

**PORT OF NEWPORT
MINUTES
March 27, 2012
Regular Meeting**

I. CALL TO ORDER

Commission President JoAnn Barton called the regular meeting of the Port of Newport Board of Commissioners to order on Tuesday, March 27, 2012 at 6:00 PM in the Port Conference Room, 600 SE Bay Boulevard, 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; Patti Britton, Finance Director; Richelle Burns, Accounting Assistant; Pete Dale, Project Manager; Rick Fuller, NOAA MOC-P Facilities Manager; Kent Gibson, Port Operations; Maureen Keeler, Special Projects Manager; Barb Martin, Accounting Assistant; Patty Benjamin, Administrative Assistant.

Others Present: Lon Brusselback, Newport City Council; Wayde and Barb Dudley, Newport residents; Yale Fogarty and Pat Ruddiman, ILWU Local 53; Lee Fries, CM/GC Selection Committee; Mike Goff, TCB Security Services; Kate Groth, Army Corps of Engineers; Bridgette Lohrman, Environmental Protection Agency; Mark Miranda, Newport Police Chief; Dave Morgan, News Lincoln County; Hal Pritchett, Facility Use & Design and Terminal Steering Committees; Jim Shaw, South Beach resident.

II. MINUTES

- A. **Work Session—February 28, 2012.**
- B. **Regular Meeting—February 28, 2012.**
- C. **Special meeting—March 16, 2012.**

Commissioner Fleck moved, Commissioner Mathews seconded, to approve the minutes of the Work Session of February 28, 2012; the Regular Meeting of February 28, 2012; and the Special Meeting of March 16, 2012 as submitted. After a question from Commissioner Barton on one point in the Regular Meeting minutes, the motion passed 5-0.

III. FINANCIAL STATEMENTS

- B. **Financial Reports.**
- C. **Accounts Paid.**

There were no questions or discussion on the financial reports and accounts paid.

Commissioner Chuck moved, Commissioner Jincks seconded, to approve the Financial Statements and Accounts Paid, Check Nos. 11600-11605/Construction Fund; Check Nos. 11647-11665/NOAA Checking-OCB; and Check Nos. 32504-32593/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—Commissioner Barton said Bryant and accounting clerk Barb Martin had updated her after the work session that day on steps they are taking to weed out derelict vessels from the commercial marina. She said they had put a lot of thought into it and were very methodical in their approach. She expressed appreciation for the good conversation.
- Pete Dale, Project Manager—Commissioner Jincks asked Dale for an update on the Rogue expansion project. Dale said the drain pipe they replaced was corroded, which could mean that the adjoining pieces of pipe are in poor condition or approaching the end of their useful life. Commissioner Barton asked if there was a plan to address that possibility and the General Manager said it would be something to consider in the capital planning process. In answer to a question from Commissioner Barton about the sand pile at the NOAA site, Dale said local contractors continue to haul away the material but there was no deadline for reducing it or leveling it off. There is currently no cost to the contractors for the material but Dale pointed out that royalties would have to be paid on it after it is reduced to an elevation of 30 feet.
- Jim Durkee, Terminal Operations Supervisor—Commissioner Barton commended Durkee on a great written report.

- Maureen Keeler, Special Projects Manager*
- Gina Nielsen, RV-Marina Office Supervisor*
- Chris Urbach*

B. General Manager.

General Manager Don Mann reported that the Port of Newport and Yaquina Bay Fruit Processors (YBFP) were proceeding with a zone change request. He distributed a site map showing the area of the current dredge disposal site and the area that includes YBFP. An application had been submitted to swap the zoning at the two sites, making YBFP water-related and the dredge disposal site water-dependent. Mann and Commissioner Fleck had visited the YBFP site. He said Harry Noah, owner, and Mike Marshall, manager, are working on an expansion plan and have engaged an architect to assist in developing a preliminary plan for the commission's consideration.

Mann reported that the \$3.5 million loan/grant request from the Oregon Business Development Department (OBDD) for the Terminal Renovation Project had been approved and the funding would be processed as soon as the final paperwork was submitted. Referring to a discussion at the noon work session with Dennie Houle, OBDDD, about a \$400,000 forgivable loan based on job creation that could provide the final funding piece, Mann said he would get copies of the contract to the commission for a final vote as soon as it was received.

