

MINUTES
PORT OF ASTORIA
JULY 20, 2010 REGULAR MEETING
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 arrived during the meeting.

Staff present: Executive Director - Jack Crider, Terminal & Administrative Services Manager - Rita Fahrney, Finance Manager - Colleen Browne, Property Manager - Herb Florer, Airport Manager – John Overholser, Marina Manager – Ken Smith, and Maintenance Supervisor – Harold Culver.

Others present: See attendance sheet.

SELECTION OF OFFICERS. *Commissioner Hess moved to appoint Floyd Holcom as President; Dan Hess – Vice President; Larry Pfund – Secretary, Jack Bland – Treasurer, and Bill Hunsinger – Assistant Treasurer/Secretary. Commissioner Bland seconded the motion. The motion carried unanimously.* Chairman Holcom assumed his position and presented Past President – Bill Hunsinger, with a plaque commemorating his service as President.

CHANGES TO AGENDA. Chairman Holcom advised of change to agenda to move agenda item for Regatta to follow the minutes. *Commissioner Bland moved to approve change to agenda. Commissioner Hess seconded. Motion carried unanimously.*

MINUTES: Regular Meeting, May 18, 2010; Special Meeting, June 1, 2010; Special Meeting, June 8, 2010; Budget Meeting, June 10, 2010; Budget Meeting, June 17, 2010. Chairman Holcom noted differences in format of sets of minutes. He would like to see them all use same format. Staff acknowledged the sets of minutes were prepared by three different staff members. *Commissioner Bland moved to approve the minutes of the aforementioned meetings. Commissioner Hess seconded the motion. The motion carried unanimously.*

REGATTA – PORT OF ASTORIA SPONSOR. Chairman Holcom introduced Dan Arnoth – 2010 President, Regatta Association. Dan Arnoth thanked the Port of Astoria, as part of the 100th birthday of the Port, for sponsoring this year’s Regatta Festival. He reviewed the events and discussed the participation of the Port as Sponsor. Discussion followed. Commissioner Larry Pfund arrived.

FINANCIALS.

Vouchers. Some voucher payments were explained by staff. Chairman Holcom questioned the appropriateness of one government agency assessing fees to another government agency. Following

questions, Commissioner Bland moved to approve the vouchers for the month of June. Commissioner Hess seconded the motion. The motion carried unanimously.

Financials. Chairman Holcom noted tracking of Tongue Point operations and requested this information be provided on a monthly basis. Commissioner Hess moved to approve the financial reports for the month of June. Commissioner Hunsinger seconded the motion. The motion carried unanimously.

PUBLIC COMMENT.

Lori Durham 398 Atlantic, Astoria inquired about the mobile food cart on pier two. Jack Crider explained the owners are attracting the workers from the processing plants. They have been advised to go to the City for any permits or licensing. It will provide a helpful service for employees. Lori asked the status on a variance for the sign on the building. Crider responded the sign is a 100-year Port of Astoria sign designed to go on the west side of the pier two building. Port staff will take the request to the City for consideration.

On behalf of the Commission, Chairman Holcom thanked Cassandra Profita for her outstanding presence during the past four years and congratulated her on her offer from Oregon Public Broadcasting to work for them.

STAFF REPORTS.

Maintenance Supervisor, Harold Culver reported the following:

- Pier 1 parking lot paving is completed, phone vaults have been updated.
- A good deal of time involved in assists with the Dodge Island and Atlantis – outside work.
- Dredge preparations underway, workboat will be coming out of the water soon. Issues with hull. Chairman Holcom noted a concern last year when excess projects caused the dredging to be delayed. Crider responded this year Dredge Captain Lindy Scovell's position is dedicated to dredge preparation.

Marina Manager, Ken Smith reported the following:

- Work on the East Basin causeway is underway. Scheduled to be completed in three weeks to a month.
- The Boat Yard has been busy. Two large vessels lifted today.
- Marinas are busy with ocean and sport fisheries.

Airport Manager, John Overholser reported the following:

- Economy picking up as evidenced in increased fuel sales.
- Eight inch water line being installed for fire hydrant for t-hangars.
- Mowing at the airport with new tractor.
- Footings dug for new t-hangars.
- The Port received a \$20,000 fuel tax refund for period 2005-present.
- Re-wiring runway lights – noting 34% to 57% savings.

Property Manager Herb Florer reported the following:

- McCamis Industries has obtained City of Astoria approval for their plans.
- J & H Boatworks are moving along well on the vessel and are close to securing another contract.
- New lease – BP is underway. Will soon be ready to go to the commission for consideration.
- A new lease for John Twiss has been prepared. Jack Crider stated Twiss has no insurance. His lease will be modified to limit activity to detailing.
- Pier 2 sign variance hearing will be next week.

