

**PORT OF NEWPORT
MINUTES
December 23, 2008
Combined Work Session and Regular Meeting**

I. CALL TO ORDER

Commission President Rob Halverson called the combined work session and regular meeting of the Port of Newport Board of Commissioners to order at 6:00 p.m. in the Port Conference Room, the same being within the boundaries of the Port District.

II. INTRODUCTIONS

Commissioners Present: Rob Halverson, President; Ginny Goblirsch, Vice-President; Dean Fleck, Secretary; Don Mathews, Treasurer; JoAnn Barton, Assistant Secretary-Treasurer.

Port of Newport Management and Staff: Don Mann, General Manager; Patti Britton, Director of Finance; Pete Dale, Projects Manager; Gina Nielsen, Marina/RV Office Manager; Patty Benjamin, Administrative Assistant.

Others Present: Yale Fogarty, Pat Ruddiman, and Rod Worman, ILWU Local 53; Bill Ness, KPFF Consulting Engineers; and South Beach resident Jim Shaw.

III. MINUTES

A. Work Session and Regular Meeting—November 25, 2008

Commissioner Goblirsch moved to approve the minutes of the Combined Work Session and Regular Meeting of November 25, 2008 as submitted. Commissioner Mathews seconded the motion and the minutes were approved 5-0.

IV. FINANCIAL STATEMENTS

A. Financial Reports. Finance Director Patti Britton explained, as noted in her written report, that the audit committee meeting that had been scheduled for December 15, 2008, had to be cancelled due to bad weather and the deadline for filing the audit report with the Secretary of State's office was coming up fast. With more bad weather in the forecast, the audit firm had been authorized to issue the report without an audit committee meeting, and she would file it with the Secretary State in order to meet the deadline. She said the audit report looked fine. Britton asked for questions or comments on the financial statements and Commissioner Goblirsch noted an increase in legal and audit fees. There were no further comments on the Current Assets and Liabilities Statement, Revenue Statement, Expense Statement, or International Terminal Revenue and Expense Statement.

B. Accounts Paid. Commissioner Goblirsch moved to approve the Financial Statements and Accounts Paid, Check Nos. 11251-11262/Construction Fund and Check Nos. 28230-28324/Operating Account. Commissioner Fleck seconded the motion and it passed 5-0.

V. PUBLIC COMMENT

Yale Fogarty, ILWU Local 53, wished the Port commission and staff a Merry Christmas.

VI. STAFF REPORTS (* Indicates no questions or additional comments.)

A. Department Reports.

- **Betty Ballhorn, Marina Office Supervisor**—Commissioner Fleck said he continued to be amazed by how well the RV Park was doing in such a slow economy. Commissioner Barton commented that if gas prices stay low the RV Park may well continue to perform well as people take vacations closer to home.
- **Kevin Bryant, Commercial Marina Harbormaster***
- **Pete Dale, Project Manager***
- **Maureen Keeler, Special Projects Manager***
- **Ron Smith, Terminal Manager***

- **Chris Urbach, South Beach Marina Harbormaster***

B. General Manager.

General Manager Don Mann provided an update on Port's emergency plan. He said he had spoken with consultant Morgan Rider, Ecology and Environment Inc., and she was pursuing avenues of grant funding so that the Port's emergency plan could be coordinated with those of the city and county. Mann said the project will remain on the active list.

Mann reported that there was still support for the Fisheries Center project from the Newport Fishermen's Wives and the Seafood Consumer Center, but the biggest challenge is getting tenants to commit when some businesses are cutting back on employees due to the tough economy. He said the project would remain active but there would probably not be any change in its status until after the NOAA proposal is submitted in January.

General Manager Mann provided an update on the sub-committee that had been formed last summer to establish rules and regulations to make the charter business fair and equitable for everyone. He said the free-lance charters would have to meet the same safety and insurance standards as the charter businesses that lease space from the Port, if they are going to operate out of South Beach. That project is ongoing.

The General Manager reported on four administrative projects that staff is working on:

- Port Ordinance
- Port Personnel Manual
- Port Business Plan
- Commission Duties and Responsibilities

General manager Mann reminded the commissioners that their public official disclosure paperwork was due on January 15, 2009.