F/V Chevelle had run aground on the north jetty and broke apart and sank. The boat had not been found or recovered. Commissioner Fleck said he had spoken with the chief engineer on the NOAA ship Fairweather. They were preparing to leave and would take soundings as they move offshore to see if they could locate the vessel.

Mann said he was continuing discussions with Teevin Brothers and Westerlund Log Handlers about a log handling operation at the terminal. He had asked Westerlund to provide more information about their operating plan, and said Teevin Brothers was interested in scheduling a public forum meeting in Newport. Mann recommended setting a date for the public meeting in mid-April to allow input from stakeholders, neighbors, and existing users at the terminal. Commissioner Barton asked Mann to contact Teevin Brothers and set a public forum date. Mann said that once a date was set, staff would prepare a public notice.

Commissioner Chuck suggested contacting some of the people who had served on the Facilities Use & Design Committee when the terminal project first started to ask if they would be interested in creating an operational plan for parking and safety issues to have in place when the project was completed.

Mann said he was receiving inquiries about the property south and adjacent to the NOAA MOC-P facility. He reminded the commission that a feasibility study for a marine industry incubator building in that area had been conducted fourteen years prior and it had been determined then that the timing wasn't right. However, with continued interest in ocean observing and wave energy, and with Newport developing as a hub for marine research, Mann thought this might be an opportunity to pursue an incubator-type facility for common use by the marine industry. He said NOAA wanted to use part of the property for a lay-down area, and with the commission's permission he would like to investigate further possibilities for the shovel-ready site.

Commissioner Jincks asked about the reference to NOAA's using part of the property for a lay-down area, and Mann said at present they need space for two portable trailer offices and storage for launch vehicles for a coastal survey team, at 19-cents per square foot over a term of approximately six months. He said he had also discussed the need for additional space when he met with Admiral Devany in Silver Spring, MD earlier that month. Mann added that NOAA is aware that area is reserved for development.

It was the consensus of the commission that the General Manager should proceed with pursuing interest in a marine technology incubator facility and continue with preliminary planning based on the feedback he gets from interested parties.

The General Manager had provided the commission with a project summary from Rogue Ales related to Rogue's proposal to install a 500-gallon still in the Serven Building. Rogue planned to submit construction documents to the Port by April 1, 2012. Site visits had been conducted by Commissioners Barton, Chuck, and Mathews and General Manager Don Mann. The commission had no objection to Rogue's submitting an application to the City of Newport for a conditional use permit prior to the construction documents being received and reviewed by the Port.

Mann reviewed the budget calendar, noting the first budget work session with the commission was scheduled for April 20, 2012. A second work session, if needed, was scheduled for April 24, 2012.

Mann distributed copies of a letter to the Committee on Appropriations relating to the Army Corps of Engineers Operations and Maintenance (O&M) budget. Funding for many small ports and harbors had been cut from the budget. The letter was signed by Senators Wyden, Cantwell, Stabenow, Merkley, and Levin, and urged that \$30 million in additional funding be allocated to small ports and harbors nationwide. Mann added that the Ports of Coos Bay and Newport had not been cut from the budget this year.

C. Commissioners' Reports.

Commissioner Chuck reported that he attended a Fishermen Involved in Natural Energy (FINE) meeting where he saw a presentation on the Ocean Sentinel buoy that would be launched in July. He said the company is looking for space to construct part of the buoy and wondered if the terminal could be used as a staging area. Chuck had advised them to contact the General Manager if they wanted time on the regular meeting agenda. Commissioner Chuck also reported that he had toured the Teevin Brothers site in Rainier, OR. They were in the process of loading a barge. He said he found the site to be clean and the debarker was quiet enough to conduct a conversation just a few yards away. He encouraged the other commissioners and General Manager to visit the site.

Commissioner Barton said she had worked with Commissioner Fleck on the General Manager's evaluation.

VI. OLD BUSINESS

A. Terminal Renovation.

1. Frank Berg, Day CPM Services.

The commission had received an update on the Terminal Renovation Project from Day CPM Project Manager Frank Berg at the noon work session. Berg had presented NMC Contract Amendments No. 17 and No. 18 to the board and recommended approval.

