

PORT OF NEWPORT
COMMERCIAL FISHING USERS GROUP COMMITTEE
SPECIAL MEETING AGENDA

Friday, February 23, 2018, 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. Evan Hall: Rondys Presentation
- V. Revenue at the Terminal, Financial Outlook
- VI. Review of Terminal Operations Related Policy
- VII. Discussion of Future Terminal Operations
- VIII. Future Meeting Schedule
 - A. Regular Meeting Monday March 13, 2018
- IX. Future Agenda Items
- X. Public Comment
- XI. Adjournment

Regular meetings are scheduled for the 2nd Monday of odd numbered months at 9:00 am.

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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IMPACT AREAS		
#	AREA ID	AREA (ACRES)
1	A	487
2	B	9587
3	C1	1145
4	C2	1407
5	C3	724
6	P	123
10	R	8282

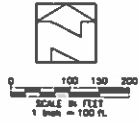
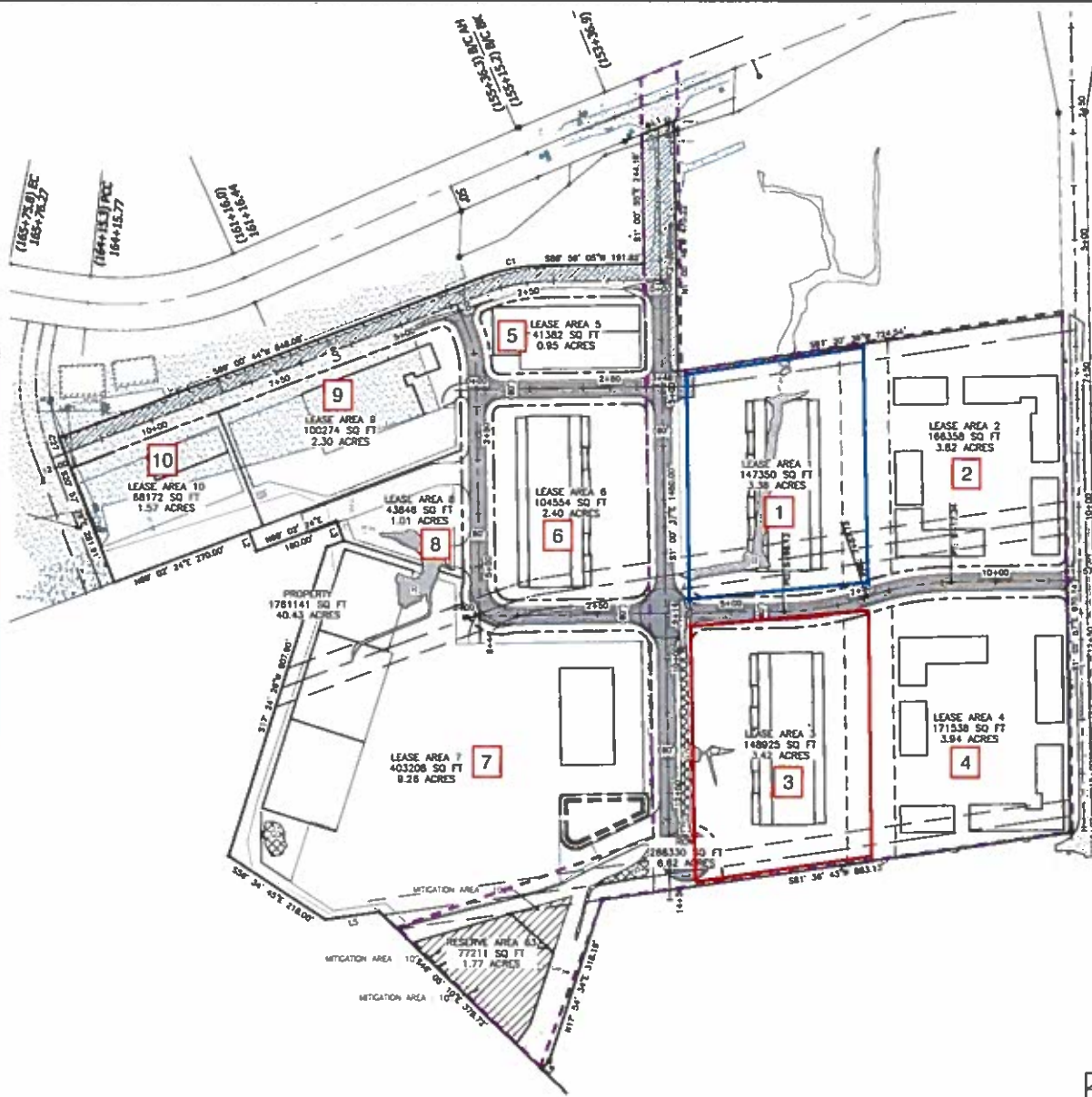
WETLAND AREAS		
#	AREA ID	AREA (ACRES)
51	A	487
52	B	9587
53	C	7884
54	P	3014
55	D	2133
56	R	8282

MITIGATION AREAS		
AREA#	AREA (SQ FT)	AREA (ACRES)
101	21855	0.50
102	11508	0.26
103	5483	0.13

Phase One - Site Improvements
 Strip 20k cu yds of unbuildable top soils, place on Lot 4
 Move, grade 40k cu yds of dredge spoils on Lots 1,2,3
 Improve road way access down center road
 Construct drainage system (collect water from Port site)
 Connect to City water and run main line to Lot 3
 Connect to PUD run power to Lot 3
 Construct wetland Mitigation Area

