

■ Forest Products

There are several areas in which the Port of Astoria might serve the forest products industry. One of these is to re-enter a market that the Port once served, exporting logs. This was discussed previously in the cargo section. Other potential uses include a lumber mill, bio-mass energy facility, or co-generation energy facility.

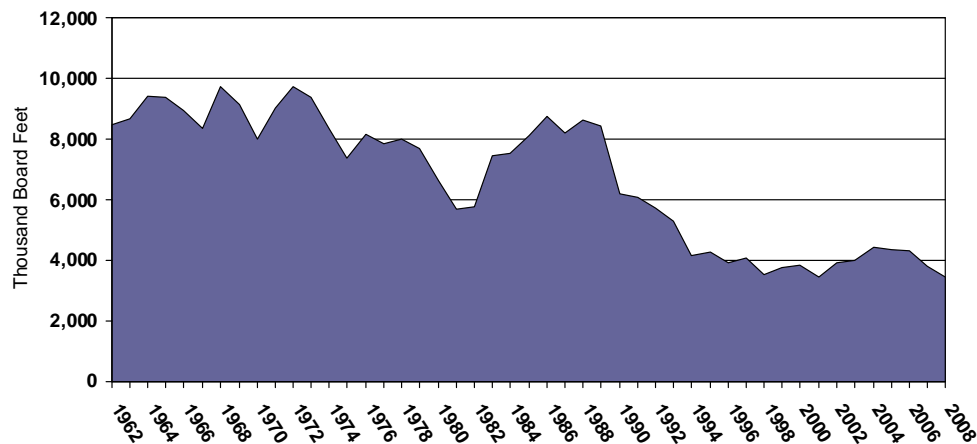
The following section discusses trends in the forestry industry, as well as what role the Port of Astoria could serve.

Harvest Levels

Forest products are one of the traditional mainstays of the Oregon coastal economy, and the fates of many ports have been tied to trends in the timber industry. For the last two decades, this trend has been negative, with timber harvest volume dropping by more than half between 1988 and 1996.

Although the years 1985 through 1989 were peak harvest years, there were negative signs in earlier years. Between 1964 and 1973 the annual harvest exceeded 9 billion board feet in five out of ten years, but after 1972 the industry entered a long slump that saw harvest volumes drop to 5.7 billion board feet in both 1981 and 1982. (See Figure 28.)

A recovery that started in 1984 lasted until 1989, with average annual harvest of more than 8 billion board feet during the period. This recovery ended abruptly in 1990, and since 1994 the annual harvest has fluctuated within 0.5 billion board feet of 4 billion square feet.

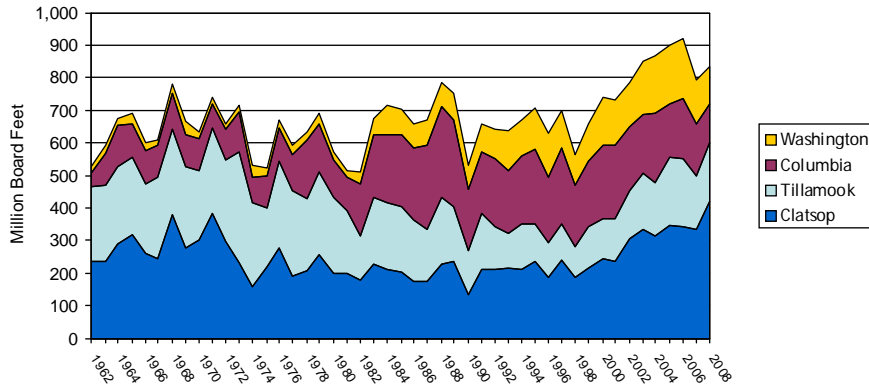


Source: Oregon Department of Forestry

Figure 28. Oregon Timber Harvest

Much of the decline in timber harvesting occurred in counties along the south coast. In this region timber harvesting declined slowly during the 1960's and 1970's, and then recovered for most of the 1980's. However, a steep decline that started in 1989 continued for the next decade, and as recently as 2005 the harvest level in counties on the south coast was less than half what it was in 1988 and only one-third of the peak level of the 1960's.

In contrast to most of Oregon, timber harvest in the four northwest counties (i.e. Clatsop, Tillamook, Columbia, and Washington) actually increased in recent years. Between 1962 and 1998 the volume of timber harvested in this region averaged 600 million board feet per year, while fluctuating between 500 million and 800 million. Since 1998, however, the volume has increased in most years, to a record of more than 900 million board feet in 2006. The harvest volume declined in 2007 and 2008, but was still above 800 million board feet. (See Figure 29.)

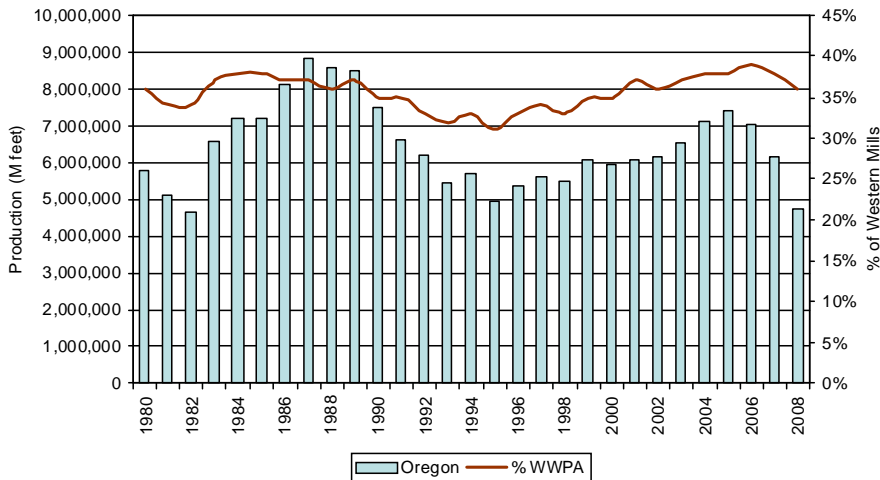


Source: Oregon Department of Forestry

Figure 29. Oregon Timber Harvest in Northwest Oregon, by County

Lumber Mill

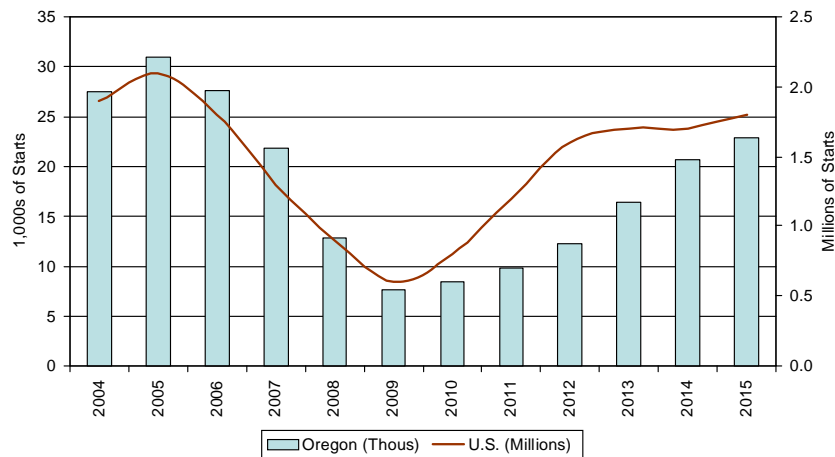
Oregon lumber production is at a historically low level, due to the decline in the U.S. housing market. Production in 2008 was the lowest since 1982, and 2008 was the third straight year of declining output. However, Oregon’s share of western U.S. production is at a relatively high level, with Oregon mills accounting for more than 36% of western production. (See Figure 30.)



Source: Western Wood Products Association

Figure 30. Oregon Lumber Production in Oregon

Recovery in the lumber market will be driven by demand, primarily from new home construction. According to projections from the Oregon Office of Economic Analysis, 2009 is anticipated to represent the bottom of the cycle for new home construction. Home construction in 2010 should outpace that of 2009, and this rebound is expected to continue through the end of the projection in 2015. (See Figure 31.)



Source: Oregon Office of Economic Analysis

Figure 31. Housing Forecast

- **Potential for Astoria**

There may be demand for a lumber mill at Port of Astoria property. While the current market for lumber is depressed, starting construction on a new mill now could position it to be ready when the market rebounds.

The amount of timber harvested in and near Clatsop County has seen long-term growth, in contrast to the rest of Oregon. However, there are also several forest products mills in and near Clatsop County, and a key question for a new mill will be whether it will have access to the timber.

Potential for Bio-Mass or Co-Generation

The growth in timber harvest is a positive sign for the bio-mass energy potential, and recent studies have indicated that northwest Oregon may make a good test site for such a facility. A potential user has approached the Port about locating such a facility at Tongue Point. The Port should consider this opportunity, taking into account the financing of the tenant, the long-term availability of raw forest materials, and the compatibility with other uses at Tongue Point.

A bio-mass facility could also share some synergy with log exports. Logs are typically de-barked prior to export, and this bark could serve as an input to the energy facility. Similarly, a bio-mass facility could use waste from existing or new lumber mills as its feedstock.

■ Industrial Properties

The Port of Astoria owns a substantial amount of industrial and commercial properties. These properties include:

- The Airport Industrial Park, 45 acres
- Airport commercial area along Highway 101, 40 acres
- The Skipanon Peninsula property, approximately 200 acres
- Upland waterfront properties adjacent to existing piers.

There are numerous properties available for industrial development in the Clatsop County area, including both the Port's and privately owned properties. The amount of property available significantly exceeds current and expected market demands, with manufacturing jobs expanding by only modest rates during the last decade (approximately 50 jobs per year). This job growth indicates a total countywide growth of approximately 20,000 square feet a year (one-half acre) of manufacturing space, with a total site requirement, including circulation and parking (FAR .25), of two to two and one-half acres of industrial land per year. If transportation and warehousing growth are added at a similar rate of 20,000 square feet a year (or two to two and one-half acres of total site area), the countywide growth projection is for the absorption of between four and five acres of additional growth per year. At expected expansion rates, the Port owns an 80-year supply of industrial land.

Employment projections indicate that most growth will be generated by small or new businesses. The Port is well positioned to support this type of growth at the airport, waterfront, or Tongue Point locations. Focusing growth at these sites would allow the large 200-acre parcel at Skipanon to be reserved for marketing to a significant new business opportunity.

■ Airport

The Port of Astoria operates Astoria Regional Airport, which is located in Warrenton, Oregon. This facility is the largest airport on the northern Oregon coast; with instrument approaches and a 5,800 foot runway it is capable of handling 727's and other relatively large aircraft. Astoria Regional is home base for numerous general aviation aircraft and also hosts a Coast Guard Air Station. Commercial airline service is currently provided by Seaport Airlines, which operates three round-trip flights per day between Astoria and Portland.

Airport Finance

Over the most recent five fiscal years, fuel sales have accounted for the largest share of airport operating revenue. However, fuel sales tend to show more variability than hangar rentals, and are dependent on fuel cost as well as on volume sold.

As illustrated in Figure 32, fuel sales rose dramatically between 2004-05 and 2006-07, growing from approximately \$450,000 to nearly \$800,000. Between 2006-07 and 2008-09, however, fuel sales dropped to \$630,000.

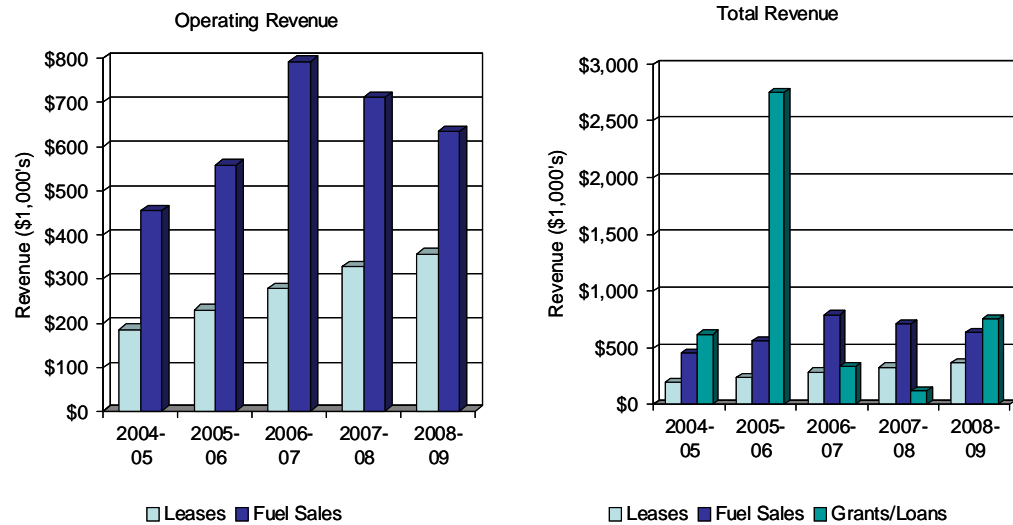


Figure 32. Airport Revenue Trends

One reason for the jump in fuel sales is the underlying cost of fuel. As illustrated in Table 28, the average wholesale cost per gallon of avgas and jet fuel jumped by more than one-third between 2004-05 and 2005-06; this may explain part of the increase in Astoria Regional Airport fuel sales during the same period. However, during the following fiscal year whole sale prices grew slowly, while Astoria Regional Airport fuel sales continued to grow strongly.

During the 2007-08 fiscal year wholesale prices climbed sharply again, reaching a level 80% to 95% higher than during the 2004-05 fiscal year. This time the result was a decrease in fuel revenue at the airport, due to a decline in volume sold. This decline continued through the 2008-09 fiscal year, in spite of a drop in wholesale fuel prices.

Table 28. Average Wholesale Price of Aviation Fuel

FISCAL YEAR	AVGAS	JET FUEL
2004-05	\$1.767	\$1.436
2005-06	\$2.351	\$1.943
2006-07	\$2.492	\$1.948
2007-08	\$3.154	\$2.796
2008-09	\$2.624	\$2.117

Source: U.S. Energy Information Administration

While fuel revenues climbed and then fell, revenues generated by leases at the airport grew steadily. Operating revenue from leases at the airport grew by an average of nearly \$43,000 per year between FY 2004-05 and FY 2008-09.

Most of the airport lease revenue is generated by land and building leases. Lease of hangars to individuals for aircraft storage accounted for just 13.2% of lease revenue in FY 2008-09, while leases of building space and land to businesses generated the remainder. Lektro, Inc., a manufacturer of aircraft tugs, is the largest tenant, followed by Western Oregon Waste.

In addition to operating revenues, the airport receives a significant sum from grants and loans. This is true for most public airports, because airports are eligible for project funding from the FAA. Over the most recent five fiscal years, grant and loan funding at the Astoria Regional Airport has averaged approximately \$910,000 per year.

Airport Tenants

As illustrated in Figure 32, airport lease revenues have increased steadily over the past five fiscal years. These revenues are generated through a combination of leases of hangars to aircraft owners, leases of building space to businesses, and land leases.

