

OREGON INTERNATIONAL PORT OF COOS BAY
Coos Bay, Oregon
REGULAR COMMISSION MEETING
Thursday, January 26, 2006
7:00 p.m.
Coos Bay City Hall

Minutes of the Regular Commission Meeting of the Board of Commissioners of the Oregon International Port of Coos Bay, held Thursday, January 26, 2006 at 7:02 in the City of Coos Bay's Council Chambers, located at 500 Central Avenue, Coos Bay OR 97420

ATTENDANCE:

Commission: David (Dave) Kronsteiner, President; Dan Smith, Secretary; Brady Scott, Treasurer; and Jerry Hampel, Commissioner; Absent, Caddy McKeown

Staff: Jeff Bishop, Executive Director; Mike Gaul, Deputy Executive Director, Martin Callery, Director of Communications and Freight Mobility; Donna Nichols, Finance Manager; Bob Thomas, Port Counsel; Don Yost, Harbormaster and Andrea Wall, Administrative Assistant

Media and Guests: Elise Hammer, The World; Gordon Young, Channel 14; Ken Messerle, Coast Consulting and Services, LLC; Eric Clough, Cape Arago Audubon Society; Russ Namitz, Cape Arago Audubon Society; Tim Rodenkirk, Cape Arago Audubon Society; Tom Scheideman, Weyerhaeuser; Jeff Hill, Sause Bros.; Dan Serres, Program Coordinator of Friends of Living Oregon Waters (FLOW); Bob Romanko; and Jack GB Christine

3. PUBLIC COMMENTS:

Tim Rodenkirk is a bird watcher with the Cape Arago Audubon Society. He shared comments regarding the settling pond on the North Spit, which is part of the Weyerhaeuser property acquisition. This is a fresh water pond which is very attractive to shore birds and duck species in Coos County. Bird watchers from all over the USA and even the world come here to view the 5,000 to 10,000 species of birds. The Audubon Society is concerned about industrial development in that area and would suggest the use of the pond as a mitigation site. They say grant money may be available to do this. The Audubon Society feels the site is economically a gold mine of tourism.

Bob Romanko is a Charleston area resident. He had comments to share regarding the Coast Guard decommissioning the Cape Arago lighthouse. He said that when he contacted the Coast Guard he was told that no one from the maritime industry, including the Port had contacted them about this. Bob is asking the Port Commission to take a stand against decommissioning the lighthouse. He said it is not just a case of turning out the light; the lighthouse is going to be dismantled. The Coast Guard will take all the equipment and board up the building. If we are trying to market the port and the light is the entrance to the port, the first thing you will see is an abandoned lighthouse; that doesn't look good. The U.S. Weather Station out there would also have to be abandoned. Bob feels it is a safety issue at the entrance to the port. The lighthouse is important historically and for tourism. There was little

notice or public comment; it was just shut off. Bob would like to see the Port urge the Coast Guard to keep this light in operation.

Daniel Seeres represents Friends of Living Oregon Waters (FLOW). They are interested in the proposed LNG facility and the Weyerhaeuser property purchase. Dan distributed a written statement to all the Commissioners. It is included in the packet; a CD with some written reports was also included. Dan does not want the Port to depend on FERC to do the study of the LNG situation. He feels FERC will readily move forward on controversial projects that others don't like. He is urging the Port to do its own study and make its own opinion. He would also like to have a detailed discussion on public safety issues and security issues of the Jordan Cove LNG proposal. He feels that the whole project will require a second pipeline for natural gas which is not good in his opinion. Dan would also like the Port to put on their web site all the environmental issues they have on the Weyerhaeuser property. He would like the Port to be very clear about what is there - what chemicals; what clean up may be necessary and whose liability it is.

4. CONSENT ITEMS:

Upon a motion by Commissioner Scott (second - Commissioner Smith) the Board approved the December 15, 2005 Regular Commission Meeting Minutes; the December/January Invoices Totaling \$610,068.92; and the ratification of Executive Director's authorization to sell surplus property.

