

**PORT OF NEWPORT
MINUTES
January 25, 2011
Supplemental Budget Hearing
Combined Work Session and Regular Meeting**

I. CALL TO ORDER

Commission President Ginny Goblirsch called the supplemental budget hearing to order at 6:00 p.m. in the Port of Newport Conference Room, 600 SE Bay Blvd., Newport, OR, the same being within the boundaries of the Port District. The purpose of the hearing was to discuss the supplemental budget for Fiscal Year July 1, 2010-June 30, 2011 and to receive public comment.

Commissioners Present: Ginny Goblirsch, President; JoAnn Barton, Vice-President; David Jincks, Secretary; Dean Fleck, Assistant Secretary-Treasurer.

Commissioners Excused: Don Mathews, Treasurer.

Port of Newport Management and Staff: Don Mann, General Manager; Patti Britton, Director of Finance; Kent Gibson, Port Operations; Maureen Keeler, Special Projects Manager; Barb Martin, Accounts Receivable; Patty Benjamin, Administrative Assistant.

Others Present: Frank Berg, Joshua Dodson, and Ray Glur, Day CPM; Dennis Bartoldus, Attorney; Dr. George Boehlert and Maryann Bozza, Hatfield Marine Science Center; Lon Brusselback, Newport City Council; Ron and Donita Cole, Yaquina Bay Yacht Club; Yale Fogarty and Pat Ruddiman, ILWU Local 53; Lee Fries, CM/GC Selection Committee; Brett Joyce, Rogue Ales; Mark Miranda, Newport Police Chief; Mandy Putney, EnviroIssues; Jim Shaw, South Beach resident; Paul Tate, Newport resident.

Finance Director Patti Britton explained that the supplemental budget was related to the NOAA MOC-P Homeport Project. At the time the budget for FY 2010-2011 was completed, the Port of Newport Lease Revenue Bond Series 2010 had not been sold so it was unknown how much debt would have to be serviced during the current Fiscal Year. She said an interest payment would come due at the end of January 2011 and another in June 2011. The supplemental amount for debt service on the two payments would total \$1,304,036. Britton added that the \$19.5 million grant for the NOAA MOC-P Project had been spent and the funding will now come from bond revenue. Commission action was required to adopt a supplemental budget and move funds from a budgeted contingency into a different category for expenditure.

There were no comments or questions on the supplemental budget from the public. Commission President Goblirsch closed the supplemental budget hearing and called the work session and regular meeting to order at 6:03 p.m.

II. MINUTES

A. Work Session and Regular Meeting—December 21, 2010

Commissioner Barton moved, Fleck seconded, to approve the minutes of the Work Session and Regular Meeting of December 21, 2010 as submitted. The motion passed 4-0.

III. FINANCIAL STATEMENTS

A. Financial Reports

B. Accounts Paid

There were no questions on the Finance Director's written report or the financial statements.

Commissioner Barton moved to approve the Financial Statements and Accounts Paid, Check Nos. 11478-11487/Construction Fund; Check Nos. 11342-11363/NOAA Checking-OCB; Check Nos. 30963-31060/Operating Account. Commissioner Fleck seconded the motion.

By way of discussion, Commissioner Barton asked about the December payroll and the \$7,500 pass-through that was received from Lincoln County Economic Development for the Port's participation in the Yaquina Bay Ocean Observing Initiative. Commission President Goblirsch said she would like to know how those funds were spent when they were finally expended. Commissioner Barton asked who provided the hoist dock services, and a brief discussion followed about RV Park revenue and the Maintenance Reserve Fund.

The Chair called for a vote and the Financial Statements and Accounts Paid were approved 4-0.

C. Resolution 1-2011 Adopting Supplemental Budget, and Increasing Appropriations

Commissioner Barton moved to approve Resolution 1-2011, adopting the supplemental budget and increasing appropriations. Commissioner Jincks seconded the motion and it passed 4-0.

IV. PUBLIC COMMENT

There was no public comment.

