

Notes from Rep. David Gomberg Port of Newport – January 2

Overview of bill

- Change of Name – Oregon International Port of Newport
- Governor appoints – as terms end
- Appointments from designated economic sectors
- Fishing/Agriculture/Business/Labor
- Financial accounts unchanged
- Eastern Oregon Sponsor / real news is co-sponsors (in three days)
- No members of Coastal Caucus

I have met privately with Port leadership. I've met regularly with each of your recent Port managers. I've sat down with leaders in the fishing community and with those representing labor. I will tell you now, publicly, what I've already told you privately.

Introductory comments

- Not my bill
- Priority is existing industries and jobs
- Measure should be no surprise

How did we get here?

History: Export Dock – the bad news

- Information sheet: "inactivity and disarray threatens more than \$35m of taxpayer investment"
- Tens of millions of taxpayer dollars invested in an export terminal but twelve years after we started with a \$15M bond measure, we're not doing any exporting.
- Whether a highway that has to be re-designed, or a healthcare web page that doesn't work, or a bridge to Washington that isn't built, or an export facility that doesn't ship, there are repercussions when public dollars go sideways.
- Newport does not operate in a vacuum. People notice; people talk. Especially when it is state money
- And that makes it much more difficult to help you when you ask for more investment through loans or grants.

History: Management – more bad news

- Four managers in 3 years.
- \$1M loss on revenues in 2017
- Interest income 4 times higher than other Oregon Washington ports (2017 Financial Review)
- 31% of revenues go to debt service
- Grant Income 7 times lower than other ports
- Deferred maintenance means docks are deteriorating and more \$ needed
- High profile debacle with Tall Ships
- "A floundering operation that appears to have lost all forward momentum"
- Newport does not operate in a vacuum. People notice; people talk.

History: Tiger Grant

- Awarded the only federal Tiger grant in Oregon
- I went to bat for it; congressional delegation went to bat; Coastal Caucus went to bat

- Often at the expense of project in their own district.
- When you turned it down, you announced you could always apply again.
- Yes – you can apply. But support from within Oregon will be difficult.
- Turning back the grant embarrassed a lot of people who have not forgotten.
- Newport does not operate in a vacuum.

Said another way, my job in Salem is to help you. When you change priorities, send mixed signals, or stumble, you make my job harder.

Put all that aside – lets talk potential and vision

Oregon is an export state. But we do not have any container export ports.

- Port of Portland is struggling to get any traffic as the industry has changed to giant container ships.
- Our products are going to California or Washington.
- That means more time and more money.
- My own small business no longer brings in containers. But when we did, the cost of shifting from PDX to Tacoma took twice as long and cost twice as much.
- Our hazelnuts, Christmas trees, grass seed, and even Rogue beer is being loaded on trucks which clog Portland highways on their way to export docks in Washington.
- Eastern Oregon wants to get their products shipped out of Oregon. The Willamette Valley wants easier/cheaper shipping. Portland wants less traffic congestion.

Someone gave them all the idea that we could bring commodities to Newport over our new highway and load them on barges at our new export terminal. Who was that someone? It was you when you sent staff looking for grants to finish the job!

I do not expect you to like this news. And I expect some of you will disagree with some of the details. But you asked me here and asked me to be candid. This is the perception in Salem.

So that is where the bill came from. Let's talk about where it is at.

It is very, very early in the legislative process. We do not even convene for another two weeks. Committees will not begin hearings until late January.

When a House bill is introduced, it is delivered to the Speaker's office who then decides what committee to send it to. This measure could go to Business and Labor, to Transportation, or to Economic Development and Trade. In the past, Port measures have gone to Economic Development and Trade.

The committee chair will then decide whether to hear the bill. To do that, they schedule a public hearing. If the full committee wants a bill to move forward, it is sent to the full House for a vote. If passed, it goes to the Senate where the process repeats.

In 2017, 2500 bills were introduced; only 700 passed (including about 100 budget bills)

Although it is very early, I have spoken to the chair of the Economic Development committee and he assures me that, should he get the bill, he will not schedule an early hearing.

So what do we do now?

