

July 25, 2023
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 Administration Building, 600 SE Bay Blvd., and virtually via Microsoft Teams. In attendance were Commissioners Retherford, Ruddiman, Chuck, Lackey, and Sylvia. Also in attendance were General Manager Paula Miranda, Director of Business and Finance Services Mark Brown, Operations Director Aaron Bretz, Administrative Assistant Gloria Tucker, and visitors Lisa Lackey and Michael Seavers.

COMMISSIONER OATHS

Miranda swore in newly elected Commissioners Chuck, Ruddiman, and Sylvia.

ELECTION OF OFFICERS

MOTION was made by Lackey, seconded by Chuck, to appoint Sylvia President of the Commission. The motion carried unanimously in a voice vote.

MOTION was made by Lackey, seconded by Sylvia, to appoint Retherford Vice President of the Commission. The motion carried unanimously in a voice vote.

MOTION was made by Ruddiman, seconded by Lackey, to appoint Chuck Secretary and Treasurer of the Commission. The motion carried unanimously in a voice vote.

PUBLIC COMMENT

Miranda read the written public comment submitted by James Parks regarding the new Administration Building.

CONSENT CALENDAR

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

OLD BUSINESS

Approval of New Fees. Sylvia introduced the agenda item. Brown reported during the last Commission meeting, Chuck recommended adopting specific fees related to wind and wave projects. He noted Bretz did research with Ports up and down the coast, and he suggested rates for energy projects in general. He stated in addition staff would like to add usage fees for the Commission room and implement the fee for fish seller permits.

Retherford requested the board room fee change from \$158.12 to \$158. Chuck asked if there would be any consideration of waivers for non-profits. Miranda replied she considers a nonprofit or public entity, but the request also has to make sense for the Port.

Sylvia asked what would have been the Terminal wharf charges if not for the energy project fees. Bretz replied it would have been \$5 less. Sylvia confirmed with staff the fish seller permit fee had not been in place yet. Retherford confirmed with staff there is not a limit on how many fish seller permits would be issued until staff have time to observe the needs.

MOTION was made by Lackey, seconded by Retherford, to approve the new fees for Energy Cargo, Board Room use and Fish Seller permits with the exception that Board Room use changes from \$158.12 to \$158. The motion carried unanimously in a voice vote.

NEW BUSINESS

Approval of Contract for RV Park Annex Redesign. Sylvia introduced the agenda item. Bretz reported in 2019, the Port issued an RFP for the conceptual redesign and market analysis for the RV Park Annex. He explained that project was tabled because of other projects. He stated the project is in the budget this year, and he updated the RFP and sent it out for bid. He indicated he got three packages. He added the Port used a qualification-based selection process.

Bretz recommended Good Work Architects for the project. He stated the solicitation includes design, consulting, and project management services through construction. He noted the other phases would be done by contract amendments later on. He indicated the intent is to have a financial analysis on the best customer service structure in the future. He added they would look into Newport code requirements, so the concept does not have to change later on.

Bretz reported the Port would have to do a conditional use permit since there are some different zones and land use issues in that area. He noted the consultants have in-house RV Park consultants, so they don't have to do a study to gather data. He stated they also have a landscape architect on staff. He indicated the cost is a good start, leaving room in the budget for additional planning work.

Miranda reported the cost was not one of the requirements for the qualification or part of the evaluation. She noted at the end of the day, it's helpful to know, but staff did not ask for that. She stated there is a need for the project moving forward. She explained the Port has been spending a lot of money fixing things that are breaking, and the area needs to be updated.

Chuck confirmed with staff a portion of the area is zoned water dependent. Lackey thanked staff for their efforts. Sylvia asked when the Annex is completed, how many sites would there be. Bretz replied it is premature to tell a number. He explained the Port could add to what is there or turn it into glamping where the largest RVs can park. He stated the project could add a quarter more spaces or reduce the number, and that's the reason for analysis.

