

PORT OF GRAYS HARBOR
COMMISSION MEETING MINUTES
October 8, 2019

The Port of Grays Harbor Commission Meeting for October 8, 2019 was called to order at 9:00 a.m.

Leonard Barnes, Deputy Executive Director, led the meeting in the Pledge of Allegiance.

Those in attendance at the meeting were as follows:

COMMISSION AND STAFF

Stan Pinnick	Commissioner
Phil Papac	Commissioner
Tom Quigg	Commissioner
Gary Nelson	Executive Director
Art Blauvelt	Legal Counsel
Leonard Barnes	Deputy Executive Director
Mike Folkers	Director of Finance & Administration
Mike Johnson	Contract & Project Manager
Randy Lewis	Director of Environmental & Engineering Services
Alissa Shay	Manager of Business Development
Molly Bold	Westport Business Manager
Kayla Dunlap	Public Affairs Manager
Shannon Anderson	Business & Trade Development Assistant
Lisa Benn	Accounting Manager/Treasurer
Ross Read	Director of SBP Operations
Nate Hoover	Project Coordinator
Chris Hunt	IT Manager

VISITORS

Todd Bates	Grays Harbor College
Kevin Campbell	Brusco Tug & Barge
Cindy Taylor	Rainier Connect
David Haviland	Jodesha Broadcasting
Pat Mahoney	Grays Harbor College
Linda Orgel	FOGH
Vickie Raines	Grays Harbor County Commissioner
Scott Boettcher	Chehalis Basin Flood Authority
Miranda Smith (by phone)	Natural Systems Design

Items discussed and action taken where required are as follows:

MINUTES:

1. By motion made by Commissioner Papac, seconded by Commissioner Quigg and unanimously approved, the Commission adopted the Minutes of September 10, 2019 Regular Commission Meeting as recorded in the Minutes Book No. 21 on pages 58 through 66 inclusive.
2. By motion made by Commissioner Quigg, seconded by Commissioner Papac and unanimously approved, the Commission adopted the Minutes of October 1, 2019 Special Commission Meeting as recorded in the Minutes Book No. 21 on pages 67 through 69 inclusive.

VOUCHERS:

1. By motion made by Commissioner Papac and seconded by Commissioner Quigg, the Commission unanimously approved for payment those Payroll Vouchers issued September 20, 2019 and October 4, 2019, ACH/Wire Transfers No. 99901251 through and including No. 99901263, and General Disbursement Vouchers No. 100776 through and including No. 100979 for payment in the amount of \$5,267,835.01.

REPORTS:

Lower Satsop Restoration & Protection Program Update

Alissa Shay, Manager of Business Development, introduced Grays Harbor County Commissioner Vickie Raines and Scott Boettcher of the Chehalis Basin Flood Authority, both present at the meeting, and Miranda Smith of Natural Systems Design who joined the presentation via speakerphone. The area considered within this project is from the confluence of the Satsop River at the Chehalis River and up the Satsop River to the

highway, approximately 2.2 miles. The Satsop River is currently eroding towards the West, but is also nearing Keys Road to the East, as it meanders.

The Chehalis River Basin Flood Authority, Grays Harbor County (GHC), Washington Department of Fish and Wildlife (WDFW), Port of Grays Harbor, the Grays Harbor Conservation District and landowners along the Satsop River have been working with consultants from Natural Systems Design to develop a plan for protecting infrastructure, restoring floodplain function and reducing erosion and sedimentation. “Protect, Preserve and Restore” is a collaborative approach toward conservation. Using a restoration orientation approach to the project has helped expedite reviews and approvals by the U.S. Army Corps of Engineers.

Phase I of the project includes revetment removal and pond development by WDFW, which has been completed, and design and permitting work underway by GHC for Keys Road and Port of Grays Harbor Well protections and floodplain restoration work scheduled for 2020. This work has funding already in place.

Phase II work includes more WDFW ponds and revetment work in 2020 as well as more design/permitting and construction work on floodplain restoration and erosion reduction during the 2021-22 construction season.

Phase III work includes continued floodplain restoration and erosion reduction in the 2022-23 construction season.

