

**PORT OF NEWPORT MINUTES**  
**May 26, 2015**  
**Regular Commission Meeting**

**I. CALL TO ORDER**

Commission President Walter Chuck called the regular commission meeting of the Board of Commissioners to order at 6:00 PM.

**Commissioners Present:** Walter Chuck (Pos. #1), President; Dean Fleck (Pos. #5), Vice-President; Ken Brown (Pos. #4), Secretary / Treasurer; JoAnn Barton (Pos. #3); and David Jincks (Pos. #2).

**Management and Staff:** Kevin Greenwood, General Manager; Stephen Larrabee, Director of Finance; Rick Fuller, NOAA Facilities Manager; and Roxie Cuellar, Administrative Assistant.

**Members of the Public and Media:** Yale Fogarty, ILWU; Eddie Cordell, ILWU; Pat Ruddiman, ILWU; Brian Carl, ILWU; Mike Sorenson, Miss Raven; Steve Lovin, Umatilla II; Chris Olson, Newport Marine Store and Charter; Stewart Lamerdin, in-coming commissioner; Ralph Busby, Newport city councilor. Larry Coonrod, Lincoln County Dispatch, and Dennis Anstine, Newport News-Times, represented the media.

**II. CHANGES TO THE AGENDA**

There were no changes to the Agenda.

**III. PUBLIC COMMENT**

There was no public comment during the first public comment period.

**IV. CONSENT CALENDAR**

**A motion was made by Barton and seconded by Jincks to approve the Consent Calendar. The motion passed 5-0.**

**V. CORRESPONDENCE / PRESENTATIONS**

The General Manager presented Frank Berg's final written report to the commissioners. He explained the report is required under state law when a jurisdiction opts to proceed with an alternative contracting method. Page 4 of the 19 page report provided a summary of the costs and savings, and about \$149,000 in savings would be transferred from the Construction Account to the Facilities Maintenance Reserve Fund. Page 7 provided the objective assessment that the final cost of the terminal project would be approximately \$27 million, which would include mitigation costs. Barton expressed disappointment that Berg could not attend the meeting, saying that he was very professional and easy to work with. The General Manager

noted that it was beneficial that he was able to come back to work with the Port on the dredging at the terminal.

## **VI. OLD BUSINESS**

### **A. Items Removed from the Consent Calendar**

No Items were removed from the Consent Calendar.

### **B. Accounts Paid**

Jincks inquired about the \$15,095 payment to Four C's Environmental Inc., for contracted water sample testing. The General Manager explained that was for the testing of the South Beach fuel line. Jincks asked if it was the total project costs. Larrabee said there may still be a few small items left to do. **A motion was made by Jincks and seconded by Barton to accept the Accounts Paid. Fleck and Brown announced conflicts of interests because of payments made to Englund Marine and Les Schwab. The motion passed 3-0.**

### **C. Port Dock 5 Tour Report**

Jincks reported that the General Manager, Patricia Patrick-Joling (in-coming commissioner), and Larry Coonrod (Lincoln County Dispatch) toured Port Dock 5 with him. He said the main point of the tour was to point out key deteriorated pilings that could cause significant damage in a perfect storm. He noted that the Port should be looking for ways to extend the life of the docks rather than allow them to deteriorate to the point where replacement is the only alternative. He said that even parts of Port Dock 7 could be extended for perhaps ten years, but the Port needs a maintenance program. He said that the hoist dock on Port Dock 7 needlessly takes away manpower that could be better used for maintenance. The General Manager said he is looking into an emergency permit to remove up to five snagged pilings. He said the Port should have more money after the end of the year that could be used for emergency repairs. He had gone over the HIPPO software with Fuller and is looking forward to having an operations manager who can use HIPPO to schedule maintenance. Walter asked how much money will be available after the end of the year. Larrabee said about \$100,000. He also noted that the emergency permit would allow pilings to be removed but would not authorize the installation of new pilings. The General Manager told the commissioners that he had priced new steel, galvanized pilings and they cost \$52 per lineal foot. Walter asked about refinancing to provide money for the installation of the pilings. The General Manager explained there are many unknowns and there will be a significant increase in the debt service next year. He suggested that the Port may want to budget for a full review of Port Docks 5 and 7 with a view to extending the life of the docks. Fleck noted that Port Dock 7 has been the highest maintenance priority for several years but it gets little attention, so he was glad to hear Jincks recommend a comprehensive approach. The General Manager agreed that if money is put into the budget for maintenance, then the maintenance needs to be done. Walter asked if a surcharge should be added to the moorage rates before the Board approves the rates resolution. Jincks said that it was not the moorage holders fault that the docks were not being maintained adequately, adding that the Port needed to impose quality control to make sure that maintenance is done properly.