Sylvia confirmed with staff there are currently about 35 sites at the Annex. Miranda noted the consultants will provide a rate of return analysis. Sylvia confirmed with staff that the \$375,000 budget is adequate for all the planning phases.

Retherford asked how the Port will determine the future use of the area. Miranda replied staff has given the consultants an idea of what is here and people's ideas. She explained they are the experts, and they will make suggestions for what makes sense for the region and demand. She noted if there is more than one choice to consider, staff will bring that to Commission.

Ruddiman asked if they will consider an area for yurts or tiny houses. Bretz replied they will consider all options. He noted the Port wants to avoid tenant-landlord issues with permanent structures. Miranda added permanent structures may add more maintenance costs as well, but everything is on the table at this point.

MOTION was made by Chuck, seconded by Retherford, to authorize the General Manager or designee to contract with Good Work Architects in an amount not to exceed \$80,000 to complete the conceptual redesign of the RV Annex. The motion carried unanimously in a voice vote.

Approval of Contract with Pasha Stevedoring. Sylvia introduced the agenda item. He read public comment from Heather Mann asking for a delay in approving the contract since the referenced Lines Agreement is close to 30 years old. Miranda reported this process started because of the annual insurance evaluation from SDAO. She noted they contracted most of their insurance to new underwriters, which results in quite an increase in workers comp insurance. Bretz reported to try to reduce that, the Port has to have an agreement that states the Port is not hiring longshoremen directly, a third party will carry the insurance. He noted he talked to similar ports, and everyone has a different way they handle lines. He explained there are three main stevedores that operate in the area. He indicated he tried to line something up with Jones Stevedoring, but they wouldn't take it because of the low volume of projects.

Miranda explained workers comp for longshore is not typical workers comp. She stated they are classified under the Longshore and Harbor Workers' Compensation Act, which is more expensive. She noted this would add \$40,000 a year to insurance costs, and once entered, this workers comp is required every year. She indicated the Port does not have the staff to do this kind of work, and in the month of August a PacWave ship will need longshore, and the Port will need insurance. She added in the past, the Port has contracted directly.

Miranda reported using stevedoring may cost a little more to the customer, but the Port will not have to worry about insurance. She noted she is not changing anything with the agreement the Port already has with the longshoremen. She indicated if the Commission decides to delay approval, the Port would probably need a special meeting before the wave energy ship comes because the work can't be done without workers comp.

Brown reported the reason for the \$40,000 increase is that all operations staff would be reclassified under the act, and that's over a million dollars in payroll that would be taxed at a higher rate, even though they are not handling lines. He noted it may be more than \$40,000 a year.

Retherford noted it does make sense to not change the insurance, but she is concerned that the lines agreement from 30 years ago has never been changed. She explained the Port is trying to attach something old to something new. Miranda replied if the Port is going to update the lines agreement, there will be a lot of negotiations. She stated if that's the route Commission wants to go, the Port will have to buy workers comp or not accommodate PacWave. She explained negotiations would take a long time.

Miranda reported the lines agreement is a simple agreement that has worked throughout the years, and the Port does not have a lot of demand. She added she has been in other ports and had experience negotiating with a union, and it is complex.

Lackey asked are the longshoremen the only ones who can do the work. Miranda replied they are not, but the Port would have to hire others and still would need workers comp insurance. Bretz stated line handling is serious, and the Port wants to make sure folks are practiced and trained. He noted the Port is trying to provide that kind of service and avoid insurance premiums. He indicated the terms of the stevedoring agreement are pretty forgiving for the Port. He added if the Port wants to terminate the agreement in 30 days, the Port can, and the agreement does not have a cost to the Port.

Sylvia confirmed with staff the lines agreement is adequate. He asked if staff talked about the lines agreement with other ports, and if this lines agreement is pretty typical. Bretz replied they

are all a little different. He noted some use lines bureau, some use stevedore, some hire directly. He explained Pasha handles lines for the Port of Vancouver, but only lines. He added the port uses a different stevedore to do the rest. He indicated it is a mixed bag.

