

Port of Umpqua

Regular Meeting Minutes
Wednesday, December 18, 2013 at 7 p.m.
Port of Umpqua Annex
1841 Winchester Ave
Reedsport, OR

THESE MINUTES ARE FINAL and APPROVED.

Commissioners Present:

President Steve Reese
Vice President Keith Tymchuk
Secretary Barry Nelson
Treasurer Donna Train

Commissioners Not Present:

Asst. Secretary Dennis Clemens

Port Staff Present:

Port Manager Charmaine Vitek
Administrative Assistant Karen Halstead

Proceedings:

The meeting was called to order at 7 p.m. by President Steve Reese.

APPROVAL OF AGENDA:

Charmaine requested one addition to the agenda. Item #4 – Office Space Lease Rates and Contracts. With this addition the agenda was accepted as updated by consensus.

APPROVAL OF MINUTES:

The draft version of the minutes for November 18, 2013 was presented for approval.

Commissioner Nelson made a motion, 2nd by Commissioner Tymchuk to approve the minutes as presented. Motion passed by unanimous vote, without a vote from Commissioner Clemens who was not present.

APPROVAL OF BILLS:

Commissioner questions regarding bills:

There were no questions as the checks were being signed.

Commissioner Train moved to approve payment of checks in the amount of \$3,748.61 to be paid out of the General Fund, 2nd by Commissioner Nelson. Motion passed by unanimous vote, without a vote from Commissioner Clemens who was not present.

PUBLIC COMMENT:

Debra Yates from S.T.E.P. asked if this would be a good time to give a report, or should she save it for someplace else during the meeting. Steve said she could be included in the reports.

REGULAR BUSINESS:

1. June, 30 2013 Audit Presentation – Signe Grimstad

Signe then covered the audit, starting with the fact that it was a quiet year, with the biggest thing of the year as far as she was concerned was some debt had been paid down. Page 1 showed a clean opinion, meaning that during the audit nothing unusual had been found.

This year there was a new presentation that compared the current year to the previous year.

Signe pointed out that the Port is in a very good position, with the current assets at a \$1,000,000 dollars, and current liabilities are at \$16,700.

Next each individual fund was covered, and there were no expenditure overtures to comment on.

In the compliance section the Port is meeting the Oregon Minimum standards on debt, budget and investment policies. There were no negative comments on this.

In general controls, it was the same as last year. This is a small office and she suggested that if a board member were to come in on a surprise basis and do some testing, looking at reconciliations or testing invoices they could pull back from that comment.

Signe clarified what they would specifically like to see. There are some boards that do perform what is requested, but they aren't on a routine basis, they seem to back off at times. With the fact that board members do change, it does result in unplanned office visits and reconciliation being backed off at times.

Donna pointed out that when she comes in to sign checks, both Charmaine and Karen will ask if there are any questions, and they make a list of those. Also at every meeting there is a reconciliation provided of the financials and the board looks at those. She wanted to know what more could be done. Signe suggested looking at canceled checks, do a spot check on payroll, things that management would not anticipate. Charmaine pointed out that most

commissioners don't know what they are looking for. Signe offered to give the board a "cheat sheet" to help with that.

Barry said that the point he didn't care for and this was his position from other boards he has been on, is that the checking is the auditors job. He said he does look at stuff but to actually look at it in depth he may not be able to identify that.

Signe said she appreciated that, and they don't expect them to be experts at looking at the financials, but she is looking for the element of surprise. They hire the auditors to go look, but that doesn't put the ideal safe guards in place. She gave an example of a hospital or a city where there are enough staff that they can segregate the duties and double check each other. This is a small office and it's not realistic to hire someone to do these checks, so there is an opportunity.

Keith said he liked the idea of having a check list so when a commissioner does come in they would have something to check, and then this review and it's results need to go to Signe and her staff, and that can be done by mentioning in a meeting that someone did do a check, and this would be in the minutes.

Barry asked if this didn't get done, what would be the ramifications if any for the board in future financial situations, like getting a loan. Signe said this would not affect that, this is a letter for the State of Oregon commenting to them that this is a small office and they have brought it to the board's attention and the State of Oregon's attention.

Donna pointed out that we are also in a unique position where most ports have involvement with marinas and are handling hundreds of dollars of cash. Here basically the only cash is petty cash. Signe said she understood. She said she would get something to the board they could use as a guideline.

Keith concluded that what he heard Signe saying was that the financial situation has improved somewhat and the Port, at least a port this size we are in some degree in financial health. Signe said yes the Port is in a good healthy position. She concluded that she appreciated the questions, and the opportunity to speak with the commission.