Friends Landing Rates Update

Alissa Shay reported on adjusted campground rates planned for 2020 and 2021. A rate study of surrounding campgrounds has been accomplished in which facilities and rates of other campgrounds were compared to Friends Landing. It was determined that a rate increase is justified relative to comparable campgrounds in the area. In addition to the market rationale for an increase, we have experienced increased costs for operations, service and supplies to maintain Friends Landing as a premier destination for our guests.

A two-year phased in approach to rates is planned that will allow us to reach the market rates in our area. New rates for 2020 will take effect on November 16, 2019 following the closure of the 2019 season. Rates for the 2021 season will take effect on November 16, 2020, or sooner as our reservation software allows. Rate changes will affect the RV and tent sites daily and weekly rates, as well as the shower and boat launch fees and establish a new dump station fee. Rates are all inclusive of taxes.

Pilotage Budget & Proposed Tariff

Mike Folkers, Director of Finance & Administration, reported that the Washington State Board of Pilotage Commissioners has the responsibility to oversee all pilotage activity in the State while the Washington State Utilities and Transportation Commission (UTC) sets pilotage tariffs. RCW 53.08.390 allows the Port Commission to recommend tariff rates to the UTC. The Port is required to release its pilotage budget, five-year capital spending plan, prior year financial statement, and proposed pilotage tariff prior to a public hearing. A public hearing is scheduled for November 12, 2019 at which time the Commission can take public testimony and staff will prepare a Resolution where the Commission may approve and recommend the pilotage tariff.

Due to a decrease in vessels, the addition of a Pilot Trainee, and the purchase of a new pilot boat, staff recommends a 15% increase in the draft, tonnage, boarding and harbor shift rates plus the addition of a Pilot Boat Surcharge to be added to each job. If approved by the Port Commission and adopted by the UTC, the proposed tariff increase would take effect January 1, 2020

The proposed pilotage budget, five-year capital plan, prior year pilotage financial statement and proposed pilotage tariff were released.

Progress Report on Keys Commercial Northeast Timber Sale

Alissa Shay introduced Todd Bates and Patrick Mahoney, forestry instructors at Grays Harbor College. Mr. Bates and Mr. Mahoney provided a PowerPoint presentation on the recent commercial thinning accomplished by a student logging crew.

In the past, there had been difficulty in getting interest in the job of thinning the stand of trees at this particular location. So it was decided to provide a hands on learning opportunity and educational opportunity to Grays Harbor College forestry students while meeting forest management goals. Students were able to work through the entire process from cruising and scaling timber, accomplishing the thinning and operating equipment, through the timber sale design and sale administration. Six students participated in the program and thinning was completed on approximately four acres.

This effort was only possible through the generosity of several businesses who donated time, labor and equipment to the project: Adam Zepp of Fuller Creek Enterprises, Weyerhaeuser, R.L. Smith Logging and Brumfield Construction.

Dredging Update

Randy Lewis, Director of Environmental and Engineering Services and Mike Johnson, Contract and Project Manager provided a slide show on various dredging projects throughout the harbor:

- U.S. Army Corps of Engineers Inner Harbor Maintenance Dredging – The Corps’ contractor, HME Construction, Inc. has completed dredging Cow Point and the Turning Basin in the Federal channel and have moved to the upper portion of the Crossover Reach. HME will clean out the Crossover pinch point area in October and November and then will head back up to Cow Point and the Turning Basin to ensure these areas are cleaned out before the close of the work window in mid-February.
- Westport Marina Maintenance Dredging – Two contracts have been awarded for the dredging work. Bergerson Construction progress on the first phase has been slower than planned due to mechanical issues with dredging equipment. Pacific Pile and Marine LP have not yet started work on the second phase. The contractor has been working with staff and port consultants to provide the information needed for the final regulatory approvals for their dredging work and material disposal.
- Terminal Maintenance Dredging – Contractor HME Construction, Inc. has completed maintenance dredging operations for Terminals 2 and 4. There was a total of 17 barge loads of sediment removed from the berths. All work was completed by midnight on September 28, as required to provide access for tribal fishing.

Public Information Report

Kayla Dunlap, Public Affairs Manager, reported that BHP submitted a new SEPA checklist along with land use and shoreline permit applications to the City of Hoquiam for a proposed Potash Storage and Export facility at Terminal 3 in West Hoquiam. The City of Hoquiam has issued an MDNS. SEPA comments closed October 4 and Shoreline comments will close October 14.

