

OREGON INTERNATIONAL PORT OF COOS BAY
Coos Bay, Oregon
REGULAR COMMISSION MEETING & BUDGET HEARING
6:30 p.m., Monday, June 18, 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; Megan Richardson, Director of Finance and Accounting; John Buckley, Charleston Harbormaster; Patrick Kerr, Director of Rail Operations; Mike Dunning, Director of Maritime Operations; Lanelle Comstock, Director of Administrative Services; Cheryl Charitar, Charleston Office Administrator; Krystal Moffett, Administrative Assistant; and Mike Stebbins, Port Legal Counsel.

Media & Guests:

Arthur Poole.

1. CALL MEETING TO ORDER

President Kronsteiner called the meeting to order at 6:31 p.m.

2. INTRODUCTION OF GUESTS AND PORT STAFF

3. PUBLIC COMMENT

Mr. Arthur Poole spoke about the importance of rail service to the economy of Coos County, and the other counties along the line. Mr. Poole spoke of the customers south of the swing span bridge and the critical need for freight rail service to be maintained. Mr. Poole asked the Port and Commissioners to continue to support the rail and the repairs that are needed.

4. CONSENT ITEMS

- A. Approval of May 21, 2018 Regular Commission Meeting Minutes
- B. Approval of May 24, 2018 Budget Committee Meeting Minutes
- C. Approval of May Invoices
- D. Approval of May Contracts Awarded

Upon a motion by Commissioner Martin (second by Commissioner Farm), the Board of Commissioners voted to approve the May 21, 2018 Regular Commission Meeting Minutes, the May 24, 2018 Budget Committee Meeting Minutes, May Invoices, and May Contracts Awarded. **Motion Passed.**

5. MANAGEMENT REPORTS

All Management Reports were included within the Meeting Packet.

Commissioner Martin asked if there has been any progress with locating the appropriate steel for the swing span bridge repair. Mr. Jacquot stated the Port has discussed with Thompson Metal Fab of Vancouver and has issued a letter of intent with them on June 12, 2018.

6. BUDGET HEARING – FY 2018/19 BUDGET

A. **Public Hearing**

President Kronsteiner opened a Public Hearing for the Port of Coos Bay's Budget Hearing for the FY 2018/19 budget at 6:33 p.m.

B. **2018Res13: Adoption of Budget, Making Appropriations, Imposing and Categorizing Taxes – Combined for the 2018/19 Fiscal Year**

The Port's Budget Committee approved the draft 2018/19 Fiscal Year Budget after its first budget committee meeting May 24, 2018. 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.

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.

President Kronsteiner asked for any questions or comments on the proposed budget. There being none, President Kronsteiner closed a Public Hearing for the Port of Coos Bay's Budget Hearing for the FY 2018/19 budget at 6:35 p.m.

Upon a motion by Commissioner Farm (second by Commissioner Hanson), the Board of Commissioners voted to approve Resolution 2018Res13, a resolution adopting a budget, making appropriations, imposing and categorizing taxes – combined for the 2018/19 fiscal year. **Motion Passed.**

7. ACTION ITEMS/REPORTS

A. **2018Res12: Adoption of Supplemental Budget for Fiscal Year 2017/18**

Due to several incidents involving damage to Port properties, the Port has received insurance settlements to recover the associated cost of repairs. These proceeds need to be appropriated to become available for use in this fiscal year. The added expenses have already been incurred and the insurance proceeds will be applied to cover these unexpected outlays.

In addition to the insurance related repairs, the Oregon State Marine Board grant to upgrade the launch ramp was originally budgeted for FY2018/19. However, due to the grant deadline, this project needs to begin before the start of the next fiscal year. The expenditures related to acquisition of materials is not a part of the 2017/18 budget and needs to be appropriated.

The railroad saw an increase in expenses due to unforeseen circumstances. The department is projected to exceed their current budget due to the current and estimated legal and engineering fees. The department has seen an increase in legal fees associated with operator negotiations and consulting fees associated with necessary engineering for repairs.

The Special Projects fund requires a transfer from the General fund to cover projects that were not completely funded by outside sources. These projects include the phone system upgrade, the RV Park WIFI and an unfunded portion of the Stormwater system upgrade in the shipyard.

