



Marine Terminal Advisory Committee

Meeting called by: Anthony Young, Chairman **Type of meeting: Bi-Annual**
February 06, 2018

Facilitator: Dan Worra, Executive Director **Minutes:** Sue Findlay - POA

Present:

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Anthony Young, Chairman and member at large member; John Frilotte - Member at Large; JB Smith, Member at Large; Tom Jackson, proposed new Member at Large; Tom Blockwood, proposed new Member at Large; Tyler Ashbach - ILWU Local 25; Pat Murphy - Chemtrade; Sean Clancy -Metro Stevedores.

Attendees:

Attending from the Port: Commissioner Petrich; Commissioner Verdoes; Commissioner Pope; Commissioner Pittis; Dan Worra, POA Executive Director; John Dumas, Operations Director; Brenda Treadwell, PPE Director; and Sue Findlay, Operations Assistant.

Absent: Dan Crookes, Dan Jankelson, and Renee Westland

Call to Anthony Young called the meeting to order at 5:00 p.m.

Review Agenda Introductions and review of agenda.

Minutes

Agenda Item: Bulk Loading

Presenter: John Dumas

Discussion: After introductions of those present, Anthony turned the meeting over to Dan. Dan indicated he would speak at the end of the meeting regarding the By-Laws, and he turned the bulk loading presentation over to John Dumas.

John Dumas provided graphs depicting how year-end 2017 compared to previous years. As noted year 2016 was a record year. Based on our 2017 forecast, we were down about 20,000 MT - 25,000 MT of bulk products. Anticipation was it was to be a down year due to planned maintenance at Shell, as well as the type of crude being refined. In the end, the maintenance lasted longer than planned, and there was an issue with the first production batch. Prilled sulfur came in above what was predicted. We made-up some of the 2017 numbers for pet coke in early 2018. Also in 2017 was the Andeavor heavy lift. We had a very good partnership with Andeavor on this project. Over a 5-day offload, nine modules were offloaded and stored in the gravel lot over near the Marina. These modules were then transported one per night over 9-nights to the refinery. Andeavor invested many dollars in the heavy haul route, and we hope to utilize these improvements for more high and heavy type cargo transport. We will continue to work with ChemTrade, Shell, Metro Stevedores, and local ILWU in working to get more direct jobs.

For sulfur, the 2018 projection is 45,000 MT with 4 vessel calls. Pat Murphy interjected he thought it might be a bit more than that as some of their current container shipping might not take place. It might be as much as 50,000 MT. Pat commended Dan, ILWU and all involved in going to the City to remove a fee that put ChemTrade at a disadvantage. A new Interlocal with the City was signed, as well as a price reduced contract with ChemTrade. Because of this, ChemTrade is coming out of the gates in 2018 in a better competitive standpoint.

Anthony said the Port worked wonderfully well to drive home that point and presented an excellent case and made the City realize it was in the best interest of everyone. Dan said it was a great partnership and created a great team. It is all about jobs and creating jobs and keeping jobs here in Anacortes. Not just jobs at the Port as workers stop and fill up their gas tanks here in town, they stop and have lunch here in town, and they go to the grocery store here in town, if the job is here

Question asked by JB Smith as to where the extra sulfur is going? It has to be going somewhere?

Pat Murphy advised they had been shipping sulfur in 20 foot containers. There had always been a container business there, and a company from California contacted ChemTrade. They had an agreement last year to ship containers to a company out of China. However, they want the cheapest rates that they can get. A lot of the shipping is seasonal as the containers arrive here with Christmas goods, and then go back empty, and they can get a great rate on containers going back. The vessel arriving in March is a direct result of the negotiations with the City to remove a fee.

Dan wanted to commend ChemTrade, Pat and Richard, as they did a great job in helping to get to the right price. All of their savings were passed on to the customer, ChemTrade did not retain any of those savings.

On pet coke side, 2018 estimate was based on 5-year historical average of 262K MT. This would be 12 barges and 3 vessel calls. We have had good dialog with the Shell Houston traders as we are all about getting more days on the Pier, getting ILWU working and what do we need to do to guarantee it. We would like to create and guarantee volumes. We have very good interaction with ILWU and Metro, and they provide a lot of feedback and leads. We are very optimistic about our relationship. We need to create a planned several year strategy on how to increase number of days the docks are occupied.

That is it on 2018 from a business development outlook. No heavy lifts scheduled for 2018. We continue to keep our fingers on the pulse at Andeavor as they just received permitting for rest of the modules. Dan indicated he thought they were very pleased on how it went down this past year. There would no reason for them to seek out any other avenue.

