

September 28, 2021
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 virtually via Microsoft Teams. In attendance were Commissioners Burke, Retherford, Chuck, Sylvia, and Lackey. Also in attendance were General Manager Paula Miranda, Operations Director Aaron Bretz, Finance Director Mark Brown, and PR Consultant Angela Nebel.

BUDGET PUBLIC HEARING

Call to Order. Burke called the meeting to order at 6:01 P.M.

Approval of Resolution No. 2021-06, Adopting a Supplemental Budget for Fiscal Year 2021-2022, and Authorizing the Transfer of Funds. Brown reported on January 22, 2019, the Port Commission adopted Resolution No. 2019-02, creating the NOAA Capital Maintenance Fund. He stated the first part of this item requires a budget hearing for a transfer. He explained the Port will transfer funds from the NOAA Lease Revenue Fund to the NOAA Capital Maintenance Fund. He indicated for the second part of this item, when the Port refinanced the NOAA bonds, it committed to using the savings for a match. He added the Port wants to transfer funds out of the NOAA Lease Revenue Fund into the General Operating Fund to create a new equity account reserved for matching federal or state grants.

Miranda reported this money was not assigned to any particular projects. She stated as previously discussed, the Port ran into situations in the past where the Port could have applied for grants for projects, even some on the strategic plan, but didn't apply because it didn't have funds to match. She explained the Port is setting money aside, just to be prepared, so when the Port has those opportunities, it doesn't miss them. She indicated staff have not assigned a grant to these funds yet but are working on several grants. She added staff are trying to maximize some of those grants out there.

Miranda reported, for instance, the Port is working on Port Dock 7 planning. She noted the Port set aside \$200,000 in the budget. She indicated the cost may be more \$250,000 to \$300,000. She explained she is working on federal and state grants to meet those costs. She added there's a chance the Port will not need to match, but if there is a match, then those funds are there.

MOTION was made by Sylvia, seconded by Retherford, to adopt Resolution No. 2021-06 Authorizing Transfers. The motion carried unanimously in a voice vote.

ADJOURNMENT

Having no further business, the meeting adjourned at 6:06 P.M.

REGULAR MEETING

Call to Order. Burke called the meeting to order at 6:07 P.M.

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

Accounts Paid. MOTION was made by Lackey, seconded by Sylvia, to approve accounts paid as presented. The motion carried unanimously in a voice vote.

Approval of Payment of Property Taxes for 343 SW Bay Blvd. Brown reported the previous tenant of this property didn't pay property taxes, and penalties are quite steep. He stated the County has agreed not to impose penalties or foreclose. He recommended paying these property taxes even though they are really owed by the previous tenant. He noted the Port's attorney is working on some judgements against the previous tenant, and it's possible the Port could eventually get its money back.

Miranda reported, typically, the Port is not taxable unless it leases a property or allows use of property by a taxable entity. She explained in general, the County does not come after Ports to make tax payments but creates a lien against the property. She noted if the Port sells the property, all those taxes and all the penalties become due. She indicated after researching, the Port found more properties with unpaid taxes. She added the County did not send statements or notification, so the Port was not aware of it before.

Miranda reported the County can't just write all those taxes off; it must be done through legislation. She stated she is working with OPPA along with the Ports of Coos Bay and Tillamook Bay to include the Port of Newport in legislation. She noted she is working with the County, so they would be in agreement with that. She indicated, meanwhile, this property at 343 SW Bay Blvd, is a bit different, as the Port will be trying to sell it soon.

Sylvia asked if the Port is liable, why is the Port not alerted to that. Miranda replied that was one of the discussions staff had with the tax assessor. She noted they are still working on that process. She explained staff had a meeting with the tax assessor on how to work on tax issues in the future, so there are notifications from both sides. Burke clarified there were not any discounts on this bill. He asked for the Port's obligation at this time. Brown replied the obligation is \$12,304.20 for this property. He explained for all the other areas leased by the Port, it's a little over \$100,000. Burke emphasized tax notification to real property owners needs to happen. Discussion ensued on the need for immediate notification of tenants' failure to pay taxes.

