

MINUTES
PORT OF ASTORIA SPECIAL MEETING
AUGUST 9, 2011
PORT COMMISSION CHAMBERS

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

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

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

OATH OF OFFICE – BILL HUNSINGER

Recording Officer Notary Public, Rita Fahrney, swore in commission-elect Bill Hunsinger. Hunsinger assumed his position on the board.

CHANGES/ADDITIONS

Commissioner Hunsinger requested a report from the meeting of gillnetters held the previous evening be added to the agenda. They are requesting the Port's support of the commercial gillnet fleet.

PUBLIC COMMENT. Chairman Hess called for public comment.

Lori Durham, 398 Atlantic, Astoria asked for an update on the Red Lion lease. Executive Director Jack Crider responded both proposers have withdrawn their interest. The Red Lion option is up in October. Durham voiced disappointment in the action by the Port to support John Dunzer's proposal for the Bradley site. She also questioned the decision to pursue Rice Island excavation. Some discussion followed, with Commissioner Holcom commenting on the previous administration's dealing with the contract. Longshore have an agreement with the Port of Astoria to be the Port's labor force. The labor contract is between Westerlund Log Handlers (WLH) and the ILWU union.

Steve Fulton, Astoria, stated on behalf of Warrenton Business Assn. who represent business license holders he would like to request Port support of efforts to require charter vessel owners without business licenses requirements for boats that carry passengers to pay fees. He would like the Port of Astoria to support this. He also pointed out he was here when the Port was considering a lease with WLH and voiced support for the operation. It is a good deal for entire community. Thanks to the board for taking the heat from negative people. The Port commission also attended and supported timber-related businesses. It is important to keep timber-related jobs in the community. Discussion followed.

SMITH ROOT PRESENTATION

Carl Berger, an employee of Smith Root Corporation, introduced himself and spoke briefly about his company. Here to brief on proposal for research they want to undergo with Sea Lions to protect infrastructure. He showed some pictures of docks overtaken by Sea Lions and the high costs to repair

them. He explained the background of the process, using non-harmful , low levels of electric non-lethal pulses to control the Sea Lions. Had complete deterrence at extremely low levels – the animals no longer want to be there. Ended up with a pressure pad technology that has not previously been used. They are looking to do some tests at Moss Landing. They have the interest of several partners and are looking for additional partners. They are confident the technology will work. Have budget of \$60,000. Hoping to get additional funding support. Executive Director Jack Crider, explained the more partners to invest, the more opportunity to ascertain the technology will work. Moss Landing experiences the issue on a year-round basis. Berger added, if successful, harbor masters will need to build a platform elsewhere for the animals to go to. Marinas consider the Sea Lions a damage issue. Fishermen consider it a fishery issue. Commissioner Holcom wondered about the possibility to get a proto-type for the Astoria marina. Discussion followed. Berger explained the funding request and the more partners that contribute, the less each invests. Crider advised he will keep the commission informed on the progress. The level of commitment is within his authority.

GILLNET FISHERIES SUPPORT

Commissioner Hunsinger opened the floor for gillnet fishermen who wish to speak.

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

Dave Quashnick 92296 Willow Road, Astoria. Washington and Oregon are trying to put the gillnetters out of business, changing the fisheries to seiners. Petition started at meeting last night. Would like support of Port of Astoria for gillnet fishery.

Commissioner Holcom explained for the record, Salmon for All is a tenant of his. It is believed SFA is in support of the gillnet fishery. Seining is now illegal. He questioned why the states would support seining. Quashnick explained how seiners release by-product.

Mike Backlund, 2300 Welcome Slough, Cathlamet, Washington. He is in agreement with Dave. Not feasible for 300 gillnetters to become 300 seiners. He explained how the fisheries differ.

Otis Hunsinger, 35108 Seppa Lane, Astoria. Grew up gillnet fishing. Voiced concerns that gillnetters will have to buy seines – getting started would be a huge cost. He has already built Jesus boxes and boat modifications needed to seine and potential changes every 2-3 years would be a big concern. The seasons are short to start with.

Commissioner Hunsinger stated he is on the advisory committee (chairman) and sits on the Port Commission. State of Washington got funding in the amount of \$5-7 million to test seine fishing, paying a small group' expenses for everything. The next year an RFP was sent with only five days to respond. Some fishermen were out fishing and therefore unable to respond. Hunsinger explained how the process works and the permitting process for. Considerable discussion followed. Chairman Hess thanked Commissioner Hunsinger and the public for their input. Staff will work with Commissioner Hunsinger to put together a position paper.