5. MANAGEMENT REPORTS:

A. Executive Director

At the last meeting, the Executive Director introduced an issue that the Commissioners have been asked to take a position on by the Oregon Department of Transportation (ODOT). It is the design standard for new bridge over the Isthmus Slough. Through a number of public openhouses, the State arrived at three design standards. The question the Port is being asked to address is would the Port consent to a 65' bridge rather than 100'. The Coast Guard considers Isthmus Slough navigable water, part of the navigation system in the bay and they have a responsibility to maintain safety aspects of that navigable water. There are users on the south side of bridge that need 100' of clearance to continue their operations in maritime commerce. The Federal Highway Administration has instructed ODOT to receive authorization from the Port. The Coast Guard won't take a position without the Port. Option A is the 100' high bridge instead of the draw bridge. The new bridge would not open but there would be improved traffic flow; there are two lights necessary and the potential for a third one depending on what the studies show as far as traffic in and out of the industrial area. Option B is the 65' high bridge. The scope and impact to the area is less, however, people to the south say it is not adequate. Option C is the 100' high bridge with a cloverleaf ramp and gives access to maritime commerce. The cost comparison is \$52 million for the 65' versus \$63 million for the 100' bridge, an \$11 million difference.

There are two customers who have active barge traffic on the slough, Knutson Logging and Coastal Fibre. Knutson logs are stacked and then a crane is attached on top. They need the 100' clearance. Coastal Fibre really doesn't need it; however, there are other companies on the slough that may need it on a sporadic basis.

Discussion: We already have problems with the existing bridges in the upper bay. Why create more problems by a shorter bridge? ODOT did say that the less expensive option had a better chance of being funded and funded sooner. From the Port's position, we should protect the commerce opportunity on Isthmus Slough.

Upon a motion by Commissioner Scott (second by Commissioner Hampel) the Board of Commissioners approved the Port's position that the Isthmus Slough should be preserved for maritime commerce purposes and to that end we believe a 100' high span is appropriate.

B. Deputy Executive Director

Due to some inclement weather over the last few weeks, there was progress delay on the launch ramp project. Port staff has requested an in-water work extension for this project for 30 days to March 17, 2006. We are pursuing this extension so we can complete this project this year.

The Deputy Executive Director attended the Oregon Coastal Zone Management Association (OCZMA) meeting January 12th & 13th in Salem. They were joined by Secretary of State, Bill Bradbury to participate in a good discussion on the Governor's proposed Oregon Coast National Marine Sanctuary. This association is made up of representatives from counties, cities, ports and conservation districts on the south coast of Oregon. A comment was made by Onno Husing, OCZMA's Executive Director, when they were talking about transportation plans. Onno said anytime he needs to know something or needs recommendations on transportation issues in the southern Oregon coast, he turns to Martin Callery at the Port of Coos Bay. That was a very nice comment and a very true comment to be made in front of all those people at the meeting.

Mike attended the Ports meeting between the Oregon ports and the Oregon Economic Development Department in Salem on January 17th. He presented a plaque to Oregon Economic Community Development Department for their participation in the North Spit Rail Spur Project, with special recognition going to employees Chris Claflin and Becky Bryant.

The Deputy Executive Director also recognizes Port Maintenance Forman, Aaron Simons who assisted a Coos County Deputy Sheriff in pursuit, apprehension and arrest of a rape suspect on December 29th inside Charleston Marina Complex.

C. Director of Communications and Freight Mobility

Martin Callery said he had a very productive trip in Asia. He had the opportunity to spend quite a bit of time with Mr. Ogawa who is the Japanese representative for State of Oregon. They spent time discussing Project TK, and some of the very specific issues we are still working on here. Martin was able to take him some site drawings and talk about some of the things that are pertinent to that siting. Mr. Ogawa had a lot of questions about what was happening here and they had a very good dialogue.

Next day Martin toured one of five LNG terminals around Tokyo harbor, Ohgishima LNG terminal built late 1990s. This terminal is very similar as far as the technology to what is being proposed for

Jordan Cove. The biggest difference is that Jordan Cove's tanks are above ground and bermed and the Japanese tanks are all under berms, underground. The tanks are in an urban area; the industrial zone is in an urban area, right across the waterway from Yokohama City. All the gas used in the particular region of Japan comes into Tokyo through one of the five LNG terminals. There is a very interesting center there where they demonstrate the properties of LNG and show its flammability, its lack of volatility as far as explosive features. They were very open and welcoming and it was a good opportunity to understand more about the project.

