

April 25, 2023
6:04 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 South Beach Activity Room, 2120 SE Marine Science Dr., and virtually via Microsoft Teams. In attendance were Commissioners Burke, Retherford, Chuck, Lackey, and Sylvia. Also in attendance were General Manager Paula Miranda, Director of Business and Finance Services Mark Brown, Operations Director Aaron Bretz, PR Consultant Angela Nebel, Administrative Assistant Gloria Tucker, Fran Matthews, Brandon Matthews, Pat Ruddiman, and Doug Cooper.

CHANGES TO THE AGENDA

Miranda recommended moving agenda item Approval of Purchase and Sale of Real Property (343 SW Bay Blvd) to Ocean's Edge, LLC to the top of New Business. The Commission agreed to move up the item.

PUBLIC COMMENT

Doug Cooper, Hampton Lumber, explained his firm and the importance of lumber supply in Oregon. He stated five years ago the Commission decided not to pursue development of a Port facility for exporting logs out of Oregon. He noted there was a lot of transparency at that time, and the decision was made in part because of congestion concerns and financial risk. He noted now the Port is considering investing in equipment and federal funds for shipping logs. He indicated there has never been information presented about what that plan is, only references to forest industry or logging companies. He stated there is no analysis of financial opportunity, long-term cost, or intentions. He suggested before the Commission spends close to a million, they thoroughly understand what they are investing in.

CONSENT CALENDAR

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

OLD BUSINESS

First Public Hearing on Ordinance 2022-02 Regarding Code Changes. Burke introduced the agenda item. Bretz reported last year Commission talked about selling fish directly off boats in both marinas. He stated the code need to a little more work to make sure it covers everything appropriately. He explained the code used the term buying station incorrectly, which is defined by ODFW. He noted that has been redefined, and the next step is to establish a permit for South Beach and the Commercial Marina. He indicated this would not be approved until May, and, at that point, he will have a draft permit.

Burke asked if the permit reviews applicants case by case or is available to anyone who applies. Bretz replied there will be stipulations in the permit that will be required, and as long as applicants agree to those terms, they get the permit. Burke confirmed with staff there will not be a limit on the number of permits issued. Miranda added last time staff talked about monitoring it, but for the time being, it has not been an issue. Chuck asked if there will be additional insurance requirements. Bretz replied all sellers are moorage holders who are required to have insurance. He stated he did not intend to increase insurance over that. Chuck suggested increasing insurance since there will be more traffic to those vessels. Bretz replied he will look into liability. Miranda noted if buyers are not customers of the Port generally, and only going there to buy fish, that should be covered under recreational immunity.

Sylvia asked if there will be additional liability on food safety. Bretz replied the Port will require them to adhere to all the state food handling requirements, and that's prudent. He stated there should not be any additional liability, but he will confirm that. Sylvia emphasized raw fish carries more risk, and the Port needs to make sure it is not liable.

Retherford asked who monitors sellers, that they are keeping up with all the requirements on these permits. Bretz replied the Port is trying to avoid that. He explained staff are not trained or equipped to be food inspectors or become the health department. He added staff will not monitor their practice. Miranda noted this is not different from current lessees, where the Port asks tenants to abide by all federal, state, and local laws. She explained the Port doesn't check on them. She stated if something goes wrong, it is the city or the state investigating, and they provide the Port cause to kick them out.

Approval of Grant Match Letter to MARAD. Burke introduced the agenda item. Miranda reported the support letter did not have the amounts when it first went out because she was waiting on an update on the cost of equipment. She noted the cost went up from last year's application. She stated the Port intends to finish grading of the nine acres, add three acres of fencing, and buy two loaders. She indicated the total cost is \$4.3 million, almost a million higher than last year. She added it will not get cheaper.

Miranda reported the forest industry market does go up and down. She stated she has been talking with a couple companies for a while. She noted the reason she hasn't made much disclosure is the Port can't entertain them without equipment. She indicated these would be regional customers as well, and possibly importing companies. She explained it is very complicated leasing the equipment or getting drivers. She added if the Port owned the equipment, there would be more interest. She compared it to the chicken or the egg; without equipment the Port won't get customers.

Miranda explained the change in shipping. She reported the fishing use of the Terminal docks cannot sustain them. She stated the Port needs to figure out ways to bring new business. She noted if the Port does not do the investment, the Port will never get customers. She indicated the Port can afford the match, and the budget planned for the grading anyway.

