTE 1: May include unit for refrigeration or heating of merchandise.			
NOTE 2: Charge applies to net weight of contents of vans or containers, inbound or outbound.			
VEHICLES and other articles, empty self-propelled or non-self-propelled, viz: **(R)(+)**			
Automobiles, including pickups with or without camper bodies attached, chassis,	$1.84	$1.91	$1.99
Trailers, house or vacation; homes or buildings, mobile or modular, S.U.	$14.70	$15.29	$15.90
Heavy Equipment including cranes, sanders, sweepers, graders, loaders, fork lifts,	$20.20	$21.01	$21.85

DRAFT

SECTION 2 DEFINITIONS AND SCHEDULE OF CHARGES

COMMODITY (R)(+)

	2025	2026	2027
Pursuant to the establishment of the Office of Homeland Security in 2001 and Maritime Transportation Security Act of 2002, the Port of Sitka will assess a security fee in order to defray expenses associated with mandated security measures.			
Heavy Equipment including cranes, sanders, sweepers, graders, loaders, fork lifts,	$20.20	$21.01	$21.85
PORT FACILITY SECURITY FEES petroleum products. See Item 170.	$1.07	$1.11	$1.57
CARGO VESSELS			
Notwithstanding any other schedule of charges, the Port of Sitka shall assess a security surcharge on **per ton** for all commodities crossing the Port of Sitka facilities. (Subject to Note 1)			
NON-CARGO VESSELS			
Notwithstanding any other schedule of charges, the Port of Sitka shall assess a security fee on the gross tons of all vessels calling at the Port facilities.	$0.18	$0.19	$0.20
PASSENGER			
Notwithstanding any other schedule of charges, the Port of Sitka shall assess a flat security fee on passenger embarking or disembarking at the Port facilities.	$950 **(C)**	$988	$1,028
Note 1: The Upper Cook Inlet Area Maritime Stakeholders that currently contribute to Security are exempt from the above security fees.			

DRAFT

SECTION 2 DEFINITIONS AND SCHEDULE OF CHARGES

Item 260 - CHARGES FOR MISCELLANEOUS SERVICES

Terminal Storage **(R)**

(a) TERMINAL STORAGE

Terminal storage, included closed or covered storage, open or ground storage, bonded storage or refrigerated storage after storage arrangements have been made or other terminal facility for the storing of inbound and outbound cargo or gear after expiration of free time. When space is available and arrangements are entered into prior to arrival of cargo at terminal, storage may be permitted.

Storage charges for cargos in transit will be assessed as follows:

	STORAGE RATE in Dollars		
	2023	**2024**	**2025**
(1) Annual rate for storage of fishing nets on 8'x12' pallets:	$1,250	$1,250	$1,250
Storage rate per month: $125/month (2 month minimum, paid up front).	$300	$300	$300
Storage rate per month for fishing nets stored on dock.	$300	$300	$300
(2) Storage rate per sq. ft. per month for bait sheds and misc. gear stored on 20'x20' area (minimum size). (2 month minimum, paid up front).	$0.75	$0.75	$0.75

DRAFT

No Packet Information

Sitka Marine Trades Association

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

Wednesday, April 30, 2025

MEMORANDUM

To: Gary Paxton Industrial Park (GPIP) Board of Directors

From: Garry White, Director

Subject: Arctic Blue Waters Alaska Inc. Purchase Agreement Extension Request

Introduction

Arctic Blue Waters (Alaska) Inc. (Arctic) is requesting an extension to its current water purchase agreement (attached) with the City and Borough of Sitka executed on April 13th, 2021.

Per section 10.2 of the water purchase agreement, Arctic was required to submit to Sitka all designs and construction documents for the loading of bulk water within 48 months of the effective date of the agreement. The loading plan was required to be submitted by April 13th, 2025.

Arctic has modified its loading plan and is working towards a permanent water loading facility construction design with an engineering firm. The scope of the loading plan with permits and construction timeline cannot be completed until the Spring of 2027. Please see attached project budget water loading plan from PND Engineers.

Arctic is requesting that section of 10.2 of the agreement be extended until September 30, 2026.

Section 3.1 of the water purchase agreement requires Arctic to export at lease 50 million gallons of water within 60 months of execution or April 13th, 2026. Arctic is additionally requesting that Section 3.1 be extended to October 31, 2027.

Bulk Water Export Background

The City and Borough of Sitka (CBS) has permits to export 29,235 Acre-feet (~9.5 billion gallons) of raw water annually. *(This volume represents just under 9% of the average annual rain fall into the Blue Lake Watershed)*

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

The CBS currently has one raw water export agreements outside of the Arctic agreement:

The CBS entered into a 20 year water purchase agreement with Eckert Fine Beverages in the October of 2017 for 100 million gallons of water annually. This agreement was renewed for another 3 years in the fall of 2020. Eckert is required to export at least 75 thousand gallons of water within 36 months from the execution of the agreement or the agreement terminates. The price of water is set at $0.01/gallon. The point of delivery for the water is from the Blue Lake penstock. Eckert is required to make a non-refundable payment of $1,250 annual to the CBS to keep the agreement in good standing.

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

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

Water Purchase Agreement Overview

The attached Purchase Agreement for Raw Water in Bulk for Export has been developed over many years. The agreement has been reviewed and modified by multiple CBS Attorneys and outside council to ensure that the CBS water assets are protected and to allow private entities the ability to market and sell Sitka's water. Below is a brief description of some of the more material sections of the contract.

Terms (Section 1)

The term of the contract is 20 years with four 5-year extensions with consent of both parties.

Arctic is asking for a 20 year term to allow it to have an opportunity to receive a return on the major capital investment to complete the water export venture. Arctic will need to complete the necessary infrastructure it will need to load water to a ship from the Blue Lake Power House after bay, acquire ships to transporting the water, and to off-load and storage the water at final destination.

The agreement includes performance bench marks at 48 months and 60 months after contract execution that allow the CBS to terminate the contract for non-performance.

