

OREGON INTERNATIONAL PORT OF COOS BAY
Coos Bay, Oregon
REGULAR COMMISSION MEETING
11:00 a.m., Thursday, April 16, 2020

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 James Martin, Commissioner.

Staff:

John Burns, Chief Executive Officer; Lanelle Comstock, Chief Administrative Officer; and Mike Stebbins, Port Legal Counsel.

Media & Guests:

Tom Curran, R/V Miss Linda; Harry Allen, F/V Shenanigan; Rick Goche, F/V Peso II and Owner, Sacred Sea Tuna; Mike Babcock, Oregon Seafoods; and James Elstad, Oregon Seafoods.

1. CALL MEETING TO ORDER

President Kronsteiner called the meeting to order at 11:00 a.m.

2. INTRODUCTION OF GUESTS AND PORT STAFF

3. PUBLIC COMMENT

Mike Babcock, Oregon Seafoods, shared a drawing depicting the dock layout before the fire. The drawing is to scale and shows a full size standard flatbed pickup truck. The truck sits in the center of the dock area and a forklift is used to load from both sides. Also in this layout, the causeway is in line with the ice shoot. This provides access for someone who needs ice dockside to back up straight under the shoot, even with multiple operations in progress on the dock. There is also plenty of room for vehicles; at times, there are three or four vehicles on the dock at once.

Mr. Babcock stated with the new design there will not be that flexibility. Also, the buying shack is gone with the new layout. That is where Oregon Seafoods stored their forklift, scales, and other equipment, and utilized as a place to do paperwork. Mr. Babcock shared a scale drawing of the new dock layout, depicting the area for the public hoist being extremely limited. If there is a plan to move the hoist to the west, then there will be conflict with both hoists being too close together; therefore, only one could be used at a time. Mr. Babcock pointed out that the space to get to the ice shoot is also reduced. With the new layout, there will not be enough room to back a truck around the corner, or load with a forklift. Some people come down the dock with a trailer, and the new layout will not have room for this.

Mr. Babcock stated he had heard the Port planned to have another person on the dock to run the forklift, but this would be costly to maintain. It has been difficult in the past to get one staff person to the dock for ice delivery, but this difficulty would be increased if two were needed. There is also not room to maneuver totes around from the truck to the ice shoot, then load again.

Mr. Babcock stated he is concerned how his business and others will be able to continue to operate. The company owned hoist being in the northwest corner, if unloading a boat, will block the dock ice sales. Or if someone wants to utilize the public hoist, it will be difficult to access. Mr. Babcock stated the stairs on the south side of the building do give a little more room than the previous configuration.

Mr. Babcock shared his suggestion to move the building; though it appears to be late in the game, it is not at this point. Mr. Babcock suggested moving the building 7' to the south and 5' to the east. This will provide room to utilize the dock and significantly ease the burden of getting trucks and trailers to the ice shoot. It would still be an issue but becomes more doable. Mr. Babcock also suggested getting rid of the exterior stairway, citing maintenance concerns and preservation of dock space; either move the stairs inside or to the back of the building. Mr. Babcock suggested moving the building to the edge of the dock, as close as possible, and using a low maintenance siding. Mr. Babcock stated the dock space is prime real estate, and that side of the building does not need to be accessed. In the event access is needed, a barge could be used.

Mr. Babcock shared his suggestions that if the building cannot be moved, then the southwest corner of the dock be filled in. Squaring off the dock would solve many of the difficulties expressed and change the dynamics of function. Mr. Babcock stated that Oregon Seafoods needs a place to operate and suggested creating a space in the new building to store the forklift and other equipment. This is important to operate the buying station on the dock. Mr. Babcock stated Oregon Seafoods has been a Port tenant for eight years now, with a nominal 600' of space and minimal days used each year. Oregon Seafoods has been a good steward of the shared dock space, putting totes and equipment away when not in use.

Mr. Babcock stated these are the challenges he is facing, and thanked Commissioners for their consideration.

Tom Curran, R/V Miss Linda, shared a letter from the vessel owner expressing concern about having enough room on the dock to load and unload. Mr. Curran read the following:

Dear Sirs and Board,

My wife and I purchased Miss Linda in Moro Bay and moved her here to Charleston in April of 1992 to begin trawl fishing and it had been a successful business until we agreed to sell our fishing permits in the permit buy back program in 2003. Since that time we have been operating Miss Linda as a Coast Guard Designated Oceanographic Research Vessel with a wide variety of customers including the U.S. Navy, NOAA, U.S. Army Corps, OSU, ODFW, CDFW, SCRIPPS and many others.

