

## PORT OF ASTORIA

### MINUTES

#### REGULAR COMMISSION MEETING

DECEMBER 20, 2011

#### PORT COMMISSION CHAMBERS

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

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

Staff present: Executive Director Jack Crider, Deputy Director Herb Florer, Finance Manager Colleen Browne, Terminal & Administrative Services Manager Rita Fahrney, Property Manager Mike Weston, Boatyard Manager Steve Barkemeyer and Marina Manager Janice Burk.

#### **CHANGES TO AGENDA.**

Chairman Hess called for changes to the agenda. No changes were made.

#### **MINUTES**

Special Meeting, November 1, 2011; Special Meeting, November 8, 2011; Regular Meeting November 15, 2011. *Commissioner Bland moved to approve the minutes of the aforementioned meetings. Commissioner Holcom seconded the motion. Commissioner Holcom voiced his surprise at hearing there was a meeting November 1, 2011. Had he known, he would have called in. The contract was awarded for the camera surveillance system. Members were aware he was not ready to vote on the contract yet. He will abstain from vote from the November 1, 2011 minutes. Commissioner Bland's motion carried unanimously, with the exception of abstention of Commissioner Holcom on the November 1, 2011 minutes.*

#### **FINANCIALS – MONTH OF NOVEMBER 2011**

Vouchers. Finance Manager Colleen Browne presented the vouchers payable for the month of November. *Commissioner Bland moved to approve the vouchers for the month. Commissioner Pfund seconded the motion. Commissioner Holcom asked if the list can be presented alphabetically, so the board can see total payments made to each vendor during the month. Browne responded she can provide them in that format. Holcom also questioned the payment to Janet Farstad. Executive Director Crider stated he his contracted with her to prepare the Connect 4 grant application. Upon vote, Commissioner Bland's motion carried unanimously.*

Financial Reports. Finance Manager Colleen Browne reviewed the Profit/Loss budget performance for the month of November. Loss from income is \$15,000. A good portion of port debt payments were due. \$450,700 was received in tax revenues. Commissioner Holcom noted the \$30,000 allowance for

bad debt is over the Director's authority. Browne explained it is an allowance; however, there are very few bad debt write-offs. Holcom stated there should be a footnote to explain that. Colleen proceeded to explain some of the footnoted variances to the Profit/Loss. She is working on details to separate boatyard and Tongue Point expenses to track better. *Commissioner Holcom moved to approve the financial reports for the month of November 2011. Commissioner Bland provided the second. The motion carried unanimously.*

### **PUBLIC COMMENT**

Chairman Hess called for public comment. None was given.

### **STAFF REPORTS**

Boatyard Manager Steve Barkemeyer reported the following:

- A malfunction with the Sea Lift counterbalance valve caused a boat to break loose during a haul-out. Catastrophe was avoided by quickly reinforcing the vessel with blocks and stands. It is also believed the boat weight was higher than reported. He is going to look into installing scales. There is insurance on the lift and it is still under warranty.
- Auction was held on repossessed boats, resulting in one sale.
- Importance of boatyard facility was recently reinforced when a crab boat hit the South Jetty, causing damage to the boat. It was hauled out and fixed by midnight of pot-pulling date.

Marina Manager Janice Burk reported the following:

- Repairing cleats, lights from recent storm.
- Working on layouts for parking lot at 37<sup>th</sup> Street.
- Card locks on restrooms are working well.
- Marina Committee meeting will be held December 29<sup>th</sup>. Will meet at Uniontown Mexican restaurant.

Finance Manager Colleen Browne reported the following:

- Has been on vacation. Catching up on financial reports.
- Working with Director Crider to go through the City of Newport invoice from the air service.

Terminal & Administrative Services Manager Rita Fahrney reported the following:

- Cruise ship reservations for 2013 are up to 12. Two different days with two ship calls each date. Received first reservation for 2014.
- Compiled list of passenger counts for cruise ship calls the past five years.
- Kiwi Trader in today. Logs being trucked from pier three.
- Plans to work on filing and cataloging maps in the old office and review information compiled by past property specialist to see what we have.

Property Manager Mike Weston reported the following:

- Received dredging authority for the boat haul-out to coordinate to use clam-shell to move sediment to flow-lane to dredge out.
- Flightline Drive culvert found and dug up, cleaned out. It is draining well.
- Insurance claims for November storm damage are being taken care of.

Deputy Director Herb Florer reported the following:

- Working with Port security and attorney to prepare necessary paperwork for security personnel to issue tickets on port property.
- Hotel management interest is progressing. A number of parties have looked at it. A copy of the RFP is available on the Port's web site.

