

PORT OF NEWPORT MINUTES

December 20, 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; Jim Durkee, Interim Director of Operations; and Karen Hewitt, Administrative Assistant.

Members of the Public and Media: Yale Fogarty, ILWU; Pat Ruddiman, ILWU; Keith Kaminski, ILWU; Barb Dudley, PON Mates; Kiera Morgan, KYTE Radio; Sara L. Skamser, Foulweather Trawl; Debbie Fuller; David Allen, City of Newport Commissioner.

II. CHANGES TO THE AGENDA

Kevin Greenwood removed item VI(A), Heather Mann Midwater Trawlers Cooperative. This presentation will be postponed to January at Mann's request.

III. PUBLIC COMMENT

There was no public comment at this time.

IV. PRESENTATION TO RICK FULLER, DIRECTOR OF OPERATIONS

Chuck presented a plaque to outgoing Director of Operations, Fuller, in appreciation for his work at the Port. Chuck said thank you on behalf of the Commission and wished Fuller the best of luck. Fuller thanked the Commission. He said that he has 40 years of career. Five and one half years ago, he had the privilege of being appointed the Facilities Manager at NOAA, and has continued to feel privileged during his career with the Port. Fuller said the current Commission represented change and progress, and was part of the success of the management team. Fuller said Greenwood's leadership allowed him to manage. While it was difficult to initiate change, the change was mandated. Fuller said his work was just a block in a strong foundation he passed off to Jim. Fuller added that his best teammate for 40 years was his wife: his counselor, sounding board, and friend. Fuller said he was leaving to take his wife out to dinner.

V. CONSENT CALENDAR

- A. Minutes:
 - 1. Regular Commission Meeting 11/15/2016
- B. Financial Reports
- C. Special Use Permits
 - 1. OSU Motorboat Operator Training Course

- 2. 2017 Newport Bay to Brews Half Marathon & 10K
- D. CBP office trailer ADA Ramp – Design Purchase/Space Service Agreement
- E. NOAA Dredging 2017 – Billeter Marine contract

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

VI. CORRESPONDENCE/PRESENTATIONS

This item was removed from the Agenda.

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 Beck to accept the accounts paid. The motion passed 4 – 0. Brown abstained.**

C. International Terminal Shipping Facility Update

Greenwood said he, Chuck and Eric Oien had traveled to Seattle to meet with Leonard Smith and the regional EDA team regarding the \$2MM EDA grant application. Greenwood had learned that Hampton Lumber had met with Smith three to four weeks earlier, so Greenwood felt compelled to meet with the team to balance Hampton’s comments. Greenwood felt that the meeting was constructive. The EDA grant was competitive with 12 applicants, including one other from SW Oregon. The scoring team had met on 12/12/16, but no information was available yet. Greenwood spoke with Congressman Shrader, who also said there was no word yet. Greenwood expected to hear from the EDA scoring committee by the end of the week, before the holiday. The City of Newport and the Port were keeping the building permit open, agreeing to move \$5000 of material from McLean Point to the airport. This would keep the permit open until the end of January, 2017. If the EDA grant were approved, this would be followed by a two month NEPA review, which the Port had ready to go. Chuck added he thought the meeting went pretty well. Bryan was familiar with the project, but Chris was not yet up to speed. Greenwood thanked Chuck for attending the meeting.

No action was taken by the Commission.

VIII. New Business

A. Draft Financial Report for Audit

Larrabee said he was happy to report a “boring” audit, which was a good thing. He directed the Commission to the staff reports with highlights of the audit draft, which showed how the Port is sustainable as an organization. Larrabee said that in the General Fund, there would be money used for the Pier project. He said that in 2017 there will be \$350K in dredging costs. For cash, \$3.5K was unrestricted; the rest was restricted for debt service. The personnel cost increase also reflected the Port is now fully staffed. Depreciation accounted for \$3.2MM. Larrabee said the Port has had two good years, but it was

time to address deferred maintenance. The South Beach occupancy is an income driver, but the park will eventually hit a rate where the Port cannot continue a 3% increase every year. Other income sources are static. Patrick-Joling asked how maintenance was addressed at the RV Park. Larrabee said the Port had focused on the main complaints from guests, which were WIFI and landscaping. Another complaint was that an additional bathroom was needed. Other maintenance like electrical, etc., were addressed as problems arose. Patrick-Joling said she would like to see longer term plans for maintenance items. Lamerdin thanked Larrabee for the helpful summary. Lamerdin asked about the occupancy rate at the South Beach Marina. Larrabee said it was not 100%, and he relies on the SB Harbormaster for ideas to drive occupancy up, which also depends on water and sea conditions. Lamerdin suggested looking into making the SB Marina cost effective for mooring over winter. Larrabee said staff would also be marketing at local boat shows, highlighting using the Marina and not just parking here. Greenwood said that there are some capital improvement components that will be reviewed. He said that the reason this was a draft was because it was a last opportunity for Commission review and comment. The published report will be presented in January. Larrabee gave recognition to Mark Harris, staff accountant, for his experience and effort in the audit process; Harris is an excellent resource for the Port.

