

June 24, 2024
12:05 P.M.
Newport, OR

PORT OF NEWPORT COMMISSION WORK SESSION 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, Ruddiman, and Lackey. Commissioner Chuck arrived at 1 p.m. Also in attendance were Executive Director Paula Miranda, Director of Business and Finance Services Mark Brown, Operations Director Aaron Bretz, NIT Facility Manager Don Moon, PR Representative Angela Nebel, Administrative Assistant Gloria Tucker and Kari Hoy and Erin Shogren. Visitors included Fred Yeck Jr., Mike Fogarty, Mark Cooper, Ben Fonsman, Burnett Tower, Fred Yeck Sr., Drew Kaminski, Laura Wilkeson, Rob Halverson, and Kurt Cochran.

PUBLIC COMMENT

Cochran, local fisherman, stated looking at the future, what goes on up [at the Terminal] is important to commercial fishermen. He noted the guys up there are doing a good job and are easy to work with. He suggested the Port think about having electricity up there that supports fishing boats and water as well. He added no matter where, electricity to that dock is important.

Fogarty, IILW Local 53 member, stated the deep draft International Terminal, since it was rebuilt, has never been used for cargo. He noted the Port labor force would like to work there someday. He passed out documents showing past usage of the Terminal. He indicated the priority for the Terminal is cargo, and he doesn't mind sharing docks, but there has only been fishing vessels. He added the Port is funding the Terminal from South Beach rather than making money off cargo. Fogarty stated different individuals, including Miranda, have told him the Port can't get ships in there. He noted Pacific Basin just built 12 ships that will fit in this Terminal in the last five years, and they have more [scheduled] to be built. He emphasized he is not against fishermen and more than willing to share, but on the bond measure the barge dock was supposed to be multiuse, and the cargo dock was for cargo.

Hoy, OSU student, introduced herself as a new intern for the Port of Newport. Shogren, OSU student, introduced herself as another new intern for the Port of Newport.

OLD BUSINESS

Update on the Port of Newport International Terminal. Sylvia introduced the agenda item. Miranda presented her report included in the packet. Sylvia asked if the Army Corps evaluates the depth of the channel and will dredge deeper if the Port has the right cargo. He also asked even if they don't dredge deeper, can the Port dredge itself, or does the Port have to have the permission of the Army Corps. Miranda replied the way the Army Corps work things through, they will only have a presence where there are the [shipping] numbers. She explained if there is not enough cargo going through this channel, there is a possibility they would pull out. She stated today they still dredge up to 30 feet, but if they don't see enough economic impact that may change. She indicated MARAD changed the criteria language to include freight (seafood) as cargo.

Miranda responded to Fogarty's comment that she never said a ship couldn't come here. She stated there are less and less ships because of economic reasons. She explained bigger ports get bigger because cargo ships get bigger, and at the end of the day, they have dismantled a lot of smaller vessels because they don't see it pencil out. She provided the example of the Port of Portland. She indicated cargo has to be sufficient for the cost of shipping. She added less and less smaller ships are in existence, and there is less product for them.

Brown presented his report included in the packet. Miranda stated a couple of vessels on the cargo side can make up a lot of expenses. She noted the Port is not trying to run out the fishermen; the Port needs to make sure there is space for both. She indicated the Terminal is a multiuse Terminal. She added for wave industry, forest industry, and break bulks to come, people just have to work together.

Miranda stated there are ways to do it. She noted the Port needs more trust from current users that the Port can make that work without displacing anyone. Brown provided three examples on how to repay the moneys as a match for the Terminal equipment. Miranda stated another thing to take into consideration, more revenues would not take care of major replacements. She explained major replacements in five to ten years can cost millions of dollars, and the Port would go after grants, but all those grants require matching funds of 20 percent or 50 percent. She indicated rural areas occasionally can get a grant without a match, but every time the agency doesn't put money in, they lose their competitive edge. She added when she came here, the Port did not have any matching funds and were not applying for grants. She provided the example of the RAISE grant for Port Dock 7.

Retherford stated there are gaps with no income coming into the Terminal because the fleet is on the water. That is good because that means the fleet is making money, but it leaves a gap for the Terminal. She explained changes have come to the town, and they have to come to the Port. She noted the Port needs revenue, and a lot of boats have been displaced out of Newport because processors have shut down. She indicated when hake starts on time and has a good season, the only income at the Terminal is when the boats are tied. She added change is always part of this process.

Retherford stated it would be nice to say Terminal revenue is a steady stream, but it's going [down]. She noted she doesn't think the Commission really understood until Mann asked for this information. She indicated the Port is a business just like fishing is a business, and there is a balance needed. She added in order to create and build like Port Dock 7, the Port needs revenue. Discussion ensued on complaints from fishermen on fillet tables in South Beach. Retherford stated both sides of the Port are important, and it should grow together. She added the fishing industry learned how to be resilient and needs to honor all sides of the Port. Miranda added the Port is more like quasi-government because it receives so few taxes. She noted the Port is dependent on fees and grants.

