

MINUTES
PORT OF ASTORIA
REGULAR MONTHLY MEETING
OCTOBER 17, 2006
PORT COMMISSION CHAMBERS

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

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

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

Others present: See attendance sheet.

APPOINTMENT OF BOARD POSITION, COMMISSIONER BJORK. Chairman McDaniel explained newly-appointed commissioner, Bernie Bjork, has not yet been appointed a board position. He called for motion to appoint Commissioner Bjork to a board position. Commissioner Pfund moved to appoint Commissioner Bjork to the position of Assistant Treasurer/Secretary and to rotate other officer positions to the next higher level. Commissioner Bergeron seconded. The motion carried unanimously. The new slate of officers is:

- President – Don McDaniel
- Vice President – Dan Hess
- Secretary – Larry Pfund
- Treasurer – Jim Bergeron
- Assistant Treasurer/Secretary – Bernie Bjork

CHANGES TO AGENDA. Chairman McDaniel called for changes to the agenda. Director, Peter Gearin, requested addition of Master Plan Development discussion and an Intergovernmental Agreement between City of Astoria and Port of Astoria Land Lord Consent documents pertaining to Bornstein Seafoods.

MINUTES:

- (a) Workshop Meeting, September 12, 2006
- (b) Regular Meeting, September 19, 2006

Commissioner Pfund moved to approve the minutes of the aforementioned meetings. Commissioner Hess seconded the motion. The motion carried unanimously.

VOUCHERS FOR THE MONTH OF SEPTEMBER. Due to the Bookkeeper being on vacation, vouchers for the month of September are not completed. Staff will submit them for approval at the next Regular meeting.

PRESENTATION: Carol Parker, City of Warrenton – Riparian Corridors
Director of Operations, Ron Larsen, introduced Carol Parker, Warrenton Planning Director to discuss Department of Land Conservation and Development (DLCD) objections to the City of Warrenton's review of riparian corridor setbacks. Ms. Parker explained the City of Warrenton submitted their review and findings of riparian corridor setbacks along rivers, lakes, and streams within the city limits of Warrenton to the DLCD. The DLCD sent back objections to the city on a few areas within the subject riparian corridors; one of the units is called Unit 6a-East side of the Skipanon River, a small section is owned by the Port of Astoria. Discussion followed about the 50' riparian setback needed. Ms. Parker advised DLCD needs from the Port of Astoria a statement of "no objection" to the riparian setback. Commissioner Hess moved a statement be made to DLCD that the Port of Astoria Commission has no objection to the 50' riparian setback along the bank of the Skipanon River that is owned by the Port. Commissioner Bjork seconded the motion. The motion carried unanimously.

PUBLIC COMMENT. Chairman McDaniel called for Public Comment. Shawn Helligso introduced himself, explaining he is a partner in the "Red Building" development. He has some concerns to address and also wants to invite the commission members to an open house walk through and to see plans for the building's development. They now have 8-9 tenants ready to lease space including a bistro, chocolate company, winery, and art gallery. Their investment of \$1.7 million is a great boost to the tax base. Helligso stated they proceeded with their development based on original plans as designed by Opsis with a convention center located within the development area. This plan has now changed. They need to submit their final plan for approval and are unable now until the Port of Astoria submits their waterfront development plan. Helligso invited commission members to a walk-through on Friday. He voiced concern the Port is concentrating more effort on development of the piers area and less on the marina district. It is important to their project to proceed to have access to some Urban Renewal funds for infrastructure, lighting, etc. Commissioners agreed to meet with Mr. Helligso and do a walk-through and learn more about his development planning on Friday.

RESOLUTION 2006-14 PERSONNEL POLICY AMENDMENT. Peter Gearin reported the amendments to the Personnel Policy for the most part are based on Special District's model policies. Other housekeeping changes were made and amended to be consistent with union contracts negotiated. Gearin and Rita Fahrney, Administrative Services Manager, explained some of the details of the proposed amendments, noting there will be new language coming through Special Districts

that will be added as needed. Commissioner Pfund moved to approve Resolution 2006-14. Commissioner Bergeron seconded the motion. Port Attorney, Heather Reynolds stated she had some concerns and was not able to completely review the policy, but the Policy can be brought back to the commission at a later date. Chairman McDaniel voiced he also had reservations due to time constraints but concurred with Heather that the policy be amended later as needed. Commissioner Pfund's motion carried unanimously.

