

**PORT OF NEWPORT
MINUTES
February 16, 2010
SPECIAL WORK SESSION**

I. CALL TO ORDER

Commission President Ginny Goblirsch brought the Work Session of the Port of Newport Board of Commissioners to order on Tuesday, February 16, 2010 at 10:00 a.m., in the Port Conference Room, the same being within the boundaries of the Port District.

The purpose of the Work Session was to discuss alternative designs for the International Terminal Renovation Project.

II. INTRODUCTIONS

Commissioners Present: Ginny Goblirsch, President; JoAnn Barton, Secretary, by conference call at 10:05 a.m.; and David Jincks, Assistant Secretary-Treasurer.

Commissioners Excused: Dean Fleck, Vice-President; Don Mathews, Treasurer.

Port of Newport Management and Staff: Don Mann, General Manager; Pete Dale, Project Manager; Maureen Keeler, Special Projects Manager; Patty Benjamin, Administrative Assistant.

Others: Frank Berg, Joshua Dodson, and Glenn Schnaidt, Day CPM; Tracey Burchett, Yale Fogarty, Rob Halverson, Barry Tower, and Rod Worman, ILWU Local 53; Terry Hosaka, Kennedy-Jenks; Stuart Finney (by conference call), Chris Jain, Carole Knapel, Tommi Rutherford, Mike Schmid, and Craig Totten, KPFF Consulting Engineers; Dr. Hal Pritchett, Facility Use & Design and Terminal Steering Committees; John van Staveren, Pacific Habitat Services.

III. INTERNATIONAL TERMINAL RENOVATION PROJECT

Joshua Dodson, Day CPM, outlined the goals of the Special Work Session, which were to 1) finalize a scope plan of work for the Terminal Renovation Project based on the current budget; 2) decide on a contracting method for moving forward with the project; and, 3) prepare for a recommendation to the Port Commission at the Steering Committee Work Session and Regular Monthly Meeting on February 23, 2010. Dodson distributed a packet of documents relating to the project to those in attendance and also displayed the documents on a projection screen. Since the Special Work Session coincided with the regular weekly meeting on the Terminal Renovation Project, Glenn Schnaidt, Day CPM, called the roll, and Dodson reviewed the activity schedule going forward, along with the master schedule, budget, permit application status, and pier design.

Terry Hosaka, Kenney-Jenks, gave an update on funding sources, saying that he had drafted a letter for the Port Manager's signature requesting \$1.2 million in total funding from the Oregon Business Development Department. Other funding sources were also being explored.

Dodson said that remediation plans had been received from Natt McDougall Company (NMC) for both the Pasley and Hennebique. NMC also reported that they had found the rebar reinforcement drawings for the ships.

John van Staveren, Pacific Habitat Services, announced a meeting in Salem, OR on Monday, February 22, 2010 between himself, Doug Cottam from the Oregon Department of Fish & Wildlife (ODFW), and Marguerite Nebata from the governor's office, to discuss mitigation. Chris Jain, KPFF Consulting Engineers, was working on a spreadsheet showing the impacts and potential mitigation for both the Terminal Renovation Project and the NOAA MOC-P Project for van Staveren to take to the Monday meeting.

Jain gave an update on the construction documents and permits for the upland work, and van Staveren said a memo on cathodic protection had been prepared by the Department of Environmental Quality (DEQ) and would be sent for review by National Marine Fisheries Service (NMFS) in Seattle. The General Manager said he would review updates on the project schedule and scope for posting on the Port's website.

Dodson said there was approximately \$12.9 million available for the direct construction costs of the Terminal Renovation Project, and engineering and construction estimates had been

developed, received, and reviewed. Dodson said those estimates provided sufficient information to make a decision on a plan for the project moving forward.

An alternative design plan was projected onto a screen showing the first, second, third, and final phases of the project. Frank Berg, Day CPM, described those phases as they related to a cost analysis spreadsheet that had been provided by NMC. The spreadsheet showed the total cost for Phase 1 of the project at \$13,049,500; however, NMC suggested there could be a cost savings of \$297,000 by keeping the Hennebique and Pasley materials on site, also that a future cost shown for the stabilization of the Hennebique for dock would need to be added in, adjusting the overage to \$750,000. Berg noted that the cost analysis included mark ups but there was no real contingency attached to it. He said NMC's approach would be a simultaneous remediation of both ships. This would involve a cofferdam around the Pasley but the Hennebique was thought to be stable enough to serve as its own cofferdam and would not require a separate bulkhead.

In answer to a question from Commissioner Jincks, Berg said the \$750,000 overage did not include replacement of the terminal office and warehouse but did include the sheet piling, called Z-pile, around the bow of the Hennebique. Commissioner Goblirsch pointed out that not including the Z-pile raised other issues, such as dredging, mitigation, and filling in the gap between the docks. Berg said those items could be included but completed at a later time.

A discussion followed about the impact of leaving the Hennebique in place for later removal. It was agreed that the Hennebique was clean and posed no environmental threat, and would still be functioning structurally at the end of the project, so a monitoring plan could be developed, leaving the option open for future removal.

