

February 25, 2025

6:00 P.M.

Newport, OR

## **PORT OF NEWPORT COMMISSION MINUTES**

*This is not an exact transcript. The video of the session is available on the Port's website.*

The Port of Newport Commission met on the above date and time at the Administration Building, 600 SE Bay Blvd., and virtually via Microsoft Teams. In attendance were Commissioners Sylvia, Retherford, Lackey, Ruddiman, and Chuck. Also in attendance were Executive Director Paula Miranda, Director of Business and Finance Services Mark Brown, Operations Director/Deputy Executive Director Aaron Bretz, Administrative Assistant Gloria Tucker, Pacific Seafood Representatives Amy Wentworth and Reed Homan, and Summit PR Representative Angela Nebel. Members of the audience included residents Rex Capri and Heather Mann and Hampton Lumber Representative Laura Wilkeson.

### **PUBLIC COMMENT**

Wilkeson stated she spoke in June during the meeting with updates on the International Terminal. She noted she had raised concerns the Commission has heard from Hampton before about log exports to foreign countries. She indicated this controversy was raised 10 years ago when the Terminal became operational. She added the log handling equipment will be purchased using federal public funds.

Wilkeson stated she understands a customer has not been identified yet, and this is a more of an if you build it, they will come, kind of endeavor. She noted she would caution against the Port going too far down this path with the nuances of the current economic climates locally, nationally, and internationally. She indicated the timing of a log export project comes at a bad time with import and export tariffs and looming trade wars. She added the total impacts of US trade tariffs placed on other countries and retaliation trade tariffs placed on the US has yet to be fully known, but the uncertainty and potential negative economic impacts alone should cause the Port to pause and reconsider the use of the Terminal.

Wilkeson stated, specifically, for the timber industry this situation will likely spur the need for more domestic manufacturing to meet consumer demands for wood products. She explained the US imports about 25-30 percent of finished wood products from Canada, and if that shrinks due to tariffs, there will be need to produce more in the US to meet that demand. She noted reducing available logs to local sawmills will make prices go up across the board. She indicated now is not the time to shrink the wood basket in the Northwest with an increase in raw log exports.

Wilkeson stated the Chinese economy is in a bad downturn right now, and they have been looking to other countries besides the US that have cheaper logs to fulfill their consumption needs. She noted this has currently been negatively affecting log exports at other Northwest ports. She indicated Hampton opposes the use of public funds for log exports to foreign countries. She added the current economic situation makes timing of this really worrisome. She stated she thinks there are other products and uses for the Terminal that would be more stable and encourages the Port to explore those options.

### **CONSENT CALENDAR**

MOTION was made by Lackey, seconded by Chuck, to approve the consent calendar as presented. The motion carried unanimously in a voice vote.

### **PRESENTATIONS**

**Seafood Wastewater Processing Project.** Sylvia introduced the agenda item. Miranda reported Wentworth and Homan are attending the meeting remotely since they are out of town. She noted the Port started this conversation a while ago. She explained the seafood processors gave a presentation about the wastewater issue the processors are having with DEQ. She indicated it is impacting all processors in Oregon. She added DEQ is demanding processors do what they need to do to control substances that are no longer allowed.

Miranda reported Bornstein moved on to Astoria because they had to choose upgrading or moving. She stated the Port doesn't want that to continue happening, and it supports the seafood processors and as it supports the local fishing fleet. She noted Pacific Seafood is the largest processor in Newport, and the Port has been brainstorming the best way to go about this through several meetings. She indicated Business Oregon has also been involved, and they decided to offer the Port use their funds for investigation. She added the Port would have to apply for that funding and is trying to figure out a scope.

Wentworth, Director of Environmental Health and Safety and Facility Maintenance for Pacific Seafood, reported in the last couple of years she started to see the expectations of DEQ regulations would require seafood processing locations invest in treatment systems that usually, depending on factors, range between \$1 and \$5 million. She stated over the last year they have been able to have meaningful dialogue with the permit writers and water quality division at DEQ and found some common ground. She noted the Pacific is in a better position than before to meet the permit limits, but that will not eliminate the need for them to have significant capital investment in their plants. She explained Pacific Seafood in Newport operates at five different locations, each of those has its own unique outfall that discharges to Yaquina Bay, and each of those would have to have their own treatment system. She indicated Pacific may have to find a way to comeingle or route the wastewater to one, two, or three different centralized locations in order to minimize cost of the treatment. She added Newport is an important landing location, and since the financial investment is going to be so high, they are looking for any opportunities.

