

PORT OF ASTORIA

MINUTES

REGULAR COMMISSION MEETING

APRIL 17, 2012

PORT COMMISSION CHAMBERS

CALL TO ORDER/ROLL CALL.

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

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

Staff present: Executive Director Jack Crider, Deputy Director Herb Florer, Terminal/Administrative Services Manager Rita Fahrney, Finance Manager Colleen Browne, Property Manager Mike Weston, Cruise Ship Marketing Director, Bruce Conner, Marina Manager Janice Burk,

CHANGES TO AGENDA.

Director Crider has addition of appointment of Interim Director and Staff Reports to be held before Director Depart. Chairman Hess added agenda item for Korean Office Agreement to follow the audit presentation. Commissioner Hunsinger added Old and New Hiring Practices to follow Other Business.

MINUTES:

Special Meeting, March 13, 2012; Regular Meeting, March 20, 2012; Special Meeting, March 27, 2012. *Commissioner Holcom moved to approve the minutes of the aforementioned meetings. Commissioner Pfund seconded the motion. The motion carried unanimously.*

FINANCIALS – MONTH OF MARCH 2012

Voucher list. Finance Manager Colleen Browne reported she is using the same format and that the cash flow is being monitored, with staff keeping costs down. *Commissioner Holcom moved to approve the voucher list for the month of March 2012. Commissioner Hunsinger seconded the motion. The motion carried unanimously.*

Reports. Browne reviewed the Operating Format for March showing revenues at \$975,000 – a large part of that is from the Area-Wide Settlement in the amount of \$605,000 resulting in net income of \$350,000. She stated unusual items have been footnoted. *Commissioner Bland moved to approve the Finance Reports for the month of March. Commissioner Hunsinger seconded. The motion carried unanimously.*

PUBLIC COMMENT

Chairman Hess called for public comment. None was received.

STRATEGIC INVESTMENT PLAN – ROBERT KEYSER

Robert Keyser, Clatskanie Rural Fire Protection District, was introduced. Mr. Keyser stated he is here to discuss emergency medical services to eastern Clatsop County. He explained the history of Clatskanie

Fire Districts' services as first responder over the past 40 years. Residents, businesses and travelers have benefited from the district's quick response times and dedicated service. The rest of the county has benefited by not having their EMS resources spending time and money responding to these rural locations. The cost for the service being provided by their district is borne almost entirely by the taxpayers of the Clatskanie Fire District. In July 2006 Clatsop County approved a Strategic Investment Plan with the Wauna Mill. As part of that plan Wauna agreed to pay a community service fee of as much as \$500,000 annually to Clatsop County. The fee is defined as "for community services support that relates to the direct impact of the eligible project on public services". Keyser stated the district believes that their service to the Wauna Mill and surrounding area is the very kind of service this fee provides for. They have requested \$35,000 be granted to them from the County out of this fund. The County has not been willing to directly fund their request, stating other district agencies need to also participate. Keyser stated the Port of Astoria is a 5% player in the district. The Port share of funding would be \$1,500 per year. Questions and discussion followed. *Commissioner Pfund made a motion the Port support the request from the Clatskanie Fire District with a letter to the County supporting the SIP funding to the district. Commissioner Bland seconded the motion. The motion carried unanimously.*

AUDIT PRESENTATION FOR FY 2010-2011

Kammi Austin CPA, partner with Merina & Company - the Port auditors, reported she is here to cover audit issues and ask for questions. The draft audit was distributed over a month ago. She will go over some open items/issues still needing to be resolved.

- Didn't meet debt covenant with Clatsop Bank. Awaiting final financial figures to determine if it can be changed, or if not, waive the covenant violation to show the loan agreement in full force and effect.
- Late March the Port adjusted the amount of the grant forgivable. They are looking at way to determine how to present the information in the financial statements.
- The financial statements reflect plans for cash flow in the future. Goal is to get complete numbers with final audit by next Friday. Commissioner Holcom noted the goal of 70% occupancy on the Port office building shows the Port is not at that percentage. Property Manager Weston stated it is at 40%. Negotiations are underway with GSA/Customs for an additional tenant to the building, bringing it to 50%.
- The Lektro cash flow statement is in progress and there are questions on how to report the cash flow under the GAP requirements.
- Commissioner Holcom questioned PERS employer contributions and long-term obligations. Kammi briefly explained the cost-sharing plan, stating PERS would be able to provide a more detailed accounting.

