

June 28, 2021
5:00 P.M.
Newport, Oregon

**JOINT CITY COUNCIL AND PORT OF NEWPORT
COMMISSION WORK SESSION**

The Newport City Council and Port of Newport Commission met on the above date and time in the Council Chambers of the Newport City Hall. On roll call, Goebel, Hall, Botello, Jacobi, Parker, Collett, and Sawyer were present. Port Commissioners Jim Burke, Gil Sylvia, Walter Chuck, Jeff Lackey, and Kelley Retherford were present.

Staff in attendance was Spencer Nebel, City Manager; Peggy Hawker, City Recorder/Director of Special Projects; Chris Janigo, Acting City Engineer; Mike Cavanaugh, Parks and Recreation Director, and David Allen, City Attorney. Port staff in attendance was General Manager Paula Miranda, Administrative Assistant Karen Hewitt, Director of Operations Aaron Bretz, and PR Specialist Angela Nebel.

DISCUSSION ITEMS

Legislative Update. Rep. David Gomberg stated this year working through a legislative session was remarkable in so many ways. He noted it was remarkable because the Capital building has been closed. He indicated the Legislature has had to struggle with how to manage the people's business remotely, and keep people involved in the process. He added the Legislature went to remote meetings and found more people testified in front of Legislative committees this year than in any previous session, perhaps because they did not have to drive to Salem.

Gomberg reported the Legislature had some issues on the front doorsteps with people unhappy with policies as they evolved. He stated they tried to enter the building, which led to a confrontation with State Police. He noted that was a sad day. He added the Legislature has been working through a real roller coaster of a state budget. He indicated at the beginning of the year, the Legislature thought people aren't working and businesses are closed, so there will not be income taxes, business taxes, or lottery income, meaning the budget would be in a free-fall.

Gomberg reported as the year unfolded, the Legislature learned people who are doing well in Oregon are continuing to do well, and people who are not doing well are getting an unprecedented degree of support from the state and federal government. He stated at the end of the day, the Legislature had more money than expected, particularly when the federal government added \$2.6 billion. He noted that allowed the Legislature to balance the state budget. He indicated they were able to put money into healthcare, education, transportation, and public safety. He added the first draft of the budget had a recommendation to cut small business development centers by 40 percent.

Gomberg reported he chairs the committee that handles that budget, and he made sure they got out of the session intact because they are doing heroic work for small businesses on the central Coast. He stated by the time the budget got out, not only were they funded at current level, but also the Legislature was able to increase their budget by 25 percent next biennium. He explained the history of Newport's dam replacement funding. He noted the Legislature passed the Capital Construction Bill, which included replacing failing water tanks in Waldport, connecting the Port of Toledo to the sewer system, improvements to the Toledo aquatic facility, a new fire station in east Lincoln

County, Port of Depoe Bay docks repairs, improvements to the Lincoln City Cultural Center, a new welcome center in Lincoln City, funding for the Siletz Tribal Heritage Center, and improvements to the Aquarium.

Gomberg reported Newport needed \$4 million for its dam project. He stated he wanted to go beyond planning and permitting, and changed the proposal to \$14 million, which was approved. He noted totaling the numbers, there is \$50 million for projects in Lincoln County. Nebel stated he appreciated Gomberg's ongoing efforts on the dam. He noted that is going to really jumpstart this project. Miranda noted the Port of Newport has capital improvements on the horizon in the next couple of years. Jacobi asked for a ballpark figure for job creation. Gomberg replied all of these projects will create jobs and sustain jobs. He noted the Siletz project will generate more than 170 jobs. Goebel asked what \$14 million will buy. Nebel replied that will cover design work, permitting work, and auxiliary things such as construction of access roads. He noted the city is working through those issues. He indicated there will be a meeting with Council to discuss a specific plan as soon as the Governor signs the bill. Goebel confirmed the city is pursuing federal grants as well. Sawyer thanked Gomberg for his advocacy.

Overview of the Port of Newport - Paula Miranda. Miranda reported ports in Oregon are created in ORS 777, and that stipulates everything they can do and not do. She stated port services tend to be based on the community it serves. She noted sometimes a community focuses on vessels, or harbors, or rivers. She indicated services can be recreational, commercial, or cargo. She added ports also have airports, train terminals, and power generating facilities.