According to the recent Airport Master Plan Update, the number of aircraft based at Astoria Regional is expected to grow slowly through 2024. Most of this growth was expected in the first five years of the forecast when 20 new aircraft were expected to locate at the airport, while growth in the last 15 years was expected to average approximately one new aircraft per year. (See Table 29.)

Table 29. Forecast of Based Aircraft

TYPE	2004	2009	2014	2019	2024
Single Engine	50	65	66	68	74
Twin Engine	6	8	9	10	10
Turboprop	0	1	2	3	3
Business Jet	0	1	2	3	4
Helicopter	4	5	6	7	7
Total	60	80	85	91	98

Source: Barnard Dunkelberg & Company

A variety of businesses lease space at the Airport, including:

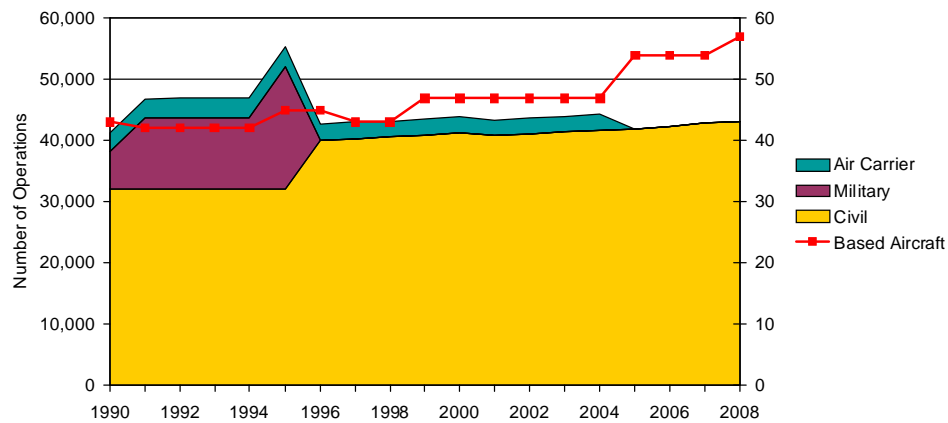
- Lektro Inc.
- Twiss Air
- Precision Heating
- Overbay House Works
- Bobek Air, LLC
- F & B Logging
- National Weather Service
- Western Oregon Waste
- Hertz Auto Rental
- UPS
- Seaport Airlines
- Columbia River Bar Pilots
- Agricultural uses

The Port of Astoria has a variety of space that it leases, ranging from bare land, to terminal space, and large hangars.

Airport Activity

According to the most recent data from the FAA, the number of operations at Astoria Regional Airport dropped during the 1990's, due mainly to a decline in military operation. In addition, the disappearance of commercial service reduced the number of operations.

Civil (general aviation) operations have actually shown steady growth, while military operations have declined.



Source: Astoria Regional Airport Master Plan Update

Figure 33. Airport Activity

Aviation Forecast

- **Passenger Service**

According to the *Astoria Regional Airport Master Plan Update* (completed in 2006), passenger flights were forecast to begin in 2005, using nine-passenger aircraft. After four years of service and increasing passenger counts, the size of the aircraft would increase, and passenger load would continue to grow. (See Table 30.)

Service actually commenced in 2009, pushing the forecast back four years. As forecast, this service commenced with nine-seat aircraft, and with three daily departures. According to the forecast, over the next 20 years the average number of daily departures is projected to grow to 4.3. The number of passengers enplaned is projected to grow from approximately 6,400 at the year of inception, to more than 20,700 in twenty years.

Table 30. Scheduled Passenger Service Forecast

YEAR	PASSENGER ENPLANE-MENTS	AVG SEATS PER AIRCRAFT	ANNUAL DEPARTURES	AVG DAILY DEPARTURES	NUMBER OF OPERATIONS
2005	6,376	9	1,095	3.0	2,190
2006	7,876	9	1,355	3.7	2,709
2007	9,376	9	1,605	4.4	3,210
2008	10,876	9	1,853	5.1	3,707
2009	12,376	10	1,889	5.2	3,779
2014	14,699	13	1,688	4.6	3,375
2019	17,456	16	1,593	4.4	3,185
2024	20,731	19	1,559	4.3	3,117

Source: Barnard Dunkelberg & Company

- **General Aviation Forecast**

General aviation activity is projected in the Airport Master Plan to grow slowly at Astoria Regional, with growth tied to local socio-economic variables such as population, employment, and per-capita income. According to the recommended scenario from the Master Plan, the number of general aviation operations is projected to grow by approximately 0.5% per year. From a base of approximately 36,000 in 2004, the number of operations is projected to grow to nearly 47,000 in 2024.

- **Military Activity Forecast**

Little growth is forecast in military activity.

- **Potential for Astoria**

Growth in operations at Astoria Regional is expected to be slow, but positive, and there are several ways in which the Port of Astoria can serve the market.

First, as demand warrants, additional hangars could be constructed for lease to aircraft owners.

Second, scheduled passenger service is provided through Port-owned facilities. The Port should continue to work with the air carrier to ensure that these facilities are adequate.

Finally, the Port should continue to market industrial/commercial property at the airport for lease. Income generated by such leases could help to offset operations and maintenance costs at the airport.

Problem and Opportunity

Demographic Profile

Location

Clatsop County is located in the northwest corner of Oregon, bordered on the west by the Pacific Ocean and on the north by the Columbia River. The county occupies an area of 873 square miles. Astoria, Oregon's oldest city, was founded in 1811 and serves as the county seat as well as the commercial center.

The principle industries of Clatsop County are fishing, lumber, and agriculture. Deep-water vessels transiting the Columbia River Bar and the Columbia River pick up and drop off marine pilots in Astoria. An increasing number of cruise ships stop in Astoria, as tourists enjoy its shops, history, and nearby attractions.

Recreational opportunities abound in the area, including boating, a variety of quality golf courses, fishing, hiking, swimming, surfing, beachcombing, camping and shopping. Lewis & Clark National Historical Park is within two miles of the airport. The park features Fort Clatsop, a replica of the wintering-over camp of the Lewis & Clark expedition. Tourists can visit Fort Stevens State Park, with its many campsites, bike trails, ocean beach, military museum and forts dating back to the Civil War.

Population and Demographics Profile

The population of Clatsop County has grown slowly since the beginning of this decade, increasing by an average of 0.8 percent per year. The fastest growth has been in the 65-and-over age group, demonstrating the area's appeal as a place to retire. Since 2000, the number of residents 24 and younger has declined.

According to the State Office of Economic Analysis, population growth is not expected to accelerate over the next decade. Most recent figures project the 2020 population to reach 37,939, an increase of approximately 500 residents. This represents a significant slowing of the rate of growth.

Economic and Employment Profile

Although Clatsop County's unemployment rate has fared relatively well since 2000, both the county and the state experienced substantial downturns in 2009. Unemployment in Clatsop County grew from a relatively low 5.0 percent in 2000 to a high of 7.5 percent in 2003, after which it declined back to 5.0 percent in 2006 then to 4.8 percent in 2007. During the same period, the Oregon unemployment rate grew from 5.1 percent to a high of 8.1 percent, then back to 5.2 percent in 2007. However, the economic downturn that began in late 2007 negatively impacted employment in 2008 and severely impacted jobs in 2009. In Clatsop County, unemployment grew to an estimated 9.4% in November of 2009, while the unemployment rate in Oregon jumped to 11.1%

Average personal income is lower in Clatsop County than in Oregon as a whole, and this gap has increased somewhat since 2000. In 2000 the average income per capita was \$24,227 in Clatsop County vs. \$28,093 in Oregon, a difference of \$3,866. In 2007 (most recent data available), the difference had grown to \$4,035.

Clatsop County's economy relies on government-related activity, service businesses, retail sales, forestry, forest products processing, fishing and seafood processing, and tourism.

As the region's economy experiences growth in service industries, the region's income has fallen significantly below that of both the state and the nation, despite general growth in the economy. Like other Northwest coastal resource-based communities, Clatsop County is working to diversify its economy to offset the loss of family-wage jobs in the timber and fishing industries.

Housing

Housing in Clatsop County is less affordable than the rest of the state. This is a function of the lack of high-paying jobs in the county combined with the amount of high-value beach community property.

In Clatsop County, the most recent data available produces an Housing Affordability Index (HAI) of 45.3, which, compared with the state HAI of 62.8, indicates that housing prices are less in line with household incomes. When the HAI is substantially below 100, this means that much of the housing is not affordable for the average household.



Schools

Clatsop County has five public school districts with a total of 5,020 students. Approximately 38 percent of students are enrolled in the Astoria School District and 31 percent are enrolled in the Seaside School District.

Clatsop Community College offers a comprehensive curriculum. The College's Community Education Division works with area employers, business, government and industry to develop customized employee training. Curriculum includes standard academics, as well as professional-technical programs for nursing, marine technology, criminal justice, integrated technology, accounting, business management, emergency medical and fire services, and others. A wide range of general interest courses and special programs are offered as well.

Tongue Point Job Corps Center is operated by the Management & Training Corporation (MTC). This is a co-educational job-training program for people ages 16 to 24, from low-income backgrounds. Approximately 500 students are enrolled in training programs for business, word processing, and data entry, or in the MTC's full-time college program.

Authority to Regulate the Harbor

The Port of Astoria has proposed that, under Oregon statutes (ORS 777), it has the authority to provide comprehensive regulation of the Astoria Harbor and to collect fees for these services. In a review of ORS 777 commissioned by the Port, the firm of Haglund, Kelley, Horngen, Jones & Wilder LLP provided the Port with a summary (May 5, 2009) of its authority to regulate certain aspects of the harbor. The conclusions of this opinion are summarized below. A copy of this opinion is attached as Appendix B of this document.

v. Conclusion/Next Steps.

The Port of Astoria has expansive authority to regulate all aspects of maritime commerce at the mouth of the Columbia River. If the Port determines that particular safety and environmental concerns are not being addressed in the Astoria harbor, the Port could adopt regulations and a funding mechanism to address those needs. The appropriate next steps are (1) to evaluate the scope of unmet safety and environmental needs, (2) to examine the cost of the Port providing the equipment and personnel to address these needs and (3) if the Port determines regulation is necessary, to develop an appropriate package of regulations and the associated tariff of charges.

Existing Zoning

City of Astoria Development Code

All Port-owned land in the city of Astoria is zoned S-1, Marine Industrial Shorelands. This zoning designation allows water-dependent industrial uses outright, including water-dependent recreational and commercial uses. Certain accessory and retail uses are also permitted as conditional uses. Nonwater-dependent uses and nonwater-related uses can be located in existing buildings, provided the use does not preclude future water-dependent uses.

Some special restrictions that limit recreational and commercial uses are not permitted at South Tongue Point.

The Strategic Plan is consistent with the City of Astoria zoning code.

City of Warrenton

The airport and Skipanon Peninsula properties are within the city of Warrenton's boundaries. The airport property and its adjacent industrial land are zoned General Industrial, which allows these uses.

The Skipanon Peninsula properties are zoned Urban Recreational and Resort (URR) on the southern portion of the peninsula and Water-Dependent Industrial (I-2) on the northern end. The I-2 property is the area where a proposed liquid natural gas (LNG) facility is proposed. This land is part of a controversial lease agreement between the Port, the State of Oregon, and the project proponent, Oregon LNG.

Community Role

The Port of Astoria is one of a broad coalition of partners—the Lower Columbia Solutions Group (LCSG)—that has been working on a solution to help lower Columbia ports dredge and dispose of sediments that are too contaminated for in-water release. These sediments must be disposed of in an upland permitted facility. The partners recognize that pesticides, metals, and other contaminants originating throughout the Columbia River watershed move down through the system and settle out at the mouth of the river, leaving lower Columbia ports with the costly problem of dredging and disposing of these materials, most of which they did not produce. Given the importance of the lower Columbia ports to the regional economy and local communities, as well as the sensitive ecology of the Columbia River Estuary, Oregon and Washington partners endorse a regional solution.

In 2010, the Group intends to design and permit an upland disposal facility that can be used by multiple ports, located in an area that makes sense considering sediment transportation costs, environmental considerations, and community interests. The facility will reuse a City of Warrenton wastewater lagoon that has been pre-selected with facility siting criteria and is already partially engineered to handle contaminated material. When built, the facility will hold 200,000 cubic yards of material to meet the lower ports' needs for the next 5 to 15 years, at which point, the facility will be capped to provide the City with land for redevelopment.

This project is essential to maintain economic operations at the Port of Astoria, which is currently unable to dredge contaminated areas for lack of an upland disposal facility. The Port of Ilwaco and others are expected to need upland disposal options in the near future. Local communities and regional shipping and tourism operations depend on these ports and their ability to dredge their docks and mooring basins; many shipping berths and marinas are rapidly filling in with sediment, hampering navigation and commerce. This regional facility will provide the opportunity to regionally share and manage costs associated with dredging and disposal. Without it, economic benefits associated with cruise ship visits, groundfish, salmon, and crab fisheries, and the lower Columbia maritime industry will be lost.

Analysis

The demographic profile indicates several important issues. These are:

- A. Population growth in Clatsop County is projected to be below .002 percent a year between 2010 and 2020, with most growth in the over-65 age group and a decline in the 24-and-younger age group.
- B. The county's unemployment rate of 9.4 percent (2009) is below the statewide rate of 11.1 percent.
- C. Income in the county is between 14 percent (2007) and 19 percent (2009) below the statewide per capita income.
- D. Housing is less affordable, with a Housing Affordability Index of 45.3, which means that much of the local housing stock is not affordable for the average household.

These profiles clearly reinforce the need behind the Port's goal of increasing the availability of family-wage jobs within Clatsop County.

Policy Context

Threshold Statement

The Strategic Plan has been prepared with funding from Oregon Economic and Community Development Department (OECD) and is based on the template provided by the agency. The Port will update its five-year capital plan and its goals and objectives annually as part of the annual budgeting process. Sitting Commissioners will be required to undergo board training and have agreed on procedures for handling conflict-of-interest issues, and have agreed to follow best practices and fiduciary responsibility as defined by the OECD.

Port's Commitment

Port commissioners and staff are aware of the commitments and requirements associated with their formal acceptance of this document. They understand they are, in principle, committed to follow its governances, its strategic plan, and the requirement to update the plan every ten years, with a five-year mid-point review.

Commissioner Training

Although the commissioners have attended informal training discussions and participate in other Port-related meetings and organizations, the Port does not have a specific policy for board member training and development. The Oregon Statewide Port Strategic Plan recommends the implementation of a training program for elected port commissioners and managers. Under this recommendation, the Oregon Business Development Division (OBDD) would administer the training program and keep track of compliance. The training requirement would be triggered by each port's opting in to a business agreement with OBDD.