2. GMP Amendment No. 17—Electrical and Related Work for Cargo Dock.

Commissioner Chuck moved to approve GMP Amendment No. 17 and authorize General Manager Don Mann to sign the documentation. Commissioner Fleck seconded the motion and it passed 5-0.

3. Amendment No. 18—Gap Stabilization at the Hennebique.

Commissioner Fleck moved to approve GMP Amendment No. 18 and authorize General Manager Don Mann to sign the documentation. Commissioner Mathews seconded the motion and it passed 5-0.

B. NOAA MOC-P Facility.

NOAA MOC-P Facilities Manager Rick Fuller had nothing to add to his written report and said he would be included under Department Reports on future agendas now that he was part of the Port staff.

VII. NEW BUSINESS

A. EPA Ocean Dredge Material Disposal Site—Bridgett Lohrman, EPA; Kate Groth, USACE.

Kate Groth, Army Corps of Engineers (ACOE) provided an update on the status of the channel. She said NOAA had identified a shoal near the bar and ACOE had verified that survey. She said the Dredge Yaquina had been scheduled to spend six days in Newport at the end of April knocking down the shoal. The dredge will return for thirteen days in June or July. Groth said the south site for ocean disposal of dredge material would be used for the April dredging. Bridgette Lohrman, Environmental Protection Agency (EPA), provided an update on the process for designating sites for ocean disposal of dredge material. She said the Corps was allowed to select the sites and the EPA had the responsibility of designating them. She distributed a map showing the north and south sites that the Corps had selected in 2011. She said the EPA worked with other agencies, such as the National Marine Fisheries Service and Department of Fish & Wildlife in designating the sites. The final determination is submitted to the State of Oregon for review and published in the Federal Register. There is a public comment period and Groth wanted to coordinate a public meeting in Newport to solicit comments and answer questions on the proposed sites. The date of April 10, 2012 was selected for an evening meeting and a meeting location would be identified. Groth explained that there was a ten-year time limit on the north and south sites identified by the Corps in 2001 and the ten years had expired on the north site last year. In answer to a question from Don Mann, she said the clock would start on the south site when it is used for the April dredging. She added that once a designation is done, it is good in perpetuity.

B. Surplus Property.

The General Manager explained that the 30-foot sailing vessel Rose was delinquent and abandoned at the South Beach Marina. He asked the commission to declare the vessel surplus so that it could be sold at public auction or disposed of. Accounting clerk Barb Martin said the vessel had not been maintained

since June or July of last year but was trailer-able and could probably be sold. If the commission declared it surplus, the vessel would be scheduled for public auction on April 26, 2012.

Commissioner Mathews moved to declare the sailing vessel Rose surplus to the Port's needs so that it could be disposed of or sold. Commissioner Jincks seconded the motion and it passed 5-0.

C. Lease Amendments.

1. Seafarers Permits & Brokerage.

2. J. Lamb Marine Electric.

Both leases had been amended to add new language making the lessees responsible for property taxes. The General Manager explained that Seafarers Permits & Brokerage lessees had not been sure at the start of their lease whether they would be staying longer than a year, and J. Lamb Marine Electric had previously been located in the basement of the terminal office. Both businesses have moved to new buildings at the terminal so are now subject to property taxes.

Commissioner Fleck moved to approve the lease amendments for Seafarers Permits & Brokerage and J. Lamb Marine Electric. Commissioner Chuck seconded the motion and it passed 5-0.

D. NOAA MOC-P Utility Easement.

General Manager Don Mann had provided the commissioners with a site map of the NOAA MOC-P site and explained that the City of Newport would take over the responsibility for the utilities as diagramed but the Port would have to grant the City a permanent 12-foot easement, including the public utilities that were already there and any that might be added in the future.

Commissioner Jincks moved to approve the 12-foot Public Utility Easement to the City of Newport at the NOAA MOC-P site. Commissioner Chuck seconded the motion and it passed 5-0.