In all of my recent meetings, I've told you your best strategy is to get your act together and make sure people know you have your act together.

I'm disappointed that with a year notice, you have not been more proactive. But I'm now seeing positive signs – a commission working together / a manager leading / a business plan / and most important, an agreement to start exporting while also addressing the needs of the fishing fleet.

Newport thrives when they seek out win-win scenarios.

I have already said publicly that I will not support a measure that does not give local district voters an opportunity to approve any changes.

But I also need to say to all of you that everyone in this room will be better served if I keep options open and leave myself maneuvering room. No one is going to negotiate with me later if I say now I'm opposed no matter what.

At the same time, this commission has some things to consider.

I think you have a duty to help explain what this bill really does and that it is not so much a "hostile takeover" as it is a restructuring of how our local commission is selected.

I think you need to consider if this change will make it easier to acquire state funding. Because there is a reason your grant requests are not being approved. 7 times worse than other similar ports.

And you need to consider if this change will facilitate the forgiveness of your sizable debt. 30% of revenues

Most of all, you need to consider what will make the Port of Newport work. How do you protect and support existing industries and then find opportunities for new industries?

You need to weigh the opportunities and costs, and decide whether you are simply opposed to any changes, or want to propose amendments that will help the Port. I'll help!

This proposed measure is, as our local paper said, a "wake up call".

You need to get your act together. And you need to make sure people know you have your act together.

Sen. Lew Frederick, D, District 22, Portland, Liberal, Retired TV Reporter

Sen. Chuck Riley, D, District 15, Hillsborough, Moderate, Retired

Sen. Kim Thatcher, R, District 13, Keizer, Conservative, Business Owner

Sen. Chuck Thomsen, R, District 26, Hood River, Conservative Pear/Apple Orchard Farmer

Rep. Denyc Boles, R, District 19, Salem, Moderate, Former Legislative Staff

Rep. Cheri Helton, R, District 54, Bend Moderate, Restaurant Owner

Rep. Paul Evans, D, District 20, Monmouth, Moderate, Retired Military

Rep. Mike Nearman, R, District 23, Independence, Software Engineer, Conservative

Rep. Carl Wilson, R, District 03, Grants Pass, Conservative, Radio Station Owner, newly elected
Republican Caucus Leader in the House of Representative

Rep. Brad Witt, D, District 31, Clatskanie, Progressive, Retired



INTERNATIONAL LONGSHORE & WAREHOUSE UNION COAST LONGSHORE DIVISION

William E. Adams

Robert Olvera, Jr.

Frank Ponce De Leon

Cam Williams

December 28, 2018

Newport News Times
831 NE Avery Street
Newport, OR 97365

To The Editor:

Your December 20, 2018 article regarding the Port of Newport and HB 2284 states that we were “unavailable for comment.” However, we have no record of the Newport News Times reaching out to us for comment prior to publication. We offer this letter to correct this and other inaccuracies.

Newport has long demonstrated its leadership in the fishing industry and showed its forward thinking on the national level by actively and successfully securing a homeport National Oceanic and Atmospheric Administration (NOAA) ship operations facility to provide administrative, maintenance, and logistic support for NOAA’s Pacific fleet.

The rebuilding of the International Terminal continued that leadership. Since 2013, the State of Oregon, private investors, and residents have invested millions of dollars in rebuilding the International Terminal and restoring access to the terminal with the goal of the expanded use of the Port of Newport.

Unfortunately, the rebuilt terminal is not currently being used in the expanded manner that was envisioned in 2013.

The port district was formed in 1910 to promote **water-related commerce in Lincoln County** – not simply fishing, but all commerce that is water-related. Shipping and recreational commerce are certainly part of that original mandate. However, shipping has largely been abandoned and has no voice, vote, or support on the current Port Commission.

HB 2284, the 2019 Newport Economic and Business Reinvigoration Act, seeks to designate the Port of Newport as an International Port similar to other small but vital ports in Oregon and Washington. The legislation was drafted by Representative Greg Smith, at the request of the International Longshore and Warehouse Union (ILWU), whose members work at the Port of Newport, live in and around Newport, and raise their families as your neighbors, friends, and business patrons.

