

MINUTES  
PORT OF ASTORIA  
REGULAR MONTHLY MEETING  
JANUARY 16, 2007  
PORT COMMISSION CHAMBERS

Chairman Don McDaniel called the Regular Meeting to order and took roll call.

Commissioners present: Don McDaniel, Jim Bergeron, Dan Hess, Larry Pfund and Bernie Bjork.

Staff present: Peter Gearin, Ron Larsen, Rita Fahrney and Port Attorney, Heather Reynolds.

Others present: See attendance sheet.

CHANGES TO AGENDA. Chairman McDaniel called for changes to the agenda. Peter Gearin requested addition of a letter from Clatsop County regarding a Service Fee Distribution from Ft. James that will be distributed to qualifying government agencies in lieu of taxes.

MINUTES: Regular Meeting, December 19, 2006 Special Meeting December 21, 2006 and Special Meeting December 28, 2006. Commissioner Pfund moved to approve the aforementioned meeting minutes. Commissioner Hess seconded. Motion carried unanimously.

VOUCHERS FOR THE MONTH OF DECEMBER 2006. Following answers to some questions from commissioners about specific voucher payments, Commissioner Hess moved to approve the vouchers for the month of December 2006. Commissioner Pfund seconded. Motion carried unanimously.

PUBLIC COMMENT. Chairman McDaniel called for public comment.

*The following public comments are not written verbatim but intended to reflect the substance of matters discussed:*

Bill Hunsinger stated he thinks the Port Commission is playing "Russian Roulette" with the taxpayers' dollars. He cited costs for dredge operations fines and attorney fees, a fire at the East Basin, no fire insurance on the port docks and the dangerous state the dredge is in due to not keeping it up. Hunsinger noted the dredge crew stated there is a hole in the dredge and suggested staff and the commission could be held responsible for the neglect should something happen. A marine survey done 5-6 years prior reported about the dredge repairs needed. He stated the dredge has not been out of the water for maintenance work since

Swan Island. Furthermore, dredging is behind with 34 days already passed in the dredge window. Hunsinger also said Commissioner Dan Hess has a conflict of interest as a commissioner and should resign. Also, the fireboat never was kept up and the bottom is gone.

Gary Ziak questioned why nothing is being done with the derelict vessels docked at the port piers, taking up a lot of room. He also asked Peter Gearin if it is his intention to resign in February – leaving the port in shambles.

Darrell Russell asked whether the dredge delay of 34 days was because of improper maintenance of the equipment. Ron Larsen responded the first month was lost working on the tender – it took longer than anticipated. Additionally, the only permit issued for flow lane to date is the face of pier one, which is being completed. The Port has nowhere to go for upland disposal.

Gary Mattson stated he is a resident and concerned citizen. He inquired whether the members of the commission knew Taggart's building on pier one would be three floors. Chairman McDaniel replied, "not initially". The design of the building went through the Design/Review process with approval from the committee. The Port Commission agreed to a set number of square feet of lease space for his building, not height. The City has rules addressing heights. Taggart met with the city about the height of the building. Mattson also asked why the Port leased land including water access to Bornsteins' when the Port is not able to provide the water access due to draft. Gearin responded the issue of the dredging was not addressed in the lease. The Port is working with agencies to get flow lane back.

Dave Brewer asked if the Port Commission received a letter from a federal official recommending the dismissal or severe discipline of Peter Gearin. Chairman McDaniel replied he is not aware of any letter Brewer referred to. Mr. Gearin was placed on probation. Port attorney Heather Reynolds advised the commission at that time that it was a personnel matter, discussed in executive session, and the Commission is held to the statement regarding discipline made after the meeting.

Jay Kiddle stated he is not speaking as a member of RiverVision, but a boat owner. He has had his boat docked at the Astoria marinas for years and he is concerned about the port's assets at the basins. There is back-wash with tides, he said the new docks at the West Basin are a "joke" and were poorly designed – noting some of the issues he has. He asked why the port still does not have the facilities the boat owners need such as the fueling dock and pump-out stations. The Port charges for live-aboards, but provides no facilities. Ron Larsen explained the marina offices and restrooms are relocating to the new facility on pier one, which was part of the plans to provide better facilities when

the marina fees were increased. Kiddle went on to state somebody should be held accountable for illegal actions taken during the 2005 dredge season, adding there is mismanagement that should be taken care of.

Jenn Smith inquired how LNG would transit the Columbia River if they are drafting 38 ½ to 60 feet, noting the massive amount of dredging that would need to be done to accommodate them.

Floyd Holcom had a litany of criticisms about the Port's leadership including honesty, fiduciary, environmental responsibility, etc. He recommended having a state auditor check the Port's finance books and report to the board, stating a lot is going on in violation of state meeting laws. Holcom stated board members sometimes don't get their meeting materials until right before the meetings. He called for re-organization, including the resignation of Director, Peter Gearin and Chairman, Don McDaniel. Holcom also recommended asking the Governor for assistance in reorganization. Chairman McDaniel replied on behalf of the commission he wants to clarify the commission members receive their meeting packet materials on Fridays, well before the meetings held on Tuesdays.

Ted Thomas stated he was asked to come up with recommendations for the commission on public procedures. He has a copy of the Port's by-laws and the resolution pertaining to public comment that he will review and comment on at a later date. Thomas stated the Port is an arm of public governance and answers to the people of Clatsop County with a requirement to conduct business in an open forum. The Port adopted their public comment policy without opportunity for public comment. This policy enables the Port Commission to cancel public comment by a simple majority of vote. Some public may have traveled long distances to be heard and he voiced his opinion free speech should not be limited in this fashion. Chairman McDaniel responded the commission could re-visit the Public Comment Policy and possibly come up with changes to improve it. He stated he appreciated the input and would hear Mr. Thomas's recommendations for changes at the next meeting.

