

**OREGON INTERNATIONAL PORT OF COOS BAY**

**Coos Bay, Oregon**

**REGULAR COMMISSION MEETING**

**6:30 p.m., Tuesday, January 16, 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; Lanelle Comstock, Director of Administrative Services; Patrick Kerr, Director of Rail Operations; Amrha Wimer, Administrative Assistant; and Mike Stebbins, Port Legal Counsel.

**Media & Guests:**

Maeora Mosieur, Port Budget Committee; Gary Alfred, ILWU; Billy Moore, ILWU Retirees; John Hutching, Harbor Consulting Engineer; and Richard Dybevik, Roseburg Forest Products.

**1. CALL MEETING TO ORDER**

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

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

**3. PUBLIC COMMENT**

**4. CONSENT ITEMS**

- A. Approval of December 18, 2017 Regular Commission Meeting Minutes
- B. Approval of December Invoices
- C. Approval of December Contracts Awarded

Upon a motion by Commissioner Garcia (second by Commissioner Farm), the Board of Commissioners voted to approve the December 18, 2017 Regular Commission Meeting Minutes, December Invoices and December Contracts Awarded. **Motion passed.**

**5. MANAGEMENT REPORTS**

All Management Reports were included within the Meeting Packet.

**6. ACTION ITEMS/REPORTS**

- A. 2018Res1: Declaration of Emergency to Resolve Track Conditions on the Coos Bay Rail Line from Danebo to Veneta (MP653.15 to MP657.15)**

A four-mile section of track from Danebo to Veneta on the Coos Bay Rail Line (from MP653.15 to MP657.15) has deteriorated due to deferred maintenance. All incoming and outgoing freight rail traffic on the line transverses this section of track, and current conditions will continue to degrade without immediate repairs. The section of track identified was accepted as FRA class III (maximum speed 40 MPH), except for bridges, by the Coos Bay Rail Link in the June 2013 Management Agreement executed by the Port and Coos Bay Railroad Operating Company. Current track surface conditions no longer meet the FRA class III requirements and have degraded to the point that they pose a risk to ongoing operations. Figures 1, and 2 show some of the conditions prompting the need for emergency repairs:



Figure 1: Track “dip” MP656.03



Figure 2: Track surface MP656.12

On August 22, 2017, CBR experienced a single car derailment in this section of track. CBR personnel recorded the cause of the derailment as irregular track alignment and irregular track cross surface. CBR personnel made minor repairs to the two bridges impacted by the derailment but did not resolve the underlying track surface conditions that caused the derailment.

Director of Rail Operations Patrick Kerr worked with CBR and ARG Transportation personnel to develop a joint project to repair and improve the affected section of track. In September 2017, ARG Transportation Services informed the Port that CBR would be unable to affect the required repairs and would take no direct action or commit funding to the proposed project.

Current track surface conditions pose a risk to continued rail service between Eugene and Coquille; a threat to property, public health, welfare and safety; a risk of injury to rail crews and damages to the rail line itself; and a risk of damage to locomotives, rail cars and cargo. In order to complete repairs as expeditiously as possible, Port staff requests the Commission, acting in its role as the Local Contracting Review Board, declare an emergency in accordance with Port Policy 6.4.6.3(B) and authorize informal solicitation of quotes for immediate emergency repairs to Coos Bay Rail Line Track section MP653.15 to MP657.15.

The planned work will be funded from Port General Fund Railroad revenues.

Commissioner Hanson asked if there are any underlying issues causing the track conditions. Mr. Kerr stated the ground is stable under the track but the issue is the condition of the road bed itself, ties and the surfacing alignment.

Upon a motion by Commissioner Farm (second by Commissioner Hanson), the Board of Commissioners motioned to adopt Resolution 2018Res01 declaring an emergency exists on the Coos Bay Rail Line track section MP653.15 to MP657.15, and authorizing Port staff to solicit informal quotes to conduct emergency repairs. **Motion Passed.**

**B. Authorization to Award an Emergency Contract to RailWorks Track Systems, Inc. for Track Repairs on the Coos Bay Rail Line from Danebo to Veneta (MP653.15 to MP657.15)**

In anticipation of an Emergency Declaration by the Port Board of Commissioners, Port staff requested quotes for emergency repairs to track on the Coos Bay Rail Line between MP653.15 to MP657.15, between the Danebo and Veneta Stations. Staff issued a request for quotes to seven known railroad track contractors on December 14, 2017, and received two quotes by the January 4, 2018 deadline.