HB 2284 will bring the Port of Newport into a position of leadership by making it a vital part of the economic engine for the mid-coastal area as was envisioned by the strategic plan developed in

2013 by the Port of Newport Commission. This is *not* a bill to eliminate the fishing industry but rather it is a bill to expand the use of the Port to include all economic interests.

HB 2284 will help move the Port of Newport from a local fishing-only port to a fishing and shipping port offering a variety of economic opportunities. The legislation will create new and expanded family wage jobs, expanded business growth, and a revitalized economic engine for the Newport community.

Currently, one single interest group has the ability to elect all the Port of Newport commission members from among their similarly-interested business partners. In order to facilitate the inclusion of all stakeholders in the Port of Newport, HB 2284 requires the Governor to appoint five diverse commission members. HB 2284 reaches into the entire community to create a Commission that includes all voices and interests as follows:

- (1) Position 1, an individual whose occupation is related to the **fishing industry**;
- (2) Position 2, a member of a labor union representing the **longshore workers**;
- (3) Position 3, an individual whose occupation is related to the **agricultural** industry;
- (4) Position 4, an individual who is a member of a **local chamber of commerce, or an individual who represents small business interests** outside of the fishing industry;
and
- (5) Position 5, an individual representing the interests of the **local community** (at large).

Newport is in a position to offer critical shipping options closer than Portland, Tacoma, Seattle, or San Francisco, saving industries millions of dollars in current transportation costs. Newport is also in a position to help reduce the truck congestion that Oregon's transportation professionals are currently trying to manage. HB 2284 gives Newport an opportunity to be a leader in expanding the region's economic engine and in relieving the region's infrastructure challenges. Critical to this leadership is a diverse Commission that *guarantees* a continued voice for Newport's important fishing community.

The ILWU and its members, who live and work in and around Newport, look forward to working with the community and its political and business leaders in making Newport the new and revitalized economic engine that it was designed to be.

Sincerely,


Frank Ponce De Leon
Coast Committeeman


Cam Williams
Coast Committeeman



LC 291

2019 Newport Economic and Business Reinvigoration Act

BACKGROUND

The Port of Newport is a small, deep draft ocean port on the Central Oregon Coast. It is a vital part of the economic engine of the Oregon Port System. While small, it offers an opportunity to move agricultural and manufactured products from the mid-Willamette Valley and rural Oregon into the international marketplace.

HISTORY

In 2010, the Port of Newport, in conjunction with the Oregon Economic Development Department and Business Oregon, put together a joint plan to construct a modern International Dock that would allow for a robust and diverse economy in the area — with the added benefit of potentially reducing truck traffic in the transportation of goods to Portland, Tacoma and Seattle for shipping to international markets.

Over \$35 million from federal, state and local funds went into the dock's redevelopment, including a \$15 million general obligation bond from the Port of Newport. This investment helped protect the Yaquina Bay Estuary, cleaned the Brownfields, opened the port to international trade, and promoted a new wave of subsequent investment in the area.

TODAY

Despite these efforts and significant investments by local residents, the State of Oregon and the EPA over the past several years, the Port of Newport has been mired in inactivity and disarray. This disarray has resulted in the loss of knowledgeable leadership and the inability to attract and retain quality managers to lead the Port to realize the vision of previous management teams. Additionally, the Port continues to lack the robust financial capacity to repay current debt and attract new business partners for the economic expansion needed to reinvigorate and diversify the Newport economy.

SOLUTION — LC 291

We are asking you to support and co-sponsor LC 291 with our Chief Sponsor, Rep. Greg Smith, to move the Port of Newport forward, fulfilling its role as part of the economic engine needed for the State of Oregon. This legislation would provide for a robust Port Commission, bringing it into line with other ports throughout Oregon. LC 291 would accomplish this by:

- Designating Newport as an “International Port,” similar to the ports of Coos Bay and Portland.
- Authorizing the governor to appoint five commissioners representing a diverse and broad-based pool of knowledge and demonstrated expertise.

