

PORT OF NEWPORT
COMMERCIAL FISHING USERS GROUP COMMITTEE MINUTES

February 23, 2018
Special Committee Meeting

I. CALL TO ORDER

Committee Chair Heather Mann called the Regular Meeting of the Port of Newport Commercial Fishing Users Group Committee to order at 9:03 am at the OSU Extension Office, 1211 SE Bay Blvd., Newport, Oregon.

Committee Members Present: Clint Funderburg (Pos. #1); Mike Pettis (Pos. #2); Gene Law (Pos. #7); Bob Aue (Pos. #8); Bob Eder (Pos. #9), Dave Thalman (Pos. #10); and David Jincks (Pos. #11).

Alternates Present: None.

Committee Members Absent: Mark Newell (Pos. #3); Ernie Phillips (Pos. #4); Mark Cooper (Pos. #5); Ted Gibson (Pos. #6).

Port Commission Liaison: Sara Skamser.

Management and Staff: Aaron Bretz, General Manager Pro Tem; Kent Gibson, Commercial Marina Harbormaster; Don Moon, NIT Supervisor; and Karen Hewitt, Administrative Assistant.

Members of the Public and Media: Robert Smith, F/V Raven; Mike Storey, F/V Pegasus; Denise Schock, Fishing; David Allen, Newport City Councilor; Evan Hall, Rondys Inc.

II. CHANGES TO THE AGENDA

Mann asked those present to introduce themselves and thanked them for coming. Mann said at the last meeting, the Committee discussed matching up CFUG meetings with the Commission agenda in order to be more effective. She added that the Commission had discussed this at their last meeting, with most interested. Mann said the Commission would be discussing the Newport International Terminal (NIT), so this Special Meeting was set up for CFUG to provide input. Mann said she is still trying to figure out how to match; it is a load for Port staff to set up additional meetings when the Commission meeting is being prepared. This meeting will focus on issues at NIT, which affect everyone.

III. PUBLIC COMMENT

There was no public comment at this time.

IV. EVAN HALL: RONDYS PRESENTATION

Hall introduced the diagram of the conceptual master plan for the Yaquina Industrial Park, which he said was flexible. He said he wanted to give an update on the project status and answer questions. Hall said the goal for this summer was preparing the site, moving the dredge spoils, raising the elevation, and dealing with the wetlands and mitigation. The timing of the park development would depend on how phase 1 goes. He said phase 1 would be area 3 on the diagram, a 4900 ft² building creating economical storage units. Phase 2 would be Lot 1 on the diagram, with would be a 48K ft² building geared toward commercial use, overall businesses that support the maritime industries and a connection to NIT. This may include fishermen, marine trades, support services, and the

growth of marine research. Later, Lot 7 development would be water frontage, potentially including a dock, cold storage and a processor. Hall said that Lots 1, 2, 3 and 4 were zoned industrial. The other lots were zoned water dependent which is more restrictive. The mitigation would involve returning areas to estuarine mud flats. Rondys was working with the Port to mitigate Port wetlands.

Mann asked if Rondys would still consider building a dock even if the cold storage and processor weren't going to happen. Hall said a dock would need businesses to support it. Cold storage may go in first. Pettis said from the fishermen's point of view, a fish plant not owned by Bornstein would be desirable, even if Bornstein looked to purchase area at the site. Hall said he is looking at bringing in multiple markets that complement each other. Rondys has benefit to the community as a priority. Jincks asked if there was sufficient water and electric service without an upgrade. The primary cost would be sewer. Hall said he thought just transformers would need to be put in for electric. The City wanted to extend a redundant line across the bay at McLean Point, which would be good for Rondys. The City has also considered extending the sewer with \$2M from the Urban Renewal. Jincks commented that Urban Renewal depended upon property leased and developed. Allen said McLean Point Urban Renewal District was geared toward property leaving the Port to the private sector which would generate tax income. This would depend on development and Port/private sector projects. There may be other related water and sewer projects outside of the Urban Renewal District.

