

**PORT OF NEWPORT
MINUTES
June 28, 2011
SPECIAL WORK SESSION**

I. CALL TO ORDER

Commission President Ginny Goblirsch brought the Work Session of the Port of Newport Board of Commissioners to order on Tuesday, June 28, 2011 at 12:00 p.m., in the Port Conference Room, the same being within the boundaries of the Port District.

The purpose of the Work Session was to review and prioritize outstanding work items, and discuss the International Terminal Renovation Project budget and Amendment #9, Tie Backs/Tie Beam, Phase 1 of the Terminal Renovation.

Commissioners Present: Ginny Goblirsch, President; JoAnn Barton, Vice-President; David Jincks, Secretary; and Don Mathews, Treasurer, who arrived at 12:15 p.m.

Commissioners Excused: Dean Fleck, Assistant Secretary-Treasurer.

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

Others: Frank Berg and Joshua Dodson, Day CPM; Natt McDougall, Natt McDougall Company; Pat Ruddiman, ILWU Local 53; Grant Snyder, Wiggins Towboat.

The Chair moved the discussion of the budget outlook on the International Terminal Renovation Project ahead on the agenda, out of consideration for those in attendance from out of town.

II. INTERNATIONAL TERMINAL PROJECT

A. Budget Outlook—Day CPM. Frank Berg, Day CPM, led the discussion about the International Terminal Renovation Project budget. Projecting a copy of the Phase 1 and Phase 2 budget reconciliation document onto a screen, he explained that the estimated total of Amendments No. 1-8 for work in Phase 1 of the project was \$10,374,099 and the total projected savings was \$2,173,389. However, the projected total for Amendments No. 9-15 for Phase 1 work was \$15,345,221. \$13,033,666 remained in the construction budget, leaving a shortfall of \$2,311,555. A discussion followed about options for funding the deficit, including promoting a bond to the voters, applying for grants and loans from the Economic Development Administration or the Oregon Business Development Department, and using \$800,000 from a current Brownsfield loan towards construction costs, turning it into a 20-year loan rather than repaying it in a lump sum as originally planned. Commissioners Jincks and Barton said they would want more information on what the monthly debt service would be and what revenue sources could be counted on to offset that debt service, if the Port were to consider taking out another loan. General Manager Don Mann pointed out the possibility of using any savings from the NOAA MOC-P Project towards the Terminal Renovation, once that final summary had been done. Berg also pointed out that there would be a savings if the east dock was restored for a ten-year safe and usable life span, rather than replaced. In answer to a question from Commissioner Goblirsch, Natt McDougall, President of the Natt McDougall Company (NMC), said he felt the project would be out of money by the end of July, if it stayed on its current course. He suggested that making change orders to the existing amendments and taking drawdowns from the savings in them would probably buy time on the project until September. He also noted that the costs associated with Amendments No. 12-15 were based on estimates made 18 months ago, and that there was no time line for realizing the potential savings from salvaging and re-selling the sheet pile. McDougall said another component to consider was that each amendment except one had a

contingency built in as a safeguard, and those committed funds could be pulled out and put towards the shortfall in the budget. Commissioner Barton asked about the risk involved in doing that, and McDougall said he was of the opinion that the potential problems in the project had been assessed and could be dealt with, without committing dollars against something that might never happen. He concluded by saying that a drawdown amount from the existing amendments would allow the project to move forward toward demolition of the Pasley.

Commissioner Jincks moved to direct the project manager, Day CPM, to work with Natt McDougall Company (NMC) to identify an amount that could be drawn down from the existing amendments. Commissioner Barton seconded the motion and it passed 4-0.

Commissioner Jincks moved to approve Amendment No. 9, Tie Backs/Tie Beam. Commissioner Barton seconded the motion and it passed 4-0.

Commissioner Goblirsch directed the General Manager, Don Mann, to schedule a work session for the purpose of discussing financing for the Terminal Renovation Projection.

III. REVIEW OUTSTANDING WORK ITEMS

A. Infrastructure—Repairs and Maintenance

1. Port Dock 5 Header, Pedestrian Ramp. Project Manager Pete Dale distributed a report he had prepared on the Port Dock 5 upgrade and repair project. Dale reported that the dock was more than 60 years old and there would be certain ADA compliance issues involved in getting a permit to do the work. Dale said there were some clauses in the ADA laws that would allow certain facilities to not comply fully with ADA requirements because of hardships and engineering problems, but it would be the state's call as to whether the Port's project would fit within those perimeters. An engineer from McGee Engineering in Corvallis, OR had looked at the project and recommended replacing the gangway. Dale suggested that the gangway could be built with a splice point allowing the length to be extended in the future, and emphasized that whatever work was done now should be incorporated into a final design. A discussion followed about ADA slope requirements, gangway length regulations for existing facilities, the gangway landing, and methods for removal of piling. In answer to a question from Commissioner Jincks, Dale said McGee Engineering had been recommended by West Coast Contractors. Commissioners Jincks and Barton asked Dale to get an estimate from a second firm before a selection is made, and also to make some follow up calls on McGee Engineering's in-water projects. Dale reported that Port staff had expressed concern about vehicles on the pier at Port Dock 5, and Commissioner Jincks said the Port should get an engineer's opinion on that. He also brought up ingress and egress during construction and the General Manager said that had been discussed during a recent Fishermen's Forum meeting at the Port but no action had been taken. Commissioner Jincks suggested that the next update on the project should include the issue of vehicles on the pier, and also the topic of ingress and egress during construction because there would be costs associated with that. Commissioner Barton asked for a graphic representation of the project and Dale said he would work with Maureen Keeler to produce a PowerPoint presentation for the next meeting.

