

PORT OF NEWPORT MINUTES

June 21, 2016

Regular Commission Meeting

I. CALL TO ORDER

Commission President Walter Chuck called the Regular Commission Meeting of the Port of Newport Board of Commissioners to order at 6:00 pm at the South Beach Activities Room, 2120 SE Marine Science Drive, Newport, Oregon.

Commissioners Present: Walter Chuck (Pos. #1), President; Ken Brown (Pos. #4), Vice-President; Patricia Patrick-Joling (Pos. #5), Secretary/Treasurer; Stewart Lamerdin (Pos. #3); and Steve Beck (Pos. #2).

Management and Staff: Kevin Greenwood, General Manager; Stephen Larrabee, Director of Finance; Rick Fuller, Director of Operations; and Karen Hewitt, Administrative Assistant.

Members of the Public and Media: Wayde Dudley; Barb Dudley; Ralph Busby, City of Newport City Council; David Jincks; Matt Ransom, Market Advisory Group; Todd Chase, FCS Group; Pat Ruddiman, ILWU; Lee Fries, Port Mates; David Ulbricht, SDAO.

II. OATH OF OFFICE (BY-LAWS, SEC. 5(D))

Commissioner Steve Beck was sworn into office by Kevin Greenwood, General Manager.

III. CHANGES TO THE AGENDA

There were no changes to the Agenda.

IV. PUBLIC COMMENT

Jincks referred to the Maintenance Reserve fund in the proposed budget. He said the Budget Committee had approved \$100K for an International Terminal reserve fund. Some of those funds were spent on soft costs for the log yard. \$25K was to be allocated to that fund for this year's budget, but line 16 on the LB-1 did not show this. Jincks said that a contingency fund was important in the marine field. Jincks also noted the \$2M transfer for NOAA, which he hopes will return to the NOAA fund in next year's budget. He asked the Commission to consider that we have the NOAA facility in Newport because of insufficient funds for repair of the facility in Portland. Jincks also congratulated Beck on his appointment to the Commission.

V. CONSENT CALENDAR

- A. Minutes
 - 1. Regular Commission Meeting May 24, 2016
- B. Financial Reports
- C. Award Contract of Work Vehicle – 2009 Ford Edge
- D. Public Utility Easement – Bay/Moore Drainage
- E. NOAA Oil Boom Supplemental Lease Agreement
- F. Special Use Permit – Barrel to Keg Relay

- G. Special Use Permit – MDR Charity Car Show
- H. Special Use Permit – Oregon Sea Grant “Shop at the Dock”
- I. Special Use Permit – Ardor Adventures Events

A motion was made by Patrick-Joling and seconded by Brown to approve the Consent Calendar. The motion passed 5 – 0.

VI. CORRESPONDENCE/PRESENTATIONS

Greenwood advised that David Ulbricht was running late, so he requested that Matt Ransom and Todd Chase present the Shipping Facility Feasibility Study first. The Commissioners agreed.

A. Shipping Facility Feasibility Study, Matt Ransom, Market Advisory Group (MAG)

Greenwood stated that the Feasibility Study for the use of the International Terminal Shipping Facility (ITSF) had been requested in response to the grant application process.

Ransom said that Market Advisory Group primarily did real estate market studies. The complete Feasibility Study was provided in the packet, and a summary document was presented to the Commission. Ransom said that the major take-away is that the ITSF is a strong, optimistic opportunity with long term feasibility. A unified vision for McClean Point and the International Terminal was a positive factor, there is no impediment to freight transportation, but the lack of railroad access could be an impediment. The tenant commitment was a strong statement, and Teevin is a proven facility operator. Ransom added that he saw the risks low in the short term. Ransom introduced Chase to provide market comments. He said the ITSF is a unique concept that has not yet been tried here, but was a proven concept elsewhere. The location of Newport provides central access, Portland had slowed down, and now Tacoma is backlogged. Astoria is working, but is not the ideal export facility. The limited size is a constraint on the ITSF location. The timber market prices have stabilized and the international market is now stronger for logs, where they are seeking lower quality/price product than the domestic market. As prices increase, timber owners' land values will increase. ITSF will be able to move 40-50M wood feet per year, which is less than 5% of the harvest in western Oregon, which is not negligible but won't compete with current domestic markets. Chase added logistics will be a challenge; the draft at 35' is about the shortest that could work. In the long term, timber by-products could be shipped coast wide, and agricultural products are a possibility. The Rondys plans mesh well with the ITSF plans. Chase added that the Port is not currently staffed for the ITSF operation. Ransom recommended running financials, seeking site improvement funding, and have a value engineering review completed.

