

OREGON INTERNATIONAL PORT OF COOS BAY
Coos Bay, Oregon
REGULAR COMMISSION MEETING
6:30 p.m., Tuesday, January 22, 2019

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, Secretary was excused.

Staff:

John Burns, Chief Executive Officer; Anna Soderstrom, Chief Commercial Officer; Lanelle Comstock, Chief Administrative Officer; Patrick Kerr, Director of Rail Operations; Megan Richardson, Director of Finance; Mike Dunning, Director of Maritime Operations; John Buckley, Project Manager; Ray Dwire, Security Officer; Krystal Moffett, Administrative Assistant; and Mike Stebbins, Port Legal Counsel.

Media & Guests:

Elise Hamner, SWOCC Foundation; Amanda McCleary-Moore, Moss Adams; Lesley Daggitt, Moss Adams; Maeora Mosieur, Budget Committee; Doug Kaminski; George Wales, Coos Bay Pilots; Paul Burgett, ARG Transportation Services; Katy Eymann, Citizens for Renewables; and Kathy Dodds, Citizens for Renewables.

1. CALL MEETING TO ORDER

President Kronsteiner called the meeting to order at 6:32 p.m.

2. INTRODUCTION OF GUESTS AND PORT STAFF

A. Presentation of 2017/18 Annual Financial Report

John Burns invited Amanda McCleary-Moore of Moss Adams to present the 2017/18 annual financial report. Ms. McCleary-Moore introduced Lesley Daggitt to begin the presentation. Ms. Daggitt stated the nature of services provided include auditing the Port financial statements in accordance with generally accepted audit standards, compliance testing and reporting under Oregon Minimum Standards, reporting of overall audit plan and results, communicating internal control findings and noncompliance. Ms. Daggitt stated Moss Adams issued two communication letters and copies have been provided to Commissioners with the audit report.

Critical audit areas include internal control which is tested to develop the audit plan, cash and investments, revenues and receivables, capital assets including new additions and reasonableness, long term debt balances and payments, PERS and OPEB (GASB 75 required all Oregon post-employee benefits to be added to balance sheets this fiscal year), financial close and reporting, and Oregon Minimum Standards. Local budget laws, cash and insurance, fidelity bond coverage, and procurement are all areas that are looked at under the Oregon Minimum Standards.

Ms. Daggitt stated Moss Adams issued two reports with the financial statements. The first being the independent auditors report, with an unmodified or clean opinion this year, the highest opinion possible. For the Oregon Minimum Standards report, there were no findings to report. There were two instances of noncompliance, which were two over-expenditures and the special projects fund had a deficit balance at the end of the year. Management is working so that doesn't happen in the future.

Ms. McCleary-Moore stated that Port staff have worked hard to get caught up on audit reporting, and one area of communication included planning and timing. This year the audit was completed and submitted to the state on time; a great achievement showing progress over the last few years. There were a number of other communications, such as significant accounting policies, in note one of the financial statement; there were no material changes to the policies over the last year. A new standard was implemented this year, related to post employee benefits, a change from the previous year but not significant.

When compiling financial statements, there are a number of estimates for management to put together utilizing information, actuary or historical, to create estimates that are materially correct. In the Port's financial statements this includes the useful lives of capital assets, whether equipment or buildings that needs to be evaluated periodically for reasonableness; another is pension amounts, a large estimate based on information from PERS. Auditors ensure the assumptions are reasonable and the information given to PERS by the Port is accurate. Another item for accounting to estimate is the allowance for doubtful accounts; management needs to evaluate how collectable the receivables are and leave some allowance for doubtful receivables.

Ms. McCleary-Moore stated during the audit if a needed adjustment was found over a certain threshold, it is required to be reported. An uncorrected adjustment would be something found that was below the threshold that management determined not to record, though that finding would still be communicated. There were no audit adjustments, either uncorrected or corrected.

The next few items being communicated, while there is nothing to report, are items that would be included if found. There was no consultation with other accountants; there were also no disagreements with management or difficulties in conducting the audit. Management was prepared and needed information was available to complete the audit on time. There were no significant control deficiencies identified.