Skamser asked if the lease agreements to the Port would be phased in. Hall said there are two scenarios: 1. Release the whole lease or 2. Release the industrial half first and later the water dependent half. The leased gear storage area would need review with the Port. This storage area is a benefit to fishermen. He is not sure how to approach this in the future. Covered, secure gear storage could be a possibility, or Rondys taking over the open gear storage. Hall said he had also talked with Bretz about a potential 200 ft. loading dock that would work with the Industrial Park and NIT. Jincks commented on the value of the property leased to the Port. This is already a dredge disposal site, and users have come in because of the use of this area. Without mitigation, the Port has a loss of two acres. He also recommended taking full advantage of the Urban Renewal plan. Hall said the use is phased in the plan. A big aspect was the shipping facility. Bretz said since the permits were based on a log yard, without another project identified, it was difficult to mitigate. Jincks suggested the Port keep the door open. Hall said the development should benefit both Rondys and the Port.

Mann asked about timing for constructing a dock. Hall said permitting would take two years, and dredging may also be needed – possibly three years for the dock. Bretz said the channel had been surveyed recently and he should receive the result in the next couple of weeks. There would also be some challenges because of eel grass. Pettis said a floating dock would be good for moorage and would bring in more money. Mann asked if the Committee wanted to make a recommendation to the Commission. Law said the Committee should support the Hall family. Pettis asked if there was a possibility for grants. Mann said that the Department of Agriculture has matching grants, and EDA has others. Hall said if the Rondys project is partnered with public entities there are more possibilities such as TIGER or Connect Oregon. Mann said they could leverage a bond. Bretz said he had talked with the State and a planning grant was a good possibility. Grantors don't want controversial issues. Allen asked if the City of Newport work with planning, to which Bretz replied yes, they are a stakeholder. Mann said that, in general, the Port could work more closely with the City. This has been effective in the past. Bretz said he has been hearing that, and more understanding of the situation is helpful.

Mann said the Commission is in the process of hiring a new General Manager. The Commission voted 3 – 2 in Executive Session to move forward with the high scoring candidate. Bretz has done a good job in the meanwhile. Bretz said he can brief whoever comes in as the General Manager to get him up to speed. Hall said there has been a loss in momentum with what's going on at the Port and the Port should be leading and making sure they are taking advantage of opportunities. Jincks said it is a balancing act for the Port with other industries showing growth. Mann said she had heard research wants to use the terminal. Hall said as for shipping there is a scale issue and the Port of Newport has a niche opportunity, including short shipping within Oregon. Allen recommended

contacting Derrick Tokos. Hall said that engineers and architects have been meeting. Mann said Skamser would report on this meeting to the Commission as liaison to the Committee, and Mann will also send a report.

V. REVENUE AT THE TERMINAL, FINANCIAL OUTLOOK

Mann referred to Kimball's report, included in the meeting packet, and said he would be providing information to the Commission at a work session on February 27th. Bretz said most of the focus would be on slides 8 – 12 (pgs. 11 – 16 in the packet). Kimball will be presenting 3 – 4 scenarios about what the Port would want in revenue. The scenarios would be based on some maintenance figures and current remediation. There is also consideration of fulfilling the promises on the bond measure. Kimball will be looking at minimum/maximum revenue over next 30 years. Mann asked if the \$1.1M figure would fund improvements in other areas of the Port. Bretz said that addressed only NIT. Jincks said the Port is one unit, although this was good to break down to show. When considering debt and investment, consider the whole Port. Breaking down into business units has limitations. During the last shipping mess, the loss at NIT was falsely represented. Bretz said this would be a higher level than Kimball is addressing.

Mann asked if a decision was made that NIT generate income to make up for other losses. Bretz said no, the Commission has not gotten into that. Skamser said NIT is still on the ground floor and all the pieces are not yet together. Kimball was trying to see what the business units were doing. Jincks said that Astoria budgets by business unit, then back to the Port. Upland job support in the area is missing in the analysis. Bretz said that one point Kimball made is the performance at NIT is not as bad as it seems since a lot is on the taxpayers. Mann said that she and Yale Fogarty had worked on the bond. Almost all of the money went into remediation. Bretz said the Port did not get a loan; the bond revenue is from taxpayers. Jincks said that \$13MM was spent on remediation. Mann said a future agenda should include policies related to future NIT operations. The Committee needs to know the Port's goals. Bretz said the issue of what to do is a combination of finances and operations; the debate was what to do first. Jincks said that was a good point. The last project failed because of a lack of collaboration. The Port needs to consider the users of the facility and collaborate from the beginning. Jincks also said that jobs and the terminal were not used in prior grant applications, which may have changed the result. A business plan for NIT needs to be created collaboratively with users. Bretz said he thinks the Port is close to the point where that can be done.

