

MINUTES
PORT OF ASTORIA
REGULAR COMMISSION MEETING
APRIL 19, 2011
PORT COMMISSION CHAMBERS

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

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

Staff present: Executive Director Jack Crider, Deputy Director Herb Florer, Finance Manager Colleen Browne (via phone), Terminal & Administrative Services Manager Rita Fahrney, Airport Manager John Overholser, Property Manager Mike Weston, Boatyard Manager Steve Barkemeyer, Marina Manager Janice Burk.

CHANGES TO AGENDA.

No changes.

MINUTES

Special Meeting, February 8, 2011 and Regular Meeting, March 8, 2011. *Commissioner Bland moved to approve the minutes. Commissioner Pfund seconded the motion. The motion carried unanimously.*

FINANCIALS – MARCH 2011

Financials. Finance Manager Colleen Browne reported the Port is operating in the positive both month-to-date and year-to-date. Profit and Loss year to date is \$-486,183. Running negative due to incorporating accounting of certain items and income from grants, plus interest and depreciation accounting. There is nothing unusual on the Balance Sheets to report. Accounts Receivable and Accounts Payable are included for information. Due to her injury she has not been able to complete the Voucher List for the month, noting there is nothing crucial at this time to address. *Commissioner Bland moved to approve the financial reports for March. Commissioner Hess seconded. The motion carried unanimously.*

PUBLIC COMMENT

Chairman Holcom called for public comment.

Lori Durham, 398 Atlantic, Astoria, reported on attending the County Board meeting noting they only offered one public comment period. The Planning Commission was “fired” and there was no other opportunity for public comment. She voiced appreciation the Port of Astoria Commission allows two public comment periods. Durham also asked if there has been any feedback on the cruise ships being at the dock at the same time as a log ship is working. She has heard the passengers are interested in seeing the loading operations.

John Dunzer, 2964 Keepsake Drive, Seaside reported he presented a copy of an article published by Hip Fish, supportive of an energy farm at Bradwood, to Business Oregon. He explained one benefit of the

energy farm to help solve Portland Metro problems, generating power via oxygen, giving Oregon a big boost as a resource. Discussion followed on the process to generate energy, whether exporting will be conducted and gas prices and benefits. Chairman Holcom thanked Mr. Dunzer for his information – noting the need to proceed with other meeting business.

Tim Liddiard, 397 W. Marine Drive, Astoria, voiced concern the heavy weight of equipment and logs on pier one is damaging the facility. It was pointed out that some damage was done to earlier storms which made ground movement and settling. Maintenance Supervisor Harold Culver explained the repairs made. Chairman Holcom noted the pier one facility was designed for log handling.

Steve Phillips, 19 Spruance, Astoria advised his band The Columbia Crew has been playing for the cruise ship calls for over six years. They are being booked less and less for performing and asked why. Executive Director Jack Crider responded the band bookings are handled through the Sunday Market manager, Cyndi Mudge. Phillips stated he has contacted her through e-mail and phone and no changes have been made. Chairman Holcom directed Crider to involve Marketing Manager Bruce Conner and follow up.

PRESENTATION OF AUDIT FOR FISCAL YEAR 2009/2010. Director Crider advised copies of the audit and executive summary have been presented to the board for review. Merina & Company, LLP representative Kammy Austin, CPA , explained the auditing requirements they abide by when performing an audit. She reported on the comments and disclosures required by law. Two new GASB policies were adopted. Significant deficiencies found were reported to management in a separately issued letter.

- Some expenditures exceeded appropriations in the General Fund.
- Inadequate controls over financial reporting were explained.

In the General Fund there is a one-half million dollar deficit, with a lot of loan proceeds and expenditures. Loan proceeds have to incur costs. The auditors were unable to see the whole process.

Finance Manager Colleen Browne explained in budget to actual there will be some re-classification and she will be working with Kammy to incorporate their numbers. Kammy answered questions from the board members. Commissioner Bland stated it is a good report. Commissioner Hunsinger thanked Kammy for the presentation and Finance Manager Colleen Browne for her work. Chairman Holcom noted this is the third audit report he has heard and it has come light years since his first and is pleasant to read. *Commissioner Bland moved to approve the audit report for fiscal year 2009-2010. Commissioner Hess seconded the motion. The motion carried unanimously.*

ECONOMIC IMPACT STUDY.

