

OREGON INTERNATIONAL PORT OF COOS BAY

Coos Bay, Oregon

REGULAR COMMISSION MEETING

Thursday, January 21, 2010

7:00 p.m.

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

T E N T A T I V E A G E N D A

**ATTENDANCE**

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

**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, Business Development Manager; Aaron Simons, Marine Facilities Manager; Dan Lovelady, Chief Operating Officer for Coos Bay Rail Link; Kerry Lewis, Receptionist

**Media & Guests:** Gordon Young, Channel 14; Marvin Caldera, ILWU; Ken Messerle, Coast Consulting; Jan Dilley, North Bend; Jon Souder, Coos Watershed Association; Jerry White, Oregon Offshore Towing; Craig Cornu, South Slough NERR; Bessie Joyce, Coos Watershed Association; Larry Reiber, Scoville & Reiber; Timothy Raber; Steve Pickering, Steve Marks, The Marks Network; Jody McCaffree, North Bend

1. The Regular meeting was called to order at 7:03 p.m.
2. The President asked the audience to introduce themselves.

President Kronsteiner said before we start this meeting, as most of you are aware Mike Gaul has officially retired; he served his last day with the Port although he is on the agenda tonight. Mr. Kronsteiner said he would like to say a few words about Mr. Gaul before starting the meeting.

He said his fellow Commissioners share his observations and comments regarding Mike and the role that he's played in his time with the Port. Mr. Kronsteiner got to know Mike after he was hired by Paul Vogel in 1989. Mike started his early work doing a lot of things in the Charleston area because most of the shipping business was being done by private enterprise and the Port wasn't really called to be involved in that very much. Some of Mike's early accomplishments there were an Economic Analysis Management Plan for the Charleston Shipyard. He developed a Master Plan for the Marina and the RV Park and he continued with a long list of upgrades to those facilities. Recently Mike has been a big part of the development of the New Charleston Management Plan and it will be a catalyst for future improvements in the Charleston area. Besides his work in Charleston, Mike worked early on other projects. One project which was a big part of this community was the deepening of the Federal Navigation Channel. It was a time when the community came together. There were groups that were formed to lobby for it and during that time Mike worked with the Corp of Engineers successfully and with contractors to help arrange the

funding. As a result the Harbor and the Bar were deepened by two feet which allowed the ships to come through the Port. Mr. Kronsteiner said while he has been associated with the Port, Mike has worked initially on the SouthPort Lumber Mill. The development of the state of the art saw mill, and the construction of the North Spit Rail Spur. He was also a lead on Phase 1 of the Rehabilitation of the Railroad Bridge and headed up the Charleston Boat Ramp project. Another North Spit project that Mike has worked on is the one that's ready to begin the realignment of the Transpacific Parkway and the Coos Bay Rail Line; it should be up for bid shortly. Mr. Kronsteiner said that he knows that it's been a long and difficult task but it's ready now and we appreciate it. There are too many of Mike's projects to name, but we appreciate the professionalism which he attacked every project. Being involved in those projects, Mike ended up dealing with all types of regulatory agencies. If you talk to any of the representatives of any of those agencies that Mike interacted with, they would mention that he was fair, honest, and forthright. His approach really has brought a lot of respect and has been appreciated by those agencies and brought respect for this Port; that has been a big thing for this Port through 22 years. Somehow during his spare time Mike was able to serve in a long list of organizations and ended up either being on the board, or an officer in those organizations. A few of those, Special Districts Association of Oregon where he represented the Ports and eventually became the President of the Board, Pacific Northwest Water Ways Association that advocates for the Ports in Washington D.C. Mr. Kronsteiner and Mike have traveled together with that group, to lobby in Washington D.C. He is a part of the Oregon Public Ports Association and has worked with and been engaged with the Oregon State Marine Board and the Oregon Board of Maritime Pilots. He has often testified before the Oregon Legislature. During Mike's Tenure at the Port he held a variety of titles. He was Director of Operations and Port of Coos Bay Harbormaster. He was the Interim General Manager which Mr. Kronsteiner stated he really appreciated; that was at the time this Port Commission group came on board. Mike was their leader and he stood in there for them during that period of time. Now he serves as Deputy Director and the Commission Board also appreciates that position that he's had for these years. He actually extended his time longer than he promised Mr. Kronsteiner when the Port Commission came on and they appreciate that. If you were to guess what Mike would say his favorite designation was it would be Team Player/Team Member because every time he came before this Commission with a project that was completed, he would stress that the staff at the Port was a team and that everybody had done their job and the projects got done through a team effort. Mike repeated that time and time again. Mr. Kronsteiner stated he could think of several words that in his mind define Mike; honesty, respect, and strong work ethics. He demonstrated those at all times doing Port business. Mr. Kronsteiner really appreciated Mike and always trusted his motives and his actions. Mike carried just enough of his Military background with him to be effective in this business. Mr. Kronsteiner remembers a few times when that was evident. When they were back in Washington D.C. for instance, the new General of the Corp of Engineers was going to be coming into a meeting where Mike was present and Mr. Kronsteiner wasn't; however, he heard later about this. The General was a Military man. He wasn't one that sat around the offices in Washington but he had been in the field. When he walked in Mike stood up. Mike was the only one. Later on you could see the General, talking with Mike and there was an easy audience for Mike because they understood each other. You would find the Colonel that we had in the district who used to attend the receptions that PNWA would put on, often with Mike because they understood each other. He's the one that was dispatched to Afghanistan. At that meeting he was preparing to go. He offered a job to Mike if he wanted to go to Afghanistan with him.