A motion was made by Beck and seconded by Brown to approve the Audit Report. The motion passed 5 – 0.

B. Resolution Adopting a Personnel Manual

Larrabee said the Personnel Manual had been vetted by the SDAO Human Resources Department. He pointed out some changes, which included the PTO policy. This policy provided for two less days for employees, but was not restricted for sick time vs. vacation time. The Port staff had bought in. Beck commented that there was also the opportunity for carry-over. Larrabee said the new hiring policy was meant to encourage internal promotion and provide opportunities for employees to make a career with the Port. The tuition aid policy was added to help employees improve skills and become a better employee, with the employee in turn committing to the Port for two years. If the employee should leave earlier, they would need to pay the money back to the Port. In response to questions from Commissioners, Larrabee said the tuition add offered would be at management's discretion. For example, the Pacific Coast Congress at \$200 per class, or the landscaping Master Gardeners class to benefit South Beach, or getting an accounting course for finance department employees. Any amount over \$5000 would still need to be approved by the Commission. Greenwood added this could be included in the budget process. Larrabee said each case would require a signed agreement, which could include that the Port would not pay for the course if the employee doesn't pass. The tuition aid would be especially valuable for developing entry level employees with talent. Beck added that it would also be a benefit to attract new hires.

Lamerdin suggested that the overtime policy could be clarified, and add overtime would require supervisor approval. He thought the work week should also be clarified. Larrabee said he will look at the language to provide clearer guidelines. Larrabee added that Hewitt had recommended changes to the retention of recruitment documents based on the Oregon Administrative Rules. Greenwood thanked Larrabee for his work on the Personnel Manual.

A motion was made by Lamerdin and seconded by Brown to adopt the Personnel Manual as amended. The motion passed 5 – 0.

C. 2017 Goal Setting Adoption

Greenwood said there were over 40 goals generated at the Work Session. He was not presenting the summary for a formal adoption, but rather to make sure the top goals accurately reflected the Commissioners' views. For example, he referred to the scoring matrix which based on the number of

votes showed the International Terminal Shipping Facility as the number one goal, but received votes from only two of the Commissioners. Greenwood said it would be helpful for the Commissioners to use the summary provided to prioritize their top goals from 1 to 5. Patrick-Joling said she would like more time to review the goals, and suggested perhaps another Work Session in January.

D. Travel Oregon RDMO Support

Greenwood said he was surprised that there was so much interest, and advised the application deadline was in two days on December 22, 2016. The current Regional Destination Management Organization (RDMO) is Oregon Coast Visitors' Association (OCVA) out of Tillamook, who contracts with the Greater Newport Chamber of Commerce (COC). Greenwood said that the OCVA website is strong, but he has not seen much of their efforts. The RDMO receives a significant amount of funds, and the appointment is opened up every 2 years. The 1.8% Oregon State transient room tax will fund this program, which will increase to \$1.4MM this year. Greenwood said he had received three requests for Letters of Support from the Port of Newport, all from agencies the Port works with: Lorna Davis, COC; Marcus Hinz, OCVA; and Eric Dunker, OSU Extension Office. Greenwood said the Commission could opt to send three letters, no letters, one letter, or more than one letter with varying degrees of support. Greenwood said there are no budget implications for the Port. The Port is a member of the COC, who Greenwood recommends for the Letter of Support. The COC is local and familiar with Newport. One of the goals of the Port was marketing, and the Port could apply for funds from the RDMO.

Beck said his wife, Susan Beck, is President of the COC. The OCVA is just one person in Tillamook. The COC currently does much of the work. OSU is huge and not visitor driven right now. Beck said he thought it would be good for the Port, the City of Newport, and the region for the COC to have the contract. If the Port were to send three letters, it would dilute the pool. Larrabee said that a letter of support is not a vote, but just says the Port supports these ideas. He said the Port could support all three entities. Greenwood said that all organizations could still get money from the fund; the RDMO just controls the fund.

A motion was made by Beck and seconded by Brown to send one Letter of Support for the Chamber of Commerce's application to be the Regional Destination Management Organization. The motion passed 5 – 0.

