

**OREGON INTERNATIONAL PORT OF COOS BAY
CHARLESTON MARINA ADVISORY COMMITTEE MEETING
12:00 p.m., Wednesday, May 4, 2022
Charleston Marina RV Park, Recreation Room**

MINUTES

ATTENDANCE

Advisory Members:

Chair Nick Nylander, Kathleen Hornstuen, and Knute Nemeth. Vice Chair Mark Fleck, Lou Leberti, Kyle Cox, and Michael Armstrong were absent.

Port Staff:

Mike Dunning, Chief Port Operations Officer; Chris Cranford, Project Coordinator; and Krystal Karcher, Administrative Assistant.

Guests:

Ed Fleming, John Payne, Fred Garland, Mike Wright, Robert Hadden, David Sakoda, David Young, and Tom Muse.

1. CALL MEETING TO ORDER

Chair Nick Nylander called the meeting to order at 12:07 p.m.

2. INTRODUCTION OF GUESTS

3. REVIEW AND APPROVAL OF MEETING MINUTES

A. Approval of February 23, 2022 Meeting Minutes

Quorum was not present; minutes were reviewed and will be voted on at the next meeting. A Marina customer asked if minutes are posted on the Port's website. Krystal Karcher stated that once approved, minutes are posted online.

A Marina customer asked about the Port upholding moorage contracts or if those would be terminated due to implementation of the insurance program. Mike Dunning stated if customers don't meet the requirements by the deadline, then the moorage agreement would be subject to termination. This will be covered further later in the agenda.

4. FINANCIAL DATA REVIEW

Mr. Dunning reviewed the financial data for Charleston Operations. Year to date operating income is about \$1.7 million against a budgeted \$1.6 million. This was higher than expected due to increased traffic in the RV Park over the winter, which helped to cover the shortage from ice sales, down about

\$60K from budget. Net results were a loss of \$117K against a budgeted loss of \$330K. Projected year end net results would be a loss of \$8,664 against a budget loss of \$221K. Year to date revenues from ice sales are about \$147K. Even with two months of shrimp season ahead, it is not projected to meet the budgeted sales of \$300K. The price of ice is \$91 per ton and it costs the Port about \$132 per ton to make it. There is a program for customers who buy large volume to get money back at the end of the year.

5. DISCUSSION OF BUDGET AND PROPOSED RATES FOR FY 2022/23

Mr. Dunning stated at this time, Port staff is still working to finalize the budget. Rate increases will be proposed due in part to inflation. The current CPI for this area is about 8% but the Port is not proposing an increase that large; a 6% increase will be recommended on most services. All moorage rates will increase 6% except semi-annuals. This is based on market research, which is conducted each year by looking at comparable facilities on the Oregon coast. Newport is proposing a 7.8% increase this year.

Short term rates in the Shipyard will increase 6%. The Port will propose a change to the policy and structure of the long term Shipyard rates. There is a waiting list of customers and boats that have been in there for many years. The Port currently owns 20 boats and has a contract for their destruction at a cost of about \$70K. The proposed change to long term rates would include a scheduled increase where the rate would go up 25% every six months for two years. This change in policy is designed to curb the number of boats sitting years and falling apart. This is not the best use of Port resources. Kathy Hornstuen asked if the large number of boats is going to cost less than was estimated for individual boats. Mr. Dunning confirmed, stating the Port has never destroyed 20 at one time.

Ed Fleming asked what the rate would start at for Shipyard long term. Mr. Dunning stated it will go up 6% from the current rate at the beginning of the fiscal year. Existing customers would not see an increase until six months after that, or in January of 2023. This will give customers time to plan what to do with their vessels. The intent of this facility is not for boats to sit indefinitely, it is to provide a space for people to work on long term projects.

A Marina customer asked if there were alternate plans being considered for the Shipyard. Mr. Dunning stated there will be a survey to determine the needs of the Marina Complex including the Shipyard, as discussed at the previous meeting. This survey will give Port staff the opportunity to look at what can and should be done with the Shipyard. Under consideration could be developing more short term storage spots, paving the Shipyard, or cleaning it up and expanding access to power. This is what Port staff are looking for feedback on. The customer stated that the Shipyard is necessary for the Marina and for the fishing fleet. Mr. Dunning agreed, stating the Port utilizes the Shipyard to haul boats out and fix docks there, as well as other maintenance activities. Mr. Dunning further stated there have been many rumors, including one that the Port intends to build condos on that property which is not true. The customer further stated he had done an unofficial survey of the marina and estimates there are about 40 wooden boats, of which the insurance requirements will eliminate over 90%. The customer also asked about live-aboards, stating he estimates there are 60 in the Marina. He stated the insurance requirements being implemented will result in a loss of income for the Port close to \$250,000 annually. Mr. Dunning stated Port staff have also done the calculations and knows there will be a loss of income.