In the afternoon Martin met with NYK Steamship Line. He met with two senior managers in vessel operations both in break bulk and auto carrier division. They were very open about their plans and what they see as commodity movement out of the harbors throughout Asia that they serve. They discussed some of the challenges and changes we would have to make here, such as the width of the channel. They won't bring one of their vessels into a channel that is less than 100 meters and we are a little less than that. For the car carriers, they don't have a problem with our draft but with the length of the vessels would be affected by some of the turns in the lower bay. With containers, they look for ports that have access to at least two class one railroads, even through a link such as CORP. If you have containers, you need a distribution site of some type, either here or possibly on the I-5 corridor.

In Shanghai he met with Sinotrans, who used to be one of the largest steamship lines. Now they are more of a logistic company and they contract for those services. Martin had the opportunity to spend several hours with the head of the New York and New Jersey Port. Martin asked her what she saw as the challenges between the East Coast ports versus West Coast ports. He heard some of the same things; congestion on West Coast ports and what the East Coast ports are trying to do is get together alliances and attract more total ocean service; through the Panama Canal or Suez Canal and take business from West Coast. They are not necessarily competing with individual ports; they are just looking at the flow of trade to see how they can better move commodity for their clients into or out of the market and whether it will be an all water route or not.

Martin then visited the China Shipping Group, which is the second largest steamship line in China and met with four of their managers. He heard many of the same things; congestion, rail access, congestion on the rail lines; they are worrying about getting their commodities out of China but also getting raw materials into China. They also talked some about labor relations.

Later Martin visited with Shanghai Automotive Import/Export Corporation; a joint venture between the Chinese private sector and General Motors and Volkswagen. With China's growing industrial base, Martin asked what was happening with their export plan. The district manager said that they want to get into the export market, but they are going to focus, in the current 5 year plan, on some of the Asian markets, Malaysia, Indonesia, the Middle East and then Africa. At some point they will have a good enough quality product to compete with some of the other manufacturers in Asia. Then they will come to the North American market.

Kevin Murphy, Martin Callery and Jeff Bishop are working on a bulk commodity that could move from the Pacific Rim to Oregon for a specific project.

Since Martin has been back he has been very involved with the Oregon Trade Advisory Committee. Currently, they are looking at the multi-year 2008-2011 State Transportation Improvement Plan. All the regions of ODOT will be providing their lists of projects and the Port will be looking at it from freight mobility standpoint and prioritizing the entire list for the State. Recommendations will be passed on to the Oregon Transportation Commission. When the State Transportation Improvement Program process is done, the same will be done with the ConnectOregon Projects. Some of those are: Non Federal Cost Share for the Rail Bridge Phase II; the Rehabilitation of the North Spit Barge Slip for Southport Forest Products; system improvement of the Coos Bay Branch Line of the CORP. Martin is working with HDR Engineering out of Portland on the latter. They are about 90% done and this report will be used for the basis of the application for a ConnectOregon project for Coos Bay Branch Line.

The Southwest Area Commission on Transportation, specifically on the Isthmus Slough Bridge, has been proposed for funding. ODOT broke it into manageable pieces. They set up an engineering design piece at a cost of about \$10 million dollars and we will be competing within the Southwest Area Region, Coos, Curry Douglas, Jackson and Josephine counties, for whatever money is included for modernization and bridges.

Martin was asked to come up with a suitable memorial for the Kingfisher Road improvement and the Clam Bed Board Walk. He is working with Don Yost to come up with an appropriate location for a nice bench that can be engraved. They hope to have the bench ordered and have some kind of ceremony probably in March.

Don Yost and Martin will be marketing Charleston; they are doing three sportsmen shows; in Eugene, Roseburg and Medford, and then the Crab feed in Charleston.

The Executive Director inserted that Martin's trip to Asia was part of the sponsored exchange program with the Indonesian Government by the International City/County Management Association (ICMA) and his primary trip expenses were born by a grant from the US Government to the ICMA. The Port took advantage of the fact that he was over there and extended his travels a bit to make a couple of sales calls. It was a very cost effective opportunity.

D. Harbormaster

The Marina Launch Ramp Project is moving along very well. They have finished setting the concrete planks; they are currently putting riff-rap around the base of the ramp. They have lost some time due to weather and a couple of pilings, which had to be removed.

