

Port of Umpqua

Work Session Minutes
Tuesday, February 23, 2016 at 4 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
Treasurer Lee Bridge
Asst. Secretary Carey Jones

Commissioners Not Present:

Secretary Barry Nelson

Port Staff Present:

Port Manager Charmaine Vitek

Others Present:

Paul Stallard Harbor Manager of Salmon Harbor
Donna Train Port Rep. on Salmon Harbor Management Committee
(SHMC)

Proceedings:

The work session was called to order at 4 p.m. by President Steve Reese.

REGULAR BUSINESS:

- 1. Intergovernmental Agreement (IGA) between Douglas County and Port of Umpqua:** (This is available in the work session on line packet).

Each person had been provided a copy of an organized culmination of all the revisions and addendums to the Original IGA dated February 11, 1982.

The issue that has come up is discussed in section 4.5. “Contributions by County and Port”.

4.5. Contributions by County and Port: In the event the revenues generated by the operation of Salmon Harbor, including revenues held in any reserve account, are not sufficient to pay for either operation and maintenance of the Salmon Harbor facilities or for capital improvements deemed necessary by the County and the Port, the County and Port shall contribute equally to make up any deficiency. The County and Port shall likewise contribute equally to the payment of any claims or liabilities arising out of the operation of Salmon Harbor which are not paid by insurance, harbor revenues, or otherwise. If either the County or the Port provides labor, materials, equipment or professional services for the operation of Salmon Harbor in accordance with the terms of this Agreement, that party shall be reimbursed for the reasonable value of such labor, equipment, materials or professional services. It is the intent of the parties that all expenses arising after February 11, 1982 from the operation, maintenance and improvement of Salmon Harbor shall be shared equally.

Referring to the first part of the statement regarding operation and maintenance or for capital improvement projects. The Port contends that we have no economic basis to contribute to SH. DC owns the land and in the conversation about the County acquiring land through purchase, they didn't acquire the land through purchase, some lands were donated to the County but they don't recognize it as such. We have been called on the carpet by Douglas County Commissioner Boice, regarding the dredging of Salmon Harbor. It is Commissioner Boice's position that we contribute to pay for the dredging along with the County. There again goes the rub where we are contributing to something that has to do with the equity for the County and not the Port. The Port contends we need to rewrite this last paragraph to the approval of both parties and SH, to either allow the Port to acquire an equity basis for whatever contribution we make, or eliminate any Port financial responsibility for SH.

Liability is through something failing or someone getting injured and filing a lawsuit with the County. The County is self-insured, the Port carries no liability insurance for anything that happens out there. The Port believes this is more wordage that is weighted toward the County and not the Port, it needs to go away. In order to soften our language maybe The Port should come from the direction that SH is now self-sufficient, there is no need for any contributions by the Port or the County unless the County wants to because they own the facility. The Port should not be obligated to the County because SH is being operated as a business. If SH starts to lose money, there are ways to handle that. It would be handled in a business decision. Whether they cut back services or privatize or go away. From what Paul and Jeff have built into that facility, we don't see that happening. The Port contends the IGA document has matured and doesn't meet the current situation at this time.

Carey: Quoting the last sentence:

“It is the intent of the parties that all expenses arising after February 11, 1982 from the operation, maintenance and improvement of Salmon Harbor shall be shared equally”.

That means they want The Port to pay for half of the maintenance. That means the docks, or anything else, as I read it. This is ridiculous.

Lee: I didn't see anything about sharing in the revenue stream either.

Steve: Any revenue stream is reinvested into SH, it doesn't go to Douglas County's general fund which is explained earlier in the document.

Lee: Salmon Harbor is an Enterprise of the County not of the Port, a separate department of DC. We had made some commitments through its developmental phase and to help with jetties and dredging etc.

Steve: We do have a financial basis for what we contributed. Whether it was money, grants or work from the Army Corps of Engineers. We look at that the same way as the County looks at their lottery funds, as a pass through. The same as the Wagon Road Funds. It is our hope that the Port could have an equitable discussion with the County regarding how we want this to be.

It was pointed out that the current version of the IGA was never signed. DC Commissioners are requesting signatures on the current document. The Port board recommends we do not sign the document. It is not in our best interest to make that agreement.

Provide Port counsel with the meeting consensus and ask him to review the IGA. Request recommendations and suggestions. Please review any shared liability issues.

I'm sure the creators of the IGA had a very realistic view of the relationship. I just don't think that relationship necessarily continues, the document has matured.

Donna: The County is receiving money from the Parks Department and if SH wasn't there the parks would not be getting the revenue that they are now. It is a separate department, and technically they are not getting money from SH income, but they are making money because SH is there.

Paul Stallard, SH Manager: The IGA is talking about the Marina, not the RV Park. It discusses dry camping and things that were in the past. We still work together with the Port on things like the dredging and with South Coast Ports Coalition (SCPC). I think it was put together because the County realized they have this property and most places that operate marinas are ports. Since they have this property, they thought; 'there is going to be things we are not going to be able to do, we need to work together to get; Corps of Engineers, dredging, the riprap, all of those types of things'. Since then we've grown and turned into more of an RV Park slash marina with the marina as a secondary, these things no longer apply and the IGA needs to be cleaned up. Times have changed. It was the Port that didn't have the money years ago, now it's the County that doesn't have the money. With the verbiage in the IGA saying split half and half, if the Port wants to assist on a project, I think the County would say they can't. The County has informed SH not to request funding because it isn't available. I think it is going to help the County as well.

