

OREGON INTERNATIONAL PORT OF COOS BAY
Coos Bay, Oregon
REGULAR COMMISSION MEETING
6:30 p.m., Monday, May 21, 2018

Port Commission Chambers, 125 Central Avenue, Suite 230, Coos Bay, Oregon 97420

ATTENDANCE

Commission:

David Kronsteiner, President; Eric Farm, Vice President; Brianna Hanson, Treasurer; Bob Garcia, Secretary; and James Martin, Commissioner.

Staff:

John Burns, Chief Executive Officer; Anna Soderstrom, Chief Commercial Officer; Fred Jacquot, Director of Port Development; Lanelle Comstock, Director of Administrative Services; Patrick Kerr, Director of Rail Operations; John Buckley, Charleston Harbormaster; Megan Richardson, Director of Finance and Accounting; Krystal Moffett, Administrative Assistant; and Mike Stebbins, Port Legal Counsel.

Media & Guests:

Maeora Mosieur, Budget Committee; Jill Jacobson, ILWU; Billy Moore, ILWU Retirees; and Dick Jamsgard, Oregon Coast Historical Railway.

1. CALL MEETING TO ORDER

President Kronsteiner called the meeting to order at 6:30 p.m.

2. INTRODUCTION OF GUESTS AND PORT STAFF

3. PUBLIC COMMENT

Mr. Jamsgard spoke of behalf of the Oregon Coast Historical Railway. Mr. Jamsgard spoke of the bridge being in jeopardy and if possible, for the motor in the blockhouse to be encapsulated for preservation at the museum. Mr. Jamsgard spoke of retiring from the museum after 19 years and asked the Port to consider financial help for a future manager at the museum. Mr. Jamsgard spoke of also asking the cities of Coos Bay and North Bend, as well as the County for an annual contribution of \$10,000 each.

4. CONSENT ITEMS

- A. Approval of March 19, 2018 Regular Commission Meeting Minutes
- B. Approval of March 22, 2018 Special Commission Meeting Minutes
- C. Approval of March & April Invoices
- D. Approval of March & April Contracts Awarded
- E. Approval of Grants Awarded

Upon a motion by Commissioner Farm (second by Commissioner Garcia), the Board of Commissioners voted to approve the March 19, 2018 Regular Commission Meeting Minutes, March 22, 2018 Special Commission Meeting Minutes, March & April Invoices, March & April Contracts Awarded and Grants Awarded. **Motion Passed.**

5. MANAGEMENT REPORTS

All Management Reports were included within the Meeting Packet.

Commissioner Martin asked about the table in the administrative report regarding insurance proceeds recovered, confirming that the reimbursements were received from the Port insurer.

6. ACTION ITEMS/REPORTS

A. Coos Bay Power Squadron Lease Extension

The Coos Bay Power Squadron currently occupies the Port-owned facility located at 90436 Guano Rock Road in Charleston. The original lease between the Port and the Power Squadron was executed February 10, 1969 with a 25-year term. The second and current lease agreement was executed on September 21, 1990, also with a 25-year term, beginning on December 15, 1993. The current lease of \$100 per year is scheduled to terminate on December 15, 2018.

The Power Squadron has expressed an interest in staying in the building for an additional year.

The Power squadron is a non-profit organization whose mission is to make the water a safer place through boating education, civic service, and fellowship. The Squadron assists participants in improving boating skills and knowledge with certified instructors.

Upon a motion by Commissioner Farm (second by Commissioner Martin), the Board of Commissioners motioned to authorize the Oregon International Port of Coos Bay to execute an amendment to the lease agreement with the Power Squadron to extend the term of the lease by one year. The amended termination date of the \$100 per year lease will be December 15, 2019. **Motion Passed.**

B. 2018Res08: Emergency Repairs to the Bridge at Coos Bay Rail Line Milepost 740.84

On March 21, 2018 Federal Railroad Administration (FRA) Bridge Safety Specialist Bruce Roper reported to Port, CBR, and Stantec Consulting Services personnel that an Oregon Department of Transportation (ODOT) Track Inspector observed conditions on the Coos Bay Rail Line bridge at Milepost 740.84 that raised concerns about the structural stability of the bridge.

