

MINUTES
PORT OF ASTORIA SPECIAL MEETING
MARCH 9, 2010
PORT COMMISSION CHAMBERS

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

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

Staff present: Director - Jack Crider, Terminal/Admin Manager - Rita Fahrney, Finance Manager - Colleen Browne, Airport Manager - John Overholser, Maintenance Supervisor - Harold Culver, Marina Manager – Ken Smith, Property Manager, Herb Florer, Administrative Assistant, Esther Jones.

Others present: See attendance sheet.

CHANGES/ADDITIONS TO AGENDA. Chairman Hunsinger reported change to agenda for addition of #5A – Executive Director Review, with a letter from the Director to follow. Commissioner Holcom recommended the addition to the agenda be placed as item #7A for courtesy to the audience who are attending for the Westerlund Log Handling discussion.

C.R. BAR PILOTS/PORTS SETTLEMENT. Director Crider reported the key component to the settlement is agreement to a reasonable rate increase to Bar Pilot tariff over a period of five years. The Port of Astoria is party to the agreement which includes Columbia River ports. All the other parties to the agreement have signed the document. *Commissioner Bland moved to approve the C.R. Bar Pilots Settlement Agreement. Commissioner Holcom seconded the motion. The motion carried unanimously.*

COUNSEL CONTRACT. Jack Crider reported the last Request for Proposals (RFP) for attorney services was done in 2007, a copy of the RFP and staff report was distributed to the commissioners. Four proposals were submitted. The commission chose the law firm of Jordan Schrader in Portland. *Commissioner Pfund moved to use the existing document to request proposals for attorney services. Commissioner Holcom seconded the motion. Discussion followed.*

Commissioner Hess asked why we are soliciting for a new attorney, commenting he realizes commissioners sometimes don't always agree with his decisions or his opinions. Attorney, Andy Jordan is very skilled in the legal areas the port deals with and comes highly recommended. Commissioner Holcom stated there are a lot of local attorneys within the Port district that are interested in submitting proposals to provide legal services to the Port. Commissioner Pfund added the Port will be better served having a local attorney and competition to provide the service is a good thing. Commissioner Bland concurred with the other commissioner statements, adding it would be helpful to have an attorney present at board meetings. The distance from Portland is a disadvantage. He has no objection to current attorney, Andy Jordan.

Call for the question: Commissioners Pfund, Holcom, Bland and Hunsinger voted Yes. Commissioner Hess voted No. Motion carried with majority vote.

PIER ONE BUILDING. Jack Crider provided an update on the status of the pier one building. It is expected it will be put up for a sheriff sale, the bank will purchase it and sell it to the Port of Astoria. No guarantees. Some title clean up is needed and hoping to avoid a foreclosure process.

WESTERLUND LOG HANDLERS – DISCUSSION. Crider reported several meetings with Westerlund Log Handlers have resulted in a draft design use for both piers 1 and 3 for public input. The best scenario is to have all operations conducted on pier three – the long-term proposal. There will be plenty of opportunities for the public and tenants to discuss the proposal, beginning with public comment at this meeting.

Roger Nance, Vice President, Westerlund Log Handlers noted the revenue source from log exports will bring an additional \$1 million dollars to the Port's budget, approximately 25% of the Port's operating budget. Roger explained there was no open dialog with port tenants because during preliminary negotiations with the Port the need for confidentiality was important. Westerlund is working to address concerns, acknowledging they will not be able to make everyone satisfied.

PUBLIC COMMENT.

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

Lori Durham, Astoria, stated she attended the Strategic Planning workshop and has met Westerlund Log Handlers and talked with others involved in log exporting and has questions as follow:

- Lights – concern about lack of adequate lighting. Roger Nance responded the operations in the log yard(s) will commence at 5:30-6:00 a.m. and will run during daylight hours. They will be exporting logs from the Port of Tacoma April 15th. He invited any interested in the operation to watch the loading in Tacoma.
- Traffic – there is a large volume of traffic currently, concerned with increase and asked for verification of total expected loads in a day. Nance replied there is currently a large amount of log truck traffic going through Astoria in each direction. Log truck traffic ranges from 25-60 loads per day. At 7:30 a.m. there may be 25 trucks in the yard, with an off-load timeframe of 10 minutes each.
- Window of Operation – Nance explained the log export market never left. When the State of Oregon laws on exporting logs was changed, Asian countries began buying logs from Russia and other countries. Russia has now implemented an 80% tariff increase on logs exported. He believes the log export market will continue and Westerlund is looking for their operation here to be a long-term endeavor.

