

April 11, 2024  
12:00 P.M.  
Newport, OR

## **PORT OF NEWPORT COMMISSION WORK SESSION 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 Sylvia, Retherford, Ruddiman, Chuck, and Lackey. Also in attendance were Executive Director Paula Miranda, Director of Business and Finance Services Mark Brown, Operations Director Aaron Bretz, and Administrative Assistant Gloria Tucker.

### **GOALS AND OBJECTIVES DISCUSSION**

Miranda presented the Strategic Business Plan Summary included in the packet. Chuck stated he would like to discuss the impact of the consolidation of Bornstein Seafoods and the closure of their Newport processing plant. Miranda noted that has been added to the agenda for the Commercial Fishing User Group meeting. Retherford asked when that meeting is set. Tucker replied the meeting is April 18, 2024, at 9 a.m. at the Newport City Hall. Sylvia stated his concern is the long-term trend because of the increase cost pressure from DEQ on water quality. He explained the DEQ's new requirements may cost plants millions of dollars, and if they can't afford it, they may close or consolidate. He noted in Astoria two of the plants are sharing the water quality treatment changes to reduce costs. He asked what the Port can do, looking at these long-term cost pressures on the fleet, to maintain the processing capacity in Newport because it will, ultimately, affect the whole fishing fleet if Newport can't maintain processing. Miranda replied she has started a conversation with the state and the Port lobbyist in DC because so much is going on with DEQ. She explained Representative Hoyle is aware of the issue as well and is working with the Governor. She stated her sense is the DEQ issue has a lot to do with Bornstein's closure.

Sylvia explained the new standards are complicated and derive from Clean Water Act standards. He noted this all started with protecting endangered salmon on the Columbia River, and once DEQ adopts a standard for a tributary on the Columbia River, they adopt it everywhere including estuaries, major rivers, and bays. He stated he wrote a letter supporting the fishing industry, that this doesn't make rational sense. He emphasized DEQ should be able to develop more specific standards given the nature of the body of water. He indicated his point is the Port needs to support the industry on the issue and speak with one voice to the politicians, including DEQ, on how they are implementing these standards. He added they could have implemented these standards in different ways. Miranda affirmed the Port has been supporting the fishing industry on this issue. She added Washington state is not dealing with the same thing, and this is about how the state of Oregon is implementing these acts.

Lackey stated if the DEQ situation was resolved tomorrow, there would be issues still in place for this closure. He noted looking at the industry, there's been times before where a market would go down, but folks could come through it. He indicated the biggest questions are when does that happen and how big will be the recovery. He added right now, the answer is he doesn't know. He explained in the past, if there is a downturn, another fishery does better, and there is some hope to rebound.



Lackey stated it is bad for Newport, specifically for the processing infrastructure. He noted fillets are no longer cut in Newport and a surimi plant shut down. He indicated there isn't a tunnel freezer that would allow a mix of fresh and frozen fish. He explained the questions are when the markets will turn around, and will they ever turn around enough for processors to consolidate or invest in Newport. He added until that happens, Newport is just struggling to get by. Miranda stated the Port will be in a better position to answer these issues during its update to the strategic plan in the fall. She noted at this point, it is too early to make any major decisions. She added staff will continue doing what it needs to do, and the Port will reevaluate in the fall if there are major decisions to make.

Retherford stated it's not just DEQ. She noted there are problems with hiring workers and all the basic business issues. She indicated fuel costs and ice costs are rising, and there are issues with selling the product. She explained how groundfish and Dungeness crab markets are at a low point. She indicated the markets are on a downward slide, and even her own business is just putting their head down and trying to ride out the slide. She added shrimp season opened April 1, and no one is fishing. She emphasized it's not hitting just one fishery, but all the markets are crumbling. She stated purchasing the processing plant isn't even a possibility because for someone to come in, they are buying a business with so many issues they may not be able to make money.

Chuck stated on sport fishing, the Port has been lucky the last 10 years, having great fish, the best bar and newest marina. He stated the port maintenance tax is funding a lot of the smaller marinas up and down the coast. He explained Tillamook is one, and it's closer to Portland and sometimes has good fishing. He stated Bandon is next, and Reedsport is after that. He indicated the Port gets a lot of folks from Eugene and Medford, and those ports are closer for them, and they will be safer. He added the Port may have more competition. He emphasized the need to make sure the Port understands other ports and does not price itself out of the market. Miranda replied she is planning on visiting Bandon as well as other ports. She noted staff are talking internally about updates to the Recreational Marina. She indicated unless more money opens up, the Port will have to slowly work on it. She added she continues to have conversations with Oregon State Marine Board.

