

| <p style="text-align: center;">TOPIC</p> | <p style="text-align: center;">PORT OF KLICKITAT BOARD OF COMMISSIONERS MEETING MINUTES March 21, 2006 REGULAR SESSION</p> <p style="text-align: center;">DISCUSSION/ASSESSMENT/FINDINGS</p> | <p style="text-align: center;">ACTION/FOLLOW UP</p> |
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| <p><u>ATTENDANCE:</u></p> | <p>Commissioners/Staff Present: Port Commissioners (PCs) Norm Deo, Rodger Ford & Wayne Vinyard; Port Counsel Teunis J. Wyers; Executive Director (Exec.D) Dianne Sherwood and Administrative Assistant/Auditor (AAA) Vickie Drew. PC/Staff Absent: Guests Present: Matt Riley (Rapid Readymix), Tim Hearn (Bingen City Council), Don McDermott (Murdock), Wayne Wooster (KC Econ. Dev.).</p> | |
| <p><u>• PUBLIC COMMENT</u></p> | <p>Chair Deo opened the public meeting at 4:36. Tim Hearn requested on behalf of the City of Bingen that the joint Fourth of July event be arranged again this year. He asked what can be done to make it better. Exec.D Sherwood reported that the event was arranged at the last minute last year, clean up needs help. Cleanup fell on a Tuesday, which simply did not work for most people. She felt it was a worthwhile event and would support its continuation provided there was more support. The fire department was very responsive. Don McDermott reported that he gave a synopsis to the Murdock/Dallesport town council regarding the glass bottling plant and the Riley proposals. His feedback was that any bids made on county resources should be opened up to the general population to ensure that the county gets the best possible value for the resource.</p> | |
| <p><u>PUBLIC HEARING - Surplus Property @ DIP</u></p> | <p>Chair Deo reported that the hearing has been canceled. The interested party has secured another location which could be developed to additionally allow for a residence, so the subject property will not be surplusd at this time.</p> | |
| <p><u>• COUNSEL’S REPORT</u></p> | <p>Counsel’s presence not requested.</p> | |
| <p><u>ADMINISTRATIVE MATTERS</u> <u>• Consent Agenda</u></p> | <p>Items approved: · Minutes of March 7, 2006 · Vouchers #20400-20403; \$4,724.84 · Vouchers #20404-20417; \$1,820.13 PC Deo requested exclusion of the minutes from the consent agenda so that the requested changes can be made prior to signatures. They will be considered again at the next meeting.</p> | <p><i>Motion Ford/Vinyard to approve the Consent Agenda excluding the minutes that will be held over for approval at the next meeting, to allow time for requested corrections to be done before signing. Motion carried.</i></p> |
| <p><u>• December Income Statement Analysis</u></p> | <p>AAA Drew explained that after the last meeting she went through the year end income statements to see where expenditures and revenues differed from the budgeted amounts. On the revenue side there was a net gain of \$54,499 over the amount budgeted, and considering expenses, the Port expended \$109,046 less than budgeted, for a total gain of about \$165,545. Timber revenues are difficult to budget because they change from year to year and the Port has no way to accurately predict the amount of receipts. The Port did not expend as much for Building 1E as anticipated, due to the 60 day time frame needed for the pre-load fill.</p> | |
| <p><u>• Website Update: Site Selector Section</u></p> | <p>MCEDD has been working on the Port’s web site. Exec. D Sherwood feels that the new site is a lot faster and cleaner. Work is being done to get all of the Port’s buildings and layouts on the web site as well as on the state’s Choose Washington web site. The state web site allows research about sites by county and can provide all kinds of demographic information about the county, as well. The Port’s site selector section of the new web site will link into that site. If desired, it would cost the Port an estimated \$3,000 more to make a</p> | |

document available on line that would download all pertinent information about the Port's properties, the county and would provide links to other agencies (Department of Revenue, etc.). Exec.D Sherwood stated that the document would most likely be automatically maintained through the contained links. She asked for guidance on how to proceed- either bring the web site up as it is and find out how it works with the state system, or launch into the site's document at a later point in time. Exec.D Sherwood recommends waiting and looking for some additional partners for a portion of the project. Wayne Wooster reported that MCEDD had asked KC for funding assistance and the county was not interested, as he said they were approached for the full amount. PC Deo wants to lessen the financial burden on KC for Port funding requests.

Exec.D Sherwood will continue to see how the system works and will report back to the PC.

Personnel Policy

Exec.D Sherwood discussed the need for several updates to the personnel policy including a drug and alcohol policy. These updates and other policy updates, like the CC&Rs for Dallesport, fees for warfage and water, goals and priority lists for capital improvements, IAC parks and recreation plan, dog control, and a telephone policy all need attention. A property inventory listing is vitally important. PC Deo recommended that the Port delegate some of this work out.