Chuck commented that the report was well done. Greenwood referred to page 158 of the packet on which MAG identified actionable markets.

B. International Terminal GO Bond Refinancing, David Ulbricht, SDAO

Ulbricht said he has worked with the Port for four years on the NOAA financing and bond refinancing for the International Terminal. The current refinancing achieved a \$1.2M savings for tax payers (not the Port directly). Ulbricht congratulated the Port on its A+ rating and its reception in the market. Greenwood referred to page 105 in the packet showing the savings. He said as a general rule one looks to achieve a 3% savings, and the Port achieved over 11%. Larrabee said that the SDAO had added services to include David Ulbricht, and Larrabee looked forward to having Ulbricht continue to monitor opportunities for refinancing. In particular, if NOAA bonds were able to be refinanced, this could benefit the Port's cash flow.

C. F/V Chelsea Rose, Cody Chase

Cody Chase was not in attendance; no presentation was made.

VII. OLD BUSINESS

A. Items Removed from Consent Calendar

No items were removed from the Consent Calendar.

B. Accounts Paid

Ken Brown declared a conflict of interest because of payments made to Les Schwab. **A motion was made by Patrick-Joling and seconded by Lamerdin to accept the accounts paid. The motion passed 4 – 0.**

C. International Terminal Shipping Facility Update

1. Lease Option Extension with Teevin Brothers. Greenwood said he met with Teevin's general manager, and would like to extend the agreement to December 31, 2017 and reaffirm the partnership for developing the ITSF.

A motion was made by Patrick-Joling and seconded by Brown to authorize the General Manager to sign a Lease Option Extension with Teevin Brothers to December 31, 2017. The motion passed 5 – 0.

2. Award Geotechnical Services Contract with GRI for an Environmental Site Assessment. Greenwood stated that the MOU with the City of Newport regarding dredge materials was executed and activity would be occurring in the next couple of weeks to keep the building permits open. It will be important to be confident about the characterization of the material. GRI would complete a site assessment based on a level one assessment, but level two may be needed. Greenwood suggested that from a risk management stand point, he recommended the testing prior to moving material because of the limited test results on hand. Greenwood also said this evaluation will be needed to move forward with federal grants. The assessment would include location of dredge spoils on property leased from Rondys. Much of the material originated at the International Terminal, which was tested as clean, but other material may be there as well from NOAA dredging or when the Port previously owned the property. The funding for the contract would come from the construction fund, but 75% may be reimbursed by grant. Beck asked if the Port has kept track of the volume of material; Greenwood said there is approximately 20K cubic yards on Rondys property. Lamerdin suggested that a staggered approach could be considered for running samples, or a more cursory assessment could be done first and followed up if contamination found. Greenwood said he recommended a more comprehensive approach to minimize risk so that problems would not be missed, and Fuller said consolidating samples was taken into consideration. Fuller added that construction permits are in place for ITSF but work will need to be done to keep active status. Part of this work has been started; it is possible to start without including the Rondy's property. When dredge materials were taken out during the building of the International Terminal, they were tested only for petro contaminants, not other hazards. Lamerdin asked if the City of Newport was requiring the tests. Greenwood replied the assumption is that the material is clean, but the Port does not have all of the result records. He also added that grant money is available for the testing at the Port's nine-acre site. Greenwood suggested perhaps completing all of the excavating and test only the materials from the Rondys site, holding off on \$4290, although he recommended the entire contract be approved.

Patrick-Joling asked if GRI was the only option; Greenwood replied GRI was already familiar with the property.

