

MINUTES
PORT OF ASTORIA SPECIAL MEETING
APRIL 12, 2011
PORT COMMISSION CHAMBERS

Chairman Floyd Holcom called to order the Special Meeting.

Commissioners present: Floyd Holcom, Larry Pfund, Bill Hunsinger and Jack Bland. Dan Hess arrived at 6:05 p.m.

Staff present: Executive Director Jack Crider, Deputy Director Herb Florer and Administrative Assistant, Esther Jones. Also present: Director of Marketing, Bruce Conner; roll call was taken by Director Crider.

2. CHANGES/ADDITIONS.

Chairman Holcom called for any changes or additions to the agenda. Director Crider requested three additions. 1) a presentation by Gaila Markle on loggers' role to 3A; 2) Special Public Work Fund amendment Lektro, to 8A; 3) SETD bus purchase to 3B; 4) Commission direction to the Director to 14A. Holcom also requested the particular item be added to all meeting agendas (regular and workshop/special). Chairman Holcom asked for other comments. None was given.

3. PUBLIC COMMENT.

Chairman Holcom called for public comment.

Tim Liddiard, 397 W. Marine Drive, Astoria, OR, a neighbor - Came to meeting with two thoughts: to introduce himself as a new candidate for port commissioner (position 3); and, interested in rail into Astoria. He asked the port to take a step back, and look at the log operation: here and at the log-sorting yard, quite noisy. Black smoke is also a concern. He has already called the log company and they had agreed to take a look at the situation. Commissioner Hess explained changing gears could be where the black smoke is coming from. Liddiard also mentioned how rail service, including passenger service, more important to get Astoria connected to the metro area. He continued to explain he was born and raised in Mexico; he moved to Astoria twelve years ago from Texas. Chairman Holcom welcomed him.

Lori Durham, 398 Atlantic, Astoria, OR - appreciates the public comment period in the beginning and at the end of the meeting agenda, where people can form comments after what is discussed.

Peter Grady, 90455 Peter Johnson Rd., Astoria, OR - commented on the cruise ship entertainment (bands) and how they are paid. He thought that the downtown association (merchants) should be paying for them instead of the port and tax dollars. Chairman Holcom asked Director Crider to explain. Crider added how the cruise ship operation is a revenue generator for the port, with many returns. Volunteers greet the passengers, showing the value of participation. Bruce Conner, port director of marketing, added how the port used to split the costs between the city, the Chamber of Commerce, and the Port, partnering together. Conner explained further. Crider added that the costs, now, are half of what it used to be, saving money. Conner also mentioned high school bands also come to the port to entertain.

3A Gaila Markle – Presentation on the role of loggers, 400 Avenue P, Seaside, OR – Ms. Markle presented to the board members and the audience what she had recently presented to the Seaside

Safety Council. Her mother, Christine Browning, explained the program at Chairman Holcom's request, thanked the commission for allowing her daughter to present. At the age of 13, Gaila is gaining experience in speaking to the public, while she informs the public on the important role of the loggers in protecting the environment. Gaila read her prepared speech. She explained how her dad is a logger. She explained how she is raising money to attend future competitions and selling sponsorships.

3B SETD Bus Purchase – Bruce Conner, 333 Alameda, Astoria, Oregon. Port of Astoria Cruise Marketer asked the board to consider the purchase of two retired Sunset Empire Transportation District busses by the port. Due to the situation the district is in currently reducing their workforce, routes and equipment, the Port and Clatsop Cruise Hosts decided to consider purchasing the busses for \$1 each, helping out with the cruise operations. The use of the vehicles will be dedicated to the cruise and port associated business. All options will have to be considered before we use them only when no other options locally are available. Hourly rates (insurance, permitting, and maintenance) will be self-sustaining. Each bus holds 16 passengers.

