

PORT OF NEWPORT
MINUTES
June 25, 2013
Budget Hearing and Combined Work Session and Regular Meeting

I. CALL TO ORDER

Commission President JoAnn Barton called the budget hearing for fiscal year 2013-2014 to order at 6:00 p.m. on Tuesday, June 25, 2013, at the South Beach Marina Activities Room, 2120 SE Marine Science Drive, Newport, OR 97365, 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: Pat Albaugh, Finance Director; Pete Dale, Project Manager; Maureen Keeler, Special Projects Manager; Barb Martin, Accounting Assistant; Patty Benjamin, Administrative Assistant.

Others Present: Dr. Richard Beemer, Newport City Council; Frank Berg, Day CPM Services; Larry Coonrod, News Times; Wayde and Barb Dudley, Newport residents; George Dunkel, Special Districts Association of Oregon; Yale Fogarty, Rob Halverson, and Pat Ruddiman, ILWU Local 53; Michael Haglund, Attorney; Bob Jacobson and Jim Wright, Salmon for Oregon; John Lavrakas, Advanced Research Corporation; Commissioner-Elect Lloyd "Oly" Olson; Dr. Hal Pritchett, Facility Use & Design and Terminal Steering Committees; Jim Shaw, South Beach resident; Grant Snyder, Wiggins Towboat.

Finance Director Pat Albaugh noted for the record that there had been a clerical error on the LB1 form that had been published in the newspaper. The Construction Fund Supplemental Budget amount of \$900,000 was not included in the numbers. The 2012-2013 budget for Revenue From Bonds & Other Debt should be \$4,300,000, and Capital Outlay should be \$5,661,234. Total Resources & Requirements should be \$12,484,840. No action by the commission was required.

There had been discussion at the most recent budget workshop about increasing the Professional Services line by \$25,000 to cover legal fees for negotiations on a lease at the International Terminal. The Chair called for a motion.

Commissioner Chuck moved to increase the General Operating budget for F/Y 2013-2014 by \$25,000 in the Materials & Services category. Commissioner Fleck seconded the motion and it passed 5-0.

The chair called for public comment on the budget for F/Y 2013-2014 as approved by the Port of Newport Budget Committee. Hearing none, the budget hearing was closed at 6:05 p.m. and the Combined Work Session and Regular Meeting was called to order.

II. MINUTES

A. Combined Work Session & Regular Meeting—May 28, 2013

Commissioner Jincks moved to approve the minutes of the Combined Work Session & Regular Meeting of May 28, 2013 as submitted. Commissioner Chuck seconded the motion and it passed 5-0.

B. Budget Work Session—June 5, 2013

Commissioner Fleck moved to approve the minutes of the Budget Work Session of June 5, 2013 as submitted. Commissioner Jincks seconded the motion and it passed 5-0.

III. FINANCIAL STATEMENTS

A. Financial Reports.

B. Accounts Paid.

The Finance Director had added margin notes defining some of the numbers in the columns on the financial statements. The commissioners said they appreciated that new feature. Commissioner Barton complimented Albaugh on his ongoing efforts.

Commissioner Jincks moved, Chuck seconded, to approve the Financial Statements and Accounts Paid, Check Nos. 11703-11710/Construction Fund; Check Nos. 12002-12013/NOAA Checking-OCB; and Check Nos. 34249-34327/Operating Account. The motion passed 5-0.

C. Resolution 2-2013 Adopting Budget, Making Appropriations, and Levying Taxes FY 2013-2014

Commissioner Jincks moved, Chuck seconded, to approve Resolution 2-2013 Adopting Budget, Making Appropriations, and Levying Taxes for F/Y 2013-2014.

By way of discussion and in answer to a question from Commissioner Fleck, the Finance Director said the Port employee's Health Reimbursement Plan had been discussed and included in the budget.

The motion passed 5-0.

Commissioner Barton stated for the audience that some items for the commission's consideration had not come up in time to make it onto the published agenda, and some items would be moved forward on the agenda to accommodate the travel needs of out-of-town presenters.

The chair introduced Michael Haglund, an attorney with the Haglund Kelley firm, who is representing the Port of Newport in its negotiations of the various lease documents and agreements that must come together to site a log handling operation for the purpose of exporting logs from the Newport International Terminal. Mr. Haglund said the log handling operation is a significant economic development opportunity that would help the Port to pay off the bond portion of its \$26 million investment in the International Terminal, as well as creating access to a key entry point to the overseas market for the widest possible array of forest land owners. Haglund cited statistics showing an increasing demand for log exports, particularly from China. He said negotiations had been ongoing for a couple of months but there were "multiple moving parts" and it would not be appropriate for him to state specific terms. He said it might be a few weeks or a month before negotiations were concluded. He said it was possible that construction could begin this season with partial loads as early as the fall.

