

THESE MINUTES ARE FINAL and APPROVED

**Joint Meeting
Douglas County Commissioners
Salmon Harbor Management Committee
Port of Umpqua Commissioners**

NOTE: The PowerPoint slides and all hand out from the meeting are available for view in the October 20, 2017 Joint meeting packet.

DATE: October 20, 2017
TIME: 7:00 PM
PLACE: Marina Activity Center, 263 Marina Way, Winchester Bay, OR

PURPOSE: To discuss possible changes to the existing Intergovernmental Agreement (IGA) between Douglas County and the Port of Umpqua for the management of Salmon Harbor.

PRESENT:

Salmon Harbor Manager:
Paul Stallard

Port of Umpqua Commissioners

President Steve Reese
Vice President Keith Tymchuk
Secretary Barry Nelson
Treasurer Lee Bridge
Asst. Secretary Carey Jones

Douglas County Commissioners

Chris Boice
Tim Freeman
Gary Leif

Salmon Harbor Management Committee (SHMC)

Carey Jones
Jerry Noel
Tom Huebner

Others Present

Port of Umpqua Port Manager- Charmaine Vitek
Port of Umpqua Administrative Assistant - Karen Halstead
Salmon Harbor Project Coordinator - Savanna Wright
Salmon Harbor Administrative Assistant - Renae LaRouche
Douglas County Legal Counsel – Paul Meyers
Winchester Bay Merchants - Phyllis Dever

Donna Train
Mike Jenks
Gary Goorhuis
Tatiana Resetnikov
Joe Coyne

I. Preliminaries:

A. Call to Order – Port of Umpqua President Steve Reese:

Meeting was called to order at 7:00 p.m.

B. Pledge of Allegiance

C. Self-Introductions:

II. Salmon Harbor Report – Paul Stallard:

A. Proposed Future Maintenance and Capital Improvements goals:

Paul provided a power point presentation highlighting a list of the responsibilities Salmon Harbor maintains as well as their capital investments and completed projects since the last joint meeting in November 2015.

Looking forward Salmon Harbor's future maintenance and capital improvement goals include among other significant projects, plans to continue work on the RV Park expansion, a project that Salmon Harbor has already invested \$23,530 into since 2015.

III. Remarks:

Douglas County Commissioners:

Chris: Recently an issue came up with the Department of State Lands (DSL) concerning the lease for Reedsport Machine & Fabrication. It sounds like this could become a bigger issue for Salmon Harbor, would you explain what the problem is?

Paul S.: A representative from DSL called and requested a tour of the docks and the surrounding areas in Salmon Harbor. During the tour he asked who was occupying certain docks, and why particular boats/businesses were located in specific locations. After the visit the DSL rep sent a follow up letter to County Counsel, Paul Meyers, stating that there could be a potential issue with docks that are being used for commercial activities. Salmon Harbor leases water under the docks and in the harbor from DSL. The lease states that the docks are to be used for recreational purposes only. Some of the docks, such as the dock used by Reedsport Machine & Fabrication, are "commercial use" and that could become an issue. This has the potential to affect all of the leases for docks being used for commercial businesses, including The Port dock.

Chris: He is working with Paul S. to find out exactly what DSL wants and why this is an issue now when the docks have been leased like this for years.

Paul Meyer, County Counsel: The lease that The County has with DSL does specify that the docks are to be leased for recreational purposes only. The question is whether these water related businesses are or are not for recreational purposes.

One resolution would be for The County to convince DSL that these businesses are so intimately related to the recreational use of the harbor that they should be deemed recreational. If it is found that some of the commercial docks are not recreational then The County is technically in violation of the lease. Hopefully DSL will consider modifying the wording of the lease to legalize the current arrangement.

Paul S.: Also discussed the problems that the Salmon Harbor RV traffic has reportedly caused to the Winchester Bay Sanitary District (WBSD) system. It appears that during high traffic times of the year the plant is being overwhelmed by "blue water" from the RV's that are being dumped. Blue water is a formaldehyde type solution that breaks down waste. The WBSD system operates using a "bug system" to help breakdown the

sewer before it's discharged and large batches of blue water can actually kill the bugs in the system. If this happens it usually takes the WBSD plant 2 – 3 weeks to recuperate.