On page 21 in packet is the Draft Parking policy. The authority to enforce parking has been in place for a couple of years. The actual rules were missing and they are now designed. There is a little work to do, such as develop some signage and design some long term passes. Then they will post the areas and start some education. Parking will be monitored and individual vehicles will have passes posted.

E. Finance Manager

The Finance Manager has been working on the financial management of the Rail Spur Project; the Launch Ramp Project and the Transpacific Parkway. She received a lot of money in January for the Rail Spur project. The other project she has been working on is the transition from the traditional Health Plan to the High Deductible Health Insurance.

6. ACTION ITEMS/REPORTS:

A. Intergovernmental Agreement between the Coos County Urban Renewal Agency – North Bay District (CCURA) and the Port of Coos Bay

The staff would like to pull this action item as we have not received the State's attorney general's written comments yet and there may be some changes. However, here is some background, so you are aware of what it is and what the purpose is. The Port has been in negotiations with Weyerhaeuser for almost 1300 acres of land on the North Spit. In Phase I the Port intends to borrow \$15 million dollars from the State of Oregon and \$10 million dollars from Umpqua Bank. Weyerhaeuser will have use of the funds for not less than one year. The Port will pay for the interest of these loans from a series of option payments from Jordan Cove Energy Partners (JCEP). JCEP has the option to purchase 200 acres for the construction of a LNG terminal. JCEP will guarantee its lease/purchase with a letter of credit and Weyerhaeuser, during the two year contingency/due diligence period will issue a Deed of Trust on the property. The State's loan will bridge the acquisition from Phase I to Phase II. During the option period, the payment comes from JCEP. In the Phase II it would come from the tax increment paid by the new terminal. The intergovernmental agreement pledges the tax increment created in Phase II from the CCURA to the Port. This serves as security for the State for the bridge loan. Part of the requirement requires that there is a security instrument, a letter of credit between JCEP and the Port or the State or CCURA, as it is determined in negotiations. The CCURA has no obligations to disperse any funds unless the tax increment is large enough to cover the debt service.

We are going to postpone authorization until the February meeting.

B. Executive Director Evaluation/Review of Criteria

Port policy states that the Commission will perform an annual performance evaluation on the Executive Director. The criteria for the previous General Manager was adopted by the previous Board of Commissioners at the September 5, 2001 Commission Meeting. The evaluation form needs to be updated and approved by the Board. An updated form as well as the Port's current strategic plan is included in the packet.

In discussion, the Commission asked that the rating numbers be reversed. Five should be an excellent rating and 1 would be a poor rating. Bob Thomas said that any changes on the criteria needed to be open for public comment. President Kronsteiner opened it for public comment. Hearing none a motion was entertained.

Upon a motion by Commissioner Smith (second by Commissioner Scott), the Board of Commissioners approved the Executive Director Evaluation/Review of Criteria with corrections as stated above.

C. Resolution 05/06-5 Authorizing Executive Director to Apply to the State of Oregon for a

Port Planning & Marketing Grant on Behalf of Project TK

In April, 2005, the Port, in support of Oregon Economic and Community Development Department's (OECDD) recruitment of Project TK to the North Spit, retained CH2M Hill to provide engineering support for key infrastructure. The project was partially completed with support of a Port's Planning and Marketing Grant.

Staff would like to develop an energy proposal for Project TK. It will require a second request for Port Planning and Marketing funds from the state. The budget for this project is \$32,000. At the request of the State of Oregon, the Port is submitting a request to the OECDD Port Planning and Marketing program for a grant in the amount of \$25,000. The other \$7,000 will be provided by the Port. Matching funds required are available in the Port's General Fund.

On a motion by Commission Scott (second by Commissioner Smith) the Board of Commissioners approved Resolution 05/06-5 Authorizing Executive Director to Apply to the State of Oregon for a Port Planning and Marketing Grant on Behalf of Project TK.

**OREGON INTERNATIONAL PORT OF COOS BAY
RESOLUTION NO. 2005/06 - 5**

RESOLUTION AUTHORIZING EXECUTIVE DIRECTOR TO APPLY TO THE OREGON ECONOMIC AND COMMUNITY DEVELOPMENT DEPARTMENT FOR A PORT PLANNING AND MARKETING FUND GRANT IN AN AMOUNT NOT TO EXCEED \$25,000.

