

MINUTES
PORT OF ASTORIA
WORKSHOP SESSION
DECEMBER 11, 2007
PORT COMMISSION CHAMBERS

Chairman Dan Hess called the Workshop Session to order and took roll call.

Commissioners present: Dan Hess, Larry Pfund, Bernie Bjork, Kathy Sanders and Bill Hunsinger.

Staff present: Ron Larsen, Colleen Browne, John Hord, Bruce Conner, and Ken Smith.

Others present: See attendance sheet.

STAFF REPORTS:

John Hord, chief of security reported:

- Damages occurred during the storm: Extra security on Pier 2 and during the night.
- He and sergeant Peyok both on duty Sunday and Monday nights, during the storm.

Pier 2 was closed off at the head enabling security to check visitors before entering since it was very dark.

Ken Smith harbormaster reported:

- Lack of power put billings at a set-back (electrical is done every quarter)
- At the east basin, a couple of big vessels were tipped over finger piers, bolts busted, and hand railings damaged.
- Q dock sustained damage on top of previous damage, tied up in the insurance process.
- In the west basin, quite a bit of damage occurred when a 70' yacht broke loose. On it's way around the marina, near the Red Lion hit three boats. Boat owners dealing with their insurance.
- 20 boats busted loose.
- In the boatyard, four boats blew over. Concrete blocks (3,000 pounds) holding up a boat were shoved over 6-8 feet.

Smith added they were pretty lucky this time.

Colleen Browne, finance manager, explained billings were also late going out, but all are out now. Picking up the pieces while Rita Fahrney on medical leave as the meter, dockage, and electrical and water readings in the mail. The audit was delayed a little longer. Filing extensions with the state. Expected to pick it up after the holidays.

Ken Smith added to his report that the roof off the Chinook Room at the Red Lion is at the dump, gone. The power is completely turned off. Larsen added the section is out of our control, since the section is leased by the Red Lion.

Lora Eddy, permit compliance officer reported on dredging:

- In the application process for slips 1 & 2
- NOAA application in review process, expected to be complete by the end of the month
- DEQ needs to complete the 401 water quality certification

- Application to Department of State Lands to purchase land on pier 3 submitted and received.
- Reviewing wharf registration to DSL lease for piers updating lease; submitted application. Reviewing new calculation. Action due to the agency's letter stating the port was not complying with conditions of the lease. The fish processing, longtime moorage, and cruise ship operations required the modifications. The wharf registration for an area allowing temporary unloading of goods, then leaving, created a long time disagreement with the agency. Both groups in agreement finally. Also authorized in the recent agreement, was the use of area during maintenance dredging operations.
- Quick turnaround to revisions to the port docks and airport storm water for the NPDES permits with DEQ. Plan updates and revisions with new requirements. Good time to review and include new techniques in order to manage discharges and pollution control.
- Commended marina staff and their excellent work in applying for Clean Marina certification. A voluntary program, set up by DEQ, now administered by the State Marine Board. Completed new signage, cleaned up areas, and became more pollution friendly to customers. One last condition required by DEQ as part of the program, requires the marina to have dredging solutions and permits in place first. Since we do not have that in place were unable to meet requirements. Very disappointing since everyone had worked very hard and was expecting to receive the well deserved recognition.

More discussion followed on dredging issues. The computer software program for soundings needs a sounding device, an external piece of equipment. The Army Corps of Engineers provide soundings prior to cruise ship visits presently.

Bruce Conner, cruise ship marketer reported:

- Busy October and November. Returned from Cruise the West meeting in Seattle. Met with representatives for Princess Cruises, Royal Caribbean, and Holland America. More discussion followed on how the Alaska market affects our calls. Currently the market will remain strong for the next three years.
- Carnival and Silver Seas shows interest in Astoria, possibly 2 visits a year in 2009.
- New legislation introduced to the cruise lines putting financial responsibility on them concerning environmental issues of discharges into waters.
- Locally, cruise marketing "partners" such as the city of Long Beach are sending a representative with him to the Seatrade conference in Miami in March. Another partner, the Seaside Chamber of Commerce, developed a new shore excursion; waiting to hear from cruise lines. They involve the aquarium, walking tours, and museums.
- The newest partner, the Clatsop Cruise Hosts, with Marian Soderberg leading the group incorporating new ideas, to grab the captains' attention. One being tokens given to passengers or entries into giveaways.

Conner is also looking for creative way to pay for items such as these. Wanted to include businesses in the marketing offering services or tours of seafood production and local interests. He also added with the larger ships Pacific will grow because of China and Asia and the new markets involved. Accommodating the larger ships is a new trend that is right around the corner in 2011-2012.