Miranda reported some ports don't have water like the Port of Tillamook Bay, which has industrial parks and an airport. She stated, typically, ports are very active in economic development. She noted there could be warehouses. She indicated the Port of Newport can't do it all, but has to pick what's important to the community. She added ports are usually managed like a corporation even though they are a public entity.

Miranda reported the Port operates for the public good, but they have to make money in order to provide services. She stated one percent of funds come from property taxes. She noted nine percent comes from bonds that will eventually be terminated. She indicated looking at a \$15-20 million budget, that is talking about a lot of business activity. She added in order to do more, the Port would have to raise fees and other things it is trying to avoid. She explained the Port is trying to do the best for the businesses of the community as well.

Miranda reported the Port was created May 26, 1910. She stated the Port encompasses 59 square miles, and that goes from Otter Rock to Seal Rock. She noted the Port's mission is to build and maintain waterfront facilities, promote Port projects and programs in corporation with other community organizations and businesses that will retain and create new jobs that will increase community economic development. She indicated the Port's vision is that the Port will serve as the premiere Oregon Coast port for the commercial fishing fleets, for recreational fishing and tourism, ocean observation, and marine research. She added the Port will be one of the top two Oregon Coast ports for waterborne commerce while protecting and enhancing the beauty and integrity of the natural environment. She overviewed maps of the Port's properties. She pointed out the Port does all of its work with 24 employees and five commissioners.

Goebel noted he has attended several Port meetings, and there has been discussion about reengineering Port Dock 7. Miranda confirmed those discussions are ongoing. She explained every year the dock keeps slipping away. She noted they lost another 66 feet of it, and the Port has lost 400 feet of dock since the '80s. She stated that makes it more difficult to mitigate and recreate the dock. She added the Port has done some work so that it is able to keep what it has until it is able to reconstruct the dock. She indicated the main goal this year is to do some planning.

Miranda reported the Port has budgeted money for design and permitting, and is working with its grant writer to get funds for planning for the dock. She stated they believe it would be \$15-18 million to reconstruct. She noted, meanwhile, they are working with the Army Corps of Engineers to create a dredge channel through the commercial area. She indicated they are looking for \$3-10 million for that project, and the Corps would fund that and maintain the channel. She added that will help with Port Dock 7.

Miranda reported right now, the Port turns people away all the time. She noted they don't have space for everyone, and every new fish season, they have new vessels coming in. She explained that causes frustrations for locals. Parker asked how the ice plant is going. Miranda replied the ice plant is not the Port's property, but they have a lease with them because they have dredge material there. She noted, eventually, the Port will remove that. Parker clarified the pier across from Ripley's will not be an ice plant.

Urban Renewal Update - Spencer Nebel. Nebel reported when the city established the Northside District, one request was to consider a district for the international terminal. He stated McLean Point Urban Renewal District has a very narrow focus, the extension of sewer, storm drainage, and other utility upgrades, and street improvements to help facilitate the use of that property. He explained the revenue Urban Renewal gets is an increment of the growth of taxes from the time the district was established in 2015 to the taxable value of today. He indicated this is a key district that at some point, will play a role in extending sewer to this area. He added this district exists at the request of the Port.

Nebel reported South Beach has been one of the city's major Urban Renewal districts, and the city is reaching the end of that district. He explained the Urban Renewal Agency has hired consultants to plan for the final projects. He stated one of the key things being looked at in South Beach is the need for additional service- and retail-type businesses in South Beach. He noted starting in July, the city will be doing a virtual meeting for input. He suggested if the Port has thoughts or ideas for the conclusion of the South Beach District, to convey any specific things in the near future so the city can incorporate those thoughts into the final plan for this district. He added the city has to commit projects by 2025, and they have to be completed by 2027.

Business Recruitment to the International Terminal - Paula Miranda. Miranda reported during COVID not much happened. She noted ports that have cargo business had to close. She stated the Port did some research on what could work here, worked to get a marketing report, and tried for grant. She indicated this is still in the budget. She added, meanwhile, she is working with a couple of companies on the forestry side of things.

Miranda reported that is a tough area to get cargo business. She explained in '90s when Newport had cargo business, those vessels were smaller and had less of a draft need. She stated nowadays those small vessels are discontinued. She noted only the entrance to the Bay is 40 feet deep, but the channel is around 30 feet. She indicated the Port keeps its berths around 40 as well.