Finally, no transfers were budgeted to the Reserve Fund in 2017/18. The Port received revenues that were unanticipated from the sale of the 45G tax credit and sale of building 28, therefore it is proposed to include these unanticipated revenues in a transfer to the reserve fund.

Staff wishes to amend the 2017/18 budget as follows:

<u>General Fund</u>	<u>Budgeted</u>	<u>New Amounts</u>	<u>Change</u>
	<u>Amounts</u>		
1 Administration	1,455,028	1,380,028	(75,000)
2 Charleston Ops	2,196,642	2,471,642	275,000
3 External Affairs	653,132	578,132	(75,000)
4 Port Ops	443,784	318,784	(125,000)
5 Port Development	511,314	311,314	(200,000)
6 Rail Ops	3,975,177	4,170,177	195,000
7 Dredge Ops	538,300	488,300	(50,000)
Non Departmental			
Debt Service	808,272	228,272	(580,000)
Transfers to		822,517	822,517
Capital Outlays	341,500	203,983	(137,517)
Contingency	50,000	-	(50,000)
General Fund Total	10,973,149	10,973,149	-
 Special Projects Fund			
Transfers In			75,000
 Reserve Fund			
Transfers In			747,517

Under Oregon Budget Law, if a transfer of appropriation authority is a decrease of one existing appropriation and a corresponding increase of another existing appropriation, with no net change in the total amount of all appropriations the supplemental budget may be adopted at a regularly scheduled Port Commission meeting. Staff wishes to amend the budget to increase appropriation level of Charleston

Ops, Railroad Ops, and Transfers to Other funds and decrease Administration, External Affairs, Port Ops, Dredge Ops, Debt Service, and Capital Outlays for a net change of zero. Additionally, the transfer of contingency is below the 15% threshold.

Commissioner Garcia asked about the debt service that dropped. Ms. Richardson stated the Port had originally budgeted for the rail line debt service to begin in FY 2017/18, but that has been pushed back to FY 2018/19. Mr. Burns stated that was due to a misunderstanding of the loan document.

Upon a motion by Commissioner Martin (second by Commissioner Garcia), the Board of Commissioners voted to approve Resolution 2018Res12, adopting the supplemental and reallocate appropriations to incorporate changes in the Port's operating environment in the General Fund, cover unfunded expenses in the Special Projects Fund, and transfer revenues to Reserve Fund for future use.

Motion Passed.

B. 2018Res15: Approval of 2018/19 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:

- Highlighted Charleston Complex services will receive a minimum of a 1.5% increase, except for RV Park rates (adjusted in January), launch ramp fees (capped by a funding agreement with the Oregon State Marine Board), and other rates as discussed below.
- Ice will increase from \$73.50 per ton to \$75.00 per ton, with a \$50 minimum purchase.
- The Environmental Fee for Shipyard services will remain at 9%.
- Travel lift fees will increase from \$550.00 for a two-way lift to \$560.00, and \$65.00 for each additional hour of hull pressure washing.
- Vessel Moorage for vessels under 15' will see a 1.5% increase. All other moorage remains unchanged from 2017/18.

The proposed 2018/19 Charleston Marina Rate Schedule was included in the packet as part of the FY 2018/19 budget process.

The Rate Schedule may be modified by Resolution of the Port Commission. Upon approval by the Board, the proposed 2018/19 Charleston Marina Rate Schedule will become effective July 1, 2018.

Upon a motion by Commissioner Farm (second by Commissioner Garcia), the Board of Commissioners motioned to approve Resolution 2018Res15 revising the Charleston Marina Rate Schedule as presented, for Fiscal Year 2018/19. **Motion Passed.**

C. Disposal of Surplus Property for Fiscal Year 2018/19

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 2018/19 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.

