

Port of Umpqua

Regular Meeting Minutes
Wednesday, August 16, 2017 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 Lee Bridge
Asst. Secretary Carey Jones

Port Staff Present:

Port Manager Charmaine Vitek
Administrative Assistant Karen Halstead

NOTE: All items handed out at the meeting are available for view in the August 16, 2017 meeting packet.

Proceedings:

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

All Commissioners were present.

APPROVAL OF AGENDA:

There was one addition to the Agenda. Item #3 – Umpqua River Dock proposal to be presented by Commissioner Tymchuk. With this addition the agenda was approved by consensus.

APPROVAL OF MINUTES:

The draft version of meeting minutes for July 19, 2017 was presented for approval.

Commissioner Nelson made a motion, 2nd by Commissioner Tymchuk to approve the minutes as drafted. Commissioner Bridge abstained from the vote because he was not present at the July 19th meeting. Motion passed by unanimous vote of the four remaining Commissioners.

APPROVAL OF BILLS:

Commissioner Nelson moved to approve payment of checks in the amount of \$8,077.75 to be paid out of the General Fund, 2nd by Commissioner Jones. Motion passed by unanimous vote.

PUBLIC COMMENT:

There was none.

REGULAR BUSINESS:

1. Dock Policy Review:

Charmaine: There have been some issues at the dock with the fishermen, buyers and staff. Charmaine has been working on a notice of exclusion. In contacting SDAO legal counsel, Spencer Rockwell, he is not in favor of this notice right now. His recommendation was for the board to be aware of it and know it will be coming up in the future for discussion as well as a possible resolution to the issue.

Special District's legal counsel and Charmaine will be working on a document that he is more comfortable with. The problem with the current notice is that he feels it could be fought in court.

At this point Charmaine is not asking for approval, but instead for the Commissioners to be aware of the notice and asked for their thoughts.

Keith: Why the concern that the document was subject to a lawsuit. It's the Port's dock and staff may or may not be accosted. If they are accosted can't The Port have a policy to refuse service?

Charmaine: Spencer said that refusing service to a fishermen would interfere with their lively hood. If The Port were to do that, the fishermen could come back and sue The Port.

One of the issues, while not on a regular basis but it does happen and is probably the biggest problem at the dock is having a boat crew show up inebriated. Legal counsel is concerned about having staff make that determination because if staff says they are drunk and they are not, they could sue The Port over it.

Lee: If they are inebriated or otherwise affected, aren't they creating a safety hazard? They could injure our staff or other patrons. How do you find a balance?

Charmaine: Will work on a document that will be more comprehensive than simply excluding someone from the dock. There will be a process which will show the dates for two warning notices someone could receive advising them of any impending action.

Carey: Can see several red flags. If dealing with an inebriated individual, whether it be alcohol or drugs, they are not going to be willing to give all of the information the form

requests and then when you refuse service to them it could go bad really fast. It seems like this makes it more complicated than it needs to be.

Charmaine: Has advised staff at the dock if there is an issue that comes up to call the sheriff. Hopefully once the board has approved a policy, if staff does have to call the sheriff and refuse service to someone, the word will get around and it won't happen again.

The item was tabled until Charmaine brings it back to the board.

2. Douglas County & Port of Umpqua Intergovernmental Agreement (IGA) discussion, continued:

County Commissioner Chris Boice: Started by giving some history on how the discussion of the IGA originated. Paul had contacted Chris to share a conceptual idea on expanding the Winchester Bay RV Resort and to discuss what potential partnerships could develop to accomplish this. It was immediately clear that there would need to be a new agreement by all participating parties to manage that expansion. Chris also recognized that over the years there have been several iterations of the IGA and this would be a good opportunity to clean it up.

He looked at all of the historical documents including the changes that have been made over time and drafted a summary of the IGA which he then forwarded to The Port for their review.

During this time a discussion came up about the loan the County gave Salmon Harbor to originally be able to start doing repairs and begin the building of the RV Resort. There was discussion about the County forgiving that loan.