CAFFEINATION

(a) Commercial Lease Amendment

(b) Amended Memorandum of Understanding

Ron Larsen reported this is a Lease Amendment to Caffeination's lease for additional space consisting of 6,772 square feet. The Amended Memorandum of Understanding is the legal document to be recorded by the City of Astoria. He explained where the additional space is. Peter Gearin added the architects were creative with parking and roadway considerations. With the demise of the Conference Center there was a new spin on plans where other options could be considered. Discussion followed with questions of clarification of the areas and plans for use, which were answered by staff. Heather Reynolds clarified approval of the amendment of Lease Amendment includes approval of the Amended Memorandum of Understanding. Commissioner Bergeron moved to approve the Commercial Lease Amendment with Caffeination. Commissioner Hess seconded the motion. The motion carried unanimously.

WATERFRONT MASTER PLAN – UPDATE. Peter Gearin read a staff report prepared by him regarding the Port's Waterfront Master Plan, the developments to date and the need to update the plan. Chairman McDaniel stated the Astoria City Council discussed the need for a new joint development plan for the Port of Astoria and the City of Astoria. He agreed it is a good time to update the plan and do in concurrence with the City of Astoria. Gearin reported the Port of Astoria has a grant for extending the River Walk trail to the west side of pier three, including a park. City of Astoria involvement coordinating with the Port on the park development with other considerations the City is involved with such as the John Warren Field and Tapiola Park is appropriate. Gearin also reported the Port is eligible for a \$25,000 grant to develop an updated Master Plan.

Commissioner Hess concurred it is a good time to re-visit plans and noted there has been some opposition voiced about using Tapiola Field for a sports field. Chairman McDaniel remarked the planning for future is complex, involving a lot of players, including the college and hospital. Voters will be deciding in November whether to support a bond for the college to be built in a new area. Some further discussion followed. Commissioner Hess moved to approve receipt of \$25,000 grant for development of an updated Master Plan and an Intergovernmental Agreement between the Port of Astoria and City of Astoria to

work together to develop a plan. Commissioner Pfund seconded the motion. The motion carried unanimously.

LANDLORD'S SUBORDINATION, PARTIAL DISCLAIMER AND CONSENT – BORNSTEIN SEAFOODS. Port Attorney, Heather Reynolds, explained in July Wells Fargo Bank approved a loan for Bornstein Seafoods for improvements needed. In order to close the transaction, the bank needs Landlord consent. The Port needs to subordinate interest in the processing lines and equipment for the bank to have first position. If the Lessee defaults, the bank will pay rent. Reynolds noted this is a standard consent agreement. Wells Fargo loaned the money to Bornstein Seafoods in August. This is the final document to close the loan. Reynolds stated a motion is needed to approve the Landlord's subordination and consent and authorize any further changes or amendments subject to attorney approval. Commissioner Bergeron so moved. Commissioner Hess seconded. The motion carried unanimously.

INTERGOVERNMENTAL AGREEMENT – PORT OF ASTORIA/CITY OF WARRENTON. Director of Operations, Ron Larsen, reported this is a standard Intergovernmental Agreement used with other agencies as well. The City of Warrenton will have the document presented at their next board meeting for approval. The Intergovernmental Agreement sets forth the framework of the project. Chairman McDaniel called for a motion to authorize the approval of the Intergovernmental Agreement and for the Director, Peter Gearin, to execute it following approval by the City of Warrenton. Commissioner Pfund so moved. Commissioner Hess seconded the motion. The motion carried unanimously.

LEASE AMENDMENTS – Taggart/Port of Astoria, Pier One Marina Complex. Peter Gearin reported since the approval of a lease with Taggart for ground space their building was increased from two floors to three, necessitating the need for additional parking. Port staff negotiated a compromise with Taggart regarding the parking needs, taking into consideration landscaping, curbs and lighting. A formula was developed to blend the lease rate to reimburse for Taggart improvements and Port benefits of parking equate to a lease rate of \$1853 per month to Taggart, less the costs of improvements resulting in a lease rate of \$1505. The lease the Port has for use of space for marina offices and restrooms was based on \$1.25 per foot. The Landlord, Taggart, has requested relief from the provision providing utilities because of the public restrooms, containing six shower stalls. At the time the lease was negotiated, the rate was based upon the standard office rental rate for Astoria, which would not normally include six shower restrooms. It is reasonable to grant the landlord's request under these circumstances.