An Admiral they met with reminded Mike that there were two ranks that wore a star, an Admiral and a Chief. Mike was a Chief. They understood that and respected it. There was a time Mike took orders very well. Mr. Kronsteiner and Mike were in Senator Wyden's office. They weren't meeting with the Senator, but with his staff. They were supposed to have one of the nice meeting rooms. When they got there, there were people in it; they had finished their meeting but they weren't leaving, so the staff said let's meet around this coffee table out in the entry way. It was noisy and Mr. Kronsteiner wasn't too happy about it so he turned to Mike and said "Mike go clear the room out" So Mike got up, walked in and pretty soon people started filing out. They came out and were all shaking his hand, so Mr. Kronsteiner and his group walked in and had their meeting. Mike just had a way of doing that. He knew how to act around those people and it was very much appreciated by me in all the times I was with him there. But the well deserved respect Mike received was not limited to the Military persons, but also everyone that they did business with. It was evident everywhere they went. "Mike I speak on behalf of the Board of Commissioners of the Oregon International Port of Coos Bay when I express our gratitude for everything that you've done to help make Oregon's Bay Area a better place to Live, Work, and Play. We express our best wishes to you and Pat in your retirement and hope you take every opportunity to enjoy your family and friends. Thank You".

The audience gave Mr. Gaul a standing ovation.

The meeting reconvened at 7:14 p.m.

3 CONSENT ITEMS:

- A. Minutes: Approval of November 19, 2009 Minutes
- B. Approval of Invoices: November/December /January Totaling: \$1,239,475.38
- C. Ratification of all Agreements on JC/Weyerhaeuser Agreements

**Upon a motion by Commissioner McKeown (second by Commissioner Scott) the Board of Commissioners approved the November 19, 2009 Meeting Minutes and the November/December /January Invoices Totaling: \$1,239,475.38 and Ratification of all Agreements on JC/Weyerhaeuser Agreements**

4. MANAGEMENT REPORTS:

- A. Executive Director Jeff Bishop

Mr. Bishop addressed the President and said he would try to make it brief tonight because they have a very aggressive Executive session. He told the audience he would also like to recognize someone who has been in the Port family for sometime now but not nearly 22 Years. This gentleman was very instrumental in representing us in Salem. Mr. Bishop said they had quite the tag team with both Ken Messerle and Steve Marks. He went on to say that tonight Mr. Marks is here and he has asked for an opportunity to address the Commission. Mr. Marks has given the Port notice that he is moving on to other things and he wanted to have an opportunity to say a word or two to the Commission.

Mr. Marks addressed the Commission Board. He thanked them for the opportunity to represent the Port staff. He said it has been a pleasure to have that opportunity to work with the staff here and work

with the Commission Board for what he thinks is a really worth while Regional effort to pull together the economy. He said “you’ve really elevated the game in so many ways for the region”. He said somehow the world wide recession sort of slowed down but it was a pleasure to the represent the Board. It was good to see a Board that had the vision and the guts they did to step out in some very risky situations and make some firm decisions and give the staff the ability to get it done. He greatly appreciates the opportunity to represent the Board of Commissioners and the Port and just wanted them to know that.

The Board of Commissioners thanked Mr. Marks for his service.

