

COMMISSION MEETING MINUTES

January 9, 2012
9:30 a.m.

PRESENT:

John Calhoun, President	Colleen McAleer, Mrkt & Property Mgr.
James Hallett, Vice-President	Mike Nimmo, Marine Terminal Mgr.
Paul McHugh, Secretary	Holly Hairrell, Human Resources Mgr.
Jeff Robb, Executive Director	Jesse Waknitz, Env Plng & Permit Tech.
Bill James, Finance/Admin Dir.	Sylvia Teichert, Executive Asst.
Dave Neupert, Port Attorney	

CALL TO ORDER – OPEN SESSION

PLEDGE OF ALLEGIANCE

OATH OF OFFICE: James D. Hallett

TIME SPECIFIC: 9:45 a.m. - 10:15 a.m. - Commissioners Retirement Reception
11:45 a.m. - 1:30 p.m. Meeting Recess
3:00 p.m. - Ribbon Cutting Composite Campus Airport
Industrial Park

Port counsel Dave Neupert stated that Commissioner James Hallett officially took the oath of office December 22, 2011, but that it will be memorialized today. He administered the Commissioner oath of office to James D. Hallett.

I. VOUCHERS

Commissioner Calhoun stated he examined the vouchers, found them to be accurate and in order and made the motion for approval of vouchers REV (none) AP #032232 through #032378 and vouchers PR #012213 through #012294 for a total of \$653,848.38. Commissioner Hallett seconded and the motion passed unanimously.

II. MINUTES OF DECEMBER 12, 2011 COMMISSION MEETING

Commissioner Calhoun stated he reviewed the December 12, 2011 Commission Meeting Minutes, found them to be in order and moved to accept as presented. Commissioner Hallett seconded and the motion passed unanimously.

III. EARLY PUBLIC COMMENT SESSION

Brown Maloney, Sequim resident and business owner remarked that there are four very good candidates for Commissioner. He said has known Paul McHugh for 25 years and stated that Mr. McHugh is already a proven elected official and believes he would be an excellent choice for the Port. He said that he is well-connected, knows the makings of the County, is very approachable and is committed to the County and Sequim area.

Larry Reece, 651 Manzanita Drive in Diamond Point spoke in favor of Gerald Stiles. He said he is a good friend and they overlapped two years at the Naval Academy. He well knows Jerry's background and said he is very involved in the Diamond Point community and also active in Clallam County and Port Angeles. Mr. Reece stated that Mr. Stiles is highly motivated, highly educated and highly skilled and feels he would make an outstanding Port Commissioner.

Dick Pilling, Port Angeles, also spoke in favor of Mr. Stiles echoing Mr. Reece's comments. Additionally, he remarked that he is a public spirited individual and has more educational degrees than a thermometer. He believes that with all his knowledge and vast experience he would make an excellent Commissioner.

George Schoenfeldt, 672 Buchanan Dr., Port Angeles, spoke and commented that there are four excellent candidates any of whom would be a good Commissioner. He pointed out the difficulty in selecting a candidate for District 1 which will affect the entire county. To him he said one candidate stands out for several reasons and that is Dr. Shawn Hankins. He noted he is a lifelong resident of Clallam County who worked his way through college working for the forest timber industry in the woods and loading ships over Port docks. Besides his success in his medical career, he also is successful as the owner of a land development company with 55 full time employees. He said Dr. Hankins understands that the Port is the economic driver in the County and Mr. Schoenfeldt emphasized that he is honest, ethical and intelligent and that he would add his own unique view to move forward.

VII. RETIREMENTS (9:45 a.m.)

A. Resolution No. 12-1027 – George H. Schoenfeldt

B. Resolution No. 12-1028 – Jim McEntire

Commissioner Calhoun read both Resolutions (attached and on file in the Port Admin office) in entirety recognizing the outstanding service of each of the Commissioners. Some highlights for both Commissioners include that they have worked tirelessly to encourage economic development and infrastructure investment so that the Port continues to be a catalyst for economic growth in Clallam County. Their efforts included the re-opening of PenPly, retention of Angeles Composite Technologies, Inc., construction of the Composite Manufacturing Campus, Port Angeles Marina Redevelopment, NOAA Marine Operations proposal and the continual infrastructure additions to the Port Angeles waterfront. Resolution No. 12-1027 stated that Commissioner Schoenfeldt's guidance and influence in the forestry sector, log yard and marine terminal operations has been invaluable in producing family wage jobs and operational efficiencies for the Port. Resolution No. 12-1028 stated that Commissioner McEntire's guidance and influence with legislative, local, state and federal governments has been invaluable. His government experience and contacts have produced key connections for the Port in Washington, DC and interagency cooperation in Clallam County and he has provided leadership to many groups throughout the County including Pacific Northwest Waterways Association, WPPA Legislative Committee, the North Olympic Peninsula Resource Conservation & Development Council and the US Coast Guard.