Subsequent discussions with FRA, CBR, ODOT, and Stantec personnel determined a previously known mis-alignment in Bent 3 on BR740.84 had worsened since previously monitored in May of 2017, and that subsequent monitoring would be necessary and emergency stabilization of the bridge might be necessary.

On Wednesday, March 28, 2018 Chief Executive Officer John Burns declared an emergency and directed staff to initiate engineering the repair plan as a task order with Stantec Consulting Services under the

existing Railroad Bridge Professional Services Agreement. Mr. Burns also directed staff to prepare a request for quote process to solicit potential contractors to effect repairs as expeditiously as possible when the engineering was complete.

Port staff coordinated with Stantec Consulting Services to initiate weekly monitoring of the bridge, conduct an underwater inspection to explore the potential cause of the bridge mis-alignment, and to develop repair plans to stabilize the bridge. Monitoring occurred throughout April and into May and determined the bridge had shifted significantly since the May 2017 inspection but was not moving enough to require further reduction in train traffic or speed. The underwater inspection occurred April 16 and determined there was significant corrosion on one support pile and a failed center pile on Bent 3, which resulted in the bent rotating eastward. The rotated bent resulted in a misalignment in the bridge deck causing the conditions observed by the ODOT inspector.

Stantec has provided a preliminary repair plan currently under review by Port staff. In order to avoid a prolonged service outage, planned repairs will be the construction of a “helper bent” structure at each side of the bridge, and jacking and supporting of the bent 3 cap on the constructed helper bents. This will return the bridge to its original grade and alignment and stabilize the affected bent.

Port Procurement Rule Sections 4.6 and 8.3 allows the Port Board of Commissioners, acting in its role as the Local Contract Review Board, to declare the existence of an emergency and authorize entry into emergency public improvement contracts in amounts exceeding \$200,000.00.

Upon a motion by Commissioner Farm (second by Commissioner Hanson), the Board of Commissioners motioned to adopt Resolution 2018Res08 declaring an emergency exists on the Coos Bay Rail Line bridge at milepost 740.84, and authorize Port staff to solicit and execute a contract to conduct emergency repairs through an informal request for quotes process. **Motion Passed.**

C. 2018Res09: Emergency Repairs to the Coos Bay Swing Span Bridge at MP 763.55 to Reopen Bridge for River Navigation

On Friday, April 13, Coos Bay Rail Link (CBR) personnel reported to Port staff that the Coos Bay Swing Span Bridge at Milepost 763.55 failed to complete its rotation to return the bridge to the open to river navigation position. Port staff responded on site and determined the bridge posed a hazard to mariners and prevented transportation of vessels and cargoes between the upper bay and lower bay. Staff determined that the bridge required immediate inspection for structural stability and emergency operations would be necessary to clear the bridge from the Coos Bay Federal Navigation Channel.

Chief Executive Officer John Burns declared an emergency and directed staff to initiate the required inspection and emergency operations as quickly as possible. Port staff issued an emergency task order to Stantec Consulting Services under the existing Railroad Bridge Professional Services Agreement to conduct a detailed structural inspection of the bridge and to oversee emergency operations. Staff also contracted with Knutson Towboat Services to provide vessel and crew support for the emergency operations to return the bridge to the open for river navigation position.

