

TOPIC	DISCUSSION / ASSESSMENT / FINDINGS	ACTION
<b>Attendance</b>	<b>Commissioner/Staff Present:</b> Port Commissioners (PCs) James Herman, William Schmitt, Wayne Vinyard; Executive Director (ED) Margie Ziegler; and Administrative Assistant (AA) Bonita Snyder. <b>PC/Staff Absent:</b> None. <b>Guests Present:</b> Bill Eling, Port Attorney (via teleconference), Darrin Eckman, Tenneson Engineering; Jeff Dean, James Dean Construction; James Dean, James Dean Construction, Gavin Schmidt, Dirt Hugger.	Meeting called to order by PC Vinyard at 4:30 PM.
<b>Administrative Matters</b> Election of Officers		PC Schmitt M to keep the same officer roles as in 2022, PC Herman S, MP 3-0.
Approval of Minutes	Minutes – December 20, 2022.	PC Schmitt M to approve the minutes, PC Herman S, MP 3-0.
Approval of Vouchers	Vouchers – December 29, 2022, #29319-29329, \$22,059.42. Payroll Vouchers – January 5, 2023, #D13380-D13395, \$13,396.34. Vouchers – January 10, 2023, #29330-29346, \$57,094.25. Payroll Vouchers – January 20, 2023, #D13396-D13403, \$11,984.20.	PC Herman M to approve the vouchers, PC Schmitt S, MP 3-0.
Resolution 1-2023 Delegating Authority to Port Officials		PC Schmitt M to approve Resolution 1-2023, PC Herman S, MP 3-0.
Procurement Policy	ED Ziegler noted changes to the Procurement Policy.	PC Schmitt M to approve the Procurement Policy, PC Herman S, MP 3-0.

<b>Old Business</b> BPT Bldg 1A Kerrits Remodel	ED Ziegler stated the Kerrits photo studio space (Suite F) remodel has started this week and Hale Construction has made changes to the stairs to enable them to put in the dividing wall between Suites E and F.	
<b>New Business</b> DIP Aggregate Mining Operating Amendment	<p>ED Ziegler stated Jeff Dean met with her to discuss the security bond, restoration, and royalty rate. She invited Deans to present their proposal to the PC. PC Vinyard noted this agenda item was to better understand the Dean's proposal, but negotiation would take place through Ziegler after the Port Commission had considered the information presented.</p> <p>Jeff Dean, James Dean Construction, noted the Port proposed a \$1,000,000 bond. He said he was not sure how the Port came to \$1,000,000, but he counter proposed a \$300,000 bond using the formula established by the original operating agreement considering the current disturbed acreage. He said he felt this would be adequate to reclaim the pit to DNR specifications. He stated James Dean Construction pays a fee of 1.5% of the total bond, so the \$1,000,000 bond fee would be significantly different than the \$300,000 bond fee. Darrin Eckman, Tenneson Engineering inquired about the size of bonds held in other pit locations. Jeff Dean said holding a bond was not typically required at their other pits. Discussion followed about the requirements for DNR reclamation versus what the Port is asking for reclamation. Eckman stated the purpose of the reclamation bond is to make stable edges and return the pit to a natural state, not to fill and grade areas that are below the Port's designated target elevation.</p> <p>Jeff Dean said he had proposed filling 50,000 cubic yards per year at the current royalty rate. He noted it costs about \$0.60/ton of outgoing material to restore. As a result, in order to continue making a profit on outgoing material if royalties increase, the amount of restoration would proportionally decrease. Jeff Dean stated they have filled approximately 50,000-60,000 cubic yards of fill, and have another 20,000 cubic yards</p>	

