

**PORT OF NEWPORT
MINUTES
January 22, 2013
Combined Work Session & Regular Meeting**

I. CALL TO ORDER

Commission President JoAnn Barton called the combined work session and regular meeting of the Port of Newport Board of Commissioners to order on Tuesday, January 22, 2013 at 6:00 p.m. in the South Beach Marina Activities Room, 2120 SE Marine Science Drive, Newport, OR, the same being within the boundaries of the Port District.

Commissioners Present: JoAnn Barton, President; David Jincks, Vice-President; Walter Chuck, Secretary; Don Mathews, Treasurer; Dean Fleck, Assistant Secretary-Treasurer.

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

Others Present: Al Benkendorf, Jerry Johnson, Ron Stillmaker, The Benkendorf Associates; Frank Berg, Day CPM; Wayde and Barb Dudley, Longview Hills Fishing Club; Lee Fries, CM/GC Selection Committee; Keith Kaminski, Pat Ruddiman, and Barry Tower, ILWU Local 53; John Lavrakas, Yaquina Bay Ocean Observing Initiative; Lloyd "Oly" Olson and Doug Wills, Pedestrian/Vehicle Safety Plan Task Force; Dr. Hal Pritchett, Facility Use & Design and Terminal Steering Committees; Jim Shaw, South Beach resident; David Ulbricht, Robert W. Baird & Co.; Bob Ward, Newport Sea Lion Dock Foundation.

II. MINUTES

A. Work Session & Regular Meeting—December 28, 2012

Commissioner Jincks moved to approve the minutes of the Work Session and Regular Meeting of December 28, 2012. Commissioner Chuck seconded the motion with one correction. The motion passed 5-0 to approve the minutes as amended.

III. FINANCIAL STATEMENTS

A. Financial Reports.

B. Accounts Paid.

There were no questions on the Financial Reports or Accounts Paid.

Commissioner Fleck moved, Jincks seconded, to approve the Financial Statements and Accounts Paid, Check Nos. 11667-11677/Construction Fund; Check Nos. 11885-11900/NOAA Checking-OCB; and Check Nos. 33616-33701/Operating Account. The motion passed 5-0.

IV. PUBLIC COMMENT

There was no public comment.

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

A. Department Reports.

- Kevin Bryant, Commercial Marina Harbormaster*
- Pete Dale, Project Manager*
- Rick Fuller, NOAA Facilities Manager*
- Maureen Keeler, Special Projects Manager*
- Gina Nielsen, RV-Marina Office Supervisor*
- Chris Urbach, South Beach Marina Harbormaster*

B. General Manager.

General Manager Don Mann distributed an update on the Sea Lion Dock Project at Port Dock One that he had received from Bob Ward, Sea Lion Dock Foundation. The update included a narrative, site drawing, and tentative project schedule. The proposed replacement of the floating docks and observation deck had been recommended by the Port Commission to relieve congestion and increase safety on the working dock. Part of the work plan included adding piling to support the float and walkway. The Foundation will ask the City of Newport for assistance with the project. In answer to a question from Commissioner Barton, Bob Ward, Sea Lion Dock Foundation, said the Foundation was aware of the permitting process and would have professional assistance with the structural engineering of the design.

Mann gave the commissioners copies of a letter of support from Grant Snyder, Wiggins Towboat, for Teevin Brothers' proposed log handling operation at the International Terminal.

C. Commissioners' Reports.

Commissioner Chuck reported on a meeting he had with Senator Jeff Merkley; a visit to the Pacific Marine Energy Center site; and a tour of the International Terminal Renovation Project with the Longview Hills Fishing Club.

