



Marine Terminal Advisory Committee

Meeting called by: John Dumas,
Operations Director **Type of meeting: Bi-Annual**
July 24, 2018

Facilitator: John Dumas,
Operations Director **Minutes:** Sue Findlay - POA

Present:

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John Frilotte - Member at Large; JB Smith, Member at Large; Tom Jackson, Member at Large; Pat Murphy, ChemTrade; Sean Clancy, Metro Stevedores.

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

Absent: Anthony Young; Tom Blackwood; Dan Crookes; Dan Jankelson; Johnathan Decker; and Renee Westland.

Call to John Dumas called the meeting to order at 5:03 p.m.

Review Agenda Introductions and review of agenda.

Minutes

Agenda Item: Walking Tour

Presenter: John Dumas

Discussion: After introductions of those present, there was open discussion on the walking tour. We will start at Curtis Wharf, and then drive over to Pier 2. We were hoping to show loading operations today; however, vessel was delayed numerous times, and arrived late. It is in the process of tying up, and preparing for loading operations. We will look at a future date to come down and see a loading operation. Tom Jackson advised he lives right next door—bulk operations has no smell nor interrupts their lives. Everyone is welcome to visit him at 416 2nd Street and see what it is from a neighbor perspective. He will also ask for a small group to come and take us up on our offer for a tour. He can organize it and set a date for those that do not like the operation and try to turn them around. There are still a few in the neighborhood. Conditions have improved greatly—newer trucks, vessel turned so wheelhouse away from neighborhood. John will reach out to Tom to make this happen. Rock job—angry residents came over, and we listened to concerns and addressed some (noise complaints). We need to follow ordinance for noise.

After refinery shutdown, we rebounded and are having a good year on sulfur side, with a good article in the Anacortes American. Pet coke running right around where we thought it would. Capital improvements projects took our terminal down for a bit this year. Brenda's team working with us and trying to be flexible for dock requests.

Projects team completed a bathymetric survey as we are looking to increase the metric tonnage volume per vessel. We did a full survey on all the terminals. Looking at our depths, if we can get a deeper draft, we can get bigger vessels and load more product. We are working with Puget Sound Pilots establishing those depths—we are in discussion with them. We have three dimensional data from Curtis Wharf all the way over to Pier 2. Puget Sound Pilots used to declare the depth at Pier 2 as 35'6"; and they now declare at 36'.6". We would like them to declare our stated depth of 37'.6".

Each LTI bulk product truck holds about 33 tons, both products. When the ship is loaded, the ship lowers deeper in the water which can also be impacted by tides. Many times we have needed to complete loading and vessel depart before tidal change. Loading hours may also be impacted by festivals in town, sometimes vessel loads have been light, less product than desired. This is a loss of money for everyone. We need to gain that 1'.5". In the past we have loaded 42,000 MT on a vessel. We want to keep the vessel here for a full-load as this adds local jobs. We don't want to force that vessel to take an extra leg to pick-up extra pet coke elsewhere.

John Frilotte: Pet coke—what is this term? Answer: Petroleum coke. John Question: Prilled sulfur is process of making sulfur into a ball, right? Answer: Yes, it is a hot liquid that is not water soluble. Whatever form it goes into water it freezes into that shape—ChemTrade uses a prilled form. It is between 2-½% to 3-½% moisture when it is handled with very little dust. Both products are misted during loading. While not necessary for sulfur, it is more for pet coke.

Tom Jackson asked if we got the 37'.6". John indicated the Puget Sound Pilots meet quarterly, and he will be revisiting with them looking to get a published depth of 37'.6". We are very comfortable that we are at 37'.6" now as we created a 3-dimensional view to see that our fender line all the way down the face of Pier 2 is 37'.6". We are asking why they can't see what we see. We may have consultant go with us for a presentation. Hopefully they will want to meet with us.

John Frilotte: Question he is asked frequently at visitor's bureau is about transportation from refinery to here: What if there is an accident. His background was in industrial safety, and he answers there is a code for all of that and they have to comply with that. Is that true, what if there is a spill?

