

OREGON INTERNATIONAL PORT OF COOS BAY
Coos Bay, Oregon
REGULAR COMMISSION MEETING
Thursday, December 20, 2007
7:00 p.m.
Coos Bay City Hall

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; Aaron Simons, Interim Marina Facilities Manager; Andrea Wall, Executive Assistant

Media & Guests: Gordon Young, Channel 14; John Buchanan, Vessel - Oregon Promise; Jody McCaffree; Dick Tamsgard, Oregon Coast Historical Railway; George Wales, Coos Bay Towboats; John Craig, U.S. Army Corps of Engineers ; Arthur Poole; Lee Wright; Ed Fleming; Drew Emmett, Coos Bay Towboat/CB Pilots; Mary Goddry; Ken Messerle, Coast Consulting;

1. The meeting was called to order at 7:04 p.m.
2. The President asked the guests to introduce themselves.
3. CONSENT ITEMS:
 - A. Minutes: October 18, 2007 Regular Commission Meeting; November 9 & 26, 2007 Special Commission Meeting
 - B. Approval of October 07 invoices totaling \$254,946.88
 - C. Approval of November 07 invoices totaling \$974,484.05
 - D. Ratification of Attachment 'D' to David Evans Associates Service Contract Dated April 12, 2007 - Light Detection and Ranging (LIDAR) Survey
 - E. Ratification to Pay Railroad Bridge Phase I Loan in Full

Upon a motion by Commissioner Scott (second by Commissioner McKeown) the Board of Commissioners approved the October 18, 2007 Meeting minutes; the November 9th and 26th Special Meeting minutes; the October and November 2007 invoices; ratified the Attachment "D" to the David Evans Associates service contract dated April 12, 2007 and ratified the proposal to pay the Railroad Bridge Phase I loan in full.

4. MANAGEMENT REPORTS:

A. **Executive Director:** Mr. Bishop's report started with a briefing on the Railroad issues. The Port came to an agreement with Foss Barge Lines and the Central Oregon & Pacific Railroad on repairs to the railroad bridge. The agreements have been executed and a notice to proceed has been issued to the construction company to make the repairs to the bridge. The settlement funds will be deposited into an escrow account and repair expenses will be paid from that account.

The Port is continuing to work on the Feeder Application to the Surface Transportation Board (STB); legal counsel in Washington has recommended a consultant. In the application process the Port has to devise a business plan for operation of the railroad. The consultant will put together the project budget for both the acquisition and operation of the facility. The next phase is putting together the sources of the Port's equity financing. The consultant has not yet been hired; however, a recommendation has been made and the Port is waiting for a formal proposal from the company. The consultant has indicated that they are interested. There was a choice between a number of firms that had considerable experience in doing these applications or a firm that had considerable experience with the line. The Port has opted to go with the line experience because after reviewing the different qualifications, they would not have to be brought up to speed; and the Port does have an expert in the preparation of the application in the form of our legal counsel. It seemed to be more prudent to have someone with more direct experience on the line. This will all be brought back to the Commission in January when it is firmed up.

The Port has been asked to join the Coos, Siskiyou Shippers Coalition. Staff's recommendation at this time is to give it some consideration until we have had ample time to discuss with legal counsel the impact to any of the proceedings. Once that is done, it will be brought back to Commission. Mr. Bishop envisions the Port staff will recommend joining the group so we can continue to speak with one voice.

A statement of qualification was given to the Commission from a firm called Tetra Tech. Staff has been considering what to do with the old aquaculture facility on the North Spit. It is an asset that has been sitting dormant. The Port has looked at a number of options and serious consideration to the economic impacts fishing closures have created on our financial operations in the Port's facilities in Charleston. It appears there will be curtailed revenues from the shortened fishing season. There is a proposal from Tetra Tech, who has done a considerable amount of work for many individuals involved in the production of fish from a hatchery situation. In the conversations with them, it appears the situation is complex and a scope of work would be difficult to put in a proposal for the Commission. Staff has opted to hire Tetra Tech by purchase order to make some preliminary contacts with the individuals involved in the policy related issues surrounding hatcheries. Tetra Tech feels they will be in a better position to then put together a scope of work.

In January, staff will bring a report to the Commission from Dyer Partnership who we have hired to do an evaluation of the facility from an existing condition standpoint. Because the facility has been sitting dormant so long, what do the pipes, wires, pumps etc. look like? This will be a critical assessment of the facility which will be dovetailed with the work that Tetra Tech is going to do and all will be put together in a comprehensive proposal for Commission review. The focus will be on the policy issues that pertain to operating a hatchery and also what the budget for ongoing commitments would be. Staff will keep the Commission posted as they move forward.

