



## **STOCKTON PORT DISTRICT**

Board of Port Commissioners

December 7, 2020

Pursuant to notice duly given, the regular meeting of the Board of Commissioners of the Stockton Port District was held on December 7, 2020, in Room 18 of the Port of Stockton Administration Building located at 2201 West Washington Street in Stockton, California.

COMMISSIONERS PRESENT: R. Jay Allen, Vice Chairman  
Anthony Barkett  
\*Elizabeth (Liz) Blanchard  
Michael Patrick Duffy  
Stephen Griffen  
William R. Trezza

COMMISSIONERS ABSENT: None

COMMISSIONERS EXCUSED: Gary Christopherson, Chairman

OTHERS PRESENT: Richard Aschieris, Port Director  
Steve Escobar, Senior Deputy Port Director  
Michelle Bowling, Director of Finance  
Jason Katindoy, Director of Maritime Operations  
Katie Miller, Director of Human Resources and  
Administrative Services  
Jeff Wingfield, Director of Environmental and  
Public Affairs  
Sylvester Aguilar, Manager of Port Real Estate and  
Properties Development  
Pete Grossgart, Marketing Manager  
Steven A. Herum, Port Counsel  
Melanie Rodriguez, Secretary to the Board

\*Commissioner Blanchard arrived at 4:18 p.m. during Agenda Item #10.

A quorum being present, the meeting was called to order by Vice Chairman R. Jay Allen at 3:30 p.m. Vice Chairman Allen presided and Melanie Rodriguez, Secretary to the Board, acted as Secretary for the meeting.

## CONSENT CALENDAR

In compliance with Port Policy Statement #003, the Consent Calendar items of business, having been provided to each member of the Board prior to this meeting, the Commissioners present acted upon all Consent Calendar items of business under one vote.

Commissioner Duffy moved, to adopt the following resolutions:

### MINUTES OF NOVEMBER 16, 2020 MEETING

Resolution #8203: RESOLVED, that the minutes of the REGULAR meeting of the Board of Commissioners of the Stockton Port District held on the 16th day of November 2020, as the same are endorsed on Page No. 101 to Page No. 108, inclusive, of Minutes Book No. 62, be and they are hereby approved.

### APPROVAL OF A MASTER PROFESSIONAL SERVICES AGREEMENT WITH DR PIPELINE, INC., FOR ON CALL MAINTENANCE SERVICES FOR A NOT-TO-EXCEED AMOUNT OF \$680,000.00 FOR THE PERIOD OF DECEMBER 2020 THROUGH DECEMBER 2021

Resolution #8204: RESOLVED, by the Stockton Port District Board of Commissioners that the Port Director is hereby authorized, empowered and directed to execute a contract with DR Pipeline, Inc., for a total amount not-to-exceed \$680,000.00 (Six Hundred Eighty Thousand and no/100 dollars) for on call maintenance services; and

RESOLVED FURTHER, that the Port Director is authorized, empowered and directed to ensure that the provisions of this resolution are appropriately effected.

### AUTHORIZE THE PORT DIRECTOR TO PURCHASE A CISCO SWITCH FROM I.T. SAVVY, LLC FOR A NOT-TO-EXCEED AMOUNT OF \$81,962.45

Resolution #8205: RESOLVED, by the Board of Commissioners of the Stockton Port District that the Port Director is hereby authorized, empowered and directed to purchase a Cisco Switch from I.T. Savvy, LLC., using \$61,471.84 from the Federal Emergency Management Agency (FEMA) Grant 2018-PU-00648 and \$20,490.61 from the Port of Stockton General Fund for a total of \$81,962.45; and

RESOLVED FURTHER, that the Port Director is authorized, empowered and directed to ensure that the provisions of this resolution are appropriately effected.

Resolutions #8203, #8204 and #8205 were passed by the following vote:

COMMISSIONERS IN FAVOR:	Allen, Barkett, Duffy, Griffen, Trezza
COMMISSIONERS AGAINST:	None
COMMISSIONERS ABSTAINING:	None
COMMISSIONERS ABSENT:	None
COMMISSIONERS EXCUSED:	Blanchard, Christopherson

### CONSIDERATION OF ITEMS REMOVED FROM THE CONSENT CALENDAR

Vice Chairman Allen acknowledged that there were no items removed from the Consent Calendar.