KOREAN OFFICE AGREEMENT

Executive Director Crider reported receipt of a letter from Dr. Park requesting the port continue to support the Korean office, in view of the ongoing status at this point. Dr. Park matches the contribution. Commissioner Holcom commented the State of Oregon is paying \$300,000 for the Port of Portland to have an office in Korea. Crider suggested extending the contract to the end of the fiscal year and then

consider a budget item for next year. Commissioner Holcom moved to pay the arrears and approve continuation of the end of this fiscal year, and into next by budget process. Commissioner Bland seconded the motion. The motion carried unanimously. Commissioner Pfund noted he has visited the office and it is nice. This could pay off huge for the port.

LINE HAULING – VESSELS

Director Crider reported the port went out for Request for Proposals for line hauling services. Proposals were received from Anchorage Launch (Shaver) and Kiwi's Water Taxi. Both are highly qualified to provide the services. He has invited both representatives to speak. Commissioner Holcom declared a potential conflict of interest. One of the proposers was a tenant of his that is now a port tenant. He stated it would not impact his decision. Commissioner Hunsinger declared a conflict of interest as he is friends with one of the proposers. If it comes down to a 2/2 vote, he will not cast a vote.

Alan Brann, Kiwi's Water Taxi, briefly explained the history of his company and his experience. He moved into line hauling service 18 months ago. Mr. Barnett stated Anchorage Launch has been here since 1998, they have a big boat and have performed line hauling services for a long time. Discussion followed on the proposals and the minimum hours at \$300 per hour for both companies versus the fuel surcharge. Both companies are well qualified for the work. Terminal & Administrative Services Manager, *Rita Fahrney*, recommended approving the proposals of both companies and awarding the work equally to both. Commissioner Holcom so moved. Commissioner Hunsinger seconded the motion. The motion carried unanimously.

DREDGE PERMIT UPDATE

Property Manager Mike Weston reported he has submitted the Sampling Analysis Plan ranking the port as low to the "Sediment and Evaluation Team" out of Portland, consisting of the regulatory agencies representatives. Their response is that contamination is "moderate to high" with the exception of Faces of pier one and pier two. Three samples for every 5,000 cubic yard removed are required when contaminants are designated high as opposed to three samples for every 50,000 cubic yards. Weston explained the risk/expense and historic risk. Considerable discussion followed on the fact that the Port of Astoria is paying for the contaminations that flow down from upriver sources and increased sediment are coming in due to weather and other dredging projects in river. There is no self-scouring here as in areas upriver.

Mike Weston stated the current in-water period from November – February is under threat of being reduced. There is discussion of lowering the in-water work window due to stellar sea lion issues. Reducing dredging and pile driving periods are being looked at to protect stellars and smelt. The Port needs to politically put some pressure on the regulatory agencies to work through these issues and smelt; the permitting process takes a long time to get through. Commissioner Holcom asked for staff recommendation. Property Manager Weston recommends talking to negotiate for a low ranking. If we get high hits, we will have to go back in and resample.

CRUISE SHIP BERTH LOCATION

Cruise Ship Marketing Director, Bruce Conner, reported on the new Bar Pilot requirements for two tractor tugs to bring cruise ships into the slip on pier one. The cost to bring two tractor tugs down the

river is prohibitive to the cruise ship lines (\$50,000), resulting in a decision that the second ship has to go to anchorage. Last year's ships only needed one tug. Concern is if this gets out into the cruise industry that the Port is a one cruise-ship dock it will negatively affect our marketing efforts and the amount of calls each year. Conner plans to meet with the pilots to see if there are any alternatives that can be worked out. It is his opinion that two tractor tugs are not needed. The cruise ships have powerful thrusters. Discussion followed. Director Crider explained the topic has been brought to the commission's attention to update them on the issue in the event they get calls or questions asking why there is a cruise ship at anchor when there is room at the Port for another ship.

LEKTRO JOB UPDATE

Director Crider reported receipt of a letter from Lektro's attorney regarding responsibilities for job creation stating it is their position that any financial ramifications or consequences resulting from covenants or conditions contained in agreements between the Port of Astoria and the State are between those governmental entities. Lektro's position is they are not and will not be liable for any costs associated with the performance of those agreements. They refuse to take responsibility for not fulfilling the job creation condition. Crider explained the background of the funding. Following some discussion on options, commission members directed Crider to meet with Eric Paulson and talk over the issues.

STAFF REPORTS

Marina Manager Janice Burk reported

- Fuel sales up last month
- West Basin occupancy is at 98% full
- East Basin occupancy is 54

Terminal/Administrative Services Mgr.