John indicated both products have spill response procedures in our dock plan and our environmental team would handle. John F. asked what if coming into town, from the refinery. John D. indicated that would be on LTI (the trucking company). Pat Murphy said he has a good example on spill response by LTI. ChemTrade sends products up to Burnaby, Canada. The instance he is talking about was in winter, involved slippery ice, and a location where the trucks must go over two big hills. Rather than not making the delivery, two trucks were on-route and rather than going over the hills, they went to the next road over where the hills are lower. One truck headed up hill, decided he could not make it, and started backing down. When backing down, the truck slid into a ditch and laid over on its side. About 10 MT of sulfur was spilled when the truck laid over. Where the truck landed was next to was a pasture with race horses. By the time that he, Pat, received notice of the incident, LTI had already cleaned up the sulfur. They are very responsible. Pat also indicated that BP ships some of their sulfur to China and other places via containers out of Port of Seattle. BP sends about 25 - 30 containers a week to Seattle via truck transport. LTI does this too, and when ChemTrade is asked why they do not use independents, he said it is because when one of the independent trucks break down by the side of the road, there it sits. LTI, however, will send another truck and driver down to pick-it-up and continue the delivery. He doesn't have to worry about it.

John Dumas indicated LTI maintains a truck mechanic on site at Pier 2 during a load to fix truck any issues. He wants to make clear the supply chain: The Port does not own the entire supply chain. Refineries provide the product; LTI transports the product, and the Port via Metro Stevedores loads the product. We are a supplier FOB destination when it hits the dock.

John Frilotte asked how hazardous is prilled sulfur and pet coke? Answer is not much at all. Question: Many ask about an explosion. Dan Worra advised you would have to work hard to get prilled sulfur to

burn. You can take a propane torch to it, and as it is a burrowing fire, it will put itself out. JB Smith indicated it is the history of the dust that causes concern. In year's past, when product was stored in warehouses, dust builds up year-after-year, and that is when you have problems.

John Firlotte indicates sometimes he cannot answer the questions he receives on his walking tours—they already have an anger point trying to put someone on the spot. He simply indicates we comply with all federal and state laws. John Dumas indicated in the last year, he has had a lot of chances to see many ports that do same breakbulk as we do. The Port of Anacortes does an exceptional job on the environmental side. We are very diligent in our environmental practices.

We will now walk down to Pier 1 and Curtis Wharf for our walking tour. We will go to Pier 2 right after.

We are now on Pier 1 talking about Pier 1 and Curtis Wharf, and the business we do here. Brenda will talk about capital improvements. Curtis Wharf is pretty much dedicated to lay berths, with Crowley tugs in and out quite a bit. Tonight we have another OT&B barge coming in to Curtis Wharf, and Crowley will move from Curtis Wharf to Pier 1. Curtis Wharf is a pier that we would like to develop into more of a marine terminal area. Currently this is where the cruise ship docks in cruise season. They do not overnight in Friday Harbor anymore, and they now spend two nights docked here. They prefer to dock at Curtis Wharf in lieu of Pier 1. For Curtis Wharf, we are actively looking for a bulk product to load from this location.

Dan, from the 2016 Marine Terminal budget, the revenues by the 3 areas: \$33,000 in revenue at Curtis Wharf; \$21,000 in revenue at Pier 1; and \$4M to \$5M in revenue at Pier 2. What can we do to get \$33,000 up to \$100,000, up to \$500,000 or up to \$1M so we can use our regional strategic asset of deep water? For Pier 1, we have a challenge: Our largest tenant does an active business and uses a lot of Pier 1. The remaining space on Pier 1 is limited to mostly lay berth. We need to focus on Curtis Wharf. For all our docks, we are at 42% utilization. We have a lot of white space to fill. Crowley takes piers of opportunity—they move from one dock to another. They work really well with us—will double up if need be.