Quotes were received from H&S Construction for \$425,459, and from RailWorks Track Systems for \$311,844.00. Both quotes addressed the requirements in the Request for Quote document, and both contractors have performed work for the Port on the Coos Bay Rail Line.

RailWorks Track Systems, Inc. is a State of Oregon, full-service rail contractor. They have been selected for the recently awarded Green Hill Road Crossing Improvements project, which is located at the north end of the section of track to be repaired. The proposed price includes replacing 1,500 ties, placing 1,500 tons of ballast, and surfacing 22,120 linear feet of track.

Port procurement rules 4.6.3 and 8.3 states the Port Commission, acting in its role as the Local Contract Review Board, may award a contract for emergency repair or construction contracts by written quote. Port staff requests the Commission authorize awarding an emergency contract to RailWorks Track Systems, Inc for Track Repairs on the Coos Bay Rail Line from Danebo to Veneta (MP653.15 to MP657.15) for the lump sum price of \$311,844.00.

Commissioner Martin asked what the budget source for the funds will be. Mr. Jacquot stated the funds will be pulled from Port rail reserve general funds.

Upon a motion by Commissioner Farm (second by Commissioner Garcia), the Board of Commissioners motioned to authorize Chief Executive Officer John Burns to award an emergency contract to RailWorks Track Systems, Inc for Track Repairs on the Coos Bay Rail Line from Danebo to Veneta (MP653.15 to MP657.15) for the lump sum price of \$311,844.00. **Motion Passed.**

**C. Authorization to Execute Change Order Number 5 to McMillen Jacobs Associates Task Order 1 – Engineering Services for Tunnel Drainage Sites**

On October 8, 2015 the Port executed McMillen Jacobs Associates task order number 1 for a not to exceed fee of \$364,740 to develop the engineering, permitting, and construction documents necessary to construct drainage system improvements for several tunnels on the Coos Bay Rail Line. Since execution of the original task order, 4 separate change orders have been authorized and executed, bringing the total not to exceed fee for task order 1 to \$687,700. The previous change orders expanded the number of tunnels in the original scope, added environmental and geotechnical research tasks, and added environmental permitting activities for the complete rehabilitation project.

Staff has requested McMillen Jacobs preparation of documents and technical advice during a Contractor Prequalification Selection Process for the Phase 2 - Tunnel Drainage System Rehabilitation work planned for this project. The planned work for phase 2 includes significant track work within and without the tunnels, excavation work related to stream diversion and drainage establishment, and installation of precast and cast in place concrete structures. This work differs significantly from Phase 1 - Tunnel Structural System Rehabilitation work and requires a separate selection process for prequalified contractors.

McMillen Jacobs has provided a fee proposal for the requested additional scope of work, titled “Coos Bay Rail Line Tunnel Drainage Rehabilitation (Task Order 1) Request for Change Order – Prequalification Support”. The proposed scope includes drafting the Request for Contractor Special Prequalification documents; preliminary evaluation of contractor submittals; coordination activities with Port staff to recommend contractor prequalifications; and participation in Commission hearings associated with final selection of recommended prequalified contractors. The proposed work is outside of the current task order 1 scope, and will be complete for a not to exceed fee of \$16,750.00. Change Order 5 would bring the current task order 1 not to exceed fee to \$704,450.

Because the total value of all changes to McMillen Jacobs Task Order 1 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 5 to Task Order 1.

All activities for Task Order 1 are reimbursable under the current ODOT \$10 Million Lottery Bond Grant funded in 2015. Expected costs for construction of the drainage system improvements for all 6 tunnels will be funded from the combined FASTLANE, ConnectOregon V, and ODOT Lottery Bond grant funds

Upon a motion by Commissioner Farm (second by Commissioner Hanson), the Board of Commissioners motioned to authorize Chief Executive Officer John Burns to execute Change Order 5 to McMillen Jacobs Associates Task Order 1 for Prequalification Support for the not to exceed amount of \$16,750.00. **Motion Passed.**

**D. Authorization to Execute Change Order Number 2 to McMillen Jacobs Associates Task Order 2 – Engineering Services for Tunnel Structural System Rehabilitation**

On November 14, 2016 the Port executed McMillen Jacobs Associates Task Order 2 for a not to exceed fee of \$138,000 to develop the engineering and construction documents necessary to construct structural system improvements for all nine tunnels on the Coos Bay Rail Line. Change Order 1 for Task Order 2 was executed July 7, 2017 to add tunnel crown assessments to the original Task Order 2 scope of work, bringing the total not to exceed fee to \$171,010.