Miranda reported the Port of Astoria is more complex because of the services they provide. She stated should the Port need more services, then the Port can adapt it. She noted at this point, it is better to keep the lines agreement simple.

Ruddiman explained with this the stevedores hire the longshore directly, and the Port has nothing to do with it. He noted everything is charged to the vessel, and the Port is not involved. Lackey asked Ruddiman for further clarification. Ruddiman stated say a research vessel comes in, all longshore will get is lines to tie up and untie; there will be no money for them outside the lines. He stated if the Port calls Jones Stevedoring, they will not be interested. He added if there was a log ship and a lump sum project, then there would be no problem for Jones.

Bretz explained he needs to have longshoremen to call in a pinch, and having an agreement means they will respond. Lackey summarized the Port needs an agreement to make sure it has someone and because the insurance needs it. Brown stated the Port's new insurance rates are based on having this contract in place. He thanked WHA for their work to make sure the Port got the lower rate.

Lackey stated looking at the lines agreement, it's prescriptive in some ways. He asked is this something in the best interest of the Port and does it influence the customers. He noted it is worth reviewing. Miranda stated right now, the agreement has worked, and if the Port decides to do that, it will be months and months of negotiation. She added she understands this is an old agreement, but it is a simple agreement, and simple is good at this point.

Lackey asked what and when is the Georgia Pacific work. Bretz replied they will bring in two new boilers for the plant in the summer of 2024. Lackey stated his preference with contracts at the Terminal is to have the lawyer present. Miranda replied the lawyer has reviewed all of these agreements, and he has been a part of this from the beginning. Lackey stated his preference is to have another meeting to see the underwriters' rationale and to see what other ports do and their agreements.

Brown stated he will get a statement from insurance. Sylvia confirmed with staff if the Commission waits a month, the Port would not be able to provide PacWave service or must buy workers comp insurance. Lackey confirmed with staff the Port was informed of the new rates at the end of June. Sylvia confirmed with staff the Port is not tying itself to a long-term contract with stevedoring.

Lackey asked if the contract would make the Port assume some liability because the lines agreement is prescriptive on what happens. Bretz replied the liability is on the lead linesmen and the union determines who the lead linesman are. Brown explained this is much like a temporary contract for temporary employees. He stated they are directing the employees. He noted the Port tells them there is a ship, and the rest is up to them.

Ruddiman noted since the Terminal been completed, there has been one or two research vessels, and the Port has been hiring the longshore directly to do that. Sylvia noted to review the agreement is not to necessarily negotiate it; it can mean review internally with a lawyer. He noted the Port has not needed to renegotiate. He asked has the union needed to renegotiate. Miranda replied there is not enough demand of services to create a need to renegotiate. She noted the Port is not that different from several years ago because of the lack of work. She explained she has been to bigger ports where that agreement is negotiated almost every year because of all the different

services, equipment, and vessels. Chuck confirmed with staff the agreement is sufficient to protect the Port at this time.

MOTION was made by Chuck, seconded by Ruddiman, to approve the attached agreement with Pasha Stevedoring to provide line handling services at the Terminal under the terms provided. The motion carried unanimously in a voice vote. The motion carried 3-1 with Lackey opposed. Retherford abstained.

Chuck noted every Commissioner can contact the lawyer directly if they have legal concerns. Sylvia clarified with staff the tariff. Retherford confirmed with staff the Commission can look at the agreement again next time and bring the lawyer to the next meeting. Sylvia asked Lackey if he preferred to bring the lawyer to the next meeting or contact him directly. Lackey replied he leaves the decision to Sylvia and Miranda. Retherford recommended when there is a controversial item to have the lawyer available.