Motion Ford/Vinyard to modify the personnel policy to include the drug and alcohol policy presented. Motion carried.

Inter-local Agreement for Building

It was discovered today that the Inter-local agreement with KC for \$300,000 of financial assistance for Building 1E had an expiration date of December 31, 2005. Exec.D Sherwood suggested that a request be made to KC to extend or modify the inter-local agreement to extend it to December 31, 2006. Wayne Wooster stated that he believes that the money is still available and that a formal request should come from the Port to amend the agreement. Wayne also recommended that the county address the agreement regarding marketing.

Exec.D Sherwood will make a formal request to extend the agreement in 4.1 to December 31, 2006.

GEOTECH REPORT
on Point*
Update, PSC-
Architecture

Exec.D Sherwood reported that the geo-tech has measured for settlement twice, but she does not yet have a report, as they will be testing three more times. April 22-23 is the last test and the Port will know then whether the pad will be compacted enough to build on. Information from the architects DSP estimates the building cost now at \$1,691,100. This number compares to the initial estimate of \$1,372,400, for a plain vanilla building, for which funding was based. Together with testing, permits, fees (architectural/civil, etc.), contingencies, pre-load & geotech the cost may be \$2.2 million for an approximately 18,000 sq. foot building. In talking with the tenant about his need for 27,000 sq. ft. of office space, the cost went up to \$4.4 million – far exceeding what the Port could handle. The Port will not know what it is actually going to cost until the project goes out to bid. Causes of the increased costs were attributed to the cost of steel and concrete, as well as elapsed time. Exec.D Sherwood suggested different ways to reduce the cost of the building, noting that Bob Westermann has questioned the validity of the current estimate. Exec.D Sherwood suggested paying for an estimator to make a more detailed estimate as well as talking with prior contractors who have been used in the past to get additional cost estimates. PC Deo stated that the cost of steel has doubled in a year.

Exec.D Sherwood will talk with Team of O'Brien regarding cost estimates and will secure a more detailed estimate.

Application to

Exec.D Sherwood reported that the deadline for the final application to CTED is April 3, although the needed information is not back from potential private developers. The PC were in support of the application for looping the water and utility systems, RR road underpass, etc., and gave **consensus** and authorization to Exec.D Sherwood to submit the application if the needed private developer's information was adequate.

Port Industrial (PIP)
Williams Pipeline -
Meeting

Exec.D Sherwood reported that it was a good meeting with Williams Pipeline & NW Natural Gas. PC Deo also attended the meeting, with good representation from NW Natural Gas as well as Williams Pipeline. Exec.D Sherwood discussed the glass plant sitting difficulties with them, and had suggested a possible realignment along Highway 197. There was a commitment to get back to the Port by mid-April, with a time line and with options for re-alignment in 2007. They expressed the willingness to work with the Port and that they could see that the gas line, in it's present location, was in the way of future development. PC Deo said that it appears there will be substantial costs involved in moving the pipeline that NW Natural and Williams are not willing to cover. Exec.D Sherwood did not share that impression, as she believed they will include moving (perhaps a portion of) the pipeline in their 2007 budgets. The Port has some leverage in that the

• Manufacturing Plant - Rail Spurs

easement is only for a 50 year period, which expires 10/24/08. To extend a new rail spur extension to the glass plant would have to cross their pipeline.

The cost estimates Exec.D Sherwood got from Ben Beseda (Tenneson Engineering) today are about \$535,000 for cut and fill. The grading plan that was done by Kennedy Jenks several years ago was not flat along Dock Road. The EIS that was done for the waste water treatment facility includes these parcels which puts the Port ahead on the SEPA requirements, although a provision of the EIS requires that an archeologist must be on site during any excavations. The BNSF stated that they are committed to working with the community to make this project happen. \$1.2MM-\$1.3MM will be necessary to get the site graded and a rail line extended. Inquires with BPA must be made place a rail extension under its right of way. BNSF will be here March 22 at 10:00, followed with a site visit to DIP at 11:00. PC Ford will attend the meetings. KC BOC Don Struck will also attend.

• Reclamation Plan

Exec.D Sherwood reported that the reclamation plan had been received January 30 from Taylor Engineering and she recently discovered signatures are needed before being submitted for filing. At Exec.D Sherwood's request, Taylor Engineering sent a copy to hydrogeologist George Bennett for his review. He thinks that it will be kicked back by DNR, but that it could be filed anyway. Exec.D Sherwood asked the PC to look at the report and raise any concerns that they have before it is sent in. Taylor Engineering worked with Jim Riley on formulating the plan. It was pointed out that the reclamation maps do not show the easement that the Port has for the conveyor with RINKER (previously Pacific Rock Products). This is because the easement has not yet been recorded due to the size of the maps, and the uncertainty of the final layout pending RINKER's two year due diligence period. RINKER has had several changes in their President position due to health reasons. Chuck Rose, President, has stated that he will review the file and contact Exec.D Sherwood in the next week or so, in order for the Port to be able to move forward on getting involved in negotiating other pending agreements. There are several potential issues with the conveyor including the fact that it will cross the railroad tracks and near the KC Waste Water Treatment Facility. The reclamation map show that Riley's operator agreement 50 acre parcel's alignment does allow for the conveyor.

