

MINUTES  
SPECIAL MEETING  
JUNE 8, 2010  
PORT COMMISSION CHAMBERS

Chairman Bill Hunsinger called the Special Meeting to order and took roll call.

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

Staff present: Director Jack Crider and Terminal/Admin Services Mgr. Rita Fahrney. Also present, Port Attorney, Thane Tiensen

Others present: See attendance sheet.

CHANGES/ADDITIONS. D.S.L. Lease – Skipanon moved up on agenda so Attorney Tiensen can depart sooner. Addition of 4A – Executive Director briefing on port projects. Addition of 4B – Rail line breach, Gary Ziak to speak.

REGATTA COURT SPEECHES, POA 100 YEARS. Regatta Court Chaperone Carol Olson introduced three of the 2010 Regatta Court princesses, Riley Tadei, Rachel Tadei and Pilar Lopez. As part of this year's Regatta they are participating in the Port's 100 year celebration. They have prepared speeches about the Port and its history. Riley Tadei presented a speech on Tongue Point. Rachel Tadei spoke about the Port's west and east basins, and Pilar Lopez addressed the Port terminals. All three were given a round of applause. Chairman Hunsinger commended them on the amount of research they presented, noting some information they presented was more than some commission members knew about. He thanked them for their fine job. Commissioner Holcom suggested copies of their speeches be added to the Port's web site.

DSL LEASE – SKIPANON/OLNG SETTLEMENT. Chairman Hunsinger called on Attorney, Thane Tiensen, to present an update. Tiensen reported there are some developments as follow:

- DSL has responded to the Port's inquiry that the Port will not be liable to continue payments to DSL in the event that OLNG abandons the project. DSL responded favorably that they would reconsider the terms of the lease.
- The Board's request to see financial statements of Oregon LNG was denied by OLNG.
- OLNG asked the Port to agree to sell a five-acre parcel of Port land as part of the settlement. Tienson explained a Clatsop County reversionary clause placed on the property when the Port acquired it will not preclude the agreement; however the Port will have to share proceeds from the sale with other county taxing districts.

- Final demand of Board – OLNG no longer has any reason to want POA commission members held personally responsible for violations. The Board has worked in good faith to settle the agreement. Tiensen will recommend they not individually sign the document.

Chairman Hunsinger stated he is not in favor of the final agreement but is ready to stop paying legal fees to patch old problems. He also pointed out a deed shows the Port definitely owned 18 acres of the LNG site and donated it to the state before agreeing to lease it back in 2004. Commissioner Holcom thanked Mr. Tienson for donating his time, hard work, and review of the agreement, defending the Port, adding he is pretty much at his wit's end on where we are headed academically and financially. *Holcom moved to move forward with the settlement agreement on the advice of counsel. Commissioner Hess seconded the motion.* Discussion followed.

Commissioner Bland questioned if we are following the suggestion to have the personal liability of each commissioner withdrawn. Holcom would still like to pursue the request for OLNG financials, noting the only way it can be pursued could be construed as an "adverse statement against OLNG". Thane Tiensen advised OLNG wants to settle and they should accept the agreement without the obligations of the commissioners to be held responsible. The Port will have fulfilled its legal obligations without individual signatures. Director Crider recommended, to clarify the intent, the board authorize the Executive Director to execute the agreement. *Commissioner Holcom amended his motion to move forward with the settlement agreement on the advice of the attorney, with the removal of the commissioner liability agreement and authorize the Executive Director to execute the agreement on behalf of the Port Commission. Commissioner Hess amended his second to include the modified motion.* The motion carried unanimously.

RAIL LINE BREACH – GARY ZIAK. Chairman Hunsinger introduced Gary Ziak, property owner at Warren Slough to speak about the breach in the Portland & Western Railroad. Mr. Ziak explained the history of the breach. Four and a half years ago the rail was washed out with the track. Repairs have not been done yet because of the many layers of regulatory complications. There are now permits in hand to fix the breach; however, ODFW has made a determination that the repair cannot be completed until there is a study on fish passage – again delaying the plans to repair the fish-friendly tide gates. Ziak stated there is a meeting with Clatsop County leaders to discuss the issue on Wednesday. He requested the Port send a representative. Commissioners voiced their support of getting the rail line repaired as soon as possible. *Commissioner Holcom moved to authorize the Executive Director to send a letter to Portland & Western Railroad's attorney advising the delay of the repair to the rail line is a violation of and impacting interstate commerce. Local and State agencies are exempt from federal process. Commissioner Pfund seconded the motion. The motion carried unanimously.* Chairman Hunsinger noted this is the third time spending \$150,000 on studies. Taxpayers should be irate. He confirmed he will attend the meeting with the County.