Salmon Harbor and WBSD have worked out a way to alleviate this problem by having Salmon Harbor shut down their sewer dump to the general public during major holidays and DuneFest. The hope being that there won't be a debilitating amount of blue water put into the system.

A. Present Proposed Changes to Existing IGA:

Chris: The revision of the IGA started with a discussion about the RV Resort expansion. Mainly in question was what the future partnership between The County and The Port would look like and how this partnership compared to the existing IGA. There have been many phone calls and meetings to discuss changes requested by The Port, Salmon Harbor and The County. Paul Meyers was then brought in to help implement those changes.

Paul M.: There currently is not a single version of the IGA. There is the original version from 1982 and there are about 9 amendments made over the years. Paul was tasked with taking the original IGA and all of the amendments and consolidating them into a single updated agreement for The County and The Port to review. The majority of the amendments implemented were housekeeping, clarifying and grammatical changes. This was done in January 2016.

After the IGA was cleaned up, there were a couple of substantive issues left to resolve. The Port was concerned about Salmon Harbor having to pay back a 2.3 million dollar county loan. Paul M. added language that said the loan would not have to be repaid if the party to whom repayment was owed, forgave it.

This new version of the IGA was then forwarded to Port Legal Counsel, John Wolfe. After reviewing the draft, John sent a letter back to The County saying The Port was fine with all of the changes made except for the repayment revision. This was in May 2016.

In the fall of 2016 Salmon Harbor requested a copy of the draft so they could propose changes.

Most of Salmon Harbor's changes consisted of operational issues such as whether the joint meeting should be every year vs. every other year or how often Paul S. should report to the SHMC about permits he issued.

In December 2016 Paul M. and Chris received a list of the requested changes from Salmon Harbor and The Port. After review, the majority of those changes were implemented and were included in the draft IGA that was being presented this evening.

The significant issues left to discuss included:

1. How to deal with the loan repayment. (Section 4.1.1)
2. What to do about financial arrangements for future projects. (Section 4.5)
3. The composition of the Salmon Harbor Management Committee. (Section 2.2)

To resolve the loan repayment issue The County proposed a wording change to section 4.1.1. The new language was to be very specific and now says "Nevertheless the approximate \$2,361,529 loan owed by Salmon Harbor to Douglas County as of May 2017 is forgiven by Douglas County on the execution of this updated agreement".

It was suggested that the reason *why* The County was forgiving the loan should be documented for future reference. That reason being so Salmon Harbor can continue to reinvest funds into any needed capital projects and for the future expansions in the facility which will hopefully generate more revenue.

With the forgiveness of the loan, The County's main concern was the restructuring of the SHMC. In section 2.2 of the IGA, The County proposed having the SHMC continue to consist of 3 members but, one would be a *Douglas County Commissioner*, one would be appointed by The Port and the third would be appointed by The County. The Port requested that the 3rd member appointed by The County come from Western Douglas County.

Paul S.: Asked for clarification of section 4.3, Approval of Expenditures.

Paul M.: This was actually the most recent amendment that was made to the IGA and it has to do with the approval of expenditures signed for by the harbor master. The wording wasn't clear exactly as to what the amendment was trying to say so Paul M. had included it in this draft verbatim in anticipation of a discussion to clarify its intent.

Chris: Wasn't sure what amount this amendment was allowing the harbor master to approve. Whether it was contracts not exceed \$500 or \$5,000. Other department heads have spending authority limits. Those limits differ based on the situations that are dealt with daily. He did know that the tightest level of accountability was needed because it is government money.

Paul S.: He deals with utility bills daily that can easily be over \$5,000.

There was discussion about what amount could be included in the IGA that would allow Paul S. to take care of daily utility bills without having to ask a SHMC member to come and sign checks every day.

It was ultimately agreed that bills under \$25,000 could be signed by Paul S. and bills over \$25,000 would have to be approved by the SHMC.

Carey: Will The County Commissioners rotate the seat on the SHMC or will it be the same person.

