

OREGON INTERNATIONAL PORT OF COOS BAY  
Coos Bay, Oregon  
REGULAR COMMISSION MEETING  
Thursday October 19, 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, October 19, 2006 at 7:00 p.m. in the City of Coos Bay's Council Chambers.

ATTENDANCE:

Commission: David (Dave) Kronsteiner, President; Caddy McKeown, Vice President; Brady Scott, Treasurer and Daniel (Dan) Smith, Secretary; Commissioner Jerry Hampel. Absent: Staff: Jeff Bishop, Executive Director; Mike Gaul, Deputy Executive Director; Martin Callery, Director of Communications and Freight Mobility; Donna Nichols, Director of Finance and Administration; Don Yost, Harbormaster; Kathy Wall, Management Analyst; Bob Thomas, Port Counsel; Holly Tavernier, Webmaster; and Andrea Wall, Executive Assistant. Media and Guests: Elise Hamner, *The World*; Gordon Young, Channel 14; Camby Collier, Michael Armstrong; John Hill; Marvin Caldera; Jesse Lee; Ken Messerle; Helen Franklin; and another unidentified man.

1. CALL TO ORDER:

The meeting was called to order at 7:00 p.m. by President Kronsteiner.

2. INTRODUCTION OF GUESTS:

President Kronsteiner asked that everyone in the audience to identify themselves.

3. CONSENT ITEMS:

Upon a motion by Commissioner McKeown (second by Commissioner Scott) the Board of Commissioners approved the September 21, 2006 Regular Commission Meeting Minutes and the September/October invoices totaling \$ 185,827.55

4. MANAGEMENT REPORTS:

A. Executive Director:

Jeff Bishop told the Commissioners that the staff had a heavy travel schedule in November and they would often be out of the office over the next several weeks. The best way to reach staff would be by cell phone in the month of November.

Mr. Bishop went on with prepared comments on a case study done on the LNG facility at Elba Island GA – in the Savannah River, 8 miles downstream from the city of Savannah. The entire island is owned by El Paso Corp and they began construction of the LNG facility in 1975; actual operations began in 1979. Shipments of LNG ceased in the 1980's and then started again in 2000. The first shipment received resuming operations was the tanker diverted from Boston on 9/11/01. There are 23 private and 2 Port of Savannah terminals 14 miles up the river.

In 2003, construction on an expansion project started called Elba II. An addition of an inside two berth slip moved the LNG tankers so they were not berthed on the river, which was a safety consideration. The pipeline was also expanded. This terminal expansion was completed in February of 2006. Elba III is currently seeking approval from FERC for another LNG expansion. The two-phase expansion will double the current capacity incrementally starting in 2010; two more tanks will be added for a total of six. Again the pipeline will be expanded.

Safety: There is a required 2 mile area around all LNG vessels over 1600 tons in transit (In comparison, the largest vessel in Charleston is 200 tons.) These are big vessels - about twice the size of the Jordan Cove project vessels. All vessels less than 1600 tons shall keep clear of transiting ships by 70 yards. Channel traffic can pass ships at berth even if they are not fully moored. The LNG vessel schedules are not published and there is no land side exclusion zone since the facility is on an island.

There have been no spills, accidents fires, explosions or false alarms. Two ships ran into the river side docks before the slip was built but there were no LNG tankers berthed at the time. In March 2006 a vessel passed a berthed LNG tanker at 14 knots and the wake caused the unloading tanker to surge. All emergency shutdown systems worked as designed. Unloading began again within 13 hours following safety inspections.

In June 2006, in severe weather a sailboat entered the ship berth and dropped anchor for the night leaving before 7 a.m. Security watched the boat on surveillance cameras but it was not illegal for the sailboat to be there based on exclusion zones. Southern chose to suspend the arrival of an LNG tanker until they were sure everything had been checked out.

The Port of Savannah operates Garden City and Ocean terminals which receive the majority of vessel calls by gasoline tankers, container ships and breakbulk ships. The channel is two way with passing points. There are 5,000 vessel movements per year. The Garden City Terminal is the 5<sup>th</sup> largest container terminal in the U.S. It is larger than Oakland, Boston, Seattle and San Diego. Another thing that the Executive Director pointed out was that the Port of Savannah was 245 miles from a major city. They do not have a huge metro area to support them. They rely on intermodal for moving supplies.