Steve expressed the Port's appreciation of her services. He did point out that one thing that had been done was to avoid the Windows XP potential problems. He asked if it had been effecting others yet, and it hasn't yet, but in April is when it should really start showing up.

- ✓ Commissioner Tymchuk made a motion to approve 2012-2013 Audit prepared by Grimstad & Associates, 2nd by Commissioner Train. Motion passed by unanimous vote, without a vote from Commissioner Clemens who was not present.

2. Property and Liability Insurance renewal with SDAO – Debbie McKinney

Debbie said that in January it would be time to renew our insurance. She reported that the insurance was only going up 2.23%. Everything has been brought up to date including the

sale of the building at 364 N. 4th St. Charmaine let the board know she had detailed backup information specific to our policy for anyone that wanted to look at it, she would provide it for them. Debbie pointed out that the invoice breaks down the different types of liability the Port has. The general liability has remained at the same limit. The whole liability coverage is for \$5,000,000 so we are well covered. There is earthquake coverage, and a very small amount of flood insurance. This is for the two pieces of equipment at the dock, the forklift and the hoist just in case something were to happen as the result of a flood there it would be covered. There is also crime coverage. This includes coverage for employee dishonesty, embezzlement, forgery, theft, loss of checks, all of those situations are covered up to \$100,000. Every year Special Districts sends out a questionnaire that Charmaine fills out regarding best practices, and it asks specific questions on how the board is operating together, how safety procedures are working and there are questions on how the financial books are addressed and what checks and balances are done. As she goes over that it helps reflect in the premium.

Charmaine pointed out that there are some best practices that she isn't able to answer yes on like board training, but we are covering just under 100%.

- ✓ Commissioner Tymchuk made a motion to approve payment to Special Districts Association of Oregon of \$13,948 for continued Property and Liability insurance as presented for 2014 to be paid from the General Fund, 2nd by Commissioner Nelson. Motion was passed by unanimous vote, without a vote from Commissioner Clemens who was not present.

3. Longevity Rate Lock Special Districts Insurance Services

We had the opportunity to benefit from this a couple of years ago, and now they are offering it again. SDAO is our best option for insurance coverage, so it makes sense to renew with them for two years and by doing this you'll get a refund of \$2,582 in two payments, plus they lock in a maximum rate increase of 5%.

- ✓ Commissioner Tymchuk made a motion that the Port of Umpqua continue participation in the Special Districts Insurance Services Property and Liability Program through December 31, 2015 in order to receive the Longevity Credit and rate lock guarantee, and that the Port Manager is authorized to sign on behalf of the Port the Special Districts Insurance Services Longevity Credit and Rate Lock Agreement, 2nd by Commissioner Train. Motion was passed by unanimous vote, without a vote from Commissioner Clemens who was not present.

4. Office Space Lease Rates and Contracts

Charmaine said she has had some continuing questions about office space that we will be advertising. She requested that there be a rate increase from what had been approved when we first started. After a time dealing with customers and tenants we have come to realize there is a little more involved. She provided supporting information including a map, the current rates and the new proposed rates. (These can all be found in the On Line packet for these minutes). The new proposed rates are as follows. The cubicles which are

approximately 52 square feet be offered at a rate of \$100/month. The office spaces that are approximately 96 square feet be offered at rate of \$130/month, and the suite of offices currently occupied by Doug Perry Construction be offered at a rate of \$525/month. There are also 3 window offices, one of which is now occupied by Shelly Swift of Marketron, and the proposed rate for these is \$150/month. There have already been folks come in that are interested.

The second part of this item is to allow the Port Manager to authorize the signing of these leases instead of having to bring each one to the board for approval. Each lease will have been reviewed and approved by the Port Attorney.

Steve and Keith agreed that it would come across more professional that way, if someone could come in and then actually sign a lease with Charmaine, instead of having to wait for the board to meet.

Barry said he did think that the office needed to notify the commissioners and if they had some reason an applicant wasn't desirable for some reason they could bring that to Charmaine's attention. Charmaine confirmed they would like for her to send out a notice for a consensus of the commission when leasing to a new tenant.

Charmaine said she will also be adding verbiage to the lease we have been using that when a tenant plans to have their internet/phones setup other than their own cell phones they will be required to contact Charmaine and make arrangements with our IT folks to be present before using the IT closet. We have been saying that verbally but it hasn't been followed, and for security purposes it is necessary.

Donna suggested that once there is a new renter that we request that they come to a meeting to meet the commission. The rest of the commission agreed.

