

Agenda for Tuesday, February 20, 2001
Klickitat County Port District
2nd Regular Monthly Meeting
Workshop
February 20, 2001 - 4:30 P.M. - PORT OFFICE

AGENDA

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

ADMINISTRATIVE MATTERS

Minutes - February 6, 2001 (5 minutes)
Vouchers - February 15, 2001 - Payroll (5 minutes)
Vouchers - February 20, 2001 (5 minutes)

EXECUTIVE DIRECTOR'S REPORT

BINGEN POINT:

Northern Pikeminnow Sport-Reward Fishery (5 minutes)

DALLESPORT INDUSTRIAL PARK:

DIP Easement Description Correction (5 minutes)
Shorelines Permit (5 minutes)

GUEST: 5:00

John Shaffer -
Pacific Rock Products (60 minutes)

MISCELLANEOUS

WPPA-Lewis R. Holcomb Scholarship (5 minutes)
Air Shed - Klickitat Co. Letter to DOE & DEQ (5 minutes)

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

ADJOURNMENT

PORT OF KLICKITAT BOARD OF COMMISSIONERS MEETING MINUTES February 20, 2001 REGULAR SESSION		
<u>TOPIC</u>	DISCUSSION/ASSESSMENT/FINDINGS	ACTION/FOLLOW UP
<u>ATTENDANCE:</u>	<p>Commissioners/Staff Present: Port Commissioners (PCs) S. Wayne Vinyard, B. Marc Harvey, and Norm Deo; Executive Director (Exec.D) Dianne Sherwood; and Administrative Assistant (AA) Vickie Drew</p> <p>PC/Staff Absent: Port Counsel (Counsel) Teunis Wyers</p> <p>Guests Present: John Shaffer (Pacific Rock); Matt Riley (Riley Bros.); Mike Smith (Dallesport); Tom Seifert (KC Res.Dev.); Bob Callow (Coyote Springs Sand & Gravel); Mike Henry (Bernert Barge Lines); and Jim and Tony Riley (Riley Bros.Concrete).</p>	
<u>EXECUTIVE SESSION - Real Estate</u>	<p>Chair Harvey opened the public meeting at 4:37 and requested a short Executive Session regarding real estate. Those present: PCs Deo, Harvey, and Vinyard, Exec.D Sherwood, and AA Drew.</p>	<i>Chair Harvey adjourned the Executive Session at 4:47.</i>