Jeff Bishop said usually the winter months are the staff’s aggressive travel time due to the beginning of new things and he said they have a new wrinkle this year. The Secretary of Transportation of the United States Department of Transportation has requested all Port Directors join him in a dialogue related to port infrastructure. Mr. Bishop will be traveling to San Diego to participate in that. The Pacific Northwest Caucus met yesterday; they identified issues of regional importance and are going to speak as a region rather than as a bunch of Ports which they think is much more effective. Their Representative in that is going to be Tay Yoshitani who is the Executive Director of the Port of Seattle. He is meeting with other Port Directors in Tampa later this month and going to encourage AAPA to also have each region speak as a unified region rather than a disjointed approach. Mr. Bishop thinks that is showing some favor. Mr. Bishop announced there is a new Transportation Bill coming out of this Congress. Our Representative, Peter Defazio will play a key role in it as the Chairman of the Sub-Committee that will actually be writing the bill. Port Staff need to make sure they have their ears open and listen to what’s going on in the industry. Mr. Bishop will report back to the Board of Commissioners. That concluded his report.

B. Deputy Executive Director

Mike Gaul thanked everyone for their very kind comments. He said it’s hard to believe he has worked for the Port for 20 years. He said as he stands before the Board tonight for his last meeting, he would like to offer up some thank yous. He first thanked retired Port Counsel Bob Thomas and he thanked Rudy Juul as he was Commission President at the time Mike was hired. Next he thanked Executive Director Jeff Bishop for his leadership, guidance and friendship; for letting staff do their job. He thanked each member of the Port Commission for their overall management of this Port District; for their unselfish devotion to improving the quality of life and economic development of this area. He said that as a Government body, they are second to none. Last but not least, he thanked the staff of the Port of Coos Bay for the partnership they shared. He said they are the reason he enjoyed coming to work every day.

C. Director of Communications and Freight Mobility Martin Callery

Mr. Callery informed the Commission Board and Mr. Bishop that in the week between Christmas and New Year’s, there was an allision between a barge and newly repaired portion of the Coos Bay Railroad Bridge. Mr. Callery has been in touch with the insurance carrier for Coos Bay Towboat Company and it’s moving forward. He immediately had Knutson Towboat and Stuntzner Engineering who were doing the original repair work out there and putting together what they thought at the time was some kind of a scope of the damage. That’s the basis of what they are moving forward with.

One of the things Mike did on his very last day with the Port was to write a letter to the COE asking to renew the Port's permit so that they could go out and drive one more piling to make up for the one that was lost. The COE accepted the letter permit within a couple days after Mike left. The COE called Mr. Callery back a few days later and said the National Marine Fisheries didn't like the idea of driving a hollow steel pile over a wooden pile because they didn't understand the capsulation. So Mr. Callery has now explained it to three different people at the National Marine Fisheries Service (NMFS). Kate Groth with the COE is working very much on the Port's behalf trying to get it approved. If they don't get it approved, the repair of the pile will probably be quite a bit more expensive because they will have to vibrate out the old pile and then moor a barge steady enough to drive a new pile in the old place. Mr. Callery said they are still working through that process. He said they would like to get this all repaired at least the water work before the in-water work window closes in the middle of February 2010. Mr. Callery feels fairly confident they can do that. He said that he thinks Kate is making some good progress with her discussions with NMFS; partially it's an education process. But Mr. Callery wants the Board of Commissioners to be aware that they are working through the project and expect to be able to make those repairs.

Mr. Callery went on to say that since they filed the ConnectOregon application for more money for the additional rehabilitation of the rail bridge, the bulk of his time over the last couple of weeks has been clarifying some portions of it. He provided most of the information the week before last. This week he was asked for one more clarification. Dan Lovelady, Mr. Callery, HDR, Jacobs, and R.L. Banks have come up with a solution. They are going to have to do a load rating analysis of the Siuslaw and Umpqua bridges; they are going to do that now on the Port's dime prior to the review of the applications. What the Port spends on that analysis will be included as part of their cost-share portion. There were some concerns about those two bridges based on some inspections that were done; they just need some clarification. Mr. Callery doesn't think this is going to be a deal stopper. He asked Mr. Lovelady if he would like to add anything and Mr. Lovelady declined.

Mr. Callery has been involved on a somewhat irregular basis with the Oregon Ports Plan-part of the overall freight mobility system in the state. The state has never really had a Ports plan. The Ports have never been at home in any department within the Oregon Department of Transportation. They had always existed as Oregon Public Ports Association or some representation in the Oregon Business Development Department. The Oregon Department of Transportation (ODOT), and Oregon Business have come together now and the plan is funded; a draft is on the street right now. Everybody has gone through and made their comments on it. It will go out for another public draft, but right now some of the Ports and participants are making their comments on it. The Port staff had the opportunity to have a presentation in their Conference room, and they made quite a few comments so Mr. Callery thinks their interests are well represented.

