



PORT OF NEHALEM

P. O. Box 476
Nehalem, OR 97131-0476

PORT OF NEHALEM BOARD MEETING October 28th, 2015

CALL TO ORDER:

President Jim Peters called the meeting to order at 7:30 p.m.

Roll Call – Commissioners present: Rick Dart, Terry Fullan, Jim Peters and Loren Remy.
Pledge of Allegiance.

Public Present: Steve Huber, Jack Weichal, Tim Troutman, Jacob Honke, Dave Devault, Dave Bell, Paul Sunderland, Mark Tellhed, and Jack Thayer. Secretary: Karrie Purdom.

1. ADMINISTRATION

- A. Minutes of September 23rd, 2015 Board Meeting – Approved 4-0: Rick, Terry, Loren, & Jim.
- B. Minutes of September 23rd, 2015 Executive Session – Approved 4-0: Rick, Terry, Loren, & Jim.
- C. Financial Statement for September 2015 – Approved 4-0: Rick, Terry, Loren, & Jim.
- D. Bills for September 2015 – Approved 4-0: Rick, Terry, Loren, & Jim.
- E. Channel Crew:
 - 1. Gregory: It was determined to have Rick talk to Clint about beaching the tug to view the needs for the tug to be pulled. After determining the needs, the Port will contact Leo Kuntz for an estimate on the work needed.
 - 2. River: None

2. OLD BUSINESS

- A. OPPA – Loren reported a lot of the talk was regarding how to apply for grants which wasn't applicable to our needs. Kirk Jarvey is proposing a new concept to the DSL for a permit for navigational access maintenance dredging. Loren passed out literature regarding this idea. The other proposal they're drafting is called the advanced piling credit mitigation program. He explained that for every old piling that we pull out, we get a credit to install a new piling as they're needed, with DSL approval on location. Terry commented on his view of the conference noting it to be a positive experience with good information.

B. Advisory Committee – Jim said he didn't really have much to discuss on this tonight. Jim asked Karrie if the ads had been run. Karrie replied, she had not received any ad drafts from anyone to run. Jim said he'd write something up to send to the papers.

C. CD – Karrie requested a vote from the board to designate funds. She explained it was advised to split the funds into 3 funds of 6, 9, & 18 months. In the event rates increase, this will allow us to take advantage of increases as opposed to putting it all into a locked long term account. It was determined to divide the funds into 3 accounts. 1/3 to TLC for 6 months, 1/3 to TLC for 9 months and 1/3 to Cetera/Columbia Bank for 18 months. Vote passed unanimously 4-0 Terry, Loren, Rick and Jim.

D. RTI Lease – Karrie explained the rent from RTI was \$1092.74 per month. We owe them a refund for 9 months at a total of \$9834.66.

Rick commented he was baffled, wondering why RTI cancelled their lease and requested a rental refund. Especially after having discussions with Bill Dillard a couple of months ago, and reported back to the commission that Bill was not enthralled with the proposal of sharing the space and that if the Port pursued this plan they would not continue the lease. Rick further stated that he came back and reported that to the commission, noting that Bill also relayed this to Karrie and she substantiated this at the same meeting. Rick continued that at that meeting we voted to reaffirm to use the office we were currently renovating, and to not pursue the RTI warehouse anymore. So it came as quite a surprise to hear from Clint, the day after the September meeting, that RTI was there pulling everything out of the warehouse. So I called Idaho to find out what was going on. I spoke with Sue Chase, explaining my concern as Treasurer, that the termination of the lease would be a negative financial impact on the Port. After discussion with Ms. Chase, I received an email, and for the public's knowledge I'd like to read it:

“Hi Rick, I got the scoop so to speak regarding the warehouse lease. Apparently, Jim Peters did visit Bill Dillard and stated the Port of Nehalem wanted to use a portion of the warehouse for office/quarters etc. During the discussion, Bill Dillard stated that if this happened according to the description the warehouse really wouldn't be very useful for RTI's purposes. Bill went down to the warehouse and saw paint on the floor marking out rooms/doorways/office space etc. An RTI owner happened to be in town and he visited the warehouse as well and saw the markings on the floor (sort of outline blueprint for rooms/doors/office and such.) When he told our GM at headquarters in Idaho about the circumstances, our GM said to clear everything out and we would terminate the lease. So to answer your question, yes, RTI did feel as if we were being forced out. However, upon inspection of the warehouse (he cleaned and swept the warehouse and said there wasn't a smell?) he saw that the inventory and all equipment were obsolete and fully depreciated and doubted if we really needed the space. If not prodded, we probably would have continued using the space, but once the owner saw the inventory, it simply further spurred the action to vacate.” Susan Chase