#### **LEASE TERM EXTENSION –DA YANG SEAFOODS**

Property Manager Mike Weston reviewed the proposed terms of the lease term extension with Da Yang Seafoods. Since acquiring the plant in 2005, Da Yang Seafoods has increased the freezer storage, expanded the manufacturing equipment, constructed an office area and mezzanine, and increased operational capacity. They processed nearly 40 million tons of fish last year. They are now planning expanding operations and improving the loading and cold storage facilities, and are requesting a 35-year lease to ensure a return on their investments. Weston explained the components and calculations of the proposed lease and expansion. Discussion followed. Commissioner Hunsinger questioned the additional 15-years proposed and rate calculations, noting the Port of Astoria one of the only industrial areas with water access property. Staff explained other industrial sites and other port leases have been reviewed, finding no consistency to calculate long-term and large investment tenants. Weston stated yearly CPI increases have been included in the lease terms. Staff is recommending the Commission approve a 15-year lease with two 10-year renewal options as proposed. *Commissioner Holcom moved to approve the lease/extension per staff recommendation. Commissioner Bland seconded the motion. Commissioner Hunsinger abstained. Motion carried with majority vote.*

#### **SLIP TWO BULKHEAD DESIGN**

Executive Director Jack Crider reported contamination issues at slip two have been discussed with the Department of Environmental Quality (DEQ). There is agreement the contaminated sediment extends 140 feet at the proposed area. The minimum bulkhead acceptable to DEQ is 150 feet, filled with only clean or clay-absorbent material with the cell system. Discussion was held on options for the bulkhead at slip two. Commissioners Holcom and Hunsinger recommend extending the bulkhead to 200 feet, resulting in additional land value and decreasing dredging costs. Crider explained the estimated costs and mitigation needed for the fill. Cost per acre of fill is \$150,000. The bulkhead costs will be paid with litigation proceeds from the insurance companies involved in the area-wide contamination clean-up. Staff is looking for direction for the design request to submit to PND for engineering. Commissioner Pfund stated the need to have an environmental engineer look over the proposal to determine the optimal place for the wall. Crider commented on the need to get the "right" guy to get the right answers. Pfund emphasized the need to get the best of available knowledge. Crider will secure an environmental engineering recommendation and report back to the board.

#### **WARRENTON FIBER AGREEMENT**

Property Manager Mike Weston advised he has met with Nygaard Logging (Warrenton Fiber Co.) representatives regarding a Collateral Agreement for the sale of mitigation credits to the Port of Astoria. Nygaard states in a letter that they are comfortable entering into a contract for the sale of the credits over a three-year period, if needed. Commissioner Holcom voiced his concern was that the Port could

be conceived as a government not paying a debt to a private sector. He believes the Port should be obligated to make good on the deal – if Warrenton Fiber is not concerned, he is alright with that also. Steve Fulton, Warrenton Fiber Co., responded they are comfortable with the Port of Astoria management to pay the debt. If the Port of Astoria wants to provide collateral, Warrenton Fiber has no objection. Some discussion followed. *Commissioner Bland moved to approve the Contract for Sale Agreement with Warrenton Fiber Co. Commissioner Holcom seconded the motion. The motion carried unanimously.*

### **CLIFTON TERMINAL**

Director, Jack Crider, reported the principals of the Clifton Terminal project are requesting the Port of Astoria's support of their facility by agreeing to write a letter of support to the State of Oregon. Ken Leahy, owner of the property, briefly described the project proposed to construct a terminal on a portion of property that was a mill town from the mid 1800's up to the late 1960's. The proposed revitalization of the property consists of construction of a private bulk-handling facility. It is projected to bring 18-24 months of construction jobs and 25-40 new direct jobs once the facility is put in use. The terminal will re-commission existing rail to and through the property and will be capable of handling "panama" size ships and barges, requiring no extra river dredging. The facility will be able to handle Potash, Urea, Feed grain and Iron ore. The scheduled completion is late 2014-2015. He has gained support of Business Oregon and other interests in the Clifton Terminal. He is asking for political and county support. Leahy will be meeting with all regulatory agencies in January. Discussion followed on practices expected of the new facility's operations. Commissioner Holcom voiced support of the request, stating the Federal Government gave the Port of Astoria authority's for Interstate Commerce, anchorages, etc. and supporting this project will be strongly demonstrating the Port's ability to do so. *Commissioner Holcom moved to authorize staff to write a letter to the State supporting the Clifton Terminal project to the best of the Port's political jurisdictional ability. Commissioner Bland seconded the motion. Motion carried unanimously.*