Wentworth reported Pacific plans to partner and work with the Port and have been successful working with Ports of Brookings and Coos Bay. She stated they hope in the future where seafood processing discharges are consolidated, the resources, the proteins, could be extracted from a centralized location and generate its own type of commodity used in fertilizer and other types of products. She noted Pacific is a couple years out in Newport from receiving a permit from DEQ, and right now they go off lengthy conversations with DEQ on some basic parameters and boundaries. She indicated the permits are site specific, not a general permit, and they are designed for each individual location.

Miranda reported at this point in time, the Port doesn't have a property that would work for the intended purpose. She stated most of the processing is on Bay Blvd, but maybe the Port can help at NIT. She noted it comes down to the Port can apply for some federal grants [on Pacific Seafood's and other processors behalf]. She explained how the grants could work. She indicated it is difficult to apply for one single user, [the grant applications] want to see multiple users. She added at the end of the day, if the Port was doing the constructing, the Port would have to have the NPDES permit.

Miranda reported Pacific Seafood has a property in a location that would make more sense, and if there would be some sort of partnership, the Port would take some control of the property. She noted the Port would function similar to a utility company. She added it would be a lot of work, but not impossible. She indicated the bottom line is the Port does not want liability.

Miranda reported the Port is looking into a cost benefit analysis within a feasibility study to figure out if Newport doesn't get this built, what would happen to Newport and how would that affect businesses in Newport. She indicated that would also involve some engineering to figure out the cost to build. Lackey asked if there is more than one treatment site and are any specific locations proposed. Wentworth replied there is a lot that is suitable that Pacific Seafood owns and the City of Newport owns a portion. She explained it is centrally located and ideal to serve multiple processors outside Pacific Seafood as well. Miranda noted the planner for the city has been a part of the meetings as well. Lackey confirmed with staff it would be the old Hallmark location.

Lackey noted Pacific is two years out from permits. He asked how then does the construction work. Wentworth replied in order for Pacific to design a treatment system, the engineers have to have what the goal posts are, the permit limits, but DEQ expects Pacific to have the treatment installed when they define the limits, technically 45 days. She explained two years is for the first of five permits. Miranda explained Pacific has to have a draft permit so they can start building and hope that will turn that into a final permit. Wentworth explained Pacific can theorize on it. She stated some limits are parameters Pacific has never studied, which is more challenging. She noted DEQ will offer a compliance schedule, but this is the first year DEQ is changing the way they calculate federal limits. She explained that they are adapting federal limits to fit a new methodology, and no one has seen what that will look like in the US.

Retherford noted DEQ is requiring capital investment long before permitting. She stated only in Oregon, this is happening. She asked is the community and port worth fighting for. Wentworth replied Newport is worth fighting for. She stated there is a lot of different ways this could grow the seafood industry. She indicated all the permit details are relevant to seafood processors. She explained DEQ proposed in the instance of permitting a Port or another entity that receives wastewater from multiple processors, they will provide three different permitting options. She added there are potential solutions that might make it easier on the design front.

Chuck asked if Pacific is looking at the stormwater or wastewater for the city or current outfalls. Wentworth replied Pacific does have a separate sewer for municipal waste, bathrooms and kitchen, and stormwater is separate. She explained they route stormwater through their wastewater treatment, and it all gets treated and sent through the outfall. She indicated there is no capacity for the volume of wastewater to be received by the city. Chuck asked if the city has been involved with funding discussions. Miranda replied the planner for the city has been part of the conversations, and the city may provide the property. She explained the Port hasn't discussed how much a part of the application the city would be involved.

Chuck asked what the condition of the Hallmark property is and can Pacific build on it now. Miranda replied her understanding is the property needs pilings and is not in the best condition. Wentworth replied it is usable and used, but in scoping the project, Pacific discussed including an engineering analysis to verify what needs to be done.