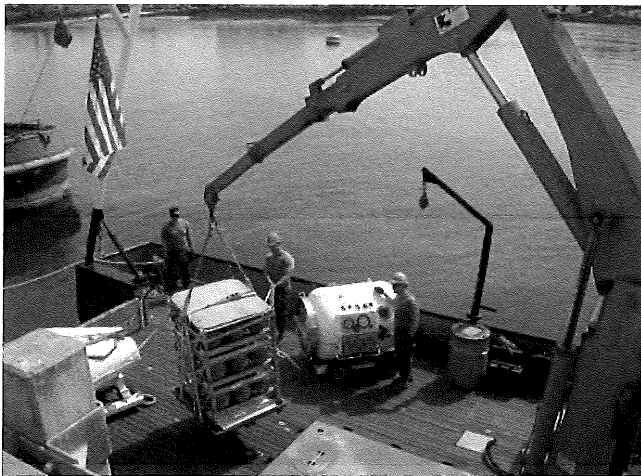
It came to my attention a couple of days ago that with the construction of the new Ice Dock, which looks awesome so far, there "MAY" be a change that, if true, may cause our research charter business and possibly some fishermen some problems. What I heard was that the area at the end of the dock where loading and offloading of both fish and fishing gear as well as where we often load/offload the gear and equipment for our research customers could be a smaller area. If this is true it may be very difficult if not impossible for some of our customers to drive their trucks to the

end of the dock, load/offload and then have room to turn around to head back to the street. Please see photo's below.

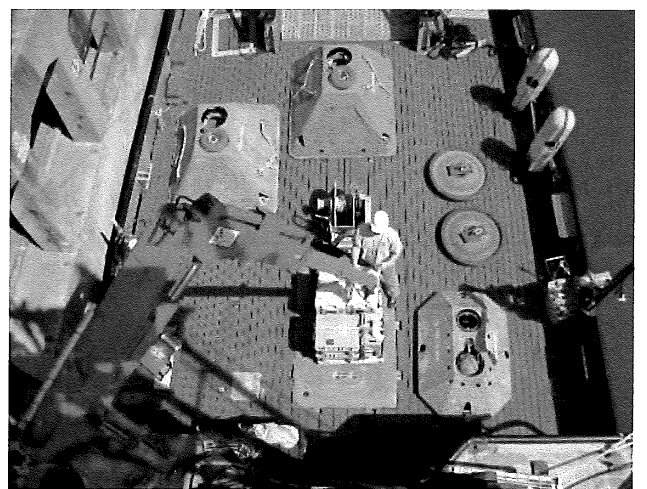
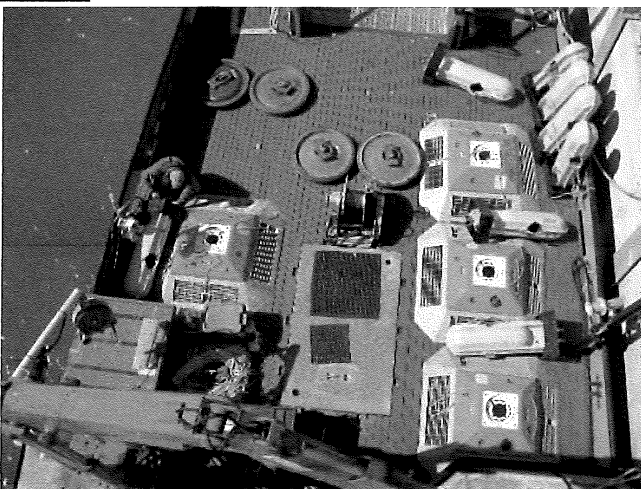
If what I heard is true, I ask you to please reconsider and try to find a way to give us at least the same amount of area that was available before that devastating fire. That area has been a great asset to all of us fishermen and mariners and the folks needing ice that have shared and used that dock for all these years. Losing that ability would be a great loss to us and, I believe, in some cases a tremendous burden to our businesses. Thank you for your time and consideration.