Two areas of possible improvement were communicated; one related to the Oregon Minimum Standards and two line items that went over budget. Improvements have been made on completing supplemental budgets on time. Being over budget is relatively common, and monitoring year end cut off will be an important piece to improvement. The last item is capital assets and having a well defined policy to follow will ensure a good estimate.

Ms. McCleary-Moore asked for any questions, then spoke briefly about future standards. With federal grant awards, there will be an additional audit required next year called a single audit, performed under the uniform guidance. This year there were two audit reports issued, next year there will be four. Uniform guidance does have a number of compliance requirements, and management is aware that next year's audit will be somewhat different, focused more on compliance with federal grant standards for procurement, matching, and allowable costs.

There are new standards that will affect future financial statements. One to highlight for the Port is GASB No. 87, related to leases. Currently the only requirement to record leases on financial statements

is if the lease is considered a capital lease, typically a financed asset. In the future all leases will be required on the balance sheet, effective for the June 30, 2021 fiscal year. Ms. McCleary-Moore recommended looking at the types of current leases and the documentation associated.

President Kronsteiner thanked Moss Adams for the report and thanked the finance department for their work in achieving the fine audit report. Commissioners thanked Port staff and the volunteers on the budget committee.

3. PUBLIC COMMENT

Elise Hamner of SWOCC Foundation, encouraged the Commissioners to approve the Community Enhancement Plan, and to reach out to other community entities scheduled to vote. Ms. Hamner spoke of the history of the plan. The conversation started with the Port in 2006; a community member came before the Commission and spoke of capturing royalties or revenues off of natural gas as it passes through our community. In 2011, the community enhancement plan concept was introduced. At that time looking at poverty rates, there were 75% of elementary students at all schools in Coos County (except one charter school) that were receiving free or reduced lunches. At one school, it was as high as 90%. The concept behind the community enhancement plan is investing tax revenues to improve education. In Oregon, tax money is distributed statewide through an equalization formula, which is not such a good thing when money is lost and schools are failing. Ms. Hamner stated failing means Oregon dropouts are twice as likely to go to prison than graduates and argued that in Coos County that number would be higher. Investing in education means investing in the future workforce, critical to building capacity for businesses. Under the proposed plan, 55% of the local taxes that would be paid would go to supporting education, money that would be lost through the equalization formula without the plan. Ms. Hamner encouraged investment in needed intellectual infrastructure.

Katy Eymann of Citizens for Renewables, spoke in opposition to the Community Enhancement Plan. Ms. Eymann spoke of the planned 55% distribution to local schools; in speaking with the Oregon Department of Revenue, it is not clear whether that money would reduce the equalization amount received from the state. The law is unclear and it would likely be a political decision. There is no guarantee that Coos County would receive that equalization money, so in effect it would result in a zero net gain in educational money. Ms. Eymann spoke of the needed research to ensure that equalization money is not lost. Ms. Eymann also spoke of opposition to the planned 25% designated for infrastructure and economic development; stating this money could potentially be used by the tax payer, Jordan Cove, to further their own projects. Ms. Eymann spoke of opposition to even granting a tax exemption for Jordan Cove; essentially the tax exemption program is intended primarily to provide an incentive for the business to locate here, but Jordan Cove is already intent on locating here. Ms. Eymann asked that if the Community Enhancement Plan is approved, that a condition be added to ensure that the money local schools receive will not be lost through the equalization fund, and if that does occur that adjustments could be made to the distribution.

Written comment was provided by Jody McCaffree and copies given to all Commissioners.

4. CONSENT ITEMS

- A. Approval of December 17, 2018 Regular Commission Meeting Minutes
- B. Approval of December Invoices
- C. Approval of December Contracts Awarded

Upon a motion by Commissioner Martin (second by Commissioner Farm), the Board of Commissioners voted to approve the December 17, 2018 Regular Commission Meeting Minutes, December Invoices and December Contracts Awarded. **Motion Passed.**

5. MANAGEMENT REPORTS

All Management Reports were included within the Meeting Packet. President Kronsteiner thanked staff for the written reports.

