

**PORT OF NEWPORT  
MINUTES  
November 25, 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 6:00 p.m. 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; JoAnn Barton, Assistant Secretary-Treasurer.

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

**Others Present:** Newport resident and attorney Bill Barton; Yale Fogarty, Pat Ruddiman, and Barry Tower, ILWU Local 53; Pete Gintner, Port Legal Counsel; Wayne Hoffman, Mid-Coast Watersheds Council and interested citizen; Terry Hosaka, Kennedy/Jenks Consultants; David Jincks, commercial fisherman; Kiera Morgan, KYTE-KNPT Radio; Hal Pritchett, interested party, engineer, and Facility Use & Design and Terminal Steering Committees; Mike Schmid, KPFF Consulting Engineers; Terry Thompson, Lincoln County Commissioner; Julie Wilson, Envirolssues; Pat Wilson, interested citizen.

**III. MINUTES**

**A. Work Session and Regular Meeting—October 28, 2008**

Commissioner Goblirsch moved to approve the minutes of the Combined Work Session and Regular Meeting of October 28, 2008 as submitted. Commissioner Mathews seconded the motion and the minutes were approved 5-0.

**IV. FINANCIAL STATEMENTS**

**A. Financial Reports.** There were no questions or comments on Financial Director Patti Britton's written report or on Current Assets and Liabilities Statement, Revenue Statement, Expense Statement, or International Terminal Revenue and Expense Statement.

**B. Accounts Paid.** Commissioner Goblirsch moved to approve the Financial Statements and Accounts Paid, Check Nos. 11244-11250/Construction Fund and Check Nos. 28134-28229/Operating Account. Commissioner Barton 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 Fleck said he continued to be impressed by the RV Park's performance in what is typically a slow time of year.
- **Kevin Bryant, Commercial Marina Harbormaster**—Commissioner Goblirsch commented on the operations crew's 24-hour shifts for the "crab push".
- **Pete Dale, Project Manager\***
- **Maureen Keeler, Special Projects Manager\***
- **Ron Smith, Terminal Manager\***
- **Chris Urbach, South Beach Marina Harbormaster\***

**B. General Manager.**

General Manager Don Mann presented a certificate of recognition from the Special Districts Association of Oregon to Administrative Assistant Patty Benjamin for her time and effort as an employee of the Port of Newport.

The General Manager asked that a correction be made to the minutes of the Special Meeting of October 13, 2008, relating to the amount of a remediation grant. It was the consensus of the commission that the dollar amount be changed from \$300,000 to \$200,000.

**VII. OLD BUSINESS**

**A. OPAC/Oregon Marine Reserves (MR)/Marine Protected Area (MPA), Lincoln County.** Lincoln County Commissioner Terry Thompson delivered an update on the most recent OPAC meeting. He said there was a sense of urgency because the governor needed a projection for marine reserve sites to bring to the legislature so agency budgets could be funded, in light of a projected billion dollar budget shortfall. He said the meetings included a full day of public testimony followed by a day of discussion, resulting in two Lincoln County sites being approved as top priority to go to the governor's office, and a group of about ten sites approved for further evaluation. Thompson said the Port of Coos Bay was taking the lead on one of the most controversial sites, Cape Argo, in establishing a dialogue between the fishing industry and the other users to see if an area can be found for a marine reserve. Thompson said it was his understanding that there would be about two years to carry on further discussions, get local buy in, and do the work that needs to be done. Commissioner Goblirsch remarked on the progress that had been made on the marine reserve issue in just a year's time. Thompson said that he had met with Our Oceans and referred them to the FINE committee and Near Shore Action Team as points of contact, and a discussion followed about the roles that the Port of Newport and conservation community could play as the process moves forward. Commissioner Goblirsch suggested that the commissioners trade off attending FINE committee meetings as audience members, just to stay in the loop, and Commissioner Fleck said that he would be interested in doing that. Thompson went on to talk briefly about the territorial sea plan in the State of Oregon and ocean zoning, and the commission thanked Thompson for his report.

