

OREGON INTERNATIONAL PORT OF COOS BAY
Coos Bay, Oregon
REGULAR COMMISSION MEETING & BUDGET HEARING
11:00 a.m., Thursday, June 18, 2020

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

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; Lanelle Comstock, Chief Administrative Officer; Mike Dunning, Director of Maritime Operations; Megan Richardson, Director of Finance; Brandon Collura, Charleston Harbormaster; Margaret Barber, Director of External Affairs; Jake Jacobs, Director of Infrastructure Support Services; Rich Lopez, General Manager, Coos Bay Rail Line, Inc.; Krystal Moffett, Administrative Assistant; and Mike Stebbins, Port Legal Counsel.

Media & Guests:

Maeora Mosieur, Budget Committee.

1. CALL MEETING TO ORDER

President Kronsteiner called the meeting to order at 11:01 a.m.

2. INTRODUCTION OF GUESTS AND PORT STAFF

3. PUBLIC COMMENT

4. PORT PROJECT UPDATE

A. Ice Plant Rebuild Project Update, Harbormaster Brandon Collura

Brandon Collura stated the end of April brought about the building of the ice dock platform, constructed of cement slabs. The last slab was laid on May 11 and the topping slab, building curb and foundation construction began. Structural steel and moment frames were erected on May 28 and assembly began on the ice bin a few days later. The bin was completed with walls, the rake, and all components on June 16. The remainder of June will include the completion of the first floor framing, walls, and joists. July will focus on the second floor of the building and installation of all components to tie the plant together.

Work has also progressed along the wooden dock with the electrical conduit, fire suppression system and dock head building rebuild. The dock head building will include new switch gear and other required

electrical components including a larger transformer. The updated equipment is required to operate the larger capacity plant.

The bin assembly has been completed and the cathodic protection system has been installed. The last of the ice making equipment is due to arrive from North Star on Friday, June 19. The first floor is scheduled for completion on Friday, June 26. Then in July the installation of equipment skids will begin on the second floor, with high pressure welding work, electrical, plumbing, and roofing work to be completed in order to tie the systems together. Security cameras will be installed to complete the work of the upgrade to the security camera system. The dock head building will be rebuilt, rewired, with new equipment installed and energized by the end of July. Once the connection of all systems is completed to include electrical, fire suppression, water, security, and other components, the plant will be powered up. The project remains on schedule with a target opening date of approximately August 1, 2020.

As of today's date approximately \$5.2 million has been spent, with a remaining budget of \$3.3 million. The project is on schedule to be completed at or just below budget. The costs of the project are covered by funding from Business Oregon including the Special Public Works Fund which are tax exempt bonds, and the Port Revolving Loan Fund which is a tax exempt loan. Local funds include insurance proceeds.

5. CONSENT ITEMS

- A. Approval of April 16, 2020 Regular Commission Meeting Minutes
- B. Approval of May 27, 2020 Budget Committee Meeting Minutes
- C. Approval of April and May Invoices
- D. Approval of April and May Contracts Awarded
- E. Approval of Leases
- F. Approval of Community Giving Scholarship Award

Upon a motion by Commissioner Martin (second by Commissioner Farm), the Board of Commissioners voted to approve the April 16, 2020 Regular Commission Meeting Minutes, May 27, 2020 Budget Committee Meeting Minutes, April and May Invoices, April and May Contracts Awarded, Leases, and Community Giving Scholarship Award. **Motion Passed.**

6. MANAGEMENT REPORTS

All Management Reports were included within the Meeting Packet.

7. BUDGET HEARING – FY 2020/21 BUDGET

A. Public Hearing

President Kronsteiner opened a Public Hearing for the Oregon International Port of Coos Bay's Budget Hearing for the Fiscal Year 2020/21 budget at 11:13 a.m.

President Kronsteiner asked for any public comment on the proposed budget. There were no comments made. President Kronsteiner closed the Public Hearing at 11:14 a.m.

B. 2020Res07: Adoption of Budget, Making Appropriations, Imposing and Categorizing Taxes – Combined for the 2020/21 Fiscal Year

The Port's Budget Committee approved the proposed 2020/21 Fiscal Year Budget after its first budget committee meeting May 27, 2020. Each year, following the Budget Committee's approval of the budget, the Commission is required to hold a public hearing. The objective of the public hearing is to receive testimony from any person present. The public hearing is scheduled for 11:00 a.m., June 18, 2020 prior to the regular Commission meeting.

During the regular Commission meeting, the Commission is **allowed to make changes to the budget if the total change in any fund does not exceed \$5,000 or 10%**, whichever is greater. Changes in excess of 10% would require the Commission to publish notice of a second budget hearing and a new financial summary and hold the second hearing before the adjusted budget can be adopted.

If no significant changes are made, the Commission should consider approval of the resolution adopting the budget.