Flexibility

Although the Port commissioners and staff understand their commitment to follow the guidance and requirements outlined in this plan, they also know the plan must allow the flexibility to respond to new revenue sources and emerging opportunities. The projects outlined in the **Strategic Goals, Objectives, and Investment Priorities** chapter are structured to allow a significant amount of flexibility. It is also understood that these investments may not anticipate all potential opportunities and that there needs to be a process for adjusting the plan when or if the need arises. The most significant component of this flexibility will be the ability to evaluate opportunities based on the Port's goals and this plan's strategic objectives.

Planning and Environmental Compliance Issues

Planning

The Port of Astoria's Strategic Investment Plan is designed to respond to and support the State of Oregon's planning and business development goals.

- **Statewide Planning Goal 9 – Economic Development**

The plan's actions that support this goal include:

- Investing in existing and new infrastructure.
- Supporting existing tenants and business lines.
- Attracting new business opportunities.

- **Statewide Planning Goal 12 – Transportation**

The plan's actions that support this goal include:

- Investing in new roadway and rail access to Tongue Point.
- Improving the IFR taxiway approach, hangar, and terminal facilities at Astoria/Warrenton Regional Airport.

- **Statewide Planning Goal 17 – Water-Dependent Use**

The plan's actions that support this goal include:

- Investing in piers and new equipment to support fishing, boat repair, future cargo (including SSS), cruise, and tourism/lodging uses.

Environmental Compliance

The Port of Astoria commissioners adopted an environmental compliance program (Resolution and Order No. 2006-01) on January 17, 2006. This resolution lays out ten specific compliance goals and several specific compliance commitments to be followed for Port commissioners and staff. The compliance program also defines Port properties and operations, environmental review requirements, and the duties, responsibilities, and qualifications of an environmental compliance officer. The scope of the compliance program is also discussed with reference to key state and federal statutes and regulations considered to be potentially applicable. A copy of this compliance program is included as Appendix C of this document.

Also, the Port is pursuing cleanup of the Astoria Area-Wide Cleanup Site. In 2001, the Oregon Department of Environmental Quality (DEQ) issued a unilateral order requiring the investigation and potential cleanup of properties in an area near the Port. The order was issued to several of the current and former facility operators, property owners, and leaseholders that have engaged in industrial and commercial activities.

The Astoria Area-Wide Cleanup Site consists of the properties between West Marine Drive (US Highway 30) to the south, the Columbia River to the north, Youngs Bay to the west, and Portway Street to the east. Site operations have included manufacturing, automotive service stations, bulk fuel storage facilities, fuel pipelines, and the Port of Astoria. Petroleum hydrocarbons, including gasoline and diesel-range constituents, have impacted site soil and groundwater. Free product has been identified in groundwater and appears as a sheen on Port of Astoria Slip 2 surface water. Impacts to Columbia River sediments are being evaluated. The area under the Port's current office building and shop has the highest level of contamination, and the soil would need to be removed to clean the property.

Property Management Policy

The Port adopted a Port Property Management Policy in 2000, which lays out procedures for the orderly use, management, lease, and sale of properties in Port ownership. This policy is included as Appendix D.

Statewide Port Strategic Plan Recommendations

This plan also supports the recommendations of the Oregon Statewide Port Strategic Plan for:

- Investing to grow existing businesses.
- Developing plans and infrastructure to "tap into emerging markets."
- Consistency with the goals and objectives of the statewide template for Port Strategic Business Plans.

This plan is structured to link investments with their ability to meet the requirements of the following:

- Business Oregon Marine Navigation Improvement Fund.
- Business Oregon Port Planning and Marketing Fund.
- Business Oregon Port Revolving Fund.
- Connect Oregon.

Other Local and Regional Plans

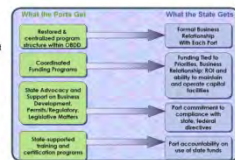
This plan is consistent with the City of Astoria's Comprehensive Plan and Riverfront Vision Plan (December 2009) and provides recommendations for open vistas, public access and a waterfront trail, and a working waterfront that support these documents.

What is the Oregon Statewide Strategic Port Plan Recommending?

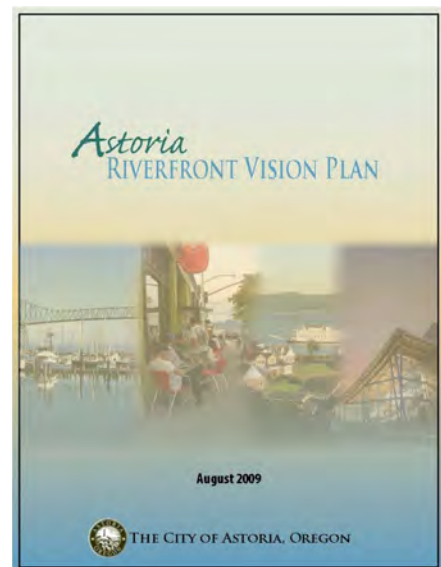
Strategic Plan = Business Plan

Oregon's Statewide Port Strategic Plan will be a business plan between the state of Oregon and each of Oregon's Ports. It will:

- Better organize the institutional relationship between each port and the state.
- Create a state port investment fund, with components based on port size and market differences, which will fund the state's highest port priorities based on need, job creation, ability to advance Oregon's key industries, and financial ability to operate and maintain the investment.
- Establish a port-oriented training program for port commissioners and managers.
- Create a Marine Transportation mode program through ODOT and the Oregon Public Ports Association, and
- Organize a strategic response group led by OGD which will organize state agencies to respond to special port business opportunities or to emergency situations.



Oregon's Stable Markets related to Ports include commercial fishing along north Coast; property developments; agriculture; bulk, cargo, automobiles; recreation; sport fishing; and tour boats.



Situational Analysis

Strengths, Weaknesses, Opportunities, and Threats

Strengths, weaknesses, opportunities, and threats (SWOT) analysis is directed at enumerating some of the characteristics or conditions that can be either modified or addressed as the Port moves to meet its stated mission and goals. These strengths, weaknesses, opportunities, and threats include the following:

Strengths

- Location at the mouth of the Columbia River, with proximity to the Pacific Ocean.
- Availability of deep-draft piers to support general cargo and berthing operations.
- A significant regional airport with long, capable runways.
- Tongue Point, with 140,000 square feet of building area, 30 acres of land, and 15,000 linear feet of pier face.
- Available industrial land with both waterfront and airport locations.
- Two existing marinas and a boatyard to support both recreational and commercial boating needs.
- Attractive community setting with a flourishing tourism industry.
- Continued, steady fish processing and fishing industry.

Weaknesses

- Distance from a major population center for potential cargo distribution.
- Lack of significant upland space with adjacent transportation facilities and docks to support large-volume cargo operations.
- No active rail connection to a major distribution center or a deep-water pier facility.
- Small local population and market base.
- A local industrial base with slow long-range growth projections.
- Lack of sufficient Port revenue to support and implement critical infrastructure improvements.

Opportunities

- Growing tourism industry in both Astoria and South County.
- Potential for accommodating a timber export business that will significantly boost the Port's limited income base.
- Potential for a biomass/cogeneration facility as a Tongue Point tenant.
- Development of Tongue Point as a self-supporting marine industrial facility.

- U.S. Coast Guard Group Astoria's relocation of the Captain of the Port's office and fixed-wing operations to Astoria.
- Bringing South County interests more actively into the Port's outreach and communication process.

Threats

- Deterioration of existing facilities through deferred maintenance.
- Lack of a clear Port vision and decision-making process, creating a situation that leads to frequent public disputes, poor communication, and mistrust of Port actions.
- Lack of sufficient Port staff to pursue important tenant management, marketing, public outreach, planning, and operational support needs.
- Changing local demography from a natural resource-based fishing and lumber products-based economy to a growing tourism, recreation, and retirement economy, which may not value traditional Port activities as in the past.
- Financial challenges related to maintenance needs, prior commitments, and expanded operational expenses related to the Tongue Point acquisition.
- Legal costs related to a variety of issues.

The SWOT analysis points out several key Port needs, from the need to improve revenue streams to the need to better document the commission's decision-making process. These and other critical issues are addressed more directly in the **Strategic Goals, Objectives, and Investment Priorities** chapter. The **Strategic Goals, Objectives, and Investment Priorities** chapter describes each of the Port's investment opportunities, its potential for job creation (economic development), cost (high, medium, and low), and relative response to current and projected market opportunities (degree of risk).

Critical Issues

The Port faces a number of critical issues in determining its investment priorities. Central to these issues is the need to increase or stabilize Port revenue. Without additional revenue streams, the Port will continue the spiral of deferred maintenance and the eventual loss of income-producing resources (e.g., Red Lion Hotel closure and the east moorage basin trestle repairs). The first priority is revenue, followed closely by job creation, with the focus being on the improvement or maintenance of neglected resources and the support of exiting business lines and tenants.

A second critical issue is the Port's decision-making process. Port actions and unclear decision making have led to significant public distrust in the process. The result has been protracted debate, the absorption of staff attention needed elsewhere, and the expenditure of resources for no gain. Until a clear, objective decision-making process is implemented, every major decision will be debated and second-guessed. This is a significant, high-priority issue that needs to be addressed by the Port Commission and staff if the Port is to move forward.

Summary of the Demand Analysis

An analysis of business trends affecting the Port of Astoria's piers, marinas, properties, and airport is included in the **Port Overview** chapter. This section provides a summary of the trends and opportunities presented in that overview.

Commercial Berthing

Commercial berthing for research vessels, cruise ships, military vessels, and dredge equipment, have been and are expected to remain a steady revenue source for the Port. When the National Oceanic and Atmospheric Administration (NOAA) is successful in transferring its Pacific Fleet from Seattle, Washington to Newport, Oregon, Astoria could see additional demand to berth research vessels.

Cargo

Marine cargo volumes in Oregon and Washington dropped significantly in 2009 due to the global recession. Most analysts project it will take a minimum of five years for trade volumes to reach previous peaks, with some commodity groups taking decades to return to peak levels.

In general, the Port of Astoria is limited in its ability to compete for cargo as it lacks a large (70+ acres for cars; 100+ acres for most other cargo) deep-water parcel served by rail and is not in close proximity to larger regional markets. In addition, there are thousands of acres of underutilized terminal capacity at Pacific Northwest ports and private sites. The Port's best marine cargo opportunities include:

- In the near term, log exports. This opportunity is due to increased international demand due to the weak dollar at the same time as weak domestic demand due to the recession. It is unclear how long these circumstances will last, but it is currently projected at five to ten years.
- In the long term, Short Sea Shipping (SSS) and project cargos, as roadway and railway congestion increases and fuel costs rise. SSS requires less infrastructure investment and upland staging area than other cargo shipping markets.

Commercial Fishing

Oregon's commercial fishing industry has fared well, especially in comparison to neighboring Washington and California. Astoria is a focal area for Oregon's commercial fishing industry, and the Port of Astoria will continue to play a key role supporting this industry with its marinas, boatyard, land leases to processors, etc.

Moorage

Recreational and commercial fishing drive Astoria's moorage market, which is strong but seasonal.

Boatyard

The number of vessels using the Port's boatyard has increased steadily since its opening in 2005. This use is primarily seasonal, and could be expected to increase if indoor repair areas were provided, along with the ability to haul out larger vessels.

Lodging

There is strong growth in visitor spending in Clatsop County, most notably in the lodging industry in Astoria, indicating strong demand for lodging on the Port's well-located properties.

Biomass/Cogeneration

There appears to be demand for biomass/cogeneration in Astoria. There is significant state and national interest in alternate power systems and tax advantages for developers, as well as ample forest products in close proximity.

Industrial Development

There is no shortage of industrial land in Clatsop County and at expected expansion rates, the Port owns a significant supply. The Port is well positioned to support small to medium new industries at its airport, waterfront, or Tongue Point sites and a large new use on the Skipanon Peninsula.

District Needs

The most significant district needs are additional family-wage jobs and employment opportunities. The demographic analysis of slow job growth, median incomes significantly below state and national averages, housing costs above the reach of many families, and the decline in the number of residents below 24 years of age point to significant needs, where the Port can be partial player.

The Port of Astoria lacks a cooperative relationship with other economic development interests. Both these interests and the Port would benefit from closer cooperation and the joint use of resources to attract and retain economic development opportunities. The Port should proactively promote this cooperative approach.



Direct Impact on Jobs

See the "Critical Issues" discussion in the **Situational Analysis** chapter and the project descriptions presented in the **Strategic Goals, Objectives, and Investment Priorities** chapter.

Risk Analysis

Risk analysis, as it relates to each of the major investment opportunities, is discussed in the **Strategic Goals, Objectives, and Investment Priorities** chapter.

Strategic Goals, Objectives, and Investment Priorities

The following project and investment descriptions summarize the Port's list of strategic investment opportunities. The projects and opportunities are organized by operational areas, which are:

- Central waterfront properties and marinas
- Tongue Point
- Astoria/Warrenton Regional Airport
- Skipanon Peninsula
- South County
- Other focus areas

The investment decisions for each operational area are presented using a consistent format, as follows:

- **Description.** A brief description of the facility and its current use.
- **Business Opportunities.** A summary of the business opportunities (existing and potential) as derived from the project's market analysis.
- **Strategic Objective.** What are the Port's objectives or reasons for investing in this operational area?
- **Action Plan.** A summary listing of potential investments.
- **Comparative Evaluation.** A summary graphic evaluation of the market potential, risk, cost, and economic/public benefit value of each potential investment.
- **Implementation Phasing/Priorities.** A project list by implementation phase/priority in one- to three-year, three- to five-year, and six- to ten-year increments.

Central Waterfront Properties

The Port maintains and operates the following facilities and properties on the Astoria waterfront:

	Facility	Current Primary Function
Deep Draft Terminals	Pier 1	Commercial berthing, cruise berthing, cargo staging
	Pier 2	Seafood processing and fleet support, commercial berthing
	Pier 3	Marine Service Center boat yard, haul-out facilities, and open storage area; cargo staging, commercial berthing
Marinas	West Basin Marina	Recreational and commercial berthing
	East Basin Marina	Larger yacht and fishing fleet and commercial berthing
Uplands	Various Properties	Various tenants, office, commercial, and hotel use

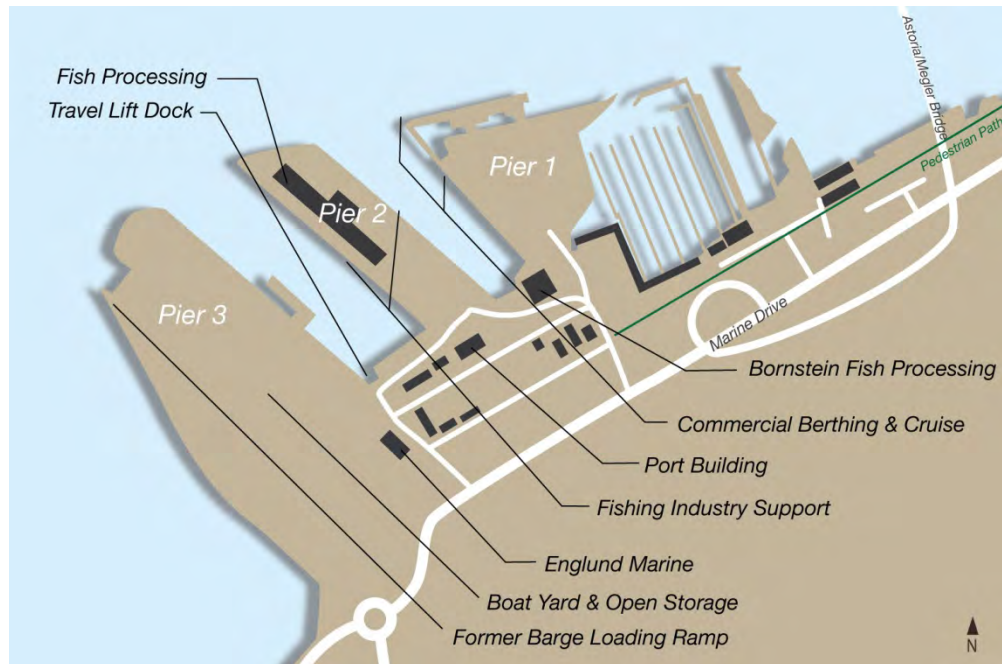


Figure 34. Deep-draft terminals' existing conditions

Deep Draft Terminals — Piers 1, 2 and 3

Piers 1 and 2 are the Port's primary deep water piers, providing commercial, cruise, fish processing, research, and military vessel berthing as well as cargo staging. Ongoing maintenance at these piers is underway and the majority of the dock faces have been replaced with concrete. An approximately 72,000 square foot warehouse on Pier 2 current supports the fish processing business.

