

PORT OF GRAYS HARBOR
COMMISSION MEETING MINUTES
December 10, 2019

The Port of Grays Harbor Commission Meeting for December 10, 2019 was called to order at 12:00 p.m.

Commissioner Pinnick recessed the regular meeting at 12:02 p.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 105 minutes.

The Executive Session ended at 1:47 p.m. and the Regular Meeting reconvened at 2:00 p.m. Items to be discussed with action taken where required are as follows:

Kayla Dunlap, Public Affairs Manager, led the meeting in the Pledge of Allegiance.

Notary Public Art Blauvelt administered the Oath of Office to Commissioner-Elect Phil Papac and Commissioner-Elect Tom Quigg.

Gary Nelson, Executive Director recognized Leonard Barnes, Mike Johnson, and Lisa Benn for their 105 combined years of service at the Port.

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
Alissa Shay	Manager of Business Development
Molly Bold	Westport Business Manager

Seth Taylor
 Kayla Dunlap
 Shannon Anderson
 Lisa Benn
 Nathan Hoover
 Chris Hunt

Marine Terminals Manager
 Public Affairs Manager
 Business & Trade Development Assistant
 Accounting Manager/Treasurer
 Project Coordinator, Westport Marina
 IT Manager

VISITORS

John Simons
 Arnie Martin

Pacific Bay Resort
 GHAS

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 November 12, 2019 Regular Commission Meeting as recorded in the Minutes Book No. 21 on pages 79 through 90 inclusive.

VOUCHERS:

1. By motion made by Commissioner Quigg and seconded by Commissioner Papac, the Commission unanimously approved for payment those Payroll Vouchers issued November 20, 2019 and December 5, 2019, ACH/Wire Transfers No. 99901284 through and including No. 99901298, and General Disbursement Vouchers No. 101312 through and including No. 101512 for payment in the amount of \$3,050,181.93.

REPORTS:

Satsop Business Park Water & Sewer Rates

Alissa Shay, Manager of Business Development reported that the Port took over ownership of the Satsop Business Park on January 1, 2013. The current utility rates were established by the previous owner, the Grays Harbor Public Development Authority, and had not been modified since they were originally established. After comparing the established rates to a 2016 WA Department of Ecology rate study, it was determined that a rate increase for water, sewer, and storm water collection was justified. Revenues from water and sewer system usage are needed to cover the cost of operations of both facilities. Satsop has adopted a one-time increase to storm water collection and a five-year phased in approach to water and sewer rates that will allow Satsop to reach the market rates in their area by 2024. In addition, dark fiber rates have been compared to other rates in the area and it is determined that a one-time rate increase is justified. A letter will be going out to all affected tenants. All new rates will take effect on January 1, 2020.

Derelict Vessel: Morning Tide

Molly Bold, Westport Business Manager reported that as with all marinas, Westport is subject to the impacts of old and aging vessels as owners are unable to perform needed maintenance or repair. More recently, owners are unable to acquire vessel insurance mandated by the state (2014) and required by the Westport Marina Tariff. The owner of the f/v Morning Tide was unable to acquire insurance and unable to care for and maintain the vessel. The vessel required regular maintenance and observation by Port staff due to water leaks, vulnerable fuel tanks, and a non-functioning engine.

- November, 2017–Annual Moorage on the vessel was cancelled due to failure to acquire state mandated insurance.
- November, 2018–Port staff seized vessel for failure to comply with the Westport Marina Tariff.
- November, 2018–Vessel owner relinquished rights to the Port of Grays Harbor.
- November, 2019–Port hired Newalen LLC to remove and demolish the f/v Morning Tide.

Ms. Bold stated that the contractor worked directly with the Department of Ecology to develop an adequate work plan for the removal of the vessel from the marina, containment of hazardous materials, and proper transportation and disposal to an authorized waste facility. While historically the Port has worked with local contractors to deconstruct vessels on site, the regulations and permitting now required for vessel deconstruction and disposal no longer allow for such activity without the costly and burdensome process of utilizing the State Vessel Deconstruction General Permit.

Following the removal of the f/v Morning Tide, Ms. Bold was happy to report that there are currently no derelict or abandoned vessels in the Westport Marina at this time. The Westport Marina Staff will maintain a watchful eye on the handful of concerning vessels that remain.

2018 Audit Results

Mike Folkers, Director of Finance & Administration reported that the Washington State Auditor’s Office had released its report of the Port of Grays Harbor’s most recent financial statement and accountability audit. The audit concentrated on the Port’s financial statements and accountability which includes scrutiny of the Port’s grants and procurements. The State Auditor issued a clean and unmodified opinion on the financial condition of the Port which covered the 2018 fiscal year. The audit process is a chance for the Port to find out how they are doing as a public entity and to reaffirm processes.