She added finding vessels who can come here at 30 feet is very difficult. Miranda reported the height of the bridge causes issues as well. She stated the Port looked at cruises, but that was hard hit by COVID. She noted the smallest cruise vessels are still too big to get under the bridge. She explained when the vessels get too small they have a hard time bringing passengers in and out of the Pacific Ocean. She indicated she does have a couple of customers she is working with, and, hopefully, they can make something work. She added once conversations get to a point near reality, then the Port will have to involve existing users and the city.

Miranda reported the Port does not have a train track. She noted most cargo companies look at draft and trains. She explained the Port needs to determine what OSU is going to do with their bid for Wave Energy. She added they have had conversations with a couple different contractors who would like to use the Port's terminal. Hall asked how deep is Astoria's port. Miranda replied in general the Columbia Gorge is dredged 45 feet. Sawyer noted cruise ships could use a tender to bring tourists into Newport, but the journey would be very rocky and people will not want to come into Newport because of that. He stated there was discussion on taking agricultural products from the Valley on smaller vessels out to a large barge and out to sea.

Botello asked what would the Port like to see in Transportation System Plan update regarding cargo or anything else. Miranda reported she met with longshore folks and their lobbyist, got a list of people that she thought the Port could work with, and reached out to lobbyists in Salem for transporting farm goods. She noted that was not the right time. She indicated now things are opening again, it may be time to revisit those folks and see what works. She stated transportation-wise, there is a new rail being built with Connect Oregon money in the Valley that could help with some of that. She added just because there is a need, doesn't mean the Port is ready.

Goebel asked for an update on the tall ships. Miranda replied they are very interested in coming on an annual basis. She stated they are discussing next summer bringing four vessels here for four days. She added she sees that as opportunity to showcase the Port and Newport and attract a lot of people.

Status of Port Leases at the International Terminal - Paula Miranda. Miranda reported the Port has nine acres as an area for development, and everything else is private property. She explained how property owners and the community are trying to enhance the blue economy, any business related to water. She noted the Port placed a lot of dredge material on the property, and there was a lease with the Port that eliminated property taxes. She explained the private property owners have requested the Port remove that material. She indicated that will cost a couple hundred thousand to remove, and the Port has that budgeted. She added the moment that property lease is terminated, it goes back into the tax roll. She stated she has not heard any particulars about a project for the area. She noted they will continue discussing any opportunities to work together.

Mitigation of Marine Debris from Port Properties - Councilor Parker. Parker reported the Port is aware of the effects of marine debris on the fishery and economics of this community, which are heavily invested in fisheries. He suggested the city partner with the Port to put in some passive marine debris collection devices that have been working really well in western Australia. He stated they are called seabin. He

indicated Seabinproject.com is the website. He explained 860 are deployed in boat basins, sit along the tidal waterline, and then small debris is captured in a non-mechanized way. He added they have captured 2 million kilograms of marine debris.

Parker reported the bins are only a few hundred dollars each and designed by a fisherman. He stated potentially, the city could use Urban Renewal money to help the Port purchase a few as a pilot, one on both sides of the marina. He added they also have passive storm drain filtration nets that they sell. He indicated these can take a high-volume storm catchment out of storm drains. He explained the high strength polymer net captures larger debris that would be washed off parking lot surfaces during flood events, or out of parking lots generally. He added that is one of the main sources where landward debris can get into the estuary.

Parker reported outside of Port property are a lot of larger legacy marine debris, including large tires around the Coast Guard station. He stated he would like to see a work group put together involving the Port, fleet, ODFW, state police, and Coast Guard to potentially use DLCD and NOAA marine debris program grant money to start removing these items that are polluting the environment and not benefiting the Port in any way. He noted it benefits everyone to have a cleaner working marina. Miranda replied the Port is always willing to work with others, but the budget is always the issue. She noted once something leaves the Port property, it's responsibility of those who are littering and DEQ. She expressed support for working together on such a project. She added even with Urban Renewal funds, eventually, the bin needs to be replaced, there is ongoing maintenance, and someone has to collect the debris.