Director Crider reported the Port undertook an Economic Impact Study to document the impact that the Port generates in Clatsop County and the State of Oregon, and provide port constituents with a snapshot of how the port performed in 2009. The draft study results are in and have been distributed to commission members for input. Discussion followed. The information was requested by the board in response to questions by constituents of the Port's impact on the county. Commissioner Hunsinger noted since the study done for 2009, the Port has expanded its operations to include more family wage jobs with the addition of log exports. The Port has also acquired Tongue Point. Commissioners

reviewed some of the results of the study including taxes generated for the county, the impacts of deep draft vessel calls, fish processing and businesses located on port property. The Port generated 950 direct jobs in 2009, 450 related jobs for a total of 1,400 jobs in the County – or 5.7% of total jobs.

STAFF REPORTS

Rita Fahrney, Terminal & Administrative Services Manager, reported the following:

- Log vessel statistics update. 7 ship calls, generating direct revenue of \$400,000 to Port.
- Pre-season cruise ship planning meeting. Good turnout with local entities involved and agents for ships.
- Rose Festival in June will bring a USS Cruiser and Canadian Minesweepers to Port of Astoria.

Mike Weston, Property Manager, reported the following:

- Mariners Room is being set up for wi-fi.
- Marketing for property for lease is being advertised on local radio stations.
- Progress report on East Basin fish cleaning station.
- Staff is working on clean up of Tongue Point property.

John Overholser, Airport Manager reported the following:

- An Airport Advisory Committee meeting directed by the Port was held.
- The Beacon and Windcone project are signed off on. An engineering inspection will be done.
- Attended the OAMA meeting in Salem with legislative members. It was a good meeting – political.
- Federal Funding for airport projects is approved. Port will be requesting grant funds.

Steve Barkemeyer, Boatyard Manager, reported the following:

- The Boatyard haul-outs/storage receipts are doing well.
- Have received permit for new power service.
- The new boat haul-out trailer is in and in use at Tongue Point.

Janice Burk, Marina Manager reported the following:

- Doing general maintenance on docks on lights, power-washing and clean up.
- Fuel sales are up some from last year. Bar Pilot boat fuels on week-ends.

Herb Florer, Deputy Director reported the following:

- Attended an ODOT meeting regarding a stretch of highway by Camp Rilea and long-term plans. There would be nothing to ID any traffic generated by the port with the exception of log truck that may travel that stretch of highway.

BUDGET COMMITTEE MEMBER APPOINTMENT.

Executive Director Jack Crider reported five letters of interest in serving on the Port's Budget Committee were received. All are excellent candidates. Chairman Holcom called for nominations. *Commissioner Hess nominated William Young – noting his involvement in the shipping industry. Commissioner Pfund nominated Chris Connaway to be re-appointed to the vacancy that he previously served. Chairman Holcom stated a call for the vote will be for filling the vacancy and an alternate. Commissioner Hess voted for William Young. Commissioners Hunsinger, Pfund, Bland and Holcom voted to re-appoint Chris*

Connaway. By majority vote, Chris Connaway was appointed to the Budget Committee. William Young will be offered the alternate position.

RESOLUTIONS

2011-09 NW Wild Products (Ratify lease). Commissioner Bland moved to approve Resolution 2011-09. Commissioner Pfund seconded the motion. Chairman Holcom announced he will abstain. Motion carried with majority vote.

2011-10 Reser's (Ratify lease). Commissioner Hess moved to approve Resolution 2011-10. Commissioner Bland seconded the motion. The motion carried unanimously.

RFP – AIRLINE SERVICE

Deputy Director Herb Florer reported Port staff is putting together an RFP for Airline Service to replace the service discontinued with the departure of Seaport Air. He reviewed the RFP for service and asked for commission input on the requirements and desired service characteristics and criteria. Questions and discussion followed. Expectations are not high that a lot of response will be received; however, it is important to get the word out that the Port is interested in working with another carrier. Consensus: Move forward with RFP.

RFP – HOTEL SERVICE

Deputy Director Florer advised an RFP for hotel service is also being prepared. The Port will look for a qualified hotel/motel operator to manage operations of 50 rooms of the Red Lion Inn. The intent is to open up portions of the existing building during a timeframe of 18-24 months to accommodate needs for additional room space in Astoria. Florer reviewed the requirements for providing the service, the desired characteristics and issues to be addressed in proposals. Criteria for approval include previous hotel management experience, staffing capability, ability to commence operations in June and landlord compensation to the Port. Discussion followed. Chairman Holcom announced a perceived conflict of interest. Consensus: Move forward with RFP.

