

**PORT OF NEWPORT
MINUTES
September 22, 2009
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; JoAnn Barton, Secretary; Don Mathews, Treasurer; David Jincks, Assistant Secretary-Treasurer.

Commissioner Excused: Dean Fleck, Vice-President.

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; Gina Nielsen, Marina Office Supervisor; Patty Benjamin, Administrative Assistant.

Others Present: Frank Berg, Joshua Dodson, Glenn Schnaidt, Day CPM Services; Terry Dillman, News Times; Yale Fogarty, ILWU Local 53; Pete Gintner, Port Legal Counsel; Wayne Hoffman, Midcoast Watersheds Council; Larry Johnson and Dave Shellshear, Newport residents; Kiera Morgan, KYTE/KNPT radio; Dr. Hal Pritchett, Facility Use & Design and Terminal Steering Committees; Mike Schmid, KPFF Consulting Engineers; Jim Shaw, South Beach resident; David Ulbricht, Wedbush Morgan.

II. MINUTES

A. Work Session and Regular Meeting—August 25, 2009

Commissioner Barton moved, Mathews seconded, to approve the minutes of the Work Session and Regular Meeting of August 25, 2009 as submitted. The motion passed 4-0.

III. FINANCIAL STATEMENTS

A. Financial Reports. There were no questions on Finance Director Patti Britton's written report, the financial statements, and accounts paid. The commissioners said they appreciated the graph she had included with her report.

B. Accounts Paid.

Commissioner Mathews moved to approve the Financial Statements and Accounts Paid, Check Nos. 11312-11321/Construction Fund and Check Nos. 29203-29331/Operating Account. Commissioner Jincks seconded the motion and it passed 4-0.

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*
- Maureen Keeler, Special Projects Manager*
- Gina Nielsen, RV-Marina Office Supervisor*
- Ron Smith, Terminal Manager*
- Chris Urbach, South Beach Marina Harbormaster*

B. General Manager.

The General Manager asked the commission for a consensus on changing the designation of the Port's insurance agent of record for liability and property coverage. He said the change was not a reflection on the quality of representation the Port was currently receiving but he wanted to give local businesses the opportunity to represent the district, as had been done with the Port's health

insurance coverage. The commission had no objection to changing the insurance agent of record for property and liability insurance to a local company.

The Port had received a letter from the Lincoln County Board of Commissioners asking for a representative from the Port to serve on a 13-member committee to examine options and make recommendations regarding the Lincoln County Fair and the Fair Facilities Fund. Commissioner Don Mathews volunteered to serve on that committee and Commissioner Dean Fleck was appointed as his alternate.

The General Manager gave an update on the capital purchases not to exceed \$108,000 that the commission approved at the August 25, 2009 meeting. Of the five items on the list, a dump truck had been purchased and two trash compactors had been ordered. Mann said he hoped the other three items would be acquired through the fall and winter months.

General Manager Don Mann recommended retaining Day CPM, project manager for the NOAA MOC-P Homeport Project, as independent manager for the Terminal Renovation Project as well. Commissioners Barton and Jincks had been working with Mann in reviewing a management contract agreement. Mann said a final construction budget based on the amount of money remaining should be completed in two weeks or in time for the next regular meeting, at the latest, where it would be presented to the commission. Mann added that KPFF would continue as consulting engineers on the project, and the work scope would include removing both ships. Mann asked the commission to authorize him to enter into a management agreement with Day CPM on the terminal project and authorize expenditures related to the project once the budget was presented.

Commissioner Jincks moved to authorize General Manager Don Mann to enter into an agreement with Day CPM for project management on the Terminal Renovation Project and to authorize Mann to make expenditures within that project's budget. Commissioner Barton seconded the motion and it passed 4-0.

The General Manager referred to a letter from Derrick Tokos, Community Planning Director for the City of Newport, relating to an opportunity the city has for a quick response grant to study how circulation needs and patterns can be improved for sustaining, developing, and investing in the South Beach Peninsula area. The immediate benefit would be the two building projects currently in the design phase for NOAA and ODFW. Mann said he would attend the meetings and provide the city with information about the NOAA project as it relates to the study. The first meeting was scheduled for September 24, 2009 at the Hatfield Marine Science Center.

C. Commissioners' Reports.

Commissioner Barton said she had been involved in project meetings, town hall meetings, and board training.

