

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

Definitions

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

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

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

Purpose of Agreement

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

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

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

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

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

CBS shall:

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

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

NSRAA shall

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

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

[SIGNATURES ON NEXT PAGE]

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



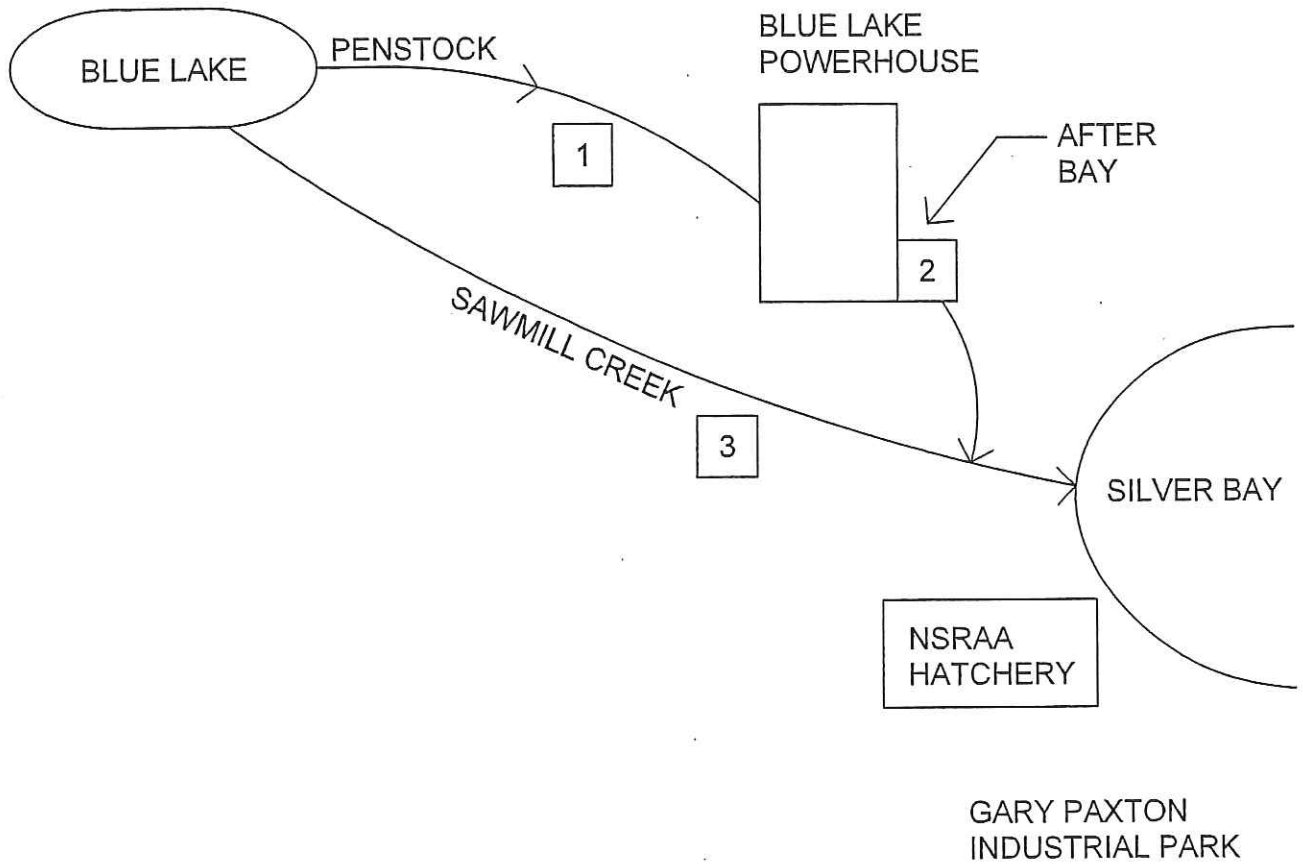
Steve Reifentuhl
General Manager
Northern Southeast Regional Aquaculture Association
1308 Sawmill Creek Road
Sitka, Alaska 99835