Sylvia asked if the Port gets the equipment, what is the probability of getting customers. Miranda replied there are already customers who would use it. She noted she does not know how much business there would be over time. She indicated if it pencils out for customers, they would slowly use the docks more, which would give staff time to work out scheduling. She added this may not make the Port a lot of money, but the Port will not lose money. She explained the cost is \$4.3 million for the total project, and the 20 percent match is \$861,025. Burke added diversity is key.

Sylvia asked if there is a good used market if the investment doesn't work. Bretz replied the equipment will have depreciated. He noted there is a used market, but the Port has to be careful about using grant funds for equipment and then selling it. Miranda stated if the Port sells it, the Port would have to give the money back.

Sylvia asked if the Army Corps would dredge deeper if there were customers who needed a deeper draft. Miranda replied it took 20 plus years for the Columbia River to dredge three feet deeper, and environmentally, it would be a nightmare to change that. She noted this is a tidal bay, which means the depth can be deeper during high tide. She added customers take that into consideration.

Chuck stated the Port missed out on a lot of money from not having any hint of cargo, especially infrastructure grants. He noted there is talk about reducing the budget for the Army Corps, which would mean less dredging for smaller ports. Miranda noted the Army Corps has maintained dredging in Newport for the safety of fishing vessels, but often they maintain channels based on the amount of cargo. She stated this could come back to bite the Port if they (Army Corps) look at cargo in the future. She indicated a bond was passed for improving the Terminal with the concept the Port would try to bring in cargo.

Retherford stated as the Port tries to get improvements and grants, there may be opportunities for more grants. She noted if the Port doesn't do anything, it might be missing out. She explained making some of these moves is strategic, and the Port needs to promote diversity instead of just commercial fishing. She added there is a bigger picture to consider.

Lackey confirmed with staff the application is due Friday. He noted he would like more time to look at ROI and understand how many loads per year would help pay off the cost over time. Miranda noted she has included in her reports her intent to reapply. She apologized for not having the numbers sooner. Brown replied, off the cuff, if a company shipped 12,000 tons of pulp with a 350 ft vessel, that would generate \$30,000 a day. He stated it would take 30 days of loads to return the cost of the equipment. Miranda stated it could take a couple of years to get that use.

Lackey recommended staff quantify the fishing activity at the terminal. Brown replied the Port does have that information available in the system. Lackey emphasized the importance of planning this out better than last time. Miranda added the Commission should take into consideration when there is a terminal, millions of dollars will have to be invested to keep it usable.

Sylvia stated the Port needs to understand replacement costs and maintenance so there aren't surprises. Miranda replied the goals and objectives should help address that. Lackey noted nothing at the Port can be sustainable without grants, but Commissioners should still do their due diligence as much as possible. He suggested staff meet with current Terminal users. Bretz noted he is very familiar what goes on at the Terminal. Miranda added she, personally, will meet with those users, but she trusts her staff who works with them on a daily basis.

Lackey stated he knows he has to be realistic about how to keep the Port assets. He noted he understands he has to consider what is economically best, even though he is from fishing side, as a Commissioner, he represents the whole Port district. Sylvia confirmed with staff negotiations with these companies won't create more impositions on the Port. Miranda added the Port has a tariff, and this is different than leasing an area.

Lackey asked if the chances are better than not that the Port can get return on this investment of \$800,000. Miranda replied, at this point, she can't. She explained the Port is making an investment to attract customers, and she can't promise that will happen. Burke asked how this is different from last year. Miranda replied the request is scaled back; the Port did not include two-yard trucks. She noted staff think that hurt the application last year because trucks are easy to use

in other areas. She explained MARAD wants something affixed to the ground or hard to move around. Burke noted a lot of infrastructure money the Port does not qualify for or is not ready for, and this is trying to put the Port in a better position.

Chuck stated in his past 11 years on the board, the Port has not created a new revenue source; all they have done is refinance loans and increase fees. He added there is a lot of funding the Port is missing out on.

MOTION was made by Chuck, seconded by Sylvia, to approve the match letter for the PIDP grant to allow the Port President to execute it. The motion passed unanimously in a voice vote.

Approval of DSL Submerged and Submersible Land Lease 62518-ML. Burke introduced the agenda item. Miranda reported on the history of the lease. She explained this is the Port's portion of the lease, and she will bring a second lease (related to the Clearwater side) to next meeting. She noted the cost is \$161 per year for 15 years.

