

**PORT OF NEWPORT**  
**COMMERCIAL FISHING USERS GROUP COMMITTEE AGENDA**

Thursday, March 7, 2019, 9:00 am  
OSU Extension Office  
1211 SE Bay Boulevard, Newport, OR 97365

- I. Call to Order
- II. Changes to the Agenda
- III. Public Comment
- IV. Port of Newport Rates 2019-2120
  - A. Commercial Marina Electrical Upgrades..... p 3
- V. NIT Use Recommendations Update ..... p 27
- VI. Future Agenda Items
- VII. Public Comment
- VIII. Adjournment

Currently, limited parking is available, so please plan accordingly. Guests may park in the spaces directly near the Curry Building (Extension Office) and may NOT park near the Airgas/Servco building (we share a parking lot). Evening meetings occurring after 5:30pm and on weekends may use the entire parking lot if available. If overflow parking is required, please let the office know when you reserve space. Overflow parking is available directly across the street in the dirt lot near the mailboxes and shed. You may park in the grass and gravel. Parking is NOT permitted on Bay Blvd or on Vista Drive (the street on the west side of the building).

The OSU Extension Office is accessible to people with disabilities. A request for an interpreter for the hearing impaired or for other accommodations for persons with disabilities should be made at least 48 hours in advance of the meeting to Port of Newport Administration Office at 541-265-7758.

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The background features a dark blue gradient with technical diagrams. On the left, a large circular scale with tick marks and numbers from 140 to 260 is visible. Several circular diagrams with arrows and dashed lines are scattered across the page, suggesting electrical or mechanical schematics.

