

**MINUTES
PORT OF ASTORIA SPECIAL MEETING
OCTOBER 11, 2011
PORT COMMISSION CHAMBERS**

Chairman Dan Hess called the Special Meeting to order. Roll call was taken.

Commissioners present: Floyd Holcom, Dan Hess, Jack Bland, Larry Pfund arrived during the meeting. Bill Hunsinger is excused.

Staff present: Executive Director Jack Crider, Deputy Director Herb Florer, Terminal & Administrative Services Manager Rita Fahrney, Property Manager Mike Weston.

Others present: Tammy Fitch and Tammy Jeffries, Wilson Heirgood Associates.

PUBLIC COMMENT. Chairman Hess called for public comment.

Lori Durheim, 398 Atlantic, Astoria stated the recent Daily Astorian article regarding the Hickson being used for Port line hauling jobs is the worst article she has ever read – adding they are on a “witch hunt”.

INSURANCE AGENT OF RECORD.

Executive Director Jack Crider introduced Tammy Fitch and Tammy Jeffries , Wilson Heirgood Associates, the Port’s new Insurance Agents. As hired, they were tasked to perform a Risk Management Analysis. They are here to review with the commission the activities and scope of work performed in undergoing the analysis.

Tammy Fitch and Tammy Jeffries reviewed the functions they have completed or are ongoing as follows:

Risk Analysis

- Insurance schedule provided
- Assist Port staff in preparing the Port’s Risk Management Policy
- Preparation of the Risk Management Annual Report
- Providing replacement valuation for facilities, buildings and equipment

Insurance Administration

- Advising on proper limits and coverage for project risk frequency and severity
- Assess insurance companies as to their fiscal stability and service record
- Assist in timely reporting and settlement of claims
- Provide liaison services between the Port and insurance carriers
- Assist the Port’s Contract Administrator with all claims and losses, maintaining records of same
- Assist in accounting for risk managements costs and providing consultative services as to risk management.
- Assistance in preparing renewal specifications for property, liability, workers’ compensation and crime coverage on an annual basis.

Financial Analysis

- Ensure accurate billings and premium payments from and to companies

- Provide budget planning estimates for insurance premiums and cost-benefit analysis for any changes in insurance coverage.
- Furnish a premium allocation report to allocate the Port insurance premiums on a loss sensitive basis – to be completed in January 2012.

General Risk Management Services

- Provide a back-up service person knowledgeable about the Port’s insurance and Risk Management program, advise the Port of bids for insurance coverage and offer recommendations, assist in risk reduction by identifying, recommending and/or providing loss prevention services in occupational safety and health as well as liability areas.
- Respond in a timely manner to requests and questions submitted by Port Contract Administrator.
- Meet with staff to review claim history and make risk management recommendations based on loss trends.

Other General Services are also being provided that include meeting with staff to explain insurance procedures and coverages, review legislative activities related to insurance issues, prepare an Action Plan for completion of all tasks, provide Certificates of Insurance, provide training, attend port management meetings and assist with other insurance-related issues.

The Port has been with Special Districts Association of Oregon since 1977. Federal longshore coverage and volunteer coverage is in place. Commissioners are covered under “volunteer” coverage. The Port of Astoria has a special endorsement on longshore coverage. The Port is involved in diverse ventures. The Red Lion building was evaluated. There is no property coverage for the building. Tammy will be working to try to get functional coverage for the property. Airport hangars are covered for replacement cost. Tammy explained the Port has low deductibles. The Port’s piers have liability coverage; however, there is no property coverage. They would be very expensive to insure. Hull and machinery coverage was reviewed; there is no “machinery” coverage – coverage that includes electrical equipment, interior power, mechanical equipment, etc. It is very expensive.

Tammy handed out insurance information on Torte Liability. It is increased annually. It is recommended the Port have more funds in reserve and raise the deductibles. Discussion followed. Tammy Fitch and Tammy Jeffries were thanked for their comprehensive report.

LEASE TERMS

Director Crider recalled discussion was held at the last meeting regarding lease terms. The commission members then toured the seafood processor holdings. Crider advised Commissioner Hunsinger would like to participate in this discussion and asks that it be deferred to next week’s meeting. Astoria Pacific Seafoods and Da Yang both have future extension plans. Discussion followed Commissioner Bland asked that standard practice in the industry be researched.

TARIFF MODIFICATIONS

Terminal Services Manager Rita Fahrney reported on staff recommendations for tariff modifications. Per her Staff Report the following increases are recommended:

- Dockage fees – 3%. Port of Astoria dockage rates remain lower than other Northwest Deep-draft marine terminal rates and are competitive with other ports.

