

**PORT OF NEWPORT
MINUTES
October 13, 2008
SPECIAL MEETING**

I. CALL TO ORDER

Commission President Rob Halverson called the special meeting of the Port of Newport Board of Commissioners to order on Monday, October 13, 2008, at 6:00 p.m., in the Port Conference Room, the same being within the boundaries of the Port District.

Chairman Halverson said that the purpose of the meeting was to conduct a work session for the commission to discuss the preferred alternative and remediation plan for the Terminal Dock Renovation Project, and the board would not take public testimony.

Commissioner Barton said that as a point of order she would like request that public input, questions, and comments be allowed.

The chairman said he would allow the presenters to do their job and possibly at the end of the meeting consider taking public comment.

II. INTRODUCTIONS

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

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

Others: Terry Dillman, News Times; Commercial Fishermen Mark Cooper, David Jincks, and Joe Rock; Yale Fogarty and Pat Ruddiman, ILWU Local 53; Wayne Hoffman, Mid-Coast Watersheds Council; Terry Hosaka, Kennedy/Jencks Consultants; Mike McDougall, Natt McDougall Company; Mandy Putney, EnviroIssues; Mike Schmid, KPFF Consulting Engineers; John Shammond, Hatfield Marine Science Center; Sara Skamser, Foulweather Trawl; Grant Snyder, Wiggins Tow Boat; Newport residents Don Andre, Bill Barton, Mike Becker, Tom Curry, Melinda McComb, Nyla Jevis, Larry Johnson, George Mpitsos, Steve Salsbury, David Shellshear, Gus Willman; and others.

Commissioner Barton stated again for the record that, given the amount of public interest in the project design, preferred alternative, and environmental remediation she would strongly urge the chairman to allow public comment at the meeting.

Chairman Halverson reiterated that he would take that into consideration after the presentations.

Newport resident Steve Salsbury asked if a vote would be appropriate.

Commissioner Halverson stated that, as chair, it was his prerogative but asked for a consensus from the commission. After a brief discussion, it was the consensus of the commissioners to allow questions after the presentations and discussion by the board.

Newport resident David Shellshear said he would "like that reflected in the minutes." Commissioner Goblirsch responded that "everything is reflected in the minutes". Shellshear said he "would like to be sure of that." Chairman Halverson assured Shellshear that minutes were being taken and there was also a recording.

III. TERMINAL RENOVATION PROJECT

- A. Preferred Alternative**
- B. Environmental Remediation**

General Manager Don Mann introduced Mike Schmid, KPFF Consulting Engineers and part of the project team, who would provide an update on the preferred alternative, report on the status of the Joint Permit Application (JPA) and the exchange of information between the Port and the permitting agencies, and discuss the environmental remediation and clean up of SS Pasley and SS Hennebique.

Commissioner Goblirsch added that she had requested this meeting because there were different levels of understanding about the project, and Schmid and the agencies were the experts so it was important that everyone was clear and on the same page.

Mike Schmid provided a review of the Terminal Renovation Project, starting in May 2007 when KPFF was hired. He said one of the first events was a meeting with the Terminal Design Advisory Committee, comprised of users and stakeholders, so the project team could understand the issues associated with the project. Out of that meeting, he said three priorities became evident: environmental cleanup and remediation of the Pasley, maintain and enhance the facility for use by the fishing fleet, and recreate a heavy dock for cargo. He went on to explain the Construction Manager/General Contractor (CM/GC)

process, whereby the Natt McDougall Company (NMC) was hired before the final design drawings were completed, so that the contractor could be an integral part of not only costing out the project but helping the engineers through the logistics. He said the Port convinced the state that the CM/GC process was the best approach to the project because the project was complex and had an aggressive time frame and a limited budget.

Newport resident Steve Salsbury asked if this was a "design and build as you go project".

Schmid said "No, it is a design, finalize, and then build".

Salsbury asked again, "So it is as you go, on the fly?"

Schmid responded, "No, it's not at all. The CM/GC approach allows us to utilize the input of the contractor as we design the project, and then the contractor brings a guaranteed maximum price back to the Port to do the project. Only after all that is done and we have finalized the design do they start construction."

Referring back to the CM/GC process, Commissioner Barton asked Schmid what department of the state the Port had to interact with to get the process approved, and Schmid said it was the Department of Administrative Services.

Salsbury asked if Highway 20 was a CM/GC project, and the chairman reminded him that questions would be taken later in the meeting and asked him not to interrupt Schmid's presentation.

Schmid went on to explain that the contracting laws of the state suggest that the typical project is a design-bid-build project, but for the last several years the state has recognized that in many cases that is not the most appropriate way to construct a project, so the state has been very involved in developing the alternative delivery approach, which is what was being used for the terminal project. Commissioner Goblirsch recalled that Schmid and his team had talked to the commission extensively about the CM/GC process over a number of months when the project was getting underway.

In answer to Salsbury's earlier question, Schmid said Highway 20 was a CM/GC project. Salsbury responded, "My point", and Schmid said he wasn't sure what that point was.

Moving on, Schmid said the design team developed approximately thirty different alternatives and, out of those, thirteen had merit as potential ways to solve the problems associated with the international terminal. He added that the alternatives were developed to a conceptual level of design, rather than preliminary, but with NMC's involvement the team had confidence in the alternatives from a constructability perspective. Schmid said a smaller steering committee had been formed from the Facility Use and Design Advisory Committee, and the engineers and contractor met with them on a fairly consistent basis regarding the detail and cost analysis of the alternatives. KPFF put together an evaluation matrix that had fifteen different criteria against which the alternatives were evaluated. Based on those evaluations, the steering committee, along with the Port commission, determined which the best alternative was.

Schmid detailed meetings that started in April 2008 with various agencies, including the Division of State Lands (DSL), who had asked for more information on the alternatives analysis. Schmid said that was actually a good thing because the alternatives analysis was then clarified in more detail and from a more objective and quantitative perspective than it had been initially. He said the state bases its decisions on cost, logistics, available construction technology, and whether the design meets the intended purpose of the project. He described it as "four legs of a stool". A fifth overriding issue was environmental impact. Schmid said that conducting the more detailed evaluation validated the original choice of alternative, which would be to do as much environmental remediation as is practical up front on both the Pasley and Hennebique, and then construct a facility that would be protected for the life of the project, which from a technical perspective is at least a fifty-year life span. He went on to list some of the steps involved in that construction, including building a bulkhead wall around the stern of both ships and on the water side, filling in between the bulkhead and ship hulls with structural fill, which is compacted angular rock, and consolidating and compacting what is remaining in the ships. After the compacting and consolidating is done, Schmid said either structural fill or light mix concrete would be used to fill the ships and an asphalt surface would be put over the top to create a working surface for the dock.

Schmid went on to discuss the characteristics of the soil immediately under and upland of the ships and said investigative work conducted by a geo-tech consultant revealed that much of the soil was very liquefiable, so in a major earthquake it would break down and float into the bay. Therefore, another challenge was to design the project to withstand an earthquake of the 724-year frequency magnitude, which Commissioner Barton pointed out we were already 300-400 years into. Schmid said that soil behind each of the ships had different characteristics so a technique called vibro-flotation would be used behind the Pasley and another technique called stone columns would be used behind the Hennebique. He went on to explain those techniques and the anchor system that would tie the rods to the bulkhead wall in front of the ships, essentially reducing the ships to structural fill. In addition, the concrete had been tested and results showed that there was probably about five years left in the life of the Hennebique's concrete and, given the similarities of the two ships, Schmid said, probably the same life span was left in the Pasley's concrete. In answer to a question from Commissioner Goblirsch, Schmid said his engineering team talked about it a lot but could not predict how much longer the Pasley would stay together. Due to the amount of reinforcing steel that remains in the ship, they did not expect the stern to break off and fall catastrophically into the bay; however, because of the continued rocking of the ship, he said they would not be surprised if concrete begins to spawl off in small or large chunks. Schmid noted

that when he is at the site, he does not stand close to the cable stays that Project Manager Pete Dale put on the ship because he would not want to be near them if one of them snapped.