Phase Two - Lease Area 3
 Fishermen's Warehouse
 Construct 4 buildings, 40k sq ft of leasable space
 Includes secured yards

Phase Three - Lease Area 1
 Mixed-Use Warehouse
 48k sq ft building with parking and secured yard
 Tenant improvements may include office/retail space
 Will require Sewage holding tank



RONDYS, INC

**YAQUINA INDUSTRIAL PARK
 NEWPORT, OREGON
 LEASE AREA SITE PLAN**



MSS INC
 ENGINEERING CONSULTANTS
 AND PLANNERS
 215 NW 4th STREET
 CORVALLIS OR 97330
 (503) 753-1320 FAX (503) 753-3606

DATE: 12.18.18
 SHEET: 2 OF 2
C211
 SHEETS

RID / CONSTRUCTION DOCUMENTS

18/12/2017 10:42:10 AM D:\Projects\2018\Yaquina Industrial Park\2018\Site Plan\2018-12-18\2018-12-18_Site Plan.dwg User: jmcgovern Date: 12/18/2018

Port of Newport Financial Review

December 19, 2017

Financial Review | CFO Selections | Todd Kimball, CPA

Agenda

- Oregon & Washington Ports – Financial comparison
- PON 5-year historical review
- Long-term NIT financial review
- PON Business Unit Profit & Loss
- Summary & Recommendations

Oregon & Washington Ports – Financial comparison

- Compared PON to 12 Oregon Ports and 3 Washington Ports (2016)
- Reviewed 5 years of PON financial results from 2012-2016, with isolated reviews dating to 2004.
- Most comparison Ports are smaller, while 3 are larger or of similar size.
- All analysis is viewed as a percentage of revenue (relative size).

Oregon & Washington Ports – Financial comparison

- All but 1 of the 16 Ports had Net Operating Losses.
- Of the 15 Ports with losses, PON had the smallest loss (as % of Revenue)
- The Port has had Operating Income in 3 of the 5 last years, with a 5-year total of \$435K positive income.
- However, PON was the only Port with a non-operating loss:
 - Generally Property Tax Revenues + Grant Revenue > Interest Expense
 - PON: Interest Expense exceeds Property Tax + Grant Revenue by \$797,000.
 - There have been non-operating losses in 4 of the last 5 years.

Oregon & Washington Ports – Financial comparison

- PON spends the least amount on personnel services (as a % of revenue).
 - 21% of PON Revenues expended on Personnel
 - 44.9% average for other Ports
- PON's interest expense is over 4 times the average Port reviewed
- Property tax revenue is on par with the average Port reviewed
- Grant income is significantly below the average Port.
 - In the past 5 years, the highest amount of grant income was \$1.25m, and even this amount is below average.
 - The PON 5-year average grant income is approximately 7 times lower than comparison Ports.

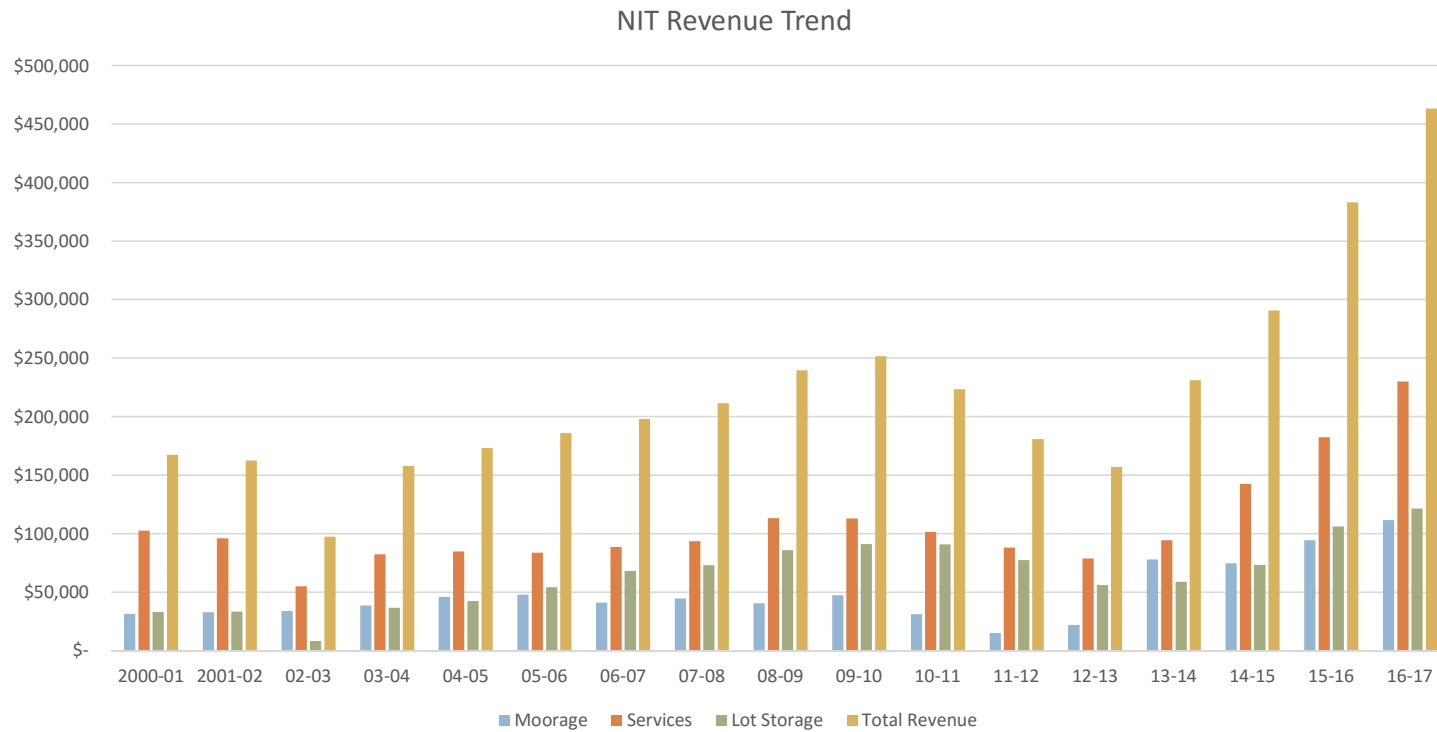
Oregon & Washington Ports – Financial comparison

