

PORT OF NEWPORT
MINUTES
August 27, 2013
Combined Work Session and Regular Meeting

I. CALL TO ORDER

Commission President JoAnn Barton called the combined work session and regular meeting of the Port of Newport to order at 6:00 p.m. on Tuesday, August 27, 2013, at the South Beach Marina Activities Room, 2120 SE Marine Science Drive, Newport, OR 97365, the same being within the boundaries of the Port District.

Commissioners Present: JoAnn Barton, President; David Jincks, Vice-President; Walter Chuck, Secretary; Lloyd "Oly" Olson, Treasurer.

Commissioner Excused: Dean Fleck, Assistant Secretary-Treasurer.

Port of Newport Management and Staff: Don Mann, General Manager; Pat Albaugh, Finance Director; Kevin Corwin and Juaquin Rutherford, North Operations; Pete Dale, Project Manager; Jim Durkee, Terminal Operations Supervisor; Rick Fuller, NOAA Facilities Manager; Barb Martin, Accounting Assistant; Patty Benjamin, Administrative Assistant.

Others Present: Dr. Richard Beemer, Newport City Council; Frank Berg, Day CPM Services; Yale Fogarty and Pat Ruddiman, ILWU Local 53; Brett Joyce, Rogue Ales; Don Mathews, former Port Commissioner; Mark Miranda, Newport Police Chief; Dave Morgan, News Lincoln County; Jim Myers, Great Albacore Tuna BBQ Challenge; Stan Pickens and Bob Ward, Newport Sea Lion Docks Foundation; Mike Price and Maria Sause, Newport residents; Jim Shaw, South Beach resident; Ted Smith, Newport Interim City Manager.

Before addressing the regular agenda items, the Chair introduced General Manager Don Mann, who presented a gift from the Port of Newport Staff and Commission to former Port Commissioner Don Mathews in recognition of his thirteen years of service to the Port.

II. MINUTES

A. Combined Work Session & Regular Meeting—July 23, 2013

Commissioner Olson moved, Commissioner Jincks seconded, to approve the minutes of the Combined Work Session & Regular Meeting of July 23, 2013 as submitted. The motion passed 4-0.

III. FINANCIAL STATEMENTS

- A. Financial Reports.**
- B. Accounts Paid.**

There were no questions or comments on the Financial Statements or Accounts Paid.

Commissioner Jincks moved, Olson seconded, to approve the Financial Statements and Accounts Paid, Check Nos. 11716-11719/Construction Fund; Check Nos. 12065-12098/NOAA Checking-OCB; and Check Nos. 34467-34596/Operating Account. The motion passed 4-0.

IV. PUBLIC COMMENT

Newport resident Mike Price expressed concern about the negative impacts log exports could have on the local environment and economy.

Police Chief Mark Miranda displayed a photograph of an SUV that had rolled into the water at the South Beach Marina launch ramp earlier that day. He reported that the City of Newport had received numerous complaints from out of town visitors who had received citations for parking on the lot next to Local Ocean, which is reserved for commercial fishermen who have parking permits issued by the Port. Miranda said there had been a brief moratorium on issuing the citations but the signage is fine and citations will continue. More signage will be added. Miranda also reported that "car clouts" are rampant and advised locking car doors.

Newport resident Maria Sause said she had questions for the Port Authority about the negative effect that log exports could have on sustainable jobs in Newport and Lincoln County. She said and suggested that projects should be thought out before a decision is made to have them.

Commissioner Barton thanked Sause for her comments but reminded the audience that the regular meeting was not a forum for questions. She invited members of the public to call the Port office to make appointments with Port staff or the commissioners if they have questions.