The chair introduced George Dunkel, Special Districts Association of Oregon, who is working with the Port on a search for its next General Manager. Dunkel distributed a draft job description, draft job announcement, and draft hiring process timeline to the commissioners. He emphasized that the documents were "very much draft", designed as a framework to stimulate discussion with the search committee, and in no way were final copies. He encouraged the commissioners to spend the next two weeks reviewing the draft documents and submit their comments and suggestions to Commissioner Barton, who would pass them on to Dunkel. He would then refine the documents to reflect the commissioners' input and come back for a thorough discussion at the regular meeting in July. Dunkel said a proposed timeline would be to have candidates' resumes by August 27 and the search committee would meet on August 30 to create a list of semi-finalists. To accommodate the search committee members' vacation schedules, interviews would not be scheduled until October 7, and October 8 if necessary.

IV. PUBLIC COMMENT

Newport resident Wayde Dudley asked if there were plans to install a bumper on the dock adjacent to the South Beach Marina launch ramp. Project Manager Pete Dale said he had discussed this with Harbormaster Chris Urbach and would find out if funding for the materials was available through an Oregon State Marine Board grant, with Port staff doing the installation. He said he would have more information at the next regular meeting.

The chair reminded the audience that the commissioners are always open to questions, but the public comment period should be reserved for comments only.

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

A. **Department Reports.**

- Kevin Bryant, Commercial Marina Harbormaster*
- Pete Dale, Project Manager*
- Jim Durkee, Terminal Operations Supervisor*
- Rick Fuller, NOAA Facilities Manager*
- Maureen Keeler, Special Projects Manager*
- Gina Nielsen, Marina Office Supervisor*
- Chris Urbach*

B. **General Manager.**

General Manager Don Mann was in La Conner, WA attending a Pacific Northwest Waterways conference.

C. **Commissioner's Reports.**

Commissioner Chuck had been appointed to chair the executive board of Oregon Coastal Zone Management Association (OCZMA) for the coming year. He had also participated in the recreational halibut fishery on the weekend and said being able to reserve a slip ahead of time was very convenient.

A discussion followed about concerns expressed by marina users related to implementing and enforcing the Port's new ordinance code. Commissioners Chuck and Fleck will meet with the General Manager, South Beach Harbormaster, and one of the South Beach Marina users to discuss how to facilitate the process as smoothly as possible. The commissioners agreed that it was important to "do it right the first time". Commissioners Fleck and Chuck will have a report on their discussions at the next regular meeting.

VI. **OLD BUSINESS**

A. **Terminal Renovation Project—Frank Berg, Day CPM Services.**

Frank Berg, Day CPM Services, presented an update on the Terminal Renovation Project. He reported that the last of the scrap steel had been sold for a total credit to the project of \$902,882, which was \$600,882 over the initial estimated credit. Natt McDougall Company (NMC) continues to demobilize from the site. The last construction meeting was held on June 6 and a final punch list is being developed by the Port and KPFF Consulting Engineers. A letter of substantial completion will be issued. The letter will be dated June 30, 2013 to establish that date as the start of all warranties and to transfer all required maintenance, utilities, and site security to the Port. The next amendment will be Amendment No. 29, to include the surveying and repair of the ro-ro dock's existing piling, steel transition plates at the Hennebique, grading and additional paving, and the fendering rub rail. Berg said that a post-final reconciliation of the project budget shows that "we are in good shape" to finish out the project. NMC projects a close-out savings of greater than \$100,000. The proposed changes to the Joint Permit for the dredging revisions are still under consideration and a final determination on mitigation requirements has yet to be made. Berg concluded his report with photographs of the project, including safety measures at the stern of the Hennebique, new catch basin filters, patch paving, and NMC's equipment being moved off the site. In answer to a question from Commissioner Barton, Berg said Port personnel will be trained on a storm water discharge plan and necessary training will be provided on cathodic protection.

Commissioner Jincks commented that it was impressive to see the new dock filled up with Alaska boats, and Commissioner Barton added that Berg had done an excellent job of managing a challenging and complex project.

B. **International Terminal Log Exports Proposal—Michael Haglund.**

This agenda item was covered earlier in the meeting.

C. Salmon for Oregon—Jim Wright.

Jim Wright provided an update on the Salmon for Oregon project, which is dedicated to enhancing runs of spring Chinook salmon on the central and southern Oregon coast, including Yaquina Bay and Coos Bay. The initial project proposes to acclimatize spring Chinook salmon fingerlings for six weeks in net pens. Salmon for Oregon is an Oregon Department of Fish & Wildlife (ODFW) project and part of the Multi-Species Plan. Wright has been engaged in public outreach and community interaction on the project, including the City, Port, and some significant environmental groups. He said ten more public hearings will be held, with a preliminary vote in October followed by a final vote in December. He said there had been no negative input about the specific Salmon for Oregon plans for Newport and Coos Bay, and he does not foresee any before the vote in December. Wright introduced former Port Commissioner Bob Jacobson, who has been working with him on the project. Jacobson spoke briefly about the hurdles the project has already cleared, including getting staff support, and the final hurdle of getting ODFW to approve the project. He said he didn't think the proposed 100,000 fish would have a huge impact initially, but it would be a "good start". Jacobson and Commissioner Fleck talked about the impact on the recreational fishery when Ore-Aqua released salmon into the bay twenty years ago. Wright said he appreciated the community's cooperation and collaboration, and said he would report back to the commission as the project moves forward.