At 3:00 p.m. this afternoon, the Port will hold a ribbon cutting ceremony at Bowerman Field Airport for the recently completed drainage improvements construction project.

Vessel Activity

Leonard Barnes reported for September 2019 the Port had calls from 9 deep-water vessels and 1 barge, which resulted in 217,858.569 MT of cargo being handled. Year-to-date, the Port has had 62 deep-water ships, 14 barges and handled 1,946,242 MT of cargo.

PUBLIC COMMENT

None

ACTION/RESOLUTION ITEMS:**Action Item No. 1**

Mike Folkers reported that in an effort to refinance the 8%, 20-year loan with the Washington State Department of Transportation (WSDOT) for the purchase of the 55-acre site formerly used to construct pontoons for the 520 bridge, the Port solicited term sheets from local banks as well as reviewing the LOCAL Program with the Washington State Treasurer. Ultimately, the LOCAL Program had a much lower interest rate. Staff recommends paying down the loan balance with \$1 million from the Land Acquisition Fund and moving forward with refinancing the WSDOT loan using the LOCAL Program.

Motion to authorize the Executive Director to refinance the loan with WSDOT and send a notice of intent to the Washington State Treasurer was made by Commissioner Quigg and seconded by Commissioner Papac. Motion passed with a vote of 3-0.

Action Item No. 2

Leonard Barnes stated that the Port has received a request from the General Manager at Papé Properties to increase the number of options on Lease No. 1027 with Papé Kenworth Northwest, Inc. to allow them to be responsive to growth in their business, potential future expansion needs and to future changes in the prevailing economic conditions. The proposed second amendment will add three additional two-year options, extending the lease term to October 31, 2025.

Motion to authorize the Executive Director to amend Lease Agreement No. 1027 with Papé Kenworth Northwest, Inc. was made by Commissioner Papac and seconded by Commissioner Quigg. Motion passed with a vote of 3-0.

Action Item No. 3

Randy Lewis reported that Port staff has been working with Applied Ocean Energy, whose principal is Dr. Vladimir Shepsis, for the last two years concerning the concept for a new technology to use equipment mounted on a vessel to convert wave energy into electricity which is used to extract hydrogen gas from water. The hydrogen gas would be stored and transported to the shore to be distributed as a very efficient and clean burning fuel.

Earlier this year, the Port, with support from Dr. Shepsis, submitted a request for funding to the State Legislature to complete the engineering and design phase of a demonstration project to verify that commercial production of hydrogen gas would be feasible using this technology. The request was approved and \$592,250 was included in the State Capital Budget. The funds will be administered as a grant through the Department of Commerce. In order to move forward, the Port and Applied Ocean Energy need to enter into a contractual relationship.

Motion to authorize the Executive Director to negotiate and enter into Contract No. 2014 with Applied Ocean Energy Company to complete the preliminary engineering and design phase for the Grays Harbor Renewable Ocean Energy Demonstration Project was made by Commissioner Quigg and seconded by Commissioner Papac. Motion passed with a vote of 3-0.

Action Item No. 4

Mike Johnson stated that on September 9, 2019 the Satsop Business Park (SBP) maintenance crew identified a transmission line leak in the main water line between the filtration plant and the main storage reservoir that supplies potable water to SBP tenants and others. Due to the location of the break and urgency to repair, the Executive Director declared an emergency and Rognlin's, Inc. was hired to repair the damaged line. Legal Counsel Art Blauvelt reported that the potable waterline leak was repaired quickly at a cost of \$3,828.15 and is fully operational.

Motion to ratify the Executive Director's finding of emergency was made by Commissioner Papac and seconded by Commissioner Quigg. Motion passed with a vote of 3-0.

Motion to ratify the Executive Director's awarding of the contract to Rognlin's pursuant to the finding of an emergency was made by Commissioner Papac and seconded by Commissioner Quigg. Motion passed with a vote of 3-0.

Commissioner Pinnick recessed the meeting at 10:52 a.m. for a short break.

The meeting reconvened at 10:56 a.m.