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

A. Department Reports

- Kevin Bryant, Commercial Marina Harbormaster—Referencing hoist dock and forklift services to fish buyers, Commissioner Barton asked the General Manager to follow up on a suggestion that Commissioner Jincks had made that a schedule be implemented like the fish plants have for unloading boats. Commissioner Jincks said his point had been that a lot of time is wasted waiting for boats that don't show up, and that time could be spent maintaining the docks and facilities if there were a schedule for unloading. The General Manager said he would discuss it with the Commercial Marina Harbormaster.
- Pete Dale, Project Manager—Pete Dale was not present at the meeting. Referring to Dale's written report, Commissioner Barton asked what the cost of the installation of a sanitary sewer connection to Port property at South Beach would be, and the General Manager said the cost was unknown at that time; however, the installation would save time and money if it were done during the construction of the South Beach Transportation Project. In answer to Commissioner Barton's question about the repair at the west terminal entrance, Mann said one estimate had been received for the work. A discussion followed about public access for crabbing and clamming that was required as mitigation for the NOAA site. Public access for crabbing from Port Dock 7 had been suggested but Commissioners Fleck, Goblirsch, and Jincks said there could be conflict with the commercial fleet and liability issues if that were allowed. The General Manager said he was talking with Northwest Natural about continuing access to the water from that property, and would also contact the owner of the Hall property about allowing parking to continue there. Commissioner Jincks suggested that the public fishing pier the Port already maintains at South Beach should serve as mitigation, if it is left open. Commissioner Barton asked the General Manager to follow up on getting a dog litter bag dispenser, a trash bin, and refuse pickup for people who walk their dogs near the terminal area.
 - Maureen Keeler, Special Projects Manager*
 - Gina Nielsen, RV-Marina Office Supervisor*
 - Ron Smith, Terminal Manager*
 - Chris Urbach, South Beach Marina Harbormaster*

B. General Manager

General Manager Don Mann said he had received a request from Glenn Willard, of Captain's Charters, for an assignment of lease for that business to Jerry and Barbara Powell of Depoe Bay. The current lease expires on October 31, 2014. The General Manager recommended approval.

Commissioner Fleck moved to approve the assignment of lease for Captain's Charters, from Glenn Willard to Gary and Barbara Powell, and further moved that General Manager Don Mann be authorized to sign the lease assignment. Commissioner Barton seconded the motion and it passed 4-0.

Mann had received a letter from attorney Dennis Bartoldus relating to the proposed 20,000 square foot expansion of the Oregon Brewing Company/Rogue Ales facility at South Beach. In answer to a question from Commissioner Barton, Rogue Ales President Brett Joyce said he would like to complete the expansion this year. Commissioners Fleck and Jincks were appointed to serve on a committee, with Commissioner Barton as alternate, to keep the commission informed on the project, and General Manager Don Mann was asked to schedule a special work session so the commission could discuss the expansion.

C. Commissioners' Reports

Commissioner Fleck said he was very impressed with the efficiency and professionalism of the Port's new security team, TCB Security Services.

Lon Brusselback, Newport City Council, asked if there was a formal policy for the city council liaison in attending Port meetings. Commission President Goblirsch said there was no formal policy but the goal was to maintain communication and a good working relationship between the City and the Port. She said Brusselback probably did not need to attend every meeting but should check the agenda to see if there was anything of particular interest. She added that she intended to start attending the city council meetings again, with Commissioner Barton as alternate, now that the meetings were being held at noon instead of in the evening.

VI. OLD BUSINESS

A. Terminal Renovation Project—Day CPM Services Frank Berg, Day CPM, reported that the in-water work was the priority at the terminal and, due to a delay in receiving the permit an extension to the end of February had been requested by John Van Staveren, of Pacific Habitat Services. Commissioner Jincks said he would like to see a copy of that request. Berg said that most of the sheet pile had been driven and the cofferdam was close to completion. New guy wires had been installed to anchor the Pasley to land and the old guy wire would be removed. Berg said that remediation of the Pasley and Hennebique would occur simultaneously. Estimated completion is August of 2011. Pictures of the sheet piling installation were projected onto a screen, showing the progress of the containment cell.

B. Terminal Renovation—Amendment #8, Remediation of the Pasley Frank Berg presented GMP Amendment #8, which included ground restoration, installation of a whaler to stabilize the cofferdam, and carried an estimate of \$2,672,131 and an additional \$100,000 contingency. That amendment would increase the total GMP to \$10,349,099.

Commissioner Barton moved to approve GMP Amendment #8 and authorize General Manager Don Mann to sign the documentation. Commissioner Jincks seconded the motion and it passed 4-0.