VI. REVIEW OF TERMINAL OPERATIONS RELATED POLICY

Eder asked if NIT would be available to move product because of the high level of activity at Port Dock 7. Bretz referred to the policy in the packet. He said in the past there was a gentlemen's agreement between the ILWU and the Port that fish could not be unloaded at NIT without using longshoremen. Jincks said for clarification longshoremen would handle the offloading for international business but not for domestic. Mann asked if Eder would need to use longshoremen if he wanted to unload and sell out of NIT. Jincks said that is the understanding. Mann said changes should be discussed. Bretz said it would not be wise to make changes now. Newell said he also needs to use NIT. Jincks said this has been talked about in the past. The Port is losing money by the manpower used there. He would support a business plan created for using the NIT pier. Kent Gibson said that Port Dock 7 has been busy. Mann commented that the Port could be making more revenue. Bretz said this is a plan to develop. The Committee can make a recommendation for what's needed.

Aue said Pacific and Hallmark are upset they can buy less, a benefit to the fishermen. Eder said there was not an agreement with the processors until Don Mann. Bretz said he had a conversation with Grays Harbor who charged \$.40/pound for fish unloaded. Jincks said the congestion at PD7 robs manpower from other maintenance tasks. Newell said more could be operated by the fishermen themselves. Gibson said shrimpers can sit all day at PD7. He suggested extending PD7 75' each way could allow for more hoists. Bretz said an idea for PD7 was to seek grant money to construct side ties and extend the hoist dock. Mann asked if product could be unloaded at the

Terminal right now. Bretz said he would stick to the past rules, not change policy now. Skamser said the Port Commission could move forward; getting direction from the Committee is important. Some prioritization would help.

Eder said he was looking for consensus to make a recommendation to the Commission to investigate opening the NIT hoists to unload product. Jincks said he would support that if it were termed as creating a business plan to support unloading at PD7 and NIT. If this is just a knee-jerk reaction, it won't solve the original problem. Mann agreed she would want an examination of how to improve product unloading. Newell said he probably won't be able to get into PD7. He will go to the terminal to unload and if needed will bring his attorney. The Port can attract business right now. Mann said that there could be more revenue at the Port by just expanding what is happening now that's not yet supported. Pettis commented that was a good problem to have. Eder said this was a chance to encourage small business. Storey asked if NIT was a closed union Port. Funderburg referred to a related lawsuit in Honolulu that was a legal struggle. Bretz said that to get a business plan right would involve evaluating what is needed. Schock reiterated that there is an immediate need for boats to unload. Jincks said the Port has to make money. The facilities and services are important to fishing and can't be neglected, so it is important to create a business plan. Skamser said she has heard a lot that the Port needs to get ahead of things. There is no need to advertise for fishing use – the hoist is available. Mann said the Committee could recommend that the Commission address the immediate need, and could say a long term business plan was also needed. Kent Gibson said 2MM lbs. moved across the dock. Bretz said the way the Port charges fees right now is not easy to track. Mann said there is also a need to plan for the long term, with the fleet arriving in the summer. She said she heard that the albacore fleet was looking for space. Bretz said that was an operational problem trying to accommodate more boats.