PIER ONE WEST REPAIRS

Director Crider advised in January 2011 a Pacific storm with high winds and rough waters caused erosion under the Port's bulk head at pier 1 and Bornstein's Seafood plan. The event was declared a Federal disaster. In March 2011 Bergerson Construction was hired for \$5,000 to lift and repair a single impact panel on pier one that had tilted from heavy equipment. Once the panel was removed it was discovered that the entire bulkhead was failing and steel piling would need to be driven to repair it. The Port Commission declared an emergency at their meeting on March 14, 2011 due to pier 1 west being a critical infrastructure needed to handle cargo. The commission authorized \$40,000 to be spent for repairs. Since then, on March 25, 2011 FEMA inspectors approved eligibility of a proportion of repairs to the N.W. corner of the pier and increased the scope of work at 75% grant reimbursement. Staff requests authorization to approve the contract with Bergerson Construction for \$78,000 to complete the repairs. *Commissioner Bland moved to authorize the contract with Bergerson Construction for \$78,000. Commissioner Pfund seconded. The motion carried unanimously.*

DIRECTOR'S REPORT

Executive Director Jack Crider reported the following:

Pier 3 Docking Improvements. Work is proceeding with Westerlund (WLH), PND and Maul Foster & Longi Consultants to permit and construct the bulkhead and docking facility at pier 3. After reviewing cost and permitting challenges, the open-cell sheet pile technology seems to be the best option. Estimated cost for a completed permit application is \$120,000 which may be paid by WLH for reimbursement, per the Port's lease with WLH. Proposal will be prepared for commission consideration at a future meeting.

New Hotel Planning Meeting. A conference call was held with Bond Counsel to discuss bonding for a new hotel where the current Red Lion is located. Another call with bond attorney next week to understand how to organize the financing and removal of trade name from hotel property.

Hampton Lumber – Port Visit. Met with Hampton Lumber's Transportation Director. They inspected the lumber storage area, distances, and discussed the logistics of moving the lumber. The Port plans to payroll the lumber receiving and lease the equipment for moving lumber from the staging area to the pier. Hampton's Director also met with him and they toured the Tongue Point facility. He was extremely impressed with the Hangar 3 and access to rail. He will ask the rail line to help establish rates and get the line ready for traffic.

Skipanon Mitigation Bank. With need for additional wetland mitigation property, he has been working with CREST on potential sites on the Skipanon. The Warrenton Levee #2 at Young's Bay has three tide gates that control flow for three different sloughs. There is potential there to create 50 acres of salt-water wetlands that could be used for a 2:1 ratio. Cost to increase height of the railroad dike and roadway and remove tide gates estimated at \$1.3 million.

Hwy 101 – 4-way access at Harbor St., Warrenton. Working with City of Warrenton, ODOT and Kirk Fausett on the access agreement to the airport property. Explained the conditions. Working with Lancaster Engineers to design a roadway.

COMMISSION – REPORTS

Commissioner Hess

Inquired about the status of vessels foreclosed on at the marinas. Director Crider replied they are either sold or destroyed.

Acknowledged a "thank-you" from Western Fishboat Operators for the Port's donation of a haul-out.

Commissioner Hunsinger

Met with Hampton Lumber with Jack. Hampton is happy with the numbers they are seeing; they toured the facilities and are encouraged that lumber export from Astoria is a possibility with the short staging area to ship. They are also interested in Tongue Point and rail possibilities. He noted Vancouver's lumber yard is some distance from the ship dock. It was a good meeting.

Commissioner Pfund

Attended Crystal Symphony inaugural plaque exchange. He was impressed with the amount of people on the ship that he observed glued to windows, watching the log operations below.

Chairman Holcom

Attended the Tacoma Travel & Expo. He handed out City of Astoria guides. There was a lot of interest in Astoria – the Travel Guide is impressive.

COMMISSION – ISSUES

Chairman Holcom advised the public spent millions to get rail up and running for the Lewis & Clark Expedition. He is looking forward to getting it back into service again.

OTHER BUSINESS. Chairman Holcom announced copies of the vouchers have been distributed for commission review and consideration. Following some brief questions answered by staff, Commissioner Pfund moved to approve the vouchers for the month of March. Commissioner Hess provided the second. The motion carried unanimously.

PUBLIC COMMENT.

Tim Littiard, 397 West Marine Drive, Astoria asked a question about Tongue Point's capability to receive barge instead of trucked freight. Chairman Holcom explained the Port has a barge dock at the end of pier three. A barge dock was built at Tongue Point for a previous customer of the Port. Some product (oil modules) was shipped from pier three and some from Tongue Point – the dock there being the strongest.

Chairman Holcom called for other business. There being none, the Regular Meeting was adjourned.