

**PORT OF ASTORIA
REGULAR MEETING MINUTES
SEPTEMBER 16, 2008**

Call to Order/ Roll Call

Commissioner Pfund called the meeting to order at 6:00pm and took roll call.
Commissioners present: Larry Pfund, Bill Hunsinger, Kathy Sanders, Dan Hess, and Floyd Holcom.

Staff present: Jack Crider, Ron Larsen and Colleen Browne.

Changes to the Agenda

Commissioner Holcom requested an additional public comment session toward the end of the meeting so that people could comment on the Tongue Point discussion. Jack Crider suggested that since the executive session portion of the meeting was cancelled, public comment could be opened at that point in the agenda. The Commissioners agreed.

Minutes

Jack Crider stated that staff had been unable to complete the minutes for August 12th and August 19th, so there were no minutes to approve at this meeting.

Vouchers/ Financials for August 2008

Jack explained the new P&L format with the breakdown between operating and non-operating income and expenses, which gives a clearer picture of how the Port is doing each month and on a year-to-date basis. Comm. Holcom asked if the Port would be preparing projected cash flow reports, since he is concerned with identifying matching funds for the grants the Port will be receiving. Jack stated that matching funds have already been identified in most cases, one example being the Connect II loan standing as the match for its related grant.

Colleen Browne pointed out to the Commissioners that she has added a column on the budget- to-actual report for a short explanation of any significant variances. Many are merely season in nature, but this will allow for better budget tracking as the year progresses. There were only two questions on review of the vouchers, one relating to Epic Aviation, which is the airport fuel supplier and the other on the Bob Carlson voucher for the Lektro roof repairs.

Comm. Holcom made a motion to approve the vouchers and August financials, Comm. Hess seconded and the motion carried unanimously.

Public Comment

Comm. Pfund called for public comment. There was none at this point in the meeting.

F.B.O. Contract – Termination

Jack stated that the FBO contract termination had been discussed at the previous meeting and that he was now asking the Commissioners to authorize the Director to mutually terminate the existing contract and to negotiate acceptable employment with John Overholser. He would then bring additional details back to the Commissioners at the next meeting, including decisions re: inventory, the car rental business, etc.

Comm. Holcom said that he had had a question from a citizen as to why the Port was not advertising for the new position and if there was an issue with public contract law. Jack replied that this would not apply in this instance, since it was a merely a matter of reorganizing the existing operations for better control and transparency.

Comm. Pfund said he had heard a comment from a pilot about being disappointed that the café closing down and wondered if someday reopening that would be an option. Jack stated that there would be food available (possibly a deli) for the pilots, it would just not be cooked-to-order.

Comm. Sanders made a motion to authorize the Director to terminate the FBO contract and negotiate acceptable employment, Comm. Holcom seconded and the motion carried unanimously.

Resolution 2008-22 Flex Lease

Jack explained that what the Comm. would be approving was for the Port to participate in the Special Districts Association (SDAO) Flex-Lease Program, a cooperative asset financing program. By pooling a group of districts' financing agreements, they are able to achieve better interest rates and lower admin and legal costs, and that the rates indicated in the Resolution are maximums, and not the expected actual. The maximum term and rates are 10 years and 7%, but Jack said the actuals would be closer to 5 years and 5%. Comm. Sanders asked if the Port was required to borrow the maximum principal of \$155,000 and Jack replied that was not the case. He stated that the actual amount the Port would be borrowing was tied to the amount in the current budget.

Discussion ensued about the positive aspects of the SDAO program. Comm. Holcom then made a motion to sign Resolution 2008-22: Approving the Flex Lease Financing Agreement, Comm. seconded and the motion carried unanimously.

City of Astoria – Memo of Understanding

Comm. Hess stated that the City's billings to the Port for support of the cruise ship industry were to recoup a portion of the costs they incurred in clean-up, extra officers,

etc. Initially, the City billed the Port the sum of \$5,000, but Jack stated that he had negotiated the rate down to a more realistic \$2,000 per year for a three year period. Comm. Hess made a motion to accept the Memo of Understanding with the City of Astoria, Comm. Hunsinger seconded and the motion carried unanimously.

Tidewater Settlement

Jack gave a slide show presentation showing the damage done to the bull rails and cap on the dock by the Tidewater barge. The photos also showed damage that was not attributable to the barge.

Comm. Holcom made a motion to accept the Tidewater settlement, Comm. Sanders seconded. Comm. Pfund called for discussion and Comm. Hunsinger stated that he felt that this problem would continue if the Port did not change its policies on “touch and goes” and call for linesman to be present for all tie-ups. Comm. Holcom agreed that the Port needs to change the current procedures so this doesn’t happen again and leave the Port open to damaged assets and additional expense. He stated that someone needs to report back to them – possibly in a work session – about how the operation works and how it can be changed.

Jack said he would have staff come up with a plan to prevent it and assured the commissioners that if it did happen again, there would be a quicker response. He said that at this point, the settlement would not even cover one half the legal expenses incurred since the 2006 event.

Comm. Pfund said he would definitely want a work session on the issue and Comm. Sanders said she would like to have some work done on how other Ports handle the problems of “touch and goes”. Comm. Hess added that possibly the bar pilots could help communicate with the Port about these tie-ups during non-working hours.

Comm. Pfund called for a vote. Commissioners Pfund, Sanders, Hess and Folcom voted aye, Comm. Hunsinger voted nay. The motion carried.

