

Agenda for Tuesday, February 05, 2002
Klickitat County Port District
1st Regular Monthly Meeting
February 5, 2002 - 4:30 P.M. - PORT OFFICE

AGENDA

PUBLIC COMMENT - Limited to 10 minutes total; (5 minutes per person)

COUNSEL'S REPORT

Pacific Rock Products Lease

ADMINISTRATIVE MATTERS

Consent Agenda:

1. Minutes - January 15, 2002¹
2. Vouchers - January 31, 2002 - Payroll
3. Vouchers - February 5, 2002
4. Check - February 5, 2002 - B. Pt. Project Acct.
Grant Award - USFS, \$20,000

EXECUTIVE DIRECTOR'S REPORT

BINGEN POINT:

Dock/Ramp Project Update
Gorge Delights

DALLESPORT INDUSTRIAL PARK:

WWTF Update
Engineering/Infra Update

MISCELLANEOUS

Hwy. 14 Road Project
Committee Updates

PUBLIC COMMENT - Limited to 20 minutes total; (5 minutes per person)

ADJOURNMENT

	PORT OF KLICKITAT BOARD OF COMMISSIONERS MEETING MINUTES February 5, 2002 REGULAR SESSION	
<u>TOPIC</u>	DISCUSSION/ASSESSMENT/FINDINGS	ACTION/FOLLOW UP
<u>ATTENDANCE:</u>	Commissioners/Staff Present: Port Commissioners (PCs) Norm Deo, Rodger Ford and S. Wayne Vinyard, Port Counsel (Counsel) Teunis J. Wyers, Byron Hanke (Port Consultant), Executive Director (Exec.D) Dianne Sherwood and Administrative Assistant (AA) Vickie Drew. PC/Staff Absent: Guests Present: John Shafer & Jeff Wriston (Pacific Rock), Matt Riley (Riley Bros. Concrete) and Mike Smith (Dallesport).	
<u>PUBLIC COMMENT</u>	Chair Vinyard opened the public meeting at 4:33. There was no public comment.	
<u>ADMINISTRATIVE MATTERS</u> <u>! Consent Agenda</u>	Items approved: <ul style="list-style-type: none"> • Minutes of January 15, 2002 • Vouchers #17211-17227; \$13,745.76 • Vouchers #17229-17256; \$107,391.88 • Check #158 - \$23,486.21 Check #159 was also presented for approval which was for the first payment to Betz Construction for the Dock/Ramp project.	<i>PC Ford moved to approve the Consent Agenda and Check # 159 on the Bingen Point Project Acct. in the amount of \$77,071.97; seconded by PC Deo -- motion carried.</i>
<u>! Cash Balances Memo</u>	AA Drew discussed the cash balances memo noting total liquid funds of \$386,801.68. The State Pool General Investment account has a balance of \$383,025.00. At this time last year, the balance in that account was \$374,300.00.	
<u>! Grant Award - USFS, \$20,000</u>	Exec.D Sherwood reported that the Port has been granted \$20,000 from the U.S. Forest Service (USFS) for infrastructure engineering for the Gorge Delights project. Mike Ferris was at the Port yesterday for document signing. The grant application for design engineering for Bldg. 1D will be presented at the USFS' next funding cycle which begins the first of March. Mike Ferris will present the application on behalf of the Port at that time. Mr. Ferris also obtained funding for the City of White Salmon for their sewer extension, and the community of Klickitat received funding for their wastewater project.	

<p><u>! EXECUTIVE</u> <u>DIRECTOR'S REPORT</u> <u>*BINGEN POINT*</u> <u>! Dock/Ramp Project</u></p>	<p>Exec.D Sherwood reported that the Dock/Ramp project will be finished today except for the paving which will be done this spring. Change orders have resulted in approximately \$5,700 in cost overruns. An excessive amount of rock (approximately \$18,000) was used and is under discussion with the engineers and the contractor. National Marine Fisheries Service (NMFS) out of Oregon viewed the site and stated that Betz would have received a letter of commendation for this project had it been on the Oregon side.</p>	
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COUNSEL'S REPORT
Pacific Rock Products
Lease

