PORT OF NEWPORT COMMISSION WORK SESSION

Monday, June 24, 2024, Noon
Administration Building
600 SE Bay Blvd.
Newport, OR 97365

This will be a hybrid meeting, which means you can attend in-person, or you can view the livestream of this meeting on our website: https://www.portofnewport.com/2024-06-24-commission-meetings-2024-june-24-2024-noon

Anyone interested in making virtual public comment must complete the form on our website and submit it by 10:00 a.m. on Monday, June 24, 2024: https://www.portofnewport.com/2024-06-24-commission-meetings-2024-june-24-2024-noon

I. Call to Order

II. Changes to the Agenda

III. Old Business

A. Update on the Port of Newport International Terminal – *Miranda* .....Page 2

IV. Public Comment (3-minute limit per person)

V. Adjournment

Port of Newport

WORK SESSION

DATE: *June 24, 2024*

RE: ***NIT UPDATE***

TO: ***Port of Newport Board of Commissioners***

ISSUED BY: ***Paula J. Miranda, Executive Director***

BACKGROUND

When I started at the Port 5 years ago, I was directed to look at new opportunities for the International Terminal. At the time I was given a potential list from the longshore lobbyist. I followed up on most of the list and had a visit with a couple potentials, one of which visited the terminal. I also added some flyers in our website, Business Oregon Real Estate availability and the Association of Pacific Ports. Nothing came to fruition at that time. Soon thereafter, we dealt with the COVID pandemic, and everything came to a halt, as not even the busiest cargo terminals were very functional at the time.

I also looked at the possibility of bringing cruises. I found that some of my predecessors have also done some research, which was still available through our files. I spoke to the cruise manager at the Port of Astoria but learned that their smaller vessel would not fit under the Newport bring. Smaller vessels such as the ones found along the Columbia River were not ideal because of the roughness of our Pacific Ocean. However, I talked to American Cruise Lines, and they are looking into building new vessels that can travel to Hawaii. Those same vessels could be a possibility for our area in the future.

As to cargo, some of the things we heard was the lack of rail, lack of deep draft (-40 feet more), lack of storage and lack of equipment were big turndowns. Those factors are also indicated in our Strategic Plan, which narrow down uses for cargo in our terminal to forest industry and breakbulk.

We have since worked with a couple of forest industry firms here in the Pacific Northwest that would like to ship out of here should we have the equipment and storage areas. Meanwhile, we also continued being approached by other forest industry businesses, but nothing concrete.

We have also continued to be approached by various businesses related to wave energy and also was approached by the Port of San Diego, who has been working with the Port of Ridgefield on opening up opportunities for the M5 Highway (Marine Highway) for short sea opportunities that could be funded through MARAD. We are still engaging on that and trying to figure out how that could work for us.

In order to create opportunities and open up the doors for something more solid, the Port have worked in grading the 9 acres and looked into getting some equipment, of which could help on the forest business side.

As you know, we were successful in obtaining a grant from the Maritime Administration for approximately $3.5 Million dollars. Those funds will assist in not only purchasing a couple of equipment for exclusive use at NIT, but also to grade the 9 acres and fence approximately 3 of those acres. That will be specifically useful for the wave energy, as there are a lot of expensive parts that need to be store in a safe area.

While the Port will have to match over $800K, this amount will be close to what we would pay just to get the 9 acres ready, so in essence, the equipment would come almost at no cost to the Port and could make a difference in the future of NIT.

Although the forest industry is known for being unstable at times, the Pacific Northwest and Oregon in particular is still very dependent on the forest industry, and I don't believe is going anywhere at any time.

For the past 15 years, the Port, the State, along with the public through bonds have invested a lot into the terminal with the concept of being a multi-use terminal. Although we appreciate our current users and we have no intention of misplacing anyone, we need to find more ways to sustain the terminal for the long term. As you may see, the current expenses supersede the revenues. Without the help of other Port revenues, we would not be able to maintain the terminal in the long term. Major expenditures have been kept at a minimal because of the terminal recent updates, but that will not be the case in the future. Currently, we believe that with the current use (Seafood), the wave energy and perhaps the forest industry, along with other possible breakbulk opportunities, we should be able to find ways to make all those uses work together.

I have asked my directors to put together various information, which includes the current financials and prospect information should we get cargo business to help leverage the expenses at NIT. We have also put together different scenarios of how things could work, as the terminal get busier. Reminding again that those are just hypotheticals and may change based on actuals that may require different approaches. In either case, we will need the current users to work with us in order to accommodate the much-needed additional business.

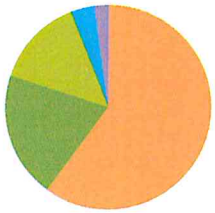
At this point, since we don't have any major uses in mind and anything would be hypothetical, perhaps is not the best time to put a committee together. We don't foresee getting our equipment for nearly a year. As we foresee anything changing, I think that is a good idea though. Ultimately, it should be the Port's decision on how the terminal best operates. However, the Port should take into consideration the needs of the users (current and future).

FORESTRY & WOOD PRODUCTS IN OREGON

Oregon's wood products industry is a traded sector, with close to 75 percent of all products made here sold outside the state. This state dominates U.S. production of softwood lumber and plywood. Now, it's also a leader in engineered wood, and home to the first mill in the United States to manufacture structurally certified cross-laminated timber (CLT). Oregon forest landowners practice sustainable forestry and comply with the Oregon Forest Practices Act.

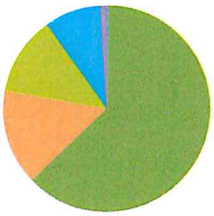
Lumber	5.5 billion board feet 16% of total U.S. production (No. 1 in U.S.)
Plywood	2.5 billion square feet 28% of total U.S. production (No. 1 in U.S.)