In addition, Mr. Callery will be serving on the Oregon Trade Advisory Committee Screening Committee for the ConnectOregon projects. As in the past, he will declare a conflict of interest when this project comes up. The Port staff has never had a problem with it before; they have always declared and not participated in the discussion other than to answer questions. But since the Port does not have a Marine project in the queue this year, Mr. Callery has been asked to serve on the Marine Mobile Committee to review the Marine projects of ConnectOregon.

He is continuing to be involved in some of the projects Mike was involved in. He has been attending the Oregon Public Ports Association. He substituted for Kathy Wall when she was gone for a couple of days. He went to SOORC, to the Ocean Resource Coalition, Oregon Coastal Zone Management Association. He has been busy since the first of the year but it's all been focused on either rail or other transportation stuff. He is doing a little marketing on the side.

Just a reminder, Charleston Merchants Crab Feed will be February 13, 2010.

D. Director of Finance and Administration

Donna Nichols

Ms. Nichols said she was here to remind them all about the Transpacific Realignment Project, and that it is scheduled to go to bid. The day of the bid opening is February 4, 2010 at 9:00 a.m. She jokingly said that she told Mike he couldn't retire until that was scheduled, so Mike worked hard to get that date. The bid opening will be in Salem. Ralph Dunham with Stuntzner Engineering will be able to attend the bid opening.

Aaron Simons, Kathy Wall and Donna Nichols will be attending the SDAO Conference in Seaside this year so they will be out of the office Wednesday, Thursday, and Friday, the third through fifth of February.

Mr. Bishop commented that the reason why the bid opening is in Salem is because ODOT will be the official Administrator of that project, so they are going to do it in their own office.

President Kronsteiner asked if this was ODOT's regular Thursday morning highway 9:00 a.m. bid opening.

Mr. Bishop replied that he couldn't confirm that but he did say that he imagined they wouldn't be the only ones there. Mr. Bishop later confirmed that it was ODOT's regular Thursday morning highway 9:00 a.m. bid opening.

E. Marina Facilities Manager

Aaron Simons

Mr. Simons said the only thing he wanted to add to his report was an update on the Ice House training. He said it is going well; they had to do some extra repairs but the staff has done really well with it. They've picked right up on operations and actually have it running today; however, there are few more things to do.

Commissioner McKeown asked Mr. Simons when it will be fully operational. Mr. Simons replied it will be ready for at least April 1, 2010 for the season to open.

Commissioner Hampel asked Mr. Simons if they were going to have a single operator or a few people trained. Mr. Simons answered there will be three trained staff members. He said they want to be able to accommodate the need.

Mr. Lovelady told the Commission Board that he submitted a written report, but didn't forward it in time for the packet. He said he would try to be brief and highlight a couple of explanations on his report.

Starting with the Tunnel ARRA Stimulus Project, he said their final date was January 12, 2010. The tunnel contractor ran into some bad ground and had some safety concerns so Mr. Lovelady met with them and negotiated and extended their contract to February 24, 2010.

There were some penalties for the contractor if they didn't finish their contract on time. Mr. Lovelady agreed to wave those penalties and in exchange the Port got a lower mobilization cost for some additional work they are going to have the contractor do. The Contractor agreed to pay half of the additional onsite project engineer which would have cost the Port additionally for an extended contract. For the additional work the Port is going to have them do, they are going to do at the same rate they quoted in the original contract. The Port was granted \$2.5 million and the bid came in much lower than that. This is the reason for the additional work.

Mr. Lovelady went to ODOT and they granted permission for additional work in the tunnels #13, #15, #18, and #20. Once they finish at the end of February, the additional work will be started. It will start at tunnel #15 which is the worst one; then go back to tunnel #13 and go as far as they can to finish off those tunnels.