6. ACTION ITEMS/REPORTS

A. 2017/18 Annual 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, 2018.

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 of Moss Adams attended this Commission meeting and presented the audit. A copy of the audit has been provided to Commissioners for review.

Upon a motion by Commissioner Farm (second by Commissioner Hanson), the Board of Commissioners motioned to approve the annual financial report for Fiscal Year 2017/18. **Motion Passed.**

B. Bay Area Enterprise Zone Agreement with GMA Garnet

In 1986, the governing bodies of the Cities of Coos Bay and North Bend, Coos County, and the Oregon International Port of Coos Bay entered into an Intergovernmental Agreement (IGA) with the approval of the State of Oregon which created an enterprise zone within Coos County. That enterprise zone is now known as the Bay Area Enterprise Zone. The Bay Area Enterprise Zone is approximately 10.24 square miles with areas in and adjacent to the Cities of Coos Bay and North Bend. As part of the IGA, the CCD Business Development Corporation serves as the Bay Area Enterprise Zone Manager. Representatives from Coos Bay, North Bend, Port, and County serve on the Bay Area Enterprise Zone Committee which evaluates applications for tax abatement incentives as allowed under Oregon law.

An Enterprise Zone program or zone is designed to encourage businesses of all sizes to make new or additional investments that will improve employment opportunities, spur economic growth, and diversify business activity within the communities each zone encompasses. The primary benefit to qualifying businesses is 100 percent abatement from local property taxes for at least three years; and in some cases, five years on plant and equipment newly invested in the zones. Property tax exemptions of

7 to 15 years may be available to businesses making a sizeable investment and bringing well-paying jobs.

GMA Garnet began operations at the former ORC site in Bunkerhill. GMA is a worldwide Garnet mining company which started with a single mine in Geraldton, Australia. They currently have three processing facilities in the United States and a mining operation in Montana. Garnet is primarily used for blasting as well as waterjet cutting. Raw material is mined in South Africa and transported by vessel to Coos Bay where it is being stored at GMA's site in Bunkerhill. At their facility, GMA will be washing the raw material to eliminate Chlorides. Once the material is washed and dried, the Garnet is separated from other materials. The end products are then bagged and shipped out. GMA's plant includes both wet processing and dry processing. GMA's plant will employ 20 full-time employees.

GMA has met the statutory requirements for an initial three-year abatement from local property taxes. They have submitted an application to receive an extended abatement (additional two years). To receive the extended abatement, an applicant or business firm and its property must satisfy and remain in compliance with their application, employment, and other requirements necessary for the normal three-year exemption during the entire four- or five-year period. The business must achieve the following which are specific to the extended abatement:

1. Compensation Standard – established under state statutes – during each of the four- or five-years of an extended enterprise zone abatement, average compensation for all new employees must be at least 150 percent (or 1.5 times) the average annual wage, based on the zone's high-wage county – Coos County's average annual wage based on 2015 (the latest report) is \$35,949 and 150% is \$53,924. This compensation includes not only wages and salary but also overtime, bonuses, insurance, and other financial benefits not mandated by federal, state, or local law. All eligible full-time and permanent "employees" are averaged for each year and businesses need count only NEW positions that are created.
2. Written Agreement – all eligible business firms seeking an extended abatement must have a written agreement between it and the local enterprise zone sponsor that confirms the aforementioned compensation standard, grants either "one" or "two" extra years, and specifies any additional requirements requested by the sponsor. Each city, county, or port government that sponsors the zone must approve this agreement, either separately or through a common action or body. This written agreement is valid only if concluded before the business firm is approved for authorization. An authorization application must be submitted prior to the commencement of any physical work on the property. The approval for authorization is not required for such work to proceed and usually entails little more than a technical determination by the local enterprise zone manager and the county assessor. Approval for authorization might even be delayed to accommodate official endorsement of the agreement for an extended abatement.
3. Local Requirements – The sponsoring jurisdictions may make the extended abatement contingent on certain additional requirements jointly requested by each city or county. The zone sponsor as opposed to the county assessor is primarily responsible for monitoring and enforcing such requirements during the exemption period. The requirements could have a very broad reach and special consequences, although state statutes insist on reasonableness. These requirements are ADDITIONAL to statutory compensation and employment levels and may not effectively lower or raise the stringency of such levels. Once a track record has been established, local governments might become somewhat bound by the nature of requirements previously requested in a particular zone.

