

**OREGON INTERNATIONAL PORT OF COOS BAY**  
**Coos Bay, Oregon**  
**REGULAR COMMISSION MEETING & BUDGET HEARING**  
**6:30 p.m., Monday, June 17, 2019**

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

**ATTENDANCE**

**Commission:**

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

**Staff:**

John Burns, Chief Executive Officer; Lanelle Comstock, Chief Administrative Officer; Megan Richardson, Director of Finance; Margaret Barber, External Affairs Manager; Fiona Bai, Marketing Media Specialist; Krystal Moffett, Administrative Assistant; and Mike Stebbins, Port Legal Counsel.

**Media & Guests:**

Maeora Mosieur, Budget Committee; Paul Burgett, ARG Transportation; Ethan Smith, North Bend High School; Gracie Jensen, Marshfield High School; and Lisa Jensen.

**1. CALL MEETING TO ORDER**

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

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

**A. Scholarship Recipients Introduction**

Margaret Barber stated the Port began a scholarship program this year to support graduating seniors within the Port District. The Port's mission is to promote sustainable economic development that enhances the economy of southwestern Oregon and the State. One way to cultivate the local economy is to support the development of local youth and grow the workforce of tomorrow. Applicants were selected based on criteria including academic achievement, involvement in extracurricular activities and the community, and the overall quality of their submission. This year the Port selected three students who exemplified academic success, as well as engagement in and commitment to the community. Two of those students are present at the meeting tonight.

President Kronsteiner stated this is an impressive group of students, and presented the following:

An award of \$500 to Ethan Smith, graduating from North Bend High School with a 4.0 GPA, as well as Southwestern Oregon Community College with three Associates Degrees and 4.0 GPA. Ethan has been involved with the Science National Honor Society, the National Honor Society, the Upward Bound Program, and 4-H. Ethan will attend Oregon State University in the fall to study sociology with a crime and justice option. Ethan plans to go on to law school at Willamette University to complete his Doctor of Jurisprudence. Upon completing his studies, he plans to return to the Coos Bay area to begin a career as a deputy prosecutor, with the long-term goal of becoming a judge.

An award of \$500 to Gracie Jensen, graduating from Marshfield High School with a 4.0 GPA. Gracie has been involved in the MHS Charity Program which supports the local ARK and Share Bear Snack Pack Programs, a member of the National Honor Society, and captain of the Marshfield varsity tennis team. This fall, Gracie will attend Southern Oregon University to study psychology, with a long-term goal of becoming a mental health counselor.

An award of \$250 to Amy Annaloro, graduating from Marshfield High School with a GPA of 3.067. Amy was a member of the varsity cheer and track teams, the Marshfield bowling team, and the all-star bowling league. She is involved with the Z-club, Young Life, and the Upward Bound program. She has dedicated many hours to community service, including the Lakeside Fire Station, Prefontaine Memorial Run, the Charleston OctoberFest, and has served as a volunteer teacher's assistant at Blossom Gulch Elementary School. Amy will attend Southwestern Oregon Community College this fall and will study nursing. Her long-term goal is to work at a local hospital as a nurse.

President Kronsteiner congratulated the scholarship recipients.

### 3. PUBLIC COMMENT

### 4. CONSENT ITEMS

- A. Approval of May 20, 2019 Regular Commission Meeting Minutes
- B. Approval of May 20, 2019 Budget Committee Meeting Minutes
- C. Approval of May Invoices
- D. Approval of May Contracts Awarded

Upon a motion by Commissioner Martin (second by Commissioner Garcia), the Board of Commissioners voted to approve the May 20, 2019 Regular Commission Meeting Minutes, the May 20, 2019 Budget Committee Meeting Minutes, May Invoices and May Contracts Awarded. **Motion Passed.**

### 5. MANAGEMENT REPORTS

All Management Reports were included within the Meeting Packet.

### 6. BUDGET HEARING – FY 2019/20 BUDGET

#### A. Public Hearing

President Kronsteiner opened a Public Hearing for the Oregon International Port of Coos Bay's Budget Hearing for the Fiscal Year 2019/20 budget at 6:35 p.m.

#### B. 2019Res10: Adoption of Budget, Making Appropriations, Imposing and Categorizing Taxes – Combined for the 2019/20 Fiscal Year

The Port's Budget Committee approved the draft 2019/20 Fiscal Year Budget after its first budget committee meeting May 20, 2019. Each year, following the Budget Committee's approval of the budget, the Commission is required to hold a public hearing. The objective of the public hearing is to receive

testimony from any person present. The public hearing is scheduled for 6:30 p.m., June 17, 2019 prior to the regular Commission meeting.