The Commissioners directed Exec.D Sherwood to sign the reclamation plan and get it in.

• Hydro-Geologist Consultant

PC Vinyard discussed how he came to know of George Bennett, of SubTerra. PC Vinyard called him up and talked with him and was satisfied with his conversation, noting that Mr. Bennett has worked in KC in the past.

• Water System Monitoring

Exec.D Sherwood discussed her request to the City of Bingen for operation of the Port's water system. She was told today about the City staff's recommendation (to be given to their city council tonight) that they not undertake this additional responsibility with their present staffing limitations. They also don't want to continue doing the daily testing that their staff has been doing, which means the Port must find someone else to do the daily monitoring of the water system. There are 18 other water systems in Dallesport, so someone from another system might be available to undertake that task. Don McDermott suggested talking to Debbie Turner about finding someone to do the daily testing.

MISCELLANEOUS
• Committee Updates

AIRPORT: PC Deo had no report.
MCEDD: PC Ford reported that he attended a meeting on March 13. It was a good meeting sharing information about how MCEDD is growing, with most of the time spent regarding their budget.
KC EDA: PC Vinyard had no report.

• PC Vinyard

- PC Vinyard suggested that the cable on Alpine Ave. needs to be more visible. As it is, it is a real liability. In this same area, trucks are pulling off to tighten their tie-down cables and are beginning to break off the edges of the pavement. It was suggested that the trucks be directed to do their tightening on the gravel before they reach the pavement. Near the log yard, the "Authorized Only" sign needs to be replaced as the sun and the weather have bleached it out so much that it can't be read. Regarding Southside Enterprises' site, some logs have shifted beyond the south side of the fenced site. Exec.D Sherwood has a not to call or write Bruce Schmidt about that situation.

Exec.D Sherwood to call or write Bruce Schmidt.

COMMENT

- The abandoned van has been removed by Bishop Towing. Port staff picked up lots of trash at DIP today.

Matt Riley asked for clarification of the sequence of events for the creation of the easement for the RINKER (Pacific Rock) conveyor alignment. The lease agreement specified that RINKER would work with KC, though Kennedy/Jenks (as KJ did both KC's & RINKER's site drawings). After the RINKER agreement was negotiated, the land was given to KC for the WWTF, so the county might not be aware of the easement, although it says in the Port's lease agreement that KC would be made aware of the easement because Kennedy Jenks was doing the work for KC. Once the Port is sure the alignment actually goes, it will make sure that KC knows about it, although the alignment may be within the Port's Right-of-Way. The Port would want to make sure that KC signs off on it.

- Don McDermott asked if there was any decision regarding siting of the glass bottling plant. Di said after the BNSF meeting, the Cameron family will meet and make decision about the bottling plant's location. Don clarified that the DNR is the one that approves the reclamation plan. The Port has no additional standards beyond DNR, although standards for reclamation need to be included in any operating agreement. The Port signs off on the reclamation plan and so can be assured that the plan is adequate. Reclamation plans call for the site to be left flat and compacted, ready for industrial development.

- Wayne Wooster asked for some additional comments regarding the cost estimates for grading of the lots for the Cameron Project. He asked whether the PC considered the grading costs high. Discussion followed regarding the rail, PUD and excavation/fill costs. PC Ford stated that he feels that once the work begins, the estimates will decrease. The rail spur was discussed: three 1,000 ft. spurs alongside the building with 4 switches. Their need is 500 to 800 cars per furnace. Don McDermott asked what is the payoff for the work even without the Cameron's as a central tenant? KC gets tax revenue from private investment; the Port creates jobs, and even with tax incentives the B&O tax would kick in eventually. KC Assessor prepared a benefit sheet noting approximately \$1.7MM in projected revenue.

MENT

EXECUTIVE SESSION - Personnel - 1 Hour

Chair Deo announced the Executive Session for Personnel at 7:10 to be convened for 1 hour. **Those present: PCs Deo, Ford & Vinyard and Exec.D Sherwood.**

Chair Deo adjourned the public meeting at 7:02.

Meeting adjourned at 8:10 p.m.

Approved on: _____
(Date)

Respectfully submitted _____
Vickie L. Drew, Administrative Assistant

Dianne Sherwood, Executive Director

Norm Deo, Chairman