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

- 2011 Cruise ship calls now up to 18, with 4 new calls from Oceania Line and 2 from Crystal Cruises. Both are high end cruise lines. 9 of the 18 calls are in May 2011.
- Taking over grant preparation from Vicki G. Working on Tiger Grant for \$1.5 million for pier 3 renovations including installation of 642' of sheet-pile and tie-backs, and backfill of 40,000 cubic yards of dredged material for an additional 1.3 acres to size of pier. Attended an AAPA sponsored workshop on grant writing for the Tiger Grant and the criteria they are looking for. Port will need to include a NEPA and benefit/cost analysis as part of the application.
- Port's Regatta float is being constructed by Sea Scouts in trade for boat haul-out/storage.

Finance Manger, Colleen Browne reported the following:

- Auditors will be in during mid-August for pre-audit.
- Working on a policies/procedure manual for accounting functions. Chairman Holcom noted the manual is a requirement under Government Standards.

Commissioner Hunsinger questioned whether the Port of Astoria is eligible for grant funding for dredging due to the new log export and increased cruise ship business. Crider explained the federal funding for dredging is for navigable channels. The large issue for the Port, not resolved, is dredging of the turning basin at the port docks. Discussion followed.

COMMITTEE ASSIGNMENTS. Commission members reviewed the present committee assignments. Discussion was held on revitalizing the Marine Advisory Committee. The Airport Advisory Committee is still active, meeting for lunch twice a month; however, they do not keep minutes of their meetings. Chairman Holcom recommended two commission members serve on the Marina Advisory committee. Commissioner Hess agreed to serve as delegate. Commissioner Pfund will be alternate. *Commissioner Bland moved to approve committee assignments. Commissioner Hess seconded the motion. The motion carried unanimously.*

ATTORNEY SELECTION. Director Crider reported that he, Chairman Holcom and Commissioner Bland met with and interviewed all four attorney responses to the Port's RFP. All felt the four were qualified respondents. Commissioner Bland prepared a spreadsheet depicting port needs for the future and the qualifications of the respondents, then rated the legal issues that may need to have attorney attention in order to determine who could fulfill the needs. Commission input on attorney selection follows:

- Commissioner Bland gave his opinions on the proposals. Andy Jordan is his first pick. He dispatches good advice, has other expert sources and backing of experts. He is concerned about having an attorney only available in the area 10% of the time when the Port on occasions needs access to the attorney quickly. He also does not favor paying travel expenses.
- Commissioner Hunsinger voiced his support for attorney Dan Van Thiel, versed in DSL and properties, who will do a good job and knows how to research and works well with the court system. He noted the Port would still be able to call on specialists as needed. He also commented on a specialist from Andy Jordan's firm who walked out on the Port when the Port was dealing with a touchy legal situation.
- Commissioner Hess noted that Dan Van Thiel is his attorney. He stated his belief that certain board members are not supporting Andy Jordan because they did not like his opinions on questions at various times, and are looking for an attorney who will give answers they want to hear. Andy Jordan's firm is located closer than the others. None of the four responses will be here in the area to sit through meetings. His vote is for Andy Jordan whose firm has the reach and expertise to work for the port.
- Commissioner Pfund noted all attorneys provided a good rate for coming to meetings – The Wynn law firm being a little higher in range for rates. He questioned Mr. Van Thiel's commitment to attend meetings. Chairman Holcom stated Van Thiel would be available to attend if needed. Commissioner Bland added Mr. Van Thiel no longer represents the City of Astoria.
- Chairman Holcom voiced his support of having a general attorney of record and hiring a specialist if needed. Three of the big firms are specialized in representation. He commented on the different aspects each attorney will bring, noting Dan Van Thiel is probably the most experienced attorney that will take very little education to bring him up to date. He recommends Mr. Van Thiel, and his cost per hour is less than the others. If there is need for a specialized attorney, one can be hired.

Commissioner Bland asked Executive Director, Jack Crider for his opinion. Crider advised he can work with whoever the commission chooses. He likes the variety that Andy Jordan's firm can offer. They have a lot of port background. He likes to have a variety of expertise at hand and Jordan's legal assistants work cheaply. He believes Mr. Van Thiel has the history references and good common sense. He has also worked with Thane Tiensen on contamination and other issues. Crider stated he would support and recommend Andy Jordan's firm.

Chairman Holcom announced a perceived conflict of interest as he writes checks to 3 of the 4 attorneys. *Chairman Holcom called for a vote on attorney selection. Commissioners Hess, Bland, Pfund and Holcom voted for Andy Jordan. Commissioner Hunsinger abstained. Motion carried with majority vote.*

RESOLUTION 2010-14 POA BUSINESS MATTERS. Jack Crider advised this is the annual resolution that addresses business affairs of the Port pertaining to designations and appointment of bond council. He reviewed the resolution business matters with the commission. *Commissioner Hess*

moved to approve Resolution 2010-14 POA Business Matters. Commissioner Bland seconded the motion. The motion carried unanimously.