The Governor would be required to appoint a commission representing the following key partner groups:

- Fishing industry
- Agricultural/Timber Community
- Local Chamber of Commerce or small business interests (outside of the fishing industry)
- Labor union representative from the International Longshore and Warehouse Union
- At-large representative; one member not affiliated with interests already represented on the commission



D R A F T

SUMMARY

Renames Port of Newport as Oregon International Port of Newport.

Provides that commissioners of port are appointed by Governor for staggered two-year terms. Sets forth qualifications for commissioners.

Provides that currently serving commissioners shall complete their terms unless earlier discharged by Governor.

A BILL FOR AN ACT

1
2 Relating to the Port of Newport.

3 **Be It Enacted by the People of the State of Oregon:**

4 **SECTION 1. (1) The Port of Newport is renamed the Oregon Inter-**
5 **national Port of Newport.**

6 **(2) ORS 777.135, 777.137, 777.155, 777.160 and 777.165 do not apply to**
7 **the port.**

8 **(3) Except as provided in subsection (2) of this section, the port has**
9 **all the powers and duties of a port formed under ORS 777.010 and**
10 **777.050.**

11 **SECTION 2. (1) The power and authority given to the Oregon**
12 **International Port of Newport is vested in and shall be exercised by a**
13 **board of five commissioners. The board may exercise such powers, at**
14 **regular or special meetings, as are usual and customary with similar**
15 **bodies.**

16 **(2) Commissioners of the port shall be appointed by the Governor,**
17 **subject to Senate confirmation in the manner provided in ORS 171.562**
18 **and 171.565.**

19 **(3) A person is eligible for appointment as a commissioner of the**

1 port who at the time of the appointment is a citizen of the United
2 States and who has for one year immediately preceding appointment
3 resided within the port.

4 (4) The term of office of a commissioner is two years, but each
5 commissioner serves at the pleasure of the Governor.

6 (5) Before the expiration of the term of a commissioner, the Gov-
7 ernor shall appoint a successor. A commissioner is eligible for reap-
8 pointment. In case of a vacancy for any cause, the Governor shall
9 appoint a person to serve for the unexpired term. A commissioner
10 whose term has expired shall continue to serve until the appointment
11 of a successor unless discharged by the Governor.

12 (6) If a vacancy occurs by death, resignation or discharge of a
13 commissioner, the vacancy shall be filled by appointment by the Gov-
14 ernor for the unexpired term.

15 **SECTION 3.** Each office of commissioner of the Oregon Interna-
16 tional Port of Newport is designated by a position number. When ap-
17 pointing a commissioner, the Governor shall appoint an individual
18 meeting the following qualifications at the time of appointment:

19 (1) For position 1, an individual whose occupation is related to the
20 fishing industry.

21 (2) For position 2, a member of a labor union representing
22 longshore workers.

23 (3) For position 3, an individual whose occupation is related to the
24 agricultural industry.

25 (4) For position 4, an individual who is a member of a local chamber
26 of commerce, or an individual who represents small business interests
27 outside of the fishing industry.

28 (5) For position 5, an individual representing the interests of the
29 local community.

30 **SECTION 4.** Notwithstanding the term of office specified in section
31 2 (4) of this 2019 Act:

1 **(1) Commissioners who are serving on the board of the Oregon**
2 **International Port of Newport on the effective date of this 2019 Act**
3 **shall continue to serve until the expiration of their term, unless ear-**
4 **lier discharged by the Governor.**

5 **(2) If the Governor discharges a commissioner who is serving on the**
6 **effective date of this 2019 Act before the expiration of that**
7 **commissioner's term, the Governor shall appoint a replacement com-**
8 **missioner to serve for the remaining unexpired term of the discharged**
9 **commissioner.**

10 **(3) Except for commissioners appointed to replace a discharged**
11 **commissioner under subsection (2) of this section, the first two com-**
12 **missioners appointed to the board of the Oregon International Port**
13 **of Newport by the Governor shall serve an initial term of one year. If**
14 **the Governor appoints more than two commissioners simultaneously,**
15 **the Governor shall specify which two of the commissioners are to**
16 **serve an initial one-year term.**

17