FORESTLAND OWNERSHIP



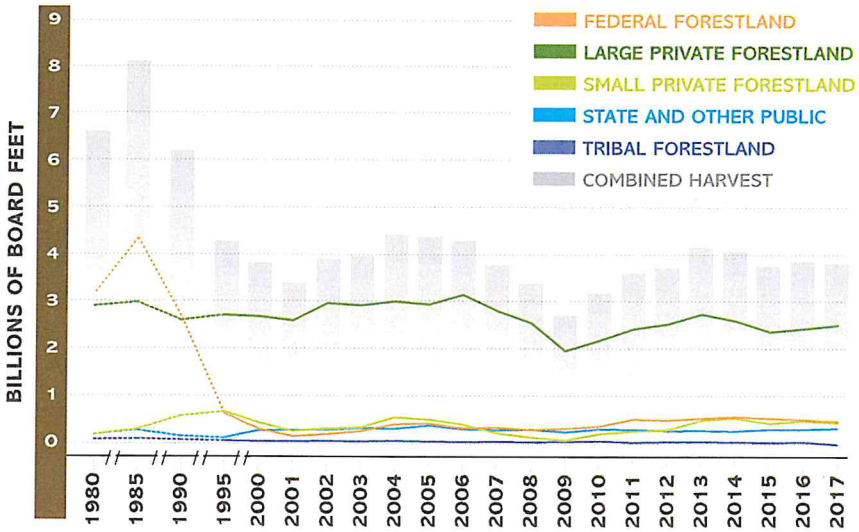
60%	FEDERAL	13%
22%	LARGE PRIVATE	66%
12%	SMALL PRIVATE	12%
4%	STATE AND OTHER PUBLIC	9%
2%	TRIBAL	<1%

TIMBER HARVEST BY OWNER



NO CHANGE IN NUMBER OF FORESTED ACRES IN OREGON SINCE 1953: STILL 30 MILLION ACRES

OREGON TIMBER HARVEST BY OWNER



40 MILLION TREES PLANTED IN 2017

FORESTLAND OWNERSHIP (acres)

Federal	17.8 million
Large private	6.6 million
Small private	3.6 million
State and other public	1.1 million
Tribal	484,000
TOTAL	29.7 million

Nearly half of Oregon's 63 million acres are forestland.

FOREST SECTOR JOBS (2017)

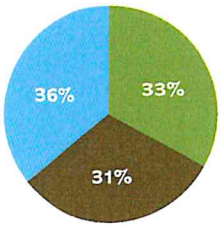
Forest management	6,952
Forestry support	13,239
Primary forest products	19,888
Secondary forest products	12,197
Distribution, transportation	8,775
TOTAL	61,051
Annual payroll	$3.3 billion

PRIMARY WOOD PROCESSING

Sawmills	90
Plywood/veneer plants	26
Pulp and board plants	19
Engineered wood plants	18
Other	35
TOTAL FACILITIES	188

A BALANCED APPROACH - FORESTLAND MANAGEMENT CLASSES

Oregon's forests are managed for three primary purposes: timber production, multi-resource, including recreation, water and wildlife, and reserves with limited timber harvest that are set aside as parks or wilderness areas, or to protect endangered species habitat.



TIMBER PRODUCTION
MULTI-RESOURCE
RESERVE

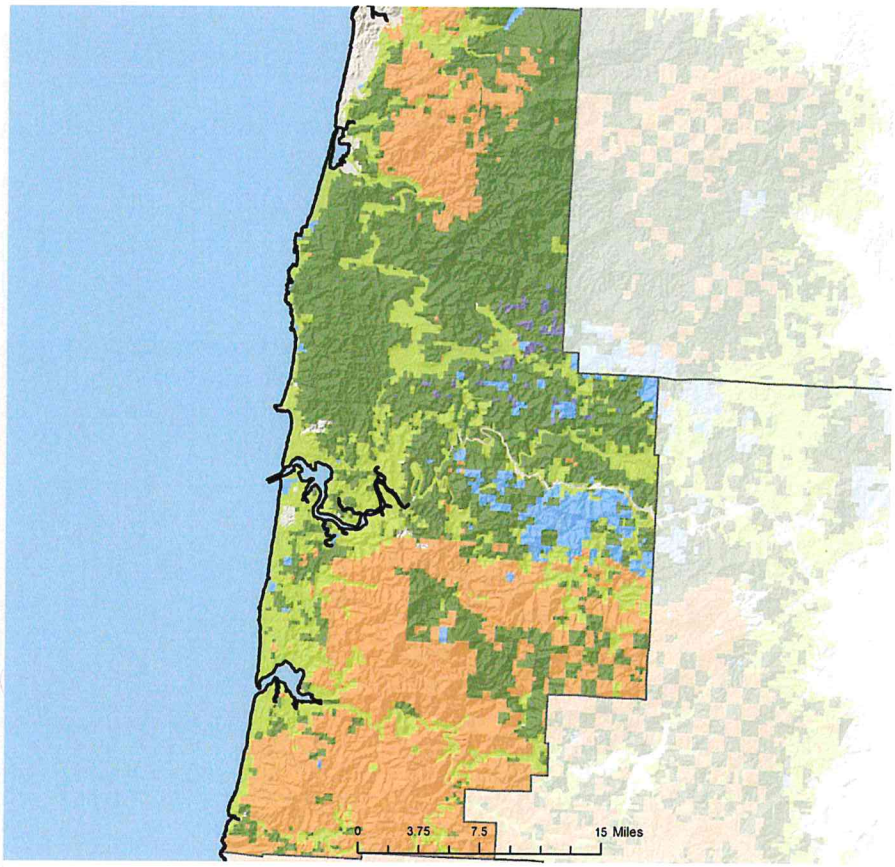
Oregon Forest Resources Institute

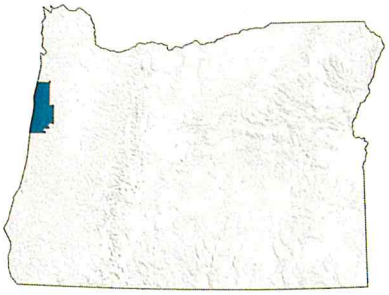
OregonForests.org

Most current data available. Excerpted from 2019-20 *Oregon Forest Facts*. Special appreciation to Oregon Department of Forestry for ownership and harvest data and map, and to the Oregon Employment Department for job data.

