

PORT OF NEWPORT
MINUTES
February 23, 2010
WORK SESSION

I. CALL TO ORDER

Commission President Ginny Goblirsch brought the Work Session of the Port of Newport Board of Commissioners to order on Tuesday, February 23, 2010 at 5:00 p.m., in the Yaquina Bay Yacht Club Clubhouse, 750 SE Bay Blvd., Newport, OR , the same being within the boundaries of the Port District.

The purpose of the Work Session was to discuss design alternatives for the International Terminal Renovation Project. The Regular Monthly Meeting would directly follow the Work Session.

II. INTRODUCTIONS

Commissioners Present: Ginny Goblirsch, President; Dean Fleck, Vice-President; JoAnn Barton, Secretary; Don Mathews, Treasurer; David Jincks, Assistant Secretary-Treasurer.

Terminal Renovation Project Steering Committee: Mark Cooper, Yale Fogarty, Wayne Hoffman, Hal Pritchett, Joe Rock, Jim Seavers, Bridget Wolfe.

Port of Newport Management and Staff: Don Mann, General Manager; Patti Britton, Finance Director; Pete Dale, Project Manager; Maureen Keeler, Special Projects Manager; Patty Benjamin, Administrative Assistant.

Others: Frank Berg, Joshua Dodson, and Glenn Schnaidt, Day CPM; Lee Fries, CM/GC Selection Committee; Pete Gintner, Port legal counsel; Rob Moody, Talbot, Korvola & Warwick; Mark Reusser, Andersen-WCC; Pat Ruddiman, Barrett Tower, and Rod Worman, ILWU Local 53; Mike Schmid, KPFF Consulting Engineers; Jim Shaw, South Beach resident; Howard Shippey, Digital Video Designs.

III. INTERNATIONAL TERMINAL RENOVATION PROJECT

Joshua Dodson, Day CPM, reviewed the final recommendation that would be made to the commission regarding the project scope for the International Terminal Renovation Project. The three-part document included a recommendation to continue the use of the CM/GC method of contracting, a Phase One work scope to utilize the existing construction budget of \$12.9 million, and a Phase Two work scope based on savings realized from value engineering during Phase One and/or additional funding sources.

Using a diagram of KPFF's most recent design alternative, Frank Berg, Day CPM, explained the steps taken since the last meeting of the Terminal Renovation Project Steering Committee, which had occurred on November 19, 2009. At that time, the drawings showed a gap between the east and west docks; a 60-foot extension to the cargo dock was under consideration; and removal of both the Pasley and Hennebique was planned. Mike Schmid, KPFF Consulting Engineers, explained the other three alternatives that the project team had considered, but said none was within the Port's \$12.9 million budget. In the past few weeks, Natt McDougall Company (NMC) had created a demolition and remediation plan that was very close to the Port's budget. That plan included remediation of both ships at the same time and removal of the Pasley. The Hennebique, which was stable, would be left in place for future removal if necessary, but, in the meantime, would be filled with the concrete rubble taken from the Pasley when it was demolished. Berg projected a picture of NMC's cost analysis spreadsheet onto the screen, pointing out that the cost for the first phase of the work came in at \$13,049,500, the closest any plan had come to the Port's \$12.9 million budget. In answer to a question from Joe Rock, Commissioner Jincks said the Hennebique's bow would be cut down and the hull filled to the same level as the current ro-ro dock. He added that KPFF had developed a monitoring plan and the vessel would be reviewed every six months. Commissioner Barton said she was impressed by the amount of time the team had put into exploring alternatives to come up with such a viable one.

Wayne Hoffman asked if there was confidence that the project, as reflected in the current alternative, could be permitted. Commission President Goblirsch said it was not certain but the project team had been working with the agencies on a constant basis as the plans were

developed, and the agencies seemed comfortable with the Port's progress. Commissioner Barton concurred that communication between the project team and the agencies had been extraordinary and at an unprecedented level all the way along. Hoffman then asked if taking the bow of the Hennebique completely out would be easier to permit. A discussion followed with Commissioner Jincks pointing out that full removal of the Hennebique's bow would require a cofferdam, adding about \$2 million to the cost of the project. With the current plan, the bow would be cut down and there would be an inert structure underneath that was filled and compacted to support cargo transport.