### POSSIBLE CONSIDERATION AND AUTHORIZATION FOR THE PORT DIRECTOR TO ACCEPT ALLOCATION OF ONE LIEBHERR LHM 550 CRANE FROM THE DEPARTMENT OF GENERAL SERVICES, CALIFORNIA FEDERAL SURPLUS PERSONAL PROPERTY PROGRAM FOR \$545,655.00

Port Director Aschieris provided an executive summary of this agenda item. Mr. Aschieris' presentation included the following:

In 2018, the Port met with the U.S. Maritime Administration (MARAD) to discuss disposition options for two Liebherr cranes. At that time, MARAD stated they were willing to sell the cranes to the Port for approximately \$7 million. Port staff recommended the transfer of responsibility and liability back to MARAD following the 49 CFR § 18.32 regulations. The staff recommendation was to wait and see if the Port might be able to acquire either one or both cranes at a lower price sometime in the future and the Board agreed.

The Port submitted a letter to MARAD dated March 11, 2019 indicating that the Port did not wish to purchase the cranes and requested direction for their disposition. MARAD responded with a letter dated May 28, 2019 stating that the title for both cranes would transfer back to MARAD and that the process of selling the cranes through the Department of General Services (DGS) would begin. Both cranes were listed for sale by DGS in November of this year.

One crane was successfully allocated to the Port of Stockton on November 27, 2020. The Department of General Services/California Federal Surplus Property Program (DGS/CFSP) assesses a service and handling fee for each item of federal property that is awarded. The service fee for the crane allocation is ten percent (10%) of the original acquisition cost.

In addition, due to changes in California Air District regulations the diesel-powered crane would also need to be retrofitted to operate at the Port of Stockton. Port staff consulted with the Air

District to determine the necessary retrofit to comply with the Mobile Cargo Handling Equipment Regulation.

There are several funding sources that have been identified to acquire and retrofit one Liebherr LHM 550 Crane as follows:

- Existing unspent Port Infrastructure Bond Funds: \$1,604,392.93.
- Crane acquisition from Port General Fund: \$545,671.
- Port Public Purpose Fund: \$343,815

In addition, there are other funding sources that would be available which require an application and review process.

Acquiring one of the Liebherr cranes would be critical to the Port's ability to offer customers expanded lift-on and -off capabilities and operational efficiencies in handling project, dry-bulk and break-bulk cargos. The Port's existing shore-based crane, the Paceco located at Dock 10/11, is approximately 60 years old and is approaching the end of its useful life. The acquisition of a relatively new Liebherr LHM 550 Crane would replace and expand the Port's existing shore-based crane capability.

Port staff recommends authorizing the Port Director to accept allocation of one Liebherr LHM 550 Crane from the Department of General Services/California Federal Surplus Personal Property Program for ten percent (10%) of the original acquisition cost which is \$545,655.00.

Commissioner Trezza moved, to adopt the following resolution:

Resolution #8206: RESOLVED, by the Board of Commissioners of the Stockton Port District that the Port Director is hereby authorized, empowered and directed to purchase a Liebherr LHM 550 Crane from the Department of General Services/California Federal Surplus Personal Property Program for ten percent (10%) of the original acquisition cost which is \$545,655.00 from the Port's General Fund; and

RESOLVED FURTHER, that the Port Director is authorized, empowered and directed to ensure that the provisions of this resolution are appropriately effected.

Resolution #8206 was passed by the following vote:

COMMISSIONERS IN FAVOR:	Allen, Barkett, Duffy, Griffen, Trezza
COMMISSIONERS AGAINST:	None
COMMISSIONERS ABSTAINING:	None
COMMISSIONERS ABSENT:	None
COMMISSIONERS EXCUSED:	Blanchard, Christopherson

## COMMITTEE REPORTS

Vice Chairman Allen acknowledged that there were no Committee Reports.

## PORT DIRECTOR'S COMMENTS

Port Director Aschieris provided an executive summary of recent Port activities.