30 Jun '20
Date



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

1-29-20
Date



LEGEND

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



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

APPENDIX A TO CBS/NSRAA WATER DELIVERY AGREEMENT

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

Appendix B

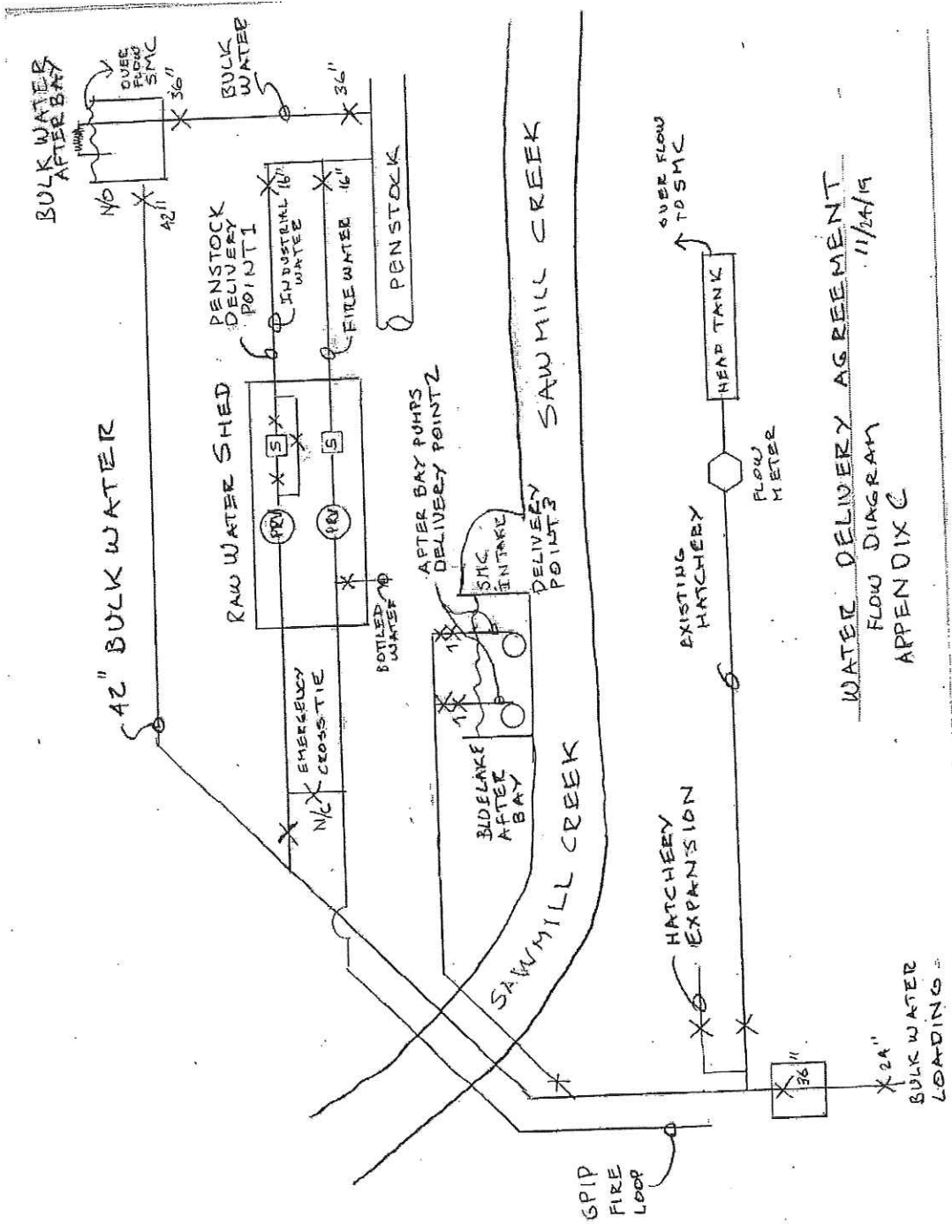
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Allow NSRAA to upgrade, at NSRAA expense, certain water control valves, piping and control systems as described below subject to CBS review and approval.

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

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



WATER DELIVERY AGREEMENT
 FLOW DIAGRAM
 APPENDIX C
 11/24/9