

**MINUTES (Corrected)**  
**PORT OF ASTORIA REGULAR MEETING**  
**FEBRUARY 16, 2010**  
**PORT COMMISSION CHAMBERS**

Chairman Bill Hunsinger called the Regular Meeting to order and took roll call.

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

Staff Present: Jack Crider, Rita Fahrney, Colleen Browne, Ken Smith, John Overholser and Herb Florer.

Others present: See attendance sheet

**CHANGES TO AGENDA.** Chairman Hunsinger advised there is a revised agenda. Copies are available for the public. He reported change of addition to executive session of 192.660 (2) (i) to conduct performance evaluation of Executive Director.

**MINUTES:** Regular Meeting, January 19, 2010 and Special Meeting, February 9, 2010. *With correction in minutes of spelling of Governor Victor Atiyah's name noted, Commissioner Pfund moved to approve the minutes of the aforementioned meetings. Commissioner Bland seconded the motion. The motion carried unanimously.*

**FINANCIALS**

Vouchers. Commissioner Holcom asked for clarification of the D.S.L. payment. Finance Manager, Colleen Browne, responded it is payment for the East and West Basin leases. Holcom requested annotations of vouchers paid for the next meeting. Browne reported the payment to CREST is for the compliance officer position. Chairman Hunsinger asked how long the Port is obligated to fund a compliance officer. Director Crider explained as soon as final payments on the violation fine are paid, the obligation is satisfied. *Commissioner Holcom moved to approve the Vouchers. Commissioner Hess seconded the motion. The motion carried unanimously.*

Financial. Colleen Browne briefly reviewed the Port's profit/loss budget performance through January 31, 2010. Some accounts have been re-classed into capital outlay, out of expenses. She acknowledged the Accounts Receivable variance from the A/R aging due to adjustments made after the report was run. *Commissioner Holcom moved to approve the Financial Reports. Commissioner Hess seconded the motion. The motion carried unanimously.*

**PUBLIC COMMENT.** Chairman Hunsinger called for public comment and explained the procedures for the public to speak, noting due to the large attendance, the commission is waiving the requirement to fill out a public comment form. Lori Durham advised she wishes to defer her public comment to later in the agenda. Jim Smith will address his comments under the agenda item "Beerman Creek Drainage". No other public comment was presented at this time.

**OREGON STATE MARINE BOARD – CLEAN MARINA CERTIFICATION.** Marina Manager, Ken Smith, reported the Port’s marinas and boatyard have been qualified by the Oregon State Marine Board to receive “Clean Marina Certification”. He introduced Glenn Dolphin, Oregon State Marine Board. Mr. Dolphin explained marina staff prepared a large report documenting what has been done and how they are keeping up to date with issues at the Port marinas and boat yard. The Port of Astoria went above and beyond agency requirements following the dredging violations. Sewage, recycling, wash-down procedures, trash disposal, fuel station and storm water drain-off operations are all outlined well in the Best Management Practices (BMP’s) for the three facilities.

Dolphin stated the Port of Astoria’s West and East Basin and the pier three boatyard are included in a total of 47 facilities certified out of 190 marinas in the state. He conducted a site visit in December 2009. All the requirements of the D.E.Q. and the Corps of Engineers were completed. The facilities have BMP’s, an Emergency Operations Manual, signage, fueling station, oil recycle tank, wash-down facility and fish station improvements have resulted in a great facility. Dolphin commended Ken Smith, Marina Manager, and staff for a good job, noting the marina improvements have come a long way to the recognition of being rewarded a Clean Marina Certification. He presented the certificates for all three facilities, additional spill kit materials, signs and a flag to the Port. Commissioner Holcom noted the Oregon State Marine Board Clean Marina Certification is an incredible program. A lot of work and time is put forth to receive this certification. The marina staff was congratulated and a round of applause followed.

