

PORT & RESOURCE RECOVERY DEPARTMENT

Brown County

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DEAN R. HAEN

DIRECTOR

PROCEEDINGS OF THE BROWN COUNTY HARBOR COMMISSION

A meeting was held on **Monday, July 20th, 2015**
Brown County Resource Recovery Facility, 2561 S Broadway, Green Bay, WI

1) The meeting was officially called to order by Tom Klimek at 10:30 am.

2) Roll Call:

Present: Vice President Tom Klimek
Commissioner Bernie Erickson
Commissioner Bryan Hyska
Commissioner Hank Wallace
Commissioner John Hanitz
Commissioner Tim Feldhausen
Commissioner Ron Antonneau

Excused: President Craig Dickman
Commissioner Mike Vizer

Also Present: Dean Haen, Brown County P&RR
Mark Walter, Brown County P&RR
James & Sylvia Graefe - Residents

3) Approval/Modification – Meeting Agenda

A motion to approve the agenda was made by Bernie Erickson and seconded by Tim Feldhausen. Unanimously approved.

4) Approval/Modification – May 11, 2015 Meeting Minutes

A motion to approve the minutes of May 11, 2015 was made by Bernie Erickson and seconded by John Hanitz. Unanimously approved.

5) Announcements/Communication

Commissioner John Hanitz explained that he is a member of the Lighthouse Restoration Committee and he thought that the Commissioners would enjoy a tour of the lighthouse at the Yacht Club for its historical value. The Commissioners decided that before the August 10th meeting they would meet at 10:00 am at the Yacht Club for the Harbor Commission meeting followed by a tour.

6) Fox River Environmental Clean-up Project - Public Comments/Update on Standing Item

Mr. Haen stated that the Fox River Clean-Up Project has been going smoothly. The Project had been meeting with the Port regularly in regards to using Bay Port for placement of sediment. However, in the past five to six weeks there have not been any additional comments on the use of Bay Port by the Project. Haen understood there are still disagreements between the terminal operators and the Project. In order to dredge near some the terminal operators' facilities they have to stabilize the shoreline because of the stability of the facility. It is not clear who should have to encumber that cost; the terminal operators or the dredging project. Until these issues are cleared up, the Project has been working in other locations. Once the issues are resolved, the Project will dredge near those locations. The project is set to finish next summer.

Commissioner Hyska asked what would happen if no resolution can be made by the end of next summer. Mr. Haen said that a deadline would help get resolution.

Commissioner Feldhausen asked how many locations are being skipped. Mr. Haen responded that it may be four or five locations but was not certain.

Commissioner Klimek asked about where the governmental agencies weigh in, for example, would the DNR or the Army Corp of Engineers be able to resolve this dispute in the end. Mr. Haen clarified that the EPA has signed off to let DNR run the project. They use record of decisions to make their final decisions between dredging or capping, but is conscience of the cost difference and long-term capping concerns. If the project continues on longer than planned it starts to cost the responsible parties of the clean-up project more money.

Mr. James Graefe spoke with regard to where the project stood indicating that he was a landowner on the east side of the Fox River who wished to keep up-to-date on the project.

7) 2016 Budget – Request for Approval

Mr. Haen stated that because the Port & Resource Recovery Department is an enterprise fund the County Board does not give the Department a levy limit for the budget. The Department's budget is developed by the staff. The budget is first approved by the Harbor Commission then, meeting with Administration Department and County Executive occur. The budget is then approved by PD&T Committee and lastly by the County Board in November. Mr. Haen stated that if any changes occur through the process, he will inform the Harbor Commission.

Mr. Haen explained that in the revenue section of the budget under charges and fees, 2016 is in line with 2015 revenue. In 2014 revenue was higher because dock wall leases had not yet begun to expire. The rest of the revenue is in line with where it has been and nothing in expenses has significantly changed.

Commissioner Klimek asked if there was any major change on the expense end between 2015 and 2016. Mr. Haen explained that nothing is significant. Indirect cost and other County charges are set by Administration, IT, Corporation Counsel, Payroll and Purchasing. IntraFund Transfer Out is decreasing by \$10,000 due to changes in staff time allocation. The Port General does not have a lot of change because it does not have discretionary spending. This is similar to past years.

Commissioner Hyska asked what is "Intra-Fund Transfer In" and how does the dollar get set on the revenue side. Mr. Haen explained that the federal government (Corps) pays for the full cost of operating Bay Port. This includes; salary, administrative overhead and they pay a tipping fee.

