



OREGON INTERNATIONAL

Port of Coos Bay

Economic Development

It's about the market.



Business Models

- The fundamentals of business models have changed little over the years.
- Markets change, but the measure of success remains the bottom line.
- No economic developer can make a business profitable.
- A developer can only react to, estimate and project market conditions.

Port as Economic Developer

- The Port focuses on marine and transportation sectors, and the North Spit.
- The South Coast Development Council's primary focus is countywide recruitment.
- The Port's secondary mission focuses on how to make the most of the opportunities presented to us.

What factors make a community desirable to a business?

- A business seeks the ability to make money by lower costs or unique attributes that the market agrees cannot be duplicated elsewhere.
- That is basically it.
- In my observations, the most successful rural communities are successful because they are pragmatic.

Much To Do About Coal

- There are many reports in the media regarding the export of U.S. coal.
- The Port has received a Sierra Club open records request.
- The Port strives for transparency.
- Coal has been identified as a favorable cargo in the Section 203 process, among other cargos.
- The process of designing a Port to handle bulk commodities does not differ much from commodity to commodity.

Much To Do About Coal

- Coos Bay Rail Link has a finite capacity.
- The high number of ship calls precludes the use of the general purpose cargo terminal.
- At present the Port has not entered into any contracts other than non-disclosure agreements with such companies. However, I do know that at some point the opportunity to consider a contract is likely.
- Staff recommendation will be based on the best business model, factoring in employment, investment and versatility for diversity.



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Marine Reserve Process Update

- In 2009, based upon a request from the Ocean Policy Advisory Council (OPAC), the Port agreed to sponsor a stakeholder-driven process to continue the community discussion of whether a Marine Reserve/Marine Protected Area could or should be in the Coos Bay region.
- The Port established a Marine Reserves Recommendation Committee that held its first meeting on May 27, 2009. The process established by the Port called for the Committee to determine whether an area should be proposed, and if it should, where the proposed location should be.

Marine Reserve Process Update

- The process contemplated that the Port Commission would then review the recommendation before deciding whether to: (1) forward the recommendation to OPAC; (2) forward a modified recommendation to OPAC; (3) direct further evaluation and study of one or more proposals; or (4) take other appropriate action.

Marine Reserve Process Update

- The Recommendation Committee comprises 34 voting members representing fishing, recreation, business, conservation, education, government, Tribal and community interests. Through a Committee established proposal process, the Port hired consulting planner Crystal Shoji to serve as a facilitator of the Committee's meetings.

Marine Reserve Process Update

- The Committee met 17 times, between May 27, 2009 and January 19, 2011, and held 3 public town hall meetings to receive public input on four proposals.
- Public input was also accepted in writing and by email with the assistance of staff at the Oregon Department of Fish and Wildlife.

Marine Reserve Process Update

- The four proposals were as follows:
 - Proposal A - Simpson Reef Great Kelp Study Area – Marine Reserve
 - Proposal C – South Cove Study Area – Marine Reserve & Marine Protected Area
 - Proposal G – Gregory Point Study Area – Marine Protected Area
 - Proposal H – No New Marine Reserve/No New Marine Protected Area

Marine Reserve Process Update

- On January 19, 2011, a majority of the Committee decided at the March 16, 2011 meeting to hold a vote on each of the four proposals to determine whether any of the proposals would receive approval from 2/3 of the members.
- Earlier in the process, the Committee had established the 2/3 majority criteria for a “pivotal” vote (defined as a vote of “yes or no and if yes, where”).

Marine Reserve Process Update

- The vote tally for each proposal was as follows:
 - Proposal A (Simpson Reef Great Kelp Study Area Marine Reserve): 7 yes votes, 27 no votes with NO 2/3 majority met.
 - Proposal C (South Cove Study Area Marine Reserve and Marine Protected Area): 10 yes votes, 24 no votes, with NO 2/3 majority met.
 - Proposal G (Gregory Point Study Area Marine Protected Area): 9 yes votes, 25 no votes, with NO 2/3 majority.
 - Proposal H (No New Marine Reserve/No New Marine Protected Area): 23 yes votes, 11 no votes, with 2/3 majority met.