LINCOLN COUNTY

Oregon Forest Resources Institute





FEDERAL
LARGE PRIVATE
SMALL PRIVATE
STATE AND OTHER PUBLIC
TRIBAL
NON-FORESTED LAND

LAND AREA (thousands of acres)

Total land	635
Total forestland (82%)	520

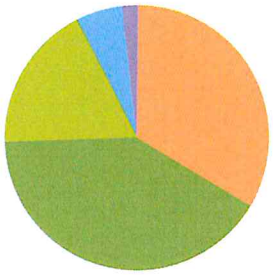
FORESTLAND OWNERSHIP (thousands of acres)

Federal	174
Large private	213
Small private	93
State and other public	30
Tribal	10
TOTAL	520

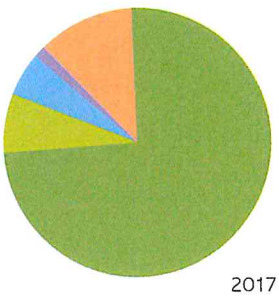
TIMBER HARVEST (thousands of board feet)

Federal	21,603
Large private	137,699
Small private	12,976
State and other public	9,924
Tribal	2,543
TOTAL	184,745

FORESTLAND OWNERSHIP



TIMBER HARVEST BY OWNER



33%	FEDERAL	12%
41%	LARGE PRIVATE	75%
18%	SMALL PRIVATE	7%
6%	STATE AND OTHER PUBLIC	5%
2%	TRIBAL	1%

2017

FOREST SECTOR JOBS

Forest sector jobs	913
% of county employment	4.2
Average annual wage	$68,391
% of average county wage	186

PRIMARY WOOD PROCESSING

Sawmills	1
Pulp and board plant	1
Other facilities	1
TOTAL FACILITIES	3

OregonForests.org

Timber harvest and forest sector jobs data is from 2017. Wood processing data is from 2013. Jobs data is from the Oregon Employment Department. Ownership, harvest data and map provided by the Oregon Department of Forestry.

Port of Newport

STAFF REPORT
INTERNATIONAL TERMINAL

DATE:	**25 June 2024**
RE:	**Comparative Income Statement**
TO:	**Paula Miranda, Executive Director**
ISSUED BY:	**Mark A. Brown, Director of Finance and Business Services**

Comparative Income Statements

A 2-year comparative income statement (for Period: June 1, 2022, through May 2024) is included in your packet.

Please note:
In Fiscal Year 2023-2024 the Oregon Department of Revenue Required budgets to break out debt service into a separate department.

What these Income statement show, for an approximate 2-year period beginning June 1, 2023:

Operating Revenues as a percentage of operating revenue:

International Terminal	11.7%
Commercial Marina	28.7%
South Beach	59.6%

Operating Expenses, as a percentage of operating expenses:

International Terminal	13.8%
Commercial Marina	28.4%
South Beach	57.7%

Based on total expenses the Operating expenses at the International Terminal are higher than either the Commercial Marina or South Beach.

Operating Income (revenues – expenses):

International Terminal	6.6%
Commercial Marina	22.2%
South Beach	71.2%

It stands to reason that the overall operating income, shown as a percentage is not proportionate to the operating revenue, since operating expenses are high.

Non-Operating Revenue

International Terminal	93.5%	(loan)
Commercial Marina	5%	(grant)
South Beach	1%	(interest)

The Loan Revenue should be discounted, as it was a loan for additional equipment (new crane) at the terminal. This is the anomaly of public accounting, all revenue must be shown, even loans.

Net Income (Loss), before debt service, includes capital outlays

International Terminal	105,988
Commercial Marina	65,674
South Beach	(391,528)

Net Income, excluding Debt Service, excluding Capital Outlay, excluding Loan Revenue

International Terminal	$ (479,004)
Commercial Marina	$ 366,111
South Beach	$1,183,491

Over an almost 2-year period the International Terminal lost $479,004. Depreciation Expense has not been included in these calculations, nor its overhead included in these numbers.

Over the past 2 years, the Income Statements show the International Terminal is being supported by both the Commercial Marina and South Beach.

If this were a commercial enterprise, we would be doing one of three things:

1. **Cutting expenses at International Terminal**
    a. There are not a lot of expenses that can be cut, staffing cut would be the only one to consider, but then service to our customers is the offset. Without appropriate staff, customer would have to wait quite a while to get their vessels loaded and unloaded.
2. **Increase revenues dramatically (250,000 per year)**
    a. Based on a 2 day stay, at full dockage rates, to makeup this loss, I **estimate** it would take one of the following
        i. Wave Energy loads 10 loads per year
        ii. Pulp 24 loads per year
        iii. Logs 11 loads per year
    b. Without additional revenue at the International Terminal, the Port will continue to struggle financially.
3. **The most drastic move, shut down the Terminal**
    a. The effect on the local community would be drastic and unacceptable

The only viable option is to increase revenues, while still supporting the local fishing community in a manner that is acceptable to all parties.