Sylvia stated he assumes when the Port does the strategic plan, the Port will have conversations with stakeholders across all of the Port. Miranda explained the strategic planning process. Lackey stated with the closure, he doesn't have a sense about Port Dock 7 boats. He explained the big and medium boats are probably going to stay. He asked what are the prospects for the Port Dock 7 fleet. Bretz replied when talking about Port Dock 7 boats, in the future, there will be a different group of boats. He explained those small boats will probably get hit hardest with Bornstein leaving. He noted he's had a lot of conversations that predate this change, and what he has heard is to expect a lot of large tuna boats this year and following years. He indicated a lot of California boats he talks to, as discouraging as it is here, are more discouraged in California, and they view Oregon as better. He added one of the benefits of the Port Dock 7 plan is to come up with three alternatives [tailored] to three different scenarios marketwise.

Bretz stated his main concern is not to paint the Port into a corner since the infrastructure lives for so long. Miranda stated the plan is not to just replace Port Dock 7 and make it useable; the plan is to not only expand for use by boats in other areas, but also modernize it. She indicated a dock of 60 years ago doesn't provide what is needed today regardless of boats. She added staff are also looking into placing a nice transient dock since the Port will always have visitors from out of state. She explained a transient dock would also give the Port a nice alternative for larger vessels that can only go the Terminal right now. She noted this would be another place they could go



temporarily. Retherford asked if the new Port Dock 7 will be able to take some of the Alaska fleet. Miranda replied the intent at this point is not to provide permanent moorage; it's to provide transient area. Discussion ensued on the use of NIT.

Sylvia noted aquaculture is listed in the strategic plan under the topic of marine research. He stated there may be commercial development with some aspects that are research. Miranda replied this can go into the new plan. She explained the Port has not had aquaculture business on its property [in the last five years]. She noted the Port was contacted by a few folks trying to establish an aquaculture business, but it never came to fruition. Sylvia stated the Yaquina Bay Estuary Management Plan is going before the city and county planners who will build it into management for every planning unit. He explained there's a new group called the Builders, a foundation, that is pushing seaweed and aquaculture on the Oregon coast. He indicated the Port is a tideland owner. He explained the history of how parcels of wetlands were distributed to different owners. He added the Yaquina Bay Estuary Management Plan restrictions may mean private tidelands are better if sold off to the government.

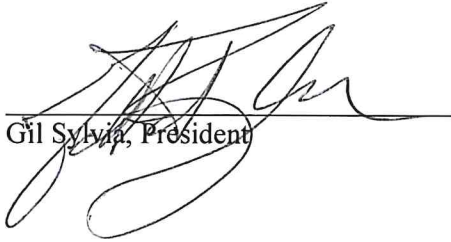
Miranda stated she is interested in developing tidelands within whatever the plan allows. She noted those lands could support aquaculture and mitigation opportunities. She indicated those lands are liabilities when they are not in use. Sylvia explained who gets to interpret what is allowed on those lands is the issue. He noted the language isn't specific, and it often falls on DLCD and planners to determine vague language. He indicated he may testify in front of the City Council on this issue. Miranda added it's going to come down to the city or county planners, and the people in those positions change over time.

Retherford mentioned another lumber mill closed, meaning four big mills have closed down in Oregon. She asked how that affects cargo, especially logs. Ruddiman replied the problem is with Interfor; they buy mills and shut them down. He explained some mills shutting down are so old and require so many employees, it becomes more and more expensive for them to compete. He indicated the export market affects the mills' ability to purchase lumber as well. Miranda replied there is a bit of lack of mills in Oregon, and that is problematic. She explained if mills are nearby, it may be easier to ship using trucks. She noted if mills are further away, then barges make more sense. She stated the Maritime Channel 5, going from Port of San Diego to Port of Bellingham, would like to pick up a port in Oregon. She indicated she has started those conversations. She added the Maritime Administration may put in some money to take trucks off the road and make transportation more efficient throughout the country. She stated, at this point, she doesn't see an impact to the Terminal. Discussion ensued on Port Dock 7 usage and opportunities for larger vessels to moor.

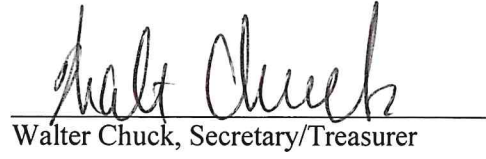
Miranda overviewed the new projects added since FY 2023-24 included in the packet. Bretz explained the age of the South Beach restrooms and showers that need to be redesigned and replaced. Sylvia confirmed with staff there are 35-40 individual stalls with 20 showerheads. Sylvia asked who uses the showers and restrooms. Bretz replied the public uses the bathrooms, and people staying at the RV Park pay to use the showers. Sylvia confirmed with staff there is state funding for ports through Business Oregon. Discussion ensued on state and federal funding for ports.

**ADJOURNMENT**

Having no further business, the meeting adjourned at 1:37 p.m.



Gil Sylvia, President



Walter Chuck, Secretary/Treasurer