

MINUTES
PORT OF ASTORIA
REGULAR MONTHLY MEETING
FEBRUARY 20, 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, Bernie Bjork and Larry Pfund.

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

CHANGES TO AGENDA. Chairman McDaniel announced an agenda item will be added to provide an update on Port, Commission activity, and future direction.

MINUTES: Workshop Meeting, January 9, 2007; Regular Meeting, January 16, 2007 and Workshop Meeting, January 31, 2007. Commissioner Bergeron moved to approve the minutes of the aforementioned meetings. Commissioner Pfund seconded the motion. The motion carried unanimously.

VOUCHERS FOR THE MONTH OF JANUARY 2007. Commissioner Pfund reported he reviewed the vouchers for the month of January. He moved for their approval. Commissioners Hess seconded the motion. The 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.*

Lori Durham asked for Port Counsel, Heather Reynolds, resignation due to legal advice Reynolds gave in secretive deals not disclosed to the public until after the fact. She cited the Calpine lease and transfer to Leucadia as an example.

Bill Hunsinger stated the commission did not have a workshop to discuss Taggart's lease amendment and they should have taken more time to study the revisions and compare them. He stated the commission is dysfunctional and not looking out for the best for the Port. Hunsinger pointed out several deficiencies in the new Taggart building on pier one that the Marina staff will be leasing space in and that in the end the Port ended up paying more to lease the space than the lease payments the Port are to receive from Taggart for the land lease. Chairman McDaniel and Acting Director Ron Larsen responded the Port has not yet paid lease payments and will not until a developed "punch list" shows all

repairs needed are complete. Hunsinger also questioned the sale of a surplus boat, the "Raggy" to a private party, noting it had a Detroit Diesel engine and a large amount of diesel onboard. He stated the Port sold the boat for \$500 and that the Port should have made the sale of vessel available to the public. Ron Larsen reported the vessel was sold because it was in too poor of shape to insure and was no longer used by the Port.

Ted Thomas stated he has reviewed the Port's by-laws and voiced concerns about Resolution 2006-23 pertaining to public comment; specifically calling attention to the statements limiting public comment and voting with as few as two members to not allow public comment. He also does not agree with the statement stating that citizens cannot "yield their time" to others. Thomas pointed out provisions of Roberts Rule of Order that addresses public comment procedures and stated the resolution came from a commission under fire and that commissioners have abandoned their positions because of gross conflict of interest. Chairman McDaniel responded the Port Commission has a duty to provide guidance. He noted special and workshop meetings are held under the same rules of conduct as regular meetings, but no public comment is taken. He asked Mr. Thomas to provide a specific proposal for public comment and have Interim Director, Ron Larsen, review it.

Jay Kiddle stated he is gravely concerned about the Port of Astoria and the use of its assets. Critics say laws have been broken and back-room deals made. He questioned Commissioner Hess's scrap metal deals, suggesting he made more than a little money from the hauling of scrap, including old log carriers. Kiddle also questioned Bill Cook's award of severance after he quit in February 2006 and Peter Gearin's severance after being "fired", referring to the dictionary description of "severance". Chairman McDaniel replied the Port makes decisions according to law, not dictionary descriptions. Kiddle also discussed a request by the Astoria Yacht Club to lease property where Mr. Cook quoted them a long-term lease rate of \$250,000 per year based on per acre for the same area leased to Taggart for far less.