Brenda: We are very active on dock improvements. For 2018-2019-2020 we will spend about \$5M between Curtis Wharf, Pier 1 and Pier 2. This is not an insignificant amount. The Commission recently approved a fender repair project at Curtis Wharf that will cost about \$800K. We will be replacing with HDPE by pulling off the framing and will galvanize. We will also have a small amount of fender work at Pier 2. We are in the design phase of cathode protection at CW, estimated at \$1.8M phased over 3 years from a budget perspective. Part of project may also include two small sections of timber pilings. We are in assessment on those now to see if we can include. John Dumas advised with \$2.6M in expenses and \$33,000 in revenue—we need to try and get more revenue to protect our infrastructure. When you look at the port as a whole, the Marina is doing very well—occupancy is high. The marine terminal is the biggest area for opportunities especially for job growth with family wage jobs. We manage what we call white space, empty space. We look at that on a week-to-week basis, what can we fill-in. The marine terminal has a significant opportunity to increase our revenue. Industry standards for full utilization is 60% - 65%. We are currently 42%, with one of our lowest years being at half utilization.

John Firlotte asked: What we do with coordinating with the City and Chamber. The cruise ship stopped docking at Friday Harbor as they were rude to them. We need to do everything we can do encourage visitors to come here. We need to keep focused on welcoming them here. Dan advised the cruise line comes in Saturday evening around 6 p.m. stays overnight Saturday and Sunday, and leaves early Monday morning. John Firlotte mentioned people spend about \$5,000 per person on that cruise, because of the Jones Act. It is critical and he applauds us for working with both the City and Chamber, we are one community.

Tom Jackson asked didn't we talk a year ago about doing work here, pilings repairs? Brenda: Yes, it is a phased capital project. Here for Pier 1 we are looking at a 3-phase piling phased project. We will

start with Pier with \$340,000 spent this year. This includes scoping and assessment of stringers as to condition. Phase 2 of piling repairs for Pier 1 will be under this area where we are standing, and the year following a more expensive project. Last year we had to do some emergency repairs at Pier 1 as some pilings were rotten. Those have been repaired. As you can see it is a working pier with subsequent damages. We have a damaged bull rail here caused by a Crowley tug. Crowley is paying for the repairs, and this is a \$30,000 ding. We had under the dock inspected to make sure structural integrity was still good. Operations is a thorn to project team as we added some scope to projects by looking at the infrastructure as a whole: Pilings, decks, and stringers. Our tracking shows that we need to include all parts as mobilizing a contractor can be expensive.

We will now go to Pier 2: This is our main pier for marine terminal business as we do all our bulk commodity here: Pet coke and sulfur. We have done heavy lifts here which is something we continue to look at. Everyone has done a good job in supporting March Point with the development of the heavy haul route, and we continue to support this in our comp plans. Big trailers and big loads, the City invested into this which is a big asset for us to get products from Pier 2 out onto Highway 20 and then to the refineries. Pat Murphy thought it was a one-time deal. John Dumas: No as upgrades are coming up at the refineries. The remainder of the original Andeavor project is about 18 - 24 months after the original project.

Continuing on: We have a manufacturer on Pier 2. That is Trans Pac. They make a custom dock system, and they stay pretty active. Other areas include flex space that DCI uses, and trucks parked by San Juan Propane. Air quality permit on this side, storm water permit, and a retention pond where we pull the fines out from the bulk product load. This is a stationery loader owned by Metro Stevedores, and this is Sean Clancy, our embedded stevedore. This is a great relationship to have so when we talk with customers, we can advise we have a stevedore on location. Sean manages the longshoremen when we load pet coke and sulfur. Trucks come in on a loop, go through the stationery loading station, and belly drop their product which is then loaded onto the ship. Sean manages the vessel loading plan, hatch configuration. Prilled sulfur is typically 15,000 MT, and pet coke is typically between 30,000 to 35,000 MT, although we do see some 25,000 MT as well. Utilization at Pier 2 is at 42%. We lost over one month of dockings due to Pier 2 improvements. Question: Is sulfur shipped via barge. Answer: Sulfur does not go out by barge.