**D.S.L. – PIERS LEASE.** Jack Crider provided an update on work underway to complete a title policy to resolve ownership of lands and the difficulties being encountered. Chairman Hunsinger noted a past employee, Harry Utti, had done studies and maps in 1982 showing descriptions of property holdings and had stated he would be willing to talk to the port about his work. Commissioner Holcom commented on an article written in the Clatskanie “Daily Chief” about the D.S.L. Pressure is on D.S.L. tactics to increase boundaries to gain more revenue and their newly revised “Administrative Rules”. The Port of Astoria is on record voicing concern of re-mapping and changes to lease fees, requesting D.S.L. give reasoning on how they determine wharf fees. Holcom added Senator Johnson is adamant the changes should be questioned. Jack Crider stated it is important to resolve ownership issues. Past commissioners may have negotiated some of the port’s rights away. Discussion followed on the rights of D.S.L. and how to proceed. Commissioner Pfund commented it is an age-old argument, that the Port needs to be careful due to past practices not to put the port into a liable state of paying late fees. Consensus was to await reports from the title company and to request Senator Johnson give a legislative briefing to the board.

**FAA – GRANT APPROVAL.** John Overholser, Airport Manager, reported the FAA has authorized one-half of total funding of \$280,535 for FY 2010 entitlement. This year’s grant will focus on design and planning, a stand-by generator, new rotating beacon, windsock, drainage and apron study. The second half of the grant is for construction project. He explained previous grant funds were used for striping and asphaltting around the hangars. *Commissioner Bland moved to resolve that the Board of Commissioners of the Port of Astoria approves Federal Aviation Administration (FAA) grant offer in the amount of*

*\$140,267 and authorizes the Executive Director to sign the FAA documents upon receipt. Commissioner Hess seconded the motion. The motion carried unanimously.*

**RESOLUTION 2010-03 TARIFF MODIFICATIONS.** Terminal & Administrative Services Manager, Rita Fahrney, reported as a result of increases in the Marine Fire & Safety Association (MFSA) assessment she has increased tariff rates for this assessment to \$145. She explained how the ships are invoiced this fee by the Port and the Port then forwards the fee to MFSA. In addition Tongue Point rates reviewed at the Port's meeting held in January have been added to the tariff to provide for a public document to use for assessing the rates. She briefly explained how the Port is a member of Northwest Marine Terminals Association and the group meets to discuss rates collectively. Port of Astoria staff will be recommending tariff rate increases of up to 5% in the next couple of months. Astoria's tariff rates are considerably less than other ports. Staff will also recommend an ordinance be approved to provide for rules, regulations, operation, etc., of the Tongue Point properties as is done for the marinas, airport and port terminals. Jack Crider stated the tariff rate for Tongue Point land will be changed from a square foot rate to a "negotiated rate". *Commissioner Bland moved to approve Resolution 2010-03. Commissioner Holcom seconded the motion. The motion carried unanimously.*

**BORNSTEIN – 3<sup>RD</sup> LEASE AMENDMENT.** Colleen Brown explained the effect of this amendment is to adjust the lease to amount in accordance with how the Port of Astoria submits payment to the State. Instead of annually submitting the payment, the Port will submit it quarterly, beginning March 2011. Rich Griffith, Bornstein Seafoods, acknowledged Bornsteins has reviewed the amendment and approves. *Commissioner Hess noted a possible conflict of interest (his company trucks products from APS). Hess moved to approve the 3<sup>rd</sup> Lease Amendment with Bornsteins Seafoods. Commissioner Pfund seconded. The motion carried unanimously.*

**ENERGY TRUST FUNDS/BORNSTEIN.** Colleen Browne reported in 2007 the Port was awarded a check in the amount of \$126,797 for completing a qualifying energy efficient project at the Bornstein processing plant. The check was payable to the Port of Astoria and was presented at the April 2007 meeting by representatives of the Energy Trust of Oregon. The intent of the funds was for the Seafood Consumer Interpretive Center. The funds have been held in an escrow account. Since the Interpretive Center project is currently on hold, Bornstein has asked that the remaining principal and interest be used to reduce their lease payments of the next six month. Staff recommends that Bornstein's request be denied. The Port is no longer a partner in the Interpretive Center venture. The funds in the escrow account provide additional collateralization for the loan and cushion in the event Bornstein misses a payment. Staff also feels the Port should retain the interest from the funds. The escrow account is the property of the Port. Rich Griffith, CFO of Bornstein's was asked to confirm conversations at the earlier meeting with Holcom, Pfund, Bornstein and Griffith. He concurred with the discussions as such, so the motion so appears.

