

**OPERATING AGREEMENT
BETWEEN
CITY AND BOROUGH OF SITKA
AND
HIGHMARK MARINE FABRICATION, LLC
FOR MARINE VESSEL HAUL OUT AND SHIPYARD OPERATIONS**

The City and Borough of Sitka (“Owner”) desires the firm Highmark Marine Fabrication, LLC (“Shipyard Operator”) to Provide Marine Vessel Haul Out and Shipyard Operations. This Operating Agreement (“Agreement”) is made and entered into by and between Owner and Shipyard Operator in consideration of the mutual promises contained in this Agreement.

This Agreement also consists of:

Exhibit A – Scope of Services, Exclusive and Non-exclusive Use Facilities, and Government Furnished Equipment – dated 12 August May 2025

Exhibit B – GPIP Marine Vessel Haul Out and Shipyard Facility Use Agreement policy– dated 12 August 2025

Exhibit C – Fee Schedule for Shipyard Services, dated 12 August 2025 (2 pages)

Exhibit D – MOU between the State of Alaska and City and Borough of Sitka Management Plan for Sawmill Cove Industrial Park

Exhibit E – Lease for Real Property at Shipyard

SECTION 1. DEFINITIONS

For the purpose of this Agreement, the terms used in this Agreement shall have the following meaning:

- A. “Owner” shall mean the CITY AND BOROUGH OF SITKA.
- B. “Shipyard Operator” shall mean HIGHMARK MARINE FABRICATION, LLC, and any authorized agent acting for and/or on behalf of HIGHMARK MARINE FABRICATION, LLC.
- C. “Owner’s authorized representative” shall mean the person set forth in Section 12 of this Agreement.
- D. “Days” shall mean calendar days.

SECTION 2. TERM AND DURATION

This Agreement begins August 13, 2025 and ends June 30, 2030. It will be automatically extended for up to five (5) one-year renewal terms provided Shipyard Operator's performance is deemed acceptable and the terms of this Agreement are found to remain in the public interest following completion of an Annual Review by Owner. This Agreement may be extended beyond June 30, 2035 by the mutual written agreement of Owner and Shipyard Operator.

SECTION 3. FACILITIES

The Owner will make available to the Shipyard Operator certain equipment and adjacent property at the Gary Paxton Industrial Park ("GPIP"), as depicted in **Exhibit A** to the Agreement ("Scope and Facilities"). The Owner shall have the right to make additions, alterations, or improvements to the Facilities which do not impede Shipyard Operator's access to or use of the Facilities, except as required to perform necessary repairs to the Facilities.

SECTION 4. SCOPE OF SERVICES

The Shipyard Operator agrees to perform Shipyard Services (defined herein) at and using the Facilities as set out in the attached **Exhibit A** in a prompt, efficient, prudent, and economical manner including the provision of all clerical personnel, laborers, and supervision necessary to perform such Shipyard Services. The Shipyard Operator shall exercise independent judgment in performing its obligations and responsibilities under this Agreement in compliance with all OSHA regulations, including fire safety and confined space requirements.

A. Exclusive and Non-Exclusive Rights

1. Shipyard Operator shall have exclusive rights to use all Owner-Furnished Equipment listed in **Exhibit A** twenty-four (24) hours per day, seven (7) days per week and exclusive use of the leased property described in Exhibit E – Lease for Real Property at Shipyard.
2. Shipyard Operator shall have non-exclusive rights to use of all other Shipyard Facilities. Such use shall be coordinated with Owner. Shipyard Operator shall not unreasonably hinder use of other Facilities, including restroom facilities, by persons permitted by Owner to use other Facilities as governed by the Owner's "GPIP Marine Vessel Haul Out and Shipyard Facility Use Agreement" policy.
3. Shipyard Operator shall have first right of refusal to amend this Agreement to include any additional Phase 2 areas of the Shipyard.
4. Shipyard Operator shall have non-exclusive use of the restroom facilities in the real property it leases from Owner during normal business hours, as well as any restroom facility provided by Owner. Restroom cleaning and maintenance shall be provided by the Shipyard Operator.

5. Shipyard Operator shall have exclusive rights to operate Owner's Marine Travel Lift within the Shipyard, except that the Owner may allow, via separate contract, users of another marine travel lift to move boats to or from a designated location in or adjacent to the Shipyard. Users may also bring boat trailers into the Shipyard for the purpose of moving boats in or out of the Shipyard. Shipyard Operator will coordinate with users of private travel lifts or trailers to facilitate land-based movement of boats in and out of the Shipyard.

