

PORT OF NEWPORT MINUTES

July 23, 2019

Regular Commission Meeting

This is not an exact transcript. The audio of the session is available on the Port's website.

Agenda Item

**Audio
Time**
0:00

I. CALL TO ORDER

Commission President Stewart Lamerdin called the Regular Commission Meeting of the Port of Newport Board of Commissioners to order at 6:04 pm at the South Beach Activities Room, 2120 SE Marine Science Drive, Newport, Oregon.

Commissioners Present: Walter Chuck (Pos. #1), Secretary/Treasurer; Sara Skamser (Pos. #2), Vice President; Stewart Lamerdin (Pos. #3), President; and Jeff Lackey (Pos. #4). Jim Burke (Pos. #5) attended by phone.

Management and Staff: Paula J. Miranda, General Manager; Aaron Bretz, Director of Operations; Mark Harris, Accounting Supervisor; and Karen Hewitt, Administrative Supervisor.

Members of the Public and Media: Becca Bishop, PON Accounting Clerk; Mark A. Brown; Yale Fogarty, ILWU; Alan Brunstad, Cascade Hardwood; John Lesiak, fish cutter; Jim Cline, Rogue; Mike Sorenson; Kiera Morgan, KSHL/WAVE/PNWNE Media; Angela Nebel, Summit Public Relations Strategies, LLC; Dietmar Goebel, Newport City Council; and Vella Sorenson, fish cutter.

II. CHANGES TO THE AGENDA

0:14

Lamerdin added under new business discussion of the process for filling a vacant Commissioner position.

III. PUBLIC COMMENT

1:05

There was no public comment at this time.

IV. ELECTION OF COMMISSION OFFICERS.....

1:47

Miranda said that Lamerdin had submitted his resignation, effective July 26th. Lamerdin said he had assumed a new position out of the Port district. He mentioned this was a difficult decision for himself and his family, and he felt fortunate to have been a part of the Port Commission. He referred to a letter he provided Miranda, included in Meeting Packet Addendum 2. Lackey thanked Lamerdin for his service to the Commission and the Port of Newport, and said Lamerdin helped steady the Commission during a difficult time. Skamser said she echoed Lackey's sentiments, and presented Lamerdin with a t-shirt. Chuck thanked Lamerdin for the pleasure of serving with him and wished Lamerdin and his family the best of luck. Miranda said she had not worked with Lamerdin for long, but had heard good things from Teri Dresler. Miranda presented Lamerdin with a Certificate of Appreciation.

Miranda referred to the duties of the Commissioners and Election procedure, included in the Meeting Packet. Lamerdin suggested the Commission consider waiting until the vacancy was filled before electing officers. Lackey commented that a new Commissioner was not likely to jump into a leadership position and would prefer to go ahead for continuity and certainty.

Lackey nominated Skamser for Commission President.

Lamerdin asked if there were any Commissioner comments. Chuck said he was fine with moving forward if Burke was able to stay on the line. Burke said he was ready to proceed. Lamerdin called for a second on the nomination. Skamser said she was willing to accept the position.

Burke seconded the nomination of Skamser for Commission President. The vote was 5 – 0 in favor of Skamser as Commission President.

16:20

Skamser took over as meeting chair.

Lackey nominated Burke for Commission Vice-President, seconded by Skamser.

Burke said he was willing to accept the position. Lamerdin said the Commission may consider seniority in choosing officers.

The vote was 5 – 0 in favor of Burke as Commission Vice-President.

20:01

Lackey nominated Chuck for Secretary/Treasurer, seconded by Burke.

Chuck said he was willing to accept the position.

The vote was 5 – 0 in favor of Chuck as Commission Secretary/Treasurer.

20:58

A. Update Organizations' Liaisons

21:35

Skamser referred to the list on pages 5 and 6 of the Meeting Packet. Miranda said she assumed she would fill the positions currently listed as Teri Dresler, and commented that this was a good time to update the list with the election of officers. She commented that the Commissioners were given a list of meetings for the organizations. Lamerdin remarked on the importance of Commission representation with Oregon Cascades West Council of Governments groups. He added that it was also important to maintain a presence at City Council meetings. There was some discussion about how to choose liaisons. The Commission agreed to the following representations:

- American Albacore Fishing Association – Bretz
- Association of Pacific Ports – Miranda, Alternate Lackey
- Cascades West Area Commission on Transportation – Skamser, Alternate Burke
- Cascades West Council of Governments – Skamser, Alternate Chuck
- Cascades West Economic Development District – Miranda
- Commercial Fishing Users Group Committee – Skamser, Alternate Burke