Summary Income Statement
Period: 07/01/22..05/31/24

2 Year Income Comparison
Excludes Debt Service

Description	South Beach	Commercial Marina	International Terminal	Totals
Operating Revenue				
Lease Revenue	403,433	232,707	135,480	771,619.49
Moorage	1,153,725	736,840	146,039	2,036,604.54
Services	0	190,771	76,460	267,230.65
Cargo	997	0	18,028	19,024.29
RV Park Space Rentals	1,184,878	0	0	1,184,878.40
Fees	216,085	239,640	101,240	556,964.44
Property Tax Revenue	0	0	0	0.00
Discounts and Refunds	(20,583)	(9,413)	1,958	(28,038.42)
Overages and Shortages	0	0	0	0.16
Miscellaneous Operating Revenue	(3,389)	23,142	96,084	115,836.79
Operating Income - Suspense	0	0	0	0.00
Operating Revenue, Total	**2,935,145**	**1,413,687**	**575,289**	**4,924,120.34**
Expenses				
Operating Expense				
Operating Expense: Personnel Services, Total	*683,148*	*515,622*	*209,219*	*1,407,988.72*
Operating Expenses: Materials and Services, Total	*1,076,928*	*531,954*	*257,729*	*1,866,611.23*
Total Operating expenses	**1,760,076**	**1,047,576**	**466,948**	**3,274,599.95**
Operating Income	***1,175,069***	***366,111***	***108,341***	***1,649,520.39***
Non-operating Revenues				
Total Grant Revenue	0	32,245	0	32,245.00
Loan Proceeds	0	0	587,345	587,345.00
Interest	8,422	0	0	8,421.75
Gain/Loss on Sale of Assets	0	0	0	0.00
Capital Contributions	0	0	0	0.00
Transfers In from Other Funds	0	0	0	0.00

Period: 07/01/22..05/31/24

Port of Newport

Fund Filter: 100

Description	South Beach	Commercial Marina	International Terminal	Totals
Miscellaneous Non-operating Revenue	0	0	0	0.00
Non-operating Revenues, Total	**8,422**	**32,245**	**587,345**	**628,011.75**
Non-operating Expenses: Debt Service, Total	*0*	*0*	*0*	*0.00*
Non-operating Expenses: Capital Outlay, Total	*1,569,043*	*329,615*	*589,698*	*2,488,354.85*
Non-operating Expenses, Total	**1,575,019**	**332,682**	**589,698**	**2,497,398.19**
Non-Operating Income (loss)	**(1,566,597)**	**(300,437)**	**(2,353)**	**(1,869,386.44)**
Net Income (loss)	***(391,528)***	***65,674***	***105,988***	***(219,866.05)***

PON Summary Inc Statement
HISTORICAL VIEW - 6 YEARS OF INTERNATIONAL TERMINAL BUSINESS
Port of Newport

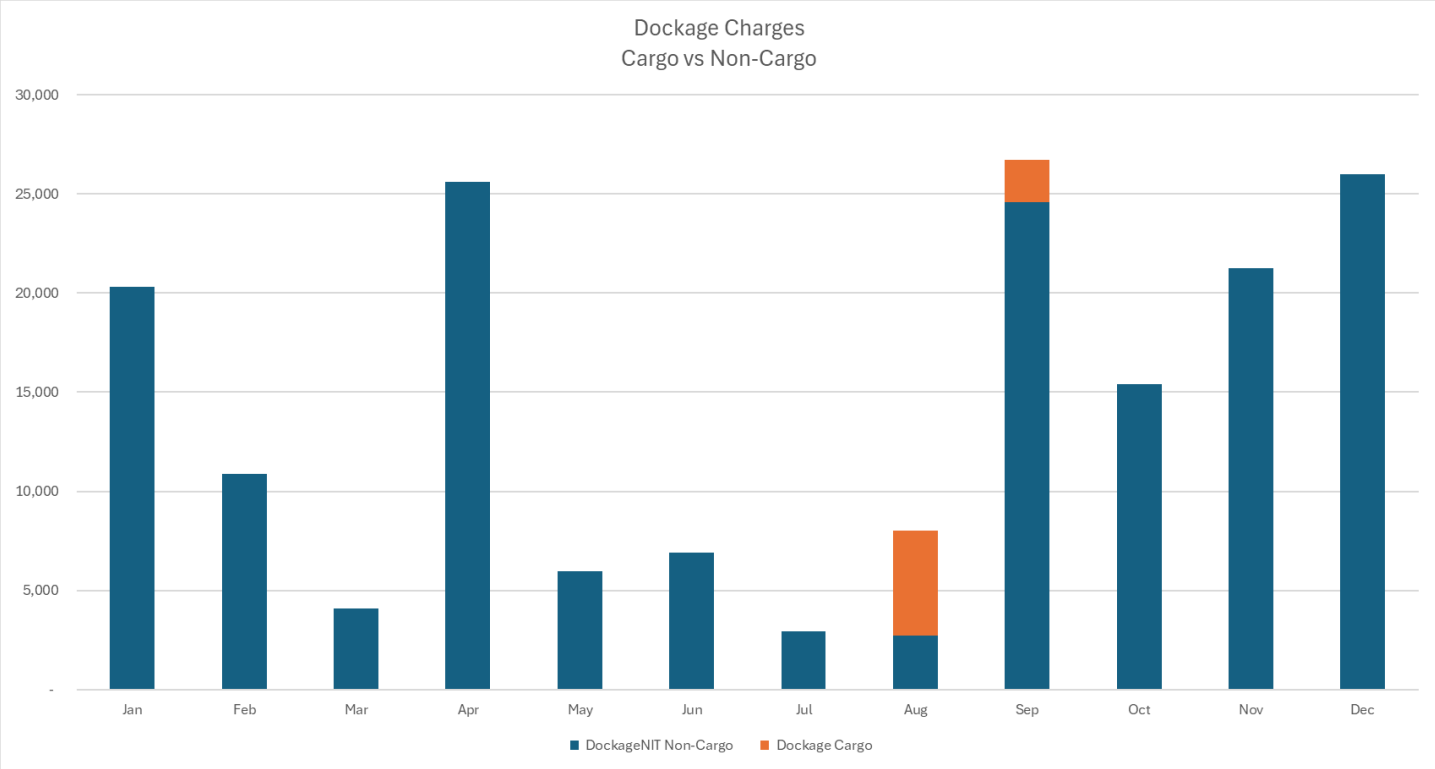
Description	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	Totals
OPERATING REVENUE							
Lease Revenue		145,919	139,994	148,751	264,050	135,522	834,235
Moorage	97,296	173,002	170,431	186,704	152,060	146,039	925,532
Services	409,928	531,995	498,822	508,182	159,632	76,460	2,185,019
Cargo	1,572	0	0	2,175	4,729	18,028	26,504
Fees			0	0	170,957	101,158	272,114
Discounts and Refunds			0	0	280	1,958	2,238
Miscellaneous Operating Revenue	1,851	63,251	17,685	859	103,478	96,084	283,208
Total Operating Revenue	**510,647**	**914,167**	**826,932**	**846,671**	**855,185**	**575,249**	4,528,850
OPERATING EXPENSES							
Salaries, OT, & Benefits	81,033	153,354	187,002	191,678	242,910	234,278	1,090,255
Materials, Services	148,562	189,623	243,167	220,282	311,054	262,938	1,375,626
Total Operating Expenses	**229,595**	**342,977**	**430,169**	**411,960**	**553,965**	**497,216**	2,465,882
OPERATING INCOME (LOSS)	**281,052**	**571,189**	**396,763**	**434,711**	**301,220**	**78,033**	**2,062,969**
NON-OPERATING REVENUES							
Grant Revenue	-	0	2,500	0	0	0	2,500
Loans	-	0	0	0	0	0	0
Miscellaneous Non-operating Revenue	50,623	84,442	10,914	126	26,523	0	172,628
Total Non-operating Revenues	**50,623**	**84,442**	**13,414**	**126**	**26,523**	**0**	175,128
NON-OPERATING EXPENSES							
Debt Service	471,185	178,329	492,100	277,214	160,565	374,044	1,953,437
Capital Outlays	1,200	0	77,711	2,469	1,745	589,698	672,823
Total Non-Operating Expenses	**472,385**	**178,329**	**569,811**	**279,683**	**162,310**	**963,742**	**2,626,260**
Non-Operating Income (Loss)	**(421,762)**	**(93,887)**	**(556,397)**	**(279,557)**	**(135,787)**	**(963,742)**	(2,451,132)
Net Income (Loss)	**(140,710)**	**477,302**	**(159,634)**	**155,154**	**165,433**	**(885,709)**	**(388,164)**
LESS LEASE REVENUE	0	145,919	139,994	148,751	145,919	135,522	834,235
NET INCOME RELATED TO TERMINAL OPERATIONS	***(140,710)***	***331,383***	***(299,628)***	***6,403***	***19,514***	***(1,021,230)***	***(1,104,268)***