B. Administration—Policy

1. Port Ordinance. Commission and staff had been working on a draft update of the Port Ordinance-1991. Some specific items, such as the ordinance relating to dock boxes at the South Beach Marina, had already been brought to the commission's attention. Commissioner Jincks said he thought the format of the existing ordinance was confusing and he suggested that moorage and harbor services should be separate from the RV Park and terminal operations. He added that there was too much reliance placed on staff decisions when it came to Port policy, when there should be established policies to refer to in the ordinance. The General Manager had been working with the Port's lawyer on the ordinance update and said he would speak to him

about the format. The commission directed the General Manager to send out a clean copy of the ordinance draft to the commissioners by e-mail, without the edits and bullets, on July 19, 2011, before the next work session.

2. Strategic Business Plan. General Manager Don Mann reported that small updates had been made to the Port's strategic business plan over the last ten years but had never been formally adopted. He said the state had completed a format for a state ports plan this calendar year and recommends that all 23 port districts in Oregon follow those guidelines in drafting their own plans. The port districts must do that within two years in order to qualify for certain state funding programs. Mann suggested that the commission set a goal of finishing the Port of Newport's strategic business plan by the end of this year. He said there was funding available through a Port Planning and Marketing grant to pay for developing strategic business plans, and recommended hiring a consultant to help write the plan based on commission and staff's input and the state's format. He said he would get a copy of the state port plan to the commission, along with a copy of the Port's current strategic business plan and input as to what some of the other ports were doing, before the August 23, 2011 noon work session.

3. Emergency Response Plan. Commissioner Goblirsch said that she had been working with the General Manager on the emergency response plan and he had been gathering information from other sources. She said it would be important to outline what the Port wants and needs in an emergency response plan, and the plan should also coincide with what NOAA requires for emergency response. Commissioner Jincks added that consideration should be given to the Port's other South Beach tenants and stressed the importance of working with other entities, such as the Hatfield Marine Science Center, on emergency response. Commissioner Goblirsch said she and the General Manager would have a report for the commission on the emergency response plan at the regular meeting in August.

C. Operations

1. Hoist Dock Operating Procedure. The General Manager said a discussion had been held at a recent Fishermen's Forum meeting about the possibility of the fish buyers bringing in their own equipment to move pallets and totes and offload product, thus freeing up the operations crew for other duties. Commissioner Jincks said it had been his observation that the problem was not the time spent servicing the boats when they were there but the downtime in waiting for them. A discussion followed about increasing efficiency by establishing a schedule like the fish plants have for offloading. The General Manager said he would like to reconvene the discussion at the next Fishermen's Forum meeting and talk more about a scheduling procedure.

D. International Terminal

1. Project Funding Options. There had been a discussion of project funding options during the terminal budget presentation by Frank Berg.

2. Log export Inquiries. The General Manager had provided the commissioners with a matrix showing recent calls and indications of interest in using the terminal facility for log export.

IV. PRIORITIZE WORK ITEMS

The Port Dock 5 header and gangway project had been identified as the top priority maintenance item for 2011/2012. There was a discussion about creating a reporting system for updates on other work session items.

V. OTHER

The Chair suggested having elections of officers during the regular meeting that evening, so the incoming officers could take charge on July 1, 2011.

General Manager Don Mann and Commissioners Jincks and Mathews reported on a committee meeting they had attended on the development of a bayfront parking district. They felt that discussions were moving forward in a positive and participatory manner.

Project Manager Pete Dale distributed copies of a new design for the proposed Rogue Ales expansion. Dale said the new footprint was approximately 2,000 square feet larger than the original, and fire lane requirements would increase it even more. General Manager Don Mann said he would schedule a meeting with Brett Joyce, Rogue Ales, to discuss the changes in the design. Mann would notify Commissioners Fleck and Jincks, and Pete Dale, when the meeting has been scheduled so they can attend as well.

VI. PUBLIC COMMENT

There was no public comment.

VII. NEXT WORK SESSION

The next work session was scheduled for July 26 at 12:00 p.m.

VIII. ADJOURNMENT

The Work Session was adjourned at 1:45 p.m.

ATTEST

JoAnn Barton, President

David Jincks, Secretary

L:\Minutes\Work Session 06 28 2011