

**PORT OF NEWPORT**  
**MINUTES**  
**June 24, 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 6:04 p.m. in the Port of Newport Conference Room, the same being within the boundaries of the Port District.

**II. INTRODUCTIONS**

**Commissioners Present:** Rob Halverson, President; Ginny Goblirsch, Vice-President, who arrived at 6:18 p.m.; JoAnn Barton, Assistant Secretary-Treasurer.

**Commissioners Excused:** Dean Fleck, Secretary; Don Mathews, Treasurer.

**Port of Newport Management and Staff:** Don Mann, General Manager; Patti Britton, Finance Director; Pete Dale, Project Manager; Kent Gibson, Port Operations; Maureen Keeler, Special Projects Manager; Patty Benjamin, Administrative Assistant.

**Others Present:** Jim Fossum, News Times; CeCe Kelly, Windermere West Coast Properties; Bill Olivera, Trident Seafood; Mike Schmid, KPFF Consulting Engineers; Kirk Sparks, Eco-Nutrients.

Chairman Halverson opened the meeting to public comment while waiting for Commissioner Goblirsch to arrive.

General Manager Don Mann introduced Kirk Sparks, from Eco-Nutrients in Crescent City, CA. Sparks was not on the agenda but had met with the General Manager the previous week and wanted an opportunity to make the Commission aware of his fish fertilizer business, Eco-Nutrients. He said that Eco-Nutrients was started in 1993 and is in the process of expanding. He emphasized that his is a clean operation in a state with high standards for air and water quality. Sparks went on to explain the process he uses to take fish out of the waste stream and turn them into liquid organic fish fertilizer, which is then distributed in Oregon, Idaho, California, and Arizona. The remaining fish solids are broken down with green waste from the county and turned into compost. Sparks added that the compost is usually sold out by mid-July. After a few questions from the commissioners, Sparks said he planned to meet with Bill Olivera, from Trident Seafood, the following day to talk about Trident's meal plant operation. He was also interested in obtaining samples of the meal plant's stickwater during whiting season, to see if that could be incorporated into his operation.

Commissioner Goblirsch arrived at 6:18 p.m. establishing a quorum, so the chairman returned the meeting to the regular agenda.

**III. MINUTES**

**A. Budget Committee Meeting—May 20, 2008.**

Commissioner Goblirsch moved, Barton seconded, to approve the minutes of the Budget Committee Meeting of May 20, 2008 as submitted. Motion passed 3-0.

**B. Work Session and Regular Meeting—May 20, 2008.**

Commissioner Goblirsch moved, Barton seconded, to approve the minutes of the Combined Work Session and Regular Meeting of May 20, 2008 as submitted. Motion passed 3-0.

**IV. FINANCIAL STATEMENTS**

**A. Financial Reports.** Finance Director Patti Britton asked for questions on her written report and the financial statements, which included Current Assets and Liabilities, Revenue Statement, Expense Statement, and International Terminal Revenue and Expense Statement. Hearing none, the chairman called for a motion on the financial statements and accounts paid.

**B. Accounts Paid.**

Commissioner Barton moved to approve the Financial Statements and Accounts Paid, Check Nos. 11188-11201/Construction Fund and 27571-27666/Operating Account, as presented. Commissioner Goblirsch seconded the motion and it passed 3-0.

**C. Resolution 3-2008, Adopting Transfer of Appropriations.**

Finance Director Britton explained that Resolution 3-2008 was simply a transfer of appropriations, moving \$18,000 that had not been spent under Materials and Services into Debt Service.

Commissioner Goblirsch moved to approve Resolution 3-2008, Adopting Transfer of Funds. Commissioner Barton seconded and the motion passed 3-0.

