

**PORT OF REDWOOD CITY
BOARD OF PORT COMMISSIONERS SPECIAL MEETING
WEDNESDAY – MARCH 30, 2011**

MINUTES

I. CALL TO ORDER

8:00 A.M.: Chairman Garcia, presiding

Commissioners Present: Commissioner Richard A. Dodge; Commissioner Thomas Cronin; Secretary Lorianna Kastrop; Vice Chairman Richard S. Claire; and, Chairman, Ralph A. Garcia, Jr.

Commissioners Absent: None

Staff Present: Executive Director, Michael J. Giari; Special Counsel to Port, Francois X. Sorba; Director of Finance & Administration, Cynthia D. Hampton; Manager of Operations, Donald K. Snaman; Manager of Development & Compliance, Eric Napralla; Accounting Clerk, Linda Hawkins; Administrative Assistant, Margaret Astesano; and, Executive Assistant, Rita F. Artist

Commissioner Kastrop led the Pledge of Allegiance.

II. APPROVAL OF MINUTES

A Motion to Approve Minutes of Regular Meeting of March 9, 2011 was made by Commissioner Cronin and Seconded by Commissioner Kastrop. The motion passed by a unanimous voice vote of all Commissioners.

III. CLAIMS

Commissioner Kastrop inquired about the results of monitoring electrical usage on Wharf 5. Don Snaman, Manager of Operations, explained that the electrical power for the *Polaris*, which berths at Wharf 5, comes through the former U.S.G.S. building located at 599 Seaport Blvd, now occupied by Potter Drilling, Inc. The Port installed a sub-meter at the building to monitor their usage. The sub-meter is read monthly and when the PG&E monthly statement comes in, Port staff calculates the usage for the *Polaris*, bills U.S.G.S. for their usage. Last June there was a sudden spike in their electric usage and in order to figure out what was happening, the Port installed a second sub-meter temporarily. Both meters are reading the same and we notified U.S.G.S. that their use has gone up and it has continued on that level since June 2010.

Commissioner Kastrop referred to a payment made to Moffatt & Nichol (M&N) for dredged material containment on Bair Island and asked if new berms were being designed. Giari explained that M&N has done engineering for U.S. Fish & Wildlife Service on Bair Island; and, they are very knowledgeable about the site. The U.S. Army Corps of Engineers is restricted from doing engineering and site preparation on Bair Island so staff asked M&N to develop design options to expand the site. The Port is paying M&N as part of our contribution to the project. Giari commented that he would share the Moffatt & Nichol report, which recently was used in agency visits in Washington, D.C.

Commissioner Dodge referred to a payment made for coyote decoys and inquired about their purpose. Giari explained that the coyote decoys were purchased to deter

Canadian geese that frequent the Port and are creating a nuisance in the public access areas.

A Motion to Approve Claims was made by Commissioner Cronin and it was seconded by Commissioner Dodge. The motion passed by a unanimous voice vote of all Commissioners.

IV. ORDINANCE

A. ORDINANCE OF THE BOARD OF PORT COMMISSIONERS OF THE CITY OF REDWOOD CITY APPROVING AND AUTHORIZING EXECUTION OF LEASE AGREEMENT WITH CLEAN HARBORS ENVIRONMENTAL SERVICES, INC. - INTRODUCTION

Executive Director Giari commented that this is an Introduction of an Ordinance approving and authorizing execution of a lease agreement with Clean Harbors Environmental Services, Inc., which currently occupies less than an acre size parcel located on Hinman Road. The site has been operated as a hazardous material truck-to-rail transfer facility since the 1990s.

Giari explained that in recent months the Santa Clara Valley Transportation Authority (VTA) acquired a portion of track and right of way to the Union Pacific rail line for the expansion of BART from Fremont to San Jose. Clean Harbors has a rail facility in San Jose, similar to the existing facility at the Port of Redwood City that has a spur track connecting to the UP line, which has now been taken over by VTA. Clean Harbors has requested a new ten year lease agreement with the Port with the request to make improvements to the existing spur track in order to handle the capacity that would have to be diverted from their San Jose rail facility.

