

TOPIC	DISCUSSION / ASSESSMENT / FINDINGS	ACTION
Attendance	Commissioner/Staff Present: Port Commissioners (PCs) William Schmitt and Wayne Vinyard; Executive Director (ED) Marc Thornsburg; and Administrative Assistant/Port Auditor (AA/PA) Margie Ziegler. PC/Staff Absent: (PC) James Herman. Guests Present: Jeri Fisch, Insitu.	Meeting called to order by PC Vinyard at 4:41 PM.
Administrative Matters Approval of Minutes	Minutes – November 21, 2017	PC Schmitt M to approve the minutes, PC Vinyard S, MP 2-0.
Approval of Vouchers	Payroll Vouchers – December 5, 2017, #27202, #D11902-D11915, \$11,144.01. Vouchers – December 7, 2017, #27203-27222, \$62,660.88. PC Vinyard asked for clarification of the Tenneson Engineering invoices.	PC Schmitt M to approve the vouchers, PC Vinyard S, MP 2-0.
Resolution No. 5-2017 Dallesport Industrial Park Water Rates	ED Thornsburg explained the Port typically increases water rates by 3% each year, but a staff review of connection, base, and usage rates found no correlation with the increase in connection size, maximum flow, or water usage. He presented several examples. A 2” connection is 33% larger than a 1-1/2” connection, but the connection charge is 187% higher; a 4” connection is 33% larger than a 3” connection, but the base rate is 13% higher; and 500,000 gallons is 100% more than 250,000 gallons, but the usage charge is 4% higher. PC Vinyard said in the past rates were comparable to what other water systems were charging. Thornsburg noted that rates had been reviewed just over ten years ago and presented various alternative rates calculated using several different formulas. He also provided the commercial rates	PC Schmitt M to adopt Resolution No. 5-2017 using the connection charges proposed in alternative A3, the base charges proposed in alternative B1, and the usage charges proposed in alternative C2, PC Vinyard S, MP 2-0.

<p>Administrative Matters cont... Resolution No. 5-2017 cont...</p>	<p>used by other cities and water systems. Discussion followed concerning the alternative formulas, various possible rates, and the potential impact to customers.</p> <p>Vinyard asked what effect the various calculations would have on water system revenues. PC Schmitt said the connection charge should reflect the cost of the hook up. Thornsbury explained the Port's connection charge combines the cost of the hookup with what others call a "system development charge". He added that, in general, this charge provides funds that can be used to expand the system and secure additional water to replace the capacity and supply used by each connection.</p> <p>Schmitt stated he did not want to subject customers to a large rate hike and asked what the difference in revenue would be if the typical 3% increase were used versus the alternatives presented. Thornsbury reminded the PC the increasing connection and base charges serve to encourage smaller connections and lower water usage while providing additional funds when connections are larger or water usage is higher. Vinyard expressed concern regarding the impact of a rate hike on customers with large connections.</p> <p>Vinyard suggested the use of alternative A3 for the connection charge, alternative B1 for the base charge, and alternative C2 for the usage charge. Thornsbury explained the connection charge under alternative A3 would be \$118.04 per gallon per minute of approximate flow increased in multiples of 3.3% so, for example, a two inch connection would equal \$118.04 multiplied by 160 (gallons per minute) plus 13.2% and a three inch connection would equal \$118.04 multiplied by 300 (gallons per minute) plus 16.5%.</p> <p>He added the base charge under alternative B1 would be \$30.90 plus the</p>	
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<p>Administrative Matters cont... Resolution No. 5-2017 cont...</p>	<p>percentage increase in size over a three-quarter inch connection so, for example, a two inch connection would equal \$30.90 multiplied by 2.67 and a six inch connection would equal \$30.90 multiplied by 8.00.</p> <p>Continuing, Thornsbury explained alternative C2 would increase the number of quantity brackets and establish a rate of \$1.42 per 1,000 gallons for the first bracket with the rate for each bracket thereafter increased in multiples of 16.2% so, for example, the second bracket rate would equal the first bracket rate plus 16.2% and the third bracket rate would equal the first bracket rate plus 32.4%.</p> <p>Thornsbury suggested a thorough rate comparison be completed at a future date and noted a fire suppression system connection rate should also be considered and adopted.</p>	
<p>Uncollected Debt-Kerrits</p>	<p>ED Thornsbury stated the Port has an outstanding leasehold tax invoice issued to tenant Kerrits Activewear and the tenant has refused to pay the amount owed. AA/PA Ziegler explained that during a 2014 leasehold tax audit it was discovered the Port should have collected leasehold tax on the abated rent in 2011. Ziegler added the Port paid the leasehold tax and issued an invoice to Kerrits, but it has refused to pay, claiming the lease did not explicitly state leasehold tax would be collected during the rent abatement period. PC Vinyard said leases need to have clear leasehold tax language if rent abatement is permitted in the future.</p>	<p>PC Schmitt M to write off the uncollected debt of \$1,183 for Kerrits, PC Vinyard S, MP 2-0.</p>
<p>Old Business BPBP Lot 22</p>	<p>Jeri Fisch, Insitu, expressed appreciation for the offer of a five year lease for Lot 22, but stated the lot is unusable in its current condition. Fisch added that Julie Korenko, Insitu, had inspected the lot and noted the sub grade is not engineered fill, the surface is not sufficiently sloped and—without a gravel surface—subject to rutting, Bingen Point Way does not extend to the Lot, and a large pile of dirt remains on the lot.</p> <p>ED Thornsbury explained Lots 21 and 22 were largely cut to grade with</p>	<p>By consensus, the PC directed ED Thornsbury to send a letter to Jenny Taylor, Insitu, stating the Port's willingness to work together on the waterfront development for the PC's signature.</p>

