

**OREGON INTERNATIONAL PORT OF COOS BAY**  
**Coos Bay, Oregon**  
**REGULAR COMMISSION MEETING**  
**3:00 p.m., Monday, May 20, 2019**

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; Lanelle Comstock, Chief Administrative Officer; Patrick Kerr, Director of Rail Operations; Megan Richardson, Director of Finance; Rick Adamek, Project Manager; Margaret Barber, External Affairs Manager; Mary Green, Fiscal Accounting Technician; Vicki English, Accounting Clerk; Krystal Moffett, Administrative Assistant; and Mike Stebbins, Port Legal Counsel.

**Media & Guests:**

Maeora Mosieur, Budget Committee; and Paul Burgett, ARG Transportation.

**1. CALL MEETING TO ORDER**

President Kronsteiner called the meeting to order at 3:00 p.m.

**2. INTRODUCTION OF GUESTS AND PORT STAFF**

John Burns announced that Anna Soderstrom will be leaving the Port on May 31, 2019 to relocate closer to family. Ms. Soderstrom thanked Mr. Burns and the Commissioners for their support and also thanked the team at the Port.

**3. PUBLIC COMMENT**

**4. CONSENT ITEMS**

- A. Approval of March 18, 2019 Regular Commission Meeting Minutes
- B. Approval of March & April Invoices
- C. Approval of March & April Contracts Awarded
- D. Approval of Skallerud – Giddings Lease Agreement
- E. Approval of Community Giving and Scholarship Awards

Upon a motion by Commissioner Martin (second by Commissioner Farm), the Board of Commissioners voted to approve the March 18, 2019 Regular Commission Meeting Minutes, March & April Invoices, March & April Contracts Awarded, Skallerud – Giddings Lease Agreement, and Community Giving Donation and Scholarship Awards. **Motion Passed.**

## 5. MANAGEMENT REPORTS

All Management Reports were included within the Meeting Packet.

## 6. ACTION ITEMS/REPORTS

### A. **Vacation of Bay Street in Coos Bay**

Per Oregon Revised Statutes 271.180 and 271.190, municipalities are required to seek approval from Ports and other adjoining property owners for proposed vacation of streets, alleys, and common or public places within 5,000 feet of the harbor or pier head lines of the Port. Port Policy Manual Section 13.6: Street Vacations in the Cities of Coos Bay and North Bend, states anything within 1,000 feet from the harbor and pier head lines requires Port Commission approval.

The City of Coos Bay submitted an application to vacate the unimproved portion of Bay Street, located at Bay Street and South Front Street (25-13-35CA). The application was filed on April 8, 2019. On April 16, 2019 the Coos Bay City Council voted to initiate the proposed vacation of “Bay Street” as allowed in CBMC 17-370.020. Prior to beginning the public process, the City is requesting the proposed vacation be added to the Port of Coos Bay, Board of Commissioners agenda for review (*As required by Resolution 90 91-14, Port must approve proposed vacations within 1,000 feet of the harbor and pierhead line of the Port*).

The vacation of the “Bay Street” right of way would benefit both the City and the abutting property owner in providing a lot of adequate size for potential commercial development. The City received notarized consent from State of Oregon Dept of State Lands on April 17, 2019 (owner of Tax Lot #9000). Port Staff has reviewed the area of the proposed street vacation and believes the street vacation action will not create a negative impact on rail or marine transportation infrastructure serving the Coos Bay harbor.

Prior to the City of Coos Bay taking any formal action on the proposed right-of-way, the Port’s Board of Commissioners must approve the vacation.

Upon a motion by Commissioner Farm (second by Commissioner Garcia), the Board of Commissioners motioned to approve the request for consent from the City of Coos Bay for a Street Vacation of Bay Street located at South Front Street and Bay Street, abutting the Coalbank Slough. **Motion Passed.**

### B. **Fuel Oil Delivery Throughput Charge Increase at Charleston Marina**

Resolution FY 05/06 – 6 establishes rules, regulation, rates, and fees for conducting private commercial business on Charleston Marina Complex Properties, including fuel delivery by truck to fuel vessels at the Charleston Shipyard. The existing rate is \$100 annually for a business license, and a throughput charge of \$0.01 per gallon of fuel distributed.

Port staff conducted market research, collecting data from other ports throughout the Pacific Northwest to determine if this rate is reflective of the market. Ten ports were surveyed and asked whether they allow vessel fueling by truck on port property. If so, they were asked if there was an associated throughput charge to do so, and the price per gallon. Half of the ports surveyed allowed vessel fueling by truck on port premises. The average price per gallon of those ports was between \$0.05 and \$0.06 per gallon.