In 2020, the Port will be receiving a single audit for fiscal year 2019 due to the federal grant expenditures associated with the Bowerman Airport Drainage Project. According to

The Office of Management and Budget, a single audit is a rigorous, organization-wide audit of an entity that expends \$750,000 or more of federal assistance received for its operations.

West Park Lane Resurfacing Completion Report

Mike Johnson, Contract and Project Manager reported that road improvements had been needed for West Park Lane at the Satsop Business Park. West Park Lane is the access road for the Xpress Natural Gas Facility, the Satsop Business Parks Main Water Filter Building and PGH Warehouses access road. The contractor provided all labor, materials, and equipment necessary to complete the work as specified.

For the Base Bid we asked the contractor to provide preparation and installation of Hot Mix Asphalt (HMA) to cover 750' long, 14' wide, and 2" deep for West Park Lane. Additive Bid Alternate 1 would provide HMA for the access road to PGH Warehouses, and Additive Bid Alternate 2 would provide HMA for additional paving of West Park Lane and is access to the Port Water Filter Building.

The contractor had their choice of two options for preparation and installation.

- Option 1- prepare base, install .33' of crushed surface base course, and .33' of HMA (Hot Mix Asphalt)
- Option 2- install .67' of cement treated base using existing base and .25' of HMA.

The contractor chose option 2 for this project. There was no price difference for either option.

Nathan Hoover, Project Coordinator for Satsop Business Park presented images to the commission and staff documenting the project process including the final results.

Public Information Report

Kayla Dunlap, Public Affairs Manager, reported BHP's shoreline hearing was held in Hoquiam on October 24th. At the request of BHP and the Quinault Indian Nation, the Hearing Examiner is keeping the record open until December 20th.

Ms. Dunlap presented a proposed Port of Grays Harbor 2020 State Legislative Agenda for the consideration of the commission. It outlined the Port's proposed priorities and issues supported. This item will be brought to the commission for feedback and adoption once reviewed.

Ms. Dunlap also stated that at the next scheduled commission meeting, the 2020 Communications plan will be presented for review. Dates for events to be noted are as follows:

- Greater Grays Harbor - Legislative Send Off, January 10th at 11:30 a.m.

- PGH Annual Business Review, February 12th at 7:30 a.m.
- Port Day, January 28th

Vessel Activity

Leonard Barnes reported for November 2019 the Port had calls from 8 deep-water vessels and 1 barge, which resulted in 236,649.427 MT of cargo being handled. Year-to-date, the Port has had 77 deep-water ships, 15 barges and handled 2,396,822 MT of cargo.

In the month of November, 2,330 rail cars were handled exclusively for AGP.

PUBLIC COMMENT

None

ACTION/RESOLUTION ITEMS:

Action Item No. 1

Mike Johnson, Contract and Project Manager reported that annual maintenance dredging is needed to keep berths at the necessary depth for ocean class vessels calling the Port. Pricing was requested for 134,000 cubic yards to be removed at Port Terminals 1, 2, and 4 under this contract. On September 10, 2019 the Port commission approved a Call for Bids for this project. On November 22, 2019 bids were opened and two bids were received. The bid from American Construction Company, Inc. came in as the lower of the two. Under this contract, two rounds of dredging will be performed. Round 1 (winter round) will be performed between January 1, 2020 to February 14, 2020 and Round 2 (summer round) will be performed between July 16, 2020 and October 31, 2020. For this contract, all work will be completed by October 31, 2020.

Motion to authorize the Executive Director to award the Base Bid and Additive Bid Alternate 1 for Contract No. 2012, Terminal Maintenance Dredging to American Construction Company, Inc. was made by Commissioner Papac and seconded by Commissioner Quigg. Motion passed with a vote of 3-0.

Action Item No. 2

Leonard Barnes, Deputy Executive Director reported that REG has a demand for additional lab space at their current facility and has requested permission to rent the former Alcan mobile office in order to fill this need.

The following covenants will be put into place with approval of this agreement;

1. REG will be responsible for all expenses related to the relocation of the office from Myrtle Street to their facility, including any required permits.
2. REG will be responsible for upgrading and maintaining all aspects of the building during the rental period.
3. REG will rent the office for a minimum of 5 years. If they terminate the agreement before the 5-year mark, REG will be responsible for removal of the office from their facility.
4. If the agreement is terminated by the Port prior to 5 years, the Port will be responsible to remove the office from REG's location.

The rental agreement will be on a month to month basis beginning January 1, 2020.

Motion to authorize the Executive Director to enter into Rental Agreement 1167 with REG Grays Harbor, LLC was made by Commissioner Quigg and seconded by Commissioner Papac. Motion passed with a vote of 3-0.

