

**PORT OF NEWPORT
MINUTES
May 25, 2010
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 Yaquina Bay Yacht Club Clubhouse, 750 SE Bay Blvd., Newport, OR, the same being within the boundaries of the Port District.

Commissioners Present: Ginny Goblirsch, President; Dean Fleck, Vice-President; JoAnn Barton, Secretary; Don Mathews, Treasurer; David Jincks, 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: Brad Barcroft and Mark Reusser, Andersen-WCC; Frank Berg, Joshua Dodson, and Glenn Schnaidt, Day CPM Services; LtJG Andrew Colegrove, NOAA; Haley Fish, Tamara Knyazev, and Matt Volm, Talbot, Korvola & Warwick; Yale Fogarty and Pat Ruddiman, ILWU Local 53; Wayne Hoffman, Midcoast Watersheds Council and Terminal Steering Committee; Dr. Hal Pritchett, Facility Use & Design and Terminal Steering Committees; Jim Shaw, South Beach resident; Derek Tokos, City of Newport; David Ulbricht, Wedbush-Morgan Securities; Dave Wright, Pacific Shrimp.

II. MINUTES

A. Work Session and Regular Meeting—April 27, 2010

B. Budget Committee Meeting—May 12, 2010

The minutes of the Work Session and Regular Meeting of April 27, 2010 and the Budget Committee Meeting of May 12, 2010 were approved unanimously as submitted.

III. FINANCIAL STATEMENTS

A. Financial Reports. In answer to a question from Commission President Goblirsch, Finance Director Patti Britton explained that Miscellaneous Income, at 126% of budget, included DVD sales, showers and laundry at the RV Park, sand sales, and a longevity credit from Special Districts. The commission expressed appreciation for the new reports contained in their packets, including budget details on the International Terminal Renovation and NOAA MOC-P projects and an operating fund debt service bar chart.

B. Accounts Paid.

Commissioner Barton moved to approve the Financial Statements and Accounts Paid, Check Nos. 11174-11191/NOAA Checking-OCB; Check Nos. 11380-11390/Construction Fund; and Check Nos. 30107-30193/Operating Account. Commissioner Fleck seconded the motion and it passed 5-0.

IV. PUBLIC COMMENT

There was no public comment.

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

A. Department Reports.

- Kevin Bryant, Commercial Marina Harbormaster*
- Pete Dale, Project Manager*
- Maureen Keeler, Special Projects Manager*
- Gina Nielsen, RV-Marina Office Supervisor*
- Ron Smith, Terminal Manager*
- Chris Urbach, South Beach Marina Harbormaster—Commission President Goblirsch noted a reference in Urbach's report to freelance fish fileters at South Beach and the General Manager said he was looking into how to regulate that activity while still providing the service.

B. General Manager.

General Manager Don Mann reported that most of his administrative time since the last regular meeting had been devoted to working with staff and the project teams on the International Terminal Renovation and NOAA MOC-P Homeport projects. He also reported on a meeting that had been held that day with

Commissioners Goblirsch and Jincks to discuss issues brought up during the Budget Committee Meeting and some of the challenges the Port would face over the coming fiscal year.

C. Commissioners' Reports.

Commissioner Barton said she had attended the regular NOAA and Terminal project meetings and then was gone for a couple of weeks so had nothing further to report.

Commissioner Fleck provided an update on the opening halibut season numbers, noting that of the 38,000 pounds caught, 26,000 pounds was caught in Newport. He said traffic flow was a lot better during the halibut opener, thanks to the police volunteers. A short discussion followed about the status of the old launch ramp. The General Manager said the old ramp would be used during special seasons and events.

Commissioner Mathews gave an update on the bayfront paving project. He said the end-of-project ribbon cutting ceremony was planned for June 25, 2010 at the Bay Street Pier.

Commissioner Jincks said he had been working with General Manager Don Mann on the upland facilities at the International Terminal. At the regular meeting in April, Jincks had been appointed as chair of a committee, to include members of the public, to develop operating standards for the terminal. He reported that the first stage of the new committee's function would be deciding traffic flow and perimeters during the construction phase. He said that committee would come together in time to meet with the contractors when they are on board.

Commissioner Goblirsch announced the groundbreaking ceremony scheduled for Thursday, June 3, 2010, and the community celebration scheduled for Sunday, June 6, 2010 for the NOAA MOC-P Homeport project. Goblirsch said that both events were being staged by a large number of community volunteers. Goblirsch introduced LtJG Andrew Colegrove, NOAA, who had moved to the area from Seattle, WA to work with the project team.