Commissioner Goblirsch asked Schmid to define his considerations in coming up with the preferred alternative versus removing the ship completely. Schmid said that when KPFF first got involved with the project, he would have been willing to bet that they would take the Pasley out. He talked about the Natt McDougall Company (NMC) and how they had to compete with “the best in the northwest” to be selected for the job, and that NMC’s expertise is demolition. Early in the project, Natt McDougall, founder of NMC, said he believed the Pasley should come out, but a month or two into the process, McDougall changed his mind. Citing environmental and other unknown risks, including risks to workers, he said it “would be crazy” to take the ship out and they should “stop thinking about it” and come up with another alternative. Schmid said they didn’t stop thinking about it, however, and analyzed the alternative of taking the ship out all the way to the end, but in the end the team determined that taking the ship out was not the right alternative, primarily because of the environmental risk, the unknowns associated with demolishing the ship, and the worker safety risk in trying to get it out of there. Schmid said, “In essence we were ship breaking. That ship is in such bad shape that we were ship breaking, so what we had to do was come up with a way to break up that ship and get it out of there.”

After Schmid’s comments, the following exchange occurred:

Commissioner Barton: “If the Port was prepared to talk about ship breaking barely three years ago, why can’t we talk about it now? We’ve just spent \$12-15 million to take the New Carissa out of the surf. This is obviously a much smaller ship. It seems strange to me that we seriously considered ship breaking three years ago but won’t seriously consider it now. And these are ships we own.”

Commissioner Goblirsch: “We’re not going to revisit ship breaking.”

Commissioner Barton: “I’m not talking about that. I’m saying why aren’t we talking about it in more depth?”

Commissioner Fleck: “I believe he just stated that they did talk about it and that it was not a preferred alternative.”

Schmid: “Frankly, JoAnn (Barton), I thought that was what we were going to do tonight, talk about that specifically. But in our best, honest opinion we tried to stay objective and look at all the alternatives that rose to the top, and it rose to the top three. But it didn’t come to the top in the end, based on those four criteria plus the environmental concerns.”

Commissioner Barton: “But you just stood here and said cost, logistics available, construction techniques, and meet the purpose of the project. So you put cost on the very front end of those four legs of that stool.”

Schmid: “Only because it came to mind first. I think you heard me say at the state meeting the other day, it did rise to the top as the most economical and I believe strongly that we made the right decision for the other four reasons. So I don’t know how else to say it. I think the right alternative rose to the top but in the end it’s your decision. All I can do is provide you with an objective analysis.”

Commissioner Barton then asked what, in round figures, it would cost for the environmental remediation part of the project and Terry Hosaka, Kennedy/Jenks Consultants, responded that it would cost between half-a-million and one-million dollars. Commissioner Barton asked if he was talking about removing all the contaminants in the ship, all the way down, and Hosaka said that was his estimate “to meet the requirements that the Department of Environmental Quality (DEQ) has imposed”. Commissioner Barton asked Hosaka to explain it to her like she was “a six-year old”, and Hosaka responded that he intended give a full presentation on the process and on his own background with DEQ. Commissioner Barton asked if Hosaka was a representative of DEQ and he replied, “No, but I used to be.”

Returning to the subject of removing the Pasley, Schmid explained that the cost of that was high because of all the temporary work that would have to be done to isolate the ship by encompassing it with sheet pile, then removing it and building a dock. He said building something permanent versus something temporary would save the Port money and be within the budget that the Port has for the Pasley and Hennebique.

Commissioner Barton said that budget was “one thing” but referred to a meeting she had attended in Salem two weeks before where Schmid said that NMC estimated \$2-3 million to completely remove the Pasley. She also stated that the meeting had been attended by one representative from Division of State Lands (DSL), one from Oregon Department of Fish & Wildlife (ODFW), and six or eight from the Oregon Economic & Community Development Department (OECD). Schmid added that the Department of Agriculture and Department of Land Conservation & Development (DLCDD) were also there. Barton went on to say that, when the bond measure was being developed, she had attended a lot of meetings, and, as she had shared with Schmid at the meeting in Salem, the engineering firm that had previously worked for the Port had estimated \$6 million to remove just the Pasley, and that’s what the Port said it was going to do. She reiterated that Schmid had stated at the Salem meeting that it would cost \$2-3 million to remove the Pasley, but had “backed that up” by saying that drove the price of the project up to \$25 million. Barton said there had been “a lot of important people” at the Salem meeting so she hadn’t asked any follow up questions, but thought it was “appropriate to ask tonight”: If Schmid was “talking about \$2-3 million to remove the SS Pasley—just the Pasley—then why aren’t we doing that?”

An exchange followed, during which Schmid said that NMC had prepared that estimate at the request of the National Marine Fisheries Service (NMFS) three or four months ago. He said it was actually \$2.9 million, and there was \$2.3 million for the temporary sheet pile wall that would have to be put in place and then removed. Barton asked if the sheet pile could be used again, so the cost would not be lost, and

Schmid said it could. Commissioner Mathews pointed out that it costs more to take the sheet pile out than to put it in, and Mike McDougall, NMC, said it would depend on the design once the sheet pile is removed, because a different dock style would probably not incorporate sheet pile. He said it might be possible to rent it, which led to a discussion about the sheet pile that has already been purchased, which McDougall said would work for the Hennebique. McDougall said the Pasley's removal would be in the \$25 million range, whereas the alternative the Port is looking at now is within budget at \$17-18 million. Barton said she was still not clear on what McDougall was saying, and he elaborated by saying that it was not "run of the mill". He said there was a 40-foot water column that had to be supported, which he described as a "massive cofferdam in itself" and "a big deal". He said if the "money was there", they'd do it, but with the Port's budget there will be two new docks, the sheet pile becomes part of the permanent structure, and the ship stays there. Commissioner Fleck noted that it would still be environmentally sound to DEQ regulations, and Schmid added that, even if the money were off the table, he would still personally choose the alternative that the Port selected.

Barton asked, "Does it remove every contaminant in the Pasley and Hennebique, to do what you're talking about doing?" Terry Hosaka, Kennedy/Jenks Consultants, took the floor.

Hosaka said the quick answer was no, but said he would provide a long answer. Since this was the first time Hosaka had spoken at a Port Commission meeting, he introduced himself and provided background on his experience, which included six years as a DEQ environmental regulator and a total of 23 years doing environmental work. He had been working on the Terminal Renovation Project since 2006. Drawing on his background with DEQ, Hosaka provided a step-by-step description of the DEQ process that would be necessary to complete the terminal project from an environmental perspective. He said the process would normally start with a phase 1 investigation, which includes a document review, site walk, and interviews relating to the possibility of contamination. However, since there was a release of oil from the ship in 1996, there was a reasonable certainty of contaminants somewhere on that ship so phase 1 was not done. The phase 2 investigation, which Hosaka was involved in, ascertains whether there is contamination on the ship and was limited to the Pasley. Hosaka said the Pasley investigation was hampered in part because there is a significant amount of fill material in the ship so the investigators were unable to unearth the fuel tanks to take a sample. They were, however, able to sample from each of the cargo holds and smaller tanks and, in Hosaka's opinion, found only small amounts of contamination. These are called "contaminants of concern" and Hosaka felt they could be easily contained and remediated. The next step is the feasibility process, during which a determination is made as to the best way to clean up the contaminants. Then Hosaka talked about the risk assessment, which he described as a "churning exercise" that determines the degree of effect each one of the toxins might have on human health and the environment. Hosaka provided a ratio of 1 times 10 to the minus 6, and also provided examples of that ratio in use. He then described the risk based cleanup program, which was made into law in 1995 and allows for leaving some contaminants on site as long as they do not pose a risk to human health or the environment. He said in the case of the Pasley, the focus would be on what the best and most practical way would be to get the contaminants off the ship. He said it would be done in two phases, based on "what can we get at now, and what can we get at once parts are cut off the ship so there is better access to it", while controlling those contaminants that are in the ground in the meantime. He said there were several possible approaches to cleaning up a site. He described the "I want it all gone" approach: if you have a tank, get rid of the tank and it's gone; or, if you have contaminated water, pump it out and it's gone. He said that approach would be used for some of the contaminants on the Pasley. He then talked about residual contamination, using the example of stains on the wall of a tank that won't come off, and the degree of threat those would pose to human health or the environment if they are left in place. Hosaka used as an example the possibility of a three-year old burrowing twenty feet down into the ground and into the tank. He said DEQ recognizes "engineering controls" and "institutional controls" over sites that have residual contamination. An engineering control is some sort of barrier that keeps a receptor, like a human being or animal, from getting into that contamination. He cited asphalt as an excellent engineering control, since it would have to be maintained and inspected, would meet all the criteria of DEQ, and would keep people and animals away from the contamination. He said institutional control comes in many forms but a typical form is a deed restriction that prevents exacerbation of the contamination or human contact with it. He used "not putting a drinking water well in that location" as an example. Returning to the Pasley, he said that in his estimation, there is not much residual contamination left on board. The storm oil tank and the lamp oil tank will be gone. There is some asbestos, but the piping that is accessible will be gone. He said the fuel on board was his biggest problem because the starboard fuel tank is breached and water is coming in. It is providing hydrostatic pressure, which is pumping all the contamination out from the suction tube into one of the reserve tanks and is actually coming out on the deck. He said Project Manager Pete Dale was doing a great job of removing that contamination but there was probably a few thousand gallons that still needs to come out. With a breached tank, there would be a significant chance of a release into the bay if the cap were pulled off, plus it was not safe to send a diver down. In response to a question from Commissioner Goblirsch about pumping the tank, Hosaka called on Project Manager Pete Dale to talk about the flooding.