Stantec personnel inspected the bridge on April 14 and determined it was structurally safe to attempt to move the bridge using the primary mechanical system or tug vessel tow lines. Starting on Sunday, April 15 and concluding on Monday, April 16, Stantec, Port, and CBR personnel worked with Knutson Towboat vessels and crews to remove obstructions on the bridge and moved the bridge via the primary

mechanical system. After modifications to the central pier fender system were made, the bridge was rotated into its final open for river navigation position and locked into place. At the completion of the emergency response operations Port staff reported to the local US Coast Guard (USCG) Station North Bend and the USCG Captain of the Port at Sector Columbia River that the bridge was clear of the channel and open for river navigation.

Port Procurement Rule 6.4.6 allows the Chief Executive Officer or his designee to award emergency contracts up to \$200,000 in value and requires a Commission Resolution to ratify the Declaration of Emergency at its next regularly scheduled meeting or as soon as practical.

Upon a motion by Commissioner Garcia (second by Commissioner Martin), the Board of Commissioners motioned to adopt Resolution 2018Res09 ratifying the Declaration of Emergency by CEO John Burns, including the execution of Task Order 27 with Stantec Consulting Services and the execution of a contract with Knutson Towboat Company, to conduct emergency operations at the Coos Bay Rail Line swing span bridge at MP 763.55 to reopen the bridge for river navigation. **Motion Passed.**

D. 2018Res10: Emergency Repairs to the Coos Bay Swing Span Bridge at MP 763.55

On Friday, April 13, Coos Bay Rail Link (CBR) personnel reported to Port staff that the Coos Bay Swing Span Bridge failed to complete its rotation to return the bridge to the open to river navigation position. The rotation maneuver failed due to a structural failure in the center columns in the bridge east and west trusses.

Staff is coordinating with Stantec Consulting Services to develop a plan for emergency repairs to return the bridge to freight rail service. The plan anticipates stabilizing the cantilevered truss sections to remove load from the failed center section; demolishing the failed members from the center section; and replacing the failed members in kind with Port supplied fabricated components. Specific items of work will include:

- Retain as much of the current architectural aspect of the bridge as possible to reduce or eliminate historic permit mitigation requirements.
- Remove the mechanical house.
- Remove and replace the horizontal brace members that previously supported the mechanical house.
- Replace the damaged vertical members in both trusses (6 built-up members).
- Replace pins in the central support section top truss panels and remove and test eye-bars between panel points.
- Test in place pins and eye-bars at the simple truss connections panels points (4 pins, 4 eye-bar members or 16 bars). Replace eye-bars and pins as necessary.
- Replace identified damaged cross bracing.
- Replace identified damaged lateral sway bracing.

Stantec has provided preliminary (90%) design drawings and as-built drawings for the members to be replaced. Staff is reviewing these plans and intends to conduct a request for quote process to select a fabricator to place material orders as soon as possible. Depending on fabricator capacity and material availability, material fabrication may determine the critical path for the project schedule. The selected fabricator will be an American Institute of Steel Construction (AISC) certified Complex Bridge Fabricator with Sophisticated Paint and Fracture Critical endorsements. There are 4 or more such

fabricators in Oregon, and over 20 such fabricators in the Oregon, Washington, Northern California region.

Stantec has also supplied recommended contractor qualifications for the demolition and repair portions of the work. Staff recommends the project proceed under emergency conditions and recommends a request for quote contractor selection process to minimize impacts to schedule. Staff anticipates soliciting for contractors the week of May 21 or May 28.

Port Procurement Rule Sections 4.6 and 8.3 allows the Port Board of Commissioners, acting in its role as the Local Contract Review Board, to declare the existence of an emergency and authorize entry into emergency public improvement contracts in amounts exceeding \$200,000.00.