Commissioner Calhoun expressed his personal appreciation and gratitude to outgoing Commissioners Schoenfeldt and McEntire for their professionalism and honesty that both have provided during their service and he said it was a great pleasure to have served with them.

Commissioner Hallett commented that they are two outstanding examples of public servants and he thanked them for their great service. He remarked they have set the course well and he hopes to carry on that legacy.

Commissioner Calhoun made the motion to accept introduction of Resolution No. 12-1027 honoring George Schoenfeldt and Resolution No. 12-1028 honoring Jim McEntire, both for their leadership and dedication while serving as Commissioners of the Port of Port Angeles. Commissioner Hallett seconded and both motions passed unanimously.

The meeting was recessed for 20 minutes for a reception honoring both Commissioners. Cake was served and flowers were presented to each of their spouses for their support.

IV. COMPLETION OF RECORDS

The Master Policy Report is attached for information as directed by the Commission. Director Robb noted that the Log Handling chart shows that we are currently at 869 containers versus 300 last year and it is indicative of the change of log operations.

V. SELECTION OF 2012 OFFICERS

Commissioner Calhoun suggested possibly delaying this item to a future date. Mr. Neupert pointed out that bylaws require there be a president, vice president and secretary, but in the absence of one of those positions, the vice president could serve and he emphasized that they should name a President and Vice President today. Reorganization could occur at another time if they chose to do so.

Commissioner Hallett made the motion to nominate John Calhoun, President and James Hallett as Vice President. Commissioner Calhoun seconded and the motion passed unanimously.

VI. MINUTES OF JANUARY 4, 2012 SPECIAL COMMISSION MEETING

Commissioner Calhoun stated he reviewed the January 4, 2012 Special Commission Meeting Minutes, found them to be an accurate representation of the proceedings and moved to accept as presented. Commissioner Hallett seconded and the motion passed unanimously.

VIII. PLANNING

No items

IX. PROPERTY

No items

X. MARINAS

A. Fee Waiver Request – Port Angeles Salmon Club Halibut Derby

Director Robb reported that for the past 11 years, the Port Angeles Salmon Club Halibut Derby is a major event, with 600 to 800 participants including outside participation. The Derby results in an increase of temporary moorage at PABH as well as increased local hotel and motel utilization. He indicated it is standard practice to waive the fees with a fiscal impact of approximately \$1500 and this amount is recouped in increased moorage and fuel sales. The Port support is

acknowledged in the flyer advertising the event. The Commissioners concurred in their support noting that it can spark an increase of tourism and is a good contribution to our economy.

Commissioner Hallett moved to waive the fees for 150 launch ramp passes for the Port Angeles Salmon Club Halibut Derby scheduled for May 26 and 27, 2012 at the Port Angeles Boat Haven. Commissioner Calhoun seconded and the motion passed unanimously.

XI. AIRPORTS

No items

XII. NEW BUSINESS

A. Interview District #1 Commission Candidates

Commissioner Calhoun commented that each of the candidates could take a maximum of five minutes to address the Commission in any way they choose after which time the Commissioners could ask questions. At the end of that process, the Commissioners may decide to go into executive session to discuss the four candidates. Twelve originally applied for the position for which Commissioners Calhoun and Hallett reduced to four candidates. They must choose a candidate in a public open session.

The four candidates are Sterling Epps, retired law enforcement officer and Clallam County Sheriff's volunteer cold case investigator; Shawn Hankins, Port Angeles native, retired chiropractor and land developer; Paul McHugh, a retired real estate broker and former City of Sequim Council member; and Gerald Stiles, a retired military aeronautical engineer and pilot (attended the Naval Academy) and public policy analyst for the Rand Corporation.

After the presentations in the order listed above, Commissioners Calhoun and Hallett each asked one question of each of the candidates and then adjourned to executive session at 11:04 a.m. Commissioner Calhoun estimated the meeting would end no later than 11:45 a.m. for which time a recess is scheduled until 1:30 p.m. He stated they may or may not be able to take action before 11:45 a.m.

B. Appoint District #1 Commissioner (subject to Commission action)

Commissioner Calhoun reconvened the regular meeting at 1:30 p.m. Commissioner Calhoun reiterated that any of the four candidates would make excellent Commissioners, that all were highly qualified, that he appreciated all their efforts in the process but that they could only choose one. He stated that their discussions of the qualifications during the executive session were serious and complete but he did not elaborate on those discussions. His comments were echoed by Commissioner Hallett.