Mr. Bishop said in closing that he would be out of the office until the New Year.

B. Deputy Executive Director: Special Districts' annual conference will take place February 7 - 10 at the River House in Bend. The PNWA Mission to DC will take place March 2 - 7 at the Washington Court in Washington D.C. Staff will be providing each Commissioner with additional information on both conferences. If any of the Port Commissioners are planning on

attending, staff will be happy to work with them on their accommodations and reservations. The decision should be made soon because hotel reservations fill up quickly.

The Point Adams dredging is complete; 25,000 cubic yards of dredge has been taken out and the facility is now ready to lease again. Because of the interest in the facility by a number of different folks, the Port issued an RFP to people of interest. The RFP proposal is due back January 3rd and staff will come back at the January meeting with a lease for the facility which should start February 1.

In 2002, Mike sat on a committee for the Department of Environmental Quality (DEQ) that looked at fees for the 401 Water Certification program. That committee came up with a set of fees suggesting many uses required for certification. In the process a number of small uses were identified as being exempt from fees. One of the commitments the committee had at that time was to adjust fees; the first looking at getting rid of the exemptions and then seeing if more adjustments were needed. Mike was asked to serve on another committee a couple of months ago but because of his workload, he declined and suggested that Ken Armstrong from the Oregon Public Ports Association be asked to represent Oregon Ports on the committee. Mike went to the committee meetings and the fees planned amount to a 130% increase to Ports. In some of our major projects that could be a difference of thousands of dollars. The Public Ports have taken a stance along with the sand and gravel people and will face DEQ saying DEQ should do what they promised, to first look at the exempts. The exempt people are using 52% of the staff time, but the Ports are picking up the majority of the cost. Mike says they are scheduled to meet with DEQ and some of the port representation late in January before they try to put the fees in place.

Lastly in Mike's report was a letter from the Pacific Fisheries to FERC; a copy of the letter is in the Commission packet. This letter is in regards to the Reedsport Wave Energy Project. There are a number of concerns to address before the Wave parks are situated up and down the coast. Mike has been in contact with the port manager for the Port of Umpqua. The Port of Umpqua and the City of Reedsport have been supportive of the Wave Energy Parks in the past. One of the important considerations Mike feels is to have the fishing families involved in the decisions on the Wave parks. Two weeks ago, Ocean Power Technology (OPT) left the table and stopped talking to the fishermen. The Port of Umpqua authorized staff to send a letter to FERC, copy to OPT, saying that if OPT did not come back and talk to the fishermen, the Port of Umpqua would withdraw their support.

Mike learned Friday through Onno Husing, that OPT is getting ready to apply for a FERC license for test projects off the North Spit of Coos Bay. OPT had no contact with the Port staff yet. A short while later, Mike received a call from Project Officer Steve Kopf wanting to know when they could get together with the Port to discuss how they could work together. Mike told them if they were not going to include the fishermen and were talking to the Port after the fact; it wasn't going to work. The Port supports renewable energy but not at the expense of the commercial fishing fleet. OPT will be in Newport on January 15th scheduling a presentation for the Commercial/Recreational Fleet. They will meet with our local fisherman in a Town Hall meeting on the 16th of January and then they are scheduled to do a presentation of their proposed Coos Bay Project at the January 17th Commission meeting. Staff should have their packet of information the first week of January. Again, Mike told these people that the Port supports alternative energy but NOT at the expense of our commercial fishing families. Staff continues to be actively involved in this process. There was no DSL License filing as of today and Reedsport is unhappy with the lack of news coverage.

C. Director of Communications and Freight Mobility: Martin reported he was away for about two weeks on personal family leave and then he returned to work in time to go to the Oregon Business Leadership conference in Portland. One of the items from that conference was a renewed commitment from most of our political leaders at the State level for health care reform. Another issue of the day was transportation infrastructure and there was a discussion in the full time session of proposals for a major funding package that the Governor and many other leaders around the State will be proposing. In his service on the Oregon Freight Advisory Committee, Martin and others will be working toward getting funding for all the different modes of transportation necessary to the State's economy.

Martin attended meeting for the OFAC getting ready for 2009-11 STIP. The ConnectOregon II project should be coming to the Freight Advisory Committee in February.

Martin had the opportunity to participate in the NW Finance Conference in Seattle as part of a panel discussion for NW Ports. When he came back from that he went to some rail meetings in the Portland area which included discussions of the damage to the Port of Tillamook Bay. Martin then had the opportunity to assist Bob Reagan by going to Yreka and held a briefing for the rail shippers, community leaders and elected officials from that region. The result is that all of those folks are joining the coalition. The coalition is talking to Coos County representatives and Douglas County representatives and Lane, Jackson Josephine Counties as well as talking to the Bay Area Chamber and other chambers from each county asking them to have a representative from their Transportation Committees as members of the Coalition.

