

OREGON INTERNATIONAL PORT OF COOS BAY
Coos Bay, Oregon
REGULAR COMMISSION MEETING
10:00 a.m., Tuesday, December 19, 2023

Port Commission Chambers, 125 Central Avenue, Suite 230, Coos Bay, Oregon 97420

ATTENDANCE

Commission:

Eric Farm, President; Brianna Hanson, Vice President; and Nick Edwards, Commissioner; were present. Kyle ViksneHill, Treasurer; and Kyle Stevens, Secretary; were both excused.

Staff:

John Burns, Chief Executive Officer; Lanelle Comstock, Chief Administrative Officer; Mike Dunning, Chief Port Operations Officer; Megan Richardson, Director of Finance and Accounting; Matt Friesen, Director of External Affairs; Rick Adamek, Director of Asset Management; Ray Dwire, Charleston Marina Manager; and Laura Fortin, Administrative Assistant.

Media & Guests:

Michael Graybill, Steve Miller, and Christine Moffitt.

1. CALL MEETING TO ORDER

President Farm called the meeting to order at 10:01 a.m.

2. INTRODUCTION OF GUESTS AND PORT STAFF

3. PUBLIC COMMENT

Michael Graybill

Mr. Graybill read the following public comment, in which he also provided a hard copy to the Port Commissioners:

In May of 2023 Port staff requested a \$40,000,000 lottery bond allocation from the Oregon legislature to support the Coos Bay Federal navigation channel modification project. This request was in addition to the \$20 million previously awarded in 2007 to the port in support of this project.

The Port's 2023 request was explicitly tied to the need to modify the navigation channel to accommodate the proposed Pacific Connector intermodal container terminal on the North Spit. The port's request letter also explicitly states "We respectfully request a final \$40 million investment, which will serve as matching funds to support Federal investment for this project".

In response to the Port's request, in June 2023, the Oregon Legislature passed HB 5030. (<https://olis.oregonlegislature.gov/liz/2023R1/Downloads/MeasureDocument/HB5030>)

Sections 44-46 of HB 5030 directs the Oregon Business Department to deposit \$20 million of state lottery bond proceeds from the 2023-2025 biennial budget and \$20 million of lottery bond proceeds from the 2025-2027 biennial budget in the Coos Bay Channel Fund, "For distribution to the Oregon International Port of Coos Bay to deepen and widen the Coos Bay Federal Navigation Channel". Further HB 5030 carries approximately \$15 million of unexpended funds allocated in 2007 forward into the 2023-2025 biennium for the purpose of continuing environmental studies tied to the navigation channel expansion.

The state bond funds were appropriated to the Port to serve as a nonfederal match commitment for the federal mega grant tied to the proposed container terminal. With the recent news that the port's proposal was not selected to receive federal funds, there no longer appears to be a need to use the \$55 million appropriation as match for the federal grant submitted in support of the container terminal project.

SECTION 43 of HB 5030 states

"(1) Prior to requesting the issuance of lottery bonds pursuant to this 2023 Act, the Oregon Department of Administrative Services shall review each authorized use of lottery bond proceeds and determine whether the recipient is ready to expend the proceeds for the authorized use.

(2) If the department determines that a recipient is not ready to expend the proceeds for an authorized use, the State Treasurer may not issue lottery bonds under this 2023 Act for the authorized use."

My question to the port commission is:

In the absence of a demonstrated need to use the \$55 million of state fund appropriations as a nonfederal cost share match for the federal mega grant program, How does the port intend to use the state funds appropriated for this purpose?

My request to the Port Commission is:

Back in May the port indicated that more than 90% of the environmental, engineering and design studies related to the navigation channel expansion project funded by the 2007 \$20 million lottery fund appropriation have been completed. These include but are not limited to geotechnical studies, ship simulations, eelgrass inventories and hydrodynamic side slope equilibration studies. I formally request that studies commissioned by the port related to the federal navigation channel expansion be released for public review.