Commissioner Mathews gave an update on a road construction project on the bayfront, between the Coast Guard Station and Canyon Way. The project is expected to be finished in June 2010.

Commissioner Jincks said he had attended a Special Districts board training session, and spent a week in San Francisco with the Pacific Fisheries Management Council.

Commission President Goblirsch announced that the NOAA Families Welcome Weekend, previously scheduled for October 10-12, 2009, had been postponed until spring when more people will be able to attend. The weekend might coincide with groundbreaking at the NOAA MOC-P site. She suggested that a group from Newport, to include the school superintendent, might travel to Seattle to meet the families and begin addressing their questions. Goblirsch praised the community for coming together and working so hard to put the welcome weekend event together and emphasized that "all the pieces" are still there. Commissioner Barton recognized Guy Faust and John Lavrakis for encouraging small business owners in the community to sign up for training and get registered so that they would qualify to bid on federal contracts. She urged her fellow commissioners to "spread the word" that the training was available and free.

VI. OLD BUSINESS

A. Terminal Renovation—KPFF Consulting Engineers. Mike Schmid, KPFF Consulting Engineers, reported that the structural and civil engineering on the new alternative design was nearly 30% complete. He said KPFF was focused on preparing the supporting documentation for the Joint Permit Application (JPA). He said the sediment sampling analysis was critical at this point because the agencies have made it clear that they want that plan and the actual sampling done prior to the submission of the JPA. Landau and Associates are preparing the actual document. Schmid estimated that the goal for submitting the permit application would be after the first of the year, and added that environmental consultant John van Staveren seemed comfortable with that

general time line. Commissioner Barton asked Schmid about some meetings he had attended with agencies and communications consultants. Schmid answered her questions and said he was coordinating with Day CPM to ensure that communication outreach efforts were not being duplicated and stayed within the original intent of the project management services grant. Schmid said the NOAA and terminal projects would remain separate and draft communication plans would be presented to the commission for approval.

Joshua Dodson, Day CPM, followed Mike Schmid's presentation with a discussion about bringing a contractor on board that would have expertise in pricing the demolition and removal of the Pasley and Hennebique. He said there were many options as to how to proceed but his recommendation, subject to commission approval, would be to enter into a new agreement or reinstate the existing one with Natt McDougall Company (NMC). In answer to a question from Commissioner Barton, Dodson said things "looked different" after a recent meeting with NMC, and Natt and Mike McDougall, who had been involved in the early stages of the project, might be willing to come back for the new pre-construction phase. NMC would not be expected to provide a Guaranteed Maximum Price (GMP) but only to provide the information needed for pricing, scheduling, finalizing the design, and submitting the JPA. Dodson said that because the new design was so far along, a determination would be made later, based on the information provided by NMC or another contractor, as to whether to continue the CM/GC process or go out for public bid on the project. He felt that decision would be made around the first of the year. Mann noted that input from other contractors was also coming in and Commissioner Barton said she liked the idea of "more sets of eyes" looking at the project. Commission President Goblirsch asked about scientist John van Staveren, and Dodson said he was working on reporting and analysis for securing agency permits for both the terminal and NOAA projects. General Manager Mann said van Staveren would submit written updates and present a report at the next regular meeting.

Frank Berg, Day CPM, noted that NMC was a good contractor had given KPFF some of the means and methods of how to remove the Pasley that had allowed the engineers to continue with their design. What was needed now, he said, was for them to finish what had been started in order to determine not only how the ship would be removed, but what it would cost. Berg noted that the cost figures for the in-water demolition and the cofferdam would be estimates and NMC would not be held to those numbers. In answer to a question from Commissioner Barton, Berg said that if the Port and the contractor can't agree on a GMP at the end of the preconstruction phase, the Port is under no obligation to hire the contractor and is free to pursue the next lowest proposal or go out for public bid. He said one of the positives to the project is that the next in-water work window will be a year from November, so there would be time to get the permits and create a project schedule. Berg said the entire team was in agreement that NMC would be the best contractor to move the next phase of the project forward.

In conclusion, it was the consensus of the commission to direct Project Manager Joshua Dodson to continue discussions with Natt McDougall Company (NMC) and enter into a pre-construction contract with NMC on the Terminal Renovation Project, if NMC was interested in proceeding. Commissioner Mathews noted that using NMC was the direction the project had taken all along, starting with the initial steering committee, and he was quite comfortable with it. General Manager Mann said a written contract would be submitted to the commission for review.