PRESENTATION – CEDC FISHERIES, TOD JONES

Tod Jones, CEDC Fisheries reported historically the Port of Astoria has supported the CEDC fisheries projects, including providing \$25,000 per year for a six-year period. The Port also donated piling for the fisheries three years ago. CEDC is now requesting the Port consider donating for work needed to upgrade the hatchery on the South Fork of the Klaskanine River. Mr. Jones presented an overview briefly explaining the program and describing the project to remove the existing dam and screening structure that no longer meets state or federal criteria for fish passage. With assistance from ODFW biologist and the Natural Resource Conservation Service another option was designed to remove the dam entirely and replace it with a "low-head" diversion system and newly designed

screening structure. Jones stated CREST has been working on the project with them and secured a grant from ODFW for sixty percent of the cost of a new self-cleaning screening structure. They have also received a grant from American Rivers, Inc. and from the Oregon Watershed Enhancement Board. Other businesses have also contributed – Hampton Lumber, Bergerson and several others in the form of materials, labor or funds. Mr. Jones stated with all the generous contributions by local businesses and grants, they are still \$25,000 short of the match funds needed to complete the necessary work. CEDC Fisheries Project is requesting consideration by the Port to provide the funds needed, with the understanding that the Fisheries staff will continue to seek other funding. Chairman McDaniel inquired whether Clatsop County is contributing to the project with economic development funding they receive yearly. Mr. Jones responded they are not. Commissioner Bergeron supports the project and assured Mr. Jones the Port would like to be able to contribute. The other members of the commission also voiced support of the fisheries project. Chairman McDaniel advised Mr. Jones the Commission will take his request into consideration and let him know what the Port can assist with at their next monthly meeting.

PRESENTATION – POA AUDIT FOR FISCAL YEAR 2005/2006. Ed Luoma, CPA. Mr. Luoma reported he has completed an audit for the Port of Astoria for fiscal year 2005/2006. The audit provides an overview of the Port's fiscal year ended June 30, 2006. The audit reviews revenues and expenses for the year and the financial condition of the Port. The Port's ratio of current assets from which to pay current liabilities is "upside down" with \$1.28 million in assets for every \$2.11 million in liabilities in June. The ratio dropped from 1.25 the previous year to .60, reflecting the loss of \$196,745. Additionally, accounts payable included \$301,702 of the \$814,428 extraordinary environmental expense, which had not been paid as of June 30, 2006. Cash from operations total \$477,000. Cash from non-operations totaled \$1.3 million. At June 30, 2006 \$12.5 million was borrowed. \$14 million was spent on capital projects. \$651,000 is available for operations.

Some discussion followed on the extraordinary expenses following Mr. Luoma's presentation. Bill Hunsinger asked about the "Rainy Day Fund" created by a former port director. Mr. Luoma responded there previously had been \$1.5 million in a government investment pool. \$651,000 remains in the General Fund. Mr. Luoma advised he presented a shortened version of the Port's audit and would be available later for any questions the commissioners have that weren't addressed. Commissioner Bergeron moved to accept the Audit for Fiscal Year 2005/2006. Commissioner Bjork seconded the motion. The motion carried unanimously.

PORT OF ASTORIA TARIFF NO. 10 MODIFICATIONS. Rita Fahrney reported, as stated in the Staff Report, staff is recommending modifications to the Port of Astoria Tariff to increase the Marine Fire & Safety Association Assessment (MFSA), maintenance hourly labor rates, and dockage fees for vessels under 200' LOA. The Port of Astoria is a member of the Columbia River Marine Fire & Safety Association. Ships that call on the Columbia River are required to pay an assessment at the first port of call. This fee is used by the Association to provide funding for ship fire fighting, training and equipment. The Association invoices the Ports for each ship call and we invoice the ship owner for reimbursement. The board of the MFSA voted to increase the fee from \$75 to \$80 per call. Additionally, the Ports maintenance labor rate is currently \$52. This is the Port's rebilling charge for services performed by our employees. After review of our actual cost and comparing it with other local entities' rates staff recommends increasing the charge to \$60.00 per hour. Staff is also recommending an increase to the daily dockage rate for vessels under 200 feet in length using the port piers. The current rate is \$.37 per foot per day. The marinas rates are higher. An 80' boat docking at the piers would be charged \$29.60 under our tariff. At the marina the rate would be \$55. The piers offer access for loading/unloading, fueling and truck access. Staff requests authorization to make modifications to the Port tariff by approval of Resolution 2007-03. Commissioner Hess moved to approve Resolution 2007-03. Commissioner Pfund seconded. The motion carried unanimously.