### **SAMSUNG NON-DISCLOSURE AGREEMENT**

Executive Director Jack Crider briefly stated this non-disclosure agreement is between the Port of Astoria and Samsung C&T Corporation, a Korean corporation in regards to exchange of confidential information related to investment of Astoria port development. Crider stated, subject to final attorney review, he requests authorization on behalf of the Port of Astoria to sign the Agreement. *Commissioner Bland so moved. Commissioner Pfund seconded the motion. The motion carried unanimously.*

### **STORM SEWER INTERGOVERNMENTAL AGREEMENT**

Jack Crider reported the Port of Astoria received a grant from the Oregon DOT for an "enhancement grant" (TEA-21) for the design and construction of pedestrian improvements which would extend and/or improve the Riverwalk through Port property west of the Megler Bridge to Pier 3. A match in the amount of \$83,800 was approved by the Astoria Development Commission. The paths were constructed in 2010/2011. During construction a storm sewer line collapsed north of the trolley line. The pipe is owned by the Port; however, the City of Astoria has a direct interest in this line as it conveys upstream water from City of Astoria maintained storm sewer lines. The City, Port and ADC staffs have

partnered to determine fix for this collapsed line. The Port will agree to manage the construction project with proposed funding from Astor-West Urban Renewal District funding. Staff requests approval of the Storm Sewer Intergovernmental Agreement. Some discussion followed on adjacent property owner Haggren's agreement with the Port for easements. *Commissioner Pfund moved to approve the Intergovernmental Agreement. Commissioner Holcom seconded. The motion carried unanimously.*

## **DIRECTOR'S REPORT**

Executive Director Jack Crider reported on the following:

City of Newport Claims: Port continuing to gather financial information from City of Newport. Since the air service grants were awarded the City has had three Finance Managers, three City Managers, three City attorneys and two Airport Managers. There had been understanding by Consortium Board and past staff that all grant matching dollars were covered. Review will take several months. He has requested financial information directly from SeaPort. Herb will be traveling to Newport to review grant files. The City has already closed the Federal grant, but the Connect II remains open, which may be available to reimburse Port expenses previously rejected by Newport.

Executive T-Hangars. T-Hangars have been re-roofed, along with final on electrical finished by end of this month. The additional work has been paid by the bonding company as most of the loan is fully drawn. Due to the contractor's six month delay, the Port's loan of \$465K has accrued an additional \$8,000 of interest expenses and lost over \$14,000 in revenues. Once the building has been accepted and the loan goes into repayment, we will add up our additional costs and submit a claim to the bonding company.

Dredge Season and Fender Pile Replacement. Dredging should be complete in slip two before the end of the month. Bergerson will spend a day with a clam shovel pulling sediment from the boat haul out so the dredge can flow-lane the material out. Core samples for pier three docking facility should be taken by the end of the month, with analysis completed in January. Pier one west has two remaining spots of 37.5 feet depth that will be removed before ship scheduled in January that will load over six million board feet of logs. Pier one face has held good depth and will only require 2 or 3 weeks of work. The remaining time will be spent on slip one. Staff has requested fender pile quotes for Tongue Point and Central Waterfront. The biggest need is to replace fender piles and caulks on pier one west along with steel fender piles for our breasting floats. Commissioner Hunsinger asked if there was opportunity for any other company besides Bergerson to provide quotes on port jobs. Crider responded he is awaiting quotes from more than just Bergerson. Hunsinger also inquired about the commencement date of the pier two bulkhead project. Crider stated it is hoped it will be ready for in-water work next season.

Lektro Job Creation. The last two loans/grants for the Lektro hangar expansion and new roof were tied to job creation from 35-88. This was based on new tug contracts for the US Government and Delta Airlines. Since the contracts were signed, Delta filed bankruptcy, government contracts were cancelled and the economy slipped into recession. Lektro did succeed in increasing employment from 35 to 71, then back to 55 and have maintained that number through difficult times. We are working with the State on amending the terms of the contract by either reducing the number of jobs or extending the time to create new jobs. Without the amendment, the Port could face a grant conversion to loan for 33 jobs at an average of \$7,000/job or \$231,000.

## **COMMISSION – REPORTS**

### **Commissioner Hunsinger:**

- Represented the Port of Astoria and Salmon Advisory Committee at a meeting in Cathlamet, which was well attended. The meeting was held to discuss the issues of the gillnet ban. He presented POA paperwork showing support of traditional gillnet fisheries.
- Asked POA to research for info regarding a tug being surplus by the Navy and the availability.
- Requested status of possible additional insurance companies in Area-Wide contamination clean-up spill. Crider reported working on going back through the archives to determine insurance companies involved.

