

PORT OF NEWPORT MINUTES

May 23, 2017

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; Heather Mann, Midwater Trawlers Cooperative; Tony Dal Ponte, Pacific Seafoods; Dave Smith, Commercial Fisherman; Aaron Bretz, future Director of Operations; Ben Forsman, ILWU; Chad Johnston, ILWU; Keith Kaminski, ILWU; Bruce Erdman, ILWU; B. Tower, ILWU; T. Burchett, ILWU; Mark Cooper, Midwater Trawlers Cooperative; Jeff Lackey, F/V Miss Sue; Jim Shaw, South Beach resident; Doug Cooper, Hampton Lumber; Mike Storry, F/V Pegasus; Robert Smith, F/V Raven; Jim Seavers, F/V Seeker; Don Mathews, Marine Discovery Tours; Kiera Morgan, KYTE radio; Dietmar Goebel, Newport City Council; Dennis Anstine, Newport News-Times; and Sara Skamser, Foulweather Trawl.

II. CHANGES TO THE AGENDA

There were no changes to the Agenda.

III. PUBLIC COMMENT

Sara Skamser said she felt shore-side services had been under-represented in the discussion about the International Terminal, and she had done a survey of 10 shore-side businesses consisting of these questions and answers:

1. What is your yearly gross earnings? Total in excess of \$22MM. 2. How many employees do you have? Total of 70 skilled employees. 3. How many years have you been in business? Total of 386 years. 4. How important is the Alaska fleet? Very/extremely/vitally important. 5. How important is it to have access to the Terminal dock? Essential/vital/would need another facility if not available. Skamser added that were young captains, and Newport business was bucking the tide. She asked the Commissioners to keep this information in mind when deliberating.

Yale Fogarty commented that those businesses who had been here for a long time had operated when shipping was previously at the Terminal. The Terminal was meant to be a multi-use facility and was there because of shipping dollars used. The Terminal was built to be a shared facility for shipping and fishing, not exclusive to anyone.

Mark Cooper said he had been in Newport for 60 years and he knows the facility is multi-purpose. He said the fishing interests were not asking for free rein, but were requesting that time be set aside when fishing needed it most. Cooper said he is aware the Port needs shipping because fishing is not covering the bills, but there needed to be some discussion about working something out.

Mike Storry said he did not want one group pitted against another, but thinks the 20 year contract could be reckless when there is no vision of dredging, which might be a problem. He said Congressman Schrader had heard up and down the coast of Oregon about the need for money for dredging.

Heather Mann said that Fogarty was correct in saying that he and she had worked together to get the bond passed. The longshoremen support fishing and vice versa, but there has not yet been a conversation about what happens when a ship comes in. She thought there needs to be an operations plan before the contract. The fishing industry has more boats, and larger boats. She said she is not anti-shipping, but she doesn't was to see the fishing fleet displaced.

Doug Cooper said that Hampton Lumber is a family company operating 4 saw mills in northern Oregon. He said that Hampton's primary concern was the intent to export logs. He commented he had not heard any potential shippers speak at a Commission Meeting. When log shipping was first considered, there was support from landowners, but then the shippers pulled out. If Hampton were to build in this area, it would not be on the basis of a consultant report. There are logs traveling through western Oregon, and logs clearly have a home. Cooper commended the Commission on questioning the details. He said he had asked for details about the 50 created jobs, but he has not yet seen a response.

IV. CONSENT CALENDAR

- A. Minutes:
 - 1. Special Commission Meeting April 24, 2017
 - 2. Regular Commission Meeting April 25, 2017
 - 3. Budget Committee Meeting May 9, 2017
- B. Financial Reports
- C. Special Use Permits
 - 1. Ardor Adventures Events 2017-2018

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

V. CORRESPONDENCE/PRESENTATIONS

A. Introduction to Aaron Bretz, Director of Operations

Greenwood introduced Bretz to the Commission and to the public as the Port's new Director of Operations. Greenwood said he had risen above an extensive recruiting campaign in which the Port received 35+ applications, 9 of which met the minimum qualifications. Bretz lives with his family in Newport. He is currently the Operations Director at the Depoe Bay Coast Guard Station. Greenwood said the Port was fortunate to have Bretz. Bretz said he was very excited to join the Port. He had lived on the West Coast the last 21 years, and it was a pleasure to serve the fishing fleet and supporting businesses.