Upon a motion by Commissioner Farm (second by Commissioner Hanson), 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 2018/19 in strict accordance with written policy. **Motion Passed.**

D. David Miller & Associates Task Order 10

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 #10 in the amount of \$1,122,884 describes the tasks to be undertaken during Q3 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 Q3 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 Martin), the Board of Commissioners motioned to authorize Commission President David Kronsteiner to execute Task Order DMA #10 for professional services related to the Coos Bay Channel Modification Project in an amount not to exceed \$1,122,884 for work to be performed on the project during the third quarter of 2018. **Motion Passed.**

E. Change Order 1 to Stantec Consulting Task Order 25: General Engineering for Fiscal Year 2017/18

Under the Professional Services Agreement with Stantec Consulting Services Inc. amended in July 2017, Port staff has utilized Stantec's expertise as a resource for bridge and water crossing engineering, project management support services, and technical support services for development of the Coos Bay Rail Link Bridge Management Plan.

In August 2017, the Port Commission authorized Stantec Task Order 25 to include general tasks or requests to accomplish administrative assignments that did not warrant independent task orders for the not to exceed fee of \$50,000. This task order covered general calls and discussions that did not fall under existing Task Orders. For the 2017/2018 Fiscal Year, Stantec has completed a draft update for the Bridge Management Plan; responded to initial monitoring requests at the concrete bridge over Schofield Slough near Reedsport (BR740.84); conducted an emergency electromechanical assessment of the Coos Bay Swing Span Bridge; and conducted survey and tie deck design work for the bridges over Wild Cat Creek near Tunnel 14 (MP680.77).

While past year General Engineering task orders were completed well below the authorized amount, fiscal year 2017/18 was exceptionally busy. The expected billings and additional fees for Task Order 25 will exceed the \$50,000 not to exceed amount previously authorized. In order to complete work underway with Task Order 25 a change order will be necessary to finish the fiscal year.

Staff requests the Port Commission authorize Change Order 1 for Stantec Task Order 25 for fiscal year 2017/18 general engineering for an additional not to exceed amount of \$50,000. Currently, we anticipate using Task Order 25 to continue to monitor several bridges on the Coos Bay rail line, to complete work with the 2018 Bridge Management Plan update, and to wrap up the tie deck work on the Wild Cat Creek bridges.

Change Order 1 to Stantec Task Order 25 will be funded from the General Fund Consulting Services in the 2017/18 Railroad Department supplemental budget, unless such work is specifically reimbursable under existing grants.

The requested change order amount exceeds the 25% cumulative total amendment threshold allowed by Port Procurement rule 5.2.3, and therefore requires Commission authorization.

Upon a motion by Commissioner Garcia (second by Commissioner Farm), the Board of Commissioners motioned to authorize Chief Executive Officer John Burns to execute Change Order 1 to Stantec Consulting Services, Inc. Task Order 25 for fiscal year 2017/18 General Engineering tasks on the Coos Bay Rail Line for the additional not to exceed amount of \$50,000. **Motion Passed.**

F. Stantec Consulting Task Order 30: Technical Support for Federal CRISI and BUILD Grant Applications

In July 2012, the Port completed a Professional Services Agreement, amended in July of 2017, with Stantec Consulting Services Inc. for engineering support services for Railroad Bridges. Stantec has assisted Port staff with past grant applications, including the FASTLANE and TIGER VII applications submitted in 2016.

In order to support the continuing capital needs for Bridges on the Coos Bay Rail Line, staff has determined to complete applications for the 2017 Consolidated Rail Infrastructure and Safety

Improvements (CRISI) grant, and the 2018 Better Utilizing Investments to Leverage Development (BUILD) grant. Each grant requires a comprehensive Statement of Work and a Benefit-Cost Analysis. Each of these documents require significant staff effort, follow a prescribed US Department of Transportation template, and include statistic analysis of the benefits of continuing freight rail service on the Coos Bay Rail Line.

With current work load and the technical nature of the Benefit-Cost Analysis, Port staff has asked Stantec to provide a proposal to support our planned grant application efforts by drafting statements of work and benefit cost analyses for each project. Stantec's proposal, titled Task Order 30, Federal Grant Support, will complete the required documents for both grants, for a not to exceed fee of \$30,000.

Work for this task order will be funded from the Fiscal Year 2017/18 Consulting Services General Fund line item in the current Development Department Budget.