# PORT DOCK 5 & 7 ELECTRICAL UPGRADES

AARON BRETZ, PORT OF NEWPORT

DIRECTOR OF OPERATIONS

MARCH 7, 2019

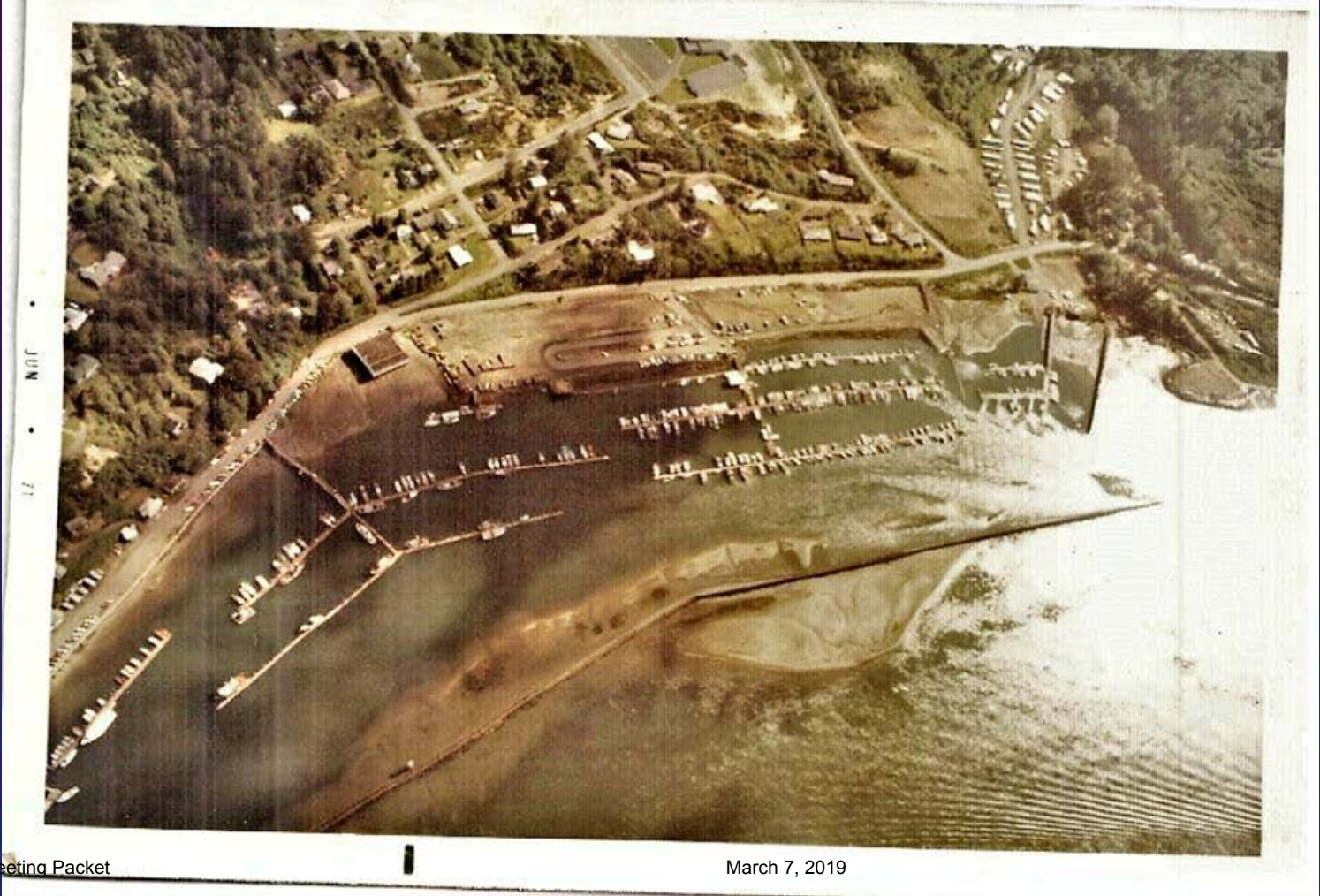
# WHAT I PLAN TO COVER

- Brief reminder of what our Commercial Marina used to look like (bear with me)
- What do we want the Commercial Marina of the future to look like
- Service life extension projects to fill the gap
- PD5 & 7 electrical project & cost
- An idea of how we might fund the work in the next 3 years
- Feedback