E. Insurance Renewals

Larrabee referred to the three insurance policies included in the packet for General & Property Liability, Marine Liability, and Flood & Earthquake Insurance. Beck said he had done a lot of work in the area of flood & earthquake insurance as an insurance agent, and felt the Port could get a better rate than the open from Landmark American Insurance Company. He proposed preparing a quote if the Commission felt it was appropriate. Larrabee said it was the fiduciary responsibility of the Commission to get a good rate, and recommended accepting the first two policies and tabling the third pending a quote from Beck. Greenwood asked the Commission to be cautious from an ethics perspective and would prefer to open the bidding to others as well. Beck said there is a time deadline since the policy expires January 6, 2017. Larrabee said he could call the Port's insurance agency, Payne West, to review their quote, and compare their new quote with one from Beck. Lamerdin asked if there were public posting options, and suggested posting on the website to preserve the perception of fairness. David Allen, Newport City Council, said the City goes through the bid process for professional services every three to five years, leaving enough time for the bids to be truly competitive. Greenwood suggested that a competitive bid process could be undertaken next year.

A motion was made by Brown and seconded by Patrick-Joling to accept the Insurance Policies as presented and direct staff to prepare bid documents for next year. The motion passed 5 – 0.

IX. DEPARTMENTAL REPORTS

A. Director of Finance

No discussion at this time.

B. Director of Operations

Greenwood welcomed Durkee, Interim Director of Operations and NOAA Facilities Manager. Greenwood said Durkee was also covering the International Terminal during Pete Zerr's vacation.

C. General Manager

1. Director of Operations Recruitment. Greenwood passed out copies of the Director of Operations prospectus to the Commissioners, which is also posted on the Port's website. Staff will begin the recruiting process, summarized in the meeting packet beginning on page 222. This effort will be nationwide. Greenwood said the Port would get out the advertising for the position quickly, and all dates proposed are tentative. Supplemental questions will be prepared, and the initial interviews will be conducted by the four sub-committees. The final decision would be made by the General Manager. Patrick-Joling suggested that a member of the Newport City Council serve on the elected sub-committee. Chuck suggested including Pete Zerr on the technical sub-committee, and Lamerdin on the elected sub-committee. Greenwood said he will send the information about the interview to City Council. Brown will also serve on the elected sub-committee.
2. Annual Performance Evaluation. Greenwood said he will send evaluation forms to the Commissioners as a Word document by email, along with his self-evaluation. Chuck asked Beck to collect the completed evaluations. The evaluations should all be returned by January 17th, and will be discussed in Executive Session at the January 24th Board meeting. On February 28th, the Commission will meet before the Board meeting to review and this meeting will include the resolution.
3. Resolution Setting Rates, Fees & Charges. Greenwood said the rates would be reviewed both internally and publically over the next six months. The Port of Seattle rates were included in the meeting packet for comparison. Brown suggested looking at other ports, including in Washington and California, for additional rate comparisons.
4. Budget Committee, Officers and Calendar. Greenwood said that Alan Brown's term on the committee was up, and suggested requesting Alan Brown to serve again. The Commission asked Greenwood to see if Brown would be interested in serving again.
5. 2017 Annual Report. Greenwood said that the ORS required an annual report, but did not specify format. In the past, the Commission submitted a list of accomplishments over the year. Any additions could be included, and the document will be prepared for adoption in January, 2017.

6. Rogue Brewery Expansion. Greenwood said the expansion was going smoothly and complimented SB Harbormaster Chris Urbach for his interactions with Rogue regarding the Port's expectations.
7. Marketing Update. Greenwood referred to the summary on page 241 of the packet. There was no additional discussion.
8. Rogue Mural. Greenwood said the Rogue mural discussion at the Special Meeting at noon provided good direction for follow-up with Rogue.
9. SDAO Conference. Greenwood said that he would be attending the SDAO Conference, and asked the Commissioners to let him know if they wanted to attend. Chuck said that he had found SDAO Conferences to be very informative.

X. COMMISSIONER REPORTS

Patrick-Joling said that the Newport Vision Committee, of which she is a member, will be meeting in January and will have an open house for input. She asked when the Commission would be meeting the Newport City Council. Greenwood said he was hopeful for a meeting in the first quarter of 2017.

Chuck asked the Commissioners to consider which liaison positions they may want to assume. Patrick-Joling said she would be a liaison to the Newport City Council, which was not currently on the list.

XI. CALENDAR/FUTURE CONSIDERATIONS

There were no changes to the Calendar/Future Considerations.

XII. PUBLIC COMMENT

Yale Fogarty said he was concerned about the income at the International Terminal. He felt some rates were low, for example the rate for the crane. He said that the things requiring the most maintenance are not making enough money. He suggested considering metering power. Fogarty said he had heard that fish processing may come to the Terminal and encouraged establishing tariffs. ILWU would be willing to work with the Port on tariffs. He stated that he felt this was a great Commission without bias or conflict of interest that was looking out for the best interest of the community

XIII. ADJOURNMENT

Having no further business, the meeting adjourned at 7:40 pm.

ATTESTED:



 Walter Chuck, President Pro-Tem



 Patricia Patrick-Joling, Secretary/Treasurer

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