Port staff recommends that trucks distributing fuel from the Charleston Marina have an up to date business license on file, and that the throughput rate for fuel distribution by truck be increased from \$0.01 per gallon to \$0.05 per gallon to mirror current market rates.

Monthly volumes will be tracked by a monthly fuel flowage report, in addition to copies of delivery tickets.

Commissioner Garcia asked whether this rate increase was discussed with the Charleston Advisory Committee. Mr. Burns stated the increase itself has not been, but this has been part of discussions with the committee regarding Port tenants who are required to pay rental and throughput fees while others who are not Port tenants do not have the same expense to conduct business in the Charleston Marina and Shipyard.

Upon a motion by Commissioner Farm (second by Commissioner Martin), the Board of Commissioners motioned to approve the increase of rates for fuel oil delivery for the purpose of fueling vessels at the Charleston Marina from \$0.01 per gallon to \$0.05 per gallon. **Motion Passed.**

### **C. Lease Agreement – Cape Café**

Port staff were approached by Billy and Stacie Tessman, the owners of the Cape Café in Charleston, regarding the Basin Café facility. The Tessman's were interested in remodeling and leasing the Basin Café facility to open a pizza parlor on the bar side of the building, followed by remodeling and relocating the Cape Café to the diner side of the facility.

Port staff worked with the tenants to create a business plan and repair plan. The repair plan outlines work that will be completed by the tenants, as well as work that is required to be completed by a licensed contractor such as HVAC, Electrical, and Plumbing. Charleston staff are completing weekly inspections of the work being done to ensure that it is being done to code and Port standard. The lease requires that copies of all necessary permits and certifications are provided to the Port. Once the renovation of the bar side is complete, work will begin on the diner side of the building.

The Tessman's plan to open the pizza parlor later this summer and relocate the diner within the next year. All renovation costs are being paid by the tenant. In exchange for this investment, rent forgiveness will be given to the tenants for a period of 6 months for the bar side, and 12 months for the diner side. The initial term of the lease is one year, with ten (10) one year renewal terms.

The Basin Café had previously been vacant since 2008.

Upon a motion by Commissioner Farm (second by Commissioner Hanson), the Board of Commissioners motioned to approve Oregon International Port of Coos Bay executing a lease agreement with Bill and Stacie Tessman, dba Cape Café for the Basin Café facility in the Charleston Marina. **Motion Passed.**

### **D. Lease Agreement – Russell Marine and Fuel Supply**

The owners of Russell Marine and Fuel Supply approached Port staff in 2018, requesting replacement of the five underground storage tanks on the premises of the leased facility. The existing tanks were dated, resulting in significant annual insurance premiums.

In conjunction with the tank replacement project, the Port worked with the tenants to develop an updated lease agreement. The previous agreement was insufficient with regard to reporting, insurance requirements, environmental best practices, and maintenance of Alaska Packer Road. The updated lease agreement also includes a throughput charge of \$0.02/gallon on fuel distributed from the fueling station. This charge was determined following market research of numerous other west coast ports pricing structure and best practices. The updated lease provides for a five year term, with two five-year renewals.

Upon a motion by Commissioner Garcia (second by Commissioner Martin), the Board of Commissioners motioned to approve Oregon International Port of Coos Bay entering into a long-term lease agreement with Russell Marine and Fuel Supply. **Motion Passed.**

#### **E. Lease Extension – Coos Bay Power Squadron**

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 is scheduled to terminate on December 15, 2019.

In early 2018, the Power Squadron expressed an interest in staying in the building for an additional year, which was granted with a one-year extension.

The Power Squadron has again approached the Port for a second one-year extension.

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.

The amended termination date of the lease will be December 15, 2020.

Commissioner Martin asked the current lease rate. Margaret Barber stated it is approximately \$100 per year. Commissioner Martin asked if the property is included in the portfolio of available properties should a market-rate tenant be found. Mr. Burns stated it is not.

Upon a motion by Commissioner Farm (second by Commissioner Martin), the Board of Commissioners motioned to approve Oregon International Port of Coos Bay executing an amendment to the lease agreement with the Coos Bay Power Squadron to extend the term of the lease by one year. **Motion Passed.**

#### **F. Lease Assignment – Clausen Oysters**

In November of 2017, the Port entered into a long-term lease agreement with Clausen Oysters, LLC, which at the time was owned by a four-member partnership. The Partnership later dissolved and was reorganized with only two members remaining. The November 2017 lease included a throughput charge on the volume of oysters sold. Following the reorganization, the new ownership structure approached the Port regarding the throughput charge, indicating that their current harvesting methods would not allow them to accurately track volumes produced on Port owned property as opposed to other land holdings.