There seems to be a disagreement on the Wagon Road Funds pass though and Lottery fund dollars.

Steve recalled the liability clause in the IGA as being in question to other agencies when the Port was pursuing funding, loans and grants for the Umpqua River dock rebuild/remodel. Those agencies felt that the liability clause in the IGA was affecting the Port's ability to acquire loans.

Question: Is there an advantage to having this agreement with SH and DC?

Keith: From my perspective, the advantage is to SH. The Port provides a 'buffer' between SH and DC. The Port's perspective is; it doesn't provide the Port with anything. However, from an economic development perspective in the region, it provides some advantage to the Harbor. Though I don't like the IGA a lot, with the new DC board of commissioners, I'm not sure I like it any less than leaving Paul (SH) to hang out there on his own with the current board.

Carey: I don't believe County Commissioner's Tim or Chris understand what the relationship means to SH for the Port to provide sponsorship to entities such as the ACoE, SCPC or other entities.

Donna: Without the dredging the Coast Guard Station would not be there, and without the Coast Guard you wouldn't have the commercial fleet and people wouldn't be safe fishing here.

Keith: Remove the 50/50 financial deal, would like to memorialize what the Port has done out there. Uncomfortable with the idea of no IGA because then there is no SH Management Committee, and thus SH would be managed by the County Commissioners and that is a concern. It changes all of SH.

Steve: The original spirit of the IGA was to provide a mechanism for SH to become self-sufficient. I believe SH is now self-sufficient and isn't dependent on funds from the outside, other than grants. They don't come to us and Paul doesn't go to the County because he knows what he is going to get. So it's run as a business. If it falls upon hard times, what's the business thing to do? You either reduce costs, privatize or you go away.

Lee: The way it is currently worded, if there are hard times, we are going to eat half of the hard times. The liability issue makes me very uncomfortable.

The board by consensus showed it was in agreement that Charmaine will contact Port Counsel, get his recommendations and advice and move on from there.

1. Port of Umpqua Strategic Business Plan (SBP) Review (The SBP is available for review on the Port of Umpqua website as well as in house copies that are available upon public record request):

Steve: It's a perfect time to review the Port's SBP with all of the changes happening all around us. International Paper (IP) grounds are in Escrow and there is the LNG Facility going on south of us, we are sitting right in the middle of a lot of potential opportunities. It's time to take a look at what the Port should or should not be considering.

Steve also wanted to talk about part of the "Management Plan" in the section of Goal 1, Strategy 2 titled "Partner with the City to redevelop the Reedsport Waterfront and Industrial Park for employment, visitation and recreation consistent with the Port's vision."

Keith: Is sure that there is still some of the Knife River property downtown on the waterfront that is available, which actually makes it the only available waterfront property there is.

Steve: Suggested having a conversation with City Manager Jonathan Wright, and find out if the Port should incorporate into their SBP a relationship with the city to help market and develop that piece of property.

There was discussion of whether it was still up for sale and how to find out what the plans were for the future of the property as well as the Port owned property currently leased by Tyree Oil, Inc.

Steve: The Ice machine project is moving forward. Steve and Keith requested that when the Port is ready to start the actual planning of the project they would like to invite some of the commercial fishermen to come to a Port meeting and give feedback on their thoughts and wishes for the project.

The options of the Port buying up some of the industrial properties available now and the potential opportunities of what could be done with those properties were discussed.

Charmaine: Gave some history on the Bolon Island dry dock facility across the river from the Knife River property. She also pointed out that the county has several industrial parks that they are constantly working to market and sell. The marketing can be expensive. She suggested buying and leasing property when there is a tenant who has already shown interest but, buying property and then trying to market it may not be the way to go. There is also the situation of the Port not wanting to compete with any private industries.

Charmaine: Asked the board at what time in the ice machine project would they like to invite fishermen to a meeting. It needs to be at the point when there is a plan of the location, tote capacity, etc., then the Port would like to get their input.

Carey: Would like to introduce having conversations about what the ice machine may be able to do in the future such as having the ability to blow or auger the ice into the bigger boats

vs. just putting ice in totes. If that can be discussed now the ice machine project could be setup for possible future development.

Keith: Is it possible to discontinue amending the SBP and instead have a “working document” that allows the Port to review, drop and add to it as the Port moves forward?

Charmaine: Reminded the board that the reason they are required to keep reviewing and amending the existing document is because in order to do anything through the state the project has to be in the SBP. She will talk to Dave Harlan and make sure it is allowable to add and remove projects from the SBP as time goes by.

Keith: Asked for clarification, exactly what steps will be taken to proceed on making the discussed changes to the IGA. It will now be forwarded to Port Counsel John Wolfe who will review the document and suggested changes, he will then return it, and it may include some of his suggestions. The Port Board has review it and once it’s been approved the Port’s Counsel will approach County Counsel and work on getting county approval. The Port’s objective is not to abandon the IGA but, to rework the discussed wording of the document.

Additional Information:

Charmaine: The Commissioners have been entered into the Oregon Government Ethics Commission Electronic Filing System. It was pointed out that when they receive e-mail from them the e-mail address will begin with “ogec” which the Commissioners may not recognize, so by bringing this to their attention they will know who is contacting them.

The work session was adjourned at 5:01 p.m.

The next Port of Umpqua Regular Meeting will be held March 16, 2016 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