- 48 months – submittal of design and construction documents for loading of water (Section 10.2)
- 60 month – requirement for Arctic to export 50 million gallons. (Section 3.1)

<u>Water Volume and nonrefundable fees</u>
Arctic is asking for an initial volume of water to market and then an increased amount of water if/when it enters into a guaranteed third part contract.

Phase 1

- 6,138 Acre-feet (~2 billion gallons) annually (Section 1.1)
  - Arctic must pay a non-refundable fee of $10,000 to execute agreement within 15 days of Sitka Administrator signature.
  - Arctic must purchase and export a total of 50 million gallons of water within a 60-month period or Sitka can terminate agreement. (Section 3.1)

Phase 2

- Arctic has the first right of refusal acquire an additional 20,869 Acre-feet (~6.8 billion gallons) annually. (Section 1.1)
  - Arctic must pay a $100,000 non-refundable fee to acquire additional rights.
  - Arctic must pay an additional $250,000 non-refundable fee at intervals of $50,000 per year to be prorated based on when first right of refusal is executed.
  - Arctic has 60 months to execute its first right of refusal from execution of the agreement. (Section 3.1)

Post 60 months (Section 3.2)
After 60 months, Arctic no longer has a guaranteed volume of water. The agreement defines Stages of water volume export to retain water allocation amounts. Arctic gains more allocations by exporting more water and can lose allocation amounts by failing to export specified amounts.

Example: If Arctic exports 150 million gallons of water in the 12 month period following 60 months from contract execution. Arctic's available water allocation would be 4,000 acre feet or ~1.3 billion gallons of water (Stage 4).

The CBS is free to enter into multiple water purchase agreements at any time during the contract, but has much more latitude after 60 months. Per the contract water allocations after the 60 month period are at the Administrator's sole discretion.

Water Export Limitations (Section 3.5)
Arctic is only allowed to remove 33.6 million gallons of water per day from the CBS Power House After Bay.

<u>CBS Rights and Protections</u> (Section 4)
Different sections of the agreement contains language to ensure that the CBS water asset is protected for municipal uses and other environmental factors.

- Ensures municipal drinking and hydroelectric water uses retain first right and priority to the water. (Section 4.1 (a))
- Allows for hydroelectric dam and water system maintenance. (Section 4.1 (c))
- Ensure water levels do not drop below critical levels to support the local biological environment. (Sections 4.1 (b) (e) (f)) *(These sections would protect the CBS if climate change affects historic rainfall amounts.)*
- Protection to the CBS against water quality issues due to routine hydroelectric alternations and environmental events. (Section 4.1 (f), Section 6.2 & 6.3)
- Arctic is responsible to follow all regulations in regards to ballast water discharge. (Section 11)

Water Pricing (Section 7)

- The price for water from the CBS power house after bay will be $1,629.26/Acre-feet or $0.005/US gallon.
- Arctic will receive 50,000 gallons of water free of charge for wash-down, washout, or other non-export applications per each loading event. After the first 50,000 gallons per loading event, the price is $.001/gallon.
- After 60 month, the price will be adjusted by a CPI Adjustment, not to exceed 3%. (Please see attached sheet showing price adjustments over time.)
- Arctic is allocated water credits for non-refundable fees paid during the 60 month period.

Point of Water Delivery (Section 10.1)

The point of delivery for water delivered by Sitka will be water in the Blue Lake Power House After Bay. The after bay is the preferred point of delivery for water as the CBS has already produce electricity from the water.

Water Loading and Transportation (Section 10)

The CBS currently **cannot** deliver raw water in bulk from Blue Lake. Investigations into the CBS raw water pipeline post the Blue Lake Expansion project has determined that the system no longer operates due to new water pressures on the system.

- Arctic is solely responsible for designing and construction of any infrastructure it deems necessary to load and transport water for export. Arctic is required to acquire bonding to perform work.
    - Arctic has 48 months from the execution of the agreement to submit documentation for loading and transportation or the agreement can be terminated. Arctic has stated that it expects it will take 8-12 months to construct the water loading infrastructure.

- Arctic is solely responsible for arranging transportation of water for export at its own expense, including installing a water based water-loading station.
    - Arctic has stated that it wishes to establish a tideland-loading facility similar to the one installed in the CBS tidelands by Alaska Bulk Water Inc.
        - Recommended that tideland-loading system be addressed via a separate permit or amendment to agreement at a later date.

Action

- GPIP Board discussion and recommendations on Arctic Blue Waters Alaska water purchase agreement extension.

Arctic Blue Waters

'Taste the True Nature of Water'

ARCTIC BLUE WATERS ALASKA, INC.

April 3rd, 2025

Mr. Garry White, Managing Director
Board of Directors
Gary Paxton Industrial Park
329 Harbor Drive, Suite 212
Sitka, Alaska 99835

Dear Garry & GPIP Board Members

Reference is made to the "Purchase Agreement for Raw Water in Bulk for Export" signed between the City and Borough of Sitka and Arctic Blue Waters Alaska, Inc. (ABWAI), on April 13th, 2021. Our firm is respectfully requesting that the Board of Directors of GPIP consider delaying the dates for completion of the following items contained in "Paragraph 3.1" and "Paragraph 10.2 Subsection Two" for the reasons listed below.

In April, 2021 ("ABWAI") anticipated constructing a bulk water loading facility in Silver Bay at a location used by a previous bulk water export company. With the bulk water supply pipeline in place from the afterbay of the Hydro Power House to the saltwater shoreline, our firm estimated the cost to install a bulk water loading system for US$2.5 to a maximum cost of US$4.0 million.

In December 2024, we were requested to re-locate the bulk water loading facility to a new area within Silver Bay. The request was made due to additional marine activity and a newly constructed pull-out for the local fishing fleet. This location now requires that a pipeline be installed, coming from the afterbay of the existing Hydro Power House to a newly constructed dock that can accommodate up to a 100,000 dead weight ton (DWT) food-grade tanker. Estimated cost by our engineering firm is **US$16.5 million** (US$1.5M engineering, US$15.0M construction) with an estimated time-line to complete **Spring 2027**. A brief of this engineering information is contained in an email sent March 28, 2025 from PND Engineering.