Pier 3, a 19.5-acre site, hosts the Port's 10-acre boatyard that includes an 88-ton travel lift, active vessel storage/repair services, and inactive vessel storage. This location provides boaters coming into the West Basin a convenient option for service and could accommodate marine trades or other related businesses in the Marine Service Center concept. Due to its deteriorated condition, the pier's original warehouse and pier deck have been removed and berthing is no longer available. The barge loading ramp at Pier 3 is also in poor condition and will need significant upgrading to be usable.

A variety of industrial and commercial office tenants occupy the Port's property adjacent to the piers. These include Englund Marine, Bornstein's Fish Processing, State Police storage, Riverland Commercial Building, Bergerson Construction, and the Port office. These tenant lease terms vary significantly.



■ Business Opportunities

Commercial berthing (including cruise ship calls) and fish processing are expected to continue to provide a stable revenue source for the Port.

Pier 3's boatyard is a growing business and revenue generator. However, due to its open work areas, business is seasonal with summer peaks and winter valleys. As the boatyard activity grows over time, there may be emerging demand for related marine trades businesses.

Short sea shipping opportunities may emerge in the longer term, and other cargo shipping opportunities may result from the unique alignment of market conditions. For example, there may be an opportunity to export logs due to the weak domestic dollar and demand, ample northwest Oregon private timber, and potential synergy with local sawmill and biomass/cogeneration plan opportunities.

■ Strategic Objective

Maintain and enhance the deep draft terminal's ability to support cargo shipping, topside repair, commercial berthing, boat repair, and fish processing.

■ Action Plan

1. Replace deteriorated components and maintain the ability of Piers 1 and 2 to support commercial berthing, project cargos, and seafood processing.
2. Acquire a 250- to 300-ton capacity mobile crane and standby tug service to further open topside repair, project cargo, or visiting ship opportunities to the Port.
3. Evaluate the opportunity to accommodate log exports on Piers 1 and 3. This operation would tie up log ships at Pier 1, stage logs on Piers 1 and 3, and install a log debarker on Pier 3. Consider the viability of the operators business plan, and project its potential longevity, weigh potential revenues, jobs created, and spin off impacts against potential effects on existing business lines, upland tenants, and neighbors. Depending on the results of this evaluation, implement either option 4a or 4b.
4.
 - a) Accommodate log exports on Piers 1 and 3. Rework the Pier 1 Security Plan around necessary log staging and minimize operational conflicts between this operation and other Pier 1 users. Reconfigure and expand the boatyard. Locate a future boat ramp to provide safe boater access and trailer parking.
 - b) Construct a covered maintenance structure on Pier 3 to improve the boatyard's flexibility and ability to support jobs and provide year-round services. This building would accommodate painting, finishing, and sandblasting in a protected/contained environment. Continue to market the area to complimentary businesses to create a consolidated Marine Service Center, including yacht manufacturing, marine trades, grocery supply, boat repair businesses, sail makers, and environmentally approved hull painting and coating operations. Locate a future boat ramp to provide safe boater access and trailer parking.



5. Actively market available upland properties for lease and development, prioritizing maritime-oriented businesses. Continue to restructure lease agreements to accurately reflect current market conditions.
6. Evaluate the economic and regulatory feasibility of installing a sheet pile wall along the original Pier 3 face and backfilling with harbor dredge material to reinstate barge tie-up and improve cargo shipping capabilities. Repair Pier 3's barge loading ramp.
7. Construct a shelter on Pier 1 to protect cruise passengers awaiting tours or returning to the ship from inclement weather.
8. Improve pedestrian access from the pier to downtown Astoria for cruise passengers.
9. Continue the effort to recover funds to clean up area-wide contamination under Gateway Avenue and the Port office and shop. Once the Pier 1 building is acquired (see page 88, number 5), consider relocating Port Office Building tenants to this facility to allow for more extensive remediation.

Marinas — East and West Basins

The Port of Astoria operates two marinas, the West Basin located near the west edge of town, and the East Basin, located 2.5 miles upstream.

The West Basin accommodates 400 vessels with approximately 330 slips ranging from 20 to 50 feet, linear moorage, and side ties. The marina primarily serves recreational and sport fishing tenants and visitors, with a limited number of commercial operators. This facility is in fair condition, needing seasonal dredging and ongoing slip repair and replacement. There are some contaminated dredge materials. The Port recently invested in relocating the fuel tanks in the basin which now provide the only recreational vessel fuel on the lower Columbia River. Upland tenants adjacent to the marina include the Pier 1 building, a three-story commercial and marina support facility in Chapter 11 and due to be purchased by the Port, the Red Lion Hotel, recently closed due to concerns over the building's structural integrity, the Chinook Building and adjacent restaurant. The Red Lion's lease is up in 2013. The parties have begun negotiating an early termination for this lease.

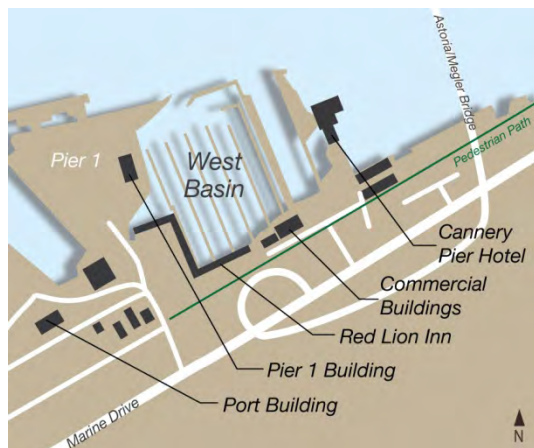


Figure 35. West Basin existing conditions

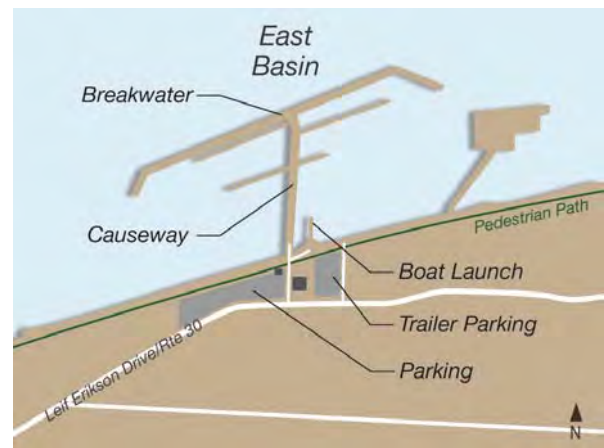


Figure 36. East Basin existing conditions

The East Basin's 82 slips, boat ramp, and adjacent trailer parking support commercial, fishing and recreational vessels. This marina's infrastructure is designed for direct vessel loading off the breakwater and trestle structure; however, the trestle is in poor condition. In addition, sea lions that have adopted the area are a nuisance that can damage the Port's infrastructure as well as boats in the marina. The Port has an opportunity to acquire and develop an old Oregon State University lab on the site, which currently divides Port property.

■ Business Opportunities

Strong, seasonal demand for moorage in the East and West Basins is expected to continue.

Given the community's thriving tourism industry and recent closure of the Red Lion, there is a growing demand for waterfront lodging. The Red Lion's site is particularly well suited to respond to this need, due to its prime marina-adjacent location and its high visibility at the intersection of two main routes in and out of Astoria.

■ Strategic Objective

Provide high quality facilities and amenities to best support and grow Astoria's fishing industry, commercial and recreational boaters, and tourism.

■ Action Plan

West Basin

1. Dredge and maintain marina infrastructure as needed and complete utilities to T Dock.
2. Prepare a master plan for the uplands that directs redevelopment of the Red Lion site to maximize its revenue potential and capitalize on the growing tourism industry. Issue a Request for Proposal (RFP) to select a developer to implement this plan.
3. Actively market other upland properties for lease and development, prioritizing maritime-oriented businesses. Continue to restructure lease agreements to accurately reflect current market conditions.
4. Study the impact of installing pile dikes and resulting potential decrease in seasonal dredging.
5. Acquire the Pier 1 building.

East Basin

5. Prepare a master plan for the East Basin that evaluates market demand for moorage and identifies in-water and upland improvement opportunities, in order to maximize revenue.
6. Replace the existing East Basin causeway to allow for safe, functional access to the berthing and breakwater.
7. Install additional floats as outlined by the master plan.
8. Acquire the old seafood lab to improve overall development potential. If appropriate, issue an RFP to select a developer to implement upland improvements as envisioned in the master plan.

Comparative Evaluation

The following diagrams illustrate the evaluation of recommended projects in order to prioritize their implementation. The compare each project’s local market and economic development potential relative to its potential costs. Opportunities with the best current market and economic development potential and lowest costs were identified as high priorities, while opportunities with less current potential benefit or higher costs are identified as lower priority efforts. Efforts to maintain existing infrastructure and update ground leases are assumed to be necessary and ongoing so are therefore not included in this analysis.

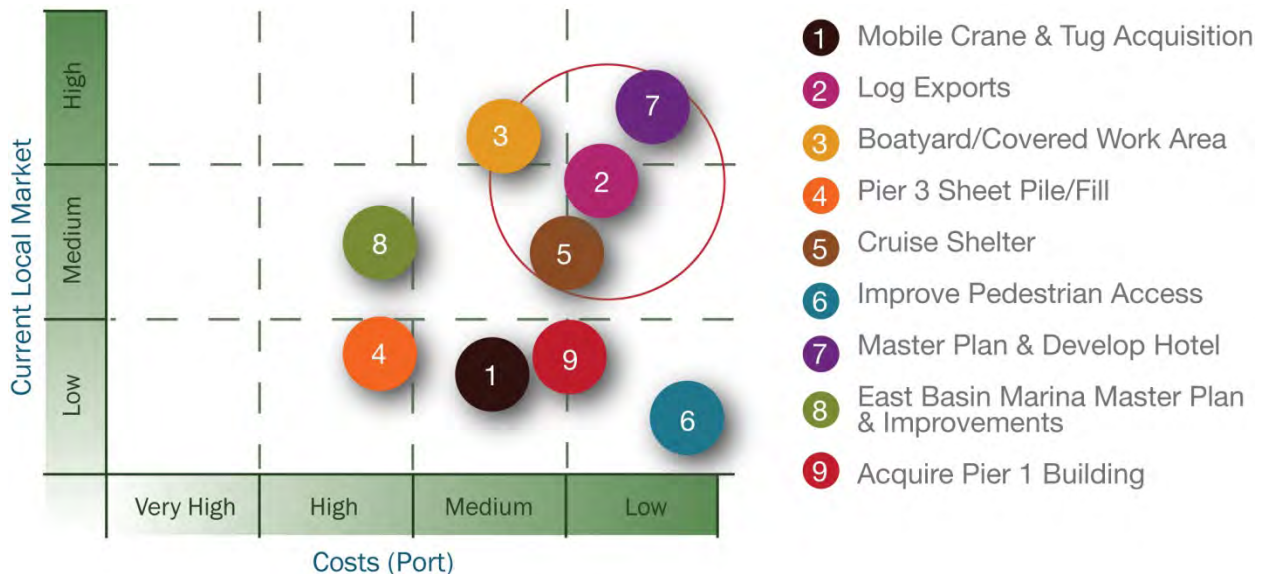


Figure 37. Local market and relative costs for waterfront improvements

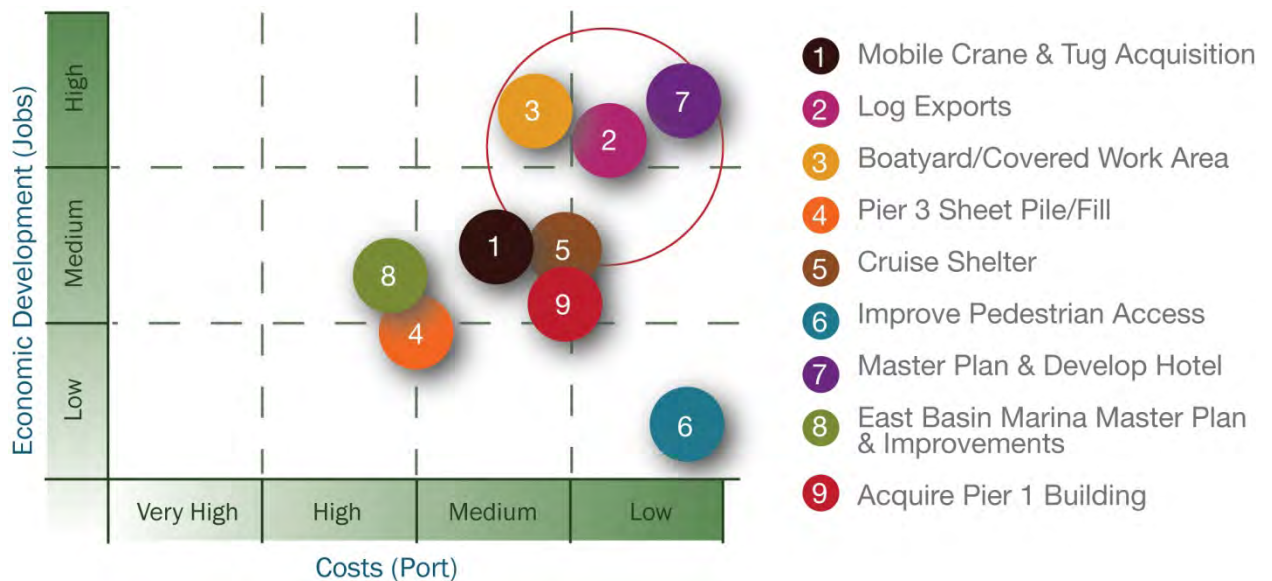


Figure 38. Economic development potential and costs for waterfront improvements

After this first tier evaluation, other factors were considered, including the potential risk, return, and best use of property. The chart below illustrates the ranking of projects relative to all six criteria. As the chart illustrates, in addition to ongoing facility maintenance and renegotiating ground leases, redevelopment of the Red Lion site, development of an indoor boatyard facility or accommodate of log exports (pending evaluation of this opportunity), and acquisition of a mobile crane are the highest priority projects targeted for immediate implementation.