Port of Newport

STAFF REPORT

DATE:	**25 June 2024**
RE:	**International Terminal**
TO:	**Paula Miranda, Executive Director**
ISSUED BY:	**Mark A. Brown, Director of Finance and Business Services**

Dockage charges Cargo vs non-cargo

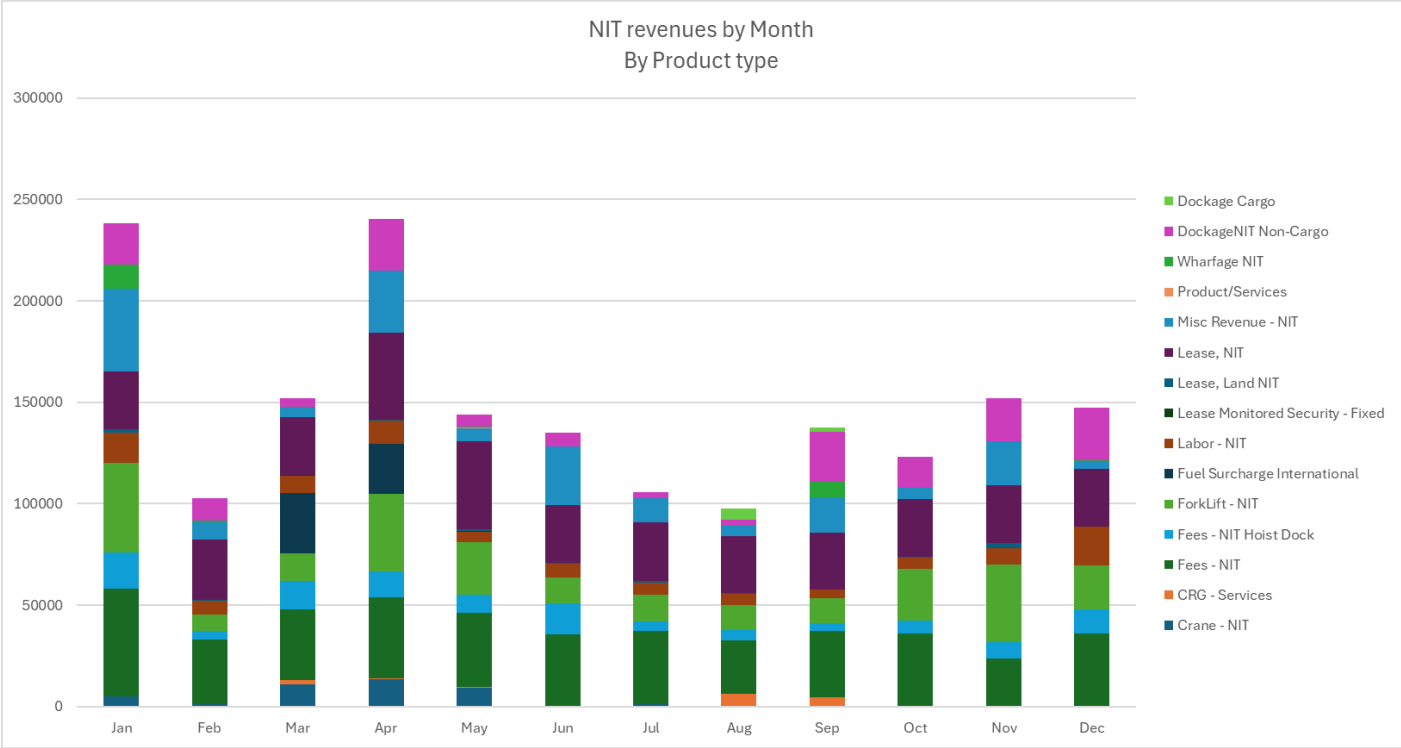


This chart compares the revenues generated by month, generated by non-cargo vessels versus cargo vessels.