Upon a motion by Commissioner Farm (second by Commissioner Hanson), the Board of Commissioners motioned to adopt Resolution 2018Res10 declaring an emergency exists on the Coos Bay Rail Line swing span bridge at MP 763.55, and authorizing port staff to solicit and execute a contract to purchase materials and conduct emergency repairs through an informal request for quotes process. **Motion Passed.**

E. CRISI Grant Application

The Consolidated Rail Infrastructure and Safety Improvements (CRISI) Program is a Federal Railroad Administration (FRA) administered competitive grant program funded in the Federal 2017 Consolidated Appropriations Act. Congress authorized this grant program for the Secretary of Transportation to invest in a wide range of projects to improve railroad safety, efficiency, and reliability. The CRISI Program was originally authorized by the Fixing America's Surface Transportation (FAST) Act passed in 2015. A Notice of Funding Opportunity for the current round of CRISI funding was published in the February 21, 2018 Federal Register, and there is approximately \$65 Million of available funds for this round.

In December 2014, consultations with Stantec Consulting Services, Port Staff, ARG Transportation, and CBR personnel led to the decision to replace the Vaughn Viaduct bridge on the Coos Bay Rail Line at milepost 667.40. Stantec has completed the 100% design criteria for the project, and has provided design and bid documents to the Port. Permitting for the project is substantially complete, and efforts to complete State Historic and Preservation Office and ODFW concurrence are in process. However, final construction of the project has been postponed due to funding.

Recent events on the Coos Bay Rail Line have resulted in grant funds planned for the Vaughn Viaduct Replacement Project to be committed to other needs, including emergency repairs to two major bridge structures on the line. Currently, the port has approximately \$2 million of the estimate \$7.5 million available for the project from the 2015 State Legislature authorized Lottery Bond Backed grant. Staff recommends seeking additional funding to complete construction of this project.

Port staff is requesting authorization from the Port Commission to apply for a CRISI grant that would be used to fund the Vaughn Viaduct Bridge Replacement Project. The total project cost will not exceed \$7.5 million, with the amount requested from the grant up to \$5.5 million, and Port pledged matching funds from the currently authorized Oregon Department of Transportation Lottery Bond grants up to \$2 million.

Upon a motion by Commissioner Garcia (second by Commissioner Farm), the Board of Commissioners motioned to authorize Port Staff to apply for a CRISI Grant for a total project cost not to exceed \$7.5 million, with a total Port pledged match not to exceed \$2 million. **Motion Passed.**

F. 2018Res11: Re-Designation of the Bay Area Enterprise Zone

The Oregon International Port of Coos Bay is sponsoring an enterprise zone designation jointly with Coos County, City of Coos Bay, and City of North Bend. The sponsoring governments have formally advised and received consultation from the Oregon Business Development Department (OBDD), according to ORS 285C.078.

The municipal corporations, school districts, and special service districts that receive operating revenue through the levying of ad valorem taxes on real and personal property in any area of this enterprise zone were sent notice and invited to a public meeting on March 20, 2018 regarding its designation, in order for the sponsoring governments to effectively consult with these other local taxing districts.

This enterprise zone has a total area of 10.2407 square miles; it meets other statutory limitations on size and configuration, and it is depicted on a drawn-to-scale map in Exhibit A, and its boundary is described in Exhibit B.

The Port shall fulfill its duties and implement provisions jointly with other cosponsors under ORS 285C.105 or elsewhere in ORS Chapter 285C and related parts of Oregon Law, including but not limited to having appointed a local enterprise zone manager, and to preparing a list or map of local, publicly owned lands and buildings in this enterprise zone for purposes of ORS 285C.110.

Designation of this enterprise zone does not grant or imply permission to develop land inside it without complying with jurisdictional zoning, regulatory and permitting processes and restrictions; nor does it indicate any intent to alter those processes or restrictions, except as otherwise done in accordance with Comprehensive Plans as acknowledged by the state of Oregon Land Conservation and Development Commission (LCDC).

The Oregon International Port of Coos Bay is interested in encouraging new business investment, job creation, higher incomes for local residents, greater diversity of economic activity, and appreciates the impacts that the designated enterprise zone would have and the property tax exemptions that eligible business firms might receive therein.

Mr. Burns pointed out an incorrect citation in paragraph 2 of the resolution within the packet.