VI. OLD BUSINESS

A. Terminal Renovation Project.

Frank Berg, Project Manager, Day CPM Services, provided an update on the Terminal Renovation Project. No additional scrap steel had been hauled from the project site in the past month, leaving the total credit for scrap steel at \$827,137. Berg said there was still some scrap remaining from the Pasley and Hennebique so that credit would likely increase. He said crushing and sorting of ship concrete would start the following month. The new mooring dolphin had been completed. Berg said the east dock was done "for all intents and purposes" and had been opened for a time to service fishing vessels. The new deck for the ro-ro dock had been poured and the bull rail was finished. Dredging was underway to the limits defined in the existing joint permit application. An application had been made to modify the joint permit but Berg said that mitigation for clam habitat would be required by ACOE. Negotiations are underway to determine the specific quantity of mitigation but additional dredging to an elevation of 35 feet will probably have to be delayed until the next in-water work window. Amendment No. 26 to cover site utilities is expected in February. Efforts continue to define potential cost savings through the value engineering process. Commissioner Barton said she would like to attend the meeting that was scheduled for Friday, January 25, to discuss costs and the schedule to finish the project with CM/GC Natt McDougall. Berg said the project is tracking well as far as the Connect Oregon grant amount versus the work that is getting done. Berg showed a series of photographs of the project, including a retaining wall on the deck of the Hennebique, the new concrete deck on the ro-ro dock, and existing piling that had been extracted from the ro-ro dock. Remaining pile will be tested to determine what repairs are necessary. In answer to questions from Commissioner Jincks, Berg said the piling would be tested the following week and there was no money in the project budget for piling repairs.

B. Port of Newport Strategic Business Plan and Capital Facilities Plan.

Al Benkendorf, The Benkendorf Associates, provided a brief review of the process involved in producing a Strategic Business Plan and Capital Facilities Plan for the Port that was consistent with state guidelines. The process had started in August of 2012. An inventory of Port facilities was conducted; a strengths and weaknesses analysis was done; two focus groups were convened with members of the community; and meetings were held with the Port Commission and senior Port staff. The Port's financial condition and existing policies relative to how the Port is managed were taken into consideration. Benkendorf said that results from the focus groups and strengths and weaknesses analysis, as well as documents and surveys completed by the Port Commission and staff, had been incorporated into the draft document. He added that one of the State's requirements is that the Port's plan for the future be consistent with the City, County, and statewide goals, and he found that to be the case. He said the Port should feel good about the close collaboration that exists between the Port, the City, County, and other agencies that work within the Port District.

Jerry Johnson, The Benkendorf Associates, discussed the Port's performance relative to financial issues. He noted that the Port is highly invested in the primary economic development efforts being made throughout the region. He said they had looked at the incremental changes that had occurred in the gamut of operations that the Port accommodates and facilitates, and going forward the Port will face a situation with much higher capital assets and debt associated with those assets. He added that the Port is well positioned and has the right facilities in place; it is just a matter of maintaining them. Johnson said he had spoken with Port staff about improving its financial reporting to make it easier to understand.

Ron Stillmaker, The Benkendorf Associates, described the process of producing the Capital Facilities Plan. He said several site visits were made to put together a comprehensive inventory of Port facilities, and from that information a base map was created showing facilities and utilities both above and underground. A replacement cost was applied to the facilities, to give the Port an idea of what value was there. Stillmaker said there were 24 projects listed, each with its own description page and cost estimate. He said the Port's focus in the past had been on renovation and replacement of existing facilities, with the priority based on need and identifiable funding. He suggested that the Port is in a transition period now, with some fairly extensive debt associated with some large capital improvement projects, like the International Terminal, so it might take two or three years to see where the financials are going to come out. There was a section in the Capital Facilities Plan on funding. Stillmaker said there was no "silver bullet" and the Port's larger projects will likely have to be funded by a combination of grants and loans. However, in conclusion, he said there was one thing the Port could do immediately, and that was to submit the Capital Facilities Plan, with its list of projects, to the state Infrastructure Finance Agency, and they can pass the list around and bring in a pool of agencies that fund those types of projects.

Commissioner Barton stated for the record that the Port had gone through an interview process before selecting The Benkendorf Associates to prepare its Strategic Business Plan and Capital Facilities Plan. She said it had been an interesting process and she enjoyed participating in it. She added that she appreciated the opportunity to look from a "macro perspective" at what the Port is doing, and revisiting the mission statement and value statement was a good clarification. She called for a motion.