As GMA meets the statutory compensation standard requirements the Enterprise Zone Committee has recommended approval of two-year Enterprise Zone Extension which would provide GMA Garnet a total of five-year local property tax exemption, with a local requirement that they provide \$15,000 a year to the Bunkerhill Sanitary District. GMA Garnet has agreed to the local requirement contribution.

Commissioner Martin clarified that GMA Garnet is now in business at and owns the site where ORC used to be located. The two companies are separate business entities and GMA Garnet is providing a new investment in the site.

Upon a motion by Commissioner Farm (second by Commissioner Martin), the Board of Commissioners motioned to authorize CEO John Burns to execute the Bay Area Enterprise Zone Extended Abatement agreement with GMA Garnet. Commissioner Hanson abstained from the vote. **Motion Passed.**

C. Bay Area Enterprise Zone Agreement with Jordan Cove Energy Project L.P.

In 1986, the governing bodies of the Cities of Coos Bay and North Bend, Coos County, and the Oregon International Port of Coos Bay entered into an Intergovernmental Agreement (IGA) with the approval of the State of Oregon which created an enterprise zone within Coos County. That enterprise zone is now known as the Bay Area Enterprise Zone. The Bay Area Enterprise Zone is approximately 10.24 square miles with areas in and adjacent to the Cities of Coos Bay and North Bend. As part of the IGA, the CCD Business Development Corporation serves as the Bay Area Enterprise Zone Manager. Representatives from Coos Bay, North Bend, Port, and County serve on the Bay Area Enterprise Zone Committee which evaluates applications for tax abatement incentives as allowed under Oregon law.

An Enterprise Zone program or zone is designed to encourage businesses of all sizes to make new or additional investments that will improve employment opportunities, spur economic growth, and diversify business activity within the communities each zone encompasses. The primary benefit to qualifying businesses is 100 percent abatement from local property taxes for at least three years; and in some cases, five years on plant and equipment newly invested in the zones. Property tax exemptions of 7 to 15 years may be available to businesses making a sizeable investment and bringing well-paying jobs.

JCEP is in the process of securing permits to construct and operate a Liquefied Natural Gas (LNG) facility at the Jordan Cove site on the North Spit of Coos Bay. JCEP will secure natural gas from locations in both the United States of America and Canada which will be transported via pipeline from its source to the North Spit facility. Once the natural gas is liquified, it will be loaded on oceangoing LNG tankers for markets in Asia. It is anticipated that JCEP will employ approximately 200 regular full-time employees at the LNG Facility, Pipeline and Office.

JCEP has submitted an application to receive a Long-Term Rural Enterprise Zone abatement for 7 – 15 years. To receive the Long-Term abatement, an applicant or business firm and its property must satisfy and remain in compliance with their application, employment, and other requirements necessary for the normal exemption and during the entire seven- or fifteen-year period. The business must achieve the following which are specific to the extended abatement:

1. The Facility will encompass acreage in the Bay Area Enterprise Zone comprising one or more buildings and other structures;

2. The Total Cost of the Facility will be at least \$7,300,000,000.00 (\$7.3B);
3. Construction of the Facility will commence in 2019;
4. The Facility will be placed into Service within approximately 60 months, by in any event no later than 120 months, following the commencement of construction;
5. The proposed workforce that will be engaged by or on behalf of JCEP or its affiliates will consist of not less than fifty (50) high-paying permanent jobs to support the operation and maintenance of the Facility, provided that the actual number of employees may vary from time to time; and
6. At the commencement of operations, the average annual compensation (including benefits as determined under OAR 123-690-4600 (1)) for all workers at the Facility will be at least 150% of the County average annual wage as of the start of the construction, as published in the State of Oregon Employment Department's Labor Market Information – Coos County Economic Indicators, at which point the minimum for the rest of the exemption period will be established, subject to adjustment only if and to the minimum extent required by OAR 123-690-4600 (4).