- Catching up minutes
- Job description and package
- Media contacts for advertising for Exec Director
- Upgrades to FSP per FS Assessment
- Gathering hoist charges for commission members

Property Manager Mike Weston

- Reser's is storing a vehicle at airport
- Electricity on t-hangar

Finance Manager Colleen Browne reported:

- Working on budget
- Budget Member status – Richard Lee would like to continue on

Deputy Director Herb Florer reported:

- Meeting with PNWA – discussed dredging issues and ideas about wind dam, need for and research
- City of Newport Attorneys letter response. Will prepare POA response

APPOINT INTERIM DIRECTOR

Director Crider requested the commission appoint Herb Florer to serve as Interim Director until a new director is chosen. Commissioner Holcom thought it important to hold an Executive Session first to discuss issues and options. Commissioner Hunsinger agreed, urging the discussion be held as soon as possible. Following brief discussion on the need for an Executive Session, *Commissioner Holcom moved to hold an Executive Session to discuss Interim Director options. Commissioner Hunsinger. Commissioners Holcom, Hunsinger, Bland and Pfund voted yes. Commissioner Hess voted no. Motion carried with majority vote.*

DIRECTOR'S REPORT

Executive Director Jack Crider stated: "It has been his pleasure in serving the Port Commission, staff and citizens of Clatsop County over the past four years. I leave with great friends, tons of new experience and an appreciation for the historic significance of the region. I am and will be available to help the Port and community for the rest of my life and confident that I will see you all again. Please feel free to stop and see me in Eureka or call (707) 834-1108 or e-mail me at jcrider@portofhumboldt.org."

COMMISSION REPORTS

Commissioner Holcom thanked Jack Crider for bringing the skillset needed to turn the port around. He respects Crider's decision not to notify every one of his impending job.

Commissioner Hunsinger reported he and his wife stayed at the newly-opened Astoria Riverwalk Inn. The room was excellent and quiet. They had a nice breakfast. Great choice for lease of the property. He stated Jack has done a great job. Eureka is getting a hard worker and he knows Jack will do great.

COMMISSION DIRECTION

Commissioner Holcom stated it is important as they go through the hiring process that department heads provide summaries of where they are at, what they would like to see, to take into the hiring process. Also, employees can contact board members anytime. Like to hear their opinions.

Commissioner Hunsinger voiced the need to continue to attend Washington D.C. events with PNWA. He also noted DSL held a meeting locally and no one from the Port was present. Commissioner Pfund stated he wished he had been notified of the meeting.

PUBLIC COMMENT

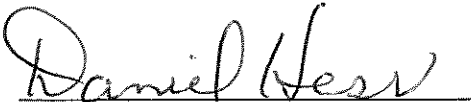
Chris Connaway, Astoria, Oregon (ILWU #50 member) stated he has found that a maintenance position was recently filled without giving the public opportunity to apply for the position – which it was only posted at the longshore hall. Finance Manager Colleen Browne responded the Port chose to hire a temporary full-time person who fit the position needed. Commissioner Holcom stated if there is a policy issue it needs to be brought to the commission. Commissioner Hunsinger added he personally was approached by 12 people on this issue. It is his belief the Port is an Equal Opportunity Employer and the public should have had an opportunity to apply. He explained past practices he is aware of during his tenure as a longshoreman and sitting on the Labor Relations Board. Discussion followed on the process.

John Estoos, Astoria, Oregon (ILWU #50 member) stated he does not believe the staff is aware of what the contract states. The Port is supposed to advertise positions and fill from candidates. He felt the job announcement was tailor-made to fit the employee hired. Commissioner Holcom asked Director Crider for a report on Port hiring practices.

OTHER BUSINESS.

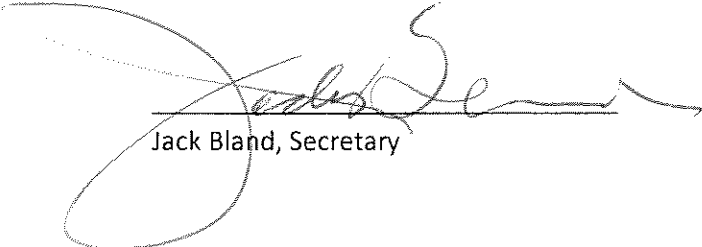
Chairman Hess called for other business. There being none, the Regular Meeting was adjourned to be followed by staff appreciation event.

APPROVED:



Daniel Hess, President

ATTEST:



Jack Bland, Secretary

Submitted by: Rita Fahrney, Terminal/Admin Services Mgr