Anthony asked before proceeding to the Properties and Planning update, he wanted to know how it is working with the tourism boats. Is that increasing, is there a way to ensure best position? The best entrance into our City.

John indicated that American Cruise lines is increasing calls to Anacortes as Friday Harbor requests they not dock at their location due to noise. Because of that, the cruise ship will stay here in Anacortes 2-nights. They also have a new cruise ship added this year, and they will be calling here in the Spring and Fall. That vessel is a bit larger with 100 passengers. This is in addition to the American Spirit that currently calls in Anacortes. We have basically doubled the number of cruise ship calls for 2018. Last year, we had them docking at Pier 1. They like Curtis Wharf, however, and we will have to balance that. From a City standpoint, we like Pier one as it is a better presentation and walk down to Commercial Avenue. From their perspective, they prefer to dock at Curtis Wharf as the access is better for fuel trucks, garbage trucks, and tour buses. The indication is they also have better satellite reception. From their standpoint they prefer Curtis Wharf, and as they are the customer, we are going to try and work for what they want. The cruise ships generally arrive on Saturday evening around 8 p.m. They used to stay until around the same time on Sunday and then go on to Friday Harbor. Now,

however, they stay docked here until Monday morning with their big in Anacortes on Sunday. The Chamber comes down and meets them every single Sunday that they are here.

John Firlotte advised he is active in the visitor's bureau who provide the walking tours. What is going to change in having an additional ship, as is with any volunteer group, it is difficult to get enough volunteers to do the tours. The Chamber has talked with cruise line and they are going to offer to pay people to do the walking tours: \$75.00 per tour. They are creating jobs!

Brenda Treadwell then gave the status of environment cleanups. Two are in progress with not much going except analysis and report writing. In the 2018 budget we have projected to spend \$3m in deferred maintenance projects, so she thought we would quickly highlight what those are that you will see us working on.

As Director of Properties, Planning & Environmental, she oversees project managers that work these projects. She should be able to answer any questions you may have. However, if too technical, she will need to ask the project manager and get back to you. She will start with bulkhead wall improvement project currently underway. Apologies to ILWU and Metro in not getting their project manager out there before starting to saw-cut the pavement. The project has two components: One is repairing a number of holes in sealed bulkhead wall with patch plate repairs. This was slated to be completed by mid-January; however, we ended up with some pretty foul weather, and it was difficult for the divers to attach the patch plates. That portion of the project should be completed by March 2 as we received an extension on our environmental in water work permits. The next part and is what we have just started is the uplands soil improvement. This involves drilling some holes on the top of the pier and fill it with this low pressure grout. This will help keep the upland sediment pushing on the wall and help extend the life of that wall and keep the integrity of the upland in place. We will be completing this in two halves so that we do not interfere with operations. In the summer when the in work water window opens, they will do the coating in the splash zone to also protect the life of the wall. Of note, this project is partially funded by a grant from Skagit County. This will add a 20 to 30 year life extension to the bulkhead wall.

Next project we have budgeted for this year for maintenance projects is the fender repair/rub board project at Curtis Wharf. Just about 12 feet down from the top of the pier is a lot of wear to those rub boards. This has caused some of the metal behind it to become exposed and puts some of the vessels berthing there at risk. There are 9 fendering systems that we are going to pull off and replace at an approximate cost of about \$969,000. We are just in the design phase of the project, and we want to do the construction this summer. This will be a big improvement for Curtis Wharf.

Also slated with only design dollars for this year at Curtis Wharf is cathodic protection for the steel pilings under Curtis Wharf. This is included in the budget build, but not yet presented to the commission yet for approval. As stated, this will be design phase for this year with an anticipated expenditure of \$75,000 . All told, this will be a \$1.9m project.

We will be spending just over \$3m to protect infrastructure, and \$2m on Pier 2 to protect our marine terminal. While Curtis Wharf does not necessarily generate a lot of revenue, it serves a multitude of trades: Fishing, industrial, tug and passenger businesses as they all use Curtis Wharf. We also have several businesses that operate at Curtis Wharf.

Here at our Pier One location are a whole host of piles that are in need of replacement. This will be completed in three phases with the first phase being the design phase. Permitting will take place this year at a cost of \$342,000. We will also try to permit phase two at this time as per our engineer it should be completed within 5-years, and it is the same amount of work to permit both now. Then in the future, we will see how priority three shakes out, but for now we need to get priority one and two done in the next few phases.