Chuck suggested the Commission continue to review leases and create a mechanism to add an amendment to leases so that the Port gets notified every time taxes are paid. He added this is not the first time this has happened.

MOTION was made by Lackey, seconded by Retherford, to authorize the pay of \$12,304.20 to Lincoln County for property taxes on 343 SW Bay Blvd, Property Tax Lot R194467. The motion carried unanimously in a voice vote.

Approval of Structural Assessment of Port Dock 7. Bretz reported Commission discussed having an assessment of Port Dock 7 in the spring, hiring an engineer to examine the state of the dock. He stated the Port received several proposals with HDR best meeting the RFP requirements. He explained HDR will provide a report that shows under certain operational

parameters and weather conditions, the dock can carry certain loads. He noted they will determine how much loading is on the dock, so that the Port can prevent more chunks breaking off in the future. He added the cost is not to exceed \$15,000. Brown suggested amending the motion to authorize GM or designee.

Burke confirmed this report will also evaluate the immediate needs for infrastructure improvement. Bretz noted the Port does not want to underutilize the dock but put as many people (vessels) on it as possible and make sure the dock structure makes it through until it is rebuilt. Burke asked if the timing would allow the Port to take advantage of this report in the November in-water window. Bretz replied that depends on the report. He stated the idea is to get this done as quickly as possible.

Sylvia asked if this report will include longevity of the dock. Bretz replied the Port should get a good idea of the lifespan left in it. Chuck asked if discussions have been had on the possibility of losing usage of the dock. Bretz replied budget discussions have not taken place yet. Miranda stated closure of the dock would create an emergency situation, and the Port would need to involve the state, perhaps Business Oregon, to mitigate the issue. She added short of that, the Port plans to do minor mitigation until it can replace the dock. She indicated that could be one year or a three-year mitigation. She reported this report also includes reviewing Swede's Dock.

Sylvia stated risk assessment can be complex. He asked if HDR will provide in-depth detail or make a blanket recommendation. He also asked if insurance would get involved in this. Bretz replied HDR will give the Port information on how much degradation has occurred since its original state in specific areas. He explained from that, they will give the Port some loading limits given certain wind conditions and sizes of boats. He stated he has not talked with the insurance company yet. He reported his plan was to get this information, and then talk with them. He added this report will not be an end all, be all, and the Port will have to do more work to come up with a good operational strategy.

Retherford asked if this report will be done right away, so the Port can make some decisions before storms and crab season. Bretz replied that is what he is trying to do. He noted the Port has a lot of critical issues and should have this report back at the end of October. Lackey noted there may need to be a special Commission meeting when the report comes back. Miranda added staff will make sure not to delay any solutions. Bretz added the solution that will be ultimately needed will be to replace the dock.

Sylvia asked if the boats themselves bear any shared responsibility for using that dock space. He added transparency with the fleet will be really critical. Miranda replied if the Port allows boats to use a space, it is the Port's responsibility. She noted the report may help the Port's plan to put together a replacement project. She explained when the Port goes out for funds, the Port can show the economic impact of the fleet and the fact the dock is falling apart, and that will expedite the project. She indicated although infrastructure funds are out there right now, the permits may take a couple years. She added she hopes this report will give the Port an opportunity to fix urgent areas and continue using the dock. She emphasized the Port will have to be very meticulous in developing a solution.

MOTION was made by Chuck, seconded by Retherford, to authorize the General Manager or designee to contract with HDR Engineering, to conduct a structural assessment and provide the Port with recommendations for the continued operation of Port Dock 7 in an amount not to exceed \$15,000. The motion carried unanimously in a voice vote.

343 SW Bay Blvd Property Discussion. Miranda reported after the Port had to remove the building at 343 SW Bay Blvd, a former Charter office, she met with Commissioners Burke and Lackey and Bretz to discuss options for the site. She stated Bretz did a lot research on the condition of the property and costs associated with it. She noted she has been working with DSL to figure out what they need to provide a lease to the Port. She explained the floating dock at that property was never authorized by DSL. She indicated she tried to work with the upland property owner, but he was not excited about expanding that area and putting fishing vessels there. She added he was concerned with blocked views.