During the regular Commission meeting, the Commission is **allowed to make changes to the budget if the total change in any fund does not exceed \$5,000 or 10%**, whichever is greater. Changes in excess of 10% would require the Commission to publish notice of a second budget hearing and a new financial summary and hold the second hearing before the adjusted budget can be adopted.

If no significant changes are made, the Commission should consider approval of the resolution adopting the budget.

Commissioner Martin asked for clarification as to why the resolution for the establishment of the dredge fund was moved on the agenda. Megan Richardson stated the action item was moved out of the public hearing and to the regular meeting action items. The dredge fund is being created so the activity can be separated from the Port's general fund. Commissioner Martin asked Legal Counsel if creating this additional fund created any concerns. Mike Stebbins stated it should not.

President Kronsteiner asked for any public comment on the proposed budget resolution. No comments were made.

Upon a motion by Commissioner Garcia (second by Commissioner Hanson), the Board of Commissioners motioned to approve Resolution 2019Res10 a resolution adopting a budget, making appropriations, imposing and categorizing taxes – combined for the 2019/20 fiscal year. **Motion Passed.**

President Kronsteiner closed the Public Hearing at 6:39 p.m. and opened the regular Board of Commissioners meeting.

## 7. **ACTION ITEMS/REPORTS**

### A. **2019Res09: Establishment of a Dredge Fund**

Staff wishes to establish a Special Revenue Fund to be known as the “Dredge Fund”. The purpose of this fund is to segregate the funds received from the State of Oregon Fuel Tax allocation separately from the Port's revenue.

It is necessary to create a separate fund so the fuel tax funds can be used solely for the longevity of the state-owned asset to maintain long term success of the dredge. Additionally, expenditures and reserves for future capital needs of the dredge, will be encompassed in the Dredge Fund.

Upon a motion by Commissioner Martin (second by Commissioner Hanson), the Board of Commissioners motioned to approve Resolution 2019Res09 establishing a Dredge Fund for the revenues, expenditures and future reserves for dredge activity of the state-owned dredge. **Motion Passed.**

### B. **2019Res11: Adoption of Supplemental Budget for Fiscal Year 2018/19**

Under Oregon Budget Law a supplemental budget is required to reallocate appropriation authority, add new appropriation authority when the entity receives additional revenues, and to create a new appropriation category. The Port may adopt this supplemental budget by resolution at a regularly

scheduled commission meeting when the supplemental budget does not adjust any one fund by more than 10 percent and the transfer of contingency is below 15 percent.

Staff wishes to amend the FY 2018/19 budget as follows:

<u>General Fund</u>	<u>Budgeted Amounts</u>	<u>New Amounts</u>	<u>Change</u>
1 Administration	1,475,773	1,239,328	(236,445)
2 Charleston Ops	2,654,826	2,598,826	(56,000)
3 External Affairs	659,293	613,293	(46,000)
4 Port Ops	357,968	301,968	(56,000)
5 Port Development	255,416	255,416	-
6 Rail Ops	4,147,261	3,736,261	(411,000)
7 Dredge Ops	124,242	284,241	159,999
Non-Departmental			
Debt Service	974,838	902,838	(72,000)
Transfers to Other Funds -	-	-	-
Special Payments	-	902,500	902,500
Contingency	50,000	0	(50,000)
<b>General Fund Total</b>	<b>10,699,617</b>	<b>10,834,671</b>	<b>135,054</b>
<b>Special Projects Fund</b>			
Materials & Services	2,410,640	3,860,840	1,450,200
Transfers Out	143,200	-	(143,200)
<b>Special Projects Fund Total</b>	<b>2,553,840</b>	<b>3,860,840</b>	<b>1,307,000</b>

Two funds will be adjusted:

- General Fund:
  - Appropriations will be reallocated from Administration, Charleston Operations, External Affairs, Port Operations, Rail Operations, Non-Departmental - Debt Service, and Non-Departmental - Contingency to the new category Special Payments. This is to account for the transfer of funds to Coos Bay Rail Line, Inc. (CBRL) during the rail operations start up as it was necessary to fund the operations while CBRL was in the early stages and had not yet earned any revenue to cover their own expenses.
  - The Dredge Operations department additional appropriation authority is necessary to account for the revenues received from the state to cover unanticipated repairs and maintenance for the dredge.
- Special Projects Fund:
  - The appropriation authority is reallocated from Fund Transfers and additional authority is being added to account for the additional expenditures in the Materials & Services category. The expenditure increase in this category is related to the Channel Modification project, which is directly offset by revenues received, and non-capitalized expenditures for rail projects.

