

**PORT OF NEWPORT
MINUTES
July 26, 2011
SPECIAL WORK SESSION**

I. CALL TO ORDER

Commission President JoAnn Barton called the special work session of the Port of Newport Board of Commissioners to order on Tuesday, July 26, 2011, at 12:00 p.m., in the Port of Newport Conference Room, 600 SE Bay Boulevard, Newport, OR, the same being within the boundaries of the Port District.

The purpose of the work session was to discuss ongoing Port projects.

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

Commissioners Excused: Don Mathews, Treasurer.

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, Day CPM; Yale Fogarty and Pat Ruddiman, ILWU Local 53.

II. WORK SESSION ITEMS

The chair changed the order of the Work Session agenda items, saving the Terminal Renovation Project for an in depth discussion after a brief update by General Manager Don Mann on the other five projects.

A. Port Dock 5 Header and Gangway. Project Manager Pete Dale had prepared a complete report and PowerPoint presentation for the regular meeting at 6:00 p.m.

B. Ordinance. The latest rough draft had been sent out by e-mail and hard copy for the commissioners' review. Legal counsel Pete Gintner will work on an updated draft after the commissioners' input and comments are received over the next two or three weeks. Public hearings will be scheduled on the updated Ordinance in August or September.

C. Strategic Business Plan. The General Manager and Commissioner Barton had met with Al Benkendorf, of Benkendorf and Associates, who had helped to create the format for the state ports plan that serves as a guideline for ports to draft their own strategic business plans. Benkendorf said he would be working with the Port of Alsea and Port of Toledo on their strategic business plans this fall, and suggested there could be a savings on travel and expenses if the Port of Newport worked with his company at the same time. The state will allow up to three years for ports to draft their plans in compliance with the new format.

D. Emergency Plan. The General Manager had met with Commissioner Goblirsch to review emergency plans from other ports and entities. He said the Port's plan would combine some of that information, while also specifically addressing coordination with local partners, lessees, NOAA MOC-P, and the fishing fleet. They hope to have a draft plan for the commission's review in August or September.

E. Hoist Dock Operations Procedure. The General Manager said he would like to schedule another special Fishermen's Forum meeting on August 10, and invite the fish buyers back to revisit some of the ideas that came up during the June meeting relative to hoist dock operations. He asked that one or two commissioners attend that August meeting, if possible.

F. Terminal Renovation Project. Frank Berg, Day CPM, distributed a construction phase analysis that had been prepared by Natt McDougall, of Natt McDougall Company (NMC), showing the budget forecast versus amendments and timing for Phase 1 of the Terminal Renovation Project. Projecting the same chart onto a screen, Berg identified the amendments with potential savings that could be recognized, and said he and McDougall recommended closing out those amendments and putting the potential savings of \$2,173,389 towards the projected shortfall of \$2,311,555 in the working budget for Phase 1 of the project. Berg noted that the remediation work on the Pasley had been completed and came in under projections. A new concept for demolition of the Pasley had been determined. NMC will float the ship and break it apart from the shore, once the bulkhead wall is completed. That work will start August 15 and be completed in early October. A discussion followed about potential adjustments to the budget that could result in additional savings, some of which would not be realized until the end of the project. For discussion purposes, Berg outlined three funding options that might be applied to the Terminal Renovation Project. They included the \$800,000 remaining in the present Brownfield Revolving Loan; a loan in the amount of \$500,000 from Oregon Business Development Department for Environmental Remediation; and the possibility of transferring the projected savings of \$1,500,000 from the NOAA MOC-P Homeport Project to the Terminal Renovation Project budget. Berg emphasized that the stabilization of the Hennebique's bow, which is part of Phase 2 of the project and currently unfunded, would be necessary to stop the erosion that was happening under the ship's bow "before the Hennebique turns into what the Pasley is now". Berg said there was no easy place to stop on the project but a

decision would have to be made soon, because procurement of equipment and manpower would have to start August 15 if the project is to move forward.

General Manager Don Mann distributed a summary of the Port's maturing debt that Finance Director Patti Britton had prepared. Discussions with Karen Homolac of the Oregon Business Development Department indicated that the Port's existing loan contract of \$800,000 could be amended to include another \$500,000, converting the contract to a term loan in June of 2013. Interest only payments would be made for the first year. Amortization of principal and 3% interest would begin in July of 2015, after some of the Port's existing debt is retired, freeing up funds to service the new loan. While this potential funding option would not complete Phase 2 of the project, it would complete Phase 1, including construction of the west dock.

Berg projected drawings of the terminal site showing what the configuration of the west dock would be if Phases 1 and 2 were completed. He pointed out that a portion of the ro-ro dock would stick out at the end of Phase 1, limiting the size of vessels the dock could accommodate. If Phase 2 of the project were completed, the terminal site would be 100% remediated with an expanded dock face. A discussion followed about grant programs that could be applied to the two construction phases, including a new round of *ConnectOregon*. Commissioner Jincks encouraged the General Manager to work closely with staff and the state on preparing a plan and framework for submitting an application for *ConnectOregon* funds, when the program comes around again in November. Citing log exports and activity at other ports along the west coast, he said now was the time to start, so that revenue could be realized from the dock as soon as possible. Four years remain on the joint permit for the terminal project.

It was the consensus of the commission that all options for funding the project phases should be considered. The General Manager said he and Finance Director Patti Britton would determine what the debt service would be on the term loan and would follow up with Karen Homolac on amending the existing loan contract with the Oregon Business Development Department. In answer to a question from Commissioner Barton, Britton said she would find out what the state statute requires as an allowable percentage of debt to district value. The General Manager said there would be firm numbers soon as to the savings on the NOAA MOC-P Homeport Project. He said he would look into whether those funds could be applied to the terminal project, and also confirm the cost of removing the pile of sand at the NOAA site.

A special meeting might be necessary to approve moving forward with the loan amendment.

III. PUBLIC COMMENT

There was no public comment.

IV. OTHER

There was no other business.

V. UPCOMING MEETINGS/EVENTS

- A. Public Open House, South Beach Transportation Plan, July 27, Newport City Hall, 5:00-7:30 p.m.
- B. Fishermen's Forum, Port Office, August 10, 8:30-9:30 a.m.
- C. NOAA MOC-P Dedication Ceremony, August 20-21, 11:00 a.m.
- D. Work Session, Port Conference Room, August 23, 12:00 p.m.
- E. Regular Meeting, Port Conference Room, August 23, 6:00 p.m.

VI. ADJOURNMENT

There being no further business to come before the Special Work Session of the Port Commission, the meeting was adjourned at 1:20 p.m.

ATTEST

JoAnn Barton, President

David Jincks, Secretary

L:\Minutes\Special Work Session July 26, 2011