Gearin stated staff recommendation for commission action is:

Set the rate based upon actual square footage and eliminate the provision for landlord paying utilities. The developer has also asked for a change in the name. The Port can't change the name of the landlord due to need for authorization from his bank to do so. Heather Reynolds confirmed the need to get the bank's authorization. Staff request is to have commission authorize changing the name on the lease subject to Heather Reynolds obtaining the necessary bank documents authorizing the change. Questions and discussion followed on costs for meters and whether the Port will still net a profit. Gearin responded due to the changes made the Port will not have a net profit. Commissioner Pfund recommended a separate session to discuss all the changes. The commission was not involved in decisions to increase the building to a third floor and issues that may have public concerns and changes the Port's financial standing on the lease. He is concerned about voting early on the changes requested. Chairman McDaniel stated his personal opinion is that the Commission does not on a normal basis hold special meetings to determine leases for approval. All the meetings are public. Chairman McDaniel called for a motion. Commissioner Bjork stated he called Mr. Taggart today and read through the information. Each lease is changed and Taggart said originally he made a mistake on who should pay utilities. Bjork understood how that happens. To keep good tenants it is necessary to work with them through issues that come up. He moved to approve the amendments to modify the leases and approve change of the name in accordance with attorney, Heather Reynolds recommendation. Reynolds recommended the commission approve the lease with Astoria Bay LLC subject to approval of assignment of C.A. Taggart's lender's approval of the amendment of lease and completion of the documents for legal review. Commissioner Hess seconded the motion. Commissioners McDaniel, Hess, Bjork and Bergeron voted yes. Commissioner Pfund voted no. Motion carried with majority vote.

CALENDAR SCHEDULE.

November 16, 17 and 18 are Fish Expo. Volunteers are needed. Commissioners signed up for shifts for set up and to man the booth. Staff will make arrangements. Commissioner Bergeron has a salmon stake-holder meeting the 24th and 25th. The Near Shore South Jetty meeting will be in Ilwaco on the 26th. Additionally a Heceda-Head Coastal Conference is in Florence the 28th. McDaniel noted on the 26th is the Col-Pac meeting. McDaniel will not be here for the November meeting.

REPORTS – Staff

Peter Gearin reported on the progress for the West Basin. A bid has been received for the electrical at \$135,000, The concrete basis for the dock is being laid by Bergerson. He commended Kenny Smith for his efforts keeping costs in control and being innovative. He receives a lot of favorable feed-back on the Marina staff.

Ron Larsen reported on dredging issues. Staff is waiting to see the new sediment evaluation framework. It has now been received although he has not yet reviewed. The regulatory agencies buy-off on the evaluation, which will set the new standards and rules. A meeting is set for next Monday to meet with the regulatory agencies to discuss progress to date to see where staff is with dredging needed. He reported on the minimum areas due to be dredged with permits obtained. Discussion followed on sediment measurements and formulas.

The Industrial Park at the airport has been cleared of trees and major brush. The grass area in the 2.6 acres utilized for the T-hangars has been cut. Dredge materials from pier three will be moved to the airport site for fill as an FAA project.

Working with lessees for additional space for processing facilities. Da Yang is seeking additional area. Gearin reported on new processing of sardines being done by Da Yang.

J & H Boatworks remains interested in land on pier three. Another group has looked at the airport site for additional development – all having the same vision indicating the site is well suited for their development projects. Chairman McDaniel urged the Port prepare a Master Plan for development for the future at the airport before committing to many projects. Larsen concurred.

He reported on Coast Guard possible future planning and the Coast Guard's installation of their water system at the airport.

Peter Gearin updated the commission on the development across from the Port offices. They are still awaiting approval from DEQ for a portion of the land. Larsen added plans have been submitted for the far western portion for approval to be incorporated into their building on the site.

Commission Reports.

Commissioner Bjork passed out reports on the recent OCZMA meeting he attended. The OCZMA meeting focused on Wave Energy. He also attended the OPAC meeting held recently in Newport and reported on the Marine Sanctuaries. (reports are on file.)

Commission members toured the Skipanon. Bjork reported on a letter from Judy and Norm Kujala regarding concerns about mitigation on the Skipanon. The Watershed Council is proposing changing the tide gates on the Skipanon slough to be more salmon friendly. The Skipanon slough has never been a salmon habitat but rather a fresh-water slough. McDaniel and Bjork discussed the concerns with the Kujalas to resolve.

Commissioner Bergeron attended the DEQ hearing. Groups were divided into anti-LNG group, a number of people with legitimate concerns about a number of LNG issues and a number who had other separate issues including e-coli from cows and sea lions. He also attended the same meetings as Commissioner Bjork – the OCZMA and OPEC meetings. He explained the Governor’s position on a sanctuary being established by the end of the year. The program was brought before the whole committee. The Governor then changed his plans and requested a status report on a sanctuary. He further commented on the marine reserves area and another committee looking at setting up a number of reserves. His concern is that this be done in concert with the fishing industry.

OTHER BUSINESS.

Peter Gearin reported Marina Manager, Ken Smith, has observed sea lions under the dock now at pier two, up to sixty. In the past fencing had been used to restrict access. This could evolve into a serious problem at the piers.

There being no further business, the meeting was adjourned.