Bob Zakrzewski, Columbia Pacific Marine Works (CPMW) – Voiced concerns about the Port's change in strategy that will impact CPMW. CPMW was recruited by the Port to the "industrial park" that held

plans for paved streets and a boat ramp, among factors to relocate. After relocating, with the area not being paved they found issues with NW winds and resulting dust and air particles make it impossible to continue their business as before. They have concerns about the de-barking operation causing more air particles to circulate. Zakrzewski suggested if Westerlund Log Handlers locate their operation on pier three the Port should buy-out affected tenants previously recruited by the Port.

Ken Ness, Astoria, stated he recognizes the audience's diversity. Tourism doesn't work for all. He started logging 20 years ago. Ness voiced support of log exports, acknowledging this business will do well to bring money into the Port. He also commented on log export operations in Longview at the Port and Weyerhaeuser that are not dusty and kept watered down, noting "there are no guarantees" in the business, but the business is needed here at the Port and there is land here not making a large income for the Port.

Herb Olstedt, Jewell, supports the log yard, noting he is a logger and owns his own company. The County needs to realize logging is a big part of the County. South County also has steady logging. When the market is tight, hauling to Longview is not feasible.

Mike Gettenberg, Astoria, owns 11 log trucks, stated it will be beneficial to log haulers to have a yard in Astoria. He commented that watering works well to keep dust down. He would like to see the revenues from the logs kept in Astoria instead of Tacoma.

Don West, Astoria, confirmed Roger Nance's explanation of the de-barker as a "ring" de-barker, not a "drum". West stated no one wants to see more jobs and Port success than he. Previous administration directed the 1999 tourism growth. He would like to see An Economic Impact Study for the Port and Clatsop County.

Jay Bornstein, #9 Bornstein Bldg, Astoria. Stated his observations... #1 – he has not been contacted by or sat down with anyone to discuss the proposal. He knows 1995 was the collapse of log exports. In 1999 the Port was inactive and in 2001 starting with a new plan and starting with nothing, tenants and infrastructure were generated. Now he is seeing 2010 starting with a new plan, destroying efforts of previous planning. He stated today he sees the Port create action, change the plan and then defend their action. Where is the fairness for the tenants. Bornstein asked if there is an Impact Study quoting jobs. He has heard many numbers. What is the criteria being used to generate numbers. All parties need to have the same data and work on the same pages to fairly weigh impacts. Some discussion followed.

Commissioner Larry Pfund explained while he went through the election process and when elected he has always supported blue collar jobs. His position has not changed. Pier one was always designated for an export terminal. There are differing opinions on parking for the seafood plant; however he feels everything can still be worked out. Commissioner Holcom stated he is only one of five members, and does not have the same thought process as all the others. He has not made an opinion or conclusion. He is impressed with the amount of communication and information flowing on the issue.

Commissioner Hess stated that during the initial discussions it was not appropriate for discussion among all. Now is the time to have a meeting between all tenants. The Master Plan states the need for the Port to support current tenants. Chairman Hunsinger noted the Port has always partnered with Bornstein. When dredging was needed the Port came to their service. A decision to approve the log exports will not change the relationship with Bornstein's.

Skip Hauke, Chamber of Commerce, stated all members involved need to get into one room. First commitments should be to people already located here, that have jobs here. As Chair of the CEDR he emphasized the boat yard business could grow big time, reiterating the need for existing tenants to be heard.

Chris Connaway stated he is a Budget Committee member and past commission candidate. He is a proponent for log exports. History has shown the export business has been good for the Port, yielding more dollars than any other facet of the Port's businesses and it is undeniable this log business will bring jobs.

Jason Palmberg, S.E. 3rd Astoria, advised as a tenant, he was pleased to get a phone call from Jack Crider. He met with Westerlund Log Shipping and believes Westerlund has a good program and business plan. His only concern was potential log truck traffic on tenants. He also voiced disapproval of the Port's Master Plan being changed without tenants of the Port being involved. He hopes Westerlund's plans will work without stepping on toes of existing tenants, bringing a benefit to the community.

Roger Nance, Westerlund Log Handlers stated time is critical. The opportunity is here. They have a partnership with an international firm and would like to enter into an agreement to ensure the process. He stated they are certain they can shut down operations on pier one on cruise ship days. He recalled how Port of Bremerton and Port of Port Angeles cities both took different approaches and Port Angeles has success with mixing their city uses.

Chairman Hunsinger called on Marina Manager, Ken Smith, to speak about moving the boatyard. Ken reported moving the boat storage yard to the other side of the current Columbia Pacific Marine Works building will provide for the most minimal expense; however, he will have the tenants at the marinas to deal with. He is hopeful it can be made to work.