Port Commissioner Chuck stated the Port has been pretty proactive in coming up with the marine debris action plan in 2017. He noted they have been addressing this as much as possible. He explained the Port has a 1200 EZ permit for catch basins, and Longview Hills has lined recycling containers all around the Port. He indicated the Port would be more than happy to work on that too. He added it would be great for the city and the county to write letters of support to get money into this plan because NOAA is always looking for ideas and they want to expand on the program. He suggested bringing in the Landing and the Embarcadero because they are a third of the fleet. Parker explained the importance of improving debris mitigation.

Update on Port Dock Projects - Aaron Bretz. Sawyer introduced the agenda item.

Bretz reported the most visible thing going on right now is completion of the pier at Port Dock 5. He stated that project was budgeted \$2.4 million, and will finish at \$2.1 or \$2.2 million, so the Port is under budget and basically on time. He explained it's been about a five-year planning effort to get that done. He noted the reason why it takes so long to plan these projects is the permitting process for in-water work is rather extensive. He indicated there is consultation that has to occur between several different regulatory agencies. He added this is generally run by the Army Corps of Engineers who reaches out to state agencies and federal agencies.

Bretz reported this pier is a self-mitigating project. He stated the Port made a smaller pier than the old one, and had to reduce the number of pilings, which reduces the environmental impact. He noted the Port also made it generally accessible to diverse users, folks who are in a wheelchair or walk with a cane. He indicated there is a very noticeable difference if you compare the angle of the old gangway to the new one. He added there will be a ribbon cutting.

Bretz reported the next project coming up is replacement of the power pedestals on Port Dock 3, and the relocation of a meter off of a Pacific Seafood building. He stated the project is very much needed because all of the docks have 30-amp service. He emphasized trying to supply businesses with 30-amp service doesn't really cut the mustard. He explained what can happen during crabbing season. He noted if the vessels want to plug in, the Port needs to provide 50-amp service. He indicated the Port is also looking at putting in new power pedestals. He added the current marine power pedestals are about 25 or 30 years old, and in serious need of replacement.

Bretz reported the Port increased moorage rates by just over 30 percent in about a three-year time span in order to do this, which was a major undertaking to make that steep of an increase in that short of a time. He stated they were able to do that because they are demonstrating how they put that money back into the docks instead of the general fund. He noted folks have been pretty supportive of that project. He indicated the Port is putting more efficient, safer plugs on the docks. He added if the project stays on time, the Port should be able to get the project done in the fall. He explained if not, the project should be completed in the spring.

Bretz reported the Port is working on planning for the replacement of Port Dock 7. He noted it is an extremely important project. He stated Port Dock 7 is one of the more degraded facilities. He explained it's an infrastructure project. He indicated Port Dock 7 was built when South Beach Marina didn't exist yet. He added it was recreational facility in the '60s.

Bretz reported in the current era, the Port does not have much of a need in the commercial marina for more vessels of that size and type. He stated it would be, generally speaking, wasteful to build another facility in that size and configuration for vessels they don't have as much of anymore. He noted they are trying to get this done in a way that it will last another 40-50 years and continue to follow the well-documented trends in the fishing industry, so the Port can provide services and allow growth. He indicated Newport is experiencing growth in the commercial fishing marina itself. He added as other ports recede, Newport has expanded.

Bretz reported to keep the Port the premiere commercial fishing port on the west coast, the Port needs to stay in front of these trends and build the proper-sized infrastructure for it. He explained the Port has to be very careful how they do permits because they have to do it in a way to create the least amount of impact. He stated when the Port chooses mitigation projects, they want those mitigation projects to directly benefit the Port across the board. He indicated it's tough to pay for this stuff when the Port gets such a small sliver of property taxes. He added on the recreational side, the Port has similar issues with old docks.

Bretz reported the recreational marina was built in 1978, and the recreational boating world has changed over time. He stated it's not drastically different, but the Port wants to make sure as they move ahead, they have the right size and infrastructure. He noted electrical is a big issue across the board. He indicated the Port put in new load centers. He explained how the load centers work. He added when the Port replaces those docks, they will replace the electrical as well. He stated they have a lot of pilings that need to be replaced there too. Goebel what is the timing on Port Dock 7. Bretz replied Port Dock 7 will take at least five years.

Future of 343 SW Bay Boulevard. Sawyer introduced the agenda item. He reported Sea Dogs' and Republic of Candy's buildings have been basically condemned. He stated the pilings are bad, and the owner has not expressed a plan. Miranda stated the small building there was leaning against another building. She explained the location. She noted the Port owns 400 square feet of land, and a good part of the property was leased from the Department of State Lands. She indicated as they looked into it, they hired an engineer to look at it. She added they discovered a small percentage of the property was held by 20 percent of the pilings.