<p><u>GUEST: John Shaffer, Pacific Rock Products</u></p>	<p>Chair Harvey re-opened the public meeting at 4:48 with our guest presentation moved to the first order of business. Exec.D Sherwood introduced John Shaffer of Pacific Rock Products (Pac Rock), who gave a brief history of the company. From their beginning as a family owned business, they have grown to be one of the largest aggregate producers in Portland as part of the Kewitt Corporation. In 1999, Kewitt bought Pacific Rock Products and inherited the operation in Dallesport on property that belongs to Mike Smith, and set about determining how they would develop that site. In 1996 there was a shortage of aggregate in the Portland area and many producers beefed up their production capability to met the demand. In 1999 demand fell off and those companies now have stock piles of aggregate. John stated that everybody knows that somewhere in the future, rock will come into Portland from outside the area via barge or rail. Determining when demand will again be strong is the key to determining the timing for a major investment in facilities and equipment. Pac Rock is the 3rd largest concrete and 2nd largest asphalt producer in Portland and uses about 6 million tons of aggregate per year and currently has a reserve stockpile of approximately 125 million tons. John stated one of his main reasons for being here is that they need to decide what they're going to do because the lead time for a loading operation is big. They feel the only way they can operate economically is if the loader man in the pit is the only guy that touches the rock. Rock would go into the crusher, into storage, and then by conveyer to the barge at 1,000 tons per hour. At the other end it would be offloaded, without anyone touching it, into bins and then directly to the concrete or asphalt plant. This would be a highly capital intensive operation, as just the conveyor line would cost in excess of \$4 million. John is concerned most with the time it will take to get permits in place</p>	
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<p><u>GUEST: John Shaffer, Pacific Rock Products, cont.</u></p>	<p>from the Corp of Engineers (Corps) to install dolphins. It will also be necessary to deal with BPA for use of their right-of-way, with Williams (as they have gas line right-of-ways), with the BNSF railroad for a crossing, and with WA DOT for a tunnel under Highway 197. They just received a Corp permit for some maintenance dredging in the channel which took two years to get; it used to take two months. There are a number of parties interested in getting involved in barging of aggregate on the Columbia. PC Vinyard asked John when he thought the market may be suitable for the Port's aggregate. John answered 2 years, 20 years, maybe never. There are two operators trying to permit substantial reserves in Columbia Co. and both intend to barge rock. Glacier NW, the largest concrete producer in Portland, has been trying to get permitted for 15 years. Marsh Brothers is also working on getting permits as well. PC Deo asked what John felt the Port should be doing right now. John stated that if the market turned around today and the rock was available, the Port would be two years out as far as getting rock out at Dallesport just because of the time needed to get permits in place. PC Deo explained that the Port does not have the financial resources to build a loading facility especially in light of the uncertainty of demand for aggregate. John said Pac Rock would be willing to take on the risk. If they had a long term agreement with the Port, they would be willing to get the permits and make the improvements, including those in-water. Once the permits were in place they would be willing to pay the Port a minimum royalty. If the market doesn't materialize, they would need an "out" of the contract even though all the improvements stay with the Port. John said the first step was for someone to step up and spend the time, effort, money, and engineering to get the necessary permits. They are willing to do that if they go into the process knowing that if they accomplish it, they have an agreement with the Port. PC Vinyard asked how much waterfront area would be needed. John said that rock storage would be at the crusher site so only enough storage area for 1,000 tons would be needed at the waterfront. Exec.D Sherwood asked John what wharfage rate it would take for Pac Rock to be competitive in the market. John proposed a ballpark wharfage rate of \$.10 -.11cents per ton. Their goal is to be off-loading at \$5.00 per ton to be competitive. Exec.D Sherwood asked John what his position was regarding other producers using the facility. He didn't have a problem with it as long as the rules are clear, especially regarding priority. He would like to see something happen at the Port and wanted to know if the Port was ready to proceed. He is willing to present a proposal if it would be given serious consideration. John asked how important moving Port rock is in the mix of things. PC Deo stated it was a very important part of any agreement that the Port may make. PC Vinyard asked if it were possible to consider a location other than on Lot #46 and proposed the area to the west of the Weyerhaeuser operation to relieve some of the congestion at the east end. John said the conveyor could go anyplace and a more westerly location would be better and closer for them. Exec.D Sherwood asked what length of term would be desired. John proposed a 20 year agreement with an option to extend. John will have a written proposal to the Port within 30 days. Exec.D Sherwood asked if there were another location on the north side of the railroad</p>	
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<u>PUBLIC COMMENT</u>	There was no public comment.	
<u>COUNSEL'S REPORT</u>	Counsel's presence was not required.	
<u>ADMINISTRATIVE MATTERS</u> <u>Minutes - February 6, 2001</u>	The minutes of February 6 were submitted for approval.	<i>PC Vinyard moved to approve the minutes of February 6, 2001; seconded by PC Deo - motion carried.</i>
<u>! Cash Balances Memo</u>	Exec.D Sherwood discussed the cash balances memo noting liquid funds of \$391,731.69 which includes \$8,350.00 of CERB Grant Funds. The Port's State Pool General investment account has a balance of \$381,500.00. \$47,149.00 will be paid from the Port's General Fund towards the cost of the new building, leaving a net amount of approximately \$344,582.69. At this time last year the balance in that account was \$153,300.00.	
<u>! Vouchers - February 15, 2001 - Payroll</u>	Exec.D Sherwood discussed the vouchers of February 15 which were for payroll.	<i>PC Vinyard moved to approve vouchers #16311 through #16313 on the General Fund in the amount of \$3,306.02; seconded by PC Deo -- motion carried.</i>
<u>! Vouchers - February 20, 2001</u>	Exec.D Sherwood discussed the regular vouchers noting payments for: electrical work and berm relocation.	<i>PC Vinyard moved to approve vouchers #16314 through #16327 on the General Fund in the amount of \$7,297.64; seconded by PC Deo -- motion carried.</i>
<u>! EXECUTIVE DIRECTOR'S REPORT</u> <u>*BINGEN POINT*</u> <u>! Marketing Brochure</u>	Exec.D Sherwood displayed a sample of what the Port's new marketing brochure will look like. Production starts today and it will be available in approximately 10 days.	
<u>! Northern Pikeminnow Sport-Reward Fishery</u>	Exec.D Sherwood reported she received a letter from the Dept. of Fish and Wildlife thanking the Port for allowing them to operate a registration station last year and stating that they will be in contact with the Port in the near future regarding use of the Bingen Marina site again this year.	
<u>! Multi-jurisdictional Water System</u>	Exec.D Sherwood reported that at the new well being dug by the City of White Salmon, at 890 feet down, artesian water was found. It may be producing 1,600 to 2,000 gallons per minute. This will save many dollars by not having to pay for electricity to pump the water.	

