

OREGON INTERNATIONAL PORT OF COOS BAY
Coos Bay, Oregon
REGULAR COMMISSION MEETING
6:30 p.m., Monday, October 15, 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; John Buckley, Project Manager; Mike Dunning, Director of Maritime Operations; Rick Adamek, Project Manager; Megan Richardson, Director of Finance; Lanelle Comstock, Director of Administrative Services; Margaret Barber, External Affairs Manager; Fiona Bai, Media Marketing Specialist; Krystal Moffett, Administrative Assistant; and Mike Stebbins, Port Legal Counsel.

Media & Guests:

Michael Titone, Columbia River Bar Pilots; Maeora Mosieur, Port Budget Committee Member; and George Wales, Coos Bay Pilots.

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. PORT PROJECT UPDATES

A. Coos Bay Rail Line, Inc.

John Burns began with an update on Coos Bay Rail Line, Inc. (CBRL). Mr. Burns stated the start-up is on schedule to begin operations November 1. Appropriate filings have been made with the Surface Transportation Board (STB) and the Federal Railroad Administration (FRA), and staff expect to have final authorization transferring the operating authority from the Port to CBRL this week. All training and certification files have been transferred to the FRA. Regarding equipment procurement, the Port has purchased six locomotives. Four locomotives are currently in the yard in Eugene waiting to be transferred down; two of those are owned, and two are leased. All six purchased locomotives are being rehabilitated; the first two were brought down before being painted. Mr. Burns shared the paint design with Commissioners, essentially the Port's colors and lettering. The two leased locomotives will be kept until all six of those purchased are in service and completed by Western Rail. There is an option in the

lease agreement to purchase those two locomotives, if deemed appropriate. Mr. Burns stated that John Buckley has been working to acquire all the necessary tools for crews to begin work from day one. Lanelle Comstock has been working to ensure all the office fixtures and technology are available on day one. Mr. Burns stated that the Port has extended offers to 11 of the 12 current CBR employees, (the one had indicated he is moving out of state and not interested). All 11 employees have accepted the offer of employment through CBRL; additionally, Ms. Comstock has recruited at least four more employees and has seen great interest.

Mr. Burns stated staff has been working diligently to control and mitigate any service interruption with operational transition. One issue has come up with the car hiring system; CBRL will not be able to access that software system until November 1, so customers have been asked to hire their own cars in the interim. For maintenance and repair on an interim basis, CBRL will utilize a company in Reedsport that has experience with railcar and locomotive maintenance. Port staff are working with Union Pacific on the cooperative marketing agreement and the interchange agreement. Staff are also working with PNWR to keep in place waiver agreements that were with CBR, for some particular moves between Allweather Wood and GP, as well as some new log movements from Albany to K2.

Mr. Burns stated staff (Port and CBR) have been working hard for many hours to make this happen.

B. Grant Process

Mr. Burns spoke of the grant management process. The Port has several outstanding high-value grants. In the past, the Port has failed to be in compliance with the requirements of those grants for timely spending and reporting. Staff have renewed efforts to ensure that money is spent in a timely manner and that grant benefactors are kept in communication. There are two areas being looked at; the first is submittal for new grants. The commercial team has taken the lead with this effort, ensuring the appropriate data and information is submitted. The second area is accounting for the current grants. This includes articulating the scope of work to the granting agencies, keeping fine control of the schedule of billing, and submitting for reimbursement in a timely manner. In the attempt to fix this process, a team approach is being utilized. The commercial team has been working very hard, as well as the accounting team. The two new project managers are also involved with managing the contractors and the work being done. Lisa Wiles in Accounting has been working very hard to document the process for duplication in the future, providing a framework that is codified. There are three grants that have been applied for; two of them are CRISI grants, one in June of this year for \$3 million and the other essentially the same ask for the refreshed 2019 funding round; the other is the BUILD grant, a \$20 million ask to cover all three swing span bridges, the Vaugh Viaduct, and the Coalbank Slough. The applications have received Congressional support from Representative DeFazio and Senator Merkley. The first CRISI and the BUILD grant determinations are expected around the end of November or beginning of December.

