



## **PORT OF TILLAMOOK BAY REGULAR BOARD MEETING MINUTES**

**Date:** May 26, 2009, 6:21 p.m.

**APPROVED 6/16/2009**

**1. Call to Order by Board President Jerry Dove**

The Meeting was called to order by Board President Jerry Dove at 6:21 p.m. He apologized for the late start due to the earlier budget meeting which ran long.

**a. Recognition of Persons Present**

**Commissioners:** Jerry Dove – President; Arthur Riedel – Vice President; Ken Bell – Secretary; Joe Meyer – Treasurer; and John Fischer – Commissioner.

**Port Staff:** Michele Bradley – General Manager; Aaron Palter – Project Coordinator; John A. Lewis – POTB Roadmaster; George Devore – Digester.

**Public:** Jim Young – Commissioner Elect; Gus Meyer, Georgine Beveridge-Tillamook Pilots Assoc.; Butch Parker – Director, Tillamook County Department of Community Development; Dan Patsula & Dick Carr – The Bunkers Group; Marshall Doak – Executive Director, Tillamook Economic Development Council; Heather Zwald, Zwald Transport, Inc.; Lee Ann Neal – Headlight Herald; Dan Phillips and Ann Norton – Banks Lumber Company

**b. Public Comment**

Commissioner Riedel congratulated Commissioner Bell on his recent re-election to the Board.

### **NOW SITTING AS THE LOCAL CONTRACT REVIEW BOARD**

**2. Discussion of Contract Specific Procurement/Michele Bradley, General Manager**

Ms. Bradley spoke about the strategic business plan and how we got to this point. The Board must adopt a resolution approving the contract-specific special procurement of a consulting contract for this purpose. Commissioner Bell questioned the timelines of this process. Commissioner Meyer asked if we could adopt the resolution but not use Benkendorf for this purpose. Ms. Bradley responded we would have to go through the entire process all over if we did that.

**Commissioner Bell motioned for approval. Commissioner Riedel seconded the motion.**

**Discussion: Commissioner Meyer indicated he was very unhappy with the Ports Consolidation Plan and said it was odd that we would get a grant citing somebody to get the money. Voted “aye”: Bell, Dove, Ficher and Riedel. Voted “nay”: Meyer. Motion passed.**

**NOW SITTING AS THE PORT OF TILLAMOOK BAY BOARD OF COMMISSIONERS**

**3. Presentation by General Manager – What the Port of Tillamook Has to Offer**

This item was postponed due to lack of time and will be presented at a future meeting.

**4. Tillamook Economic Development Council ratification of Intergovernmental Agreement – short presentation by Marshall Doak, EDC Executive Director**

Mr. Doak presented Amendment #3 for the Board’s consideration and gave a brief history of the EDC. The previous two amendments have been ratified by the parties. This amendment allows the EDC Board to adopt its own bylaws. Ms. Bradley said that it has been a long process to get to this point and that there is value here now that the EDC and SBD have combined. Gus Meyer stated that this is a solid approach to economic development.

**Commissioner Bell motioned for approval of the request. Commissioner Ficher seconded the motion. Voted “aye”: Bell, Dove, Ficher and Riedel. Voted “nay”: Meyer. Motion passed. Commissioner Dove signed the document.**

**5. Port Financial Report**

Ms. Bradley discussed the current financials with the Board. The Port is a little upside down this month due to FEMA money for the hangar repairs having us behind. FEMA money is as-received, not advanced. We are three weeks behind. FEMA’s last payment was \$164,000. Commissioner Bell stated he would like to see a 30/60/90 Accounts Receivable reflection with the financials. This will be provided. Museum income is down. Commissioner Bell requested a clarification of the account numbers which was provided orally and will be provided in a written format. The financials were accepted.

**6. Railroad Financial Report**

Ms. Bradley stated the year-to-date numbers are still positive. We are a little farther behind this month on operations. There is \$9,700 in debt service on the railroad’s quarterlies for the OECD loan. Commissioner Bell asked if the accounts payables are getting bigger. Ms. Bradley answered yes, about \$10,000 or less. A lot of this is as interest on car hire. It may be beneficial to look into whether it is cheaper to buy or transport the cars.

**7. Approval of Minutes from 4/21/09, 4/22/09, and 4/28/09 meetings**

There were misspellings corrected in the 4/21 and 4/28 Minutes.