As JCEP has agreed to meet the statutory requirements, the Enterprise Zone Committee has recommended approval of the Long-Term Rural Enterprise Zone Extension which would provide JCEP a seven to fifteen year local property tax exemption, with local requirements. JCEP has agreed to the local requirement of a Community Service Fee contribution.

Upon a motion by Commissioner Farm (second by Commissioner Martin), the Board of Commissioners motioned to authorize Commission President David Kronsteiner to execute the Oregon Long Term Rural Enterprise Zone Extended Abatement agreement with Jordan Cove Energy Project L.P. **Motion Passed.**

D. Bay Area Enterprise Zone Community Service Fee Distribution Intergovernmental Agreement

In 1986, the governing bodies of the Cities of Coos Bay and North Bend, Coos County, and the Oregon International Port of Coos Bay entered into an Intergovernmental Agreement (IGA) with the approval of the State of Oregon which created an enterprise zone within Coos County. That enterprise zone is now known as the Bay Area Enterprise Zone. The Bay Area Enterprise Zone is approximately 10.24 square miles with areas in and adjacent to the Cities of Coos Bay and North Bend. As part of the IGA, the CCD Business Development Corporation serves as the Bay Area Enterprise Zone Manager. Representatives from Coos Bay, North Bend, Port, and County serve on the Bay Area Enterprise Zone Committee which evaluates applications for tax abatement incentives as allowed under Oregon law.

The Zone Sponsors have been working with community stakeholders for several years and conducted numerous public meetings to develop a sensible distribution process regarding Community Service Fees that will be collected during both construction and operational phases of the Jordan Cove Energy Project.

On December 6, 2018, a public meeting was held at the City of Coos Bay Council Chambers and was attended by designated representatives from each of the four Zone Sponsors. At that meeting, a vote was taken of the members and the recommendation made that the Plan for Distribution of Community Service Fee, Intergovernmental Agreement be presented to each governing body for ratification.

The IGA which the representatives of the Zone Sponsors endorsed to be brought before each governing body included:

1. TERM of the Agreement, which will remain in effect from the date of execution until unanimous ratification for termination.
2. PAYMENT CALCULATION will be performed by a CPA firm (the current firm of record is Harwood, MacAdam, Wartnik, Fisher, and Gorman) pursuant to the terms of their engagement letter.
3. PAYMENT PROCESSING will be made pursuant to the Enterprise Zone Agreement. CCD Business Development Corporation shall be the Agent for handling the collection and distribution of funds.
4. PAYMENT DISTRIBUTION will be conducted in two phases. The first is the Construction Phase and the second will be the Operations Phase. The distribution percentage are to be found in section 8 of the IGA.
5. AMENDMENTS can be made by unanimous consent of the Zone Sponsors after being so moved by at least two of the Zone Sponsors.

This process has been one that is born from the true sense of building consensus through a process of give and take. The intent of the IGA has always been to find the best path forward for the entire community and to look to creating a mechanism to focus on the future of our schools, the community and our citizens and this agreement delivers on that desired outcome.

Commissioner Martin stated that the long term abatement period for Jordan Cove will equate to the same amount of money paid in the community service fee as would be paid in taxes. The community enhancement plan will keep control of the funds local and ensure decision making that will best utilize them; it will not make Jordan Cove more or less likely to locate here. Commissioner Martin stated this is an opportunity to build a legacy for our community.