D. Director of Finance and Administration: – Ms. Nichols was unable to attend the meeting however she had a written report in the Commission packet. There were no questions or comments on her report.

E. Interim Marina Facilities Manager: Aaron Simons submitted a written report which was in the packet and he asked if anyone had any questions. President Kronsteiner asked how extensive the wind damage from the latest storm was. Aaron said there was some roof damage to the Ocean Proteins building. He received a bid on roof replacement of the Ocean Proteins building of about \$16,000 for a metal roof. Right now the building has a comp roof and a comp replacement would be about \$13,000. Aaron is investigating patching the roof for the time being to see if they can get through a few more years. Other than the roof, the Marina Complex fared pretty well. One Commissioner asked what the winds had been clocked at; Aaron said that the bridge personnel said it was clocked at 110 mph.

Commissioner Hampel asked if Aaron had done any testing on the water in Charleston; the smell off the drydock is bad. Aaron said he had not done any at this time; however, they are in the process of pumping out the tanks, changing all the water. He talked to Columbia Analytical and their chemist suggested that staff clean out the tank, change out the water and start fresh before they do anything else. Aaron talked to the company that they purchased the new machine from and the company is going to send a technician down after the first of the year, to reprogram it and retest it to make sure it is working correctly.

5. PUBLIC COMMENT:

John Buchanan: Mr. Buchanan owns the Oregon Promise and is very grateful to be moored in Charleston. He is berthed on the distant water dock and has an annual lease with the Port of Coos Bay. He wanted to discuss Port Policy tonight regarding public access on the Distant Water Dock facility only. Mr. Buchanan gave the following as background as to why he was here. He said he waited for almost 10 years to secure a berth in this port and he has about 40 years maritime experience. There are some concerns he would like the Port to consider and he related some of his experiences on the dock. A Port of Refuge is extremely important for mariners up and down the coast and he commented that in many marinas, live-aboards are beneficial for Port security purposes. Some things have happened here though that he has not experienced anywhere else where the general public gains access to docks where vessels are berthed. In the case of the South Slough, it is a large body of water that drains out twice daily and there is a tendency for individuals from the public to be crabbing on the dock. Their crab pots tend to get beneath the vessels and the lines can become fouled with the propeller. There have also been acts of vandalism where vessels have been untied and released into the harbor. Mr. Buchanan has come down to the docks to check on his boat and finds the docks covered with kelp and garbage and the beer bottles which he continues to clean up. One day checking on his boat he found a couple of bags of garbage, fish heads etc. thrown up on his boat. He feels this was in reprisal to a sign he put up asking people to "Be good sportsmen, be considerate of others, remove sea grass, and clean up your mess." Then when he left his vessel he found that one of his inch and a half, very expensive double braid Sampson lines had been cut in half and stolen. Mr. Buchanan feels that he should have a reasonable expectation of safety and security. He would like to suggest to the Commission that adjacent Ports of Florence, Newport, Brookings, Bandon and most other places he has been, that crabbing is prohibited on these docks where vessels are moored. Considering there is a mixed use requirement and that this is a tax payer paid facility, he feels an available solution would be if the Commission was to adopt a resolution of policy to restrict crabbing to the pier only and to put a gate on the west end of the pier. Mr. Buchanan thinks we should have a policy of accommodating the crews using this Port. He has a boat that he would like to put into excursion service so he wants public access but not the vandalism. Something needs to be done.

Mr. Buchanan also talked about a company called Almar Corp which has been taking over many ports and marinas and dismissing public staff and raising fees tremendously. Mr. Buchanan said he was willing to support a modest fee raise in this port as long as it is not what Almar Corp is doing.

Commissioner Hampel commented that this Port is installing security cameras and the Commissioner also said he likes his sign. Hopefully staff can come up with some other suggestions to address this problem.

Jody McCaffree: Jody talked about information she received from a conference in southern California on alternative/renewable energy - solar, wind, and cheaper rates. She asked a question about a Project April decision that she thought would be made in November. What happened? Mr. Bishop said he would decline comment since we are under a non-disclosure agreement.

6. ACTION ITEMS/REPORTS:

A. Corps of Engineers Report – Annual Dredge

John Craig said we had another successful dredging season here in 2007. The Dredge Yaquina worked here for 27 ½ days and she dredged 154,800 yards between river mile two and ten. Mike Gaul set up a meeting with the pilots because Charlie Yates had a concern about an area between the bridges that was causing some steering problems. The Yaquina was redirected and she spent about a week and a half in that area getting it cleaned up. River miles 10-12 are in good shape right now.