Commissioner Garcia asked about the time period of completion with regard to the end of the fiscal year. Mr. Jacquot stated that the CRISI grant will be complete this fiscal year, and the BUILD grant will wrap up in the next fiscal year.

Upon a motion by Commissioner Martin (second by Commissioner Hanson), the Board of Commissioners motioned to authorize Chief Executive Officer John Burns to execute Stantec Task Order 30 for Technical Support for Federal Grant Applications in FY 2017/18 for the not to exceed amount of \$30,000. **Motion Passed.**

G. Stantec Consulting Task Order 31: General Engineering for FY 2018/19

Under the current Professional Services Agreement with Stantec Consulting Services Inc., amended in 2017, Port staff has utilized Stantec's expertise as a resource for bridge and water crossing engineering, project management support services, and technical support services for development of the Coos Bay Rail Link Bridge Management plan.

In August 2017, the Port Commission authorized Stantec Task Order 25 to include general tasks or requests to accomplish administrative assignments that did not warrant independent task orders. Additionally, this task order covered general calls and discussions that did not fall under existing Task Orders. For FY 2017/18, Task Order 25 was authorized for \$50,000, with an exceptional amount of activity that resulted in a request for a change order to increase funding.

Port staff intends to utilize a general engineering task order specific to each fiscal year. Each year's general engineering task order will utilize funds budgeted for consulting services in the Railroad Department's operations budget unless they are specifically reimbursable under existing grants. Work executed under the general engineering task order will be specifically authorized by Port staff prior to execution, and the task order for a specific fiscal year will remain in effect until authorized work has been completed. Authorization for upcoming fiscal year task orders will be brought to the Commission prior to the start of that fiscal year.

Staff requests the Port Commission authorize Stantec Task Order 31 for fiscal year 2018/19 general engineering for an amount not to exceed \$50,000. We anticipate using Task Order 31 to conduct periodic detailed inspections for specific bridges on the Coos Bay rail line as needed, to provide programmatic

planning for future bridge work, and to respond to emergency bridge inspection and engineering requests as they occur.

Stantec Task Order 31 will be funded by the \$50,000 budgeted for consulting services in the 2018/19 Railroad Department budget, unless such work is specifically reimbursable under existing grants.

While this task order falls under the \$250,000 threshold allowed for CEO authorization for budgeted personal services contracts under Port procurement rule 5.2.1, it has been staff practice to request commission authorization when total task order values for a single contractor exceed the \$250,000 threshold. With the previously authorized task orders and other projects planned with Stantec for this fiscal year, that threshold will be exceeded.

Upon a motion by Commissioner Garcia (second by Commissioner Farm), the Board of Commissioners motioned to Authorize Chief Executive Officer John Burns to execute Stantec Consulting Services, Inc. Task Order 31 for fiscal year 2018/19 General Engineering tasks on the Coos Bay Rail Line for the not to exceed fee of \$50,000. **Motion Passed.**

H. Stantec Consulting Task Order 32: Engineering Support for 2018 Timber Bridge Repairs Project

On March 22, 2018 the Commission authorized award of a contract to Scott Partney Construction for the 2018 Timber Bridge Repairs Project. The project scope includes 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, and is funded by the 2013 Oregon DOT Lottery Bond Grant.

During the progression of the project, requests for information and review of discovered field conditions will require Railroad Bridge Engineer involvement to provide technical guidance, approve work plans, and approve field changes as they occur. The nature of timber bridge repair is such that some conditions will not be identified until work on a structure occurs, and a technical decision may need to be made to ensure safe return to service.

In July 2017 the Port amended the 2012 Professional Services Agreement with Stantec Consulting Services Inc. to continue as the Port's Engineer for Railroad Bridges. Work under that agreement is authorized by project specific task order, and Port staff has utilized the expertise of Stantec Consulting Services as a resource for bridge and water crossing engineering, project management support services, and technical support services throughout the duration of that agreement.

