

MINUTES
PORT OF ASTORIA REGULAR MEETING
DECEMBER 21, 2010
PORT COMMISSION CHAMBERS

CALL TO ORDER/ROLL CALL

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

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

Staff present: Executive Director Jack Crider, Deputy Director Herb Florer, Terminal & Administrative Services Manager Rita Fahrney, Airport Manager John Overholser and Property Specialist Jessica Long.

Others present: See sign-in sheet.

CHANGES TO AGENDA. Executive Director added Amendment #1 to Strategic Business Plan Grant. Commissioner Hunsinger added discussion of K-Sea Tug Boat Company and Barging opportunities. Commissioner Bland added update on M/V Kirkland.

MINUTES: Special Meeting, November 9, 2010; Regular Meeting, November 16, 2010. *Commissioner Bland moved to approve the minutes of the aforementioned meetings. Commissioner Hunsinger seconded. Motion carried unanimously.*

FINANCIALS – MONTH OF NOVEMBER 2010.

Vouchers. Commissioner Bland reported he has reviewed the voucher payments for the month and has no comments on them.

Financials. Executive Director Crider reported for the month of November \$375,000 revenue; \$306,000 expenses. Income from operations is \$68,000. Year-to-date the Port is positive \$440,000. December 5th debt service will be \$1.2 million. Crider noted an issue in Accounts Receivable is late payment for last three cruise ship calls owed by the agent, TMS Anchor. Staff is working on collecting. *Commissioner Bland moved to approve the vouchers and financial reports for the month of November. Commissioner Pfund seconded the motion. The motion carried unanimously.*

PUBLIC COMMENT. Vice-Chairman Hess called for Public Comment. None was received.

STAFF REPORTS.

Director Crider reported due to holidays some staff members are not present. Additionally, Property Manager Mike Weston is a new father, on maternity leave.

John Overholser – Airport Manager reported the following:

- Bar Pilots remodel is complete. Inspection next week by City of Warrenton
- T-Hangars are complete – final inspection January 3rd.
- There is some hold-up with wind cones and beacon work due to a change order.

- Federal Government inspection in early December resulted only in minor recommendations that are being followed up on.

Jessica Long – Property Specialist reported the following:

- Attended a DSL meeting in Salem, receiving information on maps to incorporate DSL layers in web maps.
- Reading leases to ensure Insurance Certificates and CPI increases are up-to-date.
- Created Port Christmas cards for clients

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

- Request For Quotes for Janitorial Services has been published. Quotes will be opened January 12th and presented to the commission for approval.
- The Port staff members adopted a family for Christmas. The family had eight children to care for. Clothing and toys were bought for all as well as a food basket for Christmas dinner.

Bruce Conner – Marketing Director reported the following:

- Crystal Cruise Lines, calling in 2011, has a package for passengers who seek shore excursions to help with charities and community projects while in port.
- 100-year Video Celebration last Friday was well attended. Focus was on the time capsule. Staff hopes to get public involved to contribute.

Herb Florer – Deputy Director reported the following:

- Plans are being made for the port administrative staff to move to the pier one building. A diagram of the space planned for port offices was given to board members prior to the meeting.
- He is reviewing DSL renewal items.

RESOLUTION 2010-22 PIER 3 LEASE – WESTERLUND LOG HANDLERS (WLH)

PIER 3 LEASE AMENDMENT – WESTERLUND LOG HANDLERS (WLH)

Executive Director Jack Crider reported WLH staff has worked closely with the Port of Astoria to provide for maximized revenues on piers 3 and 1. All recognize that the more ship calls, the more revenue, the more ability to do improvements. Deputy Director Florer reviewed the terms of the lease. Language has been revised regarding the right of first refusal to expand in Section 18.11. the tenant has first right of refusal if and as adjacent and contiguous areas become available for lease by the Port. In addition, Section 18.12 language has been slightly revised. If there are periods of curtailed activity by the Tenant then the Port has the ability to store and ship third-party cargo from the premises. It cannot be cargo with significant negative economic or competitive impact to tenant. Roger Nance, WLH, was asked to comment. Mr. Nance confirmed his company's acceptance of the terms as amended. *Commissioner Bland moved to approve Resolution 2010-22 Pier 3 Lease – Westerlund Log Handlers. Commissioner Pfund seconded the motion. The motion carried unanimously.*

Commissioner Holcom moved to approve the amendment to the Pier One Lease Agreement, amending Section 18, adding additional cargo capability with the same terms as the Pier 3 lease. Commissioner Bland seconded the motion. The motion carried unanimously.

STRATEGIC BUSINESS PLAN GRANT AGREEMENT. Executive Director Crider advised the timeline for the Strategic Business Plan (SBP) Grant Agreement has expired. Staff recommends an amendment to the Grant Agreement to extend the timeline. *Commissioner Bland moved to approve amendment #1 to the SBP Grant Agreement. Commissioner Hunsinger seconded the motion. Motion carried unanimously.*

K-SEA TRANSPORTATION. Commissioner Hunsinger recalled that staff member Jessica Long mentioned talking to K-Sea Transportation during the Pacific Marine Expo. He would like to follow up on that. K-Sea has barges and tugs in the area, which travel to Hawaii and Alaska. Astoria has a need for a tug in the area.