Upon a motion by Commissioner Martin (second by Commissioner Farm), the Board of Commissioners motioned to adopt resolution 2018Res11 re-designating an Oregon enterprise zone to be named The Bay Area Enterprise Zone, jointly with Coos County, City of North Bend, and City of Coos Bay. **Motion Passed.**

G. Modification of Support Agreement with USACE for Oversight and Guidance of Work Performed in the Evaluation of Widening and Deepening the Coos Bay Federal Navigation Channel

In January 2008, the Port entered into a Memorandum of Agreement (MOA) with the USACE for its guidance related to analyzing and evaluating the potential for channel modifications in Coos Bay under Section 203 of the Water Resources and Development Act of 1986. The Port also entered into a Support Agreement (SA) as part of the MOA to further define the USACE's scope of work and costs associated with its oversight of the project. Six modifications have been made to the MOA since 2008. These modifications were initiated because additional funds were required by the USACE to continue its work, and/or administrative changes needed to be made to the agreements.

In April 2015, the Port entered into a separate MOA and associated SA ("408 Support Agreement") for the purpose of funding the Corps' efforts in providing the Port with technical assistance in assessing the anticipated impacts to the Coos Bay Federal Navigation Project and for the Corps' review of the Port's Sec. 408 request.

In March 2016, both Agreements were merged into a single Support Agreement to gain efficiencies and reduce administrative burdens.

Funding required by the Agreements is part of the Jordan Cove Reimbursement Agreement and staff is requesting Commission approval of a not-to-exceed amount for SA #7 of \$200,000. In an effort to gain efficiencies, staff recommends that signature authority for future agreements be granted to the Port Chief Executive Officer, if the funding has been approved by the Commission as part of the quarterly budget and scope of work.

Upon a motion by Commissioner Farm (second by Commissioner Hanson), the Board of Commissioners motioned to approve authorization for the Port Chief Executive Officer John Burns to execute SA #7 in the amount not to exceed \$200,000, and to sign future Support Agreements when funding has been approved by the Commission as part of the quarterly budget and scope of work. **Motion Passed.**

H. Articles of Incorporation of Coos Bay Rail Line, Inc.

ORS 777 provides ports with broad authorities to promote maritime shipping and commercial interest. This authority includes the operations of rail service should the port determine it appropriate. As owner of the rail line, the Oregon International Port of Coos Bay has operating authority under Surface Transportation Board (STB) rules and regulations.

In order to potentially conduct rail operations at any time in the future, the Port must establish the appropriate entity. This Corporation will be a public benefit corporation and is organized exclusively for public or charitable purposes, including, but not limited to, leasing the Coos Bay Rail Line and operation of the Coos Bay Rail Line.

Upon a motion by Commissioner Farm (second by Commissioner Garcia), the Board of Commissioners motioned to approve authorization for the Chief Executive Officer and Port Staff to take appropriate measures to establish Articles of Incorporation of Coos Bay Rail Line, Inc., as an Oregon nonprofit corporation. **Motion Passed.**

I. Application with the Surface Transportation Board (STB) to Transfer the Ports Existing Operating Authority to Coos Bay Rail Line, Inc.

As the owner of the line, The Oregon International Port of Coos Bay has operating authority under the Surface Transportation Boards rules and regulations. The Port may file an application with the STB to transfer the Ports existing operating authority to Coos Bay Rail Line, Inc. under the affiliated/subsidiary transfer provisions at the STB. These Provisions are commonly used by rail line operators for owned rail lines, placing the operating activity for that line into a subsidiary operating entity.

Upon a motion by Commissioner Garcia (second by Commissioner Martin), the Board of Commissioners motioned to approve authorization for the Chief Executive Officer and Port Staff to take appropriate measures to make application with the STB to transfer the Port's operating authority of Coos Bay Rail Line, Inc. **Motion Passed.**

7. OTHER

Commissioner Martin presented information regarding the Bay Area Enterprise Zone and the GMA Garnet request for extended abatement. This item was for discussion and not for resolution at this time.