Walter suggested that the General Manager give the commissioners a suite of ideas on how to raise the money to do the maintenance. The General Manager said that the rates could be changed later if that was an alternative preferred by the commission, but the rates resolution should be passed in the interim. Barton found it distressing that the commission has been having the same conversation for the eight years she has been on the commission and recommended that the Port staff draw up a list of funding options.

#### **D. Resolution Setting Rates, Fee, and Charges (ORS 294.160)**

The General Manager observed that this resolution had been on the commission's agendas for the last six months and had been well vetted. **A motion was made by Barton and seconded by Brown to adopt the resolution setting rates, fees, and charges. The motion passed 5-0.**

### **VII. NEW BUSINESS**

#### **A. Resolution Adopting a Compensation Plan**

The General Manager reminded the commission that the compensation plan was reviewed during their work session and during the Budget Committee Meeting. **A motion was made by Fleck and seconded by Jincks to adopt the resolution approving a compensation plan. The motion was passed 5-0.**

#### **B. Resolution Adopting Charter Policy**

The General Manager explained this resolution formalized the charter fee charged by the Port. Those charters that go through the Marina Charter Store do not pay the fee; others do. Sorenson said that on opening day of halibut, people can be caught not paying the fee all the time. Chris Olson said that he has a list of charters that do not pay. Fleck asked if he would provide the list to the Port. Olson said he had given it to Don Mann, the prior general manager, several times. He asked how much the citation would be. The general manager said it would be \$300 and the fine could be applied to the payment of the fee. Barton asked if security could catch the vessels not paying the fee. The General Manager said that the Port needed to put up signage first. **A motion was made by Brown and seconded by Barton to adopt the resolution on charter policy. The motion passed 5-0.**

#### **C. Resolution Adopting Procurement Policy**

The General Manager explained the inconsistency that Resolution 2007-07, which created the rules for Port procurements eight years ago, had not authorized the general manager to make any purchases under \$5,000 without Board approval but did authorize the General Manager to make procurements without Board approval for contracts between \$5,000 and \$150,000. The commissioners were given two sets of options to amend Resolution 2007-07; the General Manager's recommendation was Option 1 of each set of choices. The first recommendation was to increase the small procurement level from \$5,000 to \$10,000 to make it consistent with state law. The second recommendation was to authorize the general manager to make

purchases and engage in contracts of \$10,000 or less without Board approval. Brown said that Jincks had suggested at the last meeting that the Board authorize the general manager to make that level of procurement without Board approval two or three times per year. The General Manager agreed that was one option available but the difficulty was to know when to use those three opportunities. He said that Option #1 was more efficient and that several ports have raised the limit for procurements by the general manager to \$10,000. Jincks said he still had the concerns he had expressed at the previous meeting. The Port has a very tight budget, and while costs have gone up, spending \$10,000 does eat into a budget quickly. The General Manager said that another option was to authorize the general manager to make procurements between \$5,000 and \$10,000 if two commissioners signed off on them. Walter asked how many times this level of procurement comes up in the course of a year; the general manager said probably six to seven times. Walter suggested that perhaps the Board could split the difference and authorize the general manager to make procurements up to \$7,500. Jincks said he was okay with the \$10,000 limit, but he had wanted to state his concerns. He feels more comfortable being part of the decision and providing oversight. Walter noted that it saves staff time and the time of the commissioners if the limit is raised. Barton said she did not feel that the issue was having special meetings, because the commissioners do show up. She said she was most comfortable with Option #4 and that she agreed with Jincks about providing oversight. She suggested that the Board start with Option #4, which would authorize the general manager to make three procurements a year up to \$10,000 without board approval and perhaps the policy could be reviewed again in a few years. Fleck said that he doesn't like to micromanage but he agreed with Barton. Brown said he also liked Option #4. **A motion was made by Jincks and seconded by Fleck to adopt the resolution on procurements but substitute Option #4 for the language of Option #1 with respect to the general manager's authorization on small procurement limits. The motion passed 5-0.**