**Commissioner Meyer motioned for approval of the Minutes with corrections. Commissioner Ficher seconded the motion. Voted “aye”: Bell, Dove, Ficher, Meyer and Riedel. Motion passed.**

8. **Manager’s Report**

a. **Senator Wyden – Town Hall Meeting 5/30/09 2:30 p.m.**

This will be held at the Department of Forestry.

b. **Marine Reserve Advisory Committee (MRAC) formation – POTB Appointee**

Dove indicated this committee may be combining with Clatsop County’s committee. He suggested Jim Young be appointed to this committee. Mr. Young questioned what they are really trying to accomplish here. He has attended a couple of meetings. We need to be cautious. Meyer made a motion to appoint Jim Young to this committee. Bell seconded. The motion was carried by a unanimous vote.

c. **OECD invitation to Statewide Strategic Plan effort**

Ms. Bradley said that the State of Oregon is going to be conducting a strategic plan effort with all ports across the state. They should be contacting us soon for our input.

d. **Port Storage Building Plans**

Following the Board’s request last month, the deed restrictions have been reviewed and the question at hand is an allowable use.

e. **Digester**

The Board asked for an update on the digester and contract with Garick. Ms. Bradley responded there have been two (2) conversations with Gary Trinetti, and he is willing to come out to discuss this matter with the Board. There was a discussion held about the operation of the digester under the contract with Garick and their financial responsibilities versus the Port’s responsibilities. Garick is limited to a \$50,000 per year expense for repair/maintenance, with up to \$5,000 per occurrence. The Port must absorb all other costs. Bell stated we need an independent manager for the facility. Ficher asked if Garick might be willing to stick around until the FEMA money issue is worked out. Meyer indicated some of his concerns, and stated if large money is involved, we should keep them. Heather Zwald (Zwald Transport, Inc.) stated that Ken Zwald would be willing to provide management and marketing services for the digester, if needed. She also stated her thoughts that it was clear at the last workshop that Garick has no intention to give anything back to the Port.

**There was a consensus of the Board to have a face-to-face meeting scheduled with Garick.**

Dove asked Bradley about the Bank of Astoria meeting. Ms. Bradley responded that this meeting has not occurred yet as the bank

representative did not make it to Tillamook during the week the meeting was set. She will also be asking legal counsel about this issue.

9. **Resort Report**

a. **Receipt of Traffic Study**

Mr. Dick Carr indicated that the Traffic Survey Study has been completed and submitted to ODOT in Astoria. They had received an extension to May 17; and the report was filed on that date.

b. **Monthly Report**

Mr. Carr said that monthly reports have been rejuvenated; and this month's report has been provided to the Port. Mr. Carr stated they are making a lot of progress on the 63-20 approach for financing. Bunkers would like to have the underwriter who was not present at the last meeting meet with the Port on June 4 for a lunch meeting at 11:30. Bunkers will provide and pay for the lunch. The discussion will center on the essence of the letter from Pat Ray (Kutak Rock) following the last meeting and to authorize the formation of the non-profit corporation to sell 63-20 bonds. There was a consensus of the Board to schedule this meeting. An e-mail from FEMA was discussed regarding the question of an Environmental Impact Study for this process. Ms. Bradley stated that she received a reply from Julie Slevin (OEM) on Mark Eberline's reply to Barb's question regarding same. Mr. Eberline has stated that Barb's assessment of the EIS being a requirement of this process is pretty much in line with his thoughts and that any further request for review of this project will have to come in the form of a formal request to FEMA. Mr. Carr asked for a copy of the e-mail. Ms. Bradley said that she would provide it. Art Riedel indicated that we should have a written response from Mr. Eberline on this issue. Dove indicated his mixed feelings on this entire issue and language which may or may not be attached to bond money, if forthcoming. There was a discussion about the FEMA process and monies.

10. **Railroad Division Reports**

a. **Banks Lumber Company Proposal (Banks Lumber Company Representatives)**

Dan Phillips and Ann Norton provided a letter to the Board. Banks Lumber is requesting the Port sell them the land upon which Banks Lumber Depot sits in return for the remaining timber on a timber sale agreement, an account receivable due Banks Lumber and other consideration. Mr. Palter gave his review of the two lease files, a ground lease (Port-Lessor/Banks Lumber-Lessee) and a lease for office space in the depot (Banks Lumber-Lessor/Port-Lessee), both as no-cost leases. There was a discussion about the timber sale agreement. The original agreement has been modified and expires in December of 2010. It was discussed and decided that more information needs to be provided. Banks Lumber will provide their written documentation to the Port, with Mr. Palter to review same and report back to the Board at a future meeting.