- Current Assets (cash, A/R, etc) are on par with other Ports.
- Capital Assets are much higher than comparative Ports and conversely long-term debt is also much higher. (more on this next)
- Days of cash on hand:
 - PON = 486 days, vs. Port Average = 280 days
- Current ratio (current assets vs. current liabilities)
 - PON = 3.46, vs. Port Average = 2.16

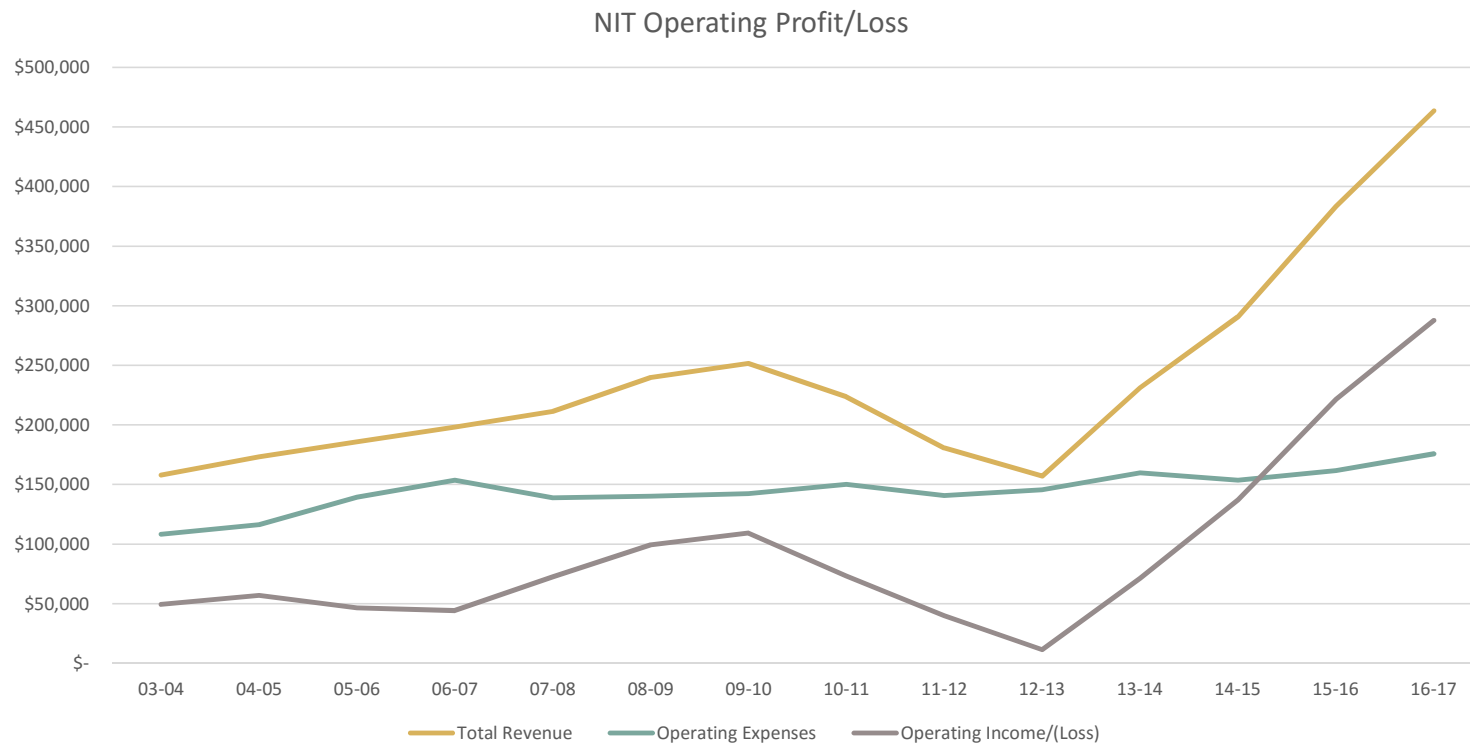
Oregon & Washington Ports – Financial comparison

- Port of Newport is highly leveraged
- The Port's Debt to Assets ratio is nearly 2.5 times that of average Ports. 18.3% for Ports analyzed vs. 45.1% for PON.
- Interest expense for average Ports is 7.5% of revenues. PON pays 31.7% of revenue towards Interest. Over 4 times.
- PON has leveraged its assets and committed itself to be productive with those assets.
- Margin for error is thin, and risks are higher during an economic downturn. Cost reduction options are limited.

