

OREGON INTERNATIONAL PORT OF COOS BAY
Coos Bay, Oregon
REGULAR COMMISSION MEETING
Thursday, November 20, 2008
7:00 p.m.

Port Commission Chambers, 125 Central Ave, Ste 230, Coos Bay OR 97420

ATTENDANCE

Commission: David Kronsteiner, President; Caddy McKeown, Vice President; Dan Smith, Secretary; Jerry Hampel, Commissioner; Brady Scott was absent.

Staff: Jeffrey Bishop, Executive Director; Mike Gaul, Deputy Executive Director; Martin Callery, Director of Communications and Freight Mobility; Donna Nichols, Director of Finance and Administration; Kathy Wall, Management Analyst; Aaron Simons, Marina Facilities Manager; David Koch, Port Counsel; Kerry Lewis, Port Receptionist;

Media & Guests: Alexander Rich, The World; Gordon Young, Channel 14; Ericka Rush, KCBY-TV 11; Don Peabody; Gene Larochelle; John Griffith, Coos County Commissioner; Ken Messerle, Coast Consulting; Marvin Caldera, ILWU; Frank Williams, ILWU Retired; Raymond Guerin, Coos River Step;.

1. The meeting was called to order at 7:00 p.m. A call for recess to executive session was called at 7:01 p.m. The Regular open Commission Meeting was reconvened at 8:04 p.m.

2. CONSENT ITEMS:

- A. Minutes: October 16, 2008 Commission Meeting Minutes and the November 5, 2008 Special Meeting Minutes.
- B. Approval of the October/November 2008 Invoices Totaling \$1,102,338.62.....

Upon a motion by Commissioner McKeown (second by Commissioner Smith) the Board of Commissioners approved the October 16, 2008 Commission Meeting Minutes, the November 5, 2008 Special Meeting Minutes, and the October/November 2008 Invoices Totaling \$1,102,338.62.

3. MANAGEMENT REPORTS:

- A. **Executive Director** - Jeffrey Bishop

Mr. Bishop addressed the President, stating that on this day the Surface Transportation Board (STB) had issued a price for the acquisition of the Rail line from Cordes to Danebo Oregon. The price that they have set is \$16,605,987. Mr. Bishop requested the Commission to join the Port staff in being disappointed in the price, specifically the STB's refusal to consider the cost of removing the bridges on the Siuslaw and Umpqua rivers. He stated most folks will agree and common sense will dictate that those bridges will have to be moved. But they did not have to deduct that from the cost, even though if anyone acquires the line they will eventually bear the responsibility of removing those bridges in the event that the line is ever abandoned. It appears that the STB somehow decided to set the price at what was apparently the available resources to acquire the line, not necessarily because it was the right price to set.

Mr. Bishop made a request on behalf of the Port staff asking the Commission to allow the Port to accept the STB's price of \$16,605,987 and also to authorize staff on December 1st at 2:00 p.m. to file with STB that amount contingent upon a couple shipper related acceptance items.

Mr. Bishop then requested that the Commissioners authorize staff to retain Troutman Sanders to file a motion to reconsider with the STB for an amount not to exceed \$50,000.00.

He stated there are 5 particular issues which will be memorialized in the motion to reconsider.

President Kronsteiner asked Mr. Bishop if they could state the recommendations in a form of a motion and deal with them independently.

Mr. Bishop stated "my recommendation would be to authorize staff to file no later than December 1, 2008 2:00 p.m. Pacific time for the amount of \$16,605,987." That is the first motion.

Upon a motion by Commissioner Smith (second by Commissioner McKeown) the Board of Commissioners approved Port staff to file with the STB to accept the price of \$16,605,987 to acquire the Rail line from Cordes to Danebo Oregon.

The second recommendation is to request authorization for the Port staff to retain Troutman Sanders, to file a motion to reconsider the decision of the Surface Transportation Board for an amount not to exceed \$50,000.00.

Upon a motion by Commissioner McKeown (second by Commissioner Hampel) the Board of Commissioners approved Port staff filing a motion to reconsider the decision of the Surface Transportation Board for an amount not to exceed \$50,000.00.