Kind Regards,
Captain Bob Pedro, Miss Linda Charters

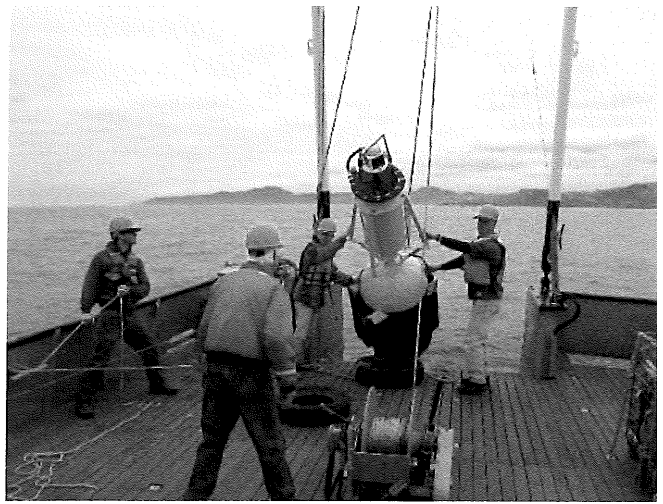
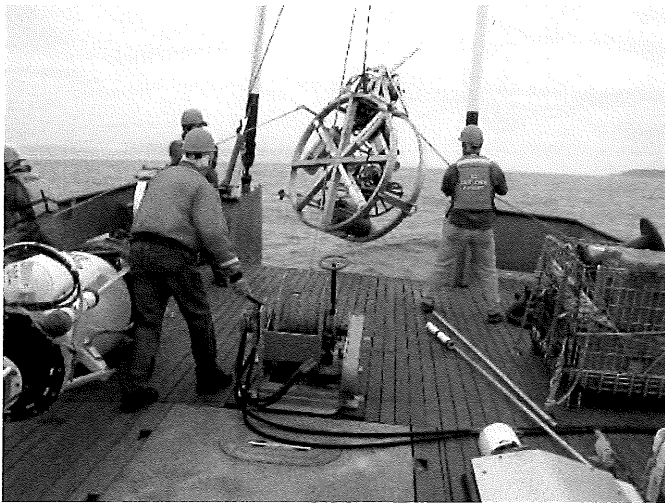
U.S. Navy



NOAA



OSU



Mr. Curran stated the groups that come to Charleston for research come from all over the country. These groups stay in local hotels and eat in the local restaurants. This research vessel also takes care of the weather buoys and gliders that provide information the fishermen need to operate their vessels. If the dock is not usable to load and unload the large equipment needed, it will become necessary to move.

Rick Goche, F/V Peso II and Owner, Sacred Sea Tuna, stated that he has worked on this dock for a long time, and in the late 1980's or early 1990's had the northwest corner built onto the dock to better utilize the leased hoist due to crowding of the dock space. Mr. Goche stated the old configuration of the dock provided four separate assets: boat delivery of ice, truck delivery of ice, the Port owned hoist, and the commercial hoist that Mr. Babcock operates. With the new configuration, there will effectively be only one asset: the boat delivery of ice. As shown now, even moving the ice shoot to the other side of the building there will not be enough room to back a flatbed around the corner. Mr. Goche stated even though it is late in the game, he doesn't want to see the Port miss these valuable assets for the community by not fixing the problem now. The problem is these assets will be gone for generations to come.

Harry Allen, F/V Shenanigan, stated he is also concerned about the public hoist and not having enough room. The current layout does not appear to be very functional. The public hoist is important for fishermen to be able to bring in independent buyers, and to get gear on and off their vessels. With the original layout it was difficult to maneuver around, especially with a trailer. With the new layout, it will be even trickier. Mr. Allen stated he would like to see the new building go back to the original building footprint.

Mr. Allen stated the new footprint makes it very difficult to work off both hoists; it looks to be almost impossible. It is important to the harbor as a whole to incorporate a useable, sensible work area at the hoists. This harbor will lose revenue without it; it already has because no independent hoist for the fishermen limits access to buyers. This commercial fleet makes Charleston what it is. Mr. Allen shared concerns about deferred maintenance in the Shipyard and on the dock cleats.

Mr. Allen stated he sells his tuna to Mr. Babcock who is a big asset to the local tuna industry. Mr. Allen shared concern that if boats cannot be unloaded quickly and smoothly, they will look to move elsewhere. It is important to get unloaded and get back out.

Mr. Allen stated another issue to consider when moving forward is COVID-19 and social distancing. On the dock that is nearly impossible, so there would only be space for one business operation at a time if the social distancing requirement carries into the future. The virus will have an effect on the need for ice; shrimp prices are bad this year and the markets are fairly weak.

Mr. Allen stated he is speaking on behalf of the fishermen, that there will not be enough room and the dock will not be very functional. Mr. Allen asked Commissioners to consider redesigning the layout.