International Terminal - Revenue

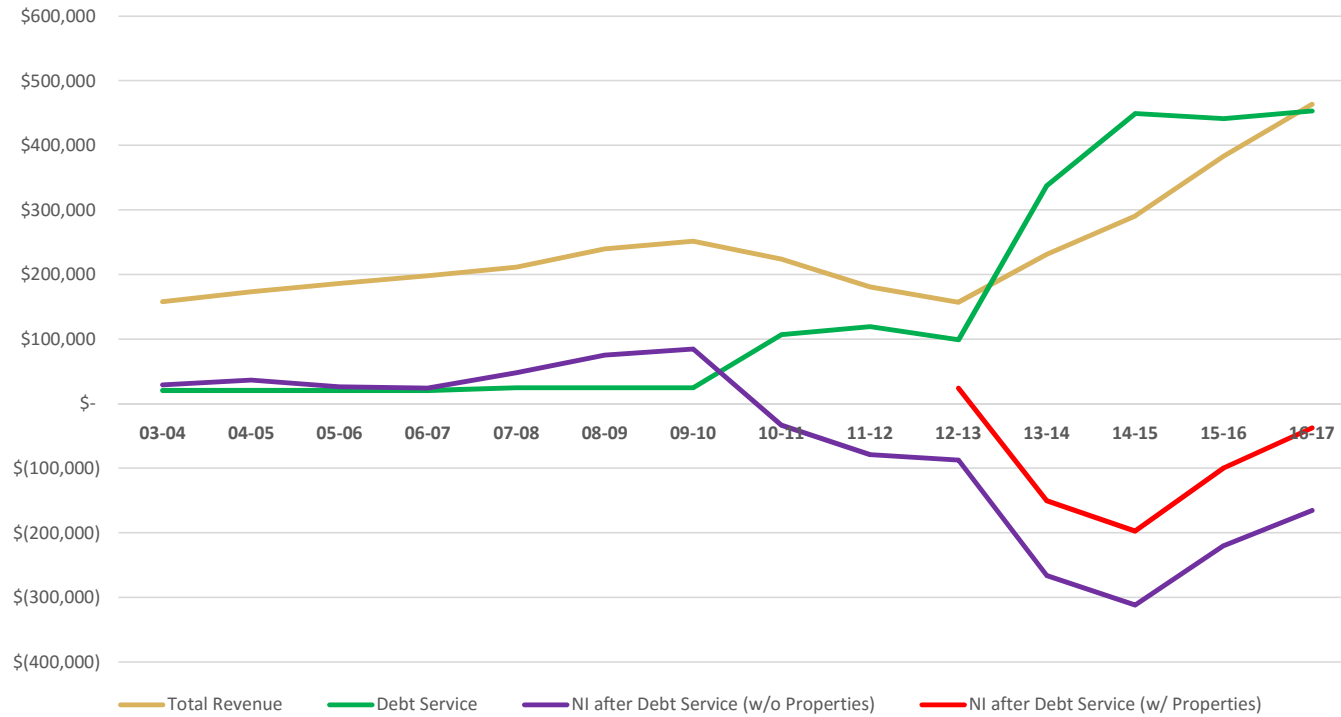


International Terminal – Operating Profit/Loss



International Terminal – Debt Service Impact

NIT - Debt Service Impact



Profit & Loss Statement – by Business Unit

	Total South Beach	Commercial Marina	International Terminal	Admin & Property Mgmt	NOAA	TOTAL
Income						
Lease Revenues	-	-	-	631,802	2,533,302	3,165,104
Allocated Lease Revenues	380,991	122,704	128,107	(631,802)		(0)
Moorage	749,323	420,801	111,743	2,016		1,283,884
Hoist Dock & Services	10,530	274,769	328,745	4,080		618,124
Shipping Terminal Revenues	-	-	22,252	-		22,252
RV Parks	785,972	-	-	-		785,972
Launch Ramp & Trailer Storage	65,871	39	-	-		65,910
Bond Levy Proceeds			982,564			982,564
Miscellaneous Revenue	63,658	3,796	756	3,654		71,864
Total Operating Revenues	2,056,345	822,110	1,574,167	9,750	2,533,302	6,995,673
Expense						
Personnel Services	336,365	221,802	66,771	506,622	74,966	1,206,526
Materials & Services	567,621	290,951	109,033	365,908	442,358	1,775,870
Debt Service	216,664	6,956	1,490,010	32,827	1,997,334	3,743,791
Total Operating Expenses	1,120,650	519,709	1,665,814	905,357	2,514,658	6,726,187
Net Operating Income	935,696	302,401	(91,647)	(895,607)	18,644	269,486
Other Income/Expense						
Other Income	14,414	5,008	1,253	132,581	10,863	164,118
Other Expense						
Estimated Annual Capital Reserve	690,000	730,000	60,000	50,000	185,000	1,715,000
Net Income before Admin Alloc	260,109	(422,591)	(150,394)	(813,026)	(155,493)	(1,281,395)
Admin Basis (per Personnel & MS)						
	42.8%	24.3%	8.3%	-100.0%	24.5%	0.0%
Admin Allocation (per Personnel & MS)	(348,346)	(197,587)	(67,745)	813,026	(199,348)	-
Net Income after Admin Alloc	(88,237)	(620,177)	(218,139)	-	(354,842)	(1,281,395)