Dale said the starboard fuel tank had been breached and is in a flooding condition. He said it could be a crack in the hull from it being fractured when it was hit by a ship, or it could be that the drainage and ballast system is taking hydrostatic pressure or sea water through the ship's internal piping system. He said he had measured the flooding and it is in excess of seven gallons per minute.

Hosaka continued and said the best and most cost effective way for him to do his job was to let Mike Schmid do his. He said the sheet pile and structural fill would block off the water coming into the ship, giving him an opportunity to pull off the hatch, pump out the water, and send a person with a respirator in to pressure wash and suck it all out.

Commissioner Goblirsch noted that 8,000 gallons had already been taken out, and Hosaka confirmed that and said he thought there was a couple thousand more. Commissioner Barton asked if Hosaka thought the same thing was inside the Hennebique and asked if he planned to use the same methodology on that ship. He replied that he thought that what was left in the Hennebique was a "tank heel", or just a residual amount, and that they would open all the other tanks that they didn't think were breached and treat the water to a level that was acceptable for discharge into a publicly owned treatment plant.

Commissioner Barton: "So that's just the contaminated water. What about the bunker C fuel, asbestos, lead paint, the same thing that's in the Pasley that you think is probably in the Hennebique? What are you planning to do with that?"

Hosaka: "We'll address those in the same exact methodologies." He went on to say that a licensed DEQ-approved contractor would be brought in to perform a conservative abatement on the exposed asbestos, followed by a survey of what remained, once that abatement procedure was complete. He said the survey could be performed at a lower cost because some testing had already been done.

Commissioner Barton asked how much of the budget was being allocated for environmental remediation of the Pasley and Hennebique in the current project design. Hosaka said the conservative estimate was \$760,000 and General Manager Don Mann added that some of that amount might come from grant funds from OECD and the EPA programs, possibly up to \$200,000.

Commissioner Goblirsch asked what the residual contamination left in the ship would likely be, and Hosaka responded that it would likely be stain on the wall of the tanks, or some piping with fuel left in it that the team couldn't get to. He also said there would probably be some buried asbestos piping that he wouldn't be able to get to and abate. In answer to a question from Commissioner Halverson, Hosaka said the residual contamination would be minimal by comparison. Commissioner Goblirsch asked whether there would be a likelihood of release, given the entombment method being considered for the ship and the fact that it would meet major earthquake standards, and Hosaka said there would be zero likelihood if the job is done right.

Mike Schmid expanded on the sheet pile bulkhead, saying that it would not be water tight. He said it was designed so that water would move back and forth through the wall and ultimately it could end up moving back and forth through the ship, but he was still not worried about any release of oil.

Commissioner Barton asked if more contaminants would not be found, the "deeper you go in these concrete ship hulls." After both Pete Dale and Terry Hosaka both answered in the negative, she said that she had heard at a Terminal Advisory Committee meeting that more contaminants would be found deeper in the ship, and added that she was not talking about just oil but all contaminants, including lead, lead-based paint, and asbestos. Hosaka responded that if he were to make a list of the contaminants of concern contained in the ship, 85% would be oil. He said there were small amounts of lead in the lead-based paint, but they were currently doing calculations and found that the lead in that particular brand of lead-based paint was not significant and he didn't think it was hazardous. He acknowledged that there was asbestos but said the best way to get rid of asbestos is to wet it down, so water flushing it out would be the preferred method of getting rid of it. George Mpitsos asked what the "fish and crabs would think of that analysis", and Hosaka said he didn't personally know but he had a PhD scientist who had trained for six years at the Hatfield Marine Science Center to address those exact questions. Hosaka went on to say that the ship had been sitting there "leaching out" and he would be willing to bet that more contaminants had entered ship from the bay than had entered the bay from the ship over the years because of the ebb and flow. Commissioner Goblirsch asked the results of the testing on the soil around the ships and Project Manager Pete Dale said results were below level of concern.

Commissioner Goblirsch mentioned the different design alternatives, including entombment, and Commissioner Barton said she didn't think entombment was the right word because some of the concrete ship hull would be exposed. Schmid said it would be exposed to the bay behind the sheet pile wall by virtue of any water that would migrate back and forth, and Commissioner Mathews likened it to water in the grass that comes down to the bay road.

Commissioner Goblirsch said that the Port was trying to do this in the cleanest way possible, so she asked Terry Hosaka what he thought of entombing the hull versus taking it out from an environmental cleanup remediation perspective. She said she recalled two years ago, when DEQ first started talking about the project and suggested that entombment might be the way to go. Hosaka said it was an acceptable method, as was leaving the contamination in place, as long as it was designed to DEQ standards so that the engineering controls were in place. He said doing the ship breaking would pose a significant environmental risk because the residual contaminants would be disturbed, creating a potential release into the bay. He added that the oil would still have to be taken off first, using the same exact method for the same amount of money, but that it would cost another \$1-1.5 million for him to watch to make sure there were no mistakes and test everything that came out of the ship. So the Port wouldn't be facing only constructability costs but risk mitigation, because there would be the possibility of a release. "But", Hosaka said, "I'm telling you now that the level of contaminants is relatively low and you would spend \$1-1.5 million on the environmental side just to deal with this very low level contamination if you do the ship breaking; whereas, if you do the entombment you won't have to spend that million and a half.

Commissioner Barton: "Partial entombment."

Hosaka: "Engineering control. That's what I'm going to call it."

Commissioner Barton: "Words matter."

Hosaka: "And engineering control is the term for the environmental world."

Commissioner Goblirsch: "We're not trying to take a short cut. We're trying to do the best job we possibly can."

Hosaka: "I think it's the safest, most practical, and smartest thing to do."

Mike Schmid held up an aerial photograph of the current configuration of the terminal with lines showing an outline of where the new dock structures were anticipated to be. Then he held up a cross section drawing of the proposed alternative, showing the Pasley, sheet pile, piling, tie back anchors, structural backfill, consolidated material that is already in the ship, and asphalt on top.

Commissioner Fleck: "I can't see how water could get through the structural fill."

Schmid: "It's more like ground water. It's not free to flow back and forth."

Chairman Halverson: "So it's not like a washing current."

Schmid: "It's like watching water seep out of the side of a hill."

Commissioner Barton: "Thanks for clearing that up, Mike (Schmid)."

IV. PUBLIC COMMENT

The chairman opened the floor to questions from the public.