Marine Reserve Process Update

- Following the vote, Port staff requested that the Committee seek two reports, reflecting the majority and the minority opinions of the group with respect to the “No Marine Reserves” proposal. Draft reports have been prepared, but have not yet been vetted or approved by all of the committee members that voted on the proposals.

Marine Reserve Process Update

- The Port's process was stalled for several months by the introduction of House Bill 2009, during the 2011 Oregon Legislative Session. The language of that bill called for the Committee's recommendation to be submitted directly to OPAC, bypassing the Port Commission's review.

Marine Reserve Process Update

- Port staff alerted legislators to the language, and an amendment was proposed to retain the Port Commission's role in the process. Port staff also raised concerns that the Bill failed to adequately address the anticipated socio-economic impacts of Marine Reserves. HB 2009 ultimately failed to move forward.

Marine Reserve Process Update

- With the end of the legislative session, the Port is now able to proceed with its process. Port staff has scheduled meetings over the next few weeks with the draft report authors and other committee members to review the reports. Port staff will offer suggestions on revisions that may be necessary to receive consensus from all of the Committee members that voted on the proposals.

Marine Reserve Process Update

- Port staff will forward the reports to the Port Commission, with a staff report, after the majority and minority reports have been approved and signed by all Committee members who voted for or against the No New Marine Reserve/No New Marine Protected Area proposal.



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Railroad Rehabilitation Update

- Recent contracts awarded by the Port prior to resuming interim service:
 - Rail Flaw Detection: Sperry Rail, Danberry, Connecticut
 - Brush Cutting and Mowing: Reforestation Services, Inc., Salem, OR
 - Vegetation Spraying: Reforestation Services, Salem, OR
 - Phase 3 Tunnel Repairs: LRL Construction, Tillamook, OR
 - Geometry Testing: ENSCO, Gettysburg, Pennsylvania

Railroad Rehabilitation Update

- Pending contracts to be awarded by the Port prior to resuming interim service:
 - Emergency rail rehabilitation
 - Signal repair work
 - Signal testing and reactivation
 - Sand removal
 - Umpqua Bridge – mechanical and electrical
 - Frog and switchpoint welding

Railroad Rehabilitation Update

- Contracts to be awarded by the Port for long-term rehabilitation of the rail line:
 - Supply bids for crosstie and ballast
 - Rehabilitation bids for rail structures, swing span and other bridges, crossing and signal upgrades
 - Vegetation management



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Operation Livesaver

- Port staff Martin Callery and Elise Hamner, along with North Bend resident/volunteer Tom Shine traveled to Klamath Falls in June to participate in Oregon Operation Livesaver's annual training program. All three are now trained to present railroad safety presentations.

Operation Lifesaver Presents

In the Interest of Safety



Our Message is for Everyone



Approximate Stopping Distance

At 55 MPH



200 Ft



230 Ft



300 Ft



600 Ft

>5280 Ft



**LOOK,
LISTEN &
LIVE!®**

RAIL CROSSING
CROSSROAD

Stay Off! Stay Away! Stay Alive! ®





Presentations can be tailored to all ages.
To schedule an Operation Lifesaver safety presentation,
organizations should contact the Port of Coos Bay.





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Port of Coos Bay



Resolution No. 10/11 – 9, Transfer of Material & Services Appropriations to Personal Services in General Fund

Donna Nichols, Chief Financial Officer

July 21, 2011

Resolution No. 10/11 – 9,
Transfer of Material & Services Appropriations
to Personal Services in General Fund

Action Requested of Commission

- Approval of Resolution No. 10/11 – 9.



Resolution No. 10/11 – 9, Transfer of Material & Services Appropriations to Personal Services in General Fund

Background

- The FY 10/11 budget reflects Personal Services in the General Fund by Cost Center as well as Material and Services appropriations by Cost Center. During the year, the Port made some personnel changes and new hires which caused the General Fund's Personal Services category to be over budget.



Resolution No. 10/11 – 9, Transfer of Material & Services Appropriations to Personal Services in General Fund

Background

- The position of Chief Operating Officer was not included in the FY 10/11 budget and was filled in September 2010 which caused the overall Personal Services category to be over expensed by \$70,000 at year-end. There are enough funds in the Material and Services category to amend the budget to increase the Personal Services and reduce the Material and Services categories.