<p><b>New Business (cont.)</b>  DIP Aggregate Mining Operating  Amendment (cont.)</p>	<p>ready to doze in for fill.</p> <p>Eckman stated the filled area is now at a reasonable bearing load for future builds. He stated in the native areas, some work will be needed in order to bear a building. He noted there is no benefit to doing improvement work until a building footprint is known. PC Herman said the \$0.60 could be considered an investment in a level build area which would not be the result of a typical mining operation. Jeff Dean noted if the Port wanted to increase royalties, and pay James Dean the \$0.60 for fill and grading, it would be an equivalent solution to keeping the royalties at the same rate.</p> <p>Jeff Dean stated the Port presented a royalty rate schedule that would price James Dean Construction out of the market, resulting in no rock sales, and no revenue for the Port. He said he provided a comparison of base course costs for James Dean and Granite (their direct competitor). He noted base course is the main product sold. Jeff Dean stated James Dean Construction's crushing prices are evaluated annually.</p> <p>James Dean stated the driving expense factors for them are external (such as fuel rates) but the resource is not impacted by cost factors. Ziegler stated the 2007 rate for base course was \$6.25 per ton, when the Port's royalty was set at \$1.27. The base course rate is now \$10.50. Ziegler noted the Port has not increased the royalty rates in 15 years. Ziegler reviewed the recommendations from George Bennett's analysis. Jeff Dean stated operating costs have greatly increased. Discussion followed about sale rates, royalty rates, operational costs, and the cost of restoration, including discussion about the Port's responsibility to the public to ensure equitable revenue generation. Jeff Dean stated it would be better for James Dean Construction to have a sustained composite rate over five years, due to the nature of their business with contracts falling over multiple calendar years.</p> <p>Eckman asked how much Granite sells to outside sources, adding he</p>	
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<p><b>New Business (cont.)</b> DIP Aggregate Mining Operating Amendment (cont.)</p>	<p>thought most of Granite’s material was used for their own projects. Jeff Dean stated outside sales have been cheaper at Big Fish Quarry, so outside sources have been coming to Big Fish rather than Granite.</p> <p>Jeff Dean stated in 2022 they sold 170,000 tons, but expressed his fear of reaching a price point where such sales will not be feasible. Ziegler asked for more information about the market. Jeff said there is demand for rock, but the expense of barging to Portland is financially marginal to local Portland costs. Discussion followed about the logistics of barging and trucking rock, and the costs involved.</p> <p>Ziegler asked if Deans had ever seen a royalty set based on a percentage of the sale price of the rock. He said he had not, but would be willing to consider it. He said from the operator side, it would be a consistent way to anticipate costs.</p> <p>Jeff Dean said he had talked to Eckman about Dirt Hugger’s need for top soil to mix with compost for a salable product. Gavin Schmidt, Dirt Hugger, said Dirt Hugger is interested in soil from a depth of 6”-30”. The end product is called “50-50” and is used primarily for new development, which comprises 25% of local sales in peak season. He noted Dirt Hugger may be forced to stop offering the product if they cannot source the correct blend of sand, silt, and clay. Jeff Dean stated based on Eckman’s estimates about 4,000 more cubic yards of material would need to be stockpiled for final reclamation. Jeff Dean recommended sale of excess subsoil to Dirt Hugger. Schmidt noted the soil composition in the Big Fish Quarry is ideally suited for plant base, but is not more useful for fill than sand, which is readily available. Schmidt stated the end product is sold at \$62/yd, with a blend of 60% compost, 40% soil. Dirt Hugger is not interested in soil with organic matter, as they process their own. They estimate needing approximately 30,000 cubic yards per year, with continued future need. PCs Schmitt and Vinyard expressed significant concern about having enough soil for</p>	
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<p><b>New Business (cont.)</b> DIP Aggregate Mining Operating Amendment (cont.)</p>	<p>restoration. James Dean noted there were pockets of sandy loam suitable for fill (but not suitable for sale) to the east of the existing pit. Eckman noted this would not be a deliberately mined product, but a salable byproduct of natural mine expansion.</p> <p>Eckman stated he did not account for fill material required for Lots 24 and 26. He noted he calculated the need for 67,000 yards of top soil for the expanded mine area slopes and 10% of the floor area. He noted he estimated 10% of the future development of the floor might be reserved for landscaping. Eckman stated he felt the Port would be safe with a stockpile of 70,000 cubic yards. He noted a less valuable product can be used for fill, and the Port would have excess. Jeff Dean noted they moved 50,000 yards of blow sand which has no market value, but is usable for fill.</p> <p>Herman asked about use of The Dalles bridge concrete for fill. Eckman stated the concrete on Lot 38 is suitable fill material. Eckman noted the stockpile on the south side of the bridge has a much higher content of asphalt, and more research is needed before he can make a recommendation on whether or not to accept that material. Herman noted if the concrete was moved into the pit from Lot 38, the Port would not have to pay \$0.60 to place the fill material. Jeff Dean stated James Dean Construction would charge Hamilton to accept and place the fill, so the Port would not bear the cost. He noted there are challenges around managing contaminates. Eckman noted the stockpile on Lot 38 is approximately 4,000 cubic yards of material.</p> <p>Herman asked Deans opinion of the potential traffic impact of the new development at 100 Dow Road. Jeff Dean stated he did not understand how the building was approved with loading docks directly accessing Dow Road, so near the intersection with Hwy 197. He stated he felt there will be a severe conflict with the existing truck traffic from the mine. He noted if the building configuration was changed so large trucks accessed the building from the east side, the traffic impact would be</p>	
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<p><b>New Business (cont.)</b> DIP Aggregate Mining Operating Amendment (cont.)</p>	<p>significantly reduced. He added if courier vans (or similar vehicle) were the expected use, there would be no conflict with the North load docks, but semis or other large trucks would not fit. He noted the James Dean Construction trucks were at least 60' long nose to gate.</p> <p>Eling noted that based on the discussion in the meeting the Commission should adjourn to an executive session to discuss three issues: 1) the bottom-line royalty rate, 2) the legal enforceability of regulatory requirements, e.g., reclamation activities and 3) legal risks of the proposed amendment.</p>	
<p><b>Executive Director's Report</b> 2022-04 DIP Well #2 Disinfection and Improvements</p>	<p>Darrin Eckman, Tenneson Engineering, stated since the December meeting, the work for Change Order #1 to install automatic air-vacuum valves has been completed and is operational. Eckman noted while trenching, Beam encountered rock without soil and had to purchase aggregate material to provide suitable bedding and backfill for the combination air-vacuum valves. They also found the existing waterlines were not deep enough to allow the piping to the valves to be smoothly bent, so brass fittings had to be installed to maintain adequate slope and frost protection. Beam has requested a second change order to address the backfill and fittings needed.</p>	<p>PC Herman M to accept Change Order #2 to procure and install fittings and suitable aggregate material, in the amount of \$600 not including sales tax, PC Schmitt S, MP 3-0.</p>
<p><b>Executive Director's Report (cont.)</b> Dallesport Log Yard Update</p>	<p>ED Ziegler stated the amendments for Lots 43 and 45 have been signed. She noted when the quarry issues were resolved she will focus on Lot 45. PC Vinyard noted the lock closure in March as being an important opportunity to clean up the dock loading area.</p>	
<p><b>Executive Director's Report (cont.)</b> 1<sup>st</sup> Qtr 2023 Strategic Planning</p>	<p>ED Ziegler stated she provided a detailed list of projects for the quarter and asked the PC to call her if they had any questions.</p>	
<p><b>Commissioners Remarks</b></p>	<p>PC Vinyard stated he submitted his application for Klickitat County Public Economic Development Authority.</p> <p>PC Schmitt stated he met with L77 and toured the DIP Lots 24 and 26 for</p>	