B. NOAA MOC-P – Day CPM Services. Project Manager Joshua Dodson introduced the members of the NOAA team that were present at the meeting and then distributed a packet he had created as an update on the NOAA MOC-P Project. The packet included a summary, organizational chart, project schedule, budget breakdown, minutes from the weekly meeting of September 15, 2009, and the CM/GC selection process schedule dating from September 16, 2009 to the first week of November when the construction services contract will be awarded. The last page of the packet included project photos. Referring to the organizational chart, Commissioner Barton noted that the commission was not on it, and Dodson said that would be corrected. He went on to say that the project was proceeding on schedule. He explained the budget summary in detail, including bond issuance fees, dept service, capitalized interest, and soft costs. In answer to a question from Commissioner Barton, Dodson said the team was already working on recommendations for the selection committee; and in answer to a question from Commissioner Goblirsch, he explained the scoring methodology and interview and protest procedures.

General Manager Mann called on David Ulbricht, Webush Morgan, to provide an update on the revenue bond process. Ulbricht said weekly meetings were being held between the finance team, which included bond counsel, the underwriters, representative from the Port, and the Port's legal counsel, to go through the financing documents. Ulbricht said he was keeping NOAA informed on the process. A public notice would be published twice relating to the bond resolution and a special meeting was scheduled for September 29, 2009 to present the resolution to the commission for adoption. Referring to the \$19.5 million in grant funds, Ulbricht said he had been in discussions with the state and had heard by e-mail that the state would request the state treasurer's office to "bump up" their bond sale from May to the 1st of November; so if everything went as planned, the funds

should be accessible by early December. He said the coastal caucus is being kept informed on revenue bond and grant funds process.

C. HMSC Master Plan Update – ODFW Buildings. Dr. George Boehlert, HMSC Director, rescheduled his presentation for the October meeting. He was to meet with the community planning group on September 24, 2009, and would have more information on the planning process as it relates to HMSC's master plan after that meeting.

VII. NEW BUSINESS

A. Declaration of Surplus Property. The General Manager recommended that the commission declare a 1983 GMC dump truck and a 100 HP Evinrude outboard motor to be surplus property so the Port could dispose of the items through a public sale process.

Commission Jincks moved that the 1983 GMC 3-Ton Dump Truck, VIN #1GDE6D1A5DV527166, and the Evinrude V4 100 HP Outboard Motor, Model E100WTLERTS, SN 003629601 be declared surplus to the Port's needs. Commission Barton seconded the motion and it passed 4-0.

VIII. MEETING RECESS at discretion of the chair.

There was no meeting recess.

IX. OTHER

There was nothing under Other Business.

X. PUBLIC COMMENT

Newport resident David Shellshear referred to the JPA that had been submitted previously and the \$19 million estimate for the preferred alternative and the \$25 million estimate to remove the Pasley. He said he assumed those estimates had been provided by NMC and wondered that had changed significantly since then on NMC's input for removal costs. Commissioner Jincks pointed out that no new estimate had been arrived at as yet, and the project now has a different schedule, a different preferred alternative, and the Port is also looking at other companies for estimates on removal costs. Commissioner Goblirsch reiterated Project Manager Joshua Dodson's earlier statement that NMC's previous figures were based on architectural designs that were not 100%, so NMC had submitted a ballpark figure that was generous enough to cover higher costs in case they were wrong. Commissioner Jincks added that, with direction from the agencies, a defined cost and a time line for removing both ships would be part of the new JPA. He said it would not be an easy task to remove the ships so the Port was looking at getting good value on a finely engineered project that would benefit the Port and the taxpayers.

XI. UPCOMING MEETINGS

- A.** Special Meeting, Port of Newport Conference Room, September 29, 6:00 p.m.
- B.** Pacific Coast Congress of Harbormasters & Port Managers, October 6-9, Bremerton, WA
- C.** Special Meeting, Port of Newport Conference Room, October 7, 2009
- D.** Pacific Northwest Waterways Annual Meeting, October 13-15, Vancouver, WA
- E.** Fishermen's Forum, October 14, 8:30-9:30 a.m.
- F.** Port Commission Work Session and Regular Meeting, October 27, 6:00 p.m.

XII. ADJOURNMENT

There being nothing more to come before the Board of Commissioners, the meeting adjourned at 7:30 p.m.

ATTEST:

Ginny Goblirsch, President

David Jincks, Asst. Secretary-Treasurer

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