V. STAFF REPORTS (* Indicates no questions or comments.)

A. Department Reports.

- Kevin Bryant, Commercial Marina Harbormaster*
- Pete Dale, Project Manager*
- Jim Durkee, Terminal Operations Supervisor*
- Penny Gabrielson, South Beach Marina & RV Park Report*
- Rick Fuller, NOAA Facilities Manager*
- Maureen Keeler, Special Projects Manager*
- Gina Nielsen, Marina Office Supervisor*
- Chris Urbach, South Beach Marina Harbormaster*

B. General Manager.

General Manager Don Mann said the sub-committee appointed to assist in implementing the insurance requirements in the new Port Ordinance Code would re-convene after insurance representative John McKnight obtains more information about a company that underwrites for wreck removal. Mann said it would be difficult for some of the fishermen to find insurance for their older, wooden vessels, and the Port would continue to work with them on getting insurance, but the Port also has to consider its own liability issues. Commissioner Jincks pointed out that when the Port is put in the position of paying to raise a vessel, those costs are extracted from the maintenance budget and impact all fishermen. He added that the insurance issue needs to be resolved as soon as possible. Mann said signs related to enforcement of the new Ordinance Code would be posted at the ramps at both marinas, and he would be willing to work with the boating community on providing the additional services they would like to have, such as storage areas and fillet tables, but those things all involve expense. Mann distributed copies of the new Ordinance Code that had been produced in a smaller, pamphlet form to the commissioners.

The General Manager said he had received the first draft of International Terminal's security plan from the contractor and had distributed it electronically to the commissioners. He met with the Coast Guard regarding their requirements and they will review the security plan and provide comments in the next thirty days. Commissioner Jincks said he had gone through the security plan and found it to be boilerplate that would fit any mode of transportation. Mann said there were certain requirements in the plan that the Port has to abide by but it would provide the basis for developing a personalized plan for the Port's operation. In response to a suggestion from Commissioner Jincks, Mann said he would contact the Port of Astoria regarding their security plan for log operations and training of their security officer. In response to a question from Commissioner Chuck, Mann said he had talked with Project Manager Frank Berg about grants from Homeland Security to cover some of the security requirements and it would depend on the timing. In answer to a question from Commissioner Olson, Mann said Denison Surveying had completed their site plan for the terminal but it was not available electronically yet.

General Manager Don Mann reported on the 2013 Oregon Coast Economic Summit August 20 - 21 in Lincoln City, OR. The summit had been sponsored by the Oregon Coastal Caucus and was attended by 300 – 350 people, including Senators Wyden and Merkley and Congressman DeFazio. Mann was a panelist for the session on "The Role of Small Business in Economic Development".

The General Manager had met with Harry Noah, Yaquina Bay Fruit Processors. Noah was still considering options for his business before the lease on his South Beach site expires in March of 2015. Noah would like to expand his business to include a viewing area for the public but that would require a zoning change. Commissioners Barton and Jincks pointed out that the commission had already had that discussion with Noah and it was their consensus that it would not be the highest and best use of that property. Commissioner Barton added that her position on that consensus had not changed but Commissioner Olson needed to be "brought up to speed" on that discussion.

General Manager Don Mann said Chris Olson, the Port's tenant at the South Beach Marina Store, had asked to adjust his lease rate from its current percentage formula to a square-foot calculation. Mann said Olson's lease rate had been adjusted in the past relating to some maintenance items, but negotiating and adjusting lease rates would set a precedent that could get out of hand. Commissioner Jincks and Mann said they would meet with Olson again and have a final recommendation for the board at the next regular meeting.

The General Manager said the Greater Newport Chamber of Commerce had appointed a construction committee to look into finding a location for a permanent building to house the annual Seafood & Wine Festival, as well as other community events. They are considering the fairgrounds as a building location but are also interested in looking at Port property. A brief discussion followed about plans to site an event center on Port property years ago, and Commissioner Jincks pointed out that those negotiations had involved a property exchange with the City. A final recommendation will be made after more information is received from the Chamber.