So far there hasn't been an opportunity for The Port and The County Commissioners to all get together to discuss this.

One of the County's concerns is with the original loan and the operation and management of Salmon Harbor moving forward. The County has made a considerable investment into the facility and is also likely to make considerable future investments into that facility. The County feels the need to have a voice on the Salmon Harbor Management Committee (SHMC) to make sure the County is being properly represented. Right now that may not be the case.

There was discussion about what it would take for the County to feel comfortable forgiving the previous loan as well as future investments. Several ideas have been kicked around including the idea of changing the SHMC from a 3 person to a 5 person board, and to change the way those board positions are appointed.

Chris made a proposal to The Port of Umpqua that includes the idea of a 5 person board. The Port had some concerns about that change.

Steve: Noting that the money was given to Salmon Harbor by a previous County Board - why was it called a loan when the county was investing in their own facility and you own the investment?

Chris: Don't have an answer for that, he was not one of the original people who did the loan/investment. Personally he thinks that even though technically they were investing in their own facility, there is no mechanism for the County to get any return on that investment other than repayment of the loan.

At this point the SHMC has made a decision to hold onto as much revenues as possible and to use those funds for deferred maintenance, future capital projects, etc. There is no return on the investment going back to the County, other than to have a facility out there that the County can never financially capitalize on.

Tim: Another thing that has caused this discussion to be timely, is the request for a future loan from The County for an expansion in Salmon Harbor. When the County looks at the loan already on the books that has received zero payments, it makes the County Commissioners nervous thinking about investing in a new loan that the County would expect a return on.

This latest loan will be an investment not a grant, which it could look like that is what it is historically but, the County is being told they will receive a return on this. Nothing from history or past experience of the original loan says that this new investment would be a good idea.

The County is trying to clean up the old loan or grant or whatever it is being called, get it off the books and figure out how to get the SHMC to a place that makes the County comfortable with investing in the expansion. The discussion around the table will be the fact payments need to be made to pay back the loan.

This is a good time to get that original loan cleared up and then work on moving forward. Tim said he feels it would be hard to find enough people to fill a 5 member board. One idea is to stay with a 3 member board and have it consist of someone from the coast who is appointed by the County Commissioners, someone appointed by the Port Commissioners and the third member being a County Commissioner. One advantage to this would be bringing a County Commissioner here for the meetings which would get the County better involved with this community.

Keith: In the current IGA it has always been an option for one of the Douglas County Commissioners to be on the SHMC. At the same time the County made the \$2 million dollar investment it was also made very clear to Salmon Harbor that they were "on their own". This meant Salmon Harbor would be responsible to fund almost all of their efforts, maintenance, deferred maintenance and capital improvements. It has always been clear from that point. Any investment Salmon Harbor has made into their facility has basically removed the County's need to invest in the facility.

Paul: Recalling back to 1997 when he and Jeff VanderKley went to Doug Robertson with concerns of the condition of the Salmon Harbor facility. There were dock problems, electrical issues and more. Jeff stated that there was 40 years of deferred maintenance needed out there and he didn't want to be responsible for someone getting injured. It was at that time that Doug Robertson said he would not let Salmon Harbor go under. He assured Jeff that the County was going to help.

The County started giving Salmon Harbor money in 1997 until around 2003 from the County's General Fund to help cover serious safety issues.

Around 1998 is when the idea of the RV Park came about. After looking at plans and doing extensive research a proposal was made to the County. During the same time that the deferred maintenance was being done, the first phase of the RV Park was completed. It was a success and so the second phase of the RV Park was built. Since that time Salmon Harbor has been able to cover more and more issues. That RV Park has basically saved Salmon Harbor. There are still a lot more maintenance issues that need to be addressed but, each year Salmon Harbor has been able to be complete more and more of those issues.

While Salmon Harbor hasn't paid the County directly, when you add up all of the money that Salmon Harbor has been able to put back into the facility from the proceeds of the RV Park instead of asking the County for more money, it more than covers the \$2 million dollars the County originally invested into Salmon Harbor.