Sylvia stated one idea to throw out is that there are two sewage lines in the ocean that go out three miles. He explained one is from the mill in Toledo, and the second is the municipal sewage from Newport after secondary treatment. He noted processors do discharge from their vessels at sea. He asked are there alternative solutions, rather than building very expensive treatment facilities to deal with this issue. Wentworth replied she liked the idea, but she doesn't

know what the cost would be. She stated she doesn't know which way is faster or cheaper, but that would eliminate treatment needs. She indicated part of the feasibility study looking at alternatives like that would be really valuable.

Sylvia stated his sense is Oregon is a cowboy on their own on this, not acting in what he considers rational. He stated in the Coos Bay Byproduct Recovery Center, Business Oregon gave \$50,000 to Coos Bay to begin looking at this issue. He asked how far Coos Bay has gone. He noted some types of technology have not been fully developed yet. He indicated heavy metals were not even dealt with. Wentworth replied heavy metal standards were an industry killer when they first came out. She stated in conversations with DEQ, Pacific learned they had not applied the mixing zone size appropriately, it was too small. She noted they also discussed variances and looking at ways to limit city water. She indicated using simple methods, Pacific found a way to stay within limits. She added there is a much more feasible pathway for heavy metals.

Chuck asked if Pacific doesn't get the [Hallmark] site, what about the fish meal plant on Port property, or any other location. Wentworth replied Pacific doesn't own the fish meal plant property, and it's not the top choice because of distance. Chuck noted he is skeptical the requirements right now would stay the same in the future. He asked would this facility be able to increase treatment. Wentworth replied DEQ clearly expects Pacific to install treatment, and if there were a change in the limits, there would be a change in the approach. She stated whatever solutions Pacific implements long-term, they don't want to involve chemicals. She added if Pacific had a little bit more wiggle room and there was a commonsense element to this, Pacific would have a lot more options on the table that would not be as cost prohibitive.

Sylvia stated he can speak on behalf of Commissioners, they want to help address this but recognize there are a lot of financial risk, and legal issues and uncertainty regarding the technologies and what DEQ will accept. He noted it is a complex problem, so that means working closely together and communication. Wentworth replied Pacific wants to be transparent and appreciates the support. She added there will be many more conversations, and if Commissioners have more questions, feel free to reach out.

### **OLD BUSINESS**

**Approval of Business Oregon Amendment to Port Dock 7 Replacement Plan.** Sylvia introduced the agenda item. Miranda reported the agreement with Business Oregon expired and they needed it renewed by Feb. 25. She noted she has signed it and is asking for forgiveness. She explained Business Oregon provided \$50,000 toward planning.

MOTION was made by Lackey, seconded by Retherford, to ratify and authorize the Executive Director to retroactively execute the agreement as presented. The motion carried unanimously in a voice vote.

### **NEW BUSINESS**

**Approval of PacSoft Agreement to move Virtual Servers.** Sylvia introduced the agenda item. Brown reported he wants to take the current server environment and move it to the software developer's environment. He noted it will be a faster application and gets Hyak out of the middle of everything. He explained Hyak provides IT support rather than infrastructure. He indicated moving to the PacSoft environment will save the Port about \$10-\$11,000 a year.

Sylvia asked if he has found any downsides. Brown replied he has not found a downside yet. Chuck asked if there are copies kept onsite. Brown replied there is not, but there is a backup copy on a different Cloud server. He explained that will continue in the new environment as well. Sylvia noted one thing that happens is these companies get bought out and under new ownership, and things can dramatically change. He stated it is always a risk that future costs could be quite different.

MOTION was made by Chuck, seconded Ruddiman, to authorize the Executive Director or designee to sign the attached agreement for hosting Pacsoft in the amount of \$9,427 with a one-time set up fee of \$1,650 and support requests at a rate of \$150 per hour. Further, that the agreement may be adjusted for CPI and currency adjustments without further approval of the Commission. The motion carried unanimously in a voice vote.

**Approval to apply for Congressional Directed Spending for the Service Dock at the Recreational Marina.** Sylvia introduced the agenda item. Miranda reported she is asking for forgiveness again. She stated she did not receive information until after the last meeting, and the application was due last Sunday. She noted if Commission doesn't approve it, she will pull the application. She explained in the past the Port received some money for the RORO Dock. She indicated in applying again, staff tried to find a good project. She added she thinks one project would be to completely rehabilitate the old service dock in South Beach.