**B. Terminal Renovation – KPFF Consulting Engineers Contract, Phase 2.** General Manager Don Mann had explained in his written report that the first contract between the Port of Newport and KPFF Consulting Engineers had started July 1, 2007 and ended June 30, 2008. The Phase 2 contract began July 1, 2008, and the two contracts and all ongoing work overlap. The Phase 1 contract had been approved by the commission for signature, and the Port's auditors require ratification of the Phase 2 contract as well. The contract had been reviewed by Port legal counsel and a copy of the contract and terms and conditions was included in the commissioners' packets.

Commissioner Goblirsch moved to approve the Phase 2 contract between the Port of Newport and KPFF Consulting Engineers. Commissioner Fleck seconded the motion and it passed 5-0.

**C. Terminal Renovation – KPFF Consulting Engineers.** The General Manager introduced Mike Schmid from KPFF Consulting Engineers, who provided an update on the Terminal Renovation Project. Schmid said that the majority of effort over the past month had been focused on responding to agency comments and questions on the project, and cited Kurt Jarvie from Department of State Lands as being particularly helpful in leading the team to what would hopefully be a more complete alternative analysis report. He said the team had also been coordinating with the City of Newport regarding the upland utilities, so that utilities would be available to the project, as well as to the new buildings when they are eventually built. He said the goal was to stay ahead of the city in regards to their approval to make sure they're on board with what the team is trying to do. In addition to those things, Schmid said they were working on preparing a meaningful exhibit for the public meeting that was scheduled for December 11, based on a team approach to the project so that they could be as informative as possible to the public. Schmid spoke in depth about the 50-year design life on the project in an effort to clear up any confusion in regard to that concept. He said the 50-year life criteria was chosen as what was expected as a minimum moving forward, but all of the alternatives that had been analyzed to date would significantly exceed a 50-year design life. He said the most important criteria with regards to a 50-year design life is having a system in place that would protect the new structure from corrosion, regardless of which design is used; and he said corrosion experts were on board to help in the design work. A discussion followed about a maintenance plan that would provide for cathodic protection. Schmid said that a significant maintenance manual would be one of KPFF's final products for the Port, and while at some point there might be a need for some upgrades in cathodic protection, as long as the maintenance plan was followed in a consistent manner, the project would far exceed a 50 year

design life. He said the life cycle cost of the various alternatives as it relates to operation and maintenance would be included as part of the evaluation criteria and would obviously increase the bottom line cost of the project over a life cycle perspective, but he said it would be relative in his opinion and would not change the preferred alternative that had been selected. Commissioner Goblirsch pointed out that anything that was built would need maintenance, and cathodic protection was not a unique concept on the coast. She said virtually every steel hulled vessel in port has cathodic protection, and Commissioner Fleck added that the docks do too. Commissioner Barton asked if maintenance costs would come out of bond measure proceeds, and General Manager Mann answered that the maintenance plan itself would be part of the project but the actual maintenance would come from the Port's Operating Fund; and Commissioner Mathews added that the cost would actually be much less than "patching it up" has been. In conclusion, Schmid reported that KPFF Engineer Bill Ness was happy to be back at work on the project after being off on medical leave.

Commissioner Goblirsch began a discussion about the 6-page Terminal Renovation Project Update she had compiled, but at the suggestion of the chairman the document would be discussed under Other Business.