MOTION was made by Lackey, seconded by Chuck, to authorize the General Manager to execute the DSL lease as presented. The motion carried unanimously in a voice vote.

NEW BUSINESS

Approval of Purchase and Sale of Real Property (343 SW Bay Blvd) to Ocean's Edge, LLC. Burke introduced the agenda item. Miranda reported on the history of the property. She noted the neighbors, Fran and Brandon Matthews, are interested in it. She stated they own either side of the property. She indicated she negotiated to sell for the assessed value. She added, in reality, this sale will save the Port money in the long run, as it will save the Port from having to remove infrastructure. She explained she did reach out to other interested parties, but they did not make offers.

Fran Matthews, Marine Discovery Tours owner, invited everyone to experience the programs. She stated she has been approached for years by small schools who suggested an alternative shore-based program, with a lesser cost than the vessel program. She noted the little piece of property seems viable. She explained she wants to stabilize the pilings and docks to add public access. She indicated it's not property that could support additional parking, but she is still working on the development.

MOTION was made by Chuck, seconded by Sylvia, to authorize the General Manager to execute the purchase and sale agreement, as attached, and any closing documents necessary to complete the sales transaction. The motion carried unanimously in a voice vote.

Approval of Fiscal Year 23-24 Rates and Fees. Burke introduced the agenda item. Brown reported these are the proposed rates for next fiscal year. He explained the percentage increases over the last four years are included in the packet. He noted experts believe the inflation rate will be 1.7-3 percent, but the rates are not there yet. He indicated there are staff increases to consider too. He added he budgeted a 6 percent increase this year.

Brown reported in talking to other ports and municipalities throughout the state, they range from 4-8 percent this year. He noted parking rates for the commercial marina are to be determined. He explained once the city sets their rates, staff can come back to the Commission. Miranda added she would like to have a work session on that before the Port sets that rate.

Chuck suggested adding marine renewal energy devices to the rates, so the Port gets credit for it. Brown replied he will come back with that addition. Bretz added the Port will need to develop a charge for setup of large crane equipment for those too.

Sylvia asked if the Port is catching up on its operating costs, other than inflation. Brown replied the Port will never really get there because costs are so high. He stated the Port will always need grants. Sylvia suggested long-term, the Port should have a plan to generate fees that bring in a percentage of fixed costs. He added anything that can be planned for, the Port should catch up.

Brown noted in Oregon, the Port's fees are higher, but beyond Oregon, the fees are on par because those Ports are trying to cover their costs. Burke stated staff have done a nice job presenting and explaining the fees. He asked what percentage of the increase goes into the maintenance fund. Brown replied there is not a specific percentage. He stated from excess revenue he puts aside 1-5 percent into the maintenance reserve.

Lackey confirmed with staff these rate increases cover the increased cost of doing business. Retherford added she knows it is a hard time for everyone because fees are going up everywhere. She stated she also knows it is important to increase fees to continue to improve the Port and keep facilities going. Brown added this increase in revenue will not be seen for another year.

MOTION was made by Sylvia, seconded by Lackey, to adopt Resolution 2023-01 setting Rates, Fees, and Charges. The motion carried unanimously in a voice vote.

Approval of DOR Intergovernmental Agreement. Burke introduced the agenda item. Brown reported if the Port collects tax IDs, the state can withhold tax refunds to allow the Port to get its money back. He explained this agreement potentially increases collections.

MOTION was made by Chuck, seconded by Retherford, the General Manager or designee enter into an Interagency Offset Agreement for uncollectable accounts with the Oregon Department of Revenue. The motion carried unanimously in a voice vote.

Approval of Bergerson Dredging Contract for NOAA. Burke introduced the agenda item. Bretz reported the Port received the variance for the in-water work window, so the permits will not be a problem. He noted the contract is for dredging between August 28 through October 27, 2023. Miranda thanked the captain at NOAA for writing a support letter. She also thanked Representative Gomberg for talking to ODFW. Bretz noted this bid was 50 percent less than the other firm, largely due to mobilization costs. Burke confirmed with staff this will be a one-year variance.

MOTION was made by Lackey, seconded by Chuck, to approve the Bergerson Construction Contract for dredging the NOAA MOC-P Facility. The motion carried unanimously in a voice vote.