The Highway 126 Overpass Project (the new overpass going in between Eugene and Veneta): Mr. Lovelady met with the contractor and gave them a safety orientation. Mr. Lovelady has been working on a Construction Management Agreement and a Right-of-Entry Agreement. He thinks they are close to having those completed. The Port will provide a flagger for \$1,000.00 a day on that project. Mr. Lovelady said he tried to hire a local through a temporary agency, but because it's a railroad project it has to have a Federal employee's liability coverage rather than Worker's comp. He worked through the City of Prineville and will hire an employee through them; then the City of Prineville will bill the Port back \$45.00 an hour. The Port should make about \$600.00 a day on that project which will give them much needed funds for the railroad fund. November 5<sup>th</sup> Mr. Callery and Mr. Lovelady did a high-rail trip over the entire line with Charlie Kettenring of ODOT, and Dale Hansen of Portland Western. These gentlemen have years and years of track experience so it gave Mr. Callery and Mr. Lovelady a great opportunity to get out and look at the railroad with some men that really knew what they were looking at. Mr. Kettenring and Mr. Hansen both expressed that they were pleasantly surprised at the condition of the track; that is was in as good a condition as it was. Portland Western has called and requested that they be able to go with Mr. Lovelady on another high-rail trip with some other officers. He is going to try to accommodate that in the next few weeks.

Mr. Lovelady said they finally got a high-rail purchased to use here. It was purchased from CORP for \$1,000.00. He has it in getting the high-rail safety gear checked. Ms. Nichols got it licensed and insured. It's a \$1000.00 high-rail so it's not much to look at, but it will get staff out there when they need to go look at something; or if they have an emergency they can get on the track. Mr. Lovelady has worked really hard with Ms. Nichols to locate the utilities which are the Port's responsibility on their own line. Finally through about five or six different try's they have the list and those utilities are being

transferred. Included is electric for crossing signals, and bridges, and depots. Of course CORP went back to the time when they purchased the line and added up all the invoices they had paid since that time so they invoiced the Port for \$3,600.00.

Mr. Lovelady has been working with ODOT. They want to put a new concrete crossing in on Highway 38 at Reedsport; there are two tracks. Mr. Lovelady got a call this week from the City of Reedsport; they've worked out a deal with ODOT. They want to add to the RFP the Port is sending out, to do Winchester Avenue also and put a new concrete crossing in there.

Mr. Lovelady is working with the City of Veneta and Lane County. They want to construct a multi-mobile path near the railroad right-of-way. They want access to the railroad right-of-way while they are doing the work. They will give \$5,000.00 to the Port to use the right-of-way. It is two hundred feet wide, so they will be quite a ways away from the track; they'll build their multi-mobile path then they'll return the property back to the railroad. The only change in the property would be a steep bank will be turned to a slope.

November 9, 2009 Jeff Bishop, Martin Callery, Kathy Wall, and Dan Lovelady had a meeting with Roseburg Forest Products. It was a good meeting and Port staff was able to give them an update on the progress of the railroad. After the meeting, Port staff took RFP out to tunnel #15 and let them see the progress.

#### 5. PUBLIC COMMENT:

Jan Dilley gave a public thanks to Mike Gaul and said best wishes. She said it's a little late but she congratulated the Board of Commissioners for getting out of the \$25 million because she realizes it wasn't a small feat. She said it will be a longtime before they sign on the dotted line for \$25 million again.

Jody McCaffree gave public congratulations to the State of Oregon, National Marine Fishery Services, Western Environmental Law Center. Ms. McCaffree thinks they did an outstanding job with the request for re-hearing on the Jordan Cove project. She addressed the audience saying, if anyone is interested in reading those documents, go to [www.ferc.gov](http://www.ferc.gov) look at the upper right and click e-Library, advance search and the two docket numbers you put in are CP07-441 for Pacific Connector, and CP07-444 for Jordan Cove Energy Project. That brings up all of the documents that are in the Library for those two. It's an hour of reading but she was so impressed when she read their request, because it's so detailed and they did an excellent job. On Oct 1, 2009 at the Port meeting, there was a consultant study that was put on the table for the groups, facility planning consultants to do cluster study. She asked if it was ever completed. She hadn't heard anymore about it so was just wondering. Ms. McCaffree then said she would like to say some things about Mike Gaul. She knows they don't agree on everything but they do agree on something. There was a meeting a long while back in Charleston. After the meeting there was some kind of yelling going on outside the building. She said some of the Charleston people have some very flavorful language so it wasn't pleasant. Mike came out and told them to knock it off; that they could settle their agreements in different ways. Ms. McCaffree totally agreed with him on his stand to make people tow the line. She is very appreciative of those kinds of things. She said she believes you are never going to get anywhere with people yelling. Calm

down and work your problems out intelligently. So she appreciates the fact that he was staunch about and followed through with that.