Staff has requested that McMillen Jacobs provide assistance with the Prequalification of contractors for the Phase 1 - Tunnel Structural Rehabilitation project, and to provide pre-bid and supporting activities during the bid phase for that work. The planned construction work for phase 1 includes specialty work related to micropile drilling, installation of rockbolts, shotcrete application, and construction of cast in place concrete structures. This work differs significantly from the work planned for Phase 2 - Tunnel Drainage System Rehabilitation, and contractors were prequalified in a process separate from the planned phase 2 contractor selection process.

McMillen Jacobs has provided a fee proposal for the requested additional scope of work, titled "Coos Bay Rail Line Tunnel Structural Rehabilitation (Task Order no. 2) Request for Change Order – Prequalification and Bid Support". The proposed scope includes work completed to pre-qualify contractors; coordination activities during the prequalification process, and support for pre-bid meetings, bid review, and final contractor selection. The proposed work is outside of the current Task Order 2 scope, and will be completed for a not to exceed fee of \$43,470.00. Change Order 2 will bring the current Task Order 2 not to exceed fee total to \$201,255.00.

Because the total value of the all changes to McMillen Jacobs Task Order 2 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 2 to Task Order 2.

All activities for Task Order 2 are reimbursable under the current ODOT \$10 Million Lottery Bond Grant funded in 2015. Expected costs for construction of the structural system improvements for all 9 tunnels will be funded from the combined FASTLANE, ConnectOregonV, and ODOT Lottery Bond grant funds.

Upon a motion by Commissioner Hanson (second by Commissioner Martin), the Board of Commissioners motioned to authorize Chief Executive Officer John Burns to execute Change Order 2 to McMillen Jacobs Associates Task Order 2 for Prequalification and Bid Support for the not to exceed amount of \$43,470.00. **Motion Passed.**

#### **E. Coos Bay Rail Line Tunnel Rehabilitation – Construction Engineering and Inspection Services**

In March 2012, the Port completed a Professional Services Agreement with McMillen Jacobs Associates (Jacobs) for engineering services for tunnel design, construction, and rehabilitation projects on the Coos Bay Rail Line. Under that agreement, Jacobs has provided engineering and project support for tunnel structural repairs and engineering assessments, including the engineering, permitting, and construction documents for the Coos Bay Rail Line Tunnel Rehabilitation Project.

Construction of the Tunnel Rehabilitation Project is currently planned to complete in 2 or 3 construction phases to appropriately sequence the required work; to delineate and manage multiple funding sources; and to address habitat mitigation and fish passage requirements associated with drainage system improvements on tunnels 15 and 19. Phase 1 is planned to begin in late March 2018 and complete in second quarter 2019, and includes structural repairs and improvements to all nine tunnels. Phase 2 and 3 include the tunnel drainage system repairs for six of the nine tunnels, is expected to begin in second quarter 2018, and is expected to complete in fourth quarter 2019.

Planned work for each phase will be accomplished by prequalified contractors, and includes a variety of specialty construction including micropile drilling, rockbolt installation, shotcrete application, railroad track construction, and drainage system improvements with fish habitat considerations. The technical aspects of the work, funding source reporting requirements, and prudent quality assurance principals dictate that construction inspection and engineering support be provided as the project work progresses. Port staff has requested McMillen Jacobs develop a proposal to provide such services through construction completion for this project.

McMillen Jacobs has proposed to provide Project Management and Construction Engineering services; Field Inspection services for each phase of construction; and Project Close-out Documentation at the completion of construction. Project Management and Construction Engineering services will include regular coordination with Port and contractor personnel; review of contractor submittals; review and response to contractor requests for information; review and response to contractor field design issues; and review and response to contractor change requests through the duration of the project. Field Inspection services will include McMillen Jacobs personnel presence at the project location throughout construction (planned for 2 to 3 days per week); weekly progress reports; and permit compliance reports. Project close-out documentation will include final quantity and cost summaries for each phase of construction; as-built drawings and schedules; completed punch list summaries for each phase of

construction; materials disposed summaries for each phase; complete permit compliance records; and photo records for design and construction of each phase.

McMillen Jacobs has proposed to provide Construction Engineering and Inspection Services for the entire Tunnel Rehabilitation Project for the not to exceed fee of \$1,288,225. The fee covers an estimated 27 months of project activities, and estimated 7,556 personnel hours provided by McMillen Jacobs staff. The proposed fee represents approximately 7% of the estimated construction costs for the work, and was included in the original proposed budget for the project.

