
**Port of Grays Harbor
MEMORANDUM**

TO: Executive Director DATE: October 8, 2019

FROM: Director of Finance and Administration

SUBJECT: AMENDMENT OF GRAYS HARBOR PILOTAGE DISTRICT TARIFF

ACTION REQUESTED

Release the Port of Grays Harbor pilotage budget, five-year capital plan, prior year pilotage financial statement and proposed pilotage tariff.

BACKGROUND

Pursuant to RCW 53.08.390, the Port was given the authority to commence pilotage service in the Grays Harbor Pilotage District. The Port began providing pilotage services on October 1, 2001.

The Washington State Board of Pilotage Commissioners has the responsibility to oversee all pilotage activity in the State of Washington while the UTC sets the pilotage tariffs. RCW 53.08.390 allows the Port Commission to recommend tariff rates to the UTC.

RCW 53.08.390 further requires the Port to release its pilotage budget, five-year capital spending plan, prior year financial statement, and the proposed pilotage tariff prior to a public hearing. That public hearing is scheduled for November 12, 2019 at which time the Commission can take public testimony and staff will prepare a Resolution where the Commission may approve and recommend the pilotage tariff.

TARIFF ANALYSIS

The tariff recommendation supports the Port's commitment to provide safe and efficient pilotage services in the Grays Harbor District; employ and retain highly skilled bar pilots; and to stabilize pilotage service costs for the vessels calling Grays Harbor.

As we considered a tariff recommendation for 2020, staff reviewed shipping projections, pilot boat condition, as well as new pilot training and staffing expectations through 2020. Export shipping activity peaked in 2014 and has varied due to global market conditions and is reflected in the following pilot job projections.

2016 Actual	2017 Actual	2018 Actual	2019 Projected	2020 Budget
99 vessels	109 vessels	112 vessels	84 vessels	75 vessels
229 jobs	258 jobs	289 jobs	210 jobs	188 jobs

Due to a decrease in vessels, the addition of a Pilot Trainee, and the purchase of a new pilot boat staff recommends a 15% increase in the draft, tonnage, boarding, and harbor shift rates plus the addition of a Pilot Boat Surcharge to be added to each job. The other tariff charges, including the Pension Charge and Travel Charges, are sufficient to allow the Port to break-even covering all operating and overhead costs.

The Pension Charge is used to fund pension payments to the retirees of the former Grays Harbor Pilots Association. These pension payments are now administered by the Port of Grays Harbor.

The tariff increase would take effect January 1, 2020 if adopted by the Washington State Utilities and Transportation Commission.

RECOMMENDATION

Staff recommends release of the Port of Grays Harbor pilotage budget, five-year capital plan, prior year pilotage financial statement and proposed pilotage tariff.

GRAYS HARBOR PILOTAGE DISTRICT								
FINANCIAL PROFORMA								
	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 YTD July	Original 2019 Tariff Proposal	2019 Projection	2020 Projection
ACTIVITY								
# of Vessels								
Port Facilities	82	99	109	112	45	120	84	75
Weyerhaeuser Facilities	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0
Total Vessels	82	99	109	112	45	120	84	75
# of Assignments								
Port Facilities	200	229	258	289	125	300	210	188
Weyerhaeuser Facilities	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0
Total Assignments	200	229	258	289	125	300	210	188
Assignment Ratio:	2.4	2.3	2.4	2.6	2.8	2.5	2.5	2.5