Commissioner Jincks said there had been "trade-offs" due to budgetary constraints on the Terminal Renovation Project, and the initial work that was planned for the east dock would have to wait. However, having the west dock finished would allow for loading and offloading of fishing gear and the east dock could be improved, perhaps with a new bull rail and a few more sheets of steel, and could be used as a moorage facility until additional funds were identified to rebuild the dock.

Yale Fogarty noted that there was really no "fishermen's dock" or "cargo dock". He said both would be multi-use docks for everyone to use.

In answer to a question from Joe Rock, Berg said that work in all of the phases would be shown in the set of documents submitted with the Joint Permit Application (JPA); and in answer to a question from Commissioner Barton, Berg said building and removing the cofferdam would be done over the course of two in-water work windows.

Commissioner Jincks noted that NMC's plan called for removal of the ro-ro dock but the west dock would not be usable by the fishing fleet for loading and offloading gear until the cofferdam was removed in November of 2011. Since the ro-ro dock was the only area available to the fleet for loading and offloading gear, Jincks said that would seriously impact the fishing fleet's work and the Port's revenue. A discussion followed about the critical timing and means and methods of working around that problem.

In answer to a question from Bridget Wolfe, Berg said NMC estimated that approximately 6,000 yards of concrete rubble would be transferred from the Pasley to the Hennebique, but the team also planned to salvage the steel in the vessel so it would actually be less than that. Wolfe noted that removing the Pasley would provide additional deep water habitat. Commissioner Jincks explained that NMC's plan had gone through the peer review process by two other companies and some of the comments those companies had made had led the Port in the direction it was now going.

Wayne Hoffman asked about the stability of the Hennebique and the feasibility of remediating her without isolating her from the bay. Commissioner Jincks explained that the Hennebique sits solidly cradled in fill, versus the Pasley, which rests on the bottom with much of her hull exposed. Commission President Goblirsch added that NMC's plan includes patching the hull of the Hennebique to make her water tight and remediating each compartment systematically, so she can serve as her own cofferdam. The General Manager said divers had confirmed her stability and the Department of State Lands had indicated that, once she is water tight, work could proceed outside the in-water work window.

There being no further comments or questions from the steering committee, the Work Session was adjourned at 6:00 p.m. The chair called a ten-minute recess before moving into the Regular Monthly Meeting.

REGULAR MONTHLY MEETING

I. CALL TO ORDER

Commission President Ginny Goblirsch called the Regular Meeting of the Port of Newport Board of Commissioners to order at 6:10 p.m. in the Yaquina Bay Yacht Club Clubhouse, 750 SE Bay Blvd., Newport, OR, the same being within the boundaries of the Port District.

II. MINUTES

- A. Work Session and regular Meeting—January 26, 2010**
- B. Special Work Session—February 16, 2010**

Commissioner Barton moved, Jincks seconded, to approve the minutes of the Work Session and Regular Meeting of January 26, 2010 and the Special Work Session of February 16, 2010 as submitted. The motion passed 5-0.

III. FINANCIAL STATEMENTS

A. Audit report for the Year Ended June 30, 2009—Rob Moody, Talbot, Korvola & Warwick. Finance Director Patti Britton introduced Rob Moody, a partner at Talbot, Korvola & Warwick, the Port of Newport's audit firm. Moody had presented a detailed report on Fiscal Year 2009 to the audit committee in January but had been unable to attend the January regular meeting to brief the commission. Moody said the auditors had been able to provide a clean opinion on the financial statements and there were no significant findings or issues to report. Commission President Goblirsch remarked that she was on the audit committee and knew that the phrase "no significant findings" meant a very clean report. Commissioner Barton referred to a recommendation that had been made by the auditors last year related to improving internal controls and asked if that was a further recommendation this year. Moody said there were items that the auditors identify in the management letter that might be an opportunity to strengthen controls, but those items don't rise to a level of significance that would require reporting. He said the auditors were pleased with the progress the Port had made each year in addressing those management issues. He said that when the audit team comes in to do internal testing for the next audit, they may spend some time on compliance issues related to the federal dollars involved in some of the Port's ongoing projects, as well as covenants attached to any of the Port's debt or borrowing. Commissioner Goblirsch thanked Moody for his help and also expressed the commission's appreciation to Finance Director Patti Britton and her accounting team for doing such an excellent job.