Commissioner Martin said new or expanding businesses within the zone that meet qualifications will receive by law a 3-year property tax abatement on the value of their new investment. That 3-year period can be extended for an additional 1-2 years by the zone sponsors. To be a qualifying business, they must create new jobs at an average wage level in Coos County of \$53,000 annually. When businesses seek the additional abatement, sponsoring entities can ask for concessions in exchange. GMA Garnet has asked the committee to consider the additional 4th and 5th year abatement. The property they have purchased is assessed by the County at \$2,272,360 with the current property tax rate at \$10.69 per \$1,000. They intend to invest about \$15 million in new equipment to support their operations. The abatement would apply to this new investment; at the current tax rate that is about \$160,000 per year. The exact valuation is hard to calculate as the equipment will depreciate over time. This decision will affect 11 entities that receive property tax revenue from the GMA Garnet property. The Port receives about 6%, and so could be foregoing up to \$10,000 per year in revenue in years 4 and 5. The largest recipient outside of the educational entities is the Bunker Hill Sanitary District at about 18.5%, which equates to about \$30,000 per year.

Commissioner Martin stated that the enterprise zone committee has discussed this and has listened to a presentation from GMA Garnet. Commissioner Martin shared that the committee members were unsure if they should make a formal recommendation, or take information back to the sponsoring agencies for feedback before returning to committee. They opted for the second option. Commissioner Martin spoke also of receiving feedback on how the committee should operate in the future.

Commissioner Martin spoke of the decision whether to approve the additional abatement requiring a balance of the detriment of foregone potential tax revenue, versus the benefit to the taxing agencies and the community as a whole with the investment that is encouraged through the exemption. Commissioner Martin discussed the one question the committee had left unanswered, that was the impact it would have on GMA Garnet's business if they were to not receive the abatement. They have already purchased the property but might look more favorably into future investments at this site if the abatement is received.

Mr. Stebbins asked to confirm if all four zone sponsors have to approve. Commissioner Martin stated that he believed that to be so. Commissioner Farm shared that he is supportive of the additional abatement, in that it could encourage additional investment to the area. Commissioner Garcia spoke of the investment in the plant ensuring that is it utilized more. President Kronsteiner asked to confirm the

investment number of \$15 million. Commissioner Martin stated that was the number used in their presentation. The abatement would be calculated on the actual amount invested. President Kronsteiner spoke of the community and government entities who could be more favorable to businesses investing in the region. President Kronsteiner asked for any staff comments. Mr. Burns spoke of the Port mission being to build the economy of this area, and if there is potential to recruit and expand businesses that needs to be explored.

Commissioner Martin thanked all for the feedback and asked if the Port had a preference on how to proceed with future inquiries. Mr. Stebbins discussed the case-by-case nature of the inquiries. President Kronsteiner stated that it would be helpful for the committee to put together a recommendation. Commissioner Martin confirmed that when the next application comes in, he will confer first with the CEO and Chairman and have a plan as to which direction to take before it goes to committee.

8. COMMISSION COMMENTS

9. NEXT MEETING DATE – Monday, June 18, 2018, 6:30pm.

Mr. Burns pointed out the upcoming budget committee meeting on Thursday, May 24, 2018 at 12:00pm.

Commissioner Martin thanked Port staff for making the budget documents available.

10. ADJOURN

President Kronsteiner adjourned the meeting at 7:10 p.m. and entered into Executive Session to:

- (e) conduct deliberations with persons designated by the governing body to negotiate real property transactions;
- (h) consult with counsel concerning the legal rights and duties of a public body with regard to current litigation or litigation likely to be filed; and
- (j) carry on negotiations under ORS Chapter 293 with private persons or businesses regarding proposed acquisition, exchange or liquidation of public investments.