George Mpitsos, 747 SE Vista Drive, Newport: I don't have an answer. It comes down to values and where you place the weight of your values. You can't, for example, say we have jobs we can create here. We have longshoremen and fishermen who would benefit greatly by this. I have been in biomedical science for 45 years and am published in physics, computer, and medical journals. I can tell you that you can't place a statistic like 1 in a million on anything in biomedical science. The most careful studies in all of medicine have to be done to fit the FDA requirements. Every application in pharmaceuticals has serious bad effects. I work also in complex systems and for my current biomedical project I've read almost 40,000 publications over the past three years. We have three complex systems: the environment, us, and the ship. There are bounds but nothing the FDA approves is without consequence. I'm sure you are a good scientist (referring to Terry Hosaka) but if I were to hear your presentation at a science meeting I'd walk out because we know nothing about that thing. We know very little about our physiology. So I approach my medicine the same way. We have probes into our physiology. Our pharmaceutical companies provide them. And yet every one of those has some good things and serious side effects. The environment is probably more complex than our physiology and we have no fix for anything. That's the problem. I'm not telling you to go one way or the other. I'm shaking in my boots either way, as I am when I take medicines. It's not that clear so basically you have to understand there is not a single place on the planet where the water does not have DDT. I take medicine but I'm very cautious when I hear a person like this who uses the words "in my estimation". He doesn't say "this is it" or "I'm positive". Nothing the FDA approves is sufficiently safe.

Gus Willemin, 419 SW 2nd, Newport: In my estimation what I've heard is a lot of justification tonight, sometimes good justification, but I've heard words like "abatement" and "remediation" and "containment" and these are new words to me. These are not words I saw in a voter's pamphlet when I voted to spend my money. As I recall the word was "elimination", a very different thing than these other words that are being used tonight. And then I hear that there has been this leaching back and forth of contaminants, maybe some coming in and some going out of these ships for the last many years, maybe because people were shortsighted 60 years ago when those ships were sunk. I don't want to be short sighted now and leave people 25 or 50 years from now to clean up my messes. The test I use is if somebody were to bury a Volkswagen on my property that had contaminants in it, I would want it removed, eliminated. I wouldn't want 90% of it eliminated because it would take another large influx of money to get rid of that 10%. I'd say eliminate 100% because that's my property, my drinking water, and my kids and grandkids rely on this land. I feel the same stewardship with this bay. I feel like I was duped when I voted. I feel like it was a bait and switch. If the words "remediation" or "containment" or "abatement" were used, I would have made a more informed decision and maybe I would have voted for that. But now I hear different words.

Steve Salsbury, 522 SW Hurbert, Newport: My son is a PhD environmental toxicologist and chief of worldwide toxicology for the International Zinc Association so I do have a little bit of sidebar information. Mine is not about containment. Mine is about three things. Getting back to Gus's comment, the voters were told one thing, now we're doing another. Paul Lamont, one of the best builders in this town, and his wife rented a boat and were touring the bay on Saturday watching the regatta and happened to go by and noticed another 18-inch split in the cement surrounding that boat. The voters were told the boat would need to be removed and would be removed at significant cost. My question and their question is going to be, if you're not spending the money on that, what are you spending it on? Now let's go back to the cargo terminal. Your own consultants in 1997, and I don't think it's been tested since, said there's a snowball's chance in hell of bringing any significant cargo to this community. Is this Alaska's bridge to nowhere? Is this cargo to nowhere? Is this a dock to nowhere? Third and final, why didn't we make a more concerted effort to go after the six NOAA ships that would bring 35 scientists and their families, 15 crew and their families, and a very nice lease from the federal government?

Don Andre, PO Box 1818, Newport: I notice your (referring to Mike Schmid) overriding issue was the environmental concern. I have been doing a poll and asking people about the Port bond and voting for it, and if I understand correctly the amount of money we're talking about is at most \$750,000 with \$300,000 being grant money. I am wondering if there isn't more grant monies for these types of operations. I guess what I'm getting is that we're not really spending that much money on the environmental cleanup

and you probably know this, you're not coming into a vacuum in terms of this being a community issue. We're putting up our money out of our wallets for this so we want to make sure it's done right. We're dealing with 60 years ago and I don't want us to make the mistake of doing it wrong now and exporting it to the people who follow us. So having said that, I remember the voter's pamphlet "in favor of" and it was "we're going to remove this problem", not just remediation. So that's where I'm coming from in understanding this problem. We're only spending \$750,000. I would at least spend what we need to spend to do it right. No offense to the engineers, but maybe we need more information or a second opinion. I think we need to spend the money that's necessary, or maybe more grant money, to solve the problem so we don't export it to future generations.

Sara Skamser, PO Box 311, Newport: I lobbied hard for the passage of the bond measure because I work with the fishing community, and I am just amazed that so many people that I never see attending meetings show up to meetings like this and start nit-picking a very well structured effort by the Port with a lot of advisory people and very qualified engineers. I don't mean to belittle any of my fellow Port district voters who voted for it, but I feel like I'm being attacked by people who think the process was flawed. I've been involved. I don't know where you people have been.

Ulrike Bremer, 727 NW 3rd, Newport: I have two major concerns with this. One is like Don just mentioned, if I remember right the total of the bond was about \$15.4 million. This amount of \$700,000 sounds very low. I don't know if I understand correctly. It would cost about another half-million to remove everything? Hosaka: That would be the environmental cost just to oversee the activity of the removal. There might be additional cost to dispose of any material that is discovered.

Bremer: That doesn't sound totally ridiculously high to me. The other thing that concerns me with your presentation is that when it came to what's left, 10%, it's negligible; it's 10 to the minus six level, no big deal. But when it comes to taking it out, it becomes almost like ship breaking, horrible. So I'm not quite sure I like that discrepancy there.

Hosaka: The real cost of getting the rest of the contaminants that may be on board is the excavation cost related to the ship breaking activity. Every single one of those holds is filled with material and the cost of getting that material out so I can go in and get the small level of contamination that may be left down in those holds is ridiculously high.

Bremer: In your estimation.

Hosaka: In my estimation you're not going to get a lot of value for spending that additional money.

Bremer: How much do you think additional? \$10 million? \$1 million?

Hosaka: I think just on the environmental side you could easily spend \$2-3 million excavating the whole ship, if you're associating that activity with the cleanup.

Commissioner Fleck: (referring to Mike McDougall) Correct me if I'm wrong. You said we're looking at \$25-something million if we did that, and we went back to \$18-something million, so I'm thinking \$7 million is the difference, not 700,000? Am I close?

McDougall: It could be. The big risk in that job is the removal of that ship.

Hosaka: That's just the construction cost. The environmental cost is a separate cost.

Joe Rock, PO Box 1031, Newport: I have fished out of this port for 52 years and I've seen a lot of stuff happen here. We've made some good moves and produced a nice port with pretty much clean water. We weren't responsible for those ships that are in the water here. They were dumped here. It wasn't a good move but that's all beside the point. That's behind us. Anybody can have a big eyeball in his rear end and see all the stuff that went wrong behind us. We have to look ahead. My feeling is these people did a lot of work. I'm on the steering committee and that doesn't give me any more credibility than you people. But I've seen these guys. We worked hard to get the best engineers we could get and they're honest. And we got a really good contractor. And we got them through the process. We didn't just pick one. We got three or four here, and we grilled them and worked them over. I went out on the radio, quite a few of us did, and we backed this thing, and I felt an obligation to be here when it was done because I put my name on it. I think we ought to do this, and I'm willing to be there to try to keep it under budget. It's not a simple operation. These people have literally spent months looking this stuff over. They've come to us and said, "Now we've got it whittled down", and then they look and say, "This isn't going to work, we can't get it under budget." "We can't do this, we can't do that." We went through a tremendous amount of work to get to where we are. I'm not an engineer but I think they did a good job and it looks to me like they're trying to cover all the bases. The real problem is we don't have much money. We're really strapped. And actually to do this right we probably need a lot more money. But I can't go to you people and say "Newport, you've got to cough up again." I just can't do that. We've got that going in our government now, and I don't want that. I want truth. I said I was willing to back this thing. These people are going to work at it and let's see if we can't get it done. This process that's going on tonight is not going to help our situation. I understand that you have misgivings. But why not take the Port at its best understanding and let them do the best job they can. Yes, they're going to make mistakes. Everybody makes mistakes. But they have good engineers and good contractors so let's give them a chance to do their job. I believe we can do it and I think we can keep it under budget, but if we keep bandying this thing around and it carries on another year, we'll lose our November work window period. We can only work in the water a short period of time. And anybody who has ever built anything knows what happens when you delay it. It doesn't get cheaper. I'm not saying that ship shouldn't be taken out. I just don't think we can go back to the people and say, "Cough up another \$6 million because we made a little mistake.