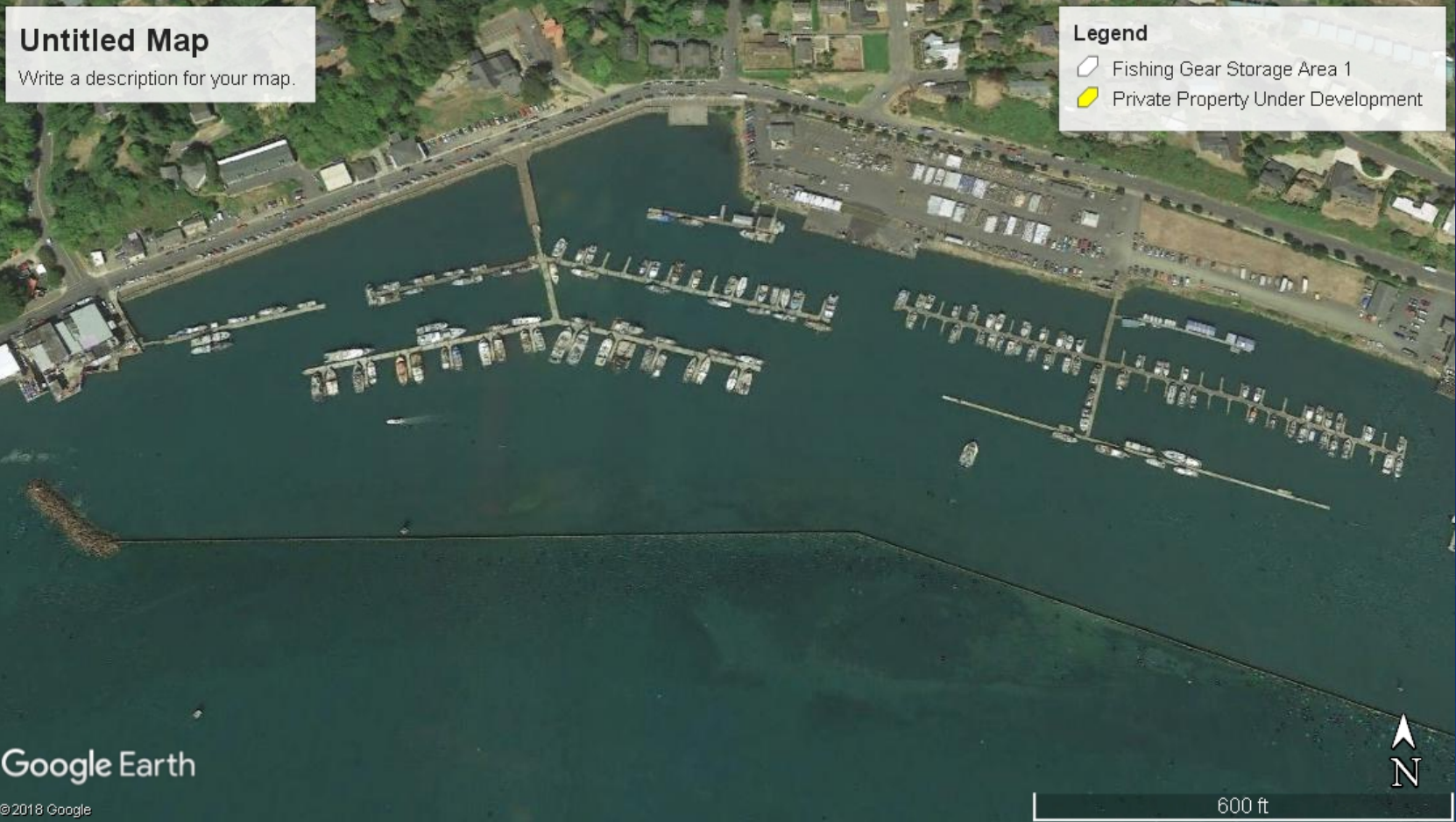
# COMMERCIAL MARINA, 1959/60



# COMMERCIAL MARINA 1971



# COMMERCIAL MARINA TODAY



# CHANGES IN THE USERS OF THE PORT



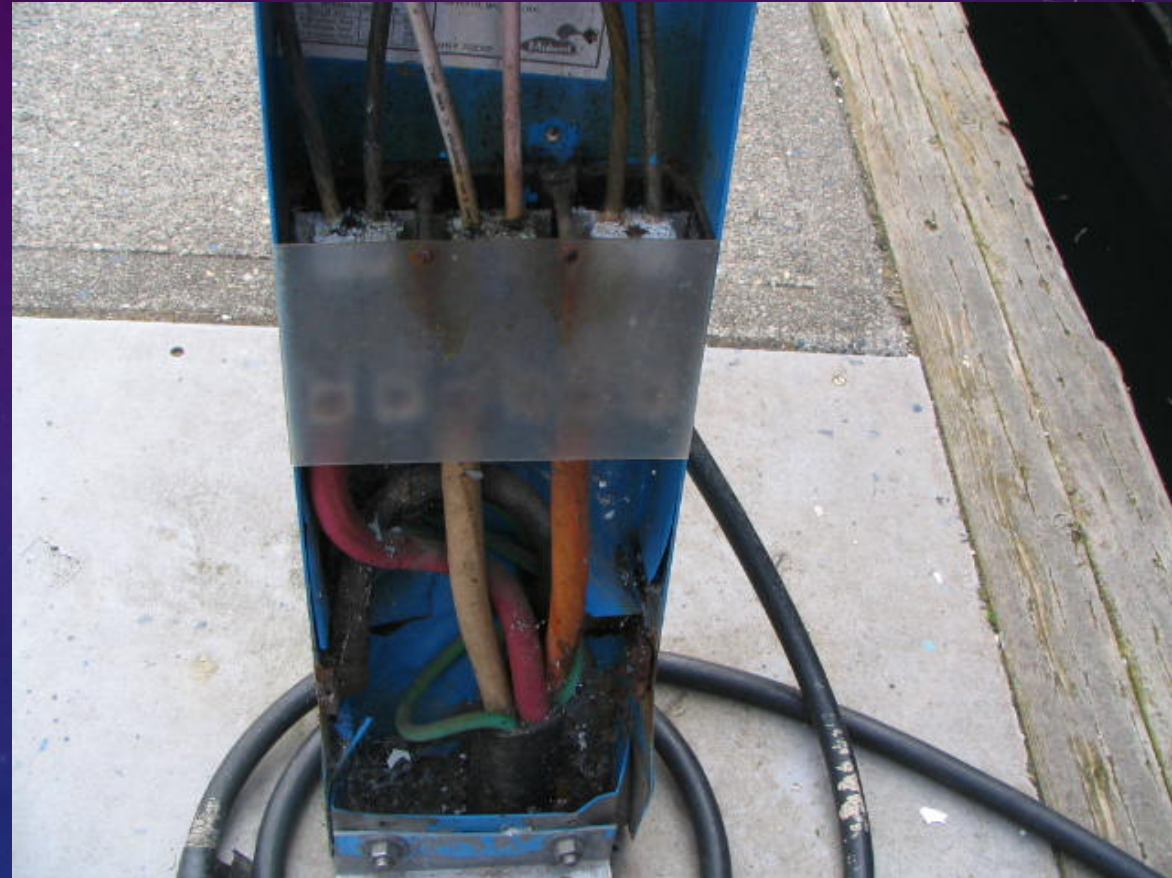


# WHAT DOES THE COMMERCIAL MARINA NEED TO LOOK LIKE TO PREPARE FOR THE NEXT 50 YEARS AND HOW TO WE GET THERE?

- Plan for the new docks
- Permit for the new docks
- Extend the service life of PD5
- Prepare the upland PD7 area for the new docks

## CURRENT SITUATION, PD 5

- Port Dock 5 Power Pedestals are 30 years old
- Obsolete
- Past their service life
- In need of upgrade to 50 amp service
- Load center that feeds the dock is not up to code
- We stand to lose 8 breakers when the new PD 5 Pier is built and power cut over to the new infrastructure
- Lighting on docks is insufficient and poorly designed



## CURRENT SITUATION, PD 7

- Electric load center feeding PD 7 is corroded and in need of replacement
- Configuration changes needed to accommodate dock expansion plans if adopted
- Lighting is insufficient



# GOALS

- Extend the service life of PD 5
- Prepare upland infrastructure for PD 7 improvements
- Increase electrical safety by replacing old power pedestals and upgrading the dock's main power supply
- Pay for these improvements on a 3 year timeline



# \$\$ COST \$\$

## PD5 Pedestals/50 amp upgrade

- New service panel, upgrade & replace conductors, remove and mount new pedestals, connect and mount lighting