#### **D. Personal Services Contract with Todd Chase for Grant Writing Services**

The General Manager explained that Todd Chase is an economist who had been used by the Port in the past for grant writing; Chase is currently writing the TIGER grant for the Port. The General Manager proposed putting Chase on a contract basis, similar to an attorney, as long as it fell within the budget and procurement limits. **A motion was made by Barton and seconded by Jincks to authorize a personal services contract with Todd Chase for grant writing services. The motion passed 5-0.**

#### **E. Personal Services Contract with Coast & Harbor Engineering for NOAA Dredging Minimization Study Analysis**

The General Manager reminded the commissioners that they had discussed siltation at the NOAA docks at the last meeting. Fuller spoke with Vladimir Shepis about the siltation significantly exceeding the predicted amount in his report five years ago. Shepis had said the sediment would accumulate at about five inches a year. Fuller said there was one year when it exceeded 12 feet. Shepis said he would need to put the data Fuller had into his computer to do the new modeling. Fuller said that dredging throws good money after bad. He and Jincks had discussed different ideas of how to deal with the siltation but an engineer needs to look at it. Fuller said the dredging is basically digging a hole in the river that fills in again. He said that the

ships at the NOAA docks also affect the siltation. Barton said that most things have not changed since Vladimir did his modeling five years ago, so why should the Port expect a different result if it pays him to do another study? Brown said he had the same question, why would the Port use the same engineer if the original report was so wrong? Fuller said it could cost the Port more money to have a new engineer start from scratch, but he could get cost estimates. Brown asked if time was a factor; Fuller responded that we are currently out of compliance. Jincks said that conditions do change, currents change, and that is beyond people's ability to accurately assess. He suggested that the Port have the dredging done while it looks for a cure. Fleck noted that the mouth of the Klamath River changes every year. He felt that having Shepis do the study for \$11,000 was reasonable. Barton agreed that he had come highly recommended. Jincks said he was concerned about some of the assumptions – that Shepis would only rely on old data and that he would not make a site inspection, for example. Fuller said that the Port could ask him to come to the Port but that would add to the cost. He said that new NOAA data should produce the amount of expected volume that could be used for the permits. **A motion was made by Barton and seconded by Jincks to authorize a personal contract with Coast and Harbor Engineering for a NOAA dredging minimization study and analysis. The motion passed 5-0.**

## **VII. STAFF REPORTS**

### **A. Department Reports**

There were no questions or comments by the General Manager or the commissioners.

### **B. Manager's Report**

#### **1. Rogue Brewery Expansion**

The General Manager said he has received two engineering reports and that he had forwarded both to Rogue.

#### **2. Port Vision Plan**

The General Manager explained that the scope of work had been modified. He has been working with Rachael Cotton, EDALC intern, and he has received several letters of support. He will attend the Newport City Council meeting on June 2 and would discuss how the parcels should be used and developed with a review of Commission goals. If the Port receives the grant, the project should start the beginning of the next calendar year and finish before the end of the next fiscal year.

#### **3. USCG Air Facility**

The Port is continuing to track the legislative and judicial process.