"Paragraph 3.1" states that during the 60-month period after the effective date of the Agreement ABWAI must take delivery of and export at least 50 million gallons of raw water. In view of the fact that the bulk water loading facility will not be completed until the Spring of year 2027, management of ABWAI are requesting that this requirement to export the 50 million gallons of bulk water be extended to October 31, 2027.

"Paragraph 10.2 Subsection Two" states that ABWAI is required to submit to Sitka all design and construction documents that ABWAI deems necessary for the loading of bulk water from the Point of Delivery within 48 months from the effective date of the Agreement. ABWAI are requesting that the requirement for **preliminary design** drawings now be submitted on or before June 30, 2025. **Final project design** submitted on or before September 30th, 2026.

Sincere regards,

Fred Paley
Director

Visit www.arcticbluewatersalaska.com or email fred.paley@telus.net

Date: Fri, Mar 28, 2025, 3:20 p.m.
Subject: Sitka Bulk Water Project Budget
To: Fred Paley

Fred,

I thought I would recap our conversation over professional service costs at a very high level, mainly to inform project planning and the needed revenue stream. Should you proceed, these are the rough next steps and very rough costs for the fixed pier option:

- Estimated project construction cost = $15M
    - Industry-standard compensation for professional services on a project of this size and complexity ranges from about 6%-10% of the construction cost. For a private project of this size, let's say it's 6% which would equal design fees of approximately $900k. That does not include pre-design services (survey, geotech, etc) or permitting.
    - Geotechnical Investigation – based on the costs of an investigation we just did in GPIP, I would estimate $400k
    - Survey – we have a lot of information in the area, but let's say $50k
    - Permitting – no small task with in-water pile driving. Estimate a minimum of $50k-100k.
    - Construction phase – there will be some City-required inspections most likely, but otherwise this can be as big or small as you like. At a minimum, I would recommend observing pile installation. Say $100k.
    - That puts your very rough total professional services cost at about **$1.5M**.
- As far as distributing that in a cash flow schedule, based on a start date (post-concept) of May 1 2025:
    - Commence 35% design on May 1 = $200k
    - Permit Geotech Investigation Aug 1 = $20k
    - Commence 65% Design Aug 1 = $300k
    - Geotech Investigation December = $400k
    - Construction Permitting Jan '26 = $100k
    - Commence Final Design Feb 1 '26 = $400k
    - Construct Winter '26-spring '27 = $100k (plus construction costs obviously)

Again, those dates are very rough and the costs are even rougher and I can't be held to them. Things could go faster or slower, and be cheaper or more expensive depending on a lot of factors not currently known. But hopefully that gives you a sense of magnitude and what the funding schedule could look like from a mile-high perspective.

Sean Sjostedt | Principal Engineer – PND Engineers

PURCHASE AGREEMENT
FOR RAW WATER IN BULK FOR EXPORT

BETWEEN: City and Borough of Sitka, Alaska ("Sitka")
100 Lincoln Street
Sitka, Alaska 99835

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

1. Term and Documents Comprising this Agreement.

1.1 The "initial term" of this Agreement shall commence upon ABWAI making a non-refundable payment of Ten Thousand Dollars ($10,000.00), payable upon signing this Agreement (the "effective date"), to the Administrator of Sitka ("Administrator"), and shall end at 11:59 p.m. Alaska Standard Time on February 28th, 2041. Sitka hereby grants to ABWAI, the right to purchase raw water in bulk for export, to be delivered to it by Sitka from the Blue Lake reservoir, a water source within Sitka, on the terms and conditions set forth herein. Subject to ABWAI executing a Bulk Water Sales Agreement with a creditable purchaser for a minimum of 100 million gallons of bulk water, Sitka shall grant to ABWAI the first right of refusal to purchase an additional 20,869 Acre-feet of raw water held under "Certificates of Appropriation" issued by the State of Alaska to Sitka. Upon exercising its first right of refusal for additional volumes of bulk water, ABWAI will provide to Sitka, a one-time payment of $100,000, upon signing an addendum to this Agreement for the additional volumes of bulk water. In order to maintain exclusive rights to the additional volumes of raw water, Arctic will pay to Sitka an additional $250,000 payment, payable in Five (5) $50,000 annual payments to be prorated from the date Arctic exercised its first right of refusal for additional volumes of bulk water in the initial 60 month term.

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

term. If a price is not agreed upon in writing, this Agreement shall terminate at the expiration of the then-current term.

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

2. Definitions.

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

a) "Acre-foot" or "af" means 325,851 U.S. gallons.

b) "Annually" means 12 consecutive months.

c) "Beneficial use" means the application of water, purchased by ABWAI for export or for use at the point of delivery, to a useful purpose, including domestic, commercial, agricultural, wildlife, and recreational uses.

d) "BG" or "bg" means billions of gallons.

e) "Bulk water" means untreated non-potable water sold by Sitka to ABWAI under this Agreement, and delivered by Sitka to ABWAI in the measured quantities specified in this Agreement.

f) "Deliver" or "to deliver" or "delivered" means Sitka making a specific quantity of water available to ABWAI at the point of delivery.

g) "Export" means the transportation by ABWAI of bulk water to a destination outside the hydrological unit of the Blue Lake drainage.

h) "Gallon" means one US gallon or 3.785 liters.

i) "Loading" means transporting the raw water which is the subject of this Agreement from Blue Lake through pipelines and other conveyances into the ABWAI-chartered ship for export outside Alaskan waters.

j) "MG" or "mg" means millions of gallons.

k) "MGD" means millions of gallons per consecutive 24-hour period.

l) "Per day" means calendar day starting at midnight.

m) "Per week" means during a period of seven (7) consecutive days.

n) "Per year" means during a period of 12 consecutive months.

o) "Point of delivery" means that physical location at which the Sitka-owned physical facilities and equipment, employed in the transportation of Sitka's bulk water for delivery to ABWAI, terminates.

p) "Raw water" means untreated non-potable water delivered by Sitka to the point of delivery from Blue Lake via the Blue Lake penstock, a conduit which transports water from Blue Lake to the Blue Lake Powerhouse as shown on Exhibit A.