VII. OLD BUSINESS

A. NOAA Marine Operations Command-Pacific (MOC-P) The General Manager reported that two consulting firms had been hired to assist with the NOAA Home Port Project. One was Pacific Northwest Consultants LLC, from Seattle WA. Paul Cederwall and Bill Vermie from that firm would be working with the Port. The other consulting firm was gLAs Architects, from Eugene, OR, and Jim Lewis would assist from that firm. Mann said a conference call between team members and both consulting firms had been held the previous day. With help from the rest of the team, Cederwall and Vermie would gather information and prepare the actual offer to submit to NOAA. Jim Lewis, who has worked with the Hatfield Marine Science Center and Oregon Coast Community College on various projects, would prepare a site plan and building design, and work with the engineers on cost estimates. Mann had put together an e-mail matrix for the 24 team members, including the commission, so that assignments could be made to provide information to the consultants. Commissioner Goblirsch asked if Mann would be following up with a phone call to make sure the assignments were received and he said he planned to do it all by e-mail, but if there was no response from a particular team member or group in a day or two, a call would be made. He said he had requested a time extension on the offer deadline in writing, and apparently other ports had done that as well because he had been notified that the deadline had been extended from January 21, 2009 to February 4, 2009. It was all moving fast, he said, and he encouraged the commission to check their e-mails daily for assignments and e-mail any questions they had to individual team members or groups.

In answer to a question from Commissioner Barton, Mann provided the highlights from a meeting with a finance group made up of community members and David Ulbricht (by conference call) from Wedbush Securities to discuss options that the Port might have in finding guaranteed funding for the NOAA project. He said he had talked to Greg Sammons, as requested by Commissioner Barton, but Sammons does not get involved in public finance. Sammons had referred Mann to Troy Yang, from Oakland, CA, who has done work for the Port of Oakland. Mann said he would contact him but with the time constraints was not sure Yang could put together anything quickly enough to meet the Port's deadline. In answer to a question from Commissioner Halverson, Mann said David Ulbricht would put together a "recipe of options" for the finance group, and he

would ask NOAA for a definition of the specific wording in the offer, which refers to a “substantial commitment of finance”. He said he was building another list of questions to send to NOAA by January 6, 2009, which was the deadline for the last round of questions.

Commissioner Goblirsch reiterated that she felt uneasy about sending out e-mails and assuming that everyone had received their assignments, and said she would be willing to make some follow up phone calls. Commissioner Barton suggesting sending requesting confirmation of the e-mails, in case they end up in a spam box.

B. Terminal Renovation – KPFF Consulting Engineers. Bill Ness, KPFF, reported that he and Project Manager Pete Dale had met with Doug Updenkelder, Action Business Systems, about fiber-optics, and Updenkelder will put together a cost estimate so an application can be made for grant money for utilities on the terminal's upland development. Northwest Natural is working on a proposal for the natural gas line and Natt McDougall Company is developing unit pricing. He said those were small details while mitigation remains the biggest thing to get done. Commissioner Goblirsch asked about a report from Denison Survey that showed the Pasley hull had moved about an inch in thirty-six days. Ness said the ship appears to pivot on the center of the keel with each tide change, rolling over and coming back. He said Project manager Pete Dale described it as “coming down like a wedge”, except it can't come back. He said the deterioration was clearly visible over the past month, especially around the cracks. Commissioner Goblirsch said Marguerite Nebeta from the Governor's Economic Development Office had mentioned working with their emergency people to find funding to further secure the stern until the Port adopts a plan of action. The General Manager said Nebeta had offered to set up a meeting with their disaster relief emergency coordinator and suggested that a couple of commissioners might attend that meeting when a date had been set. Ness went on to say that there is always supposed to be sag in cable tie backs—they are not supposed to be straight—but he said they are “straight as an arrow”. He concluded by saying that he had never been an alarmist but something has to be done because “we're living on borrowed time”.

VIII. NEW BUSINESS

A. Yaquina Bay Fruit Processors—Request to Reduce Size of Leased Property. General Manager Don Mann said that Harry Noah, Yaquina Bay Fruit Processors (YBFP), had approached him several months ago about reducing the footprint of the property he leases from the Port for his operation at South Beach. He said Mr. Noah wants to invest capital back into his business and no longer needs the amount of space he is currently leasing. Mann said he had discussed the proposal with Finance Director Britton and the Port had not been in a position to look at a reduction of lease revenue at that time, so he told Mr. Noah he would revisit the subject after mid-year. YBFP pays approximately \$5,800 per month to lease the property. He said that Mr. Noah understands the value of the property and knows that the Port is preparing an offer for NOAA to include part of YBFP's leased property, so the timing would be right. Mann emphasized that YBFP has been a good tenant and asked for direction from the commission regarding re-negotiating the lease. He said some of the buildings need weatherproofing and some of the walls and doors need to be replaced, so that would be part of the lease re-negotiation. In answer to a question from Commissioner Goblirsch, Mann said the lease revenue reduction would impact this budget year and negotiations would revolve around what the Port could afford to do right now. Finance Director Patti Britton said she would produce projections for the rest of the year.