President Kronsteiner asked Mr. Bishop if he had any further recommendations in his report

Mr. Bishop said staff has been giving some consideration to our banking services. The Port has been using Umpqua Bank for a number of years. It is customary practice, specifically in Municipal Governments, to occasionally put that out for bid. Mr. Bishop then requested authorization for Port staff to circulate a request for proposal from different banking institutions for the Port's business.

Upon a motion by Commissioner McKeown (second by Commissioner Hampel) the Board of Commissioners approved authorization for Port staff to seek other banking services.

That concluded Mr. Bishop's report.

B. Deputy Executive Director - Mike Gaul

At the Pacific Northwest Waterways Association meeting held in Portland on November 17th and 18th, the Association awarded Congressman Defazio the Legislator of the Year award. There is more in the information packet on the award.

Over the past two months, Mr. Gaul and Kathy Wall have spent an enormous amount of time on Marine Reserves. They testified on October 7th and October 23rd and 24th and again November 17th and 18th. Their testimony was on opposition to the Cape Arago and Seven Devils proposal, because the group Our Ocean uses no public process as required by the Governor's criteria and because if those

proposals went through they would create a substantial economic impact to the Charleston community. He stated the Port Commission has not taken an official position yet on the Marine Reserves. However, because of the impact on Charleston, Port staff has been out testifying in opposition these two sites. On November 11th at a SOORC meeting, Robin Hartman representing Our Ocean on the Cape Arago Proposal and Bill Russell, who made the proposal on Seven Devil's did a presentation at SOORC. At that presentation Mr. Gaul offered for Port staff to facilitate a true community involvement process on these two sites, but they did not take him up on his offer.

On November 18th OPAC made the decision to make a recommendation to the Governor. There were 20 original proposals, initially eight from Our Ocean. OPAC was to rank those that they wanted to make recommendations on to the Governor by December 1, and the Governor would propose to the Legislature for funding. The Ocean Policy Advisory Counsel only approved two for funding at this point, The Redfish Rock proposal at Port Orford and the Otter Rock proposal at Depot Bay. Both of those met Governor's criteria with a lot of public involvement determining where the Marine Reserve might site. Mr. Gaul made a point to state that this is for further study; this doesn't make them a Marine Reserve. They're seeking funding from a Legislature for further study which will be about a 2 or 3 year process to see if there is really going to be a siting. The proposal for Cape Arago was taken off the table on a 9 to 3 vote with one a potential and the proposal of Seven Devils was taken off the table with a 9 to 4 vote. As a result those proposals will not be recommended to the Governor, although in Mr. Gaul's testimony he mentioned to OPAC his offer on November 11th and they did pass a motion on a 10 to 3 vote. The motion read "OPAC recommends that the interested parties in the Cape Arago and Seven Devils area led by the Oregon International Port of Coos Bay be encouraged and supported to engage in further discussion". These proposals will be on the list of recommendations to the Governor and if Legislature chooses to fund such facilitation. Port staff would put a true community action team together to have those discussions that never took place and just facilitate it to see if there is or is not a place off Coos Bay or Bandon, where a Marine Reserve could exist. Mr. Gaul received a lot of interest both from the conservation folks, some of our fishermen and some of our local folks. Mr. Gaul stated he thinks if the Legislature funds them then we can have that dialogue that should have taken place to start with. This completed his report.

Commissioner McKeown thanked Mr. Gaul for representing them so well.

Mr. Gaul stated "In my offer, just so you know, we want to get out in front of this because the Charleston community was being left out". He also said most of the Our Ocean process was a "select who you talk to"; if you didn't agree with their views they didn't talk to you. So the community did not have an opportunity to be a part of that process.

C. Director of Communications and Freight Mobility - Martin Callery

Mr. Callery said he has been focused on assisting Don Breazeale and Jack Finholm with their efforts in targeting some specific markets for the Port and he continues to support them. They have developed some marketing materials, and some direct marketing inquiries that Mr. Callery will be requesting Mr. Bishop to execute after the Thanksgiving holiday. Mr. Callery said this is where he really focuses most of his time although he continues to attend Transportation meetings including one with President Kronsteiner. Mr. Callery understands that it will be a long process, but thinks the Port will have an opportunity to help direct the Master Freight Plan for the State of Oregon. He said he would be happy to answer questions. No one had any questions for him.