Action Item No. 5

Mike Folkers presented the 2020 Preliminary Budget and requested that the Commission set a public hearing on the 2020 Budget for November 12, 2019 during the Port's Regular November Commission Meeting. The Preliminary Budget includes total revenues of \$34 million including \$29 million from operations. Budgeted expenses total \$35 million, including \$6.9 in capital projects and \$1.6 million in debt service payments.

Motion to accept the 2020 Preliminary Budget and schedule a public hearing on the budget on November 12, 2019 was made by Commissioner Quigg and seconded by Commissioner Papac. Motion passed with a vote of 3-0.

Resolution No. 2984

Executive Director Gary Nelson reported that one response was received to the request for proposals (RFP) sent out this summer for ship assist services in the Grays Harbor Pilotage District. The current contract with Brusco Tug and Barge, LLC ends on December 31, 2019. Brusco was the lone responder to the RFP. Their response has been reviewed by Port staff and the Executive Director. Mr. Nelson stated that the service Brusco has provided over the last 10 years has been very good and exceeded equipment expectations. Brusco has been a true partner in Grays Harbor shipping activity. It is recommended that the Port contract with Brusco for ship assist services beginning January 1, 2020.

Motion to adopt Resolution No. 2984: *Authorizing the Executive Director to Execute a Ship Assist Agreement with Brusco Tug and Barge to Provide Ship Assist Services in the Grays Harbor Pilotage District* was made by Commissioner Papac and seconded by Commissioner Quigg. Motion passed with a vote of 3-0. Resolution adopted.

Resolution No. 2985

Mike Johnson stated that HME Construction, Inc. had completed the terminal maintenance dredging under Contract No. 1999. 19,773 cubic yards of material was removed from Terminals 2 and 4 at a cost of \$241,057.79, including sales tax.

Motion to adopt Resolution No. 2985: *Completion and Acceptance of Contract No. 1999* was made by Commissioner Quigg and seconded by Commissioner Papac. Motion passed with a vote of 3-0. Resolution adopted.

Resolution No. 2986

Kayla Dunlap, Public Affairs Manager, stated that the Port, City of Aberdeen, Grays Harbor County and Grays Harbor Council of Governments and other local stakeholders have worked cooperatively in pursuing funding for improvements in the East Aberdeen transportation corridor. The project to improve the East Aberdeen transportation corridor is now referred to as the Aberdeen US 12 Highway-Rail Separation Project. The City of Aberdeen has an expressed interest in applying for federal grants to fund planning and improvements for the project. A request has been made for the Port to commit up to \$200,000 in Port funds as non-federal matching dollars for federal grant applications by the City of Aberdeen, and authorize the Executive Director to provide staff and consultant assistance to the City of Aberdeen in the grant application process.

Motion to adopt Resolution No. 2986: *Authorizing the Executive Director to Partner with the City of Aberdeen and Commit Port Funds as Non-Federal Match for the Aberdeen US 12 Highway-Rail Grade Separation Grant Applications* was made by Commissioner

Papac and seconded by Commissioner Quigg. Motion passed with a vote of 3-0. Resolution adopted.

PUBLIC COMMENT

Kevin Campbell of Brusco Tug and Barge thanked the Port for the kind words earlier and looks forward to working with the Port by continuing to provide ship assist services on the Harbor.

NEW BUSINESS: Gary Nelson, Executive Director, listed upcoming calendar items:

- October 8, 3:00 p.m. – Ribbon cutting at Bowerman Airport
- October 13-16 – AAPA Annual Convention in Norfolk, Virginia; all three Commissioners will be attending
- October 23 – Audit Exit Conference with the State Auditor’s Office
- October 24 – Hoquiam Shoreline Hearing on the BHP Project
- November 5 – Election Day
- November 12 – Regular Port Commission Meeting with public hearings on the 2020 Budget and Pilotage Tariff

There being no further business to come before the Commission, the Regular Meeting recessed at 11:13 a.m.

The Board then went into Executive Session to consider the acquisition, sale or lease of real estate and to discuss with Port’s legal counsel matters relating to agency enforcement actions, litigation or potential litigation. No action to be taken during Executive Session. It was announced that the Executive Session would last 90 minutes.

The Executive Session ended at 12:45 p.m. and the Regular Meeting adjourned at that time.

ATTEST:

President

Secretary