1. **CALL TO ORDER AND ROLL CALL**

A Special Meeting of the Port of Brookings Harbor Board of Commissioners was held on January 10, 2017 in the Port of Brookings Harbor office conference space, in Harbor, Oregon. Chairman Roy Davis called the meeting to order at 5:00pm. Other Commissioners present were Roger Thompson, Sharon Hartung & Tim Patterson. Also present was Port Manager Gary Dehlinger. Vice Chair Sue Gold was absent.

1. **APPROVAL OF AGENDA**

Chairman Davis suggested a revision of the agenda by adding discussion items: b) Surplus Items of the Port and c) Scheduling of events. Commissioner Thompson made the motion to adopt the revised agenda. Commissioner Hartung seconded. Voting Yes: unanimous.

1. **APPROVAL OF MINUTES**

None.

1. **DISCUSSION ITEMS**
	1. **Closing of Cold Storage**

Port Manager Gary Dehlinger provided an overview of the status of the cold storage and ice house facilities: “The highlighted sections are the areas I added that I feel were missing from our accounting system. The configuration of the compressors we have, it’s difficult to gauge the cost for each since the cold storage and ice house are connected, so I split them 50/50. Our current accounting does not show depreciation or equipment replacement costs, so I added them on the second column, on the six month projection. Also, our current costs don’t show administration, so I did a projection on that as well, and then I added labor to add staff and proper maintenance of equipment that we’re not doing currently. So our current cost to make ice, is roughly the same as what we’re selling for. But if the accounting is done as I have explained, the cost is almost double. I used the same method to calculate the cost of the cold storage, and the costs are way off; they’re about double. The cost would be about a $1.00 per lb, vs $0.03 per lb, if you want to break even. I’ll let Mike chime in before I do my recommendations.”

Roger Thompson: “I got a question. Administration costs – If we don’t have them, are you going to lay off someone to cut costs?”

Gary Dehlinger: “Probably not.”

Roger Thompson: “How do you put costs to that when you’re not going to cut costs by eliminating personnel?”

Roy Davis: “I think what he’s saying Roger is that he’s going to show the true cost in the report.”

Roger Thompson: “I understand that, but it’s not a true cost and it’s not going to help.

Gary Dehlinger: “Part of the costs is insurance -”

Roger Thompson: “Insurance is a fixed cost – “

Gary Dehlinger: “Yeah, but it’s not showing up in the accounting for cold storage. Aso, we have a $19,000.00 quarterly payment that does not reflect on the cold storage. So the Port is having all these costs, yet these true costs are not showing up in the report.”

Roger Thompson: “But if you shut down the cold storage, you’re still going to have the $19,00.00 payment, that doesn’t go away. It’s a fixed cost.”

Gary Dehlinger: “But your dollar per pound should reflect all of that.”

Roger Thompson: “If you look at shutting it down, the only thing you’re going to save is the variable costs. Unless you don’t put any insurance on it, then you save that. All the other costs are going to go on just exactly the same.

Gary Dehlinger: “Not the electric bill.”

Roger Thompson: “That’s a variable cost.”

Tim Patterson: “Well, we do have depreciation, which we’re considering that to be replacement costs.

Gary Dehlinger: “We’re not saving any money. We have zero dollars on replacement costs. We have zero dollars on infrastructure. We’re not saving money properly, we’re just spending it like crazy. The money is not managed properly.

Tim Patterson: “How is that going to improve once we shut it down?”

Gary Dehlinger: “We don’t have to manage it.”

Roger Thompson: “As long as we cover our variable costs, it should keep running.”

Gary Dehlinger: “Between the cold storage and ice house the electric cost per month is approximately $8,000.00. But we’re not managing it properly, and we’re not maintain it properly, so if you want to manage it properly, and you include labor and repairs, you’re going to spend a lot more money. The true costs are in the second column. If you want to raise the rates to break even, go ahead. But who is going to paying $1.60 per (not audible) for ice?”

