

September 27, 2022

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 South Beach Activity Room, 2120 SE Marine Science Dr., and virtually via Microsoft Teams. In attendance were Commissioners Burke, Lackey, Sylvia, Retherford, and Chuck. Also in attendance were General Manager Paula Miranda, Director of Finance and Business Services Mark Brown, Operations Director Aaron Bretz, and Administrative Assistant Gloria Tucker. Visitors from the public included Rogue President Dharma Tamm, Rogue Counsel Nicholas Liadis, and Paul Zellman.

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

Authorize Contract with KPFF Engineers for Terminal RORO Dock Repair Plan.

Burke introduced the agenda item. Bretz reported this project had a qualification-based selection process for the engineers. He stated it's been ten years since the Port looked at these pilings, and they are not all under cathodic protection. He noted under that section of dock, there are a lot of pilings packed into a small, concentrated area because it is for a high-capacity load. He indicated KPFF came out with the highest marks out of four firms, and he negotiated a scope of work. He noted the Port budgeted \$230,000, and the price came in at \$117,124 plus a 10 percent contingency.

Lackey confirmed with staff the scope of work is complete. Bretz replied the scope is similar to what they did ten years ago, a pretty comprehensive look, sampling steel, ultrasonic tests, visual inspections, and going below the mud line to inspect. He noted they will consider whether the Port needs to improve cathodic protection. He stated they will generate a repair plan, and part of the scope is permitting work.

MOTION was made by Lackey, seconded by Retherford, to authorize the General Manager, or designee, to contract with KPFF Engineers to perform inspections and create a repair plan for pilings under the RORO Dock at the International Terminal in an amount not to exceed \$129,000. The motion carried unanimously in a voice vote.

Public Hearing and Approval of Ordinance 2022-02 Regarding Code Changes. Burke introduced the agenda item. Bretz reported last month Commission looked at restricting selling fish from boats at South Beach. He noted he talked to a former Commissioner, and the Commission had been concerned about foot traffic and the possibility of throwing carcasses into the water. He stated the idea had been to preserve the use of the docks for recreation. He indicated if that is something the Commission wants to do, the code needs to be changed.

Retherford stated last time some of the Commission was OK with letting the activity take place in the recreational marina. She noted that is what the Commission needs to decide. She asked

if they want to keep it separated or if they are OK. She also asked if it is OK, should the Port restrict the number.

Miranda stated when it comes to restricting the amount, staff really don't know what would be the perfect number. She recommended doing that operationally to gauge what is a good number. Sylvia asked how many sell fish Port-wide. Bretz replied about a dozen. Sylvia asked if that has been a major problem Port-wide. Bretz replied it provides a challenge, but it has not caused any real problems. Sylvia asked if it is a benefit to the Port and community for individuals to be able to buy directly from the boats overall. Miranda replied people staying in RV park wouldn't mind and some visitors might appreciate it too.

Burke stated it should be up to the staff to control the number of boats. Sylvia stated if it becomes a problem, then operationally staff would find a way to manage that. Bretz noted staff do not have a system that licenses this kind of activity. He noted on the commercial-side, the Port has a wharfinger, but the recreation-side does not. Miranda stated to be effective at stopping something, the Commission has to give staff the authority to fine or evict. She added all enforcement is difficult, and the Port is trying to get better on enforcement.

Chuck asked if sport boats would be allowed to moor in the commercial marina. He asked if commercial boats will be in the recreational marina. Retherford noted the slip size determines that. Miranda replied the chances are low. She explained the Port can't bring sport vessels over because there is no space, and recreational slips are too small for commercial boats. Chuck noted in the past there was a big push not to mix the vessels. Miranda replied operationally staff try to keep it that way.

Chuck asked if customers would pay for parking. Miranda replied if they are a moorage holder, they have access to parking. She noted if they buy a launch permit, they have parking. She indicated if people come to just buy fish, they will have to pay for parking. Chuck asked if staff could designate the space. Bretz replied they can and asked if one dock would be preferred. Chuck replied the dock that works operationally would be best. He indicated during tuna season, South Beach is at its busiest and there's a lot demand. Burke noted it was not an issue in the past, and he can't imagine it turning into an issue. Bretz stated he is sure staff could handle it if it became a problem. Miranda added if staff feel like it is not working well after a year, then the Commission could make a decision to make changes.