B. Pacific Seafoods - Anthony J. Dal Ponte, Deputy General Counsel

Greenwood introduced Tony Dal Ponte, who was at the meeting to discuss Pacific Seafoods plans for the properties purchased from Trident. Dal Ponte said that Pacific Seafood was working with the community, city, county and state to develop these properties. For the site at 411 SW Bay Blvd, they plan to remove/replace the current dock, and envision updated processing space. In the short term, they are looking to support economic growth and development in Newport with small business incubators, shown in the meeting packet, and they have been speaking with small business owners. Along with the City of Newport, Pacific

Seafood has applied for a grant for an economic study. Pacific considers the site as having potential to return to productive use in the unique fishing and tourism setting in Newport. The former Trident surimi plant will remain open. He referred to the response by state officials included in the meeting packet. Pacific Seafoods believes they can turn this business around and support the whiting fleet moving forward. Ice sales and dock usage will also continue. Pacific Seafoods has hired the Trident team for continuity in the operation. They are looking to recruit 140+ workers for the whiting season. Brown asked if they were limited to operating at the existing level. Dal Ponte said they plan to increase. Dal Ponte said they plan to continue the other fish operations and ice sales as well. He said that whiting is a unique commodity. The H&G (head and guts) and filets were previously exported to the Ukraine, but that has been blocked. Surimi is exported primarily to Asia, which is an excellent market. For the meal plant, the lease with the Port is coming due on 12/31/2017, so Pacific Seafoods will be working with the Port to renew the lease.

VI. OLD BUSINESS

A. Items Removed from Consent Calendar

There were no items 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 referred to the questions from Patrick-Joling, the staff answers, and the shipping matrices included in the Meeting Packet. Greenwood said that the TIGER grant was the main topic for this meeting. This was the one agreement at risk of being pulled, as it was issued in October of 2015. There was some pressure from Washington to have this signed. Greenwood said there are provisions in the grant that if the project does not come through, there are outs. He recommended that the Commission approve the TIGER grant. Patrick-Joling said that the Commission had discussed waiting until all of the agreements were in front of them before approval. She said she will forward some follow up questions to Greenwood. Beck said he had sent out an article on risk management, which was not included in the Meeting Packet. He suggested since the fishing fleet was asking for four months priority use of the Terminal, they could be charged \$15K per vessel, with a minimum of 13 vessels as a commitment. For the remaining eight months, Beck said the agreement with Teevin was too generous. He said the negotiations were between the General Manager and two Commissioners for the Port, and more experienced negotiators on the other side. He thought outside expertise should have been hired for the contract negotiations. He also suggested limits on payments, abatement provisions, and tariff payment commitments; the goal would be to negotiate the contracts so that the Port “wins.”

Patrick-Joling said there was a lot of material to review. Greenwood had said the project involved risk, and Patrick-Joling said she was not elected to vote in a risk. The Port is already subsidizing use of the Terminal. Lamerdin said that Beck had brought up some good points, but right now the Port faced deadlines on a federal grant. The port could sign now and get out of it if needed in the future, but if the grant were turned down now, the Port could not get it back. Lamerdin said he understood Patrick-Joling’s concern to see all of the agreements, but the Commission was not going to approve all at this meeting. The consensus was that the Commission wanted shipping, but was looking to do so effectively. The issue now was to keep moving forward. Beck said his mind has changed as he has seen the development of the proposals. If the Port agrees to sign the TIGER grant today, it would tell suitors the Port is serious. The Port needs some help from the other side to meet the bottom line. Greenwood said Washington wants to see the agreement approved by June. He said that the current negotiations

with Teevin and Silvan started just 2/15/17. The project was DOA and revived in the last three months. Beck said the Port can still get a good deal out of the project. Greenwood said negotiations are ongoing and the Port can cancel if it doesn't pencil out. Greenwood said the NIT Users Group had been sent a request to get a date for a meeting. The Port needs both shipping and fishing interests.