Resolution No. 10/11 – 9, Transfer of Material & Services Appropriations to Personal Services in General Fund

Background

- A Resolution transfer is a way to move appropriations from one existing category to another within the same fund during the fiscal year. Oregon Budget requires the governing body to pass a resolution that states the need for the transfer, the purpose of the expenditure, and the amount to be transferred.



Resolution No. 10/11 – 9, Transfer of Material & Services Appropriations to Personal Services in General Fund

Action Requested of Commission

- Motion to approve Resolution No. 10/11 – 9 authorizing the transfer of \$70,000 from the General Fund's Material and Services category to the General Fund's Personal Services category.





Appointment of Port's Auditor for Year Ending June 30, 2011

Donna Nichols, Chief Financial Officer

July 21, 2011

Appointment of Port's Auditor for Year Ending June 30, 2011

Action requested of the Commission

- Approval and Appointment of Port Auditor for year ending June 30, 2011.



Appointment of Port's Auditor for Year Ending June 30, 2011

Background

- Port staff advertised for auditing services in the local newspaper as well as the Register Guard and on the Port's website. Only one submittal was received. We extended the timeline for response and advertised in the Oregonian as well.



Appointment of Port's Auditor for Year Ending June 30, 2011

Background

- Two submittals were received. Criteria for auditor selection were based on the following:
 - Technical and Qualifications – 60%
 - Price – 40%



Appointment of Port's Auditor for Year Ending June 30, 2011

Background

- The audit firm will work with Port staff as well as Scoville & Rieber PC as consultants to complete the year-end report. Because a lot of the financial statements and other supplementary information will be completed by Port staff and the consultants, the auditing services should cost less. The responses reflect lower overall auditing costs.



Appointment of Port's Auditor for Year Ending June 30, 2011

Background

- Following is a summary of responses and costs to the audit RFP:

	Wall & Wall CPA	Pauly Rogers & Co. PC
– FY10/11	\$29,865	\$24,000 + \$3,000 for single audit
– FY11/12	\$31,885	\$24,800 + \$3,100 for single audit
– FY12/13	\$32,895	\$25,800 + \$3,200 for single audit
– FY13/14	\$33,965	\$26,900 + \$3,300 for single audit



Appointment of Port's Auditor for Year Ending June 30, 2011

Background

- Wall & Wall's quote did not quote separate Single Audit costs; stated audit as all-inclusive fee. All quotes are not-to-exceed.
- It appears Wall & Wall has a staff of 4-5 people; Pauly Rogers & Co. has a staff of 36, plus resources for additional services, and expertise outside traditional audit functions.



Appointment of Port's Auditor for Year Ending June 30, 2011

Background

- Based on the submittals, it appears Pauly Rogers has more overall municipal experience, technical capabilities and additional qualifications and services that they can provide over Wall & Wall.



Appointment of Port's Auditor for Year Ending June 30, 2011

Action requested of the Commission

- Motion to approve appointment of Pauly Rogers & Co. PC for the Port's Auditor for fiscal year ending June 30, 2011 with succeeding year's contingent upon the successful completion of the first year of the contract determined by the Port.





Wooden Railroad Crossties Bid Award

David Koch, Chief Operating Officer

July 21, 2011

Wooden Railroad Crossties Bid Award

Action Requested of Commission

- Commission approval to award wooden railroad crossties bid.



Wooden Railroad Crossties Bid Award

Background

- The Oregon International Port of Coos Bay/Coos Bay Rail Link sought firms to manufacture 72,000 (+/- 25%) treated Coastal Douglas-fir wood railroad ties for the 2011 Track Rehabilitation Project for Lane, Douglas and Coos Counties.
- Requests for bids on five lots of 14,400 ties, including an alternate bid for delivery of each lot to a different location along the rail line, were due to the Port by Tuesday, July 12, 2011.



Wooden Railroad Crossties Bid Award

Background

- A total of three companies responded as follows:
 - Bridgewell Resources LLC, Tigard, Oregon
 - Gemini Forest Products, Los Alamitos, California
 - Conrad Forest Products, North Bend, Oregon
- Conrad Wood Preserving Co., dba Conrad Forest Products, was the low bidder for each bid lot and alternative and was the only company to provide a bid response for each lot and alternate.