6. Shipyard Operator shall have non-exclusive rights to use Owner's real property at the Shipyard within the boundaries shown in **Exhibit A**. Shipyard Operator shall not unreasonably hinder use of Owner's real property at the Shipyard by persons permitted by Owner to enter and occupy Owner's real property at the Shipyard under Owner's "GPIP Marine Vessel Haul Out and Shipyard Facility Use Agreement" policy. Shipyard Operator shall allow and coordinate other use of the Shipyard by vessel owners to maximize use of the Shipyard for its intended purpose.

B. Services by Other Persons at Shipyard. A person other than Shipyard Operator may provide services at the Shipyard to vessel owners that do not require use of the Owner's Marine Travel Lift. Shipyard Operator shall coordinate use of the Shipyard by others.

C. Shipyard Services. For purposes of this Agreement, the term "Shipyard Services" means lifting, launching, blocking, washing, lay days, hang time, and other services provided to Shipyard customers at rates set by Owner performed by Shipyard Operator at the Shipyard, including any rate adjustments agreed upon in writing. Services provided by Shipyard Operator for ship repair or any business activity currently conducted by Shipyard Operator that is invoiced directly to the customer at rates set by Shipyard Operator are not Shipyard Services. Provision of utilities is a Shipyard Service. Provision of dry dockage space and on-site storage are Shipyard Services.

SECTION 5. PERFORMANCE/ANNUAL REVIEW

Shipyard Operator agrees to perform the work on a non-exclusive basis, when requested, as described in Exhibit A. On or before July 1 of each year during the initial or extended term of this Agreement, Owner shall provide Shipyard Operator a written statement of whether Shipyard Operator's performance during the previous calendar year has been acceptable and whether the terms of this Agreement have been found by Owner to remain in the public interest. If the Owner deems Shipyard Operator's performance unacceptable or determines that the terms of this Agreement do not remain in the public interest, Owner and Shipyard Operator shall negotiate in good faith for an amendment to the Agreement, effective on the anniversary date of the initial term. Disputes between the Operator and the Owner shall be resolved through the administrative appeals process, with the first level of appeal being heard by the Municipal Administrator and second level of appeal being heard by the State of Alaska's Officer of Administrative Hearings, with the cost being split evenly between the parties.

SECTION 6. SHIPYARD OPERATOR COMPENSATION

Shipyards Operator agrees that the Owner shall make \$0.00 in direct annual compensation payments for running Owner's Shipyard. As indirect compensation, Owner agrees Shipyard Operator may retain all payments made to Shipyard Operator for Shipyard Services and other services provided by Shipyard Operator to Shipyard users subject to Owner's Compensation required by Section 8 of this Agreement. Shipyard Operator is responsible for billing and collection of charges from vessel owners for Shipyard Services, provided that Shipyard Operator shall have sole discretion as to the implementation of any collection actions taken on any past-due balances and shall have no obligation to pursue any legal action in connection with its collection efforts. In the event Shipyard Operator determines that a debt is not collectible, Owner shall have the right to take an assignment of the claim and pursue whatever collection action it may deem appropriate.

SECTION 7. RATES

Maximum rates Shipyard Operator can invoice for use of Facilities and Shipyard Services as identified in the attached **Exhibit B** and may be changed only upon mutual agreement of the Owner and Shipyard Operator and upon approval of the Assembly of the City and Borough of Sitka. Shipyard Operator may, at its discretion, offer discounted rates below the set maximum, provided that such discounts are offered to all Shipyard users on a fair and equitable basis (such as seasonable discounts). Rates for other services provided by Shipyard Operator to vessel owners may be set by Shipyard Operator. All such sums shall be charged against the vessel or cargo and shall be collected by the Shipyard Operator, and a portion thereof remitted by the Shipyard Operator to the Owner as required by this Agreement.