STRATEGIC BUSINESS PLAN – APPROVAL. Director Jack Crider reported the State (OBDD) has reviewed and accepted the Port's Strategic Business Plan with one condition: The exhibit regarding governance of the Board "Board Ground Rules" (Resolution 2008-05) was not included in the final

draft. They are requesting that the exhibit be included. Crider recommended the commission amend the Board Ground Rules to reflect conditions and concerns of present members. Discussion followed. Commissioner Bland volunteered to work with the director to re-draft Resolution 2008-05 Commissioner Holcom noted the Strategic Business Plan is not a document set in stone, and changes can be made as needed. *Holcom moved to approve Resolution 2010-07 adopting the POA Strategic Business Plan to include changes in the board ground rules as needed. Commissioner Bland seconded the motion. The motion carried unanimously.*

CONSIDER CONTRACT – FAA AIRPORT IMPROVEMENT PROJECT. Airport Manager, John Overholser, reported bids were received for the Airport Improvement Project, funded with FAA grant. the project includes installing a new wind cone and beacon at the airport. The low bid is Helligso Construction for \$137,342 – lower than the engineer’s estimate. The project is contingent on the grant funding from FAA. *Commissioner Bland moved to approve award of the contract to Helligso Construction of Astoria, contingent upon FAA grant funding. Commissioner Holcom seconded the motion. Director Crider briefly explained how the funding for the project is budgeted. Commissioner Holcom’s motion carried unanimously.*

DISCUSSION – PORT OF ASTORIA TARIFF MODIFICATIONS. Terminal & Administrative Services Manager, Rita Fahrney reported staff is recommending increases to tariff rates to bring our rate structure more in line with other N.W. ports. A memorandum explains the increases as well as copies of the tariff pages have been marked with the proposed increases. Staff will be asking for approval at the board’s regular meeting next week. If there are any questions she requested to be notified and she will provide additional information. She also explained the Port is a member of the North West Marine Terminals Association and the association has anti-trust immunity to discuss rates collectively. Commissioner Holcom questioned how the policy of the Port to provide a fire suppression berth works and recalled that as part of the agreement the Port was to be compensated. He suggested adding a tariff or additional fee to be compensated due to the need for a fireboat locally. Discussion followed. Rita explained how the Columbia River Marine and Fire Safety Association (MFSA) was formed to provide training and equipment for fighting ship fires. A fee is assessed by the association to every ship calling on the Columbia River. The Port assesses the fees to ships that call here and that fee is then paid to the association. While the fees are used to improve fire-fighting capability, the Port has never addressed adding a fee to fund a boat. Director Crider noted the MFSA has submitted a grant proposal as a regional request to fund four vessels, including for a fireboat locally. Staff will follow up on the status of the grant request by MFSA.

EAST BASIN CAUSEWAY. Jack Crider reported Bergerson is working on the repair. They expect three weeks of work. People are anxious to be able to access the breakwater, including for the 4<sup>th</sup> of July fireworks. Bergerson contractor advises it should be accessible for the 4<sup>th</sup>.

WESTERLUND – LOG EXPORTING UPDATE. Crider advised some work has started on pier one. They received the last bid on the fencing. The State is waiting for the adopted Strategic Business Plan and then discussion will begin on the collateral agreement. D.S.L. has reviewed the Master Plan and is

asking the Port to do a survey for the park property and roadway. Both agencies see the new development as feasible. There will be further discussion with the state next week on details to ensure there will be no issues with the state to finalize negotiations. Work is continuing to clarify the footprint of the plan, size, details on cost, and working in more footage for the boatyard area.

PUBLIC COMMENT. Chairman Hunsinger called for public comment. *(The following public comments are not written verbatim, but intended to reflect the substance of the comments made.)*

Lori Durham, Astoria. Voiced approval that the commission was in agreement not to individually sign off on the OLNG settlement agreement. To not be able to ever talk badly or discuss the company wrongs is not American to her. Regarding the rail line, she supports the board's decision to attend the meeting, offering their support to get the rail line fixed and land back to Gary Ziak.

Kathy Sanders, Astoria. Kathy stated in regards to the Strategic Business Plan:

1. Overall there is very good data and market trends, discussion why not feasible to be a container port.
2. Why the Port of Astoria cannot be a major seaport, read in the document.
3. The SBP lacks strategy of where the Port will be in five years.