D. Newport Ocean Observing Conference—John Lavrakas.

John Lavrakas, Advanced Research Corporation, provided a summary of a conference on Ocean Observing that had been held in Newport April 30 and May 1, 2013. Organizations, companies, and individuals from inside and outside the region had been invited to learn about the science, infrastructure, activities, capabilities, and capacity of Newport. Port of Newport General Manager Don Mann spoke at the conference on the Port and regional infrastructure. There were twelve exhibit spaces and tours were conducted at the Ports of Newport and Toledo and the ocean research laboratory at Oregon State University in Corvallis. Lavrakas reported that 75 people had attended the conference, with 16% of those from outside the state. Comments from attendees were quite positive and included regional strengths and needs. A conference handbook is available. Commissioner Barton had attended the conference and felt that Lincoln County Commissioner Terry Thompson's speech had been especially powerful.

VII. NEW BUSINESS

A. Official Abstract of Votes.

Commissioner Fleck moved to approve the Official Abstract of Votes for the May 21, 2013 Special Election, specifically Walter Chuck, David Jincks, and Lloyd "Oly" Olson being elected to the Port of Newport Commission for four-year terms. Commissioner Chuck seconded the motion and it passed 5-0.

B. Port Employees' Flexible Benefits Plan and Health Reimbursement Plan—Authorize General Manager to Sign Agreement to Move Existing Plans to Allegiance Flex Advantage.

Commissioner Fleck said this proposal had been discussed in meetings with Port staff and the General Manager, and this would not be an added cost but would benefit employees by speeding up the reimbursement of their out-of-pocket health expenses. The Finance Director added that the employee Cafeteria Plan had been administered by one organization and the Health Reimbursement Arrangement was managed by another, so this change would put it "under one roof" and also align the program with the health care year.

Commissioner Fleck moved to authorize the General Manager to sign the agreement to move the existing plans to Allegiance Flex Advantage. Commissioner Mathews seconded the motion and it passed 5-0.

C. Leisure Interactive Integrated Reservation Management System Proposal.

Finance Director Pat Albaugh explained that the Port currently operates under two different marina programs and an old reservation system. Staff is proposing a hosted campground and marina program that would put all the different operations on one computer network. Hercules FrontOffice had been highly recommended by other ports and agencies.

Commissioner Jincks moved to approve the proposal for the Leisure Interactive Reservation Management System. Commissioner Chuck seconded the motion and it passed 5-0.

D. CoastCom, Inc. Fiberoptic Internet Service for South Beach.

Finance Director Pat Albaugh said he had been working with CoastCom on a proposal for fiberoptic internet service for South Beach that would greatly increase the band width and also connect the two offices as one network, eliminating the need for three servers. The City had agreed to let CoastCom use one of their fiberoptic vaults near the South Beach office, which would lower the installation cost significantly. A copy of five different options from CoastCom had been included in the commissioners' packets.

Commissioner Chuck moved to authorize the Finance Director to pursue a contract with CoastCom for fiberoptic internet service at the South Beach facility. Commissioner Fleck seconded the motion and it passed 5-0.

VIII. MEETING RECESS at discretion of the chair.

There was no meeting recess.

IX. OTHER

Special Projects Manager Maureen Keeler said she had received paperwork in the mail the day before to extend the contract between the Port and Day CPM for management of the International Terminal Renovation Project through the end of the project, February 2014. The Chair called for a motion.

Commissioner Jincks moved to authorize the General Manager to extend the contract between the Port and Day CPM, in an amount not to exceed \$35,000, to February 2014. Commissioner Mathews seconded the motion and it passed 5-0.

Special Projects Manager Maureen Keeler said she had received paperwork on Friday to renew the license with the State of Oregon for the upland disposal site. The General Manager will sign the renewal paperwork once the insurance certificate is in place that complies with the State's requirements. This was an information only item. No action by the board was required.

Commissioner Don Mathews had been appointed to fill the vacancy when Alan Brown stepped down from the Port Commission in December of 2000. Commissioner Mathews had been re-elected several times since then, but did not file to run for office in the last Special Election. This was his last meeting as a Port Commissioner. The other commissioners thanked him for his thirteen years of service and for being a fine ambassador for the Port and the community. He will be greatly missed.

X. PUBLIC COMMENT

There was no public comment.

XI. UPCOMING MEETINGS

- A. Fourth of July Holiday, July 4, Port Office Closed
- B. Fishermen's Forum, Port Dock 7 Operations Shop, July 10, 8:30-9:30 a.m.
- C. Marina Users Meeting, South Beach Marina, July 17, 8:30-9:30 a.m.
- D. Combined Work Session and Regular Meeting, South Beach Marina Activities Room, June 23, 6:00-8:00 p.m.

XII. ADJOURNMENT

There being nothing more to come before the Board of Commissioners, the meeting was adjourned at 7:20 p.m.

ATTEST:

JoAnn Barton, President

Walter Chuck, Secretary