The statewide annual economic impact from these terminals is \$35.4 billion in sales; \$10.8 billion in income; \$1.4 billion in state and local taxes; \$3.2 billion in Federal taxes. There is statewide employment of 275,968 generated.

Mr. Bishop showed a map of the Savannah area giving the relationship of Elba Island to the rest of the area with other industry and tourism features. He also talked about the real estate market and how positive it continued to be.

Some of the comments we received on the LNG terminals were:

“If you didn’t know an LNG facility was here, you wouldn’t know an LNG facility was here”

“People feel removed from it”

“The facility and its expansion are not at issue – it is the pipeline routing that causes dissent” (The pipeline problems were solved when El Paso listened to the public’s concerns about the proposed route and adjusted it; the problems went away.)

There is an international airport and an Air Force base in the Savannah area and there has been no restrictions imposed on them.

Often the LNG vessels are the tourist attraction; people just stop to watch them pass.

B. Deputy Executive Director:

Mike Gaul said that the U.S. Fish & Wildlife contributed about \$200,000 to the Charleston Launch Ramp project and recently they came for a surprise inspection. The comments made were that it was nicely maintained; properly signed; pump out units in good working order; looked to be regularly used; and it was a good job well maintained.

In the packet, Mike added an updated timeline and cost schedule for the Transpacific Parkway realignment project. There has been a hold up for Union Pacific new “public Road at Grade Crossing Agreements. Port Counsel reviewed the draft and County Counsel is now reviewing it. Mike is hoping to have the agreements back for approval at the November or December Commission meetings.

ConnectOregon: Barge Slip: Mike wanted to clarify one issue regarding the barge slip. He has heard a number of times recently about the Port’s past wasted investment in the barge slip infrastructure. The barge slip was first constructed as a shallow draft module load out facility for a specific industry. The Port never executed a long term lease for the facility.

The barge slip has provided short term lease opportunities for the Port through the years which created revenue and temporary jobs.

The barge slip was a key infrastructure element in Southport Forest Product’s decision to locate on the North Spit. The decision provided the catalyst for the Port to receive State and Federal funding assistance to build the North Spit rail spur.

Southport and the Port have partnered once again in a successful grant request to ConnectOregon for refurbishment of the barge slip to a full service intermodal barge facility. By early summer, we will see barge loads of logs off load at the barge slip – the logs will be processed through Southport’s mill and the finished product will be shipped by barge and rail to market.

This intermodal infrastructure investment is exactly what ConnectOregon is all about. The barge slip means family wage jobs, both retention and creation; private investment in new infrastructure; revenue; and long term commitment from two local families to the economic stability of the area.

Oregon Gateway project: The U.S. Army Corps of Engineers approved the sampling plan for the marine side improvement to the Oregon Gateway Project and it will commence on Monday. There will be one additional meeting between our consultants and the State and Federal resource agencies prior to a permit submittal. All work should be completed, including permit submittal prior to the end of November.

Mike noted that Tyree Oil is in the process of painting their 6 small tanks on the property along the highway. The Port budgeted in their Depreciation Fund for painting the larger tanks. Tyree is going to turn in a proposal to paint the larger tanks for the Port

Coos Bay School District Radio Tower update: The school is pursuing site number 3 for the radio tower. A letter has been sent to the City authorizing the School District to seek conditional use and variance permit. The City will provide public notice tomorrow. The City and Port staff will also notify those citizens who have expressed interest in the project. The Conditional Use-Variance request will go to the City of Coos Bay Planning Commission at their November 14<sup>th</sup> meeting.

Dredging: The Corps has dredged 6,000 cubic yards from the Charleston channel and 26,000 cubic yards from Jarvis Bend. John Craig says the channel is in great shape.

Mike was reelected to the Board of Directors for the PNWA

C. Director of Communication & Freight Mobility:

Martin said that he is about half ways through the questions and responses for the LNG project. He is working with Rockey Hill & Knowlton on a biennial report which will have messages from Jeff and each of the Commissioners. Martin is also working on letter ad number three which will be on Industrial Development.

Martin has been working quite a bit with the media relations lately, The World, KCBY-TV, and KEZI-TV. He also participated in the Chamber's annual retreat. He is chairman of the Transportation Committee.

Freight mobility: Martin attended the Pacific Northwest Rail Shippers Association conference in Eugene. They talked about intermodal – focused on capacity; Martin talked with the VP at Burlington Northern Santa Fe Railway (BNSF). He continues to participate in Oregon Freight Advisory Committee (OFAC) with projects statewide.

