

OREGON INTERNATIONAL PORT OF COOS BAY

Coos Bay, Oregon

REGULAR COMMISSION MEETING

10:30 a.m., Tuesday, March 15, 2022

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

ATTENDANCE

Commission:

David Kronsteiner, President; Eric Farm, Vice President; Brianna Hanson, Treasurer; Bob Garcia, Secretary; and Kyle Stevens, Commissioner.

Staff:

John Burns, Chief Executive Officer; Lanelle Comstock, Chief Administrative Officer; Mike Dunning, Chief Port Operations Officer; Brandon Collura, Charleston Harbormaster; Rich Lopez, General Manager, Coos Bay Rail Line; Rick Adamek, Director of Asset Management; Ray Dwire, Security; Krystal Karcher, Administrative Assistant; and Mike Stebbins, Port Legal Counsel.

Media & Guests:

Ed Fleming; John Peery; and Richard Shore.

1. CALL MEETING TO ORDER

President Kronsteiner called the meeting to order at 10:31 a.m.

2. INTRODUCTION OF GUESTS AND PORT STAFF

John Burns stated the order of agenda items has been changed with the public comment portion being moved to the end. This change was to accommodate a Commissioner who has limited time to attend today's meeting and to ensure that Commissioner can participate in the action items. Later in today's meeting, it will be discussed to change the meeting time going forward due to this continued conflict.

3. PORT PROJECT UPDATE

A. Charleston Capital Improvement Projects, Harbormaster Brandon Collura

Brandon Collura stated the presentation today will include two significant project updates from this fiscal year in Charleston. The first was a capital improvement project to replace 20 piling in the Inner Basin. The budget for this project was approximately \$103,000 compared to actual cost of \$99,500. The scope of work included the 20 worst piling out of 33 identified as needing replacement. The new piling were 50' long, 12" wide and 0.500" wall thickness steel piling. The method used was vibratory hammer for removal and replacement. No piling broke during the project and the work was completed by Knutson Towboat Company. Mr. Collura shared a picture comparing the old and the new steel piling. Some of the old piling had holes large enough to put a hand through.

Another budgeted project was the replacement of two major stormwater system medias. The stormwater system is an essential piece of equipment to operate and maintain the Shipyard. These medias include granular activated carbon and ion exchange media. Both have a useful service life of approximately five years, based on the PSI readings. These two key media clean and decontaminate metals and other solids out of the stormwater prior to its discharge into the waterways. The scope of work included replacement of the media, analysis of the final treatment media and disposal of all old hazardous materials.

The project was budgeted at \$100,000 but due to price increases of both the product and freight, the actual cost came in around \$122,000. This project was completed by Clear Creek Systems, who installed and built the system originally.

Commissioner Garcia asked what the expected life is for the replacement media. Mr. Collura stated it is approximately five to six years, as determined by the PSI readings.

4. CONSENT ITEMS

- A. Approval of February 15, 2022 Regular Commission Meeting Minutes
- B. Approval of February Invoices
- C. Approval of February Contracts Awarded

Upon a motion by Commissioner Farm (second by Commissioner Garcia), the Board of Commissioners voted to approve the February 15, 2022 Regular Commission Meeting Minutes, February Invoices and February Contracts Awarded. **Motion Passed.**

5. MANAGEMENT REPORTS

All Management Reports were included within the Meeting Packet.

6. ACTION ITEMS/REPORTS

- A. **Ordinance No. 147 Amending Ordinance No. 143 Identifying Registration, Documentation, and Insurance Requirements for Charleston Marina Complex Customers and Agreement Holders (First Reading)**

A survey was recently conducted consisting of eleven Ports along the Oregon coast from Astoria to Brookings. Three of the eleven do not currently require insurance for moorage and shipyard customers, with the Oregon International Port of Coos Bay being one of the three. The other two ports not requiring insurance do not have a commercial fleet that moors in the water.

The Port has spent over \$100,000 in the past five years disposing of derelict vessels, inclusive of the recent salvage operation of the uninsured MV Gypsy Artist. The Oregon State Marine Board also recently incurred the expense of disposing of five derelict vessels from the Charleston Marina. The Port currently owns another 20 vessels in the shipyard with costs estimated between \$100,000-\$120,000 to have all vessels environmentally tested and disposed of.

The Port conducted numerous discussions with its insurance carrier regarding any feasible options for the Port to hold greater insurance coverage, specifically regarding wreck removal and pollution coverages. With no viable options that are cost effective to the Port, the best option is for the Port to require all vessels

moored in our facilities, as well as vessels utilizing Port services, to have insurance coverage. Based on the survey of the other eight Ports already requiring insurance coverage for all customers, the Port recommends requiring insurance for all customers that execute moorage agreements and utilize various Port services.