Non-cargo vessels make up a majority of the revenue the Port earns at the International Terminal. Since September of 2022, The Port has only received cargo vessels in the months of August and September. As if July 1, 2024, and based on a 351-foot vessel the rate charged to a Cargo vessel is $6.28 per foot per day (based on the minimum charge per day of $2,202.59) The rate charged to a non-cargo vessel is $1.81 per foot.

The Port does not have a full dataset for June and July as the Port's system was not configured to capture the correct data until August or September of 2022.

NIT Revenues by Month by Product Type:



This chart depicts the revenues received by the Port by month for the International Terminal, it further breaks down the Revenues by product type (The different colors in the chart which you may or may not be able to see). This chart depicts the relationship between revenues from fees and the other charge at the International Terminal, as dockage increases, so does the revenue derived from fees, forklift use, hoist dock and crane use.

International Terminal Total Revenue:

This chart represents the total Revenue at the International Terminal by month since April of 2022. April 2022 data is likely a bit skewed as it was the first month of implementation. April 2023 and April of 2024 more likely represent the true scope of activities in April. This chart was developed in June of 2024, so not all of the data is included in the June 2024 data.

Clearly, January, December, and April are the largest months of business at the international terminal.

Port of Newport

WORK SESSION

DATE:	**June 13, 2024**
RE:	**Cargo Operations at Newport International Terminal**
TO:	**Port Commission**
ISSUED BY:	**Aaron Bretz, Director of Operations**

BACKGROUND

We have been asked to put forth some plans regarding potential cargo operations at the Terminal, so I am preparing some scenarios that we might consider. My experience has been that each and every customer who comes to the Port has very unique needs, and operations that stand up as a result of those needs are equally unique. This means that when talking with customers, the conversations usually begin as broad concepts, and over the course of time, those concepts narrow into specific needs and requirements. We have had conversations before with potential Terminal customers about needs of potential cargo operations, and everything in this report is purely conceptual and hypothetical based on some of those general conversations. Some of the challenges I will mention may very well turn out not to be problems in an actual scenario, and likewise, we're bound to encounter problems we didn't see coming if we stand up a cargo operation. The most important factor here is that the Port is dedicated to creating solutions; we want to add business to what we currently have without losing existing customers. Performing this balancing act is inherent to the responsibility of operating a multi-use facility.

DETAIL

For the sake of discussion, I will illustrate three different scenarios: a cargo operation involving the loading or discharging of barges, a cargo operation involving he loading or discharging of ships, and a wave energy project involving the transfer and assembly of wave energy components going to the test sites off Newport.

As we consider incorporating each of these scenarios into the Terminal, we will need to recognize several on-going uses of the Terminal that we will have to plan for. Regardless of whichever scenario we consider adding to the Terminal, it will encounter these existing uses which will present challenges in varying degrees:

1. **Distant Water Fleet/Crab Vessels:** While closing out the previous season and preparing for the next, which involves crane services and staging of equipment, fueling, taking on stores, minor repairs and maintenance. The dates when these vessels are at the Terminal vary based on numerous factors, but generally they're regular between 01NOV to 10JAN, and 01APR to 01JUN. Those are rough dates than can change either way any year.
2. **Long and Short Term Storage of Fishing Gear:** Commercial Fishing businesses rely on upland support to store the variety of gear and deck machinery required for fishing. They also stage gear just prior to loading to either head out of state, or in preparation for an upcoming

season. This is especially prevalent just prior to Dungeness crab season, which has an opening date that changes in addition to weather and price factors that create an unpredictable start. The length of time this type of gear is stored can be difficult to forecast down to the week.

3. **Parking:** Especially for those who are coming to the Terminal every day for work (on a vessel or project), they need a place to park.
4. **Net Servicing:** Commercial Fishing businesses often perform their own net maintenance around the Terminal; we generally see three main net types, which have different dimensions. Mid-water trawl nets are narrow but long, and often stretch about 1,000 feet. Sein nets are round, and can take up to 5,000 square feet when open. Shrimp nets take about 300 square feet when being serviced. The nets don't always need to be completely open, and can sometimes be repaired or serviced in a smaller area.
5. **Scheduling for the Arrival and Departure of Vessels:** Many current users tend to view the service at the Terminal as though it is staffed for random critical service. This means many of them expect to arrive unannounced at the Terminal and to receive immediate service. This limit's the Port's ability to plan and prepare for both their services, and the services of others. The Port doesn't currently have a service standard to define what exactly we're staffing for, and within how much time we're required to provide services to those businesses at the Terminal.
6. **Use of the Swing Hoist at the Terminal:** The berth where the swing hoist is mounted is relatively small. Vessels sometimes "hang over" the end of the berth depending on their size. Additionally, those vessels using the main berth sometimes "hand over" into the hoist berth.
7. **Provision of Crane and Berthing Services by the Port:** Not all vessels at the Terminal can receive crane services at once. Likewise, not all vessels moored at the Terminal are in immediate need of Port services. There is a mixture of vessels that are there for a variety of purposes, although they generally all rotate through needing some kind of service from the Port that requires them to be berthed directly to the Pier. From the Port's standpoint, it is very important for our planning purposes to differentiate between berthing and receiving Port services because that makes a very big difference on where those vessels can be moored at any given time. This ongoing shuffle at the pier is something we're accustomed to, and we're dedicated to making operations work; I mention this challenge as an example of the Port working with a high volume of use when a surge comes about, not to say we are here to turn vessels away from the pier.
8. **Loads on the Pier:** The portion of the pier designed to handle the heaviest loads (with cargo in mind) is the concrete section in the west berth. This area is also closest to the "Cargo Staging Area" as identified in the Tariff. Additionally, heavy machinery and heavy loads are not to be handled on the stern section of HENNEBIQUE, which is still in the Terminal.
9. **Traffic:** The segregation of personal vehicle and pedestrian traffic from heavy industrial areas is absolutely in the best interest of the Port and all those using the facility. Although some view it as a major inconvenience, parking back from the water's edge and out of the area where heavy equipment operations are ongoing is the correct way to operate the facility.
10. **Cleanliness:** Upon introduction of any breakbulk cargo operation, we will need to significantly increase the efforts to clean up the laydown areas and the pier as they are in use. This will also require us to limit vehicles driving through the area after use (prior to cleaning) so debris isn't tracked out of the area. We are required to maintain cleanliness in accordance with our 1200Z stormwater permit. Upon a recent inspection by DEQ, the inspector commented that our facility was the cleanest she had ever visited.
11. **Accommodating MTSA Regulated Vessels:** The Port is required to maintain a Facility Security Plan (FSP) under the Maritime Transportation Safey Act. Our plan is unique in that it

