

PORT OF NEWPORT
MINUTES
May 20, 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 6:08 p.m., following a brief meeting of the Port of Newport Budget Committee. The meeting was held in the Port Conference Room, the same being within the boundaries of the Port District.

II. INTRODUCTIONS

Commissioners Present: Rob Halverson, President; Ginny Goblirsch, Vice-President; Dean Fleck, Secretary; Don Mathews, Treasurer; and JoAnn Barton, Assistant Secretary-Treasurer.

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

Others Present: Kendall Cable, News Times; Yale Fogarty and Pat Ruddiman, ILWU Local 53; and Mike Schmid, KPFF Consulting Engineers.

III. MINUTES

A. Work Session and Regular Meeting—April 22, 2008

Commissioner Goblirsch moved to approve the minutes of the Work Session and Regular Meeting of April 22, 2008 as submitted. Commissioner Fleck seconded the motion and the minutes were approved 5-0.

B. Budget Committee Meeting—May 1, 2008

Commissioner Goblirsch moved to approve the minutes of the Budget Committee Meeting of May 1, 2008 as submitted. Commissioner Barton seconded the motion and the minutes were approved 5-0.

IV. FINANCIAL STATEMENTS

A. Financial Reports. Referring to the second \$5 million issuance of general obligation bond proceeds for the Terminal Renovation Project, Finance Director Patti Britton asked if there were any questions on the Preliminary Official Statement on the bond issue that she had e-mailed to the commissioners. After a brief discussion, it was the consensus of the commission that that they were comfortable with the Preliminary Official Statement and Britton should advise bond counsel to proceed with the schedule as proposed. She said the issue would be priced on May 28, 2008, and offered for sale on June 10, 2008. Moving on to her monthly report and the financial statements, Britton asked for questions or comments. Commissioner Goblirsch commented on the expense for keys and locks for the Port Dock 7 restrooms, and Britton said that expense would be recouped through the sale of the keys to moorage holders. Chairman Halverson asked about the balance in the bonded debt fund. Britton said the total balance was approximately, \$90,000, which was not enough to meet the July 1, 2008 payment so funds would be transferred from the operating fund until tax money was received the following month. There were no further questions or comments on Britton's financial report or on the Current Assets and Liabilities, Revenue Statement, Expense Statement, and International Terminal Revenue and Expense Statement.

B. Accounts Paid. Commissioner Mathews moved to approve the Financial Statements and Accounts Paid, Check Nos. 11176-11187/Construction Fund and Check Nos. 27447-27570/Operating Account. Commissioner Goblirsch seconded the motion and it passed 5-0.

V. PUBLIC COMMENT

There was no public comment.

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

A. **Department Reports.**

- **Betty Ballhorn, Marina Office Supervisor**—Commissioner Goblirsch commented on former President Bill Clinton's visit to the South Beach Marina.
- **Kevin Bryant, Commercial Marina Harbormaster***
- **Pete Dale, Project Manager***
- **Maureen Keeler, Special Projects Manager**—General Manager Don Mann highlighted information in Maureen Keeler's staff report from the previous month, where she reported that Port property and lessees contribute 593 jobs and a total capital investment of \$142 million to the local community. In answer to a question from Commissioner Goblirsch, Mann said those numbers did not include the fishing fleet but that study should be done sometime.
- **Ron Smith, Terminal Manager**—General Manager Don Mann called the commission's attention to a reference in Terminal Manager Ron Smith's report about the deteriorating condition of the west entrance road. Mann said the road was sliding and becoming a hazard and he recommended closing it indefinitely before someone gets hurt. The common entrance that would be left if the road is closed would be on the far east end of the terminal area, which would be safer for motorists and also provide better security. After some discussion about liability and options in blocking off the road, Mann said he would work with staff to notify the lessees at the terminal about the closure, and prepare a closure plan to bring back to the commission for action.
- **Chris Urbach, South Beach Marina Harbormaster***