Upon a motion by Commissioner Martin (second by Commissioner Farm), the Board of Commissioners motioned to authorize Commission President David Kronsteiner to execute the Intergovernmental Agreement between the Bay Area Enterprise Zone Sponsors addressing the Distribution of the Community Service Fee associated with the Jordan Cove Enterprise Zone Agreement. **Motion Passed.**

E. 2019Res01: Amendments to Port Policy Manual Chapter 14.6

Over the last few months, the Port of Coos Bay Leadership Team has been discussing replacing annual performance reviews with One-on-One meetings. One-on-Ones are frequent (once a week), informal, documented discussions between managers and employees to review projects and workloads, prioritize projects, set goals and expectations, discuss new/important information, provide feedback on performance, and coach.

One-on-Ones are favored over annual performance reviews because:

- Performance reviews tend to be generalized and based on recent activity (unless we're doing a really good job documenting, we don't always recall specific examples from throughout the last year);
- Managers spend a lot of time on performance reviews (and we don't get much out of them);
- Performance Reviews sometimes end up causing more harm than good (in the past, some employees did not want to sign and accept their performance review, which means the discussion didn't go very well, which leads to poor morale, disgruntled employees, and poor performance);
- Sometimes employees feel blindsided by their performance review (if the employee is surprised by the feedback this means the manager pretty much failed at communicating with the employee throughout the year);
- Pay increases tend to be expected with performance reviews (combining pay increases with performance reviews ultimately defeats the purpose of a performance review. The employee, who is eagerly awaiting a compensation adjustment, largely tunes out the feedback part. Then if the employee does not receive the compensation adjustment they expect, they will tie it to their "bad" review.);
- The upcoming work force thrives on more frequent feedback (but really, who doesn't thrive on more feedback?); and
- Frequent feedback provides more timely information that employees can use to learn and be more effective.

The Leadership Team has received a presentation on how to effectively conduct One-on-Ones (regularly and consistently, without interruptions, etc.); effectively document action items, goals, dialogue, decisions, and coaching from the One-on-Ones; and how to make One-on-Ones successful (be prepared, use specific examples, actively listen, provide clear and relevant feedback, etc.).

Section 14.6: Performance Reviews has been revised to replace Annual Performance Evaluations with One-on-Ones and has been renamed as Performance Discussions. The Port's Leadership Team and legal counsel has reviewed and revised the proposed policy before being presented to the Port Commission.

The red lined tracked version of the changes, as well as a final version of the recommended revisions, were included within the packet.

Upon a motion by Commissioner Farm (second by Commissioner Martin), the Board of Commissioners motioned to approve Resolution 2019Res01 authorizing the amendments to Port Policy Manual Chapter 14: Personnel Policy Section 14.6: Performance Reviews (Performance Discussions). **Motion Passed.**

F. 2019Res02: Adoption of Port Policy Manual Chapter 12.5

Each year, the Port of Coos Bay budgets funds for Community Giving in the form of scholarships, community events, and donations to support the Port's mission of promoting sustainable development that enhances the economy of Southwest Oregon and the State.

To oversee the budgeted funds for donations, the Port has created a Community Giving Committee comprised of Port Staff. The Committee will develop donation and scholarship recipient criteria, review and evaluate donation and scholarship requests, and recommend donation and scholarship recipients. The Committee also created a Community Giving policy and process, establishing the guidelines of the committee and the donation request process.

Port's legal counsel has reviewed the proposed policy before being presented to the Port Commission. The draft policy and internal process were included within the packet.

Upon a motion by Commissioner Farm (second by Commissioner Hanson), the Board of Commissioners motioned to approve resolution 2019Res02 adopting Port Policy Manual Section 12.5: Community Giving. **Motion Passed.**

G. Representative Peter DeFazio District Office Sublease Renewal

The Port's sublease agreement with Representative Peter DeFazio expired on January 2, 2019. Port staff worked with Representative DeFazio's district office staff to begin the process of completing a new sublease agreement for the 2019-2021 biennium. The Port subleases approximately 200 square feet of office space to Representative DeFazio for use as a District Office. The renewed lease has a two-year term and will expire on January 2, 2021. The Port has provided office space for Representative DeFazio's district office since 1997. Terms and conditions of the renewed lease are consistent with the most recent executed lease for the space.