VI. COMMUNITY REPORT

Dave Wright, Pacific Shrimp, provided an update on the local seafood industry, including salmon, albacore, Dungeness crab, shrimp, and whiting. He reported that there was a healthy market for wild salmon and that the Dungeness crab landings last season were the fourth highest in Oregon's history. He said he was in the process of redesigning his processing plant to bring it into compliance with the standards required to market product in the United Kingdom. He said shrimp was not currently being processed at the plant but the redesign should be finished by mid-July and the plant will be back in business. A discussion followed about the implementation of a catch share program by the Pacific Fishery Management Council that would start on January 1, 2011, and the effect that program could have on local fishermen.

VII. OLD BUSINESS

A. Terminal Renovation Project—Day CPM Services. Frank Berg, Day CPM, reported that the 95% construction documents had been received from KPFF Consulting Engineers and a team meeting had been held on May 6, 2010 to determine if any adjustments needed to be made to the schedule as a result of the new documents. He said there was no impact on the construction schedule but the final documents would probably be completed a few days later than previously anticipated. Berg projected the budget and schedule onto a screen and noted an increase of \$100,000 to the second phase budget for dredging in front of the Hennebique, and an increase of \$338,000 for stone columns to the north of the Hennebique for the third phase. In referring to the budget, Berg noted that the estimated shortfall was approximately \$7.9 million, which was down from \$16-18 million at the beginning of February, and there was a contingency of \$1.2 million at that point. In answer to a question from Commissioner Barton, Berg said he expected to see a savings in phase one of the project because both ships would be remediated at the same time, and a further savings if all of the material from the Pasley could be put into the Hennebique rather than hauled off the site. Berg reported that the pre-construction services had been completed by Natt McDougall Company (NMC) and a finalized contract had been signed by both parties to bring NMC on board as CM/GC. An application had been submitted for a building permit and a three-week turnaround was expected on that. Berg presented a spreadsheet showing line items for costs over the course of the project. He emphasized that, given the dynamics of the project, the budget was flexible and expenditures would be adjusted monthly. He also reported that a rendering was being done of the finished project and asked for input from the commission and staff on the cargo and fishing vessels that would be depicted in the rendering.

B. NOAA MOC-P—Day CPM Services. Joshua Dodson, Day CPM, reported that the NOAA MOC-P project had been in progress for eight to nine months and about half of that time had been spent in construction. Dodson reviewed the project schedule, which was projected onto a screen, including the schedule for submitting the Joint Permit Application (JPA) and the schedule for the bid packages. He said the project had already realized savings on the first two GMPs and those savings would be rolled back into the project, which he expected would come in under the \$28 million budget. He explained the bid process for the in-water pier work and said nine contractors had attended the mandatory pre-bid meeting for that work. He noted that West Coast Contractors, part of the

Andersen/WCC Joint Venture, is bidding that work. That fact had been advertised as required, and selection of that contractor will be done by committee. A brief discussion followed about the excavation work to create mitigation for eel grass. Dodson said project meetings are held every week and web conferencing meetings are held regularly between NOAA and Andersen/WCC. Dodson introduced Brad Barcroft, the newest member of the Andersen/WCC team. Glenn Schnaidt, Day CPM, talked about the lease agreement between NOAA and the Port and the individual requirements within the lease. Schnaidt had created a checklist to ensure that nothing was missed as the project progresses. The items include site improvements, construction, and design. He said the document not only protects NOAA's interests in the construction and delivery of the finished project, but also protects the Port's interests by requiring an ongoing review. Dodson called on LtJG Colegrove, who briefly described his role as NOAA's representative in working with the project team. Investment banker David Ulbricht, Wedbush Morgan Securities, spoke next. He announced that the Port's revenue bonds had been assigned a rating of AA- with a stable outlook. He explained that the only issue keeping the rating from being slightly better was that the project was not yet completed, and it was possible that the rating would be increased to AAA upon completion of the project. In answer to a question from Commissioner Barton, Ulbricht said that the public, including Port commissioners and staff, would be able to purchase the bonds at the time of the offering but subject to availability. He said the board would be asked to review the bond prospectus prior to the sale. Ulbricht added that, in going through the lease agreement with Standard & Poor's, surprise had been expressed at the simplicity of the lease. He said it was unique in that a public entity would build, own, and operate the facility, while lease revenue from NOAA would pay the debt service. He said no one he dealt with at Standard & Poor's had ever seen a project quite like it.

C. Terminal Buildings. General Manager Don Mann led the discussion about building the new upland buildings at the terminal. He said the commission had agreed previously that the focus should be on concentrating available funding on infrastructure construction on the pier, so the cost of the upland buildings had been taken out of the project budget. The Port had retired a large debt service this past year, amounting to \$67,000 annually in the general fund. That amount of money would service the debt on a loan of \$800,000, so the General Manager proposed applying for that loan and using approximately \$482,000 for the new terminal buildings and ear-marking the remainder for a phased upgrade and maintenance of Port Dock 7 E and F docks that was already in the proposed budget. The Port had previously entered into a contract agreement with Quade Construction for the design-build of the upland buildings and that agreement was still in effect. The contract had been amended to reduce the size of the buildings and construction time would be about ninety days, and then the old buildings would be demolished so remediation could start on the Pasley and Hennebique. Mann said buildings would be needed for the two lessees currently at the terminal, plus space for the terminal manager's office, and storage for a 300-ton crane, forklifts, and machinery necessary to service the fleet and other vessels that make port calls. The General Manager said he and Commissioner Jincks had been working with the tenants and contractor and recommended moving ahead with the buildings as proposed in the budget for FY 2010-2011. A discussion followed about lease revenue relative to the debt service, and the revenue generated by terminal operations.