- Labor Services – 5%. Port employee pay rates increased July 1st. Additionally, security charges need to be adjusted to ensure recovery of all costs when re-billing their services.
- Water Rates – Increase per ton rate to \$1.75. This fee covers the port’s costs and generates some revenue.
- Tongue Point Rates – Property Manager Mike Weston will present recommendations.

Discussion followed on rates and charges incurred by the Port of Astoria and other ports. No action taken.

Property Manager Mike Weston reported he put together a list of tariff tables pulled from other ports to review rates for their marinas, boatyards and warehouses. He has found substantial inequalities in different tariffs. He is reviewing tenant gear loading/unloading and boatyard activities, storage fees, parking rates, access issues and factoring in facilities development. There is a need for structure in place for direction to staff when negotiating with customers. Commissioner Holcom responded there is a need for a working group to sit down and develop a plan for Tongue Point. Chairman Hess concurred – a place is needed to start from, a starting point. Director Crider added staff is working to establish fair rates and identify demands for different interests. No action taken.

SECURITY GRANT

Deputy Director Herb Florer reported three proposals were received for a camera/surveillance system, funded by a grant the Port received from DHS Port Security Grant Program. The grant award is \$200,000. The proposals all came in higher than the grant award. Staff has been reviewing and comparing the proposals. Commissioner Holcom cautioned about discussing security issues at a public meeting. He would like to know more about the systems and comparisons of other port systems. Chairman Hess stated there is no need to go into detail, its not the job of the commission. Discussion followed. Director Crider stated it could be beneficial to have someone not associated with the process to review the proposals. Discussion followed on possible executive session for further review.

INTERGOVERNMENTAL AGREEMENT – STATE OF OREGON

Director Crider distributed an IGA Analysis of the proposed agreement between the Port of Astoria and the Oregon Business Development Department and reviewed the functions it would serve for future funding opportunities. It will require the Port to adopt new government and management policies and practices. Commissioner Bland commented the downside, if not approved, it will slow down the Port’s ability to “get things done”. No action taken.

RED LION UPDATE

Director Crider reported the time period for the renewal option has expired. The Port now has the opportunity to start another Request for Proposals including an option to build.

WARRENTON FIBER MITIGATION CREDIT SALES AGREEMENT

Chairman Hess acknowledged Steve Fulton, Warrenton Fiber Company representative, is in the audience if there are questions on the Mitigation Credit Sales Agreement. The tripping stone for the port proceeding on the pier three renovation project is the mitigation issue. The initial proposal was rejected by the DSL. Property Manager Mike Weston explained Mr. Fulton has presented an option to continue with the pier three project. A meeting has been held with DSL and it is believed this mitigation credit option will satisfy DSL requirements.

Steve Fulton reported Warrenton Fiber is in the process of developing a wetland enhancement project along Claremont Road in rural Clatsop County that is expected to result in 15 wetland mitigation credits. He explained the process for transferring credits and monitoring of the mitigation credits being developed. Warrenton Fiber has gone through the process with other Warrenton projects. He declared the proposal as a good match and solution. Chairman Hess emphasized the importance of keeping the project moving forward. Some discussion followed.

COMMISSION DIRECTION

Chairman Hess requested an update on the Korean trip being planned. Director Crider responded the date is expected to be October 17th. A slide presentation is being concluded.

Commissioner Holcom voiced disapproval of the recent Daily Astorian article referenced by Lori Durheim. He stated that it was full of mistruths, errors and falsehoods that could tarnish the reputation of the Port of Astoria. The owner/editor is not reporting on the achievements of the Port – the jobs, pay off of bonds, best of state in risk management, and is taking things out of context. He believes the article implies a “crime” has been committed. The Port has committed no crime. The editor is not familiar with the day-to-day business of the Port. It disturbs him and he plans to request several retractions.

Dennis Lucia was introduced. He stated he is a master diver and serves as the General Manager of Nisqually Aquatic Technologies. He is involved in Nisqually’s divers’ marine restoration program. The Nisqually Tribe also has possession of a Federal surplus vessel, the Hickson. He introduced James Slate, Jr. on the council of the Nisqually Tribe. Mr. Slate noted that every time something new is undertaken by the tribe, there are criticisms. He explained the history of the Nisqually Tribe and their involvement in salmon habitats and their diving program which began in 1995 with digging for “goe-ducks”. They have had tidelands since 2009. Every time the tribe goes off the reservation to expand there is controversy. Their purpose is not to hinder other operations and he will apologize if this has been done. He felt, due to the news article, he should meet with port officials to explain their story. Commissioner Pfund commented he does not understand what motivated the local paper to write their story – no laws were broken.

PUBLIC COMMENT

Lori Durheim 398 Atlantic, Astoria concurred with Commissioner Holcom’s comments – noting the article in the paper was detrimental and there is no input on the good the Port has done. She commented a lot of people no longer subscribe to the Daily Astorian due to this type of reporting.

There being no further business, the meeting was adjourned.