

PORT OF NEWPORT MINUTES
June 23, 2015
Regular Commission Meeting
Budget Public Hearing

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; JoAnn Barton (Pos. #3); and David Jincks (Pos. #2). Ken Brown, Secretary / Treasurer, was excused.

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; Pat Ruddiman, ILWU; Jim Shaw; Lee Fries; Hal Pritchett; David Allen, Newport City Councilor; Stewart Lamerdin, in-coming commissioner; Patricia Patrick-Joling, incoming commissioner; John Lee, VIP Hospitality; Russ Olivier, VIP Hospitality; and Derrick Tokos, City of Newport Community Development Director. Dennis Anstine, Newport News-Times, and Kiera Morgan, KNPT, 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. Minutes – Regular Commission Meeting, May 26, 2015

B. Financial Reports

C. Barrel to Keg Special Event Permit

A motion was made by Dean and seconded by Barton to approve the Consent Calendar. The motion passed 4-0.

V. CORRESPONDENCE / PRESENTATIONS

A. John Lee

Mr. Lee spoke on behalf of VIP Hospitality, a company that owns and operates boutique hotels on the coast. Both he and Mr. Olivier are familiar with the area because they grew up in Lincoln City. They are expanding their hotel at Nye Beach, but are looking to expand further in Newport. The property they are interested on Port property is zoned W-1 and W-2, principally W-2, which would be a fairly simple conditional use permit process. The hotel would have between 50 and 75 rooms. They are long-term holders; it would be a long-term cash flow for the Port. They would like to know if this project is something the Port would like to explore. Their project would take about one-half acre, leaving land for other Port options. Barton asked if one-half acre would allow for ample hotel parking. Lee responded yes. Jincks stated that zones W-1 and W-2 have been tied historically to the commercial fishing industry and a conditional use permit would require that the project be an incidental or accessory use for that industry. He was not sure that a hotel could demonstrate that link. He added that W-1 and W-2 are in short supply and are therefore protected more. He wanted to hear from Derrick Tokos how this would fit into the city's comprehensive plan. Jincks was involved in the development of Goal 17 of the State of Oregon's land use planning goals. Tokos agreed that the conditional use permit process does look at the historical basis and use should be compatible with that historical use. If the Port supported the hotel, the Port would be agreeing that the hotel would be an appropriate use for that site. The General Manager said that the commissioners would need to do that analysis. He pointed out that this project demonstrated the need for a vision plan. Jincks said there are ever-changing issues. Right now, parking is a big issue. At some point, Port Dock 7 may need to be reconfigured. The Port may lose the pier at Port Dock 5 and the Port may need to run another pier to Port Dock 5 from Port Dock 7. The Port is also going to lose more parking in the future. He agreed we need a vision plan, but the Port still needs to protect land zoned W-1 and W-2. Fleck said that the property discussed is very important to the commercial fishing industry. There is a potential conflict between commercial fishing and a hotel. Barton said the smells that often emanate from stacked crab pots and other products of commercial fishing can be very strong. She felt the commissioners should have a work session to have a more thoughtful discussion about the project. Chuck noted that there are three commissioners who would be at the table next month who are not there tonight. Jincks pointed out that there are more W-2 sites at South Beach and that a hotel was more compatible with the recreational uses at South Beach. Lee said that the hotel needed to be on the north side of the bay. He indicated that VIP Hospitality would stop any further progress on the project for now. The General Manager said if Lee wanted the Port to have a work session on the issue, Lee could write a letter to the Port and make that request.

B. Evan Hall, Rondy's re: Urban Renewal Support

The General Manager noted the letter from Evan Hall, expressing Rondy's support for the inclusion of its property in the Urban Renewal District proposed by the Port.

C. Dana Jenkins, County Clerk re: Election Results

The General Manager said the Port's May election results were in the packet and that the new commissioners will be sworn in at the regular July meeting. Chuck welcomed Stewart Lamerdin and Patricia Patrick-Joling, who were in the audience, as the two new incoming commissioners.

D. Bud Shoemaker, Port of Toledo re: Support of Toledo Boatyard

The General Manager said that the Port letter was to support the Port of Toledo in its TIGER Grant application for Toledo Boatyard Environmental Work Building. Toledo had also written a letter in support of the Port of Newport's TIGER Grant. The General Manger observed that improvements at the Port of Toledo supported the commercial fishing fleet at the Port of Newport.

VI. OLD BUSINESS

A. Items Removed from the Consent Calendar

No Items were removed from the Consent Calendar.

B. Accounts Paid

A motion was made by Jincks and seconded by Barton to accept the Accounts Paid. Fleck announced a conflict of interest because of payments made to Englund Marine. The motion passed 3-0.