A clamshell contractor in Charleston worked 14 days and removed 22,700 yards; the sand bar north of the transient dock was removed.

The Dredge Essayons normally works here about 15 days a year and takes out about 550,000 yards off the entrance. She worked 15 ½ days and took out 590,000 yards. After a survey, Mike was still concerned that there was material left. The Essayons costs \$89,000 a day to run and the Port was on a budget, so Mr. Craig looked at identifying some excess funds in Portland and he was able to redirect the Essayons back down here. She worked an additional 11 ½ days and removed another 365,000 yards; so this year 956,000 yards of material was pulled off the bar. It was taken to a depth of 50' or 51'; project depth across the entrance is 47' and they try to get up to 5' of advance maintenance.

Mr. Craig continued his report by saying a little over \$5 million was spent on the navigation issues in Coos Bay. For 2008, the President has the budget on his desk right now; Mr. Craig said he sees about 26 days of Yaquina work, money for another contract for Charleston and maybe a clamshell. The Essayons is going to be tied up for repairs next year so the Corps is putting a coast wide contract together and the bar entrance will be part of that. The RFP is split into two - a. \$400,000 and b. \$200,000.

John thanked Port staff for working with the Corps, especially Mike Gaul. Mike helps the Corps identify areas of concern and that helps the Corps do a better job.

Commissioner Scott asked if the passing of WRDA was going to help. John said yes it would help – it would remove restrictions on the dredges. Mr. Bishop inserted that the prohibition on reprogramming was removed. With reprogramming, the Corps had a pot of money which was restricted to spending only in the area it was allocated for. In the past, they were able to say, we can't get to that for two years, and we have a problem over here and then it was possible to move the funds to take care of the critical problem. Now those handcuffs are removed and the Corps will have flexibility again. Sometimes that works in our favor and sometimes it doesn't but it does help them meet their comprehensive need.

President Kronsteiner asked if non-commercial ports or shallow draft ports would be receiving any funding. John said that yes, it looked like everyone would get some funding. 2008 looks like a good year.

Mike Gaul made two comments before starting the action items. He said that the two Peters – DeFazio and Friedman – have been working hard on our behalf to get dredging funds.

He also elaborated a bit on the question about wind damage in Charleston that the Commission asked. Charleston fared better than other ports to the North and South of us; however there was some

damage on the North Spit with some of the rail. The good news is that our insurance policy is an umbrella policy – one event equals one deductible; so all the damage done from that storm is under one deductible. The Special Districts insurance adjuster has already been down here and they have toured the site.

B. DEA Change Order- Attachment ‘E’ Additional - Evaluation of Dredge Disposal Sites

Attachment “E” covers four additional task orders being required by the resource agencies regarding the slip/access waterway project. These tasks are:

1. - Revised BE/BA on alternate disposal site for \$14,200.
2. - Addendum to E & DMMP for \$17,500.
3. - Aeolian Analysis (Wind) for \$17,500.
4. - Additional Permitting Support for \$24,000
Other Expenses at \$4,500

These tasks come to a total of \$77,700.

The additional funding request and the April 12, 2007 contract with David Evans Associates is in regard to the 404 permit work on the Port’s slip/access waterway study.

Attachment “E” is 100% funded by Jordan Cove Energy Project and they have provided their approval of the work. A copy of the scope of work and cost estimates was included in the packet to the Commissioners.

Upon a motion by Commissioner McKeown (second by Commissioner Smith) the Board of Commissioners approved Attachment “E” to the David Evans Associates Service Contract dated April 12, 2007.

C. DEA Change Order – Attachment ‘F’ Cultural Resources Survey & Report

Attachment “F” covers the Cultural Resource survey and report that is required for the new temporary disposal site between Southport Forest Products and DB Western. The work will be accomplished under a SHPO archeological permit for \$5,900.

Attachment “F” is 100 % funded by Jordan Cove Energy Project and they have provided their approval of the work. A copy of the scope of work and cost estimate is included in the Commissioners packet.

Upon a motion by Commissioner Smith (second by Commissioner McKeown) the Board of Commissioners approved Attachment “F” to the David Evans Associates Service Contract dated April 12, 2007.

Discussion: Commissioner McKeown inquired about the time frame for this work. Mike Gaul said that he would inform David Evans tomorrow and the work would start within 60 days.

D. Pilot’s Agreement/ Pilot Training Program

The Pilot's Agreement is between the Coos Bay/Yaquina Pilot's Association, the Columbia River Steamship Operators Association and the Oregon International Port of Coos Bay. This agreement is the vehicle that:

1. Allows the Coos Bay Pilots' Association to open rate hearings.
2. Provides the funding for a Coos Bay Pilots Training program.