Harbor 217 fund gets the tipping fees and some of the money is transferred to Port General. This number balances out revenues and expenses. At the end of the year, whatever the difference is in expenses becomes Transfer In amount. This year it was forecasted to be \$169,000. When expenses are looked at, at the end of the year, which are tracking below estimate, it is expected to be around \$120,000. That is the number that will be needed to make Port General balance. Commissioner Hyska asked if that is the estimated (\$126,288) that is shown on the income statement. Mr. Haen clarified that the (\$126,288) is what makes it balance less non-cash depreciation. The number is negative because of depreciation.

Mr. Haen explained that the Harbor Fee is what is charged on a per ton basis for cargo that comes in/out of the port. This cost center covers strategic communication effort with Leonard & Finco and the rest is collected for future special uses. Years ago it was decided that the Harbor Fee was going to be used for the Cat Island Chain Project. On the income statement it looks similar to what it looks like every year.

The third cost center for the Port is the Harbor 217. Under the Harbor 217, Charges and Fees, there is an amount of \$742,800 in tipping fees that will be received from the federal government this year. This revenue has not been received yet because they do not start dredging until August and will continue until October. Next year this line item is \$0 because the Corps will be using Cat Island which is a joint facility that does not include a tipping fee. The pattern occurs every other year. In expenses we plan on doing work at Bay Port over the winter, for \$350,000 we expect to empty cell 5. When this happens we will have realized the income in 2015 and not have any income in 2016 while incurring almost half a million dollars in expenses. Commissioner Antonneau asked about cell 5 at Bay Port and where will the material go once it is empty. Mr. Haen explained that there are two stock pile cells for dry material. Material is taken out of the dewatering cells once it is dry and put into a stockpile cell. We continue to look for beneficial reuses to get the material off site. So far, the only real activity has been Renard Island. DOT beneficial re-use has not worked out yet, they identify us as a borrow site but the contractors are not interested.

Commissioner Hyska was concerned about the negative number in interest on the income statement. Mr. Haen explained that this is a change in Finance this year. Finance is doing a market valuation of funds as a snapshot in time. Commissioner Hyska added that typically certificates of deposit have a guaranteed principal and should not decrease in value. This is indicating that the principle is at risk not just lost interest income. If you cashed out early you would forgo interest income but not loss any principal.

Another question that Commissioner Hyska had was on beneficial reuse. He asked if it is part of the contract with Leonard & Finco to help find end users for the material. Mr. Haen said no, that is not part of the contract with Leonard & Finco; however, it could be added if there is value in it.

The last question that Commissioner Hyska had was on the capital expenditure plan for Bay Port expansion. Mr. Haen clarified that if they can be successful in beneficial reuse there would be no need to expand Bay Port; however, if there ever became that need they would be able to expand.

In the budget memo to members of the Harbor Commission, Solid Waste Board and PD&T it explains work efforts of closing the Cat Island Chain Project, getting the HAP grant, getting the Corps to close out the project, getting an invoice of 10% cash contributions and seeking DOT payment of that, then closing out that grant. As for Renard Island, the plan is to continue to pursue a permanent maintenance easement and follow up with getting a lakebed grant that the

Corps requires of the County. This will hopefully result in ownership transfer of the island. Commissioner Antonneau asked if there seems to be any problem that might result in not getting the 10% cash contribution from the Cat Island project. Mr. Haen explained that it is just a matter of getting the Corps to close out the project, signing an amendment to the Project Partnership Agreement, receiving an invoice for the 10% cash contribution amount and forwarding it to the WDOT for reimbursement.

There was no change on the Department budget sheet with the mission statement. A five year trend is included. There are no changes under new initiatives. No change in table of organization. Under fringes on the Resource Recovery side there is a grant detail listed. The charges that are charged at the Bay Port facility are listed. Because of the 217 agreement with the federal government rates at Bay Port are set at \$6.73. In the past, Harbor Commission has added \$2 to that for commercial terminal operators and then another \$2 is added for private dredging and another \$2 is added if material comes from out of the County.

A motion to approve the 2016 Budget was made by Ron Antonneau and seconded by Hank Wallace. Approved Unanimously with Bernie Erickson abstaining from voting.

8) 2015 Strategic Plan – Request for Approval

Commission Klimek began by explaining that the sub-committee of Commissioner Klimek, Commissioner Hyska, Commissioner Wallace and Mr. Haen have been working on the Strategic Plan for about 10 months. Most of the document fits with what the Harbor Commission has done over the past several decades and will be preparing to do in the next five years. He explained that this will serve as a guiding document for staff, the Commission, County Board and Executive. Commissioner Hyska suggested that the strategic plan should be put on the agenda quarterly so that the Harbor Commission continues to consciously be aware of the document and the goals that were set for the Harbor Commission. Mr. Haen agreed. He explained that in the past it has been referenced in the creation of the Annual Report and annual operating plan. In the future the strategic plan will accompany these documents. Commission Feldhausen stated that he approves of the document and suggested that the strategic themes be placed in a different order and to not have them numerically listed but rather bullet point listed.