Commissioner Fleck asked to have the following statement that he had written relating to the Terminal Renovation Project and the team read into the meeting minutes:

*As a Port Commissioner, I have been closely involved with all aspects of the Terminal Project. I participated in the Terminal Advisory Committee meetings, interviewed and helped select our engineers and contractor. I fully understand that our goals and priorities are to clean up and remove all contaminants possible from the Pasley and Hennebique and then reconstruct our heavy work dock and commercial fishing dock. I have asked many questions along the way to make sure we are doing what we promised with the bond measure and know that key decisions have been made only after a great deal of thought and investigation.*

*I'd like to commend our manager, Don Mann and his staff; our engineers-KPFF ; contractor-Natt McDougall Company; environmental consultants-Landau Associates and Kennedy/Jenks Consultants Associates; and our various committee members for doing an outstanding job of considering and addressing all aspects of this demanding and complex project. I look forward to the same level of thorough consideration of concerns and challenges which might emerge as we move through the permitting phase of this project. No one ever said this would be an easy project but it is critically important for the long term viability of our Port and an important infrastructure component of our working waterfront. I thank you for your hard work and pledge to continue to stay engaged and involved to responsibly see this project through to completion.*

*I'd like to ask my fellow commissioners to join me in reaffirming our support for the Terminal Project, the Project Team, and their dedication to ensuring this project is completed professionally, responsibly, and on budget.*

Commissioner Goblirsch: "I certainly support that."

Commissioner Mathews: "Can I sign my name to that?"

Commissioners Goblirsch and Mathews personally thanked Terminal Advisory Committee members Hal Pritchett, David Jincks, and Yale Fogarty, who were in the audience, for their efforts.

Hal Pritchett: "This thing has been very professionally run and that's the reason we chose the CM/GC contract, because it deals with all these aspects and allows us to take care of the changes as they come up. I'm proud to be a part of it."

Commissioner Barton: "Great letter, Dean, and I support it as well."

**D. Natt McDougall Company – Contract Amendment.** General Manager Don Mann explained that the Port had entered into a preconstruction contract with the Natt McDougall Company in March 2007. The contract was on a one-year basis. The Port did not realize, nor did the Natt McDougall Company, that the contract had expired in March 2008. He asked the commission to take action amending the preconstruction contract, under the same terms and conditions, to extend through March 2009. He noted that the contract language could be updated at that time to reflect where the project was in the preconstruction process.

Commissioner Fleck moved to amend the preconstruction contract between Natt McDougall Company and the Port of Newport, changing the expiration date from March 2008 to March 2009. Commissioner Barton seconded the motion and it passed 5-0.

**E. Kennedy/Jenks Consultants – Budget Amendment.** General Manager Mann explained that the proposed budget amendment to the contract with Kennedy/Jenks Consultants would cover an increased work scope which included communications with the

Port, attending project meetings, waste discharge permits, site visits, responding to agencies, and more. The additional duties were detailed in a copy of the proposed budget amendment in the commissioner's packets. The additional work items amounted to \$29,900 for a new contract total of \$52,804. The total did not include application fees for the SWLA and NPDES permits which would come out of the Port's construction budget. Terry Hosaka, from Kennedy/Jenks, explained that on a typical cleanup project the environmental firm would mostly deal with DEQ, but this project was more complex and they were providing a significantly larger amount of information to the agencies. He went on to say that the other critical things they were working on were related to getting more money for the Port for the project. In answer to a question from Commissioner Barton, General Manager Mann said a portion of the work that EnviroIssues was doing is related to preparations for the public meeting on December 11, 2008, which would be part of a different contract.

Commissioner Goblirsch moved to approve the Kennedy/Jenks Consultants Budget Amendment No 2. Commissioner Fleck seconded the motion and it passed 5-0.

## **VIII. NEW BUSINESS**

**A. EnviroIssues, Project Management Services Draft Scope of Work.** General Manager Mann introduced Julie Wilson from EnviroIssues and noted that the agenda referred to a Project Management Services Contract, while what was included in the commissioners' packets was a draft scope of work. He also supplied the commission with a revised budget for the work, which had been changed from \$43,187 to \$48,806 to incorporate additional costs for advertisements and printing. He said the work scope, if approved by the commission, would be submitted to OECDD as a final intake and he expected it to be turned around fairly quickly for funding. Commissioner Goblirsch said she would like to see the Terminal Advisory Committee involved in developing the communication plan and felt their input would be invaluable. Commissioners Fleck and Barton concurred. Chairman Halverson called for a motion.