To address these concerns, Port staff developed an updated rental rate schedule, which increases the total annual rental rate by 20% every three years over the next nine-year period to increase rates to a level reflective of the market.

Upon a motion by Commissioner Farm (second by Commissioner Garcia), the Board of Commissioners motioned to approve Oregon International Port of Coos Bay entering into a long-term lease agreement with Seth Silverman and Patrick Glennon, dba Clausen Oysters, LLC. Commissioner Martin recused himself from the vote. **Motion Passed.**

### **G. Award of Railroad Bridge Inspector Contract**

In March 2019, Port staff prepared and released a Request for Qualifications (RFQ) for Professional Support Services for Coos Bay Rail Line Bridge Inspection Services. The scope of work focuses on annually inspecting all 121 bridges on the Coos Bay Rail Line and reporting those findings in a specified format for the Coos Bay Rail Line, Inc (CBRL) in association with the Oregon International Port of Coos Bay (OIPCB or Port), which is the owner of the Coos Bay Rail Line. As a Class III rail carrier operating solely in the state of Oregon, they are required to ensure the structural integrity of its bridges, culverts and tunnels that support railroad tracks.

The Bridge Management Program (BMP) was initiated to assist in the consistent application of sound inspection and infrastructure management practices. This BMP is a critical link in the prevention of bridge, culvert and tunnel (or their respective component) failures and assists in the protection of vital infrastructure investments. CBRL's commitment to safety had been illustrated by its accomplishment of bridge inspections to its bridges after re-instituting rail service in the Fall of 2011 and performing immediate and planned necessary bridge repair and/or replacement when field conditions warranted attention before legislation regulated those practices.

Continuing with its progressive approach toward safety, CBRL (via implementation of this BMP) will document its current inspection/repair/replacement procedure as well as its plan of on-going railroad bridge safety implementation procedures.

The BMP is CBRL's compliance with the Rail Safety Improvement Act of 2008, Section 417 passed by the 110th Congress on January 3, 2008. Refinements are set forth in the Federal Railroad Administration (FRA) Track Safety Standards, Appendix C, 49 CFR 237 – Bridge Safety Standards published in the Federal Register, dated September 13, 2010 as well as FRA Safety Advisory 2007-03 published in the Federal Register, dated September 11, 2007. Bridge safety inspection and infrastructure management practices required by the above-mentioned regulations were established to ensure that bridge owners (such as the CBRL) had in place, necessary, sufficient bridge inspection, repair and/or replacement procedures to prevent bridge failures.

The Port received four (4) statements of qualification. Responses consisted of a local Engineer/ manager who would coordinate additional services through partnering team members. Each firm/team described the depth and quality of their knowledge and experience as it relates to CBRL's Bridge Inspection Program.

An evaluation team consisting of Port staff reviewed and rated each proposal and then selected the most qualified firm. Port staff is in negotiations with the highest scoring submitter for a detailed scope of work, breakdown of costs and project schedule.

However, if it appears that an agreement cannot be reached with the top submitter, staff may terminate those negotiations, reject the statement and then attempt to reach agreement with the second highest scoring submitter. In any case, staff believes terms can be reached with one of the top two submitters. Time is of the essence due to the priority nature of this project.

Commissioner Farm asked whether the not to exceed amount for this item was reflective of the budget. Rick Adamek confirmed.

Upon a motion by Commissioner Martin (second by Commissioner Farm), the Board of Commissioners motioned to approve of professional support services for the Coos Bay Rail Line Bridge Inspection Program project with authority for the Chief Executive Officer to enter into a contract for said services upon mutual agreement of scopes, costs and fees, and contract terms and conditions with the top scoring submitter, or if terms cannot be agreed upon, with the second highest scoring submitter provided such agreement can be reached. **Motion Passed.**

## 7. OTHER

## 8. COMMISSION COMMENTS

Mr. Burns asked Commissioners to look ahead to August for a strategic planning session; also, to consider whether the July meeting is needed.

President Kronsteiner thanked staff for putting together the budget documents, and stated the budget meetings today went seamlessly. There was great participation and great comments received.

## 9. NEXT MEETING DATE – Monday, June 17, 2019, 6:30pm.

## 10. ADJOURN

President Kronsteiner adjourned the meeting at 3:19 p.m. and entered into Executive Session to:

(e) conduct deliberations with persons designated by the governing body to negotiate real property transactions; and

(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.