Sylvia confirmed with staff grants do not cover operational costs, only new infrastructure or planning. He stated if the Port couldn't bring in new users, the only way to cover costs is to subsidize through income from other parts of the Port or increasing fees. Brown replied a third option is to cut costs, which is not viable.

Bretz presented his report included in the packet. Retherford asked if Terminal vessels could dock at Port Dock 1 if there was cargo. Bretz replied Port Dock 1 would take a lot of work. He explained as it sits right now, the cross bracing has failed, and the pilings are questionable. He stated they could use Port Dock 3 if someone is not tied up there. He noted once Port Dock 7 is done, then it will be easier to move folks around. Retherford asked if the Port doesn't increase revenue would that affect the possibility of the Port Dock 7 [rebuild]. Brown replied if the Port

gets both grants, that is a non-issue. He stated if the Port doesn't get both, then the Port may have to go out for a bond. Bretz stated he presented the project to Connect Oregon and explained this is a fishing port. He explained if the Port is going to be a fishing port, it needs these docks to accommodate 80-foot boats, and Port Dock 7 is extremely important. Retherford asked with all the changes happening, is there a way to provide some kind of questionnaire or concern sheet for the user groups about what they want to see. Bretz replied the Commercial Fishing Users Group would be good for that for the Terminal. He added as far as Port Dock 7, there are planned outreach efforts once the new concept is more complete.

Ruddiman asked, hypothetically, if tomorrow a company wants to bring barges for lumber at the Terminal, but only if they can use it 12 months out of the year, how would that work. Bretz replied staff would get all the dimensions, schedules, size of loads, and work out all the details. He noted he would talk to Moon about what he expects to see, and the Port would see if it could be fit in. He noted if there are times when the pier is full for some reason, the barge would have to wait [for an opening]. He added the main issue is scheduling.

Lackey stated the Port received a grant for the Terminal equipment, but the equipment is a ways off. He noted as he looks out into the future, the overall vision for the Port is threefold. He explained the vision is the Port Dock 7 rebuild, shipping to allow for successful integration with current users, and net revenues from shipping. He asked what that looks like. He added this work session is a start.

Lackey noted if staff were to try to plan something out to solve six problems, those could never happen, and twelve others may pop up. He asked if there are things staff can do, like talk to folks about net areas more. He stated he is curious about a dolphin at the Terminal. He asked for shipping, are barges more likely than ships. He indicated the grant is for log handling equipment, but log exports may not be in favor for different reasons. He asked what is more likely to be shipped instead.

Lackey asked what the Port can legitimately [move] to the new Port Dock 7. He asked can the Port change the log handling equipment for another product. Miranda replied as far as the timeframe, everything takes time. She explained even if the Port started with a new customer, they want to start with certain amount [of product] and see how that goes first. She stated the impact in beginning will not be high, and equipment will not be here for a year. She noted the grading could happen sooner. She indicated Port Dock 7 is looking like three to four years. She added everything is up in the air until it happens.

Miranda stated a dolphin would take two to three years to get in place. She noted, meanwhile, the wave energy is going to feed the Port until some of these things come into fruition. She indicated she hopes more business will stabilize net revenue. She added she has been talking to a lot of people, but nothing is concrete. Bretz noted log loaders do not equal log exports. He stated most people staff have been talking to needed log loaders to ship domestically. He added the pier is not auctioned off. He emphasized the need to use berth applications to book a spot.

Chuck stated costs have gone up and continue to go up. He noted the Port needs to create revenue and use its facilities to the extent possible and reasonable to other users. He indicated other than increasing use of the Terminal and revenues, the Port can't keep getting loans, meaning bond measures would be the only thing left. He added Port Dock 7 will not be there past five years.

Chuck stated in the meantime, the Port has to make sure it has funds available and support to do that. He noted going forward he wants to make sure the Port explores all options. He indicated it is a scheduling issue. He added he expects when staff get offers, that they look them as honestly and succinctly as possible. He explained the main thing is the Port remains viable and sustainable,

and his biggest concern is the Port continue to operate. Miranda noted there have been complaints on the bond measure for the Terminal because there hasn't been new business. She stated she is afraid if the Port needs other bond measures, such as Port Dock 7, the Port loses interest from the public on support. She indicated at some point, the Port would have to close down Port Dock 7 without funding. She added it is important to show the public that they are paying for multiuse.

Lackey stated Commercial Fishing Users Group is a good nexus for a lot of this. He suggested it may be appropriate to have more meetings or standing meetings, such as in April or November. Retherford left the meeting at 1:42 p.m. Sylvia noted he looks to balance all these issues, and as an economist find incentives to address issues.

