



**APPROVED 12/14/2010**

**OF A SPECIAL BOARD MEETING  
OF THE PORT OF TILLAMOOK BAY  
BOARD OF COMMISSIONERS**

TUESDAY, NOVEMBER 30, 2010

AT 10:00 A.M.

HELD AT THE PORT'S MAIN OFFICES  
4000 BLIMP BOULEVARD,  
TILLAMOOK, OREGON

1. Commissioner Dove called the meeting to order at 10:00 A.M.
2. Recognition of Persons Present
  - a. Commissioners: Jerry Dove (President); Jim Young (Vice President); Bill Baertlein (Treasurer); and Georgine Beveridge. John Ficher (Secretary) arrived at 10:23 A.M.
  - b. Staff: Michele Bradley (General Manager); Karin Gitchel (Office Administrator); Joshua Balmer (Operations Manager).
  - c. Media: no media in attendance
  - d. Public: Gus Meyer; Rich Bauer; Jack Graves; Pat Patterson; Jill Williams.
3. Public Comment
  - a. There was no public comment at this time.
4. Discussion of POTB Resolution FY 10-11 #10 Accepting an \$186,586 Line of Credit with TLC Federal Credit Union and Authorizing Signature of Documents.
  - a. **ACTION: Commissioner Young moved to accept the POTB Resolution FY 10-11 #10 accepting an \$186,586 Line of Credit with TLC Federal Credit Union. Commissioner Beveridge seconded the motion. There was no further discussion. The Motion was carried by unanimous vote of all Commissioners present (4-0).**
5. Discussion of POTB Resolution FY 10-11 #11 for Requesting an Irrevocable Letter of Credit with TLC Federal Credit Union in the amount of \$36,586 for the Financial Assurance for Oregon DEQ regarding Landfills 1132 and 1107.
  - b. **ACTION: Commissioner Baertlein moved to accept the POTB Resolution FY 10-11 #11 for requesting an Irrevocable Letter of Credit with TLC Federal Credit Union in the amount of \$36,586 for the Financial Assurance for Oregon DEQ regarding Landfills 1132 and 1107. Commissioner Young seconded the motion. There was no further discussion. The Motion was carried by unanimous vote of all Commissioners present (4-0).**
6. Discussion of POTB Resolution FY 10-11 #12 Establishing Utility Connection Fees within the Port Industrial Park.
  - c. This discussion was tabled based on recommendations from staff regarding connections.

7. Update on RFP for Owner's Representative

- a. Ms. Bradley asked for clarification from the Board now that the Owner's Representative proposals have been received. The Board specified that after committee review, they would like to see only the top four (4) proposals.

8. Discussion of Status of POTB Railroad

- a. Ms. Bradley asked the Board to provide clarification for the goal of our meeting. Commissioner Dove identified that we need to try to make a decision on the role of the railroad, what we can lease, sell and what can do regarding the railroad with FEMA funds in place and then finally what discussion items they can take to the OTRA Board. Commissioner Dove provided a quick snapshot of the revenue and expenses of the railroad division from 2006 – 2010. He reviewed the losses and lack of income during that time. Commission Baertlein stated that the PORT has been in struggling to pay its own bills in addition to subsidizing the railroad through this time.
- b. As a review of current projects on the west side, Ms. Bradley updated the Board that Modoc Rail Academy has removed their interest in coming to the Port. There were no comments to this information. Ms. Bradley also shared that Oregon Scenic Coast Railroad has a set fee per month during their operating season and if there are additional trips outside of their season, that set fee of \$2500 per month is for the operating months of May – September, with additional costs out of season.
- c. On the East Side, Ms. Bradley shared that we are in talks with Portland and Western (PNWR) regarding purchase of 3.5 miles and potential addition leasing of 30 miles in 2012. If Pacific Western was to assume that area, then they would be in charge of that signal and the Port would have no need to go to the east side.