Even with only 42% utilization, Pat Murphy indicated it is sometimes hard for him to get sulfur out as pet coke is using the dock. He gets worried when he looks to see when loading time is available. Dan indicated that is why industry average or standard has full utilization at 60% to 65%. ChemTrade and Shell are our volume customers. This is what ChemTrade and Shell bring to us: Volume, and then we fill-in the space with spot business. He asked Sean if he had any insight to add. Sean said he imagines it completely depends on how many terminals you have. If you have three terminals, your white space problem is a lot easier. Here it is either this one or none at all. That makes a big difference on full utilization. It is one loader with limited depth alongside the berth. He wants to work more, with more ships, not just barges. Barges are the bulk of our tonnage now, but it is only 7,500 MT when you can load 33,000- MT on a ship. The record year was 2016, which had one vessel over 40,000 MT. Someone asked if there is more than one barge? Answer: No, it is the same barge than comes back several times a year. They go to Kitimat to offload, and come back and get another load. Question from John Firlotte has to the consumer that buys this product—can they use as much as we could get them? Is there no limit? Where does it go? Answer: It depends. This particular vessel at Pier 2 now is a Rio Tinto charter going to Port Alfred, Canada. They will transit the Panama Canal to the St. Lawrence Seaway. Usually one vessel a year does this; however, this is the third one this year. With the last two pet coke vessels, we exhausted the pet coke inventory at Shell. Their last ship we were balancing if we were going to be able to fill the ship up.

One of our challenges at Pier 2 is upland storage. We have very little upland storage. Other ports with bulk commodity are expanding; however, we do not have a lot of room even though it looks large. The Commission and Executive Director are aware that we have a neighborhood right here. We are

sensitive to that in our decision making process, that we have the neighborhood to consider. It is a good thing to be a good neighbor. We are also committed to the environment.

Even with all footprints at Pier 2, 5 acres in a bulk commodity environment is small. Especially with no covered storage. If we were to take down the white tent building, take out our retention building, and remove the maintenance building, this is about 3-1/2 acres. We are down to 1-1/2 flat acres, open surface for laydown. When we talk about bringing in 30 modules for the refinery, you fill that up quickly. The 9 modules from the last heavy lift filled up our triangle parking with not a lot of room to spare. We are a deep water port, but we don't have the uplands. We are never going to be a container port. We will never have a boat ship full of 400 Toyotas ready to go to market. You will see that down south: One port is the Subaru port, and one port is the Toyota port. Everett has Boeing, and they have good uplands. But that is not the only way to have opportunities. John has done a good job of reaching out to a lot of different people to try and get some new products here that is in line with our philosophy and mission.

John Firlotte: What is the vision of the Port building a structure down near Cap Sante? Having operations there? Dan: That is the events center, marina, and business comp plan, not the marine terminal. John: But they said the port HQ might be in there? What would you gain for the use of the building that you are in? Dan: We would love to get the current MPO building into a water dependent use, use it as a deep water terminal. We have our Port staff at two sites: Marina and transit shed. That is never optimal when your staff is in two different locations. We are trying to get them more co-located, which is part of the move and getting the transit shed back to marine related use. Keep our deep water port. We talk about how limited we are with uplands, and yet we use part of it is for weddings. If we can put the weddings down by the marina and we could use the transit shed for a seafood company or maybe Dakota creek could use the location. There is a need for that. John dumas advised as an ex-tenant I can tell you everything from 3rd Street down needs to be industry. As you are running industry it is difficult when that building that is north of you, crossing through an industrial zone, is an event public access space. It is difficult to see the events and to work around them. We do a really good job of doing that, but is it the best spot for it? You really want a marine purposed facility or company in that location.

John Dumas continued we have some active projects over here with capital improvements. One we are just finishing one-up, and Brenda will talk about that.