Exec.D Sherwood introduced John Shafer and Jeff Wriston. She discussed two changes that were made in the current draft document the PC received in their packet. (1) Latitude for alignment placement was added in case the Burlington Northern or some other entity disapproves of the alignment as it impacts their own property or easement. The alignment map (Exhibit A) presented tonight is the current best guess where the conveyor would be placed. (2) Rather than set an hourly fee for the Port's use of the conveyor system, a simpler method that would allow more flexibility was included which granted the Port the right to use the conveyor at Pac Rock's operating cost. Byron Hanke discussed the amount of give and take that went into this document. Counsel felt that a final document could be presented at the next PC meeting. **PC Deo** stated that he is putting a lot of responsibility on Counsel to make sure that he is satisfied with the language in the document. He wanted assurance from Counsel that the language is what the Port is looking for. On page 2, PC Deo was concerned about the language regarding the Port's use of the conveyor "provided such use will not interfere or conflict with lessees intended use of the conveyor system." He felt that was a little bit loose and would prefer that the sentence was eliminated. **John Shafer** stated that their whole purpose in being here is to have a conveyor to move their rock. They are assuming all the risk and are placing the conveyor on property that is the least valuable to the Port. If they have a barge coming in, they must have the conveyor available to load it. Revenue from other users will offset the cost of operating the belt. **PC Deo** was concerned that within a given period of time, the Port would have use of the conveyor. **John** stated that most likely, the Port would call Pac Rock and ask when they had an opening in their schedule, and would schedule accordingly. **Counsel** read a sentence that was added that maintains that each party must be reasonable in its dealings with the other, and stated that he is satisfied with the language included as regards the Port's use. **PC Deo** was also concerned that the design of the conveyor would provide reasonable locations where other users would be able to inject their product. **John** responded that material can be injected anywhere on the belt. Discussion followed regarding how the system will operate and locations for injection points. **PC Deo** also questioned the "Ports Obligations" section 15.1 which states that if something is broken the Port is responsible for its repair. He was concerned that if a third party broke something, that would also be the Port's responsibility. **John** responded that it would be the Port's responsibility to repair any damages the Port caused to the facilities, and also the Port's responsibility to include language in agreements with third parties that required insurance that would cover any damages they might cause. **PC Vinyard** questioned the rate for the Port's use. **John** explained that they have included language that allows the Port to use the conveyor at Pac Rock's cost. Discussion followed regarding how the cost of running the conveyor would be calculated. **Byron** stated that if the cost is a competitive rate at which Pac Rock can still move rock and make a profit, then if the Port or a third party pays that same rate, it will still be a competitive price. **PC Ford** asked how many jobs would be created. **John** responded that during construction there would be 30-40 people, during operations, about 15-20 people for a double shift operation. **John** stated that right now there is no market for this rock in the Portland market. Pac Rock is betting that 3 or 4 years down the road there will be, and it is important to

	<p>Pac Rock's busy time is from May to October so the quicker this project can get started, the more people they have available to work on it. Counsel reiterated that a final document could be ready for approval at the next PC meeting in two weeks. PC Deo felt it would be beneficial to get input from third parties and a second legal opinion of the document. Counsel responded that no competent attorney will say that this agreement is iron-clad and that there will never be a problem. Regarding input from others, the Riley's and Jason Spadaro have been given a copy of the document, but Counsel wished to draw distinction between letting the public know what you are doing, and letting the public micro-manage what you're doing. He also stated that he has no ego regarding a second legal opinion. He <u>has</u> obtained legal review of the document by an attorney who specializes in leases and his recommendations were incorporated. Seeking another legal opinion could delay signing an agreement by over a month. John stated that he has disclosed to the Port that an alternate source has been made available to Pac Rock to get on the river. He has told them that they are in second place; Pac Rock is dealing with the Port. John stated that it is time to finalize this agreement and be able to tell them he is not interested. PC Ford was concerned that Riley Bros. have time to give their input. It was determined that they could certainly respond within the two weeks prior to the meeting. PC Vinyard thanked John Shafer and Jeff Wriston for coming to the meeting.</p>	
<u>! Gorge Delights</u>	<p>Exec.D Sherwood reported that she and PC Vinyard will be meeting with Gorge Delights on Monday. Gorge Delights has never received the letter of credit from the Bank of America for the float loan. Gorge Delights has also met with the Port of Hood River to discuss their project, looking for the best deal before deciding on a location. Exec.D Sherwood has ordered an appraisal and should have the results by February 15.</p>	
<u>! Gorge Harbor Marina</u>	<p>Exec.D Sherwood and Byron met with Steve Tessmer today regarding the Marina lease. Steve gave Byron background and insight on the history of and negotiations for the proposed Marina project. Exec.D Sherwood and Byron will meet again to discuss the issues further. They would like to meet with Carl Dugger (WA ST Fish & Wildlife) before the end of the month.</p>	
<u>*DALLESPORT INDUSTRIAL PARK*</u> <u>! WWTF Update</u>	<p>Exec.D Sherwood stated that the project is going well and it is worth the trip to go out and see it.</p>	
<u>! Engineering/Infra Update</u>	<p>Exec.D Sherwood has been in contact with John Buzzone of Kennedy/Jenks assessing the water system at DIP.</p>	