<p>Old Business cont... BPBP Lot 22...</p>	<p>no over excavation performed and minimal structural fill placed. PC Schmitt noted the Port had already spent money to move the bins and bring the lot to the correct grade. Thornsbery said the lot was to have been leveled in the same manner as Lot 23 and noted that there may have been some settling in places since the end of construction. Thornsbery added he would check on the slope issue.</p> <p>Thornsbery reminded the PC the Port has not typically surfaced lots before they are leased and pointed to Lots 10 and 14 as examples. Fisch asked about Lot 4. PC Vinyard said the Port had put down a gravel surface to provide space so Underwood Fruit could move its bins out of the way for Insitu. Thornsbery added this was a special case, explaining the Port did so because Underwood Fruit had put in the gravel pad for their bins at their cost and, since the Port was forcing them to move, it would have been unfair to expect them to pay, again, for another pad. Vinyard said if the Port is going to have to surface vacant lots the lease rate should reflect that expense.</p> <p>Fisch asked why the gravel pad for the bins was removed. Thornsbery explained the lot elevation was above target and the excess material was needed as fill in other locations. Thornsbery reminded the PC the project had been short on fill and the Port paid to have additional fill material delivered to the site, adding that the target property elevations were set with the original development plan for Bingen Point. Vinyard noted the area has recently been disturbed and seeded and we have entered the wet season so the ground is naturally going to be soft.</p> <p>Thornsbery reminded the PC that Lot 23, already leased by Insitu, had been cut in similar fashion and to similar grade as Lot 22. He acknowledged no paved road serves Lot 22, but noted it is served by a gravel road off Maple St. and the roadbed for Bingen Point Way had been constructed. Thornsbery explained the pile of dirt was left in place</p>	
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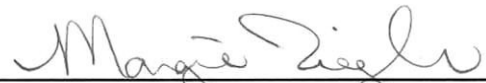
<p>Old Business cont... BPBP Lot 22...</p>	<p>to finish the drainage project for Spruce Street and would be gone when it is completed. Fisch said she will have Korento talk to Thornsbery.</p> <p>Fisch asked if the Port has a snow removal plan and noted that Insitu performed nearly all the snow removal at Bingen Point last winter. Thornsbery explained the Port is able to concurrently field two manned pieces of snow removal equipment and, as a result, removal takes time such that the last building will be cleared several hours after work begins. He said the Port has already been working to obtain a snow plow so three pieces of manned equipment could be pressed into service, but noted that because Insitu has more resources, it will always be capable of removing snow more quickly than the Port.</p> <p>Fisch said Insitu will be working on the parking lot for Lot 34 and expressed hope the Port would partner with it to repair the north access road. She also asked when entrance signage will be reinstalled on Marina Way. Thornsbery said the Port has not reinstalled the monument sign, in part, because of questions regarding the location of the new grade-separated crossing and entrance.</p> <p>Thornsbery informed the PC he had contacted the owner of the Rivermile 172 property regarding possible acquisition and was told it is not currently available. Thornsbery presented different options available to address the Port's plans for waterfront access, recreation, and tourism without inclusion of the Rivermile 172 property. Discussion followed concerning the best way to move forward and possibly sending a letter to Insitu reiterating the PCs 2016 plan and summarizing its benefits.</p> <p>Schmitt cautioned the Port could be wasting its time on the Rivermile property. Vinyard expressed concern there are things taking place of which the Port has no knowledge, making it very difficult to plan. Schmitt noted the Port's plan for the Rivermile property may not be well</p>	
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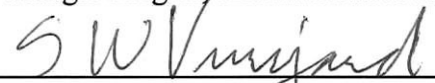
<p>Old Business cont... BPBP Lot 22...</p>	<p>known within the Insitu organization. Vinyard noted a letter could reiterate the Port's interest in improving the property and describe how this would benefit Insitu as well as the public. Thornsby said a letter would show what the Port was willing to do and that Insitu had an opportunity to participate.</p> <p>Schmitt asked if the Port can afford to purchase the land and make the necessary improvements. Thornsby stated the Port would be able to do so, provided no major environmental problems exist, and added that a revenue bond would be a possible source of funds. Schmitt said he is uncomfortable with the idea of a third party acquiring the property. Vinyard noted Port ownership would allow for development while meeting the state requirements for shoreline protection. He asked if purchasing the property would prevent the Port from being able to construct the two additional buildings desired. Thornsby expressed his belief at least one could still be built.</p>	
<p>New Business Executive Director Contract</p>	<p>ED Thornsby provided a copy of the executive director employment contract as previously requested by the PC with one version including an executive retention provision and another without the provision. He also provided a review of the contract by the Port's general counsel. Thornsby suggested the executive retention program be abandoned. PC Schmitt said he agreed if Thornsby was satisfied. PC Vinyard concurred.</p>	<p>PC Schmitt M, to execute the Executive Director Contract without the executive retention provision and retaining the 2.2% cost of living adjustment and 7.8% market adjustment, PC Vinyard S, MP 2-0.</p>
<p>2018 Budget – Wages & Salaries</p>	<p>ED Thornsby explained the 2018 budget will need to be modified to account for the salary adjustments approved by the PC. Thornsby explained that unanticipated lease revenue for DIP Lot 39, combined with the delay in hiring maintenance staff and a transfer of \$10,000 from the capital budget for a future vehicle purchase, would be sufficient to cover the difference. Discussion followed regarding wages and benefits. PC Vinyard said he is comfortable with Thornsby's recommendations. PC Schmitt noted the Port has good staff now and needs to make sure</p>	<p>PC Schmitt M, to direct ED Thornsby to modify the budget within the total amount approved for 2018 to provide for the approved salary adjustments, PC Vinyard S, MP 2-0.</p>