Following discussion, *Commissioner Holcom moved to deny the request of Bornstein and hold the Energy Trust Funds in escrow to be used to make the final Bornstein payment at the end of the loan term and to also retain the interest funds in the escrow account. Commissioner Pfund seconded the motion. The motion carried unanimously.*

**EAST BASIN CAUSEWAY REPAIR – ENERGY TRUST FUNDS.** Jack Crider reported since the access road has been closed at the East Basin causeway he is hearing concerns from boat slip owners at the basin and has met some of the tenants. He understands their challenges; repairs are needed immediately to the causeway and there is now an opportunity to use funds available due to the Energy Trust Fund escrow account. In January 2010, ODOT performed an inspection of the East Basin Causeway and recommended immediate closure due to the hazardous condition, necessitating emergency repairs

Colleen Brown advised through the bidding process, the Port received three bids. Bergerson Construction was lowest at an estimated cost of \$90,415. On February 16<sup>th</sup> the Port Commission voted to retain the remaining balance for the final loan payment(s) on the Bornstein lease/Port loan repayment to the state. Using these funds would allow the Port to complete the emergency repairs immediately without affecting operating funds during this time of year. It would also preclude having to go out and try to borrow the amount from a third party. Commissioner Pfund offered clarification the Port requested an inspection of the causeway due to the deterioration. Some discussion followed on the motion needed, with POA Budget committee member Bill Harris's recommendations that the Port not use the word "restricted funds" and how to account for the expenditure. Commissioner Holcom clarified the intent of restriction is that it is used for an emergency so is "treated" as restricted funds in the escrow account. *Commissioner Holcom moved to authorize a loan of \$90,000 from the Escrow Money Market Account to the Port Operating Account to cover emergency repairs on the East Basin Causeway. Commissioner Pfund seconded the motion. The motion carried unanimously.*

**BEERMAN CREEK DRAINAGE-HIGHWAY 101 FLOODING.** Jack Crider introduced Jim Smith who wishes to address the commission with respect to the flooding on Highway 101 at Seaside. Jim Smith stated he is against the local entities paying for a flood monitoring study for the ongoing flooding issue on Highway 101 in Seaside. He explained the problems contributing to the flooding and his potential solutions to the problems. He requested the Port commission question the expense of \$56,000 for a study, when the solution to the problem is available already and the funding could be used instead for repairs. Commissioner Holcom advised this is the type of county project where it is the role of the Port to facilitate and get involved. The County will address the issue at their meeting of February 24, 2010. The Port of Astoria agreed to have a representative attend the county meeting to gain further information.

#### **COMMISSION – Reports**

Commissioner Hess reported at Tongue Point, Michael Haggren's boat the F/V DEFIANT was hauled out of the water by J & H Boatworks. The process worked beautifully. Boats are longer and wider now. J & H's cradle design made the process easy. Chairman Hunsinger stated J & H is a new tenant at Tongue Point. They underwent a tremendous undertaking to locate there. Their locating there brings the potential for future business at Tongue Point.

No other commission reports were given.

**COMMISSION – Comments/Concerns**

Chairman Hunsinger voiced concern the Port is continuing to fund \$3,500 per month for a compliance officer from fines due to the Clean Water Act, now being paid. He would like to see the release of the requirement for a compliance officer to fund a Port of Astoria staff job.

No other commission comments/concerns were presented.

**PUBLIC COMMENT.** Chairman Hunsinger called for public comment.

*(The following public comments are not written verbatim, but intended to reflect the substance of the comments received.)*

Lori Durheim, Astoria, commented briefly on City of Warrenton's dealings with D.S.L.

Rich Griffith, CFO Bornstein Seafoods, thanked the commission for approving the third amendment to Bornstein Seafoods lease. He stated while Jay Bornstein has retired he remains still involved in the visioning of his company. Mr. Bornstein composed a letter regarding the Port's Strategic Planning that Griffith read into the record where Bornstein voices shock and dismay at the Port Commission's shift in strategic planning and the immediacy of the implementation without Bornstein knowledge or input.

**(Letter is attached to and made a part of these minutes.)**

Kathy Sanders, Astoria, agreed with the statements made in the letter by Jay Bornstein and voiced disapproval that no adequate notification was given to the public before the Strategic Planning meeting was held. She questioned why there are no meetings scheduled for public input, especially with the new move in the strategic planning process to bring in log exports. She stated the board members are moving too fast to get a Letter of Intent without looking at the impact of existing tenants. Where are the business plans, financial plans, costs, etc. that should be in place. The Port of Astoria should be looking long-term for all of Clatsop County, not just the next 3-5 years, and get everyone's input.