Upon a motion by Commissioner Farm (second by Commissioner Martin), the Board of Commissioners motioned to approve Resolution 2020Res07, a resolution adopting a budget, making appropriations, imposing and categorizing taxes – combined for the 2020/21 fiscal year. **Motion Passed.**

8. ACTION ITEMS/REPORTS

A. 2020Res08: Adoption of Supplemental Budget for Fiscal Year 2019/20

This fiscal year there are three departments in the General Fund that require additional expenditure appropriation: Administration, Port Development, and Rail Operations. This additional expenditure authority can be reallocated from existing authority within the General Fund and adding additional authority due to the additional revenue received. The additional appropriation increases the fund by \$141,980.00. Dredge Fund requires a similar reallocation to Personnel Services from Materials and Services. This reallocation does not increase the expenditure appropriation in the fund.

The Administration department is projected to exceed their appropriation level due to the greater than budgeted legal fees that were expended during the fiscal year and the purchase of two fleet vehicles for the use of the administration. The largest portion of the overrun is due to the litigation with the former rail operator ARG Trans.

The Port Development department is projected to exceed their appropriation level due to the greater personnel costs this fiscal year. The department was originally budgeted for three FTEs, and through the course of the year they were temporarily increased to four FTEs. The additional FTE, and an additional PTO payout, when the fourth FTE departed the organization, increases the expenditure level to be greater than budget.

The Rail Operations department is projected to exceed their appropriation level due to the necessary bridge inspections and repairs that were needed to keep the Port's rail line operational and in compliance with state and federal agencies. There were two fleet vehicles purchased for Rail for the use of maintaining the rail line.

The Dredge Fund requires a reallocation to Personnel Services from Materials and Services in order to remain in compliance. The dredge project at Port of Siuslaw took longer than anticipated and exceeded the labor estimate, which exceeded the budgeted requirements for personnel services. This allocation will have a net-zero effect on the total of appropriation level for the fund.

Staff wishes to amend the 2019/20 budget as follows:

<u>General Fund</u>	<u>Budgeted Amounts</u>	<u>New Amounts</u>	<u>Change</u>
1 Administration	1,544,293	2,018,010	473,717
2 Charleston Ops	2,760,925	2,247,381	(513,544)
3 External Affairs	509,231	361,729	(147,502)
4 Port Ops	345,230	222,116	(123,114)
5 Port Development	362,635	366,202	3,567
6 Rail Ops	469,305	1,055,842	586,537
Non-Departmental			
Debt Service	923,495	835,814	(87,681)
Transfers to Other Funds	1,398,000	1,398,000	-
Contingency	50,000	-	(50,000)
General Fund Total	8,363,114	8,505,094	141,980
Dredge Fund			
Personnel Services	97,365	147,365	50,000
Materials & Services	307,546	257,546	(50,000)
Dredge Fund Total	404,911	404,911	-

Under Oregon Budget Law, if a transfer of appropriation authority is a decrease of one existing appropriation and a corresponding increase of another existing appropriation, with no net change in the total amount of all appropriations, or if the overall change does not change any fund by 10%, and the transfer of Contingency is below the 15% threshold, the budget may be adopted at a regularly scheduled Port Commission meeting. Staff wishes to amend the budget in the General Fund to increase appropriation level of Administration, Port Development, and Railroad Operations and decrease Charleston, External Affairs, Port Operations, Debt Service, and Contingency for a net change of \$141,980. In the Dredge Fund, to increase Personnel Services and decrease Materials and Services for a net change of zero.

Upon a motion by Commissioner Martin (second by Commissioner Farm), the Board of Commissioners motioned to approve Resolution 2020Res08 adopting the supplemental budget and reallocating appropriations to incorporate changes in the Port's operating environment in the General Fund and Dredge Fund. **Motion Passed.**

B. 2020Res09: Charleston Marina Rate Schedule for FY 2020/21

As part of the annual budget process, the Marina Complex rates are reviewed each year and may be adjusted by the Consumer Price Index and/or by market analysis (each year staff surveys the rates and schedules of comparable facilities for comparisons). This year, Port Staff is requesting a 3% increase to

nearly all Charleston Marina Services, Charleston Marina Shipyard Services, Charleston Marina Storage Unit and Charleston Marina Dry Storage Fees.

There will be no changes to the Launch Ramp fees, Charleston Marina Shipyard Environmental Service Charge, or RV Park rates (the RV Park rates are adjusted in January). Ice and Public Buying Dock Hoist rates will be announced closer to the opening of the Ice Plant.

The proposed red lined 2020/21 Charleston Marina Rate Schedule was attached as an exhibit to the resolution included in the meeting packet.

The Rate Schedule may be modified by Resolution of the Port Commission. Upon approval by the Board, the proposed 2020/21 Charleston Marina Rate Schedule will become effective July 1, 2020.