Commissioner Goblirsch moved to adopt the draft project scope of work for Port of Newport Communications Management by EnviroIssues. Commissioner Fleck seconded the motion and it passed 4-0. (Commissioner Barton did not vote either for or against the motion.)

Commissioner Goblirsch added that the issue would have to be revisited if the grant funding for the communications contract did not come through.

**B. Terminal Remediation – OECDD Brownfield's Grant Application.** The General Manager Mann said that the OECDD Brownfield's Grant application in the amount of \$200,000 was the final application for funding for the remediation and cleanup of the Pasley and Hennebique. If the commission approved the application, it would be signed and submitted for processing.

Commissioner Fleck moved that the OECDD Brownfield's Grant Application be approved and submitted. Commissioner Mathews seconded the motion and it passed 5-0.

**C. Facility Maintenance Reserve Fund Expenditure – Rogue Gutters.** The General Manager explained that the Port had budgeted \$20,000 to repair the gutters on the warehouse that Rogue Ales leases from the Port but the project was completed at \$27,815, due to an increase in cost of materials and mobilization. He recommended withdrawing \$7,815 from the Maintenance Reserve Fund to complete payment on the project, since the work meets the objectives of the Maintenance Reserve Fund for facilities improvement. Finance Director Patti Britton explained the process of drawing funds from the Maintenance Reserve Fund, and said it is a direct payment by cashier's check and not a transfer into the General Fund.

Commissioner Mathews moved that \$7,815 be drawn from the Maintenance Reserve Fund to pay for a cost overrun on the Rogue warehouse gutter project. Commissioner Fleck seconded the motion and it passed 5-0.

The General Manager added that Northwest Marine had done an excellent job on the project.

## **IX. OTHER**

The General Manager said he had received a notice that the City of Newport had passed an ordinance amending the code governing parking within the city limits, and the city's parking enforcement officers will now be able to ticket cars that are parked in the Port's parking lots on Bay Boulevard if the car does not have a Port of Newport parking permit showing in the window. New signs will be put up in the parking lot that will include the Newport municipal code and number.

General Manager Don Mann said he had received a notice of a public hearing for a zone change on a piece of property adjacent to the 5-acre wooded lot that the Port owns on Yaquina Bay Road. The zone change that had been requested was from Planned Marine to Rural Residential. A brief discussion followed about whether the zone change would affect property the port is considering as possible mitigation relating to the Terminal Renovation Project, and Mann said it would likely have no effect and the property in question would still be an option for consideration.

The General Manager pointed out an article in Sea magazine that featured the South Beach Marina and RV Park.

General Manager Mann said he had received an offer for solicitation for the NOAA home port project and he was assembling a team to attend the pre-bid conference in Seattle, WA on December 5, 2008. Mike Schmid from KPFF Consulting Engineers planned to attend with the General Manager, as did Commissioner Halverson, Project Manager Pete Dale, and Pete Zerr from OSU Ship Operations. The solicitation document contained more than 300 pages, and Mann was reviewing it in order to formulate questions to submit prior to the pre-bid conference and to assemble information that would be included in the offer, which had a January 21, 2009 deadline. A discussion followed about the four other ports that had received an offer for solicitation and what existing facilities they have in place. Mann said that those ports—Astoria, OR; Bellingham, WA; Port Angeles, WA; and Portland OR—would face the same challenges the Port of Newport would have in building the facility from the ground up. The property the Port is considering is on the south side of the bay, adjacent to the OSU dock, and Mann said that two definite advantages for Newport are its proximity to the ocean and the potential for upland growth if NOAA needs more room to expand. He also noted that the specifications include a 500-pounds per square foot dock, so there would be the opportunity for auxiliary use of the terminal's heavy lift dock when it is built. Mann said the project would be very competitive and there were a lot of details to work out, including finding a way to fund it. The project construction is estimated at \$25 million. He said he would like a consensus from the commission as to whether to pursue the project or not.