**Surface Transportation Board process**

Ms. Bradley said that Attorneys Thorpe, Reed & Armstrong have agreed to perform the STB application for discontinuance of rail service process.

The costs should be around \$5,000 or less. This could involve some work by staff to assist with the process and keep costs down. Commissioner Meyer expressed his concerns about the existing ties having to be removed and that perhaps Mark Labhart, the district forester at the time, should be contacted about this. Ms. Bradley responded that the Port has not been told to remove these.

**b. Innovative Readiness Training (IRT) discussion**

Ms. Bradley said this was something the Port talked about a year ago, but something that was worth revisiting given current circumstances. Mr. Palter said he has experience with this type of application and is willing to file one on behalf of the Port for potential assistance with the railroad repair. Commissioner Bell said he would like to see the railroad repaired at the Foss Road area to open back up service to Enright. John Lewis said that Preston Pit has provided some rock in the past for jobs in Rockaway.

**There was a consensus of the Board to submit an application to the Oregon Army National Guard's IRT Program for repairs of the railroad at the Salmonberry area.**

**c. Garibaldi – 12<sup>th</sup> Street Pier Update**

Ms. Bradley provided pictures to the Board of the newly constructed stairway in Garibaldi. This was an ODF&W project in combination with some of the folks up there. A ribbon cutting ceremony will occur on June 6, 2009.

**d. Equipment hauling issues**

John Lewis said that recent bids were about the same. Two cranes are required on each side, for a total of four cranes needed for this work. There was a brief discussion held about scrap metal prices and the amount of rail traffic for Class I rail.

**e. Railroad Project Worksheet/FEMA Status**

Ms. Bradley provided a brief history of the process, indicating the Project Worksheet for the closeout of the railroad should be going to Region next week. If the timeline remains the same, it should be mid-August before we are able to make application for alternate project requests through OEM/FEMA. Riedel said that Mr. Carr has said that he may need to try to get some senators and/or representatives involved. There was a brief discussion about the general amounts and project requests to be made. Ms. Bradley said that we still do not have a determined amount to work with, nor a decision from the Board on which projects we will be making application for to FEMA. Dove questioned whether the proposed storage track project is a good investment. Ms. Bradley talked about the grain reload project, indicating that CHS, a company which constructs these types of facilities, is very interested in partnering on this. The idea is to construct eight (8) bins providing service for up to eight (8) cars at one time. We have the area to do this. There is an abandoned wye track at Buxton. John Lewis said that CHS is a millwright company interested in partnering on this project, and he was impressed with them. The Port could get switching fees and/or leased operation fees and a potential increase in employment opportunities. Meyer asked if CHS would pay for this by the entrance of a lease. This would need to be negotiated. Ms. Bradley said this and car storage is instant return in revenue to the Port. There was further discussion on the status of the revenue/expenditures of

the railroad and how to remain financially viable in its present state. The railroad has been in the red for years. We need to start charging the Oregon Coast Scenic Railway some money. We are making some money from FEMA; but this will run out. Dove said we should ask the Governor to forgive all OECDD railroad debt. Meyer discussed how the Port would be able to abandon the railroad to the State, indicating there is a one-page document which explains how this is accomplished. The Operating Agreement [OTRA?] says we can declare the railroad as not being economically feasible to operate. These are not the times where you can make money. Ms. Bradley was asked to and will provide a copy of the Operating Agreement to the Board. A further discussion was held regarding the Port's obligations to the railroad. Dove asked Ms. Bradley to inquire of the Port's attorney regarding liquidation of the railroad.

f. **Signals**

Ms. Bradley said we have lost our signal maintenance person. We need to keep up on our maintenance inspections; and we are looking at training an employee to do this.

11. **Airport Report**

a. **TPA Meeting Update**

Ms. Bradley said the recent meeting seemed to go well.

b. **Review and Consideration of Intergovernmental Agreement between the Port of Tillamook Bay and Oregon Department of Aviation for Pavement Management Program and Authorization for Agreement for Transfer of Entitlements (Action)**

Ms. Bradley said that, until this document is ratified and signed by the Board, our attorney cannot look at it. Bell stated that the Port of Astoria has gone through the same process.

**Commissioner Bell motioned for approval of the Intergovernmental Agreement. Commissioner Meyer seconded the motion. Voted yes: Bell, Dove, Ficher, Meyer, and Riedel. Motion passed.**

c. **Hangar Availability**

Ms. Bradley said that we have two (2) hangars currently available with one (1) more potentially becoming available.

