

PORT OF NEWPORT
COMMERCIAL FISHING USERS GROUP COMMITTEE MINUTES

May 8, 2017
Regular Committee Meeting

I. CALL TO ORDER

Committee Chair Sara Skamser called the Regular Meeting of the Port of Newport Commercial Fishing Users Board of Commissioners to order at (TIME) at the OSU Extension Office, 1211 SE Bay Blvd., Newport, Oregon.

Committee Members Present: Mark Newell (Pos. #3); Ted Gibson (Pos. #6); Gene Law (Pos. #7); Bob Eder (Pos. #9), Vice-Chair, Sara Skamser (Pos. #10), Chair; and Jeff Lackey (Pos. #11).

Alternates Present: Heather Mann (Pos. #5).

Committee Members Absent: Clint Funderburg (Pos. #1); Mike Pettis (Pos. #2); Ernie Phillips (Pos. #4); Mark Cooper (Pos. #5); Bob Aue (Pos. #8);

Port Commission Liaison: Walter Chuck.

Management and Staff: Kevin Greenwood, General Manager; Jim Durkee, Interim Director of Operations; Kent Gibson, Commercial Marina Harbormaster; and Karen Hewitt, Administrative Assistant.

Members of the Public and Media: Steve Beck; Dietmar Goebel, Newport City Council; Stewart Lamerdin; Tony Dal Ponte, Pacific Seafood; and Dennis Anstine, Newport News-Times.

II. CHANGES TO THE AGENDA

An International Terminal Update from Greenwood was added to the agenda as item V(A).

III. PUBLIC COMMENT

No Public Comment at this time.

IV. COMMITTEE/ CHAIRMAN REPORTS

Skamser thanked the Committee Members for their participation, and invited members of the public to ask to participate at any point during the meeting.

V. STAFF REPORTS

A. Kevin Greenwood - International Terminal Update

Greenwood provided an excerpt from the Budget Message, pages 6 and 7 of the Budget Meeting Packet, which is appended to the Committee meeting packet, and is available online. Greenwood said that the shipping operation is a budget decision. When the original bond was passed, it was intended to fund a project for environmental clean-up, commercial fishing, and deep-draft shipping. The shipping is the last piece. There was \$1MM in mitigation costs, and \$5MM in debt. The International Terminal is losing money each year, and has been subsidized by the South Beach Marina and RV Park, who also have capital needs. Kent Gibson said North Commercial is looking

toward a Port Dock 7 remodel and \$30MM in capital projects. Greenwood said that the Port needs income to fund necessary capital projects. Greenwood said he understands the impact of the mid-water and distant-water fleets to the Newport economy, including Mann's reference to \$127MM from the Alaska fisheries being brought into Newport. The Port is looking at the eastern berth for the fishing fleet, and the west for handy-size vessels. No agreements have been signed yet. Greenwood said staff is working on ironing out operational questions with funders before presenting an Operations Plan for review. There are six agreements, two of which are all but finalized: the TIGER grant and IFA loan. The IFA loan will add \$117K in additional debt service. Greenwood referred to the Financial Analysis available on page 67 of the Budget Meeting Packet. He said this is a long term plan to show positive net income to be used to buy down debt and invest in infrastructure. The Port is committed to following through on the project the voters supported. Port staff is working on the details of the agreement with Silvan (log exporter), Teevin, and Rondys. Rondys is a major player in the project, who will develop a marine industrial park. Until the Port understands the operational needs, Greenwood won't recommend Commission approval. The final date for signing agreements is not firm.

Skamser said the NIT Users Group has not yet met, but the CFUG Committee can also address the issue. She asked if 7 years is a best case projection to realize positive net income. Greenwood said that this time will also be developing the business relationships and will be an investment in the future. Skamser said that 7 years would be a long period of lost revenue, to the Port and the community. In April/May and December/January, the terminal is filled up, with the east hoist open. She said she had met with Silvan, who were straightforward. It was not clear how long a shipping boat would be tied up – it would take a week just to load the ship. Skamser said it was not proper for the Port to sign off on the project before addressing issues with the fishermen and related industry. She asked that time be set aside when the fleet can come to their home dock to do maintenance.

Ted Gibson asked if there would be two vessels at some time at the Terminal for shipping. Greenwood said he does not anticipate a barge using the Terminal since there is no fender piling. Mann asked what Greenwood understood the fleet's needs to be. Greenwood responded that they would like priority use of the entire terminal during April/May and December/January. Mann said she wanted to correct Greenwood's interpretation of \$127MM into the Newport economy from her report; this figure is for all Alaska vessels, not all but a large portion coming into Newport. Eder commented that the use of the terminal was not only challenging for the distant water fleet, but for the whole commercial fleet. Other commercial fishing vessels load equipment and the terminal, and Port Dock 5 and Port Dock 7 are already crowded without displacing larger vessels. Mann added that commercial docks can't handle all of the vessels. Shrimpers also use the terminal as a staging area. Lackey said that recently the Miss Sue could not use the terminal because of the shrimpers. Skamser said the area is also used as staging for NOAA. Mann said the Pegasus did not go to the Blessing of the Fleet so that it wouldn't lose its spot. Lackey said there has been growth and there is growth potential in ground fish. He suggested the Port include this in their analysis; sustainability is important.