SECTION 8. OWNER COMPENSATION

- A. Compensation Payment: On or before the first day of each month during the initial or any extended term hereof, Shipyard Operator shall pay Owner \$2,000.00 per month in compensation from the profits of its Shipyard Services.
- B. Utilities: Owner will invoice the Shipyard Operator monthly for all utility expenses. Such remittances shall be accompanied by appropriate itemized documentation.
- C. Lease Payment: Shipyard Operate shall also make monthly lease payments for the property located at Lot 4, in accordance with Exhibit E – Lease for Real Property at Shipyard

SECTION 9. OWNER RESPONSIBILITIES

- A. Owner shall provide all parts, materials, and consumables necessary for the maintenance, operation, and minor repairs of the Facilities, including all oil, oil filters, and coolant necessary to maintain the travel lift and other Owner provided equipment. Owner

will designate an employee knowledgeable in the maintenance routine of the Shipyard to help transition service documentation and schedules for the Facilities.

B. If any replacement equipment is necessary due to excessive maintenance costs or major repairs, Shipyard Operator and Owner will come to an agreement in writing regarding either the acquisition of new equipment or the use of Shipyard Operator equipment.

C. Owner will reimburse Shipyard Operator for all major repair work that falls outside general maintenance subject to prior approval in writing of the Municipal Administrator and Shipyard Operator on the scope and cost of the major repair work. For purposes of this Agreement, "major repair work" is repairs with estimated aggregate costs for the repair that exceed ten thousand dollars (\$10,000.00).

D. Owner will make available all utility connections, however, Shipyard Operator shall be responsible for all Shipyard utilities. This includes all water, sewer, electricity, and fuel necessary for the operation and maintenance of the Facilities. Owner shall not be held to be in breach of this Agreement for any disruption of Shipyard Operator's activities due to a planned or emergency interruption of utility services by the Owner. In the event of an interruption of service, Owner will provide notice of the interruption to the Shipyard Operator as soon as is reasonably practicable.

E. Owner shall be responsible for major Shipyard property grading and snow removal.

F. Owner will complete a Phase I environmental assessment within sixty (60) days of commencement of this Agreement.

G. Owner shall be responsible for preparing all annual environmental reports on the Shipyard wastewater system and submitting the reports to the State of Alaska Department of Environmental Conservation.

H. Owner shall be responsible for the 150-ton Marine Travel Lift Certification, including annual inspection with Kendrick Equipment, including any associated cost.

SECTION 10. RELATIONSHIP OF PARTIES

Shipyard Operator shall perform its obligations under this Agreement as an independent contractor of Owner. Owner may administer the Agreement and monitor Shipyard Operator's compliance with its obligations. Owner shall not supervise or direct Shipyard Operator other than as provided in this section.

SECTION 11. ASSIGNMENTS

Unless otherwise allowed by this Agreement or in writing by Owner, any assignment by Shipyard Operator of its interest in any part of this Agreement or any delegation of duties under

this Agreement shall be void, and any attempt by Shipyard Operator to assign any part of its interest or delegate duties under this Agreement shall give Owner the right immediately to terminate this Agreement without any liability for work performed.

The Owner reserves the right to approve all subcontractor contracts.

SECTION 12. DESIGNATION OF REPRESENTATIVE

The Parties agree that, for the purposes of this Agreement, the Owner shall be represented by and may act through the Municipal Administrator or such other person as he/she may designate in writing.

SECTION 13. DEFAULT AND TERMINATION

The Owner may declare a default hereunder and terminate this Agreement, in addition to exercising any other available remedy, upon the occurrence of any of the following:

- A. The failure of the Shipyard Operator to pay any sum of money due under this Agreement within ten (10) days after the due date.
- B. The failure of the Shipyard Operator to perform or observe any covenant or condition of this Agreement, other than a default in the payment of money, which is not cured within thirty (30) days after notice thereof from the Owner to the Shipyard Operator, unless the default is of a kind that may be cured, but not within such thirty (30)-day period, in which case no default shall be declared so long as the Shipyard Operator shall commence the curing of the default within such thirty (30)-day period and thereafter shall diligently and continuously prosecute the curing of same.
- C. The commencement of a case under any chapter of the Federal Bankruptcy Code by or against the Shipyard Operator, or the filing of a voluntary or involuntary petition proposing the adjudication of the Shipyard Operator as bankrupt or insolvent, or the reorganization of the Shipyard Operator, or arrangement by the Shipyard Operator with its creditors, unless the petition is filed or case commenced by a party other than the Shipyard Operator and is withdrawn or dismissed within ninety (90) days after the date of its filing.
- D. The admission in writing by the Shipyard Operator of its inability to pay its debts when due; the appointment of a receiver or trustee for the business or property of the Shipyard Operator, unless such appointment shall be vacated within ten (10) days after its entry; the Shipyard Operator making an assignment for the benefit of creditors; or the voluntary or involuntary dissolution of the Shipyard Operator.