C. USCG Fast Response Cutters Homeport Update

The General Manager provided an update on the Fast Response Cutters (FRC). The Environmental Assessment (EA) was completed by the Coast Guard and was posted on the Port's website. The Port had expressed concerns, especially about NOAA being left out of the EA discussion. Fuller had been in contact with NOAA on the issue and NOAA has only one berth available; the environmental assessment indicated there were two berths available. The General Manager said that NOAA was the Port's primary concern. The Environmental Assessment ranked the three competing sites against NEPA categories and Newport appeared to be in the lead. However, if an additional berth was needed, then a new EA would need to be done and Newport would probably drop in the rankings. For example, a new berth would probably go through the eel grass mitigation site. Local community groups had posed several questions about the FRC, but there has been no response from the Coast Guard. He noted there was no reason to turn the Port's back on the project, but the Port needed to stay vigilant. Jincks reminded the commissioners that they had not yet supported the FRC, specifically because of the lack of information. There had been no discussion of a dock extension, but there was mention of a 400-foot floating dock in the EA. He felt that the Port now has a failing mitigation project as well as dredging problems. If more construction was added, what would be the effect of the reconfiguration of the docks on recreational mitigation? Jincks does not want to use up future mitigations sites on the FRC that may be needed for Port projects, specifically Port Docks 5 and 7, as well as other future projects. He has a big concern about dredging needs. He has concerns about modifying the Port's lease with NOAA if doing so would involve Homeland Security. Fleck said that going ahead does not mean doing it. He said the Port could continue to look at the project to see what it will look like. Barton said she agrees with

Jincks about the mitigation issue and she is concerned about staff spending too much time on the FRC. Fuller said he anticipated it could take a couple more hours. Jincks said he was concerned about talking with NOAA about its lease, and especially he is concerned about the USCG talking with NOAA about its lease. The Port's lease with NOAA is appropriated out for the next 15 years; if Homeland Security gets involved, does everything change? Chuck expressed his concerns about the mitigation issue and the possible floating docks. Jincks said he would prefer that the Port provide no support to the project. He asked how the Port would dredge around 400 feet of pilings and floating docks? Fleck said that he is not against the project but we need to get more answers. If there is no transparency with respect to the project, the Port could pull the plug on it. Barton said that it was hard to have an opinion when the commissioners have so little information. Chuck said that he was skeptical but they could see what happens with minimal staff time. The General Manager said that the final EA was due out in early July, followed by a public comment period. Jincks asked that the Board provide a statement. The General Manager suggested as a statement that the Port would continue to have a seat at the table, assess the project, and remain informed. Barton said if the Board support was not unanimous, then the project should be dead. The General Manager said the Coast Guard was trying to discuss the dock extensions with NOAA and that could cause Newport to lose numerous points in the EA because of the negative impacts from dock construction. He is supposed to get answers to the questions posed to the Coast Guard in the next week. Fleck said he felt the Board statement should be that the Port is on a fact-finding mission. Jincks felt the statement should include that the Board is in agreement that its level of concern has risen.

VII. NEW BUSINESS

A. Fiscal Year 2015-2016 Budget Hearing (ORS 294.430)

The General Manager reported that there is an additional \$325,000 coming into the general fund than originally predicted. Of that, \$200,000 would go into a line item for emergency repairs to Port Dock 5, \$100,000 would go into the contingency fund which could also be used for dock repairs, and \$25,000 would be added to Material and Services, contingent upon the Port receiving a grant for that amount. Also, \$16,000 was allocated for the Urban Renewal plan. The General Manager said the changes in the proposed Budget complied with state law. Chuck opened the public hearing; no members of the public asked to speak. Barton said this is the best way the Port could use the additional revenue. Jincks agreed with Barton and hoped that it became ongoing policy to find ways to fund continued maintenance.

B. Resolution Adopting the FY 15-16 Budget

A motion was made by Jincks and seconded by Barton to adopt Resolution 2015-10, the 2015-2016 fiscal year budget, making appropriations, levying and categorizing the tax. The motion passed 4-0.

C. Resolution Adopting FY 15-16 Capital Improvement List

The General Manager said that adopting the CIL should be an annual process. However, it is especially important this year to list the laydown site as the number one priority for grant purposes. Jincks said he agreed with the listing.

A motion was made by Barton and seconded by Dean to adopt Resolution 2015-09 updating the Port of Newport's Capital Improvement Project Prioritization List and identifying the International Terminal Shipping Facility as the Port's top capital priority. The motion passed 4-0.