**D. Resolution 4-2008, Adopting Supplemental Budget and Increasing Appropriations.**

Finance Director Britton said that Resolution 4-2008, supplementing the budget and increasing appropriations, had been revised to include supplementing the Operating Account for one capital outlay, as well as supplementing the Facilities Maintenance Reserve account as originally written. The capital outlay occurred when a crane was purchased outright, rather than leased as previously planned. Britton had received a phone call from the Port's auditors that morning, stating that the purchase constituted a capital outlay and had not been budgeted as an expense, so would require a supplemental budget. She emphasized that the acquisition of the crane had been approved when the budget was passed, and the payments on the loan to purchase the crane were the same as the lease payments would have been, so changing the transaction from a lease to a purchase did not change the substance of the acquisition. She said it was unfortunate that the necessity to supplement the operating budget had come to light on such short notice, because there had not been time to meet the publishing requirement so the Port was in violation of that prerequisite. However, Britton said that was not as serious as being in violation of over-expending \$300,000, so she had opted for this approach to resolving the problem.

Commissioner Goblirsch moved to approve the revised Resolution 4-2008, Adopting Supplemental Budget and Increasing Appropriations. Commissioner Barton seconded and the motion passed 3-0.

Commissioner Barton stated for the record that she regretted there had not been time to publish the notice beforehand, and the other two commissioners concurred.

The chairman opened a Budget Hearing at 6:25 p.m. to allow the public an opportunity to comment on the Port of Newport budget for F/Y 2008-2009. There was no comment from the public or the commission, so the Budget Hearing was closed on a motion from Commissioners Barton and Goblirsch at 6:26 p.m.

**E. Resolution 5-2008, Adopting Budget, Making Appropriations, and Levying Taxes.**

Finance Director Britton noted that the budget had been passed by the Budget Committee and, in answer to questions from the chairman and Commissioners Barton and Goblirsch, emphasized that no taxes were levied for the International Terminal Renovation Project Construction Fund, which is supported solely by grant money, general obligation bond proceeds, and interest.

Commissioner Barton moved to approve Resolution 5-2008, Adopting Budget, Making Appropriations, and Levying Taxes. Commissioner Goblirsch seconded and the motion passed 3-0.

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

**A. Department Reports.**

- **Betty Ballhorn, Marina Office Supervisor**—In answer to a question from Chairman Halverson, Finance Director Patti Britton said recent numbers show the month of June is looking good at the South Beach Marina, with some slip cancellations having been resold. The RV Park numbers were down, although there has been increased activity at the end of the month. Britton said she believed that, even with the downturn, the park and marina would still produce enough revenue to cover overhead and debt service.

- **Kevin Bryant, Commercial Marina Harbormaster\***
- **Pete Dale, Projects Manager**—Commissioner Barton asked about the proposed location of refrigerated unit containers on the old debarking site at the terminal. Dale said there are three refrigerator container units sitting outside the terminal warehouse building that have to be moved because of the renovation project. Terminal Manager Ron Smith had suggested the old debarker site as an ideal location for the units because there was already a concrete slab and industrial power there. Dale said some work and expense would be involved in bringing the facility back online, but it would be less expensive than developing another site and there has already been interest shown in placing additional refrigerator units there. Dale said the initial plan would be to service six containers, with the capability of servicing fifteen eventually. He noted that all the copper wire had been stolen from the site and suggested that security lighting would be required. He and General Manager Mann are in the process of creating a budget for developing the debarker site for refrigerated containers and will bring that back to the Commission.
- **Maureen Keeler, Special Projects Manager\***
- **Ron Smith, Terminal Manager**—Commissioner Goblirsch noted Ron Smith’s report of theft at the terminal and said she expected to see more problems like that in the future. A discussion followed about security cameras and General Manager Mann said he would do comparative pricing on security systems and cameras, and on security companies that could be hired on a monthly basis. Audience members suggested looking at Costco and Radio Shack for security cameras and equipment, and Bill Olivera said that a local company called Digital Comfort had recently installed a camera system at the Trident Meal Plant. Commissioner Goblirsch said she also had concerns about someone coming in at night and getting hurt at the Pasley site. The General Manager said that area is fenced off. Further to Ron Smith’s report, the Chairman suggested that he refer to “vessel days”, rather than “number of vessels”, in his monthly reports for clarification purposes.
- **Chris Urbach, South Beach Marina Harbormaster**—Commissioner Barton complimented the effort that had gone into the South Beach Marina’s Clean Marina certification application.