SECTION 14. INSURANCE

- A. Shipyard Operator shall at all times during the term of this Agreement, maintain in good standing the insurance described in Subsection B. Before rendering any services

under this Agreement, Shipyard Operator shall furnish Owner with proof of insurance in accordance with Subsection B in a form acceptable to the Risk Manager for Owner; such proof of insurance shall be incorporated into this Agreement.

B. Type of coverage (may include umbrella):

1. Minimum Scope of Insurance

- a. Commercial Marine Liability
- b. Commercial Automobile Liability Insurance
- c. Umbrella Liability
- d. Pollution Liability (if not covered by umbrella liability policy)

2. Minimum Limits of Insurance Shipyard Operator shall maintain limits no less than:

a. Commercial Marine Liability: \$1,000,000 combined limit per occurrence for bodily injury and property damage claims. The general aggregate limit shall be \$2,000,000.

b. Commercial Auto Liability: \$1,000,000 combined single limit per accident for bodily injury and property damage.

c. Umbrella Liability Insurance: The Shipyard Operator shall procure and maintain during the life of this Agreement umbrella liability insurance, not less than \$5,000,000 combined single limit per occurrence and aggregate for bodily injury and property damage claims arising from all operations related to this Agreement

d. Pollution Insurance (if not covered by umbrella liability policy): \$5,000,000 combined single limit per loss applicable to bodily injury, property damage, cleanup costs and defense. Coverage shall apply only to sudden and accidental pollution conditions. Shipyard Operator shall not be required to maintain coverage for gradual pollution conditions. Shipyard Operator shall be responsible for securing an annual environmental survey of the Shipyard Facility by the Alaska Department of Environmental Conservation, or another qualified regulatory authority as agreed by the Parties, to identify any gradual pollution issues (e.g. primary blasting media, paint chips, etc.). Shipyard Operator shall remediate any issues identified in such annual survey to the extent such issues are caused by the Shipyard Operator or its subcontractors, and such remediation shall be subject to the Shipyard Operator's indemnity obligations under Section 15 of this Agreement.

C. Other Insurance Provisions

The policies are to contain, or be endorsed to contain the following provisions:

1. Commercial Marine Liability and Automobile Liability, Umbrella, and

Pollution (if applicable).

a. The City and Borough of Sitka, its officers, officials, employees and volunteers are to be covered as additional insureds as respects: liability arising out of activities performed by or on behalf of the Shipyard Operator, products and completed operations of the Shipyard Operator, premises owned, occupied or used by the Shipyard Operator, or automobiles owned, leased, hired or borrowed by the Shipyard Operator. The coverage shall contain no special limitation on the scope of protection afforded to the City and Borough of Sitka, its officers, officials, employees and volunteers.

b. The Shipyard Operator's insurance coverage shall be primary insurance as respects the City and Borough of Sitka and its officers, officials, employees and volunteers. Any insurance or self-insurance maintained by the City and Borough of Sitka, its administrators, officers, officials, employees and volunteers shall be excess of the Shipyard Operator's insurance and shall not contribute to it.

c. The Shipyard Operator's insurer shall agree to waive all rights of subrogation against the City and Borough of Sitka, its officers, officials, employees and volunteers for losses arising from work performed by the Shipyard Operator or any subcontractor for the City and Borough of Sitka.

2. Employer's Liability. The Shipyard Operator's insurer shall agree to waive all rights of subrogation against the City and Borough of Sitka, its Administrator, officers, officials, employees and volunteers for losses arising from work performed by the Shipyard Operator or any subcontractor for the City and Borough of Sitka.

3. All Insurance. Each insurance policy required by this Agreement shall be endorsed to state that coverage shall not be suspended, voided, canceled by either party, reduced in coverage or in limits except after thirty (30) days prior written notice for nonpayment of premium or fraud on the part of the Shipyard Operator or sixty (60) days prior written notice for any other reason by certified mail, return receipt requested, has been given to the City and Borough of Sitka. Such notice shall be mailed by the Shipyard Operator's insurer(s) to the attention of the Municipal Administrator for the City and Borough of Sitka.