GRAYS HARBOR PILOTAGE DISTRICT FINANCIAL PROFORMA								
	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 YTD July	Original 2019 Tariff Proposal	2019 Projection	2020 Projection
REVENUE								
Pilotage Services	1,178,081	1,398,041	1,620,293	1,761,915	737,252	1,750,000	1,376,000	1,532,667
Charter Agreement/Launch Service	1,200	1,950	1,201	2,343	986	1,200	1,200	1,200
Tariff Increase					-	-	-	-
TOTAL REVENUE	1,179,281	1,399,991	1,621,494	1,764,258	738,238	1,751,200	1,377,200	1,533,867
<i>Tariff Change % (not including pensior</i>	<i>5%</i>	<i>4%</i>	<i>0%</i>	<i>0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>15%</i>
<i>Tariff increase including pension charg</i>	<i>6.5%</i>	<i>6.8%</i>	<i>3.9%</i>	<i>-1.6%</i>	<i>-2.9%</i>	<i>-2.9%</i>	<i>-2.9%</i>	<i>10.9%</i>
EXPENSES								
Personnel - Wages & Benefits	855,994	824,711	807,487	888,935	652,200	873,578	856,372	743,106
					0% Inc	0% Inc	2% Inc	
Pilot Trainee - Stipend	71,667	16,800	-	-	-	72,000	-	146,941
Pension-Retired Pilots								
Advertising	50	53	53	216	-	100	100	100
Insurance	1,821	1,684	1,684	1,688	991	2,000	1,726	1,784
Legal	1,117	957	1,133	8,261	1,056	1,000	1,000	1,000
Pilot Launch/Boarding Services	237,499	309,229	330,437	460,905	212,616	375,000	283,800	360,000
Contract Pilot	-	-	-	-	-	-	-	-
Training	6,784	375	9,575	1,100	4,049	10,000	10,000	10,000
Repairs & Maintenance	60,318	1,442	139,015	112,861	4,550	40,000	60,000	60,000
Other outside services	7,861	287	760	168	16,894	1,200	750	500
Electricity	-	-	-	-	-	-	-	-
Telephone	3,227	5,597	4,347	5,069	2,703	4,000	4,000	5,000
Supplies	9,922	5,692	14,323	10,508	4,062	10,500	10,500	8,000
Bad Debts	-	-	-	-	-	-	-	-
Dues & memberships	16,250	13,000	13,000	13,000	7,583	13,000	13,000	13,000
Subscriptions	-	-	-	-	-	-	-	-
Misc	121	386	386	386	-	750	500	-
Taxes	19,690	19,270	24,777	27,680	11,803	26,300	24,000	22,379
Travel	7,319	13,286	13,512	10,372	9,953	12,000	12,000	20,000
Sub-total operating exps	1,299,640	1,212,769	1,360,489	1,541,149	928,460	1,441,428	1,277,748	1,391,810
Net income before Admin OH	(120,359)	187,222	261,005	223,109	(190,222)	309,772	99,452	142,057
Office & Admin Overhead	85,328	70,910	87,638	82,254	60,118	103,888	103,393	115,841
Depreciation-Shared Admin Assets	2,524	2,408	1,595	1,712	1,224	1,906	2,041	2,216
Depreciation-Pilotage assets	17,033	18,009	20,156	20,847	13,230	36,786	30,800	24,000
Net income after Admin OH	(225,244)	95,895	151,616	116,296	(264,794)	167,192	(36,782)	-
Gain Sharing	-	-	81,632	65,332	-	83,596	-	-
Net Income	(225,244)	95,895	69,984	52,964	(264,794)	83,596	(36,782)	-

Tariff Update Notices

October 1, 2019

RE: Revisions to Port of Grays Harbor Terminal Tariff No. 1

• Terminal Tariff No. 1 (Marine Terminal Services) – Issued October 1, 2019.

The following changes to Terminal Tariff No. 1 will take effect as specified below:

- Subrule 430, "Handling, Wharfage, Service and Facility, Car Handling," has been modified to reflect new service rates
 - Subrule 510, "Schedule of Labor Hour Rates Per Title," has been modified to include increases in ILWU and Port labor contracts
 - Subrule 605, "Schedule of Equipment Rental Rates," has been modified to reflect new service rates, add rates for office and warehouse space and delete some equipment that is no longer rented
 - Subrule 625, "Water, Fresh furnished to Vessels and Other Users," has been modified to include increases in Port costs
 - Subrule 701, "Free Time," has been modified to change the definition of free time from 14 to 10 days and change the amount of time that cargo can be stored from 30 to 10 days
 - Subrule 710, "Wharf Demurrage Rates," has been modified to reflect new service rates
 - Subrule 720, "Storage Rates," has been modified to reflect new service rates
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**Grays Harbor Pilotage District
2020-2024 Capital Spending Plan
NEW ASSETS - PILOTAGE DIVISION**

ASSET DESCRIPTION	LIFE	ACQUISITION DATE	ORIGINAL COST	NEW ASSETS - PILOTAGE DIVISION				
				2020	2021	2022	2023	2024
Toughpad Replacement	4	7/1/20	4,000	\$ 500	\$ 1,000	\$ 1,000	\$ 1,000	\$ 2,500
IPAD Replacement	4	7/1/20	1,500	\$ 188	\$ 375	\$ 375	\$ 375	\$ 938
IPAD Replacement	4	7/1/21	1,500	\$ 188	\$ 375	\$ 375	\$ 375	\$ 938
Pilot Boat	20	7/1/20	3,300,000	\$ 165,000	\$ 165,000	\$ 165,000	\$ 165,000	\$ 165,000
PPU (McMullen)	4	1/1/21	25,000	\$ 6,250	\$ 6,250	\$ 6,250	\$ 6,250	\$ 6,250
IPAD (McMullen)	4	1/1/21	1,500	\$ 375	\$ 375	\$ 375	\$ 375	\$ 375
Radio (McMullen)	5	1/1/21	1,000	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200
PPU Replacement	4	1/1/22	25,000	\$ 6,250	\$ 6,250	\$ 6,250	\$ 6,250	\$ 6,250
PPU Replacement	4	1/1/22	25,000	\$ 6,250	\$ 6,250	\$ 6,250	\$ 6,250	\$ 6,250
Radio Replacement	5	1/1/24	1,000	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200
Radio Replacement	5	1/1/24	1,000	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200
Toughpad Replacement	4	7/1/24	4,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 10,000
IPAD Replacement	4	7/1/24	1,500	\$ 375	\$ 375	\$ 375	\$ 375	\$ 375

TOTAL PILOTAGE DIVISION - NEW ASSETS \$ 3,392,000 \$ 165,875 \$ 173,575 \$ 186,075 \$ 186,075 \$ 199,825

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**PORT OF GRAYS HARBOR
COMMISSION MEETING AGENDA
November 12, 2019**

The Port Commission will begin the Commission Meeting at 9:00 a.m. Items to be discussed with action taken where required are as follows:

PLEDGE OF ALLEGIANCE

MINUTES:

1. Requesting Approval of Minutes of October 08, 2019 Regular Commission Meeting as recorded in the Minutes Book No. 21 on pages 70 through 78 inclusive.