The Sea Lion Docks Foundation had submitted updated drawings for the Port Commission's review. The Foundation is continuing its fundraising for the project and plans to apply for permits to move forward. The General Manager and Commissioners Jincks and Olson will meet with Foundation representatives in the next two weeks for further discussions.

C. Commissioner's Reports.

Commissioner Chuck reported that he had attended the Association of Pacific Ports 100th Annual Conference in San Francisco. He said it was an excellent opportunity to network with other ports and some of the agenda items were quite pertinent to what the Port of Newport is doing, including working waterfront challenges, public input and awareness, and strengthening port security and harbor safety. He added that the conference presentations were available to view on the Association of Pacific Ports' website.

Commissioner Barton reported that the search committee for the new General Manager had its first meeting earlier that day. The committee is made up of two Port Commissioners and seven members of the public, and would meet again on Friday.

VI. OLD BUSINESS

A. Terminal Renovation Project—Frank Berg, Day CPM Services.

1. Post Construction Activities.

An additional small amount of scrap steel had been sold from the project, bringing the total credit for the sale of scrap steel to \$941,606, which is \$621,606 over the initial estimate of \$320,000. Demobilization continues by the Natt McDougall crew. The monitoring points on the Hennebique were cleaned and checked; the as-built drawings for the fire/domestic water systems were submitted to the City of Newport; and the punch list was complete. The amendment to the Joint Permit for the dredging revisions was submitted to the Army Corps of Engineers and there will be a fifteen-day comment period. The 1200-Z permit was submitted to the Department of Environmental Quality. DEQ has requested samples from a couple of the outfalls, but that request will have to wait for a substantial rain event to provide some good samples.

2. Amendment No. 29.

Amendment No. 29 to the contract between the Port of Newport and Natt McDougall Company covers the design, furnishing, and installation of the custom fishing dock cleats; the furnishing and installing the Hennebique transition plates, and the performance of the pile repairs on the existing ro-ro dock piles. The furnishing and installing of bollards had also been included in GMP amendment No. 29 but Berg said that work would not be done. Amendment No. 29 carried a GMP of \$291,256.46 and recognized savings and the close out of prior amendments. The total budget for construction costs with the most recent Connect Oregon grant funds was \$20,460,596. A construction balance and contingency of \$256,776.88 would remain after the execution of Amendment No. 29. The chair called for a motion.

Commissioner Jincks moved to approve Amendment No 29 to the contract between the Port of Newport and Natt McDougall Company and to authorize the General Manager to execute that amendment. Commissioner Chuck seconded the motion and it passed 4-0.

In answer to a request from Commissioner Jincks, the General Manager said he would provide him with copies of the Port's submittals on the two Connect Oregon grants related to the project.

B. Great Albacore Tuna BBQ Challenge. Wrap-Up Report.

Jim Myers reported on the Great Albacore Tuna BBQ Challenge that had been held August 10-11 at South Beach. This was the second year for the two-day event and coincided with NOAA MOC-P's second anniversary in Newport. Myers said the location worked out perfectly and it was good

exposure for the Port and NOAA, and a great promotion for the albacore fishing industry. He named Port employees Rick Fuller, Chris Urbach, and Maureen Keeler as having been instrumental in making the event a success, and added that the NOAA families were also involved and it was good to see them interacting with their community. Proceeds from the event benefit the Newport Food Pantry. Myers said paid attendance had doubled from the previous year and, per an agreement with the Port, he presented the board chair with a check for half the proceeds in the amount of \$3,008.

Commissioner Jincks made a motion to return the check for \$3,008 to the Newport Food Pantry. Commissioner Olson seconded the motion and it passed 4-0.

Commissioner Barton commended Myers for his hard work and thanked him for recognizing Port staff's contribution in making the event a success.