B. **General Manager.**

Commissioner Goblirsch commented on the reference in the General Manager Don Mann's written report to an estimate in excess of \$22 million dollars for site development and infrastructure if Newport is chosen as a new homeport for NOAA. Mann said the funding could come from several sources—federal, state, grant programs, or public funding—but NOAA is still exploring site locations so a serious look at funding would be premature at this time. He said he had been asked by NOAA's consultants to provide more information on Newport's proposed South Beach site. NOAA's lease runs out at their current location in 2011-2012. Commissioner Barton added that the more exposure Newport got with NOAA, the better the chances were for the location of some NOAA facility, such a research vessel, in the future, even if Newport is not chosen as NOAA's homeport. She also said that, if Newport makes the short list, the State of Oregon would have to step up and get involved, since this would be an investment by the State in the State. A brief discussion followed about NOAA's research facility across the bay, the close proximity to the ocean that Newport offers for their research vessels, and the Ocean Observing program, which Commissioner Goblirsch called "all part of the same puzzle".

The General Manager reported that the Oregon State Marine Board (OSMB) and Division of State Lands (DSL) intend to remove a concrete vessel, F/V Gideon, from its location in the Yaquina River. The boat is not on Port property but is in the Port district, so the agencies need a removing authority, which would be the Port. Mann said he had reviewed a draft agreement from OSMB and it does not put the Port in a position of liability and indemnifies the Port from any cost overruns in removing the vessel. The estimated cost to remove it is \$12,900. OSMB will send a final agreement for signature.

Commissioners Goblirsch and Mathews suggested including an article in the Port newsletter about the fact that the fuel dock offers ethanol-free gasoline, which is not as damaging to boats with plastic tanks as the gas that is sold at regular gas pumps, which is 10% ethanol.

The General Manager presented a Power Point slide show featuring current Port projects. Those projects included the Phase II Environmental Assessment of the SS Hennebique, improvements to the South Beach Fuel Dock building, changes in the way Oregon Brewing Company stores its grain to protect it from gulls, former President Bill Clinton's campaign visit to the South Beach Marina, and a visit to Astoria by representatives from the Port, Chamber of Commerce, and City Council to tour the Seafood Consumer Center and observe cruise ship operations.

Included in the slide show were comparison photographs of the SS Pasley, showing the severity of the changes in the hull condition from May 2006 to May 2008. The commissioners discussed the following concerns:

- The stern section is cracked and pushing away from the ship, wanting to roll. The ship is currently attached to the beach by cables but with changes in the tides causing constant movement, it is unknown how long the cables will hold.
- A crack across the hull previously recorded at 7-degrees is now 13-degrees, which means the stern has rolled approximately 8-10 inches.
- Port staff has been taking soundings and monitoring the hull's movement, and a professional surveyor has been retained to take weekly measurements and provide data on the ongoing structural movement and cracking of the hull.
- Most of the oil has been pumped from the hull but some residual oil sludge remains.
- The Pasley's deterioration is not a perceived thing but an event in progress. Action needs to be taken as soon as possible to warn the public away from the ship and to minimize damage in case of a seismic event or if the hull rolls or breaks apart at night, when no one is around to respond.
- The engineers' final alternative design would take about 60 days to finish, but that design will depend somewhat on the results from core testing on the SS Hennebique, which have not yet been received. Materials for construction of the bulkhead wall would probably arrive in about 90 days. The permitting process could take as long as six months; however, the final drawings do not have to be complete before the permit is submitted. The in-water work window starts in November. If it is at all possible, perhaps the permitting process could be expedited.
- Federal and State regulatory agencies are aware of the urgency that was the cause of the Terminal Renovation Project, but the rapidly failing condition of the Pasley increases the magnitude of the situation to include the potential for loss of life, environmental and navigational hazards, and liability to the Port.
- The Board of Commissioners has a duty to act because they promised the public when the bond measure was passed that they would to act prudently to address a pending environmental problem.
- The Port would cooperate with any requirements by the agencies, such as boom deployment and an emergency action plan, if an emergency is declared.