\$254,000

- Purchase new power pedestals

\$55,000

- ADD 25% for future increases in materials and labor plus contingency

**TOTAL: \$386,250**

## PD7 Upland Utilities

- Replace existing load center

\$115,000

- Additional capacity accommodate more slips and 50 amp service

➤ \$100,000

- ADD 25% for future increases in materials and labor plus contingency

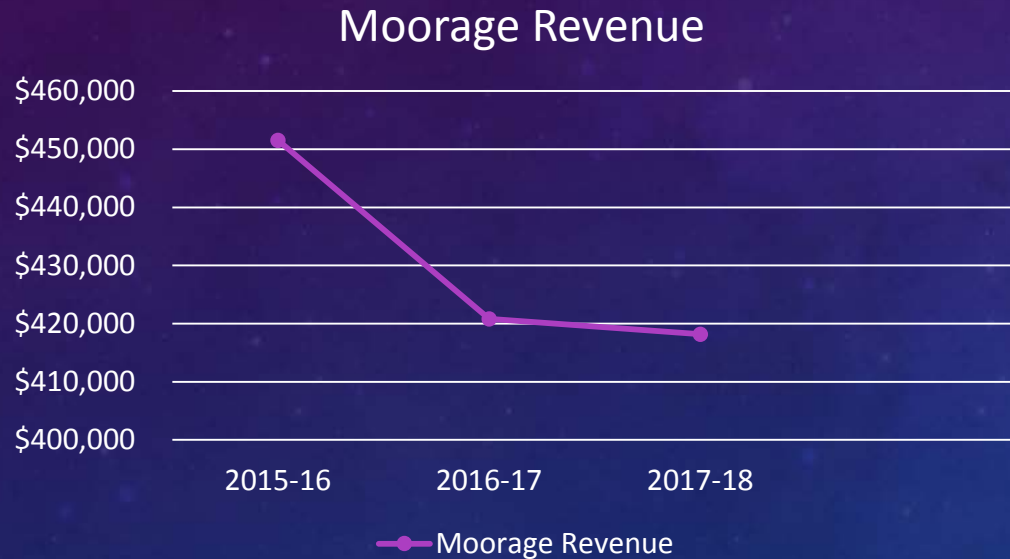
**TOTAL: \$268,750**

# COMMERCIAL FISHING USER GROUP

- This group is an advisory group to both the Port Commission and to Staff
- Prior to changing rates and fees, any organization should seek to understand the impacts of those changes on their customers
- I'm seeking to better understand which options affect which Port users and how so that we can determine the best pathway ahead

# HOW TO PAY FOR IT?

## Moorage Revenue, Commercial Marina \*



\* FY 15-16, 16-17, 17-18 audits

## Drop In Moorage Revenue\*\*

Accrual Basis			
<b>Port of Newport Moorage by Revenue Item Commercial Marina July 2017 through June 2018</b>			
Moorage	2017-18	2016-17	2015-16
Annual	\$ 315,199	\$ 286,448	\$ 250,459
Semiannual	7,029	20,344	34,296
Monthly	2,088	1,609	168
Transient - Monthly	44,647	66,209	66,944
Transient - Daily	50,988	63,307	88,468
Refunds, Discounts & Adjustments	(1,777)	(16,116)	11,214
<b>TOTALS</b>	<b>\$ 418,174</b>	<b>\$ 421,801</b>	<b>\$ 451,549</b>

March 2019  
FY 15-16, 16-17, 17-18 actuals

# RATES BROKEN INTO DISCOUNTS

Discount Rates for Longer Term Moorage*			
Current Commercial Moorage Rates per linear foot 2018-2019			
daily		\$0.52	
calendar month		\$9.50	
semi-annual		\$35.00	
annual		\$46.00	
weekly		\$5.00	
Daily x7	Weekly	Discount %	
	\$3.64	\$5.00	-37.36%
Daily x30	Monthly	Discount %	
	\$15.60	\$9.50	39.10%
Daily x182.5	Semi-Annual	Discount %	
	\$94.90	\$35.00	63.12%
Daily x365	Annual	Discount %	
	\$189.80	\$46.00	75.76%



# RATES SHOULD INCREASE OVER TIME

➤ Last year, the moorage increase was:

Transient - from \$0.50 to \$0.52 (4%)

Monthly - from \$9.00 to \$9.50 (5.6%)

Semi Annual – from \$33.00 to \$35.00 (6.1%)

Annual – from \$44.00 to \$46.00 (4.5%)

# HOW CAN WE FUND ELECTRICAL UPGRADES?

## Possibilities:

- Increase in moorage rates
  - Must be graduated over the course of at least three years
- Increase in service rates
- Grants
- New rates such as wharfage for seafood across the Hoist Dock or tolls for heavy trucks on Port Property
- Other State funding
- Any combination thereof
  - Each combination presents changes in certainty of our ability to pull off the project
  - Each combination also presents impacts to fishing businesses

# OPTIONS FOR MOORAGE INCREASES TO FUND ELECTRICAL UPGRADES

Under this construct, any graduated increases in rates over multiple years would be scheduled from FY 19-20 to the end date, spending would be frozen in the budget at the FY 18-19 level, and the additional revenue from the multiple year increase in rates would be restricted at the Port Commission level. That revenue would be placed in the construction fund, would grow from year to year, and would not be available for other projects. This results in a high degree of certainty that the work would be funded and completed on schedule.