Profit & Loss Statement – by Business Unit

- 2016-17 Profit & Loss Statements (Modified Accrual & Unaudited)
- Allocated lease revenues based on geographical location and removed from Admin (yellow)
- Shifted the Bonded Debt fund to NIT (green)
- Removed current year capital expenditures and inserted estimated annualized repair and replacement costs (based on master Capital Projects list, annualized over 20 years) (blue)
- Allocated Admin department across remaining Business Units, based on Personnel and Materials & Services expense (gray)

Profit & Loss Statement – by Business Unit

- Net Operating Income before Capital Reserve (orange)
 - Clearest picture of Cashflow before Capital
 - Best performing are South Beach, and then Commercial Marina
 - Poorest performing are NIT and NOAA Why??...
 - ...Improvements were made here (increasing costs), and ROI is inadequate
- Estimated Annual Capital Reserve (blue)
 - Estimate based on master Capital Projects list, annualized over 20 years
 - Best performing, NIT
 - The most deferred maintenance at South Beach & Commercial Marina

Profit & Loss Statement – by Business Unit

- Admin Allocation (gray)
 - Lots of ways to allocate Admin. All have pros and cons and are subjective
 - Allocated based on Materials & Services
 - Impacts South Beach the most, then Commercial Marina and NOAA
 - Impacts NIT the least
 - Alternatives could include allocating by Revenue or estimated time & effort by Admin employees (GM, Dir Ops, Finance, Office)

Profit & Loss Statement – by Business Unit

- Net Income after Admin Alloc (purple)
 - After all allocations and projections, net losses are prevalent in all Business Units.
 - South Beach appears to be in the best position, and the Commercial Marina in the weakest.

NIT – Return on Investment

- Approximately \$26m was invested into the International Terminal between 2008 and 2014.
 - Net Operating Income Increased from \$11,520 in 12'-13' to \$287,692 in '16-'17.
Good, except...
 - **Return on Invested Capital = 1.07%**
 - The Port's Weighted Average Cost of Capital is approximately 4.1%.
 - Therefore, at this time, the Port is spending 4% interest in order to receive a 1% increase in profits.
 - This poor return is not fully borne by the Port, since \$15.45m is being funded by tax payers. Increased property taxes are providing an additional \$980K annually to the NIT.

NOAA – Return on Investment

- Approximately \$37.5m was invested into the NOAA facility between 2008 and 2012.
 - Net Operating Income was \$899K in '16-'17.
 - **Return on Invested Capital = 2.4%**
 - This project was funded by Revenue bonds and a \$19.5 grant from Oregon Lottery funds.
 - The Port's Weighted Average Cost of Capital was approximately 2.2%.
 - Based on prior projections, the overall project appears to be covering it's expenses. However, adequate reserves should continue to be set aside to fund future capital expenditures.

Challenges

- Significant investments to Port property were made in the past 10 years, and they were primarily financed with debt.
 - As a result:
 - Net Income from these properties is minimal and are not distributing sufficient surpluses to fund the “next” project.
 - The Port may find it more challenging to secure additional debt.
 - Local tax payers are currently supplementing the NIT facility, and therefore this is also not likely an immediate source of additional financing.
 - The Port’s high debt to asset ratio leaves a small margin for under-performing projects and investments, and therefore increases the risk of financial trouble if revenues decline.

Challenges

- Deteriorating Infrastructure
 - Port assets have incurred several years of deferred maintenance
 - Deteriorating infrastructure often leads to reactionary and emergency-based spending, rather than careful, long-term planning.

Strengths

- The Port of Newport has sufficient cash balances to fund operations without the use of a Line of Credit
 - Similarly, its Current Ratio (Current Assets/Current Liabilities) is healthy.
- Low operational costs (Personnel & Mat/Services), could help translate increased revenues into net income.
- Opportunities may exist to benefit from strong tourism in Newport. This may provide avenues for increased revenue at the Commercial Marina and South Beach.
- The revenue potential at the NIT. The new and improved dock represents a significant opportunity for increased and/or new business.

Recommendations

- Implement a process whereby capital improvement projects undergo a financial review, prior to approval.
 - Projects selected should be selected based on it's anticipated Return on Investment and its expected Payback Period.
- Additional effort appears necessary to secure State & Federal grant funds.
- Continue efforts to seek business opportunities that fully utilize the NIT.
 - The asset is currently a significant under-performing investment.

Recommendations

- Evaluate opportunities to expand services, raise rates, or add tariffs.
 - Consideration should be given to other West Coast Ports.
- Continue efforts to set-aside cash reserves
 - These reserves may then hopefully be used to fund the match portion of future grants.
- Review NOAA reserve calculations to ensure operating revenues will cover long-term capital needs.
- Continually seek opportunities to refinance portions of the Port's LT debt.