Wooden Railroad Crossties Bid Award

Background

- The bid ranges were as follows:

	Price Range per Unit	
	FOB Plant	FOB Railroad
Bridgewell	\$41.95	\$42.75
Gemini	\$41.21 - \$42.28	\$42.20 - \$43.40
Conrad	\$36.15 - \$36.45	\$36.78 - \$37.27



Wooden Railroad Crossties Bid Award

Background

- With Commission approval, the Port intends to award a contract to Conrad Wood Preserving Co., Inc. in the total amount of \$3,331,080 based on a total of 90,000 delivered crossties pursuant to the Port's right to modify the ordered quantity by plus or minus 25% ($72,000 \times 1.25 = 90,000$).



Wooden Railroad Crossties Bid Award

Background

- Increasing the order from 72,000 to 90,000 will allow for replacement of more than 650 ties per mile.
- Delivery will be scheduled in coordination with the Contractor to be hired for non-emergency rehabilitation work, which is expected to begin approximately December 2011.



Wooden Railroad Crossties Bid Award

Action Requested of Commission

- Motion for Commission approval to award the Wooden Railroad Crossties Bid to Conrad Forest Products with signature authority for the Chief Executive Officer to execute the contract.





Resolution No. 11/12 – 1

Emergency Declaration for Certain Railroad Rehabilitation Work

David Koch, Chief Operating Officer

July 21, 2011

Resolution No. 11/12 – 1

Emergency Declaration for Certain Railroad Rehabilitation Work

Action Requested of Commission

- Commission approval of Resolution No. 11/12 – 1 for Continuing Emergency Declaration for Certain Railroad Rehabilitation Work.



Resolution No. 11/12 – 1

Emergency Declaration for Certain Railroad Rehabilitation Work

Background

- The Board of Commissioners acting as the Local Contract Review Board (LCRB) declared the existence of an emergency and authorized entry into emergency procurements for certain public improvement and personal service contracts for limited repairs to the Coos Bay Rail Line, pursuant to Resolution 10/11 – 4 at the April 21, 2011 Commission meeting.



Resolution No. 11/12 – 1

Emergency Declaration for Certain Railroad Rehabilitation Work

Background

- Under Oregon law and the Port's local public contracting rules, the emergency declaration approved at that meeting requires any emergency contracts to be awarded within 60 days of the emergency declaration.



Resolution No. 11/12 – 1

Emergency Declaration for Certain Railroad Rehabilitation Work

Background

- Subsequent to the adoption of Resolution 10/11 – 4 and the initial emergency declaration, Port staff has awarded an emergency contract for tunnel repair along the rail line and several non-emergency contracts for additional work to prepare the line for re-opening.



Resolution No. 11/12 – 1

Emergency Declaration for Certain Railroad Rehabilitation Work

Background

- Additional emergency contracts may need to be awarded for limited crosstie, ballast and rail replacement; repairs to train detection electronics, repairs to some signals damaged by vandalism, and electrical repairs on the Coos Bay bridge.



Resolution No. 11/12 – 1

Emergency Declaration for Certain Railroad Rehabilitation Work

Background

- Emergency contracts allow the Port to save time by utilizing a streamlined solicitation process, such as direct solicitation of written quotes rather than the formal advertisement for sealed bids.
- Only LRL received a direct award for tunnel repairs, which was based on the same terms and conditions as their previous competitive bid for the tunnel repairs completed in October 2010.



Resolution No. 11/12 – 1

Emergency Declaration for Certain Railroad Rehabilitation Work

Background

- The scope of work for emergency contracts is limited to the minimum amount of work that is necessary to immediately resume freight rail service between Eugene and Coos Bay.
- Non-emergency contracts have also been, and will be, awarded for smaller work that already qualifies for the streamlined competitive quote process.



Resolution No. 11/12 – 1

Emergency Declaration for Certain Railroad Rehabilitation Work

Background

- The Chief Executive Officer's Continuing Declaration of Emergency describes the continuing economic emergency that requires the Port to solicit and award additional emergency contracts to permit the rail line to open and be ready for limited use not later than October 1, 2011.