BARGING OPPORTUNITIES. Commissioner Hunsinger discussed the possibility of starting up a local lumber shipment barging facility. He noted the Weyerhaeuser barge facility is not operable and in a one-month period four barges with a total of 20 million board feet of lumber were loaded upriver. Tongue Point does not have River tidal action and a barge dock at the facility would be a great asset. He would like to have two commission members go upriver and look at the facility at St. Helens. Hampton lumber is here locally and the opportunity is now.

UPDATE – KIRKLAND FERRY. Commissioner Bland reported the Kirkland Ferry, that used to be used in Astoria, is surplus and available. He would like to see Astoria pursue bringing it back and put it back into service. Some discussion followed with commission members agreeing it would be a great asset for the community. Commissioner Bland requested Director Crider send a letter of interest.

(phone contact with Commissioner Holcom disconnected)

T-HANGAR LOAN INCREASE. Airport Manager, John Overholser, reported a budget increase in the amount of the loan needed to finance the T-Hangar. The increase is from \$399,964.89 to \$465,415.32. He reported increases in the price of steel and materials since the loan was granted. Additionally the cost to place the required fire hydrant increased due to where it was determined it needed to be located. To compensate for the loan increase, the hangar rates were adjusted. Director Crider reported staff recommends the commission approve the loan increase to \$465,415.32. *Commissioner Pfund moved to approve the T-Hangar Loan increase. Commissioner Hunsinger seconded the motion. The motion carried unanimously.*

N. TONGUE POINT BOAT LIFT LOAN. Executive Director Crider advised staff has been looking into rates and costs to purchase a boat lift for N. Tongue Point. Special Districts Association of Oregon (SDAO) has a flex-lease program that appears to offer the best deal. He hoped to have a resolution for board approval; however, it was not received in time. He will bring the request to the commission for consideration at the January meeting. It will need to be ready to go for driving piling during the dredging “in-work” window. Bergerson will be scrambling to finish the project. Commissioner Hunsinger asked if an extension is possible. Crider responded if the project is partially finished it should be granted. Discussion followed. Commission members agreed with proceeding to purchase a boat lift.

AIR SERVICE PASSENGER VOUCHER PROGRAM. Marketing Director, Bruce Conner, reported Port staff along with Rob McKinney of SeaPort Airlines met to agree to a verbal approval to a “have it your way” program to generate ticket sales for air service. SeaPort Airlines air service subsidy is scheduled to end by March 15, 2011. If enough people and/or businesses commit to purchasing packets of 10 airfares at \$60 each, the community can achieve commitment from the air service to remain through Astoria’s

bicentennial year. Crider and Conner explained the procedure, advertising process, and the need for a financial commitment from purchasers of the vouchers. If the sales cannot generate 6,000 tickets, the community air service will end and holders of vouchers will be refunded their investment. This effort will help demonstrate the community wants air service. The Air Service Consortium is now "thinking outside the box". Crider requested commission support. Discussion followed, with Commissioner Hunsinger noting it is a bad time to promote the idea due to the economy but the service is needed by the community. *Commissioner Hunsinger moved to approve the Port of Astoria/SeaPort Air Travel Voucher Program. Commissioner Bland seconded the motion.* John Lansing, SeaPort Airlines, explained he is delighted the community has "skin in the game" using 11th hour initiative to deter loss of the service. *Commissioner Hunsinger's motion carried unanimously.*

DIRECTOR'S REPORT – Executive Director, Jack Crider, reported the following:

Cargo Shipping – The M/V Santa Francisca arrived December 18th with over two million board feet of logs aboard. ILWU crews loads averaged about 500,000 board feet per day. Slowing caused by customer sorting and incoming logs. Heavy equipment on poorly constructed utility trenches caused sink holes that added to delay of loading. Repairs are underway. Expecting a full-load for export in January. Staff is in discussions with a large Chinese exporter that proposes to load 2-5 full ships per month and would consider financing improvements to pier 3. Hampton Lumber is actively pursuing export of local lumber from cargo ships stopping in Astoria.

Dredging Mtce and Repairs. Dredge crew has completed dredging of pier one face and will start pier one west next week. Focus is on maximum depth at pier one on both sides to ensure access options for both log ships and cruise ships. Bergerson has completed repairs on the East Basin Causeway. 15 fender pile have been installed on pier two east to accommodate the relocation of the tug Manfred Nystrom from pier one.

Astoria Fire – Potential Tenants. Staff is showing displaced fire tenants available port properties, offering incentives such as first 30 days free of rent and rates of \$1.00 to \$1.55 square foot. Several tenants have looked at the rentals available in the pier 1 building.

Korean Development. Tomorrow in Seoul, the first joint meeting of the Busan Port Authority and Ministry of Land Transportation and Maritime Affairs will discuss development of Tongue Point. Mr. Park is representing the Port of Astoria.

COMMISSION REPORTS.

Commissioner Hunsinger stated he would like to have a workshop to look further at ideas as a result of change in direction to further determine planning goals and accomplishments. He also commended staff for working with people displaced by the recent fire in Astoria.

Commissioner Bland reported on the status of the Navy ship relocation. It is still being followed up on. He is awaiting further information.

PUBLIC COMMENT. Vice-Chairman Hess called for public comment. None was received.

There being no further business, the Regular Meeting was adjourned at 7:45 p.m.