

**PORT OF LEWISTON
MINUTES OF REGULAR MEETING**

June 10, 2015

Revised July 17, 2015

The regular meeting of the Port Commission was held at the Port District Office at the hour of 12:00 p.m. on June 10, 2015.

Present at the meeting were Port Commission President, Mike Thomason, Port Commission Vice-President, Jerry Klemm, and Port Commission Secretary/Treasurer, Mary Hasenoehrl. Administrative staff in attendance were David Doeringsfeld, Port Manager, Jaynie Bentz, Assistant Port Manager and Kelly VonLindern, Administrative Assistant. Guests in attendance are listed on the sign in sheet, attached hereto. The meeting was called to order at 12:00 p.m. by Port Commission President, Mike Thomason, and introductions were made.

AGENDA APPROVAL:

Port Commission President, Mike Thomason, called for review of the agenda. Commissioner Klemm made a motion to approve the agenda as presented; seconded by Commissioner Hasenoehrl. The motion passed unanimously.

CITIZEN COMMENTS: None

PUBLIC HEARING FOR AMENDED FY2015 BUDGET:

Port Commission President, Mike Thomason, convened the Public Hearing regarding the Port of Lewiston Proposed FY15 Amended Budget. Port Manager, David Doeringsfeld, presented an overview of the proposed amended budget.

Citizen Comments: None

Port Commission President, Mike Thomason, declared the public hearing closed at 12:08p.m.

PUBLIC HEARING FOR PROPOSED FY2016 BUDGET:

At 12:10 p.m. Port Commission President, Mike Thomason, convened the Public Hearing for the Port of Lewiston Proposed FY16 Budget and directed Port Manager, David Doeringsfeld, to present an overview of the proposed budget. Citizen, Rick Rupp,

2278 NW Varden Court, Bend, OR, requested public comments to be held during the Port Manager's presentation. Port Commission President, Mike Thomason, replied that the presentation by the Port Manager would be held with citizen comments to follow. Port Manager, David Doeringsfeld, provided an overview of accounting and reporting regarding the Port's budget and audit and then reviewed the FY16 Proposed budget page by page. After the presentation, Port Commission President, Mike Thomason, called for citizen comments.

CITIZEN COMMENTS:

Marvin Dugger, 3529 15th Street E, Lewiston, ID expressed support of the Port, the Port's mission, in the commission and the industrial development of properties. Mr. Dugger stated his son has a job with a business on Port developed properties.

Linwood Laughy, 5695 Hwy 12, Kooskia, ID commented on the petition filed with the U.S. Department of Transportation alleging the Port of Lewiston filed false and misleading statements in their Tiger IV grant application. He continued that there may be the possibility of the Port having to repay the \$1.3 million in grant funds. Mr. Laughy objected to the proposed budget and the Port's strategic plan lack in funding for rail and studying unit trains. He continued that dock expansion funding should have been directed to rail transportation. He voiced concern of \$30,000 spent in Port waterway self-promotion showing value when business is not on the waterway. Mr. Laughy inquired what the \$110,000 listed in the proposed budget as 'other' in Land Acquisition & Development was for. He commented that if the Port's \$8.80 return on investment for every \$1.00 spent in economic development was true, then the tax levy should be raised to provide funding for schools and generate millions of dollars to the community.

Mike Tatko, 1302 10th Ave, Lewiston, ID commented that as a personal taxpayer, he supports the average \$12.30 tax paid yearly to the Port. As a Regional Manager for Avista Utilities, he commented that Avista supports economic development; Port business development becomes Avista customers.

Gary Macfarlane, 1031 Spring Valley Rd, Troy, ID commented that no one can do anything about the geography. The trend of decreased shipping should have been foreseen by the Port. He expressed concern and objected to the projections for water

borne cargo due to the geography and economic realities as well as potentially having to repay Tiger Grant funding.