A: The County Commissioners assign seats held on various committees at the first of each year. Chris and Gary both said they hoped whomever was assigned the position would be on the SHMC every year as long as their term lasted because they would be able to learn Salmon Harbor's history and business information.

Steve: Will the liaison on the SHMC need to confer with the other commissioners if there is a vote or will they be able to vote right away?

Chris/Tim: They will have full authority to vote right away on Salmon Harbor business. If it is a county matter then the liaison may need to talk with the other Commissioners.

Steve: It was previously stated in another meeting that there has been a lack of communication between Salmon Harbor and The County Commissioners. Will having The County Commissioner on the SHMC serve as that blank?

Chris/Tim: Yes, this will resolve the problem so Paul S. will not need to report directly back to the Commissioners.

Keith: Please define what it means in 4.5 when it says "work cooperatively". That means working together and not necessarily spending in a manner that is 50/50 in every project, right?

Lee: He sees this paragraph as The Port having an obligation to pay and he is not comfortable with the wording.

Paul M: This language came from John Wolfe. Keith said in that case he was comfortable with its intended purpose.

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Tom Huebner: Referred to 4.1.4, this is the section that allows The County to charge Salmon Harbor for Central Services. This has been heavily debated in the past.

Keith: His hope is that The County will make an attempt to give Paul S. an anticipated amount for Central Services as well letting him know of any increases years before they are actually implemented. This would allow Paul S. to adjust the budget accordingly rather than trying to guess what that amount will be. There is no question The County has the right to charge for those services, he just needs to be able to budget for them.

Paul S: Realizes Salmon Harbor needs to pay for these services, his only fear is that he is looking at the next phase of what Salmon Harbor is going to look like and how much it will take to get there. He doesn't want to deplete his fund(s) by paying for central services and not have the money needed for Salmon Harbor projects.

Chris: The entire intent of this 4.1.4 section is only to suggest that the language in 4.1 does not hinder The County's ability to charge those fees. It doesn't define how much or what the payment terms are going to be, it is only there to make sure no one can go back to 4.1 and say it doesn't allow charging for Central Services. One of the ways that The County will be able to continue to provide central services is by charging these fees.

Keith: A good question the SHMC can ask The County is what the fee charge will be in the year after next. This will give Paul S. adequate time to budget for those fees.

Chris: Thinks Salmon Harbor is concerned whether the number being proposed is reflected by the actual cost or if it's an arbitrary number based upon their ability to pay. That is something The County needs to deal with so Salmon Harbor can know it is based on the actual charge(s). That is something The County needs to work on with the other county departments as well.

Paul M: Will take the notes from this discussion and create another draft of the IGA for review. The goal is to have a clean IGA.

IV. Remarks and Discussion:

A. Port of Umpqua Board of Commissioners:

Both The Port Commissioners and Douglas County Commissioners voiced their appreciation each side had with the other in the efforts made to get the IGA resolved and the ability to work together to achieve that goal even when the two sides did not see eye to eye.

B. Salmon Harbor Management Committee:

Jerry: Hopes that the work on the RV expansion starts soon, would like to see it started before he is no longer on the SHMC.

C. Douglas County Board of Commissioners:

Chris: Wanted to clarify that the Douglas County Commissioners are making every effort to not violate the public meeting law. Examples given included when two County Commissioners are attending the same SHMC meeting. He explained that all three Commissioners wanted to be informed of what is happening in Salmon Harbor and it's that interest alone that would bring two or possibly all three to the same meeting(s). He pointed out they also make a conscious decision to not carpool from Roseburg when they do attend meetings or functions.

D. Staff:

Savannah: SHMC meetings are not on a regular schedule at this time, what is the best way to notify the appointed Douglas County Commissioner. Chris said to notify him when they know and he would mark it on his calendar.

V. Citizen Participation:

(Comments limited to 5 minutes)

Joe Coyne: Mentioned changes that had been made to the IGA and asked for specifics by version.

VI. Meeting Adjourned:

In closing, Steve Reese thanked everyone for attending and participating.

The Joint Meeting was adjourned at 8:42 p.m.

Respectfully Submitted,



**Karen Halstead
Administrative Assistant
Port of Umpqua**