Commissioner Barton: I'd like to respond because hindsight is 20/20 and that's what I think I'm hearing some people say here tonight. I would also like to respond to the point that you made (referring to Sara Skamser). It's a point that I've said to my fellow commissioners. Often people don't attend public meetings, whether its city council, port commission, or you name it, until they're upset about something

and that is human nature. So I don't ding people or discount people for not attending every port commission meeting.

Skamser: I don't attend every meeting either but I do keep my eyes and ears open and I ask questions.

Barton: And you were invited to be on the terminal advisory committee. My full response would be that we, these people who are making comments tonight, are trying not to make a mistake this year or next year similar to the mistake that was made 60 years ago.

Rock: I understand that. I just don't think the process should get to down to nit-picking for months at a time over something that probably shouldn't have even been involved.

Mike Becker, 584 SE Running Springs Drive, Newport: I wanted to add to what Joe (Rock) just said, in fact we're thinking along the same lines. We're working now with a finite budget. How we got there I can't comment on, but if you haven't noticed in the last month or so we've got some real financial problems in this country that are going to come back to hit everybody. It looks like we're going to see a major economic downturn, so if you think we're going back out to the public again and say "Give us more money", I don't know what kind of rope you're smoking but it has to be good. No matter how we got into this situation, we're in a situation now that we have to address. Basically, from listening to the engineering people and the people on the Port, I've got to give you credit. You're trying to do the best job you can with the circumstances you're working with. And I think from what I'm hearing, for the most part it sounds reasonable to me. I live in this community. I was a kid when they brought those ships in and I remember seeing the last one come in. The one thing Newport has always been is a very forward looking, progressive town, looking to build an infrastructure to do a better job for the people that are here. And I think with the approach they're taking to get these docks back up to speed, with what we're seeing coming down, we can talk about things like the NOAA ships that Steve's interested in. We've got wave generation coming and Newport's a perfect fit for it. We need a good facility but we need to do it at a reasonable cost, and now we've got that cost pinpointed so let's get this thing moving and get it done as best we can with the circumstances we've got. It may not be perfect but it will be a lot better than what we have now.

Dave Shellshear, 1589 Yaquina Bay Road, Newport: I want to comment back to Sara (Skamser) as well. For a great many people, probably 80% of the electorate in the port district, don't even know what your plans are. There hasn't been a lot of communication and many of us are just finding out that we're going to partially entomb the Pasley and not remove it. Shellshear then read from a portion of the minutes of a Port of Newport special meeting that was held on October 31, 2006 (see attached) when Chairman Halverson announced the bond measure to the public. Referring to the portion of the minutes relating to the estimated \$6 million cost of removing the ship hull without rebuilding the dock, he asked Chairman Halverson, "Are you going to tell these people here and the rest of the public that you're not going to stand behind these words in your own minutes?"

Commissioner Goblirsch: We're working with engineers and environmental consultants. I also assumed that we would take the ship out. That's no secret. And I really don't want to get into nit-picking but if you want to, after the meeting, I've got the bond measure here and all of the educational stuff which doesn't talk about taking the ship out. There was another part of the bond activities, which was the educational and advocacy, so I think that's what we're getting mixed up here. I have always been one who likes to work with the best possible information I have, and this is a decision we have to make as informed intelligent people. We are gathering information to make the best possible decisions. We have a budget that we have to work within. We want to, first and foremost, clean up the environmental hazard that is there and build a dock. It wasn't just a dock and it wasn't just the environmental cleanup. Both of those things were voted on and we are going to do both. We are looking for the best possible way to do that, and that is what we said we were going to do. Neither option ensures no pollution. There is no easy answer here. That's why we're having this discussion. We are trying as hard as we can to make the right decision and go in the right direction, but not one of us sitting here, including Don (Mann), is an expert on how to carry this out. It's going to be the consultants, engineers, and agencies that help guide us through this, and that's the way it should be.

Commissioner Fleck: Before I got here, they had a leak out here in the bay and got fined \$500,000. For thirteen years Don Mann and the Port has been trying to come up with public money, superfund, anywhere, to get money. That is why we went to bond. We're not here because we're not concerned about the environment; however, we also went on the other two legs of the stool, as I call it, to the dock to bring cargo or NOAA ships, wave energy, to look forward. There are three things that we sold the bond, and we're not turning away from the environmental side of this thing by doing that.

Shellshear: Have you also prioritized those three?

Fleck: Absolutely. Environmental is number one. It still is. We are here to help the community. I thought we were going to take that thing out, that it was gone. As we listened to our experts for months, almost a year, listing what is best and what would meet DEQ regulations. I'm listening to all the comments here about the best way to go, because how do we go to the rest of the public that voted on this, when we promised we would provide this, this, and this? There is no other money out there to get. If there is, bring it on. Write us a check.

Commissioner Barton: This is the part that I have to tell you I really have difficulty with, especially in light of what I heard tonight. I wasn't on the Port commission then but I will accept responsibility for all the Port commissioners. The Port commissioners said engineering firms estimated it would cost \$6 million to remove the Pasley and contaminants. \$6 million. Now honestly, \$750,000. That is not even a tenth of what we said we were going to spend.

Commissioner Goblirsch: That's taking out the oil and stuff, overseeing.

Shellshear: At the same meeting when this was announced, during public comment, the question was asked what the priority of doing the work was with the bond money, and General Manager Don Mann said it was environment, fishing, and cargo. And I think a great number of the Port District electorate are going to demand that you spend the priority of the money on the environment first, fishing second, and

importantly fishing, I might add, and if we can't get 1,000 pound per square foot cargo dock for ILWU 53, that's where the cut comes in.

Fleck: Then we don't want NOAA to come either then, because they need a heavy lift dock.

Shellshear: You're telling us you're going to compromise the environment to get the cargo?

Fleck: No, not at all. There are other aspects to it. It's not just cargo.

Tom Curry, 1211 SE Bay Blvd., Newport: I want to compliment the Port for doing due diligence on this project and I'd like to see it move on more quickly than it is going. I see a lot of negativity here and I'm amazed. I think we've done a good job of finding the cleanest way of doing this and we need to get moving on it. I really compliment you people. I think you've done due diligence. I see a lot of people here tonight, but if you brought this meeting out to more of the people who want to get this done, you would need a bigger room than this because the people who supported this aren't here tonight. I'm amazed at what I'm hearing because I think due diligence is done and I'd like to see you get those piling driven.

Don Andre: I'd like to clarify, at least for myself, the comments about nit-picking. My intent isn't to be adversarial. My intent is to ask questions like Joe Citizen here. I think a lot of people are afraid to speak up because they're going to be ridiculed or laughed at for having an opinion or question. I think we should be able to have questions and not look like us against them. I appreciate that you guys have been listening and having meetings and you've been in the loop. Now I'm just trying to include myself and understand what's going on. I don't want to be attacked for just asking a question or being curious and trying to understand.

Commissioner Goblirsch: You shouldn't feel attacked.