A motion was made by Brown and seconded by Beck to approve a contract with GRI for an environmental site assessment of the Port's International Terminal Shipping Facility nine acre site. The motion passed 5 – 0.

VIII. New Business

A. Fiscal Year 2016-17 Budget Hearing (ORS 294.430)

Greenwood introduced the proposed resolution adopting the budget for the 2016-17 fiscal year. He called particular attention to page 232, Line 16, Facilities Reserve Fund. The proposed budget shows that line item at \$0, whereas in the previous year it was \$25,000. In the Budget Committee meeting, \$25,000 from the previous year was to be transferred into the fund. Staff had decided to show the \$50,000 available to fix terminal issues if needed, included in line 9. Greenwood advised the Commission there were two options: 1) create a separate line for the International Terminal in the amount of \$50,000 in the facilities maintenance resources fund; or 2) reduce the maintenance resources fund to \$120,125 and add \$50,000 to the reserve fund, so that those funds could not be spent this year. If the funds were identified in the resource fund, those funds could be used for repairs if needed. If the \$50,000 was in the reserve fund, should funds be needed, a supplemental budget would need to be adopted before they could be used. Larrabee recommended adding a separate line item for the subcategory at \$50,000 in the facilities maintenance resources.

The Commissioners discussed those options, as well as a suggestion by Chuck that they consider \$25,000 in the resources fund and \$25,000 in the reserve fund. Lamerdin said it was a choice between forcing the Port to save vs. trusting the Commission to make wise decisions on expenditures, but he felt that the Port needed to start saving and could go through the supplemental budget process if needed. Patrick-Joling asked what amount would be appropriate to have in reserve. Greenwood responded that based on a ratio of assets to depreciation, approximately \$3.5MM would be appropriate, but this was not a straight line calculation.

Jincks asked to add his comment that his concern was that the \$50,000 could migrate out again into soft costs. He supported moving the \$50,000 to the reserve fund. After discussion this is what the Commission decided to do.

B. Resolution Adopting the Fiscal Year 16-17 Budget.

The Commission amended the Resolution by moving \$50,000 from the resource fund to a line item 16 reserve fund for the International Terminal.

A motion was made by Patrick-Joling and seconded by Beck to approve Resolution 2016-05 Adopting the 2016-17 Fiscal Year Budget, as amended. The motion passed 5 – 0.

C. Support for Marine Science Initiative Location at Hatfield Marine Science Center (HMSC)

Greenwood referred to the General Manager's staff report. He said there has been some debate about the location in South Beach in the tsunami zone. Robert Cowan noted that the student housing was out of the tsunami zone, but academic buildings would be there. Greenwood added that the location at South Beach would make this location a major research and education center, considering also NOAA and the

Aquarium, and he recommended supporting the proposal. Patrick-Joling asked if there was an opportunity to revisit the \$1/year lease with OSU. Greenwood said no; in 1964 when the lease was written, this area was undeveloped. In the future transportation could possibly be negotiated. Lamerdin asked if the Port would incur any liability if they gave an endorsement, and Beck said that wouldn't be a result. Busby added that the City of Newport had given HMSC a support letter.

A motion was made by Patrick-Joling and seconded by Brown to approve a letter of support for the Marine Science Initiative at Hatfield Marine Science Center. The motion passed 5 – 0.

Greenwood said an election of Commission officers should take place in July. The Commission gave a consensus to vote at the next Regular Meeting. Greenwood reviewed the process and said the last few elections saw the officers elected as a plank, although there was an option to go through each position. Greenwood requested that the Commissioners let him know of their preference so a staff report can be prepared.

IX. DEPARTMENTAL REPORTS

A. Director of Finance

Lamerdin commented that he liked the graph of South Beach usage and consistency shown.