Skamser asked if the Committee members had been on the Port website. The Port can't guarantee to keep the east fuel dock open. She was disconcerted that Pete Zerr had made a comment about how heavy weather could affect tie up at the terminal. She would like to see the Operations Plan. Ted Gibson asked if it would be possible to work with NOAA for use of their dock. Eder said that NOAA had a high level of security, so that was improbable. Mann said there would also be some level of security a NIT around shipping which would also affect available work space. Greenwood said there is a red line at the Terminal indicating they area that will be secured when a handysize vessel is in the Terminal. Durkee added that the fence would be temporarily in place when needed. Skamser said she had not yet heard from the longshoremen about what equipment would be involved, or the estimated time of activity in the parking lot.

Lackey said the fishermen weren't saying not to do shipping, but they were concerned with how it was going to work. There is limited space at the Terminal, and the fishing fleet is growing. The Port's Strategic Plan includes supporting the fishing fleet. The Mission Statement includes creating and retaining jobs, so he asked the Port keep fishing jobs in mind. Mann asked if the terminal were used for shipping today, where would the other eight boats

go? Greenwood said that staff is looking to see where boats were moored. Ted Gibson said two were on PD1 and another at PD3. Kent Gibson said the infrastructure is not in place to expand. The fleet has grown, but the capacity is not able to grow. The Commercial dock also needs expensive dredging. It will take years to complete the work needed at Port Dock 7. The larger boats are taking up more spots but it doesn't pay for infrastructure. Lackey said he understood the finances; it comes down to planning. Skamser said the use of the Terminal has to be a give and take with shipping and fishing. Greenwood said that, like commercial fishing, shipping will have variations. For the most part, they will look to avoid high seas. It would take six weeks to get logs ready for shipment. Greenwood referred to the analysis in the budget packet, which shows the Terminal is pulling \$100K per year for maintenance from other centers. Newell says that barges and crabbing don't mix; Mann said she would make a commitment to gather questions from the crabbers for the Port. Eder said he would like a commitment from the Port Commission to work with fishing at NIT, not squeeze them out. The rhythms of the seasons will continue to change. Markets for wood products come and go. Greenwood said that a meeting of the NIT Users Group will be scheduled once staff finds out more about the needs of shipping to complete a draft of the Operations Plan for review. Port management will make a recommendation to the Commission regarding the Operations Plan when drafted, which will become a policy documents requiring Commission approval. Lackey asked what the impact would be on the Terminal before a shipment went out. Greenwood said there are six weeks of preparation before a shipment. Eder asked if Greenwood had discussed sharing Terminal access with Silvan and Teevin. Greenwood said that they would need priority access every six weeks with some variation. There will still be some specific issues and some flexibility. Skamser said Silvan had indicated a willingness to discuss working out the months.

B. Kent Gibson – Commercial Docks Update

Kent Gibson said that a fisherman had hit the end of a piling on Port Dock 5, and the piling fell over. Breaking 5 – 6 feet above midline. Divers cut off the piling, and found an additional piling was broken. Gibson said that four large ship tie up areas were lost. Pilings at the Commercial Marina generally will need replacing in 1-2 years or 4 -5 years. The Port has replaced 26 pilings, 25 on Dock 5 and one on Dock 7. Almost all of the pilings on the fingers were replaced.

Gibson reviewed the Port Dock 7 plan drawing with the Committee, who made some suggestions. Gibson said the project would help with large boats. The project could be completed in stages, starting from the east side. He also shared the City's project to grade, fill, and cover a portion of the grassy area at Port dock 7 with ground asphalt. This project, which started the day of the meeting, will save the Port about \$10 -18K. Skamser referred to the west end parking area on the drawing, and requested parking at the museum for Port Dock 5 be made available soon. Greenwood said as soon as the hillside is stabilized the Port can reopen parking, anticipated to happen this summer. Skamser said she had spoken with Derrick Tokos, Newport City Planner, about parking. Skamser reported the Tokos said there would be some kind of card for long term parking for fishermen when meters were installed. Law asked how parking was at other Ports that Gibson had visited. Gibson said that Crescent City had the only newer facility with better parking.

Greenwood announced that Gibson had been name to the Board of the Pacific Coast Congress of Harbormasters and Port Managers.