Paul Dixon, 929 Cypress Court, Lewiston, ID introduced himself as the Export Manager for Clearwater Paper Company, the largest shipper and exporter in this area. Mr. Dixon commented that Clearwater Paper Company currently use rail and truck for transportation needs as well as the river for wood mix. Clearwater Paper Company appreciates the availability and opportunities that river transportation provides.

Rick Rupp, 2278 NW Varden Court, Bend, OR objected to the Port using taxpayer dollars to promote Lewis Clark Terminal, a private enterprise, on its website. Mr. Rupp commented that the promotion was unethical and unfair and to withdraw the promotion from the Port's website.

Butch Alford, 4050 Fairway Drive, Lewiston, ID thanked the commission for the opportunity to provide individual comment. He continued that on this 40th Anniversary of the arrival of slack water, not to overlook the Port of Lewiston, an economic tool, and that the Port Commission may be too conservative. Mr. Alford continued by commenting that the anti-Port movement will have those that agree and disagree; that strong transportation ebbs and flows with time; that all on the Columbia-Snake River System is being affected the activities at the Port of Portland; that pro-breaching proponents should go to the larger arena; and that it is disingenuous for anti-tax and dam breaching proponents to align together.

Larry Bunch, 1845 Solar Hills Drive, Clarkston, WA introduced himself as someone who worked for Pomeroy Grain Growers and expressed support for dams, the river and the Port. Mr. Bunch continued that rail by Rosalia is available if you can get railcars and 400 trucks are off the road for one tow on the river.

Steve Peterson, 5128 Robinson Rd, Moscow, ID introduced himself as speaking on behalf of himself, as an economist at the University of Idaho, author of the Port's recent economic impact study and life-long resident of the area. Mr. Peterson continued that ports are a key component to the economic health of the quad county region. He commented that economic development agencies, including ports, deserve support naming the Nez Perce Tribe, Clearwater Economic Development Association, Southwest Washington Economic Development Association and Valley Vision. He commented about the diverse manufacturing that has developed in the region. He

continued by commenting that ports are multi-dimensional and multi-functional; that economic development is the most important activity by ports and common ground can be found to support activities. He voiced concern for our community taking our high paying jobs for granted.

David Leach, Clearview Eye Clinic, 1630 23rd Ave, Lewiston, ID voiced support of the Port, the Port budget, Port tax revenues, the business incubator program and suggested the Port do better in marketing its properties. He found Port property by driving by a sign to locate his facility for business expansion.

Sebastion Degens, 4115 SE Ogden, Portland, OR introduced himself as the General Business Development Manager at the Port of Portland. Mr. Degens commented about the shipping decline since 2009 and that imports drive container business. He presented examples of investments being made to the Columbia Snake River System citing the channel deepening project and \$700 million in new private grain facility investments to support the product coming from this area. Mr. Degens continued that the Port of Portland was looking at 18 trans-pacific lines for opportunities to offer container service back to the river.

Doug Mattoon, 111 Main Street, Lewiston, ID introduced himself as the Executive Director of Valley Vision and expressed support for the Port. Mr. Mattoon continued that investments by the Port of Lewiston help him do his job in attracting businesses to our area in a very competitive environment. He cited shovel ready property at the Business & Technology Park and the Harry Wall Industrial Park, which is expected by potential clients. He continued that 63 acres were available five years ago and 26 acres are available now with the addition of approximately 300 jobs created and over \$1 million generated in property taxes. Mr. Mattoon commented that the dock cannot be promoted with a picture, it is critical for it to be in place; that a company visited Lewiston solely due to the Port's dock.

Bill Flory, 1965 Winchester Road, Culdesac, ID commented that he has participated with international trade teams for Idaho and hears enviable compliments regarding the attractiveness, vision and efficiency of the river system. Mr. Flory commented that unit trains offer short turn around for Montana and southern Idaho shippers but at \$0.40-\$0.60/bushel more with the same distance to Portland. He commented that rail can't compete with the efficiency of the river system. This area

provides quality and availability of grain and international dollars are being considered for investment to locate trans-loading facilities.