Tongue Point Purchase

Jack began the discussion by saying that ever since he started at the Port, the one most insistent comment he has heard from every Commissioner is that the Port has to acquire Tongue Point; that it is the Port’s future and opens the door to a variety of potential operations. He cited the following as being among the top reasons for the purchase:

- 1) All of the Port’s current property is already committed to fish processing, airport, cruise ships, boatyard, etc. with no room for growth
- 2) That if the Port wants to expand into cargo handling, there has to be access to rail and unloading space
- 3) The Port has missed countless opportunities for large vessel moorings
- 4) Opportunities for government contracts such as NOAA

He stated that there is 140,000 sq ft of warehouse space at Tongue Point. The exteriors need some paint, but the buildings are structurally sound. There is also \$400,000 ice facility there.

He requested authorization from the board for the Director and one or two Commissioners to fly to Missoula MT to meet with the Washington Group to begin negotiations for the purchase and then bring back details to the Board.

Comm. Holcom declared a potential conflict of interest since his firm has done extensive research on Tongue Point. He stated that it would enhance his ability to make a decision but that he would in no way gain from it. He said he has no current clients at Tongue Point at this time.

Comm. Sanders gave her opinion that one of the Port's responsibilities is to provide jobs in the community and that Tongue Point is a perfect opportunity to do that. It would also provide a good economic balance to the tourism aspect of the economy.

Comm. Hunsinger asked Jack if Tongue Point is still listed on the real estate market and if there are any existing binding agreements. Jack said that there is nothing binding at this time, but that time is of the essence. He feels the Washington Group would prefer to make a deal with the Port since there would potential tax benefits for them. The first step is to structure a deal and get a lock on the property, and then the Port will be in a position to start negotiating for funds.

Comm. Holcom stated that one challenging area in going ahead at Tongue Point is the maintenance aspect. There will be channel/ dredging issues, but the Port as a public agency is in a better position to work with the Corps than a private company would be.

Comm. Hunsinger made a motion to proceed with a meeting with the Washington Group, Comm. Holcom seconded and the motion carried unanimously.

Discussion Items

- 1) Nygaard Roadway: Jack clarified that they do intend to build the roadway, so there is no real issue at this time. Steve Fulton with Warrenton Fiber introduced himself and said that there had been some misinformation on the part of the attorneys, but that it was being worked out and they should have a workable contract by the next Commission Meeting.
- 2) Port Water/ Sewer Services: Jack said there had been a water leak at the Pier that had gone unnoticed until July 16th and that the most recent water bill was \$83,537. In hopes of getting some forgiveness from the City for a portion of that bill, Colleen had prepared a spreadsheet showing that as much as 12% of that bill could be attributable to the leak and that \$26,000 of the total could not be rebilled to the tenants. Comm. Holcom said that one of his first concerns as a new commissioner was how the Port recouped the costs, and he felt he did not get a

good answer. He said the City has a low cost for the water and that the Port should be able to get a negotiated fee for its use.

Jack said that ultimately though, this was the Port's responsibility and that we need to start acting like a utility and make the necessary changes structurally and procedurally to prevent this in the future. Jack will be meeting with the City Manager and hopes to work out a compromise.

- 3) Area Wide Contamination: Jack reported that the responsible parties are starting to move ahead and do their feasibility studies. The Port will need to be involved in those studies to protect our interests. There will be several studies based on level of responsibility and area of contamination. Comm. Holcom asked if the funds budgeted for this could be reallocated but Jack felt it was too early to make that determination.
- 4) LNG Public Hearing: Jack reported that he had a discussion with the FAA coordinator for obstruction, to tell him that the Port needs additional time to address some of the issues from the public hearing. They are aware of the concerns regarding the tanks and are willing to grant a 30 day extension to allow additional time to comment. Comm. Holcom gave his opinion that we should not do anything that could jeopardize our airport operations. Jack reminded the commissioners that the tanks are not in the airport zone or on Port property, so although the Port could prepare a letter stating our objections, the decision is solely in the hands of the FAA. The Commissioners all felt that it would be constructive to have a workshop session to educate themselves on the history of the area and the project. Then there was additional discussion on the height of the unloaded ships and how that would impact air traffic.
- 5) Strategic Business Plan: Jack assured the Commissioners that the funds for the Port's strategic Plan are secure. He got a promise from the state that it would be in place before Vicki Goodman retired. He also stated that he feels it is time to start the process to get an RFP out for a consultant to do the plan and that the Port needs a business plan to dovetail with the long-term strategic plan. The business plan component would be real numbers, with analyses of costs and revenue streams.

Calendar

Comm. Sanders was the only one with a calendar in the packet. They decided to skip over this section at this meeting.

Reports

- 1) Commissioners: Comm. Hunsinger reported on the meeting with District Attorney Neil Evans regarding the dredging fine. Jack, Comm. Holcom and Andy Jordan were also present at the meeting. They were able to provide Neil with information he didn't already have and felt he was receptive.

Comm. Sanders gave reports on the OPPA meeting and the NW Area Commission on Transportation. The US DOT fund that provides funds for bridges, roadways etc. is going broke and they are estimating that the FY2009 shortfall will be 6-8 billion dollars. This is serious because as people drive less due to the high cost of gas, the fund is not being replenished.

Comm Hess went to cruise host meeting. Comm Holcom and Comm. Pfund had no reports.

Other Business:

None

Public Comment:

John Overholser thanked the Port for having the FAA meeting regarding the LNG tanks.

The meeting adjourned at 7:33pm.