Rick continued that we have three years left of mortgage payments on the property. The rental income from this lease and the residence would have continued to contribute to paying off the mortgage on the property. Now we are going to be short \$13,000.00 a year out of our working capital. Rick continued, a

couple of things that really bother me is that we had voted several times and reaffirmed that we were going to use the renovated office and not pursue the warehouse. That is clearly not what happened. Consequently, if you had not stuck your foot in the door, RTI would still be renting the building. Rick noted that he spoke with Bill Dillard today and he stated that yes, we probably would have had no reason to move out, we probably would have been renting that building for the next 3-4 years. So consequently, I do not understand when there is a vote of the commission and it was not followed, and the actions taken were done without the approval of the commission, and as far as transparency on this, I did not have a clue you were doing this, Lindy didn't have a clue you were doing this, I don't know if Terry knew what you were doing down there. Evidently, someone believes they can do something without the approval of the full commission and the consequences of this are detrimental. We don't clear \$30,000.00 after we budget for all of our expenses; we barely have \$30,000.00 in working capital. Now \$9,800.00, is going away back to Idaho. So that further diminishes our financial situation. Next year will be a loss of \$13,000.00 unless we find someone new to lease it for the same amount. If the idea is still to put an office/meeting room in there, then you are definitely suspending \$13,000.00 a year for anticipated revenue that we lost in this fiasco. So yes, I have a problem and I'd like clarification and an explanation of why, even though we voted to not pursue the warehouse, why was it pursued.

Jim said, you're looking at me. Rick replied, your name was on the email. Jim replied, he was not going to argue but will try to answer his question. Jim continued that when he and Loren approached Bill Dillard, it was to ask what their problem was with the fact that they didn't want us to go in and share the space. Bill told them, he never had a problem with that. So Loren and I decided to take another look at the idea because we're at a turning point and have to be out of NCRD by the end of the year. Jim said Bill also told them that their management is going to get them moved out sometime in the next year. Jim said that he firmly believes that we should have our office and meeting space all in one location. Jim stated that he is not going to agree that his action is what made RTI move out. Rick stated that is in direct conflict with what Bill Dillard told him today, and what was written in the email. Jim stated that neither he nor Loren told Bill they were going to take part of the space, they went to the warehouse and marked out on the floor what they want to use and asked Bill if he would consider it. We had previously tabled the idea of using the space and agreed we wouldn't proceed without knowing the costs. Rick commented that at the September meeting that he was unable to attend, Jim and Loren presented cost estimates and the next day is when RTI moved out.

Community member Tim Troutman asked Jim if it was before or after the board voted, that he was down marking the floors. Jim replied it was after. Tim said that what Rick is saying is that you knew it would create conflict but you did it anyway and now its cost the Port \$13,000.00 a year. Tim continued that RTI could have been there for years, but with your actions, that you voted on not to do, now we know they're gone. You firmed it up. Tim continued that guys like Don Cameron, Dale Stockton and Rick Dart have run this Port showing that

they're making money, not losing it. Hearing you wanted to build an office/meeting space for \$250,000.00. Mark Tellhed commented that he was here when the discussion was made on the new office and as a member of the budget committee, the commission at that time said we shouldn't be spending our money on a new building, but saving and spending on channel maintenance. I was also here when the board discussed creating an office out of the detached spare room of the rental apartment. Everyone said that was all we really needed and it was voted on by the board. So I guess where my frustration comes in, is that you make all these decisions and vote, but apparently they don't mean anything because you then go in and try to finagle a deal for sharing space. Don't say you weren't trying to push them out. When you start to paint lines on the floor, that sends a clear message. As tax payers we're saying we want the Port to follow the mission statement for maintenance of the Nehalem channel. Now you've reduced the monetary benefits to the Port by making a stupid move on something that had already been voted on not to do. Jim stated that could be arguable, but he's not going to take the time to do so tonight. Paul Sunderland said he has the same concern, questioning how is the Port choosing to use the money it has and for what benefits. Paul asked Jim, is it a fact that fixing up the spare apartment room was what the Port decided to do, and not pursue the warehouse? Was that the decision made by the board? Jim replied, yes it was. Paul asked, then why mess with a piece of property that's under a lease and providing income to the Port? Jim replied, that last May we decided to convert the spare room for an office, but as time went on the costs kept growing and growing, so some of us thought for that expense we could build a space in the warehouse. Rick replied, we had already budgeted \$10,000.00 for the spare room conversion and have only exceeded that amount by \$700.00 which was for architectural drawings for a concrete ramp, which we don't even need. Paul Sunderland continued to question why was the warehouse pursued after the board voted against it, noting also that the community has plenty of meeting spaces available for a minimal cost. In his opinion that's a whole lot cheaper than building a meeting space for once a month. Paul continued that this is an unfortunate situation and it sounds like decisions were made to pursue things even though as a group you made the decision to negate that, and now you got caught, at a cost to the Port. Jim said lets turn it into a positive, they were paying \$0.45 per sq ft. lets rent it out for \$1.00 a sq ft. Paul said that's a lot different than turning it into a meeting place and office space. Rick commented that the board discussed the idea to, at a later date down the road if the need arose or there was a time and place that we would need to enlarge they would look into the possibility then. This was not the case, we hadn't even moved into our new office yet before you guys started to go out on your own. Loren stated he disagrees. Loren said we agreed to look at this, and see what the costs would be, when we looked at it, to put a ramp in wasn't going to be \$10,000.00 but rather \$16,000 – 17,000.00.