She had a last statement to make because she thinks it's ironic that the same week that all of these request for re-hearings have gone to the Federal Energy Regulatory Commission for the Jordan Cove Energy Project. One of the consent items is the Agreements with Jordan Cove Energy Project and Weyerhaeuser. She asked, if we had a billion barrels of oil under the ground, would we want to go overseas and bring foreign oil here? She answered "No we would not, we would want to get our own oil". She then said we have that, we have the wind and we need to develop those kinds of things.

Marvin Caldera said as President of ILWU and on behalf of Local 12 "Congratulations to Mike on his retirement". He said they have always enjoyed working with Mike and will miss him.

## **6. ACTION ITEMS/REPORTS:**

### **A. FY08/09 Audit Review**

Ms. Nichols introduced Larry Reiber of Scoville & Reiber to do a presentation on the year-end report. Mr. Reiber said the financial statements are presented fairly and that Port staff did a very nice job helping him with them. He asked if there were any questions. He said he would be glad to answer any if Ms. Nichols can't. She knows what is in the report as well as anybody else. He said the Port is in a good financial position.

Commissioner Smith asked if this was a totally clean audit and Mr. Reiber answered "Yes". Commissioner Smith said he has been on a lot of boards and sat in a lot of board meetings and that's really an accomplishment. He then thanked the Port Staff. Mr. Reiber responded yes, it is.

Commissioner McKeown told Mr. Reiber "nice job".

Commissioner Scott said that every year they go through the audit and everything is so squared away and it goes really well. It makes their job easy and the Board of Commissioners really appreciate Ms. Nichols work on that. The Commissioners all agreed.

Ms. Nichols said that she, Mr. Reiber, Mr. Bishop, and President Kronsteiner all met on Monday to review the audit proposal. The action requested is approval of the Audit Report.

**Upon a motion by Commissioner Scott (second by Commissioner Smith) the Board of Commissioners approved the FY08/09 Audit Review.**

Mr. Bishop said he would like to add something. There is one passage in the audit document where the Port's cash position was described. Basically, this past year it went down \$379,000.00. He said "I think what's interesting is that is that we added \$2 million to the assets". He would like to personally compliment Ms. Nichols on the wonderful job she did with this past year's juggling. The legal fees were coming in on the railroad; she was on the phone with different organizations; she had a little tin cup out and did quite a remarkable job in that regard. The Port had a lot of partners who helped to

defray some of the cost. It was really kind of a remarkable cash situation in that, that is all it went down. Through the whole process cash was reduced only \$379,000.00 out of \$10 million in assets. He publicly said “job well done to you and your staff”.

## **B. Business Center Lease Rate Structure**

The original Coos County Incubator Project idea started in early 1993. EDA paid for a feasibility study that concluded a way to create start-up entrepreneurial opportunities within Coos County. The existing location was a BLM warehouse purchased between 1994 and 1996 through grants received. That grants were received from Rural Economic & Community Development Service and USDA Forest Service. Support also came from CCD Regional Strategies Board, Coos County, the State of Oregon and the U.S. Department of Commerce. The property was owned by the City of North Bend to take advantage of the property tax waiver.

In 2005, when the airport established itself as a Special District, the property was deeded to the Southwest Oregon Regional Airport District. The original incubator was operated and managed by Coos County. Through an intergovernmental agreement in February 2000, after the Port took over management of the airport, the operation and management of the incubator was transferred to the Port.

The Port continues to manage the Center today in partnership with Southwestern Oregon Community College’s Business Development Center and the airport. The incubator goal was to keep rent low enough to give the tenants a chance to accomplish their business plans.

The Center provides a copier, fax and mail services, a training/conference room, administration and reception area, break room with kitchenette and restrooms. The businesses were encouraged to stay for up to three years with “graduation” and expansion into the community.

The facility has been a success with over 500 jobs created and/or retained since its inception and over 55 businesses have “graduated” and expanded into our region and beyond.

The Port has been actively pursuing partnerships and funding to move forward with an expansion of the building. Phase One is to put in an elevator and expand the second floor and stairway to create office spaces. Phase Two includes completion and paving of the south side driveway and existing east side gravel area, the division of one large bay into two smaller bays with roll-up doors, and division of the other large bay into three smaller bays, each with a roll-up door. Electrical, lighting and heating along with new restroom facilities would be included.

A waiting list has been established for new businesses that want to locate here. There is a definite need in our area for these smaller bays as evidenced by ongoing waiting list. The Port and College have discussed how the Center can support graduating businesses and how best to handle the graduation process.