DAS OPS ORCPP Procurement Services – Bretz, Alternate Harris
 Economic Development Alliance of Lincoln County – Miranda, Alternate Bretz
 Greater Newport Chamber of Commerce – Miranda
 Midcoast Watersheds Council – Burke
 Newport City Council – Skamser, Alternate Chuck
 Ocean Policy Advisory Council – Chuck
 Oregon Coastal Zone Management Association – Chuck, Alternate Bretz
 Oregon Economic Development Association – Miranda
 Oregon Public Ports Association – Miranda, Alternate Bretz
 Pacific Coast Congress of Harbormasters & Port Managers – Kent Gibson, Alternate Bretz
 Pacific Northwest Waterways Association – Miranda, Alternate Chuck
 Special Districts Association of Oregon – Miranda
 Western Fishboat Owners Association – Bretz
 Yaquina Bay Economic Foundation – Miranda, Alternate Lackey

Lamerdin said he would also need to step down from the City of Newport Vision 2040 Committee. He suggested the Commission President and Vice-President serve as representative/alternate. The Commission decided Skamser will serve as representative with Miranda as alternate.

V. CONSENT CALENDAR.....

- A. Minutes 41:49
 - 1. Regular Commission Meeting June 24, 2019
- B. Resolution 2019-10 Naming a Registered Agent
- C. Financial Reports
- D. 10 Speed Queen Washers Purchase (\$16,240)
- E. House of Spirits Painting Contract (\$14,375)
- F. S&P Financial Services – NOAA Lease
Revenue Bonds Annual Surveillance Fee (\$10,000)
- G. 2019-20 Workers’ Compensation Insurance Renewal (\$36,780.50)
- H. Newport International Terminal 30-ton Crane Annual Service (\$7,739)

Skamser referred to the addition of the crane service bill, included in the Meeting Packet Addendum. Chuck asked for the Financial Reports to be removed from the Consent Calendar and moved to Old Business A.

A motion was made by Lackey and seconded by Burke to approve the Consent Calendar as amended. The motion passed 5 – 0. 43:29

VI. OLD BUSINESS

- A. Financial Reports. 43:49

Chuck commented he did not see the list of checks included. Miranda said that Becca Bishop, the accounts payable clerk, had been out of the office and was unable to complete the Accounts Paid report. Miranda said that the Commission would receive a copy the next day. Chuck said he wanted

to make sure because he has an actual conflict of interest because of reimbursement for hotel expenses. The Accounts Paid will be put back on for the next Commission Meeting for approval.

A motion was made by Lackey and seconded by Lamerdin to approve the Financial Reports. The motion passed 5 – 0.

46:36

B. Accounts Paid

See above.

C. Approval of Strategic Business Plan Update

48:04

Miranda introduced the Staff Report included in the Meeting Packet. She said she had spoken with Dave Harlan, and wasn't yet sure whether approving the updated Strategic Business Plan would require an amendment to the existing IGA or a new IGA. She suggested the Commission approve the plan. Lackey suggested a change to page 77, Section 1.1.5 added by Dave Harlan, as follows: Strategy 1.1.5: Incorporate the strategic business plan into the Port Commission's decision making to ensure continued alignment with the Port's mission and commitments to the expectations of its funding partners, and other agencies, its stakeholders, and the Port district. Miranda said all the other changes presented have already been made. She said she sent Lackey's suggestion to Harlan, who didn't anticipate a problem. Chuck said it was a great suggestion but would go with Dave Harlan's recommendation.

A motion was made by Lackey and seconded by Burke to approve the Port of Newport 2019 Strategic Business Plan Update with the proposed change to Strategy 1.1.5, subject to the approval of the amendment by the State. The motion passed 5 – 0.

VII. NEW BUSINESS

A. Water Easement to the City of Newport, HMSC Building

57:39

Miranda introduced the Staff Report included in the Meeting Packet. She said she was recommending the Commission authorize proceeding with the easement "substantially in the form as provided" because Oregon State University (OSU) and the City of Newport were still reviewing the document and may be adding additional indemnification language. She suggested any such change would benefit the Port, and she would have the Port attorney review any changes. Lamerdin asked if there would be any financial liability to the Port if the water line breaks. Miranda said she had discussed this with the Port attorney who advised that liability would fall to OSU. Lamerdin asked that Miranda have OSU provide in writing that they are okay with accepting the liability.

A motion was made by Lackey and seconded by Chuck to authorize the General Manager to provide the water easement to the City of Newport substantially in the form as provided. The motion passed 5 – 0.