Resolution No. 11/12 – 1

Emergency Declaration for Certain Railroad Rehabilitation Work

Action requested of the Commission

- Motion for Commission approval of Resolution No. 11/12 – 1 ratifying the continuing declaration of emergency by the Chief Executive Officer for emergency repairs to the Coos Bay Rail Line, exempting a series of contracts for the emergency repair of the line from strict conformance with the competitive bidding requirements and ratifying the solicitation of bids, quotes and/or proposals for the repair projects by Port staff.





Public Non-Highway Overpass Crossing Agreement

David Koch, Chief Operating Officer

July 21, 2011

Public Non-Highway Overpass Crossing Agreement

Action requested of the Commission

- Commission approval of a Public Non-Highway Overpass Crossing Agreement.



Public Non-Highway Overpass Crossing Agreement

Background

- At the Commission meeting on November 18, 2010, the Commission approved a crossing easement in favor of Coos County to facilitate the County's construction of an off-highway vehicle/pedestrian/equestrian bridge over the Coos Bay Rail Line as part of a project by the County to connect Riley Ranch County Park to the Oregon Dunes National Recreation Area.



Public Non-Highway Overpass Crossing Agreement

Background

- The granting of an easement was necessary for the County to obtain a Special Use Permit from the US Forest Service for ingress and egress to the bridge. The easement called for the subsequent negotiation of a Right-of-Entry Agreement to facilitate the actual construction of the County's bridge.



Public Non-Highway Overpass Crossing Agreement

Background

- Over the past several months, Port and County legal counsel have developed a new form of Agreement that will replace the easement. As before, the Agreement requires the County to reimburse the Port for legal and engineering expenses related to the negotiation of the Crossing Agreement, the review of plans, and any construction inspection work.



Public Non-Highway Overpass Crossing Agreement

Background

- The Public Non-Highway Overpass Crossing Agreement has been prepared and approved by Port railroad legal counsel and was approved by the Coos County Board of Commissioners on July 12, 2011. The Agreement is being presented tonight for Port Commission approval.



Public Non-Highway Overpass Crossing Agreement

Action requested of the Commission

- Motion to approve the Public Non-Highway Crossing Agreement between Coos County and the Port to replace the easement granted to the County on November 18, 2010, and authorization for the Chief Executive Officer to execute the Agreement and all related documents.





Approval of Interim Operating Agreement for ARG TRANS

David Koch, Chief Operating Officer

July 21, 2011

Approval of Interim Operating Agreement for ARG TRANS

Action requested from the Commission:

- Commission approval of an Interim Operating Agreement for ARG TRANS.

Approval of Interim Operating Agreement for ARG TRANS

Background

- The Port published a Request for Qualifications for the selection of the Coos Bay Rail Line operator in July 2010. Port staff, working with rail consultants and shippers, evaluated responses and invited five firms for an interview. The interview phase was concluded the last week of January 2011 with participation by ODOT Rail Division.



Approval of Interim Operating Agreement for ARG TRANS

Background

- On April 21, 2011, the Commission approved selection of American Railroad Group Transportation Company, dba ARG TRANS, as the preferred operator for the Coos Bay Rail Line and authorization to begin negotiations.



Approval of Interim Operating Agreement for ARG TRANS

Background

- Port legal counsel and counsel representing ARG TRANS recently finalized the terms of an Interim Operating Agreement for operation of the Coos Bay Rail Line.
- The Agreement covers the initial start-up period while the Port completes rehabilitation of the rail line.



Approval of Interim Operating Agreement for ARG TRANS

Background

- Agreement requires ARG TRANS to provide service as a common carrier on the line and to maintain the condition of the line.
- The Port will continue its rehabilitation program using a combination of State and Federal grant monies received for that purpose.



Approval of Interim Operating Agreement for ARG TRANS

Background

- The Interim Agreement will be terminated when the Port's rehabilitation program is completed and the parties have executed a long-term Operating Agreement, or March 31, 2013, whichever comes first.



Approval of Interim Operating Agreement for ARG TRANS

Action requested from the Commission:

- Motion to approve an Interim Operating Agreement for ARG TRANS.





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