VI. Pacific Seafoods – Anthony J. Dal Ponte, Deputy General Counsel

Dal Ponte thanked the Committee for inviting him to the meeting, and said he thought this was a fantastic forum for discussing concerns. He said he had two things to present: one opportunity, one challenge. Dal Ponte said the opportunity was the waterfront development on Bay Blvd. Newport has a unique blend of a working waterfront with tourism. He presented a Plan from Pacific Seafoods (see meeting packet) intending to maximize the benefit of both. They hope to generate new business activity in the remodeling of the current Trident warehouse, ice house, and derelict structure.. In the long term, there would be new fish processing space. Their idea is to blend in

tourism, modeled after the Tillamook Creamery. Pacific Seafoods is partnering with the City of Newport for grant applications for an economic study. Dal Ponte said he expects a decision on the grants in June, and they are also looking into other grant opportunities. He would welcome input on the project from the commercial fishing committee.

Law commented that ice is important. There are only three places in Newport to get ice, so closing the ice house at the Trident location would have a huge impact. Dal Ponte said the plan included replacing the ice house immediately with a better facility with better ice. Time details have not yet been worked out. Brandberg asked if space would be rented to other retailers; Eder said it would be important that the businesses be water related in that valuable space. Dal Ponte they are talking to Marine Science, and agrees that the businesses should be marine related. OSU also has some ideas. Ted Gibson suggested continuing the dock and removing the turn to get a straight face in the renovation. Dal Ponte said that Trident had approached Pacific Seafood because they will no longer operate in Newport, both the meal plant and surimi plant. Pacific Seafood wants to keep both open. For the surimi plant, he wants to make sure he has community and regulatory support. He appreciated Mid-Water Trawlers support. Dal Ponte is now working with the State Department of Justice, the Governor, and the Coastal Caucus. He asked the Department of Justice if they had any concerns, but has not yet received a response. If there are no concerns, Pacific Seafood will proceed with the purchase. The plant has not been profitable for the last six years, but they are confident it can be done. It would require an investment. The concern is the impact if the sale of the surimi plant does not go through. There are no other interested buyers. He encouraged members of the Committee to reach out to the Coastal Caucus and provided information for contacting State representatives. Mann said the plant can handle more than currently being processed. This is the last surimi plant on the Oregon coast, and so is important to continue to have here. There are a lot of jobs at stake.

Eder said every fishery had been able to do business with Trident. He said Pacific Seafood is a wonderful company, but there needs to be more competition. Ted Gibson asked if another ice house would be closed once the new ice house was built. Dal Ponte said he knew ice was important to the fishing industry and there were no plans to eliminate an ice house. Mann and Eder asked if fishermen other than Pacific Seafoods would be able to deliver to the processing plant. Eder said Trident had also handled crab, albacore, black cod, salmon and shrimp. Brandberg added that Trident had been open to small fishermen, who were uncertain about what would happen when Pacific Seafood took over. Dal Ponte said he appreciated the concern, and suggested local fishermen contact the current operators at the plant, who will remain. Law asked if Pacific Seafood would provide a guarantee. Dal Ponte said not in writing, but there are no plans to change operations. Chuck said that charter boats also rely on ice and suggested Pacific Seafood ensure ice was available to them. Mann said the Mid-Water Trawlers did not realize other fisheries use the plant and ice, and asked Dal Ponte to talk to Bill at the plant to do what he can to guarantee they will receive the same support as they did from Trident. Skamser said it would be helpful if there were a Pacific Seafood liaison to the CFUG Committee. Newell said it would be good to have a meeting with Dave at the plant; some fishermen had been blackballed by Pacific and he wants to make sure those fishermen will be able to buy ice in the future. Dal Ponte said Don Moody will take over for Dave in September.

VII. OLD BUSINESS

Greenwood gave an update on the PD5 pier project. The budget includes \$115K for 1/3 of the engineering. The Budget Committee will be meeting on Tuesday, May 9th. The pier project total cost is approximately \$1.8MM. The completion will be broken up into smaller chunks. Eder asked for some additional wheelbarrows available at PD 5. Gibson will follow up.

VIII. FUTURE MEETING SCHEDULE

Mann noted that the correct date for the next meeting is July 10th, not June 10th.

IX. FUTURE AGENDA ITEMS

No future agenda items were discussed.

X. PUBLIC COMMENT

Beck said this would be the last meeting he would attend while a member of the Port Commission. He heard Eder's request for the Port to maintain its commitment to the commercial fleet, but the Port also needs a commitment from the fishermen. He suggested there should be some contracts to set aside areas at the terminal; it boils down to the bottom line. The Port wants NIT to be a primary source of income. Shipping will be competitive, but competition is good. He understands the fishermen's concerns but is looking for solutions.

Newell suggested a field trip to the terminal. Committee members were invited to tour the facility following the meeting; no action will be taken.

XI. ADJOURNMENT

Having no further business, the meeting adjourned at 10:55 am.

ATTESTED:

Sara Skamser, Committee Chair

Bob Eder, Committee Vice-Chair