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

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

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

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

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

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

3. Water Volumes Contracted by ABWAI from Sitka.

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

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

Contract Increment Stages	**Maximum Water Delivery per 24-Hour Period**	**Acre-Feet Available Annually**	**Minimum Export Required to Move to Next Stage**	**Minimum Export Required to Remain at Stage**	**Required Period of Performance**
Stage 1	33.6 MG	1,000 af	230.2 af (75mg)	153.4 af (50mg)	12-month period
Stage 2	33.6 MG	2,000 af	306.9 af (100mg)	230.2 af (75mg)	12-month period
Stage 3	33.6 MG	4,000 af	920.7 af (300mg)	306.9 af (100mg)	12-month period
Stage 4	33.6 MG	10,000 af	3,068.9 af (1bg)	920.7 af (300mg)	12-month period
Stage 5	33.6 MG	( )[1]	N/A	3,068.9 af (1bg)	12-month period

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

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

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

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

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

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

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

3.4 Notwithstanding any other provision of this Agreement, if raw water delivered by Sitka to ABWAI and exported by ABWAI falls below 50 million gallons during any period of 12

consecutive months after the first 60 months after the effective date of this Agreement, this Agreement shall, at Sitka's election, terminate and expire without further action by Sitka on the forty-fifth (45th) day after Sitka's sending of the Administrator's notice to ABWAI, in accordance with section 23 below, that ABWAI has failed to comply with this subpart, unless within said 45-day period ABWAI cures its failure to take delivery of and export at least 50 million gallons of water from Sitka.

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

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

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

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

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

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

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

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

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

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

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

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

5. [This section deliberately left blank.]

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

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

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

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

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

7. Purchase Price for Raw Water.

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

a. Raw water delivered in bulk to ABWAI for export shall be priced at U.S. $0.005 (one-half of a cent) per gallon.

b. Raw water delivered by Sitka to ABWAI for vessel wash-down, washout and any other non-export application shall be priced at no charge for the first 50,000 gallons per each loading event and US $0.001 (one-tenth of a cent) per gallon above 50,000 gallons per each loading event. Such quantities shall be separately metered, and shall not be included in the total quantities of raw water delivered to ABWAI for export.

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

7.3 Beginning February 28, 2026 and every calendar year thereafter, the prices charged by Sitka for raw water delivered to ABWAI under this Agreement shall be adjusted by the Administrator based on the "All Items" figure for Seattle, Washington as published in the "Consumer Price Index for All Urban Consumers" ("CPI) published the most immediately before January 1 of the calendar year for which prices are being calculated. Notwithstanding the previous sentence, in no event will the CPI adjustment described in the previous sentence exceed + 3.0% nor the adjustment be made if the result of such adjustment would be a decrease in any price charged under this Agreement.

7.4 ABWAI shall pay Sitka for the volume of water delivered to ABWAI as measured by flow meters, purchased and installed by ABWAI at or near the point of delivery. ABWAI will provide Sitka with an independent third party report confirming the calibration of the flow meters. Flow meters will be calibrated every other year during the term of this Agreement.

7.5 The non-refundable payment of $10,000 made by ABWAI to commence this Agreement will be credited toward export of water payments over the term of this Agreement. The additional non-refundable payments of $100,000 and $250,000 will also be credited toward export of water payments over the term of the Agreement.

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

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

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

9. Sitka's Permitting Actions.

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

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

10.1 The parties agree that the Point of Delivery for water will be water in the Blue Lake Dam Power House After Bay.

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

ABWAI is required to submit to Sitka all design and construction documents ABWAI deems necessary for the loading of bulk water from the Point of Delivery within 48 months from the effective date of this Agreement. If ABWAI does not timely submit the documents, this Agreement shall, at Sitka's election, terminate and expire without further action by Sitka on the forty-fifth (45th) day after Sitka's giving notice to ABWAI, in accordance with section 23 below, that ABWAI has failed to comply with this subsection, unless within said 45-day period ABWAI cures its failure to submit the documents.

10.3 The construction and maintenance of an approved facility shall not impede, during construction or operation, the generation of electrical power. In the event of a disruption in generation due to the bulk water delivery system, ABWAI shall assume any financial losses incurred to CBS.

10.4 ABWAI shall obtain the insurance and Bonding required by CBS prior to any construction.

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

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

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

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

11. Ballast Water and Wash Water Discharges.

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

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

12. Water Loading Plan Requirements.

12.1 Before ABWAI loads any bulk water delivered to it by Sitka, ABWAI shall submit to the Administrator a written Water Loading Plan. This Plan shall be deemed approved by the Administrator unless no later than fourteen days after its submission the Administrator in his or her sole discretion rejects—or requires ABWAI to resubmit—any portion of the Plan. Such

action by the Administrator shall be in a writing to ABWAI that states the deficiency. Sitka shall deliver no bulk water to ABWAI and ABWAI shall not load any bulk water delivered to it by Sitka as long as any portion of the Plan has been rejected and not approved after re-submittal. ABWAI shall submit a separate Water Loading Plan at least ten (10) days before each loading of bulk water under this Agreement.

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

a) identify the flow rate of expected delivery;

b) identify and provide information requested by the Administrator regarding any vessel to be used by ABWAI in the loading or transport of raw bulk water;

c) steps to be taken to insure the safety of persons in any way involved in the loading of bulk water;

d) certification that ABWAI has a Contingency Plan that meets all of the requirements of State law applicable to the vessel that is being loaded;

e) steps to be taken to insure the safety of the public before, during, and after loading of raw bulk water;

f) steps to be taken to address the effects of wind and tidal conditions on the loading;

g) steps to be taken concerning moorage and access to vessels during loading;

h) steps to assure communication before, during, and after loading between those loading and the Administrator or his/her designee;

i) details about the precise location and proposed use of any structure, facility, pipe, pipeline, or other infrastructure to be used in the loading of raw bulk water and details describing how ABWAI intends to address the risks associated with a catastrophic event arising from ABWAI's loading activities or ABWAI's failure to adhere to the proposed Water Loading Plan;

j) steps to be taken to avoid conflicts with other vessel traffic and industrial park users;

k) details on proposed handling of any ballast water in any vessel to be used in the loading of raw bulk water, including plans to respond to the unauthorized discharge of such water;

l) details on proposed handling of any residual and/or wash water, or other materials in the tanks of any vessel to be used in the loading;

m) the days and the periods of time within each day that raw bulk water is proposed to be loaded; and,

n) details describing how the proposed Water Loading Plan shall be made consistent with Appendix B, which includes the "Prospective Purchaser Agreement Between the State of Alaska and the City-Borough of Sitka for the Former Alaska Pulp Corporation Pulp Mill Property" dated April 28, 1999, including all attachments, which specifically includes "Memorandum of Understanding between the State of Alaska and the City and Borough of Sitka [:] Management Plan for Sawmill Cove Property (Former APC Property)." The details describing such consistency must include any and all specific steps to be taken to avoid anchoring in prohibited areas and in any way disturbing the sea bottom in the "No Disturbance" zone described in the last-referenced documents.