D. Adoption of Director of Operations Job Description

The General Manager reminded the Board that while he does the hiring, the Board approves the job description. He said he intended to promote Rick Fuller to the position of Director of Operations. He said the Port has a very aggressive strategic plan and it needs an operations director who can hit the ground running. Jincks asked how Fuller's current position as NOAA Facilities Manager would be filled? The General Manager responded that he had no clear answer as yet, but indicated there would be a domino effect with other positions at the Port. It was not yet determined who would be promoted and which positions would be posted externally. He said there would be a six-month transition period. Fuller would do both jobs until the NOAA position is filled. Jincks said that if the positions were all backfilled, a position would be lost on the docks and the Port needs boots on the ground. The General Manager responded that the goal is to replace all empty positions. Fleck said he liked seeing new people. He emphasized it was not a reflection on Fuller, but wondered how much time it would take to review some applications. The General Manager said Fuller was a progressive person who was familiar with the Port. He did not feel he was losing on quality control by promoting Fuller. Barton said she was pleased with this approach because it showed that the Port was a place where employees had room to grow. Jincks said he supports Fuller very much in this position. He said Fuller was the right person for NOAA and his replacement needs to be a similar fit. Chuck said he thought the position was going to be posted but felt that Fuller would have been the top candidate. Fuller said that the support of the Board means a lot to him.

A motion was made by Fleck and seconded by Barton to adopt the job description for the Director of Operations. The motion passed 4-0.

E. Approval of Contract with City of Newport for Urban Renewal Services (>\$16,000)

The General Manager said the urban renewal district has the potential with tax revenues on the land to bring full facilities to the properties. It would probably be a stand-alone district. Under state law, the city must produce a plan, which costs money. The consultants provided an add-on quote to the City's other proposed urban renewal district of \$16,000. He said the benefits to the taxing districts would be immense. Right now, the properties bring in zero taxes. Hall is bringing forth a master plan for his property. Barton noted that ECONorthwest is a known player. She wondered why Hall should not pay half of the cost of the plan, since they have been saving on taxes by leasing the property to the Port. The General Manager responded that other properties could see benefits as well. Jincks asked how the size of the district is

determined. The General Manager said there was no real benefit to adding in the property of NW Natural because it was already paying taxes. Jincks asked if other Port properties could be included so facilities could also be run to them? Tokos said it was safest to include property in the district to run laterals to other Port properties. He said the City could play around with it, but there is a limit to how much property within the city can be located in an urban renewal district. He also wanted to make it clear what the Port was getting for \$16,000. The plan would be prepared and the formed committee would make the assessment. However there is no guarantee that the \$16,000 would result in a district. The General Manager said he felt that was a low risk but was a possibility. Jincks said he supports it and also supports getting a financial contribution from Hall. The Board agreed that the latter should not be viewed as a contingency on going forward with the district.

A motion was made by Barton and seconded by Jincks to authorize the General Manager to enter into a contract with the City of Newport to study an urban renewal district at McLean Point based upon the proposal present by ECONorthwest for an amount not to exceed \$16,000. Motion passed 4-0.

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 met with Brett Joyce that morning. They need to wait a month for cost estimates for filling the former boat ramp, but they are still meeting once a week. Jincks suggested that Chuck fill in for Fleck as one of the commissioners working with the General Manager on the Rogue project to provide continuity. Chuck said he would sit in for Fleck for now, then ask for a replacement when the new Board is seated next month.

2. Port Vision Plan

The General Manager asked if the commissioners had any questions or comments about the rest of the agenda items on the Manager's Report. There were none.

3. Deferred Maintenance on Commercial Docks

4. USCG Air Facility

5. Terminal Shipping Facility

6. Legal Services

7. Vacation from June 29-July 2

IX. COMMISSIONERS' REPORTS

Chuck presented Fleck and Barton with plaques in appreciation of their work on the commission. Fleck spoke of how much he had enjoyed working on a Board where everyone worked together to get things done. He said he was excited about the new commissioners who would take their seats next month. Barton agreed with what Fleck had said. Chuck announced there were refreshments after the meeting.

X. CALENDAR / FUTURE CONSIDERATIONS

President Chuck read the upcoming schedule.

XI. PUBLIC COMMENT

Hal Pritchett spoke of how great it was to see Barton grow as a commissioner. Lee Fries recommended that the Port should impose a charge on commercial fish buyers because they make their purchases on Port property. He also recommended that the Port review some of the facilities on its property because some of them are deteriorated and make bad impressions. He particularly noted the hag fish buyer shack needs to be replaced, as does the shed on Port Dock 1. Jim Shaw said that he listened to Kevin Greenwood, the Port's general manager, and Bud Shoemaker, the general manager of the Port of Toledo, on the hour-long radio show, and it was very enjoyable.

XI. ADJOURNMENT

Having no further business, the meeting adjourned at 7:30 PM.

ATTESTED:

Walter Chuck, President

Ken Brown, Secretary / Treasurer