B. Financial Reports. Finance Director Patti Britton asked for questions or comments on her written report, the financial statements, and accounts paid. There were none.

B. Accounts Paid.

Commissioner Barton moved to approve the Financial Statements and Accounts Paid, Check Nos. 11109-11130/NOAA Checking-OCB, Check Nos. 11348-11362/Construction Fund, and Check Nos. 29755-29892/Operating Account. Commissioner Mathews seconded the motion and it passed 5-0.

IV. PUBLIC COMMENT

Wayne Hoffman suggested that introductions be made at the start of the meeting.

Commission President Goblirsch moved Old Business forward on the agenda.

V. OLD BUSINESS

A. Terminal Renovation—Day CPM Services. Joshua Dodson, Project Manager, Day CPM Services, introduced the International Terminal Renovation Project/NOAA MOC-P team, including Frank Berg and Glenn Schnaidt, Day CPM Services; Mike Schmid, KPFF Consulting Engineers; Mark Reusser, Andersen-West Coast Contractors, a Joint Venture; and Dr. Hal Pritchett, Terminal Use & Design and Terminal Steering Committees. Using a projector screen, Dodson read a staff recommendation for the commission's consideration on the International Terminal Renovation Project. (See copy attached with minutes.) The recommendation contained three items. The first recommendation was to continue the use of the CM/GC method of contracting; the second recommendation detailed the work scope (items a-i) and project alternative that would utilize the existing construction budget of \$12.9 million; the third recommendation detailed the work to be done in Phase 2 of the project (items a-e), utilizing value engineering dollars discovered during Phase 1 and/or additional funding sources. Commissioner Barton asked about the sheet pile bulkhead wall, filling in the void between the docks, and reducing the west dock surface elevation all being "contingent upon funding". Dodson said that including those items would result in an overage of approximately \$750,000 in the budget, but that was a very small percentage of the overall budget and, with the CM/GC method of contracting, the team believed they could get there. Dodson said the project scope and all appropriate supporting data and documentation would be included in the final Joint Permit Application (JPA) to the Department of State Lands (DSL) and US Army Corps of Engineers (USACOE). In answer to a question from Commissioner Mathews, Dodson said he was confident they would also make the in-water work window.

Commissioner Jincks moved to adopt the staff recommendation for the International Terminal Project. Commission Fleck seconded the motion.

In speaking to the motion, Commissioner Jincks commended the tremendous amount of work that had gone into the plan for renovating the terminal and acknowledged that some things in the plan might not happen due to unknown factors in removing the Pasley and unforeseen costs and contingencies in the project. However, he said he felt positive that savings would be realized through the CM/GC method of contracting and value engineering. He concurred with Yale Fogarty's statement about the dock being a multi-use facility for the community, and said he felt positive towards the project and was happy to make the motion.

A brief discussion followed Commissioner Barton's question about whether a separate motion would be necessary on continuing the use of the CM/GC method of contracting that had been included in staff's recommendation. Commissioner Jincks asked if anyone had questions about moving forward with the CM/GC process and no one did, so he did not restate his motion. In answer to a question from Commissioner Jincks, Dodson said selection of the CM/GC could be finalized in the next month. Commissioner Barton said one of the criticisms brought up when the CM/GC method of contracting had come before the commission before was that having a Guaranteed Maximum Price (GMP) didn't leave room in the competitive bidding process for the project to come in under budget. She asked if there would be difficulty in getting the sub-contractors, some of whom would bid on their portions of the project, to return savings to the Port. Berg said the process could be set up by the CM/GC to establish an "open book process" with the sub-contractors to identify the savings from the beginning. He added that three reasons for using the CM/GC process were budget, schedule, and complexity of project, and that those reasons fit the current Terminal Renovation Project even more than they had with the original plan.

