

MINUTES
REGULAR COMMISSION MEETING
PORT OF ASTORIA
JUNE 19, 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. Also present: Commission-elect, Kathy Sanders.

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

Others present: See attendance sheet.

CHANGES TO THE AGENDA. Chairman McDaniel called for changes to the agenda. Ron Larsen reported Jim Flint who is on the agenda to present a Management Review, will be arriving at 6:30 p.m. and will give his presentation at that time.

MINUTES: Workshop Session, May 8, 2007; Regular Meeting, May 15, 2007; Budget Committee Meeting, May 23, 2007 and Special Meeting, June 1, 2007. Chairman McDaniel reported the Regular Minutes reflect some corrections. Commissioner Hess moved to approve the aforementioned meeting minutes, with corrections to the May 15, 2007 minutes as noted. Commissioner Bergeron seconded the motion. The motion carried unanimously.

VOUCHERS FOR THE MONTH OF MAY 2007. Treasurer, Commissioner Pfund, reported he reviewed the vouchers and had no comments, asking if any other members had questions. Commissioner Bergeron moved to approve the vouchers for the month of May. Commissioner Bjork seconded the motion. The motion carried unanimously.

CONSENT AGENDA. Chairman McDaniel reported the Consent Agenda containing the Abstract of Votes for the Special Election is for verification. Heather Reynolds explained commission members need to make a motion to accept the Abstract of Votes. Commissioner Bergeron moved to approve the Abstract of Votes for the Special Election. Commissioner Pfund seconded. The motion carried unanimously.

BUDGET RESOLUTIONS.

2007-14 Adopting 2007/2008 Budget. Interim Director, Ron Larsen, reported this resolution adopts the budget as approved by the Budget Committee. The budget totals \$8,977,864. Commissioner Hess moved to approve Resolution 2007-14 adopting 2007/2008 budget. Commissioner Pfund seconded. The motion carried unanimously.

2007-15 Imposing and Categorizing Taxes. Larsen reported this Resolution imposes and categorizes the tax rate of \$.1256/\$1,000. Commissioner Hess moved to approve 2007-15 imposing and categorizing taxes. Commissioner Bergeron seconded. The motion carried unanimously.

2007-16 Approve Budget Appropriations for FY 2007/2008. Larsen explained this resolution approves budget appropriations. He briefly reviewed the appropriations for each fund. Commissioner Hess moved to approve Resolution 2007-16 approving budget appropriations for FY 2007/2008. Commissioner Pfund seconded the motion. The motion carried unanimously.

RESOLUTION 2007-17 EXTENDING WORKER'S COMPENSATION COVERAGE. Ron Larsen reported this resolution confirms that Worker's Compensation coverage will be provided to Board Member volunteers. Questions followed about the extent of the coverage and if it is adequate when board members are participating in non-administrative functions. Heather Reynolds noted the Port carries personal injury insurance through Special Districts Insurance. Ron Larsen added staff will review with the insurance agent that there is adequate coverage. Commissioner Hess moved to approve Resolution 2007-17 confirming extension of Worker's Compensation Coverage to board members. Commissioner Pfund seconded the motion. The motion carried unanimously.

CONSIDER APPROVAL – PARTIAL RECONVEYANCE. Ron Larsen explains this is a transaction between Chester Trabucco and Bornstein Seafoods. The Port is involved due to holding the Bornstein property as a note against the building of the new Bornstein facility at the Port. Trabucco needs to have a fire escape, mandated by the Fire Department on the property in question. As the Port is holding the property the Port needs to give consent. Larsen explained advantages to approving the partial reconveyance. 1) It will improve the value of the property holding; 2) It takes down an old concrete building, making more vacant land. In the end the Port will be getting more than giving up as this partial reconveyance will place more value on the site. All commission members with the exception of Larry Pfund have visited the proposed site. Commissioner Bergeron moved to approve the partial reconveyance. Commissioner Bjork seconded. The motion carried unanimously.

CALENDAR SCHEDULE. Ron Larsen requested a decision for July's Regular Meeting date. It is normally scheduled the third Tuesday of each month;

however, Commission-elect Bill Hunsinger, will not be available that date. Commissioner Pfund noted it would be the meeting for swearing in of newly-elected commission members. Chairman McDaniel stated it is not port policy to reschedule meetings due to one member not being available. Brief discussion followed. Chairman McDaniel called for a motion if it is the wish of the board to change the date of the meeting. There being no motion made, the meeting date remained as scheduled.

REPORTS.

Finance. Colleen Browne reported financial statements were included in the meeting packet. She also prepared a Cash Management Report for review. Chairman McDaniel thanked her for the Cash report and following up on delinquent accounts. Ron Larsen added staff will do further review of accounts after collection efforts are completed.

Director. Ron Larsen reported staff has gone out for RFP's for the Port's audit and for an attorney. He recommended commission participation in the review of responses. Commissioner Bjork and Commission-elect Kathy Sanders agreed to review the attorney RFP's. Commissioner Pfund and Commissioner Hess will review audit responses.

Larsen stated Commission committee assignments will be placed on the agenda for July's regular meeting.

Commission.

Commissioner Pfund attended the Rose Festival functions on behalf of the Port.

Commissioner Hess also attended the Rose Festival functions and the Airport Open House. He went on a flight on one of the bombers participating in the event.

Commissioner Bergeron reported he attended the OCZMA meeting. Marine reserves were discussed at length. The Governor is asking the public to decide where marine reserves should be and bring the recommendations to the committee. There are a lot of concerns about "no fishing reserves". Bergeron explained the concerns about no fishing areas in wave generation voids and areas where boats may not go through.