Wayne Hoffman, 260 SE 97th Court, South Beach: My first comment has to do with sheet piling. If I understand correctly, the Port already owns some of the sheet piling. This sheet piling could be used to entomb the ships in place. It also could be used temporarily to isolate the ships from the bay for removal and I believed that was expressed as an intent when it was purchased but then there was concern about removing the piling or having a disposal problem. What I heard that didn't make sense was that if the Pasley were removed, then the dock that would be built behind there wouldn't use the sheet piling wall so it wouldn't be reusable at that point. There was discussion that, if we take the ship out, we would have a different design for the dock that wouldn't use that wall. That didn't make sense so I'd like some clarification on that.

Mike McDougall: If you put the sheet pile wall in and take the ship out, you're left with that gradual slope. If you put it in and use it with the dock, you've got 40,000 yards of fill to put in there. The dock becomes a different structure, a totally different design.

Hoffman: That's not what I was suggesting at all. Put the sheet piling in as temporary isolation, remove the ship, pull the sheet piling, move it back and put it in where your new wall would be behind the current.

Joe Rock: You could never dredge. They wouldn't let you.

Mike Schmid: Joe (Rock) said it well. It would be highly unlikely that we would get a permit to dredge to the draft necessary, to minus 32 feet, with that wall as far back inland as you're describing it.

Hoffman: So the intent would be to build a dock out over the area on pilings.

Schmid: Yes.

Hoffman: You would not need a bulkhead behind that dock.

Schmid: No.

Hoffman: The other point is that I've heard some discussion of a budget for this. This makes no sense to me in the context of a governmental agency in a public process. It appears from what I've heard that the commissioners don't have a draft budget for this project, broken down by how much for this cost and how much for that. Certainly such a document hasn't been made available to the public and that is unacceptable in a democracy in a public process. You people should be demanding a breakdown of how much for the environmental, for the buildings, docks, how much for buying cranes, or whatever else is part of it. That's something you should have had and reviewed and updated throughout, and it is difficult to believe that that is not part of the public record and part of your work as public servants. You deserve that, you need that, you have an obligation to demand that.

Commissioner Goblirsch: Of course there is a budget. Like we said, we considered several alternatives and they all have different budgets. The one we turned into NMFS is available and you can see it. As far as public documents, when this goes out for public comment there will be public hearings but I don't know if the budget is part of that or not.

Schmid: In fact, we've had detailed spread sheets on this project since March of this year and shared them with the Port every time we got together. We can certainly show you the numbers we are using to develop the estimates.

Someone asked if they were on the Internet, and Schmid said they were not.

Hoffman: I keep hearing questions from commissioners tonight that indicate a lack of familiarity with some of the important things that would be there, like is this \$750,000, or \$6 million, or what is the difference between the \$18 million estimate and the \$25 million estimate, and which places in there change with the different processes, and does the cost of the dock change? The sense of the conversation has been that people who ought to have that don't seem to have it at the level that they should.

Schmid: It's available. We've been using those numbers.

Goblirsch: And we keep talking about different things, whether it's environmental oversight or actual removal or different designs. Come by and see Don (Mann) and he'll give it to you.

Melinda McComb, PO Box 1954, Newport: People voted for that bond issue because they wanted the ship cleaned up, first and foremost, and a lot of people didn't want to vote for it because the cargo stuff was tacked on. The presumption was that this was going to be a permanent fix. Now we're hearing it's going to last fifty years. It's waffling. I certainly hope if you told people it was going to be \$6 million to

clean this up you're going to refund the money or take some of it back. Now you're spending the bulk of it on the new cargo facility and really a miniscule part of the whole bond measure on the thing that everyone thought was most important. I think it should be a permanent fix.

Mike Schmid: I'd like to clarify that I used the term fifty-year life because that's something we use in the engineering community a lot, and in fact what we try to design to is a fifty-year life. What that means is that we have to do ongoing maintenance on a facility and certainly by the time it's fifty years old there will be significant maintenance on it, but I don't think anyone ever expected that it will be gone in fifty years. It's just a term that we use, a bench mark that we design against.

McComb: That's the physical life of the structure that you're building that is going to contain this. So the structure you're building to contain this thing is going to have to be rebuilt over time.

Schmid: Maintained.

McComb: You don't know. You're dealing with the ocean here. You're saying tides and earthquakes, and you're dealing with the ocean. I don't think you can predict everything that's going to happen with the ocean. I'll leave you with the words of Paul Hawkins: "Environmental remediation is incredibly easy. You take away the thing that stops it from healing itself." So you can keep adding on to this thing and end up with a monstrosity. And I don't know why ship breaking is so objectionable now. Now it's dangerous and people are going to get hurt. Two boats. This isn't bringing boats in from somewhere else. This is cleaning up two things right here in this harbor. A one time shot.

John Chapman, 357 SE 35th Street, South Beach: I am a marine biologist and have been at the Marine Science Center for 24 years. I came here because I heard that you weren't going to take the ship out, and I did get upset about that. Now I'm hearing that you have a better solution than taking the ship out so that would be good. What I would be concerned about is that I don't want any other contaminants to get into the bay, but this solution is cheaper and doesn't get the contaminants into the bay so I don't think there is a big environmental issue here. You save money to solve the problem. I don't want to spend \$6 million to do a \$1 million job or a \$750,000 job, and it sounds like that's what you're saying you've done, and then somehow this gets us to a cheaper project. But that's what's not coming across here.

Chairman Halverson: That is certainly the goal, to do the best job possible at the least cost. And that's why we have leaned heavily on the experts and why we went through the process to choose the engineering firm that we did. They were the best of what was presented to us, and subsequent to that NMC rose to the top and they have collaborated together. They are the experts in this area and everything I'm hearing from them is that the solution they came up with not only gives us the best environmental answer but also solves the other issues that surround what we're looking for.

Chapman: So taken to the final analysis this is a cheaper thing. What I don't understand, I guess, is the budget, and that's not a criticism. I just want to see the budget and see what those numbers have to say.

Halverson: Those numbers are available.

Yale Fogarty, PO Box 972, Newport: My family homesteaded this community so I've been around a week or two. I'd like to address some of the things that have been said here tonight. Some people are focused on trying to be the experts. The Port of Newport has hired experts. They have an environmental expert that is overseen by all the regulatory commissions of the state and federal government, and they are meeting those regulations. And some people don't like that so they're trying to come up with what they think is a better solution than the professionals in the field. It comes down to risk versus reward deal. My dad taught me that a long time ago. Everything you do is a risk versus reward. The job you take is a risk versus reward. You can be a commercial fisherman. Those guys know risk versus reward and some of them take a greater risk than their reward and don't come home. The Port of Newport is being extremely responsible to this community. Not only did they say they were going to remove the environmental impact of the ships on the bay and to the community, they also said they were going to build a dock. A lot of people didn't vote for the bond measure on the basis of cargo, but a lot of people did vote for it on the basis of cargo and the fishing fleet. And I would be willing to bet that for every vote for environmental there were two votes for jobs because people in this community are tired of working for minimum wage. Mr. McDougall stated tonight very clearly that the cost to remove the ship, including the added environmental cost that Mr. Hosaka talked about, was \$25-something million to build the facility. He's talking about doing the entire project, with the environmental meeting all the requirements, for \$17-whatever million. They don't have a set number yet because they don't have build date yet and that's hard to come up with. So there's about \$8 million, not the \$750,000 that you're all talking about. Mr. Hosaka is just talking about his oversight cost to make sure that the environmental work is done. Mr. McDougall is going to be doing a lot of that work and that cost is not in his figures. So to clarify, what we're talking about is close to an \$8 million difference, not \$750,000. There is \$8 million dollars difference between the way the Port proposes to do it and the way some people would have them think is a better idea. The people who would have them think it's a better idea are not experts. The Port of Newport is consulting experts who are under the guidelines of the federal and state governments. So if you really want to do some good for the Port of Newport, call the agencies and try to get the permit issued faster. The boat you're worried about having a little bit of seepage has free current flowing in and out of it polluting your bay. The faster that sheet pile is up and the faster the project moves forward, the faster you protect the bay and start cleaning it up, because there is a lot more exposure to the bay right now than there will be when this project is done.

Unknown: Those regulatory agencies have already told you people you will not be getting permits this year.

