

OREGON INTERNATIONAL PORT OF COOS BAY

Coos Bay, Oregon

COMMISSION WORK SESSION MEETING

10:00 a.m., Tuesday, March 7, 2023

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

ATTENDANCE

Commission:

Eric Farm, President; Kyle Stevens, Secretary; and Nick Edwards, Commissioner were present. Kyle ViksneHill, Treasurer, attended via Zoom. Brianna Hanson, Vice President was 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; Margaret Barber, Director of External Affairs and Business Development; Rick Adamek, Director of Asset Management; Steve Bawn, Charleston Marina Manager; and Laura Fortin, Administrative Assistant.

Media & Guests:

Kari Silva, Rex Leach, Anne Bellomy, and Christine Moffett.

1. CALL MEETING TO ORDER

President Farm called the meeting to order at 10:02 a.m.

2. INTRODUCTION OF GUESTS AND PORT STAFF

3. DISCUSSION

A. Wind Energy

President Farm reported that he, Mr. Burns, and Commissioner Edwards attended the Offshore Wind Conference in Portland. He said he now has a good sense of where the process is at and some of the proponents and opponents of the project. President Farm shared a Power Point slide showing a timeline of the BOEM Commercial Offshore Wind Authorization Process: Construction and Operations Plan. The timeline begins with a three-year Planning & Analysis phase, a one-year Leasing phase, a four-to-five-year Site Assessment phase, and a Construction & Operations two-to-three-year final phase. He explained the project is currently in the first phase of this process. President Farm said Environmental Impact Studies are done in the Assessment phase. He said his assessment was that there were two camps at the conference, a non-fossil fuel energy support, and environmental interests and Tribal interests who were more hesitant of unknown impacts.

Commissioner Edwards said this was the first time he had seen the Tribes attend the conference. The Attorney for the Confederated Tribe provided a ten-minute presentation requesting a government-to-

government consultation with the Tribes. He said the meeting was very informative with attendees from around the world promoting offshore wind.

Commissioner Edwards shared documents and maps with the Commissioners, showing areas of constraints and of no constraints for the call area. President Farm reviewed the provided maps, comparing the Coos Bay to the Brookings call area.

President Farm said the Port sent a letter to BOEM in June 2022, which did not address specific requests in the Trawl Commission's resolution, but it had the intent. The question is whether or not the Port needs to rewrite the letter with stronger wording.

In regard to the resolution, President Farm said he is concerned about requesting to push the call area outside the 1300 meters as it could impact other industries, such as recreational tuna fishing. He said he is hesitant to set a specific area without knowing what the impact would be in those areas. President Farm said the resolution also requested to do a full EIS prior to setting the lease areas, which he believes would be hard for the Port to make substantive comments not knowing exact locations of the call area. He said he feels the Port can be most effective when BOEM gets to the environmental review process. President Farm also thinks all environmental, economic, and social factors must be considered, which will limit the call areas.

Commissioner Stevens said he thinks the Port would benefit from being potential landlords as companies are going to lease Port property to build the wind energy infrastructure and there are community benefit dollars to be gained. He said to release an opposition statement would be counter intuitive. He said he understands this will affect business and fishing, but the Port is not fishing. The Port has been open to container terminals and other projects that have come to the area, so he doesn't understand why the Port would take a stance on any side, especially without listening to the proponents. President Farm clarified he is not saying the Port is proposed or opposed to the project, and he agrees the public and local community needs to be involved in the conversation. President Farm said community benefits that will be negotiated into the lease should also be considered. He said the intent of the letter to BOEM was that the Port will move forward cautiously and understand the process and impacts before making a determination. Commissioner Stevens said he just wanted to see the Port approach it openly as they have done with any other project in the past.

Commissioner Edwards said in the packet of documents he gave to the Commissioners are copies of the letters from the congressional representatives. He said the resolution letter is not against Offshore Wind, but about the process. Commissioner Edwards said there has been discussion about this resolution letter and how to generate a different letter with the same message that doesn't put the Port in a different standpoint. He said it is his opinion that by signing the letter, the Port is supporting the Coastal Legislators.

Commissioner ViksneHill said the Coquille Tribe has not taken any action on the letter either and he is not aware of the reasons for that. President Farm said the message he received from the Confederated Tribes is that they expect to be consulted and if it impacts them, they will not support the project.

President Farm said the current leases on the East Coast, in the New York area, and in California, are areas where energy is limited. The Coos Bay area may not have the same needs locally or regionally. This project is going to need a significant proponent and public support to move forward through the timeline.

President Farm asked if the letter the Port sent to BOEM should be recirculated and edited. Commissioner Stevens asked what the advantage or need is for submitting another letter. Mr. Burns said he thinks the Port can give more appointive direction to BOEM and DOE as to what the expectations are that the Port has in regards to their “behavior” in the process, and how the Port has expectations that they are going to do the right things on a timely basis, and they are going to be conclusive of those individuals and entities that have a vested interest in our coastal waters. President Farm stated the Port is not advocating for or against the project at this point but is requesting the process is followed through.

Mr. Burns said the Port has always worked on creating a fine-tuned balance between the economy, the environment, and traditions, and the approach to this project should be no different. These three components need to be kept in tune with one another, and one should not be overridden by another simply because it is convenient or easy.

President Farm asked Mr. Burns to potentially edit the letter and have the Commissioners review the letter prior to the next Board Meeting and then the Commission can finalize edits at that meeting. He said it is being requested that the letter have stronger language as to what the Port’s expectations are.