Chris: No dispute in what Salmon Harbor has been able to do. The issue is if the County decides to not require repayment of the original \$2 million dollars and then turn around and invest a significant amount for future expansions to the RV Park, there will be an expectation to get a return on any future proceeds. This second round of investing is being done for a different reason than the original. To guarantee that the County is covered, there needs to be county representation on the SHMC.

Carey: What would happen if Salmon Harbor didn't go through with this new expansion? That seems to be the issue right now, the expansion and the money the County can make if they invest in it.

Tim: He would be completely okay with forgiving the original \$2 million dollars invested in Salmon Harbor. It looks bad on the County books to have that outstanding amount, he wished it would have been done as a grant but it wasn't.

The issue at hand is a future *business* investment, not to be confused with an investment to help out. The County is planning on taking \$2.6 million dollars from the County's Reserve Account to make a financial investment into a facility in this community with the purpose of getting a return to be used to help pay for services county wide.

This is why it's important to figure out how The Port and The County can work together. If the County makes that investment, the SHMC has to make it a priority of making the payment on that loan as the first thing they do every month.

Steve: Speaking for himself and not the whole board. He sees the IGA as an outdated instrument. It was originally put together to insure the security of Salmon Harbor during some contentious times it went through. With the revised IGA that he has seen there doesn't seem to be a lot of activity for The Port. Maybe the IGA needs to just go away.

Salmon Harbor appears to be a department of the County already. If the IGA were to go away The Port could participate in the expansion project if The Port could get some sort of an ownership in the facility/project.

Barry: How exactly does the County plan on getting a profit on a loan for the expansion project?

Tim: The return on the investment would be by renting the spots with a portion of that profit going toward the payment on the loan.

Chris: Once that loan is paid back, then the money generated would go into the County's General Fund.

There was discussion of possible options including The Port being removed from the IGA, or the County removing themselves from the IGA, as well as the IGA being done away with altogether. How investments or loans would be handled if made to Salmon Harbor. Another point made during this discussion was the fact that if The Port were to remove to themselves from the IGA there is a one year provision for that change.

Charmaine: If one or the other, whether it be The Port or the County were to remove themselves from the IGA then the IGA would no longer exist.

Tim: One of the challenges we are facing is in the management agreement. It puts the SHMC together. The 3 member board is designed to technically be equal between the County and The Port. The Port has been described as having no financial investment, getting no return and there is no Port involvement. If The Port and the County are to be partners, both should feel like there is some understanding of what is happening in Salmon Harbor. This conversation should be about how the SHMC can be structured so The Port and the County both feel like what they offer will make a difference.

Steve: There have been a lot of ideas tonight. What is the next step?

Tim: A great place to start would be setting a goal that is acceptable to both the County and The Port where both parties can continue to work together to find a way to make sure that Salmon Harbor operations continue to be as successful as they are today.

Steve: Is there a timeline of when this all needs to be done?

Chris: There isn't really any rush, just would like to start moving in that direction.

Paul: Have been working with HGE Engineers and have been continuing with the plans for the expansion. HGE has talked about possibly having a bid in around December. Hope to have more design ideas and cost estimates at the next SHMC meeting. The bids that have come in have been very high. HGE advised that the best time to request bids would be during winter when people in construction are not quite as busy.

Keith: Feels it is important for there to be a joint meeting, it would be a dinner meeting with the emphasis on communicating about the projects everyone is working on and keeping all involved informed. There were regular joint meetings in the past and it worked out great. Unfortunately they have kind of faded away. They are a line of communication that is too important to not have them.

Tim: The County Commissioners have a regular Monday morning work session and after summer will also start having Friday morning work sessions as well. The Port Commissioners were encouraged to join in via video conference at the County Annex in Reedsport.

Keith: Charmaine can send out dates in October to setup a dinner meeting that will give everyone the opportunity to discuss any projects each are working on.

