

**OREGON INTERNATIONAL PORT OF COOS BAY  
COMMISSION WORK SESSION**

**10:00 a.m., Tuesday, February 7, 2023**

Port Commission Chambers, 125 Central Avenue, Suite 230, Coos Bay, Oregon 97420

**ATTENDANCE**

**Commission:**

Eric Farm, President; Brianna Hanson, Vice President; Kyle ViksneHill, Treasurer; and Nick Edwards, Commissioner were present. Kyle Stevens, Secretary, was excused.

**Staff:**

John Burns, Chief Executive Officer; Lanelle Comstock, Chief Administrative Officer; Mike Dunning, Chief Port Operations Officer; Megan Richardson, Director of Finance and Accounting; Steve Bawn, Charleston Marina Manager; and Laura Fortin, Administrative Assistant.

**Media & Guests:**

Anne Bellomy, Christine Moffett, and Kyle Cox.

**1. CALL WORK SESSION TO ORDER**

President Farm called the meeting to order at 10:00 a.m.

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

**3. COMMISSION OPENING COMMENTS**

President Farm provided an overview for the purpose of the work session. He said the Commissioners would be discussing strategic vision and Board duties and responsibilities and there wouldn't be any decision making or public comment during the work session, as the work session is for information gathering and conversation.

**4. DISCUSSION**

Commissioners were presented a ten-page packet regarding roles and responsibilities to study and follow along.

President Farm said Commissioners are the legislative body of the Port who formulate and interpret Port policies, establish goals and objectives, and operate as the legal fiscal responsibility for the Port. The Board of Commissioners are not operations, as a Chief Executive Officer is hired by the Commissioners to be responsible for the operational duties. President Farm said the Commissioners provide policy and direction for the staff specifically to the CEO who then implements the policy. Commissioners also adopt resolutions and ordinances, specify contracting, and ensure the Port stays in compliance with Federal, State, Local and ethic laws.

President Farm commented on the financial roles saying the audit review was just completed, and now budget planning has begun, both of which are Commissioners responsibilities along with monthly monitoring of finances and financial information.

President Farm said the Board of Commissioners hire and evaluate the Chief Executive Officer and approve major changes to the Port's organization and structure. The Commission Board delegates authority to the CEO through resolution, selects legal counsel and consultants, provides advice to the CEO, approves collective bargaining, and ensures personnel complaints go through the proper chain of command.

The Commissioner's public accountability roles, President Farm stated, are representing the Board, different committees, and assignments; keeping the public informed on important matters of the Port; and making decisions based on public information.

President Farm said no Commissioner has any power individually. Only resolution or decision of the Board as a group has any authority to dictate what the Port will do.

President Farm read a few key points for an effective Board. He said to him the "No Surprises" is important, as questions need to go to Mr. Burns as soon as possible so staff has a chance to research information prior to being put on the spot during a meeting.

President Farm reviewed the Port's mission and vision statements. He asked the Commissioners to be thinking of any suggested edits to be made to the statements.

President Farm said when the Port Commission was reconstituted from an elected Board to a Board appointed by the Governor, Governor Ted Kulongoski presented a "Charge" to the Board of Commissioners. President Farm said the Charge states the Board can develop a solid business plan for the Port, work with partners in other public agencies, as well as private sector partners to develop community consensus on the future of the Port, and work on implementing the findings. President Farm said the Charge states the major goal of the Board is to develop a long-term plan for the Port as part of the economic revival in the South Coast, and that no other group or agency in the region is responsible for the Port. The Charge also asks the Board to develop a solid business plan that resolves key issues of the Port, including the role of Maritime Commerce in the region, transportation improvements, development of the North Spit, the future of commercial fishing and processing industry, and improving the upper waterfront in the bay.

Mr. Burns said he believed all the Commissioners have copies of the Port's Strategic Business Plan which was created about ten years ago as a directive from the State that the Port produce the Business Plan on a periodic basis. The Plan is used to help access funding through the State when it is necessary. It is a good starting point for Commissioners to look at, comparing where the Port said it was headed in conjunction with the Charge from 20 years ago.