The Deputy Executive Director provided a memo to the Commissioners dated December 13, 2007 with an update regarding the ongoing efforts to get an additional Pilot trained for the Coos Bay Pilot grounds. The Oregon Board of Maritime Pilots has conducted the Pilot Trainee interview process as governed under their rules and selected an individual to train on the Coos Bay Pilot grounds. The training program to certification takes approximately two years. The settlement agreement is the result of a number of meetings before the Board of Maritime Pilots and negotiations with other signer's.

The current tariff associated with a vessel call at Coos Bay is approximately \$16,400 based on information provided by the Coos Bay Pilots. Under the proposed agreement, including the cost for the Pilot training program, that fee would increase to approximately \$17,700 in 2008 and \$19,000 in 2009.

Upon a motion by Commissioner McKeown (second by Commissioner Scott) the Board of Commissioners approved the Coos Bay Pilot's Settlement Agreement and the authority for the Executive Director to sign it.

E. Perkins Coie Change Order #4 - Land Use

Change order #3 to the Perkins Coie Land Use Contract was approved by the Board of Commissioners at their Regular Meeting on July 19, 2007. The change order increased the contract limit to \$400,000 to take the process through the September 17, 2007 County Land Use hearings. Since the September 17th hearings, this process has required an enormous amount of additional work and preparation to address issues raised by the Hearings Officer and County Staff.

The change Order #4 request describes the work that has been completed since September 17th and the work that remains to be completed up to and including a LUBA appeal, which is in the packet.

Perkins Coie is requesting a contract increase of \$175,000 to \$185,000. This request is 100% funded by Jordan Cove Energy Project and they have provided their approval of the Change Order #4.

Upon a motion by Commissioner Scott (seconded by Commissioner Smith) the Board of Commissioners approved Change Order #4 for \$185,000 with the stipulation that staff recommends only giving them funding not to exceed \$160,000 pending the possibility of a LUBA Appeal.

F. Port's Legal Counsel Retainer of a Consultant for Local Government Services

Bob Thomas, Port Legal Counsel, is retiring! Port staff advertised a Request for Proposal for legal counsel. The proposals were to be in writing to the Executive Director by Friday, December 4th. Because of the timing for the receipt of proposals, the choice of appointment will be deferred to the January Regular Commission Meeting in 2008.

Mr. Thomas has offered to stay on as a Port Consultant for the period of time needed for the new appointment. It is staff's recommendation to hire Mr. Thomas as a Port Consultant beginning January 1, 2008 at a rate of \$2,000 a month for the first three months and \$1,000 each month thereafter. A Notice of Termination will end the agreement. A copy of the agreement is in the packet.

Upon a motion by Commissioner McKeown (seconded by Commissioner Smith) the Board of Commissioners approved the Agreement for Services of a Port Consultant - Local Government Services.

G. Dyer Task Order-Phase I Charleston Master Plan

During 2007, the Port contracted with Shoji Planning and the Dyer Partnership to develop a new long range Charleston Marina Complex Master Plan. The finished plan was approved by the Port Commission and this year's budget includes \$200,000 in the Property Reserve Fund for Phase I recommended improvements.

The budget also includes \$43,000 in the Depreciation Fund for paving of Eel Ave and \$15,000 for paving and drainage upgrades behind Seahawk Seafood. For economies of scale and since all three projects included paving, staff combined the three projects into one bid package. Because of the Dyer Partnership involvement in the Charleston Master Plan and their knowledge of other Port property improvements, staff requested they provide engineering services and quality control for the combined bid package. The packet includes the scope of services agreement to authorize the engineering work and a drawing showing where the improvements will be completed. Aaron Simons showed maps of the Charleston Marina area and pointed out what work would be done and where it would be done in relationship to the rest of the Marina Complex. Some of the things this task order would do on Kingfisher is make the area more pedestrian friendly; provide better access for the vehicles and there would be better parking in that area new striping, car stops and some curbing. The bulkhead by North Coast Fisheries is failing so they would remove and fix it and then pave; a loading area would be marked next to F-dock. On Eel Ave. the drainage will be improved and some parking will be added next to Sea Basket Restaurant. Behind Seahawks some drainage will be put in and it tap into the existing outfall line.

Commissioner Hampel asked if the road would be improved at the end of Kingfisher near the Fisherman's Memorial. Aaron said not at this time because by moving the Post Office, the congestion in that area had been removed and it should be OK for now.

The estimates for all three projects are close to a year old and recent estimates indicate that it may be difficult to stay within the construction budget. Once bids are known, staff may return to the Commission for addition project spending authority.