Miranda reported all the Port could fit into the space, once reconfigured, were three vessels. She stated the cost to build that would be at least \$1.6 million. She noted even a 30-year loan wouldn't give the Port the ability to pay one-third of that cost. She indicated while it would be great to have additional spaces, the Port has to be responsible stewards of public money. She added, the portion owned by the Port is a very tiny piece of property.

Miranda reported the property's assessed value is \$171,000. She stated the Port could spend \$1.6 million on the property or spend \$50-80,000 demolishing the rest of dock there and \$100,000 for mobilization. She noted while there are some interested parties, it would almost be awash. She explained permitting is required with the Army Corps of Engineers and DSL for demolition. She indicated options are to sell the property as is, which will affect the price, or remove the dock and then sell the property for not much gain. She summarized the Commissioners did not recommend building there for that price tag. Burke agreed rebuilding is not the right option. He asked the Commission if they want to improve the property and sell or sell as is.

Sylvia asked what is driving the high cost. Miranda replied it's getting more and more expensive to build in the water in general. Bretz replied permitting cost is very high, and mobilization runs in the neighborhood of \$100,000 just to get contractors here. He added cost of mitigation is huge. Sylvia asked if grants could be used. Miranda replied the Port can look into getting some mitigation credits from the property, especially for Port Dock 7. She noted, unfortunately, grants don't want to put money into something that doesn't pay for itself. Discussion ensued on grants. Sylvia suggested considering tying this property into a larger project to average out costs. Miranda replied the Port would be better off trying to create additional space at Port Dock 7 or near the Terminal. She added staff talked about building a connection with Port Dock 1, and the upland owner did not support that idea. Bretz explained it would take a really big project that generates a lot of revenue to offset costs for this property. He added gaining mitigation credits there for Port Dock 7 would be great. Miranda summarized Commission direction is for staff to work with the City to postpone improvements, and then sell the property in the future.

NEW BUSINESS

Approval Grading Plan/International Terminal/PBS Engineering. Bretz reported the Port received several proposals with PBS as the best. He stated the area that was jurisdictional wetlands is no longer designated that. He explained the Port is trying to get this lot leveled out so it can be used for storage as well as properly maintained. He noted there is an existing ditch that goes through the property, and the grade will continue heading in that direction. He indicated the Port only needs a grading permit from the City. He added the Port has money in the budget designated for this project this year.

MOTION was made by Lackey, seconded Retherford, to authorize the General Manager to contract with PBS Engineering, to prepare a grading plan for the Port's 9-acre lot so that it can

be graded to drain to the County ditch along the Bay Road in an amount not to exceed \$22,000. The motion carried unanimously in a voice vote.

STAFF REPORTS

General Manager. Miranda noted her report included in the packet. Chuck suggested preparing now to address issues in South Beach. He stated the slips, parking, and traffic enforcement are going to keep getting busier. He emphasized he wants it to function well there. Miranda reported one item of note is potential grant funding for an expo center on Port property. She noted parking would have to be addressed with that, since the Port would lose some dry camp space. She explained with infrastructure funds coming in, the Economic Development Agency is focusing on supporting tourism and this project for an expo center came to the top of their list. She indicated the Port could use the land itself as a match. She added the Chamber of Commerce is excited because they would eventually have a home for the Seafood and Wine Festival.

Miranda reported there would have to be an environmental assessment of the area and design. She stated she does not want to move forward on this concept unless the Commission supports it. She indicated there is still outreach to do in the community. Sylvia confirmed the grant would cover the cost of the building, and the Port would put funds into the design. Miranda added in the strategic plan, the Port talks about creating new opportunities to generate funds, in South Beach in particular, and this is one opportunity.

Chuck stated he is uncomfortable with this. He emphasized the need for community outreach. He noted there is community concern about the industrialization of South Beach. Miranda noted there are a couple of months to apply, so outreach could be conducted.

Sylvia asked if folks have alternative ideas on how to use these spaces that are not industrial. Chuck replied people are concerned with the expansion of Rogue, and other industrial uses of the area. He noted they want to make sure Newport does not lose the character of the marina. Burke stated square footage and maximum height would go a long way to help paint picture for the Commission and stakeholders.