Kent Gibson said the plan may require more Port staff. Jincks said he would like to see collaboration with others, perhaps the possibility that fishermen would be using forklifts, but that would be a liability and contract issue. The Port still has to make money on the facility other than moorage and has to address normal wear and tear. Bretz said at the terminal, much higher tariff rates apply. He will need to go back and review the tariff. Jincks said there has been interest in shipping live crab to China, which would be handled by the ILWU. Eder said it might not be a big problem. Fishermen could sell to local buyers, who would then ship out of the country. Jincks said the determination of export would be based on the first receiver. Mann referred to the tie up policy. This was brought up in the summer by those opposed to shipping activity. The policy was put in place when NIT was a different landscape. Jincks said this was prompted by Fred Wall who wanted to put in a shipyard. The cracked concrete dock was already closed, as well as a section of the wood dock. The policy was a knee-jerk reaction to Wall. Within six months, Wall moved to Reedsport. The policy is an artifact. A tie-up policy may be needed in the future to reflect current needs. Bretz said that is a good reason to add an expiration to policy. Jincks added that NIT was also used if emergency repairs were needed. Mann suggested recommending to the Commission that the tie-up policy is null and void, and a future policy would need development. Thalman said there is a need to review the policy. If in the future shipping comes in, it could be a problem. He suggested recommending a timeline to address the issue, as there would be a gap in policy. Mann said the policy was never enforced, so there was a 20 year gap already. The policy needs to be reviewed based on what's happening now and what will happen in the future.

Jincks said there would be log shipping at NIT today if a business plan had been written first. This is a fault of the Port that needs to be corrected. Mann suggested asking the Commission to recognize that the policy was never enforced and allow CFUG to develop a tie-up policy based on current needs. Skamser suggested maybe a subcommittee could work on a tie-up policy. Bretz asked if there was an issue now because of the tie-up policy. Mann said the issue is that the document is being passed around as current policy. Jincks said the policy was a step toward creating a business plan and was created collaboratively. NIT is an important piece of real estate. It takes coordinated effort for shipping, including tug boats, crew, etc. A lines agreement is valuable because the longshoremen help prevent damage to the facility. It should be reviewed, but a lines agreement is needed. In the future, at sea processors tie up themselves. Divine Salvage had tied at the dock, and were fined because the

longshoremen weren't there. The Terminal fender piling was not installed correctly because the Port was out of money. There is no give. Mann said policy needed to be reviewed and updated, address research vessels and wave products in addition to fishing tying up at the dock. Skamser said that the ILWU were experts and the liability issue is why they are valuable to the Port. Jincks said there would be agreements with stevedores, who then contract with unions. Pettis said there was a 150' vessel tied up at NIT getting ready to leave. He was surprised that untying required longshoremen.

VII. DISCUSSION OF FUTURE TERMINAL OPERATIONS

The Committee platform and proposed resolutions, included in the meeting packet, both addressed the use of NIT. Neither were acted on by the Commission. It is a concern that revenue is lost from current users, and Mann urged the Commission to keep this in mind when looking at other shipping deals. Jincks said he believed in incorporating shipping but current needs should be addressed across the Port. Mann said that the Midwater Trawlers Cooperative supports shipping as long as they're not being pushed out. Jincks approach is long-term, but current Port Dock use needs to be addressed. Law suggested creating the business plan in increments, with moving product at the terminal done first. Bretz said the Commission may not be widely aware of the crowding issue at PD7 and should be a priority. Jincks said it is possible to address offloading catch and shipping policies in a short period of time. A problem is the larger vessels that rely on NIT for moorage. Storm damage could occur at PD5 when too many ships are tied up. Eder commented that the Industry Platform included specific dates. There may need to be language providing flexibility. Another comment was to keep in mind this requires working together in the spirit of negotiations, involving discussions with users early on. Mann said there were some misconceptions; the agreements failed because they were bad deals, not because of MTC or the fishing industry. There has to be a consideration of revenue and future users, which may include a fish plant or small buyers co-op. The business plan should be a living document. Law suggested the revenue timeline could be included in the business plan. Skamser said she would like to see Committee members at the Commission Meeting.

Bretz said that a lot of operating policies are put in place when people feel they are not powerful with what's going on and want to make a rule to protect themselves. As important as or more important than policy is having the right people in place. Mann said the Port needs to recognize the significant income the MTC brings into the community. Jincks said the Port has an amazing diversity of boats from small to large. The Committee needs support from the Port and City. When the Port previously discussed shipping, they gathered information about fishing but did not use or recognize that. Schock asked if cruise ships were being considered. Bretz said there are different possibilities for the use of the 9 acres.

VIII. FUTURE MEETING SCHEDULE

To be determined.

IX. ADJOURNMENT

Having no further business, the meeting adjourned at 12:00 noon.

ATTESTED:

Heather Mann, Committee Chair

Bob Eder, Committee Vice-Chair