Fogarty: They're still working on the permits. You're just not happy with the permit they're working on and you're trying to portray yourself as an expert.

David Jincks, 1260 SE Wade Way, Newport: I've been involved in this process from the beginning, off and on, and the public process is a very important part of anything so, Ginny (Goblirsch), if you did bring this meeting together then thank you, because I really got something out of it tonight. I was concerned

that the removal of the ship should stay in this project and it always was, as far as I know. Tonight I learned that it stayed in, which I was very happy to hear, but it didn't rise to the top. The people we picked to do this job, and it was a vetting process that took a while, were picked for a reason, because they did rise to the top. One man just stood here and told us that ship breaking and the removal of this ship was part of the project for the whole time but it didn't rise to the top for good reasons. That was explained tonight in a way that was understandable to me and actually reassured some of my feelings about not removing the ship, so I'm thankful for this meeting. I am a commercial fisherman, by the way, and am probably one of the largest users of that facility for the last few years, but I support shipping also. Someday this port will become very, very valuable to this community. If you stop and think about the carbon footprint that we're leaving with the transportation of goods through the I-5 corridor, and if you pay attention to the direction of shipping in the maritime news lately, you'll see that we're looking at a far better environmental means of moving and transporting goods by water than by using our highways. It will leave less of a carbon footprint than we're leaving now. So in getting this job done, we're preparing for the future and leaving something good. And as far as a 50-year lifespan for the dock, I think most people realize that it's not going to go away in 50 years. These old ships that make up the dock we have now were sunk in such a way that there was no repairing them. There was no way of keeping these facilities ongoing throughout the years. What we had we could not maintain. The facility we build up there now will be one that can be repaired and in continuous use as long as we maintain it. What will be put in place will be maintainable in an easy fashion. So I support the Port on this and think they've done a wonderful job, and I also support the people who are here tonight to say their views because I found those interesting too. I want to continue to be part of this process. There have been a lot of millions of dollars tossed around tonight, and the one thing I would like to see is better identification of those millions, for ship removal, sheet pile, sheet pile removal, and the extra cost we would incur to remove that ship. I'd like to thank the Port of Newport for the effort that's gone into this because I know the commissioners' job isn't well paid.

Commissioner Goblirsch pointed out that this was "still a developing process" and that there was no "final picture" as yet of what was going to happen, that what had been proposed was only the most likely scenario. She said that personally, she could live with knowing that "we're doing the best job we possibly can as human beings and people that can build things, to take care of the environmental problem and have a dock. Both of those. Not one of the other. Both." She went on to say that the final outcome might not suit anyone perfectly but as long as it meets all of the important criteria, "we'll have done the best we can." She asked the audience to "stay engaged because there will be formal public hearings" and said that dialogue was important and "we want to keep doing that".

Mike Becker: One more quick comment about cost, and again it's an area I've got some background in. I've heard the New Carissa mentioned here. The underwriters were told that they could get that ship off and salvaged for \$20 million. It ended up costing the liability underwriters slightly over \$185 million, so when you get into a full removal situation, be careful what you ask for because you're going to run into some huge exposures that in all probability people haven't even thought about.

Commissioner Barton: In the spirit of putting things on the table, I'd like to give a little background. I have respect for you, Mike (Schmid). I think you're a stand up guy. I've seen you come to Port meetings since you were hired and since I was sworn in as a commissioner, and I believed that things were going as was being reported in Port commission meetings. I am very sorry to say what I'm about to say and maybe it's not going to have any impact on anyone but, Don (Mann), I believe I told you when you copied me on the letter from National Oceanic & Atmospheric Administration (NOAA)/National Marine Fisheries Service (NMFS) that I was going to call them, and I did and I had a conversation with a representative from one of the agencies that is going to be, I assume, permitting this project. This was September 4th so it's not been that long ago. The person I spoke with was Bridgette Lohrman and I asked her to help me understand the nature of the letter that NOAA/NMFS had written. The background is Pete (Dale) gave a slide show at a Port commission meeting of how the Pasley was continuing to twist and crack and fall apart, and we as a commission were asked to declare a state of emergency to persuade the agencies to accelerate the permitting process. In response to that declaration of state of emergency letter that went to the agencies, the Port received a letter from Catherine Tortorici at NOAA/NMFS, and so I asked Bridgette Lohrman to explain why this letter was sent to the Port, because all I had been hearing was that everything was going along fine and that we were working with the agencies. At that point, I didn't even know how many agencies were involved but that's okay, I should have, and I will accept responsibility for that. So I asked Ms. Lohrman to explain to me why Ms. Tortorici had felt compelled to send this letter and she stated that NMFS wants to know if removing the Pasley has been thoroughly explored; that the agencies had concerns about filling in the estuary with the concrete we're talking about using and those concerns hadn't been addressed; and that NOAA/NMFS and all the other agencies had asked for time to review the Joint Permit Application (JPA) proposal before it was submitted and despite their request the Port did not submit a proposal before submitting the JPA. The agencies wanted additional input as the JPA was being developed. This is a project the agencies want to see moved forward but they'd like to have greater involvement. I asked you, Don (Mann), at the Port commission meeting in September if Ms. Tortorici's letter was going to be discussed and you said it would be covered in Mike's report and it wasn't; and I asked you what's the nature of this letter and you said it was just a misunderstanding about a two-phased project versus a one-phased project; and I asked you if the misunderstanding had been cleared up and you said it had. I asked if everything was okay with the agencies now and you said it was. Do you remember?

General Manager Mann: I do.

Barton: I went on and asked her if your response was accurate and she said that in her estimation this was more than just a misunderstanding. The project description of the use of the sheet pile was to be temporary and for containment purposes only during the remediation of the Pasley. I asked her a couple

of other questions and won't go into her answers because I'd like to move on to the second call I made that day. She recommended that I call Dan Avery at ODFW, who I think is the local project manager.

Mann: He was, but they've changed. Now it's Doug Cottam.

Barton: I was concerned when I talked with Bridgette Lohrman because I asked if, in her estimation, the Port has been cooperating thoroughly and to the agencies' satisfaction on the terminal project. These are the agencies you are referring to, Yale (Fogarty), who have oversight of the project. Ms Lohrman responded that several of their concerns had not been addressed and that NMFS has and continues to request greater involvement in the progression of and development of the JPA. And then I talked to Dan Avery at ODFW the next day. And that's when I started really getting alarmed, Ginny (Goblirsch), after I talked to two agency people, the agencies that are going to permit this project. As of early September, Don (Mann), they were telling me these two agencies were not happy with the level of involvement they had and the development of the JPA. And I assumed the JPA means that several agencies are going to have to issue permits in order for this project to move forward.

Chairman Halverson: That was September and we're now in the middle of October, and I wonder if some of this conversation couldn't have been had in Don's office directly with him rather than in open forum.

Barton: There were other conversations that could have been had that included me, that didn't include me.

Goblirsch: I'd just like to say that as far as NMFS goes, when we met with all the agencies you weren't there.

Barton: Because I didn't even know about the meeting, Ginny (Goblirsch).

Goblirsch: All our meetings are announced, and as a port commissioner you get the announcements. I was there and Bridgette (Lohrman) was there. I know Cathy Tortorici. She's not a friend but I've worked with her on a lot of different things and talked to her as recently as last week. She is very concerned that we proceed quickly on this project because of the state of the Pasley. Everybody wants to understand this new concept of not taking it out. That's no secret. That's why the process is dragging on like it is and we're still working on it.

Barton: What I was getting from the agencies was that the agencies requested repeatedly to be involved and to see proposals before the JPA was submitted and they were, in Dan Avery's words, "stunned" when they found out from DSL that the JPA had been submitted. And that's why DSL has hung us up. If you talk to some of the agencies people instead of a representation of what the agencies say, I think you might get a different view.