Other Recommendations

- Develop a finance manual
- Consider allocating Admin across all business units on a monthly basis
- Consider permanently shifting lease (property) income to their geographical location. Alternative options also exist
- Modify existing service ticket revenue processes to facilitate a proper month-end close, that includes all revenue
- Consider adding a narrative portion to the monthly financial statement packet.

Other Recommendations

- Efforts should continue to eliminate duplicative and inefficient processes in the accounting office
- Check stock access should be segregated from staff who have accounting access. Additionally, accounting needs to gain access to cancelled checks.
- Purchase Orders should be reviewed by Department Managers as part of the approval process

Questions?

Port of Newport's Commercial Fishing Industry Platform Regarding International Terminal Access

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 10th or between April 1 and May 15th. 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 1st through January 10th and April 1 through May 15th 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.

PORT OF NEWPORT INTERNATIONAL TERMINAL

COMMERCIAL FISHING VESSEL DOCKSIDE TIE-UP POLICY

September 22, 1998: Due to ever increasing demand for dock space by commercial fishing vessels at the Terminal, the following Dockside Tie-up Policy was adopted by the Port Commission.

Unless prior arrangements are made and otherwise specified by the Terminal Manager or Harbormaster, a fishing vessel shall not occupy dockside space at Berths One or Two at the Terminal for more than five consecutive days; and no vessel when tied dockside shall be in a state of repair that it cannot be moved or relocated within a two-hour verbal notice.

The Terminal Manager or Harbormaster may direct vessels to other available moorages (if and when available) at other locations designated for the size of vessel in question.

The Terminal Manager or Harbormaster shall, at their discretion, direct vessels that are capable of relocating to other Port moorage for the convenience of larger vessels that can only be accommodated at the Terminal.

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Memo

To: Moorage Holders and Vessels
Using Port of Newport International Terminal

From: Don Mann

Date: April 28, 1999

cc:

Re: Fishing Vessel Dockside Tie-Up Policy

Attached is the Port of Newport's tie-up policy for commercial fishing vessels using the terminal for incidental dockside repairs, maintenance and, more specifically, gear exchange. Dockside tie-up space is limited and critical to every boat, and it is equally critical that each vessel performing work be given a fair amount of time at the dock face. Please be courteous to your fellow vessel owners and the Port by being aware of this policy. In most cases, this policy is not the rule but the exception, and our Terminal Manager and Harbormaster will work with you to see that you have the time you need at dockside.

Along with this policy, a basic rule applies that you must be available to move your vessel within two hours notice during the work day.

Thank you.

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Tie up Policy Lines Agreement

PORT OF NEWPORT
MINUTES
OCTOBER 27, 1998
COMBINED WORK SESSION AND REGULAR MEETING

I. CALL TO ORDER

Commission President David Jincks called the combined meeting of the Port of Newport Board of Commissioners to order on Tuesday, September 22, 1998, at 12:00 a.m. in the Port Conference Room, the same being within the boundaries of the Port District.

II. INTRODUCTIONS

Commissioners Present: David Jincks, President; Bob Jacobson, Vice President; Alan Brown, Treasurer; and Rob Halverson, Assistant Secretary-Treasurer. Commission Secretary Ed Whelan was excused.

Port of Newport Management and Staff: Don Mann, General Manager; Greg McGlashan, Harbormaster; Stan Modzelewski, Chief Financial Officer; Maureen Keeler, Director of Administration/Special Projects; Steve Felkins, Director of Marketing; Patti Britton, Marina Office Manager; and Patty Benjamin, Administrative Assistant.

Others: Joel Gallob, NEWS TIMES; Rhonda Hamstreet, Owner, Embarcadero Dock; Patrick Fetsch, General Manager, Embarcadero; Mike Marshall, Last Place On Earth; Sara Davidson and Trisha Howe, Newport High School.

III. MINUTES

A. Work Session and Regular Meeting – September 22, 1998

Commissioner Brown moved to approve and adopt the minutes for the Combined Work Session and Regular Meeting of September 22, 1998. Commissioner Jacobson seconded the motion and it passed 4-0.

IV. FINANCIAL STATEMENTS

A. Financial Reports: CFO Stan Modzelewski reviewed the Balance Sheet, pointing out that the Port's free cash position, \$357,034, compared favorably with the cash position of the prior month and year. Accounts receivable balances were \$35,000 higher than the previous month because of expenditures for the storage building at the terminal. That expense will be reimbursed by a loan from OEDD. Restricted assets will grow by approximately \$6,900 per a contractual requirement to fund Special Public Works Fund debt service. There were no questions on the balance sheet. Moving on to the revenue statement, Modzelewski said that revenues were higher because of the building loan, commercial moorage was down, and leased property was lower as a result of reserves for allowances. Sport moorage, RV park, hoist dock, and launch ramp revenues were up in September. There were no questions on the revenue statement. Total expenses were less in September because of reduced capital expenditures, debt service, and grant requirements. Year to date resources were higher than expenses by approximately \$90,000. Although there had not been much revenue from the terminal year to date, if it were not for a large equipment purchase terminal operations would come close to breaking even. There were no questions on the expense statement, the revenue and expense statement for the terminal, or the check detail report. Commissioner Brown moved to approve and adopt the financial statements and accounts paid, Check Nos. 14580 – 14620, as presented. Commissioner Jacobson seconded the motion and it passed 4-0.