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

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

13. Indemnification of Sitka.

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

a) any defect or flaw in the quality of raw bulk water supplied under this Agreement;
b) any delays on the part of Sitka in the delivery of raw bulk water under this Agreement as the result of the mechanical or physical breakdown of equipment or facilities owned or operated by the Sitka or other unforeseen event;

c) claims arising from the transportation or shipment of raw bulk water after such water has left Sitka's water delivery system and the point of delivery;

d) injuries to employees of ABWAI or any of its contractors or their employees;

e) damages resulting from accidents involving mooring, unmooring, navigation of vessels, or cargo loading operations, including but not limited to claims for personal injury, property damage, and pollution;

f) violations and claims of violations related to the water loading plan described in section 12.2; and,

g) harm, including illness and death, to persons who consume the raw bulk water caused by the failure of ABWAI to comply with section 6.3 of this Agreement.

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

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

14. Assignment.

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

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

15. Waiver and Integration.

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

16. Force Majeure.

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

17. Applicable Law.

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

18. Dispute Resolution.

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

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

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

19. Effective Date.

This Agreement shall become effective upon ABWAI making a non-refundable deposit of $10,000 to Sitka, no later than fifteen (15) days of signing this agreement by the CBS Administrator. The date on which Sitka receives such a payment will be the "effective date" for the purpose of any time period which incorporates that term in this Agreement. Should ABWAI fail to timely make such a payment, this Agreement is null and void.

20. Authority.

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

21. Amendment and Severability.

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

22. Time of Essence.

Time is of the essence in this Agreement.

23. Notices.

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

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

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

[SIGNATURES AND ACKNOWLEDGMENTS ON NEXT PAGE]

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

CITY AND BOROUGH OF SITKA, ALASKA

3/30/2021
Date

By: John Leach
Its: Municipal Administrator

STATE OF ALASKA)
) ss.
FIRST JUDICIAL DISTRICT)

The foregoing instrument was acknowledged before me this 30th day of March, 2021, by JOHN LEACH, Municipal Administrator of the CITY AND BOROUGH OF SITKA, ALASKA, an Alaska home rule municipality, on behalf of the municipality.

STATE OF ALASKA
NOTARY PUBLIC
RENEE D. WHEAT
My Commission Expires 5-15-23

Renee D Wheat
Notary Public in and for the State of Alaska
My commission expires: 5-15-23

ARCTIC BLUE WATERS ALASKA, INC.

4/13/21
Date

By: Charles Cartier
Its: President

STATE OF ALASKA)
) ss.
~~SECOND~~ FOURTH JUDICIAL DISTRICT)

The foregoing instrument was acknowledged before me on this 13 day of April, 2021, by CHARLES CARTIER, President of ARCTIC BLUE WATERS ALASKA Inc., an Alaska corporation, on behalf of the corporation.

MELISSA PROPER
My Commission Expires
NOTARY PUBLIC
STATE OF ALASKA

Melissa Proper
Notary Public in and for the State of Alaska
My commission expires: 11/19/23

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

Friday, May 9th, 2025

MEMORANDUM

To: Gary Paxton Industrial Park (GPIP) Board of Directors

From: Garry White, Director

Subject: NSRAA Tidelands Lease Request

Introduction

The Northern Southeast Regional Aquaculture Association (NSRAA) is requesting approval to furnish and install USCG approved aid to navigation markers in the vicinity of the NSRAA outfall lines within their tideland lease portion of Lot 1 Block 1 tidelands. Please see attached letter from NSRAA.

Section 3.2 of the lease discusses Lessor's Approval of Certain Alterations or Improvements. It states that the lessor must receive written consent to add structures to its lease area.

Background

NSRAA is a private non-profit corporation created to assist in the restoration and rehabilitation of Alaska's salmon stocks and to supplement the fisheries of Alaska.

NSRAA operates fish hatcheries on Lot 2 & 3 of the GPIP via leases with the CBS. The hatchery provides millions of Coho and Chum Salmon to the common property fishery in the Sitka area. NSRAA entered into a GPIP Tidelands lease agreement for a marine outfall drain lines for its hatcheries in 2022 (attached).

Action

- GPIP Board discussion and recommendation on NSRAA Tideland lease request.

NORTHERN SOUTHEAST REGIONAL AQUACULTURE ASSOCIATION, INC.
Phone (907) 747-6850 1308 Sawmill Creek Road Sitka, Alaska 99835
Fax (907) 747-1470

To: GPIP Board of Directors
Garry White, GPIP Director

From: Adam Olson – NSRAA Operations Manager

Subject: NSRAA Sawmill Cove Tidelands Lease – Aid to Navigation Markers

Background

Northern Southeast Regional Aquaculture Association (NSRAA) has leased a portion of Lot 1 Block 1 (Tidelands and Limited Uplands) in the Sawmill Cove Industrial Park since July of 2022. This lease was obtained to facilitate the installation of a new outfall associated with NSRAA's expansion of the Sawmill Creek Hatchery. When drawn and configured the original outfall installed during the initial construction of the hatchery was also encompassed by the lease area. The marine haul out facility in the Gary Paxton Industrial Park is nearing the first phase of construction completion with operations expected to commence in the very near future.