Commissioner Bjork attended a function by O.S.U. on June 11th in Warrenton. They discussed marine reserves. There was a large attendance by fishermen. They are concerned about the marine reserves and wave energy, especially in the prime area for crab fishing. He and Commissioner Hess attended a meeting of the Association of Pacific Ports specific to relations by ports with media. Good ideas were shared and the meeting was very informative. June 13th a meeting

was held in Seaside with the Astoria/Warrenton Chamber of Commerce regarding economic development. They would like to have a port staff or commission member participate in future meetings. Commissioner Bjork also reported he has been monitoring the dredge crew preparing the dredge for dry-dock. They are doing a great job and saving money.

Chairman McDaniel reported on a new organization, Clatsop Economic Development Resources (CEDR) being formed to replace the CEDC. The organization will act as lead in economic development and the group is now working on developing the organization functions.

PRESENTATION – MANAGEMENT REVIEW, James M. Flint, Ph.D.

Mr. Flint began his presentation by explaining what is and what is not being reviewed. He is offering a snapshot of where we are at, where we might go and a target to improve the organization performance with a game plan to proceed. First and foremost to an organization is the need to make sure the organization remains financially healthy. A second major theme involves the organization's purpose and vision – what we want to become. Mr. Flint thanked the Commission, Heather Reynolds and Ron Larsen for their review for content and clarification on items.

Mr. Flint proceeded to go through his Management Review, highlighting certain information contained within the Review. Current conditions were reviewed. He pointed out factors of the current environment.

Current Environment

- A financially strapped port
- A cash flow which does not continuously stay contemporary with expenses
- Substantial costs with dredge operations
- Real Estate projects experiencing some degree of financial fatigue.
- A recently discharged Port Director and the loss of General Counsel with an 18-year record of competence and memory.
- The recent election of two new port commissioners.
- Strong community and news media concern about how the Port has conducted its business activities.

Discussion followed on current conditions, including the South County's involvement in the Port district.

Organization and Structure.

There is no need for "major surgery," rather there is the need for limited changes in order to become operationally more effective. He recommended the following organizational changes:

- Separating the CEO and CFO roles
- Creating a staff position of Project Manager

- Creating a staff position for Environmental Compliance
- Recommends General Counsel remain under contract

Some discussion followed on priority and whether it is more important to hire a new CEO or develop a Strategic Plan. Mr. Flint stated it is his recommendation that the CEO be on board first in order to provide the CEO with a sense of ownership to the plan. Kathy Sanders stated the Port needs a strategic plan in place soon in order to determine which projects and land leases the Port's direction will dictate. Flint urged commission members to slow down, work on present areas, and not to take on too much too quickly. Commissioner Bjork also brought up that putting potential clients off on decisions may cause the loss of the client.

Flint pointed out the need for a project manager. Current permanent files didn't contain complete information necessary for future reference. Some recommendations were to hire a third party, standardization of forms, and to have future real estate projects consistent on rental rate escalation or CPI requirements.

Financial and Debt Management

Mr. Flint recommended strongly the separation of the CEO and CFO positions. He also recommends the Port have an official Debt Management Policy.

Project Management.

Flint voiced concern about management of projects and stated there is a need for reconstructing files to provide a complete historical record of what was involved for each project. His recommendation is to contract with a third party to review all existing project/lease files to ensure that permanent files contain the appropriate information, including all relevant documents. Flint stated the project management concerns contained in the review should be a first priority for staff and commission members, including the standardization of real estate development project forms.

Financial fatigue was a word Flint referred to for describing two Port projects that port staff should closely monitor, that may be experiencing some form of financial difficulty.

RFP's were addressed in the Review and the need for the Port to continue to be aggressive on using RFP's. Flint also emphasized the need to give counsel adequate review for documents prior to finalizing them.

Strategic Planning.

Important that public jurisdictions hold themselves accountable to their public. Involve the public. Commit to the direction chosen. Local government has an obligation to its constituents to let them know where it's going and giving

periodic updates to the public. The plan needs to be deliberate and decisive in terms of what it is going to do.

Epilogue.

Mr. Flint stated there are and have been some positive actions and activities at the Port and they should be acknowledged. They are listed in his Review. He also stated he will commit to assisting with development of the Strategic Plan.

Commissioner Bjork suggested assistance may be found by communicating with larger ports. Ron Larsen added Port of Portland staff has assisted Astoria several times over the past. He pointed out some past examples. Port of Portland is very supportive of assisting the Port of Astoria.

Mr. Flint was thanked by the Commission members for his input.

PUBLIC COMMENT. Chairman McDaniel called for Public Comment. Lori Durham asked how the new commission president is selected and what is the length of term they serve. McDaniel explained historically the Port Commission has used a rotation basis. In this method all members of the commission are given the opportunity to serve as president. Durham also asked who makes the decision on a new CEO. McDaniel replied the members of the commission do. She asked who hires the CFO. McDaniel explained staff currently oversees the hiring of port employees.

Kathy Sanders commented on the "custom" of choosing a new director, that it does not have to be done as is tradition, but by vote of all five members. Sanders requested the agenda item regarding the Regular Meeting date be revisited so that five members will be seated in time for the meeting, avoiding any possible deadlock on a vote. Chairman McDaniel suggested the new commission elect a presiding officer to oversee the July meeting.

Chairman McDaniel closed the meeting, acknowledging it to be his last in his official capacity. He stated members on the commission have done a lot of good work, citing some successes. He noted Daily Astorian reporter, Cassandra Profita, did not report objectively, reporting on Port successes and hopes with new members on board positive, as well as negative, news will be covered. In his eight-year Port Commission term, he learned a lot about the community and made friends. He thanked community, staff and members of the commission for their past and present hard work and cooperation.

There being no further business, the meeting was adjourned.