

**OREGON INTERNATIONAL PORT OF COOS BAY**  
**Coos Bay, Oregon**  
**REGULAR COMMISSION MEETING**  
**11:00 a.m., Tuesday, September 17, 2024**

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

**ATTENDANCE**

**Commission:**

Brianna Hanson, President; Kyle Stevens, Vice President; Kyle ViksneHill, Treasurer; and Nick Edwards, Secretary.

**Staff:**

Lanelle Comstock, Chief Executive 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; Brian Early, General Manager, Coos Bay Rail Line; Ray Dwire, Charleston Marina Manager; Krystal Karcher, Administrative Services Manager; and Amanda Cordova, Administrative Assistant.

**Media & Guests:**

Tom Estes; and Anne Donnelly.

**1. CALL MEETING TO ORDER**

President Hanson called the meeting to order at 11:02 a.m.

**2. INTRODUCTION OF COMMISSIONERS, GUESTS AND PORT STAFF**

**3. PUBLIC COMMENT**

**A. Tom Estes** of the Noyo Dawn vessel based in Fort Bragg, CA, spoke about his experience with the Charleston Ice Plant regarding quality and price of ice in comparison to other ice plants along the West Coast. He stated that the pricing is similar to other ice plants; however, the weight is not. Ice purchased from the Charleston Ice Plant has a higher weight point than other ice plants which causes the price of ice to be higher even with comparable rates. Mr. Estes also stated the quality of ice from the Charleston Ice Plant is second to last when compared to other ice plants on the West Coast. The ice is not as cold which decreases the quality of ice.

President Hanson asked Mr. Estes his opinion on the characteristics of good quality ice. Mr. Estes stated that good quality ice needs to be as cold as possible. Good quality ice becomes frost colored when it is at an appropriate temperature. Mr. Estes stated the Charleston ice is often referred to as “wet ice”. When the ice is being blown onto the boat, he can see water coming out of the tube which indicates it is not as cold as it needs to be.

Commissioner Edwards commented that the Port sold more ice this year than last year and asked Mr. Estes his opinion on where the shrimp will be next year. Mr. Estes responded that the shrimp will be in Coos Bay.

President Hanson asked if there has been a third-party calibration of the scales for the ice plant. Mr. Dwire stated that one of the things the Port has found with the delivery system of ice is that it does not have a scale, it is calibrated to if the delivery system is full at the time. One of the possible solutions is to have staff adjust the ice amount on the ice sales ticket if ice storage is low and scraping the bottom of the bin or there is a blockage, which may register more ice than actually dispensed. Mr. Dwire acknowledged that the Port does need to work on getting the ice colder.

**B. Anne Donnelly** commented on the Port's release of an RFP for a strategic business plan. Ms. Donnelly stated that a strategic business plan is a requirement for any project that may need funding from the state within the next 10 years. Ms. Donnelly stated that the Board of Commissioners lacks a sense of direction which makes it difficult for the Executive Director to establish priorities and a sense of direction. Ms. Donnelly also stated that the Board of Commissioners is an extension of the executive branch in Salem which is focused on PCIP rather than on more feasible economic development opportunities. Ms. Donnelly encouraged the Port to step away from PCIP to focus on serving the community immediately.

#### **4. CONSENT ITEMS**

- A. Approval of August 20, 2024 Regular Commission Meeting Minutes
- B. Approval of September 5, 2024 Special Commission Meeting Minutes
- C. Approval of August Invoices
- D. Approval of August Contracts Awarded

Upon a motion by Commissioner ViksneHill (second by Commissioner Edwards), the Board of Commissioners voted to approve the August 20, 2024 Regular Commission Meeting Minutes, September 5, 2024 Special Commission Meeting Minutes, August Invoices, and August Contracts Awarded. **Motion Passed Unanimously.** (Ayes: Hanson, Stevens, ViksneHill, and Edwards. Nays: None).

#### **5. MANAGEMENT REPORTS**

All Management Reports were included within the Meeting Packet.

#### **6. ACTION ITEMS/REPORTS**

##### **A. FRA Railroad Crossing Elimination Grant Application**

The Port has been working with North Point Development of Kansas City, MO, since March 2021, when the Port and North Point entered into an Exclusive Negotiating Agreement to develop a container terminal on the Port's North Spit property. As part of this development, the project will require the continued upgrading of the Coos Bay Rail Line corridor between Coos Bay and Eugene, the construction of a new eco-friendly Container Terminal, and the planned deepening and widening of the Federal Navigation Channel.