Director Crider added, the busses both 1999 models, have been well maintained and everything works well. Commissioner Hunsinger said it would be good for the ships' crew. Commissioner Hess questioned public utility permits. Crider answered both busses are e-plated, making the owners exempt. Insurance costs are less than \$500 per year for each bus. Commissioner Bland asked if it was correct in his understanding that the port could not compete with another entity? Conner explained that the port must put out a bid, if chartered. The transaction guided by Oregon Department of Transportation (ODOT), as a routine public property transfer. Daily operations of cruise ship business allowable. Commissioner Pfund added the port has to do something about getting all their equipment out of the rain.

Chairman Holcom asked if there was further comments or questions. None were given. *Commissioner Hess made a motion to approve the purchase of the transit busses. Commissioner Hunsinger seconded the motion. The motion carried unanimously.*

4. RED LION SETTLEMENT - Executive Director Jack Crider announced the Red Lion settlement is at a point to conclude, involving several months of negotiations. Herb Florer, deputy director explained the basic terms: a lease termination fee of \$40,000 and an option for six months to pursue the possibility of a lease/purchasing a different site or developing a new hotel situation at \$30,000. The six-month option obligates the port to work with the company, such as, providing documents, inspection of the premises, and cooperate and assist in the development of a new hotel. Since the hotel has been under port's control, and under the existing agreement with the Red Lion, has expressed interest to remove items with the Red Lion logo from the property. In addition, the company is to leave no fewer than fifty rooms of bedroom mattresses and linens, and including bathroom linens.

Continuing, Crider explained the plan for a request for proposal to entities interested in operating or tenant, leasing the existing facility, filling the housing gap during the city's bicentennial. Some operators have expressed interest. Staff recommends moving ahead with the settlement agreement.

Commission President Floyd Holcom noted his potential conflict of interest based on a recent business transaction and his controlling interest with a competing hotel, although his decision would not benefit him at all, the potential of conflict does exist. Therefore, he discloses the conflict. *Commissioner Bland made a motion approving the director to sign the lease termination and option agreement with the Red Lion Hotel. Commissioner Hess seconded the motion.* Holcom added, giving the history of the Red Lion, it's nice to put the former relationship behind us and ready for the new one, where ever it may lead. He also commended the staff for the grueling six months of negotiations. Commissioner Holcom called for additional comments, none were offered. *Due to the complexity of the vote, a roll call was taken: Commissioners Hunsinger, Hess, Pfund, Bland, and Holcom approved.*

5. PIER ONE-WEST REPAIRS - Director Crider presented to the group a view of the failing bulkhead. Planking bulged. Two pilings driven with I-beam on top; challenge is the welded two 20-foot sections of steel pilings together driving them 40 feet into the section and found no resistance. Added another 25 feet of pilings to get down below 60 feet, some as deep as 65 feet to get enough resistance to make it worthwhile.

A good build now with additional costs: next week coming back to board with increase to the 40K. FEMA has accepted the specified corner and 20K of the costs, completing the piece. Originally the project began with one corner panel, although, once lifted, exposing the rest of the panels, and that became the emergency. All total the port has lifted and repaired ten panels, making the area more solid. The job is not done, this is the worst of the area, but we will not know until we start hitting it with a lot of weight. More discussion followed with deputy director Herb Florer explaining.

Crider added, impressed with the contractors repair work, the tongue and groove process of the panels are also grouted in, making them pretty tight. The depth of the piece (thickness) is two feet and weighs 40,000 pounds. The ultimate repair would be to pull the panels and hit with sheet pile. The asphalt that was sunken in had to be pulled further back, allowing the equipment run on it and get it to a point where there is no movement, then asphalt. Separated in two forms: FEMA component is 20K and the other panels that were not eligible around 67K. Only authorized up to \$40,000. Qualifies as an emergency and will be coming back for the additional funds next week, once the port receives the final billing. Chairman Holcom asked if the board had questions. No questions by the group.