Public Hearing on Ordinance 2023-01 Amending the Bylaws. Sylvia introduced the agenda item. Miranda reported Retherford mentioned at the last meeting to change the General Manager's title. She noted more research was needed to see the domino effect of that. She explained she talked to the lawyer, and the Commission needs to make this official and change the bylaws. She added this will be the first reading. She read the change - "The Commission confers chief executive authority to the Executive Director and any reference to the General Manager throughout the Bylaws shall be modified to Executive Director. A resolution naming the Executive Director as the Port's registered agent shall be forwarded to the Secretary of State and County Clerk."

Approval of Support Services Agreement with KOPIS. Sylvia introduced the agenda item. Brown reported this is for the Port's financial system, which is Business Central. He noted staff seldom use KOPIS technical report. He stated based on two hours of support a month, which staff do not reach at this time, the agreement will reduce the Port's cost.

MOTION was made by Lackey, seconded by Chuck, to authorize the General Manager or designee execute the attached agreement with KOPIS for support of Business Central. The motion carried unanimously in a voice vote.

STAFF REPORTS

Miranda reported this month she does not have a report since she was out of the office. Brown reported the Port is wrapping up the audit. He stated he talked to the auditors, and they have all the information they need and are reviewing it this week. He noted he expects a preliminary audit report next week. He indicated financial systems are working well together. He added the RV Pak has been extremely busy, and the Port has lost some staff. He explained the Port is recruiting for more RV Park staff.

Brown reported, financially, the Port is in good shape. He noted he will be discussing the cash position and upcoming projects with Miranda. He stated he is putting a 5-year cash flow report together. He indicated budget vs actual is favorable in all funds.

Retherford asked when staff start cutting projects for the year, can Miranda provide that information. Miranda replied she would like to give a quarterly report on where those projects are at some time in October, and then in January.

Bretz reported he is working on the Army Corps project and Port Dock 7 planning. He noted the cost estimate for sediment sampling came in around \$725,000. He stated it looks like the Port has the budget. He emphasized it is extremely important in order to progress the plan beyond concept, to know what the bottom contour is made of. He indicated the sampling will benefit the Port in later projects, since some tests will not need to be redone for other projects. He added other folks who do projects in the bay will not need to do the sampling either.

Bretz reported the Port got a favorable eel grass survey from the Army Corps, but it is not detailed enough for the Port's project. Sylvia asked who requires the detailed survey. Bretz replied the state of Oregon, specifically ODFW in this case. He noted the cost is around \$10,000 to get more detail, and it will be harder to refute this data.

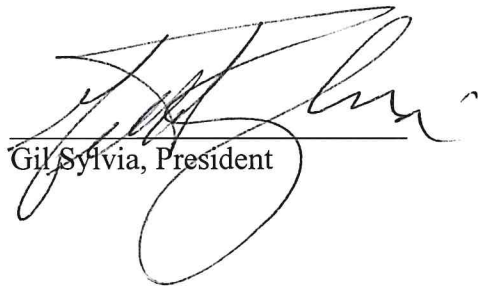
Bretz reported the crane for the Terminal will have a warranty on it despite being an older model. He added it is much less expensive than a new one, \$200,000 less. He stated the vendor was going to charge \$20,000 to deliver it, but there is a company locally the Port can use for \$5,000. He added staff are working on financing. Brown noted the loan should have an interest of 4.61 percent.

Miranda added Retherford, Ruddiman, and Sylvia have been signed up for the SDAO Board Member Duties, Liabilities and Responsibilities class. Tucker noted there is a 10-page packet on emergency preparedness that if the Commission reads, the Port will receive an insurance discount.

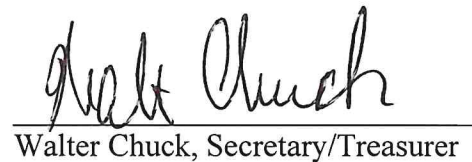
ADJOURNMENT

Having no further business, the meeting adjourned at 7:42 p.m.

ATTESTED:



Gil Sylvia, President



Walter Chuck, Secretary/Treasurer