Commissioner Ficher joined the meeting at 10:23 AM

- d. Commissioner Young queried regarding the section between Garibaldi and the bridge? Is there a way to create the west side for more recreation? Ms. Bradley indicated that OCSR is interested in doing this.
- e. Commissioner Beveridge asked what bridges need repair from storm to have passengers? Ms. Bradley indicated that there is no official agency or report that has indicated that repairs are needed, but that there was a recommendation from an engineering firm to get the bridge repaired. To verify this claim, the Port would need to do a load test on the bridge.
- f. Commissioner Dove asked Commissioner Young to clarify what his idea regarding recreation was all about, due to his past lack of agreement to moving towards recreation. Commissioner Young agreed that in the past he had not concurred, but that in evaluating it, he did see potential in having a recreation line on the west side from Tillamook to Wheeler.
- g. Ms. Bradley wondered if the Board should look at the three different sections affected, east, west and middle, as separate issues.
- h. Commissioner Baertlein asked that the Board also look at Rails to Trails to Rails as a potential option.
- i. Commissioner Beveridge specified that the Port needs to identify how many bridges and how many miles and how many tunnels and bridges are on Port line; and of those how many need repair? She continued with saying that even if the Port doesn't abandon the rail, and they allow people to walk on it, the Port would have to make it idiot proof and safe. Commissioner Beveridge concluded by posing the question, if the Port is going to let people walk on it, what happens if we run trains again and there are people still walking on the tracks, what is our responsibility?
- j. Commissioner Baertlein clarified that he would like to let the State Parks take over all of those concerns and noted that they have taken care of another similar railroad section quite nicely. Commissioner Dove stated that the Port has only had one discussion with State regarding this,

and there was a meeting scheduled later that week to further discuss. Commissioner Beveridge then specified that if the Port does this, they are allowing the state to take her tax money and indicated this as irresponsible of the Board to allow them to use the money. Commissioner Young clarified that he does not feel that it is the Port responsibility to stop the state, if they want to do it. Commissioner Beveridge stated, for the record, that she thinks this is a very bad idea. In her opinion, the Port would be morally liable for the harm in allowing the state to use that money in such a manner.

- k. Commissioner Ficher asked whether it would be a permanent deal to change to Rails to Trails. Commissioner Baertlein shared that his understanding was that this could be a 100 years lease.
- l. Ms. Bradley said that from her understanding Rails to Trails to Rails is the proper name and that the railroad has to be abandoned legally. In abandoning the railroad, the Port will have to address the prior ownership of property and who it would be returned to. She did emphasize that Rails to Trails to Rails goal is to preserve the rails for future use if it might go back to being a functioning railroad. She also reminded the Board that selling of the rails should not occur during the FEMA Alternate Projects or for a time period after that the projects were complete.
- m. Commissioner Dove remarked that there were many environmental issues and groups that could potentially have a part in that decision. Commissioner Dove continued that speaking as a board, we are not going to do anything to harm it or people and that we will look for methods of use that benefit all.
- n. Commissioner Beveridge specified that she felt the Port should look into what others want to do with the railroad and see what others offer the Port.
- o. Commissioner Young expressed that there is something positive with operating the rails between Tillamook and Wheeler.
- p. Commissioner Baertlein agreed that the west side was an asset that the Port should continue to look at.
- q. Commissioner Ficher asked Port General Manager if she had heard of anyone interested in leasing the rail.
- r. Ms. Bradley in response shared an update from the PNWR meeting she had recently attended. She identified that PNWR would like to continue their lease further to Banks. But at this point their budget cannot accommodate leasing to Cochran.
- s. Commissioner Young stated that if leasing is where we make money, the goal of the Port should be to get as much rail on the east side leased to make revenue. But the West side is different. He continued by acknowledging that he knows that we are not going to run a railroad on the whole line. He agreed that all agree that there are three (3) sections of line, east, west and damaged middle section. Could we, as a board, resolve the East side today by saying we should reduce our liabilities, meaning try to lease it out, sell parts of it and get out of the rail business on the east end?
- t. Commissioner Dove responded with wondering what happens at the end of that lease. The Port would be back in the railroad business. Commissioner Young agreed that at the end of the lease, it would be another asset for the Board to deal with.