D. Director of Finance and Administration - Donna Nichols

President Kronsteiner asked Ms. Nichols if there was anything to add to her written report; she had nothing to add. President Kronsteiner asked the Board if they had any questions for Ms. Nichols; no one had any questions for her.

E. Marina Facilities Manager - Aaron Simons

Mr. Simons said he really didn't have anything to add to his written report. He asked if there were any questions. No one had any questions for him.

4. **PUBLIC COMMENT:**

Dan Peabody: Mr. Peabody came to raise the issue of Marine Reserves. As it was already covered, he said he would not go into it. He did have one comment in regard to the process that may or may not come in to being in the future, to facilitate a siting process for those Reserves. He stated if the Port is involved in that process, they have to make sure that is not an option. He stated we cannot come into a process like that as a community where the option is not if we going to have one, but how many, how large, and where. He asked the audience to keep that in mind.

Mr. Peabody stated that he represents the Oregon Tuna Classic. He complimented the Commission and Port staff. He said the Oregon Tuna Classic organization wrote a check to the Oregon Food Bank Network for \$46,000.00; it translates into 219,000 lbs of food for the Oregon Food Banks. A good portion of that food will come back to this area and to the food share here. 13,200 lbs of canned tuna was donated from the Hammond, Tillamook, Newport and Coos Bay Tournaments. The feedback they received was phenomenal. The new schedule has just come out and Charleston is on the list again. The one in Hammond was cancelled and moved to Ilwaco, WA. The Mill Casino also helped out and everyone did a wonderful job. Mr. Peabody once again complimented and thanked the Commission and Port staff.

Frank Williams: Mr. Williams is Vice President of the Retired Longshoremen. He stated that he supports what the Port has been doing on the North Spit. He can't figure out or doesn't understand why Cave Dwellers are in opposition. He stated that he has not heard anyone ask for any tax dollars. He said he hasn't heard anybody ask for any money from the public. He stated that the Port is trying to create jobs and he thinks it's wonderful what is going to happen. He said in the paper last night he saw an article on Our Ocean.org. He believes the internet and newspapers are giving misinformation. He doesn't believe the percentages listed or that people really understand about the Marine Park. Mr. Williams feels no one has the right to push the Marine Reserves down our throats. He is upset about how many Marine Parks there are in the state of Oregon already. Mr. Williams then talked about a Wave Energy meeting where OPT was in attendance. Mr. Williams asked someone from OPT how many they were going to have, and what the cost of the energy would be. Mr. Williams said that he did not get an answer. He voiced his opposition to what was said at that meeting. He has also been noticing that Oregon State University's (OSU) name is on grants for Wave Energy and on Fish Marine Reserves. He stated that he thinks some of our tax dollars support OSU. He then complimented and thanked the Commission for a good job.

Mr. Williams talked about how in favor he is of the Railroad. He said it isn't just about Coos Bay, but Oregon needs a deep water port. He complimented the Commission and Port again.

Rayburn (Punch) Guerin: Mr. Guerin is on the Board of Directors of the Coos River STEP at Noble Creek. He stated a few years ago Commissioner McKeown helped him with some funding for the STEP program. He stated he thought there was an oversight in the budget, that the program was overlooked. He also stated that the funding has not been coming in the last couple of years and with the economic impacts of our community most of the membership is getting older. They are not quite getting enough funding from all of their older members coming in. The funds go for electricity and food, the basics for raising the salmon to be utilized in our area. It also helps promote funding for the Marine Board. The Marine Board makes its money by license fees on sport boats, fishing gear, and possibly on licensing, and boat ramp fees. Mr. Guerin said the point he wanted to make was that the International Port of Coos Bay utilizes the Marine Board funding system in their process. He said over the years, the Port has received a million and a half dollars or more from the Marine Board. He said by supporting STEP it provides fishing opportunity that creates part of a pool which generates funding for the Marine Board. It is a very small cost compared to the amount of money the Port has received over the years. It not only supports the commercial fisheries, but even sport fishing. It helps generate part of the Marine Board fund, and the production of these fish. Mr. Guerin asked the Port Commissioners to reconsider the social and economic need of a small amount of funds to help regenerate this process and he feels it is in best interest of the Port. He asked the Board to please reconsider and regenerate this funding for them again. He said most of the older members are getting old and crippled up and they try really hard to make a difference for the community. He said with the railroad and the other things that the Port is trying to do to regenerate funds creates a certain pool of industry for one group. He then requested the Board not to forget all of the other groups that need the same opportunity. He thanked the Board and started to walk away.