Martin continues to focus primarily on the rail of the Oregon Gateway project; he is working with Don Yost on the 2007 Sportsmen's Shows; Don will be doing the shows by himself this coming year. Martin went with Commissioner Hampel on a tour of the upper bay for the pipeline people. Tomorrow Martin and Jeff and Chris Claflin (OECDD) have a meeting with a cargo corporation in Bandon.

Martin said that the Port sponsored a video tape of the recent forum at the North Bend Community Center for Channel 14 and they will also be sponsoring a video tape on the Tsunami workshop being held this Saturday at the Hales Center for the Performing Arts at Southwestern Oregon Community College.

D. Harbormaster:

Don Yost has nothing more to report.

E. Director of Finance and Administration:

Donna Nichols had nothing more to report.

5. PUBLIC COMMENT

Camby Collier: Camby thanked Jeff for coming to the forum last night. She said that the idea of the forum is to get information on LNG out. She is thinking about going to the County and asking to put a note in their tax mailing so everyone will be notified. She is in favor of a container terminal and doesn't mind the widening of the channel. Her problem is with LNG; it

should be 10 miles out to sea. Her last comment was that she hopes that there is a plan B if LNG does not come here. She hopes the U.S. will give us something to replace the last industry. Thank you to Jeff for the power point.

Michael Armstrong: He has been to many of the forums and has done a lot of research. He thinks false hysteria is being created. Mr. Armstrong feels that with what he has learned a person would be more likely to die in an auto accident or a hurricane than any LNG facility. He is in full support of Jordan Cove. Everyone needs to do their own research.

John Hill: He lives in Barview and is retired from the Navy. He does not think that the Commission and Jeff have been thanked enough for their work. He appreciated the fact that they are staying focused and working through all of this.

Marvin Caldera: He again thanked the Port for all of their hard work – good job. He said at the last meeting he brought four leaders representing their Unions to the meeting. All of them want to put the community back to work and fully support this facility. He says there will be mostly union jobs out there. He disputes Jody's comments that T Dock is rotting and the Barge slip is a waste of money. The barge slip will employ longshoremen. Also, the rail spur was brought to the North Spit which is a good thing. The Port has done a good job.

Jody McCaffree: Thanked Jeff for the forum of last night. She hopes that he will attend again in January as each is a little different. She said that the Barge slip was built many years ago. She is glad to see it is being made functional again. She asked if the expense of fixing the Barge Slip is the Port's responsibility.

Regarding LNG presentation: How far is the LNG terminal from the City of Savannah? What about an earthquake/tsunami zone?

She does not think anyone should take 223 miles of people's property to get jobs. (Pipeline)

6. ACTION ITEMS/REPORTS:

A. Resolution 06/07-4 Signature Authorization for a new Payroll Checking Account at US Bank – North Bend Branch

Each year during the audit process, the Finance Department looks at ways to improve efficiencies. Payroll is the one process that must be accurate and timely and it must produce monthly, quarterly and year end reporting as well. Outsourcing will provide more accurate reporting structure for the auditors. The monthly fee of \$162 will provide the Port with two payrolls per month, and monthly, quarterly and year end reports.

Port staff is working with Automatic Data Processing (ADP) to convert our in-house payroll. ADP has offices in Portland with pilot offices in Eugene. The North Bend Branch of U.S. Bank is a direct vendor for ADP and can provide discounts for services. Initially ADP will process the checks and send them to the Port for signature and distribution; however, the bank also offers direct deposit which has not been an option before.

A resolution is required for signature authorization on the payroll account.

Upon a motion by Commissioner Scott (second by Commissioner Smith) the Board of Commissioners approved Resolution 06/07-4, signature authorization for a new payroll checking account at U.S. Bank.

**OREGON INTERNATIONAL PORT OF COOS BAY  
RESOLUTION 2006-2007 - 4**

**Resolution changing the signature authorization for the Payroll checking account at U.S. Bank, North Bend Branch.**

**WHEREAS** the Oregon International Port of Coos Bay has designated U.S Bank, under the terms and conditions of U.S. Bank, as the bank and depository for the payroll funds of the Port, which may be withdrawn on checks, drafts, receipts or advices of debt given or signed in the Port's name by any one of the following persons on behalf the payroll account:

***Payroll Checking Account***

David Kronsteiner	President
Catherine "Caddy" McKeown	Vice President
Daniel Smith	Secretary
R. Brady Scott	Treasurer
Jerry Hampel	Commissioner
Michael F. Gaul	Deputy Executive Director
Donna Nichols	Director of Finance & Administration

And that said Bank shall be and is authorized to honor and pay the same whether or not they are payable to bearer or to the individual order of any person or persons signing the same.