Mann responded that he had spoken with Lohrman as well, and knew there was a concern about the submission of the JPA. He said he wanted to get the JPA out, especially to DSL, to get comments back and "we did"; it came back incomplete with a request for more information. He said there had been language in the first JPA that was misunderstood relating to sheet pile. Mann said he had spoken with Lohrman after the commission meeting that Barton referred to and team members have been in touch with the other agencies since early September, and another state and federal agency meeting was tentatively scheduled for October 20th. Mann said the agencies are not recognizing the JPA submittal at this point because the checklist from DSL found it incomplete so everything was on hold. Mann said there had been follow up on the letter and he was not overly concerned by the agencies' response because he knew they would want more information. He said there was "no foul intended" in submitting the first JPA without attachments; it was just an attempt to get some information "out there" so the agencies could comment back.

Barton said that what the agencies were saying differed from what Mann said. She said Lohrman said specifically that "the agencies all recognize there is a lot at stake here and this is a very complex project." They felt the time line was too aggressive and the agencies need to be brought along to consensus as the JPA is being developed, not after it has already been submitted, because the development work on the front end had not been done. Barton said she thought the process was important.

Mann said Lohrman had attended the meeting in Newport and suggested that the Port would be "lucky" to get a permit in six months to a year.

Commissioner Mathews said he had gone through three JPA's himself and it's after you submit it that you hear back from the agencies and can "get through the pieces of the puzzle". He said his concern was "let's get it in and get the show on the road because we need to do this."

Barton: I don't disagree with you. What we need to do is do it right.

Mathews: That's what I'm telling you as a commissioner. I felt we were doing it right from my experience in the past.

The chairman asked for one or two more comments from the public.

Nyla Jevis, PO Box 642, Newport: I am very interested in what Commissioner Barton has to say. I think the reason that you have all these folks here that don't usually come to meetings is because most of us are concerned about these kinds of issues. That's why we're here. I think when you're hearing this kind of stuff from agencies, from a member of a commission, from these folks who are showing up now; you understand that there is a different point of view. And it's not just from fringe folks who don't fish, don't use the docks, and aren't commercially or vocationally involved. We are citizens of Newport. We live here. We are part of the Port district. We are voters here. We have just as much right to participate in a public process as anyone else. I recognize that we don't have the financial interest and that's very potent and powerful for those who do in this kind of a process. Nevertheless, we have just as much right to participate in this process as anyone else. I would ask that you consider posting information about your budget and things that you're doing. Do you folks have a website? I'd like to see this stuff up where

everyone can see it instead of saying "it's available". I am very troubled by the fact that Commissioner Barton makes a comment and then is told "she should have had a private discussion about that with Mr. Mann in his office." The whole reason we're here is because we want an open public process, so I congratulate and thank Commissioner Barton for telling everyone what's going on from your point of view because I care very much about what you have to say about this. I also suggest that this looks a lot like the ship breaking experience to me. There is a world class scientific facility across the bay and I apologize for being late and missing most of the presentation but my impression is that there has not been consultation with the folks in our scientific community about this project. Am I wrong?

Commissioner Fleck: Yes.

Jevis: Okay, then please correct me.

Fleck: George Boehlert has been involved in this, and he's the head of the Hatfield Marine Science Center.

Commissioner Mathews: The whole system of using an architect engineer was put together by OSU, basically.

Commissioner Goblirsch: And a member of OSU was on the terminal design committee as well.

Mathews: And there was a ton of meetings. I'm just a commissioner but I do a lot of other things around the community besides run three businesses. I attended those meetings and there was quite a number of people who weren't on the committees that actually went to those meetings. I was one commissioner way back when I thought "This is cool. They're going to break that ship out of here and grind it up, and we'll sell the rebar because steel's worth a bunch, and the concrete is going to be churned up put it back in the hole. That's pretty simple." Well, it just didn't work out that way. Sorry about that. But the way they're going to clean it up, it's going to be cleaner than a lot of people's yards in this town. It's going to be done well.

Jevis: Well I'd like some more information about that. When I hear "only 10%", it doesn't mean anything to me. 10% of what? And my risk perception is probably a considerably different.

Chairman Halverson: We are definitely working on a better communication plan and I think the website will be part of that.

Commissioner Barton asked about a copy of a proposal from EnviroIssues that General Manager Mann had distributed, and Mann introduced Mandy Putney, an EnviroIssues associate, and asked her to make a few comments. Putney explained that EnviroIssues does not classify itself as a public relations firm but rather a communications and public involvement company. She said they try to be a non-biased neutral party and serve as an interface between public agencies and the public on project development, such as construction, capital facilities, environmental remediation, land use planning, and transportation. She said EnviroIssues's job is to determine how to explain complex scientific, environmental, and technical information so that the public can understand it and still have enough detail that it's meaningful and allows for dialogue and conversation during the decision making process. Mann asked the commission to review the EnviroIssues proposal and get back to him with comments in the next couple of days. He said grant funds were available to pay for the communications program.

Gus Willeman: I'm not an expert. I've heard the word expert used several times tonight and I don't doubt the expertise of our speakers but I also realize that our speakers have a stake in this, so if there were people that don't have a stake in it from the scientific community or structural or civil engineers that aren't looking to do some work, that aren't part of that process, it would help me to understand. I'm open to understanding but I think that would help.

Putney: I think it is clear that there is a lot of people in this room that have different viewpoints and priorities, and the one thing I would say is that you all care very much about your community. You already have the desire to be involved and that makes public process a lot easier. I would say that everyone in the room would be counted as an expert on the community, maybe just not a scientific or engineering expert.

George Mpitsos: It still comes down to where you want to place your risk. Never trust an expert. We don't really know what effect this stuff will have on the bay. Our resource, our treasured resource, is the environment. These guys speak well. They could seduce anybody. They almost got me going. But the point is this is more important than the experts. You really have to decide where you want to put your risks.

Larry Johnson, 1270 SE Shermer Court, Newport: I am celebrating my 32nd year as a citizen of Newport. I've been here many times and you're all familiar with me. I'm holding in my hand a copy of the voter's pamphlet of 2006 and want to read a few paragraphs from arguments in favor. "It is essential that we must investigate and remove hazardous substances found inside the cargo dock that is unusable and failing. This is a must to protect Yaquina Bay, people, boating, tourism, marine research, wildlife, and the estuary. It has to be done. We must remove the old broken cargo dock and rebuild it so shipping can return to Newport. We've organized the project so that for the same investment you get complete cleanup and elimination of contaminated materials that threaten Yaquina Bay." I voted for this then based on the cleanup. I frankly personally don't believe that the commercial cargo dock will ever function. That's my personal opinion. It may. I may be proven wrong on that. But I'd like to also say that I just accidentally happened to drop into a meeting here one night and the meeting was postponed in favor of NOAA I just happened to be here by accident and listened to the whole presentation of NOAA to you folks. I sat right next to Mr. Hall, who was the owner of the property you were considering talking about. After the meeting everybody left and went to the site with Mr. Hall. The following News Times edition that came out showed a great big front page picture of Mr. Hall looking at his property. And you know what? Not one single word about NOAA. Not one word. And I don't know what the Port commissioners thought about it but they apparently thought it was a hot potato and put it aside quietly.

Commissioner Goblirsch: No, we discussed it quite a bit.

Commissioner Fleck: I would say the paper made the decision there. We didn't.

Johnson: I don't know how that all came about. I'm just saying it was just a photo op for Mr. Hall. If I had my way, I'd like to see the fishermen have a new dock down there to tie up to. I'd like to see NOAA here. I thought that was a tremendous opportunity that got slipped through the hole somehow.

Fleck: It still is

Johnson: If you folks would just do what the voters wanted you to do and asked you to do, what you said you would do, that would be wonderful. When I was a very young boy my father told me, "Remember, figures don't lie but often times liars figure."

Joe Rock: I'd like to point out to Larry that it's their call. It's not us who has to do this job. It's their money that has to do this job. And when we go over budget, it's your money that has to come back and pick it up. I can't go back to those people in good conscience and ask them again.

There was no further public comment.

V. OTHER

There was no other business.

VI. ADJOURNMENT

There being no further business to come before the Special Meeting of the Commission, the meeting was adjourned at 8:45 p.m.

ATTEST

Rob Halverson, President

Dean Fleck, Secretary