The chairman called for a motion.

Commissioner Goblirsch moved to declare an emergency as it relates to the failing condition of the SS Pasley, to include the potential for loss of life and environmental and navigational hazards, and direct staff to take the necessary action, including notices to local, county, state, federal, and regulatory agencies. Commissioner Fleck seconded the motion and it passed 5-0.

Staff will take immediate action as directed by the commission.

VII. OLD BUSINESS

A. Terminal Renovation—KPF Consulting Engineers/Natt McDougall Company. Mike Schmid, KPF Consulting Engineers, said that the engineering team had been working diligently over the last month trying to define the final preferred alternative. They had also sent out an addendum the day before that sets in place the bidding process for the upland development work and anticipate taking bids on the May 29, 2008, with construction to start on July 16, 2008. Regarding the dock renovation, Schmid referred to two design drawings displayed on the wall and explained that the cost estimate that was submitted by the contractor, Natt McDougall Company (NMC), on the preliminary design was higher by a significant margin than the Port's budget, so the Base 2 design was created. Schmid said the Base 2 design would be less expensive to build because, according to that design, the SS Hennebique would not be completely encapsulated. He said that, after meeting with the steering committee and after several conversations with the Port, the Base 2 alternative was the one everyone would like to see built because it meets the needs of the users more completely and can be built for less money. Schmid went on to describe the concrete testing that would reveal the life expectancy of the Hennebique's hull, and the sediment sampling that would reveal what the dredging and disposal of the dredged material might entail. If the test results are not good, Schmid said the engineers would have to refine both design alternatives to find a way of

stabilizing the Hennebique. He emphasized the importance of not letting the schedule be the driver that compromises the design, since this is the one opportunity to make it right. The concrete test results are expected back on May 30, 2008, and the permit application will be submitted the following week. If the test results are bad, more dredge sampling will be done and those results should be available by mid-June with a final alternative recommendation by the end of June. A discussion followed about what loads various areas of the dock would bear. Schmid said the engineers had met with NMC that day, and the number one priority remains building the project in an environmentally responsible way and within budget. Schmid said this was the most complex project that he had ever been involved with, and he added that he thought NMC would say the same thing.

VIII. **NEW BUSINESS**

A. **Surplus Property.**

1. **F/V Lillian C**
2. **Monarch Skiff**

The General Manager recommended that the commission take action on two pieces of surplus property.

1. F/V Lillian C had been given to the Port by the owner because he could not continue to pay the moorage. The title had been signed over to the Port.
2. The Monarch skiff is an old skiff that the Port would like to sell.

Commissioner Barton made a motion declaring F/V Lillian C and the Monarch skiff as property surplus to the Port's needs. Commissioner Fleck seconded the motion and it passed 5-0.

IX. **OTHER**

There was nothing under Other Business.

X. **UPCOMING MEETINGS**

- A. YBEF Annual banquet, May 21, 6:30 p.m., Oregon Coast Aquarium
- B. CWACT, may 22, 5:00 p.m., Albany/Toledo teleconference
- C. Sen. Joanne Verger, Round Table with Community Leaders, May 27, 5:00-6:30 p.m., Oregon Coast Aquarium
- D. Cruise "Conversation with the Community", June 9, 7:00 p.m., Performing Arts Center
- E. Fishermen's Forum, June 11, 8:30-9:30 a.m.
- F. PNWA Mid-Year Meeting, June 18-20, Inn at Otter Crest
- G. Port Commission Work Session and Regular Meeting, June 24, 6:00 p.m.

XI. **ADJOURNMENT**

The regular meeting of the Port of Newport Board of Commissioners was adjourned at 7:55 p.m.

ATTEST:

Rob Halverson, President

Dean Fleck, Secretary