

PORT OF ASTORIA

MINUTES

SPECIAL MEETING

DECEMBER 13, 2011

PORT COMMISSION CHAMBERS

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

Commissioners present: Dan Hess, Bill Hunsinger, Larry Pfund, Floyd Holcom. Jack Bland present via telephone.

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

CHANGES/ADDITIONS TO AGENDA

Chairman Hess called for any changes to the agenda. Property Manager Mike Weston asked that a lease between the US Army Corps of Engineers and the Port of Astoria for the office they lease at the East Basin be added to the agenda for consideration. Commissioner Hunsinger requested the agenda item for "Seafood Offloading Fees" be moved up to be addressed before the leases.

PUBLIC COMMENT

Chairman Hess called for public comment. None was given.

NEWPORT CONSORTIUM UPDATE

Executive Director Jack Crider reported he met Friday with the Airport Consortium. In May the Port submitted a reimbursement request for \$21,000 for the voucher program and it has not been paid. The City of Newport went through several administrative changes over the years during the period the airline operated. There are new people in Newport that are reviewing the agreement terms and were recipients of the grants. They have recalculated the costs and submitted an invoice for \$83,000 to the Port. The paperwork received by the Port with the invoice will be reviewed carefully by staff. What was found out quickly is that Newport had not drawn out all the funds available in the grant – some additional funds remain. Some of the Port of Astoria charges assessed against the program were originally denied. The staff will be re-submitting the charges and putting information together to challenge what the City of Newport has invoiced the Port for. Discussion followed.

WARRENTON FIBER AGREEMENT

Property Manager Mike Weston reviewed the negotiations to date with Warrenton Fiber for mitigation credits needed for the pier three dock renovation. Two acres of credits are needed. Weston explained the reasons why the Skipanon properties wetlands are not options at this time and that Warrenton Fiber can provide an option for two acres that will be project ready for approximately \$200,000. The port can finance the project with construction funds that come in or make three yearly payments to Warrenton

Fiber. Commissioner Holcom voiced concern whether the Port has cash flow for the agreement and he would like more discussion on the proposal including a financial analysis. He is not comfortable with the number of notes the Port of Astoria already has out. He would suggest Mr. Nygaard be offered collateral on the financing. Mr. Nygaard responded he is comfortable banking on the Port of Astoria. They have sold two credits to PP&L. Four to five credits are needed for behind the Les Schwab area. Director Crider explained with the amount of business projected with completion of this renovation, there should be no problems repaying the debt. He acknowledged there will always be peaks and valleys of revenue sources. Crider stated the Port is not asking for a decision at this meeting, so everyone can give input into the process. Mike Weston explained the best time scenario would be to get the project to the point where construction could begin during next year's in-water work permit period. Some discussion was held. Commissioners voiced concurrence on proceeding with the negotiations and informed Warrenton Fiber they hope to be ready to make a decision at the next meeting.

FIREBOAT UPDATE

Director Crider reported in the member packets there is a GAP Analysis Report on an assessment of response capability on the Columbia River and tributaries submitted by Westby Associates. Six million dollars in security grant funds are available through Area Maritime Security Committee (AMSC). Both the Vancouver Fire Department and Portland Fire & Rescue submitted requests for funding of fireboat(s) to protect the river waterfront. Portland, recognizing the lower Columbia River need for protection, put in for a large fireboat to serve the metropolitan area and offer to give a fireboat to Astoria Fire Dept. Vancouver Fire Department put in a request for five boats, with a small boat dedicated to service the Lower Columbia River. AMSC recommended that the departments embark on a coordinated effort and hired Westby Associates to conduct a scoping project to review existing capabilities on the system, analyze available relevant information and make recommendation for a regional approach for marine security and emergency response. Their study confirmed a need for a series of boats up and down the river system. Jack stated it is important to have the Coast Guard involved in the discussion and Leonard Hansen, the retiring Astoria Fire Chief to meet with the other fire departments to discuss acquisition of a fireboat. A meeting is being setup. The Astoria Fire Department supports acquisition of a fireboat but has other pressing needs for operations and maintenance.