### **Commissioner Holcom:**

- Wasn't present at meeting when other board members approved the security camera system contract. He questioned if there is a sales tax because it is a Washington company. Crider advised does not believe there will be any additional taxes or fees charged. It is a fixed-price contract.
- Asked for update on log ship calls. Crider advised there is one in now, loading 1.8 million board feet and another due January 10<sup>th</sup> for a full load of 6 million board feet. Feel confident two ships per month will resume.
- No further discussion recently with Hampton regarding potential lumber movements through Port of Astoria. Need to try to get them back into conversations to address the possibility.

### **Commissioner Pfund:**

- State forestry reduced logging to less than 40% gross yield. Forests are maturing. Some of the timber is becoming too large to use in mills. State/Federal agencies are villains- keeping lands locked up and turning acreage into wilderness area. Logging not being allowed. Wondered if there is a place to write a letter of concern. Exports are not allowed. Discussion followed.
- He would like to see the "occupied Astoria" representatives show up at Port meetings. He is frustrated to hear their issue with Port "transparency" when they are not present during board meetings.

### **Commissioner Bland:**

- Agreed with Commissioner Pfund's concerns about the state forests. He also would be interested in hearing the Occupy Astoria's position on forestry and gillnet fishery issues. He would support letter of support to legislators. Crider will contact Representative Tim Josi who is directly involved in forestry issues.

## **COMMISSION-DIRECTION**

**Commissioner Holcom:** Noting that the Port of Astoria participates in funding for Clatsop Economic Development Resources, recommends contacting them for assistance to perform an economic analysis of what \$200 million capital investment and 25-40 new jobs created by development of Clifton Terminal would do for Clatsop County. CEDR can provide an economic credibility resource.

**Commissioner Hunsinger:** Would like to implement an additional "workshop" each month on the first Tuesdays in order to have more time to review action items before making decisions. The first meeting can be used for an opportunity for the public to hear what will be voted on and to enable

commissioners to have an additional week for reviewing materials. Discussion followed. Commissioner Holcom agreed, adding he thinks it would be a good opportunity so the board can hear from staff members on projects underway, so commissioners can give direction back to staff on projects. Commissioner Pfund voiced technically it is the Director's job to direct staff. Crider stated there are a lot of projects going on, and that the need for the Special Meetings on the second Tuesdays is to have the ability to vote on time-sensitive decisions. No action was taken.

**PUBLIC COMMENT.** Chairman Hess called for Public Comment.

Steve Fulton, 3598 Grand, Astoria spoke about problems with cutting the rail line and stormwater drains on Warrenton property. Trails are not just a golden basket – there are always problems. There are trails on top of the Skipanon that could be an impediment to development of property the Port owns. The City of Warrenton is reviewing the Trails Plan to determine impact and will be looking at the industrial sites. The Port of Astoria is steward of Skipanon peninsula. He cautioned to be careful of what is allowed in Warrenton trails so it does not impede Skipanon development. Chris Connaway 637 14<sup>th</sup>, Astoria asked commissioners to include the longshore labor force on any development plans at Clifton Terminal as they have provided the labor force for the Port of Astoria. He does not want to see any labor conflicts such as the ongoing one at the Port of Longview. Connaway commented on the Port pay rolling and making profit with the longshore labor. He voiced the Clifton Terminal could possibly be in direct competition with our own Port by supporting the terminal. The project being pursued by the principals of Clifton Terminal could also possibly be constructed at Tongue Point.

David Brewer 911 Niagara, Astoria. Commented on the Board's approval of Clifton Terminal when there are existing terminals that handle the same commodities. He cited several operating at this time and questioned why Clifton principals need their own terminal. Commissioner Holcom responded the Port of Astoria supports private and public organizations – including Wauna. It is important to encourage investment and get labor involvement. Do not want to miscommunicate that the port is not in favor of development.

John Estoos, 93174 Knappa Platt LD, Knappa, Oregon. Recalled the Port of Astoria did provide longshore labor force for exports from Wauna and river products by barge. He questioned if the new terminal will compete with other port facilities. Questioned practice of public dollars to circumvent POA labor. Discussion continued on trucking and labor costs and how they are paid for. Commissioner Hunsinger stated Oregon ports help each other. We do support the development, however; he can see Oregon ports come back and say “you want us to support you yet you are supporting a direct competition to us”. Need to look at who the players are. Who are we backing – is it direct competition? Crider will get copies of draft documents to commissioners to review.

**OTHER BUSINESS**

Chairman Hess called for Other Business. There being none, the meeting was adjourned.