

**Gary Paxton Industrial Park - Board of Directors Meeting
April 7, 2016 - 3:00 PM**

A. CALL TO ORDER: The Chair called the meeting to order at 3:05 pm.

B. ROLL CALL

Members Present: Scott Wagner, Dan Jones, Grant Miller, Charles Horan

Members Absent: Ptarmica McConnell

City Representatives: Mark Gorman, Jay Sweeney, Robin Schmid, Michael Harmon, Maegan Bosak,
Bryan Bertacchi, Dan Tadic, Steven Eisenbeisz

Others Present: Garry White, Linda Wilson
Lawrence Spottedbird (STA), Tom Hesse (Sitka Sentinel), Fred Paley (Arctic
Blue Waters), Steve Reifentuhl (NSRAA)
Terry Trapp (ABWI via teleconference), Srin Subramaniam (via teleconference)

C. REVIEW OF MINUTES – March 10, 2016

MOTION: M/S Jones/Miller moved to accept the minutes of March 10, 2016.

ACTION: Motion PASSED 4/0 on a voice vote.

D. CORRESPONDENCE AND OTHER INFORMATION

- Letter from Ed Gray, Monarch Tannery, formally withdrawing interest to purchase Lot 17.
- GPIIP Financial Performance report

Mr. Gorman stated that the risk map analysis of the GPIIP was going to come before the Assembly at their next regular meeting. For the record the Assembly will be informed that this is going forward without the support of the GPIIP Board.

E. CHANGES/ADDITIONS/DELETIONS TO THE AGENDA – None

F. REPORTS

GPIIP Management Report

- RFP for Lots 16B, 19 and 20 received no response.
- Mr. White is working with Public Works on the design build RFP for the dock and progress is being made. However, we are still waiting on some information before the final RFP can be written and released. Estimate about a month to finalize the RFP and another month to open the RFP for proposals.

G. PERSONS TO BE HEARD - None

H. UNFINISHED BUSINESS

1. ABWI water purchase Agreement/Bulk Water RFP

Mr. White provided a summary of the discussion on this item from the previous meeting.

Mr. Trapp (via teleconference) addressed the Board with the following:

- Referring to the ABWI proposal of March 10th, the request is to keep the loading infrastructure in place and allow others to use it for a per gallon loading fee of \$0.002.
- Mr. Paley has agreed to use the loading infrastructure for the proposed price.

- ABWI intends to respond to any RFP for water, but also requests one (1) billion gallons of water be allocated to ABWI outside of the RFP process.

Mr. Subramaniam addressed the Board with the following:

- We are ready to enter into a contract for the total amount of water available and are ready to offer a deposit.
- We will be responding to the RFP.

Mr. Paley addressed the Board with the following:

- Arctic Blue Waters (Arctic) wishes to secure a contract for eight (8) billion gallons of water, or whatever amount remains after any water might be allocated to ABWI.
- Arctic can put up \$1 million as a deposit on pre-purchase of water.
- Past experience with the CBS with a bulk water contract and assistance in acquiring the first bulk water license for the City.
- Arctic has an additional \$1 million available to market the water.
- Arctic would like to have a contract similar to the previous contract with ABWI without going through the RFP process, but are also willing and able to respond to an RFP.
- Fred Paley believes that previous efforts to export water were premature. Based on the increased market interest in bulk water and some new developments in vessel availability and end-side unloading, Fred believes that the venture looks much more promising. Mr. Paley stated the last time simply he ran out of money before a market was fully developed and the logistics were figured out. There is still little or no infrastructure for unloading water on the other end but this is being worked on.
- The ABWI loading infrastructure is adequate for loading a 55k DWT ship, however, in the future we would hope to have infrastructure to load a 200k DWT ship.
- ABWI and my firm are two separate companies, however, my company is willing to work with ABWI for the use of their existing loading infrastructure.
- Arctic would ship water in bulk and then package it on the other end.

Mr. Spottedbird addressed the Board with the following:

- This needs to be brought to an RFP process to ensure fairness to all parties that may be interested.
- The Sitka Tribe of Alaska (STA) intends to submit a proposal in response to an RFP.

Mr. Paley responded that Arctic would be willing to work with the STA on some kind of sales agreement.

Ms. Schmid (Municipal Attorney) advised the Board that legally the Board could go either way and does not have to do an RFP. However, since there are already several parties interested in a bulk water contract an RFP would be a better way to handle it. It could be a quick RFP with a 3-week bid period. Proposals would be reviewed by the Board and then go to the Assembly along with the Board's recommendations. Without an RFP there will be a perception that the process was not fair and open.

Ms. Schmid advised that the Board has good grounds for granting ABWI's request for a one (1) billion gallon water allocation based on their investment in the loading infrastructure. This would be a brand new contract with ABWI. There remaining 7.8 billion gallons would go out for RFP.