D. Acceptability of Insurers. Insurance is to be placed with insurers with a Best's rating of no less than A-: VII

E. Verification of Coverage. Shipyard Operator shall furnish the City and Borough of Sitka with approved certificates of insurance and with certified copies of all endorsements effecting coverage required by this clause. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage

on its behalf. The certificates are to be on forms provided by the City and Borough of Sitka, or which meet industry standard (ACORD form). The City and Borough of Sitka reserves the right to require complete, certified copies of all required insurance policies, at any time.

SECTION 15. INDEMNITY

Shipyard Operator agrees to indemnify, defend, and hold the City and Borough of Sitka and its administrators, officers, agents, employees, volunteers and servants harmless from and against any and all claims, demands, actions, losses, expenses, and liabilities for, or related to, loss of or damage to property or injury to or death of any person relating to or arising or resulting in any way from the performance by the Shipyard Operator or any of its subcontractors under the Agreement, or the work or services provided or the condition or use thereof, excepting only such loss, damage, injury or death which results solely from the negligence or willful misconduct of the City and Borough of Sitka.

SECTION 16. COPYRIGHTS AND RIGHTS IN DATA

All documents produced under this Agreement are the property of Owner, including notes, drawings, reports and other technical information referred to as work products, except items which have pre-existing copyrights. Payments to Shipyard Operator for services include full compensation for all work products produced by Shipyard Operator and its subcontractors.

All such subject data furnished by Shipyard Operator pursuant to this Agreement are instruments of its services in respect to this particular project. It is understood that Shipyard Operator does not represent such subject data to be suitable for reuse on any other project or for any other purpose. If Owner reuses the subject data without Shipyard Operator's specific written verification of adaption, such reuse will be at the risk of Owner, without liability to Shipyard Operator. Any such verification of adaption requested in writing by Owner at Owner's sole option will entitle Shipyard Operator to further compensation at rates agreed upon by the Parties.

SECTION 17. RESPONSIBILITY OF SHIPYARD OPERATOR

At all times during Shipyard Operator's performance of services under this Agreement, Shipyard Operator shall possess and exercise the level of competence, knowledge and skill presently maintained by other practicing members of the profession in good standing in the same or similar localities.

SECTION 18. COMPLIANCE WITH APPLICABLE LAWS

Shipyard Operator shall, in the performance of the Agreement, comply with all applicable federal, state and local laws, ordinances, orders, rules and regulations applicable to its performance hereunder.

SECTION 19. NONDISCRIMINATION

A. Shipyard Operator may not discriminate against any employee or applicant for employment because of race, religion, color, national origin, age, disability, sex, marital status, changes in marital status, pregnancy, or parenthood. The Shipyard Operator shall post in a conspicuous place, available to employees and applicants for employment, a notice setting out the provisions of this paragraph.

B. Shipyard Operator shall state, in all solicitations or advertisements for employees to work on jobs relating to this Agreement, that all qualified applicants will receive consideration for employment without regard to race, religion, color, national origin, age, disability, sex, marital status, changes in marital status, pregnancy, or parenthood.

C. Shipyard Operator shall include the provisions of Subsection A in every subcontract or purchase order under this Agreement, so as to be binding upon every such subcontractor or vendor of Shipyard Operator under this Agreement.

D. Shipyard Operator shall comply with all applicable Federal, State and City laws concerning the prohibition of discrimination.

SECTION 20. RECORDS AND AUDIT

The Owner, in cooperation with the Shipyard Operator, agrees to maintain sufficient and accurate records and books of hauls and launches, including detailed hauling profiles of each vessel, complete date and time records, showing all direct labor hours expended and all costs incurred and the same shall be provided in a timely fashion to the Owner for its record keeping. Shipyard Operator shall maintain such records for a period at least equal to the period established by the City and Borough of Sitka records retention schedule or any subsequent amendment thereto following expiration or termination of this agreement.

SECTION 21. NOTICES

Any notice required pertaining to the subject matter of this Agreement shall be in writing and either personally delivered or mailed by prepaid, first class, registered or certified mail, return receipt requested, to the following addresses:

OWNER:

City and Borough of Sitka
Municipal Administrator
100 Lincoln Street
Sitka, AK 99835

SHIPYARD OPERATOR:

Highmark Marine Fabrication, LLC
2018 Mill Bay Road
Kodiak, AK 99615

SECTION 22. CLAIMS AND DISPUTES

If Shipyard Operator becomes aware, or reasonably should have become aware, of any act

or occurrence which may form the basis of a claim, Shipyard Operator shall immediately notify in writing Owner's authorized representative. If the matter cannot be resolved within seven (7) days, Shipyard Operator shall, within the next fourteen (14) days, submit a written notice of the claim to Owner. Shipyard Operator shall, in presenting the claim, include the facts and circumstances surrounding the claim, the specific relief requested including any additional compensation claimed and the basis upon which it was calculated, and the provisions of this Agreement under which the claim is made. This procedure covers all claims by Shipyard Operator for additional compensation or any extension of the time for performance or any dispute regarding a question of fact or interpretation of this Agreement. Shipyard Operator agrees that unless these written notices are provided, Shipyard Operator shall have no entitlement to additional time nor compensation for such act, event or condition.