4. CONSENT ITEMS

- A. Approval of March 19, 2020 Regular Commission Meeting Minutes
- B. Approval of March Invoices
- C. Approval of March Contracts Awarded

President Kronsteiner recused himself from discussion and voting for the consent items, leaving the room so Commissioners could discuss as needed.

Upon a motion by Commissioner Martin (second by Commissioner Garcia), the Board of Commissioners voted to approve the March 19, 2020 Regular Commission Meeting Minutes, March Invoices and March Contracts Awarded. **Motion Passed.**

5. MANAGEMENT REPORTS

All Management Reports were included within the Meeting Packet.

6. ACTION ITEMS/REPORTS

A. **2020Res04: Amended Resolution for Entering into a Financing Contract with IFA**

Following the fire that destroyed the Charleston Ice Plant, Port staff began exploring financing options to support construction of a new plant to replace the facility, dock head, equipment and housing structure. Although the Ice Plant had replacement insurance coverage, building code requirements and the cost of materials, design and construction will result in a project cost that exceeds insurance coverage. To bridge the funding gap, Port staff worked to identify potential grant and loan funding sources. The Port has been working with Business Oregon on funding options to support construction of the new facility. Total funding requested has been amended to \$6,000,000 from the previous action item brought before the Board of Commissioners in March for a loan \$2,999,000. The updated loan amount, action item, and resolution are due to Business Oregon agreeing to expedite and bring the application before their commission to obviate the need to process two smaller loans of approximately \$3,000,000 to cover the delta between the total project cost and what is anticipated to be covered by insurance for reconstruction. Funds secured through Business Oregon will be utilized to support the engineering, design, permitting, and construction of the new Ice Plant facility.

IFA staff is finalizing the loan application and it was brought before Business Oregon's commission on April 9, 2020. Any agreement will be reviewed by Port legal counsel prior to execution by the Port CEO.

Commissioner Garcia asked where the Port stands with regard to getting the insurance reimbursement, and what the issues are since the Ice Plant was covered with full replacement. John Burns stated that Port staff have found the original replacement value would have been for the exact same structure made from the same materials as was in place at the time of the fire. Staff have been working on a number of issues such as the sub-structure and pilings. With new regulations, new types of material are required. Negotiations continue and staff are unsure what the final number will be.

Upon a motion by Commissioner Farm (second by Commissioner Martin), the Board of Commissioners motioned to approve resolution 2020Res04 authorizing Oregon International Port of Coos Bay Chief Executive Officer John Burns to execute a \$6,000,000 loan agreement with Business Oregon Infrastructure Finance Authority (IFA) pending preparation of final agreement by IFA and review by Port legal counsel. **Motion Passed.**

B. Verizon Cell Tower Lease Agreement

Port staff have been working with Acom Consulting Inc., an entity that represents and negotiates on behalf of Verizon Wireless for a new cell tower ground lease for approximately 1,600 square feet of land located in Eastside. Also located on the parcel is a radio tower owned by Coos Bay School District for the KMHS radio station. The lease has an initial 5-year term, with four (4) five-year extensions. Verizon will pay the Port a one-time \$2,000 signing bonus and annual payments of \$10,800 with a 2% annual escalation. Verizon has also agreed to pay an additional \$500 per month for each additional user that they sublet use of the tower. Where this is an area in the Port district that has less reliable cell service, Verizon feels it is likely that other carriers will want to access the use of the proposed tower.

Upon a motion by Commissioner Garcia (second by Commissioner Farm), the Board of Commissioners motioned for conditional approval to enter into a new lease agreement with Verizon Wireless for approximately 1,600 square feet of land on Port property in Eastside. **Motion Passed.**

C. 2020Res05: Bay Area Enterprise Zone Agreement with Jordan Cove

On February 18, 2020, the full Board of Commissioners of the Oregon International Port of Coos Bay ratified the approval and authorization of Commission President David Kronsteiner to execute the Oregon Long-Term Rural Enterprise Zone Extended Abatement Agreement with Jordan Cove Energy Project L.P.

In 1986, the governing bodies of the Cities of Coos Bay and North Bend, Coos County, and the Oregon International Port of Coos Bay entered into an Intergovernmental Agreement (IGA) with the approval of the State of Oregon which created an enterprise zone within Coos County. That enterprise zone is now known as the Bay Area Enterprise Zone. The Bay Area Enterprise Zone is approximately 10.24 square miles with areas in and adjacent to the Cities of Coos Bay and North Bend. As part of the IGA, the CCD Business Development Corporation serves as the Bay Area Enterprise Zone Manager. Representatives from Coos Bay, North Bend, Port, and County serve on the Bay Area Enterprise Zone Committee which evaluates applications for tax abatement incentives as allowed under Oregon law.