Commissioner Hanson asked for clarification that the increased expenditures in the special projects fund is offset by the non-capitalized expenditures for rail projects. Ms. Richardson stated this includes revenues received and the reallocation of expenditures related to the CBRL startup.

Upon a motion by Commissioner Hanson (second by Commissioner Garcia), the Board of Commissioners motioned to approve Resolution 2019Res11 to adopt the supplemental budget which will reallocate

appropriations to add the new category and increase appropriations in the General Fund and reallocate and increase authority in the Special Projects Fund. **Motion Passed.**

**C. 2019Res12: Update Signature Authority on Umpqua Bank Accounts**

Port Policy Chapter 12 outlines the internal controls and authorization for financial management of the Port of Coos Bay. All Port bank accounts must be authorized and approved by the Board of Commissioners. With the separation of Chief Commercial Officer Anna Soderstrom, Port staff wishes to update the signature authority documents for the following bank accounts, to be effective June 18, 2019:

ZBA Disbursement Checking Account #2511  
ZBA Payroll Checking Account #5360  
Money Market Sweep Account #3394  
General Concentration Sweep Account #3139

The following individuals will be authorized signatories on these Umpqua Bank accounts:

John Burns	Chief Executive Officer
Lanelle Comstock	Chief Administrative Officer
Megan Richardson	Director of Finance & Accounting
David Kronsteiner	President
Brianna Hanson	Treasurer
Eric Farm	Vice President

A resolution is required for signature authorization for the bank accounts.

Upon a motion by Commissioner Garcia (second by Commissioner Martin), the Board of Commissioners motioned to approve Resolution 2019Res12 updating signature authority for the banking accounts at Umpqua Bank, Coos Bay Branch. **Motion Passed.**

**D. 2019Res13: Update Signature Authority for Oregon State Treasury Local Government Investment Pool Account**

Port Policy Chapter 12 outlines the internal controls and authorization for financial management of the Port of Coos Bay. All Port bank accounts must be authorized and approved by the Board of Commissioners.

The Port invests excess cash with the Oregon State Treasury Local Government Investment Pool, which provides a higher rate of return than the Port's other bank accounts. Funds are transferred between the Local Government Investment Pool (LGIP) and the Umpqua bank accounts as needed for cash flow purposes. LGIP transfers are only permitted to and from bank accounts that are linked to the LGIP account. Changes to the linked bank accounts must be approved by two individuals.

With the separation of Chief Commercial Officer Anna Soderstrom, Port staff wishes to update the signature authority documents for the LGIP. Any two of the following individuals are required to initiate bank account information changes for the Local Government Investment Pool account #5347:

John Burns	Chief Executive Officer
Lanelle Comstock	Chief Administrative Officer

Megan Richardson	Director of Finance & Accounting
David Kronsteiner	President
Brianna Hanson	Treasurer
Eric Farm	Vice President

Upon a motion by Commissioner Martin (second by Commissioner Garcia), the Board of Commissioners motioned to approve Resolution 2019Res13 updating signature authority for bank account changes to the Local Government Investment Pool account #5347. **Motion Passed.**

#### **E. Disposal of Surplus Property for Fiscal Year 2019/20**

Over time, the Port accumulates surplus personal property as older equipment and materials are replaced with newer materials, areas of operations are phased out, or when items are abandoned and/or obtained through the auction process. When sufficient quantities of such materials and equipment are accumulated, it becomes necessary to dispose of the surplus property. The surplus property includes property the Port has determined is not needed and unlikely to be needed for Port operations.

Section 6 of the Port's Local Public Contracting Rules requires the Chief Executive Officer to identify Port surplus property and recommend the means of its disposal to the Port Commission, as the designated Local Contract Review Board (LCRB). The policy sets forth specific criteria for the disposition of surplus personal property.

Much of the Port's surplus property has little to no value to the Port or its operations. It is inefficient to continue to bring individual action items to the Commission for the disposal of such property. Therefore, Port staff is requesting the Commission, as the LCRB, name the Chief Executive Officer as its designee for determining and authorizing the methods of disposal of surplus property with little to no value to the Port for Fiscal Year 2019/20 in strict accordance with written policy.