Request

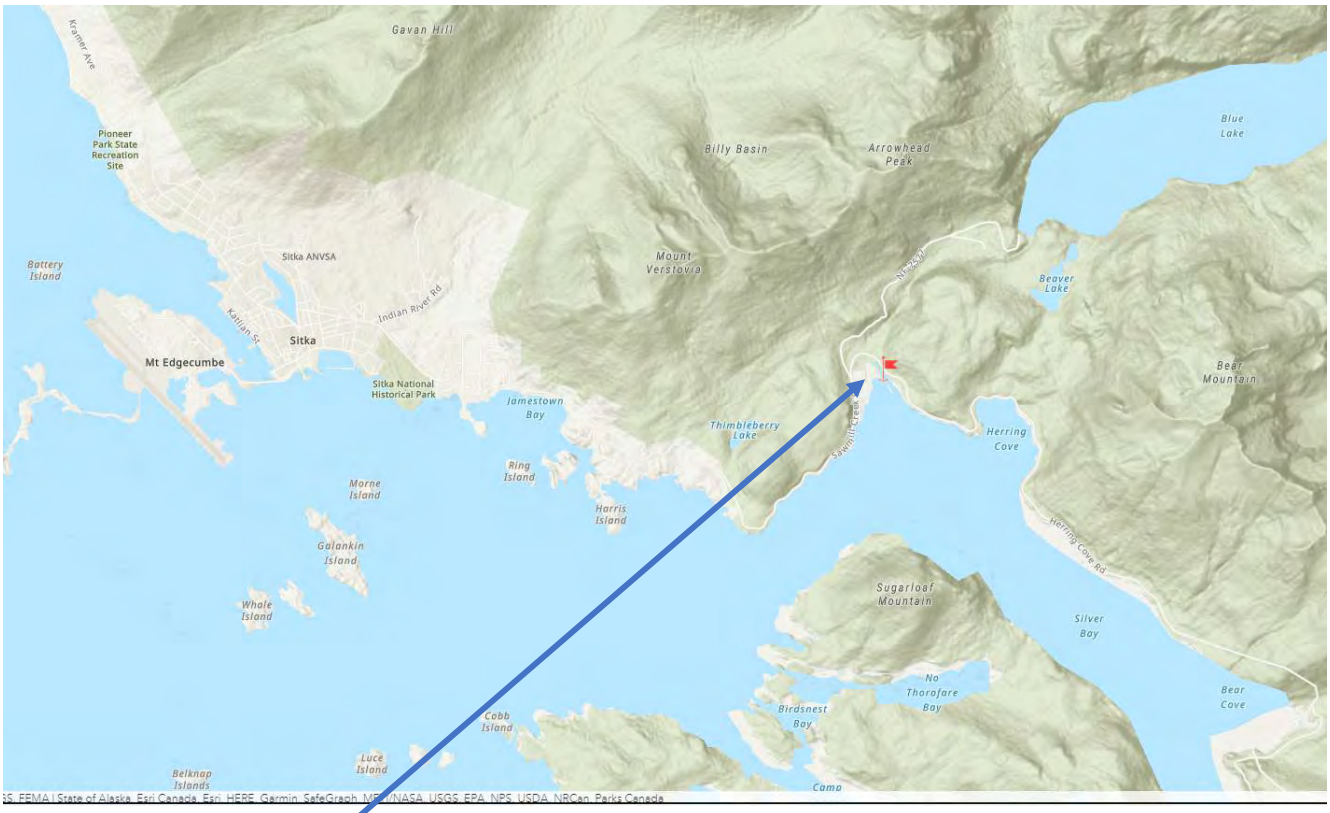
Taking into account the likely increase in vessel activity associated with the haul out operations, and the possibility for increased anchoring while staging for haul out use, NSRAA is requesting approval to furnish and install USCG approved aid to navigation markers in the vicinity of the NSRAA outfalls. This project likely falls under Section 3.1 Lessee's Obligations as to Construction, Maintenance, Repair and Safety; and as such may not require CBS approval. However, given the multiple uses in the area, NSRAA thought it prudent to notify and seek approval of the improvements even if they are not covered by Section 3.2 Lessor's Approval of Certain Alterations or Improvements. Pending GPIP Board and/or CBS approval, NSRAA will submit a Pre-Construction Notification application to the US Army Corps of Engineers to install (3) aid to navigation buoys in navigable waters of the US. Following the USACE determination, NSRAA will submit a Private Aids to Navigation Application to the USCG for their subsequent approval. NSRAA intends to install (3) marker buoys to indicate a no anchoring zone. NSRAA will also install signage on existing pile(s) within the lease area notifying mariners of the presence of the submerged outfalls and recommendation to not anchor stream ward of the marker buoys. The approximate location of the outfalls and proposed buoys in relation to the NSRAA lease area are shown as an attached map image. Also attached are the site plan drawings for the USACE application as well as information on what the buoys will be and the proposed signage. NSRAA would like to complete this project by late summer.

If you have questions or require any further information, please let me know.

Respectfully,
Adam Olson
NSRAA Operations Manager

Sawmill Cove Tidelands Area
NSRAA Lease Boundary Overlay
Legend
ATN Buoy
Feature 1
Outfall
Terminus
Delta Western GPIP Dock
Sitka Machine Shop
Sawmill Cove
Green Lake Rd
NF-Fh11
NF-Fh11
ATN Buoy 1
ATN Buoy 2
ATN Buoy 3
Outfall 2 Terminus
Outfall 1 Terminus
N 71°45' W
750.00'
N 33°18' W
157.43'
N64°41'
25'
86.15'
77.25'
86.76'
Google Earth
Image © 2025 Airbus
400 ft
N