IX. NEW BUSINESS

A. Rogue Ales Update.

The General Manager introduced Brett Joyce from Rogue Ales. Joyce distributed a handout to the commissioners that detailed the increase in Rogue's production from its brewery and distillery in recent years, and the space requirements over a six year period that would be needed to accommodate Rogue's anticipated growth. Joyce said they hoped to "tack on" an estimated 5,000 square feet to the existing distillery building next year and another 5,000 square feet in 2016. He acknowledged that given last year's expansion at the brewery, "tacking on" an estimated 40,000 square feet in three equal parts of 13,500 in 2014, 2016, and 2019 probably wasn't feasible. He asked the commission to consider what options there might be for space to accommodate the anticipated expansion. In answer to questions from Commissioner Barton, Joyce says he didn't think going "up" instead of "out" would be practical, and said Rogue employs an estimated 120 people locally.

B. Draft Permits for Commercial Activities on Port Property.

- 1. Charter Fishing**
- 2. Fish Filleting**

General Manager Don Mann had included in the commissioners' packets a draft charter boat use permit and a draft fish filleting use permit. He said he would like to distribute the draft documents to those two user groups and ask for their input within 30 – 60 days. He said he would like to have the agreements in place, in conjunction with the new Ordinance Code, for businesses operating on Port premises at the beginning of the next calendar year. He added that certain vendor permits could be customized for other users as well. He asked the commission to contact him with feedback and suggestions on the two draft documents.

C. Personal Services—Implementation of a Structured Salary and Salary Increase Mechanism.

General Manager Don Mann led the discussion about implementing a structured step program for salary increases for Port personnel. He and Finance Director Pat Albaugh had been working on developing the matrix for the past year, at the commission's direction, so the finance department could project anticipated spending on salaries and wages. The tool would also be useful for management, the budget committee, and the commission. The table they had produced was based on several different programs used by ports and communities throughout the northwest. Mann said each step represented a 2.5% increase, which would be awarded to employees based on job performance and the Port's ability to pay. A discussion followed about the three categories in the Operations Maintenance positions. Commissioner Jincks pointed out that the Port's personnel policy manual was last published in the year 2000 and said he would like to see the step program incorporated into an updated personnel manual so that everyone would be aware of the pay scale and the increases that might be possible. Commissioners Barton and Jincks suggested that staff produce a draft of an updated personnel policy manual, taking into consideration what changes would have to be made in accordance with new personnel policies and legislative rulings. In answer to a question from Commissioner Jincks, the Finance Director said \$28,000 had been budgeted for an increase in personal services wages and salaries in the current fiscal year. Commissioner Jincks voiced concern that some personnel might not understand their supervisor's rating system. Mann said there would be time to create a development plan and goals for employees, and noted that it had been three years or more since most employees received any kind of salary increase. In answer to a question from Commissioner Barton, Mann said he would like the step increases to apply to both hourly and salaried employees and to be effective with the next pay period or, in some cases, retroactive to the first of August; and in answer to a question from Commissioner Olson, he

said employees' performance reviews had been completed by supervisors and were on his desk for review. He added that he would be pleased to show the review forms to Olson. After further discussion, Commissioner Jincks recommended a one-time step increase based on performance reviews of Port employees, and implementation of the program into an updated personnel policy manual; Commissioner Barton proposed a one-time step confined to hourly employees only; Commissioner Chuck recommended adopting the twelve-step program as proposed by the General Manager and Finance Director; Commissioner Barton noted for the record that Commissioner Fleck had endorsed Commissioner Chuck's recommendation in a telephone conversation; Commissioner Olson suggested implementing a one-time step at this time, and revisiting the issue and considering options upon completion of the personnel manual. Commissioner Jincks said he appreciated and supported the work that had been done on the step mechanism, and Commissioner Barton added that she was aware of the importance of boosting staff morale and she hoped recognition in the form of increased compensation would help. The General Manager said that was a fair approach; however, he would like to extend the step option to salaried employees as long as the increases stay within the budgeted amount. The consensus of the board was to go with Mann's recommendation, as long as it did not exceed budget. Commissioner Chuck suggested putting a timeline on the personnel policy manual. Finance Director Pat Albaugh pointed out that there are policy elements within the employee manual so there would be value in having commissioners involved in the ongoing process, particularly in light of Don Mann's impending retirement and the change in Port management. Commissioners Jincks and Olson agreed to work with staff toward a goal of presenting a draft personnel policy manual at the January 2014 regular meeting.