A motion to approve the 2015 Strategic Plan as amended was made by Ron Antonneau and seconded by Tim Feldhausen. Unanimously approved.

9) Dockwall Lease Assignment – Request for Approval

Mr. Haen stated that U.S. Venture acquired Noble Petro's facility on the east side. This is the third assignment of this dock wall lease agreement. Last year when the acquisition was happening Mr. Haen was asked to sign a consent form by U.S. Venture, which is the document included in the agenda packet. A couple of months ago Mr. Haen reached out to U.S. Venture asking where the final assignments documents were so he could bring it before the Harbor Commission for approval. U.S. Venture explained that the assignment already happened and the consent form was all that was needed from US Venture's standpoint. Mr. Haen included it in this Harbor Commission agenda because he never actually asked for approval from the Harbor Commission. Mr. Haen did present to PD&T in the Director's Report.

A motion to approve the Dockwall Lease Assignment was made by Tim Feldhausen and seconded by Ron Antonneau. Unanimously approved.

10) Dockwall Lease Quit Claim Deeds – Request for Approval

Mr. Haen explained that the lease agreements with Flint Hills and Fox River Dock are ending. The County will be quit claim deeding back their property they gave the County to access Harbor Assistance funds. The lease payments will also cease.

A motion to approve the Dockwall Lease Quit Claim Deeds was made by Ron Antonneau and seconded by John Hanitz. Unanimously approved.

11) Second Quarter Budget Status Report – Request for Approval

Mr. Haen stated that the numbers on the status report should be around 40-60% of budget at the half way point of the year. However, on the revenue side that is not the case. The Corps dredging will not start until August and runs until October resulting in \$742,000 in tipping fee revenue realized in the fourth quarter. Miscellaneous revenue (interest) is now calculated at market value and is showing a loss. "Other Financing Sources" is the transfer of 217 funds which will not happen until the end of the year. Commissioner Antonneau advised that it would be beneficial if when Finance makes changes to how interest is reported they would make it obvious and explain why they are making those changes. Mr. Haen agreed and stated that he could draft a letter asking why things have changed.

A motion to approve the Second Quarter Budget Status Report with an amended letter included was made by Ron Antonneau and seconded by Tim Feldhausen. Unanimously approved.

12) Harbor Assistance Program – Update

Mr. Haen explained that the Harbor Assistance Program received additional funding by the legislature and Governor Walker signed it into the final State Budget bringing it up to levels similar to previous years. Thank you letters were sent to supporting legislators.

13) Renard Island – Update

The County Board took action to have the County Board chair write a letter to the city of Green Bay to explain how dissatisfied they are with the City for not granting a permanent maintenance easement to Renard Island. PD&T deferred action on the causeway resolution until August. There should be an easement in the next several weeks.

14) Directors Report – Update

Mr. Haen explained that he is on the Great Lakes Commission and they have been evaluating the transportation of crude oil. There is some turmoil around the lakes on this subject. In Green Bay petroleum products (not crude oil) are moved through the bay of Green Bay. The reason there is so much turmoil about moving crude oil, whether by ship, train, or pipeline is the fear of environmental disasters and potential loss of life.

The property that the Harbor Commission approved to sell to Northeast Asphalt about a year and a half ago is finally being completed. That will show up on the balance sheet.

Mr. Haen stated that on Wednesday he will be attending the AGLP summer meeting and working on the Strategic Plan for the association. The reason it is being held in Muskegon is because they are looking to revitalize their commercial port again.

Mr. Haen announced that the Annual WCPA meeting will be held in Milwaukee on August 27th and 28th.

15) Tonnage Report – Request for Approval

A motion to approve the Tonnage Report was made by Byran Hyska and seconded by Ron Antonneau. Unanimously approved.

16) Audit of Bills – Request for Approval

A motion to approve the Bills was made by Bryan Hyska and seconded by Ron Antonneau. Unanimously approved.

17) Such Other Matters As Authorized by Law

There were no other matters.

18) Adjourn

A motion to adjourn was made by Hank Wallace and seconded by Tim Feldhausen. Unanimously approved.

Craig Dickman, President
Harbor Commission

Dean R. Haen, Director
Port & Resource Recovery Department