Commissioner Dove recessed the meeting at 11:04 A.M.

Commissioner Dove called the meeting back in session at 11:09 A.M.

- u. After a brief clarification on the Rails to Trails to Rails, Ms. Bradley indicated that she would have staff research further on this as an option.
- v. Commissioner Beveridge made clear that she is not going to support anything that supports Rails to Trails.
- w. Commissioner Dove identified that the Port Board would not be able to make a decision today regarding this issue.

9. Commissioner Dove opened the Special Session to public comment.
  - a. Jack Graves – He feels that the Port should turn the railroad business over to Tillamook County Transportation District and allow them take over running the railroad.
  - b. Pat Patterson – Shared that he had gone to a recent Senator Merkley open house and provided to the Senator information about saving the railroad and asked that he leverage some money to the emergency people so that we can clean up the railroad. Senator Merkley encouraged him to set up a delegation and get back in touch. Mr. Patterson continued by sharing his belief that this should become a non-profit railroad that the Port is never going to make any money on the rails. He carried on by saying he felt Southern Pacific sold it because they knew there was no money in it.
  - c. Gus Meyer – Mr. Meyer notified the Board that Washington County is interested in the Cochran rock pit. He then stated that in regards to Rails to Trails, that if the Port goes forth in this regard, that we make sure and ask that the state would be responsible for all the environmental issues to even develop the trails.
  - d. Jill Williams – Ms. Williams did feel that she needed to say that she agreed with Commissioner Beveridge, although she doesn't feel it is the Port responsibility to manage state issues, but that we are responsible to our constituents at all layers, so to get this railroad out of our hole we needed to look at options.
10. Commissioner Dove closed public comment and brought the session back. He asked for closing thoughts and actions regarding the railroad.
  - a. Tour cars were brought up as an option of revenue, Commissioner Dove asked Ms. Bradley where these were located and if we made money using them. She shared that they are located in Garibaldi and that yes, the tour cars provided revenue when in use.
  - b. Commissioner Beveridge asked that staff provide the Board with all the Federal regulations in regards to abandoning the railroad. As this is a large request, staff asked the Commissioner to clarify what she was looking for specifically. She indicated she wanted to know the rules for other uses while the railroad is in the current condition. She would like to know what regulations there for railroad having other uses and if there is a change, what is the Port responsible to the public for.
  - c. Commissioner Baertlein shared that this railroad discussion is just the beginning and that the Port was going to have perform more research.
  - d. Commissioner Dove asked about recreational immunity and wondered if staff could update them on status of this.
11. In concluding the railroad discussion, Ms. Bradley wondered what the consensus of the Board was as it appeared the Board had gone back to the beginning of not having a decision.
  - a. Commissioner Ficher: I would like to hear what people have to offer as options.
  - b. Commissioner Young: We have not cleared up what is our goal with the railroad.
  - c. Commissioner Dove: We have confirmed the east side. Continue to lease and work on the sale of that property.
  - d. The Port Board consensus was that they do not want to do anything with the affected railroad until the FEMA projects are completed. The Board would like staff to continue to do what has been going on regarding the east end, and try to get on the agenda for next year of leasing more.
  - e. The Board is asking for more fact finding from the staff in the following areas:
    - i. Verification of what we can and cannot do with the railroad regarding FEMA
    - ii. What are we allowed to do with the railroad for non-rail purposes

- iii. Find out whether the Port can lease the railroad for non-rail activities without abandoning the railroad
- iv. Check with Washington County to see if there is anything with the rockpit.
- v. Provide any detail made available to the Board regarding bridge work that may or may not allow passengers on the bridge in the need for load.

12. Additional Business (if any)

- a. There was no additional business to discuss.

13. Public Comment

- a. There was no further public comment.

14. Commissioner Comments

- a. There were no commissioner comments.

15. Commissioner Dove adjourned the meeting at 12:00 P.M.