

**PORT OF NEWPORT
MINUTES
March 22, 2011
Combined Work Session and Regular Meeting**

I. CALL TO ORDER

Commission President Ginny Goblirsch called the combined work session and regular meeting of the Port of Newport Board of Commissioners to order at 6:00 p.m. in the Port of Newport Conference Room, 600 SE Bay Boulevard, Newport, OR, the same being within the boundaries of the Port District.

Commissioners Present: Ginny Goblirsch, President; JoAnn Barton, Vice-President; David Jincks, Secretary; Don Mathews, Treasurer.

Commissioners Excused: Dean Fleck, Assistant Secretary-Treasurer.

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

Others Present: Frank Berg, Mike Day, and Glenn Schnaidt, Day CPM Services; Ron Cole, Yaquina Bay Yacht Club; Yale Fogarty, ILWU Local 53; Julian Koerner and Mark Reusser, Andersen-WCC; Mark Miranda, Newport Police Chief; Dave Morgan, Lincoln County Today; Jim Shaw, South Beach resident.

II. MINUTES

A. Work Session & Regular Meeting—February 22, 2011

B. Special Meeting—March 14, 2011

Commissioner Barton moved, Jincks seconded, to approve the minutes of the Work Session & Regular Meeting of February 22, 2011 and the Special Meeting of March 14, 2011 as submitted. The motion passed 4-0.

III. FINANCIAL STATEMENTS

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

B. Accounts Paid. In answer to a question from Commissioner Jincks, Project Manager Pete Dale said the Port had solicited bids from Yaquina Boat, Halco Welding, and a private contractor for the pile hoops at the South Beach Marina.

Commissioner Jincks moved, Barton seconded to approve the Financial Statements and Accounts Paid, Check Nos. 11500-11509/Construction Fund; Check Nos. 11374-11386/NOAA Checking-OCB; and Check Nos. 31158-31261/Operating Account. The chair asked for discussion..

Commission President Goblirsch asked about the 12% decrease in RV revenue from last year, and General Manager Don Mann said it was a seasonal fluctuation and revenue should pick up after April and into May.

The chair called for a vote on the motion to approve and it passed 4-0.

IV. PUBLIC COMMENT

Newport Police Chief Mark Miranda reported on the discussions and debriefings that were going on after the tsunami alert on March 11, 2011. He said the reverse-911 system had been slow and recommended that individuals include NOAA weather radios in their preparedness kits as a backup "Plan B". A brief discussion followed about the expense and questionable effectiveness of tsunami sirens for the Newport area. Chief Miranda said the Port crew had done "an awesome job" in responding to the tsunami alert, and General Manager Mann said he would like to attend the City's debriefing on Thursday, March 31, 2011.

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

A. **Department Reports.**

- Kevin Bryant, Commercial Marina Harbormaster—Commissioner Jincks asked about Bryant's reference to the daily check of pumps in the pontoons supporting the Swede's dock workshop. Kent Gibson, Port operations, said the pontoons were made of steel and water was coming in from somewhere. The General Manager added that the goal was to eventually use some of the concrete floats the Port has and make the dock smaller, as it was not used as much now as it originally was.
- Pete Dale, Project Manager—Commissioner Barton asked about the four segregated and plastic lined containment areas that had been erected at the terminal to receive material from the Pasley hull. She said it was her understanding that the contractor, Natt McDougall, felt that any and all contaminated material taken from the Pasley should be removed from Port property. She said further that she would like to go on record as encouraging the Port to amend its joint permit to reflect that all contaminated materials would be removed from Port property, rather than potentially storing any of it in lined pits. Frank Berg, Project Manager for Day CPM, said the permit would allow for storage or burial of those materials but there was no intention of doing that. Commissioner Jincks said some of the material was rated differently than others, and some of the less contaminated material might sit for a short period of time until a contract could be arranged to move it at the least amount of cost. Berg said he would review the issue with environmental consultants Lance Downs and John van Staveren. Port Project Manager Pete Dale said the goal was to move the material only once, directly to a disposal site, thus avoiding wider contamination, rather than picking it up, transporting it, putting it down on the ground, and picking it up again. Commissioner Barton again urged that the joint permit should be amended and formalized to "get the option to store contaminated material on Port property off the table." General Manager Don Mann said he thought the agencies would be agreeable to amending the permit because it would be good for the environment.
- Maureen Keeler, Special Projects Manager*
- Gina Nielsen, RV-Marina Office Supervisor*
- Ron Smith, Terminal Manager*
- Chris Urbach*

B. **General Manager.**

General Manager Don Mann provided a verbal report to the commission.