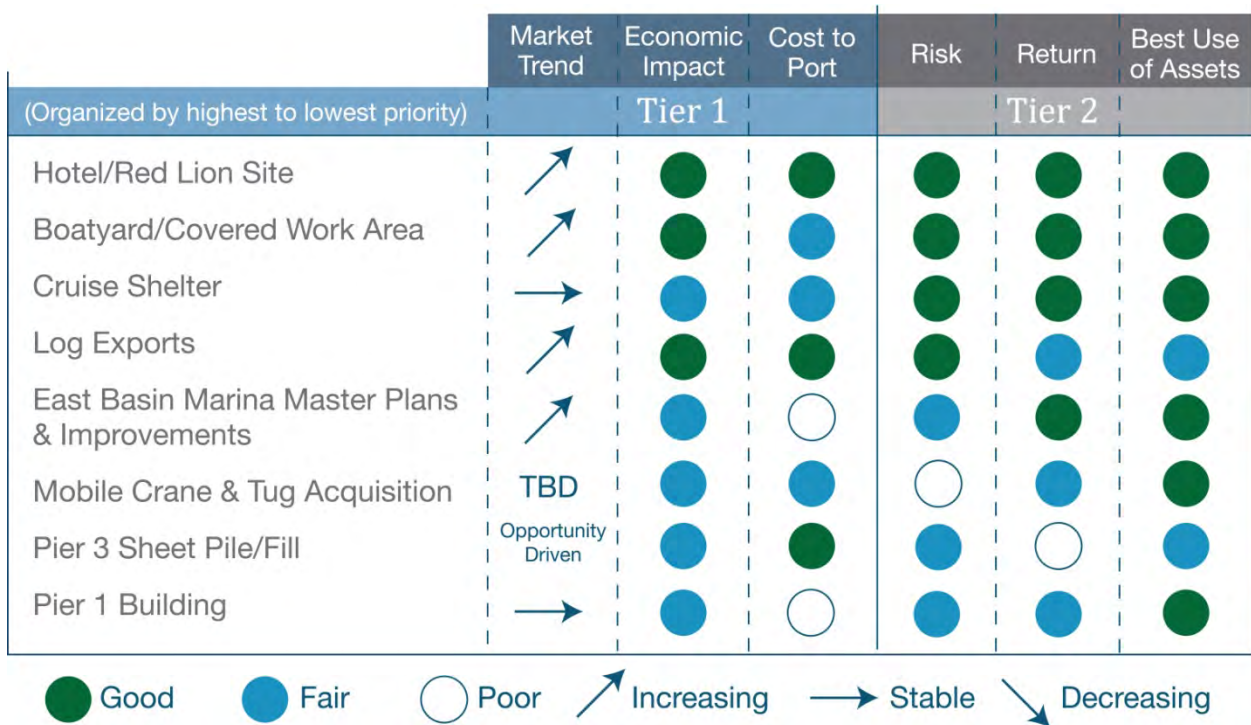


Figure 39. Comparison summary for waterfront properties

Implementation Phasing

The table below summarizes recommended investment phasing in the Port's Central Waterfront Properties. As this is a Strategic Plan, preliminary project budgets are provided as a general guide and should be updated as each project is implemented.

Area	Project	1-3 Years	3-5 Years	6-10 Years	Preliminary Budget
Piers 1 & 2	Piers 1 & 2 Continued Maintenance	X	X		Ongoing
	Cruise Shelter	X			\$750K-\$900K
	Project Cargo (Crane & Standby Tug Acquisition)	X			\$2M (crane) & \$1.2M (tug)
	Pier 1 Building	X			\$1.7M
	Log Exports Upgrades	X			\$70K
West Basin	West Basin Maintenance	X	X		Ongoing
	Hotel/Red Lion Site Master Plan	X			\$50K
	RFP & Developer Selection	X			\$40K
	Redevelopment		X	X	\$10M
East Basin	Master Plan and Market Analysis	X			\$50K-\$60K
	Trestle Repair		X		\$4.5M
	Finger Pier and Floats		X	X	\$200K*
Pier 3	Boat yard Covered Work Area	X			\$1.5M-\$2M
	Log Exports Upgrades	X			\$130K
	Sheet Pile Wall with Fill		X	X	\$2M
Upland	Property Lease Reviews	X	X	X	N/A
	Area-wide Environmental Clean-Up	X	X	X	N/A

** Immediate investment in upgrading electrical and gravel parking; asphaltting not included*

Figure 40. Priority and preliminary budget for waterfront improvements

Tongue Point

In November 2009, the Port entered a long term lease with option to purchase Tongue Point with property owner the Washington Group. Hosting fish processing, boat construction, open storage, and lay berthing, the property is comprised of approximately 30 acres of upland, 140,000 square feet of interior space in two former aircraft hangars, and 15,000 feet of pier face.

The site's location away from downtown Astoria and residential neighborhoods render it ideal for industrial users with more significant truck traffic, noise, or lighting impacts than would be inappropriate adjacent to downtown. The site is accessible off Highway 30; however, more intensive use will require upgrading the narrow, restricted access roadway. Rail service is also available in close proximity, but not currently operational.

Though the site has significant linear moorage, the piers are not wide or strong enough to support heavy equipment or cargo loading needs. In addition, bull rails and fender piles are in poor condition and copper utilities have been stolen. Water depth adjacent to most pier faces is relatively shallow (+/- 12 feet).

The former aircraft hangars have been fairly well maintained and are in good condition; one hangar is completely leased and the other has several tenants who lease about half its area.

The Port is pursuing leasing approximately 11 acres of adjacent property owned by the Department of State Lands (DSL).

Business Opportunities

A number of growing industries could be appropriate at Tongue Point, including:

- Biomass/cogeneration
- Forest products (sawmill)
- Commercial berthing
- Fish processing
- Boat building and repair
- Cargo terminal
- Project cargo/short sea shipping
- Open storage
- Small business incubator
- Warehousing

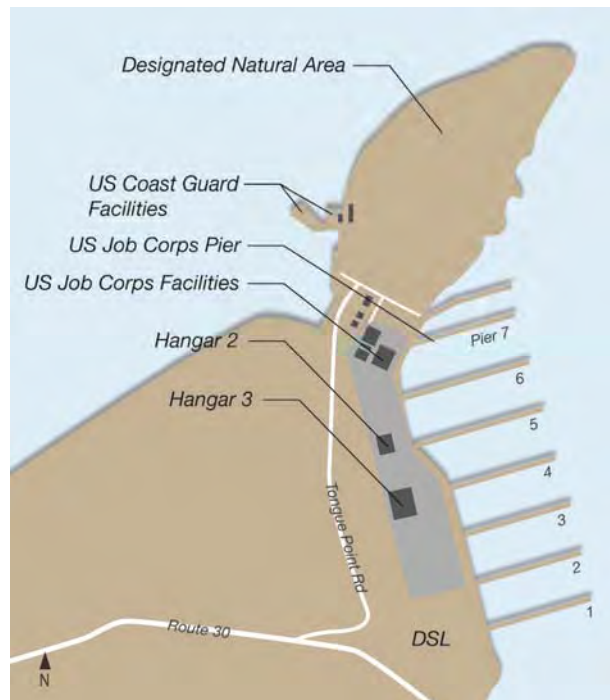


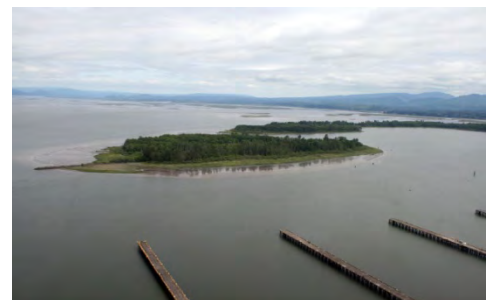
Figure 41. Tongue Point existing conditions

Strategic Objective

Develop Tongue Point into a self-supporting marine/industrial facility that provides family-wage jobs and economic development opportunities for Clatsop County.

Action Plan

1. Generating revenue adequate to cover increasing Washington Group lease payments is a top priority. Efficiently lease Tongue Point to maximize job creation and revenue generation. Carefully select and site complimentary tenants to maximize overall efficiency.
2. Repair the existing seaplane ramp to accommodate large vessel haul-out. Improve the upland and a portion of Warehouse 2 to allow for boat staging and repair operations.
3. Improve roadway access to accommodate an increasing volume of truck traffic.
4. Reconnect rail to Tongue Point, essential for development of potential industrial, cogeneration, cargo transshipment, and/or marine terminal users.
5. Replace numerous fender piling along the face of existing piers to support commercial and lay berthing of barges, larger fishing vessels, and commercial users. The Port estimates over 1,500 fender piles will eventually need to be replaced.
6. Work with regulators to ensure continued maintenance dredging of slips and channel.
7. When demand warrants, pursue leasing the adjacent 11 acres owned by DSL.
8. Upgrade pier utilities to support full service commercial berthing. Essential systems include electrical, potable water, and communications.
9. If not already completed per Item 1, upgrade barge ramp to accommodate roll-on/roll-off barge loading.
10. If demand warrants, work with a cargo operator to acquire a high-capacity mobile crane and construct a wharf capable of supporting crane operations. Extend the rail spur on-site to support cargo transloading.
11. If demand warrants or property swap is viable, evaluate either leasing south Tongue Point, Lois or Mott Islands. Consider selectively filling between finger piers to support the creation of a working deep water facility. Evaluate the lease/purchase value, potential revenue, and environmental issues related to the site's wetlands.



Comparative Evaluation

The following diagrams illustrate the evaluation of recommended projects in order to prioritize their implementation. They compare each project’s local market and economic development potential relative to its potential costs. Opportunities with the best current market and economic development potential and lowest costs were identified as high priorities, while opportunities with less current potential benefit or higher costs are identified as lower priority efforts.



Figure 42. Comparison of Port investment to market potential for Tongue Point properties



Figure 43. Comparison of Port investment to job creation for Tongue Point properties

After this first tier evaluation, other factors were considered, including the potential risk, return, and best use of property. The chart below illustrates the relative ranking of projects relative to all six criteria. As the chart illustrates, biomass/cogeneration, sawmill, commercial berthing, and small business incubator (within an existing warehouse) are the highest priority uses for Tongue Point.

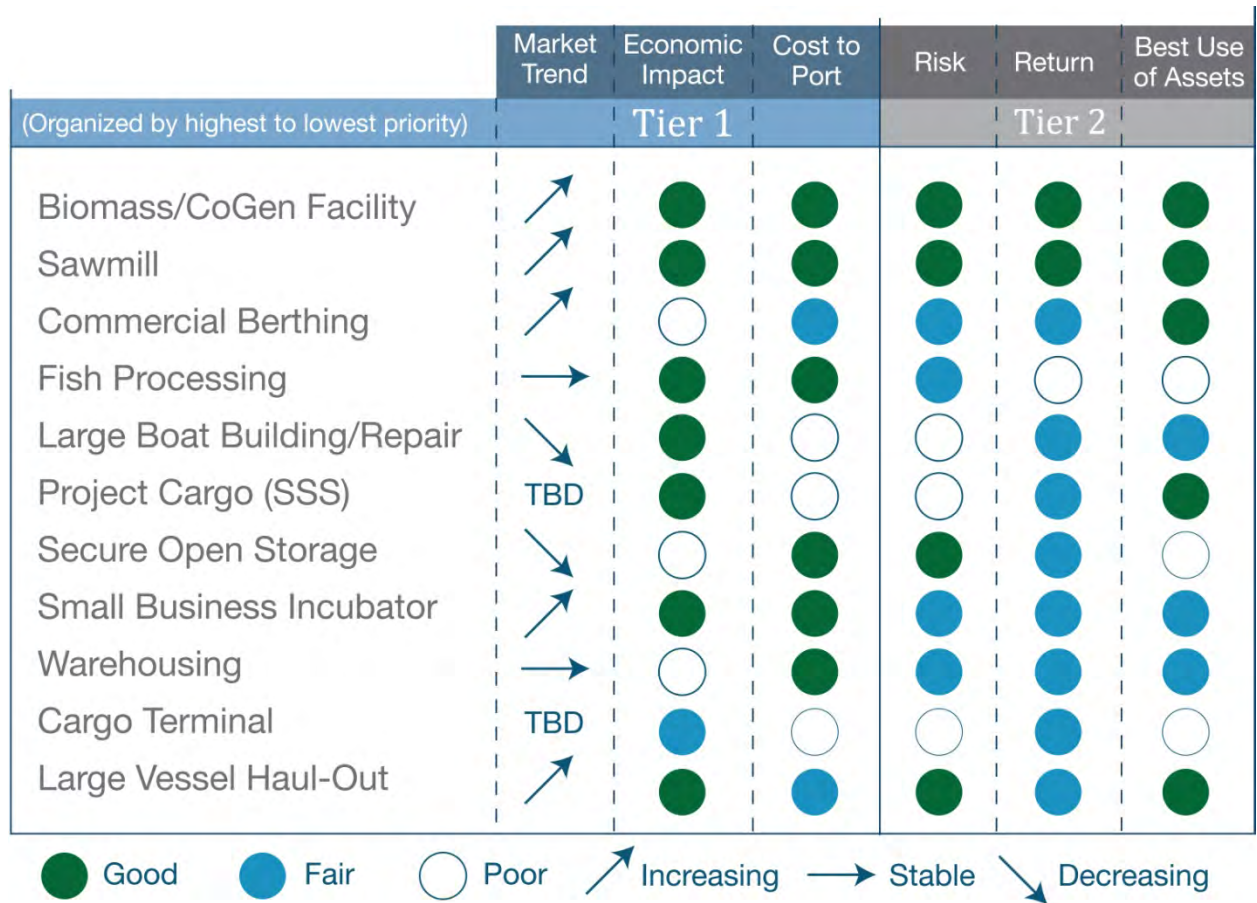


Figure 44. Comparison summary of potential Tongue Point uses

The improvements needed to support tenant opportunities at Tongue Point are listed below.