The motion was re-read and the chair called for a vote. The vote was unanimous and the motion passed 5-0.

B. NOAA MOC-P—Day CPM Services. Mark Reusser, Andersen-WCC, showed a series of photographs taken February 4-18, 2010, of the early demolition work at the NOAA MOC-P site in South Beach. Reusser said that 99% of the material taken from the site, including concrete, asphalt, and rebar, was being recycled. He added that the project was on schedule and on budget. Commissioner Goblirsch noted that LTjg Andrew Colgrove was moving to Newport on Monday, March 1, 2010. Colgrove would be the first of the NOAA personnel to arrive in Newport. Commissioner Barton said she and General Manager Don Mann had visited the NOAA site the previous week with Congressman Kurt Schrader, and thanked Reusser and Brad Nile, Andersen-WCC, for providing an excellent tour for the congressman.

VI. STAFF REPORTS (* Indicates no questions or additional comments.)

Department Reports.

- Kevin Bryant, Commercial Marina Harbormaster—Commissioner Jincks remarked on Bryant's reference to congestion on the hoist dock, caused by boats bringing in gear while buyers are there. The General Manager said that the operations crew recognizes that fishing gear has priority.
- Pete Dale, Project Manager*
- Maureen Keeler, Special Projects Manager*
- Gina Nielsen, RV-Marina Office Supervisor*
- Ron Smith, Terminal Manager*
- Chris Urbach, South Beach Marina Harbormaster*

B. General Manager.

General Manager Don Mann recognized Howard Shippey, Digital Video Designs, for winning two prestigious awards for the DVD he produced called "Yaquina Bay—Oregon's Bridge to Adventure".

C. Commissioners' Reports.

Commissioner Goblirsch announced that General Manager Don Mann would be honored by the Daily Journal of Commerce (DJC) as one of DJC's "Newsmakers of the Year". Commissioners

Barton and Goblirsch would attend the luncheon in Portland, OR on Thursday, March 25, 2010, where he would receive his award.

Commissioner Mathews said he had completed his Blue Ribbon Fair Committee duties and then had been away, working on his boat. He thanked his fellow commissioners for all the work they had done while he was out of town.

VII. NEW BUSINESS

A. ILWU Local 53, Minimum Labor Standards Agreement. A draft copy of a Minimum Labor Standards Agreement between the Port and ILWU Local 53 had been included in the commissioners' packets. The agreement would require the Port to hire laborers for dock work at a wage equal to a union wage with benefits. The General Manager recommended that the commission give the agreement serious consideration. Commissioner Fleck said he would like to see what other ports have done and what sort of documentation they have. Yale Fogarty responded that the Port of Newport was unique in having a shared, multi-use dock that was not dedicated to either fishing or cargo specifically. He said the new dock would be attractive to companies that were looking for profit and might not necessarily have the best interests of the community in mind. Referring to the Terminal Renovation Project and successful passage of the bond measure to pay for it, Commissioner Jincks cited the ILWU's support, and said his fear was that after the project was finished a future Port commission might lease the facility to private industry. Commissioner Barton said she understood the importance of family wage jobs and economic return to the district, but she wanted more information on the draft agreement. She emphasized that not making a decision immediately was not a "No" vote; it was just a matter of being comfortable in knowing the particulars. Commissioner Mathews asked for a definition of "shipping related work", and Commissioner Goblirsch said she would like to have a legal briefing on what the Port was allowed to do. Commissioners Jincks and Goblirsch volunteered to work with Pete Gintner, Port legal counsel, on the agreement, and would give a report at the next commission meeting. A work session would be scheduled to further consider the Minimum Labor Standards Agreement.