For environmental, we have two active clean-up sites. One is the Port Log Yard which is just adjacent to Pier Two. The clean-up there is wood waste from 2004. We are working closely with the Department of Ecology in this clean-up, and currently we are in the remedial investigation phase. This defines the nature and extent of contamination. Next will be the feasibility study which puts forth some clean-up options and costs. We are hoping to have this completed this year. This is part of the Department of Ecology (DOE) Focus Fidalgo 2020 where they have self-imposed a mandate to have this cleaned-up by 2020. There are a number of budget constraints and behind the scene issues to be sorted out in order for us to get the right funding to do this clean-up. We may or may not see construction by 2020; however, we are partnering with DOE to make that happen.

JB asked what is planned for that area in the future. Brenda advised it will be similar to what it is now. Pier 61 is located there that has a handful of needs, and it will likely need to be replaced especially after dredging.

The next clean-up project we are excited about is Quiet Cove clean-up. This is in that same phase, the remedial investigation phase. This past summer and fall they were out doing sediment sampling and trying to fill in whatever data gaps they might need so they can really understand the nature and extent of the contamination. We are speaking with Ecology before we kick off the draft report writing so we understand where we are all coming from. Quiet Cove site is good as we think we can split this into two pieces for remediation: Uplands first as this would have the most economic development possible for Marine industry, play off Curtis Wharf and play off the back-half of Marine Hardware. We believe Ecology is giving us the green light to push forward with that, and this is the least expensive part as well. The second piece will be the in water work at a later date when we need more time to analyze. We just learned last week that we received a \$2.7M grant from DOE, and we don't want to wait for in water technology to catch-up. We will keep pushing forward with that especially since it is the least expensive part of the clean-up. Then in water clean-up will take place as this is the more expensive, takes longer, and has the least possible economic development. We have \$2.7m in grants from DOE for this clean-up.

Dan Worra then spoke about the By-laws. He passed a couple copies of By-laws around the table. He would like to talk about this committee and the intent of what this committee does: To give each member just a bit more knowledge and/or who to contact here at the Port. There are three advisory committees at the Port: Marina, Marine Terminal, and Airport. This committee is the only one formed by the Executive Director, not by committee as the By-laws were written by a former Executive Director. It talks about some of the things that guide us. He would like to update the membership, and try to get a representation of who we are. It talks about having 4 members from Port District 2. However, the Marine Terminal is not even in Port District 2, it is in Port District 4. Why do we have more people out of the Marine Terminal district rather than in it. I would rather have more people here from the Cap Sante neighborhood. The By-laws speak a little about why we are here which I think it covers OK, and then talks about that we have to meet quarterly, at least, if not more frequently. Dan feels if there is a big issue we will meet, and if not, he thinks bi-annually is perfect. We have this one meeting like a business meeting, and then in the summer we do a walking tour. This is when we can actually get out and see some of the repairs that we are doing, or we will do a tour of a prilled sulfur or pet coke load. We also need to elect a chair and a vice chair if we so desire. I am not that heavy into procedure, I like that we get together. If we would like to keep a chair, I would like Anthony to continue. Anthony indicated affirmative. Dan said that he and Anthony would work together to rewrite the By-laws.

We will send the By-laws out to everyone. If you feel you got something out of this meeting today, please give us feedback. At the end of the day, if we have something new at the marine terminal, we would love to extend it to this group first so you will see what we are thinking of doing, and what do you think. You are the people that have the next level of interest and maybe even expertise based upon the purpose you are here for.

Anyone have any comments about this?

JB Smith said he agreed with this. We talked about it last time or two times ago, that there is no need to meet very often anymore. Or if there is a big issue or a change in the way we operate, then we could meet for a special meeting. Otherwise, twice a year is fine with him. Discussion then ensued about refinery process, and becoming familiar with the process to be able to speak to this in an intelligent manner. Possibly have someone from the refinery speak to the Chamber of Commerce and the tour guide group so they are informed with the process.

Dan asked if there is an opportunity where he could go and give a presentation to those that lead the tour?

John Firlotte said you just need to talk with Stephanie. Because of his background in industrial safety, he may just be more intense about it. It may not be an issue with the Chamber. People taking the tours around town, they should know, have the knowledge with maybe an informational report from both the Port and the refinery.

Dan Worra asked if there were any other comments?

Pat Murphy said he just wanted to say again how much he appreciated the Port bending over backwards to lower the rates to keep sulfur going. While he doesn't have any control over this, he wants it to stay in Anacortes. We helped push that through.

The meeting was adjourned at 5:56 p.m.

Next Meeting: TBD