C. Charleston

Mr. Burns spoke of the ongoing projects in Charleston including 24 vessels earmarked for destruction. With the hard work of the staff in Charleston and existing equipment, three vessels have already been destroyed. Plans for the fourth are in place, weather depending. Staff are also preparing for the upcoming dredge season. The Laura will be at our disposal with authority to remove 20,000 CY and dispose of that in flow lane "G". This is on an experimental basis, approved by the USACE with monitoring requirements before, during, and after the process. Staff in Charleston have been working hard to service the equipment needed and ensure everything is ready. President Kronsteiner asked about

the flow lane having been used before, so there is some science to how much can be disposed of there. Mike Dunning stated it has been used historically, the last time being around 2008. At that time, it was around 60,000 CY disposed of there. Mr. Dunning stated the new 408 reviews have caused the reduced limits; initially it was only to be 5,000 CY then approval was received for 20,000 CY with monitoring.

5. CONSENT ITEMS

- A. Approval of August 20, 2018 Regular Commission Meeting Minutes
- B. Approval of September 11, 2018 Special Commission Meeting Minutes
- C. Approval of August and September Invoices
- D. Approval of August and September Contracts Awarded
- E. SDIS Best Practices
- F. Stormwater Loan Amendment

Upon a motion by Commissioner Farm (second by Commissioner Martin), the Board of Commissioners voted to approve the August 20, 2018 Regular Commission Meeting Minutes, the September 11, 2018 Special Commission Meeting Minutes, August and September Invoices, August and September Contracts Awarded, SDIS Best Practices, and the Stormwater Loan Amendment. **Motion Passed.**

6. MANAGEMENT REPORTS

All Management Reports were included within the Meeting Packet.

7. ACTION ITEMS/REPORTS

A. 2018Res20: Update Signature Authority on Umpqua Bank 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. With the separation of Director of Port Development Fred Jacquot, Port staff wishes to update the signature authority documents for the following bank accounts, to be effective October 16, 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
Lanelle Comstock	Director of Administrative Services
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 Hanson (second by Commissioner Martin), the Board of Commissioners motioned to approve Resolution 2018Res20 updating signature authority for the banking accounts at Umpqua Bank, Coos Bay Branch. **Motion Passed.**

B. 2018Res21: Update Signature Authority on LGIP 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 Director of Port Development Fred Jacquot, 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
Anna Soderstrom	Chief Commercial Officer
Lanelle Comstock	Director of Administrative Services
Megan Richardson	Director of Finance & Accounting
David Kronsteiner	President
Brianna Hanson	Treasurer
Eric Farm	Vice President

Upon a motion by Commissioner Farm (second by Commissioner Garcia), the Board of Commissioners motioned to approve Resolution 2018Res21 updating signature authority for bank account changes to the Local Government Investment Pool (LGIP) account #5347. **Motion Passed.**

C. Sea Basket Restaurant Lease Renewal

Port staff worked with the current owner to generate a new lease agreement to reflect single ownership of the Sea Basket Restaurant. The terms and conditions of the new lease mirror the terms and conditions of the previous lease agreement. The new lease agreement was necessary to accurately reflect the owning entity of the restaurant.

Commissioner Hanson asked whether all lease agreements need approval of the Commission. Margaret Barber stated that typically month to month leases are a consent item and longer term leases are action items brought to Commission.

Upon a motion by Commissioner Martin (second by Commissioner Farm), the Board of Commissioners motioned to give conditional approval to execute a lease agreement for the Sea Basket Restaurant with Teresa Montes. **Motion Passed.**

D. Betty Kay Charters Lease Reassignment

In the Spring of 2018, Port staff were contacted by Margery and Bill Whitmer regarding the anticipated sale of their business, Betty Kay Charters to Kurt and Gayleen Smith. The Smiths' have worked at Betty Kay Charters for over 15 years and have extensive experience with the business model. The Port leases approximately 920 square feet of land to Betty Kay Charters at 90389 Albacore Road in Charleston. The sale includes the business and building located on Port property.