Coco Umiker, 3135 10th Street, Lewiston, ID introduced herself as a current tenant of the Port and owner of Clearwater Canyon Cellars. Ms. Umider continued with the history of their company that led them to participate in the Port's incubator program. She complimented the Port commission and staff for keeping the American dream alive; as private business owners they work as hard as they can to do the same.

Bert Brocke, 1710 State ID-3, Kendrick, ID introduced himself associated with George F. Brocke & Sons, Inc. He commented that they ship 90-95% of their products through the Port of Lewiston but have had to utilize truck and rail due to the suspension of container on barge service. Mr. Brocke continued that nothing is as efficient or as competitive as water transportation and they need the river system for their business.

Ken Krahn, 438 Crestline Circle Dr, Lewiston, ID objected to the FY16 Port of Lewiston budget, the \$420,000 in tax revenues, \$105,000 in sales tax revenues and \$12,000 in state tax adjustments when the Port has \$5 Million in the bank. Mr. Krahn continued in objection to the Port stating it is self-sustaining, the taking of taxpayer dollars and the \$2.5 million dock expansion. He commented that the Port should not be called a port since cargo is no longer moving on the water through the Port of Lewiston. Mr. Krahn continued in objection to the Port investing taxpayer dollars into land investments and selling it for half the cost, to paying Valley Vision \$35,000 and to 45 years of taxes.

Arvid Lyons, 2333 5th Ave, Clarkston, WA complimented the Port of Lewiston for taking care of Nez Perce County citizens. Mr. Lyons introduced himself as the Manager of Lewis Clark Terminal who is owned by three farming cooperatives and that referencing Lewis Clark Terminal is not so much representing the terminal itself but the growers in Nez Perce County. He continued that he participated in the rail management plan and transportation is more affordable by water.

Scott Corbitt, 1309 8th Ave, Lewiston, ID introduced himself as the Chairman of the Lewis Clark Valley Chamber of Commerce consisting of 873 members and echoed support of the Port of Lewiston budget. He expressed support in the value of the Port in partnership, job preservation and creation, transportation and economic development; roles all bringing dollars to the valley. Mr. Corbitt commented that he trusts in Port

investments, acknowledges the Port as a unique driver in economic development and supports the dark fiber optic project. He continued that the Port's actions support the chamber's mission. He concluded comments with support of the budget.

Rose Bunch, 1845 Solar Hills Dr, Clarkston, WA commented that rail is not competent and will not be for some time. Ms. Bunch commented that she does not want more trucks on the roads.

Art McIntosh, 3639 Shady Lane, Lewiston, ID introduced himself as a 4th generation wheat grower and member of Idaho Wheat Growers. Mr. McIntosh commented that growers need the river, it has been a terrible economic hit to lose it and he supports the budget.

Jeff Sayre, 1232 Bryden Ave, Lewiston, ID commented that his annual \$10.32 in property tax dollars sent to the Port is well spent. Mr. Sayre continued that he has lived here since 1987, our area feeds the world, the river system is complex and he supports the Port.

John Bradbury, 729 Preston, Lewiston, ID introduced himself as a person who was in marine transportation in his professional life. Mr. Bradbury continued that cargo at the Port of Portland has been decreasing; shippers want predictable delivery; he predicted container ships would stop calling the Port of Portland and predicts carrier service will cease for bulk grain next with Seattle easier to access. He expressed that this area and the Port needs to plan for rail service of containers and bulk grain.

Eric Peterson, 904 7th Ave, Lewiston, ID commented that he supports the opposite of Mr. Krahn's comments. Mr. Peterson commented that the Port's investment is being made for the future, not short time such as 2 months, but for 30 years. He commended the Port Commission and voiced wanting to invest into his own community.

Steve Riggers, Box 369, Craigmont, ID commented that with the waterway currently not operating is a serious blow to agriculture; the salmon argument is not holding up; we have world class transportation operations available in our community and commended the Port Commission.