Commissioner Chuck moved to adopt and approve the Strategic Business Plan and Capital Facilities Plan as prepared by The Benkendorf Associates. Commissioner Mathews seconded the motion and it passed 5-0.

General Manager Don Mann said the next step would be to let the State know that the board had adopted the plans, provide the state with copies, and enter into an Intergovernmental Agreement with the State according to the State's guidelines. He said he would ask someone from the Oregon Business Development Department to come over and speak to the board.

C. Pedestrian/Vehicle Safety Plan Task Force Recommendations.

Doug Wills, chair of the Pedestrian/Vehicle Safety Plan Task Force, made a PowerPoint presentation on the Task Force's recommendations to ODOT, the City of Newport, and Lincoln County to minimize the effect of increased truck traffic on pedestrian and vehicle safety on SE Moore Drive and Bay Boulevard if a log handling yard is established by Teevin Bros. at the Port of Newport's International Terminal. The Task Force's recommendations included moving some speed limit signs; extending some turn lanes and adding others; moving a stop light; restricting parking along SE Moore Drive during the hours of truck operations; adding LED signage and a push-button blinking crosswalk warning light; installing warning signs or providing road markings regarding bicycle traffic; a delayed red light at the Highway 20 SE Moore Drive intersection; removing some vegetation to improve the sight line; and adding additional "Jake Brake" signs. Wills said a traffic impact analysis for the proposed log yard concluded that the impact of additional truck traffic was not foreseen as a problem. That study was available on the City of Newport's website. Wills displayed a preliminary concept design of the intersection that the City had put together some time ago, and said it was possible that those changes could be implemented in conjunction with a storm sewer project later this year, if money could be found in the budget. Wills pointed out that SE Moore Road was rebuilt in the 1980s to accommodate truck traffic, and that trucks today are mandated to meet federal standards for noise and emission control. Teevin Bros. is forecasting one log ship per month, which would require about 50 loads of logs per day. The hours of operation were initially scheduled for 6:00 a.m. – 4:30 p.m., but Wills said the company had recently agreed to a 7:00 a.m. start. The trucks would run

Monday – Friday and would not operate on weekends, holidays, or during special events. Commissioner Barton stated that the Port and the Commission were committed to making the log handling operation as safe as possible from the outset, so that when the first trucks roll as much will have been done as possible for an immediate safe start to the operation. She added that she felt the environmental standards were higher now than they would have been if there had been an ongoing log operation over the last 15 – 20 years. She said she hoped there was the same sense of urgency on the part of the City, to do the studies that needed to be done and follow through with the Task Force recommendations. Wills said he would present the Task Force recommendations to the City Council on February 4, 2013. The Task Force will meet on February 13, 2013 to begin Phase 2 of its task, which is to address a by-pass road as a long-term plan.

Commissioner Fleck moved to accept the Pedestrian/Vehicle Safety Plan task Force Recommendations as presented. Commissioner Jincks seconded the motion and it passed 5-0.

D. Port Facilities Code.

Commissioner Barton provided an update on the new Port Facilities Code. She said the first reading of the code would occur at the February 26, 2013 Port Commission meeting. The draft Port Facilities Code can be downloaded from the Port's website. Barton said there had already been a stakeholder review of the code and stakeholders' comments had been incorporated as needed. More comments will be accepted as the public review process continues. She suggested that the public submit those comments in writing or by e-mail to Port staff. A second reading of the code will occur at the March 26, 2013 Port Commission meeting. Barton said updating and revising the Port Facilities Code had been a goal for a long time and a lot of work had gone into the process.

Commissioner Jincks moved to accept the new Port Facilities Code as presented and prepare it for the public process. Commissioner Chuck seconded the motion and it passed 5-0.

In answer to a question from Commissioner Chuck, General Manager Don Mann said the new Port Facilities Code could be downloaded onto a disc if requested.

