

PORT OF NEWPORT MINUTES

Friday, March 17, 2017

Executive Session and Special Commission Meeting

I. EXECUTIVE SESSION

Commission President Walter Chuck called an Executive Session of the Port of Newport Board of Commissioners to order at 12:00 noon at the OSU Extension Office, 1211 SE Bay Boulevard, Newport, Oregon, pursuant to ORS 192.660(2) for deliberations to negotiate real property transactions. No decisions were made in Executive Session.

Commissioners Present: Walter Chuck (Pos. #1), President; Ken Brown (Pos. #4), Vice-President; Patrick-Joling (Pos. #5), Secretary/Treasurer; Steve Beck (Pos. #2); and Stewart Lamerdin (Pos. #3).

Management and Staff: Kevin Greenwood, General Manager.

Executive Session was adjourned at 12:45 pm.

II. CALL TO ORDER

Commission President Walter Chuck called the Special Commission Meeting of the Port of Newport Board of Commissioners to order at 12:53 at the South Beach Activities Room, 2120 SE Marine Science Drive, Newport, Oregon.

Commissioners Present: Walter Chuck (Pos. #1), President; Ken Brown (Pos. #4), Vice-President; Patricia Patrick-Joling (Pos. #5), Secretary/Treasurer; Stewart Lamerdin (Pos. #3); and Steve Beck (Pos. #2).

Management and Staff: Kevin Greenwood, General Manager; and Karen Hewitt, Administrative Assistant.

Members of the Public and Media: Bud Shoemake, Port of Toledo; David Jincks; Sara Skamser, Foulweather Trawl; Kiera Morgan, KYTE Radio; Rex Capri; Tim Miller; Brea Walters; Doug Cooper, Hampton Lumber; Lee Fries, PON Mates; Yale Fogarty, ILWU; Tracy Burchett, ILWU; Pat Ruddiman, ILWU; B. Tower, ILWU; B. Forsman, ILWU; Susan Kaminski, ILWU.

III. PUBLIC COMMENT

Doug Cooper, Hampton Lumber, said Hampton Lumber is a family lumber & timberland company, and said he had spoken at a previous Commission meeting. He said that Greenwood called and spoke with Cooper. Cooper apologized that some of the things he said previously were not technically correct, specifically that the proposed agreement with a lumber company would give them exclusive use of the terminal, rather than just the shipping facility. He said this does not change the core issue and he feels the proposal would be an inappropriate use of tax payer money. He asked if the Port had checked with TIGER and Rep. Schrader if this was okay. He also joins others in opposition to Measure 21-177 prohibiting aerial spraying.

Jincks thanked the Commission for forming the NIT Users group and said he would like to see a timeline. He reiterated that he thinks the Commission should meet with the users before signing leases or taking action.

Shoemake said he had worked at the Port of Newport when the terminal was purchased. It was important that Newport recognize the importance of the commercial fishing fleet. In the past, lumber was shipped out of the

terminal and fishermen were discouraged from using the facility. Wilburn Hall then moved his boats to Seattle which meant millions of dollars were lost to the community. He suggested the Commission not give up on the deeper draft fishing vessels and the money they bring into the community.

Yale Fogarty said the International Terminal was built for shipping, promoted shipping and paid for by shipping, which also brings millions of dollars into the community and will create new jobs. The dredging at the Terminal was based on cargo not fishing. It is very important for the safety of all users and important that cargo returns to the Terminal.

Capri said the International Terminal should be used for fishing and shipping, and then expanded to other opportunities. The International Terminal is not the fishermen's private dock and should be available for as many uses as possible.

Skamser reiterated the request to convene the NIT Users Group so they have a voice.

Chuck said he had tried 4 -5 years ago to arrange an NIT Users group.

