

**PORT OF NEWPORT
MINUTES
February 15, 2011
SPECIAL MEETING**

I. CALL TO ORDER

Commission President Ginny Goblirsch called the special meeting of the Port of Newport Board of Commissioners to order on Tuesday, February 15, 2011, at 12:00 p.m., in the Port of Newport Conference Room, 600 SE Bay Blvd., Newport, OR, the same being within the boundaries of the Port District.

The purpose of the meeting was to discuss the retrofit and repair of the South Beach Marina Fuel Facility.

Commissioners Present: Ginny Goblirsch, President; JoAnn Barton, Vice-President; David Jincks, Secretary; Don Mathews, Treasurer; Dean Fleck, Assistant Secretary-Treasurer. Commissioner Mathews left the meeting at 12:20 p.m. for another appointment.

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

II. SOUTH BEACH MARINA FUEL FACILITY—RETROFIT AND REPAIR

General Manager Don Mann explained the options available to pay for the retrofit and repair of the fuel dock facility in South Beach. The project was estimated at \$70,000-\$100,000. He said the budget for FY 2010-2011 included \$50,000 for the fuel dock, and part of the remaining loan and debt service approved in the budget for the terminal buildings and upgrades to Port Dock 7 could be used to make up the difference. Mann pointed out that approximately \$300,000 remains in the loan, which would leave \$250,000 for purchasing materials for the dock repairs. He said revenue from the fuel dock, which is approximately \$10,000 annually, could also be dedicated towards continued debt service, rather than going into the general operating fund. Mann said that the Port has already invested in some repairs to the fuel dock, but the piping and dispensing equipment was deteriorating rapidly and it is the Port's responsibility to maintain the equipment for the tenant. Project Manager Pete Dale pointed out that this would be the best time of the year to make the repairs, minimizing the impact on dock users and the tenant. Dale had prepared a preliminary scope of work for the project and had conducted a walk-through with two contractors and an electrician earlier that day. He emphasized the complexity of the project and said there were only a limited number of companies who specialize in doing that work.

Commissioner Barton said she was uncomfortable making decisions under pressure and with such a short time line, and Commissioner Jincks asked what had happened in the last three months that changed the priority of the project. Pete Dale answered that there had been further deterioration of the hoses and piping and one pump had completely failed, compromising the system. He said the equipment is 30 years old and cannot be rebuilt. Jincks said he realized that the commission had to act on the recommendation of the General Manager and Project Manager, and that the Port owns the marina and is responsible for providing certain services, but he felt the board should take an in depth look at the budgeting process and how the Port moves forward with repairs and maintenance in the future.

Commission President Goblirsch said she agreed that the work needed to be done but was concerned about what sort of permits would be required and wanted to be sure that nothing was overlooked. Pete Dale said he had discussed the permits with one of the contractors that morning, and a permit would be required for the electrical work but no other special permits were needed. He said the project would be under the jurisdiction of the US Coast Guard (USCG), the Environmental Protection Agency (EPA) and the Bureau of Weights and Measures. After further discussion, the commission directed staff to contact all relevant agencies, including the EPA, Department of Environmental Quality (DEQ), USCG Captain of the Port in Portland, OR, and Oregon Department of Fish & Wildlife (ODFW), and notify them of the Port's intent to execute the project and ask if there were any jurisdictional issues they wanted to discuss.

A discussion followed about the underground fuel storage tanks. In answer to a question from Commissioner Barton, Pete Dale said the tanks were 32 years old and their expected life span was 20 years. He said the tanks had passed a rigorous inspection last summer after a fiberglass coating had been put on, and they are subject to an annual inspection. Dale recommended giving serious consideration to moving the tanks above ground within the next three years, and Commissioner Barton said the underground tanks should be taken into consideration now, before another emergency occurred.

Pete Dale said he had initially considered providing certain equipment, materials, and support services to the contractor, and a discussion followed about liability, warranties, and negotiating percentages. Dale noted that the Port reserved the right to change or negotiate changes to the project scope. Commissioner Jincks suggested calling the other contractors who had not been present for the walk through to find out if they had any interest in the project.

A slide show was presented showing deterioration of the fittings, joints, anchor points, and dispensing units at the fuel facility. In answer to a question from Commissioner Jincks, Pete Dale said the existing

metal pipe will be replaced with poly pipe for longevity, and Commissioner Barton said she hoped the facility would be state-of-the-art when it is done.

Commissioner Barton said she was afraid that the short time line would put the Port in an untenable position with the contractors, since they would know "we're over a barrel", and that was not a good business approach. She added that "lack of planning should not create an emergency". Commission President Goblirsch said she would like to schedule a work session to talk about priorities and maintenance before the FY 2011-2012 budget was completed.

The General Manager summarized the next steps. He said that bid estimates on the project would be accepted until 2:00 p.m. on Friday, February 18, 2011, and the proposals would be reviewed but no decision would be made that day. He said he and Pete Dale would review the scope of work and bring it back to the commission at the regular meeting on Tuesday, February 22, 2011, along with the competitive quotes. The commission took no formal action on the proposed fuel facility project.

III. PUBLIC COMMENT

There was no public comment.

IV. OTHER

It was the consensus of the commission that the General Manager's performance review would be postponed until the end of March 2011.

V. UPCOMING MEETINGS/EVENTS

- A. Presidents' Day, Monday, February 21, Port Office Closed
- B. Work Session and Regular Meeting, Port Conference Room, February 22, 6:00 p.m.

VI. ADJOURNMENT

There being no further business to come before the Special Meeting of the Port Commission, the meeting was adjourned at 1:15 p.m.

ATTEST

Ginny Goblirsch, President

David Jincks, Secretary

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