<u>MISCELLANEOUS</u> <u>! Hwy. 14 Road Project</u>	AA Drew is working on getting copies of old permits to assist WASHDOT in getting new permits for the Port in order to be listed as a disposal site for the spoils from the Hwy. 14 road project. The City of Bingen held an open house on January 29 which had 40+ in attendance. They will have another meeting at the end of February and this would be a good opportunity for the PC to meet the citizens of this area.	
<u>! Committee Updates</u>	<p>PC Ford reported that he missed the MCEDD meeting on January 16. He stated he will not miss the next one. He did attend the Bridge/Hwy 35 meeting and has copies of the bridge and tunnel drawings of the three designs left in the running. He discussed the Watershed Committee. He had asked that since the Port's representation is a non-voting position, is it important for the Port to have a representative at every meeting? (No.) It was arranged that the Port will receive the agendas and minutes of the meetings and attend appropriate meetings.</p> <p>PC Deo was unable to attend the last Airport meeting.</p> <p>PC Vinyard attended the KC PEDA meeting last week at which the community project presentations were made by the various agencies. The board will determine its recommendations at the next meeting, tomorrow night.</p>	
<u>! PC Deo</u>	PC Deo asked if Exec.D Sherwood and PC Ford had an opportunity to discuss the Port's contracts and history with the Riley's. They had not. PC Deo felt it was important for PC Ford to get up to speed on the issues. PC Ford will pick up copies of the contract and other information to read through and then schedule a meeting with Exec.D Sherwood.	
<u>! PC Ford</u>	PC Ford stated that he received his agenda packet on Monday. Exec.D Sherwood stated that normally we try to get the packet out on Thursday, but sometimes it goes out on Friday. We will make every effort to get the packets out on Thursday.	
<u>PUBLIC COMMENT</u>		
<u>! Mike Smith</u>	Mike stated that the watershed issue is very important. He felt it would be very important for the Port's representative to be in attendance when key issues are being discussed. He also felt it was time to bring the Pac Rock agreement to a close.	
<u>! Matt Riley</u>	Matt stated that he had just obtained a copy of the draft lease with Pac Rock today. (Jim Riley had been mailed a copy.) He stated that he will review the document and be able to have any comments back within the two week window.	

	Exec.D Sherwood apologized for not having Matt's proposal to purchase or trade property for Parcel #39 on the agenda. It was received only this afternoon. PC Ford was concerned about having an Executive Session, as Matt requested in his letter before he has had a chance to get up to speed with the Riley/Port issues. PC Ford will meet with Exec.D Sherwood and the topic will be discussed at the next meeting.	
<u>! Mike Smith</u>	Mike added that according to his calculations using the previous figure of \$78.00 per hour, the Port would be charged \$.08 cents per ton for use of the conveyor. Byron stated that \$78.00 would not be the cost.	
<u>! Matt Riley</u>	Matt suggested that one thing to consider regarding the cost to the Port for use of the conveyor would be if the injection is at a point where only half of the system is utilized to move the aggregate. Byron agreed that this may be something to consider.	
<u>ADJOURNMENT</u>		<i>PC Ford moved to adjourn at 6:40; seconded by PC Deo - motion carried.</i>

Approved on: _____
submitted _____
(Date)

Respectfully

Vickie L. Drew, Administrative Assistant

Dianne Sherwood, Executive Director

S. Wayne Vinyard, Chairman