Vicinity Map Sawmill Creek Hatchery Outfall Aids to Navigation



Applicant: NSRAA

File No.: POA-XXXX-XXXX

Waterway: Sawmill Cove, Silver Bay

Activity: Aid to Navigation Installation

Lat.: 57.0469N, Long. -135.2266W

Sheet 1 of 4 **Date: 3/13/2025**

Site Aerial Sawmill Creek Hatchery Outfall Aid to Navigation

Applicant: NSRAA

File No.: POA-XXXX-XXXX

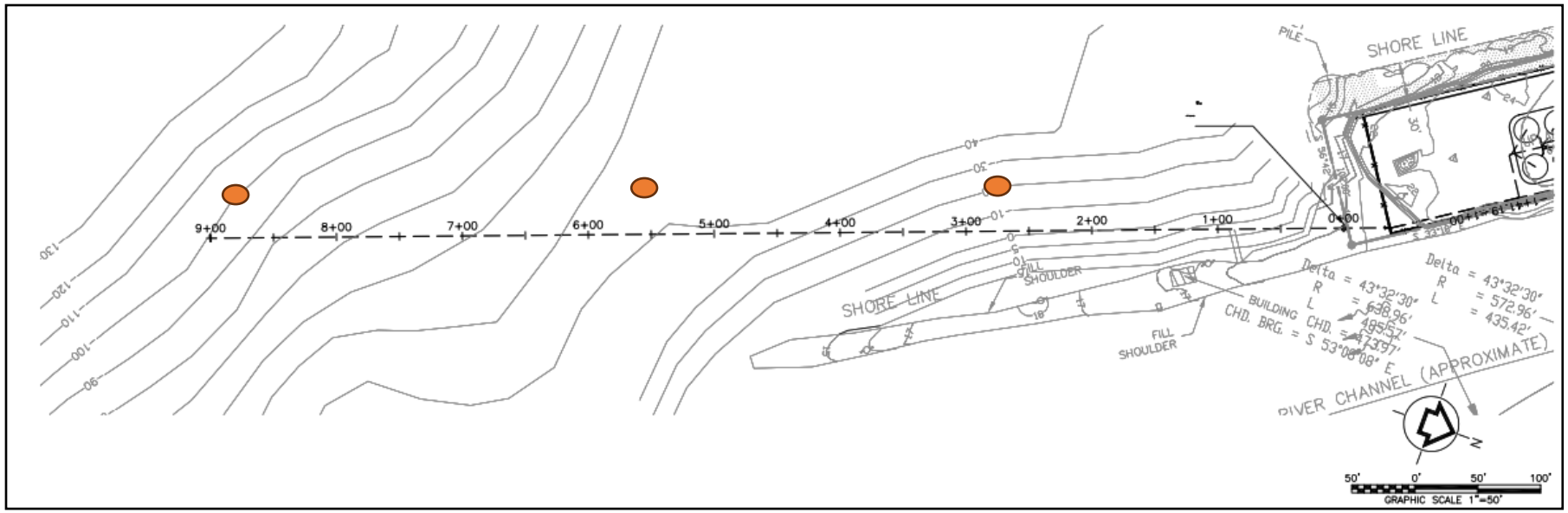
Waterway: Sawmill Cove, Silver Bay

Activity: Aid to Navigation Installation

Lat.: 57.0469N, Long. -135.2266W

Sheet 2 of 4 **Date: 3/13/2025**

Site Plan Sawmill Creek Hatchery Outfall Aid to Navigation



Buoy

Applicant: NSRAA

File No.: POA-XXXX-XXXX

Waterway: Sawmill Cove, Silver Bay

Activity: Aid to Navigation Installation

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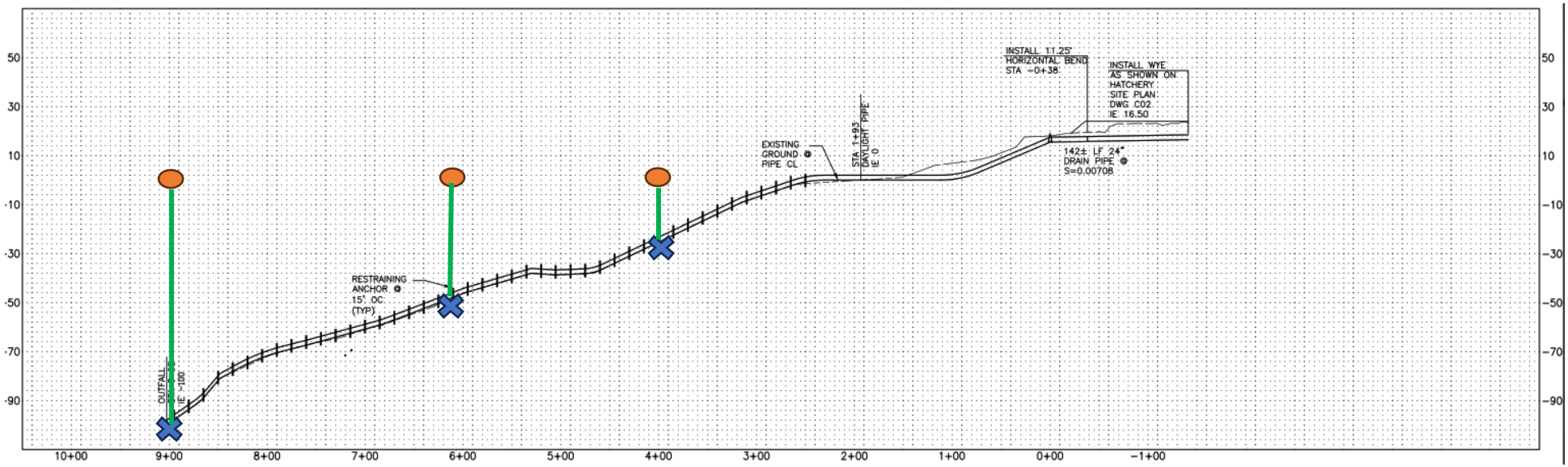
Sheet 3 of 4 **Date: 3/13/2025**

Cross Section Sawmill Creek Hatchery Outfall Aids to Navigation



Buoy

Rope/Chain

Anchor

Applicant: NSRAA

File No.: POA-XXXX-XXXX

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Sheet 4 of 4 **Date: 3/13/2025**

NO
ANCHORING

SUBMERGED
OUTFALLS

NO ANCHORING
STREAMWARD
OF BUOYS

SL-B700 Float Collar Buoy

Regulatory and Channel/Navigation Markers

The SL-B700 Buoy is rotationally-molded in one piece from strong, durable UV-stabilized polyethylene and is filled with closed-cell polyurethane. It is available in three different configurations: a red nun and green can navigation buoys, as well as a regulatory style buoy, which meet federal, state, and local requirements. A large mooring attachment point accommodates a 5/8 inch (16mm) shackle or 1/2 inch (12mm) cable.