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, in support of the Oregon Economic and Community Development Department's recruitment of Project TK to the North Spit, retained CH2M Hill to provide engineering support to research and determine the availability of key infrastructure needed. In addition, the Port now needs to develop an energy proposal for Project TK.

The budget for this project is \$32,000 with \$25,000 being funded from the Oregon Economic and Community Development Department's Port Planning and Marketing Grant, and the Port providing \$7,000. The Port funds required are available in the Port's General Fund.

Approved and adopted by the Board of Commissioners at its regular meeting on January 26, 2005.

David Kronsteiner, President

Daniel Smith, Treasurer

D. Giddings Boat Works, Inc. Lease Agreement

Giddings Boat Works, Inc. has been the anchor tenant at the Charleston Shipyard since before the Port purchased the property in 1987. Their current lease expires January 31, 2006 with no remaining renewal options. The proposed new lease is for a term of one year, beginning February 1, 2006 and includes an option for four additional one year renewals. The lease document combines two leased buildings; establishes the base rent for each and includes annual Consumer Price Index adjustment. It is a triple net lease.

Discussion: The owner is close to retirement and that is the reason for the short lease term increments.

Upon a motion by Commissioner Hampel (second by Commissioner Scott) the Board of Commissioners approved the motion to renew the Giddings Boat Works, Inc. Lease Agreement.

E. Resolution 05-/06-6 Charleston Marina Complex Business License

The Board of Commissioners approved the Marina Operational Policies, Ordinance 143 as Chapter 11 in the Port's Policy Handbook, at the April 21, 2006 Regular Commission Meeting. The policy states: "The Port's Commission, by resolution, may adopt and amend a schedule of rules, regulations, rates and fees for the licensing and operation of private commercial businesses at the Charleston Marina. Such rules, regulations, rates and fees shall have the same force and effect as the provisions of the Ordinance. The regulations may provide for licenses to be issued or denied on the basis of whether the goods or services are necessary or convenient in the operation of the Marina." The resolution also includes the setting of rates and fees for the license.

Upon a motion by Commissioner Scott (second by Commissioner Smith) the Board of Commissioners approved the motion for Resolution 05/06-6 Charleston Marina Complex Business License.

OREGON INTERNATIONAL PORT OF COOS BAY RESOLUTION FY05/06 - 6

RESOLUTION ESTABLISHING RULES, REGULATIONS, RATES AND FEES FOR CONDUCTING PRIVATE COMMERCIAL BUSINESS ON CHARLESTON MARINA COMPLEX PROPERTIES

BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE OREGON INTERNATIONAL PORT OF COOS BAY THAT THE FOLLOWING RULES, REGULATIONS, RATES AND FEES ARE ADOPTED AS AUTHORIZED BY SECTION 2.5 OF ORDINANCE NO. 143 OF THE PORT:

(1) Requirement of Lease or License: No person, firm or corporation shall conduct a private commercial business at the Charleston Marina Complex without first obtaining from the Port either a lease which authorizes the conduct of a specific type of business on leased premises or a license to operate such business in the Charleston Marina Complex.

(2) Definition: The conduct of a "private commercial business" includes the offering, soliciting or

selling of goods or services, but does not include wholesale supplies of goods or services to tenants or licensees at the Charleston Marina Complex which are necessary for the operation of authorized businesses of such tenants or licensees.

(3) License Application: Applicants for a license shall file with the Deputy Executive Director, or such other official as may be designated by the Executive Director of the Port, a statement containing the names and addresses of the owners and operators of the business, the type of business to be conducted, a federal ID number or social security number, the location or locations proposed to be used for conducting the business, the period of time during which the license is requested and a listing of the utility or other services that may be required for the operation of the business at the Charleston Marina Complex, including any disposal of waste materials. The application must contain information concerning any permits, licenses, or other authority to operate such business as may be required by federal, state or local governmental entity having jurisdiction over such business. The application shall also state facts and circumstances relevant to the issue of whether the business is necessary or convenient for the operation of the Charleston Marina Complex.