Bob Smathers, 238 Pintail Lane, Moscow, ID commented that farmers are price takers and increased costs in transportation costs growers. Mr. Smathers continued that the Idaho Farm Bureau supports Port of Lewiston's activities.

Dave Hagen, 4230 Hatwai Road, Lewiston, ID introduced himself as the General Manager for Clearwater Power Company. He commended the Commission for participating in the process of budget development as he knows what goes into it. Mr. Hagen commented that the Columbia Snake River System provides a tremendous hydro-system that is the crown jewel. The Federal Columbia River Power System provides flood control, wind integration (primarily due to Bonneville), transportation, recreation and power generation. Clearwater Power Company supports the FCRPS multi-use system and supports the Port's FY16 budget and the Port of Lewiston.

Rick Rupp, 2278 NW Vardon Court, Bend, OR commented he supports economic development and understands the hardship of suspended container business but that 80% of customers have gone away from the river. He questioned that these public hearings meet meeting requirements to not be able to question commissioners. Mr. Rupp inquired about the job description for a Port Commissioner and commented that he wants to ask questions and get answers.

At 1:44 p.m., Port Commission President, Mike Thomason, declared the public hearing closed and called for a short recess.

At 1:58 p.m. the Open meeting reconvened.

Next, Port Commission President, Mike Thomason, called for consideration and discussion regarding the Proposed FY15 Amended Budget. Commissioner Hasenoehrl made a motion to approve and adopt the Proposed FY15 Amended Budget, as presented; seconded by Commissioner Klemm. The motion carried unanimously. A copy of the Approved FY15 Amended Budget is attached, hereto.

Port Commission President, Mike Thomason, called for consideration and discussion regarding the Proposed FY16 Budget. Commissioner Klemm made a motion to approve and adopt the Port of Lewiston FY16 Proposed budget, as presented; seconded by Commissioner Hasenoehrl. The motion passed unanimously. A copy of the Approved FY16 budget is attached hereto. Commissioner Klemm stated he was originally indifferent to lowering the tax levy amount to \$420,000 as it is a good tool for the Port to assist the community. He continued that he supports transparency in the budget. Commissioner Hasenoehrl conveyed appreciation in the high turnout of attendees for today's meeting and the number of comments. She confirmed that opportunities for citizens to ask questions during the budget process were available and

Open Houses were held. She referenced the success at the Nez Perce PUD and its return on investment to the community and voiced approval of the level of the levy amount proposed for the Port to continue to modal. Commissioner Klemm agreed with public comment that additional funding into rail should be considered. Commissioner Hasenoehrl also agreed with the need to invest in rail and is pleased to see the Northport Transportation study recommendations starting to be implemented. Commissioner Thomason asked Mitch Marx, representative from Presnell Gage Accounting, to characterize the Port's financial health. Mr. Marx stated that the Port had a net operating loss in three of the last five years, per audited financial statements, but also had an increase in cash. Mr. Marx continued that the Port is sound and may utilize savings. Commissioner Thomason commented that as a Port Commissioner, he believes a port commissioner requires the same qualifications as a city councilor, county commissioner, house representative, senator or for the presidency. He continued by conveying his appreciation for the high number of attendees for today's meeting. Commissioner Thomason commented that he is immensely proud of the Port's role to facilitate, associate and partner to create jobs; he acknowledged and fully recognized the businesses on Port associated property are the ones who create the jobs but with our help and investment. Next, Commissioner Thomason addressed an anti-tax statement circulating within the community that the Port once promised to come off the property tax rolls. He commented that today, the Port of Lewiston's levy rate has continued to decrease, the tax levy amount decreased this year by \$30,000, taxpayer dollars are not used for Port operations but applied toward economic and business development and that, in fact, additional Port revenue dollars have been added to the property tax dollars collected to augment economic and business development activities which is the exact opposite of what has been stated by others. He referenced a comment made by the Port's attorney in 1964 that the Port may eventually come off the tax rolls during a time when the Port was requesting revenue bonding capabilities to compete with ports in Washington and Oregon. He continued that the Port of Lewiston will continue to focus on what we know; if today's success of the Port's economic development efforts could have been recognized back then, he doubts any statement would have been made to the contrary. The Port of Lewiston's economic development role was planned from the beginning with the formation of the Port, not as a reaction to lost water transportation.