- Current calendar year-to-date shipping reflects 225 ships. Shipping activity for the same period in 2019 reported 219 ships. Since the last Commission meeting, 19 ships have called at the Port.
- Current calendar year-to-date tonnage totaled 3,693,236 metric tons. Tonnage for the same period in 2019 totaled 4,226,528 metric tons. Since the last Commission meeting, 334,845 metric tons of cement/slag from Vietnam and Korea, food grade oils from Malaysia, fertilizer from Norway, anhydrous ammonia from Trinidad, bulk grains from Turkey and Australia, steel, project cargo and sulfuric acid from Japan, bagged rice to Japan and dry bulk to Japan and Peru have been handled.
- Port Director Aschieris shared that the dredging of the Stockton Deep Water Ship Channel should be completed in the next few weeks, but no later than January 1, 2021. A total of 16,500 cubic yards of dredge material have been placed at Antioch Dunes.
- Director of Human Resources and Administrative Services Miller shared how the Port is responding to the Novel Coronavirus (COVID-19) situation.

## COMMISSION COMMENTS

Commissioner Griffen shared that since Pier 80 is exclusively used for Tesla, the Port should be able to attract more steel and dry bulk cargo.

## PUBLIC COMMENTS ON NON-AGENDA ITEMS

The following emailed comments were provided to the Commissioners for consideration related to this item:

Emailed Comment as received from Mary Elizabeth with the Delta-Sierra Group:

“Good job on the zoom Youtube connection for the meeting today and change in viewing frame. There can be improvements but today’s meeting represented a step in the right direction. Next steps post minutes and the video on the website as standard practice.”

CLOSED SESSIONS:

- A. PURSUANT TO GOVERNMENT CODE §54957.6: CONFERENCE WITH LABOR NEGOTIATOR: RECEIVE REPORT FROM, GIVE INSTRUCTIONS TO AND CONFER WITH PORT NEGOTIATOR RICHARD ASCHIERIS REGARDING TENTATIVE AGREEMENT WITH THE INTERNATIONAL LONGSHORE AND WAREHOUSE UNION (ILWU) LOCAL 6
- B. PURSUANT TO GOVERNMENT CODE §54956.8 REAL PROPERTY TRANSACTION: RECEIVE REPORTS FROM, GIVE INSTRUCTIONS TO & CONFER WITH PORT NEGOTIATOR RICHARD ASCHIERIS REGARDING POTENTIAL REAL PROPERTY TRANSACTION RELATIVE TO 340 PORT ROAD A, STOCKTON, CA

Commissioner Griffen recused himself from discussion and participation of Closed Session Item A.

At 3:51 p.m. Vice Chairman Allen announced that, in accordance with the Ralph M. Brown Act, executive sessions would be conducted by the Board of Commissioners pursuant to Government Codes §54957.6 and §54956.8. The general public and other Port staff was excused from the meeting, and the closed sessions commenced at 3:53 p.m. Port Director Aschieris, Senior Deputy Port Director Escobar, Director of Finance Bowling, Director of Maritime Operations Katindoy, Director of Human Resources and Administrative Services Miller, Director of Environmental and Public Affairs Wingfield, Manager of Port Real Estate and Properties Development Aguilar, Marketing Manager Grossgart and Attorney Herum remained for the executive sessions.

At 4:28 p.m., Vice Chairman Allen re-opened the meeting in public session. He reported that the Port Commission conferred with legal counsel and took no formal, reportable action during the closed sessions.

CONSIDERATION AND POSSIBLE APPROVAL OF THE MEMORANDUM OF AGREEMENT BETWEEN THE INTERNATIONAL LONGSHORE AND WAREHOUSE UNION (ILWU) LOCAL 6 AND THE STOCKTON PORT DISTRICT

Commissioner Griffen recused himself from discussion, participation and voting on the Memorandum of Agreement between the International Longshore and Warehouse Union (ILWU) Local 6 and the Stockton Port District.