**B. General Manager.**

General Manager Mann said he felt the Cruise “Conversation with the Community” had been successful and the next step would be to develop an action plan for more outreach to the community. He said the core committee that had worked with the Port and consultant Bill Cook during the feasibility study phase of the project would be expanded to include more committee members. Commissioners Goblirsch and Barton suggested having someone from the conservation community on that committee, and Mann said he would draw up a list of names for the Commission’s review. He said he would also stay in touch with the cruise companies so they would know that the project still on track.

The General Manager thanked Commissioners Goblirsch and Mathews for attending a meeting with architect Isaac Miyakawa, who is working on the design for the proposed Fisheries Center Building. The next step will be finalizing tenant commitment, and after that the architect will prepare a preliminary floor plan and cost analysis. A draft letter of commitment is being prepared to send to prospective tenants. The General Manager will keep the Commission apprised as the project moves forward.

The Port had received a request from NOAA to verify zoning on the sites that the Port proposed for their home port project. The General Manager said there is still no “short list” as far as the sites NOAA has explored. A brief discussion followed about NOAA’s time line.

Using an overhead transparency, the General Manager displayed a map of Yaquina Bay Fruit Processor’s (YBFP) leased area and reported on a discussion he had with lessee Harry Noah about reducing the size of the lease footprint. He said that would give the Port access to more of its property and also open up the dock and back up area, should NOAA decide on Newport as its new home port. There was no plan to take out the fish ladder or the smolt holding ponds, as there is a possibility that the U-DA-MAN fishing group might want to use those for a salmon operation in the future. A discussion followed about modifying YBFP’s lease to allow a footprint reduction by mutual agreement (lessor and lessee) with a 30-day notice period. The General Manager emphasized that this information was for discussion purposes so that he could get back to Harry Noah with the commission’s thoughts on the matter, and no decision would need to be made at this time.

General Manager Mann said he had gotten additional feedback since the last regular commission meeting, when there had been a discussion about closing the west entrance road to the terminal dock area. His thought at this point was that the road would be useful during the construction period and so it might be good to hold off on closing it for now. Commissioners Goblirsch and Barton raised the issues of safety and liability and Mann acknowledged that there were safety issues. The road should be wider and needs to be resurfaced, he said, and would need heavy repair if it were to be used long term, but he would still like to hold off closing it until after the construction is over. Commissioner Barton mentioned again that the Port had been served notice that the road was a liability, and Commissioner Goblirsch said she thought the safety concerns outweighed the inconvenience of having to use the entrance at the other end. A discussion followed about widening the road, which would be expensive. Chairman Halverson suggested making the road one-way during the construction phase, and Commissioner Barton added that perhaps it should be closed for now and then opened one-way when construction starts. After more discussion on safety issues and road repair, Mann said he and Project Manager Pete Dale would consider the matter further and get back to the Commission with a recommendation.

General Manager Mann thanked Commissioners Goblirsch and Halverson for attending the recent PNWA meeting at the Inn at Otter Crest, and said Commissioner Fleck's participation on the charter boat committee was much appreciated.

General Manager Mann and Finance Director Patti Britton had been working with Howard Shippey, of DV Designs, in developing a marketing DVD for the Marina and RV Park. They had applied to the County for a grant, and if the grant is awarded Shippey will broaden the DVD to include a county-wide focus of the area.

The Commission had authorized the General Manager to approve small contracts on the Terminal Renovation Project, and he called their attention to a contract with Landau Associates that had recently come in for sediment characterization services in the amount of \$61,000. He briefly explained what those services would include, and it was the consensus of the Commission to move forward with the contract. Mann noted that the Terminal Bond Oversight Committee would meet the following day to review the project's finances.

## **VI. OLD BUSINESS**

**A. Resolution 6-2008, Declaring an Emergency at the Port of Newport International Terminal Sunken Ship Hull SS C.W. Pasley.** The Commission had taken action at the previous month's meeting declaring an emergency due to the severe and rapid deterioration of the hull condition of the SS Pasley. Since that meeting, an oil containment boom had been deployed around the ship hull and the Port was taking all action necessary to remove any contaminants remaining in the Pasley in a timely manner. General Manager Mann noted that Resolution 6-2008 had been revised to reflect those recent actions.