doesn't go into activation unless there is an MTSA regulated vessel in port. If a foreign flagged vessel is moored at the Terminal, we have several physical security measures that must be put into place, which will limit access to the immediate area around the vessel.

There are many ways the Port juggles the current uses at the Terminal, and when adding users we will continue to do so but may need to change a few approaches to mitigate impacts to existing Terminal users. None of the above scenarios precludes the Port's ability to service new customers, but we do need to plan to encounter challenges as we allow more business at the Terminal. Below are some ways we can mitigate conflicts as we continually shuffle vessel services at the pier:

1. **Distant Water Fleet/Crab Vessels:** With the understanding that dates of seasons change and weather always impacts everyone working on the water, we should plan to lighten cargo operations during the fall and spring around the aforementioned dates to maximize our ability to serve the many vessels using the Terminal. Shrimp vessels are another type that uses the Terminal, and they are included in the need for services during this time of year. This highlights the necessity to improve the scheduling of vessels using the Terminal. Use of the Berth Application is a very simple and efficient way to line vessels up for berthing and services prior to their arrival. The implementation of this application for all vessels ensures that Terminal users will have a spot and access to services within a reasonable time. Additionally, this also highlights the importance of the Port supporting efforts to provide simple berthing space for vessels that only need to moor for a short time. We can then open up more room at the Terminal for those vessels that require Port services with 600' of additional side tie space (that could accommodate up to 5 current Terminal users), and 12 additional 60' slips (that could accommodate vessels upward of 70' in length).
2. **Long and Short Term Storage of Fishing Gear:** All storage at the Terminal is movable, and the Port regularly relocates gear and equipment as we need to clear up space for any number of uses. Users do have a tendency to accumulate unserviceable gear; we don't generally push them very hard to remove as long as they are current on their bills, but there is certainly gear that can be disposed of, which would save the users money and the Port space. In recent years, Port storage rates have increased, which does have a tendency to motivate people more to keep their gear piles cleaned up and those rates are intended to properly value storage space at the Terminal. If the Port implements more efficient inventory practices, we will likely see some reduction in gear staging, but we do have room to consolidate the gear staging areas. As the practice has increased in recent years, we've had no reason to tighten up the space used, so we've allowed the gear to be spread out a little further. Storage is a significant revenue stream for the Port, so we are sensitive to retaining that business.
3. **Parking:** By pulling these areas back from the edge of the pier and consolidating the parking areas, we would most effectively be able to manage this with some striping (the curbs get moved around), and more active enforcement.
4. **Net Servicing:** The areas used for net servicing are very oddly shaped, but we have a few options we could employ that would be relatively inexpensive and easy to stand up. Currently the nets, which vary in length but are around 1,000 feet in length get stretched from the west end of the Terminal to the east, and extend past the gear storage area east of the Terminal. Servicing mid-water nets always involves Foulweather Trawl; in the future we could allow them to use their lot and make space on both east and west ends of their lot available so the nets can be serviced on the edges of the Port's property rather than across the middle. One possible alternative that measures 940':

A second alternative that measures 1,030':

Third alternative that would require working with Rondys:

These areas could also be used for the servicing of seine and shrimp nets as well; the cost of net work may need to be adjusted depending on the cost to develop these alternatives.

5. **Scheduling for the Arrival and Departure of Vessels:** Most have conceded that adding users at the Terminal will take an elevated effort in the realm of planning. This is true across the board, and it applies to Terminal users as well. The Port can plan more effectively for Terminal operations if users communicate prior to their arrival about intended arrival and departure times as well as necessary services while at the Terminal. The Port certainly understands that vessel schedules on an hour-to-hour basis, even by the day or week are fluid due to numerous influences. Using the berth application will help us plan and ensure that Terminal users can arrive at the pier with their berth open, and services planned within a reasonable time. This application is very simple and can be completed on the Port's website within a couple minutes.
6. **Use of the Swing Hoist at the Terminal:** This will not be an issue with a barge in the west berth, but if a ship long enough comes to the Terminal, we would require the ship to be moored as far aft as possible, making use of the west-end mooring dolphin. It is possible that during some loading scenarios, a ship in the main berth could hang over far enough to restrict the size of vessel using the hoist, but it wouldn't completely take the hoist out of service. There has been talk in the past about a bollard that's to the northeast of the swing hoist, that if used by a ship, could make using the hoist impossible. Using that bollard shouldn't be required, and the Port can pre-empt that use if necessary, but there are scenarios where scheduling would be the only way to allow some vessels into that berth if a ship hangs over the end of their berth.