Eileen and Terry Obteshka and Margaret Harris have signed a lease for office space at the terminal for a new business called Seafarers Permits & Brokerage. The lease rate is \$1.25 per square foot for 222 square feet of space, or \$277.50 per month, and the term of lease is one year.

Work sessions will be scheduled on the Port ordinance update and the budget process. Mann will e-mail the commissioners a calendar with suggested dates for the work sessions.

The final bond sale for the International Terminal Renovation Project has been scheduled for April 14, 2011. The bonds were given an A+ rating by Standard & Poor's, and the tax rate for the overall bond issue will be 25-cents lower than anticipated.

Mann had been in contact with Morgan Ryder, Ecology & Environment Inc., about the Port's emergency planning process. Ryder had written the emergency plans for Lincoln County and the City of Newport. Mann and Commission President Goblirsch will attend the local emergency planning committee meeting on April 11, 2011, before proceeding with a plan for the Port, to discuss any changes made to portions of their emergency plans after the tsunami alert.

Mann reported on the meetings he had in Washington DC when he was there the previous week with the Pacific Northwest Waterways Association (PNWA) delegation. Mann said there would be no good news on funding for programs and projects until the 2011 budget was settled; however, the Department of Commerce Economic Development Administration's budget would stay so there would be opportunities to apply for grants through the EDA. The total amount available would be \$1.5 million per project. Mann had also met with Senator Wyden, Congressman Schrader, and members of Senator Merkley's staff. He said he had emphasized that the terminal east pier would be the Port's priority project for funding during the 2011-2012 budget years. Mann gave the commissioners copies of the information he had left with the agencies and Oregon delegation in Washington DC.

A discussion followed about the Harbor Maintenance Trust, a fund that is tapped by the Army Corps of Engineers to pay for dredging. Mann said only a portion of the funds are being used and a senate

bill is now in place to use all of the funding as it was intended. The tax is paid by larger ports that have cargo. Mann said smaller ports that have less than 1 million tons of cargo annually are now being targeted as benefiting from the fund without paying into it. He said Newport and Yaquina Bay were specifically cited when the delivery on the bill was made, as having received over \$25 million in the past 10 years without contributing into the tax. Commissioner Jincks suggested that it might be more effective to put together a coalition of smaller ports to go to Washington DC and focus on the Harbor Maintenance Trust Fund and dredging, rather than traveling with a large group like PNWA that targets various issues.

There had been a discussion at the regular monthly meeting in April about the need for security cameras on the docks. Mann had e-mailed information on security cameras to the commissioners that morning for their review.

C. Commissioners' Reports.

Commissioner Jincks had attended meetings on the Terminal Renovation Project and was part of the working group comprised of Commissioner Fleck and the General Manager to work with Oregon Brewing Company (OBC) on the proposed expansion of their brewery at South Beach. OBC had applied for a conditional use permit from the City. Jincks had also attended a meeting with Lincoln County Commissioner Terry Thompson and others regarding a proposed fishermen's memorial wall in Newport. Thompson had attended the February 22, 2011 regular meeting of the Port Commission and suggested that one site for the permanent memorial wall might be along Port property on Bay Boulevard. Jincks said he was not part of the working committee for the project but represented the Port during the discussion because he was concerned that a permanent memorial wall might block easement onto Port property and limit some of its potential use.

Commissioner Barton said she had attended weekly meetings at the terminal and NOAA project sites, and an Oregon Coastal Ocean Observing System meeting as liaison between the Port and Hatfield Marine Science Center. She also planned to attend an upcoming South Beach Peninsula Transportation Project meeting. Barton noted that approximately 10,000 yards of sand was gone from the sand pile at the NOAA site.

Commissioner Mathews said his comments and questions had been covered in the discussion on the tsunami alert.

Commission President Goblirsch said she had represented the Port at a few functions and had also attended a NOAA MOC-P Project meeting. A Lincoln City merchant had approached her after that meeting to express his thanks to the Port and NOAA for "buying locally".

VI. EXECUTIVE SESSION in accordance with 192.660 (2) (a) and (i)

The executive session was cancelled.