Commissioner Barton moved that staff should attend the NOAA homeport project pre-bid conference and proceed to prepare an offer to meet the January 21, 2009 deadline. Commissioner Mathews seconded the motion and it passed 5-0.

Commissioner Goblirsch asked if Mann would need outside lobbying help on the NOAA project and he said he was already in touch with the right people. Commissioner Barton offered to help in any way she could, including attending meetings.

Referring back to the 6-page Terminal Renovation Project Update dated November 6, 2008 that she had prepared, Commissioner Goblirsch said she would like a vote or consensus from the commission as to whether the document could be used or not, because Commissioner Barton had indicated that she had some reservations about it.

Commissioner Goblirsch: When you read through it, Joann, was there anything in there that you thought should be taken out?

Commissioner Barton: No. I wish I had brought my comments or questions with me. I apologize for that. One of the things, and it's a little tricky to bring it up, is on page 6 in the first paragraph. I would be willing chat with you about it over the phone or over a cup of coffee. It reads, "Several permitting agencies are being pressed by an environmental group and some concerned citizens to not allow the Port to proceed with the project. Reasons include not supporting the project at all, opposing inclusion of the heavy lift dock (anti-cargo), wanting the ship(s) removed and concerns about habitat displacement." In my e-mail comments I said I have spoken with several people who have brought up questions about the project.

Commissioner Goblirsch: Remember when we were at the all-agency meeting? That's what Marguerite (Nebeta) from the governor's office and Mary Camarata from DEQ reported. Those were their comments.

Commissioner Barton: There isn't anybody I've spoken to who has questions about the project who don't want to see the project proceed or who don't support it at all. I haven't even heard of anybody opposing the heavy lift dock.

Commissioner Goblirsch: I have to disagree with you there. There are people who oppose the dock. I think there is no question about that. I heard the comments that were made at our work session. In a future iteration of this if you're more comfortable leaving that out, I don't have a problem with it but I didn't want to present something and say there isn't any controversy associated with it when there is. That was my point.

Commissioner Halverson: I think communication with the public is key and this document certainly addresses some of the communication issues. It doesn't answer all of them but it gives the opportunity for the public to become more informed.

Commissioner Goblirsch: As we go through this we can modify it and change it and maybe we can chat about that. Would that be acceptable?

Commissioner Barton: Sure.

Commissioner Goblirsch: So this is something that you're comfortable with us going ahead and using at this time?

Commissioner Barton: Sure.

Commissioner Goblirsch: Because I'd like to have it at our meetings and use it as handouts and change it accordingly as new information develops. Is that sufficient? Do we need to make a motion or do we have consensus?

Commissioner Barton: You have my consensus.

Commissioner Fleck: It's good.

Commissioner Halverson: So this will stand as consensus with the understanding that it is a document in progress and that modification will be made as we proceed. Good work, Ginny.

Commissioner Goblirsch thanked the General Manager and staff for another great Fishermen's Appreciation Day.

Commissioner Mathews thanked the Port for donating an annual launch pass for the Lighted Boat Parade auction.

#### **X. UPCOMING MEETINGS**

- A. Terminal Renovation Project Update, Lincoln County Commission, November 26, 9:30 a.m.
- B. Fishermen's Forum, December 10, 8:30 a.m.
- C. Terminal Renovation Project Update, Open House/Public Forum, December 11, City Hall, 5:00 p.m.
- D. Port Commission Work Session and Regular Meeting, December 23, 6:00 p.m.

#### **XI. ADJOURNMENT**

The regular meeting of the Port of Newport Board of Commissioners was adjourned at 7:25 p.m.

ATTEST:

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Rob Halverson, President

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Dean Fleck, Secretary

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