**THEREFORE BE IT RESOLVED** that the authority given to the above named persons supersedes that portion of Resolution 2003/2004 – 5, dated February 4, 2004.

**APPROVED and ADOPTED** by the Board of Commissioners of the Oregon International Port of Coos Bay this 19<sup>th</sup> day of October, 2006.

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David Kronsteiner, President

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Daniel Smith, Secretary

B. Approval to Amend Current Year Approved Shipyard/Marina Projects in Depreciation Fund

Each year during the budget process, Port staff creates a priority list of project to be funded from the Depreciation Fund. Staff is requesting deferment of the paving project at Point Adams Road budgeted at \$20,000, in exchange for the following two items.

Currently the Port Shipyard staff shares a small office space in an office trailer next to Tarheel Aluminum on Troller Road. The trailer is owned by Tarheel and the Port is not charged for its use. This unit is old and in poor condition and recently Rick Stewart's desk fell through the

floor. Maintenance put a sheet of plywood on the floor for the interim. The office space needs to be replaced as it is a safety item needing immediate attention.

The Port's budget was completed by the time of this incident so the project was not included in the current year's projects. Staff is proposing to purchase a modular shed building to be utilized as the Shipyard office, at an estimated cost of \$ 5,000 with modifications. Utilities will be approximately \$3,000. Total cost will be in the \$8,000 - \$10,000 range. The new unit will be placed and have signage so it is visible to income boat yard traffic.

The second item is the rehabilitation of the B & F building across from Betty Kay Charter. During the budget process, costs and consideration of needed repairs was discussed. Staff decided to wait for the Charleston Master Plan's recommendation before proceeding; however, last winter the roof sustained substantial damage. If repairs are not done before this winter, major water damage to the inside of the structure will occur. The proposal is to install a metal standing seam roof at an estimated cost of \$10,000. The work would be completed by the Port maintenance staff.

Upon a motion by Commissioner McKeown (second by Commissioner Smith) the Board of Commissioners approved the amendments to the Depreciation Fund projects scheduled in the current year to defer the Point Adams Road paving project in the budgeted amount of \$20,000 and replace those funds with the Shipyard office project and the B & F Building roof project for the same budgeted amount.

C. ConnectOregon Inter-Governmental Agreement #23494 Southport Barge Slip – North Spit.

Earlier this year, the Port was successful in being selected for grant funding on two ConnectOregon projects; the Southport Barge Slip rehabilitation and Phase Two of the Railroad Bridge rehabilitation. The total project cost for the Southport Barge slip on the North Spit is estimated at \$646,000 (subject to change) and grant funds are limited to \$506,000 or 80% of total eligible project costs. The other 20% of funds will be covered by Southport.

The State of Oregon sold the first \$25 million in bonds for the ConnectOregon program and the Southport Barge Slip rehab project has been identified by the State as eligible for funding in this first round. The agreement needs official Commission approval and authorization for the Port's Executive Director to execute the document. Robert Thomas, Port Counsel, has reviewed the document. Once the Port and the State have signed the document, grant funding becomes available. The project is ready to start construction.

Upon a motion by Commissioner Smith (second by Commissioner McKeown) the Board of Commissions approved the Inter-Governmental Agreement #23494 for the Southport Barge Slip-North Spit and Authorization for the Executive Director to sign on behalf of the Port.

D. Update on Port's New Website

Holly Tavernier, the Webmaster, walked the Commission through the new website and answered questions. They all complimented her on the "new look". There was no action – this was for information only.

E. Marina Projects Update

Don Yost showed slide show of the work completed along with his update on the D Dock Project and the Guano Rock Avenue Paving Project. The Commission complimented Don on these two projects.

7. OTHER:

8. INFORMATION ITEMS

9. COMMISSION COMMENTS: There were no Commission comments.

10. NEXT MEETING DATE – November 16, 2006

11. ADJOURN: 8:45 p.m.

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

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