Chuck said he had been working on this project since December of 2011. He was appointed to negotiate agreements. The reason Hancock withdrew is because they asked for provisions the Port could not agree to. They had been here because log trucking/shipping was expensive, and having operations here would be a savings. Ten difference Commissioners, two General Managers, and three Directors of Operations had worked on the project. An initial grant was to replace east dock for barging. Chuck talked to hundreds of people, including ALCAN and Teevin. The Port had asked for help from the City, County and State, who were all looking for the Port to get this through. The International Terminal has been a priority for the Commission since Chuck joined. The Terminal is a benefit to all, and the Port Commission needs to look at what past Commissions have done and what the community wants. The Terminal is also a keystone in the development of the Hall's 30 acres. The past Commissioners have done due diligence. The Commission needs to do what's best for the Port.

A motion was made by Brown and seconded by Lamerdin to authorize the General Manager to sign the TIGER Grant Agreement. The motion passed 5 – 0.

D. Resolution Adopting FY 17-18 Capital Improvement List (Bylaws §6(H))

Greenwood introduced the proposed resolution, included in the meeting packet, and said this document allows the Commission to review and prioritize capital projects. The priorities were also identified in the budget process. The attached list includes additional projects, not all of which could be completed this year. Throughout the year, other projects may be identified and priorities may be rearranged. Patrick-Joling commented that the infrastructure at the RV Park is important, since that is a key source of funds for the Port. Lamerdin added that meetings with user groups as the International Terminal project develops may lead to some modifications to the list, so the flexibility of the document is valuable. Larrabee said if needed, contingency funds or a supplemental budget could be used for additionally identified projects. Greenwood said there is approximately \$1MM+ in the General Fund cash reserve and \$100K in the General Fund contingency. The budget for the 2017-18 fiscal year will be formally adopted on June 26th, so there could be some modifications made before then. This resolution is valuable as a policy statement, which can be used when applying for grants. Greenwood recommended a motion to adopt the resolution.

A motion was made by Beck and seconded by Brown to approve Resolution 2017-06 Updating the Port of Newport's Capital Improvement Prioritization List and Identifying the International Terminal Shipping Facility as the Port's Top Capital Priority. The motion passed 5 – 0.

E. Resolution Adopting Compensation Plan (Bylaws §6(C))

Greenwood introduced the proposed resolution, included in the meeting packet. He said that every year the Commission is required to adopt a Compensation Plan, which had been discussed at the meeting on April 4th. There is no COLA increase, and the rates are the same as they have been except for the minimum wage positions per state requirements. The biggest increase is in the retirement plan.

A motion was made by Beck and seconded by Patrick-Joling to approve Resolution 2017-07 Adopting a Compensation Plan for Port Employees. The motion passed 5 – 0.