VII. OLD BUSINESS

A. Terminal Renovation—Day CPM Services. Frank Berg, Day CPM, provided an update on the Terminal Renovation Project. He projected slides onto a screen showing photographs of the newly cleaned bow of the Hennebique; the vibroflotation in progress; containment areas for material removed from the Pasley hull; and the tanks for the water treatment system. Berg said the water treatment system is fully operational and had been approved by representatives from the Department of Environment Quality (DEQ) who recently visited the project site. In response to a request from Commissioner Jincks, Berg had prepared a white paper and site map that showed changes and modifications to the phases and profile of the Terminal Renovation Project. Berg said the east dock development would become a separate project in the future, and he expected to know by May what the cost of the remediation would be. Any savings from that part of the project would be applied to Phase 2. Berg went on to explain that the Port's Joint Permit Application covers four in-water work periods and is good for five years, and the contract between the Port and Natt McDougall Company (NMC) requires that the board can approve only those amendments the Port can afford. Berg was skeptical that the \$2,968,00 construction balance and contingency would be enough to crush the Pasley, remove it, and build the dock, so he was counting on being able to pull money out of the remediation to complete Phase 1. Berg said that certain things are already in place for Phase 2, such as sheet pile that would be reused. Commissioner Jincks said it was crucial that the project move seamlessly from Phase 1 into Phase 2, so in May or June there would have to be a determination as to where the Port would find the money to do that. Berg noted that NMC's contract was for all three phases and costs would incur if NMC had to pull out, mobilize, and re-mobilize later.

B. NOAA MOC-P—Day CPM Services. Mark Reusser, Andersen-WCC, provided an update on the progress on the NOAA MOC-P Homeport Project. Starting with an executive

summary schedule projected onto the screen, Reusser said the team was rolling into the final cleanup phase of the office and warehouse. He said the painting and floor coverings were almost done and the commissioning process was underway. Reusser expected to do the punch list at the end of the month. Julian Koerner, Andersen-WCC, reported on the piers and in-water work. He said the dredging had been finished that day and the in-water work was essentially done. Koerner said the small boat dock was in place and they would set the gangway the following day. Work continued on the pier. In answer to a question from Commissioner Barton, Koerner said there were two large concrete pours left to go. Photos were projected onto the screen, showing the inside of the utility building, pier work, fender systems, landscaping, and the small boat dock. Koerner said rock grading would begin the following week in preparation for asphalt paving. He added that they were on pace to deliver the office and warehouse and first three berths to NOAA in six weeks. Mike Day, Day CPM, presented highlights of the project budget. Approximately \$28.8 million, or approximately 75% of budget, had been spent through February 2011. Of that, construction spending was at approximately \$22.4 million and contingencies were holding well. Day said a savings was anticipated and they should have that number early next month. Day projected a graph onto the screen showing the "burn rate" for the project, and pointed out the spike in January reflecting intense activity when the in-water work started. Day said a field report had been generated by gLAs Architects, KPFF Engineers, and Andersen-WCC showing the progress of the work at the NOAA site. Glenn Schnaidt, Day CPM, provided an update on tracking the contractual issues on the Solicitation for Offer (SFO). He said there were about 85 items in the SFO and they were divided into construction, post-construction, and maintenance. The construction-related items were about 95% done. In addition, Schnaidt said they were tracking more than 200 conditions and requirements that were part of the Joint Permit Application. The team was receiving feedback from the various agencies that had been contacted about the items that were completed, and Schnaidt anticipated that all construction-related items would be done by this time next month.