IV. INTERNATIONAL TERMINAL SHIPPING FACILITY UPDATE

Greenwood introduced the staff report and attached documents. He said there are a lot of entities involved in the Shipping Facility proposal, including the shipping agent/broker, Teevin Bros as terminal operator, and stevedores. Greenwood had met with Silvan twice, along with Chuck and Brown. The tariffs were adopted on July 1, 2014. When Greenwood was in Washington DC, he learned that the TIGER contract with the Port of Newport was the last to be signed. The Memo of Understanding (MOU) with Silvan is conceptual. If agreed upon, it will be forwarded to Attorney Pete Gintner to draft a formal document. The additional staff hired will serve all customers. In reference to the Financial Analysis, Greenwood said the lost service revenue amounts were informed guesses based on the past, primarily lost moorage. Lamerdin asked if there was an estimated time to load a handy sized barge; Greenwood replied about a week. Greenwood said right now the International Terminal loses about \$220MM per year. Even with an additional income \$53K, that would still leave a deficit of \$170K. For the debt service of approximately \$120K, funds must come from other departments. The International Terminal is not a "golden egg" for the Port. It will take approximately 6 – 6 ½ years to develop the new business unit and have income to put toward Port goals. Greenwood thanked Commissioners Brown and Chuck for spending time on the project and attending related meetings. Chuck said this was a 5-year ordeal to work out. He looks forward to bringing jobs to Newport and getting revenue for the Port. He believes this is a good investment in the Port's future.

A motion was made by Brown and seconded by Lamerdin to sign the Memo of Understanding as presented.

Patrick-Joling acknowledged that once the MOU was in place, then the Port can review the lease before signing. Greenwood referred to the tentative dates in the staff report, and suggested the Port may not move forward with the final lease until all three documents were in place. Patrick-Joling said it would be valuable to get clear on all of the relationships. Greenwood also said the Lease Option with Teevin was posted on the Port's website, which includes a sample lease to look at. For the scope of work, the Port will need to approve the costs for Ralph Dunham and Stuntzner Engineering for engineering, bid development and project management. Beck asked if there was room for negotiations with Silvan and Teevin. Greenwood said the Port could change some details but not the big dollar items. He was asking the Commission to consider if they were comfortable with the business concepts in the MOU. Gintner said a lease would capture the Commission's concerns.

The motion passed 5 – 0.

V. AERIAL SPRAYING BALLOT MEASURE 21-177

Chuck said the Port was asked at the last meeting to come out in opposition to Measure 21-177. Brown said the Port of Toledo had come out against the measure, among others. He said concerns are the provision for "direct action" and a vague, poorly written document. The definition of aerial spraying would be bad for fisherman and the Port of Toledo. "Aerial" could be load lift or ladder for example, and he does not want to see the fishermen adversely affected. Patrick-Joling asked if the Port had taken a stance like this before. Chuck said last time was a marine issue. Lamerdin said to focus less on how the measure would be enforced and focus on the specific issue, which would effectively include having boats painted. The Port should focus on how the measure impacts the Port and those the Port supports. Brown said Toledo would like the Commission to join in opposition to the measure.

A motion was made by Beck and seconded by Patrick-Joling to not support Measure 21-177 and join the letter with the Port of Toledo. The motion passed 5 – 0.

VI. PUBLIC COMMENT

Skamser said it was concerning that Teevin would have sole rights to the nine acres. There is no more land for the Port to develop. She asked if more buildings would be needed. She is not opposed to shipping per se.

Fogarty said he supported the Port's position on Measure 21-177. The measure would apply pressure to current jobs, is poorly written, and would include spraying for mold prevention. He also joins others in hoping the NIT Users group gets up and running.

Miller said he is opposed to the spraying measure, which would include Yaquina Bay. Anyone could file suit which would shut business down.

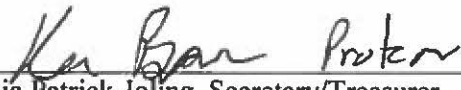
VII. ADJOURNMENT

Having no further business, the meeting adjourned at 1:32 pm.

ATTESTED:



Walter Chuck, President



Patricia Patrick-Joling, Secretary/Treasurer

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