6. SEATRADE CONVENTION – BRUCE CONNER - Port of Astoria cruise ship marketer briefed the group on efforts of the largest cruise convention in the world that meets once a year. Joining a consortium from Los Angeles, San Francisco, Seattle, and Victoria, new members Santa Barbara and Hawaii allow cruise executives to visit booths set. Updating the group, Conner explained 2010 is marked as a "recovery" year from 2008-2009 for the cruise industry. This year, 2011 we are up to 19 ships visiting the Port of Astoria. The growing markets South America, Australia, and Alaska. Conner added the economy is strong. He explained the situation with Alaska's head tax that was very negative. The governor helped reversing the tax or reduce them down – the port being a re-position port, Alaska is coming back. An industry expanding, the luxury cruising is diversifying. Crystal and Oceana are very expensive and high-level, also signing up for 2013. Mexico's situation has a silver lining, Conner receiving many calls from Disney Cruise lines on how we can accommodate the ships. If the situation continues, Astoria may become a secondary market, including the cruise lines Holland America,

Celebrity, and Princess. The port was rated from Princess Cruise passengers, on a 1-9 scale, we rated 8.25, with Monte Carlo at 7.8, and Mazatlan a 1. Next year, we will have 10 ships, a great sign, so early. The city's bicentennial has been a boost for us. He continued to explain marketing tools and the help from the Lower Columbia Tourism Committee.

7. Lease Amendment – NW Wild Products - Commissioner Holcom began, explaining calls he had received from the Bugas family who were very unhappy with the company and referred to Director Crider for resolve, abstaining from voting, out of respect for the family. Port property manager, Mike Weston, explained the details of the lease, with business increasing due to the seafood market nearby closing, needs extra space for storing products. The vacant offices behind their current location will be offered to them at the same rate of 75 cents a square foot filling one more office suite. Discussion followed some issues a while back, recently rectified, as explained by Director Jack Crider, and no new problems. Crider added the company is a good tenant. *Commissioner Hunsinger moved to approve the new lease. Commissioner Bland provided the second.* Chairman called for questions by the board, none were offered. *The vote was approved with four board members voting, Commissioner Holcom abstaining from the vote.*

8. Lease Agreement - Resers Foods – Property Manager Mike Weston explained the details of the lease proposed with Resers Foods from Beaverton, Oregon. Weston showed the company areas around the port. Setting up a remote facility consisting of a loading dock and storage area, half storage half refrigeration. All that is needed is electricity and open tarmac area. A space at Tongue Point with power and ready to go was satisfactory. Weston received a call from Resers explaining their work on logistics and re-routing trucks, pushing back the start date to June 1st possibly. Before us a draft lease and Weston looking for approval to move ahead. He continued to explain history of the company's history in different locations. The going rate of 10 cents a square foot for 2,500 sq ft of area, electricity will be their responsibility. Chairman Holcom questioned the plan for the extra wear and tear of the road leading to the area feeling the rate will not be adequate for road maintenance. His challenge of the foot price is something to look at in the future, a business plan for Tongue Point and the infrastructure. Commissioner Hunsinger agreed with Chairman Holcom, adding his thoughts on the subject, citing the fenced, paved and secure facility. Discussion followed. *Commissioner Hess moved to approve the lease. Commissioner Bland provided the second.* Chairman Holcom asked for other questions, none were offered. *The motion carried unanimously.*

8A. LEKTRO – SPWF AMENDMENT Director Jack Crider explained amendment number 2 to Lektro lease where the State of Oregon is considering the economy and is allowing the company two additional years to fulfill their obligation of adding 88 full time equivalent jobs during the retention period. The downside of this would have to repay the state grant an equivalent of 5,000 per job, the grant becomes a loan. Lektro confident by the year 2012 it will reach the goal. Discussion followed on details of the project. Chairman Holcom called for questions. None were given. *Commissioner Bland moved to approve the amendment. Commissioner Hess seconded the motion. The motion carried unanimously.*

9. NORTH TONGUE POINT SEALIFT Director Jack Crider reported the SeaLift has been received. The lift (30-ton), is operational by remote control. He showed the group a SeaLift operation recently

completed. Deputy Director Herb Florer answered questions from the board. Training will be scheduled and on going. Chairman Holcom praised the director for a good job.