Sanders referred to page 81 of the SBP noting a critical issue is the Port's decision making process. There is public distrust in the process and major decisions are debated and second-guessed, causing the absorption of staff attention needed elsewhere, and the expenditure of resources for no gain. Kathy went on to state the Port board needs to set priorities in place to have a long-term plan and process. Opportunities at the boat yard, airport and Red Lion are being overlooked.

#### OTHER BUSINESS.

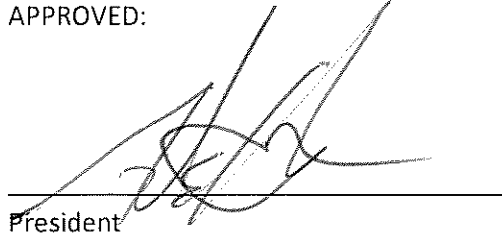
Commissioner Holcom reported he recently attended an OCZMA meeting. Dan Hess and Jack Crider were also in attendance. Commissioner Hess advised Ocean Marine Reserves continue to be an issue. There will be a presentation tomorrow. A lot of input is coming from the fishermen at the southern part of the state that disagree with the Ocean Sanctuary proposal and are asking to be shown the need for a sanctuary. A State of Oregon research vessel crew did a survey and found 247 species of fish and 63 different plants.

Commissioner Holcom commented on a recent editorial in the Daily Astorian – noting it is unfortunate the editor has a lot of one-sided opinions in editorials. The specific issue he wants to bring attention to refers to the Museum -Smart Venture, where the editor (Steve Forrester) mentions the Port of Astoria has not been involved in tourism in 20 years. The editor refers to the many museums and the Columbia River Maritime Museum (CRMM). Holcom would like to remind the Commission and public that the Port of Astoria owned the property at 17<sup>th</sup> Street dock and where CRMM was built. The Port donated the land, with a reversionary clause. Forrester failed to mention this in his editorial. The challenge is to learn more about what's not said. History provided a lot more to this story than his editorial. Commissioner Pfund commented he has talked to some who believe the log export activities will hurt the cruise ship industry. The cruise industry has interest in being docked at a working port. The trail system is in, contributing to tourism in the area. Discussion followed on the cost to dredge to enable the cruise ships to dock in Astoria. Chairman

Hunsinger mentioned he has received a lot of feedback supporting the direction the port is going. Log ships in for 6-7 days contribute more money for the Port and brings more jobs to the county.

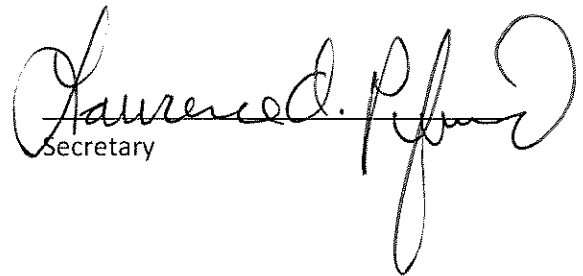
There being no further business, the Special Meeting was adjourned at 8:00 p.m.

APPROVED:



\_\_\_\_\_  
President

ATTEST:



\_\_\_\_\_  
Secretary



# Port of Astoria

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## PORT OF ASTORIA

### COMMISSION

### MEETING ATTENDANCE SHEET

DATE: June 8, 2010

NAME

PRINTED NAME

Cassandra Profita

CASSANDRA PROFITA

Lori Durheim

Kathy F. Sanders

Kathy F. Sanders

Carol Olson

Carol Olson

Riley Tadei

Riley Tadei

Rachel Tadei

Rachel Tadei

Pilar Lopez

Pilar Lopez

Sam Hunsinger

Michael Desmond

Michael Desmond

Carrie Bartolus NCO

Carrie Bartolus

Bob Bid

BOB BRIDGES

Chris Deford

Chris Deford

Keri Deford

Keri Deford

Dan Annotu

Dan Annotu

Marilyn Carney

MARILYN CARNEY

Nancy Brock

Nancy Brock



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PORT OF ASTORIA

COMMISSION

MEETING ATTENDANCE SHEET

DATE: 6-8-10

NAME

PRINTED NAME

*Laurie Caplan*

Laurie Caplan

*Robert Clark*

ROBERT CLARK

*Gary Clark*

*Gary Clark*

*Dennis Thomason*

*Dennis Thomason*