B. Process for Filling a Commission Vacancy

1:03:53

Lamerdin introduced Resolution 2014-08, included in Meeting Packet Addendum 2 which outlines the process adopted by the Commission for filling Commission vacancies. (Burke’s phone connection was lost at this time.) Miranda said she had corresponded with the Pete Gintner, Port attorney, who said the Commission should be sure to follow the process outlined in the Resolution. Lamerdin confirmed that this information would be posted on the Port’s website. Chuck said that Lamerdin ran opposed for the Commission seat, and recommended the Commission extend an offer to the other person who ran. He added that the position had been filled by a candidate in the past. It was decided that this would be posted right away even though Lamerdin’s official last day would be Friday the 26th. Miranda said if anyone was interested, they should feel free to contact the Port to ask questions.

VIII. STAFF REPORTS

- A. Accounting Supervisor.....
- 1. Preliminary Profit & Loss Report for FY 2018-19
Actual Revenues & Expenses to Budget
- 2. Preliminary Report Comparing Actual Revenues & Expenses
of FY 2018-19 to FY 2017-18

1:11:00

Harris introduced the Staff Report, included in the Meeting Packet Addendum. He said that P & L report 1 consisted of the Financial Reports referenced in item VI.A. Report number 2 represented a Profit & Loss comparison for fiscal years 2018-2019 and 2017-2018, which had been requested by the Commission. Harris advised that these are preliminary, unaudited numbers for 2018-2019; they are still closing the books for the fiscal year. He said that revenue exceeded projections on average by 11% for the last four years, which was also true for this fiscal year. He added a correction to the staff report, saying that based on prorating expenses, operating expenses were likely come in closer to \$300K under budget. Referring to page 26 in the meeting packet, Harris said that the construction fund had not needed a transfer for 2019-20, so exceeded budgeted income. On page 30, Harris explained that the net loss in the bonded debt fund was due to a decrease in the taxes levied since there was a reserve from the bond refinancing in 2016. Referring to page 8 in the Meeting Packet Addendum, Skamser asked about the -90% change in shipping revenue. Harris replied this was in part due to the reclassification of revenue from electricity charges to hoist dock services revenue, and the decrease in ILWU charges from the previous year. Harris highlighted the near \$144K increase in net income over the prior fiscal year, shown on page 9 of the Addendum. Harris explained the report on pages 10 and 11 of the Addendum showed projected changes that were due to rate changes compared to operations; Skamser commented on the value of this report. For NOAA net income shown on page 12 of the Addendum said the net loss was due to the periodic dredging which took place this fiscal year. Lackey thanked Harris and staff for the comparison and highlights.

Harris referred to his Staff Report regarding the evaluation of the six proposals received for audit services and the staff recommendation to contract with Kern & Thompson, LLC. Skamser asked where they were located; Harris responded Portland, but travel expenses were included in the bid. Miranda said the next step would be an engagement letter, which she could sign on behalf of the Port if the Commission agreed to move forward with Kern & Thompson. Miranda added, having

worked with them in the past, she found the firm was good to work with, answered questions throughout the year, and had low staff turnover, in addition to offering a better rate than others.

A motion was made by Chuck and seconded by Lackey to authorize the General Manager to enter into negotiations with Kern & Thompson, LLC, for the Port’s auditing work. The motion passed 4 – 0.

- B. Director of Operations.....
- 1. June Occupancy Report

1:32:30

Bretz introduced the Staff Report included in the Meeting Packet. He advised that a waterline burst at South Beach yesterday, and material washed out in the stormwater outfall. The City had fixed the waterline and filled the hole, but this was still an issue. The City was getting scoping done on sewers, so Bretz asked them to scope the stormwater outfall. This would be the first step to getting repairs. Bretz said he will have the actual state of the outfall at the next Regular Commission Meeting.

Bretz said of the EDA grant process, the Port had received a letter of continued interest, and he is working on the final questions. He added there would be another comment period regarding environmental impacts of the Port Dock 5 pier project. He added to his report on the Port Dock 3 pilings that he would also get someone to look at possible electrolysis. Skamser asked if the PD3 pile replacement would take place in the in-water work period. Bretz said yes, and the Port would try to piggy-back with the PD5 pier project.

Lamerdin asked if there was any processing fee being charged to Community Ice; Bretz said it was \$300 per year, which was a subject of the negotiations.

- 2. Fish Cleaner License Discussion.....

1:40:40

Bretz said he wanted to take a month to work on licensing fish cleaners at the South Beach Marina. He had talked with the fish cutters to get their feedback and wanted the Commission’s input. The intent would be to find a standard way to permit rather than limiting the fish cutters’ presence. They are now generally allocated equally among the cleaning tables, but he has heard some comments suggesting a central location. Bretz suggested limiting the number of fish cutters per table, and added tuna may need to be handled differently. Bretz said having fish cutters helped things move smoothly at fish table. Chuck said in the past there had been a few iterations of this discussion. At one point another fish table was planned, but the grant wasn’t completed. There may be another grant opportunity.