B. Director of Operations

Chuck said that water conduits had also been discussed which was not included in the Director of Operations Report. Fuller said he would need to reconvene, and there will also be another water line for the Chamber of Commerce. Patrick-Joling suggested the Port be conservative with water use as the City is going to raise water rates. Fuller reported that the Port Dock 7 paving had been complete. During the process some compromised material was found in the existing paving which resulted in a \$1,700 overage on the initial quote. Chuck asked if notice had been given regarding the Port Dock 5 approach change. Greenwood said that a meeting had been held with three fisherman: Newell, Avery and Brown. These three had been chosen for their status in the community and they will communicate with others. Although the fisherman were not happy, they had discussed what was needed. Fuller will check into the status of signage. Fuller advised that permits were in place for the pile replacement, and RFP's and RFQ's will go out as early as next week, in response to Chuck's concern about the project completed within the upcoming in-water work window. The proposals will be due by July 22nd, which will give staff time to negotiate and address concerns with approach.

C. General Manager

1. Highway 20 Update

Greenwood said a general schedule was posted online and recommended the Commissioners sign up to receive notices.

2. OPPA Public Records Request

Greenwood said Larrabee had done a good job following up on this request, and the Port will charge OPPA \$40.00 to provide these records.

3. Landing Fee Report

Greenwood said that the Port will need to develop a process to register buyers. Currently, buyers just lease the footprint of their small building. Staff is working on the registration process.

4. DulsEnergy

Greenwood advised the commission that the Port is getting broker's opinions on the value of the property; one is included in the Meeting Packet.

5. Approval of HMSC Sublease with Wildlife Trading Co.

Greenwood advised the process for this is for HMSC to send a letter advising of the terms of any sublease, and the Port ratifies the sublease.

6. City Parking Analysis/Sidewalk Improvements.

Greenwood said he had spoken at the City's meeting and requested that the analysis be extended to the Port; the Bayfront is the largest contributor to the parking fund. A summary of the input from the Parking Committee was included in the packet.

7. Rogue Brewery Expansion/Mural Process.

Chuck asked that Rogue take into consideration the tone of the area as a natural setting. Lamerdin said that sometimes projects from Rogue come to the Commission as done and he would like the mural to be brought to the Commission in progress.

8. Liaison Assignments/PNWA Membership

Greenwood advised that there were three liaison positions previously assigned to Jincks that needed to be filled: Cascade West Area Commission on Transportation, International Terminal ad hoc, and Human Resources ad hoc. The Commission agreed to Brown serving as the alternate to CWAC Transportation, Lamerdin as International Terminal, and Beck as Human Resources. Greenwood noted that the dues for each affiliation is included on the liaison list.

X. COMMISSIONER REPORTS

Patrick-Joling reported the City of Newport Visioning Committee would be meeting to choose candidates from four applicants. She would like to attend the Association of Pacific Ports annual conference. She will pay her expenses, but requested that staff register her for the conference. Patrick-Joling also requested that the Commission schedule a goal setting session as an extended work session. She will poll the Commissioners to find a date and time, and she will send a template for a goal setting session to Greenwood. She suggested that the session could include 15 – 20 minute presentations from Fuller and Larrabee. Patrick-Joling, Greenwood and Chuck will meet to discuss a goal setting session process.

Chuck reported he had been part of the DSL Advisory Committee regarding permitting of wave energy. There will be a meeting on July 12th; he will be looking at the economic benefit to the Port and a possible negative impact on the fishing industry.

XI. CALENDAR/FUTURE CONSIDERATIONS

- A. 7/4 – 7/6 NOAA Eel grass monitoring
- B. 7/4 Independence Day, Port Office Closed
- C. 7/15, 7/22, 7/29, 8/5, 8/12, and 8/26 Shop at the Dock
- D. 7/16 Barrel to Keg Relay
- E. 7/26 Regular Commission Meeting
- F. 8/12 Newport Chamber NOAA Anniversary Salute
- G. 8/13 Great Albacore Tuna BBQ Challenge
- H. 8/23 Regular Commission Meeting
- I. 8/27 Salmon Enchanted Evening

There were no changes to the Calendar/Future Considerations.

XII. PUBLIC COMMENT

There was no public comment at this time.

XIII. ADJOURNMENT

Having no further business, the meeting adjourned at 8:05 pm.



Walter Chuck, President

ATTESTED:


Patricia Patrick-Joling, Secretary/Treasurer

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