

OREGON INTERNATIONAL PORT OF COOS BAY
Coos Bay, Oregon
SPECIAL COMMISSION MEETING
1:00 p.m., Tuesday, September 11, 2018

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

ATTENDANCE

Commission:

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

Staff:

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

Media & Guests:

Maeora Mosieur, Port Budget Committee Member.

1. CALL MEETING TO ORDER

Vice President Eric Farm called the meeting to order at 1:01 p.m.

2. INTRODUCTION OF GUESTS AND PORT STAFF

3. PUBLIC COMMENT

4. ACTION ITEMS

A. David Miller & Associates Task Order #11

At the March 28, 2016 Board of Commissioners meeting, the Commission authorized Commission President David Kronsteiner to execute an Amendment, Assignment, Assumption and Consent Agreement of the prime contract for consulting services for the Channel Modification project from David Evans and Associates (DEA) to David Miller & Associates (DMA).

Much of the work budgeted for calendar year 2018 will be related to engineering design and environmental and regulatory compliance matters. The estimated 2018 annual budget for the project is \$4,482,864.

Task Order DMA #11 in the amount of \$910,565 describes the tasks to be undertaken during Q4 2018, along with projected costs including work on the project's Environmental Impact Statement. Many of

the task categories will continue through the end of the year. Staff is only requesting authorization for the projected Q4 2018 budget at this time, in order to effectively monitor project spending pursuant to the updated Budget Management Plan for the project.

Funding for this Task Order will be provided through the Port's Reimbursement Agreement with Jordan Cove.

Commissioner Hanson asked whether there is a requirement to obtain pre-authorization from Jordan Cove for the reimbursement. Mr. Burns stated that approval is confirmed before the funds are expended. Mr. Dunning stated meetings are set prior to the beginning of each quarter.

Upon a motion by Commissioner Garcia (second by Commissioner Martin), the Board of Commissioners motioned to authorize Commission President David Kronsteiner to execute Task Order DMA #11 for professional services related to the Coos Bay Channel Modification Project in an amount not to exceed \$910,565 for work to be performed on the project during the fourth quarter of 2018. **Motion Passed.**

B. 2018Res18: Umpqua Bank Working Capital Line of Credit Agreement

The Port has budgeted to spend over \$20 million in grant funding this fiscal year. The grants awarded to the Port are reimbursable which means that the funds are provided to the Port only after expenses have been incurred and paid for. The grant agencies have timing rules that prevent the Port from submitting for reimbursement more than once per month. Additionally, the turnaround time for granting agencies to review and submit payment to the Port may take up to sixty days.

In order to maintain cash flow for regular operations and pay the grant related expenses, the Port has determined that a working capital line of credit is needed. This will allow the Port to maintain operations while funding the aggressive construction schedule needed to meet the spending deadlines of the grants awarded to the Port. The Port has applied for a working capital line of credit loan from Umpqua Bank.

Per the agreement, Umpqua Bank will keep \$5,000,000 available to the Port to withdraw for a period of three years. The Port will pay quarterly interest at the rate of the Wall Street Journal Prime (WSJP) minus 1.60% on any borrowed funds. In addition, the Port will pay a commitment fee of 20 bps per annum on the difference between \$5,000,000 and the average outstanding balance. The maximum commitment fee in a year would be \$10,000.

The Port will withdraw funds to cover payment on invoices greater than \$250,000, or as needed depending on bank balances. Repayment will be made as funds are paid by the grant agency. The goal is to minimize the amount of time the Port has funds withdrawn from the credit line to maintain minimal interest fees.

Commissioner Garcia asked if this loan type has to be paid off at least once annually. Ms. Richardson stated it would not be on the books more than a couple of months at a time.

Upon a motion by Commissioner Martin (second by Commissioner Hanson), the Board of Commissioners motioned to approve resolution 2018Res18 authorizing Oregon International Port of Coos Bay Chief Executive Officer John Burns to negotiate the terms, execute and deliver a \$5,000,000 working capital line of credit loan agreement with Umpqua Bank. **Motion Passed.**

C. 2018Res19: Rejection of Bids Received for Repairs to Rail Bridge 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 inspections and ongoing monitoring of the bridge led the Commission to adopt resolution 2018Res08 declaring an emergency for this bridge, and authorizing staff to solicit contractors for repairs through an informal Request for Quotes process.

Port staff has worked with the Port’s Railroad Bridge Engineer to complete the repair plan engineering and construction plans and issued Request for Quotes for this work August 1. A mandatory pre-bid meeting and site visit was held at the Project location on Tuesday, August 14 and quotes were due August 29. The Request for Quotes was posted to the Port website and notice sent to 6 contractors familiar with the type of work planned. Because the quotes were not due until August 29, 2018, the Commission passed a resolution (2018Res17) on August 20, 2018, extending the emergency period for an additional 60 days.

Following the extension, three offers were received from the six contractors solicited. The amount budgeted for the repairs was \$625,000.00. The engineer’s estimate was \$535,398.00. The three offers were:

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|------------------------|----------------|
| Partney Construction | \$ 968,387.00 |
| West Coast Contractors | \$1,063,928.00 |
| Legacy Contracting | \$1,199,597.00 |

OAR 137-049-0440 allows you to reject all offers if you find that it is in the public interest to do so because the offers are “too costly.” It is the opinion of Port staff that these offers are too costly.

The emergency condition still exists, and it is a matter of extreme necessity to get these bridge repairs completed. The Local Contract Review Board (LCRB) rules for the Commission authorize the CEO to make direct appointments in cases of extreme necessity. Because of the ongoing risks outlined in the emergency declaration of March 28, 2018, Port staff recommends proceeding with a direct appointment.

The previous resolutions and the declaration of emergency were included in the meeting packet for reference.

Commissioner Martin asked about the prospect of obtaining something more in line with the engineer’s estimate. Mr. Burns stated that first staff will go back to Stantec to see if there is a different fix that could be applied, and also re-examine the original estimate. At that point, due to the length of time it has taken thus far, staff will move to a direct award of contract. Commissioner Hanson asked if the bids received were similar in pricing, or if there were any trends apparent. Mr. Burns stated they were within about \$100,000 of each other, or 10%. Commissioner Farm asked whether procurement rules contain a process for making direct appointment. Mr. Burns stated it does, and staff is following that today. Public contracting rules, in case of emergencies, allow for making direct appointment to expedite repairs. Commissioner Garcia confirmed the next steps, and Mr. Burns stated a contractor will be chosen as soon as feedback is received from Stantec.

Upon a motion by Commissioner Martin (second by Commissioner Garcia), the Board of Commissioners motioned to adopt Resolution 2018Res19 rejecting all bid offers received for the

emergency repairs to the bridge at milepost 740.84 on the Coos Bay Rail Line and authorizing the CEO or his designee to make a direct appointment of a contractor for the repairs. **Motion Passed.**

5. **OTHER**

6. **COMMISSION COMMENTS**

7. **NEXT MEETING DATE** – Monday, October 15, 2018, 6:30pm.

8. **ADJOURN**

Vice President Farm adjourned the meeting at 1:15 p.m.