It would be wrong for anyone to imply any other way. Manager Doeringsfeld commented that the Port's \$8.80 return on investment for every \$1.00 invested into economic development is not like going to a casino; it is a cumulative result from thoughtful investment over a long time horizon. He continued by commenting that projects are also turned away. Ports evaluate projects for highest and best use and return to the community; this is responsible management and judicious use of taxpayer dollars. He conveyed his confidence in the Port Commission and their continued decisions in wise investment for its citizens.

Next, Commission President, Mike Thomason, called for consideration and discussion regarding the 2016 tax levy. Commissioner Hasenoehrl made a motion to approve and adopt the FY16 tax levy in the amount of \$420,000, as presented; seconded by Commissioner Klemm. The motion passed unanimously.

Manager Doeringsfeld, next referenced public comment regarding a petition filed by Idaho Rivers United to the U.S. Department of Transportation stating the Port of Lewiston made false and misleading statements in its successful Tiger IV grant application. The awarded amount was \$1.3 million as partial funding for the dock extension. Manager Doeringsfeld reported that the Port was made aware this past Friday that submission of this filing had been submitted to USDOT in September, 2014. **Manager Doeringsfeld reported that he contacted MARAD earlier this week and asked them to expedite their findings in regard to allegations contained in the IRU complaint.** He continued that the Port has not been contacted by USDOT but will fully cooperate, transparently, with the investigative process. He conveyed his full confidence in the Port's Tiger IV grant application as sound and factual.

ADOPTION OF MINUTES:

The next order of business for the Port Commission was examination of the Minutes for Regular Meeting of May 13, 2015, and Special Meetings of May 18 (Lenore), May 21 (Culdesac), May 21 (Lapwai), respectively. A motion was made by Commissioner Klemm to accept all Minutes as presented; seconded by Commissioner Hasenoehrl. The motion passed unanimously.

TERMINAL II & DOCK OPERATIONS REPORT:

David Doeringsfeld, Port General Manager, reported on operations at Terminal II (Inland 465). Space Builders will begin annual application of elastic roofing material to the roof later this fall. There was water damaged paper roll during a recent rain storm.

Port Manager, David Doeringsfeld, reported updates on Terminal I, the public dock facilities commenting that container on barge service remains suspended with eight containers remaining in the yard to go out by truck. Service from the trucking industry has not been readily available which has growers wondering what harvest will look like. Manager Doeringsfeld reported that Port rail facilities already exist today to service pulse products by box car. The Port will continue to make its facilities available for use and facilitate transportation options. Pulp is being warehoused.

Next, Manager Doeringsfeld introduced Sebastian Degens, General Business Manager for the Port of Portland. Mr. Degens thanked the Port of Lewiston for their time today and their support the last three difficult years. He also introduced Rob Smith, Cargo Manager with the Port of Portland. Mr. Degens commented that slowdowns, capacity and revenue issues have hit the agricultural industry particularly hard, and without precedent. The disruption of service has impacted shippers' global competition, seasonality and perishability of products. He reported that carriers have left the Port of Portland before and they have left other ports as well. The Port of Portland is a niche port serving 6,000 regional container shippers from Washington, Idaho and Oregon. The port services by water and truck better than rail. Bulk grain continues to flow normally. Westwood, a breakbulk and container combo ship to Japan and Korea, has announced its first vessel calling since the suspension of container service. The first Westwood call is scheduled for July 15. Mr. Degens discussed incentives for shippers through the Port of Portland, the opportunity for different carriers to call the Port of Portland, ongoing public and private investments being made to support the river system and other reasons to be optimistic for the return of container service. Mr. Degens acknowledged that legal issues between labor and management need to be resolved. However, minor improvements in the relationship have been recognized but remain fragile.