Ms. Hornstuen asked if there will be a workshop to discuss plans and needs for the Port. Mr. Dunning stated there will be an update to the Charleston Master Plan as part of the Port's Strategic Business Plan update. It will no longer be a separate plan. Work will begin on the update in about two or three years, as the State requires it every 10 years.

Mr. Fleming stated in the short term work area there are boats that have been sitting and preventing people from hauling out who need power. Mr. Fleming asked what the plan is to deal with these vessels. Mr. Dunning stated Port staff will be looking into these vessels. Mr. Fleming stated cleaning up the long term area would take pressure off the availability in the short term area. Mr. Dunning stated the Shipyard needs to be cleaned up and Port staff will be working on that.

Mr. Dunning stated the Environmental Fee will go from 11% up to 15%. Fees for the work docks will not be increasing. A customer asked about the bilge pump out being operational. Mr. Dunning stated staff have been using extension on the hose and then pumping out from the concrete dock. The customer stated he had talked to the someone there who said the pump out was not working. Mr. Dunning stated he will look into that as he is unaware of the pump out not being operational.

A Marina customer asked about smaller charter boats being required to have insurance. Mr. Dunning said the insurance requirements will be for those who have a moorage agreement or utilize Shipyard services. Mr. Dunning stated this will be discussed further after the discussion of rates is complete.

Travel lift rates and forklift services will go up 6%. Storage units and ground leases will also go up 6%. Ms. Hornstuen asked when the rate will increase. Mr. Dunning stated it will go into effect with the new budget cycle on July 1, 2022. The budget is set to be approved in June by the Commission.

A Marina customer asked if those who have already paid their annual would have to pay the increased rates. Mr. Dunning stated the rate increase would take effect when their annual comes due again. Semi-annual rates are not being increased.

6. DISCUSSION OF ORDINANCE 147 ADOPTION

Mr. Dunning stated the Board of Commissioners approved Ordinance 147 at their last meeting. Beginning May 19, 2022 new vessels in the Marina will be required to show proof of insurance, and on July 19, 2022 existing customers will need to have insurance in place. Ms. Hornstuen asked what the procedure will be for showing proof of insurance. Mr. Dunning stated the customer will need to come to the Marina office by the deadline. Ms. Hornstuen asked if there would be any contingency for customers who are waiting for their haul out. Mr. Dunning stated currently the local surveyor has plenty of availability, and that people are not experiencing delay right now. Mr. Dunning stated a customer had called the other day after being upset about the insurance implementation and she stated they have multiple boats and were able to obtain insurance without a survey. Other marinas have said that many people were surprised at how they were able to get insurance. Not every boat will need a survey. Many companies will provide insurance based on what can be seen above water and have a provision for further survey the next time out of water.

Mr. Fleming asked if an 18' boat in the water would need a \$500,000 policy. Mr. Dunning stated if it is moored in the marina, then yes. Mr. Fleming asked about the boats being launched at the launch ramp. Mr. Dunning stated those boats are difficult to track, but if they rent a slip, they will be required to show the appropriate insurance.

A Marina customer stated he was under the impression that the Ordinance was to be approved at this meeting. Mr. Dunning stated it has already approved by the Board of Commissioners.

A Marina customer asked what would happen if a customer had paid their annual moorage but then didn't obtain insurance by the deadline. Mr. Dunning stated if insurance is not in place by the deadline, the moorage contract is subject to termination and the boat would then need to be removed from the facility. The customer then asked what happens to the remaining moorage paid. Mr. Dunning stated it would be looked at on a case by case basis. There would be additional costs associated with impound.

Mr. Fleming stated at the last meeting it was discussed to provide a list of insurance agents. Mr. Dunning stated he will look into that. A Marina customer stated Progressive has an automated site. Another Marina customer stated if a small boat sinks, the cost would be minimal and a \$500,000 policy seems high. Another complaint circulating is that in the Shipyard there is a requirement for \$250,000 insurance just to have a mast or fishing gear stored. Mr. Dunning stated this is a misrepresentation of the policy, a boat in the Shipyard needs to have a \$250,000 policy but not a piece of equipment. Mr. Dunning stated small boats have been taken into consideration with this policy and should something happen, the potential is there for another boat to be involved, such as a fire that spreads.

A Marina customer asked whether the insurance is being implemented to clear vessels out of the Shipyard to make room for offshore wind energy. Mr. Dunning stated that is a rumor and there has been nothing in the Shipyard being considered to accommodate offshore wind. Knute Nemeth stated there is a meeting at the Mill Casino this afternoon regarding the offshore wind energy proposal. There will be State Representatives and local people in attendance.

A Marina customer brought up the condition of Troller Road. Mr. Dunning stated the County has vacated the maintenance of the road but still owns it. The Port has tried in the past to get a group of adjacent property owners together to fix it, but it did not come together. Mr. Dunning stated the Port has tried temporary fixes in the past and are currently looking at alternatives. Mr. Dunning stated the Port has contacted the County Road Department about this issue.