President Farm thanked Mr. Graybill and said he would like to have these requests entered into the new request portal for public record. He asked Mr. Burns when a response would be available to Mr. Graybill. Mr. Burns replied, two weeks.

Steve Miller

Mr. Miller said it is clear that addressing promotion of several big industrial projects on the bay in recent years, even with the enthusiastic support of the Port Administration and almost all of the elected officials

across governments, has not been enough to ensure their development. He said, as a citizen, he encourages the Port to take a hard look at development proposals that will not land so far outside of laws and regulations made to protect the public's natural resources or fail to meet the qualifications of granting agencies to qualify for project grant funding. Mr. Miller said a few opportunities that could be considered include securing funds that would make existing Port facilities and operations more carbon neutral and reduce air pollutants, upgrading the CBRL Diesel Engines to reduce CO2 emissions, seeking grant funding for Estuary restoration, and continuing upgrades to port facilities and properties in Charleston. He asked if choices can be made that won't be so damaging to the natural resource that is already the area's greatest economic resource: our bay.

Christine Moffitt

Ms. Moffitt read the following public comment, in which she also provided a hard copy to the Port Commissioners:

With the news that the 2nd proposal to the Department of Transportation regarding the proposed intermodal container port was not funded. I once again request a copy of this proposal to be shared with us in the community. Only with that document we can finally learn the intended markets and approaches as we heard conflicting information that the destination markets for the imported goods would be the Midwest, but then we heard that the goods would be for Oregon to help us fight inflation. Of particular interest is the nature of the exports proposed for containers that are returned during the loading and offloading process.

My second request is for you to engage in an advisory committee of community members that could hold a constructive dialog regarding revisions to your strategic planning. Our aim is to explain and address opportunities for projects that would enhance the climate resilience of our communities, and strategically build improvements to address the viability of our fishery and recreational economy, such as a wastewater treatment for fish processors, improvements for ship repairs and services, and improved community involvement. There are opportunities to use the knowledge and expertise available in our region to build a robust and resilient community that is focused on improving the functions of our natural systems to benefit all. For example, restoring wetland habitats and enhancing selected tidal areas will help accommodate sea level rise and mitigate the increasing probability of flood flows. The science and engineering behind these activities is proven. All such activities produce jobs, decrease costs for repairs, and enhance training opportunities.

*In conclusion, I urge you to look for projects that do not destroy existing habitat, double the size of the Federal Navigation Channel and developments that pose serious risks to the existing citizens and surrounding communities. Please reflect that the goal of enlarging the Fed Nav Channel has been attached to the **failed** LNG import project, the **failed** export proposal, and of course the two **failed** iterations of the container project.*

I end with the famous quote from Einstein that "insanity is doing the same thing over and over again and expecting different results."

President Farm said he would take Ms. Moffitt's request for the Mega Grant application, and for the advisory committee, and enter them into the public information request portal. He asked Mr. Burns if two weeks was still a good timeline. Mr. Burns replied no, as the DOT must give authority to release the

documents. President Farm said there will be a response in two weeks, however there could still be some delay as the formal grant award announcements are not expected until mid-January.

Mr. Graybill said the ports of Seattle and Tacoma published their grant requests on their websites. He asked why it is not possible for the Port of Coos Bay to do the same. President Farm said the DOT has told the Port of Coos Bay that they do not want the documents released. Mr. Graybill said he was told the documents were to be held during the review process. President Farm said additional information regarding the release should be provided in mid January.

4. PORT PROJECT UPDATE: VAUGHN VIADUCT PROJECT REVIEW

Rick Adamek, the Port's Director of Asset Management, gave a PowerPoint presentation showing the stages and overview of the Vaughn Viaduct Bridge Replacement Project. The presentation provided photos of the various stages of the bridge including conditions before destruction, the demolition, and the reconstruction. West Coast Contractors was contracted to replace the bridge funded with the BUILD Grant. The whole bridge was taken apart and rebuilt in 14 days.