The current square foot cost for clients is less than one half of the going market rates. Many businesses come and go and are either successful and move within three years of move out once they realize they cannot make a go of it. There have been businesses that stayed longer than three years with no rent rate

adjustment other than CPI. In an effort to move the “graduating” process forward and to provide the Center with more operating capital, the Port and College have designed an accelerating lease structure for the third year and beyond as follows:

- The current lease rate is \$.33/sq.ft. with annual Consumer Price Index adjustments.
- This rate is static for the first three years.
- On the fourth year, if the customer is not ready to ‘graduate’ the rate would increase by 50%.
- The following year the rate would be adjusted to current market rate.

With the support of the Business Development Center’s mentoring program, most businesses can be ready to “graduate” after the third year. However, it is a big jump in cost to move from less than half market rate to full market cost. The six front bays are currently leased; two tenants in their fourth year and one will be starting their fourth year in December 2010.

Port and College staff meets with the tenants on a regular basis and this proposal has been presented to them. The new structure would be initiated beginning July 1, 2010 of the new fiscal year. Approval of the lease structure now will provide advance notice to those businesses currently at the Business Center.

**Upon a motion by Commissioner Smith (second by Commissioner Scott) the Board of Commissioners approved the Business Center Lease Rate Structure.**

### **C. Partnership for Coastal Watersheds Presentation**

Mr. Kronsteiner asked Mr. Bishop to announce tonight’s next topic. Mr. Bishop introduced Craig Cornu from South Slough and Dr. Jon Souder of the Watershed Program. They are both going to make a presentation tonight on the topic Partnership for Coastal Watersheds.

Mr. Bishop asked if it was innovative or a new approach? Dr. Souder responded it was innovative. He said he will introduce the project they are going to talk about then Craig Cornu and Bessie Joyce have a short presentation. Before starting though he would like to take the opportunity to thank Mike Gaul. He said Mr. Gaul has been their landlord as many of you know for at least 10 yrs. Dr. Souder said he will second everything heard about Mike being a straight-up guy and good to work with.

Coos Watershed Association (CWA) was founded in 1993, for the purpose of and by landowners to restore sound populations and improve water quality in the Coos Watershed. When the Oregon plan came along after Measure 66 passed, CWA got assigned a couple more basins that go down along the coast of Charleston through Bandon Dunes. The Association works with landowners, land managers and local governments on an entirely voluntary basis through the watershed assessments; implementation of watershed restoration plans; and monitoring to promote our mission of improving water quality and restoring fish. Dr. Souder, Mr. Cornu, and Ms. Joyce are here tonight to talk about their latest assessment effort. They began assessments in the Association in 2003. Most of the upper watershed land owners have their own watershed assessments. Weyerhaeuser did, they worked with the LA State Forest on theirs. But the private area around the bay had not been assessed for watershed conditions. They started that process in 2003. It was started from the North end working around and

currently finishing up assessments in Isthmus Slough and the Davis Slough area. CWA's next focus for their assessment process is the South Slough and the Coastal Frontal Watershed area which is basically the Bastendorf area and south of Bullards beach.

Mr. Craig Cornu introduced himself. He is the Coordinator of Monitoring Programs at the South Slough Reserve. His job is to develop long term data, and monitoring of habitat restoration projects. Before that he was the restoration person. He has two separate hats that he is wearing for this project. Mr. Cornu introduced Ms. Bessie Joyce. She gave the 2<sup>nd</sup> portion of the Presentation.

Bessie Joyce introduced herself as an Outreach and Assessment Coordinator with the Coos Watershed Association. She has been with them for five years. Ms. Joyce gave an outline of their basic work plan.

There are four work plan elements:

1. Watershed Assessment and Visioning
2. Watershed Management
3. Watershed Status and Trends Monitoring
4. State of the Watershed Information Website

\*\*A copy of the complete presentation is attached at the end of these minutes. \*\*

At the end of the Presentation, Ms. Joyce distributed a Summary sheet handout and the Board of Commissioners thanked them for a good presentation.

Commissioner McKeown commented that it's a big project. She also said that she had the pleasure of working with Autumn Fourchet, a rare volunteer who helped with this project this summer. It's really fun to see her work. Commissioner McKeown said if she can find her email address, she will email Ms. Fourchet to let her know about the presentation tonight. What a delightful way to culminate her work this summer and see it actually up close and personal. Commissioner McKeown told Ms. Joyce that Ms. Fourchet enjoyed working with them very much.

Mr. Bishop apologized to Ms. Joyce for not introducing her and said he did not have her in his notes.

Dr. Souder said the Port is in a leadership role, and has facilities and infrastructure in the South Slough Watershed, and he is looking forward to working with them.