Port Policy 6.3 states that in projects authorized by the Commission, contracts for personal services may be awarded by the Executive Director up to \$25,000. Because we combined the three projects together, the total cost for engineering and quality control is \$47,400.

Upon a motion by Commissioner Smith (second by Commissioner McKeown) the Board of Commissioners approved Dyer Task Order #11 - Phase I Charleston Marina Master Plan and authorization for the Executive Director to sign.

H. Addendum to Sea Basket Lease

Port staff requested and received a \$3,000 grant from Special Districts Association of Oregon to help pay for the installation of surveillance cameras throughout the Charleston facilities. So far, four cameras have been installed - three on the Marina office building - one faces the inner basin parking lot and two are facing B-dock and C-dock. The fourth camera is on the RV Park office facing F-dock. The initial project was expanded to include other areas in the Marina as well as the RV Park and Shipyard. Additionally, a web-cam is being installed so the Port's web page can provide a direct link to the camera showing weather and bar conditions. (Aaron Simons inserted that the camera on the RV Park was moved to an electrical shed on the Ice Dock so there is better vision to monitor F-dock.)

To get full coverage of the outer basin docks, we need direct visual access of the remaining docks. The Sea Basket Restaurant has given the Port permission to install a camera on their facility. The Port will install and maintain the equipment at no cost to the lessee. The lessee has agreed to link the camera to their electrical service.

To do this an addendum to the lease is required and must be approved by the Board of Commissioners.

Upon a motion by Commissioner Scott (second by Commissioner McKeown) the Board of Commissioners approved the addendum to the lease for the Sea Basket Restaurant for the installation of surveillance cameras at no cost to the lessee.

Discussion: Commission McKeown asked why an addendum was needed. Mr. Bishop said any time you change any of the terms or conditions of a lease, an addendum is needed as the lessee signed a lease without those terms and conditions and everything needed to be current and accurate. Commissioner Scott commented that the cameras were the least expensive part of the surveillance set up; he suggested that people to monitor the cameras are what is expensive; he asked how we would be handling that. Aaron said that the cameras would record on the computer for 14 days straight and then it would recycle the tape and start over on another 14 days. The system is capable of handling 16 cameras and we have about six. Mr. Bishop inserted that it was prudent to note that the Port is not monitoring the cameras 7 days a week - 365 days a year. It is more that we will look at them on and off but no one will sit and watch at all times - no one will be totally monitored. He wants everyone to know that this is not real time security and people should not feel that they can be slack in their own security measures. This is a tool to help us if an incident does happen and it is also a deterrent to some of the petty vandalism.

I. Resolution 07/08-5 Oregon Tourism Grant

The Charleston to Bandon Scenic Tour Route is a project imagined and realized by the Bay Area Chamber of Commerce Tourism Committee and its partners. The Oregon Department of Transportation (ODOT) and Coos County has installed signage marking the route from Charleston to

Bandon. A map of the route is included in the Commission packet. The Charleston Merchants Association helped sponsor the signs and installation. The project includes the design, printing and distribution of a brochure with a map of the route which includes photos and highlights of scenic views and tourist stops along the way.

Kathy Wall, the Port's Management Analyst, serves on the Chamber's Tourism Committee and she offered to sponsor an application to the Oregon Tourism Commission as the project fits those guidelines. The primary goal of the project is to make the new route well known and to increase the volume of traffic using the route as well as creating increased visitor interest in the region. Ongoing reprints, maintenance and website updates of the brochure will be provided through a partnership of local businesses. Community presentations and publicity will provide additional exposure.

The partnership, led by the Bay Area Chamber of Commerce Tourism Committee, includes the Coos Bay-North Bend Tourism & Promotions Committee, the Charleston Merchants Association, ODOT, Coos County and the Port.

The total cost for the project is \$4,310. Along with a grant of \$2,300, matching funds are being provided by the following:

1. \$400 - Port
2. \$400 - Charleston Merchants Association
3. \$300 - CB/NB Promotions Committee
4. \$400 - Friends of Shore Acres
5. In Kind match is provided by the Port, Marty Giles, Ned Reed and RC Hall Photography.

A resolution is required to authorize the execution of the grant documents agreement.

Upon a motion by Commissioner Smith (second by Commissioner Scott) the Board of Commissioners approved Resolution FY07/08-5 authorizing the application to and identifying the Executive Director as the authorized official to act in connection with the Oregon Tourism Commission for a grant in the amount of \$2,300.

**OREGON INTERNATIONAL PORT OF COOS BAY
RESOLUTION NO. 07/08 - 5**

RESOLUTION AUTHORIZING THE APPLICATION TO AND IDENTIFYING THE EXECUTIVE DIRECTOR AS THE AUTHORIZED OFFICIAL TO ACT IN CONNECTION WITH THE OREGON TOURISM COMMISSION FOR A GRANT IN THE AMOUNT OF \$2,300.

BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE OREGON INTERNATIONAL PORT OF COOS BAY AS FOLLOWS:

The Oregon International Port of Coos Bay, as a member of and in partnership with the Bay Area Chamber of Commerce Tourism Committee and its partners, helped develop the "Charleston to Bandon Scenic Tour Route." The Oregon Department of Transportation and Coos County have installed signage marking the route from Charleston to Bandon and the Charleston community,

through the Charleston Merchants Association, has helped pay for the signs and installation. This grant award is for the design, printing and distribution of a brochure with a map of the route along with photos and highlights of scenic views and tourist stops along the way.

The budget for this project is \$4,610 with the Oregon Tourism Commission grant in the amount of \$2,300 and matching funds coming from Charleston Merchants Association (\$400), CB/NB Tourism & Promotions Committee (\$300), and Friends of Shore Acres (\$400) and with in-kind contributions from Marty Giles (\$200), Ned Reed (\$200) and RC Hall Photography (\$300). The Port is providing both cash (\$400) and in-kind (\$110) funding. Required Port of Coos Bay funds are available in the Port's General Fund.

Approved and adopted by the Board of Commissioners at its regular meeting on December ____, 2007.

David Kronsteiner, President

Daniel Smith, Secretary

J. Resolution 07/08-6 PERS Rate Pooling

Oregon Public Employee's Retirement System (PERS) has provided its public employees with a retirement plan since 1945. The funding comes from three sources:

- Member Contributions
- Employer Contributions
- Investment earning on those contributions

The PERS Board administers PERS and acts as trustee for the fund. The Board sets employer contribution rates and allocates annual earnings to employer and member accounts and to the reserves. Based on the result of two lawsuits and 2003 PERS reform Legislative action, several amendments to the statutes governing PERS significantly altered the structure of PERS and the manner in which the PERS Board administered the fund. Through this transition, the employer rates were increased substantially. In the past with Tier 1 and Tier 2 there were two parallel funds. Tier 3 resulted in the employer's fund and a new employee fund - Oregon Public Service Retirement Plan (OPSERP). At the same time the PERS Board created a State and Local Government Rate Pool (SLGRP) to increase agency rate stability and avoid actuarially determined rate surprises. The pool was designed to lower the risk of increased employer rates for Tier 1 and Tier 2 due to actuarial events including disability, death and lowered payroll.

The first deadline for joining the pool was December 31, 2005. The Port chose not to participate at that time because of the newness of the program and the fact that we are a very small agency compared to others. The Port's unfunded actuarial liability has never had a negative balance. We felt the Port might be impacted by higher rates based on the settlement agreements. The 2001 Oregon legislature chose to extend the opportunity for local governments to pool their rates with those of the state. More than half of the local governments joined the new pool during the first deadline. Now two years later, there is again an opportunity to join. The deadline is December 31, 2007 for the calendar year 2008.

Special Districts recommends joining the fund because of demonstrated stability of pooled rates. Pooling allows separate PERS employers to be part of one group for the purpose of determining employer pension costs and contribution rates. Pool participants share pension assets and future pension liabilities and surpluses. Joining the pool provides rate stability by spreading the costs of unexpected events. Employer rates can fluctuate significantly between valuations, while the rates of pooled employers tend to remain more stable. However, the risk is still there and investment earning, legislation, and legal rulings will affect all employer rates whether pool or non-pooled.

The Port's employer rates increased from 6% to 12.77% in FY03/04 for two years then increased again in FY05/06 to 16.61% for two years. FY07/08 reflects a small reduction to 15.11%. These rates are the combination of Tier 1 and 2 and the new OPSRP rates. There were fiscal impacts of \$47,000 increasing to \$100,000 each year based on the rates and increased value of wages. The reduction costs for FY07/08 calculates to just under \$5,000. By joining the pool, the Port would see a fiscal reduction estimated at \$50,000. For the Port, the employer rate will be substantially reduced. Because the Port's unfunded actuarial liability is funded at nearly 97%, we would receive a substantial reduction in our rates. It is staff's recommendation to join the pool at this time. A resolution is required and must be dated prior to January 1, 2008.

Upon a motion by Commissioner Scott (second by Commissioner Smith) the Board of Commissioners approved Resolution FY07/08-6 electing applications for entry to the Oregon Public Employees Retirement System - State and Local Government Rate Pool.

