

**OREGON INTERNATIONAL PORT OF COOS BAY**  
**Coos Bay, Oregon**  
**REGULAR COMMISSION MEETING**  
**6:30 p.m., Monday, March 19, 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; and James Martin, Commissioner. Bob Garcia 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; Patrick Kerr, Director of Rail Operations; John Buckley, Charleston Harbormaster; Joe Caruso, Port Development Project Manager; Amrha Wimer, Administrative Assistant; and Mike Stebbins, Port Legal Counsel.

**Media & Guests:**

Maeora Mosieur, Budget Committee; Gary Alfred, ILWU; Billy Moore, ILWU Retirees; Amanda McCleary-Moore, Moss Adams; Melissa McMahan, Moss Adams; Scott Partney, Partney Constructions; Natalie Ranker; and Jody McCaffree.

**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. Presentation of 2016/17 Annual Financial Report from Moss Adams**

Amanda McCleary-Moore from Moss Adams was present to review the Port's 2016/17 Annual Financial Report with the Port Commission. She stated the nature of services provided: an audit of the Port financial statements in accordance with GAAP; compliance testing and reporting under Oregon Minimum Audit Standards; and reporting on the overall audit plan, audit results, communicating internal controls findings and noncompliance.

Critical audit areas covered were (but not limited to): cash and investments, revenues and receivables, capital assets, long term debt, accrued liabilities, financial close and reporting, Oregon Minimum Standards and internal controls and IT environment evaluation.

Mrs. McCleary-Moore stated the audit opinion for the financial statements was an unmodified opinion meaning that based on all the testing, the financial statements were put together materially correct in accordance with generally accepted accounting principles. Under Oregon Minimum Standards, there were two instances of non-compliance. The two non-compliance items are the most common found in audits. The two were budgetary over expenditures and a deficit balance.

Melissa McMahon reviewed communications to those charged with governance. She discussed Note 1 covers significant accounting policies used by the Port and how the Port has chosen to account for things. The Port does not have any significant tax abatement. Mrs. McMahon discussed the management judgments and accounting estimates used to create the financial statements. The more significant ones are the lives of capital assets, pension amounts and allowance for doubtful accounts. Mrs. McMahon mentioned the two audit adjustments. The PERS adjustment is to help align with GASB 68 for future years. Moss Adams helped the team create the adjustment this year, and in future years the Accounting team will be able to make it on their own. Moss Adams did not note any consultation with other accountants, no disagreements with management and no difficulties performing the audit. Mrs. McMahon stated Moss Adams had the following recommendations for best practices in the areas of: Oregon minimum standards, capital assets, debt and pension. She mentioned new standards for next year and the only one that will have any significant impact the Port is the GASB Statement No. 75.

Mr. Burns thanked the Moss Adams team and the Port Accounting team.

### 3. PUBLIC COMMENT

### 4. CONSENT ITEMS

- A. Approval of February 20, 2018 Regular Commission Meeting Minutes
- B. Approval of February Invoices
- C. Approval of February Contracts Awarded

Upon a motion by Commissioner Farm (second by Commissioner Martin), the Board of Commissioners voted to approve the February 20, 2018 Regular Commission Meeting Minutes, February Invoices and February Contracts Awarded. **Motion passed.**

### 5. MANAGEMENT REPORTS

All Management Reports were included within the Meeting Packet.

### 6. ACTION ITEMS/REPORTS

#### A. **Fiscal Year-end June 30, 2017 Financial Report**

Moss Adams has completed the annual financial report on behalf of the Oregon International Port of Coos Bay for fiscal year ending June 30, 2017.

The financial statements are presented in accordance with the financial reporting model in the Governmental Accounting Standard Board (GASB) Statement No.34.

There were no adjustments that had a material effect on the Port's reporting process. There were also no material weaknesses or reportable conditions for internal control, or any instances of non-compliance to the general purpose financial statements. There are suggestions to management on areas for Port staff to strengthen their internal control.

Ms. Amanda McCleary-Moore attended this Commission meeting to present the audit.