An Enterprise Zone program or zone is designed to encourage businesses of all sizes to make new or additional investments that will improve employment opportunities, spur economic growth, and diversify business activity within the communities each zone encompasses. The primary benefit to qualifying businesses is 100 percent abatement from local property taxes for at least three years; and in some cases, five years on plant and equipment newly invested in the zones. Property tax exemptions of

7 to 15 years may be available to businesses making a sizeable investment and bringing well-paying jobs.

The Port's Commission at its February 18, 2020 Regular Commission Meeting voted unanimously to approve the Oregon Long-Term Rural Enterprise Zone Extended Abatement agreement with Jordan Cove Energy Project L.P. that was recommended by the Enterprise Zone Sponsor group. It has since been discovered that the agreement recommended by the Zone Sponsors and approved by the Port's Commission would require a Signed Resolution rather than an action item. This anomaly was pointed out by Coos County through its Attorney representing the Zone Sponsors dealing with Jordan Cove Energy Project L.P.

Upon a motion by Commissioner Farm (second by Commissioner Garcia), the Board of Commissioners motioned to approve 2020Res05 authorizing Commission President David Kronsteiner to execute the Oregon Long Term Rural Enterprise Zone Extended Abatement Agreement with Jordan Cove Energy Project L.P. on behalf of the Oregon International Port of Coos Bay. **Motion Passed.**

D. 2020Res06: Intergovernmental Agreement for Bay Area Enterprise Zone Plan for Distribution of Community Service Fee

On January 22, 2019, the full Board of Commissioners of the Oregon International Port of Coos Bay ratified the approval and authorization of Commission President David Kronsteiner to execute the Intergovernmental Agreement between the Bay Area Enterprise Zone Sponsors addressing the Distribution of the Community Service Fee associated with the Jordan Cove Enterprise Zone Agreement.

In 1986, the governing bodies of the Cities of Coos Bay and North Bend, Coos County, and the Oregon International Port of Coos Bay entered into an Intergovernmental Agreement (IGA) with the approval of the State of Oregon which created an enterprise zone within Coos County. That enterprise zone is now known as the Bay Area Enterprise Zone. The Bay Area Enterprise Zone is approximately 10.24 square miles with areas in and adjacent to the Cities of Coos Bay and North Bend. As part of the IGA, the CCD Business Development Corporation serves as the Bay Area Enterprise Zone Manager. Representatives from Coos Bay, North Bend, Port, and County serve on the Bay Area Enterprise Zone Committee which evaluates applications for tax abatement incentives as allowed under Oregon law.

An Enterprise Zone program or zone is designed to encourage businesses of all sizes to make new or additional investments that will improve employment opportunities, spur economic growth, and diversify business activity within the communities each zone encompasses. The primary benefit to qualifying businesses is 100 percent abatement from local property taxes for at least three years; and in some cases, five years on plant and equipment newly invested in the zones. Property tax exemptions of 7 to 15 years may be available to businesses making a sizeable investment and bringing well-paying jobs.

The Port's Commission at its January 22, 2019, Regular Commission Meeting voted unanimously to approve the Intergovernmental Agreement between the Bay Area Enterprise Zone Sponsors addressing the Distribution of the Community Service Fee associated with the Jordan Cove Enterprise Zone Agreement.

It has since been discovered that the agreement recommended by the Zone Sponsors and approved by the Port's Commission would require a Signed Resolution rather than an action item. This anomaly was

pointed out by Coos County through its Attorney representing the Zone Sponsors dealing with Jordan Cove Energy Project L.P.

Upon a motion by Commissioner Farm (second by Commissioner Martin), the Board of Commissioners motioned to approve 2020Res06 authorizing Commission President David Kronsteiner to execute the Intergovernmental Agreement between the Bay Area Enterprise Zone Sponsors addressing the Distribution of the Community Service Fee associated with the Jordan Cove Enterprise Zone Agreement on behalf of the Oregon International Port of Coos Bay. **Motion Passed.**

7. **OTHER**

8. **COMMISSION COMMENTS**

9. **NEXT MEETING DATE** – Thursday, May 21, 2020, 11:00 a.m.

10. **ADJOURN**

President Kronsteiner adjourned the meeting at 11:42 a.m.