Under the proposed ten year lease agreement, the Clean Harbors rail transfer facility would be operated under their existing permit issued by the Department of Toxic Substances Control (DTSC). Due to the increase in throughput, from 50-75 rail car shipments per year to 150-200 rail car shipments annually, Clean Harbors will complete, as a condition of the lease and DTSC, permit improvements to the rail transfer facility. Improvements would include upgrade/replacement of track on the spurs within their parcel, construction of containment around the second spur within their facility, installation of additional firefighting equipment, and upgrade of the vapor recovery system. Clean Harbors also has agreed to rebuild/replace the rail switch that connects the spur that serves their facility to the Port's line; and, cost share other rail spur track improvements. The improvements outside of the leased parcel will be managed by Clean Harbors and the Port will reimburse them up to \$25,000 for the rail track improvements.

Giari also explained the terms of the lease and stated that Clean Harbors will be required to submit an environmental audit 90 days after execution of the proposed lease and 90 days prior to the expiration of the first lease term and the extended lease term. Clean Harbors also will be required to provide a Letter of Credit in the amount of \$400,000.

Commissioner Claire commented on the \$400,000 Letter of Credit that was required of Clean Harbors and asked if the lease contained language to cover the Port in the event that DTSC requires a much higher amount for closure costs. Giari replied that upon completion of their facility improvements, the Letter of Credit will be reviewed against the new closure plan and the estimate of facility closure cost based on the ability for the facility to handle larger

quantities of material. The Letter of Credit will either remain at \$400,000 or it will be increased to the DTSC approved closure cost plus 25%, whichever is greater.

Giari commented that the Relocation clause of the proposed lease agreement differs from that in the existing lease. Clean Harbors has requested further changes to some of the terms in the Relocation clause because the proposed Relocation clause places more burden on Clean Harbors than the existing clause. Giari said that he thinks the Port and Clean Harbors can reach an agreement on this matter and that any changes to the lease agreement will be redlined for final approval by the Port Commissioners.

Commissioner Dodge questioned whether or not Clean Harbors anticipates the use of maritime barges to move their product to another location. Daniel Haag, Facility General Manager for Clean Harbors, explained that barge use is limited because the facilities to which Clean Harbors ship the materials are inland – Utah, Nebraska, Arkansas and Chicago are the usual destinations. Haag stated that Clean Harbors now has marine oil spill response capabilities in the Bay Area located in San Jose and Benicia and would investigate moving spill response equipment to Redwood City.

Commissioner Dodge next inquired about Clean Harbors' safety record. Haag responded that Clean Harbors' safety record for San Jose and Redwood City is impeccable. The last OSHA recordable incident that Clean Harbors suffered was 521 days ago. Prior to that, Clean Harbors' previous best was over 2,200 days. All employees go through a rigorous training program, which includes monthly modules to comply with OSHA standards as well as internal facility training.

Commissioner Dodge commented that the DTSC required closure fund for the former LBT tank farm, which was significantly under the amount of the actual cost for the LBT clean up. Dodge expressed concern about relying upon a DTSC closure cost estimate for Clean Harbors. Giari responded that an independent close cost estimate and closure fund will be discussed with Clean Harbors and revised lease provisions brought back to the Port Commission for consideration and that the Port should have the option to obtain an independent closure cost estimate.

Commissioner Claire asked if a clause could be added to the insurance portion of the lease that would cover additional closure costs that exceed the \$400,000 Letter of Credit. Attorney Sorba commented that it would be possible but that an insurance company would probably dispute payment of the additional closure costs.

Commissioner Kastrop asked Mr. Haag where the hazardous waste is generated from. Haag explained that Clean Harbors receives waste at their San Jose treatment, storage, and disposal facility from various sources such as refineries, biotech companies, pharmaceutical facilities, etc. throughout the Bay Area.

Chairman Garcia asked if Clean Harbors had limited options to set up operations outside of San Jose. Haag responded that was correct due to a requirement to obtain a standardized permit for transfer from DTSC.