Mike Manning: “I’ll chime in for a second. Don Mann came to me last year to see if I would consider taking on the cold storage and managing it, and taking operations over for the Port. I spent a fair amount of time looking at the numbers. I reviewed the meter readings, I went to Coos Curry Electric and talked with them about it, and I’m not interested in managing your cold storage and ice plant, because it won’t make money. The current configuration will not allow a private business to make money. The ice plant is sorely lacking to meet OSHA requirements to be a safe work environment; it’s unfinished; the equipment is 35 years old, at the end of its life cycle; it doesn’t have any soft starts on anything. Everything is old fashioned, big motors, 75 horse, we pay a premium for that. We pay an $1800-$2500 per month surcharge because of the power required. I did all of this for me, to look at it to see if I could make it work. I could put a new compressor system in, with a new ice maker, state-of-the-art, that would mean a reduced rate through the power company, because it doesn’t have massive power consumption, they have soft starts, variable frequency drives – that’s about $105,000. It doesn’t solve the fact that the ice plant delivery system, the building has never been finished, insulated – to redo something, the cost is exponential. For about $175,000 I could put a system in my existing building, and serve ice to my boats. Quotes I received to fix the ice plant and bring it up to code, were around $300,000. So, I came back to Don and I told him that I’m not interested because it’s not a viable business unit. The cold storage – I’m the largest user this year, with a substantial amount of product over the summer – to the best of my ability, it’s about $5,000 per month just for cold storage. Cold storage will hold about 200,00 right now after we restructured it, single level, with a maximum stacked package. If you charge the going rate for cold storage going in, $0.03 per pound, it’s $6,000. So it barely covers your electric bill. And that’s only if you filled it up to maximum capacity the first day. The next month, if it’s still full, at $0.02 per pound, that’s $4,000 and you’re going backwards. That’s not counting labor, rent, maintenance, or anything else. That’s just the electric. The cheapest I’ve found so far is $75000 for pallet racking, that would allow you to double tier it, which would make it way more efficient. The electric should come down with that, because it holds the temperature. But nobody has the money and there’s no guarantee you’d have that much product. I’ve spent a fair amount of time getting quotes, and it’s all sized wrong – it’s inefficient. It’s about $250,000 for a new condenser, evaporator, and everything the way it should be. It would cut the electric costs in half, but it would take a long time to pay back that initial investment. So basically I told Don Mann that I am not interested in managing those because they won’t work.

Roger Thompson: “You talked about putting in your own ice machine. Would that be big enough to service the fleet in this harbor, in the normal year of dragging.

Mike Manning: “Probably not.”

Roger Thompson: “If we don’t have the ice here for boats, there is Crescent City and Coos Bay. If they can’t get ice here, they’re not going to want to deliver here. We don’t get any poundage fee, so the amount of product coming over the docks, means nothing to the Port. Would any of the boats leave permanently if they can’t get ice here?”

Willy Goergen: “Absolutely. Also, does the Port still get federal funds for dredging based on the poundage that comes across the docks?

Gary Dehlinger: “No, we do not get any cash.”

Roger Thompson: “We’re a port of refuge, so they’re going to keep this port open.”

Gary Dehlinger: “Regardless, if you get money for dredging, you have to use that money for dredging.”

Tim Patterson: “Could you increase the size of the potential ice plant you would build?

Mike Manning: “Yes, if I had the footprint and the money.”

Tim Patterson: “If we shut down the cold storage, you’re the primary user. What would you do?”

Mike Manning: “I would store what I could for now, and truck the rest; I have product in storage up and down the coast. It would only be inconvenient for me.”

Tim Patterson: “What if we went in with you on the ice plant, to get the sizing right, if you were willing to supply the commercial fleet with ice?

Mike Manning: “I’m not really interested in a partnership, but we could discuss that at a later date.

Roy Davis: “So what effect would closing down the cold storage alone have on operations?”

Mike Manning: “Well, it would affect a lot of the local fisherman, not to mention the people who work in the cold storage. It’s not life or death, but there would definitely be a backlash because it does affect people.”