Approval of Purchase of Forklift for NIT. Burke introduced the agenda item. Miranda thanked Business Oregon and Melissa Murphy for this grant. She explained squid is an emerging business, and having another forklift helps. She noted this grant also allows the Port to add a couple fish cleaning stations for South Beach. Lackey thanked staff for their work.

MOTION was made by Retherford, seconded by Chuck, to authorize the General Manager to accept a grant from Business Oregon in the amount of \$175K, and to execute the purchase of a Hyster forklift not to exceed \$132K. The motion carried unanimously in a voice vote.

STAFF REPORTS

General Manager's Report. Miranda welcomed new RV Park hosts, Karly and Tommy Walker. She noted it made a difference not having one last year. She stated staff started working on the planning for the RV Park Annex. She explained the Port put a lot of time and cost into fixing problems, and there are still a lot of complaints. She indicated the Port was hoping to get some grant funds, but it doesn't really fit. She added staff plan to move into the new Administration Building on May 5.

Miranda reported there will be a budget meeting on May 15. She stated Port Dock 7 planning has started, and there will be more meetings. She noted the comment section on the website is still open for the fishing pier. She indicated she met MARAD staff. She added the city is close to implementing paid parking.

Miranda reported it would be good to have a work session to show all the Port's parking lots, and explain what the Port should be doing for enforcement and costs. She overviewed the RORO Dock funding and project status. She added NIT dredging most likely will be postponed, unless a source of funding is found.

Miranda reported the Port is running late with the audit, but it should be OK. She explained the new system and the old system did not communicate well. She stated in a few weeks, the audit should be done. She noted right after the budget meeting, she would like to schedule a Goals and Objective work session.

Miranda reported derelict vessels may be addressed on the state level. She explained there was a house bill to set aside funds to address those problems, but the State has stepped in and a large amount of funds will be made available. She noted this is good news, and the state is trying to get DSL to manage these funds. She added the Port of Toledo should benefit from this too.

Miranda reported the FEMA flood map update is less bad than some ports thought. She explained FEMA has heard the concerns and are addressing them. She noted this will create more requirements when building on floodways. She stated that the State and federal lobbyist were also following up on the issue. Sylvia asked if the mapping takes into consideration historical flooding or anticipates climate changes. Miranda replied it's a mixture of both models. She added she plans to send a second letter to BOEM regarding offshore wind call areas.

Retherford thanked Miranda for doing a follow up letter to BOEM. She stated people need to remember these call areas were placed long before any data or studies. She noted a recent Department of Energy study shows several adverse effects. She emphasized making sure BOEM does this right the first time.

COMMISSIONER REPORTS

Burke noted he attended the meeting with MARAD. Sylvia noted offshore wind is also an issue on the east coast. He stated Maine will have a test site, but he doesn't know BOEM's involvement.

Lackey reported this is the first time the whiting start date has moved to May 1. He noted the Port may see some folks leaving earlier this year. Sylvia asked why it moved earlier, since there is a tradeoff for product quality. Lackey replied this date helps it to fit in better with other fishing seasons.

Miranda reminded the Commission of the PNWA and APP conferences.

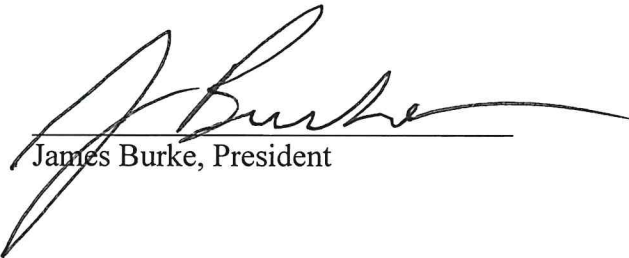
PUBLIC COMMENT

Cooper noted Hampton Lumber did an extensive analysis to see if they could take advantage of the Port facility, but it is not cost effective. He noted he is concerned about competition for his mills, and he objects to federal or state money going to support export of logs internationally. Miranda noted any export would stay regionally. Cooper added the Commission has built a lot of trust over the past five years by being thoughtful and making good decisions. He stated the Commission approved a significant expenditure without a backup for uses or expenses to maintain. He urged the Commission to keep up communication, transparency, and planning.

Tucker read public comment submitted by Diane Henkels about the yacht club youth regatta.

ADJOURNMENT

Having no further business, the meeting adjourned at 8:19 p.m.


James Burke, President

ATTESTED:


Walter Chuck, Secretary/Treasurer