Andrew Bornstein, Bornstein Seafoods, Astoria, voiced concern that the log business is a 3-5 year plan more or less. He wants to see the log export business be held to the same standard long-term leases as other current port tenants, questioning if there is funding commitment to pier three improvements, are they obligated to a number of jobs provided. Bornstein Seafoods began with employment of 75-80 , with an obligation to 100 jobs and now has 130 employees today. He requested the log export business partners be held to same terms as current tenants.

Chairman Hunsinger called on Terminal Services Manager, Rita Fahrney, to speak on the log export business. Rita Fahrney explained, while not educated on all the plans of Westerlund Log Handlers, she

has seen both log ships and cruise ships at the port at the same time. The revenue potential is good and it would provide an opportunity for infrastructure improvements needed at the Port. A single fully-loaded log ship could provide a revenue source of approximately \$80,000. Ten log ships per year, in addition to the land leases would bring the Port an additional \$1 million in operating funds per year. Harold Culver, Maintenance Supervisor, reported he was here in the late 80's to early 90's during log exports. He agreed the Port needs additional funds to work on large projects and he would like to see it work.

Jon Englund, Englund Marine, Astoria, asked if impact studies have been done – environmental and financial. Englund Marine provides 42 jobs. He stated it is time for all parties to meet. Englund Marine has invested \$4 million in their facility at the port – key to relocating was the boat yard, which is now planning to be diminished and the boat ramp, which has not been installed. He stated rushing the project can be detrimental, that state, city, urban renewal issues need to be considered.

Following Public Comment, Chairman Hunsinger called for a brief recess.

Chairman Hunsinger called the meeting back to order.

PNWA – WASHINGTON D.C. UPDATE. Jack Crider reported on his trip with the PNWA to Washington D.C. He stated he was glad the Port chose the path of requests of keeping them to a minimum, with realistic needs. There was excitement over the news that the Port is leasing Tongue Point and future potential of the Port acquiring the property with offers of assistance when the Port is ready to acquire the property. Crider praised PNWA for their work coordinating the meetings, allowing for him to attend meetings in between organized functions. As the Port is in its second year of participating with PNWA, our name is included and we are recognized as being a participant. Crider said the schedule was hectic, but he was able to submit all the projects the Port had. There are also new staffers each year. Regarding Tongue Point, cargo and railroad activity will dictate efforts. There is a need for a detailed survey to identify the cost of dredging. Holcom noted The NOAA research vessel Rainier surveyed the Lower Columbia River channel.

EXECUTIVE DIRECTOR EVALUATION. Chairman Hunsinger announced in Jack Crider's absence and with Crider's approval the Port Commission conducted a performance evaluation. Of a possible 40 points, Crider came through with an average 38. The commission members are very happy with his performance, noting he is hard-working and does his job to the fullest. He has a list of accomplishments to be proud of. Commissioner Pfund stated he is delighted with Crider's job, he is grossly understaffed, wearing 3-4 hats. Crider acknowledged on February 9, 2010 he submitted a letter of resignation. Chairman Hunsinger read the letter. Mr. Crider explained he is back on board, the letter was written in the heat of the moment and he had felt it necessary to do. He has since rescinded and changed his mind. He appreciates the support of the commission members over the past couple years.

PUBLIC COMMENT. Tim Gannaway, Warrenton, cautioned commission members to take into consideration the vulnerable position they are in as respects to the OLNG lease issue. He has experience

dealing with the federal government and mediation in federal court. Gannaway is not able to discuss any of the proceedings, but warned the commission that the federal officials lacked character, broke laws, etc. He had to agree not to discuss any details afterwards, but it was hard to call the place a "hall of justice". It was a travesty of justice and nothing can be changed. He voiced his hope the commission will sign the lease and get on with business, voicing the need for stability. Sometimes when you make a mistake you have to play the hand you are dealt. Gannaway proclaimed the Port's condition is the best he has seen since 1974 and urged the commission to not let courts and lawyers get in the way. Discussion followed on the challenges and compromises pertaining to the LNG lease and signing off on the 30-year lease.

A brief update was provided on the J & H Boatwork's hangar inspection. There have been problems getting answers to questions. Crider explained the fire sprinkler system was required to go through a full inspection. J & H's work was shut down for a two-week period. There seemed to be issues with not having inspectors present when an inspection is in order. It is important not to have delays and that issues be resolved so that J&H can continue their business. Staff was directed to write a letter of concern to the Astoria City Manager.

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

APPROVED:

ATTEST:

William Hunsinger, President

Daniel Hess, Secretary