**(Commissioner Riedel exited the meeting at 8:30 p.m.)**

12. **Industrial Park Status**

a. **Hangar B Update**

Ms. Bradley said that repairs should be completed by mid-June with an extension until mid-August, if needed. She provided an update to the Board on the request from KGA for additional funds for the project. The amount requested is based upon a lot of FEMA work which was unanticipated and needed done above and beyond the amount of the original contract. The engineer is looking for additional funding from KGA based on this work. FEMA will pay seventy-five (75%) percent of the additional amount, which works out to be about a four thousand (\$4,000) dollar additional expenditure to the Port. The Board is being

asked to ratify the request. There was a discussion held about the original contract. Dove said there is no underbid language in the contract.

**Commissioner Meyer motioned for approval of the request. Commissioner Bell seconded the motion. Voted “aye”: Bell, Dove, Meyer, and Riedel. Voted “nay”: Ficher. Motion passed.**

**b. State Fire Marshal Report**

Ms. Bradley said that three people with the State Fire Marshal’s office recently toured the Hangar B facility. This facility has been on their radar for quite some time; however, they have not been out in the recent past to inspect it. The bulk of issues to be presented in an upcoming report to the Port were tenant related. The white tent over the airplanes in the museum is a hazard; it is not fire resistant. Other issues include the amount of gasoline in RV tanks and the absence of an appropriate fire alarm system. The feasibility of installing a water sprinkler system was deemed too expensive to undertake. However, it may be suggested by the Marshal to install an audio notification system to the Tillamook Fire Department in the event of a fire.

**c. Elk Issues**

Ms. Bradley provided the Board with information on a recent discussion with the Oregon Department of Fish & Wildlife relating to the elk on Port property. There was a discussion regarding the history of elk issues on Port property and how best to deal with them. Cultural hunts were discussed. The Governor’s office has authorized ODF&W to allow these hunts outside of the normal hunting season. The Grand Ronde Tribe is authorized a certain number of permits for this purpose, and is interested in partnering with the Port. A meeting will be held with representatives of the tribe on Thursday. This remains a sensitive issue for the Port. We want to make sure we are proceeding legally.

**d. Hunting**

Ms. Bradley said that Dick Crossley is asking the Port for its permission to conduct a televised hunt on Port property.

**There was a consensus of the Board to deny this request.**

Jim Young said there may be a potential revenue source in allowing guided hunts on Port property. There was a brief discussion about the Port’s hunting policy. The policy allows up to eight (8) hunters on the property per day, with one (1) non-hunter per paying hunter.

**13. Review and consideration of Oregon Economic and Community Development Department Port Planning and Marketing Fund Grant #833 Award for Port of Tillamook Bay Strategic Business Plan and Authorization for Board Chair to sign grant documents**

**Commissioner Ficher motioned for approval of the request. Commissioner Bell seconded the motion. Voted “aye”: Bell, Dove and Ficher. Voted “nay”: Meyer. Motion passed.**

14. **Review and Consideration of Contract Agreement for Strategic Business Plan with Benkendorf Associates Corporation and authorization for General Manager to sign contract**

Ms. Bradley said that, following a public notice to the Headlight Herald on the Port's adoption of the contract specific exemption undertaken earlier, and any objections thereto, she will be able to sign the contract.

**Commissioner Bell motioned for approval of the request. Commissioner Ficher seconded the motion. Voted "aye": Bell, Dove and Ficher. Voted "nay": Meyer. Motion passed.**

15. **Lease Orders**

a. **Averill Trucking**

The amount due for rent language is vague in its current form. It will be corrected to indicate amounts due are monthly.

**Commissioner Meyer motioned to approve the Lease Order with corrections. Commissioner Bell seconded the motion. Voted aye: Bell, Dove, Ficher and Meyer. Motion passed.**

16. **Reports and Communication**

a. **Tillamook Lightwave Board Meeting, etc.**

The commissioners asked why the Minutes of the meeting were not ready for review. Ms. Bradley responded that they (Lightwave) have had to do a lot of rebuilding lately.

b. **U.S. Senator Ron Wyden Town Hall Meeting, etc.**

Already discussed. No further action taken.

17. **Commissioner Comments**

Commissioner Meyer commented briefly on the FAA Intergovernmental Agreement.

Commissioner Bell commented on the audit dates and timeline. Ms. Bradley said this matter should be wrapping up soon. Carryovers must be correct and journal entries must be carried over.

Commissioner Bell commented on logging encroachments on the railroad.

A brief discussion was held about Cyril Jacobs and whether the Port needs to involve legal at this point.

Meeting adjourned at 9:04 p.m.