Three other task orders have been previously issued under the existing McMillen Jacobs Professional Services Agreement for Engineering Services related to the Tunnel Rehabilitation Project. Task Order 1 was issued for design, engineering, construction documents, and general permitting for drainage systems; Task Order 2 was issued for design, engineering, construction documents, and general permitting for structural systems; Task Order 3 was issued for NEPA compliance activities associated with the FASTLANE grant requirements. Total projected costs for the previous 3 task orders with all approved and proposed change orders will total \$1,111,945, or approximately 6% of estimated construction costs. Construction Engineering and Inspection services will be covered by Task Order 4 to the existing Professional Services Agreement.

Construction for the project will be funded by the combination of ConnectOregonV grant funds, ODOT lottery backed grants, and Port railroad revenues pledged as matching funds, and the \$11 million awarded as the 2016 FASTLANE grant. Construction Engineering and Inspection services is an allowed construction expense for these grants.

McMillen Jacobs Associates Task Order 4 falls over the \$250,000 threshold allowed for CEO authorization for budgeted personal services contracts under Port procurement rule 5.2.1, requiring Commission action to authorize. Therefore, staff requests a motion authorizing Chief Executive Officer John Burns to execute McMillen Jacobs Associates Task Order 4.

Commissioner Garcia asked if McMillen Jacobs will be onsite at all times during all phases of construction and how will the Port know when they will be onsite. Mr. Jacquot stated the current proposal is 2-3 days per week of onsite inspections by McMillen Jacobs personal. Mr. Jacquot stated there will be full time personal for critical project steps. Mr. Jacquot stated McMillen Jacobs will be coordinating with Project Manager Joe Caruso for onsite dates and for the first several weeks, Mr. Caruso will job shadow with the inspector. Mr. Caruso will provide additional engineering support when McMillen Jacobs personnel is not onsite.

Commissioner Martin asked if this contract covers both tunnel rehab and drainage improvements. Mr. Jacquot stated it does.

President Kronsteiner asked what the total estimated amount for the work is. Mr. Jacquot stated the budget estimate from the original scope is \$18.5 million and the total \$19.55 million in the FASTLANE grant included this work.

President Kronsteiner asked if the fee is specifically for inspection services and not design. Mr. Jacquot stated there is some allowance for responses to request for information, change order review and onsite design and engineering input for discovered field conditions.

Commissioner Garcia asked where the Port is at on the design work. Mr. Jacquot stated the Port is at 100% for the structural repairs, 90% for all drainage design and 100% for tunnels 19 and 15.

Upon a motion by Commissioner Farm (second by Commissioner Hanson), the Board of Commissioners motioned to authorize Chief Executive Officer John Burns to execute McMillen Jacobs Associates, Inc. Task Order 4 for Construction Engineering and Inspections service during construction of the Coos Bay Rail Line Tunnel Rehabilitation project for the not to exceed fee of \$1,288,225. **Motion Passed.**

#### **F. 2018Res02: 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 Financial Officer Hans Gundersen, Port staff wishes to update the signature authority documents for the following bank accounts, to be effective January 17, 2018:

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
Anna Soderstrom	Chief Commercial Officer
Fred Jacquot	Director of Port Development
Megan Richardson	Accounting Supervisor
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 Farm), the Board of Commissioners motioned to approve Resolution 2018Res02 updating signature authority for the banking accounts at Umpqua Bank, Coos Bay Branch. **Motion Passed.**

**G. 2018Res03: Update Signature Authority for Oregon State Treasury Local Government Investment Pool**

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 Financial Officer Hans Gundersen, Port staff wishes to update the signature authority documents for the LGIP account. 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
Anna Soderstrom	Chief Commercial Officer
Megan Richardson	Accounting Supervisor
Fred Jacquot	Director of Port Development
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 2018Res03 updating signature authority for bank account changes to the Local Government Investment Pool account #5347. **Motion Passed.**

**7. OTHER**

**8. COMMISSION COMMENTS**

**9. NEXT MEETING DATE – Tuesday, February 20, 2018, 6:30pm.**

**10. RECESS TO EXECUTIVE SESSION**

President Kronsteiner recessed the meeting at 6:56 p.m. to enter executive session.

**11. RECONVENE COMMISSION MEETING**

After Executive Session, President Kronsteiner reconvened the regularly scheduled meeting.

Based on the Chief Executive Officer's assumption of the additional duties and responsibilities discussed in Executive Session, upon a motion by Commissioner Farm (second by Commissioner Garcia), the Board of Commissioners motioned to approve an approximate 4% salary increase to the Chief Executive Officer's salary, retroactive to January 1, 2018. **Motion Passed.**

**12. ADJOURN**

President Kronsteiner adjourned the meeting around 9:00 p.m.