Commissioner McKeown asked if he wouldn't mind waiting a moment. She said that she probably made an assumption that the Port continued to support the STEP program. She asked Mr. Gaul if he could bring her up to speed.

Mr. Gaul said each year the Port budgeted money for the STEP program and there is money in this year's budget. He said that he did not know if the Port had written a check yet. He said Ms. Nichols coordinates this funding. There is the same amount of money in the budget for the STEP program. Mr. Guerin said that he knows that the membership said that last year they never received one, nor did they receive one this year. Ms. Nichols stated she thought that last year they sent a check. She said Larry Caruthers came and gave them a certificate. Mr. Guerin said Caruthers moved to Idaho. Commissioner McKeown said she would like to make sure the Port continues their support. Ms. Nichols said she will make sure it is paid. Mr. Guerin said there is a difference between Coos River and Coos County STEP. Coos County STEP basically goes to the state of Oregon, it goes back to support a different group of people. Noble Creek and Coos River STEP is a completely different organization. Commissioner Hampel said "Frankly, as long as I sit here you don't have to worry about this group, we care about Charleston".

Commissioner McKeown said that they just assumed that this was something that was ongoing.

Mr. Gaul asked Mr. Guerin who Ms. Nichols should contact from that office and he said to contact

Clyde Haga; then he thanked the Board. Commissioner McKeown asked Mr. Gaul to get together with Mr. Guerin and Ms. Nichols to get this settled. Then she thanked Mr. Guerin for bringing to their attention.

Mr. Bishop spoke up and asked President Kronsteiner if he could ask a question of Mr. Guerin. Mr. Bishop asked if it was possible to get a tour of the facility (Noble Creek and Coos River STEP). Mr. Guerin told him he would welcome it. Mr. Bishop and Mr. Guerin set up an appointment to view the facility on Tuesday, November 25, 2008 at 9:00 a.m.

John Griffith asked to add his name to public comment.

Mr. Griffith introduced himself as a voting member of OPAC, Ocean Policy Advisory Counsel. He said no one speaks for OPAC except OPAC itself. He said as one of the members, he wanted to thank the Port's Board of Commissioners, and Mr. Bishop for allowing or making it possible for Mike Gaul and Kathy Wall to be at OPAC meetings. He feels that the testimony of Mr. Gaul really helped the project. He thinks it was the best considering the critical forces that were in play. It meant a lot to him and he feels it meant a lot to the folks around here. He said it's reassuring to the people in Charleston to know the Port's helping to convene a place where they feel they are going to matter. Mr. Griffith then thanked the Board. The Commission Board all thanked him for his comments.

6. ACTION ITEMS/REPORTS:

A. Attachment "J" to DEA contract dated 4-12-07

Mr. Gaul requested Commission approval of Attachment "J" of the David Evans and Associate contract dated April 12, 2007 - Permitting Services. Attachment "J" includes revisions of the mitigation plan in response to losing the Lyons property as a viable mitigation site. The tasks include assessing three potential mitigation sites and design for the preferred site to a concept level suitable for revising the current joint permit application. This attachment is broken down into four tasks.

1. Preliminary hydraulic and hydrologic analysis
2. Preliminary geotechnical analysis
3. Wetland delineation and assessment
4. Revise mitigation plan

The total cost for attachment "J" is \$109,500.

The attachment is 100 % funded by Jordan Cove Energy and they have provided their approval of Attachment "J".

Discussion: Commissioner Smith asked if someone could refresh his memory as to why they lost the Lyons property. Mr. Gaul responded that the property they were looking at had a previous breach of the dike, and it had not been repaired, so both the State and Federal permit authorities would not accept it as mitigation. It was unsuitable. Commissioner Smith thanked Mr. Gaul for his explanation.