Upon a motion by Commissioner Farm (second by Commissioner Martin), the Board of Commissioners motioned to approve Resolution 2020Res09 revising the Charleston Marina Rate Schedule as presented, for Fiscal Year 2020/21. **Motion Passed.**

C. 2020Res10: Amendments to Port Personnel Policy 14.5

The Port of Coos Bay currently provides a very generous Paid Time Off (PTO) benefit for Port employees:

- Employees accrue (and rollover) a significant number of PTO days each year (25-35 days based on years of service).
- The maximum amount of PTO which may be accrued is 75 days per employee.
- If an employee's PTO balance exceeds 40 days at the time of their anniversary date of hire, the employee may cash out PTO hours in excess of 40 days at 75% of its value.
- Accrued and unused PTO is paid out at full value upon termination of employment.

These generous payout options are highly affecting the Port's budget. In an effort to reduce expenses in the upcoming budget, and to promote use of PTO for rest, relaxation, and recovery away from work, or for unexpected or serious illnesses and emergencies, Port Staff is proposing to revise the current PTO policy to reduce PTO payouts upon separation to 50% of the employee's unused accrued PTO (and reduce the PTO payout option of over 40 days from 75% value to 50% value).

Port Staff has surveyed our local governments and other districts to compare the Port's PTO policy (accrual rates, max accrual, payout rates, etc.) and have found the suggested policy revision to still be a competitive benefit in our community.

In addition to modifying the accrued payout, the policy has been revised to reflect the following:

- PTO may not be used while on Unpaid Administrative Leave;
- No more than two weeks of PTO may be used at one time unless approved by the CEO; and
- The option to donate PTO has been removed.

Before being presented to the Port Commission, Section 14.5 has been reviewed and approved by Port's legal counsel and discussed with the Port's Management Team. The red lined draft version of the recommended policy was attached as an exhibit to the resolution included in the meeting packet.

Commissioner Martin asked how this PTO and benefits policy compares to that of the Port's unionized employees. Lanelle Comstock stated it is the same. Commissioner Martin asked if the change would

have retroactive effect for employees who already have a large amount of accrued PTO. Ms. Comstock stated the policy is immediately effective and will change the payout of accrued PTO to 50% for all employees going forward.

Upon a motion by Commissioner Martin (second by Commissioner Farm), the Board of Commissioners motioned to approve Resolution 2020Res10 authorizing the amendments to Port Policy Manual Chapter 14: Personnel Policy, Section 14.5: Time Off & Benefits. **Motion Passed.**

D. Disposal of Surplus Property for FY 2020/21

Over time, the Port accumulates surplus personal property as older equipment and materials are replaced with newer materials, areas of operations are phased out, or when items are abandoned and/or obtained through the auction process. When sufficient quantities of such materials and equipment are accumulated, it becomes necessary to dispose of the surplus property. The surplus property includes property the Port has determined is not needed and unlikely to be needed for Port operations.

Section 6 of the Port's Local Public Contracting Rules requires the Chief Executive Officer to identify Port surplus property and recommend the means of its disposal to the Port Commission, as the designated Local Contract Review Board (LCRB). The policy sets forth specific criteria for the disposition of surplus personal property.

Much of the Port's surplus property has little to no value to the Port or its operations. It is inefficient to continue to bring individual action items to the Commission for the disposal of such property. Therefore, Port staff is requesting the Commission, as the LCRB, name the Chief Executive Officer as its designee for determining and authorizing the methods of disposal of surplus property with little to no value to the Port for Fiscal Year 2020/21 in strict accordance with written policy.

All surplus property will be evaluated against policy before disposition. If any items are determined to not meet the specific criteria set forth in policy, Staff will present an action item for the Commission's consideration upon that determination.

Upon a motion by Commissioner Farm (second by Commissioner Martin), the Board of Commissioners motioned to name the Chief Executive Officer as the Local Contract Review Board's designee for determining and authorizing the methods of disposal of surplus property with little to no value to the Port for Fiscal Year 2020/21 in accordance with the Port's Local Public Contracting Rules. **Motion Passed.**

E. Long Fisheries, Inc. Lease Amendment

Tyler Long of Long Fisheries, Inc. approached Port staff requesting an amendment to the term of his lease agreement. The existing lease agreement is a month-to-month commercial lease. Mr. Long requested an amendment providing for a 5-year rental term, with an additional 5-year renewal. Mr. Long is a tenant in good standing with the Port and is exploring additional business opportunities for which a longer lease term would provide assurance to potential new business partners regarding the longevity of his business model. In review of the existing lease, Port staff also recommend that the permitted use of the facility be updated to reflect additional related activities taking place on the dock. Additionally, Port staff worked with Nasburg Huggins to ensure that the appropriate insurance requirements and provisions are included in the amendment. Permitted uses of the dock have been updated to include seafood processing, public buying, and custom offloading. Insurance requirements have been updated to include

General Requirements and Conditions, Worker's Compensation, Commercial General Liability, Auto Liability, and Property Insurance.