President Farm asked how this project came in on budget. Mr. Adamek said the total contract price was \$6,750,000, which was a little over budget. He said there was one change order to decrease the steel thickness on the new towers in an effort to make a stronger structure with less sway. President Farm asked if there was contingency built in. Mr. Adamek said some will come from Port funds. Commissioner Edwards commented that the project was impressive.

5. CONSENT ITEMS

- A. Approval of November 21, 2023 Regular Commission Meeting Minutes
- B. Approval of November Invoices
- C. Approval of November Contracts Awarded
- D. Monthly Lease Agreements

Upon a motion by Commissioner Hanson (second by Commissioner Edwards), the Board of Commissioners voted to approve the November 21, 2023 Regular Commission Meeting Minutes, November Invoices, November Contracts Awarded and the Monthly Lease Agreements. **Motion Passed Unanimously.** (Ayes: Farm, Hanson, and Edwards. Nays: None).

6. MANAGEMENT REPORTS

All Management Reports were included within the Meeting Packet.

7. ACTION ITEMS/REPORTS

A. **2023Res14: Port of Coos Bay Rate Schedule**

As part of the annual budget process, the Charleston Marina Complex rates are reviewed each year and may be adjusted by the Consumer Price Index (CPI) and/or by market analysis. Each year staff surveys the rates and schedules of comparable facilities.

Charleston Marina RV Park rates are evaluated in December of each year to better serve our summer customers. This ensures that our long-term summer customers do not experience an unknown rate adjustment mid-season.

Port Staff compared similar RV Parks in the region and found the Port’s daily, weekly, and monthly rates continue to be below the market average. Port Staff recommends a rate adjustment of 3.3% per category based on market analysis, capital improvement projects, and overall maintenance needs.

The proposed changes are set forth in the table below. The daily and weekly rates also incur a 1.5% Coos County Lodging Tax and 9.5% Charleston Area Lodging Tax, which are not included in these listed rates.

Rate Type	2023 Rates	Recommended for 2024
Standard Hook Up - Daily	\$46.20	\$47.72
Standard Hook Up - Weekly	\$255.26	\$263.68
Standard Hook Up - Monthly	\$681.45	\$703.94
Deluxe Hook Up - Daily	\$48.51	\$50.11
Deluxe Hook Up - Weekly	\$271.43	\$280.39
Deluxe Hook Up - Monthly	\$720.72	\$744.50
Pull Through Hook Up - Daily	\$51.98	\$53.70
Pull Through Hook Up - Weekly	\$286.44	\$295.89
Pull Through Hook Up - Monthly	\$758.84	\$783.88
Pull Through Deluxe Hook Up - Daily	-	\$57.73
Pull Through Deluxe Hook Up - Weekly	-	\$318.08
Pull Through Deluxe Hook Up - Monthly	-	\$842.67
Yurts - Daily	\$65.84	\$68.02
Yurts - Weekly	\$309.54	\$319.75

The following are additional proposed changes:

- Going forward, due to a demand for larger RV spaces, two standards sites will be combined to create “Pull Through Deluxe” sites. The rates for these sites are listed in the table above.
- Currently, customers may store their RVs in the park during the winter season, unplugged and unoccupied for \$95.00 per month. Going forward, due to customers needing their RV to be plugged in during winter storage to control dampness, RVs in storage may be connected to electrical hookups. The rate for RV Storage will increase to \$125.00 due to the increase in electrical costs.
- An RV sewage dump is available for use by the general public. This rate has not increased since 2016, when it increased \$0.25. To be comparable with other RV dumps, the rate is increasing from \$7.00 to \$15.00.

Pursuant to Port Policy, the Rate Schedule must be modified by resolution of the Port Commission. Upon Commission approval of the resolution, the revised Port of Coos Bay 2023/24 Rate Schedule will be

republished with an effective date of January 1, 2024.