A Motion to Introduce and Waive the Reading Thereof was made by Commissioner Claire with instructions to staff to negotiate performance security and relocation provisions with

Clean Harbors as discussed and present changes to the lease agreement at the next Port Commission meeting. It was seconded by Commissioner Kastrop. The motion passed by a unanimous voice vote of all Commissioners.

V. RESOLUTIONS

A. RESOLUTION APPROVING CHANGE ORDER FOR THE PORT SECURITY LIGHTING, CLOSED CIRCUIT TELEVISION (CCTV), AND TRANSPORTATION WORKER IDENTIFICATION CREDENTIAL (TWIC) PROJECT – (TENNYSON ELECTRIC, INC.)

Executive Director Giari commented that in December 2010 the Port Commission authorized an agreement with Tennyson electric, Inc. for the above referenced CCTV & TWIC project and asked Eric Napralla, Manager of Development & Compliance to explain the requested approval of Change Order 1 for the project.

Eric Napralla stated that the Fiber Optic Network (FON) that was specified in the CCTV & TWIC project was to service the cameras and to have the capacity to service TWIC readers. The fiber optic cable, in addition to serving the cameras and fiber, had to have an additional 50% capacity for future projects. It also had to have an additional 25% tube capacity. The proposed layout for the FON, which is acceptable, primarily consists of two 2-tube FON conduit with one 12-strand fiber optic cable.

Napralla explained that the Port's engineer, Moffatt & Nichol, has recommended to go ahead with the FON, 12-strand fiber optic cables as proposed. However, the other recommendation is to upgrade from the proposed two 2-tube FON conduit to two 4-tube FON conduits. This additional flexibility will better accommodate future Port/tenant projects that may generate needs for future capacity at the Port. For example, Napralla commented that an additional project that the Port was awarded funds for is an emergency notification system.

Napralla stated that this recommendation is within the budget of the security grant the Port received for this project.

Commissioner Dodge asked if there is or will be WiFi throughout the Port. Napralla said there is WiFi in the Port Administration office and at Spinnaker Sailing Center. Dodge suggested that along with this project, WiFi be added to the entire Port area. In the event of a disaster, the Port should have WiFi access for anyone with a laptop or iPad. Napralla responded that he would research the cost and how it could be integrated into this project.

A Motion to Adopt was made by Commissioner Kastrop. It was seconded by Commissioner Cronin. The motion passed by a unanimous voice vote of all Commissioners.

VI. PUBLIC COMMENT: None

VII. MATTERS OF BOARD INTEREST: Commissioner Kastrop commented that The Kastrop Group, Inc. has moved to 2345 Spring St., Redwood City, CA 94063 and that her telephone contact numbers have remained the same.

VIII. EXECUTIVE DIRECTOR'S REPORT: Executive Director Giari reported that Commissioners Claire, Cronin, and Dodge attended the American Association of Port Authorities (AAPA) Spring Conference with him in Washington, D.C. last week. This is usually a time when Port Commissioners and staff meet with elected representatives, congressional staff, and the U.S. Corps of Engineers. Giari said that Congress was in recess so it was a good opportunity to meet with congressional staff members but the Members of Congress were not available.

Giari explained that through congressional appropriations and economic stimulus funds over the last two years, the Port has had over \$10 million available for maintenance dredging of the channel. With the new Congress and the emphasis on cutting the budget, no one is predicting that funding will be available again in the short term. In the Port of Redwood City's fiscal year 2012, it does not look like there will be any federal maintenance dredging money available but we will be able to do maintenance dredging in FY-11, which should hold us over for some time.

Giari also reported that they met with the U.S. Dept. of Transportation, Maritime Administration, about their marine highway programs. MARAD they asked the Port of Redwood City to consider the possibility of hosting a West Coast Corridor Workshop on Marine Highways. We told them that we would be in favor of considering that event.

IX. ADJOURNMENT

At 8:55 a.m. Chairman Garcia requested that the Commission adjourn to its next regularly scheduled Meeting of April 13, 2011.

A Motion to Adjourn was made by Commissioner Dodge and it was seconded by Commissioner Cronin. The motion passed by a unanimous voice vote of all Commissioners.