<b>Future Incremental Revenue</b>				
Basis: \$418,174.00*				
<b>Year</b>	<b>% Change</b>	<b>Cumulative %</b>	<b>Incremental Revenue</b>	
1	5.0%	5.0%	\$20,908.70	
2	5.0%	10.0%	\$20,908.70	
3	10.0%	20.0%	\$41,817.40	
<b>TOTAL</b>			<b>\$83,634.80</b>	
<b>Year</b>	<b>% Change</b>	<b>Cumulative %</b>	<b>Total Revenue</b>	<b>Incremental Revenue</b>
1	5.0%	5.0%	\$439,082.70	\$20,908.70
2	5.0%	10.3%	\$461,036.84	\$21,954.14
3	10.0%	21.3%	\$507,140.52	\$46,103.68
<b>TOTAL</b>				<b>\$88,966.52</b>

# OPTIONS FOR MOORAGE INCREASES TO FUND ELECTRICAL UPGRADES

Future Incremental Revenue							
Basis:		\$418,174.00*	60 ft boat annual \$2760**				
Year	% Change	Cumulative %	Total Revenue	Incremental Revenue	60 Ft Boat Annual	% over previous year	
1	10.0%	10.0%	\$459,991.40	\$41,817.40	\$3,036	10.0%	
2	20.0%	30.0%	\$543,626.20	\$83,634.80	\$3,588	18.2%	
3	35.0%	65.0%	\$689,987.10	\$146,360.90	\$4,554	26.9%	
<b>TOTAL</b>				<b>\$271,813.10</b>			
Year	% Change	Cumulative %	Total Revenue	Incremental Revenue	60 Ft Boat Annual		
1	10.0%	10.0%	\$459,991.40	\$41,817.40	\$3,036		
2	20.0%	32.0%	\$551,989.68	\$91,998.28	\$3,643		
3	35.0%	78.2%	\$745,186.07	\$193,196.39	\$4,918		
<b>TOTAL</b>				<b>\$327,012.07</b>			

# GRANT REVENUE

- Still pursue grant revenue for the electrical upgrades
  - The funds would still be restricted even if a grant were to come through
  - If a grant is approved, those funds would have to be invested in another service life extension project for the Commercial Marina, and the Port Commission would make a decision where that investment would make the best sense
- Challenge with grant revenue is that it's not a certainty
    - Subject to other budgets
    - Has to compete with other State and Federal priorities
    - The more we ask for smaller projects, we may or may not be successful getting grant funding on larger projects

# WHY MOORAGE REVENUE RATHER THAN NEW RATES AND OTHER FUNDING SOURCES?

- Moorage revenue is subject to impacts by bad fishing years, but not as much as service revenue
  - Moorage revenue is less volatile, more stable
- It's farther from the point of sale for fishermen, so in terms of their overall business expense we're looking to impact them less than a change in hoist dock rates or new charges
- The rate increase is directly tied to the improvements; the Port user sees the results
- We want to maintain the growth in services; it's had a good impact on local businesses and the Port
- We want to choose a revenue stream that is predictable, creates the least impact to Port users, and can result in the funding level we're seeking for these improvements
- No one wants to see rates go up, but if they do go up, the person who pays the increase wants to see the result.

# CONCERNS ABOUT A MOORAGE INCREASE FOR THE PURPOSE OF INVESTING IN ELECTRICAL IMPROVEMENTS

- What are the impacts to all users of the Port?
- How would this influence your business decisions?
- In particular, does this impact salmon trollers or smaller operations to a disproportionate degree?
- Is restricting these funds and placing them in the construction fund for this project a method that will work?