In partnership with the City of Reedsport, Port staff are proposing the construction of a grade separation at the rail crossing on Highway 38 in Reedsport. A recent study conducted by the Oregon Department of Transportation identified potential improvements to the existing at-grade crossing at Highway 38 to help improve traffic flow, provide safe conditions for all roadway users, reduce train warning horn noise, and maintain safe operations for emergency services and stormwater controls. The construction of this proposed elevated highway crossing will be an integral component for the successful implementation of the PCIP project.

Port staff is requesting authorization from the Port Commission to apply for a Railroad Crossing Elimination Grant for engineering, design and permitting with a total project cost not to exceed \$5 million. Matching funds in the amount of \$1 million will be provided by private and state project funds.

Upon a motion by Commissioner ViksneHill (second by Commissioner Edwards), the Board of Commissioners motioned to authorize Port Staff to apply for a Railroad Crossing Elimination Grant for Reedsport Highway 38 for a total project cost not to exceed \$5 million, with a Port pledged match of 20%. **Motion Passed Unanimously.** (Ayes: Hanson, Stevens, ViksneHill, and Edwards. Nays: None).

#### **B. 2024Res10: Line of Credit Extension**

The Port has budgeted to spend over \$20 million in grant funding this fiscal year. The grants awarded to the Port are reimbursable, which means that the funds are provided to the Port only after expenses have been incurred and paid for. The grant agencies have timing rules that prevent the Port from submitting for reimbursement more than once per month. Additionally, the turnaround time for granting agencies to review and submit payment to the Port may take up to sixty days.

In order to maintain cash flow for regular operations and pay the grant related expenses, the Port has been using a working capital line of credit. The current agreement will mature on October 1, 2024. For the Port to maintain operations while funding the aggressive construction schedule needed to meet the spending deadlines of the grants awarded, the agreement will need to be renewed.

Per the agreement, Umpqua Bank will keep \$5,000,000 available to the Port to withdraw for a period of three years. The Port will pay quarterly interest at the rate of the Wall Street Journal Prime (WSJP) minus 1.50% on any borrowed funds. In addition, the Port will pay a commitment fee of 20 bps per annum on the difference between \$5,000,000 and the average outstanding balance. The maximum commitment fee in a year would be \$10,000.

The Port will withdraw funds to cover payment on invoices greater than \$250,000, or as needed depending on bank balances. Repayment will be made as funds are paid by the grant agency. The goal is to minimize the amount of time the Port has funds withdrawn from the credit line to maintain minimal interest fees.

Upon a motion by Commissioner Edwards (second by Commissioner Stevens), the Board of Commissioners motioned to approve resolution 2024Res10 authorizing Chief Executive Officer Lanelle Comstock to negotiate the terms, execute and deliver a \$5,000,000 working capital line of credit loan agreement with Umpqua Bank. **Motion Passed Unanimously.** (Ayes: Hanson, Stevens, ViksneHill, and Edwards. Nays: None).

### C. 2024Res11: Declaration of Emergency: Bridge at MP750.46

On August 20, 2024, Port staff was notified that the timber bents supporting the steel girders were failing on the bridge at MP750.46, which will affect the useability of the bridge.

On September 4, 2024, upon further inspection, CBRL and Port staff, along with Scott Partney Construction, determined an immediate need to replace the timber posts supporting the steel girders and repair three of the four steel beam seats on the steel section of the bridge.

Until permanent repairs are made, a 5 MPH slow order has been placed on the bridge and the bridge is being monitored for the need to further reduce speeds or entirely remove the bridge from service. Without timely repairs, the bridge may be removed from service, and due to the 4–6-week lead time to purchase the pressure treated timbers, CBRL customers would be without service for an excessive amount of time.

On September 4, 2024, Chief Executive Officer Lanelle Comstock declared an emergency and authorized the Port to enter into a sole source contract with Scott Partney Construction to perform the repairs to the timber support bents to resolve this emergency condition. Scott Partney Construction has extensive construction knowledge of timber and steel bridge repairs and has the ability and work force to repair the bents in the time frame necessary to limit the rail down time. Scott Partney Construction immediately procured the pressure treated timbers and Stantec immediately began the engineering plans for repair design.