PIER 1 BUILDING LEASES (RATES & TERMS). Property Manager, Herb Florer, reported the Port of Astoria is taking over the leases at the pier one building. There is also interest being shown in the building. He reported staff has received information on the amount of square footage rented out and rough estimates on information on utility costs. The range of lease rates is close to the 10% return the port uses, with rates ranging from \$1.80 through \$2.10 per square foot per month. Comparable values in Astoria are in the range of \$1.56-\$1.90 per square foot per month. There are no hard fast numbers. The County tax appraisal office does appraisals every 5-10 years, so there is room for some negotiation. Approximately 47% of the 2nd and 3rd floors are not completed. Chairman Holcom declared a potential conflict of interest based on his ownership of waterfront property. He advised it will not affect his ability to make decisions. Crider advised staff is presenting the information for guidance that the range is reasonable and staff is headed in the right direction with focus on the building areas and values. Commission consensus was reached.

WESTERLUND LOG HANDLERS (WLH) – DRAFT LEASE PIER 3. Jack Crider reported the State has received the request to amend the collateral agreement. He expects there will be some “conditions”. Staff doesn’t want to send out the draft lease without first being reviewed by the commission. Herb Florer reviewed the general terms of the lease. It calls for 10% return on investment. Appraisal was done in 2008. The range is expected to be in the \$.04 - \$.044. The lease has the same basic terms as the lease approved for the pier one land. The tenant will be responsible for BMP’s and to be cognizant of the concerns of other tenants. Chairman Holcom suggested more planning by staff charting where the Port is at in regards to the lease, and how the Port is proceeding. Some discussion followed. Consensus was received from the board for staff to proceed with the negotiations and send a draft lease to WLH for review.

EAST BASIN CAUSEWAY REPAIR – CHANGE ORDER. Director Crider reported staff is recommending a change order to the causeway repair. Bergerson Construction, the contractor, recommends tearing out all 20 of the bents needing repair to remove partially rotten members. At a cost of \$7,500/bent, the total cost of the project will increase from \$90,000 to \$150,000. Cash flow for the project will be reimbursed with two log ship calls. Marina Manager, Ken Smith, added the repair of the bents is a safety issue. The scope of work is not changing, it is still repairs. The change is addition of more components to the scope of work. *Commissioner Hess moved to approve the Change Order for the East Basin Causeway Repair as requested by staff. Commissioner Bland seconded the motion. The motion carried unanimously.*

COMMISSION REPORTS.

Commissioner Bland reported the following:

- Consultant has begun feasibility study to support a battleship as a museum. The feasibility study will base its study on the USS Iowa, which is the last of its class not turned into a museum. The Navy would like to keep the ship on the north coast.

- The USS Ranger has found strong support to relocate in the Portland area
- Attended a meeting of the CEDR. They are starting the process to look for a new executive director. Port director Crider is involved in the process.

Commissioner Pfund reported the following:

- Attended the SeaPort Air Consortium meeting. SeaPort is changing its aircraft to a Cessna Caravan. It will reduce the cost per flight. Survey cards returned indicate “word of mouth” is the best marketing tool – use it or lose it.

Chairman Holcom reported the following:

- Participated in the 4th of July parade, representing the Port of Astoria.
- Attended a rail-road fund raising function. There was a great presentation and money was raised. The Port of Astoria is donating time and equipment.

COMMISSION CONCERNS

Commissioner Hunsinger:

- Concern that more money is not being spent on advertising Tongue Point. The Port needs to get the word out about the space available and docks for fishing vessels.
- DSL has 11 acres of unimproved land adjacent to the Port’s on pier. Port needs to get land-use issues straightened out.

OTHER BUSINESS. Chairman Holcom asked Director Crider for an update on the Assistant Director search. Jack Crider responded that he, Chairman Holcom, and Commissioner Pfund have interviewed 8 or 9 candidates. Candidates have been narrowed down to three. A decision should be made soon.

PUBLIC COMMENT. Chairman Holcom called for public comment. None was given.

There being no further business, the Regular Meeting was recessed until after the Executive Session.

Following Executive Session, the Regular Meeting was reconvened.

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

Staff present: Jack Crider and Herb Florer

CONSIDER TOLLING AGREEMENT – RED LION. Director Jack Crider reviewed the Red Lion Tolling Agreement with the Commission. The Port will take over the affairs of the Red Lion and the Red Lion will pay the monthly lease/taxes during this interim period. Red Lion signs will be covered.

Chairman Holcom declared a conflict of interest as he is a waterfront business owner. He will abstain from vote. Commissioner Bland asked if a 120 day period is sufficient. Crider responded affirmatively. *Commissioner Pfund moved to approve the Tolling Agreement. Commissioner Bland seconded the*

motion. Commissioners Hess, Bland and Pfund voted yes. Commissioner Hunsinger is absent. Chairman Holcom abstained. Motion carried with majority vote.

WEST/EAST DEMOLITION. Director Crider summarized the West/East Demolition follow-up proposal for a boat scrapping facility. The revised schedule calls for smaller vessels to be broken down. He is looking for commission direction. Chairman Floyd stated if the company is able to handle all duties within the environmental realm of the proposal, there is no reason they can not move forward. *Commissioner Hess moved to approve going forward with the West/East Proposal. Commissioner Pfund seconded the motion. The motion carried unanimously.*

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