D. Proposed Projects for Facilities Maintenance Reserve Fund.

The General Manager distributed summary sheets and explained the three proposed projects.

1. Commercial Marina Hoist Dock Fender Pile

The current fender pile are damaged and do not protect the underside of the hoist dock. This would be the first phase of a project that is already in the Port's Capital Facilities Plan. This project would require engineering and would be proposed as a Connect Oregon grant project in the next round of funding.

2. Port Dock 7 Electrical Pedestals and Wiring

This project would require an electrician. It would be a "band aid" right now, but materials could be salvaged and re-used and the work would be crucial to continued services at Port Dock 7.

3. South Beach Marina Asphalt Repair

The two pieces of asphalt being proposed for repair were from the dry camp area to the old launch ramp, and the area going to the north end of the property at the marina.

Mann said the cost for the three projects was estimated at \$100,000 for material and labor, and the projects were chosen based on safety and need. \$240,000 had been set aside in the Maintenance Reserve Fund for the current budget year with a \$70,000 contingency. The commission supported the proposed repairs.

Commissioner Jincks moved to authorize the General Manager to expend funds from the Maintenance Reserve Fund for the three proposed projects as identified. Commissioner Olson seconded the motion and it passed 4-0.

Project Manager Pete Dale said he had prepared a preliminary budget for the demolition, disposal, and site clean up of the old Port office. The estimate did not include repaving the area or the removal of online electronics from the building. Weather, fish traffic, the hoist dock repairs, and crab push would have to be considered in scheduling the demolition. Dale said he would work out more cost details and provide updated information to the commission.

E. Commercial Marina Forklift Purchase.

Staff asked the commission to approve the purchase of a new forklift for the commercial marina, as budgeted for the current fiscal year.

Commissioner Chuck moved to authorize the General Manager to expend the funds for a new forklift at the Commercial Marina. Commissioner Olson seconded the motion and it passed 4-0.

VIII. MEETING RECESS at discretion of the chair.

There was no meeting recess.

IX. OTHER

Commissioner Barton read portions of a letter received from a South Beach Marina patron complimenting Marina staff Penny Gabrielson, Carol DeLong, Brenda Criswell, and Clay Moore on their excellent service.

Reimbursement options for candidates for the General Manager position were discussed. No decision was made.

Commissioner Jincks thanked Terminal Operations Supervisor Jim Durkee for his assistance during a mini-convention held with fishermen from Mexico. Commissioner Barton added that she had heard great feedback in the community on Jim's work.

Commissioner Chuck congratulated General Manager Don Mann on being selected for Pacific Northwest Waterways Association's Distinguished Service Award.

X. PUBLIC COMMENT

South Beach resident Jim Shaw noted the News Times article on Dr. Hal Pritchett, and reported on an accident that had happened that day at the South Beach launch ramp.

XI. UPCOMING MEETINGS

- A. Labor Day, September 2—Port Administration Office Closed
- B. Fishermen's Forum, Port Dock 7 Operations Shop, September 11, 8:30-9:30 a.m.
- C. Marina Users Meeting, South Beach Marina, September 18, 8:30-9:30 a.m.
- D. Combined Work Session and Regular Meeting, South Beach Marina Activities Room, September 24, 6:00-8:00 p.m.
- E. OPPA Conference, September 26-27

XII. ADJOURNMENT

There being nothing more to come before the Board of Commissioners, the meeting was adjourned at 8:25 p.m.

ATTEST:

David Jincks, Vice-President

Walter Chuck, Secretary