10. CONNECT OREGON III – AIRPORT REQUEST Executive Director Jack Crider reported the port requested 3 million of funding not used by Sunset Empire Transportation District for the Seaside, Oregon system center. The port, seeing this as an opportunity, will use it as a match to the grant, keeping it all in Clatsop County area in order to lower the minimums and the parallel taxiway at Astoria Regional Airport. The project is ready to go.

11. PASSENGER AIR SERVICE – RFP Airport Manager John Overholser explained the requirements he hopes to include into an Request for Proposal (RFP) opening to air carriers, not only opening it up to Portland, possibly to Seattle, and what services that could be provided. Using a clean slate as to what we would like to have, we realize the limitations and benefits from the last month experience of the recent marketing project voucher program. He continued to explain what we would like the proposal to contain such as: a marketing program, commitment to advertising, and passengers disembarking into a secure environment. Other bonus points would be through-fares, 3 round-trips a day, interline bag and ticketing agreements, and code sharing. An overnight aircraft would also be recommended. More frequent trips, using small aircraft and fair price points. Another important piece is community and port involvement. Next week the board should have a draft RFP and take comments, with a final document by next month. Discussion followed about marketing, funds, and scheduling.

12. RAILROAD SERVICE MEETING Director Jack Crider reported his efforts to set up a meeting with representatives from the port, state rail division, Portland Western Railroad, and Western Oregon Waste. The purpose is to re-establish rail service back to Tongue Point. Some discussion followed about the number of trips to the Arlington landfill. Forty-six trucks a day go to the facility. Chairman Holcom commended Director Crider for the good job.

13. MARINE CENTER SERVICES Director Jack Crider explained to the group the port used to provide services to mariners in the 1980s in the building that is now the Oregon State Police building. It would allow mariners a place to visit when at port. Services the cruise hosts and the port provide basic needs such as phone cards and transportation to shopping. Wi-Fi Internet service directly to the vessel is also frequently asked for. Chairman Holcom explained to the group a business plan Pier 39 had developed a water taxi service with a private business and found approval. Crider added the set-up is expanded to the marina and vessels at the port docks. More explanation followed. Chairman Holcom called for further issues. None was offered.

14. PUBLIC COMMENT – Lori Durham, 398 Atlantic, Astoria, OR What does CPI stand for? It stands for Consumer price index. Also, she wanted to know what was going on with the West East Demolition operation. She mentioned the oil and water sitting around the area the last month when she had visited the site. Director Crider explained underneath the surface, oil water separators installed at the out-falls and the port is monitoring the outfalls and explained when it rains, it collects and the separators stop at that point, needing to be separated manually. Discussion followed. Durham added how the port was doing a good job. Chairman Holcom asked for other comments, none followed.

14A. COMMISSION DIRECTION TO DIRECTOR

- Commissioner Hess reported Director Jack Crider did a presentation to the Seaside Kiwanis Club. Thanks were received. Also, the J & H Boat works operation at Tongue Point had a very nice write up in the Pacific Fishermen publication.
- Commissioner Bill Hunsinger explained about the issue in Ilwaco with several boats at the dock and most of them in the water that have moorage fees that will be auctioned. In Ventura, California, the marina requires a bond to be placed on the vessels, and it protects the marina/port if issues such as, non-payment arises, are covered. Hunsinger recommended the staff look into the set-up.
- Commissioner Pfund – nothing to add.
- Commissioner Bland mentioned the draft report of the Port of Astoria 2009 Economic Impact Study. Director Crider explained it is provided to the board member to take home, read the yellow sections, and provide input. Crider added there is a section of South County. Discussion followed on the content of the draft report.

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