

POSSIBLE MOTION

I MOVE TO approve a one year purchase agreement between the City and Borough of Sitka and Green Gold Distributors for raw water in bulk for export as recommended by the Gary Paxton Industrial Park Board and authorize the Municipal Administrator to execute this document.



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Tuesday, March 06, 2018

MEMORANDUM

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

From: Garry White, Director

Subject: Green Gold Distributors Water Purchase Request

Introduction

The Gary Paxton Industrial Park (GPIP) Board of Directors is recommending that the CBS enter into a water purchase agreement with Green Gold Distributors Ltd (Green Gold) for the export of bulk water. The GPIP Board recommends approval of the following terms:

Term

- 1-Year term with one 5-year extensions with consent of both parties

Water Volume

- 3,069 Acre-feet (~1 billion gallons) annually
 - Green Gold must purchase and export a total of 50 million gallons of water within a 6-month period or Sitka can terminate agreement.
 - After 6 months, the agreement defines Stages of water volume export to retain water allocation amounts. (Section 3.2)
 - Green Gold gains more allocations by exporting more water and can lose allocation amounts by failing to export specified amounts.

Water Pricing

- The price for water has been set at \$3,258.51/Acre-feet or \$0.01/US gallon.
- Green Gold is required to make a non-refundable fee of \$5,000 that can be used as water credits.
- Green Gold 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 \$.005/gallon.

Other Terms

- Ensures municipal water uses retain first right and priority to the water. (Section 4a)
- The agreement allows for hydroelectric dam and water system maintenance. (Section 4c)
- Defines requirements for ballast water discharges and water loading.

- Allows option for Green Gold to install a water based water-loading station per CBS approval. (Section 10)

Background

Green Gold Distributors LTD (Green Gold) is requesting to establish a water purchase agreement with the CBS to export raw water in bulk.

Green Gold is an importer/exporter company located in South Africa. The recent drought in South Africa has created a huge need for water in Cape Town.

Please see the attached proposal and addendum #1 from Green Gold.

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.

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

Currently the CBS has water purchase agreement with Arctic Blue Waters Alaska Inc. for 6,138 Acre-feet (~2 billion gallons annually) of water and Eckert Fine Beverages for 100 million gallons of water annually.

The CBS currently has ~23,097 Acre-feet or ~7.4 billion gallons of water annually available for export. If the Assembly approves Green Gold's request, the CBS will still have over 20,027 Acre-feet or ~6.4 billion gallons of raw allocation annually available to enter into other contracts.

<u>Permit</u>	<u>Acre Feet</u>	<u>Gallons</u>
LAS 19669	14,000	4,561,914,000
<u>ADL 43826</u>	<u>15,235</u>	<u>4,964,339,985</u>
Total Available	29,235	9,526,253,985
<u>Eckert Agreement</u>	<u>0.31</u>	<u>100,000,000</u>
<u>ABWAI Agreement</u>	<u>6,138</u>	<u>2,000,073,438</u>
<u>Proposed GreenGold Agreement</u>	<u>3,069</u>	<u>1,000,036,719</u>
Available for other BW Contracts	20,027.69	6,426,143,828

Additional Information

- Green Gold 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

- Assembly approval of the water purchase agreement between the CBS and Green Gold Distributors LTD.