

**Gary Paxton Industrial Park – Board of Directors Meeting
March 1, 2021 3:00pm – Harrigan Centennial Hall**

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

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

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

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

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

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

H. Unfinished Business

1. Artic Blue Waters Water Purchase Agreement

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

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

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

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

Public Comment:

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

Board Discussion:

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

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

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

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

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

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

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

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