(4) Issuance or Denial of License: After the filing of the application, the Port official designated to receive such statement shall review it for compliance with this regulation and determine whether the applicant has demonstrated that the proposed business is reasonably necessary or convenient in the operation of the Charleston Marina Complex, and whether the operations of the business will be hazardous or injurious to the public or to tenants or other licensees.

If it is determined, on the basis of the standards contained in the regulations, that a license may be issued, then the applicant will receive notice of such determination and, upon payment of the fees or rates provided herein and furnishing evidence of the required insurances and other documents required in the regulation, such officer may issue the license which will be effective for a period of one year, or such shorter period as may be stated in the license, or until such license is revoked.

(5) Rates and Fees: The following rates and fees shall be charged to applicants for the license and such amounts shall be collected before licenses are issued.

- (a) Charter Operators.....\$100 per month
- (b) General Services.....\$100 per month
- (c) Food Venders (self contained).....\$100 annual
- (d) Fuel Delivery.....\$100 annual and \$.01 per gallon

Rates and fees may be waived for those independent contractors working in the Charleston Marina Complex providing their services are not available at the Charleston Marina Complex and provided they meet all other requirements of this regulation and have an established business in the area.

(6) Insurance and Indemnity: All licensees authorized to conduct private commercial businesses at the Charleston Marina Complex will be required to supply evidence of public liability insurance in amounts not less than those required by the Oregon Public Tort Claims Act, and they shall execute, as part of their license application, an agreement to indemnify, defend, and hold the Port harmless from

dangers, claims, liabilities, and actions resulting from the conduct or conditions caused or permitted by the licensee at the Charleston Marina Complex. The provisions of this subsection are intended to protect the Port and not third parties. In addition, the licensee's responsibilities include the obligation to clean and restore the premises or adjacent property if any toxic or hazardous substance is found to have been placed or deposited on, or originated from the premises during the licensee's occupancy.

(7) Rules: Holders of private commercial business licenses will be subject to the following rules:

- (a) Business must be mobile, no permanent structure.
- (b) License is based on a calendar year (January 1 to December 31).
- (c) Area must be maintained in a neat and orderly manner at all times.
- (d) Licensee must obey all other rules and regulations governing the Charleston Marina Complex.
- (e) Applicant must be current in all other Port accounts.

(8) Any license issued under the terms of this regulation may be revoked by the Executive Director of the Port for violation of, or failure to comply with the terms of this regulation or any other policy, ordinance or regulation of the Charleston Marina Complex or a loss of any qualification for a license.

Approved and adopted by the Board of Commissioners this 26th day January 2006.

David Kronsteiner, President

Dan Smith, Secretary

F. North Spit Rail Spur Change Order #3

The North Spit Rail Spur Project is now complete. The original bid was \$4,121,897. At the July Regular Commission Meeting, change order No.1 for \$69,136.96 was approved for a secondary spur to Southport Forest Products property line. At the August Regular Commission meeting, Port Commissioners approved Change Order No.2 for \$179,361.00 which extended the main spur an additional 600 feet. At the October Regular Commission Meeting, it was reported that a final end of project change order would be presented at completion of the project. Change Order No.3 in the amount of \$57,347.56 is being submitted by the project contractor LTM. It is for a number of minor adjustments, most doing with water line relocation and additional grading and paving at the entrance of the BLM boat ramp. There will be some cost sharing with the Water Board, however, the numbers are still being determined. Economic Development Administration has indicated approximately \$53,000 of the \$57,347.56 is eligible for Federal grant cost share formula on this project. Port staff and Stuntzner Engineering have reviewed this request and determined the amount is acceptable. Including Change Order No.3, the total construction costs are \$4,427,742.56. The project engineering construction estimate was \$5,200,000.00 and funds are available in the project.

Upon a motion by Commissioner Hampel (second by Commissioner Scott), the Board of Commissioners approved the North Spit Rail Spur Change Order No. 3.

G. Stuntzner Engineering Request for Additional Compensation

At the August 2004 Regular Commission Meeting, the Board of Commissioners approved the North Spit Rail Spur and Project Management Agreement with Stuntzner Engineering in the amount of \$291,598. The project is complete. There were two major change orders and other minor adjustments which created additional work for Stuntzner Engineering beyond the scope of the original agreement. Stuntzner Engineering is requesting additional compensation for this work in the amount of \$54,136.00. The written request and justification from Stuntzner Engineering is included in your packet. Staff offers the following comments and recommendations.