Commissioner Duffy moved, to adopt the following resolution:

Resolution #8207: WHEREAS, the Meyers-Milias-Brown Act (MMBA), governs labor relations of California public employers, including cities, counties, transportation agencies and most special districts; and

WHEREAS, effective January 1, 2014, the MMBA was amended to require California public employers to accept or reject during a noticed public meeting any tentative agreement within 30 days; and

WHEREAS, on April 6, 2020, the Stockton Port District Board of Commissioners gave instructions to the Port Director and staff relative to labor contract negotiations with the International Longshore and Warehouse Union (ILWU) Local 6; and

WHEREAS, in compliance with the MMBA, the Stockton Port District and the ILWU Local 6, having met and conferred in good faith, having freely exchanged information, opinion and proposals, having endeavored to reach agreement on all matters relating to the employment conditions and employer-employee relations; now, therefore be it

RESOLVED, that the Stockton Port District Board of Commissioners hereby formally adopts as the final labor agreement with ILWU Local 6 the *Memorandum of Agreement Between Stockton Port District and the International Longshore and Warehouse Union (ILWU) Local 6, July 1, 2020 through June 30, 2025*; and

RESOLVED FURTHER, that the Port Director is hereby authorized, empowered and directed to ensure that the provisions of this resolution are appropriately effected.

Resolution #8207 was passed by the following vote:

COMMISSIONERS IN FAVOR:	Allen, Barkett, Duffy, Trezza
COMMISSIONERS AGAINST:	None
COMMISSIONERS ABSTAINING:	Griffen
COMMISSIONERS ABSENT:	None
COMMISSIONERS EXCUSED:	Blanchard, Christopherson

**CONSIDERATION AND POSSIBLE APPROVAL OF ORDINANCE #258 AUTHORIZING THE PORT DIRECTOR TO AMEND THE LEASE AGREEMENT WITH BEST LOGISTICS, INC. REMOVING ONLY THE THREE 2-YEAR OPTION PERIODS FOR APPROXIMATELY 26 ACRES OCCUPIED BY THREE WAREHOUSES TOTALING 530,752 SQ. FEET AT 340 PORT ROAD 22 ON THE EAST COMPLEX**

Senior Deputy Director Escobar provided an executive summary of this agenda item. Mr. Escobar's presentation included the following:

Best Logistics, Inc.'s (Best) current seven-year lease with three 2-year options is in its second year. Best is requesting the Board's consideration in modifying the lease term to a straight seven-year

lease with no option periods. The San Joaquin County Assessor treats the initial term and option periods as one term, which equates to a 13-year lease term. Best has been advised by the San Joaquin County Assessor's Office that their possessory interest (property tax) tax obligation will increase significantly compared to their typical five-year lease term. The requested lease term amendment will reduce the tax rate closer to prior levels for the coming 2021 tax year, if approved. Since the option periods would be at Best's discretion whether to extend the lease following the initial term, there is no material impact to the Port if the option periods were removed.

Best currently leases the area on the south side of Washington Street between Port Roads 21 and 22. The overall site is approximately 26 acres occupied by three warehouses (Warehouses 1, 2 and 3) totaling 530,752 square feet located at 340 Port Road 22. Best specializes in warehousing, inventory management and transportation services and currently has 27 full-time employees and 1 part-time employee. Best's only operating location is the Port of Stockton.

Commissioner Griffen moved, to adopted the following resolution.

Resolution #8208: RESOLVED, that the Stockton Port District Board of Commissioners approves final adoption of Ordinance #258 for the First Amendment to the Lease with Best Logistics, Inc. for approximately 26 acres occupied by three warehouses totaling 530,752 square feet located at 340 Port Road 22 on the Port of Stockton East Complex for an initial term of 7 years with no option periods that commenced on March 20, 2019; and

RESOLVED FURTHER, that Ordinance #258 shall take effect, and be in full force and effect, from and after its final adoption; and

RESOLVED FURTHER, that the Port Director is authorized, empowered and directed in the name of and as the act and deed of this Stockton Port District to make, execute and deliver all necessary documents in the accomplishment thereof, and to ensure that the provisions of this resolution are appropriately effected

Resolution #8208 was passed by the following vote:

COMMISSIONERS IN FAVOR:	Allen, Barkett, Blanchard, Duffy, Griffen, Trezza
COMMISSIONERS AGAINST:	None
COMMISSIONERS ABSTAINING:	None
COMMISSIONERS ABSENT:	None
COMMISSIONERS EXCUSED:	Christopherson



ADJOURNMENT

There being no further business to discuss, the meeting was adjourned at 4:33 p.m. by Vice Chairman Allen.

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Melanie Rodriguez  
Secretary to the Board

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Vice Chairman R. Jay Allen