SLIP 2 BULKHEAD COSTS

Director Crider reported on cost estimates for slip 2 bulkhead repairs. 490 feet open cell sheet piling to minus 25 feet is \$4300 per lineal foot; the cost to minus 40 feet is \$700 more per foot. The minus 40 foot is the preferred method at a cost of \$2,450,000. In addition construction, mitigation, monitoring and engineering costs will be added to the final cost for a total of approximately \$3,240,000. Considerable questions and discussion followed on the proposed construction, costs involved, and contamination issues. Crider advised further discussion on the slip 2 bulkhead renovation will be included on next week's board meeting agenda.

EAST CASCADE UPDATE

Crider reported the hearing on the East Cascade protest to the award of a contract for airport lighting to the second lowest bidder due to the fact that East Cascade did not have proper certification to perform the work has been ruled in the Port of Astoria's favor by Circuit Court Judge, Phillip Nelson. The cost to the Port is for attorney fees.

SOLUTIONS GROUP – DECLARATION OF COOPERATION (DOC)

Director Crider advised the Lower Columbia Solutions Group DOC for the Mouth of the Columbia River Regional Sediment Management Plan has been reviewed previously. The Port of Astoria is on of the last to sign off on the DOC. Staff recommends supporting the Plan. *Commissioner Holcom moved to approve the DOC Mouth of the Columbia River Regional Sediment Management Plan. Commissioner Pfund seconded the motion. Commissioners Holcom, Hess, Hunsinger and Pfund voted yes. Commissioner Bland abstained. Motion carried with majority vote.*

SEAFOOD OFFLOADING FEES

Director Crider reported staff has been approached by a local fisherman interested in offloading large amounts of seafood (crab) from the Port docks. Staff has researched whether other ports charge seafood offloading fees and found that while public ports are not charging fees - private facilities charge \$.10-.15 per pound. He stated staff is looking for commission direction on the subject. Commissioner Holcom declared a conflict of interest because his company charges seafood offloading fees. He will not vote. Commissioner Hunsinger stated It is his opinion a fee should be assessed for all seafood products that move over the Port docks. Following discussion, consensus of the board is to assess a fee of \$.15/lb. for offloading seafood (this year's crab catch only) and do further research of other seafood offloading facilities fees.

LEASES

Astoria Pacific Seafood. Property Manager, Mike Weston, stated Bornstein Seafoods is in negotiations with Astoria Pacific Seafoods (APS) to buy them out. APS is receptive to the buy-out under the condition that the Port of Astoria can transfer the lease to Bornstein. This sale will give Bornstein additional capability for processing seafood. The Port of Astoria lease with APS states "consent will not be unreasonably withheld". The Port will have to give written consent. Commissioner Pfund recalled the Port, in the past, had granted consent to Bornstein Seafoods to transfer the lease to APS. Commissioner Hunsinger stated he would like to have the port attorney give input into the transfer/sale.

Commissioner Holcom stated it is the Port's responsibility to perform the duties set forth under any of our leases. Executive Director Jack Crider responded he will have the port attorney review the lease.

Da Yang Seafood. Property Manager Weston reported the expansion request from Da Yang Seafoods has been discussed previously. He briefly reviewed the terms of the new lease, including the expanded areas they are requesting. The new lease term is for 25 years with two 10-year options. CPI increases to be done on a yearly basis. Discussion followed. Commissioner Holcom recalled the operating space is limited to a certain distance from the edge of the dock and recommended staff prepare findings review on egress/ingress space for the pier and needs for standard operation procedures to not inhibit future development potential. Commissioner Hunsinger voiced concern about the long-term length of the

lease terms and possible restrictions to use with the area being leased by Da Yang. Commissioner Holcom stressed the need for the Port to have a “plan”, so that we don’t hinder future planning. He recognizes the need for our tenants to be able to expand their operations to grow. Further discussion was held. Staff will work to come up with a configuration that will work for all.