Bretz stated he recommends not adding to Chapter 5. He noted he still thinks it is helpful to define retail and wholesale sales. Lackey clarified with staff the changes needed to the code. Bretz noted buying stations also need to be defined. Sylvia confirmed with staff the state licenses required to sell fish. The Commission agreed to table the Ordinance for rewriting.

Approval of Third Amendment to Rogue Lease Agreement. Burke introduced the agenda item. Miranda reported she had an online meeting with Rogue, the company doing the wastewater treatment, and the Port's attorney. She stated this is something the city requires from Rogue. Tamm reported last year Rogue reached a consent agreement with the city to install a wastewater pre-treatment plant. He noted over the past 30 years, Rogue has grown significantly. He explained he has been looking at a bunch of different options and seven vendors. He indicated they will build a wastewater pre-treatment plant, which is a couple of big tanks with beer waste, not raw sewage.

Tamm reported it's going to be long-term sublease, a 25-year contract. He noted Rogue wants to extend the options on its lease for 15 more years to get to 25 years. Miranda reported the space is already part of their lease. She explained they are subleasing the space to this company,

who have been operating all over the world with big breweries. She emphasized they know what they are doing. She indicated her biggest concern was pollution. She added they will not have anything major.

Miranda reported her other concern is where buildings/tanks will be. She noted right now, the draft plan has them close to the seawall. She stated the Port needs to look at the final design and talk to engineers, so the weight is appropriate and doesn't cause problems. She indicated she did ask Rogue to add the Port under their indemnification and insurance, and the attorney stated as long as they include the Port as loss payee, they don't need to have pollution insurance. She added, typically, when giving extensions, she tries to renegotiate the lease. She explained she does not want to put additional burden on Rogue when they are already trying to fix problems.

Sylvia stated he was curious about the wastewater problem. Tamm replied there are three or four parameters that hurt the city's wastewater system. He explained it is a combination of the amount going out and the concentration. Sylvia confirmed with Tamm Rogue is affecting the limitations on the city plant. He stated the discharge will still go back into their plant, but those issues will be addressed. Tamm noted Rogue could go all the way down to grey water, but that might not be best solution. Sylvia asked if there would be noise. Tamm replied it would be quiet with no odor.

Retherford asked what happens after 25 years. Tamm replied Rogue can purchase the system, extend the agreement, or they will remove it. Lackey asked if the \$25 million is the initial outlay. Tamm replied the \$25 million is paid over 25 years, and \$700-800,000 is the initial outlay. Retherford confirmed with Tamm this will take care of the city fines and issues.

Miranda stated the Port will want to see a final design that stays away from the seawall. Tamm replied after he signs, they owe a final design within 30 days. Miranda noted the Port has to review and approve any new structure. Discussion ensued on the end date of the lease. Tamm requested to go to 2047. Lackey noted that is a long time. He asked if the terms can be examined. Miranda replied she can do that, but it will delay their project.

Lackey asked how rent increases are structured. Brown replied it is based on the CPI on July 1 of each year. Miranda noted this is only dealing with the brewery lease. Brown noted Rogue is an excellent tenant. Miranda added there are a few things in the lease the Port is in charge of fixing, that she would rather not have, but the lease is not atypical.

Sylvia asked what happens with a failure. Tamm replied there is a system bypass that goes directly to the city. He noted in the very unlikely event there is a failure, it would dump directly to the city. Burke confirmed with Tamm it is on emergency power. He also confirmed with Tamm that he expects to go through city permitting quickly. Retherford confirmed with Tamm there will be a fence around it too.