C. NOAA MOC-P – Day CPM Services, Amendment #1 for One Year Warranty Management. The proposal for Day CPM to provide lease management services and hire a facilities manager for NOAA MOC-P had been discussed at the Special Meeting on March 14, 2011. Copies of Amendment #1 to the Day CPM Services Agreement for one year warranty management had been distributed to the commissioners. Mike Day, Day CPM, outlined the work that had gone into defining the transition from construction to operation of the NOAA facility, and the research that was being done to identify a maintenance software program that would meet the Port's needs and provide the best value, not just for the NOAA MOC-P facility but for future facilities management of other Port assets. Day said a decision had not yet been reached on hiring a facilities manager but ideally that person would be on board in time to work with the engineers and Andersen-WCC in the commissioning process and transition of the facility, as well as learning the maintenance software system program. A detailed job description had been developed for the facilities management position. Commissioner Barton asked about the interview process, and Day said Jason Lundy, who had been introduced at the Special Meeting on March 14, 2011, had been interviewed and selected as a candidate for the position. Lundy came highly recommended by Henry Alaman, Day CPM, who had worked with him for several years at Oregon State University. Day said he had full confidence in Alaman's recommendation, based a working relationship he had with Alaman that spanned two decades. An extensive background check had been done on Lundy, and Alaman and Day felt he had the capabilities, inter-personal skills, and strengths that the position would require. He offered to set up a schedule for the commissioners to meet with Lundy individually. By way of clarification, Commission President Goblirsch said it was her understanding that there was a consensus to go forward with the amendment to Day CPM's services; that Day CPM would bring a team on board and part of that team would be a facilities manager; and that person would be Day CPM's employee unless or until the Port exercised an option to hire him. Day said that was correct; it could be a short or long-term contractual relationship. Day asked the commission to approve the proposed amendment with the caveat that the hiring of a facilities manager would be deferred for one or two weeks until the commission was comfortable with the proposed candidate; and if there was no comfort level, a recruitment process would follow. Commissioner Barton said she realized that the process had to move quickly but she was uncomfortable with the Port not participating in the recruitment process. Citing the good working relationship between the Port and Day CPM in the past, she said the Port had asked for their assistance with the facilities lease management and they were doing a great job; however, she didn't want to rush into a decision on hiring a facilities maintenance person. She felt it was a decision that would have long-term repercussions and suggested the decision should be made jointly between the Port and Day CPM. She said she shared Day's confidence in Alaman but suggested "casting a wider net" in the recruitment process. Day agreed that the decision was a long-term commitment for the Port and the process had been moving fast, but he said he could broaden the search over the next couple of weeks. Commissioner Jincks said he shared Commissioner Barton's concerns. He acknowledged that Day CPM had "hit the bull's eye" for the Port all along, but didn't want to rush into a decision on hiring someone who would be "the face of the Port for NOAA". Commissioner Mathews said he felt taking more time to find a facilities manager was a good idea; however, he also felt that, in many ways, the important thing was that Day CPM was happy with that individual. Day said that they would move forward with the software recommendation right away, while widening the recruitment process and working with

the Port over whatever time period was necessary to find a qualified candidate that everyone was comfortable with. After some further discussion, the chair called for a motion.

Commissioner Jincks moved, Barton seconded, to accept Amendment #1 to the Day CPM Services Agreement for one year warranty management. The motion passed 4-0.

Day said he would report back to General Manager Don Mann on the recruitment effort, the software decision, and the timeline for training. Commissioners Barton and Jincks were appointed to work with Day CPM on the interview process.

VII. NEW BUSINESS

A. General Manager Evaluation. Commission President Goblirsch said each of the commissioners had provided written or oral feedback on General Manager Don Mann's evaluation and she had prepared a summary incorporating their comments. She said the commission continued to appreciate Mann's leadership and dedication to the Port of Newport. They felt he had done a very good job of capitalizing on business and finding new business opportunities, and his relationships with community leaders, the agencies, and staff were excellent. She cited finding Day CPM and the construction team for the NOAA facility as examples of Mann's good management. She outlined projects and goals going forward, including funding for completing the terminal project, a facility management protocol for NOAA MOC-P, planning and organizing maintenance and repairs for the Port facilities, and completing an emergency response plan and communication protocols. Mann was encouraged to speak up if he was ever concerned about anything the commissioners said or did. Commissioner Goblirsch concluded by saying the commission feels that the Port is at a serious turning point in growth and development so the coming year would require a major reassessment and perhaps some reorganization, but that would be done under Mann's leadership.

Mann thanked the commissioners for their dedication to the Port and its projects and said he looked forward to working together towards a positive end result.

VIII. MEETING RECESS at discretion of the chair.

There was no meeting recess.

IX. OTHER

There was no other business.

X. PUBLIC COMMENT

Referring to the new office space that was leased to Seafarers Permits & Brokerage, Yale Fogarty, ILWU Local 53, urged the Port to exercise caution in leasing space at the terminal, which is a heavy industrial area. He said conflict and safety issues could occur with non-industrial businesses on the site, particularly if the general public patronizes those businesses. He suggested that it be written into the lease that the terminal is an industrial area so the lessee would be aware of that.

XI. UPCOMING MEETINGS

- A.** Schedule: Work Session to review draft Port Ordinance
- B.** Tall Ships Lady Washington and Hawaiian Chieftain at Port Dock 3, April 7-17
- C.** Fishermen's Forum, April 13, Port Office, 8:30-9:30 a.m.
- D.** Port Commission Work Session and Regular Meeting, April 26, 6:00 p.m.

XII. ADJOURNMENT

There being nothing more to come before the Board of Commissioners, the meeting was adjourned at 8:18 p.m.

ATTEST:

Ginny Goblirsch, President

David Jincks, Secretary

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