Rick said he wanted to address that because he had a long talk with Loenard Brogden, the county building inspector prior to the September board meeting because he was fed up with the mis-information and delays, so he went to Leonards office and talked to him. Rick said, Leonard was not happy to see me,

he came to the counter and I introduced myself from the Port and told him I had some questions to be clarified. Before I could even ask, Leonard said you guys haven't moved into the office yet? I said no and we need some clarification because we have a commissioner that believes we need a building permit. Leonard said we do not need a building permit, we haven't done anything structurally to involve needing one. I asked if we needed an occupancy permit, he said we do not need one because we don't need a building permit. I asked about the ADA, he said he has already emailed the Port and spoken to a commissioner concerning the ADA compliance and you do not need to comply with ADA. He said if you want to put in a ramp, fine, but you are not required. Rick asked him about the federal requirements. Leonard said the feds don't have anything to do with it. The compliance application for ADA is strictly done through the Tillamook County Building Dept. Leonard continued that the Port has not risen to the level of compliance requirements. Noting if we were to enlarge the office or change its use to more occupancy, we would then have to make accommodations for ADA access. At this point you do not need it. Rick asked, is there any reason we cannot move into that office? Leonard said absolutely not, you should have been in it three months ago.

Jim asked if the board was going to vote to refund RTI the \$9,834.66. Rick made a motion to approve the refund, Loren second the motion. Motion passed unanimously 4-0 Terry, Loren, Rick and Jim.

3. NEW BUSINESS:

A. Jim discussed the current mission statement suggesting using Greg Jenks to update the strategic business plan and mission statement. It was decided to inquire what Greg's fee will be. Karrie will contact Greg to request an estimate.

4. PUBLIC COMMENTS: Tim Troutman asked how many meetings does th Port hold and how many people usually attend? Because when Karrie walked in, she made the comment about it being a big turnout and there were only five people in here at the time. Loren said this is a pretty good turn out, and that it happened a couple of months ago too. Tim commented there seems to be a lot of turmoil over having a meeting with only ten people, it seems like you've gone to huge extremes and cost the Port a lot of money. Rick commented it costs the Port \$10.00 a month to rent this meeting space from NCRD. Tim commented it just doesn't make sense to him, the actions that have been taken, noting that the Port is about the community and the river, and not about big business, or a corporation to make money. I don't think that's what the Ports about. Loren described other Ports as being more involved and doing pretty well financially. Loren noted that for us, the fishermen who come here don't really spend a lot of money in the community when they're here. Jacob Hanke disagreed with Loren noting fisherman are a huge contributor to the bars, hotels, restaurants, and Sports Camp. They spend a lot of money in this community. Steve Huber asked what does it mean when the Port wants to ad goals to the mission statement? Jim replied, strategic goals, and any ideas we might want to add. Steve commented that when he was here the Port had a budget of a million dollars. Jim replied the reason the funds are now at \$654,000.00 is due to the expensive costs of the dredging. Steve commented that while you guys talk about warehouses, I'm more

concerned about dredging. I live in the flood way and if I can't dredge, I need the Port to dredge. So wasting money away on this and that, is really concerning. Jim explained that the Port is now looking at the sedimentation buildup in the river that could require in the future a dredge. Steve said the Port needs to make sure there's enough money available. Jim replied the Port doesn't have the money it will take, but the Ports intention is to request from the state and employ the USACE to contribute to the cause, noting this is something we'll be working on for the next couple of years.

5. COMMISSIONER COMMENTS:

6. ADJOURN REGULAR MEETING: 9:11 P.M.

Attest _____
Secretary

Approved _____
President