7. **Provision of Crane and Berthing Services by the Port:** As the Terminal gets busier, we need help from all the users to schedule use of the Terminal. Attempting to operate the Terminal as a random-use, time-critical service location is the best way to fall short of everyone's expectations. The Port does not staff or price for this type of service (random customer arrivals with immediate critical needs for service); the best way to add more terminal users and get them to fit in with existing terminal users is to require that everyone provide notice prior to arrival and departure within some reasonable parameters. This can be achieved through use of the Berth Application and reasonable adherence to the predicted schedule with the understanding that emergencies and unforeseen problems do arise.
   Additionally, when the west berths are taken up, we would shift Port services to the east berth and would have to rotate vessels through that area to provide services just as we currently shift around as needed.
8. **Loads on the Pier:** The Port must adhere to the loading plan (attached) as we load any vessel over the rail. Vessels being loaded with heavy loads would generally use the western berth, and that loading would usually take place across the concrete area in the west berth. Barges or vessels would need to be shifted around to allow that loading to take place.
9. **Traffic:** It is in the Port's interest and the interest of all Terminal users to keep through traffic or parking traffic segregated from heavy equipment operations. Through striping and barriers, the Port would need to keep that traffic separated. We do not intend to have four-wheeled vehicles passing through areas where crane or loader operations are ongoing.
10. **Cleanliness:** in the case of a breakbulk cargo operation, the Port will commit considerable attention to ensuring any remnants are removed properly and that traffic is kept out of an area where debris or remnants still need to be cleaned up. We are required to do this by our 1200Z permit and by DEQ regulations in place to conform to the Clean Water Act.
11. **Accommodating MTSA Regulated Vessels:** The Port is required by the Coast Guard approved Facility Security Plan to put up physical barriers to limit personnel access to the ship when an MTSA regulated vessel is in port. This does involve putting up a fence around the cargo staging area, up to the edge of the pier and it also involves added security personnel to manage the evolution. We don't publicly share aspects of the Facility Security Plan, but the general layout of the area we would need to fence is below:

Cargo Operation with Barge:

This visual representation of a barge cargo operation is completely hypothetical, based on several of the scenarios we've already had to run through with potential customers. It is the same footprint we presented to the Commercial Fishing User Group in December of 2018 that the group commented on at that time.

The barge in this scenario is about 200' in length and has a beam of about 35'. The footprint of the barge is shown in a yellow rectangle off the west berth. This barge is making use of the "cargo staging area" as described on page 32 of International Terminal Tariff No. 1, Port of Newport, and is *not* and MTSA regulated vessel. As such, the FSP is not required to be in place. The berthing of a 200' barge would reduce the available moorage space by about that same amount, and would not change usage of the hoist berth or the east berth. The Port would seek to segregate traffic from this area to minimize the potential of collision between large loaders and personal vehicles.

It's difficult to speak to the frequency and loading times; much of that detail depends on the particulars of a customer. A barge such as this could be loaded or discharged in 3-5 days. Some of the barge opportunities we've heard of involve a partial load of a barge.

Parking for cargo labor would be along the northern end of the cargo staging area, and Commercial Fishing parking would be along the northern end of the east berth.

Cargo Operation with a Ship:

This is a hypothetical scenario for a cargo ship operation at the Terminal. The ship represented here is a Handy size vessel, approximately 600’ in length, with a 75’ beam. The ship would likely “hang over” the end of the pier, in which case we will encounter challenges with hoist access at times the ship is in port. Some of the ways we could face this challenge are suggested above; while the ship is in port, we would likely be limited to smaller vessels using the hoist.

Here again, there is a possibility that the ship being loaded would take a partial load, which would mean less time at the pier, but that’s only one potential scenario. We could also experience more traffic to from the 9 acre lot in this scenario as terminal tractors could be used to bring cargo to the cargo staging area from the 9 acre lot.

Parking for cargo labor would be along the northern end of the fenced cargo staging area; Commercial Fishing parking would be along the northern end of the east berth.

Wave Energy Scenario:

This is a hypothetical scenario wherein a company using the PacWave offshore test site seeks to use 3700 square feet of space to stage their wave energy device prior to deploying it. 3,700 square feet is more than enough based on past conversations I've had with many of these companies. They would use this space for up to three months while they prepare for the deployment.

Once the equipment is prepared, they would likely call in a special crane to load the device onto a trailer and transport it to the water's edge. They would then use the crane to lower the device into the water and anchor it in the bay for a short time prior to towing it offshore to the test site. There are many other possible scenarios, but this is just one way it could be done.

Parking for this scenario would be immediately adjacent to the work site alongside Commercial Fishermen. This work could also be completed on the 9 acre lot, or it could be supported by Rondys, then transported to the Terminal and launched relatively quickly.

There are a great number of ways this type of work could be completed, but the manner in which this scenario is laid out, it can be pulled off adjacent to commercial fishing activity and cargo activity, *depending* on the phase that any of those possible users are in. For example, staging fishing gear becomes extremely challenging if we have all three at once.

The image below shows the PacWave operation alongside a cargo operation:

The image below shows the PacWave operation alongside a cargo ship operation:

Wave energy companies generally seek to install their devices during the summer months. I suspect that as they become more familiar with local marine weather cycles, they may seek to do their work later in the summer. It's possible that they would come in and begin configuring their

equipment in late May with plans to launch it in August. But this is just *one scenario* out of many that are possible.

The Port would seek to try and accomplish this work over the summer months and avoid the rush in the fall, although the footprint and impact to other terminal operations is expected to be relatively small.

The Port's aim is to get maximum use of the International Terminal with multiple users. Our goal is to add more to the Terminal and not to take away; any waterfront facility faces the challenge of getting many users through a limited amount of space. This is generally nothing new to the Port, or to the Terminal specifically, but we hope that Terminal users understand that the staff at the Port remains committed to providing the services that they need.

The scenarios mentioned above are (as previously stated) hypothetical. It's possible that we encounter opportunities similar to these scenarios, and it's also possible that we encounter scenarios that are very different from them. We also anticipate that as soon as an operation were to start, we will encounter situations that we hadn't seen. In situations like that, the Port would adapt as quickly as possible in a manner that's intended to be fair to all involved, and to solve the problem at hand. We ask for cooperation and help through communication with Port staff, and an understanding that we are doing our best to add more to the regional economy. We don't view cargo operations and commercial fishing operations as an either-or proposition; we believe we can get them *both* done successfully, and it is our job to do just that.