Motion #1:

- ✓ Commissioner Tymchuk made a motion to approve the rates as updated on the included rate schedule, for office spaces at the Port Business Center, 2nd by Commissioner Train. Motion was passed by unanimous vote, without a vote from Commissioner Clemens who was not present.

Motion #2:

- ✓ Commissioner Tymchuk made a motion to authorize the Port Manager to sign the contracts entering into leases using the approved schedule of rates for offices at the Port Business Center at 1877 Winchester Ave, Reedsport. All leases must be reviewed and approved by the Port Attorney prior to execution, and the Port Manager will contact the Port Commission and alert them to upcoming new leases, 2nd by Commissioner Train. Motion was passed by unanimous vote, without a vote from Commissioner Clemens who was not present.

REPORTS:

PORT MANAGER'S REPORT:

Staff Report
December 18, 2013

Dock Report:

The Port Commercial Dock in Winchester Bay Brought in \$657 for the Month of November 2013. Crab season has started. According to the paper there may not be as many crab but what they get should be very good. They have agreed on a rate of \$2.65/lb.

You will note the SDAO annual conference agenda and schedule in your packets. It will be held February 7 thru 9 with additional Board training on Thursday the 6th, in Seaside. SDAO and OPPA advocate for continued board training, this is an opportunity for that to happen. If you want to attend, please let me know right away, lodging is going fast.

Representative

Caddy McKeown and staff: Courtney, will be here tomorrow to tour the Port facilities and familiarize themselves with our activities. The plan was for them to be here at 3PM but I requested a little later in case any Commissioners want to attend. I will need to let her know first thing in the morning if you want to tag along, so she can adjust her schedule. 3:30 or 4:00? Steve said that time would work for him.

I attended the OPPA meeting yesterday, State Treasure Ted Wheeler spoke about the dismal state of State and Federal infrastructure and how that relates to the United States unpreparedness to compete globally. It was a very informative presentation. He talked about a West Coast Infrastructure Exchange and discussed some of his concerns regarding our failing infrastructure, including Port facilities like docks and jetties and river channels.

He was talking about how China has used United States money to build these big new ports, and they are going through the locks which were also paid for by the U.S. on the way to Brazil, all to bypass the West Coast of the U.S. because our failing infrastructure can't handle it. He was not happy with the situation and he kept saying "ports understand this" but our government doesn't. It was a really good discussion.

We also heard an update on the Columbia River Crossing project from the governors Transportation Policy Advisor; Karman Fore.

Todd Chase of FSC Group gave a brief view of the draft Ports Economic Impact Report and asked each Port to review their chapter to verify data and make recommendations. Linda Noel and I worked on this last week. We sent historical and local business data to them. It is the plan to have the report ready for the legislative session in 2014 but mainly for the larger session in 2015 when funding decisions will be made.

Two firms have responded to my Request for Quotes on the dock inspections. Just listening to them talk, it sounds like the Umpqua River Dock is due for some maintenance. I told them that Fred had talked about how behind the bulkhead had been sloughing off, and I shared that with them and they said it is showing its age so they will specifically be testing that and

giving recommendations. Both have mentioned they will be using divers for the underwater work. I informed them we preferred to use local divers, to which they all agreed. I have emailed Roger Hermiston of Orca Divers to see if he wants me to provide the engineering firms with his contact information so they can work with him. The close date on the RFQ is Friday January 3rd so it's our hope the board will be able to review them at our January 15th meeting. Also in the RFP it states that the Port does not have to move forward with this just because they provide quotes.

I am also working on getting the new chairs and tables for the annex which was budgeted for this year. The chairs will probably be in excess of my spending limit of \$2,500 so I will need to request approval from the board, probably next month.

Steve asked if we are any closer to getting a video projection system yet, and no we are not at this time. Arlene Soto who works with the Business Development Center in Coos Bay/North Bend and City Manager Jonathon Wright were doing some economic development talk and they stopped by and the discussion came up about how we could video conference if we had the proper equipment, and she suggested that the IT person who works on their college stuff get with Charmaine and help with what we need and what it may cost.

SALMON HARBOR MANAGER:

Paul said they are starting to look at next year's budget and they will then start looking at the capital budget to see if there is going to be money to do some special projects they'd like to do. Right now maintenance is continuing to work on the picnic tables. There are about 25 of the tables redone, but with the cold weather we have been having it's hard to get the epoxy paint dry. They have been working with propane heaters trying to get this done. The galvanized frames just arrived for the resort tables and they have found out they are really hard to get back together.