Commissioner Goblirsch moved to approve Resolution 6-2008 with the revisions as presented, declaring an emergency at the Port of Newport International Terminal sunken ship hull SS C.W. Pasley. Commissioner Barton seconded the motion and it passed 3-0.

**B. Terminal Renovation/KPFF Consulting Engineers.** Mike Schmid, KPFF Consulting Engineers, began his monthly update by saying that a milestone had been achieved in that a preferred alternative design has been selected, and all parties feel it is the right one to move forward. The drawings were displayed on the wall, and Schmid explained the design and the process involved in arriving at the long-term solution they were looking for originally. Schmid said the design was within budget and would be earthquake resistant. In answer to a question from Commissioner Goblirsch about "how earthquake resistant" it was, Schmid said they had "looked at return frequencies" and "we're looking at a 500-year earthquake—the Big One". He went on to say that one of the most expensive components of the design had nothing to do with the structure but had everything to do with the material behind the structure, which would be significantly stiffened and stabilized so that it would not liquefy in a catastrophic event. Schmid mentioned other steps that had occurred in the project over the past month, including concrete test data from the Hennebique that showed an estimated 10-year life span for most of the hull and less than that in some areas. Those results led to the final design alternative which would stabilize the Hennebique. Composite sampling of sediment taken from in front of both ships came back positive in the sense that the anticipated dredge material was clean, so there should be no expensive disposal problem with dredged materials. Schmid said there are still concerns about the budget and also about mitigation requirements by the Department of Fish & Wildlife and National Marine Fisheries. A joint meeting with the agencies will be scheduled soon to increase understanding of exactly what the agencies require. Both Schmid and Chairman

Halverson remarked that the project would not be where it was without the Construction Manager/General Contractor (CM/GC) process that had been in place since the beginning.

## **VII. NEW BUSINESS**

**A. Oregon Brewing Company, Amendment to Lease Agreement.** The General Manager explained that Southside Marine, the tenant that was leasing the southern portion of what is known as the Serven Building, was moving out effective June 30, 2008. Jack Joyce, President of Oregon Brewing Company (OBC), had indicated an interest in taking over that space to use for dry storage and offices. OBC already leases the northern portion of the building, so the lease amendment would add 2,400 square feet to the existing 2,400 OBC already has. No loss of revenue to the Port would be generated by the lease amendment and the General Manager recommended approval.

Commissioner Goblirsch moved to approve the Amendment to the Lease Agreement dated July 1, 2008 with Oregon Brewing Company. Commissioner Barton seconded and the motion passed 3-0.

**B. Trident Meal Plant.** The Chairman introduced Bill Olivera, from Trident Meal Plant, who provided an update on improvements that had been made to the meal plant over the past winter. He said several problems had been identified that had led to complaints from neighboring home owners during the last season that the plant had operated, including three failing air scrubbers, pipes clogged with dry meal and bone, and the source of the strong chlorine smell that had been reported. Olivera said \$500,000 had been budgeted for the repairs and upgrades but \$800,000 had been spent, and of that 98% had gone to odor control. This year's season, which had been scheduled to start on June 15, has been delayed due to bi-catch and small fish. However, if the season starts up again as planned on July 5, Olivera said the equipment experts will come back and be in place for the start up at the plant. Commissioners Goblirsch and Barton encouraged Olivera to notify the community of the improvements through newspaper articles and a mailing, and the General Manager offered the Port's website for a one-page forum. Olivera said he planned to visit those neighbors personally who had lodged the most complaints, and introduce the plant's new manager, report on the upgrades, and answer any questions they might have. He extended an open invitation to the public for a tour of the plant, before, after, or during the season.

## **VIII. PUBLIC COMMENT**

An opportunity for Public Comment had been offered earlier in the meeting.

## **IX. OTHER**

There was nothing under Other Business.

## **X. UPCOMING MEETINGS/EVENTS**

- A. Fishermen's Forum, July 9, 8:30-9:30 a.m.
- B. Regular Port Commission Meeting, July 22, 6:00 p.m.

## **XI. ADJOURNMENT**

The meeting adjourned at 8:00 p.m.

ATTEST:

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Rob Halverson, President

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Dean Fleck, Secretary

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