Vella Sorenson said she had spoken with both Bretz and Chuck, and welcomed that outreach. She suggested the fish cutters were an asset to the public at South Beach, although some people complained every year. She said John, new this year, was an asset. She also spoke about potential donation of covers for the tables. She said the fish cutters worked to get the fish through fast, and she wouldn’t mind paying a little for a permit.

Mike Sorenson introduced himself as Vella's husband. He commented that the fish cutters moved people quickly through the tables. He suggested a permit could help, but there were occasional busy days. He said having fish cutters available was important for a charter boat business like his own. He thanked those who expressed a willingness to donate time and materials for covers for the fish tables. Sorenson also suggested the use of portable tables.

Lamerdin asked if there was any discussion about liability. Bretz said he would talk with the Port's insurance agent and attorney. Miranda added that a license would also address liability.

1:56:50

A. General Manager

Miranda gave kudos to Bretz for bringing in additional revenue through operating efficiencies and on the work on the EDA grant. She gave kudos to Harris for stepping in for two years with the vacancy of a Director of Finance. Miranda introduced Mark Brown, to whom an offer had been made for the Director of Finance position. She added he comes from the Department of Environmental Quality. Brown said he had an MBA from Portland State and 12 years' experience in state and local government, as well as private industry. Miranda said Brown was a good fit for the position, and he planned to start on August 5th.

Miranda introduced the Staff Report included in the Meeting Packet. She highlighted the opportunity of the Brownfield Grants as a possible source of funds. She said she was discussing with SDAO ways to obtain funds for grant matching, and perhaps refinancing NOAA bonds. She said this year it was too late to apply for the MARAD grant, which may come back but is not currently a recurring fund. Miranda commented on the value of attending the Association of Pacific Ports and Pacific Northwest Waterways Association conferences. Chuck asked if any ConnectOregon funds had opened up. Miranda said some money should be available and she will be looking into that. She advised that EDA funds could not be used to match a MARAD grant.

Miranda spoke about her conversation with Paul Langner and the possibility of Teevin Bros reconsidering the Port, but the black-out dates were a problem. Teevin requested one week availability in those months in order to proceed with further discussions. Lamerdin referred to the letter from NOAA in response to Miranda's communication. He said more clarification was needed. Miranda said that NOAA had a different interpretation of the pier usage terms and relied on the Resolution allowing for two additional vessels in their negotiations. Chuck said he had talked with Don Mann and other Commissioners involved at the time of the NOAA negotiations, who said the Port intended that Resolution refer only to publically owned vessels

2:21:25

IX. COMMISSIONER REPORTS/COMMENTS

Chuck said he appreciated attending the PNWA Conference. He said that he learned about some of the new classifications for mitigation and maintenance at ports, which could greatly increase costs.

Lamerdin suggested the Port Commission think about increasing revenue generation and return on investment at the International Terminal. He commented Port salaries were low, and the Port needs to consider pay equity moving forward in order to attract and retain good employees. Lamerdin expressed thanks to Port staff, the Commission and the public for the meaningful time he spent as

Commissioner. Miranda commented that a salary survey should be completed next week, and the Port will continue to work on hiring and retaining good people.

Skamser commented she met a lot of other Commissioners at the PNWA Conference, her first port conference.

2:26:25

X. CALENDAR/FUTURE CONSIDERATIONS

There were no changes to the Calendar/Future Considerations.

2:26:50

XI. PUBLIC COMMENT

John Lesiak, fish cutter, said it was good working with those at the South Beach Marina. The fish tables are the last place where people are when fishing, and it's good to be a part of that. He commented that parking is an issue, and suggested it might be possible to work out a mutually beneficial agreement with the Aquarium for additional parking space.

Dietmar Goebel said he wanted to personally thank Lamerdin for his leadership, setting a calming and sensitive tone, and for bringing his wisdom and knowledge.

Yale Fogarty expressed thanks to Lamerdin, and said the Port was in a better place because of Lamerdin's service, lending a voice of reason and common sense.

2:30:46

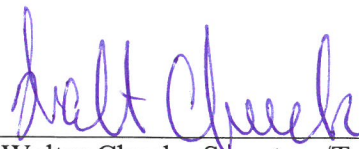
XII. ADJOURNMENT

Having no further business, the meeting adjourned at 8:35 pm.

ATTESTED:



Sara Skamser, President



Walter Chuck, Secretary/Treasurer