**OREGON INTERNATIONAL PORT OF COOS BAY
RESOLUTION NO. 07/08 - 6**

**RESOLUTION ELECTION APPLICATION FOR ENTRY TO THE OREGON PUBLIC
EMPLOYEES RETIREMENT SYSTEM
STATE & LOCAL GOVERNMENT POOL**

WHEREAS the 2001 Oregon Legislative Assembly amended ORS 238.225 to allow Oregon Local Government PERS employers to pool their pension costs with the state of Oregon; and

WHEREAS the Board of Trustees of the Public Employees Retirement System as adopted Oregon Administrative Rule 459-009-0070, which allows formation of a State & Local Government Rate Pool; and

WHEREAS participation in the State & Local Government Rate Pool has been determined by this body to be a prudent action;

IT IS HEREBY RESOLVED that the Oregon International Port of Coos Bay and Oregon PERS employer number #02513, has by majority vote elected to apply for acceptance into the State & Local Government Rate Pool.

Approved and adopted by the Board of Commissioners at its regular meeting on December 20, 2007.

David Kronsteiner, President

Daniel Smith, Secretary

K. New Commission Chambers Audio-Video Contract

The Board of Commissioners approved the lease amendment with the Hub Partnership at their October 18th Regular Meeting. Construction on the remodel has begun and the next step is the addition of the audio and video component. Port staff received quotes on the equipment and installation costs. The new chambers will include the media equipment with the ability to video tape any meeting and then provide a video broadcast on the Port's webpage. Channel 14 will be able to control the equipment and walk away from a meeting with a completed recorded copy. The equipment includes audio and video, screen, projector, equipment rack and the media recording components. The following are the quotes received for the equipment and installation:

- | | |
|---------------------------------------|----------------|
| 1. High Performance AV, Roseburg | \$32,188.00 |
| 2. Muzak Systems, Nevada (Audio only) | \$29,789.80 |
| 3. Channel 14 - new mobile unit | \$33,000.00 |
| 4. Southbound Sound, North Bend | non-responsive |

Staff's recommendation to use High Performance AV quote is partially based on the customer references received from Douglas County and the Mill Casino. They also provided a full-system proposal with on-site training and on-going support.

With the Port's increased activities and the ability to put meetings on our webpage for client and customer viewing, it is important to have an AV system that supports our communications and marketing goals.

There are sufficient funds in the Special Projects fund to pay for this piece of the upgrade.

Upon a motion by Commissioner Scott (second by Commissioner Smith, the Board of Commissioners approved the audio/video equipment and installation contract for the new Commission Chambers in the Hub Building. **Commissioner Hampel voted against the proposal and Commissioners Smith, Scott, McKeown and Kronsteiner voted for the proposal.

Discussion: Jeff Bishop added that this system was not restricted to this building and if in the future we moved somewhere else, the system could be taken with us. Mr. Bishop said that we still needed case goods for the counters in the new space and we are talking to one of our tenants in the Business Center who does that kind of work. At this time we will use the old chairs from the present conference room; however, we will need a table for the executive session conference room.

Commissioner McKeown asked why the Muzak bid was for the Audio only. Did they not understand? Mr. Bishop said that he did not know but that Donna had talked to them quite a bit so they should have understood what we were looking for.

Commissioner Hampel said that usually he is in agreement with his fellow Commissioners but in this instance he is not. He still thinks it is an expensive waste of money to put money into someone else's building. The Port should build and have its own building.

Commissioner McKeown said that for her it was a timing issue. She agrees that the Port should have its own building but not now – maybe 5 years down the road.

Commissioner Hampel said that he has been hearing that for a long time. When is the right time? He would like to see the Port put more effort into finding the time.

Commissioner Kronsteiner suggested that maybe the time was right when we definitely had a project going on the North Spit.

Commissioner Scott said that owning does not come without cost. He thinks we are doing the right thing in waiting.

Mr. Bishop said that he was not a fan of leasing but didn't feel the time was right. He said that if he was here in 5 years (and he hoped he was) the Commissioners would definitely be seeing a proposal of a new Port building from him.

7. **OTHER:** None

8. **INFORMATION ITEMS:**

- A. Business Center Newsletter – Nov 2007 and December 2007
- B. Pacific Fishery Management Council
- C. Charleston Advisory Committee Minutes: November 9, 2007

9. **COMMISSION COMMENTS:**

Commissioner McKeown said she would like to address Mr. Buchanan's comments and have staff look into it.

Commissioner Scott said he would like to know about these other ports that are more flexible than the Port of Coos Bay is.

Mr. Bishop said that we have several Charleston related issues in the first quarter of next year to deal with and he is thinking of having some work sessions so everyone can better understand all the issues.

10. **NEXT MEETING DATE** –Thursday, January 17, 2008

11. **ADJOURN:** The meeting was adjourned at 8:35 p.m.