A Lease with Kurt and Gayleen Smith is necessary to reflect current ownership of the business.

Mr. Burns thanked Margery and Bill as outstanding members of the community for their support of Charleston and the Marina and welcomed the new owners.

Upon a motion by Commissioner Farm (second by Commissioner Garcia), the Board of Commissioners motioned to give conditional approval to enter a lease agreement with Kurt and Gayleen Smith, dba as Betty Kay Charters. **Motion Passed.**

E. McMillen Jacobs Change Order #1 to Task Order #4

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, McMillen Jacobs has provided engineering and project support for tunnel structural repairs and engineering assessments.

In January 2018, the Commission authorized execution of McMillen Jacobs Associates, Inc. Task Order 4 for activities associated with Tunnel Rehabilitation Construction Engineering and Inspection Services. The authorized task order for construction engineering and inspection (CEI) services during construction of the CBRL tunnel rehabilitation, Phases 1, 2 and 3. The original fee estimate for TO #4 was based on key assumptions regarding the Contractors' schedules and capabilities.

Change Order 1 to Task Order 4 proposes a revised approach based on the significantly slower than anticipated Construction Progress of LRL. LRL's submittals initially were incomplete and required multiple revisions, which has resulted in the Port and McMillen Jacobs expending far greater efforts up front than originally estimated. Each LRL submittal received, required an average of 16 hours to review and respond, compared to McMillen Jacobs original budget of 3 hours per submittal. This change proposal includes additional hours of submittal review time based on actual hours spent.

Monthly Progress Calls: During the design phase of this Project, the Port and McMillen Jacobs held monthly conference calls to review the progress of the work, resolve issues, and coordinate upcoming work. McMillen Jacobs' original budget assumed these monthly calls would continue for an estimated 28 months. Soon after notice to proceed (NTP), Port Development requested more frequent progress calls – weekly instead of monthly – to stay in front of issues and keep the Project moving forward. This change includes additional hours for weekly progress calls.

Field Inspections: Based on the quality required to produce a good product, the Port has concluded that two to three days per week of onsite field inspection during LRL's work is not sufficient to properly document the progress and quality of the work. The Port has requested that McMillen Jacobs provide a full-time field inspector during construction of the Phase 1 work. This change proposal includes additional hours for two extra days per week of field inspection to provide full-time on-site presence.

Permit Compliance Inspections: McMillen Jacobs recommends that an environmental specialist perform at least one permit compliance inspection at each of the nine tunnels during the Phase 1 work. David Evans & Associates (DEA) is already under subcontract with McMillen Jacobs to perform three permit compliance field inspections during Phase 1. This change proposal includes an additional six inspections, for a total of nine.

To account for the difference between McMillen Jacobs' preliminary construction schedule duration (80 weeks) and the remaining Contract Time (70 weeks), the Port requested that this change proposal re-price Task 2 (Phase 1 Field Inspection) and Task 6 (Contingency), with Task 2 having a duration of 70 weeks and Task 6 having a duration of 10 weeks.

This change order will be funded by 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.

The total increase for this change order is the not to exceed amount of \$472,025, which increases the total Task Order cost to \$1,897,490. This proposed increase exceeds the established Change Order Limit of \$356,366.25 as such requires LCRB authorization.

Commissioner Garcia asked whether the source of funding for this change order would be the grants already in place and where that would leave the Port in terms of funding for the project. John Buckley stated the original contract had come in quite a bit less than the estimate, so with this change order it would still fall below the budgeted amount.

President Kronsteiner stated that LRL is performing much better now and this change order will help. Mr. Buckley confirmed, stating they have brought on additional team members.