Upon a motion by Commissioner Farm (second by Commissioner Hanson), the Board of Commissioners motioned to the annual financial report for Fiscal Year 2016/2017. **Motion passed.**

**B. Clear Creek Systems Inc. Change Order 3**

On May 24, 2017, the Port executed a contract with Clear Creek Systems Inc. for a not to exceed fee of \$424,380.00 to supply and install a Chitosan Enhanced Sand Filtration Stormwater Treatment System at the Charleston Shipyard. Since execution of the original contract, two change orders had been authorized and executed, bringing the total not to exceed fee for the contract to \$526,295.00. The previous change orders included the following: Change Order No. 1 - providing an interim stormwater treatment system during construction activities and Change Order No. 2 - for the purchase and installation of a backwash tank not previously scoped and additional labor for the system optimization.

Staff requested that Clear Creek Systems continue to provide the interim system during construction activities (an additional 2.5 months) and to provide additional replacement supplies for the permanent stormwater system. The proposed work will be completed for a not to exceed fee of \$37,900. Change Order 3 would bring the current contract to a not to exceed fee to \$564,195.00.

Because the total value of all changes to Clear Creek Systems contract exceeds the 25% of original contract value threshold allowed in Port Procurement Rule 6.2.8(F), Commission action is required to authorize the execution of Change Order 3 to the Clear Creek Contract.

Commissioner Martin asked what the additional replacement supplies are for. Mr. Caruso stated the Port purchased replacement media so there is backup supplies on hand instead of ordering supplies when needed.

Upon a motion by Commissioner Farm (second by Commissioner Martin), the Board of Commissioners motioned to authorize Chief Executive Officer John Burns to execute Change Order 3 to Clear Creek Systems contract to supply and install a Stormwater Treatment System for the not to exceed amount of \$37,900. **Motion passed.**

**C. Negotiate and Execute a Contract for the Coos Bay Rail Line Tunnel Structural Rehabilitation Project**

Under previous Commission authorization, Port staff solicited proposals for the Coos Bay Rail Line Tunnel Structural Rehabilitation Project. The work will improve the structural integrity and extend the life of all nine tunnels. The project will be funded by state and federal grants.

A Request for Proposals (RFP) for the Coos Bay Rail Line Tunnel Structural Rehabilitation Project was originally submitted to the six pre-qualified contractors on February 2, 2018 with the deadline for proposals as March 7, 2018. Five of the six pre-qualified contractors submitted proposals by the due date. All five proposals were opened March 7, 2018 and full bid prices were read aloud. The initial bid results are listed in the table below:

<b>Firm Name</b>	<b>Total Price</b>
Condon Johnson	\$10,045,522.00
Drill Tech Drilling and Shoring	\$5,663,490.00
Knife River Materials	No Bid
LRL Construction	\$3,470,884.78
Merco Engineering Contractors	\$11,992,174.00
Rock Supremacy	\$3,750,815.00

The lowest price proposal is being reviewed for responsiveness to the ITB. A copy of the LRL Construction Company proposal is available to the Commission for review.

LRL Construction Company is a State of Oregon, full-service tunnel construction contractor. They have completed other tunnel projects along the Coos Bay Rail Line, including work similar in scope to this project. The proposed price includes structural repairs to all nine tunnels on the Coos Bay Rail Line.

Port procurement rule 4.5 states the Port Commission, acting in its role as the Local Contract Review Board, may award a contract for services by competitive sealed bids. Port staff requests the Commission authorize execution of a contract with LRL Construction Company for the Coos Bay Rail Line Tunnel Structural Rehabilitation Project for the total price of \$3,470,884.78 pending final review.

Commissioner Hanson asked why there was a large discrepancy between the lowest and highest bid. Mr. Caruso could not say for sure, but the highest price was from a company in New Jersey and cost could be higher there. There was a site walk and everyone was well aware of the scope of work.

Upon a motion by Commissioner Farm (second by Commissioner Martin), the Board of Commissioners motioned to authorize Chief Executive Officer John Burns to negotiate and execute a contract with LRL Construction Company for the Coos Bay Rail Line Tunnel Structural Rehabilitation Project in the amount of \$3,470,884.78. **Motion passed.**

**D. Negotiate and Execute a Contract for the Coos Bay Rail Line 2018 Timber Bridge Repairs Project**

Under previous Commission authorization, Port staff solicited bids for the Coos Bay Rail Line 2018 Timber Bridge Repairs Project. The project will make repairs and improvements on 37 timber bridges along the full length of the line. Work will include the replacement of caps, stringers, ties, and other structural repairs on the identified bridges. The work selected for this project are repairs identified as priority 2 (repair as soon as possible) in the 2016 Bridge Inspection reports. Work for this project will be funded by the 2013 Oregon DOT Lottery Bond Grant.