Empire Futures Group. Mike Weston reported a potential new tenant for #10 Pier One office space is Mr. Donald Calfee of Empire Futures Group. He is interested in leasing Suite 304 provided it is finished and ready for occupancy by January 1, 2012. To finish the office suite the Port will split the costs of the carpet (\$2,000) and incur the costs of the HVAC system (\$1,600) that was only partially installed. Additionally, in a marketing attempt to attract new businesses, the Port offered 1st month free rent with a year lease. The proposed lease term is for one year with an option for one additional year. Commissioner Holcom noted a perceived conflict of interest due to his business; however, he explained it will not affect his vote. *Commissioner Pfund moved to approve the lease between the Port of Astoria and Empire Futures Group. Commissioner Holcom seconded the motion. The motion carried unanimously.*

US Army Corps of Engineers. Mike Weston reported the US Army Corps of Engineers has leased the small office above the restrooms at the East Basin Marina since 2004. They are requesting another lease of one year, with four one-year options. Unlike our common lease format, the Corps of Engineers requires the use of their lease document. Theirs is slightly different from our format and requires the Port to furnish the electricity. Staff recommends approval of the lease. Commissioner Holcom voiced a potential conflict of interest that will not affect his vote. *Commissioner Pfund moved to approve the lease between the Port of Astoria and the US Army Corps of Engineers. Commissioner Holcom seconded the motion. The motion carried unanimously.*

COMMISSION DIRECTION

Commissioner Hunsinger questioned If Bornstein Seafood should be assessed a fee for seafood offloading at the “public dock” they use. The docking facility was funded by the Special Public Works Fund the Port took on. We are a public entity – the dock at Bornstein Seafoods was paid for by lottery funds. Discussion followed. Jack Crider explained the public can use the dock. If a fisher wants to go to Bornstein’s to unload their product they need to coordinate with Bornstein and if Bornstein says no, then there is an issue. Both Commissioner Holcom and Hunsinger voiced the need for the port to provide full disclosure that it is a public dock. Crider went on to state the dock adjacent to the dock at Bornstein’s remains leased to Fred Devine and it is in poor condition. Once it is renovated there will be more opportunity. Crider will look into whether the Port can charge poundage fees for customers using the facility.

Ted Thomas and Lori Durheim arrived at the meeting and were announced.

Commissioner Holcom noted the following:

- Port sign at the corner of Portway and Highway 30 has been down for a month. He asked that it get repaired.

- Received a call from supporters of Seaside Airport asking for continued support of the Port of Astoria in their quest for a fueling facility. He was contacted by one of the pilots. Holcom was requested to provide a name and a phone number for follow up.
- Concern about the railroad at Tongue Point and what is the status of the Port with regard to the new president of the rail line. Crider responded he hasn't spoken to him for awhile. He is excited about a potential shipper there. There will be additional interaction with the shipper in the future. Some discussion was held on support efforts.

Commissioner Hunsinger stated at the next port commission meeting he would like to have an Executive Session held so that all the commissioners and staff can identify the direction and priorities the port wants to head. He stated the Executive Session can be called for real estate due to the fact the Port is in negotiations. Chairman Hess responded he does not believe it is legal for the commissioners to meet for that reason. Hunsinger continued he would like to review the four items to put them into an order to eventually present them to the public. Commissioner Holcom concurred, adding the commission should have a chance to be able to freely talk in a brainstorming session the negotiations on two of the projects to ask the director specific questions that may be confidential. Director Jack Crider thought there may be possible non-disclosure items that can be brought up in executive session.

PUBLIC COMMENT

Chairman Hess called for public comment.

Ted Thomas, 398 Atlantic, Astoria and Lori Durheim, 398 Atlantic, Astoria, Oregon shared with the board members their participation on the Occupy Astoria movement and answered questions from board members, such as the Occupy members stopping blue-collar workers from doing their jobs. Ted Thomas explained that as an individual, he does not speak for "Occupy Astoria" and secondly, a veteran of the Gulf War was recently struck in the head while protesting, and nearly killed. Ted and Lori stated they have no reason to want to shut down the Port of Astoria and they have only been involved with the movement for a couple of months. They explained some of the other work they are doing on behalf of Occupy Astoria that is for the benefit of the county. Discussion followed.

There being no further business, the Special Meeting was adjourned.