The estimated contracted price of the timber repairs is \$88,000 and the estimated price of the steel repairs is \$20,000.

Scott Partney Construction will expeditiously replace the posts and beam seats to ensure bridge safety and continuity of train service.

Upon a motion by Commissioner ViksneHill (second by Commissioner Edwards), the Board of Commissioners motioned to adopt resolution 2024Res11 ratifying the Declaration of Emergency for emergency span repairs on the timber and steel bridge located at MP 750.46. **Motion Passed Unanimously.** (Ayes: Hanson, Stevens, ViksneHill, and Edwards. Nays: None).

### D. Building #30 Roof Replacement Change Order

The Oregon International Port of Coos Bay owns Building #30, in the Charleston Marina Complex. As owner of the building, the Port retains responsibility for capital repairs and maintenance of the structure. Over the past few years, Port Staff and Contractors have attempted to patch the existing roof with no success. The Port budgeted \$80,000.00 in FY 2024-2025 to replace the roof. An RFQ was sent out to local contractors in May 2024 and Daryl Rodgers Construction was the apparent low bidder. Daryl Rodgers Construction is a local contractor with the needed experience to conduct the work outlined in the RFQ, so a contract was negotiated with Daryl Rodgers Construction in the amount of \$94,488.64. Per the RFQ, the bid also included an additional “per sheet” price on replacing bad sub-sheeting (4’x8’), “per rafter tail” price, and “per foot price” for Facia Replacement.

Upon removal of the north side of the roof, it was discovered that over 90% of the sub-sheeting needed replacement. Speculating that the remaining uncovered sub-sheeting will also be of the same condition, it is estimated that the project cost will be increased in the amount of approximately \$40,000.00 which

exceeds the CEO spending authority for the Public Improvement Contract and exceeds the 25% change order limit authority of the CEO. Any exceedance outside of the Chief Executive Officer authority must be authorized by the Board of Commissioners for the Oregon International Port of Coos Bay, acting as its own local contract review board.

Upon a motion by Commissioner Edwards (second by Commissioner ViksneHill), the Board of Commissioners motioned to authorize Lanelle Comstock, Chief Executive Officer, to authorize a change order for the public improvement contract with Daryl Rodgers Construction for the amount of \$40,000.00, with a total project cost of \$134,488.64, to replace the roof for Building #30 in the Charleston Marina Complex. **Motion Passed Unanimously.** (Ayes: Hanson, Stevens, ViksneHill, and Edwards. Nays: None).

## 7. OTHER

### A. Discussion of Ice Rates

Ms. Comstock provided financial reports to the Board of Commissioners for the Ice Plant to display revenues, expenses, and tons sold over the last four fiscal years. Ms. Comstock also informed the Commissioners that Mr. Dwire will be providing an Ice Plant update about the chlorine levels and fans.

Mr. Dwire stated that the Port has experienced a chlorine issue in the water. The Ice Plant uses water treated by the Coos Bay North Bend Water Board. The Water Board aims for 3.1 parts per million chlorine in the water, with an acceptable level being under 4.0 parts per million. Upon testing the water at the Ice Plant, Mr. Dwire stated that the chlorine level was at 3.1 parts per million. Once the salt is introduced, the level of chlorine is raised to 4.9 parts per million which puts it over the acceptable level for contact. Mr. Dwire stated that the Water Board provided the Port with five years of monthly testing data which showed a chlorine range of 0.5 parts per million to 3.1 parts per million, with an average of 1.5 parts per million. Mr. Dwire stated one of the options to lower chlorine levels at the ice plant is to have the chlorine removed from the water before introducing the salt. Mr. Dwire has made contact with three local contractors and is currently waiting for bids, speculating the cost will be about \$20,000 for the new filtration system.

President Hanson asked if it would make sense to not use the City of Coos Bay water in place of adding a filtration system. Mr. Dwire stated that not using City water is another option, informing the Commission that other ice plants on the West Coast extract their water right out of the bay. Mr. Dwire stated that with the option of using the water from the bay, there would be additional treatment steps that may need to take place to remove any contaminants.

Commissioner Edwards asked if there is any chance that the Water Board will reduce the amount of chlorine in their treatment. Mr. Dwire stated that the Water Board will not change their processing for the Port's request and the best avenue would be to reduce the amount of chlorine using a filtration system at the Ice Plant. Going forward, the Port will also be using additional monitoring of the chlorine levels through testing kits.