Gary Dehlinger: “We have serious OSHA problems at the ice house. To put anyone in the ice house right now, is a safety violation. If somebody gets hurt, it’s going to be the board’s problem. We have no money to fix the OSHA problems. You need to understand the seriousness of the current configuration of the ice house.

Tim Patterson: “If we have to shut down the ice plant due to imminent risk, so be it. But I’d like to find an alternative solution, be it leasing another ice plant or something.”

Roger Thompson: “Mike if you put in your ice plant. How much more capacity would Brookings need to serve its fleet through shrimp season?”

Mike Manning: “I’d have to research it. You’d probably have to put another ice house in, the same size as the one I would build.”

Roger Thompson: “So for $200,000 we can put an ice plant in the existing area, and then we’d be able to run the cold storage and ice hou-“

Mike Manning: “No, you’d never be able to have those two facilities together.”

Will Goergen: “It doesn’t benefit you to supply ice to the commercial fleet?”

Mike Manning: “No, not really. I’m not in the ice business. Don Mann asked me to come to this meeting to explain why I did not want to manage or take control of the ice house and cold storage. I employee 40 people; we’re here every day, and I could use a cold storage facility. But I ran the numbers, and it would not work.”

Tim Patterson: “Is there a retrofit that would work for you?”

Mike Manning: “Let me be perfectly clear: I’m here to make money. It’s not in my best interest to make everyone else successful. The bottom line is that if you do get an ice house the way it is supposed to be; you’re going to have employees that are specifically trained and certified to work in that environment.”

Gary Dehlinger: “And you have to pay them a high wage. The Port does not have the money to do this. I wish we did. But we don’t; we have zero money to fix the slopes, to fix the fuel dock, to fix the regular docks; I don’t know how much more I can say that we have zero money. My recommendation is to sell this ice house to whomever wants to buy it. The Port needs to take care of the Port first. Our infrastructure is falling apart; we have no money to paint this building; we have no money to do the roof. I know we all want to get another loan, but we just missed the last payment to IFA. They’ve asked me what we’re going to do to get back on that payment; we always miss the first and second payments, every year, because we have no money.

Tim Patterson: “If we want to cut the ice plant, it might make things worse.”

Gary Dehlinger: “If you want to keep the ice plant, then I’m going to have to cut everybody because I can’t make payroll.”

Roger Thompson: Well, maybe that’s what should happen. All I’ve heard since you’ve been around here is that the sky is falling. Well this son of a bitch has been around here for a long time.”

Roy Davis: “For the first time in 20 years we’re hearing the truth! He’s telling you the truth! We don’t have any money Roger.”

Mike Manning: “If the ice plant shuts down, Crescent City [the nearest one] won’t be able to meet the demand of our fleet.”

Willy Goergen: “This isn’t the first time the Port has had an ice issue. There was an issue before ’93, and then they built this ice house. It seems that over time, there have been a lot of bad decisions over the years. It has not been maintained at all and now it’s impossible to fix. 8 fishing families got together to build that ice house because they needed ice, maybe that’s what they’ll have to do again.

Roger Thompson: “I’m not at all against shutting down the cold storage and ice plant temporarily. But I think we should have a backup plan; either look into the costs of leasing an ice plant or somehow building a new one.

Mike Manning: “You can get portable ice plants that are modular. They are assembled easily and some of them are expandable.”

Roger Thompson: “I think we need to look at that. I think we need an ice plant, but not so much a cold storage. We can’t sacrifice an ice plant for the cold storage.”

Tim Patterson: “What about forming a committee for this particular problem?”

Roger Thompson: “If it’s full capacity, how much ice will this place make a day?”

Gary Dehlinger: “36 tons a day, if you run it 24/7. But you’re lucky if you get 12 hours with the equipment we have.

Mike Manning: “If you were to build a new ice plant, you’d need a 40 ton system with 100 ton storage. (You’d need two 20 ton systems, because building one giant system is not cost effective).