BST CARGO STUDY

Brian Winningham, BST Associates, reported his company was retained by the Port of Astoria to analyze the market for grain exports, focusing on the feasibility of a new export terminal at Astoria. He has been asked to go over the draft report. US exports have increased over the past decade. Corn Soybeans and

wheat account for the majority (90%) of Pacific Northwest exports, . He pointed out the major receivers of grain cargo exported from the Pacific NW as being China, Japan and Northeast Asian markets. He reviewed statistics for exports shipped out of the NW. There are currently nine grain elevators located in the Pacific Northwest, EGT located in Longview, WA. is the newest grain elevator built . Grain Export forecasts for the next 15 years were reviewed. Discussion and questions followed. Need for exports depend on growth in the next few years. If market shares remain constant, capacity will not be exceeded. Conclusion is rail service is critical as is a customer willing to invest in a facility. Director Jack Crider stated the Korean issues to factor in are: Is there capacity/opportunity for them to invest with return on their investment of \$80 Million. Need a cost per ton also. Want to see demands, basic volumes, detailed design, what the facility will look like, what the investment will be, etc. This is the reason for the report.

Brian provided details on an estimated cost for the terminal at \$80 million, infrastructure needs – i.e. especially rail and capability for a loop track big enough for 110 cars. Destination, trends in export market and specifically the Pacific Northwest were discussed. Transportation costs to be factored for inland to on board ship via rail or barge. He explained some of reasons for growth in the northwest, noting ocean freight rates and transportation costs from South and North Dakota are less than gulf coast ports. The biggest competition is foreign competition. Elevators in Northwest are working at capacity. Some further discussion was held on transportation costs and issues affecting the decision makers in Korea. Next Steps: Get harder number on costs; feasibility of rail to service Tongue Point; and shuttle transit capability. Also, where the dock is located and the water depth alongside is important. Seattle and Tacoma have deep-draft capability to offer. Crider reported this is a first step, with preliminary findings. With further negotiations it is expected that there will be more specific numbers and a lot more studies to be completed. Discussion continued.

RICE ISLAND DSL LEASE

Director Crider reported three parties applied for application for Rice Island lease: the Port of Astoria, Rice Island Partners, and Eco Minerals. As of today Rice Island Partners has dropped out. Eco Minerals and the Port still have applications in. Property Manager Mike Weston explained the status of the permits. Jim Grimes (DSL) was advised Clatsop County will not issue a review use approval until receipt of DSL and Corps of Engineers approval. Discussion followed regarding permit issues, need for 10-year exclusive permit to have control over the property and the need for numbers to determine the possible profits for domestic/export of sand. Big dollars are involved in potential export, as there is estimated 11 million cubic yards of sand. Director Crider advised sampling of material is needed. He estimates a cost of around \$5,000 depending on how deep and how many samples are done.

TONGUE POINT ROAD (Maritime Road)

Director Jack Crider reported on elimination of the lower road entrance to Tongue Point. Affected parties are meeting to plan for a maritime road entrance and mitigate costs to include access. The road will be widened and a new entrance will be constructed. Who will have responsibility for maintenance of that new section is being determined. Jim Neikes presented him with a paper that indicated the State has responsibility; however, all parties want to be in agreement for their roles in the maintenance of the road. He expects a Memo of Understanding or Intergovernmental Agreement will be forthcoming.

PIER 3 DOCKING FACILITY UPDATE

Property Manager Mike Weston provided an update on the status of the proposed pier 3 docking facility. The DSL has rejected the Port's mitigation plan to remove piling and other enhancements to the facility. The sampling plan requires modification prior to approval. Staff is pursuing other options for mitigation. Director Crider addressed the potential funding for pier 3 renovation. The Port's customer is willing to invest in the upgrade and it will reduce the additional costs to them by eliminating the need to move their product from pier 3 to pier 1 for export. There is also ConnectOregon 4 grant funds available that staff is pursuing. Discussion followed on the contamination issues and how to address regulatory agencies to get the needed permits.

REGATTA WEEK PARTICIPATION

Director Crider reported on upcoming events during the Regatta and requested board members to participate when they are able. Staff will need to have rsvp's for some events. The parade participation was discussed and arrangements for the commission to participate were agreed upon.

TIME CAPSULE EVENT

Crider reported there will be a bbq to celebrate the placement of the Port of Astoria's 100-year time capsule. It is planned for Friday, August 19th, to be held in the area where the kiosk is being built. It will be dropped into a hole inside the kiosk and covered with concrete – to be opened in 100 years.

COMMISSION DIRECTION

Commissioner Holcom requested emphasis and continued effort to define Port of Astoria property ownership. There are several parcels in question. He recognizes the staff person that was researching ownership is gone and staff is short-handed, but not to lose track of the need to solve the property questions. Commissioner Hunsinger voiced his opinion that Sand Island is owned by the Port and would like to ascertain ownership. Discussion was held on potential ownership issues and attorney efforts to get land back.

PUBLIC COMMENT

Lori Durham, 398 Atlantic, Astoria voiced her approval of the support the commission members are giving to the gillnet fishermen.

OTHER BUSINESS

Commissioner Pfund noted the passing of past Commissioner Warren Kan. A resolution honoring his service on the board will be prepared for the commission to consider at their next meeting.

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