Miranda reported when the Port did the Rogue Seawall, it had to remove the service dock. She stated the problem is the Port sometimes has large [recreational] vessels with no place to put them. She indicated the project would be adding slips, power, and water. She noted she applied for \$3 million, and the engineer estimate is between \$2.9 and \$3.5 million. She indicated if the Port got the grant, then it could easily get a loan for the match and pay that off in 15-18 years. Brown explained how the Port could cover its costs with moorage. Miranda added HUD does not require a match, so she included a match of up to \$550,000.

Chuck stated he looks forward to that being rebuilt. He asked if people will be able to crab off that dock. Miranda replied because of NOAA mitigation, ODFW had a public access area there. She stated the Port is looking to build this with the public access. Retherford asked is the Port getting in too far with projects and matches. She noted her concern is trying to keep a balance. Miranda replied the Port's priority is Port Dock 7, but with timelines, this project would get done in the next couple of years, where Port Dock 7, because the Port did not get federal funding last year, will not start until 2026 and construction until 2028. She noted if the Port doesn't get federal funding this year, the Port will have to add another year to the project. Retherford confirmed with staff no planning or permitting has started for the Service Dock project. Miranda explained the Port would not put money into the Service Dock project unless it is funded by Congress, and the match would be paid through added revenues from the new slips.

Sylvia asked staff for clarification on the match percentage. He stated running the numbers, the grant is not worthwhile if only 50 percent funded. Miranda explained the application asked the lowest amount Congress could provide, and she indicated \$2.8 million, which would put a hardship on the Port. Sylvia stated the challenge is going out for a major grant can drain resources and put the Port in a difficult position for the next project. He indicated he is not saying there is an easy solution. He added it does make him nervous sometimes, and sometimes it might be better to turn down money if a match is too high. Miranda agreed and stated if the Port is getting a project that pays for itself, she does not feel bad about getting a loan. Retherford confirmed with staff there were no slips previously, it was all side ties. She confirmed with staff the project would have 34

slips and a side-tie area of 100 feet. Lackey requested Commission be provided a diagram of the project. Miranda replied she would provide a diagram.

MOTION was made by Lackey, seconded by Ruddiman, to ratify and authorize the Executive Director to apply for the Congressionally Directed Spending for the rehabilitation of the South Beach Marina Service Dock. The motion carried unanimously in a voice vote.

### STAFF REPORTS

**Executive Director's Report.** Miranda presented her report included in the packet. Sylvia asked if there is confusion over exporting [logs] internationally or just out of the area. He stated when the Port is talking about exporting, the Port is talking about [the west coast]. Miranda noted she told senators Merkley and Wyden that exporting to other countries is not the Port's intent. She stated staff have only been talking to companies in Oregon and Washington. She stated she also talked to a company about importing. She added the equipment can be used for products other than logs, but it costs more money for the attachments. Sylvia recommended clear communication that addresses the issue carefully.

### COMMISSIONERS REPORTS

Chuck reported he accepted an appointment to fill a vacancy on the Lincoln County Board of Commissioners on February 19. He stated, regrettably, he will not be able to serve out the remainder of his current term, expiring in June of 2027. He noted this is his formal notice of resignation, which will allow his position to be put on the ballot for the May elections. He indicated his last day of service to the Port of Newport as a Commissioner will be June 24, 2025. He added it has been his pleasure to represent residents of the Port District and serve on the Port of Newport Board of Commissioners since November of 2011.

Chuck reported he has enjoyed working with the current and past Commission members, management and staff. He stated he looks forward to seeing everyone continue to make improvements to the port and working toward its continued success. He noted before he accepted the appointment, he talked with the Ethics Commission. He indicated there is no conflict of interest to serve as a Port Commissioner and Commissioner for the County, because the Port is not a paid position. He added nothing on the horizon looks to be a conflict, and the County will also keep an eye on things to make sure he is aware of any conflicts. Sylvia thanked Chuck for his service and suggested the Commission encourage good candidates to apply. Lackey, Retherford, and Miranda thanked Chuck for his service.

Sylvia reported he met with Chuck on interview questions for staff to be included in Miranda's upcoming review.

### ADJOURNMENT

Having no further business, the meeting adjourned at 7:44 p.m.

  
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Gil Sylvia, President

ATTESTED:

  
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Walter Chuck, Secretary/Treasurer