B. Charleston Infrastructure Projects

President Farm said the last work session gave a good recap on the Charleston Marina Complex projects, capital improvement projects, and maintenance needs. He said the Charleston Marina Complex is a multimillion-dollar unfunded obligation to the Port, as there are enough funds to operate the facilities, but not enough to do full maintenance. He said the Port will have to seek outside funds in order to maintain the facilities and assets unless a mega project is able to produce enough revenues internally. He said the Port has loans, grants and State or Federal funds, but the use of these funds are narrowly defined.

President Farm asked if the Port had four million dollars, should the Port spend the money on maintenance and repairs or should the money be set aside for a large future project (the marine ways or to buy a larger travel lift). Commissioner Stevens said the perception is that the Port is not taking care of the assets it has and instead is focusing on bigger or potential projects. He said caring for current assets should have equal priority to the large potential projects that are being focused on.

Commissioner Stevens asked if there is a prioritized list from the public. Mr. Burns said the common concerns of the community are the same of the staff. He said it is not a matter of lack of desire or willingness to do these repairs, it is funding. Mr. Burns said when applying for a loan or grant or funds set in statute, the Port has to be extremely specific to what the funds are being asked for. Grantors look at the cost and the benefit, and loans are generally very project specific.

Commissioner Edwards said the 2013 Charleston Master Plan concluded the top priority in the Shipyard was to fix the marine ways. He said it’s only a matter of time until the rail is inoperable and there are 17 vessels that have a need for this service in Charleston. He said the Crescent City marine ways are no longer used and Fred Wahl has a four to six month wait.

Commissioner Stevens said the Port is providing a benefit to the community as the marine ways is not profitable enough to pay for itself. President Farm said a vision for the Shipyard needs to be determined: should the Shipyard accommodate very large vessels such as Alaskan fishing vessels, or should it focus on the Charleston fleet, which is a much smaller subset. He said there are 20 boats that cannot be lifted by the current 100-ton travel lift. If the current travel lift were to be extended and widened, the number

would decrease to 10 or 15. A 200-ton travel lift would haul every boat moored in Charleston out of the water. Mr. Burns said a 200-ton Travel Lift is about 1.5 million dollars.

Commissioner Edwards said other facilities, like Fred Wahl and Toledo, gained their travel lifts through Connect Oregon grants. He said he would like the Port to develop a plan and ask for the same. He said the Port might have a good chance at getting awarded these grants.

President Farm said if loans are acquired, then loans must be paid back. He questioned how much customers would be willing to pay for services, which could be two or three times the current cost.

In regard to the marine ways, Mr. Dunning said the Port has made multiple attempts and purchased material in the past to assist Giddings with the marine ways. Per the lease agreement, the Port is not required to maintain the marine ways. Giddings's low lease rate is because they are responsible to take care of the marine ways. Regarding the travel lift, Mr. Dunning said there is more to consider than just modifying the slip, as engineers have said the cap has to be significantly strengthened, which could require eight more inches of asphalt though out the Shipyard. Mr. Dunning said the entire project could ultimately cost 4.5 million dollars.

Public-private partnership is an option in the Shipyard. Mr. Burns provided an example of public-private partnership. He said the fuel dock in Charleston is a leased property where DEQ wanted the expired fuel tanks removed. In order for the lessee to continue business, the Port entered into an agreement with the lessee that allowed him to recoup his investment of replacing the tanks. Mr. Burns said this is the quintessential public-private partnership. The Port owned the facility, but the owner operator of the business had to bring something into the equation to allow the business to thrive. Commissioner Edwards said he would like to revisit a public-private partnership with Giddings to see if they would be interested.

The Commission discussed the limited space for expansion in the Shipyard. Steve Bawn said if the travel lift slip is expanded, vessel storage space will significantly be lost.

Mr. Burns said there are numerous environmental requirements being put on the fish processing community and he is concerned about the future of the processing industry in Charleston. He questioned how much money to invest with the possibility of industries changing in the future. Commissioner Edwards discussed the effects of losing the processors in Oregon. Mr. Burns said the Port has been working with the seafood processors in Charleston over the past two years to develop a biproduct facility that will allow them to meet DEQ requirements.

President Farm said he has concerns with selling the Shipyard. He said if the Port decides to sell the Shipyard, an open competitive bid may displace a current long-term lessee of the Shipyard, and an unknown potential buyer could be a risk. President Farm said there are environmental issues with the cap which could reduce the value of the sale, and he questioned what type of covenants should be placed in the agreement and how those would be enforced. President Farm said just because the Port cannot fund all capital projects does not mean the Port should sell.

Commissioner Stevens said he would like to see what the price increase would be with a new travel lift. President Farm said just to pay off the lift, not including all the other needed improvements, the cost would double to haul out. President Farm said finding out how much boat owners would pay to haul out is critical in the decision of how to move forward.

President Farm said he appreciated everyone's time and efforts to bring these conversations to the table.

Mr. Burns thanked the staff, as the staff works very hard to accommodate as much as possibly can be done, regardless of what the perception may be.

Mr. Farm said he will submit an updated draft of the letter to BOEM to Mr. Burns for editing and/or review prior to the next meeting.

4. **NEXT MEETING DATE** – Tuesday, March 21, 2023, 10:00 a.m.

5. **ADJOURN**

President Farm adjourned the meeting at 11:51 a.m.