PUBLIC COMMENT

Wilkeson, Hampton Lumber representative, introduced herself. She stated Doug Cooper recently retired, and she is filling in for him on certain matters. She noted she appreciates the situation the Port is in with the International Terminal, and it seems like there are options moving forward. She indicated Hampton is supportive of most of them like lumber and wood residuals. She added log export markets are cyclical and trending down. She explained this year has been tough for the sawmill industry as five mills have closed in Oregon, and everyone cited log supply and high log costs as reasons.

Wilkeson stated 11 log loads a year to make up for budget deficits is hypothetical, but that would be a significant amount of fiber that would have real impacts on [local] sawmill and wood product manufacturing. She indicated she would be as helpful as possible with other forest products that could be shipped out of the Terminal.

Yeck Sr., local fisherman, asked staff for clarification on the financials. He stated the report in the packet shows the Terminal had net operating income. Brown explained there were issues originally with the financial system transfer, and he explained depreciation. Yeck Sr. stated this Port has not been a cargo port for many years, and there is a reason why. He noted it is not a good location or harbor for cargo. He indicated Columbia River and Coos Bay are good cargo harbors, and that's where it will continue to go. He added he has trouble with the Port buying a million dollars' worth of equipment for handling cargo for a job that doesn't exist.

Yeck Sr. stated the Port is spending \$800,000 of Port money to match a grant for this equipment for which there is no job. He noted there are maintenance and servicing costs even when the equipment is not in use. He asked where the equipment is going to be housed. He stated another building will cost another million dollars. He noted there are companies called stevedores that provide equipment to handle jobs like this. He indicated it seems like the Port is going backwards rather than forwards. He suggested cutting costs at the Terminal might be appropriate. He added it doesn't have to be managed so there is service all the time. He explained each fishing boat represents five or six families. He stated the Port could consider a tax levy. He noted the Lines agreement is a detriment, and people bypass this Port because of it.

Cochran stated to generate more income inhouse, the storage of crab pots on the Bayfront shouldn't be there, but at the Terminal. He suggested adding another small hoist. He noted he likes the dolphin idea, but there would need to be a walkway to the dolphin. He suggested adding another dolphin and putting a fish plant out there. He indicated it would be nice to get the community to support the fishing and processing side. He said he would like to see the shipping footprint to shorten as much as possible. He added his vessel got too large for Newport, and 1,000 feet will not work for laying out nets for larger vessels like his.

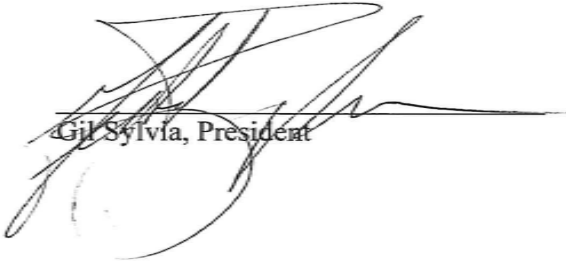
Halverson, former Port Commissioner, stated he was involved in passing the bond measure for the redevelopment of the Terminal. He read the summary passage for the measure, "to provide funds for capital construction and improvements, environmental remediation, removal of contaminants to rebuild the ship/cargo dock, and rebuilding the cargo, barge, and work docks to accommodate the fishing fleet, deep draft vessels, and barges." He noted the Pasley was removed so that the ship/cargo dock could be rebuilt. He indicated, according to the bond measure as he sees it, the fishing usage was on the easterly dock, the barge dock. He added everything he heard this afternoon for the use of the Terminal was filtered through the eyes of the fishing industry, what does the fishing industry need.

Halverson stated the only displacement he has seen is the displacement of the cargo industry. He noted there has not been one cargo movement since that facility was built for the purpose of moving cargo. He indicated the Commission has a mandate from this district for the movement of cargo, and if they violate it and displace cargo in favor of fishing industry, they are violating what this district has paid for. He indicated Ruddiman mentioned if a barge company needed the dock for 12 months of the year, Bretz' response was staff will check the schedule. He added the statement that if the fishing fleet is in great need of it and already booked it, then there wouldn't be room for the barge is in violation of the bond measure.

Halverson stated from 1982 to 1992, there were 168 lumber barges, 18 lumber ships, and 122 log ships. He said he disagreed there isn't cargo, or no one followed through. He noted a premier shipper of lumber on the Columbia River attempted to come here and was given the boot, basically. He indicated the accommodation was out of the way, the fishing industry needs it. He added it is time [the Port] live up to the obligation and follow the bond measure that the people of this district paid for to have cargo.

ADJOURNMENT

Having no further business, the meeting adjourned at 2:23 p.m.



Gil Sylvia, President

ATTESTED:



Walter Chuck, Secretary/Treasurer