Commissioner McKeown said she guessed she should have prefaced that Autumn Fourchet was an intern here this summer from New Hampshire working on this project. She was a wonderful addition to the community for a brief time.

#### **D.     Kentuck Meth House Testimony-Clarification report**

Mr. Gaul once again thanked the Board of Commissioners and the audience for their kind comments. He then proceeded with the Kentuck Meth House Testimony-Clarification report.

This report was provided to the Coos County Board of Commissioners at their regular December 15, 2009 meeting. It addresses testimony during the Coos County Land Use hearings regarding Kentuck Golf Course. The record is closed and the decision was adopted on September 23, 2009, but Port staff felt it important to provide some clarification.

In testimony before the County Planning Commission and the Board of Commissioners, opponents and Commissioner Main expressed concern regarding the possible existence of hazardous materials on the property; specifically an old Meth lab on the Golf Course Lane. While no evidence was presented to substantiate this concern and it was not considered in the decision, Port staff heard the concern very clearly and determined additional information was needed. Port staff first talked to Brett Sherry with the Oregon Department of Health Services. He confirmed the presence of a Meth lab at the house which law enforcement dealt with in 2007. Mr. Sherry said it was his agency that declared the house not fit to live impending owner testing and cleaning the house for occupancy; this is a common practice. Mr. Sherry said it was a very small personal use lab which did not include large quantities of hazardous materials. Port staff then obtained a copy of the police report from 2007 and hired Jim Pex of Pex Forensic Consulting to review the police report and provide the Port with a report on the materials found on site. Mr. Pex is the former head of an Oregon State Police Crime Lab and is considered an expert witness on this issue. Mr. Pex's report indicated the following chemicals were recovered from the site: ½ pond of Methamphetamine; one gallon of Muriatic acid; two quarts of Toluene; three to four ounces of Red Phosphorus; one quart of Iodine; and Pseudoephedrine which you can purchase at Rite Aid.

The report stated:

Muriatic Acid is a solution used to clean bricks. It dilutes in water and would dissipate quickly in the coastal environment. As a household substance, there is little residual harm to the environment with the amounts detected.

Toluene is a paint solvent readily available in local stores. The cautions associated with this substance are the same as other paint solvents.

Red Phosphorus is common to matches and road flares. Reports indicate three to four ounces from road flares were on site. Red Phosphorus is a catalyst in the manufacture of methamphetamine. Precautions would be the same as one would take with road flares. It is reported to be harmless if ingested.

Iodine can be corrosive to the skin and eyes in direct contact. Iodine is used as a topical disinfectant in medical facilities.

This report is an aid to help decision makers understand the nature of the chemicals identified on this site. Modern methods of production such as the Golf Course Lane site utilize common chemicals found in use throughout the community. The amount of chemicals at this site was small and the chemicals that were identified at the site do not pose the threat to the public that was common twenty years ago.

Also, everyone needs to be reminded that prior to receiving a Federal Mitigation Permit for this site, the Federal Agencies will require a Phase I environmental site assessment and if necessary a Phase II Environmental site assessment. The Phase I assessment is scheduled for next summer.

7. OTHER:

Mr. Bishop told the Commission Board they have 3 real estate items tonight in Executive Session. None of them involve the North Spit. Two are Charleston, and one is Port property but not on the North Spit. It is possible that the Board might take some action on one of the Charleston issues; so it's possible they will be returning to open session. Mr. Bishop stated there is also a legal nexus with potential litigation.

8. INFORMATION ITEMS:

- A. Letter from DEQ - Sport Fish Cleaning Waste Discharge Approval
- B. Letter from Coos Historical & Maritime Museum-Thank You
- C. Coos River S.T.E.P. News - Thanks Port of Coos Bay
- D. Email: Charleston Boat Ramp - Float Decking Cleanliness
- E. Letter from Parsons Brinckerhoff
- F. Info on Oregon Tuna Classic
- G. Letter from Pat Houck - Charleston Ice
- H. Business Center Newsletter for January 2010

At 8:18 p.m. the meeting was recessed to Executive Session.

Meeting was back in session at 8:50 p.m.

9. COMMISSION COMMENTS:

There were no further Commission Comments.

10. NEXT MEETING DATE -Thursday, February 18, 2010

11. ADJOURN: Meeting adjourned at 8:52 p.m.

By: \_\_\_\_\_  
David Kronsteiner, President

By: \_\_\_\_\_  
Dan Smith, Secretary