Upon a motion by Commissioner Farm (second by Commissioner Martin), the Board of Commissioners motioned to authorize execution of Change Order 1 to McMillen Jacobs Associates, Inc. Task Order 4 for Tunnel Rehabilitation Construction Engineering and Inspection Services for the not to exceed amount of \$472,025. **Motion Passed.**

F. Potential Execution of Supply Contract for Purchase of Rolling Stock

Under previous Commission authorization, Port staff solicited proposals to procure rolling stock that includes: two service body/hi-rail equipped pickups, four crew cab hi-rail equipped pickups, and one hi-rail equipped excavator with accessories.

A Request for Quote (RFQ) for Hi-Rail Pickups (Class 3 & Class 4) was sent to multiple vendors on July 31, 2018 with the deadline for submittals August 17, 2018. The Port received proposals from four firms, with Auto Truck Group providing the lowest price.

On September 12, 2018 a Request for Proposal (RFP) for the procurement of up to four (4) 10,000 pound GVWR rated Hi-Rail Pickups was posted on the Port's website with a deadline of September 28, 2018. The Port received a total of six proposals. The Proposals were evaluated in accordance with the terms of the RFP.

On September 14, 2018 a Request for Proposal for the Procurement of a Hi-Rail Excavator and accessories was posted on the Port's website with a deadline of September 28, 2018. The Port received a total of two proposals. The proposals were evaluated in accordance with the terms of the RFP.

The proposal review team was comprised of Project Manager Rick Adamek and Director of Rail Operations Patrick Kerr. The team individually reviewed and ranked each proposal on price, lead time, technical requirements, warranty and required documentation. The individual rankings for each proposal were compiled and averaged, and points assigned to each proposal in each category based on the averaged rankings.

The review team confirmed that for the procurement of the various rolling stock equipment for pickups, all proposals met the requirements of the RFQ/RFP. They further found that for the procurement of the excavator rolling stock the two firms that provided proposals met the requirements of the RFP.

A spreadsheet showing the prices provided by each proposer was included in the meeting packet for Commission review.

Port procurement rule 4.5 states the Port Commission, acting in its role as the Local Contract Review Board, may award a contract for goods by competitive proposals. Port staff requests the Commission authorize Chief Executive Officer John Burns to further negotiate with Auto Truck Group and/or Aspen Equipment for the procurement of the rolling stock hi-rail pickups and Pape Equipment for the procurement of the excavator.

Commissioner Hanson asked whether the Port will need to lease equipment due to lead time of 20-30 weeks. Rick Adamek stated that staff are looking to rent pickups locally, to be used in conjunction with the hi-rail suburban already owned. In negotiations with Auto Truck Group and/or Aspen Equipment, potential leases will be discussed. President Kronsteiner asked the brand of excavator. Mr. Adamek stated it is a rubber tire Gradall with hi-rail equipment. The advantage of the Gradall is that it is designed for railroad service. Mr. Adamek spoke of the design specific attachments.

Upon a motion by Commissioner Farm (second by Commissioner Garcia), the Board of Commissioners motioned to authorize Chief Executive Officer John Burns to negotiate with and potentially execute a contract with Auto Truck Group and/or Aspen Equipment for the purchase of rolling stock of the two, service body hi-rail equipped pickups, and four crew-cab hi-rail equipped pickups, as well as negotiate and potentially execute a contract with Pape Equipment for the purchase of one hi-rail equipped excavator with accessories. **Motion Passed.**

8. OTHER

President Kronsteiner said the transportation statement included in the informational items of the packet was very well done.

9. COMMISSION COMMENTS

10. NEXT MEETING DATE – Monday, November 19, 2018, 6:30pm.

Mr. Burns stated with the timing of these meetings on Mondays, there have been issues in the past with three day weekends and needing to reschedule. Mr. Burns asked the Commission whether they would like to look at a different day, week, or time of day. President Kronsteiner suggested more discussion to follow up.

11. ADJOURN

President Kronsteiner adjourned the meeting at 7:03 p.m. and entered into Executive Session to:

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