V. OLD BUSINESS

A. Terminal Dockside Tie-Up Policy: Prompted by a lease proposed by Fred Wahl for a haul-out facility a few months ago, the Commission had considered

instituting a policy that would prevent fishing vessels from occupying space at the terminal dock for more than five consecutive days, and to ensure that no vessel tied dockside would be in such a state of repair that it could not be moved within a two-hour notice. The tie-up policy had been discussed and referred back to staff for changes. Commissioner Halverson moved to adopt the Fishing Vessel Dockside Tie-Up Policy, with the policy to be reviewed again in six months. Commissioner Jacobson seconded the motion and asked for discussion. Commissioners Jincks and Jacobson pointed out that fishing vessels should not be discouraged from mooring at the terminal dock, and that they could stay as long as they needed to if the space were not in demand. The General Manager suggested that phrasing be included to the effect that moving cargo to ships or barges has priority over small vessel moorage. This would not differ from Port policy in the past. Commissioner Jacobson withdrew his second and Commissioner Halverson restated his motion to include the language proposed by the General Manager as it relates to deep draft shipping. The six-month review of the policy stands. Commissioner Jacobson seconded the motion and it passed 4-0.

B. Arctic Alaska Fish Meal Plant: General Manager Don Mann stated that the end of the whiting season did not mark the end of the Port's concern about the odor problems from the Arctic Alaska plant. The Commission and management staff recognized the expensive and extensive work that the plant had done as a good faith effort, but Mann said that he would continue to work with Arctic Alaska through the off-season to follow up on their commitment to improve communications and upgrade equipment before startup next year.

VI. NEW BUSINESS

A. Capstone Turbine Corporation - Lease Renewal: Capstone Turbine wished to exercise their option to renew their lease for an additional six months. The General Manager recommended renewal. Commissioner Jacobson moved to renew the lease between the Port of Newport and Capstone Turbine, Inc., for an additional six months. Commissioner Halverson seconded the motion and it passed 4-0. Capstone had one turbine unit in place and it had been running.

B. Site Visits - Englund Marine, Gear Shed, Meal Plant: The site visits were cancelled due to rainy weather and the length of the meeting. Commissioner Jacobson suggested that, when the visit to Englund Marine is rescheduled, the Design Review Committee should be invited.

Before moving on to the next agenda item, Commission President Jincks called on Rhonda Hamstreet, who asked about the Port's time line to finish the boardwalk extension. The General Manager said that there was no specific time line as yet because the Port will need to know the engineering costs before they can go after funding to match the Urban Renewal grant. He is in the process of setting up a meeting with the engineers and should have the estimated costs within the next 60-90 days. Once the estimates are in hand, the Port will have to go back to the Urban Renewal Board with that information. Ms. Hamstreet and Patrick Fetsch, the manager of the Embarcadero, said that they would be pleased to appear at that meeting. According to Urban Renewal's program, the project will have to be on line and completed by the year 2000.

Commissioner Halverson left the meeting at 12:45 p.m.

C. Tideland Lease Guidelines: The General Manager explained that a draft guideline for the leasing of Port-owned tidelands had been drawn up as a result of a request by Mike Marshall to lease tidelands for the purpose of cultivating oysters. He would like to move some lines of oysters downriver from his present location and put them in the inter-tidal area at Sally's Bend. After several discussions with Mr. Marshall, the draft guidelines were put out for public comment and had generated a great deal of interest. The General Manager introduced Mr. Marshall. Using a photo display and maps, Mr. Marshall explained the oyster "ranching" process and listed the reasons why he would like to move part of his "ranch" to Sally's Bend. Among those reasons were some specific beneficial hydrology, salinity levels, and protection from winter debris and

LINES AGREEMENT

LINES AGREEMENT

NEWPORT INTERNATIONAL TERMINAL

Preamble

The purpose of this agreement is to recognize the existing procedures in the use of the International Longshoremen's and Warehousemen Union to provide line handlers for the tying up and letting go certain classes of vessels. In addition, this document, while not precluding the use of ILWU members, will remark on certain classes of vessels, mainly government or militarily crewed, that have historically made arrangements for their own linesmen.

Further, this agreement will spell out manning and pay scales that will cover the use of ILWU linesmen under all foreseeable circumstances.

It is further noted that this agreement shall be reviewed annually by both the Port of Newport Commission and ILWU Local 53 members.

Manning

Tie-up: Manning shall consist of six men.

Let-go: Manning shall consist of six men.

Nothing in this manning agreement will preclude the use of less or additional linesmen to cover any special or difficult tie-ups. Additional linesmen shall be called for only after a meeting of the Lead Linesman and Terminal personnel, or, in the absence of Port personnel, it is the opinion of the Lead Linesman that a serious safety condition can be prevented by the addition of additional men.

It is acknowledged by both parties that on occasion casual Longshoremen will be used to fill out the manning requirements. These men will be paid and treated as specified under the existing ILWU-PMA contract.

Shifting

When vessel is shifted less than its overall length, four men shall be used. When vessel is shifted more than its length, six men shall be used. When a vessel of less than 300 feet is shifted, the manning shall be two and four in the above circumstances.

Pay Scales

Longshoremen (line handlers) will be paid a minimum of two hours each, at straight or overtime rates as they relate to the PMA-ILWU contract. Extended line handling time in excess of two hours will be paid in 30-minute increments.