F. Resolution Setting Rates, Fees & Charges (ORS 294.160)

Greenwood introduced the proposed resolution, included in the meeting packet. He said the fees and charges are reviewed every year, with input and feedback from staff and the Commissioners. The only change to the document since its last review was to the launch fees at the South Beach Marina, reducing the increase to resident seniors and adding a classification for non-resident seniors. Beck said he would like to consider increasing the charges at the International Terminal, to be discussed with the user groups. Greenwood said it would not be unusual to adopt changes to the rates throughout the year. Lamerdin questioned why there was an increase of \$.0002 to fuel charges, rather than a penny. He also suggested not increasing resident senior launch fees, and adding a higher increase to non-resident fees. He proposed increasing annual launch rates for residents from \$55 to \$60, no change for resident seniors, from \$75 - \$85 for non-residents, and adding the \$75 for non-resident seniors. Lamerdin also asked for clarification on the RV rates, which were changing this year to include a before occupancy tax rate rather than the after tax rate. Beck asked what percentage of the RV Park's business was associated with Good Sam; Larrabee said 75%-80%. Lamerdin asked if there may be any benefit to make the rates even lower in the off-season to attract more people. Larrabee said the rates have been low, and the RV Park will be trying some other promotions to increase occupancy during the off-season, including some group promotions and winter specials. The consensus was to adopt the changes to the launch fees proposed by Lamerdin.

A motion was made by Patrick-Joling and seconded by Beck to approve Resolution 2017-08 Setting Rates, Fees and Charges as amended. The motion passed 5 – 0.

Lamerdin referred to the insurance rates listed for commercial vessels and commented that \$250K seems low for Protection and Indemnity coverage. Beck said the lowest limit that would be written would be \$300K. Greenwood said the charter/guide vessels liability at \$1.7MM was rounded up because of availability. He said the Port had been working annually with Payne West and Servco on reviewing the insurance requirements.

VII. New Business

There was no new business.

VIII. DEPARTMENTAL REPORTS

A. Director of Finance

1. April Occupancy Report

Larrabee introduced the report, included in the meeting packet. Beck asked how many years could reporting go back on occupancy rates. Larrabee said 3 – 4 years. Beck suggested contacting the City about room tax to look at tourism comparisons. Greenwood said he spoke with Lorna Davis at the Chamber of Commerce, who also recommended looking at state reports as well. Lamerdin asked about the numbers of slips that are unused and could perhaps be repurposed. Larrabee said that could be researched.

B. Director of Operations

- 1. TCB Public Safety Report for April 2017**
- 2. Commercial Fishing Users Group Committee**
 - a) Draft Minutes May 8, 2017**

Durkee introduced the report, included in the meeting packet. Brown asked if Durkee had learned from the Army Corps of Engineers where the City's dredge spoils would be deposited. Durkee said he had learned they would be deposited in the main channel, but according to Kate Groth, the amount was less than 1000 yds³. Greenwood said the Port did express concern and urged ACOE to discourage in-stream disposal. Chuck expressed thanks to Chris

Urbach and South Beach; he heard nothing but compliments about the halibut opener and the dry camping. Lamerdin asked what “contact” meant on the TCB report. Durkee said it indicated talking to someone; Greenwood added that tends to be a conversation that doesn’t turn into something more. Greenwood also said there would be a record in TCB’s system. The report included in the packet was implemented in the last couple of months so that the Commission could see what activity was taking place over time.

C. General Manager

Greenwood introduced the report, included in the meeting packet. He referenced the summary of research on the digital packets, and said he anticipated this would not be a priority at this time. He added that Congressman DeFazio had taken out language in a house bill, and in doing so, effectively made the Coast Guard Helicopter Station permanent. Greenwood thanked Lamerdin for attending the Know Your Newport convention with the Mates. Greenwood also requested vacation from June 28, 2017 to July 6, 2017. Chuck appointed Lamerdin as the Commission representative to the International Terminal Users Committee.

IX. COMMISSIONER REPORTS

Chuck said he went to an Oregon Coast management session. Senator Johnson said there were more requests than capability, and it was time to “tighten belts.” Nothing will be passed until the budget is approved.

X. CALENDAR/FUTURE CONSIDERATIONS

There were no changes to the Calendar/Future Considerations.

XI. PUBLIC COMMENT

There was no public comment at this time.

XII. ADJOURNMENT

Having no further business, the meeting adjourned at 7:20 pm.

ATTESTED:

Walter Chuck, President

Patricia Patrick-Joling, Secretary/Treasurer

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