Action Item No. 3

Leonard Barnes, Deputy Executive Director reported that REG's current leaseholds include their plant and adjacent land, parking, truck scales and the office on Maple Street. They also sublease a warehouse on Commerce Street from Rich Lennox for storage. Staff has been working with local REG management to find a suitable location to consolidate their office and storage locations. Warehouse H will fit all these needs and give them additional room to grow. This lease will be for an initial term of 5 years, beginning January 1, 2020, and include 1 successive 5-year option to renew.

Motion to authorize the Executive Director to enter into Lease No. 1168 with REG Grays Harbor, LLC was made by Commissioner Papac and seconded by Commissioner Quigg. Motion passed with a vote of 3-0.

Resolution No. 2996

Mike Folkers, Director of Finance & Administration reported that the ability to sell Port equipment or personal property is restricted by State law. Before Port property can be sold, RCW 53.08.090 requires that the Port Commission take action stating that the property to be sold is no longer needed by the Port.

RCW 53.08.090 also allows the Port Commission to delegate limited authority to the Executive Director to take action to surplus and convey property on behalf of the Port Commission, provided the property is valued at \$10,000 or less, or as this amount may be adjusted for inflation. Such authority can only be delegated for one calendar year. This

resolution will renew this limited delegation of authority to the Executive Director, as has been made by the Port Commission in previous years.

Motion to adopt Resolution No. 2996: *Amendment to Salary and Benefit Resolution* was made by Commissioner Quigg and seconded by Commissioner Papac. Motion passed with a vote of 3-0. Resolution adopted.

Resolution No. 2997

Mike Folkers, Director of Finance & Administration reported that the Salary and Benefit policy adopted by the Port Commission (resolution 2367, as amended) contains the Port's personnel policies and procedures. The policy includes a list of authorized employee positions and the pay-range for each position. The policy requires that salary range schedules be reviewed annually and recommendations made for changes based upon market conditions and skills analysis. The Executive Director is delegated the authority to use these pay-ranges when setting individual employee wage rates.

An independent salary review was performed in 1995 for the Port. Since 1995, market rate adjustments have been adopted by the Port Commission to ensure the Port's ability to attract and retain highly skilled employees. The following table lists adjustments made in the past ten years and the 24-year average since the salary review took effect in 1996. It was Mr. Folkers recommendation that a 2.0% market rate adjustment should be applied to all pay ranges as of January 1, 2020.

Motion to adopt Resolution No. 2997: *Annual Authorization to Sell Port Surplus Personal Property* was made by Commissioner Papac and seconded by Commissioner Quigg. Motion passed with a vote of 3-0. Resolution adopted.

Resolution No. 2990

Mike Johnson, Contract and Project Manager reported that on October 4, 2018, the Port Commission awarded the Bowerman Field Airport drainage improvements project to Rognlin's, Inc. The Project consisted of minor demolition, erosion control, grading, modification of storm drainage systems in the infield area between the runway and taxiway and at the east end of the airport, as well as electrical improvements. Five change orders were required for this project which included extra work not called for in the original scope and have been presented and approved previously. At this time all work has been completed and accepted by staff.

Motion to adopt Resolution No. 2990: *Acceptance of Contract No. 1967, Drainage Improvements at Bowerman Field Airport* was made by Commissioner Quigg and seconded by Commissioner Papac. Motion passed with a vote of 3-0. Resolution adopted.

Resolution No. 2991

Mike Johnson, Contract and Project Manager reported that on March 12, 2019, the Port Commission awarded the Yearout Drive paving project to Rognlin's, Inc. Work under this contract called for improvements to the road surface including reclaiming the existing surfacing materials, stabilizing the grade with Portland cement, installing an HMA overlay, pavement delineation, permanent signage, along with drainage swales and a buried crossing for the marina dredging disposal pipeline. At this time all work has been completed and accepted by staff.

Motion to adopt Resolution No. 2992: *Acceptance of Contract No. 1991, Yearout Drive Paving* was made by Commissioner Papac and seconded by Commissioner Quigg.

Motion to amend Resolution No. 2992 to Resolution No. 2991 was made by Commissioner Pinnick. Motion passed with a vote of 3-0.

Motion to adopt Resolution No. 2991 as amended: *Acceptance of Contract No. 1991, Yearout Drive Paving* was made by Commissioner Papac and seconded by Commissioner Quigg. Motion passed with a vote of 3-0. Resolution adopted.

PUBLIC COMMENT

None

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

- December 11 – WA Coast Advisory Committee Meeting
- December 12 – Visit from US Army Corps of Engineers

Tom Quigg proposed outreach to the WA State Parks for a presentation to the commission regarding the Golf Course in Westport.

There being no further business to come before the Commission, the Regular Meeting adjourned at 3:08 p.m.

ATTEST:

President

Secretary