Lead Linesmen

In all line handling operations, one linesman shall be designated Lead Linesman and paid at foreman's wage scale.

Lead Linesman's Duties

Lead Linesman will be responsible for the assignment of men fore and aft. Releasing linesmen after confirming with a deck officer or pilot that no more lines will be used. Making out a time slip with all linesmen's names and numbers, along with a notation of time finished with linesmen.

It shall also be the duty of Lead Linesman to affirm by conversation with the vessel captain or agent a standby or comeback order in case of delayed sailing.

When casuals are used as part of the manning compliment, the Lead Linesman shall, where possible, make sure a registered Longshoreman is assigned to both fore and aft groups, where they can provide professional guidance to the casuals, reducing the chances of injury and confusion.

A selection method for determining Lead Linesman status will be left to the ILWU Local No. 53.

Covered Vessels

All cargo vessels, whether working cargo or not, will be covered by this agreement; all military vessels in excess of 250 feet that are manned by civilian crews; all ocean fish processors in excess of 200 feet, and any fish processor, regardless of length, which is loading or discharging cargo; Navy, Army and Coast Guard vessels. In the case of American flag ocean processors, it is acknowledged that these vessels, because of multiple thrusters, have negotiated reduced manning at several Northwest ports; and that the Newport International Terminal, along with Local No. 53, may or may not choose to agree to special manning for these vessels.

Exempted Vessels

Navy and Coast Guard Vessels: While the Port and the ILWU shall offer the services of ILWU linesmen, it is hereby acknowledged that Navy, Coast Guard and Army vessels have traditionally provided their own linesmen. If military lines assistance is not available, ILWU personnel will be assigned.

Dredges: It is also acknowledged that both Corps of Engineers and civilian dredges have historically provided their own tie-up crews.

Barges: Large ocean barges have usually been exempted in the use of ILWU linesmen. The Port and Local No. 53 agree that this exemption is not automatic but may be agreed upon when it is decided that a waiver is in the best interests of all parties.

Fishing Vessels: All fishing vessels are exempt from linesmen requirements.

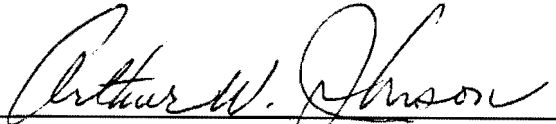
Dispatch

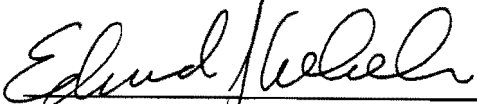
Lines requirements will be notified by 4:00 p.m. on the previous day and one hour before call out. If sudden arrivals or diversions make the above impossible, Longshoremen will be called through a dispatcher or any local Longshoreman acting as a dispatcher. A two-hour overtime call out will be paid for this work.

It is agreed that this document covers the use of linesmen at the Port of Newport's Ocean Shipping Terminal only. Any or all parts of this document shall be void if found in conflict with any State or Federal laws.

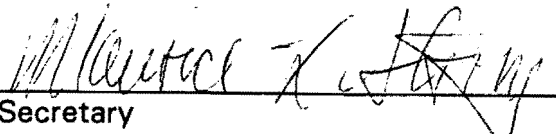
Acknowledged:


Vice-President, Port of Newport


President, ILWU Local 53


Secretary, Port of Newport


Labor Relations Representative


Secretary

July 23, 1996
Date

July 23, 1996
Date

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Resolution 1:

The Newport International Terminal is a facility funded by the public to support a diversity of users. The operation and scheduling of activities at the Newport International Terminal rests exclusively with the Port of Newport. It is universally acknowledged that the winter months on the Oregon Coast present significant challenges to vessel operators given the potential for inclement weather. To help address these challenges as well as the operational needs of local vessel owners, I move that the Port of Newport adopt a resolution that prioritizes the pier space available to vessels at the Newport International Terminal between the first full week of November through the first full week of January. In that time period, both the east and west berths will be prioritized to accommodate as many vessels as possible. The highest priority will be given to vessels 125' or shorter. Vessels over this length will be required to find alternative mooring locations during this time period. Exceptions to this policy will only be considered on a case-by-case basis and must be submitted to the Port Commission in writing by Port of Newport staff. A unanimous vote by the Port Commissioners (all five positions) would be required to grant an exception to this policy.

Resolution 2:

As stated in earlier resolutions to this commission, the Newport International Terminal is a facility funded by the public to support a diversity of users. The Port of Newport acknowledges the importance of available pier face in effectively accommodating the greatest number of users. The Port of Newport also recognizes the dynamic nature of vessel operations and appreciates the need for all users of the Newport International Terminal to have advanced notice when a single user will occupy significant portions of the facility. To help address this concern, I move that the Port of Newport adopt a resolution requiring any perspective user of the Newport International Terminal who intends to occupy a majority (51%) of either continuous pier face or lay down area, provide a written request to the Port of Newport with a minimum of 21 days of advance notice prior to their arrival. Exceptions to this policy will only be considered on a case-by-case basis and must be submitted to the Port Commission in writing by Port of Newport staff. A unanimous vote by the Port Commissioners (all five positions) would be required to grant an exception to this policy. Exceptions to this policy will be granted in emergency situations where the safety of sea-going personnel, the vessel or the environment are in jeopardy.