SECTION 23. SUCCESSORS AND ASSIGNS

The Parties bind themselves, partners, successors, assigns and legal representatives to the other Party to this Agreement and to partners, successors, assigns and legal representatives of such other Party with respect to all covenants of this Agreement.

SECTION 24. PERMITS, LAWS AND TAXES

Shipyard Operator shall acquire and maintain in good standing all permits, licenses and other entitlement necessary to its performance under this Agreement. All actions taken by Shipyard Operator under this Agreement shall comply with all applicable statutes, ordinances, rules and regulations. Shipyard Operator shall pay all taxes pertaining to its performance under this Agreement.

SECTION 25. ATTORNEY'S FEES

In the event either party institutes any suit or action to enforce its right hereunder, the prevailing party shall be entitled to recover from the other party its reasonable attorney's fees and costs in such suit or action and on any appeal therefrom.

SECTION 26. NON-WAIVER

The failure of either Party at any time to enforce a provision of this Agreement shall in no way constitute a waiver of the provision, nor in any way affect the validity of this Agreement or any part, or the right of such Party to enforce each and every provision.

SECTION 27. AMENDMENT

A. This Agreement shall only be amended, modified or changed by a written amendment, executed by authorized representatives of the Parties, and such amendment shall be attached to this Agreement as an appendix.

B. For the purposes of any amendment, modifications or change to the terms and

conditions of this Agreement, the only authorized representatives of the Parties are:

1. Cooper Curtis - For Shipyard Operator
2. John Leach, Municipal Administrator - For Owner

C. Any attempt to amend, modify or change this Agreement by either an unauthorized representative or unauthorized means, shall be void.

SECTION 28. SEVERABILITY

Any provision of this Agreement decreed invalid by a court of competent jurisdiction shall not invalidate the remaining provisions of the Agreement.

SECTION 29. JURISDICTION - CHOICE OF LAW

Any civil action rising from this Agreement shall be brought in the Alaska Superior Court at Sitka. The laws of the State of Alaska shall govern the rights and obligations of the Parties under this Agreement.

SECTION 30. INTEGRATION

This instrument and all exhibits, appendices and amendments embody the entire Agreement of the Parties. There are no promises, terms, conditions or obligations other than those contained in this Agreement. This Agreement shall supersede all previous communications, representations, or Agreements, either oral or written, between the Parties.

SECTION 31. FORCE MAJEURE

A. Any failure to perform by either party due to force majeure shall not be deemed a violation or breach hereof.

B. As used in this Agreement, force majeure is an act or event of substantial magnitude, beyond the control of the delayed party, which delays the completion of this Agreement, including without limitation:

1. Any interruption, suspension or interference resulting solely from the act of Sitka or neglect of Sitka not otherwise governed by the terms of this Agreement.
2. Strikes or work stoppages.
3. Any interruption, suspension or interference with the project caused by acts of God, or acts of a public enemy, wars, blockades, insurrections, pandemics, riots, arrests or restraints of governments and people, civil disturbances or similar occurrences.

4. Order, action, or failure to act, by a court, administrative agencies or governmental officers other than Sitka.

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IN WITNESS WHEREOF, the Parties have executed this Agreement, on the date and at the place shown below.

CITY AND BOROUGH OF SITKA, ALASKA

Date

By: John Leach
Its: Municipal Administrator

STATE OF ALASKA)
) ss.
FIRST JUDICIAL DISTRICT)

The foregoing instrument was acknowledged before me this _____ day of _____, 2025, by John Leach, Municipal Administrator of the CITY AND BOROUGH OF SITKA, an Alaska home rule municipality, on behalf of the municipality.