CONSIDER AMENDMENT – WEST BAY MARKETING. Ron Larsen reported West Bay is requesting to lease the southernmost section of the pier two warehouse. They now occupy it under a rental agreement. The section is 6,390 square feet and will lease for \$1808.37 per month. Staff recommends approval of the amendment to West Bay's lease. Commissioner Hess declared a potential conflict of interest due to his association with the processor. He is partner in a company that trucks West Bay's products. It was brought up that West Bay's account is delinquent according to the Aging of Accounts included in the meeting materials. Commissioner Pfund moved to approve the third amendment to West Bay's lease subject to their first becoming current on their lease payments. Commissioner Bergeron seconded the motion. The motion carried unanimously.

UPDATE – PORT, COMMISSION ACTIVITY, FUTURE DIRECTION. Chairman McDaniel asked for this agenda item to be added to address how the port is proceeding during this transition period. The Chairman is keeping up to date working with interim director, Ron Larsen. Review of the Executive Director job description is ongoing with research into recruiting for a permanent director. A part-time finance officer needs to be hired and a project manager position is being looked into. The project manager will be tasked with reviewing the Ports structure, debt management policy, strategic plan, and interaction between the

Port and community, public relations and meeting procedures. McDaniel will be gathering information for further discussion at the Port's workshop in March.

CALENDAR SCHEDULE. First cruise ship stop is April 22nd. Next month's workshop meeting is March 13th. The Regular Meeting is March 20th.

REPORTS. Ron Larsen reported briefly on financial reports. The aging of accounts shows some activity on delinquent accounts. He reported on the progress with the derelict vessels on pier two.

Larsen advised the Port received authorization to flow-lane dredge 400' on the west side of pier two facility. While this is a start, it does not help with getting dredging completed at the 900' section of the dock where MSRC dock needs dredged. The Port will also be able to flow-lane dredge 600' of pier three. Hammond's flow-lane dredging project was completed. Also, a contractor has been found to complete the upland dredging needed for Bornstein's facility.

Commission:

Commissioner Bergeron stated O.C.Z.M.A. met with the legislative associated people up and down the Oregon coast at a dinner recently, followed the next day by agency programs and budget review. The Ocean Policy Advisory Committee is dealing with marine sanctuaries and reserves. The schedule for marine reserves is 3-5 years out. Commissioner Bergeron and Commissioner Bjork were present for a County meeting with a presentation by Onno Hussing, OCZMA, reporting on wave energy.

Commissioner Bjork spoke about a meeting he attended with Salmon Trollers where he had an opportunity to speak with Secretary of State Bill Bradbury to talk about fisheries issues. He also attends the Ocean Policy Advisory Committee meetings in a different capacity to help out the local drag fisheries industry who are concerned about marine reserves.

Chairman McDaniel reported on a meeting he attended concerning the Transportation Refinement plan and local traffic re-routing planning. Another meeting is scheduled for this evening. He also attended the Oregon Ports Group meeting in Salem, where there is discussion of concerns by different Oregon ports. February 2nd he attended the NW Oregon Economic Alliance meeting. Discussion was held on policy for loaning money or grants. February 6th was a Master Plan meeting for the Port and City of Astoria for traffic routing. Special Districts Association held their annual meeting in February. He attended and will plan to highlight the presentations for board training. He gained knowledge about several programs Special Districts offers its members. McDaniel will speak at the Seaside Downtown Development meeting on Thursday and the Seaside Chamber meeting Friday. He noted the County never followed up on an

economic development program and there is a large concern that \$250,000 is budgeted annually to the County for Economic Development that should be made available to local entities for their economic development planning.

There being no further business, the regular meeting was adjourned.