A Charleston Advisory Committee meeting took place February 23, 2022, where the insurance requirements were presented and discussed with the Committee and Charleston customers in attendance. A copy of the Charleston Advisory Committee draft meeting minutes was included in the information section of the meeting packet.

The process for adopting an ordinance requires the Port to publish a legal advertisement not more than 10 days nor less than 4 days prior to its Board meeting at which time the proposed ordinance or amendment will be first read. The legal ad was published in The World Newspaper on March 8, 2022. After first reading of the ordinance or amendment, the Commission may consider its adoption at its next meeting after a second reading. However, a second reading of the ordinance can be waived if: 1) a copy of the ordinance is available for each person requesting one; and 2) the Board directs that the ordinance be read by title only. The second reading and consideration of the amendment will be scheduled at the Board's next regular meeting, currently scheduled for April 19, 2022. If adopted, the ordinance shall take effect on the 30th day after adoption unless a later date is prescribed by the ordinance. Port Staff is recommending the ordinance shall take effect on May 19, 2022.

The Moorage License Agreement has been revised with enhanced terms and conditions, including insurance, registration and documentation requirements. The remaining Charleston Marina agreements (Travel Lift, Vessel Storage, etc.) will also be revised in the near future to reflect insurance requirements.

Assuming Ordinance 147 is adopted in the time frame described, new Charleston Marina customers must provide proof of insurance and documentation, effective May 19, 2022. Existing customers will be given until July 1, 2022 to provide proof of insurance and registration/documentation. After the first reading of the Ordinance, a letter will be mailed to all customers outlining the proposed insurance and registration/documentation requirements.

Any vessel that does not obtain insurance by July 1, 2022, will be in violation of the Ordinance and may be considered a hazardous vessel and will be treated accordingly to Port Ordinance. An insurance audit will be conducted approximately every six months to ensure customers remain compliant with insurance requirements.

Seaworthiness of vessels will be required. Owners or operators of moored vessels must be able to demonstrate the seaworthiness of their vessels, if requested by the Harbormaster, by getting the vessel underway under its own power.

Proposed recommended motions for the April meeting were included in the meeting packet.

Ordinance No. 147, an ordinance amending Ordinance No. 143, reads as follows:

Section 1. Ordinance No. 143 is hereby amended to include Ordinance No. 147 identifying registration, documentation and insurance requirements for Charleston Marina Complex customers and Agreement Holders.

Section 2. Chapter 11A: Operational Policies Ordinance 143, Policy 11A.2: Charleston Marina, Section H: Registration / Documentation / Insurance, states:

1. All moored vessels must be currently registered with the State of Oregon or documented with the Coast Guard in the Moorage Holder's or Vessel Owner's name.
2. All vessels moored, stored, or using Travel Lift services, must be insured as outlined in the Port of Coos Bay Rate Schedule. These requirements are subject to periodic review by the Port's Insurance Broker of Record. Current proof of the minimum insurance requirements must be submitted with the appropriate License Agreement, or upon request.
3. Vessel owners with expired registration will be reported to the Marine Patrol and Oregon State Marine Board.
4. If requested by the Marine Patrol or the Oregon State Marine Board, the Port will provide boat owner information for unregistered vessels.

Section 3. This ordinance amendment shall take effect May 19, 2022.

Commissioner Hanson asked what would happen if a vessel owner or moorage holder stopped paying their insurance, stating the concern that people wouldn't pay for insurance if they were planning to abandon a vessel. Mr. Collura stated that anyone whose insurance lapsed would be considered in violation of the Ordinance and the vessel could then be deemed a hazardous vessel which would require it to be removed from Port property.

Mr. Burns stated the normal course of practice is to provide the vessel owner or moorage holder a letter of notice with a 30-day period in which to comply. Then if needed, a second notice is given that the vessel will be removed at the end of the 60-day period.

Commissioner Garcia asked what would happen if someone doesn't pay their insurance, the vessel becomes derelict and the owner does not have the means to have it removed; whether this would lead to similar issues as the derelict vessels the Port already owns. Mr. Collura stated there will be some growing pains to bring everyone into compliance, but after the initial hurdle there should be fewer issues.

Commissioner Farm stated that during the transition time there needs to be a way to work with customers and keep the deadline of compliance. Mr. Collura stated the current action plan includes working with a local marine surveyor to expedite the needed surveys.

B. Charleston Advisory Committee Member Re-Appointments

The Charleston Advisory Committee was established by the Board of Commissioners of the Oregon International Port of Coos Bay on September 17, 2003 to serve in an advisory capacity to the Port Commission in developing strategies and guidelines for various projects and issues concerning the Charleston Marina Complex. The function of the committee includes but is not limited to:

- Review of proposed projects within or affecting the Charleston Marina, Charleston Marina RV Park and Shipyard.
- Review and monitor project progress.
- Monitor and make recommendations to the Port Commission regarding various issues. Any

recommendations or proposals submitted by the committee shall be considered in an advisory nature, and shall be given due consideration by the Port Commission for feasibility and implementation.