During the freezing weather there were some issues with the docks. The end of A dock shattered. There were about 8 different water breaks at the resort where the covers put on them didn't get replaced when folks checked out. So there are a few of those to replace now.

He did have a visit with Larry at the Port Dock and it sounded like there are issues with the forklift. Paul suggested maybe there could be a way that Salmon Harbor and The Port could go together on a new forklift. Right now they have a backhoe that has forks on it, but it's an old backhoe that only runs in 1st gear. They use it to unload large loads. Steve said they could look in to it.

COMMISSIONERS:

Keith attended a meeting in Coos Bay on November 24 where Senator Wyden spoke, generally revolved around economic development issues of all sorts, but the only thing that people wanted to talk about was the LNG. The number of folks in support of the LNG actually outnumbered those who were in opposition. It was an interesting meeting and Keith said he walked away from it even more enthused and hope that that project is really going to happen.

Steve asked if there has been any indication where OPT is. Keith said he has heard from them in a long time and he really hadn't thought about them.

Donna reported the Oregon Main Street board met again. First the Urban Renewal board met and agreed to be the host for the Oregon Main Street program to come to Reedsport. They will help with funds for the \$20,000 position that will be hired from the program R.A.R.E. trying to get something done to the downtown area. During the Urban Renewal meeting Susan Martin is going to represent the Urban Renewal board instead of Donna as previously reported. Donna and Charmaine will go to the meetings but neither will be on the board. This will work out better.

Barry reported it's been fairly quiet. As far as OPT goes we haven't heard anything at any of the fishing association meetings. No complaining nor has there been for a number of months.

S.T.E.P. – Debra Yates:

She said she had very bad news. They started the year hopeful when they got their limit of fish early in the season, late September or early October, took them over to raceways and the next morning when they went in to check on them there were 37 dead salmon. So they lost all but 11 of their brood stock.

Then on another Friday night early in November they caught all of their brood stock, took them over and these all lived and it looked like everything was going to be good. So they spent 3 or 4 Wednesdays and spawned them all out, and they had 250,000 eggs. This was the most they eggs they have had in years. They put them in the hatchery egg boxes and they started to die, and as of today they were able to salvage 15,654 eggs. That is all they have left out of the original 250,000 eggs. If they live they will be shocked.

In 2009 the mortality rate was between 9 – 12% and it had been that way for years. Then in 2010 blue green algae started showing up and the loss rate went to 30%, then in 2011 there was a lot of blue green algae and the mortality rate went to 50%. This year there was a much bigger hit of blue green algae and the mortality rate is up around 87%. If these eggs that are left die, it will be 100%.

Water samples have been sent out to several different labs, and due to different factors there are only 4 biologists available for the whole area and they haven't had a lot of time to help with this.

They put in a big filter system and it's having issues. There was the blue green algae, and then suddenly they got hit with another algae that hasn't been seen before and this one is potentially toxic, not only to eggs but to fish is a raceway. The eggs are treated with Peroxide, and there is Iron in the water, and this is a problem because Iron will degrade the peroxide. Now they will have to send out another test for the iron content, and yet another for the carbons because carbon in the water will also degrade the Peroxide.

Keith asked if it's just us, or are other areas having this problem. It's just us right now, we are the only group that has a "closed" system, which is a lake. We don't have the running water like others have. The plan now is to keep sending samples out to labs and try to figure out what is going on. If they can't get this resolved, they may not even bother catching salmon for eggs next year.

What this means for the Port is that there is the possibility that in four years there will be no fish from S.T.E.P. and they have quite a few fish from the hatchery that come back.

Steve asked if the lake was fed from Tahkenitch Lake, or does IP provide any water? It's coming in from about 10 creeks and streams that feed the water, not a high volume, but some of the water comes in.

Joel from the city, and another guy named Chuck from water treatment is going to help with what he can to help figure out the filtration issues.

Barry asked if they planned on working together to come up a white paper on this that includes all of the general information so that he could present when they have the industry meeting, it would be interesting when they discuss the salmon fishing. Debra said she would do that. He pointed out that there are other folks out there that deal with this kind of problem like the algae and they have the ability to put more pressure on the state than S.T.E.P. does.

She also announced that the annual meeting will be January 25 at the Red Apron. She is planning on a really nice dinner and she said she would be sending an invitation to the Port.

The meeting was adjourned at 8:17 p.m.

The next Port of Umpqua Regular Meeting will be held January 15, 2014 at 7:00 p.m. at the Port of Umpqua Annex building, 1841 Winchester Ave., Reedsport, Oregon 97467.

Steve Reese, President

Karen Halstead, Admin. Assistant