# A NEW WAY OF DOING THINGS

- Using a graduated (scheduled) multiple-year rate increase and assigning the incremental revenue to a specific project would be a new method for the Port of Newport
- Other Oregon Ports are currently wrestling with how to pay for infrastructure improvements
- There have been challenges in other areas (and here in Newport recently) in raising rates
- We could possibly come up with a method that can be used as an example for other Ports to follow when attempting to fund infrastructure maintenance projects of significant cost that don't result in a significant revenue increase



# IN SUMMARY

- We want to undertake service life extension projects on PD5 & 7
- Electrical infrastructure is both a safety and infrastructure upgrade
- Much of this infrastructure can be repurposed and fully utilized when new docks are built
- We need to fund as many of these service life extension projects as possible to fix current problems
- A Commercial Marina moorage rate increase is one possible way of doing this by using a graduated increase and placing the incremental proceeds into a protected fund to do the project
- We want to identify impacts to users and further develop a plan to fund this work



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The Port of Newport is home to a diversified commercial fishing industry. Well over 100 commercial fishing vessels are home-ported in Newport and many more transient vessels visit and utilize the Port's facilities. Newport-based vessels participate in many fisheries and Newport is also home to many of Oregon's Distant Water Fleet. Many Lincoln County citizens are directly employed as vessel crew or in seafood processing plants. Hundreds more are employed by the dozens of support businesses that service the commercial fishing industry. Newport's successful tourism economy is also based, in part, on the existence of an authentic working waterfront. In 2015 over 67.8 million pounds of seafood worth over \$33.4 million in ex-vessel revenue was landed in Newport. These numbers are conservative and do not include the revenue from landings by Newport vessels in other west coast ports or the distant water fisheries. Over the last decade commercial fisheries have been steadily increasing and the opportunities for fishing continue to expand. Newport generally ranks in the top 20 national fishing ports annually based on landings and value.

The International Terminal (IT) is a critical component to Newport's commercial fishing success. The IT can accommodate large fishing vessels that do not fit at other port facilities. It is not unusual to see 12-15 large trawl vessels moored at the IT between November 1 and January 10<sup>th</sup> or between April 1 and May 15<sup>th</sup>. Crab and shrimp boats and trawlers also use the IT heavily to stage and switch gear throughout the year. In addition to the local boats, Bering Sea crabbers and other large transient vessels stage at the IT before moving up-river for boat work at one of the two Toledo shipyards. In addition to significant fishing gear storage, the IT houses important support businesses including a net shop and fishmeal plant. The revenue that the Port generates from the commercial industry at the IT has grown significantly over the last four years. In fiscal year 2016-17 the Port received over \$467,000 for services and moorage at the IT from 52 unique vessels. The revenue generated at the IT has grown by about 50% from \$229,939 in 2013-14. The trend is for even greater commercial fishery revenue increases to the IT in future years.

With the importance of the commercial fishing industry to the Port of Newport in mind, and specifically the importance of the IT to the commercial fleet and dependent economy of Lincoln County, all future use plans for the IT whether for shipping or any other activity, must consider and accommodate the minimum needs of the fishing fleet. If necessary, plans for the construction of new docks to allow for any new activity should be included while plans should preserve the access for the existing industry. At a minimum, there should be:

- ✓ Space for 12 large catcher vessels to moor (no more than 2 deep) at the IT from November 1<sup>st</sup> through January 10<sup>th</sup> and April 1 through May 15<sup>th</sup> at the same time there is direct dock access always for at least two vessels to be actively loading and unloading.
- ✓ At all other times of the year there should be room available to moor at least six catcher vessels (no more than 2 deep) while there is direct dock access always for at least one vessel to be actively loading and unloading.
- ✓ Twelve months out of the year there should be access to a gear hoist for use by local crab, shrimp and trawl vessels to load and unload gear, as well as a clear path between the storage area and the dock
- ✓ Twelve months out of the year there should be ample space to lay down and work on trawl nets
- ✓ Twelve months out of the year there should be a clear route for trucks to access the fishmeal plant

Any consideration given to the development of shipping or other activities from the IT should recognize both current and future use needs of the commercial fishing industry who have been the primary users of the facility for the last thirty years. Also, the financial impacts to the industry and community must be analyzed.