

PORT OF ASTORIA
COMMISSION SPECIAL MEETING MINUTES
DECEMBER 16, 2009

I. CALL TO ORDER/ROLL CALL

Vice-President Floyd Holcom called the Regular Meeting to order at 12:10 pm and asked Jack Crider to take roll call.

Persons present were:

Commissioners: Floyd Holcom, Vice-President; Dan Hess, Secretary; Jack Bland, Treasurer; and Larry Pfund, Alt. Secretary/Treasurer. President Bill Hunsinger attended via telephone conference.

Staff: Jack Crider, Executive Director

Staff Support: Janet Farstad and Vicki Goodman

News Media: Cassandra Profita, The Daily Astorian

Guests: Lori Durham and Ted Thompson

MAKERS Architecture & Urban Design: Gerald Hunsmine, Julie Bassuk and Shawna Kitzman.

BST Associates Paul Sorensen and Brian Wilmington

II. STRATEGIC BUSINESS PLAN DRAFT

The planning team of MAKERS and BEST presented the draft Strategic Business Plan. The study purpose is to strategize spending priorities, promote efficient use of Port resources, focus on practical investments, and assess short and long term futures using existing conditions and market opportunities.

Port Income Summary main sources of revenue are operating revenue at 58% and taxes, grants and other sources at 42%. Operating revenue by business line is property leases at 36%, airport at 22%, marinas & boatyard at 21%, piers & berthing at 16%, and other 5%.

Business Opportunities include waterfront properties (lodging whose trend is up, vessel berthing & cruise whose trend is stable, boatyard whose trend is up), airport industrial forecasting 1.3% growth/year, Tongue Point (Biomass/Cogeneration Facility has a high level of interest generating jobs at plant and in the forest - trend is up), timber/sawmill, fish process (Clatsop County accounts for 57% of Oregon fish landings averaging 300 commercial vessels delivering fish per year, fewer boats are catching more fish per year with boats getting bigger, fishing more types of gear and more species), cargo terminal, large boat building/repair) and storage/warehouse.

Waterfront Properties Evaluation supports a variety of commercial and industrial tenants that would be accessible and adjacent to the City center. Market vs. cost leads a hotel first then the west basin marina, cruise ships, commercial lay berthing and property leases. Jobs vs. cost leads with the hotel, then the boatyard, cruise ships, and west basin marina. Strategy summary is to support existing tenants and maintain assets at Red Lion site, east basin master plan, boatyard support facilities, cruise passenger shelter and maintain west basin.

Tongue Point property opportunities is 30 acres site that provides good development and relatively isolated. Constraints are access issues for rail and road, not entirely under Port's control, increasing future lease payments and potential environmental issues. Tenant evaluation of jobs vs. costs leads with a sawmill and biomass/cogen facility.

Airport Summary strategy is to leverage grants, maintain resources, and market industrial property.

Port-Wide Issues include staying focused on making decisions now that will position the Port for future growth, conserve existing resources and focus on strengths to increase stability, public image and communication, and partnership opportunities with joint meetings with the City and County.

Discussion;

Clatsop County lodging tax is increasing from 10% to 18%.

Cruise ships will stay strong but are repositioning, the number of ships are declining but ships are growing larger holding more passengers. Ships to Alaska are in a downturn due to fees, the Mediterranean is not as strong. Astoria is getting 10% of ships to Alaska, which is good. Research vessels stay longer but not as much impact to local economy.

Airport:

Airport Master Plan was completed in 2006, prior to air service.

Need to include Captain of the Port coming; advance team of 20 is already relocated to Astoria. In five years operations will include personnel housing, 40-50 aircraft (C130H new version) new hangars, and operations impacted with lower minimums.

Fishing industry/Moorage:

Landings increased in Oregon while California and Washington decreased.

There are fewer boats but they are getting larger.

Clatsop County boats are steady at 300, the need is for 100'-150' length boats, but the Port has not been able to provide dockage for that size. There is a good market for larger vessels and the Port needs to recapture the commercial fleet.

Boats in Alaska owned by Oregonians are 2% of the fleet. The fleet has declined by 50%. Owner's addresses were used in the draft.

Need to go in direction of finding new ideas for water use and docks.

Should increase dockage at Astoria due to bar conditions in Newport.

Navy contingency operation needs to be approached.

Fenders need replacing; utilities for berths for larger vessels would cost about \$200,000.

Hangar warehousing is a poor use.

Fishing should be at Pier 2.

Tongue Point:

Moorage needs to be advertised to get vessels next year when their leases renew.

Biomass/Cogeneration Facility would be a good use. Biomass combustion to burn salvages material. Cogeneration facility to generate electricity. Don't want stand alone facility that competes with other companies.

Sawmill would be a good use worth 100 jobs. The timber harvest in Clatsop County increased. The 1980 no export of logs only profited Washington whose export increased. Other mills were doing well until last year.

Dredging for containers will take a lot of time. Pier width and water depth are potential problems.

Expansion of South Tongue Point should be a strategy. The 100 +/- acres could support Tongue Point and is better to develop than Skippanon. Need a site layout plan. Warrenton is the biggest growing area and includes Skippanon. The new bridge by Nygard will allow access to Port property of 212 acres owned by the Port, only 97 acres is leased to LNG. Need to look at why is not being used or planned for.

Job Corp built their dining facility on top of the rail spur to the dock. They might be interested in moving into a new facility at the Port industrial park.

Industrial Land:

Care must be taken not to develop Tongue Point that would compete with the Port's industrial park. Need to have options on development of dockage vs. Tongue Point. Focus on businesses that could go to either place.

Foremost to keep existing jobs rather than go after new businesses.

Cargo is a longer term goal. Local cargo would be the biggest option. Use would create a lot of jobs but at a high cost.

Inland will be tough for another five years.

Upriver land is consideration. Port of Vancouver has 400-500 acres, St. Helens has 400 acres. Most ports are over 100 acres, 105 acres needed for rail service; 100+ acres are a minimum.

Sixty trucks a day are hauling garbage when a train could move it, or barge it to Boardman.

Properties:

Location of the Red Lion hotel is at the sweet spot and is a high priority. Will recommend dedication hotel in Master Plan. Should get an RFQ out to attract operators. Problem is that the structure is half on land and half on water with long stretch out building. Could tear it down and rebuild in height for less property sue.

Pier 1 building is 60 days away from being acquired by the Port. Holiday Inn Express is a good footprint.

Commissioner Holcom disclosed owning a hotel franchise on the waterfront declaring a potential conflict of interest.

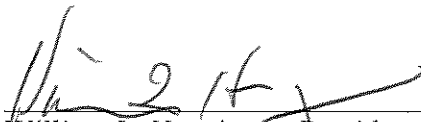
III. PUBLIC COMMENT

Lori Durham said at Skippanon, LNG ships would move every three days and stay 24 hours.

Ted Thomas said he built co/gen boiler at Owanna that burned waste material (hog fuel) for \$2 million of electricity annually.

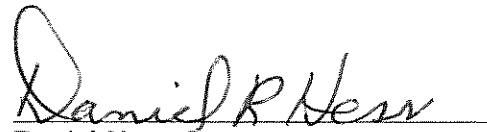
IV. **ADJOURN** at 3:17 pm. ~~TO EXECUTIVE SESSION IN ACCORDANCE WITH ORS 192.660 (2)(e) TO NEGOTIATE REAL PROPERTY TRANSACTION.~~

APPROVED:



William L. Hunsinger, President

ATTEST:



Daniel Hess, Secretary

Submitted by Janet Farstad, Special Projects