President Farm began discussion of the offshore wind project, stating the Board has had a number of requests both from Commissioners and the public on where the Port stands on the proposed resolution from the Trolling Commission relevant to offshore wind. President Farm said the Government is selling offshore leases to generate funds. President Farm said it is his understanding that selling of the leases does not generate approval for an offshore wind project, and he sees it as two separate things 1) the Federal Government wants to create revenue and they are going to lease out whatever they can, and 2)

the approval of action for an offshore wind project. He stated that now may not be the time for the Port to make a decision to oppose or support a project. President Farm shared that there is an Offshore Wind Conference being held later in February, and he invited any of the Commissioners wanting to attend. President Farm said John Burns and himself are planning to attend, as there are still many questions regarding the wind projects and the agenda looks like the conference will address many of these same questions.

Mr. Burns stated he was charged by the Commission to put together a program to bring some insight to the Commission, however he has not had much luck in organizing enough presenters to join in a room at the same time. Mr. Burns said he feels the conference looks to check most of the boxes covering what he was trying to put together.

Commissioner Edwards said the resolution letters that were signed by the other 18 municipalities and ports up and down the coast was more about how the leasing was constructed. The other part of the resolution letters is that the fishing industry would like to see it beyond 1300 meters. Having two meetings in the past week with BOEM, he stated that they are planning to move forward with leasing inside the 1300-meter mark. He said if there were an EIS done before rather than after, BOEM would find that they cannot put the turbines there per the Department of Defense maps.

Commissioner Hanson asked if the DOD and Coast Guard red area is inside 1300 feet or outside. Commissioner Edwards answered, it is 1300 meters, adding that this information was recently shared with some of the local fishing groups, and local Tribes just last week. Commissioner Edwards claimed this is all a waste of time, because these maps show that the wind turbines cannot be placed in this area.

President Farm said he completely agreed; however, his assessment is that the Federal Government is going to lease it, and they are going to generate funds, and then they will come back and say, "you can't do it". He said, the Port making a stand at this point, would have no impact. His suggestion is the Port wait for the answers after the EIS is done. Commissioner Hanson commented, hypothetically they would lease it and then eventually they would do an EIS, so it would eventually just go away. Commissioner Edwards explained he sees the problem being we are two years lag behind East Coast to West Coast. He said billions of dollars were spent and then the EIS said can't do it; BOEM moved forward anyway. He said the letters from Senators and other groups are all trying to get ahead, pushing for the EIS to be completed sooner than later.

Mr. Burns asked the Commissioners if there is interest in going to the conference to let him know so that the arrangements can be made for everyone. President Farm added the agenda looks like this conference will cover a lot of the questions being asked both by the community and the Port Commissioners. The dates for this conference were noted as being February 28 and March 1, 2023.

Commissioner ViksneHill said his concerns are having recently heard stories and read articles about what's happening with the Colorado River; there are more people in the Southwestern part of the States than there are resources to support them. He said he is not sure if the Federal Government is looking at projects like these, or they are just trying to get the money up front. He said he thinks they are trying to plan for all the people in that part of the country that are going to need resources like electricity. He said a concern is that there is going to be a push from the top to make sure those people have those resources. Commissioner ViksneHill said this is why he feels it is important to make sure that the processes are respected up front, the nature of these projects is some people will benefit and some people will pay the cost. He said he thinks with the electricity needed to be generated for the people in that part of the county and the cost bore by the people on the Oregon Coast, he feels it is important the process is respected.