An Invitation to Bid for the Project was issued February 16, 2018, and a non-mandatory site visit held February 27. Staff received six bids by the March 14, 2018 4:00 pm due date. All bids were opened, and the results made available to all bidders and posted to the Port's website. The initial bid results are listed in the table below:

<b>Firm Name</b>	<b>Total Price</b>
Balfour Beatty	\$1,335,970.00
Hamilton Construction	\$2,643,320.00
Koppers Railroad Structures	\$2,195,535.00
LRL Construction	\$1,720,492.00
Scott Partney Construction	\$2,005,386.00
Railworks Track Systems	\$3,776,500.00

Staff estimate for the overall project cost was \$1,772,740.00.

All bids have been reviewed for responsiveness, and Balfour Beatty has been determined to be the lowest, responsive and responsible bidder. Balfour Beatty is a full-service engineering and construction

company with expertise in all aspects of railroad construction and repairs. Their Rail Services group constructs track, tunnel, and bridge projects for class 1 and shortline railroads throughout the United States. Balfour Beatty was the contractor for the 2012 Track Rehabilitation Project on the Coos Bay Rail Line.

Port procurement rule 4.5 states the Port Commission, acting in its role as the Local Contract Review Board, may award a contract by competitive sealed bids. Port staff requests the Commission authorize execution of a contract with Balfour Beatty Infrastructure, Inc. for the Coos Bay Rail Line 2018 Timber Bridge Repairs Project for the total price of \$1,335,970.

Upon a motion by Commissioner Martin (second by Commissioner Farm), the Board of Commissioners motioned to authorize Chief Executive Officer John Burns to negotiate and execute a contract with Balfour Beatty Infrastructure, Inc. for the Coos Bay Rail Line 2018 Timber Bridge Repairs Project for the total price of \$1,335,970. **Motion passed.**

#### **E. David Miller & Associates Task Order #9**

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 #9 in the amount of \$1,389,188 describes the tasks to be undertaken during Q2 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 Q2 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.

Upon a motion by Commissioner Farm (second by Commissioner Hanson), the Board of Commissioners motioned to authorize Commission President David Kronsteiner to execute Task Order DMA #9 for professional services related to the Coos Bay Channel Modification Project in an amount not to exceed \$1,389,188 for work to be performed on the project during the second quarter of 2018. **Motion passed.**

#### **F. Knutson Change Order 1: D Dock Piling Declaration of Emergency**

On February 20, 2018, the Port executed a contract with Knutson Towboat for a not to exceed fee of \$11,400 to replace the broken pile on D dock. Since execution of this contract, it was discovered by Port staff that a single steel pile on F-dock was snapped off below the water line, requiring immediate replacement of that pile as well. Change order 1 increases the scope of the February 20 executed contract with Knutson Towboat to replace an additional pile on F-dock.

Port staff requested a quote from Knutson Towboat for the increased scope and they responded with \$6,800 for the additional pile replacement. The proposed work increases the overall contract to the not to exceed fee of \$18,200 to replace 2 piles in the Charleston Marina. The soonest we can expect replacement pilings to be installed will be early March 2018.

Because the total value of all changes to Knutson Towboat contract exceeds the 25% of original contract value threshold allowed in Port Procurement Rule 6.2.8(F), Commission action is required to authorize the execution of Change Order 1 to the original contract.

Commissioner Hanson asked if the damage was from a boat and if insurance covers the damage. Mr. Buckley stated it was from a vessel and insurance does cover it.

Upon a motion by Commissioner Farm (second by Commissioner Martin), the Board of Commissioners motioned to authorize Chief Executive Officer John Burns to execute Change Order 1 to Knutson Towboat contract for Finger Piling Replacement for the not to exceed amount of \$18,200.00. **Motion passed.**

7. **OTHER**

8. **COMMISSION COMMENTS**

9. **NEXT MEETING DATE** – Monday, April 16, 2018, 6:30pm.

10. **ADJOURN**

President Kronsteiner adjourned the meeting at 7:07 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.