Chuck asked if Rogue discussed further expansion. Miranda replied she is aware of discussions on expanding their House of Spirits, but not the warehouse. She added they have been growing, and she would not be surprised if they request more space in the future. She asked if the Commission would like her to spend money on design and conduct outreach, and then apply separately from the County for this grant if response is favorable to that. She added she does not want to hold up the other applicants in the County for this grant funding.

Retherford stated there is not a lot of options out there for big gatherings, and having a place to gather would be nice. She emphasized the importance of finding the right place for it. She indicated she would like to know the vision for the building, its size and footprint. Burke suggested figuring out potential locations and sizes before moving forward. Miranda replied she will spend under her limit to do some more due diligence.

Lackey stated he likes the idea of the center but agrees with Chuck that waterfront property is valuable. He emphasized being methodical and thinking through everything.

Commissioner Reports/Comments - Former Commissioner Sara Skamser Remembrance. Miranda reported the passing of Former Commissioner Sara Skamser has been difficult because she has been a mentor to Miranda. She explained Sara showed her around and told her everything about fishing in Newport, and the importance of the Port here. She noted she

did her job as a Port Commissioner without bias. She added Sara was funny. She indicated Sara was great to take to conferences because she engaged with folks and promoted Newport. She added Sara will be greatly missed.

Lackey stated Sara was a friend of his, and they started on the Port Commission at the same time. He noted she ran for Port Commissioner because she cared deeply about the Port itself and the local community. He indicated it was a labor of love for her to be a commissioner. He added she served as President of the Commission, and she was instrumental in hiring Interim General Manager Teri Dresler and General Manager Paula Miranda.

Lackey stated Sara felt good about the gains the Port made in the last few years. He noted the Port is better off for her service. He indicated she was active in the community with Fishermen's Wives, and she was a member of the fishing community from California to Alaska. He added for decades she supplied fishing nets and excluders that were a combination of her innovations and others.

Lackey stated a friend in the industry noted to him how she would be missed in the fishing world. He explained Sara was the kind of person who saw a need or opportunity and went after it. He indicated she was a leader in her industry, fishing community, local community, and Port community. He added Sara will be missed.

Burke stated Sara encouraged him to run for the Commission. He explained he had worked with Sara on the environmental side. He noted he had a quite an affection for her as a colleague and business owner. He indicated they had a lot of long talks before he came onboard with the Port. He added he thinks she would be proud of the Port today.

Burke stated Sara will be missed. He noted she was sarcastic, entertaining, strong, witty, and not biased. He indicated he was proud to sit with her. He explained she would evaluate issues based on their merit. He added he will miss her, and he appreciated her as a mentor. He noted there is a little bit of a void at the Terminal.

Retherford stated Sara helped raise all her kids. She noted Sara was a part of her life from the beginning. She indicated Sara is very missed. She added Sara loved Mexico, life, and people. She stated Sara was a mentor to a lot of people, and she was all you could want in a friend or worker.

Sylvia stated he knew Sara more in relation to science and net projects, rather than the Commission. He noted he always thought she symbolized this community, as friendly, outgoing, extremely intelligent, and dedicated to advancing the community. He indicated there are not many people like that. He added she will be sorely missed as mentor, friend, and such a unique personality.

Chuck stated he was sorry to hear of Sara's passing. He noted the first time he met her was 15 years ago when Onno Husing was making a movie about the fishing industry. He emphasized the importance of her work on the innovations in the gear with fishermen and ODFW to make the industry sustainable. He indicated she brought to the forefront innovation and technology. He stated the impact that she has had on the fishing industry and community is great. He noted he enjoyed serving with her on the Commission, but those innovations can't be mentioned enough. He added she left a great legacy.

Calendar/Future Considerations 2021. The Commission agreed to move the next meetings to October 27, November 16, and December 21, 2021.

ADJOURNMENT

Having no further business, the meeting adjourned at 7:48 P.M.

ATTESTED

JAMES BURKE

JAMES BURKE (Oct 29, 2021 09:41 PDT)

James Burke, President

Walter Chuck

Walter Chuck, Secretary/Treasurer

September 28 2021 Minutes

Final Audit Report

2021-10-29

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