Upon a motion by Commissioner Farm (second by Commissioner Martin), the Board of Commissioners motioned to approve a renewed sub lease agreement with Representative Peter DeFazio for office space located at 125 Central Avenue, Suite 350 for use as a district office. **Motion Passed.**

H. CBRL Tunnel Drainage Rehabilitation Project Contract

Under previous Commission authorization, Port staff solicited proposals for the Coos Bay Rail Line Tunnel Drainage Rehabilitation Project. The work will improve the drainage and extend the life of tunnels 15, 17, 18, 19, 20 and 21. The project will be funded by state and federal grants.

A Request for Proposals (RFP) for the Coos Bay Rail Line Tunnel Drainage Rehabilitation Project was originally submitted via two pre-qualified contractors on November 17, 2018 with the deadline for proposals as January 11, 2019. Both of the two pre-qualified contractors submitted proposals by the due date. Both proposals were opened January 11, 2019 and full bid prices were read aloud. The initial bid results are listed in the table below:

Firm Name	Total Price
Stacy and Witbeck	\$20,616,695
Strider Construction	\$17,149,980

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

Strider Construction Company is a full-service heavy civil project contractor with over 30 years of experience specializing in Roadway and Underground Utilities work. Strider Construction is using Railworks Track Systems, Inc. as a subcontractor to perform the new rail installation. The proposed price includes drainage repairs to tunnels 15, 17, 18, 19, 20 and 21 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 Strider Construction Company for the Coos Bay Rail Line Tunnel Drainage Rehabilitation Project for the total price of \$17,149,980 pending final review.

Commissioner Martin asked how the bid amounts compared to the engineer's estimate. John Buckley stated that bids were about \$3 million over the estimate. Commissioner Hanson asked the source of funding. Mr. Buckley stated it is a combination of ODOT lottery bonds and the FASTLANE Grant.

Upon a motion by Commissioner Farm (second by Commissioner Hanson), the Board of Commissioners motioned to authorize Chief Executive Officer John Burns to negotiate and execute a contract with Strider Construction Company for the Coos Bay Rail Line Tunnel Drainage Rehabilitation Project in the amount of \$17,149,980. **Motion Passed.**

I. 2019Res03: Declaration of Emergency at Milepost 734.48

The rail bed on the north end of, and inside, tunnel 18 at about MP-734.48 currently has a 5 MPH slow order placed on it due to poor tack conditions. On Tuesday, November 13, 2018 the CBRL Track Inspector determined that the track condition had deteriorated to a point where the train had a high probability of a derailment. The Track Inspector has placed this repair item at the top of his list, however the magnitude and location of the repair is outside the capability of CBRL staff. CBRL staff indicated an immediate repair of the identified condition was necessary to maintain safe continued rail service on the line. Port/CBRL staff immediately began work to clarify and confirm the scope of work necessary to affect the required repairs, and the time required to bring the track back into service.

Port/CBRL staff believe continued use of the degraded track has a high probability of a derailment which is a threat to property, rail service, welfare and safety; and a risk of injury to Contract Maintenance and Operations staff. If the identified conditions are not repaired urgently, a rail service shutdown will be required, as it will be unsafe to operate trains on this section of track.

On Thursday, November 15, 2018, Port staff contacted H&S Construction Railroad & Salvage. H&S Construction has the experience working within the CBRL tunnels, the equipment and schedule availability necessary to complete the repairs. Port staff reviewed H&S Construction's estimated cost and schedule for the identified work to ensure the contract with H&S Construction will be the most-timely and cost-effective means to address the emergency repairs on the track at milepost 734.48 inside tunnel 18.

On Friday, November 30, 2018, H&S Construction began work. On December 2, 2018, all emergency work operations were completed. The line was returned to service on December 2, 2018, with cars delivered to Roseburg Forest Products.

Total project costs were \$21,400. Port cost share for the project is expected to be between \$4,000 and \$6,000 and will be funded from the Rail Department General Fund repairs and maintenance budget. On Friday, November 16, 2018 Port Chief Executive Officer John Burns signed the Declaration of Emergency for the necessary repairs to the track at milepost 734.48.