Upon a motion by Commissioner Hanson (second by Commissioner Edwards), the Board of Commissioners voted to approve resolution 2023Res14 revising the 2023/24 Port of Coos Bay Rate Schedule effective January 1, 2024. **Motion Passed Unanimously.** (Ayes: Farm, Hanson, and Edwards. Nays: None).

Commissioner Hanson asked if the increased rates would impact winter occupancy. Mr. Dwire explained that Charleston is still lower in price than comparable parks. He said being lower than the average, he said Charleston should have no problem with occupancy capacity.

B. Assignment of Track Mile for 45G Tax Credit

Port staff has worked with Mickelson & Company in the past to arrange assignment of the Port's Section 45G tax credit on behalf of its 151-track miles of rail line to a third-party Class II railroad for allowable track mile maintenance tax credits.

The Short Line Railroad Rehabilitation and Investment Act, Section 45G of the Internal Revenue Code, creates an incentive for the private sector to invest in rail infrastructure by providing a tax credit of 50 cents for every dollar a railroad spends on track improvements. The credit is based on a track mile formula and is limited to \$3,500 per mile of rail line owned, leased or assigned to such a Class II or Class III railroad at the end of the railroad's taxable year.

Mickelson & Company is able to assign the Port's 151-track miles solely for the purpose of the Section 45G credit for \$2,200 per track mile or \$332,200. The fee for this Agreement of Assignment is \$20,838, which provides the Port with revenue of \$311,362. The funds will be deposited into the Port's General Fund and are used to offset overhead, and other expenses related to the Port's ownership of the rail line.

Mickelson & Company has worked with the Port since 2013 and has provided exemplary service in the marketing and assignment of the Port's 45G Tax Credit.

Upon a motion by Commissioner Edwards (second by Commissioner Hanson), the Board of Commissioners voted to approve the agreement to assign track miles for purpose of receiving tax credit revenue under Section 45G of the Internal Revenue Code, including signature authority for the Port Chief Executive Officer to execute the document. **Motion Passed Unanimously.** (Ayes: Farm, Hanson, and Edwards. Nays: None).

8. PCIP COMMUNITY DEVELOPMENT ALLIANCE

Port Chief Executive Officer, John Burns, gave a PowerPoint Presentation discussing the overview and plans for the Pacific Coast Intermodal Port (PCIP) Community Development Alliance Group (CDA). The PCIP CDA will be an advisory board that will provide insight and feedback on the design, development, and operation of the PCIP. The purpose of the CDA is to integrate community engagement into the decision process. Understanding the community's values and needs will be critical in the ultimate success of the PCIP. Mr. Burns further explained the guiding principles of the CDA are open lines of communications, environmental stewardship, economic development, and cultural preservation. The CDA will be structured with a CDA Board composed of PCIP partners (OIPCB & NorthPoint) and

community stakeholders. Quarterly meetings will be held to review the project and impacts, and to establish task forces. Task Forces will address specific areas such as workforce development.

9. COMMISSION COMMENTS

10. NEXT MEETING DATE – Tuesday, January 16, 2024, 10:00 a.m.

11. ADJOURN

President Farm adjourned the meeting at 10:43 a.m. and entered into Executive Session to:

- (d) conduct deliberations with person designated by the governing body to carry on labor negotiations;
- (e) conduct deliberations with persons designated by the governing body to negotiate real property transactions;
- (g) consider preliminary negotiations involving matters of trade or commerce in which the governing body is in competition with governing bodies in other states or nations;
- (h) consult with counsel concerning the legal rights and duties of a public body with regard to current litigation or litigation likely to be filed;
- (i) review and evaluate the job performance of a chief executive officer, other officers, employees and staff, if the person whose performance is being reviewed and evaluated does not request an open hearing; and
- (j) carry on negotiations under ORS Chapter 293 with private persons or businesses regarding proposed acquisition, exchange or liquidation of public investments.