Commissioner Jincks moved to approve the funding of the upland facilities of the terminal project through the proposed new budget. Commissioner Mathews seconded the motion and it passed 5-0.

The General Manager said he would keep the commissioners apprised on details of the loan. Commissioner Barton thanked Commissioner Jincks for his work on the project.

The Commission President declared a short break before moving on with the agenda.

D. South Beach Peninsula Transportation Refinement Plan. Derrick Tokos, City Community Development Director, had appeared before the commission at its regular meeting on January 26, 2010 to present the draft Transportation Refinement Plan that focused on access, signage, safety, and street and bicycle path improvements to the South Beach peninsula area. He was back with an update on that plan. He discussed funding sources and how the proposed improvements in traffic flow and transportation alternatives would align with the NOAA MOC-P facility. He said the next step was to move ahead with design and engineering and put together a schedule to see what could be accomplished to coincide with NOAA's arrival. In answer to a question from Commission President Goblirsch, Tokos said there was no anticipated construction date at that time. He said stakeholder meetings would be scheduled, and General Manager Mann said it would be important for representatives from the Port to attend those meetings.

VIII. NEW BUSINESS

A. Declaration of Surplus Property. The General Manager recommended that some pieces of equipment that had been removed from a building at Yaquina Bay Fruit Processors during its relocation be declared surplus so the equipment could be sold. The equipment included:

- Four (4) 16"X14" Allis Chalmers centrifugal pumps
- Four (4) 125 Horsepower 480 volt motors
- Four (4) Non-PCB Staring Capacitors
- Three (3) 14" butterfly valves

Commissioner Fleck moved that the equipment as described be declared surplus to the Port's needs. Commissioner Barton seconded the motion and it passed 5-0.

IX. MEETING RECESS at discretion of the chair.

There was no meeting recess.

X. OTHER

South Beach resident Richard Wood, owner of the Yaquina Bait Company, asked the commission's support for a petition he wanted to present to the Oregon Department of Fish & Wildlife proposing a new rule to create a temporary limited permit inland anchovy bait fishery in Yaquina Bay. Commissioner Fleck noted that this was not an environmental issue, as any vessel could come in and get unlimited bait for private use. He said the real concern was not the anchovies but the salmon smolt bi-catch. Wood said that part of his proposal to the state would be based on his lessening the impact on the eco-system while providing a service to the commercial fishermen by making the live bait available without their having to catch it themselves. General Manager Mann said he had seen Wood's written proposal for the first time that day, but Wood had talked with Harbormaster Kevin Bryant a couple of months ago about the possibility of putting a net pen in the commercial marina. Mann said he would not displace any moorages to accommodate Wood but there were some areas available on the far eastern end of F dock at Port Dock 7 that could be used on a trial basis. Commissioner Mathews suggested that getting the support of fishermen who would use the product could help Wood's case, and Commissioner Jincks suggested that he look into getting an Experimental Fishery Permit and enlist the help of one of the biologists at Oregon State University with his project. After further discussion, the commission determined that they could not sign Woods' petition but directed the General Manager to write a letter of support, saying the Port would be willing to provide space for Woods' net pen if his petition is granted and his project moves forward.

Commissioner Jincks referred to the proposed dock walk that had been listed on the agenda as a Work Session at 5:00 p.m. He said he had made the suggestion for a dock walk at the last meeting but his proposal was for a mid-day approach during a better weather period, with the harbormaster or someone from the operations crew to point out pilings and issues on both Port Docks 7 and 5. He said it would probably take a couple of hours and could be done as a Work Session. The other commissioners were in agreement.

Finance Director Patti Britton introduced the audit team—Haley Fish, Tamara Knyazev, and Matt Volm—from Talbot, Korvola & Warwick.

XI. PUBLIC COMMENT

There was no public comment.

XII. UPCOMING MEETINGS

- A. Fishermen's Forum, Port Conference Room, June 9, 8:30-9L30 a.m.
- B. Port Commission Work Session and Regular meeting, YBYC Clubhouse, June 22, 6:00 p.m.
- C. PNWA Mid-Year meeting, Stevenson, WA, June 28-30

XIII. ADJOURNMENT

There being nothing more to come before the Board of Commissioners, the meeting adjourned at 8:30 p.m.

ATTEST:

Ginny Goblirsch, President

David Jincks, Asst. Secretary-Treasurer