President Farm asked Commissioners if they think the leasing point is the point for effective engagement. Maybe requesting to move the EIS to the beginning of the process is a legitimate request however, in his understanding President Farm explained without an actual project the EIS will be elusive. Commissioner Hanson added, from the development perspective, the funding is connected because the EIS process is expensive and has to have a site location. Commissioner Hanson asked Commissioner Edwards who would be doing the EIS process. He answered it would be BOEM, then it would go out to BSEE to do the problematic EIS. Commissioner Edwards said if BOEM were to agree to do the EIS first it would set them back two years however, now the DOD has set the transit lines, showing the project cannot be in the designated area. Commissioner ViksneHill commented that he doesn't know if it would hurt the Port or cost too much to engage in all points of the process. He said he thinks the request for the Port to sign a letter that other Ports have signed does not seem to be a big request.

Commissioner Edwards said he agreed to signing on and supporting the resolution letters, however he does not think it will change BOEM's footprint in doing so. He said BOEM is doing the same on the East coast, Oregon is just two years behind. Oregon has made a big impact however, in how it is moving forward, Commissioner Edwards said. Commissioner Hanson asked if there is a unified front or any allegiances of ports or towns or groups on the East coast. Commissioner Edwards said there are in Maine, however, no one has gotten as involved as Oregon has. He said he doesn't feel it would hurt anything by the Port signing on the resolution letter.

President Farm said he doesn't see that signing would hurt anything but when he signs something he feels it should be effective. The other ports who signed the resolution, aren't as impacted because the calling area isn't in their districts. President Farm said he would like to discuss the topic further after gathering more information, and possibly some answers from the conference.

President Farm said his next topic of discussion is why the Port owns land and why it is preferred to lease the land. The Port owns multiple properties for many different reasons or circumstances. There is reluctance to sell property for if the Port were to sell, there would be a stipulation for the property to return to the Port if the purchaser could not uphold the purchasing agreement. The added risk is that there is no guarantee what state the property would be in at the time of it reverting back to the Port. President Farm said the Port has been entrusted with public funds and donated properties, thus, has an expectation for the Port to hold onto and maintain these assets.

Commissioner Hanson said regarding properties in general, the benefits received through tax dollars are for development and enhancement to the local economy. She said to accept the property and then flip it for a profit would be objectively wrong. Mr. Burns offered one of the issues the Port may encounter is that the purchaser's lending institution may place a lien on the property, which would put the Port in competition with the funding entity for control of the property.

President Farm said regarding Roles and Responsibilities, one of the focus points is to provide strategic focus and planning for the staff as there is a long list of items across all operating entities that need repairs. The current goal is for the upcoming major projects to generate enough revenue to fund all other projects quickly. The Terminal One project, for example, is a medium level project and could perhaps help to cover other projects. He said there is currently some revenue coming from the Railroad that is being reinvested into other areas of operation. If the Port were to turn focus away from the Railroad, there would not be anything to replace that revenue.

Mr. Burns said while staff does try to focus on large projects they are still attending to the "nuts & bolts"

of the daily duties and infrastructure needs. He said generally the work that is done to try and attract the new business is done in addition to their daily jobs. Mr. Burns expressed it is not easy to sustain what the Port has without coming up with new sources of revenue. The Port has been very fortunate to receive great financing from both State and Federal governments, but it is hard to say how much will be there in the future.

Commissioner Hanson said she thought historically it makes good sense to have private partnership so if there is not funding to sustain, there might be some other arrangements available as opportunity arises. President Farm said the Port is doing everything possible with the funds that are available.

## **5. PRESENTATION**

### **B. Review of Infrastructure Projects, Charleston Marina Complex**

President Farm said the Charleston Marina Complex infrastructure projects is an extensive list. This presentation will give an example of Charleston's needs.

Mr. Burns said Commissioner Stevens asked in the last regular meeting if there was a work plan for Charleston. This presentation is in response to the question. Charleston has a very extensive work list as do most of the Port's assets. Steve Bawn's presentation will share the most current information and provide insight to the project needs in the Charleston Marina Complex. Prioritizing a project list of this magnitude is a balancing act.