Miranda reported they immediately had to condemn the building and got someone to remove the building. She stated the city has given the Port a year to figure out what to do. She explained at this point, they have a fence at the area. She noted all possible alternatives are not looking great. She indicated the property itself has little value as it stands. She added replacing the pilings there would cost \$1 million or \$2 million.

Miranda reported they have to look at future of the Port and its needs. She stated the Port is running out of moorage spaces. She explained she had a conversation with the Department of State Lands and the owner to figure out if they would allow the Port to recreate the dock in such a way as to have space for at least three vessels to dock. She indicated there are some concerns on fishing vessels versus charter vessels blocking views. She added the Port has to decide soon because they will run out of time for permitting. She explained the Port may end up asking for an extension from the city.

Miranda reported to remove the site or replace it will take some work. She stated there is still planning to do. Botello asked if there is any interest in expanding oyster farming on any Port properties. Miranda replied near the international terminal on the east side, the Port owns some property, and there has been conversations with folks from OSU and others on oyster farming. She stated the Port is open for those types of developments. She added it would not be on this property. Chuck asked if the property is water dependent or water related. Nebel replied he believes it is water dependent. Chuck emphasized the importance of keeping the Bayfront a working waterfront.

Discussion of Storm Water Outfall and Sedimentation - Chris Janigo and Aaron Bretz.

Sawyer introduced the agenda item. Bretz reported this is something the Port has been talking with the city about over the last few years. He stated there is a couple of locations that are causing some challenges, in particular the commercial marina. He noted there are storm water outfalls from the city that are installed just outside of Army Corps jurisdiction and state jurisdiction. He indicated the reason why the permitting process exists is to require 401 water quality certification. He explained that prevents anyone being able to discharge waters that has contaminants in it into US waters. He added, eventually, all that material in storm water has to settle, and then decreases depth.

Bretz reported people can flow clean water into the waters of the US at such a rate that it takes the bank and pushes it in a way that otherwise they wouldn't be allowed to do. He stated there is a high volume of water that empties into the commercial marina in between Port Dock 5 and where the commercial marina starts. He noted the outfall is taking the mudflat there and putting it into the marina. He indicated there is a pretty substantial channel that has been cut into it. He added he has been documenting the depth for three years, and there is a shallower area where the water flows out.

Bretz reported this is a challenge, and they are trying to figure out what to do with it. He stated the city has done what it's supposed to do as far as installing engineering

devices in the outfall itself to try and slow the flow of water. He noted they are simply being overpowered. He indicated a lot of water comes out of this thing. He added he does not know what the solution is to it.

Bretz reported for the Port, the impact is sediment gathering in the commercial marina, and the need to dredge more frequently. Miranda added the Port is looking for solutions and work with the city to figure out how to address this. She stated, ultimately, it is coming from an outfall from the city. Bretz noted what the city is doing is completely legal and within standards. He stated the city has an easement from the Port to install that pipe there, but it's an outcome no one envisioned when the project began.

Janigo reported the Embarcadero hotel had a storm drain outfall that failed and created a lot of sediment there. He stated the city began a project to replace that outfall, and part of the failed storm system required the city to go in and dredge a couple of spots. He explained historically, the storm system diverted flow from Olsen Creek to the Embarcadero outfall. He noted the city, working with the Army Corps of Engineers and Department of State Lands, put a new outfall on the west side of the Port offices by the city's booster pump station, which is where the natural topography should have an outfall. He added it is not an issue of erosion protection, but the fact the city experiences a large amount storm drainage runoff at that location. He emphasized it is a quantity issue not a quality issue.

Janigo reported the basin is fully developed upstream of that area. He stated through this initial first couple years, that outfall became stabilized as an estuary mudflat habitat. He noted one thing the state gained from this project was estuary mudflat habitat credits. He indicated he is not sure if additional riprap is the answer. He explained there is quite a bit already there. He added there is quite a bit of drop the water needs to go onto before meeting the mudflat area.