All surplus property will be evaluated against policy before disposition. If any items are determined to not meet the specific criteria set forth in policy, Staff will present an action item for the Commission's consideration upon that determination.

Commissioner Garcia asked why this action item is needed each year. Lanelle Comstock stated the policy needs to be updated.

Upon a motion by Commissioner Hanson (second by Commissioner Martin), the Board of Commissioners motioned to name the Chief Executive Officer as the Local Contract Review Board's designee for determining and authorizing the methods of disposal of surplus property with little to no value to the Port for Fiscal Year 2019/20 in accordance with the Port's Local Public Contracting Rules. **Motion Passed.**

#### **F. Pacific Power Underground Right of Way Agreement**

The Oregon International Port of Coos Bay executed an easement agreement with Southport Forest Products on May 27, 2011 to access their mill site. The Port owns a stretch of property that is approximately 100' wide and runs parallel to Trans Pacific Parkway as a railroad corridor. Jason Smith of Southport Forest Products approached Port staff to activate the easement agreement in order to build a road to improve access to the mill site and better manage the flow of traffic. He also requested a right of way agreement with Pacific Power so they can increase power to the site. Utilities will be buried at a depth of 5'6" to meet the required depth when the rail line is extended past the 2011 easement.

Upon a motion by Commissioner Martin (second by Commissioner Hanson), the Board of Commissioners motioned to approve the execution of a Right of Way agreement with Pacific Power to install underground power utilities to service the Southport Forest Products mill on the North Spit. **Motion Passed.**

#### **G. 2019Res14: 2019/20 Charleston Marina Rate Schedule**

As part of the annual budget process, the Marina Complex rates are reviewed each year and may be adjusted by the Consumer Price Index and/or by market analysis (each year staff surveys the rates and schedules of comparable facilities for comparisons). This year, Port Staff is requesting the following adjustments to the Charleston Marina Rate Schedule:

- All Shipyard Service (excluding the environmental service charge), Storage Unit and Dry Storage rates are increasing 1.5% (rounded up).
- Moorage for vessels under 15' will receive a 10% increase.
- Annual and semi-annual moorage for vessels over 15' will receive a 1.5% increase.
- Daily and monthly moorage for vessels over 15' will receive a 10% increase.
- There will be no changes to the Launch Ramp fees, Ice Dock rates, or RV Park rates (the RV Park rates are adjusted in January).

The proposed 2019/20 Charleston Marina Rate Schedule was attached as an exhibit to the resolution included in the meeting packet. The rate schedule was discussed with the Charleston Advisory Committee. There were no objections at that time.

The Rate Schedule may be modified by resolution of the Port Commission. Upon approval by the Board, the proposed 2019/20 Charleston Marina Rate Schedule will become effective July 1, 2019.

Commissioner Hanson asked for confirmation that these were the rates included in the 2019/20 budget. John Burns confirmed.

Upon a motion by Commissioner Hanson (second by Commissioner Garcia), the Board of Commissioners motioned to approve Resolution 2019Res14 revising the Charleston Marina Rate Schedule as presented, for Fiscal Year 2019/20. **Motion Passed.**

#### **H. David Miller and Associates Task Order #14**

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 2019 will be related to engineering design and environmental and regulatory compliance matters. The estimated 2019 annual budget for the project is \$3,548,893.00.

Task Order DMA 14 in the amount of \$780,000.00 describes the tasks to be undertaken during Q3 2019, 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 Q3 2019 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.

Upon a motion by Commissioner Martin (second by Commissioner Garcia), the Board of Commissioners motioned to authorize Commission President David Kronsteiner to execute Task Order DMA 14 for professional services related to the Coos Bay Channel Modification Project in an amount not to exceed \$780,000.00 for work to be performed on the project during the third quarter of 2019. **Motion Passed.**

7. **OTHER**

8. **COMMISSION COMMENTS**

9. **NEXT MEETING DATE** – Monday, August 19, 2019, 6:30pm.

Mr. Burns stated it has been proposed to change the time to 1:00 pm following the morning strategic planning session scheduled that day.

10. **ADJOURN**

President Kronsteiner adjourned the meeting at 6:53 p.m. and entered into Executive Session to:

- (a) consider the employment of a public officer, employee, staff member or individual agent;
- (e) conduct deliberations with persons designated by the governing body to negotiate real property transactions;
- (g) consider preliminary negotiations involving matters of trade or commerce in which the governing body is in competition with governing bodies in other states or nations;
- (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.