Commissioner Pfund clarified he has always voiced his opinion that pier one should be retained as an industrial pier and confirmed it would not be in the port's best interest to ignore existing tenants. However, the county's natural basic product is logs and they are part of the port's history. When more are working and the Port is bringing in more funds, there is more to spend. Commissioner Bland emphasized the economy is in trouble and needs jobs. If the Port wants to take advantage of the opportunity it needs to take action now. He is cognizant of the concerns of tenants. Chairman Hunsinger advised the strategic planning firm was not up to date on current forest movements. He explained how the market has changed recently, that logs are being harvested from Oregon and exported from Washington ports and the part that the recent sale of Weyerhaeuser holdings has contributed to the opportunity now for the Port of Astoria. He is opposed to the Port spending half a million a year to dredge the slips for cruise ships and research vessels that are not grossing enough to pay for the dredging costs, questioning how the port can continue to dredge without more water revenue. This is an opportunity to turn the port around and bring in additional revenue.

Roger Nance, VP, Westerlund Log Handlers, explained the market shift, noting Port of Pt. Angeles is seeing its first log ship in 16 years. Port of Tacoma just completed first loaded log ship for China, providing long shore payroll of \$217,000 to load the ship. He advised Westerlund Log Handlers are good stewards; that they are respectful of the business establishments of Englund and Bornstein. He acknowledged there is a small window of opportunity due to today's market to export to Asia, providing the entities involved significant revenue.

John Estoos, President, ILWU Local 50, Astoria, stated their union has seen a drop in membership from 178 members to eight members currently. The new export market is also providing local wood owners an alternative market to sell their products. He added the current strategic plan was created after market and legislative changes in the export market.

Alan Brunstad, Westerlund Log Handlers, stated all the parties involved have points to be made. Westerlund has been negotiating with the Port with consideration of existing tenants. The fact that the negotiations are rushed is due to the need for the company to know if it will be viable to pursue exports from Astoria.

Commissioner Holcom acknowledged for the past two to three weeks a few hours of his day has been spent on Port business, while he also has his own business to run. Port constituents have questions and he is hearing about the need for jobs for young people in the community. He admonished Ms. Sander's for an earlier comment she made stating the commission action was "criminal". (Sanders later apologized and retracted the statement, acknowledging the difficulties of serving on the port commission.)

Kurt Englund, Englund Marine stated his company is also a natural -resource based company. He is not against log exports, but how his company found out about the negotiations versus being a tenant and part of the negotiations. His company was invited by the Port administration to locate here and made a large investment to do so. He would have appreciated earlier involvement to understand the impacts as a current tenant. He voiced concern relocating the boat yard to Tongue Point for a log yard on pier three may diminish the current efforts. He called a comment made by Chairman Hunsinger that the Port had been negotiating with Englund Marine "a bit of a stretch". Hunsinger clarified his statement that Englund was made aware of the possible business shortly after the Port received word – just recently. He reiterated the Port's need for due diligence with potential customers.

Ted Thomas, Astoria, stated companies interested in bringing business to the Port has come up in the past and there should be a set of guidelines on policy/procedure to follow.

**OTHER BUSINESS.** Chairman Hunsinger called for Other Business. None was presented.

Chairman Hunsinger called for recess of the Regular Meeting into Executive Session in accordance with ORS 192.660 (2) (e) to conduct real property negotiations and (2) (i) to conduct performance evaluation of Executive Director.

Following the Executive Session, the Regular Meeting was reconvened.

Commissioners in attendance: Bill Hunsinger, Larry Pfund, Jack Bland, Dan Hess, Floyd Holcom.

Staff present: Jack Crider, Herb Florer.

**CONSIDER ACTION ITEMS:**

- A. Tongue Point Investors – Memorandum of Understanding. No action taken.
- B. Log Handlers – Letter of Intent. Herb Florer, Property Manager, read the proposed Letter of Intent. *Commissioner Pfund moved to approve the Letter of Intent with Westerlund Log Handlers and authorize Director, Jack Crider, to continue with negotiations. Commissioner Holcom seconded the motion. The motion carried unanimously.*

**PUBLIC COMMENT.** Chairman Hunsinger called for public comment.

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

APPROVED:

ATTEST:

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William Hunsinger, President

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Daniel Hess, Secretary