<b>Commissioners Remarks (cont.)</b>	sagebrush grubbing. He advised that soil disturbance would cause increase in weeds. A flail mower was recommended for weed management. Darrin Eckman, Tenneson Engineering, noted Bingen Point lots such as Lot 8 would also benefit from management with a flail mower. Schmitt stated L77 will do 10 hours of work, then will consult with the Port to determine if additional work is needed. Schmitt noted industrial flail mower Skidsteer attachments run about \$3,500. He also noted the Port is still searching for a trailer.	
<b>Public Comment</b>	None.	
<b>Executive Session</b> Legal Risks with Amendment to Aggregate Mine Operating Agreement	PC Vinyard called an executive session at 6:30 PM pursuant to RCW 42.30.110(1)(c) and 42.30.110(1)(i)(iii) [to discuss with legal counsel the legal risks of a proposed action identified by the Port] and announced he expected the session to end at 7:30 PM. Pursuant to RCW 42.30.110(2) Vinyard announced that the executive session was extended to 7:45 PM. At 7:45PM Vinyard announced the executive session was extended the executive session until 8:15 PM. At 8:15PM Vinyard announced the executive session was extended the executive session until 8:30 PM. At 8:30PM Vinyard announced the executive session was extended the executive session until 9:00 PM. Pursuant to the statue, no action was taken in the executive session. Vinyard noted the PC authorized the ED to continue negotiating the Amendment to the Aggregate Mine Operating Agreement and utilize legal counsel in those negotiations.	
<b>Adjournment</b>	PC Vinyard adjourned the PC Meeting at 9:00 PM.	

Approved on February 7, 2023  
(Date)

Margie Ziegler  
Margie Ziegler, Executive Director

Bonita Snyder  
Bonita Snyder, Administrative Assistant

SW Vinyard  
Wayne Vinyard, President