Steve Bawn, Charleston Marina Manager, shared a Power Point presentation. Mr. Bawn stated the Port currently has 16 full time employees at the Marina, with help from the Management and Administrative staff in Coos Bay. The FY 2022/23 budget chart shows operating revenues at \$2,673,152.08, operating expenses at \$2,332,376.84, debt service at \$390,288.16 and personnel expense budgeted in other departments at \$597,299.00. The net result is -\$646,741.92. In regards to the personnel budgeted in other departments, Mr. Burns said a calculated decision was made three years ago to put Administrative and Security positions under the Administration and Port Operations budget rather than the Charleston budget.

Mr. Bawn shared a list of staff resource allocations as they fall under routine custodial tasks, customer service, maintenance, and capital projects. The next slide showed \$11,895,127 total dollar investments made since 2015 on Charleston Marina infrastructure projects. Mr. Burns said there are three types of paths to fund these kinds of projects: 1) Revenue from Charleston and the Port's General fund (for example, taking funds generated from the Railroad and putting them into other areas), 2) Grants (these are few and far between, usually come from the Marine Board, and are specifically targeted to the recreational fleet and not the commercial industry), and 3) Borrow funds to quickly complete these projects but then there is the obligation to re-pay.

Mr. Bawn continued to the next slide to discuss the Charleston Maintenance Plan. A Maintenance Plan was developed after walking the entire property and identifying all maintenance needs. A spreadsheet was created, prioritizing project needs, identifying whether permits are needed, estimating man hours, and totaling estimated costs.

Mr. Bawn reviewed summary slides of the Maintenance Plan that outlined infrastructure projects and costs. The estimated total for all repairs is \$7,101,088.

When reviewing dock needs, Mr. Burns said, the cost for dock pods for each T is about \$270,000 and given the current moorage rates it would take 10 to 15 years of moorage from one boat to recoup that amount of money. Mr. Dunning said the Marina is at 48% occupancy on a month-to-month basis so it may be worth considering moving vessels and reducing the number of docks to maintain.

When reviewing the Shipyard projects, Mr. Dunning said the Travel Lift was purchased about six years ago with a 10-foot extension, so it is possible to widen it. He said when talking about capital projects, one proposal would be to lengthen the slip land side so there would not be as many permitting issues and widen it by the 10 feet.

Commissioner Edwards asked about the occupancy level of the storage units. Mr. Bawn reported they are fully occupied, and they are a steady source of revenue. He said one of the considerations being looked into would be to expand the number of storage units. Mr. Burns added there is a waiting list of six to eight persons for these units at all times.

Commissioner Hanson asked if the Capital Improvement Projects listed on the slide are planned to be done. Mr. Bawn answered no, these are projects that have been identified and a cost analysis is needed as to how they could be funded. Mr. Burns added some of these projects would not have to be completed all at once. For example, the vessel disposal can be done a few vessels at a time and the piling replacement could be done over a period of time.

Commissioner Edwards asked about the capital improvement projects and by whom or how they would be prioritized. Mr. Burns said it was preferred that the Commissioners would all review the list and provide feedback with thoughts and prospective. The staff would then provide “boots on the ground” prioritizing ideas.

Commissioner Edwards said reflecting back to the 2013 Charleston Master Plan, the number one priority in the Shipyard was to fix the “travel rail”. He said to his knowledge, the last time it was worked on was in 2010. He said boats won’t go to the Shipyard, even if the docks are fixed, if they cannot be hauled out of the water. Mr. Dunning replied it will take a lot of investment to replace the rail, but the Port receives no revenue from it. The numbers don’t jive to spend four million dollars to fix the ways, and only haul out 15 boats a year. Giddings is getting the revenue and the Port is expensing the maintenance and repairs. Commissioner Edwards also commented on the reduction of FTEs in the Shipyard due to the ways not being fixed. Mr. Burns asked Commissioner Edwards if the extension of the travel lift slip would accommodate his boat. Commissioner Edwards answered no, his boat is too heavy. Mr. Edwards asked Mr. Dunning if spending the \$750,000 to widen the slip will bring more work to Giddings. Mr. Dunning said yes, research shows a 65-foot aluminum boat could be hauled out of there and he said he thinks it could help Giddings. Commissioner Edwards said if the rail doesn’t get fixed, boats will stop coming and Charleston as a whole will lose revenue and labor forces.