Port Procurement Rule 6.4.6 allows the Chief Executive Officer or his designee to award emergency contracts up to \$200,000 in value and requires a Commission Resolution to ratify the Declaration of Emergency at its next regularly scheduled meeting or as soon as practical.

Upon a motion by Commissioner Martin (second by Commissioner Farm), the Board of Commissioners motioned to adopt resolution 2019Res03 ratifying the Declaration of Emergency by CEO John Burns, including the execution of a contract with Coos Bay Rail Line, Inc and H&S Construction Railroad and Salvage to effect emergency repairs to track at milepost 734.48 on the Coos Bay Rail Line in November 2018. **Motion Passed.**

J. Stantec Change Order #1 to Task Order #26

In April 2018, the Port Commission authorized Stantec Task Order 26, Reedsport Bridge (MP740.84) Stabilization Plan Engineering and Monitoring Project, to monitor, develop a repair plan, provide construction management, and provide post construction monitoring for this bridge, including general tasks or requests to accomplish administrative assignments that did not warrant independent task orders for the not to exceed fee of \$107,170.

Stantec designed a repair plan that went out to bid. Due to the higher than anticipated cost of the bids received, the Port canceled the project. The Port decided to “Sole Source” the repair and asked Stantec to work with the Contractor’s suggestions to redesign the repair, perform PDA pile testing, continue the monitoring of the bridge, and to provide construction management support throughout the remainder of the project.

Staff requests the Port Commission authorize Change Order 1 for Stantec Task Order 26 for an additional not to exceed amount of \$81,000.

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 Farm (second by Commissioner Martin), the Board of Commissioners motioned to authorize Chief Executive Officer John Burns to execute Change Order 1 to Stantec Consulting Services, Inc. Task Order 26 for Stabilization Plan Engineering and Monitoring on the Reedsport Bridge at MP 740.84 for the additional not to exceed amount of \$81,000. **Motion Passed.**

K. Stantec Change Order #1 to Task Order #28

In May 2018, the Port Commission authorized Stantec Task Order 28, Repair Plan Engineering for Emergency Repairs to the Coos Bay Rail Line Bridge at MP 763.55, to develop a repair plan, provide construction management, support contractor selection, provide environmental permitting, and provide non-destructive testing (NDT) of the pins and eye bars, including general tasks or requests to accomplish administrative assignments that did not warrant independent task orders for the not to exceed fee of \$172,000.

After the initial repair plan went out to bid, it was determined to authorize Koppers Railroad Structures to perform the repairs. Koppers offered an alternative solution that did not require the replacement of the pins and eye bars, but would require additional NDT, a second more detailed inspection of the two truss components (requiring a safety boat), all of which extended the duration to approximately 10 months.

Staff requests the Port Commission authorize Change Order 1 for Stantec Task Order 28 for an additional not to exceed amount of \$170,000.

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.

Commissioner Martin asked for an update on bridge repairs. Patrick Kerr stated that the contractor is in the process of shoring up the top part of the old house and tension has been taken off the bridge itself. In the next few weeks that will be shored up, put into a neutral position, then crews will begin disassembling the bridge. It is anticipated the bridge will be turned in mid to late February in order to effect necessary adjustments. Return to service is anticipated in March.

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 1 to Stantec Consulting Services, Inc. Task Order 28 for emergency repair plan engineering for the Coos Bay Swingspan Bridge at MP 763.55 for the additional not to exceed amount of \$170,000. **Motion Passed.**

7. **OTHER**

8. **COMMISSION COMMENTS**

9. **NEXT MEETING DATE** – Tuesday, February 19, 2019 at 6:30 p.m.

10. **ADJOURN**

President Kronsteiner adjourned the meeting at 7:30 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;
- (i) review and evaluate the job performance of a chief executive officer, other officers, employees and staff, if the person whose performance is being reviewed and evaluated does not request an open hearing; and
- (j) carry on negotiations under ORS Chapter 293 with private persons or businesses regarding proposed acquisition, exchange or liquidation of public investments.