Upon a motion by Commissioner McKeown (second by Commissioner Smith) the Board of Commissioners approved Attachment "J" to the David Evans Associates Services Contract dated April 12, 2007 - Permitting Services in the amount of \$109,500.

B. Resolution 08/09-3 to transfer equity from GO Bond Fund to General Fund

The 1988 General Obligation Bond in the amount of \$500,000 was used for various capital infrastructure projects within the Charleston Marina facilities. Incremental property taxes were collected specifically for the annual principal and interest payments. The bond was paid in full in April 2008 leaving a balance of \$1.37 in the fund at the end of the FY 07/08.

Future prior year tax receivables will be deposited directly into the Port's General fund. A Resolution and Commission authorization is required to make a residual equity transfer from one fund to another.

Upon a motion by Commissioner McKeown (second by Commissioner Smith) the Board of Commissioners authorized the transfer of the remaining \$1.37 from the General Obligation Fund to the Port's General Fund with the determination that the funds be used toward the purchase of the rail line!

C. Inner Basin Restroom Project Presentation

Mr. Simons stated there was no action required on this item; it is for information only. Mr. Simons wanted to recognize the partners that were involved with the Inner Basin Restroom project. This project was part of the Port's master plan. The total cost of the project was \$155,000. Grants funds in the amount of \$113,300 were provided by the following organizations.

1. Oregon state Marina Board donated \$60,800
2. The Ford Family Foundation donated \$50,000
3. The Charleston Merchants Association donated \$1000
4. Bay Area Sportsmen's Association donated \$1000
5. Charleston Community Enhancement Corporation donated \$500

The remaining balance of \$41,700 was provided from the Port's General fund.

Mr. Simons expressed his thanks for all of the partners and their help with this project; they made it all work. This was the first time the Port has used a prefab building and installation was pretty simple.

Mr. Simons presented a slideshow of the project from demolition to the nearly completed project. The building replaced was well over 30 years old and very run down. Coos Timber operators demolished it for a very reasonable cost. The old facility was hauled over to the shipyard, the non burnable items were picked out and the rest of it was burned which helped keep the cost down. A Marina customer had a fill permit, so he took all of the concrete at no cost to the Port. It took 1 day to remove the entire restroom. New water and sewer lines were put in for the prefab unit. The first section installed was the restroom area. The middle section contains handicap stalls. The plumbing is all inside the facility where it is easy to access. The last section installed was the shower unit. Each piece weighed

approximately 76,000 pounds. New sidewalks all the way around the building were poured, and a fence will be installed to help as a wind break for the showers. It is a really nice setup.

Commissioner McKeown was very pleased and asked Mr. Simons how long it took from day of demolition to completion. Mr. Simons replied except for the problems he ran into with finding out that he needed a foundation permit, 3 weeks to a month. He said there are still some minor kinks that need to be worked out, but it wasn't bad.

Commissioner Smith also said job well done.

President Kronsteiner asked Mr. Simons if the tendons that hold it together got grouted in. He asked if the posts are tensioned in. Mr. Simons replied yes and then he explained the process of keeping them in place. He said "you can't tell they are there".

Commissioner Hampel spoke up and told Mr. Simons that he had an opportunity to test out the new Hyster. He told Mr. Simons that it looks like he did a really nice job of picking that one out, and it looks like it will serve the purpose down there. He added, it's sure nice to have something dependable for a change.

Mr. Simons responded that the Hyster is 2004, and they bought under budget at \$38,000; it also fits into the Port's green program because it runs off of propane. It should be a nice asset.

7. OTHER:

8. INFORMATION ITEMS:

- A. PNWA's 2008 Legislator of the Year
- B. Marine Reserves letter from Ken Armstrong, Executive Director of the Oregon Public Ports Association
- C. Coos Historical Society Letter and Pictures
- D. KUDOS to RV and Marina Staff
- E. OPPA Letter to Chairman of OECDD
- F. Business Center - November 2008 Newsletter

9. COMMISSION COMMENTS:

10. NEXT MEETING DATE -Thursday, December18, 2008

11. ADJOURN: The meeting was adjourned at 8.45 p.m.

By: _____
David Kronsteiner, President

By: _____
Caddy McKeown, Vice President