	Improved Access Road	Repaired Rail Connection	New Building	Existing Hangar Reuse	New Site Utilities	Pier Utilities	Fender Pile	Pier Structure	Dredging	Environmental
Biomass/CoGen Facility	X	X								X
Sawmill	X	X								X
Commercial Berthing						X	X			
Project Cargo (SSS)	X	X				?	X	X*	X	X
Large Container Terminal	X+	X+			X	X		X+	X	X
Shipyard/Repair	X		X			X	X	?	X	X
Small Business Incubator			X							
Fish Processing			X	?						?
Warehousing	X		X							
Secure Open Storage										
Large Vessel Haul-Out				X	X			X		?
X= Required improvement	X+= Significant additional investment			X*= Includes support equipment			?= Unknown			

Figure 45. Improvements needed to support tenant opportunities at Tongue Point

Astoria/Warrenton Regional Airport

The Port of Astoria operates the Astoria/Warrenton Regional Airport, the largest airport on the northern Oregon Coast, which offers scheduled flights to and from Portland International Airport, and serves air freight, charter service, corporate, and private customers. This facility also supports the U.S. Coast Guard (USCG) Group Astoria's rotary wing aircraft, which has plans to station fixed-wing aircraft at the airport. In 2010, this facility will accommodate the USCG Captain of the Port. Private hangar space and a full range of aircraft maintenance and fueling services are provided.

A number of airport facilities need updating, including the taxiways and lack of Instrument Fixed Radar (IFR) approach, outdated passenger terminal, poorly lit parking area and signage.

Approximately 45 acres are available for development at the Port's Airport Industrial Park. The airport site and industrial park lack direct access from Highway 101. In addition, the Port owns 40 acres of commercial-zoned property along Highway 101.

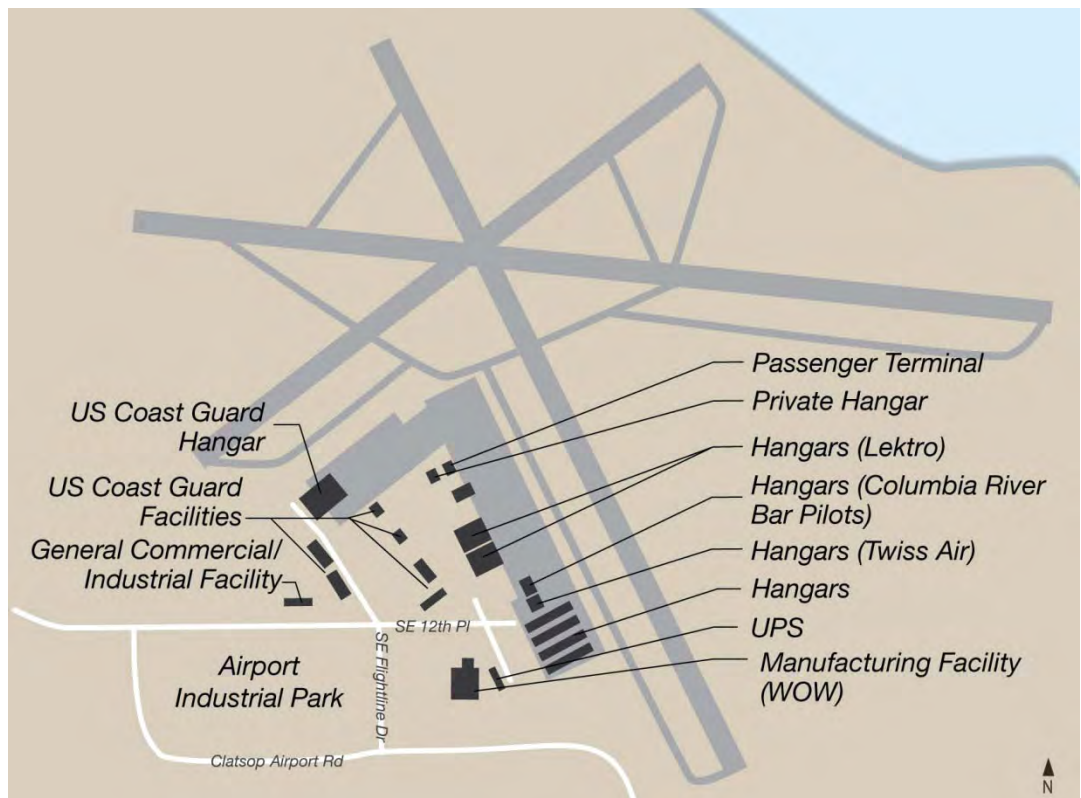


Figure 46. Astoria/Warrenton Regional Airport existing conditions

Business Opportunities

Slow growth at Astoria Regional is expected and could be facilitated by constructing additional hangars as demand warrants and improving passenger amenities.

The Clatsop County industrial market (manufacturing, transportation, and warehousing) has grown slowly over the past decade and is likely continue at that pace, with most growth generated by small or new businesses.

Strategic Objective

Improve the airport as a regional transportation asset, support USCG Group Astoria and Camp Rilea military facility, and market industrial properties.

Action Plan

1. Improve airport taxiways and the IFR minimum approach to expand operations and increase safety.
2. Construct a hangar for airline support, which will enable Seaport Airlines to overnight a plane and conduct early morning departures from Astoria. Develop additional hangars as demand warrants.
3. Upgrade or replace the existing passenger terminal to accommodate expanded passenger services. Coordinate terminal upgrades with relocation of the airport's main entrance (see #4).
4. Design and install a new access roadway/main entry coordinated with the Port's long-range plan to provide a direct, safe and attractive entrance from Highway 101. Develop surrounding commercial property.
5. Improve safety by maintaining or installing appropriate lighting and signage, paving parking areas and walkways, landscaping, and conducting general site improvements.
6. Accommodate the USCG Group Astoria's plans to relocate Captain of the Port and homeport additional fixed-wing aircraft at this location.
7. Continue to market the industrial park.
8. Remodel bar pilots facility.
9. Assert ownership of the Twiss Air building.
10. Construct a building for fuel truck storage.



Comparative Evaluation

The chart below illustrates the evaluation of recommended projects in order to prioritize their implementation. Project’s that grow facility capabilities, address maintenance issues, improve operations or security, and support tenants and users are given the highest priority rankings.

	Priority	Grow Facility Capabilities	Short-Term Maintenance	Operational or Security Improvement	Tenant & User Support
Expand Runway/Improve IFR Approach	1	●	●	●	●
Hangar for Airline Support	2			●	●
Upgrade/Replace Passenger Terminal	3	●			
New Access Road/Entry	3	●			
Lighting , Parking, & Site Improvements	2		●		●
Bar Pilots Support	2				●
USCG Expansion	2				●
Promote/Market Industrial Properties	2	●			
Assert Ownership of Twiss Air Building	3				
Construct Fuel Truck Storage Building	2			●	●

● Good

Figure 47. Comparison of airport projects

Skipanon Peninsula

The Port of Astoria owns 200 acres of undeveloped property on the Skipanon Peninsula. This property is encumbered by significant wetlands. Adjacent to this property, the Port leases 88.7 acres from the State of Oregon Department of Land Conservation and Development, which it subleases to Skipanon Natural Gas for development of a potential liquid natural gas (LNG) facility.

The 88.7 acres subleased to Skipanon Natural Gas is currently part of a legal action, presenting a complex issue for the Port that has consumed significant staff time and financial resources. In addition, there is strong community sentiment both for and against development of the LNG operation. Due to this issue's legal sensitivity, developing a strategic objective and investment strategy for this area is not included in this Strategic Investment Plan.

Business Opportunities

The Clatsop County industrial market (manufacturing, transportation, and warehousing) has grown slowly over the past decade and is likely continue to absorb between four and five acres of property per year County-wide. Given the County's available industrial sites, at current absorption rates, the Port owns a significant supply of industrial land.



Figure 48. Skipanon Peninsula existing conditions

Strategic Objectives

Reserve the 200-acre parcel at Skipanon for a new business opportunity or to provide mitigation for other off-site Port development.

Resolve legal issues regarding the LNG operation. If feasible, swap leasehold interest on this property with North Tongue Point.

Action Plan

1. Market the 200-acre parcel at Skipanon to an appropriate user.
2. If the LNG operation moves forward, consider revenue generation opportunities for the Port, including leasing additional parcels, financing tugs, reusing condensate water or excess "cold", or applying harbor fees.

South County

1. Continue to coordinate and find opportunities to partner and invest in South County, such as expanding trail systems, providing informational kiosks, or other projects to support tourism and job creation.

Other Focus Areas

1. Improve public image and communication practices
2. Partner to improve signage/wayfinding and public access where it does not conflict with operations
3. Pursue partnership opportunities
4. Conduct joint meetings/outreach with City and County
5. Coordinate with neighbor agency's plans and goals
6. Expand the security system by installing additional cameras, creating central monitoring, and reducing patrol costs.

Appendix A

Board Ground Rules



and communication rather than becoming involved in management issues.

ANNUALLY CONDUCT A SELF-ASSESSMENT EVALUATION. We will address our behavior by an annual self-evaluation and address individual problems such as poor meeting attendance or leaks of confidential information.

CLEARLY STATED GOALS. We will set clear goals for ourselves, the Executive Director, and the Port.

UTILIZE DIRECTOR INPUT. We will listen to our director's recommendations, suggestions and proposals on matters that come before the Board.

THE BOARD WILL ACT AS A BODY. INDIVIDUAL BOARD MEMBERS DO NOT HAVE AUTHORITY. When Board members serve on various committees their role will be defined by the board as an appointed active participant. The board member will communicate the position of the board.

DEBATE THE ISSUES NOT ONE ANOTHER. CONDUCT AT A BOARD MEETING IS IMPORTANT. We agree to avoid words and actions that create a negative impression on an individual, the board or the Port. We encourage debate and differing opinions, but we will do it with care and respect.

AVOID MARATHON BOARD MEETINGS. THE MEETINGS WILL BE EFFICIENT AND EFFECTIVE. If a board member believes he or she doesn't have enough information or has questions, either the director or board chair will be called before the meeting or the member may request a postponement of action.

PRACTICE EFFICIENT DECISION-MAKING. Board meetings are for decision-making, action and votes, not endless discussion. We agree to move the question when discussion is repetitive.

SPEAK TO AGENDA ISSUES. The board will not play to the audience. We agree to speak to the issues on the agenda and attend to our fellow board members.

EXECUTIVE/CLOSED SESSIONS WILL BE HELD ONLY FOR APPROPRIATE SUBJECTS.*

Board members will be extremely sensitive to the legal ramifications of our meetings and comments. Executive Sessions may be held for the following:

1. To consider the initial employment of a public officer, employee or staff member.
2. To consider dismissal, discipline, complaints or charges against a public official, employee, official, staff or individual agent.
3. To review and evaluate the job performance of a chief executive officer, or other officer or staff member.
4. To deliberate with persons designated to conduct labor negotiations.
5. To conduct labor negotiations.
6. To consider records that are exempt by law from public disclosure.
7. To consult with counsel concerning litigation filed or likely to be filed against the public body.
8. To consult with persons designated to negotiate real property transactions.

***Specific Circumstances apply to Executive Sessions in Accordance with ORS 192.660**

BE ACCOUNTABLE. Board members will be accountable to the public for competent, conscientious,

respectful, ethical and effective governance.

BE PREPARED AND PARTICIPATE.

Board members are obligated to prepare for meetings and to participate productively in discussion.

THE BOARD HAS ONLY ONE EMPLOYEE.

For most official purposes the board has only one (1) employee - the Executive Director. The Executive Director is responsible for the rest of the staff.

RELATIONSHIPS. Each individual is responsible for his or her own behavior. Board members agree to treat one another, the public and members of staff with respect.

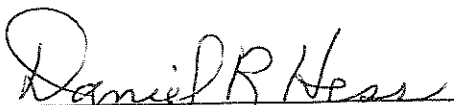
DIVERSITY. Board members agree to value and honor differences.

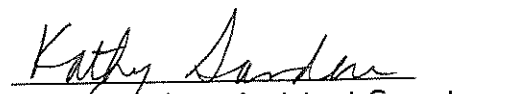
CONSEQUENCES.

Failure to adhere to these rules and behave in a responsible manner may result in the following measures:

- 1) Being gaveled down by the Board President for failure to come to order during a meeting.
- 2) Being removed from a meeting for disorderly conduct.
(Requires a vote of the commission.)
- 3) Being given a letter or resolution of censure.
(Requires a vote of the commission.)

Adopted by unanimous vote of the Commission of the Port of Astoria this 27th day of May, 2008.


Daniel R. Hess, President


Kathy Sanders, Assistant Secretary

Appendix B

Legal Opinion re: Port of Astoria Authority to Regulate Astoria Harbor



AUTHORITY OF PORT OF ASTORIA TO ADDRESS
SAFETY AND ENVIRONMENTAL CONCERNS THROUGH COMPREHENSIVE
REGULATION OF THE ASTORIA HARBOR

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May 5, 2009

AUTHORITY OF PORT OF ASTORIA TO ADDRESS
SAFETY AND ENVIRONMENTAL CONCERNS THROUGH COMPREHENSIVE
REGULATION OF THE ASTORIA HARBOR

I. Introduction.

The Port of Astoria will celebrate its 100th year of operations in February, 2010. During the first 50 years of its existence, the Port was the primary governmental body regulating maritime commerce at the mouth of the Columbia River. For example, the Port regulated anchorage and ship speed in the Astoria harbor and imposed minimum safety requirements for passenger vessel gangways. While these ordinances are still on the Port's books, the primary regulatory scheme governing vessel operations on navigable waters and ship safety equipment is now administered by the U.S. Coast Guard.

It is well known that the Coast Guard regulations regarding vessel navigation and safety equipment are comprehensive. However, multiple stakeholders have identified unmet safety and environmental needs in the Astoria harbor. These include the lack of effective programs to monitor ship ballast water for aquatic invasive species and ship emissions and the absence of local marine firefighting and tugboat capacity. The Port of Astoria has requested a legal analysis of its authority to address safety and environmental issues in its harbor. After briefly discussing the areas of potential regulation, this memorandum addresses the scope of the Port's

regulatory authority and examines the regulatory options utilized in other jurisdictions. By way of overview, since its formation in 1910, the Port of Astoria has been vested by state law with broad authority to regulate its harbor, which includes the entire Columbia River from the county's eastern boundary to the Pacific Ocean.

II. Regulatory Needs Identified.

A. Ballast Water Management.

Ballast water management is an important issue in Oregon waters because bulk carriers, which are the largest component of the ship traffic calling on Columbia River ports, discharge large volumes of ballast water. In 2005, for example, approximately seven million metric tons of ballast water was discharged into the Columbia River. The major environmental issue is the risk of invasive aquatic species in ballast water entering the Columbia River estuary. An organism of particular concern is the Chinese mitten crab, which represents a significant threat to salmonid eggs and larvae by either consuming them or exposing them to other predators. There is concern that the mitten crab, which has gained a foothold in San Francisco Bay, could be transported to the Columbia River and/or Puget Sound via ballast water. There is also the risk that foreign ballast water can introduce human pathogens into the local environment. The Asian strain of cholera bacterium was likely introduced into South American

waters in 1991 through ballast water discharge. Also in 1991, a South American strain of human cholera bacteria was found in ships arriving from South America to the Port of Mobile, Alabama. The bacteria were later found in Mobile Bay seafood, which prompted a public health advisory to avoid handling or eating raw seafood.