In answer to a question from Commissioner Goblirsch, Berg said the construction of the fishing dock was in the second phase of the project and only minor changes, such as adding cleats to the existing dock, were planned for Phase 1. General Manager Mann added that there are funding sources out there so it might be possible to identify the funding for Phase 2 while working on Phase 1. Commissioner Goblirsch said she would still like to see something in the Phase 1 budget for the fishing dock, and Craig Totten, KPFF Consulting Engineers, said the dock was not an "all or nothing" project and it might be possible, for instance, to have a loading space on the dock without doing the entire area. Commissioner Jincks said he felt the most important thing was getting the project permitted because it was difficult to get "shovel-ready" funding without a permit. He said another issue was that any remediation of the Hennebique would require removal of the terminal office and warehouse, and replacing those buildings could be a separate Port project involving debt service, rather than including those costs in the Terminal Renovation Project at this time. A discussion followed about the funding already allocated to the project, and the General Manager said that legal counsel and bond counsel had indicated that the delay in getting started on the project had not put that funding in jeopardy.

Totten noted that the asphalt paving behind the cargo dock was not included in Phase 1 and a discussion followed about the effect the lack of paving would have on water quality improvements and drainage and whether it would minimize the use of the dock. The cost of the paving was currently estimated at \$431,000. Port of Newport Project Manager Pete Dale explained the preliminary plan for re-routing power to the facility. A discussion followed about cutting back the utilities to the docks to "bare bones" while still meeting fire protection and code requirements, leaving the potential open for building out more in the second and third phases.

Commissioner Barton, via conference call, recapped the Phase 1 construction goals, including removing the Pasley, remediating the Hennebique, and building the west dock, and asked if the Port was going to rely on a "shovel-ready" funding application for the overage, once the Joint Permit was received. Berg said the approach would be to search for cost savings from the outset that could be applied to the overall first phase of the project and portions of the second. Commissioner Jincks said he thought the Z-pile and filling in the gap were critical, although there was no guarantee that funding would be found to pay for them. In answer to a question from Commissioner Jincks, Yale Fogarty, ILWU Local 53, said a 750 psf pound dock was workable and could handle any mobile crane that would come to Newport. He went on to say that the potential gain to the Port in having a 1,000 psf pound dock would be minimal. Fogarty said he felt the Port was on the right path in developing the upper dock because of the draft and capability that dock would have to service all users. He said ILWU Local 53 was committed to working with the Port to get the project permitted and completed. Commissioner Jincks thanked Fogarty for his support and reiterated that the goal was for the Port Commission to make a final decision about moving the project ahead following the steering committee's review of the plan at the meeting on Tuesday, February 23, 2010.

Dodson had distributed a White Paper comparison of the Construction Manager/General Contractor (CM/GC) method of contracting versus the Design-Bid-Build method, along with the original Findings in Support of an Exemption from Competitive Bidding that related to the Terminal Renovation Project when it was first started in June of 2007. Dodson pointed out that there had been specific reasons why the Port Commission chose to go with the CM/GC method at that time and those reasons were even more apparent now than they had been then. Berg said the plan NMC had drafted would be possible for another contractor to perform but only in the capacity of a CM/GC working for the port, and added that a major risk of the Design-Bid-Build method would be budget and time. A discussion followed about whether NMC would be willing to stay on as CM/GC and Berg said Natt McDougall had indicated that he would not, unless his company could do the demolition portion of the project, which would have to be competitively bid. Since the demolition portion carries the highest degree of risk, NMC would not be willing to assume the risk of overseeing another firm doing the job that they had drawn the plans for. The General Manager pointed that NMC was not precluded from bidding on and then self-performing the work; there was just no guarantee they would get it. However, options were still open. Berg noted that the preconstruction plans NMC had produced were far beyond typical and really unique. He added that the information that came back from the peer review recommended strongly that the demolition portion not be looked at as hard bid but put out as a Request For Proposals (RFP), and NMC could respond to that. Returning to the subject of the CM/GC process, Berg said he would recommend to the Port they use that method. In answer to a question from Commissioner Barton, Berg said he didn't see how the Port could have gotten to where it was on the project without using this method of contracting. Commissioner Jincks said he was looking forward to what the process would bring the Port, which was cost savings and limited liability. Dodson asked if the commissioners felt like they were in a position to make a decision on the recommendation the team would present at the February 23, 2010 meeting and Commission President Goblirsch said she thought so, with the understanding that the contract might change when portions of the project went out for bid.

The steering committee will review the Port's recommendation for the Terminal Renovation Project at its Work Session prior to the Regular Monthly Meeting on February 23, 2010, and a recommendation will be made to the Port Commission for action.

IV. PUBLIC COMMENT

Yale Fogarty, ILWU Local 53, said he agreed that without the CM/GC process, "we would still be looking at the dock."

V. OTHER

There was nothing under Other Business.

VI. ADJOURNMENT

The Work Session was adjourned at 11:53 a.m.

ATTEST

Ginny Goblirsch, President

JoAnn Barton, Secretary

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