Ron Larsen reported:

- Waiting for a letter from Red Lion the hotel is looking at three options, one being wishing to extend their lease that ends in 2013 to 2018. Doing this would put them even with the lease they hold with IStar, which ends in 2018. They would also be willing to put a million dollars in hotel repairs. Option two, to tear down the existing hotel and build a new hotel if the port is willing to sell them the land. Then, option three is to not do anything and keep as it is, changing the Red Lion name. No letter has been received yet.
- The Woodbine was up for auction and did not sell. Area of copper ripped from the vessel. Re-auctioned for a minimum bid of \$10,000 and Environmental Recycling Systems purchased vessel. After December 26th, we would charge them one-half the highest tariff (\$142 a day); if here after the 1st of the year, it goes to full tariff (\$284 a day).
- Storm damage material, 1.4 million dollars, submitted to FEMA, the Emergency Operations' Center, and to the Governor's office. Lektro's roof damage submitted to the port's insurance carrier, as it is port's property. Contractors, Lorentz Brunn, recommended by Special Districts, in to do temporary and permanent repairs. Some of the work done: drying out after the flood, bare spots around main building, at the airport repairing t-hangar doors, and top of Pier 2 building. A more permanent fix will come in the future.
- Airport status report during storm when power is lost at the port in Astoria, runway lights also down. FAA also loses power at the airport, such as the VOR and many of their operations during nighttime. With many landline and cell phone service down PP&L was trying to land one of their planes at the airport it was discovered there was no instrument approaches, lights, and VOR. A NOTAM notice is supposed to go out in situations as these. The airport was open for daytime operations as it was, and due to a mis-interpretation was looked as closed. Every morning, an inspection at the airport takes place and documented. Airport Improvement Funding (AIF) is key to receiving funding to connect a power system to keep operations running. More discussion followed on what to do in the future when systems fail due to power failures in storms.

State Representative Brad Witt, District 31, stopped by to brief the board. Communications by emergency command went very well. Plugging into emergency operations was the only link between command centers around several communities. Commended areas and their citizens that pulled everyone together, along with local leadership, and commented on a job "very well done".

Larsen continued with his report:

- ODOT, a tenant upstairs said they would not reoccupy until an industrial hygienist comes in to test for mold in the air. Checking to see if covered by the port's insurance carrier.
- He and Colleen Browne attended a FEMA meeting addressing monetary information. The port's application was already completed. FEMA pays 75% of the costs share. Actual cash value is the depreciated value. Replacement cash value is the actual cost to replace new. The ACV or RCV on port buildings was explained by Larsen. The deductible is paid for by FEMA, which is \$5,000. The cost differences will be looked at on an individual basis by the agency.
- DaYang Seafoods has until January 5th, to begin repairs on their own facility (contract), if not the port will begin their own, under the original scope of the work.

- Insurance issue concerning Laurie A. Jones and her claim that the port should have provided health insurance upon her retirement. More discussion followed on the details of the issue.

Discussion followed on Rita Fahrney's medical status and the prospect of when she could return to her job.

OTHER BUSINESS:

Jay Bornstein, of Bornsteins' Seafoods and Astoria Pacific Seafoods, addressed the board requesting a "road map" and clarification of the port's strategic direction. He is asking the port to recognize the need their tenants have for the information and present a collective position by February.

He gave a brief history of the stand the port took in the year 2001 when the commission completed its new strategic plan, directing the port's focus to support the seafood industry and the emerging Astoria tourist economy, with an emphasis in port leases and job creation. With the Seafood Cluster development, many new businesses joined in the port's plan. In turn, Bornsteins made a decision to re-locate to port land. Initiating loans with the state, it showed their willingness to become a partner with businesses who were taking financial risks by moving existing businesses or starting new ones. The fish factory was always a long plan key ingredient. The port's strategic planning is part of a much larger picture that all entities must have in order to move ahead.

Understanding the need to move forward, Commissioner Sanders explained the port is in the process of gathering information, as well as funding, to update the plan. The plan will likely follow the proposed "template" the state is wishing to implement for all port entities to follow. A professional strategic plan will begin and then later be "tweaked" to model the state's guide. The port's plan is long due an update to theirs, since they should be updated at least every three years. More discussion followed on the length of time it will take. Direction, whatever it may be, can be given, possibly before a formal plan begins. Bottom line, the port needs to decide whether it will continue to go in the direction of the seafood cluster or to a more industrial one. Again, Sanders added, the direction will come about as the result of the process. General direction will soon need to be decided by the Port of Astoria.

Commissioner Bjork added the need to work with port tenants and listen to their needs along with ours. The decision is an important one and needs to be addressed soon. Businesses associated with the port will need to know what direction it will go in order to continue.

Ron Larsen added that two measures FEMA categories are set to go in is debris removal and emergency measures.

With no further business to discuss, the workshop session was adjourned.