Sealite's SL-B700 Buoy incorporates stainless steel interconnected mooring and lifting eye (see below) for additional strength while being deployed and retrieved. The top section has three threaded M6 inserts, molded into the buoy to allow easy mounting of the SL-60 Large Base or SL-70 2-3NM Marine Lanterns.

Regulatory signage and custom graphics are available, which will hold up under heavy UV exposure without peeling and fading. Vinyl wraps and decal restoration kits are also available to repurpose older buoys (see back).

Above:
SL-B700 is available in green can and red nun style for channel marking configurations (shown in region B colors)

Above:
Structural integrity of SL-B700 is reinforced through the use of an interconnected stainless steel mooring and lifting eye

Features

- Molded from strong, durable UV-stabilized polyethylene
- Interconnected mooring and lifting eye for additional strength
- Easy mounting of solar marine lanterns
- Regulatory signage available

Cost Effective

- Low maintenance costs
- Withstand heavy UV exposure - no peeling or fading

Flexible Configurations

- Channel Markers - Green Can or Red Nun
- Regulatory Buoy - White with Orange Stripes

Optional

- Mold-in graphics
- Mooring equipment & chains
- Vinyl decal restoration kits and wraps to refurbish or repurpose existing buoys

Applications

- Navigation channels, harbor approaches and port entrances
- Regulatory marking of hazards, mooring fields, cautionary zones

Certifications

- Meets U.S. federal, state and local regulations

Reliable

- Excellent buoyancy & stability

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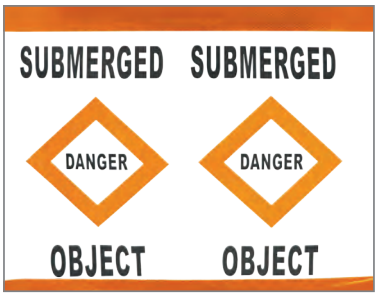
Technical Specifications*

SL-B700 Buoy	
General Characteristics	
Available Colors	Red, Green, White, Yellow, Orange
Nominal Freeboard (in/mm)	43.5 (1105)
Nominal Draft (in/mm)	10.5 (267)
Maximum Mooring Load (lb/kg)	132 (60)
Submergence (lb/in, kg/cm)	21.6 (3.8)
Physical Characteristics	
Material	Rotationally-molded UV-stabilized virgin polyethylene
Wall Thickness (in/mm)	0.25 (7)
Filling	Closed-cell polyurethane foam
Height (in/mm)	54 (1372)
Collar Diameter (in/mm)	28 (700)
Diameter (in/mm)	12 (305)
Net Weight (lb/kg)	95 (43)
Product Life Expectancy	12+ years
Certifications	
Quality Assurance	ISO9001:2015
Intellectual Property	
Trademarks	SEALITE® is a registered trademark of Sealite Pty Ltd
Warranty	1 year
Lantern Options	Sealite SL-15, SL-60 Large Base or SL-70 lantern**
Options Available	• Mold-in graphics • Vinyl wraps • Reflective band • Side attachment

**Three threaded inserts allow direct mounting of the SL-60 Large Base and SL-70 Marine Lanterns onto the SL-B700 Can. The SL-B700 Nun buoy requires a mounting plate (MC-11) for the SL-60 and SL-70. The SL-15 requires self-tapping screws.

Regulatory Wraps & Restoration Kits		
	Vinyl Wrap Kit (Part No.: SL-BWRAP700)	**Decal Restoration Kit**
Material	Two USCG approved retroreflective orange bands, regulatory black messages, and orange symbols on heavy-duty white vinyl material	Two each: retroreflective orange bands, regulatory black messages, and orange symbols
Options	Custom graphics or logo Silver retroreflective band	Custom graphics or logo Silver retroreflective band

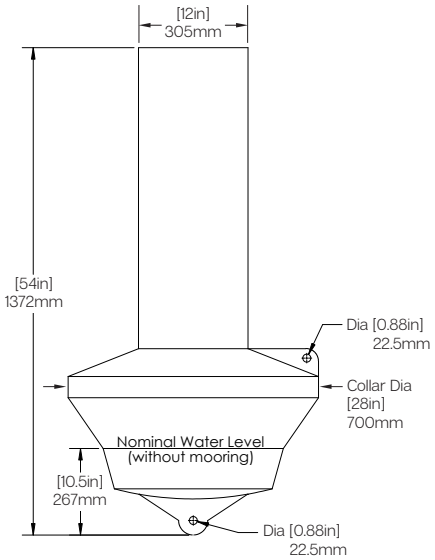


Left: Vinyl Wrap Kit example

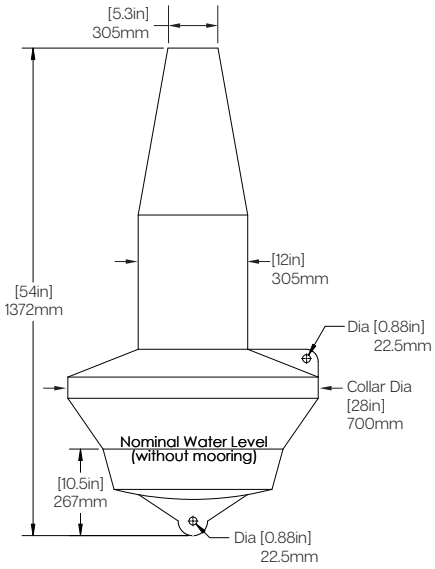
Right: Decal Restoration Kit example

Technical Illustration

SL-B700 Can and Regulatory Buoy Dimensions



SL-B700 Nun Buoy Dimensions



† Subject to standard terms and conditions.
* Specifications subject to change or variation without notice.

We believe technology improves navigation™

SL-B700_DATA_EN_V1-0

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