Commissioner Edwards brought up selling of the Shipyard to somebody who wants to invest in the infrastructure and questioned why the Port would invest in the infrastructure if the rental revenue doesn’t cover the costs. President Farm said the 4 million dollars it would cost to fix the ways, is enough to fix all the other needs in the Marina, so a decision has to be made as to where to spend the money. If the Port invests all this money, rates will have to increase, but will the rate increase be enough to cover the costs, or will the rates become so high that customers go somewhere else anyway. Grants are great he said, if loans are used then they need to be paid back. Commissioner Hanson added, we may have to realize some of these projects can’t be accomplished and look at other options. President Farm said selling of the Shipyard, which has a public value, would be an open bid process and not a private sale.

Mr. Bawn continued with the presentation showing RV Park revenue vs. expense data. The 2022 revenue for RV Park space rents was \$476,320.74 and the estimated priority repair cost is \$71,600 dollars. Commissioner ViksneHill asked what the occupancy rate is in the park. Mr. Bawn reported that during peak season the RV Park is at about 98% occupancy. During the winter season it is at about 20%. He then reported revenue vs. expense for vessel moorage. The 2022 revenue was \$823,745.00 and the estimated priority repair cost is at \$1,913,950 dollars. John Burns commented that the content of these last two slides show how the RV Park revenue can be used in other areas of need in the Marina.

Commissioner ViksneHill asked that when looking at these project lists to look at what projects could create new revenue. To list projects showing the estimated revenue might be helpful in the overall decision-making process. He added some of the projects might take precedence due to safety, or just protecting or extending the useful life of what the Port does have. He asked that staff look at presenting these types of information to the Commissioners.

Commissioner Edwards thanked Mr. Bawn and acknowledged the difficult position of the Marina Manager. Mr. Dunning added that inflation has created additional difficulties, for example two years ago it cost \$90,000 to replace 20 piling but this year is costs \$50,000 to replace only three piling. He said willingness to invest is not the issue, it's the funding.

President Farm added he thought an interesting exercise might be to take the capital list and add another 8 million dollars for a marine ways, and determine what the impact would be if the Port were to borrow that money and where the Port would charge the extra money. Would increasing moorage by 15% or 20% create enough revenue to cover the expense of other deferred projects. Mr. Burns said staff could do those calculations easily. Mr. Burns commented that in the past the Port has always purchased used "stuff", generally it is broken or wouldn't work for someone else, but the Port should look at building and buying new.

Mr. Dunning said recreational cannot be overlooked as it does bring in revenue. He mentioned putting a dock head gate in the inner basin to provide more security to recreational boat moorage. Mr. Dunning said if the Marina was privatized the rates would quadruple.

President Farm said he appreciated everyone's time. He gave a brief review over the topics of the meeting that were discussed and reminded the Commissioners of the homework and documents to review before the next meeting. President Farm said there are no action items for the February Commission regular meeting and asked whether or not to skip the regular meeting. Commissioner Hanson said she could not attend any meetings in March. Commissioner ViksneHill said he thought it would be better to have more than two weeks to prepare for the next discussions. Mr. Burns said he agreed with Commissioner ViksneHill; President Farm concurred as well. President Farm made the decision to cancel the February regular meeting and wait for the March work session.

**6. NEXT REGULAR MEETING DATE** – The Tuesday, February 21, 2023, meeting at 10:00 a.m. was cancelled. The next meeting will be the Commissioners Work Session on March 7, 2023.

**7. ADJOURN**

President Farm adjourned the Work Session at 11:58 a.m.