VOUCHERS:

1. Requesting Approval of Payroll Vouchers issued October 18, 2019 and November 5, 2019, ACH/Wire Transfers No. 99901264 through and including No. 99901283, and General Disbursement Vouchers No. 100980 through and including No. 101311 for payment in the amount of \$4,623,631.29.

WORKSHOP:

1. Recreation Plan: Review of Goals & Financial Strategy for Implementation

- a) Presentation by Shelli Hopsecger, Consultant with CCAI

REPORTS:

1. Marina Dredging Update

- a) Presentation by Randy Lewis, Director of Environmental & Engineering Services

2. Westport Marina Summer Activity Report

- a) PowerPoint Presentation by Molly Bold, Westport Marina Manager

3. Public Information Report

- a) Presentation by Kayla Dunlap, Public Affairs Manager

4. Vessel Activity

- a) Presentation by Leonard Barnes, Deputy Executive Director

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VISITORS/PUBLIC COMMENTS:

Any member of the public in attendance will be allowed a total of five minutes to address the Commission and comment on any agenda item or any other matter. Each speaker should state their name, address and subjects for comment.

ACTION ITEMS:

1. Amend Lease No. 605, Ferrellgas

- a) Presentation by Leonard Barnes, Deputy Executive Director
- b) Commission Action

2. Approval of Change Order No. 1, Contract 2004, Westport Marina Maintenance Dredging Project Phase 2

- a) Presentation by Randy Lewis, Director of Environmental & Engineering Services
- b) Commission Action

3. Amend Westport Marina Tariff

- a) Presentation by Molly Bold, Westport Business Manager
- b) Commission Action

4. Approval of Change Order No. 5, Contract 1967, Bowerman Field Airport Drainage Improvements

- a) Presentation by Mike Johnson, Contract & Project Manager
- b) Commission Action

5. Authorization for Executive Director to Award Contract No. 2020, Warehouse H Electrical Upgrades

- a) Presentation by Mike Johnson, Contract & Project Manager
- b) Commission Action

PUBLIC HEARING - 2020 PILOTAGE TARIFF

1. RECESS Regular Commission Meeting for Public Hearing on the 2020 Pilotage Tariff

A. Presentation of 2020 Pilotage Tariff by Mike Folkers, Director of Finance & Administration

B. PUBLIC HEARING/COMMENTS

2. ADJOURN Public Hearing and Reconvene Regular Commission Meeting

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PUBLIC HEARING - 2020 BUDGET

- 1. RECESS** Regular Commission Meeting for Public Hearing on the 2020 Budget
 - A. Presentation of 2020 Budget by Mike Folkers, Director of Finance & Administration
 - B. PUBLIC HEARING/COMMENTS
- 2. ADJOURN** Public Hearing and Reconvene Regular Commission Meeting

RESOLUTIONS:

1. 2020 PORT BUDGET

a) Adoption of 2019 Property Tax Levy for Collection in 2020

- 1) Presentation by Mike Folkers, Director of Finance & Admin.
- 2) Resolution No. 2987
- 3) Commission Action

b) Request for Adoption of 2020 Budget

- 1) Presentation by Mike Folkers, Director of Finance & Admin.
- 2) Resolution No. 2988
- 3) Commission Action

2. Amendment of Grays Harbor Pilotage District Tariff

- a) Presentation by Mike Folkers, Director of Finance & Admin.
- b) Resolution No. 2989
- c) Commission Action

3. Acceptance of Contract No. 1967, Drainage Improvements at Bowerman Field Airport

- a) Presentation by Mike Johnson, Contract & Project Manager
- b) Resolution No. 2991
- c) Commission Action

4. Change Time of the December 2019 Regular Commission Meeting

- a) Presentation by Art Blauvelt, Legal Counsel
- b) Resolution No. 2993
- c) Commission Action

VISITORS/PUBLIC COMMENTS:

As outlined previously, visitors are offered the opportunity for comment. Each speaker should state their name, address and subjects for comment.

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NEW BUSINESS

RECESS the Regular Commission Meeting

EXECUTIVE SESSION:*

Purpose: To consider the acquisition, sale or lease of real estate, and to discuss with the Port's legal counsel matters relating to agency enforcement actions, litigation or potential litigation.

*Note: Actual topics to be discussed will be announced at the meeting. No action will be taken during Executive Session.

SUGGESTED DATE FOR THE NEXT REGULAR MEETING: Dec. 10, 2019

Noon

The Port's board meetings are open to the public. For more information, and for Americans with Disabilities Act (ADA) requests for reasonable accommodation, please phone (360) 533-9528 or write to P.O. Box 660, Aberdeen, WA 98520.