Notary Public in and for the State of Alaska
My Commission Expires: _____

HIGHMARK MARINE FABRICATION, LLC

Date

By: Cooper Curtis
Its: President

STATE OF ALASKA)
) ss.
FIRST JUDICIAL DISTRICT)

The foregoing instrument was acknowledged before me this _____ day of _____, 2025, by Cooper Curtis, President for the HIGHMARK MARINE FABRICATION, LLC, an Alaska corporation, on behalf of the corporation.

Notary Public in and for the State of Alaska
My Commission Expires: _____

Exhibit A: Scope of Services

1. 150-Ton Travelift Operation and Maintenance

- Contractor will provide a minimum of two certified and competent Marine Travelift operators to ensure 24/7 availability of lift and launch services.
- Contractor will prevent the discharge of any hazardous substances and follow all Environmental Laws regarding the handling and documentation of hazardous substances.
- Contractor will supply all routine and unexpected maintenance labor for the Marine Travelift, not to exceed an amount set by Contractor and the CBS during the contracting process. Contractor will submit all purchase orders, following Sitka General Code 4.15 (Procurement Policy), to the Municipal Administrator or designee for approval prior to procuring parts. Upon approval, Contractor will place the order and invoice the CBS for the exact purchase price, and freight cost incurred.
- Perform visual inspections of lift, strap, and cables prior to, and after, each use per the Marine Travelift operation and maintenance manual.
- Always use the highest level of safety precautions while operating the Travelift.
- Keep the straps and cables clean and free of debris that may cause premature deterioration.
- Always check all fluid levels before use and maintain proper fuel levels and oil levels.
- All lifts and launches shall not exceed the recommended loads as specified by Marine Travelift.
- Loads must be properly distributed per the Travelift operator's manual.
- Owner/operators of all vessels to be lifted must identify the known underwater fixtures, transducers, bearing and shaft locations and any other underwater appendages that may affect the strap placement. Contractor will take every precaution to ensure underwater appendages are not damaged, including requiring owners to sign a lift agreement if it is deemed necessary.

2. Lifting, Launching, and Blocking Operations

- Contractor will provide all labor to safely accomplish lifting, launching, and blocking operations within the GPIP Shipyard. This includes skilled laborers, equipment operators, divers, Travelift operators, mechanics, and other necessary personnel. Contractor will provide a minimum of two personnel during all Travelift operations and more when deemed necessary by the operator.
- Contractor shall record weight and other data on each vessel lifted. A photograph or notes regarding strap locations and underwater appendages, as well as displacement reading of Travelift gauges shall be recorded. Notes shall record each vessel's load, including water, fuel, freight, etc.
- Contractor will prevent the discharge of any hazardous substances and follow all Environmental Laws regarding the handling and documentation of hazardous substances.

3. Scheduling, Administration, Payments, Recordkeeping.

- Contractor will provide administrative staff to coordinate Shipyard scheduling, organization, payments, recordkeeping and management. Bookkeeping, lift records, and maintenance records will be available for review upon request.

4. GPIP Shipyard Facility and Equipment Maintenance

- Contractor will provide all labor to properly maintain and protect the City's Shipyard assets such as the washdown filtration system and the building at 4690 Sawmill Creek Road.
- Contractor will provide minor yard maintenance in the form of filling potholes and keeping the facility clean.
- Contractor will provide minor snow removal to keep the vessel pads and washdown pad clear of snow in the winter months. Contractor may request the assistance of the CBS Public Works Department in major snow removal and driveway maintenance via their grader/loader. This shared responsibility will help keep costs low for all involved parties.
- Parts and materials that are required for maintenance operations will be treated in the same manner as Travelift maintenance items. Contractor will submit all purchase orders, following Sitka General Code 4.15 (Procurement Policy), to the Municipal Administrator or designee for approval prior to ordering parts. Upon approval, Contractor will place the order and invoice the CBS for the exact purchase price and freight cost incurred.
- Contractor will prevent the discharge of any hazardous substances and follow all Environmental Laws regarding the handling and documentation of hazardous substances.

Facilities and Equipment

The CBS shall make the following Facilities and Equipment available for the Contractor's use.

- 2025 Marine Travelift Corp. Model 150TG
- Telehandler Model Genie GHT-844
- Snow removal equipment
- Pile Supported Pier
- Gravel vessel laydown area
- Washdown Filtration System including the concrete wash-down pad
- Building 4690 located at the GPIP, excluding the warehouse portion which Highmark shall rent from CBS
 - Water
 - Sanitary sewer
 - Electrical service
 - Boiler heating system
 - Restrooms
 - Utility room