Commissioner Goblirsch moved to authorize General Manager Don Mann to re-negotiate the lease between the Port of Newport and Yaquina Bay Fruit Processors. Commissioner Fleck seconded the motion.

By way of discussion, Commissioner Barton asked if the lease would be brought back to the board in draft form for review before it is signed, and Mann said it would.

The chairman called for the vote and the motion passed 5-0.

IX. OTHER

Commissioner Goblirsch referred to a 14-page public record request from the Oregon Shores Conservation Coalition's attorney that the General Manager had distributed to the commissioners that day. Port legal counsel was reviewing the request and would determine a response and whether an Executive Session would be necessary after the holidays.

Commissioner Goblirsch: A lot of this is similar to the comments on the project that they sent to the agencies, and Oregon Shores flat out refuses to talk to the Port. I've tried several times. But there are things in here that disturb me. There were questions that came up the other night and then they're in here again—first of all, an allusion that we are expanding the terminal. I don't know where that came from but it's something that you brought up, JoAnn.

Commissioner Barton: I don't recall bringing that up.

Commissioner Goblirsch: When we met with Don (Mann) and Pete (Gintner), you asked if the terminal project was actually an expansion—that we're expanding the terminal.

Commissioner Barton: I don't recall that. I asked about one particular thing.

Commissioner Goblirsch: You had several questions. You had a list of questions, when we met with Pete (Gintner) and Don (Mann), and we had Patty (Benjamin) there.

Commissioner Barton: I asked about one particular thing.

Commissioner Goblirsch: Anyway, this business about the port commission vote—I just have to ask, are you working with Oregon Shores?

Commissioner Barton: I am not.

Commissioner Goblirsch: And you can, that's no problem, but it feels like this information is being misused against the Port and I don't understand why. But you haven't had any dealings with them at all?

Commissioner Barton: With Oregon Shores?

Commissioner Goblirsch: Or anybody else with this kind of information.

Commissioner Barton: Absolutely not. I'm thinking you would get a little tired of accusing me of anything and I'm a little tired of being accused by you—phone calls, e-mails, you ranting on me. I really do get tired of it and I would think you'd get tired of it.

Commissioner Goblirsch: Yes, I would, but you invite it, JoAnn.

Commissioner Mathews: Has everybody had a chance to read this?

Commissioner Barton: I have not.

Commissioner Mathews: Well, this is one commissioner's comment: mine. After everybody has a chance to read it and while we're waiting on what Pete (Gintner) has to say, you guys can lock this one down. This is lame. I just fumed as every page rolled over. Who are these guys? I know, Oregon Shores. But they're no different than anybody else in the public out there, and if everybody asked for this it would take our whole bond measure in dollars and cents. This is ridiculous. If they want to come and look in the boxes, the Port can lay them out here and so be it, but most of this stuff has already been covered over and over again. They could have come to our public forum and answered a ton of their own questions. I am really negative about this. And there are things in there like that expansion thing, and that's not the only one.

Commissioner Barton: I asked about one thing.

Commissioner Goblirsch: You also asked about what Pete (Dale) said, whether contaminants are at the bottom of the ship, and that's in here. It's very similar to those conversations.

Commissioner Barton: There are also public records in here. They're quoting public documents.

Commissioner Goblirsch: I didn't say you wrote it. I'm just saying that there is stuff in here that's disturbing and I wish you'd talk to us about it, if this is stuff that disturbs you.

Commissioner Barton: I do talk to you. I asked a question about one thing and if you want to expand and infer, I'm not going to be able to stop you. But I do get tired of your accusations and I would think you would get tired of making accusation.

Commissioner Halverson: Are we through here?

Commissioner Goblirsch: Yes.

The chairman appointed Commissioners Goblirsch and Mathews to conduct the General Manager's annual performance review. Finance Director Patti Britton said she would provide the evaluation forms in Maureen Keeler's absence, along with copies of the General Manager's contract. The chairman said the review should be conducted and concluded before the next regular commission meeting on January 27, 2009.