Lori Durham questioned whether Glenn Taggart was able to use his position as a commissioner to get favored conditions for building on pier one. She also asked why Mr. Taggart resigned. Chairman McDaniel stated Taggart likely resigned to avoid possible conflict of interest. Durham asked who hauls and benefits from scrap materials removed from the Port. Commissioner Hess replied he has helped the Port by taking unwanted tin off an old building to a disposal facility. He received \$43 per ton for 3 tons, saving the Port \$65 per ton to dispose of it locally. He also hauls off obsolete fishing gear owned by fishermen, not the Port.

All audience members having had an opportunity to speak, Chairman McDaniel closed the Public Comment period.

FT. JAMES – SERVICE FEE DISTRIBUTION. Peter Gearin reported an agreement was made with the County and Ft. James regarding tax abatement in order for Ft. James to invest and expand. They were successful in being selected for the firm's new paper towel-making machine. As a result, they received a tax exemption and instead will pay a "Community Service Fee". This fee is negotiated each year and is distributed among Clatsop County and other local taxing districts. In order for the Port to receive its portion the Commission needs to agree to the distribution, approving and authorizing it. Commissioner Bergeron moved to approve and authorize the Port to receive the distribution set forth in the County recommendation for appropriations. Commissioner Bjork seconded the motion. The motion carried unanimously.

RESOLUTION 2007-01 ADOPTING SUPPLEMENTAL BUDGET FOR FY 2006/2007. Peter Gearin explained a Supplemental Budget is needed due to unanticipated expenses not contained in the original budget. Three projects are addressed in the Supplemental Budget as follow:

1. Additional capital expense of the Lektro remodel project in the amount of \$1.3 million.
2. The Bornstein Fish Factory in the amount of \$2.5 million.
3. Contract Dredging in the amount of \$100,000. This is to complete needed dredging in slip one for Bornstein's facility.

Revenues to cover the additional expenses are as follow:

1. OECD has agreed to additional loan funds to cover Lektro's expense. Lektro's lease will be amended accordingly for the additional cost.
2. Bornstein's Project Cost: \$1,880,000. The Bank of Astoria will loan \$1,300,000. \$210,000 will come from the balance of the OECD seafood plant loan. \$126,000 from Energy Trust funds. The balance of \$244,000 will be provided by Bornstein Seafoods. Due to construction cost unknowns, the estimated cost was increased to \$2.5 million. Costs above \$1,880,000 will be borne by Bornstein.
3. Slip one dredging will be funded by the additional income received by the Port for contract dredging for the Hammond Boat Basin.

Chairman McDaniel called for public comment concerning the Supplemental Budget. None was received. Commissioner Hess moved to approve Resolution 2007-01 Adopting the Supplemental Budget for FY 2006/2007. Commissioner Bergeron seconded the motion. The motion carried unanimously.

CONSIDER LEKTRO ADDENDUM TO LEASE. Ron Larsen reported an addendum to Lektro's lease is presented for consideration. Due to additional expense to complete their facility upgrade, Lektro is requesting additional loan funds to reimburse them their cost. OECD has agreed to loan the Port an additional one million dollars, possibly more, to complete the project. In return Lektro has

agreed to an addendum to their lease to pay back the Port the additional funds. They will have increased monthly payments and provide the Port an additional five-year guarantee on their lease obligation. Larsen added Lektro already has provided 20 additional jobs and expects to increase that to 48-50 jobs. Commissioner Bergeron moved to approve the addendum to the Lektro lease. Commissioner Pfund seconded the motion. The motion carried unanimously.

CALENDAR SCHEDULE. February 13<sup>th</sup> is Port Workshop Session; February 20<sup>th</sup> is Regular Monthly meeting.

## REPORTS

Finance: Peter Gearin gave an update on the first six months. Last year at the same time the port was showing a loss. This year-to-date there is a profit of \$450,000. Some of this is the significant reduction in professional fees, even though outside services and repairs increased. Gearin pointed out some of the more significant expenses incurred during the first six months of this year.

- Paving pier one for pedestrian path
- Port area mapping for dredging
- Airport Industrial park brush cleared
- Manley Services – reimbursing employee deductibles
- Computer server went out
- Fire on causeway at East Basin
- Dredge repairs totaling \$32,000
- Seaboard computer key on dredge was lost

Gearin stated despite these significant expenses, improvement is still being seen over the prior year.

## Commission:

Commissioner Pfund voiced concern over Bill Hunsinger's comment Port members could have personal liability if the dredge sinks. Heather Reynolds responded the port is covered for this through Special Districts. If the worst case scenario were to happen and commissioners were charged with negligence, they are each insured by the Special Districts Association of Oregon. Pfund asked that staff look into possible liabilities. Ron Larsen advised safety is the Port's first priority. Staff has talked to the dredge crew about the safety issue. Word from the crew is there is no dire emergency and staff is well aware the vessel needs to come out for repairs.

Commissioner Bergeron attended an OCZMA in Salem and an Ocean Policy Advisory meeting.

Commissioner Bjork also attends the Ocean Policy Advisory group meeting as a representative of the fishing industry.

Commissioner Hess noted the Western Fish Boat Owners association will be meeting in Astoria March 27<sup>th</sup> – 30<sup>th</sup> for the third year, re-affirming the Port of Astoria is getting a good reputation for taking care of our fishermen.

OTHER BUSINESS. Chairman McDaniel called for other business. Staff advised on the City of Astoria agenda is an item pertaining to granting access for the "Red building".

There being no further business, the meeting was adjourned.