Both federal and Oregon law require vessels on trans-Pacific voyages to conduct an open ocean ballast water exchange at least 200 nautical miles from shore and in waters at least 2,000 meters deep. Vessels on coastal voyages traveling to Oregon are required to perform a ballast water exchange at least 50 nautical miles from shore and in waters at least 200 meters deep.

Oregon first established its Oregon Ballast Water Program in 2001. Under current law, the Oregon Department of Environmental Quality has authority for enforcing Oregon's ballast management regulations, but has received very little funding to engage an active monitoring. Given the importance of preventing invasive aquatic species from becoming introduced into the Columbia River estuary, the Port of Astoria may wish to consider adopting ballast water management regulations. These could parallel existing law and include additional enforcement components such as requiring submittal of DEQ's report form to the Port prior to entering the Columbia River and establishing a program of random ballast water testing to verify compliance with state and federal

law. If vessels were aware that the Port of Astoria was randomly sampling ballast water to verify compliance with the exchange requirements, the percentage of noncomplying vessels would likely decrease substantially.

The current testing protocols are fairly simple to administer. These tests examine the salinity of the ballast water. Mid-ocean water has higher salinity than more coastal waters. The change in salinity that occurs with the mid-ocean ballast water exchange is generally lethal to marine organisms that are adapted to lower salinity coastal waters where foreign vessels often take on ballast water (along with the organisms in that water) before departing on a trans-ocean voyage. The salinity tests could be processed through CREST, which utilizes laboratory facilities at Astoria High School.

B. Fire Safety.

The Port of Astoria and City of Astoria presently lack fireboat capability. This prevents either jurisdiction from responding effectively to a marina or mooring basin fire or to an on-ship fire aboard a vessel at anchor in the Astoria harbor.

C. Emergency Response Tug.

For several years now, there has been no towboat capacity provided by a private towboat company in Astoria. As a result, there is increased risk of a major casualty involving the Astoria-Megler Bridge or a collision with anchored vessels or

pier facilities. This is the type of risk that led authorities in the State of Washington to establish a publicly funded standby tug service at Neah Bay to respond to vessel steering and engine failures in the Strait of Juan de Fuca. Earlier this year, the Washington legislature passed legislation shifting the cost of the standby tug to the vessels transiting that waterway.

Given the significant risks associated with a ship steering or engine failure in the Astoria harbor, both the Columbia Bar Pilots and the Columbia River Pilots would welcome the establishment of an emergency response tug in Astoria. That tug could also be available to provide regular tugboat service in the Astoria harbor at reasonable rates. It has been reported that the lack of tug service in Astoria led to extremely high quotes for service from companies maintaining towboats elsewhere. Quotes of \$75,000 per tug for tug service to U.S. and Canadian Navy ships for the upcoming Rose Festival led to the cancellation of a number of planned voyages by those ships.

D. Anchorage.

There are safety and environmental reasons for regulating where and how vessels anchor in the Astoria harbor. The U.S. Coast Guard has two established anchorage areas which are designated on the navigation chart for the mouth of the Columbia River, but the Coast Guard does not actively regulate how and when vessels anchor in these zones. The Port of Astoria may wish

to regulate anchorage in its harbor in order to facilitate optimal separation between vessels, to implement a ballast water sampling program and to keep abreast of anchorage locations as part of a fire safety program.

III. The Port of Astoria Has Broad Authority to Regulate the Astoria Harbor.

A. Applicable State Law.

The Port of Astoria has wide authority to regulate commercial activity within its harbor at the mouth of the Columbia River. ORS Chapter 777 contains multiple provisions granting broad authority to Oregon ports. The broadest grant of authority is contained in ORS 777.120, which provides in pertinent part:

(1) To the full extent the State of Oregon might exercise control or grant to ports the right to exercise control, a port has full control of all bays, rivers and harbors within its limits, and between its limits and the sea. As convenient, requisite or necessary or in the best interests of the maritime shipping and commercial interests of the port, a port may, within its limits:

(a) Make, change or abolish wharf lines in bays, rivers and harbors.

(b) By ordinance make, modify or abolish regulations for the use of navigation, or for the placing of obstructions in or the removal of obstructions from bays, rivers and harbors.

(2) A port shall have the authority to engage in the control and prevention of river and stream bank erosion, and the prevention of damage from floodwater and sediment, and

to make, establish, change, modify or abolish such rules and regulations to preserve natural resources and prevent estuary and stream pollution within the boundaries of the district. [Amended by 1971 c.268 §20; 1971 c.691 §2; 1971 c.728 §140]

It is also worth noting that because the Port of Astoria was established in February 1910, it also retains, pursuant to ORS 777.180, all the powers it possessed on that date in addition to those powers set out in the current version of ORS Chapter 777. Beyond the very broad grant of power quoted above, Oregon ports are authorized to maintain and charge for tug service (ORS 777.125), to own, lease or operate other watercraft (ORS 777.195), and to collect fees from vessels using any port facility (ORS 777.220). There is also a general catchall grant of authority in ORS 777.258 which grants an Oregon port the authority to do any other acts or things, not specifically mentioned by ORS 777.195 to 777.258, "as tend to promote the maritime shipping, aviation, and commercial interests of the port." Throughout its nearly one century of history, the Port of Astoria has exercised this broad authority through comprehensive regulation of its harbor in the form of various ordinances, acquisition and construction of multiple piers and other facilities and the operation of a dredge and other watercraft. Attached as Chart No. 1 is an excerpt from a Port of Astoria chart in 1927 showing the one hour anchorage zone established by the Port in 1911.

The territorial scope of the Port of Astoria's authority includes the entirety of the Columbia River from the county line just east of Westport west to the Pacific Ocean and out into the ocean a distance of one marine league, which is three nautical miles from shore. The breadth of this jurisdiction is a function of the fact that Oregon and Washington have concurrent jurisdiction over the waters of the Columbia River where those waters form the state boundaries.

So long as jurisdictions on the Washington side of the river such as Illwaco do not adopt inconsistent regulations, the Port of Astoria has authority to regulate the entire mouth of the river all the way to the Washington shore. However, even if a Washington port were to adopt inconsistent regulations, the Port of Astoria would have full authority to regulate all the way to the state line, which includes most of the mouth of the river, by virtue of how Oregon was admitted into the United States in 1859. The boundary established by Congress when Oregon was admitted to the Union included all of the islands in the Columbia River between Bradwood and the Pacific Ocean. As shown by Chart No. 2, the Oregon/Washington boundary between Bradwood and the Pacific Ocean includes the vast bulk of the waters of the Columbia River estuary, essentially giving the Port of Astoria jurisdictional control over virtually all of the available anchorage areas at the mouth of the Columbia River.

B. Effect of Existing Coast Guard Anchorage Regulation.

The U.S. Coast Guard has established two anchorage grounds near Astoria, which are set out in 33 C.F.R. § 110.228 and shown in the attached excerpt of the NOAA navigational chart marked as Chart No. 3. These regulations set forth the anchorage zones, designate their primary use for deep-draft vessels over 200 feet in length and prohibit a vessel from occupying an anchorage for more than 30 consecutive days without a permit from the Captain of the Port.

The existence of this Coast Guard anchorage regulation does not affect the Port of Astoria's authority to adopt comprehensive harbor regulations that would include additional anchorage requirements. Under federal preemption analysis, the Port of Astoria cannot adopt regulations which would conflict with or override the Coast Guard regulations, but the Port is free to adopt parallel or more comprehensive regulations regarding anchorage.

On at least two occasions, the Ninth Circuit has upheld state and local regulation of anchorage and moorings despite the existence of parallel federal regulations. In Barber v. State of Hawaii, 42 F.3d 1185 (9th Cir. 1994), the Ninth Circuit upheld the State of Hawaii's authority to regulate anchorage and moorage in its ocean waters, including charging anchorage fees in specific areas. The Court emphasized that the Coast Guard

regulations regarding anchoring, mooring, and movement of vessels were not extensive and did not conflict with the state regulations. The court also emphasized "the Supreme Court's longstanding recognition that anchorage and mooring rules are best left to the states in the absence of compelling government interest to contrary." Id. at 1193.

In a more recent case involving anchorage regulations adopted by the San Diego Unified Port District, the Ninth Circuit rejected a challenge to those regulations on the grounds that parallel Coast Guard regulations preempted those of the Port. Doucette v. San Diego Unified Port District, 125 F.3d 858 (9th Cir. 1997). The court found that the federal regulations were not so extensive as to warrant a finding of preemption. Given the longstanding recognition by Congress and the Supreme Court of local harbor control, there was no basis for a finding precluding the Port of San Diego from adopting compatible but more extensive regulations.

IV. The Port's Regulatory Options.

A. Harbor Dues.

The Port of Vancouver, British Columbia asserts jurisdiction over its entire harbor and imposes harbor dues on most commercial ship traffic entering the Vancouver harbor. Vessels entering the harbor for a period of less than 12 hours and all non-commercial vessels including pleasure craft are exempt. The harbor dues

apply for the first five arrivals by a vessel during a calendar year and are graduated depending upon the quality of the emissions from that vessel. For a 30,000 gross ton bulk carrier, the harbor dues range from a low of \$0.057/GRT for vessels meeting the gold air emission standard to \$0.097/GRT for vessels not meeting two other lower level emissions standards. For a 30,000 gross ton bulk carrier, the gold air emissions standard generates harbor dues of \$1,710, while the basic harbor (high level of emissions) rate works out to \$2,910.

The Port of Astoria could utilize a harbor dues approach applicable to all vessels entering the Astoria harbor with the dues set at a level to fund the services provided by the Port including fireboat capability, standby tug, anchorage and ballast water management services. During the last five years, the number of vessels calling the Columbia River has ranged from a low of approximately 1,600 to a high of 1,850 annually.

B. Item-Specific Ordinances.

Alternatively, the Port of Astoria could adopt item-specific ordinances and levy specific charges for particular services. For example, the Port could adopt an ordinance dealing specifically with anchorage and charge only those vessels which anchored in the Astoria harbor for all or part of a day. In the calendar year 2008, there were a total of 1,355 ship anchor days, which works out to an average of 3.7 ships anchoring in the

Astoria harbor each day throughout 2008.

Multiple ports throughout the world charge for anchorage in their waterways. The services usually provided include maintenance of the anchorage and monitoring of the anchorage by a harbormaster. The charges for anchorage are usually levied on a GRT basis with the charges for a 30,000 bulk carrier ranging from a low in the area of \$200 per day to highs in excess of \$500. Within the United States, very few ports have the breadth of regulatory authority granted to the Port of Astoria under ORS 777; however, the state of Hawaii and ports in South Carolina regulate and charge for anchorage.

V. Conclusion/Next Steps.

The Port of Astoria has expansive authority to regulate all aspects of maritime commerce at the mouth of the Columbia River. If the Port determines that particular safety and environmental concerns are not being addressed in the Astoria harbor, the Port could adopt regulations and a funding mechanism to address those needs. The appropriate next steps are (1) to evaluate the scope of unmet safety and environmental needs, (2) to examine the cost of the Port providing the equipment and personnel to address these needs and (3) if the Port determines regulation is necessary, to develop an appropriate package of regulations and the associated tariff of charges.

Appendix C

Port of Astoria Environmental Compliance Program



IN THE BOARD OF COMMISSIONERS
FOR PORT OF ASTORIA

IN THE MATTER OF ADOPTING AN) NO. 2006-01
ENVIRONMENTAL COMPLIANCE PROGRAM)
POLICY) RESOLUTION AND ORDER

WHEREAS, it is in the public interest of the Port of Astoria adopt an Environmental Compliance Program; and

WHEREAS, the Port of Astoria, its Board of Commissioners, its Executive Director, and each of the members of its staff are committed to do their part and work together to fulfill this Environmental Compliance Program Policy and to comply with all applicable state and federal laws for the protection of the environment; and

NOW, THEREFORE IT IS HEREBY RESOLVED that the Port of Astoria adopts the following Environmental Compliance Program Policy:

1. Compliance Goals

The Port will actively seek resolutions to environmental issues by endeavoring to achieve the following goals:

- A. Compliance:** Comply fully and promptly with all applicable environmental laws, regulations, and Port policies.
- B. Planning:** Integrate environmental costs, risks, impacts, and public concerns into operating decisions and facility development planning processes.
- C. Natural Resources:** Minimize impacts and seek opportunities to enhance natural resources while carrying out Port projects.
- D. Pollution Prevention:** Minimize pollution and waste through source reduction, reuse, or recycling.
- E. Management Commitment:** Communicate this policy and its requirements and deliver the training, tools, and resources required to implement this policy.
- F. Government Relations:** Develop cooperative working relationships with agencies and promotes development of sound environmental legislation and regulation.
- G. Community Relations:** Provide community outreach and leadership on environmental issues and respond in a timely fashion to inquiries or expressions of concern regarding environmental issues related to Port and tenant activities.
- H. Performance:** Improve the Port's environmental performance through regular monitoring and evaluations.
- I. Quality:** Achieve superior environmental performance and work product.

J. **Continuous Improvement:** Continuously improves the effectiveness of the Port's environmental program .

2. **Specific Compliance Commitments**

A. **The Commission** commit to implementing the Port's Compliance Program by authorizing sufficient resources to the Compliance Program; by granting the Executive Director and Compliance Officer the authority to implement the Compliance Program; and by considering reports and policy recommendations from the Executive Director, the Compliance Officer, and the External Review.

B. **The Executive Director** shall commit to implementing the Port's Compliance Program by allocating sufficient resources to the Compliance Program; by granting the Compliance Officer the authority to implement the Compliance Program, by monitoring and by acting on reports and recommendations from the Compliance Officer, and the External Review, and by providing general supervision of the Compliance Officer.

C. **The Compliance Officer** shall commit to implementing the Port's Compliance Program as specified in more detail in the section below that sets forth the Officer's authority and job description.

D. **Port Employees** shall commit to implementing the Port's Compliance Program by following instructions from the Compliance Officer and by familiarizing themselves with the environmental requirements of permits and laws associated with their jobs by reading the permits and attending training sessions. Questions about whether a permit is needed or how a permit should be interpreted should be directed to the Compliance Officer.

E. **Port Employees** shall also commit to making the Port's compliance with environmental laws and permits a part of their jobs. All Port employees must sign an acknowledgment that they have read the policy. All Port employees are expected to report any observed non-compliance or suspected non-compliance to their supervisor and the Compliance Officer as soon as possible. All such reports shall be kept confidential to the extent permitted by law.

F. **Employee evaluations** will take into account an employee's positive contributions toward the Port's compliance with the requirements of environmental laws and permits. An intentional or negligent failure to comply with environmental laws or permits will be grounds for disciplinary action or dismissal to the extent allowed by existing collective bargaining agreements. An intentional failure to report non-compliance with environmental laws or permits will be grounds for disciplinary action or dismissal to the extent allowed by existing collective bargaining agreements. Employees are encouraged to suggest changes in the Port's practices that may improve the Port's compliance program to their supervisor and the Compliance Officer.