E. General Manager Evaluation.

Commission President JoAnn Barton offered to take the meeting into Executive Session to discuss the General Manager Don Mann's annual evaluation but he said there was no need. Barton explained that in past years the Commission President acted alone to organize the evaluations by the other commissioners and deliver the evaluation to the General Manager, but this year she had asked Commissioner Fleck to work with her and had created a new numerical scale for composite scoring. She said there were no surprises in the evaluation. The commission agreed that one area in which Mann shines is in government relations and his relationships with professional associations and colleagues. She said she and Commissioner Fleck agreed that it would be hard to imagine where the Port would be right now on terminal funding without Mann's expertise and the professional relationships he had nurtured over the years. Barton had invited the other commissioners to submit suggestions for goals for the General Manager for the coming year and they agreed on a set of seven goals. They could not recommend a salary increase because Mann had reached the top of his pay range but he would be entitled to a Cost of Living adjustment in July, should he choose to accept it. Commissioner Fleck said he thought the new scoring process and collaboration with the other commissioners made the evaluation a positive experience that would be easier in coming years. The board took no action on the General Manager's evaluation.

VII. MEETING RECESS at discretion of the chair.

There was no meeting recess.

IX. OTHER

The chair recommended a vote authorizing the General Manager to sign the \$400,000 forgivable loan from the Oregon Business Development Department that had been discussed at the noon work session.

Commissioner Jincks moved to authorize General Manager Don Mann to sign the \$400,000 forgivable loan from the Oregon Business Development Department, after the loan document had been reviewed by the commission and unless the document required the signature of the highest elected official. Commissioner Fleck seconded the motion. Commissioner Jincks asked for discussion and said he would like to confirm that everyone was in agreement and comfortable with accepting the forgivable loan. By way of review, Commissioner Barton said the state would forgive the loan if 50 jobs were created through the improvements to the terminal operations over a period of five years; and the Teevin Brothers presentation projected 22 family wage jobs with benefits in addition to 40-44 jobs for longshoremen during ship loads, which would meet and surpass the 50 jobs requirement. She called for a vote and the motion passed 5-0.

Commissioner Chuck said he had been asked to serve as the Port of Newport's representative to OCZMA and he would be willing to do that if the other commissioners had no objection. Commissioner President Barton said the board would be grateful if he would volunteer.

The chair recognized Dave Morgan, News Lincoln County, for his news coverage during the recent snow storm.

X. PUBLIC COMMENT

South Beach resident Jim Shaw asked the status of the City of Newport's bid for the Tillamook Air Museum and the General Manager said it was still pending.

Mark Miranda, Newport Police Chief, commented on the recent snow storm, the Umpqua Bank fire, and F/V Chevelle running aground on the north jetty and said it was "quite a week". He added that the Umpqua Bank fire should serve as a reminder of the importance of having a business continuity plan. He said theirs was exercised very well. They had moved into an office and were open for business the day after the fire.

Yale Fogarty, ILWU Local 53, commented that General Manager Don Mann was very easy to work with and he appreciated that Don's door was always open. Referring to Commissioner Chuck's suggestion about bringing back the Terminal Use Committee, Fogarty said there were different issues now than were initially addressed by the committee and he urged the commission to start dealing with those issues as soon as possible. He mentioned Homeland Security and the US Coast Guard requirements, safety and traffic, and the possibility that separate access would be required during ship loading as some of those issues. He said it might be necessary for some personnel to apply for Transportation Worker Identification Credential (TWIC) cards in order to gain access to the area. Mike Goff, TCB Security Services, said his employees already had the cards. Commissioners Jincks and Chuck offered to work with the General Manager to identify the next steps. Mann said he would provide an outline and would report back at the next regular meeting.

Mike Goff reported that TCB Security Services had purchased a mobile operations center for TCB's clients to use free of charge during emergencies, fires, or natural disasters. He said the unit is self-contained and equipped with computers, radios, fax, and cell phone. It had been used for the first time during the Umpqua Bank fire.

XI. UPCOMING MEETINGS/EVENTS

- A. EDA Conference—Bringing Jobs Back Through Innovation, Collaboration and Leadership, April 3-5, Portland
- B. Ocean Dredge Material Disposal Site—Public Hearing, April 10, 6:00-8:00 PM
- C. Fishermen's Forum, Port Office, April 11, 8:30-9:30 AM
- D. Marina Users Meeting, April 18, South Beach Marina, 8:30-9:30 AM
- E. Work Session, Port Conference Room, April 24, 12:00 PM
- F. Regular Meeting, Port Conference Room, April 24, 6:00 PPM

XIII. ADJOURNMENT

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

ATTEST:

JoAnn Barton, President

Walter Chuck, Secretary

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