The Charleston Advisory Committee met February 23, 2022. Membership re-appointments were discussed individually with current members regarding continued membership. All advisory committee members whose terms have expired have agreed to renew for additional 3-year terms. These are inclusive of Michael Armstrong (Jan. 2021-2024), as well as Lou Leberti, Kathy Hornstuen, and Knute Nemeth (Jan. 2022-2025). The proposed roster was included in the meeting packet.

Upon a motion by Commissioner Farm (second by Commissioner Garcia), the Board of Commissioners motioned to approve the reappointment of current members Michael Armstrong, Lou Leberti, Kathy Hornstuen, and Knute Nemeth for 3-year terms to the Charleston Advisory Committee. **Motion Passed.**

C. Award of Steel Bridges Repair Contract

On April 13, 2021, the Port Commission authorized Port staff to solicit Invitations to Bid (ITB) for five separate construction contracts for the CBRL Bridge Rehabilitation Project (BUILD).

On January 11, 2022, the Oregon International Port of Coos Bay solicited bids for the BUILD project (Phase 4) to effect repairs to ten steel bridges located between MP 677.80 and MP 694.78 on the Coos Bay rail line. Bid responses were due to the Port by no later than 2 p.m. on Wednesday, March 9, 2022, which is after the Commission packets were prepared for mailing.

Port procurement rule 2.8.1(E) requires the Port Commission, acting in its capacity as the Local Contract Review Board, authorize solicitations and awards of contracts in excess of \$150,000.

Port Staff and the Engineer of record have reviewed the bids for accuracy and completeness prior to final recommendations. The following bids were received:

Koppers Railroad Structures	\$2,699,302
West Coast Contractors	\$2,215,940
Scott Partney Construction	\$1,884,935

Upon a motion by Commissioner Farm (second by Commissioner Hanson), the Board of Commissioners motioned to authorize Chief Executive Officer John Burns to award and enter into a contract for the Steel Bridge Repairs Project (BUILD Phase 4). **Motion Passed.**

D. Master Transportation & Marine Terminal Lease Agreement

In the late summer of 2021, the Port of Coos Bay and North Point Development entered into a Memorandum of Understanding (MOU) for the potential lease of Port property on the North Spit also referred to as the North Bay Marine Industrial Park. The footprint of the North Bay Marine Industrial Park that will be subject to this lease is approximately 220 acres of industrial zoned, water dependent property solely owned by the Oregon International Port of Coos Bay.

The parties share the mutual desire to construct a new multi-modal container terminal in the Port of Coos Bay. This project is intended to move approximately 1 million 40' shipping containers into and out of the Port. Cargo will move into and out of the Port via the Coos Bay Rail Line which ties into the Class 1

Union Pacific rail line in Eugene, Oregon. This lease will be for a period of 50 years with optional extensions.

The Port and North Point are working collaboratively to secure the necessary funding to make significant upgrades to the rail line as well as deepening and widening the federal navigation channel over the first nine miles of the harbor.

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 enter into a lease with North Point Development for approximately 220 acres of land on the North Spit. **Motion Passed.**

E. Appointment of Budget Committee Members

The Port of Coos Bay's Budget Committee is made up of the five Port Commissioners and five citizen members who serve for a term of three years. The current citizen members include Maeora Mosier, Lou Leberti, Nick Edwards, Steve Scheer, and Richard Dybevik.

The terms of Mr. Leberti, Mr. Edwards, and Mr. Dybevik ended with the FY 2021/22 budget process.

Mr. Leberti and Mr. Edwards have agreed to renew their terms on the Committee.

Due to retirement, Mr. Dybevik declined to renew his term. Port Staff then engaged George Wales, of Coos Bay Pilots Association, to participate on the Port's Budget Committee. Mr. Wales accepted the invitation.

Upon a motion by Commissioner Garcia (second by Commissioner Hanson), the Board of Commissioners motioned to reappoint Lou Leberti and Nick Edwards and appoint George Wales to the Port's Budget Committee with terms expiring June 30, 2025. **Motion Passed.**

Correction: The motion to approve budget committee appointments should have been through 2024. The members in question expired June 30, 2021 and serve three-year terms, thus the new expiration date is June 30, 2024.

7. OTHER

8. PUBLIC COMMENT

A. Ed Fleming, Charleston.

Commissioners, I would like to comment on the proposed Ordinance 147.

I feel it is being fast tracked through the Ordinance Process. On April 19th the Port plans for the second reading, and the adoption of the Ordinance. On May 19th, 2022 the Ordinance will take effect. Six weeks after the Ordinance is in effect all uninsured vessels in Charleston will be in violation of the Ordinance and subject to eviction.