3. **Definitions**

A. **Port Property and Facilities** means all property owned, leased or otherwise controlled by the Port, whether or not occupied by tenants or other third parties, and submerged land used by the Port (e.g., slips and basins for berthing of ships and small craft).

B. Port Operations means all activity conducted by the Port, its employees, and its contractors, but generally not activity by the Port's tenants or other third parties who may be using Port facilities.

4. Environmental Reviews

A. Introduction

The Port's Environmental Compliance Officer will conduct an initial overall review of the Port's operations, properties and facilities to evaluate the Port's compliance with federal and state environmental laws, regulations, permits, and certificates. The Environmental Compliance Officer will also obtain the services of an outside consultant or agency representative to conduct an annual External Review and furnish a report to the Compliance Officer, the Executive Director and the Board of Commissioners.

B. Elements of Initial Review

1. Examination of existing conditions at Port properties and facilities for compliance with environmental laws, permits, and certificates.
2. Evaluation of existing and planned Port operations for adequacy of existing controls, emergency response plans and protocols to prevent future violations of environmental laws, permits, and certificates.
3. Report on findings, recommended actions, and recommendations for future study.

C. Elements of Annual External Reviews

1. Examination and evaluation of the adequacy and operation of existing environmental controls and protocols in achieving the compliance commitments of this Compliance Program.
2. Report on findings, recommended actions, and recommendations for future study.

5. Environmental Compliance Officer

A. Job Description of Environmental Compliance Officer

1. **General.** The Environmental Compliance Officer is a newly created position at the Port. Initially, the position may be filled by a consultant. When the time commitment necessary and responsibilities for the job are verified, the Officer may become a Port employee. This position is designed to designate the person who is responsible for environmental law compliance at the Port, and to give the Officer sufficient authority to allow the Officer to be effective.

- a. The Environmental Compliance Officer is a manager with reasonable authority to:

1. Carry out provisions of this Compliance Plan

2. Recommend and implement environmental systems, controls, emergency response plans and procedures.
 3. Monitor Port operations and properties, and initiate responses to environmental problems identified.
 4. Respond to environmental emergencies with appropriate remedial action.
 5. Stop work on any Port project that is in violation of any environmental statute, rule, permit, or certificate.
 6. Report violations of any environmental statute, rule, permit, or certificate.
- b. The Environmental Compliance Officer will have open access to Port operations, plans, and projects in order to assess and monitor potential environmental effects, compliance with existing permits, and the necessity for additional permits.
 - c. The Environmental Compliance Officer will have sufficient management support, resources, and budget to undertake the necessary analysis, monitoring, training, and other functions of the position.
 - d. The Port Commission and Executive Director will support the Environmental Compliance Officer in the implementation of this Compliance Plan.
 - e. The Port's tenants or other third parties are not relieved of their own responsibilities for insuring their compliance with applicable environmental statutes, regulations, or permits because of the Environmental Compliance Officer or the Environmental Compliance Officer's actions. The Environmental Compliance Officer may be assigned other duties, and may be hired in conjunction with similar work for other Ports or other entities.

2. Specific Responsibilities of the Compliance Officer are to:

- a. Understand and administer the Port's compliance with existing state and federal permits and certificates on environmentally related matters, including the testing, reporting, and limitations on Port activities required by those permits and certificates.
- b. Understand and monitor compliance by the Port's tenants with state and federal permits and certificates on environmentally related matters.
- c. Identify any renewals or new permits and certificates on environmentally related matters required by existing or planned

operations; prepare applications and obtain those required permits and certificates.

- d. Develop and maintain the systems required because of the use or storage of hazardous materials in Port operations including labeling, use, storage, disposal, and record keeping and reporting.
- e. Monitor ongoing remediation and investigation of any existing spills, discharges, or releases of hazardous materials at the Port.
- f. Prepare and implement emergency response plans for responses to environmental emergencies such as spills, discharges, and releases of hazardous materials at the Port.
- g. Develop and implement plans intended to reduce emissions, avoid spills, discharges, and releases of hazardous materials at the Port. Develop and implement plans intended to reduce or eliminate the migration of hazardous materials onto Port property.
- h. Prepare an inventory of underground and above ground storage tanks, and monitor compliance with regulations regarding active and abandoned tanks.
- i. Prepare and file reports required from the Port to comply with state and federal environmental statutes, regulations, licenses, and permits.
- j. Monitor Port property and activities for spills, discharges and releases of hazardous materials and develop reporting programs to ensure that employees report such events to the Environmental Compliance Officer and other Port management.
- k. Receive and address reports relating to spills, discharges, and releases; conduct sampling and testing required by certificates and permits; conduct sampling and testing necessary to assess environmental conditions relating to Port operations.
- l. Train Port employees in procedures required by permits, certificates, license, regulations, and this Environmental Compliance Program.
- m. Maintain current records of the Port's compliance with this Program.
- n. Monitor and understand changes or new laws, regulations, and industry standards that affect the Port's environmental compliance.
- o. Report to the Port Director and the Port Commission on Port's environmental issues at the meetings of the Port Commission and as needed due to unexpected environmental problems.

- p. Report to the Port Director and the Port Commission on Port employee and tenant violations of environmental laws, regulations or permits.
- q. File all required reports with governmental agencies in the event of any violations of environmental laws, regulations or permits.
- r. Develop checklists and systems to implement the tasks listed above.
- s. Obtain the services of Independent Consultants of other agency representatives as needed to assist with the above tasks and conduct the External Reviews.

B. Preferred Qualifications

The Compliance Officer should have experience in project management, especially permitting, remediation, environmental management, and environmental compliance, knowledge of state and federal environmental laws and regulations, experience with state and federal regulatory agencies, and a sufficient educational background (preferably a B.S. in Environmental Science) to assume the above listed responsibilities.

6. Scope of Compliance Program

A. References to environmental laws are intended to include applicable and potentially applicable state and federal statutes and regulations include the following:

Commerce and Trade:

Federal Hazardous Substances Act, 15 USC 1261-1278

Toxic Substances Control Act, 15 USC 2601-2692

Conservation:

Protection of Migratory Game and Insectivorous Birds:

Migratory Bird Treaty Act, 16 USC 701-718

Migratory Bird Conservation Act, 16 USC 701-718

Marine Mammal Protection Act of 1972, 16 USC 1361-1421

Coastal Zone Management:

Coastal Zone Management Act of 1972, 16 USC 1451-1465

Coastal Zone Protection Act of 1996, 16 USC 1451-1465

Endangered Species Act of 1973, 16 USC 1531-1544

Coastal Wetlands Planning, Protection and Restoration Act, 16 USC 3951-3956

North American Wetlands Conservation Act, 16 USC 4401-4414

Labor:

Occupational Safety and Health Act, 28 USC 651-667

Navigation and Navigable Waters:

Water Pollution Prevention and Control:

Clean Water Act, 33 USC 1251-1387

Federal Water Pollution Control Act, 33 USC 1251-1387

Water Quality ORS Ch 468B

Ocean Dumping:

Marine Protection, Research, and Sanctuaries Act of 1972, 33 USC 1401-1445

Ocean Dumping Ban Act of 1988, 33 USC 1401-1445

Act to Prevent Pollution from Ships, 33 USC 1901-1912

Shore Protection Act of 1988, 33 USC 2601-2623

Oil Pollution Act of 1990, 33 USC 2701-2761

National Coastal Monitoring Act, 33 USC 2801-2805

The Public Health and Welfare:

National Environmental Policy Act of 1969, 42 USC 4321-4370

Environmental Quality Generally ORS Ch. 468

Noise Control:

Noise Control Act of 1972, 42 USC 4901-4918

Quiet Communities Act of 1978, 42 USC 4901-4918

Noise Control ORS Ch. 467

Solid Waste Disposal:

Solid Waste Disposal Act, 42 USC 6901-6992

Resource Conservation and Recovery Act, 42 USC 6901-6992

Solid Waste Management ORS Ch 459

Reuse and Recycling ORS Ch 459A

Clean Air Act, 42 USC 7401-7671

Air Quality ORS Ch 468A

Energy Conservation ORS Ch 469

Comprehensive Environmental Response, Compensation, and Liability Act of 1980, 42 USC 9601-9675

Hazardous Waste and Hazardous Materials I ORS Ch 465

Hazardous Waste and Hazardous Materials II ORS Ch 466

Emergency Planning and Community Right-To-Know Act of 1986, 42 USC 11001-11050

Pollution Prevention Act of 1990, 42 USC 13101-13109

Explosives, Flammable Materials, Pressure Vessels, ORS Ch. 480

Shipping:

Carriage of Liquid Bulk Dangerous Cargoes:

Ports of Waterways Safety Act of 1972, 46 USC 3701-3719

Tanker Safety Act of 1978, 46 USC 3701-3719

Transportation:

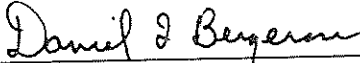
Hazardous Materials Transportation Authorization Act of 1994, 49 USC 5101-5127

Airport Noise, 49 USC 47501-47533

Hazardous Liquid Pipeline Safety, 49 USC 60101-60128

Dated this 17 day of January, 2006.

BOARD OF COMMISSIONERS FOR
PORT OF ASTORIA



Daniel J. Bergeron, President

Appendix D

Port Property Management Program



RESOLUTION

NO. 2000-14

ADOPTION OF PORT PROPERTY MANAGEMENT POLICY

WHEREAS, the Port of Astoria owns a significant amount of real property and piers; and

WHEREAS, the Port of Astoria Commission deems it in the best interest of the Port District to provide a policy for the orderly use, management, lease and sale of such properties; Now Therefore

IT IS HEREBY RESOLVED AND ORDERED:

1. All parcels of Port property shall be categorized into the following categories:

1.1 Category 1 – Property Held for Use By Port

Property with Port buildings or improvements on it, mitigation sites, airport runways, docks, and piers.

1.2 Category 2 – Property Held for Income

Property that can be effectively leased, developed or used for strategic purposes.

1.3 Category 3 – Other Property

Land unlikely to generate lease income or land not needed for strategic development or mitigation purposes.

2. General Policies.

2.1 Any lease or sale of Port property shall be consistent with applicable federal, state and local laws, Port ordinances, Port Commission policies, and the Port Strategic Business Plan, Site Development Plans or other plans as adopted by the Commission.

2.2 Port use and income property (Categories 1 and 2) shall not be sold and shall be available for lease only.

2.3 The Port of Astoria Commission shall be responsible for approval of all Port Property by category.

- 2.4 The Port of Astoria will provide opportunity for public comment at a Regular or Special Meeting before selling any Category 3 property. Notice of the public meeting shall be published in the local news, allowing for reasonable notice of the date of the meeting.
- 2.5 Land use values, lease rates, tenant allowances for improvements, and other terms for Port property shall be based on market value and competitive market terms. Agreements which enhance the opportunity for the Port to accomplish goals set forth in its Business and Master Plans may include economic incentives.
- 2.6 The Port shall not subordinate its interest in real property except to another government entity if necessary to participate in the financing of infrastructure improvements through a Local Improvement District.
- 2.7 The Port may construct tenant-specific improvements if (1) the cost of such tenant-specific improvements are recovered through additional rents during the lease term and (2) the Port received sufficient security to assure the Port that the Lessee will perform its obligations under the lease.

3. Options/Letters of Intent

- 3.1 Requests for options to lease or purchase Port property will be considered by the Commission on a case-by-case basis. Criteria to be used to evaluate options will include, but not be limited to assurances that: (1) the option will be in the Port's best interest; (2) the option property is marketable in the event the option is not exercised; and (3) the party requesting the option has the financial capability to complete the transaction.
- 3.2 Letters of Intent for the purchase, sale or lease of real property may be entered into by the Executive Director, but such Letters of Intent shall **not** commit the Port to any purchase, sale, or lease of real property without an Order of Approval of the Port Commission.

4. Lease Policies

- 4.1 All real estate rentals or leases shall be covered by a written agreement.
- 4.2 All leases shall contain the following terms:
 - 4.21 Ownership of all improvement shall be vested in the Port on termination of the lease.
 - 4.22 Construction of any improvement shall require the Port's written consent.

4.23 The tenant must pay all taxes assessed against the property.

- 4.3 Authority to enter into month-to-month rental agreements is hereby delegated to the Executive Director. All leases (for a longer tenancy than month-to-month) must be approved by Ordinance or Order of the Port of Astoria Commission, on a form approved by Port Counsel, pursuant to ORS 271.360 as it may be amended.
- 4.4 It is the policy of the Commission that delinquent lease payments or breaches of the terms of a lease be promptly addressed and leases canceled if breaches are not remedied as provided in each lease.

5. Exchanges

- 5.1 All property exchanged shall only be exchanged for property of equal or greater value. The value of the properties shall be determined by appraisal pursuant to ORS 271.350 (as it may be amended).

6. Brokerage Commissions

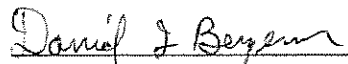
- 6.1 The Port may pay real estate commissions to real estate brokers licensed in the State of Oregon who are the procuring cause of land, building, and improvement leases and sales. No commission shall be payable if the broker has an interest in the sale, rental or lease transaction.
- 6.2 The Port will recognize a real estate broker as the procuring cause only after the real estate broker has registered the client in writing with the Port and the Port has determined that (1) the client has not previously contacted the Port; and (2) no other real estate broker has previously registered the client with the Port. The registration will be effective only when acknowledged in writing by the Port and will expire without notice to the broker unless the real estate broker reports not less than monthly on the client's continued interest in the property.
- 6.3 In the event a conflict between brokers arises with respect to the right to a commission, the Port will first request the brokers to resolve the conflict among themselves. If the brokers are unable to resolve the conflict, the Port may complete the transaction but withhold payment of any commission until it has received one set of written instructions signed by all brokers or until a decision binding on all brokers has been rendered by a tribunal of competent jurisdiction. All costs associated with obtaining such decision shall be paid by the brokers.
- 6.4 Commissions for sales will be payable at closing after transfer of deed. Commissions shall be payable on rentals and leases after acceptance and execution by both parties of the appropriate documents.

- 6.5 Commissions for leases shall be 4 percent of the rental to the Port for the first five years of the lease agreement, plus 2 percent of such rental for the balance of the first term. Commissions on leases shall not exceed the commission which would have been paid if the property had been sold rather than leased, based on the Port's standard sales commission.
- 6.6 Commissions on the sale of Port property, improved or unimproved, shall be 6 percent of the gross sales price.

7. Exceptions


- 7.1 The Port of Astoria Commission may grant exceptions to these policies when circumstances warrant. Exceptions may include, but are not limited to, when exception will be consistent with the Port Strategic or Business Plans; will create significant family wage jobs; will enhance adjoining Port properties; or will assist the Port in achieving self-sustainability. The reason for the exception shall be clearly stated in the Commission Meeting minutes.

Dated this 21st day of November, 2000.



Daniel J. Bergeron, Commission President

ATTEST:



Glenn Taggart, Secretary