The chairman then appointed Commissioners Fleck and Goblirsch to interview candidates to fill a commission vacancy, and read the following statement:

"After having served on this port district and community for the last 15-1/2 years, I find it necessary to submit my resignation from the Port of Newport Commission effective

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midnight, December 31. This resignation is due in a large part to home front issues and medical reasons. I have certainly enjoyed my time here. It has had its up and downs and there are certain things I wish we had never walked through and choices we have made along the way that could have been done better, but overall I have seen much progress. My hat goes off to our excellent manager. You are the best manager this district has ever seen and I am very grateful to have partnered with you. And I want to thank the staff. What a joy. You guys are just amazing. Pete (Dale) is a welcome addition to the crew. You have done an excellent job and I'm sure you will continue to do that. To the people of this district, I'd like to say thank you for supporting me. To Yale (Fogarty) and Pat (Ruddiman) and Rodney (Worman), thank you for standing in. You guys are amazing. And thanks to the International Longshore Warehouse Union for its support. Ensuring that international trade is a strong economic component for this region was my focus when I began years ago, to bring balance to the commission so they would keep in mind the tremendous asset and value that the State of Oregon and many other commissions before us and community members on a historic level have brought to this community, which is the deep draft component that is an economic driver for so many other things inside of our harbor. So with that, as an admonition to the commission and as a matter of record, I would like to read ORS 777.065—Development of port facilities at certain ports as a state economic goal, State agencies to assist ports: 'Legislative assembly recognizes that assistance and encouragement have enhanced world trade opportunities and are an important function of the state, and that development of new and expanded overseas markets for commodities exported from the ports of this state has great potential for diversifying and improving the economic base of the state. Therefore, development and improvement of port facilities suitable for use in the world maritime trade at the Ports of Umatilla, Morrow, Arlington, The Dalles, Hood River and Cascade Locks; and the development of deep water port facilities at Astoria, Coos Bay, Newport, Portland and St. Helens is declared to be a state economic goal of high priority.' I would pray that this commission would continue with that as a heart-felt focus and that you would continue to promote the mission of this port, which is to promote and support projects and programs in cooperation with other community organizations and businesses that will create new jobs and increase community economic development. It has been a pleasure and some choices come hard. This was one."

Commissioner Goblirsch: This is a huge, huge loss but it's personal and I understand. You guys (referring to Fogarty, Ruddiman, and Worman) need to keep coming to our meetings.

Commissioner Mathews: We're supposed to be thankful for what we have at this time of year, and I am very thankful for having had the opportunity to work with you as long as I have.

Commissioner Goblirsch: You are so mild mannered and level headed.

Commissioner Fleck: I don't know how you kept your cool during that Bay Bridge thing but you did.

The chairman reviewed the process that has been used in the past for filling commission vacancies, which includes a public announcement of the vacancy, interviews with potential candidates, and the interview committee's recommendation to the commission. He encouraged the commission to use that same process in appointing his replacement. Commissioner Mathews offered to serve as a back-up committee member if either Commissioner Fleck or Goblirsch needed him to fill in with the interviews.

Commissioner Halverson: This has been a great run and character-shaping. I wish the Port the best.

Commissioner Fleck: It is us who should be wishing you the best.

Commissioner Barton: I think it's not only been character-shaping but character-revealing. You are a man of honor and a true gentleman. 'Keeping your cool' sort of misses it by a long shot. Your grace under fire is really admirable. I appreciate the respect with which you have dealt with everyone I've ever seen you interact with.

Bill Ness: This is a shock. I've been in this business 32 years and worked with a lot of people, and I've worked with some really good ones, but I have never felt so welcome and never felt like I wanted to work as hard for anybody as I have wanted to work for you. You are the best I've ever seen.

The chairman thanked everyone for their comments and said he would try to attend the January meeting if he wasn't on the road working.

X. UPCOMING MEETINGS

- A. Christmas, December 25, Port office closed
- B. New Year's Day, January 1, Port office closed
- C. Fishermen's Forum, January 14
- D. Port Commission Work Session and Regular Meeting, January 27, 6:00 p.m.

XI. ADJOURNMENT

The combined work session and regular monthly meeting of the Port of Newport Board of Commissioners was adjourned at 7:05 p.m.

ATTEST:

Ginny Goblirsch, Interim President

Dean Fleck, Secretary

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