Sylvia asked what the worst-case scenario is. Lackey replied there is different management in ten years, or someone wants an out. Miranda noted there are provisions if there is damage and for vacating the building. She stated once the wall is repaired, the Port will know weight limitations. Tamm added Tim Gross is Rogue's engineer, and he knows the seawall. Sylvia asked if Rogue can expand with the system. Tamm replied Rogue can grow volume by 50 percent.

MOTION was made by Sylvia, seconded by Lackey, to authorize the General Manager to execute the attached third amendment to lease agreement subordination, non-disturbance and attornment agreement as presented pending additional research and language sufficient to satisfy the Port's attorney requirement with the last extension ending in 2047. The motion carried unanimously in a voice vote.

NEW BUSINESS

Report Regarding Increase in Pallet Costs. Burke introduced the agenda item. Bretz reported in the memorable past, the Port has always scrounged for its own pallets. He explained the Port got pallets at low or no cost. He stated things have changed. He noted staff are not able to get all the pallets needed and may need to order pallets. He indicated the Port may possibility implement a \$2 price increase for pallets that leave the lot. He added the Port may need to change the structure of how it charges pallet use. He explained there are a significant amount of pallets that live on the lot and no one gets charged for their use. Miranda stated for transparency she wants to make sure to bring this up and let people know. Retherford suggested painting them.

Sylvia asked for the total number used. Bretz replied the actual number in use is squishy because staff didn't track it. He noted it is around 1,500 to 2,000. He stated the concern is how much staff will have to buy, spending \$15,000 on pallets, and that was not budgeted. Sylvia asked how much come back. Bretz replied 20 percent leave the lot, and staff get the bulk of those back. He noted staff may need 150 new pallets per year. He added \$2 will get staff through the year. Burke noted he has a supply of pallets to donate.

Authorize Pickup Truck Replacements for NIT, Admin, South Beach, and Commercial Marina. Burke introduced the agenda item. Bretz reported staff budgeted for four pickup trucks across the Port at \$25,000 apiece. He noted he got quoted on four pickups at \$22,791, but unfortunately, Ford said they will only fill two orders, one two-wheel drive hybrid and one all wheel drive 2.0. He recommended purchasing the hybrid at \$22,791 and the 2.0 at \$24,770. Miranda suggested rounding that to \$50,000 due to fees. Bretz added both are Ford Mavericks. He noted the price will likely go up next year.

MOTION was by Chuck, seconded by Lackey, to authorize the General Manager, or designee, to execute a purchase order under the state contract for two compact pickup trucks not to exceed \$50,000. The motion carried unanimously in a voice vote.

STAFF REPORTS

General Manager. Miranda reported this has been another challenging month, and this whole summer has been very difficult. She suggested a work session to sort through length of stays at the RV Park. She noted she does not know of any public parks that allow more than two weeks stay. She stated there are folks in the marina who have their boats here and depend on bringing their RV. She indicated information would be provided for the work session a week beforehand.

Chuck asked if there is a way to make comments on the online reservation app. Brown replied there will be an update in the spring that may have it. He added he will follow up on that. Miranda added it's a software, not really an app.

Miranda reported the Port has had some issues with security, people going through trash and breaking into bathrooms. She stated she contacted the Police Chief and asked if is there anything the city can do about limiting the right-of-way parking. She noted they want to talk first, so they have set up a meeting. She indicated she knows the city is having problems everywhere, but when it is causing safety concerns to Port customers, it needs to be addressed.

Miranda reported the recreational marina users want to share their thoughts and concerns, so an informal meeting is scheduled for October 3. She noted it would be nice to have one or two Commissioners attend. She explained on the Admin Building, the contractor was able to work on

low voltage and bring it down from around \$53,000 to around \$20,000. She indicated the city sewer connection was a lot of back and forth, but at the end, they were able to compromise and require something in-between that doesn't create a Change Order. She added she appreciates the city working with the Port.

Miranda reported the building would be on-time for December if they get electrical parts, but there is a delay. She noted the Port Dock 7 plan will have quotes at the end of the month. She stated the Port was only able to obtain \$100,000 for this project, and \$200,000 or so will have to come from general funds. She indicated Bretz is continuing to work with the Army Corps on commercial dredge access. She added the Port has not been able to fix Port Dock 5 from when the vessel sunk because it's hard to find a marine contractor right now.