C. NOAA MOC-P—Day CPM Services Joshua Dodson, Day CPM, provided an update on the NOAA MOC-P Homeport Project. He said \$21.2 million of the \$38.4 million budget or 55% had been spent; and of the contractor's budget, approximately \$15 million of the \$29.4 million or 51% had been spent. He added that GMP cash flow was following the line of projection. Thirty-three percent of the contingency remains untouched and, in answer to a question from Commissioner Barton, Dodson said any savings on the project would revert back to the Port. The upland work is projected to be substantially complete in three months. All of the pier piles have been driven and the schedule is on track for the early berths to be completed on April 29, 2011, in keeping with the terms of the NOAA lease. Slides were shown on the screen showing the progress of the pier construction from January 4, 2011 to January 25, 2011.

VII. NEW BUSINESS

A. Terminal Renovation, Public Involvement Mandy Putney, EnviroIssues, presented the final report summarizing and evaluating the outreach activities that the Port undertook in 2008 to present. Many of those activities had been implemented by Port staff, in coordination with the commission, including implementing a communication plan; appointing an advisory group; providing updates at the regular commission meeting; arranging informational community briefings and open houses; and informing adjacent property owners about the construction schedule and possible effects of construction. The Port's website has been updated to incorporate public comments and responses and provide web text updates. Twelve media releases had been issued on the project. Putney said she felt the outreach had been successful and met the objectives outlined in the communication plan. She suggested continuing to use the website, meeting updates, news releases, and media tours as ways of continuing the successful outreach program, and suggested planning a celebration and community event when the project is completed.

B. HMSC Marsh and Estuary Preserve Project Dr. George Boehlert, Executive Director of the Hatfield Marine Science Center (HMSC), gave a presentation on HMSC's Marsh and Estuary Preserve Project. Projecting a map onto a screen, he showed the 49 acres that HMSC leases from the Port, as well another 250 acres, commonly known as the Idaho Flat area, that is owned by HMSC and is popular for clamming and other activities. Boehlert said a committee had been established to develop and recommend policies for managing the property and maintaining the marsh as a research and educational preserve, including the access points. Commissioner JoAnn Barton serves on that committee, with General Manager Don Mann as an alternate. Boehlert said some issues had come up related to severe erosion on the east side of the property, resulting in the loss of part of the estuarine trail. He said the estuarine trail is the only interpretive trail on Yaquina Bay and stressed its importance in research and education. HMSC had applied for a Joint Permit Application (JPA) to put in dynamic revetment to stop the erosion. He described the relatively new technique where a cobble berm is built using small river rock revetment, so when waves come in the cobble is picked up and set back down. General Manager Don Mann noted that the Port had used this method at the old launch ramp site in South Beach. HMSC's JPA was for roughly 500 feet of dynamic revetment, but the Oregon Department of Fish & Wildlife (ODFW) recommended denying the permit. They suggested working with half of that area instead, and letting the remainder erode to equilibrium. Boehlert said ODFW also has issues relating to critical Coho habitat and the definition of critical infrastructure. Replacing the trail would be very expensive, Boehlert said, and there is no way to know where the equilibrium would be if the trail is allowed to continue to erode. A group from the Army Corps of Engineers (ACOE) and Department of State Lands (DSL) were scheduled to look at the site and make a recommendation; however HMSC has missed the in-water work window for this year, Boehlert said, meaning there is risk of losing more pieces of the trail. He said a decision had been made to close part of the trail because of the danger it poses to the public as it erodes. He said brochures were being put together and press releases would be issued, showing where the access points would be for the parts of the trail that would be left open. Boehlert said parts of the trail would be closed within the next few weeks. On another subject, Dr. Boehlert reported

that an external review had been conducted by Oregon State University and the National Association of Marine Labs, and HMSC received high marks for its contributions to science and the community.

C. Cascades West Area Commission on Transportation Representatives The terms of the Port's representative, Commissioner Ginny Goblirsch, and alternate, Special Projects Manager Maureen Keeler, on the Cascades West Area Commission on Transportation (CWACT) had expired on December 31, 2010.

Commissioner Barton nominated Commissioner Don Mathews to serve as representative with Maureen Keeler to continue as alternate. Commission Jincks seconded the motion and it passed 4-0.