#### **4. Terminal Laydown Area**

The General Manager said that he had conversations with Evan Hall to restart the MRU discussions so the laydown area can be constructed. They discussed wetlands and mitigation and how the peninsula would be graded. He said Hall would probably take the spoils to be graded over their property. He had submitted a letter to the city about bringing the sewer line to McLean Point, which would make it more grant eligible. He also discussed the proposed Urban Renewal District with the city. If the base could be frozen at zero, the funds derived from the district could be used to put in the sewer line. After twenty years, the city would receive the benefit from having a developed property on the tax rolls. Brown will be a representative of the Port on the Urban Renewal District committee. There are several approaching deadlines. The date for submission of the final TIGER grant is June 5. The General Manager is also looking at Connect Oregon and U. S. Commerce EDA grants. The Port has received many supporting letters. The General Manager added that the Urban Renewal District would be a good way to demonstrate local support for the project when applying for grants. Chuck asked how much the total matching grants would be. The General Manager said the required matches varied between and within specific grants.

## **5. Port Security Grant Program**

The General Manager informed the Board that the grant was submitted on May 19, and there were about 20 supporting letters, mostly from first responders. He is attending breakfasts of the Maritime Security Committee in Portland. The Port initially approached the grant with the goal of getting security cameras. Michael Moreno, who prepared the grant, informed the Port that it could also get grant money for the construction of the administration building. The Port would need to loan itself money, probably from the NOAA Fund, for the matching funds. Commissioners expressed concern that the public would not support spending money on a new building when the Port has so many other pressing maintenance projects. The General Manager said that the security grant would pay 63% of the cost of the new building; the Port would need to come up with \$370,000 in matching funds. Fleck said that the Port had put money into architectural designs already and that the Budget Committee had been reluctant to put money into matching funds when there were other projects requiring the Port's limited money. Jincks reminded people to look at the long-range costs because the administration building will have to be built at some point. He noted that some money will be freed up when the Oregon Coast Bank loans are paid off. Overall savings could also make it work. The General Manager reminded everyone that staff had not gone out looking for a grant to build the building but had looked for a grant for security cameras, which everyone agrees are needed. Fleck asked when the grant would be awarded. Larrabee said the end of September. Barton said this is the classic case of the tail wagging the dog and said that the Port would have to get out ahead on this. She asked how long the city would allow the Port to keep its office in a temporary building. The General Manager answered that the temporary permit expires this fall. Brown asked if we could reapply another year. The General Manager said the grant may not be available. Barton said that the dredging costs also had to come out of the NOAA Fund. The General Manager said he had to make people comfortable with the idea of a new building. Barton agree, especially with the commercial fishing industry.

## **6. Director of Operations**

The General Manager asked if the commissioners had anything they wanted to contribute to the job description or time line. Walter said the candidate should have shipping and cargo experience. Jincks said he was concerned that the position would be stretched too thin. He likes the idea that the job description would have an emphasis on maintenance projects because that is the best way to save Port money. The General Manager felt that the most important part of the job was to follow up on and make sure that plans are being followed and maintained. Barton asked what percentage of the job would be administrative and what part would be boots-on-the-ground. The General Manager said that the operations manager would not be in the office that much but would need an office because the General Manager would want to be in frequent contact with him or her. Jincks felt that for the first five years, his pickup should be his office.

## **IX. COMMISSIONERS' REPORTS**

There were no commissioners' reports.

## **X. CALENDAR / FUTURE CONSIDERATIONS**

President Chuck read the upcoming schedule. Brown said he would be absent from the regular commission meeting on June 23.

## **XI. PUBLIC COMMENT**

Yale Fogerty said he wanted to provide a public perspective. If the Port can borrow \$365,000 for an administration building, why can't it borrow \$365,000 to repair the docks? He said the revenue assets are being neglected, adding that all the boats at the Port represent small business owners who contribute a lot to the Newport community. Barton said that she agreed, but asked how long the Port could continue to operate out of a temporary building.

## **XI. ADJOURNMENT**

Having no further business, the meeting adjourned at 7:35 PM.

ATTESTED:

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Walter Chuck, President

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Ken Brown, Secretary / Treasurer