Janigo reported adding riprap may just push the channel out further and fill other areas with sediment. Collett asked if the problem is the volume of sediment or that it is moving. He asked if it could slow down, so it drops out of the flow earlier and stays up on the mudflat, would that be acceptable. Bretz replied that might work. He noted the county put in an outfall with a large catch basin. He stated in order to slow this, it might need to be quite big. Discussion ensued on the history of the outfall. Bretz stated one of the other possible solutions is to get the outfall pipe to the water, so it drains into the water, then the river itself would dissipate the energy and there wouldn't be this problem. He noted the city would need to extend the outfall further out across the mudflat. Nebel stated the city is willing to have discussions and determine if there is something jointly to do to address this issue. He noted there are a lot of challenges with this, and it will take some expertise beyond what the city has internally.

Developing Improved Non-Motorized Boat Access from the South Beach Marina - Mike Cavanaugh. Sawyer introduced the agenda item. Cavanaugh reported he reviewed the Park Master Plan and found this project. He noted that property belongs to the Port. Bretz explained in 2019 that discussion was brought up, and the Port improved this area for this purpose. He stated it's a wayfinding issue. He suggested getting some improvements to show people how to get to it or public messaging. Cavanaugh reported the plan identifies signage, wayfinding, and parking signage to help direct the public there. He stated he wants to initiate conversation with the Port. He emphasized Parks would love to support this project. He explained Lincoln County is pursuing some grant

funding through the Economic Development Administration, \$3 million, and looking for players within the county to chip in on projects that are shovel ready based on recreational tourism, job creation, and job sustainability. He indicated this could be potentially one of those projects. Miranda confirmed some Urban Renewal Agency money for South Beach could be used for this if outlined in the Urban Renewal plan.

COUNCIL AND COMMISSION COMMENTS

Nebel asked for an update on a project in South Beach for storage that the Seafood and Wine festival could take advantage of. Miranda replied there has been discussion on an expo center. She explained she is talking about an outdoor building that could replace the \$130,000 price for tents that the Seafood and Wine festival pays for. She stated there could be RV or boat expos there too. She noted the Port does not have many places that are wide open. She indicated they are looking into a plan to see if it worth their while to move forward, priced at \$30,000 to look at financials. She added if this is in the dry camp area, they have to consider how to replace the revenues that come from that area. She stated they are also looking for grants.

Hall noted in the Transportation System Plan update, comments have come up on ferry access across the Bay. She also suggested working with Surfrider, SOLVE, and state folks to get some of this really obvious, apparent, visible debris out of public spaces. Miranda replied there are some organizations who work on debris removal, and the Port provides those permits for free. She noted they are always willing to be a partner. She stated she has not heard much about a ferry.

Jacobi explained an idea is to have a water taxi service for tourists to take from South Beach to the Bayfront. Bretz stated he worked with Travel Oregon some years ago to talk about this, and pointed them toward some resources. He noted the ferry would have to be an inspected or uninspected, commercial passenger vessel. He indicated business-wise, it is a question of volume, how many people and how steady of a service. He added the Port could shepherd, but this would have to be a private business. He explained an uninspected, commercial passenger vessel means six paying passengers or less, and usually a smaller boat. Discussion ensued on the business aspect of such a venture. Janigo reported the City of Newport's past engineers stated the end of Fall Street and Canyon Way was saved as a potential ferry location. He noted it is currently used as a parking lot. Miranda noted one of the main problems with ferries is the parking. She explained there needs to be a certain amount of real estate.

Retherford stated on June 7, Council had a presentation from Bird Scooters. She noted her concern is for the Bayfront and Port. She explained between the tourists and fishermen, the sidewalks are pretty busy. She suggested the city consider the Port if they choose to bring this group to Newport. Nebel explained the history of the topic. He noted their proposal won't be coming back to the Council until August. He stated any feedback from anyone on this issue is appreciated. Hall added her understanding is that scooters can't be operated on the sidewalks, so there are many safety concerns.

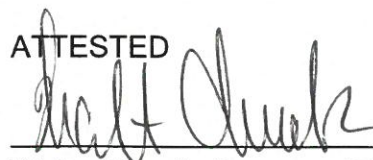
ADJOURNMENT

Having no further business, the meeting adjourned at 8:02 P.M.


JAMES BURKE (Aug 30, 2021 15:16 PDT)

James Burke, President

ATTESTED



Walter Chuck, Secretary/Treasurer