D. South Beach Marina Fuel Dock Upgrades General Manager Don Mann had asked Project Manager Pete Dale to prepare a report regarding the condition of the South Beach fuel facility that the Port leases to Carson Oil. The Port owns the equipment at the facility and is responsible for maintaining it. Mann said the equipment is rapidly deteriorating, and the lessee had shut down two of the gas pumps and is having operating difficulties with one of the fuel dispensers. Dale had spoken with three professional contractors who specialize in fuel systems and received estimates of between \$70,000 and \$100,000 to complete the necessary repair work. The General Manager recommended funding the work as part of the remaining loan and debt service already approved in the budget (up to \$800,000) for the terminal buildings and materials for Port Dock 7, and recommended that the work should be done before the busy summer season. He said the project would not have to be advertised for bid and a work scope could be done within a week to ten days. Commissioner Jincks said the scope of work should be reviewed as a bid package so the contractors could make proposals based on the same scope of work. Commissioner Barton said she felt uncomfortable having to rush through the decision-making process on issues like the fuel dock facility and would like a more comprehensive maintenance plan on all the Port's holdings. She added that improvements should be made with an eye to the future, as close to state-of-the-art as the budget would allow. In answer to a question from Commissioner Fleck, Mann said the fuel dock lease brings in \$10,600 each year; and in answer to a question from Commissioner Jincks, Mann said the work that would be self-performed by Port personnel on the project would be identified within the scope of work. The General Manager said he would work with Pete Dale on preparing the scope of work and get it out to the commission as soon as possible. A special meeting might be required to approve it.

VIII. MEETING RECESS (at discretion of the chair)

There was no meeting recess.

IX. OTHER

Referring to KPFF Consulting Engineers' monthly progress update under Old Business, Commissioner Jincks said there appeared to be a couple of work items shown as ongoing that he thought had been completed, and he wondered if the Port was being billed for those items. He said his concern was that there was an amount of dollars remaining in the budget for those types of items, but the Port was trying to protect as many of those dollars as possible so they can flow back into the project. Finance Director Patti Britton said the detailed billing from KPFF was available for the commission's review at any time, and the General Manager said he would compare the performance items Commissioner Jincks mentioned with the detailed billing and get back to the commission with the answers.

The General Manager distributed a preliminary schedule relating to the final sale of the GO Bond Series 2011 for the International Terminal Renovation Project. He also announced that three commission positions would be on the May election ballot. A representative from a wave energy company called Aquamarine Power will be on the February meeting agenda, as will the Newport Fishermen's Wives with a report on last year's Wild Seafood Weekend and plans for this year's event.

Commissioner Barton noted that a Deputy Undersecretary from the Department of Commerce would tour the NOAA facility on Wednesday, January 26, 2011.

X. PUBLIC COMMENT

South Beach resident Jim Shaw suggested that the Port erect a neon sign that could be seen from the channel that would inform boaters whether the fuel dock was open or closed. He also thanked the General Manager for working with the Greater Newport Chamber of Commerce in getting Welcome NOAA signs out to the public and businesses.

Yale Fogarty, ILWU Local 53, said that Day CPM was doing a fantastic job on the International Terminal Renovation Project. He also encouraged the Port to work with Rogue Ales and move forward on Rogue's proposed expansion because those jobs would be important to the community. Fogarty urged the Port to use caution in allowing public usage of industrial areas, such as crabbing off commercial docks or walking dogs in an industrial area, due to conflict of use and potential liability. He also expressed concern that he had heard nothing more on where the remaining \$7 million would come from to finish the terminal project.

Chief Mark Miranda, Newport Police, answered questions about an ongoing investigation in Bayshore.

XI. UPCOMING MEETINGS

- A. Special Work Session, January 27, Port Conference Room, 3:00-5:00 p.m.
- B. Fishermen's Forum, February 9, Port Office 12, 8:30-9:30 a.m.
- C. Special Districts Association of Oregon Annual Conference, February 11-13, Eugene
- D. Presidents' Day, Monday, February 21, Port Office Closed
- E. Work Session and Regular Meeting, February 22, Port Conference Room, 6:00 p.m.

XII. ADJOURNMENT

The meeting adjourned at 8:00 p.m.

ATTEST:

Ginny Goblirsch, President

David Jincks, Secretary

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