Commissioner Hallett made the motion that Paul McHugh be appointed as Port Commissioner for District 1. Commissioner Calhoun seconded and the motion passed unanimously.

C. Oath of Office

Port Counsel Dave Neupert administered the oath of office to newly-selected Commissioner Paul L. McHugh.

Commissioner Calhoun made the motion to appoint Commissioner McHugh as Secretary of the Port Commission. The motion was seconded by Commissioner Hallett and passed unanimously.

D. Log Loader Equipment Purchase

Mike Nimmo, Marine Terminal Manager, reported the 2012 Port budget allocates \$295,000.00 towards purchase of log loading equipment and that this purchase is contingent upon Commission approval. He said the Port made a recent offer to purchase a 2008 Doosan DX 300LL hydraulic log loader (shovel) for \$195,000.00 plus tax. The shovel was formerly an asset of PenPly and is available for purchase from the lienholder, Washington Contract Loggers Association Credit Union and Cascade Trader Inc. Mr. Nimmo indicated that Port mechanics inspected the machine and found it to be in good condition. The Port anticipates an increase in log handling operations requiring a hydraulic log loader as the trend is away from traditional log handling operations (dumping and rafting of domestic logs) towards log sorting and truck loading of both domestic and export log volume including container loading. Discussion followed and the Commissioners concurred that this seems like the appropriate time to make this kind of investment.

Commissioner Hallett moved to authorize the purchase of the hydraulic loader in the amount of \$195,000.00 plus Washington state sales tax. Commissioner McHugh seconded and the motion passed unanimously.

E. Exhibit B Master Policy

Bill James, Director of Finance and Administration, reported that RCW 53.08.090 requires that the authority governing sales of personal property be renewed annually. This authority is attached to the Master Policy as Exhibit B which has been segregated in order to avoid having to renew the entire policy annually. Mr. James emphasized that the original statutory limit contained in the 1994 RCW was \$10,000.00 but that the updated RCW 53.08.090 limit for 2012 is \$17,555.00. Staff recommendation is to renew Exhibit B.

Commissioner Hallett made the motion to renew Exhibit B of the Master Policy delegating authority to the Executive Director to govern the sale of personal property for calendar year 2012. Commissioner McHugh seconded and the motion passed unanimously.

F. Property Surplus

Mr. James commented that the twelve numbered items listed in the attached staff memo are really old and that item #12 contains extensive inventory at the PenPly site. The first eleven numbered items could possibly yield a gross of \$2,000.00. Director Robb pointed out that banks currently have liens on assets at PenPly and anything that is not sold will be left in place. He said the Port does not anticipate any positive cash flow as result of this action at PenPly.

Commissioner Hallett made the motion to acknowledge and declare as surplus to the needs of the Port the 12 numbered property items as listed in the attached staff memo dated January 6, 2012. Commissioner McHugh seconded and the motion passed unanimously.

G. Port Request - Governor's Appointment to Dept. of Natural Resources Board of Trustees

Commissioner Calhoun noted that this item was added at the request of Commissioner Hallett. Director Robb commented that the City of Port Angeles has requested that the Governor appoint representation on the Natural Resources Board of Trustees which is associated with NRDA damages related to harbor-wide evaluation. The Port has not made a request for appointment and the City has now made a second request. Discussion followed on the importance of this issue and the Commissioners concurred that the Governor should be notified of the Port's demand to be part of this process.

Commissioner Hallett made the motion to authorize the Executive Director to prepare a letter to Governor Gregoire asking her to appoint a Port representative to the Natural Resources Board of Trustees. Commissioner McHugh seconded and the motion passed unanimously. Commissioner Calhoun reiterated that he expects the Port to take an active role to achieve goals from this site and that the Port needs to not just sit here because it is of paramount importance.