Upon a motion by Commissioner Martin (second by Commissioner Farm), the Board of Commissioners motioned to approve Oregon International Port of Coos Bay executing a lease amendment with Long Fisheries, Inc. to extend term, permitted use of facility, and insurance requirements. **Motion Passed.**

F. AT&T Tower Land Lease Extension

Port staff have been working with Crown Castle., a company that represents and negotiates on behalf of AT&T Wireless seeking to extend their existing lease agreement for cell tower ground lease. The lease amendment includes a one-time signing bonus of \$25,000, annual payments of \$12,000, a revenue sharing agreement of \$500/month for each additional carrier that sites services on the tower, and 2% Consumer Price Index increase on an annual basis. The updated terms of the lease extend the term length by seven (7) five-year renewal terms with limited provisions to relocate the tower in the future if Port development on the North Spit necessitates relocation.

Commissioner Martin asked what the lease agreement is conditional upon. Margaret Barber stated execution of the agreement is conditional upon approval of the Commission.

Upon a motion by Commissioner Farm (second by Commissioner Martin), the Board of Commissioners motioned for conditional approval to enter into an amended lease agreement with AT&T Wireless for approximately 2,000 square feet of land on the North Spit. **Motion Passed.**

G. Intergovernmental Agreement with DLCDD for Natural Hazards Mitigation Plan

Natural disasters occur when natural hazard events impact people, structures, and the environment. The dramatic increase in the costs associated with natural disasters over the past decades has fostered interest in identifying and implementing effective means of reducing these impacts. Natural hazards mitigation planning is a process for identifying and understanding the hazards facing a jurisdiction and prioritizing actions the jurisdiction can take to reduce injuries and deaths; damage to buildings, critical facilities, and infrastructure; interruption in essential services; economic hardship; and environmental harm. Reducing impacts also speeds up recovery and lowers its cost.

The Federal Emergency Management Agency (FEMA) approves Natural Hazards Mitigation Plans (NHMPs) meeting federal requirements at 44 CFR 201. Approval lasts five years. Having a current, FEMA-approved NHMP is a key factor in establishing eligibility for certain FEMA grants that fund natural hazards mitigation planning and projects.

Coos County's Multi-Jurisdictional NHMP will expire on September 12, 2021. DLCDD has received a FEMA Pre-Disaster Mitigation grant to assist Coos County, the cities of Bandon, Coos Bay, Coquille, Lakeside, Myrtle Point, North Bend, and Powers, and the Southern Coos and Coquille Valley Hospital Districts, the Coos Bay School District, the Oregon International Port of Coos Bay, and the Port of Bandon ("Jurisdictions") with updating the Coos County Multi-Jurisdictional NHMP. The grant's performance period is from October 1, 2018 through April 1, 2022.

The purposes of this Intergovernmental Agreement are to:

(a) Formalize a working relationship between DLCD and the Jurisdictions that is to result in an updated Coos County Multi-Jurisdictional NHMP adopted by each Jurisdiction and approved by FEMA;

(b) Ensure the Jurisdictions are aware that the grant supporting this project requires the final deliverable to be a FEMA-approved NHMP, and that to achieve FEMA approval the Jurisdictions must not only consider, but also adopt an NHMP that FEMA has agreed to approve; and

(c) Ensure the Jurisdictions are aware of their responsibility to contribute to the Project using non-federal funds, and to track, document, and report its cost share as required. There is no cash match for the Port. The Port will be tracking staff time and expenses as in-kind match for the project.

The Port's responsibilities under this agreement include:

- i. Attending and actively participating in Steering Committee meetings;
- ii. Providing data and information;
- iii. Engaging with internal and external stakeholders;
- iv. Executing the Project's public engagement program;
- v. Shepherding the plan through the public adoption process;
- vi. Tracking, accurately documenting, and reporting cost share as required;
- vii. Adopting a Plan that FEMA has agreed to approve; and
- viii. Performing any other Project work assigned to County, Cities, and Districts by Exhibit A.

Upon a motion by Commissioner Martin (second by Commissioner Farm), the Board of Commissioners motioned to approve the proposed Intergovernmental Agreement between the Oregon Department of Land Conservation and Development and the Port of Coos Bay to assist in the development and adoption of the updated Coos County Natural Hazards Mitigation Plan. **Motion Passed.**

9. OTHER

10. COMMISSION COMMENTS

11. NEXT MEETING DATE – Thursday, July 16, 2020, 11:00 a.m.

12. ADJOURN

The Executive Session scheduled immediately following the Commission Meeting has been cancelled. President Kronsteiner adjourned the meeting at 11:36 a.m.