<p><u>! REV Grant</u></p>	<p>Exec.D Sherwood reported that the CERB Program has allocated REV grants dollars to the City of Bingen of which they have determined that \$50,000 will be utilized to do an access study for a railroad underpass from Bingen to Port property.</p>	
<p><u>! Temporary Asphalt Plant</u></p>	<p>Exec.D Sherwood reported that a firm is bidding on a WA ST highway paving project on Highway 14 from Stevenson to Lyle. If they are successful in their bid, they are interested in leasing Port property at Bingen to set up a batch plant for 3-4 months. She suggested paving done on Port roads in exchange for the use of Port property. Discussion followed regarding possible locations for such a plant.</p>	
<p><u>! EXECUTIVE DIRECTOR'S REPORT</u> <u>*DALLESPORT INDUSTRIAL PARK*</u> <u>! DIP Easement Description Correction</u></p>	<p>Exec.D Sherwood reported that the easement correction has been executed regarding the property Mr. Hovinghoff acquired at Dallesport.</p>	
<p><u>! Shorelines Permit</u></p>	<p>Exec.D Sherwood discussed the Notice of Application published in the Goldendale paper regarding Ross Island's application for a Substantial Development permit to utilize Port property for a load-out facility. PC Deo asked if KC Planning was aware that Ross Island does not have an agreement with the Port for use of the property and questioned if it was required to have the property owner's signature for such an application. (Yes) Exec.D Sherwood thought that KC Planning may wish to change their application form as it presently does not require the property owner's signature on the application.</p>	
<p><u>! Ty & Chad Ross - Lot #37</u></p>	<p>Exec.D Sherwood reported she has met with Ty and Chad Ross regarding the leasing of Lot #37 to initially set up a diesel run plant (they would later convert to natural gas) to produce electricity which they would sell back to the PUD to alleviate some of the energy crisis situation. Their operation would create approximately seven jobs.</p>	
<p><u>! Articles of Interest</u></p>	<p>Tom Seifert brought some newspaper articles of interest. Boardman is allowing a racetrack that may generate \$500,000.00 per year. Other articles regarded concern from environmentalist's over Ross Island not having performed an EIS for the property at Dallesport and an article explaining why the unions are opposing the Goldendale Energy plant.</p>	

<p><u>MISCELLANEOUS</u> <u>! WPPA Lewis R. Holcomb Scholarship</u></p>	<p>Exec.D Sherwood discussed WPPA's Lewis R. Holcomb Scholarship that is available to Port employees, commissioners, their spouse, children or grandchildren who pursue academic areas related to port district purposes, including international trade, foreign languages, finance or business. Application deadline is Friday, March 30.</p>	
<p><u>! Air Shed - Klickitat Co. Letter to DOE & DEQ</u></p>	<p>A letter from the KC BOCC, dated Jan. 29, 2001, to DOE and DEQ was included in the packet for informational purposes.</p>	
<p><u>! Bridge Feasibility Study</u></p>	<p>PC Harvey gave an update regarding the bridge feasibility study and possible locations discussed for a new bridge. He felt it most likely that the present location would be utilized to rebuild the current bridge or replace it.</p>	
<p><u>! Bingen Lake Water Level</u></p>	<p>PC Harvey stated he thought the Lake level is a bit lower than he used to keep it, by about 4 - 6 inches. PC Deo will work with Maint. Tech. Lethco to raise the shut off valve to provide a little bit higher lake water level.</p>	
<p><u>! CC&R's Questions</u></p>	<p>Exec.D Sherwood will meet with Lisa of Counsel's office on Thursday to resolve some of the CC&R issues in question.</p>	
<p><u>! Possible Annexation</u></p>	<ul style="list-style-type: none"> • PC Harvey would like at a future workshop to discuss some of the strengths and weaknesses of annexing into the City of Bingen. • He asked if Exec.D Sherwood had contacted anyone regarding a floating casino. He suggested proposing the idea to Oregon Governor Kitzhaber. 	
<p><u>! KC Assistance</u></p>	<p>Tom Seifert stated that KC has money in the budget to help the Port. Two projects currently pending are assisting with the infrastructure at Dallesport and for another building at Bingen Point. Exec.D Sherwood will be meeting with Peter McMillan, head of Office of Trade and Economic Development (OTED) to discuss grant funding for infrastructure at Dallesport.</p>	
<p><u>! Riley Request</u></p>	<p>Exec.D Sherwood reported that there are several issues that need to be resolved before considering Riley's Feb. 6 request to extend their operator's agreement for 20 years. One issue will be to try to resolve the issue regarding Lot #34 and ownership of improvements.</p>	
<p><u>PUBLIC COMMENT</u></p>	<p>There was no public comment.</p>	
<p><u>ADJOURNMENT</u></p>		<p><i>PC Vinyard moved to adjourn at 6:45; seconded by PC Deo -- motion carried.</i></p>

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Approved on: _____
submitted _____
(Date)

Respectfully

Vickie L. Drew, Administrative Assistant

Dianne Sherwood, Executive Director

B. Marc Harvey, Chairman