XIII. OLD BUSINESS

A. Change Order #2 Tumwater Creek Bridge

Executive Director Robb presented this item for consideration to the Commission. As part of the 2011 Work Plan and 2011 Budget for Strategic Projects, funding was allocated for complete replacement of the existing timber bridge crossing Tumwater Creek at the old Port Fill Dump. Redside Construction was awarded the project on July 25, 2011 in the amount of \$552,460.60. Director Robb said the project was put on temporary hold on November 3, 2011 for additional value added engineering to expand the bridge to accommodate better cargo movement across the bridge. Change Order 1 was approved by the Executive Director on December 23 in the amount of \$19,512.00 including tax for engineering of the additional custom precast panels. The work in Change Order 2 consists of expanding the width of the bridge by 18 feet on the northeast corner and will result in additional pile, custom precast panels and foundation work. The proposed change order to the contractor is in the amount of \$256,723.72, including Washington state sales tax. Additional engineering by Four Seasons Engineering will be in the amount of \$10,000.00. Director Robb noted the project took bit of a lag because permits had to be obtained from the Army Corps of Engineers, Washington State Dept of Fish and Wildlife and the City of Port Angeles for the modifications. The amount of \$450,000.00 was budgeted in 2011 for the Bridge replacement and the additional \$102,460.60 was utilized for the 2011 Flexible Project budget. Director Robb indicated that the additional funding will have to come out of Port reserves or possibly looking at the capital budget to see if any reductions can be identified to offset this amount.

Commissioner Hallett commented it is never fun to go beyond project cost and he wanted to make sure policy direction is not needed at this point. Commissioner Calhoun indicated that it is standard practice to rely on staff for expenditures. Commissioner McHugh inquired about how it became apparent to the Port to stop and re-evaluate this project. Director Robb responded that staff members and engineers on site said that cargo improvement was possible by adding a wing on the northeast side. The contractor allowed the delay in the project without damages and the conclusion was that the value was worth the investment. He indicated it could have functioned but would be better with the improvement to support cargo staging.

Commissioner Hallett made the motion to authorize Executive Director to execute change order #2 to Redside Construction LLC in the amount of \$256,723.72 including wsst. Commissioner McHugh seconded and the motion passed unanimously.

XIV. PUBLIC COMMENTS SESSION

Jerry Hendricks, Port Angeles, offered comments around the two new Commissioners. He said during his 27 years with the Port he worked for twelve different Commissioners and each time a new Commissioner came in there were slight differences in directions. He said that no one Commissioner dominated but they were all equally important. He said one thing he learned was that you can hire really good staff, but if you don't have a good Commission, then you really don't go

anywhere and not much is accomplished. Mr. Hendricks said he believes this Commission represents a really strong one and he wishes them all the best.

Kent Osterberg, 1521 So. Oak Street, spoke on the Tumwater Creek Bridge. He remarked that he saw it progressing, but really didn't know how it was designed or who was overseeing it. He feels that either the design was wrong or the contractor installed it incorrectly. Mr. Osterberg pointed out that a quarter of a million dollars is a lot of money for a mistake that should have been seen before and noted that it was Commissioner Schoenfeldt who brought it to attention that this project wasn't going well. He suggested that for capital improvement projects in the future the Port needs to make sure not to spend money for a change order that should not have happened in the first place. Mr. Osterberg remarked that oversight from the Port was lacking on this project.

George Schoenfeldt, 672 Buchanan Dr., congratulated Commissioner Paul McHugh on his appointment. Secondly, he thanked the Commission for approving the log loader. Regarding the bridge, he said he is glad to see it happening because it has been a long haul. He thanked the Commission for moving the project along because it will be a benefit to our industry.

XV. ITEMS NOT ON THE AGENDA

A. Commissioner Hallett suggested a possible retreat where new Commissioners may have a more relaxed setting for permissible strategic planning. He reiterated earlier comments regarding not being able to communicate with each other outside of public meetings and he is concerned about how they can accomplish anything without communication other than in public meetings. Mr. Neupert responded that a retreat implicates a special meeting and an agenda must be published in which the meeting is limited to those items. He emphasized that the Board of Commissioners does not have the ability to convene a retreat outside of itself but that work sessions with the public are permitted. Commissioner Calhoun noted that work sessions are sometimes facilitated by someone else. Director Robb indicated that before meeting with the City, they should have a work session so there is a sense of items or issues that need to be addressed.

B. Commissioner Hallett indicated he will be out of the area during the January 23 meeting and will participate by phone.

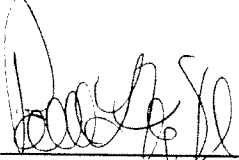
XVI. NEXT MEETING - January 23, 2012

XVII. EXECUTIVE SESSION

Commissioner Calhoun moved the Board of Commissioners into executive session at 2:29 p.m. He estimated it would last approximately 20 minutes with no action taken.

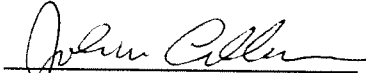
XVIII. ADJOURN

Commissioner Calhoun adjourned the meeting at 2:50 p.m. No action was taken.



Paul L. McHugh, Secretary

PORT OF PORT ANGELES
BOARD OF COMMISSIONERS



John M. Calhoun, President