MOTION: **M/S Jones/Miller** moved to recommend that the Assembly enter into a new bulk water purchase agreement with Alaska Bulk Water, Incorporated (ABWI) for the purchase of up to one (1) billion gallons of raw water for bulk export within three years from the contract date with all general contract terms and the following specific terms:

- a. ABWI shall be granted the right to use pre-paid water credits previously received by the City and Borough of Sitka (CBS) through the end of the three-year contract;
- b. ABWI shall pay an additional \$500,000 in pre-paid water credits;

- c. The CBS shall provide a letter of permission granting ABWI the right to keep and maintain currently installed water loading infrastructure within CBS owned tidelands under the condition that such infrastructure be made available for use by any other bulk water export company for a loading fee of not greater than \$0.002 per gallon loaded and that the CBS has the right to require that said infrastructure be moved or removed at its discretion.

ACTION: Motion PASSED 4/0 on a roll call vote

Yeas: Charles Horan, Grant Miller, Dan Jones, Scott Wagner,
Nays: none Absent: Ptarmica McConnell

MOTION: M/S Miller/Jones moved to release an RFP, with an open period of three weeks, for 7.8 billion gallons per year of raw water for bulk export.

ACTION: Motion PASSED 4/0 on a roll call vote

Yeas: Scott Wagner, Dan Jones, Grant Miller, Charles Horan,
Nays: none Absent: Ptarmica McConnell

I. NEW BUSINESS

1. GPIP Sign

MOTION: M/S Horan/Jones moved to approve the expenditure of \$13,244 from the GPIP Enterprise Fund for the purchase and installation of the Industrial Park sign.

ACTION: Motion PASSED 4/0 on a roll call vote

Yeas: Charles Horan, Dan Jones, Grant Miller, Scott Wagner,
Nays: none Absent: Ptarmica McConnell

2. NSRAA Lease Extension

Scott Wagner – Recused Agenda item under acting Chair, Dan Jones

Mr. Reifstahl offered the following for Board consideration:

- NSRAA is a non-profit organization that contributes a high return on investment to the local economy.
- NSRAA is requesting a commercial appraisal of the property and would prefer to the opportunity to purchase the property rather than pay market rate rent.

MOTION: M/S Horan/Miller moved to recommend that the Assembly renew the NSRAA with the following amendments:

- a. The lease shall be for ten years at a rate of \$200 per month
- b. There shall be four additional options to renew for ten years each
- c. Lease rate shall be negotiated at the time of each renewal.

Discussion included:

- Basis for offering a below market lease rate needs to be justified for the Assembly.
- CPI adjustment options were considered, but not recommended.
- The length of the renewal terms was discussed.

ACTION: Motion PASSED 3/0 on a roll call vote

Yeas: Dan Jones, Grant Miller, Charles Horan,
Nays: none Absent: Ptarmica McConnell Recused: Scott Wagner

3. Waterfront Enhancement RFP - Rock

Mr. Bertacchi provided the following for Board consideration:

- The Electric Department does not have funding to move the rock.
- A creative solution that has been suggested is to allow a private contractor to move the rock and to give them ownership of any property created.
- A public easement would be a part of the ownership agreement for that property.
- This would be done through an RFP process with a review of the bids/proposals by the GPIIP Board prior to going to the Assembly for final approval. Job creation would be included as part of the judging criteria.
- The rock was not sorted properly and there is some overburden in the rock piles.

Discussion included:

- Board concerns about giving up ownership of any more waterfront property at the Industrial Park.
- Option to swap other city owned land for any uplands created at the GPIIP.
- Possibility of Herring Cove as a site for filling in with the rock.
- Communicate with Silver Bay Seafoods to see if they can use the rock for a marine haul out.
- Only a portion of the rock would be used for the dock project leaving a significant amount of rock that still needs to be removed.

The Board directed Mr. White to work with the Electric Department to create and release an RFP with the understanding that the Board will review the RFP prior to release if it will affect GPIIP property.

4. GPIIP Marijuana Zoning

Ms. Bosak advised the Board that the proposed zoning change would allow all licensed marijuana businesses to be permitted through the conditional use process, the same as all other zones that will allow marijuana businesses.

Mr. Eisenbeisz advised that the Board could also opt to recommend a permitted use or make it not permitted.

MOTION: M/S Jones/Miller moved that this Board supports the conditional use zone text amendment as presented.

ACTION: Motion FAILED 2/2 on a roll call vote

Yeas: Grant Miller, Scott Wagner
Nays: Dan Jones, Charles Horan, Absent: Ptarmica McConnell

5. Strategic Planning – Tabled for lack of time.

J. ADJOURNMENT: MOTION: M/S Miller/Horan moved to adjourn the meeting at 5:15pm