Miranda reported the Port is moving forward with the RORO Dock and hopes to not find anything major. She noted she was concerned about the grant with the Maritime Administration, but they indicated staff would hear from them by the end of this month or after elections. She summarized meetings she attended this month.

Miranda reported the Port is going through reorganization of the two marinas and decided to go from two Harbormasters to one Harbormaster and two Assistant Harbormasters. She stated that will make the Port a little more efficient, and the Port will have to increase salaries. She indicated she thinks it's going to work well. She added Kody Robinson will be the Harbormaster.

Bretz reported he brought up Cameron Brockway in the commercial marina and Wyman Scarborough in the South Beach marina. He noted staff adjusted job descriptions, and the Harbormaster will cover day to day issues, so he can focus on projects. He added he thinks it will work really well.

Director of Finance & Business Services. Brown reported he talked to the Port's auditor and two other municipalities are going through a new process, and they are in the same situation. He stated he is going through data to make sure it's correct. He noted the financials have been adjusted through May 31. He indicated the packet's financial statements didn't include some transactions from June. Miranda confirmed with Brown the Port is still in tune with the budget and not falling short. Brown stated the budget is in good shape, and the RV Park is full. He indicated he will be more confident once the financial statements are done. He added staff are getting faster as they learn the new system.

Burke asked with operating expenses being so favorable if work is not getting done due to staffing or projects that can't get off the ground. Brown replied there are some projects staff have not started. He noted staff need to step back and take a strong look at the budget. He stated operating expenses are way off, and with this new structure, Robinson will have a chance to fine tune that a bit.

Retherford asked if it would be possible to hire extra staff temporarily for a project. Bretz replied the Port has hired more seasonal employees. He noted the Port is not far removed from doing things by manual ledger books, so staff are coming from a time of constantly being worried about overspending because it took so long to close the books. He added there's some projects there's no way he can get to. Miranda stated with the new Harbormaster set up, Bretz can delegate more. She added it's getting harder and harder to hire everywhere.

COMMISSIONER REPORTS

Chuck stated he attended the Sport Fishing Advisory Board, which is a pass through for federal funding. He noted one of their main questions is how to improve port infrastructure. He stated he reported the best thing is to advocate for fish poundage to be considered on the same level as cargo. He indicated they were not aware most of the infrastructure funding went to ports with big cargo. He added they need to find a way to get that money a little more evenly distributed.

Discussion ensued on dates for future meetings. The Commission agreed to change the November meeting to November 15 and schedule the work session for an hour before. The Commission agreed to change the December meeting to December 20.

ADJOURNMENT

Having no further business, the meeting adjourned at 8:03 p.m.

JAMES Martin BURKE

JAMES Martin BURKE (Oct 26, 2022 12:34 PDT)

James Burke, President



Walter Chuck, Secretary/Treasurer







Sept 22 MINUTES

Final Audit Report

2022-10-26

Created:	2022-10-26
By:	Gloria Tucker (gtucker@portofnewport.com)
Status:	Signed
Transaction ID:	CBJCHBCAABAAVaqICI0LXxI5YRgKmT91Ylo4m9_WxRJ-

"Sept 22 MINUTES" History

-  Document created by Gloria Tucker (gtucker@portofnewport.com)
2022-10-26 - 3:28:29 PM GMT
-  Document emailed to jburke@portofnewport.com for signature
2022-10-26 - 3:29:11 PM GMT
-  Email viewed by jburke@portofnewport.com
2022-10-26 - 7:34:32 PM GMT
-  Signer jburke@portofnewport.com entered name at signing as JAMES Martin BURKE
2022-10-26 - 7:34:47 PM GMT
-  Document e-signed by JAMES Martin BURKE (jburke@portofnewport.com)
Signature Date: 2022-10-26 - 7:34:49 PM GMT - Time Source: server
-  Agreement completed.
2022-10-26 - 7:34:49 PM GMT