New Business cont... 2018 Budget – Wages & Salaries cont...	they will stay. Vinyard stated the Port's health care benefits should not be overlooked. Schmitt added they are a valuable benefit. AA/PA Ziegler said all SW Washington ports pay the full premium for employee health care benefits.	
Vacation Buyout		PC Schmitt M, to pay ED Thornsburg 160 hours of unused vacation, PC Vinyard S, MP 2-0.
January Meeting Schedule	ED Thornsburg noted the first regular meeting in January would fall immediately after New Years Day and suggested canceling the meeting.	By consensus, the PC agreed to cancel the meeting on January 2.
Executive Director's Report Year-in-Review	ED Thornsburg presented the year-in-review showing the highlights of 2017.	
Commissioners Remarks	PC Vinyard said a letter was sent out from the Klickitat County Public Economic Development Authority (KCPEDA) requesting a board representative for 2018. PC Schmitt noted Dana Peck (Goldendale Chamber of Commerce) will be the representative for the Washington Chambers of Commerce on the Mid-Columbia Economic Development District (MCEDD) board.	PC Schmitt M, to appoint PC Vinyard as the 2018 KCPEDA representative, PC Vinyard S, MP 2-0.
Public Comment	None	
Adjournment	PC Vinyard adjourned the PC Meeting at 8:39 PM.	

Approved on January 16, 2018
(Date)


Marc Thornsburg, Executive Director



Margie Ziegler, Administrative Assistant


Wayne Vinyard, President