Roger Thompson: “So if we were to lease an ice plant the size that we would need, how much would that reduce our electricity costs?”

Mike Manning: “About half.”

Roy Davis: “So do we want to direct the Port Manager to get quotes on portable ice plants? And in the meantime what are we going to do about the liability issues?

Gary Dehlinger: “I have one more recommendation for the board, why not offer the land for a private company to come in a build an ice house for the fleet? Why can’t the Port just be a landlord? The Port doesn’t need to be in the ice business.”

Roger Thompson: “I don’t have any problem with looking into that.”

Tim Patterson: “That would be fine if we could find that customer.”

Uknown: “This is the same stuff that shut down the ice plant in Eureka. Systems were antiquated and when they came in to retrofit everything and get it up to code, it just wasn’t worth it. They shut it down.”

Tim Patterson: “Does anybody have a better plan?”

Roger Thompson: “I’d like to make motion that he [the Port Manager] explore options of leasing a 40 ton ice plant with a 100 ton bin, and look for a private party interested in buying the property for the purpose of building an ice plant.

Tim Patterson: “I second that.” [The board unanimously agreed.]

Roger Thompson: “Do we want to shut it down now? What kind of notice do we need to give people to get their product out?”

Mike Manning: “At least 30 days. Maybe more for other customers.”

Tim Patterson: “If we shut down the ice plant, how risky is it to run the cold storage?”

Gary Dehlinger: “It’s the same because it’s all connected. So do you want me to stop spending money now? Because I’m planning on spending more money on the ice house.”

Roger Thompson: “I say we just stop the ice house.”

Mike Manning: “Well not that I want to help my competitors, but you should notify the other seafood companies as well.”

Roger Thompson: “We should be able to have a modular unit here before April, which is when shrimp season starts.”

Roy Davis: “I think that’s the way to go. Shut it all down at the end of February. Look into leasing a portable ice plant. If a private party comes in down the road, that’s great.

Roger Thompson: “So I make a motion that we shut down the cold storage and ice plant on February 28th, 2016.”

Tim Patterson: “Second.”

Voting Yes: Unanimous.

* 1. **Revise the surplus items of the Port**

Gary Dehlinger: “Most of these have already been approved, but we’ve added some. I’d like to auction them off by way of a sealed-bid auction. I’d like to start with a minimum amount of what a scrap guy would pay to take it, and then put an ad in the paper to auction it off, and whomever has the highest bid will have to get it off Port property within a certain amount of time. The Chantal C for example. The Port truck.

Tim Patterson: “I motion that we authorize the sealed-bid auction of the Port surplus items.”

Sharon Hartung: “I second.”

Voting Yes: Unanimous.

* 1. **The Events Calendar**

Gary Dehlinger: “No events came in for January until May 26th. In May, we have two proposals for the Party and the Port, and the car show that same weekend. In June, the Saturday Market is going on and the Pirate Productions want to do a Bacon Fest. Chetco Brewing wants to do Saturday Market.”

Roger Thompson: “How’s the conflict going to work out with events proposed for the same day as certain Saturday Markets? If you have the Saturday Market and then we allow another event that same weekend, what happens to you? The Saturday Market people can pay the bigger fee to participate in the other event. They can decide to participate in the event at the different rate.

Gary Dehlinger: “In July, there’s a proposed Beer Festival by the same people doing the Saturday Market. The Kite Festival is at the kite field so it’s not a conflict. In August, we have the Pirate Festival. Also, Chetco Brewing and Pirate Productions both want to do Slam’n Salmon.

Roger Thompson: “What about CASA? They turned in an application.”

Gary Dehlinger: “No they didn’t. We do not have one on file.”

Roy Davis: “We’ll discuss this further and vote at the next meeting.”

Agreed.

1. **PUBLIC COMMENTS**

None.

1. **COMMISSIONERS REPORT**
2. **ADJOURNMENT**

The meeting was unanimously adjourned at 6:11p.m.