Stantec Task Order 32 will cover on-call engineering services to support the 2018 Timber Bridge Repairs Project throughout the completion of that project. Activities under the task order will include response to requests for information; field visits to selected structures when required and may include final post construction inspection to document as-built conditions. Staff has estimated an initial not to exceed fee amount of \$75,000, to be performed at the Stantec 2018 proposed rates. Work under the task order will be specifically authorized by staff on an activity by activity basis and is reimbursable under the 2013 Oregon DOT Lottery Bond Grant.

While this task order falls under the \$250,000 threshold allowed for CEO authorization for budgeted personal services contracts under Port procurement rule 5.2.1, it has been staff practice to request

commission authorization when total task order values for a single contractor exceed the \$250,000 threshold. With the previously authorized task orders and other projects planned with Stantec for this fiscal year, that threshold will be exceeded.

Commissioner Garcia asked whether this cost had been included in the original budget for the project. Mr. Jacquot stated staff had anticipated there would be change orders and previous practice had been to utilize the general engineering task order to cover this, but experience last year led staff to believe it would be better to have a specific task order to cover this work. It is in the overall project budget but was not scoped out at that time.

Upon a motion by Commissioner Farm (second by Commissioner Hanson), the Board of Commissioners motioned to Authorize Chief Executive Officer John Burns to execute Stantec Consulting Services, Inc. Task Order 32 to provide on-call engineering support during the 2018 Timber Bridge Repairs Project for the not to exceed fee of \$75,000. **Motion Passed.**

I. BUILD 2018 Grant Application for Bridge Improvements

The Oregon International Port of Coos Bay owns and contracts for the operation of the Coos Bay Rail Line. As owner of the rail line, the Port retains responsibility for capital repairs, rehabilitation and replacement of the infrastructure on the rail line. The Port acquired the rail line after the former owner halted operations and threatened abandonment of the infrastructure. Since acquiring the line through two separate transactions in 2009 and 2010, the Port has undertaken a comprehensive capital rehabilitation campaign designed to restore and improve service to regional employers that ship and receive cargo by rail.

Since 2009, the Port has received more than \$41 million in State and Federal grants that have been used to rehabilitate tunnels, bridges, track structures, signals, public crossings and other rail infrastructure. However, more work needs to be done to ensure the long-term viability of the rail line after decades of neglect. The most urgent needs for capital projects are found in some of the 118 bridge structures that are located along the rail line.

The Consolidated Appropriations Act passed by the United States Congress in 2018, revised the previous TIGER (Transportation Investment Generating Economic Recovery) Discretionary Grants to the recently announced BUILD (Better Utilizing Investments to Leverage Development) Transportation Discretionary Grants. The BUILD program is similar in scope and intent as the previous TIGER grant program, and funds projects up to \$25 million per grant, with a maximum 80% Federal contribution. The authorizing act appropriates \$1.5 billion for the program, and the current funding opportunity deadline is July 18, 2018.

Port staff has worked with our engineering consultants at Stantec to develop an updated list of priority bridge projects. These projects include work on bridges located along the entire length of the line and include projects to replace critical bridge members, replace entire bridge span sections, and improve the load capacity ratings of multiple bridges. These priority projects will not only ensure continued safe operation of the rail line but will also add to the work begun with the Port's TIGER II project, to increase speeds along the line between Eugene and Coos Bay.

Port staff is requesting authorization from the Port Commission to apply for a BUILD grant that would be used to fund the costs of priority bridge projects. The total project cost will not exceed \$25 million,

with the amount requested from the grant up to \$15 million, and Port pledged matching funds from existing reserves, ongoing rail revenues, and the currently authorized Oregon Department of Transportation Lottery Bond grants up to \$10 million.

Upon a motion by Commissioner Garcia (second by Commissioner Martin), the Board of Commissioners motioned to authorize the Port to apply for a BUILD Grant for a total project cost not to exceed \$25 million, with a total Port pledged match not to exceed \$10 million. **Motion Passed.**

8. **OTHER**

9. **INFORMATION ITEMS**

10. **COMMISSION COMMENTS**

11. **NEXT MEETING DATE** – Monday, August 20, 2018, 6:30 p.m.

12. **RECESS TO EXECUTIVE SESSION**

13. **ADJOURN**

President Kronsteiner adjourned the meeting at 6:59 p.m. and entered into Executive Session to:

- (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.