Mr. Dwire stated the Ice Plant currently has fan issues and HVAC repairs that were not successful. Mr. Dwire stated that of the eight cooling fans within the ice bin, only three of them are functioning. The new fans have recently been received and the Port is waiting for the technician to install them, which should keep the Ice Plant as cold as is required.

Mr. Edwards asked if the Port is seeing corrosion on the electronics within the Ice Plant. Mr. Dwire stated that the electronics are not showing corrosion, however, the fans look as if they have wiring issues.

President Hanson asked if Mr. Dwire has information on the ice prices. Mr. Dwire stated that the discussion on not considering the debt services when pricing ice is a decision the Commission will need to make. Mr. Dwire stated that an option to decrease debt is shutting down the Ice Plant in the wintertime; however, even if the Ice Plant is not running there is still a monthly power bill of over \$2,500 because of the demand system. During operations, the electricity bill can be upwards of \$7,000 a month.

Commissioner ViksneHill asked if the Ice Plant is not able to cover its debt service. Mr. Dwire stated that the price of the ice does not include the debt service. Mr. Dwire stated that he believes last year it cost about \$180 per ton of ice to run the Ice Plant, but the ice was being sold for \$100 a ton. Commissioner ViksneHill stated that upon looking at the rough numbers, the revenue is not enough to cover the debt service, let alone operating cost. Commissioner ViksneHill asked if the Port were to drop the price of ice, what volume would need to be sold to reduce the unit cost. Mr. Dwire stated that he does not have an exact number, but the volume sold this season has been much higher than in years past.

President Hanson asked what the “other expense” on the Ice Plant financial report is. Ms. Richardson stated that the expense included an insurance claim and capital repairs on the condenser fans. President Hanson stated there are two options: increasing the cost of ice or increasing the scale of operations. Ms. Comstock stated the Port will run calculations to see the tons required to sell if the price was lowered to \$75 or \$80.

Mr. Dwire stated that the Ice Plant currently runs for three to four days at a time and then needs to be shut down for a day to allow the ice sales to catch up. The Port can make more ice than is sold. Commissioner Stevens asked what the capacity of the Ice Plant is. Mr. Dwire stated that the Ice Plant can hold 150 tons in the ice bin and can make about five tons an hour.

Mr. Dwire asked the Commission what acceptable ice for the fishermen would be. Commissioner Edwards stated that getting the correct volume of ice is important. Mr. Dwire stated that he will have NorthStar look at the calibration of the machinery. The weight sold is based on a full delivery tube. If the delivery tube is not full, such as because of a block or scraping the bottom of the bin, it will record as a higher tonnage sold.

Ms. Comstock stated that it appears Hallmark Fisheries charges \$80 per ton and asked Commissioner Edwards if that is a negotiated price for his vessel or the same rate for everybody. Commissioner Edwards stated that it is the same for everybody; however, the fisherman that fish directly for Hallmark are not charged for ice.

President Hanson agreed that having a third party come in and calibrate for scale is necessary. Commissioner Edwards asked Mr. Dwire if a higher output fan would be beneficial. Mr. Dwire stated that the fans the Port currently has are the only ones available to fit the system installed. President Hanson stated from the discussion there are three items that will need a decision: (1) a filtration system for the water or switching to bay water, (2) looking into calibration of the scales, and (3) modeling ice prices and tonnage at different rates.

## **8. COMMISSION COMMENTS**

President Hanson stated this is her last meeting after serving over eleven years on the Board. Commissioner Stevens will be stepping into the role of President. She stated that Commissioners Stevens is willing to put in the effort to figure out exactly what the issues are and help resolve them. Commissioner Edwards thanked President Hanson for her years with the Commission and her willingness to listen to the issues. Ms. Comstock stated that during the past three months with Ms. Hanson as President that the Commission has been more engaged, involved, and knowledge hungry.

**9. NEXT MEETING DATE** – Tuesday, October 15, 2024, 11:00 a.m.

## **10. ADJOURN**

President Hanson adjourned the meeting at 11:59 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;
- (f) consider information or records that are exempt by law from public inspection;
- (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; and
- (j) carry on negotiations under ORS Chapter 293 with private persons or businesses regarding proposed acquisition, exchange or liquidation of public investments.