B. Property Line Adjustments Deeds—Port Property South Beach Relating to the NOAA MOC-P Project. General Manager Don Mann explained that the property lot line adjustment and deed were necessary so that the NOAA development site would have its own tax lot and legal description for inclusion in the Bond Disclosure Statement. Port legal counsel Pete Gintner elaborated, saying that this was basically a "housekeeping matter" but after researching the property there were now two legitimate tax lots, and commission action was required because real property was involved. He recommended that the commission authorize the General Manager to sign the documents and submit them to bond counsel to meet the deadline for financing.

Commissioner Barton moved to authorize General Manager Don Mann to sign the Property Line Adjustment Deeds on Port property at South Beach relating to the NOAA MOC-P Project. Commissioner Jincks seconded the motion and it passed 5-0.

C. F/V Helen McColl—Salvage Operation. The Port had received three estimates for the F/V Helen McColl Salvage Operation. Those estimates ranged from \$103,000-\$53,000. Project Manager Pete Dale had developed a schedule of time and materials using those estimates and, working with Andersen Construction-WCC and Orca Divers, had reduced the cost to approximately \$26,000, including costs to repair the dock. General Manager Mann had received word that afternoon that funding was available through the Abandoned Vessel Program to cover half of the cost of the salvage operation. The commission thanked Dale for his efforts.

Commissioner Barton moved to authorize General Manager Don Mann to spend resources from operating capital to remove F/V Helen McColl from the waterway. Commissioner Jincks seconded the motion and it passed 5-0.

D. Cargo Market Analysis Plan—Request for Consultant Qualifications for the Port of Newport International Terminal. A draft Request for Qualifications (RFQ) was included in the commissioners' packets. General Manager Don Mann explained that it was not a Request for Proposals (RFP) to do the work, but was intended as a means to get qualified consultants to perform a marketing analysis for the facility. Mann pointed out that language was included in the bond measure stating the intent to perform a marketing analysis but the analysis could not be paid for with bond funds. Mann said Port Planning and Marketing Funds were available to provide up to 75% of the cost, which he anticipated to be about \$25,000. A

schedule was included that projected a completion date of July 2010, but Mann said the schedule could slip a little bit depending on how the Port Planning and Marketing funding came in. Commissioners Barton and Fleck had been assigned to the ad hoc committee to review the draft and had made some minor changes and edits to the document. One or two members of the public would also be identified to serve on the committee as well.

Commissioner Jincks moved to adopt the Cargo Market Analysis Plan for the Port of Newport International Terminal. Commissioner Fleck seconded the motion and it passed 5-0.

E. General Manager's Annual Performance Evaluation. Commission President Goblirsch said the General Manager's annual performance evaluation was due. She distributed packets to be filled out by each commissioner and Commissioners Mathews and Fleck were assigned to the Evaluation Committee. The other commissioners were to submit the forms to Commissioner Fleck by March 15, 2010, and the performance evaluation would be conducted in Executive Session at the next commission meeting.

VIII. MEETING RECESS at discretion of the chair.

There was no meeting recess.

IX. OTHER

There was nothing under Other Business.

X. PUBLIC COMMENT

Wayne Hoffman, Terminal Steering Committee, said he was pleased with the plans for salvaging F/V Helen McColl and reminded the commission to look to the future for ways of dealing with other boats in that same condition. General Manager Mann said steps to do that were already in progress.

XI. UPCOMING MEETINGS/EVENTS

- A. 33rd Annual Newport Seafood & Wine Festival, February 26-28
- B. Pacific Northwest Waterways Association Mission to DC, February 27-March 4
- C. OCEAN/Salty Dogs Conference, South Beach Marina March 5-7
- D. Fishermen's Forum, March 10, Port Conference Room, 8:30 a.m.-9:30 a.m.
- E. Annual Blessing of the Fleet, March 20
- F. Port Commission Work Session and Regular Meeting, YBYC Clubhouse, March 23, 6:00 p.m.

XII. ADJOURNMENT

There being nothing more to come before the Board of Commissioners, the meeting adjourned at 7:35 p.m.

ATTEST:

Ginny Goblirsch, President

JoAnn Barton, Secretary

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