Stuntzner Engineering employees Ralph Dunham and Russell Cox were exemplary in performance of their duties to bring the project in on time. LTM is also commended for their dedication to the Port's timeline.

The Stuntzner Engineering request is broken down into three issues.

1. Mitigation Scope Change for \$9,860.69
2. Additional Rail Change for \$17,583.00
3. Additional construction services for \$26,693.00

The Port staff supports Stuntzner request for items number two and three, additional rail change and additional construction services. Port staff cannot support the request for item one, mitigation scope change.

It was known that additional mitigation would be needed for .18 acres of wetlands. The US Army Corp of Engineer's permit authorization was received May 26, 2005. Stuntzner was having difficulty receiving Department of State Lands authorization for the mitigation work. It was apparent that a permit was not going to be issued in time to start construction. The Department of State Lands said that Stuntzner personnel were unable to provide accurate information for review of the permit applications. The alternative for beginning construction on time was for the Port to pay in-lieu-of amount of \$9,000 to the Oregon Mitigation Bank Revolving Fund. Staff's perspective is that Stuntzner Engineering should not be rewarded for work they were not able to accomplish which cost the project an extra \$9,000.

Discussion: Ralph Dunham from Stuntzner was offered the opportunity to address the Commission on the request. He thanked the Commission for the opportunity to perform this work for the Port. It was a difficult project because of the timelines and delays beyond anyone's control. They presented a request for additional funds because of scope issues and acceleration issues.

The Executive Director also offered comments regarding the professionalism and performance of Stuntzner in this project. He commended Stuntzner for a job well done.

Commissioner Scott also gave his commendation. He said that he has been involved in projects over the years and bringing one in on time; on budget; and to the standard that people expected was no small feat.

Upon a motion by Commissioner Scott (second by Commissioner Smith) the Board of Commissioners approved additional compensation to Stuntzner Engineering for the North Spit Rail Spur Project in the amount of \$45,136.69.

H. Public Affairs and Communications Consulting Services -Rocky Hill Knowlton,
Portland Office, Contract

During late 2004, Port staff conducted an extensive review of public relations/communication firms in the Northwest. Four firms were interviewed for help with public relations and ongoing communication for Port projects. When Jeff Bishop joined the Port as Executive Director in January 2005, it was decided to delay selection for a consulting firm so he could participate in the process. Following Mr. Bishop's extensive work on the Port's Vision and Goals a second series of interviews with the four firms commenced. It was decided that Rockey Hill & Knowlton had the experience needed. Port staff is already working with Brian Bell, Krista Hildebrand and others at Rockey Hill & Knowlton and they have developed a communications and public outreach plan. Port staff met to review and critique the plan and a series of proposed clarifications and additions was developed. The next step is to implement the plan.

Discussion: The scope of work was on the agenda at a prior meeting in October but it was never actually presented for approval. We need to get official approval in order for this to be a binding contract. The Executive Director said that budget had been developed for \$40-60,000. At that time, the scope of work was too difficult to determine exactly what the costs would be so it was presented in the framework of a range. The strategy is still the same in conjunction with the Port's visions and goal statements, both local and statewide, showing we are part of the State's transportation system and the State needs to realize that there are other Ports than just the Columbia River. We have used Rockey Hill & Knowlton already on other projects outside the original scope because of some opportunities that have come along. They are already proving their value. Port's legal counsel has reviewed this agreement. Port's Counsel also stated the motion should now be to ratify this agreement.

Upon a motion from Commissioner Smith (second by Commissioner Scott), the Board of Commissioners ratified the agreement with Rockey Hill and Knowlton.

7. OTHER:

8. INFORMATION ITEMS:

- A. Port of Ilwaco Letter
- B. Port Manager History

9. COMMISSION COMMENTS:

10. NEXT MEETING DATE: February 16, 2006

11. ADJOURN: 8:30pm

Open Regular session: 9:06 p.m.

Upon a motion by Commissioner Smith (second by Commission Scott) the Board of Commissioners approved a motion to ratify the replacement agreement between the Oregon International Port of Coos Bay and the ILWU Local 12.

Adjourned 9:08