Brenda: Sean has lived through this project for about the last 6 - 8 months! About 40 feet this side of the edge of the pier is a sheet metal bulkhead wall that was built in 1964. There are a number of corroded holes through it. We did a patch plate project where we put about 80 patches on the wall and then did some upland support like boring holes and filled it with low pressure grout to try and keep the uplands in place. The last phase of this \$1.7M project, is applying a polyurea coating to the waterside of the bulkhead wall to extend the life in the tidal zone area. Dan: It is really easy to spend money for infrastructure on Pier 2. However, when get \$4M, \$5M or \$6M in revenue, it is easy to justify spending \$1.7M to protect and extend the life of the asset. The conclusion is this project will add a 20 to 30 year life extension on this asset, this is pretty significant. As part of the fender/rub rail project at Curtis Wharf, we were able to include some work on fenders and ladders at Pier 2. We have some significant damage and snag points. Recently there was an accident at the Port of Longview that really heightened our need to come over here and take a look at this. We are looking at doing a major bollard repair, lowering the profile on the man ladders that get in Sean's way, and then there are 9 snag points along those fenders. We are going to repair these fenders to get rid of the snag points, put in new man ladders, and repair the bollards. We are also going to do some work on load ratings for the bollards and cleats to firm that up. We just received Commission approval to put a little extra repair money for Pier 2.

Dan indicated John Dumas has been with us for one year, and he is making a tremendous difference; a world of difference. It is amazing how much he knows in such a short period of time. That speaks of a whole team concept, you don't have to be an expert on everything, but you have to listen and learn.

Work with our neighbors, work with our partners, and this advisory committee is an important part of it also. Hearing from those that have a vested interest, and who want to know. We have a willing Commission that gives us guidance, with the intent that they want us to move forward, be a good steward of the environment, be a good neighbor, and create jobs. Blending all those competing priorities is what we do and John has brought a really nice shot in the arm on that. Brenda works well, hand-in-hand. The whole team does a great job. That is how you win the game, as a team. I think Metro, ILWU and port connection right now is very positive and very strong. Dan said this speaks volumes that the ILWU is not here at this meeting as they are not afraid of what we are going to say. They know what we are going to say: We are going to say we are good partners. In the past they always used to be here as they were afraid of what we were going to say. They had to make sure “Hey Port, we are watching you”. They do not need to watch us as we are partners. This is the best it has ever been as in year’s past it was pretty tense. It is not anymore. We get things done, and they do a good job for us on many different levels. They are very strong influencers on politicians: When we have gone out for some grants, and other items, they have done a great job influencing both at the City level, State level, and Federal level. They are good to have as partners. We had an opportunity since our last meeting with Metro Stevedores hosting a very good trip to Stockton and Long Beach to watch bulk commodity products at both of those locations. We got to go and see other Ports and how they process their commodities. Four of the five commissioners went on that trip along with John and Dan. As well as staff. Prior trips had Brenda and Sue. Both trips were a whirlwind. We wore out Commissioner Verdoes out on this last trip. And I can tell you from comparison, we are so clean here. We are Cinderella. Someone mentioned you are way cleaner than you were 20-years ago. Metro does a good job of maintaining that.

Any other questions? We could stand here all night. We owe you a follow-up meeting, individual tours, and a neighborhood tour. Communication is the most important as we want you to feel like we are accessibility and open to hard questions. When is the last time we had a boat pull in that had a portside tie? That was feedback we received from the neighborhood, and we asked our pilots to come in with a starboard side tie to place the wheelhouse away from the neighborhood. That one thing made a huge difference. That is probably the biggest change that made a difference.

John Dumas said one last item before we adjourn: When talking about marine terminal operations, if your power goes out and you see we have lights on at Pier 2, it is by design. We have created a plug and play system for lighting the stevedore shack and plug and play system for the loader so we can operate when the power goes out. It did happen when we were loading a ship recently. The loading boom was extended onto the vessel, and the tide was coming in. Luckily the power came back on. This new plug and play will have enough power to run the conveyor off the vessel.

Dan: One more item we are talking about: The ILWU works out of those buildings over there. That is Sean’s office, the metro stevedore office, that is his maintenance building—those connexs with the bars on them. They have been there 20 years and was supposed to be temporary office. Sean handed over to John Dumas the plans that were designed in 2002 for a maintenance shop and combined office designed by an architect. This is on the list now.

Any other questions? Thanks for being part of this committee here. It is very informal, but hopefully this answers questions. John and Sean talked, and day or night, if you have any issues please call. Anytime, day or night give John a call.

Meeting adjourned at 6:25 p.m.

Next Meeting: TBD.