7. CURRENT PROJECTS UPDATE

Mr. Dunning stated the Giddings building roof was repaired after damage it sustained in the storm earlier this year. It was difficult to get a contractor but that project is now complete. The contract for repair of the maintenance shop building roof has been awarded. The cost and availability of a contractor necessitated a smaller scope of work, which will be around \$48,000. The material is on order and work will begin in the next few weeks. The F-dock gangway will be replaced after being struck by a vessel. The cost of repair was nearly the cost of the new gangway and will be covered by insurance. The pod is in to repair the ice dock after the allision there. Crews are waiting for the new whaler to be pressure treated and then that will be fixed. Repairs will take a day or two.

There are funds budgeted next year for continued piling repair and replacement, as well as for additional dock work. There is \$150,000 budgeted for the feasibility study for the Section 107 dredging with the Army Corps. This will provide a significant cost savings to the Port in the future. There are also funds included to do some dredging in the Marina this year. The decision is still being made as to whether that will be with the State owned equipment or with the Army Corps.

A Marina customer asked if funding for the jetty repair is still included. Mr. Dunning stated \$68 million has been approved for that work. Mr. Fleming stated dredging of the Marina is needed; he is going aground with anything less than a minus tide of -0.1 and some of the channels are unnavigable during low tides. Mr. Fleming stated every dock in the outer area has this problem. Mr. Dunning stated he will

take a look. Mr. Fleming asked about the need for a booster pump. Mr. Dunning stated this is part of the decision making process. Without the booster pump, the State equipment cannot reach the outer docks. It is too far to push the material. Mr. Dunning stated there is currently a backlog of nearly 150,000 cubic yards of material. Mr. Fleming asked if a clamshell dredge was an option. Mr. Dunning stated that would cost nearly \$2 million and the Port does not have funding available.

8. ROUNDTABLE DISCUSSION ON FACILITIES MAINTENANCE NEEDS

Mr. Nemeth stated the Port needs to work with the State to obtain the best deal on the booster pump in order to dredge the Marina and maintain the depth needed.

A Marina customer stated the shower and toilet facilities have been improved recently. Mr. Dunning stated the Port continues to see vandalism in the restrooms and is looking to find the best solution to prevent further incidents, including tightening the window these facilities are open. The vandalism is most commonly accruing between the hours of 4-10 pm.

9. PUBLIC COMMENT

Ed Fleming stated in recent years the afterhours permit for the Shipyard has been reinstated to allow people to stay on their vessels while actively working on them, and it is important to keep that permitting process going. It contributes to people being able to keep their vessels seaworthy. There are people who live out of town and the travel expenses can become prohibitive. Mr. Dunning stated he has a meeting with CEO John Burns this week about that topic. The permit is intended as short term and people in the past have created problems in the Shipyard by abusing the privilege.

Mr. Fleming stated that not allowing people to stay on their vessels contributed to additional unseaworthy vessels in the Marina. Mr. Dunning stated the insurance requirements should help to lessen the number of unseaworthy vessels and the Port will be taking a closer look at those who have sat for long periods of time. Port policy is clear that a boat must be able to operate under its own power to be seaworthy, and if a boat is not seaworthy it cannot stay in the Marina. Mr. Dunning stated the Port will also look to initiate a mandatory haul out schedule, whether that is every two years or three is still being determined.

A Marina customer stated the number of boats without current registration is significant. Mr. Dunning stated that will be checked with the implementation of the insurance requirements.

A Marina customer asked if an underwater inspection and cleaning would suffice to meet the haul out requirement. Mr. Dunning cautioned that people should be careful doing this, as it may not be allowed by Best Management Practices if the State does not allow scraping of boats underwater. Mr. Dunning stated he will check into this further.

10. COMMITTEE COMMENT

Mr. Nylander stated those who have a favorable encounter with an insurance company should share that information with other customers. Mr. Dunning stated if a customer is having difficulty in obtaining the insurance, to communicate with Port staff.

Mr. Fleming asked when the Port's next budget meeting is scheduled. Ms. Karcher stated the Budget Committee will meet on May 25, 2022 at 12:00 pm. The budget will then be sent to the Port Commission for adoption and that meeting is currently scheduled for June 21, 2022.

A Marina customer asked about the future of live-aboards in the Marina. Mr. Dunning stated that will have to be addressed at a future meeting. The Ordinance is clear that someone living aboard a vessel must have a permit and there are no current permits. The State has certain requirements including a floating pump-out service. The Port will evaluate the best path forward and what needs to be done to meet those requirements to allow the live-aboards.

11. NEXT MEETING DATE

The next meeting is scheduled for Wednesday, July 20, 2022 at 12:00 p.m.

12. ADJOURN

Chair Nick Nylander adjourned the meeting at 1:30 p.m.