Commissioner Klemm thanked Mr. Degens for attending the Port Commission meeting. Discussion was had regarding the history of Terminal 6 management commenting that Terminal 6 was the last terminal on the west coast to not be managed

by an operator instead of the port itself. Currently, ICTSI is a tenant of the Port of Portland. ICTSI and the port are working together to return container service. However, ICTSI will be in the lead in order to partner with the steamship lines and mutually focus on lean operations. Mr. Degens acknowledged the pressure the Port of Lewiston is under and commented about the importance to keep infrastructure ready. Commissioner Hasenoehrl thanked Mr. Degens for his time and update. She conveyed support of their efforts hoping relationships will be rebuilt with time.

Year to Date container shipments are down -34.03% and wheat shipments down -20.97%. Container shipments and wheat shipments for the month of May, as compared to the same month last year, reflect a decrease of -84% in container shipments and an decrease of -47% in wheat shipments for the month as reflected in the monthly shipping report.

MANAGER'S REPORT:

Active Agenda:

Manager Doeringsfeld presented Resolution 15-3 for discussion and consider for approval with his recommendation: Exclusive Bid Procurement Process for Fiber Optic Cable Project 15-1 with a sealed bid opening at 4:00PM on June 25, 2015. Commissioner Hasenoehrl made a motion to approve Resolution 15-3, as presented; seconded by Commissioner Klemm. The motion passed unanimously.

Non-active Agenda – Project review and updates:

Next, Port Manager, David Doeringsfeld, presented an update on the Harry Wall Industrial Park platting process. All entities have signed off on the required vacancies of the Bell Addition. The plat should be finalized in 3-4 months through the city process.

Rail Repairs – Approximately \$3,500 in port rail maintenance was recently completed.

Fiber Optic Network Update – The port is working with an engineer and contractor to install conduit in the city's downtown stormwater construction project. Manager Doeringsfeld complimented the city for their assistance.

Community Outreach Update – Port staff is drafting the next Port Report newsletter for distribution in July or August. The Tribune is preparing a 40th Anniversary Slackwater Edition.

Upcoming Meetings:

June 17th – Pioneer Ports meeting at Boyer Park at 6:00 p.m.

June 22-24 – PNWA at Hood River, OR

June 30 – Valley Vision annual meeting at Red Lion at 5:00 p.m.

July 8 – Regular Port Commission meeting at noon

COMMISSION COMMITTEE REPORTS:

Commissioner Hasenoehrl/Urban Renewal Agency—Reported that the URA has met in executive session regarding the lawsuit and the Board will also continue to move forward on projects.

Commissioner Thomason/Valley Vision/LCV Chamber Board – Reported that the Chamber has developed a new Community Leadership program offering a broad range of interesting topics.

Commissioner Klemm/LC Valley Chamber Government Affairs Committee, Chamber Natural Resource Committee, PNWA Board of Directors – Reported that the Government Affairs Committee discussed the subject of local option tax and they voted transportation and education as their primary focus areas.

FINANCIAL REPORT:

As the next order of business, the Port Manager presented a Financial Statement prepared by the Port Auditors for eleven months ending May 31, 2015. A motion was made by Commissioner Hasenoehrl to approve the Financial Statement, as presented. The motion was seconded by Commissioner Klemm; the motion passed unanimously.

The Port Manager next presented a Port Financial Report concerning the status of Port funds on May 31, 2015.

ACT ON CLAIMS:

The next order of business was a review and discussion of claims against the Port as reflected by the Check Detail Sheet. A motion was made by Commissioner

Hasenoehrl to approve and pay Port vouchers Nos. 17817 through 17882, transfers and EFTPS for a total amount of \$57,939.68; seconded by Commissioner Klemm. The motion passed unanimously.

EXECUTIVE SESSION: None

OTHER BUSINESS:

Being no further business, the meeting adjourned at 3:08 p.m.


Secretary
Mary Hasenoehrl