Chris: The latest iteration of the IGA could have the board description of the SHMC to be structured as it was discussed tonight. After that change it sounds like we're pretty close to an agreement.

**3. ADDED: Umpqua River Commercial dock proposal – Commissioner Tymchuk
(No additional documentation for this item):**

Keith: At the last meeting Keith was asked to talk to Fred Wahl about his interest in buying the Umpqua River Dock which is located adjacent to Fred's original Reedsport Shipyard property.

Keith spoke to Kim asking her if Fred would be interested in purchasing the dock for the price of \$150,000. The response was that Fred would consider purchasing the Umpqua River dock for \$150,000 but would prefer a payment schedule of \$50,000 per year.

Steve: Had a couple of questions he has asked Charmaine about. One was regarding the time The Port carried the original note for Fred on the shipyard. He asked if The Port was required to charge interest as per the IRS department. Charmaine is going to check on this.

His second question was about the declaration of surplus property.

Carey: If The Port declares surplus property doesn't that open it up for someone else if they wanted it?

Barry: Had a fisherman approach him and say he would offer \$150,000 for the dock.

Charmaine: Spoke with Port Counsel who went through the Public Contracting Policy that The Port adopted in 2014/2015. He found in that Public Contracting Policy that once it's approved by the board to sell then the process begins. Because there are State and Federal Agencies involved Port Counsel will be helping to complete the process. According to The Port's policy, it does have to be declared as surplus property and The Port does have to have a public hearing but, The Port does not have to put it out for bid. The Port can choose who to sell it to.

If the board chooses to move forward Charmaine will begin working with Port Counsel to get the process going.

Steve: If the Port declares the dock as surplus property and there is a public hearing where individuals can approach The Port and say they would like to buy the dock for X amount of dollars. Does that begin a bidding war for that dock?

Charmaine: Will talk to Counsel and find out.

The fact there was another party interested was discussed and since Steve and Keith have been designated to handle real property transactions, it was decided to have the interested individual contact either one.

The board gave Charmaine direction to move forward with this item.

REPORTS:

STAFF REPORT:

The Port Commercial Dock in Winchester Bay Brought in \$ 1,045.22 and the ice machine \$2,100 for the Month of July 2017. When the ice machine is working it is doing very well.

Ice Machine update:

Highland Refrigeration owner is not interested in extending the warranty which expires September 12th by my calculations.

SALMON HARBOR MANAGER:

No Report.

COMMISSIONERS:

Keith: There is a rumor there will be an event Friday regarding the Elliot Sale. The rumor also says the Governor will be in attendance but, he has not received an e-mail about any event. No one else had heard about it.

The meeting was adjourned at 8:27.

The next Port of Umpqua Regular Meeting will be held September 20, 2017 at 7:00 p.m. at the Port of Umpqua Annex building, 1841 Winchester Ave., Reedsport, Oregon 97467.

****Note: THESE ARE QUESTIONS FROM THE COMMISSIONERS WHILE SIGNING CHECKS, BOTH AT THE END OF THE MONTH, AND DURING THE CHECK SIGNING AT THE MEETING:**

7/31/17:

Commissioner questions from check signing at end of the month to be included in the August 16, 2017 minutes:

Steve: While signing the check to Basset Hyland Steve asked what the price per gallon was for propane. On the particular receipt looked at it was \$1.40 a gallon. It fluctuates quite often.

Steve: He asked if the Marine Surveyors inspection was the big annual inspection. Yes

Steve: What is the check for annual flag service for? The flags that the VFW will put up in front of The Port offices.

Checks were signed by Commissioners Reese and Barry Nelson's signature stamp due to no other commissioners were available to sign.

Questions from check signing at the August 16, 2017 meeting:

Carey: None

Barry: Is the DEQ really charging almost \$1,000 for a permit? That should be addressed, it's wrong

Charmaine: Anita with ACoE warned her there may be big bills from the Department of State Lands & DEQ. State Lands & ACoE don't charge, only DEQ so far.

Steve Reese, President

Karen Halstead, Admin. Assistant