Many vessels will have to be hauled out for out of water surveys in order to get insurance, as a practical matter I don't think this can be done by July first.

To defuse the tension in Charleston, commissioners, require that any punitive action taken against a vessel for noncompliance be put off until at least the end of the year, allowing the spring, summer, and fall seasons for vessel owners to do the work that will be required for them to get surveys and find companies that will insure their vessels.

The Port plans to mail a letter to all customers outlining the proposed insurance and registration and documentation requirements. Commissioners, require that after those letters are mailed and before April 19th 2022, the Port to arrange a meeting in Charleston to discuss the insurance issues with its customers. There has been only one public meeting and insurance was only one of many items on that agenda.

Assurance is necessary that a situation does not happen where a vessel needs to haul out to get an out of water survey to get insurance, but can't haul out because it is not insured.

The Port needs to work with the community to help vessels acquire insurance, or offer an alternative, to avoid negative economic impact, to the individuals, the families, the businesses in Charleston, the Port itself through loss of customers.

Ultimately, you, the Commissioners are responsible for the success and prosperity of the Charleston area.

B. John Peery, Charleston.

John Peery stated he believes the information being presented is partial and further review is necessary to avoid a deleterious effect to the Port budget. Mr. Peery stated he would gladly divulge information at a hearing but believes it is in the best interests of the Port to forestall the decision on Ordinance No. 147 and after further review, then make a well informed decision.

C. League of Women Voters, Coos County.

Written comment was submitted by the Coos County League of Women Voters and read into record by Chief Administrative Officer Lanelle Comstock, as follows:

As a follow up to our January 21st meeting that launched our LWV study of the Port of Coos Bay, we are planning to submit a series of questions regarding port properties, plans and actions.

We ask these questions as part of our interest as citizens, in recognizing OAR 660-015-0000(1) Goal 1 that Oregon land use planning provides for citizen involvement in the planning processes of federal, state and regional agencies and special purpose districts.

These first questions are directed at information needed for our study regarding the Coos Bay Rail Line that was acquired by the Port in 2010. Thank you in advance for helping us acquire this information.

- 1) How many trains currently pass through downtown daily and how many are expected to run after improvements to support Terminal 1? You report the train cars, but not the number of trains.
- 2) How much does the port plan to spend to upgrade the railroad as part of the Terminal 1 project? What will be the expected speed of a train after these improvements?

- 3) From meeting minutes 12/14/21 of the Coos Port, it appears that the port envisions a need for a further \$109 million investment in the railroad to support Terminal 2. This would include improvements to the nine tunnels located along the railway as well as four sidings and one industrial lead location. It does not seem to include other possible improvements such as double tracking, straightening curves, rebuilding bridges, etc. The port hopes to obtain \$72,500,000 of the \$109 million investment through a Federal Railroad Administration Grant. Given that the total national funding for such awards nationally is around \$362 million, if the Coos Port does not obtain such funding what is Plan B? If the funding were granted, what would be the expected speed of a train after such funding? How much funding would be required to bring the railroad up to the speed and connections available at competing major container terminals on the west coast?
- 4) By our estimates, to meet the goals of transfer for 2.4 million 20 foot containers annually to Eugene, this would mean over 16 – loads of 100 cars, double stacked moving daily along the line. Is that a feasible goal, and what are the estimated costs to bring the CBRL to commercially competitive performance standards that would be needed to carry this projected goal?
- 5) Has the Federal Railroad Administration recommended load or other restrictions and guidance for trains from Coos Bay to Eugene?
- 6) There is great interest in providing high speed passenger rail in Washington and Oregon to relieve traffic congestion. How do plans for this local line fit in with that master plan?

D. John Peery and Richard Shore, Charleston.

Richard Shore is the owner/operator of the Lady Kathy. Mr. Shore asked whether the fishermen's wives had been informed of the upcoming action with insurance requirements. He stated they are a big part of the community and help out the fishermen.

Mr. Peery stated that he believes it was a mechanical issue of the Port's fault that led to the dropping of FV Steigen and that is part of the contributing budget deficiency which may have been excluded from the considerations and presentations made regarding the insurance requirements. Mr. Peery stated he would like Commissioners to allow further deliberation on the matter.

9. COMMISSION COMMENTS

10. NEXT MEETING DATE

The next meeting is currently scheduled for Tuesday, April 19, 2022, at 10:30 a.m. President Kronsteiner stated Commissioners may consider adjusting this time to allow for better participation. Mr. Burns recommended changing the meeting start time to 10:00 a.m. The Commissioners present offered no objections.

11. ADJOURN

President Kronsteiner adjourned the meeting at 11:14 a.m.