VII. NEW BUSINESS

A. Long-Term Debt Refinance Proposal

David Ulbricht, Robert W. Baird & Co., distributed copies of an analysis he had prepared on refinancing some of the Port's debt at current low interest rates to save money. He said the refinancing of two of the Port's loans from the State could be structured to derive a savings of \$250,000 over the first two years. The savings would drop down after that over the remaining life of the loan. Ulbricht said all costs were built into the savings number, and if the commission decided against refinancing the debt, there would be no cost to the Port for his services. He also suggested that the board consider restructuring the Port's debt with Oregon Coast Bank to lessen the impact of the balloon payment at the end. Ulbricht said he would continue to work with Finance Director Pat Albaugh and General Manager Don Mann, and would bring a proposal for the board's consideration to the February 26, 2013 Port Commission meeting. If the board decided to move forward with refinancing the loans, he would present an authorizing resolution for the Port to proceed.

B. Ocean Observation Conference

John Lavrakas, co-chair of the Yaquina Bay Ocean Observing Initiative (YBOOI), provided some background on that organization and reviewed the changes that had occurred in the region since its start in 2008. To further YBOOI's goal of helping to brand Newport as an ocean observing hub in the Northwest, a conference had been scheduled for April 30 – May 1, 2013, and businesses, groups, and organizations involved in ocean technology would be invited to come to the region and see what's going on in Newport. Presentations and facility tours will be scheduled so attendees can see the strengths and infrastructure and capabilities that exist here, and they will carry away a brochure with contact information. An expense budget had been set at \$17,000 and revenue would come from registration and exhibitor fees and sponsorships. Lavrakas asked the Port for \$1,000 as a sponsor. It was the consensus of the Commission that the Finance Director and General Manager should look at the Port's budget and get back to Lavrakas soon.

C. Port Dock 7 Piling—Transfer of Funds from Maintenance Reserve Fund to Operating Fund, not to exceed \$27,500.

General Manager Don Mann explained that the piling at Port Dock 7 was deteriorating rapidly and several piles have been lost over the past several years. He said six piles need to be replaced in order to stabilize the dock. The Port already has the piles and a contractor estimated \$27,500 for mobilization and driving the pile. Mann emphasized that this was not a long term fix but was a maintenance repair project.

Commissioner Jincks moved to authorize the General Manager to transfer funds, not to exceed \$27,500, from the Maintenance Reserve Fund to the Operating Fund for the purpose of replacing piling at Port dock 7. Commissioner Fleck seconded the motion and it passed 5-0.

VII. MEETING RECESS at discretion of the chair.

There was no meeting recess.

IX. OTHER

There was no other business.

X. PUBLIC COMMENT

Barb Dudley, Longview Hills Fishing Club, thanked Commissioner Chuck for arranging and leading a tour of the International Terminal Renovation Project. She said she was impressed by the progress since the club's last tour three years ago and takes personal pride in the project.

XI. UPCOMING MEETINGS/EVENTS

- A. SDAO 2013 Annual Conference, Portland, OR, February 7-10
- B. Fishermen's Forum, Port Dock 7 Operations Shop, February 13, 8:30 – 9:30 a.m.
- C. Pedestrian/Vehicle safety Plan Task Force, Council Chambers, February 13, 6:00 – 8:00 p.m.
- D. President's Day, February 18, Port Office Closed
- E. PNWA Regional Meeting, February 19, Portland
- F. Marina Users Meeting, South Beach Marina, February 20, 8:30-9:30 AM
- G. 2013 Seafood & Wine Festival, South Beach, February 21 - 24
- H. Combined Work Session & Regular Meeting, South Beach Marina Activities Room, February 26, 6:00 – 8:00 p.m.

XII. ADJOURNMENT

There being nothing more to come before the Board of Commissioners, the meeting was adjourned at 8:02 p.m.

ATTEST:

JoAnn Barton, President

Walter Chuck, Secretary