

# Port Updates Newport Council On Terminal Project



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By Kiera Morgan

The city of Newport city council and the Port of Newport commissioners held a joint meeting on Friday. Part of the discussion included an update on

the Port International Terminal Project. Kevin Greenwood Port General Manager told the council that the majority of their facilities run in the black, with the exception right now of the international terminal. Port Commissioner Ken Brown reported that increasing the cargo at the terminal should not affect the fishing industry that utilizes the dock space. "There will be plenty of room for both uses. The unique factor is that we are going to be if not the only, one of the few ports that has International shipping and fishing mixed together at the same facility. No one else does that."

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Port Commissioner Steve Beck explained that the port will be able to do a lot more for the fishermen and the community when they getting shipping going. “Loosing money on the International Terminal is really putting a lot of things on the back burner. We are doing what we can with the cash flow that we have but we should be able to have a positive cash flow once we have shipping we will be a couple of hundred thousand dollars above where we are currently today.”

He said each shipment will bring in about \$80,000 in tariff revenue. Kevin stated that this will also create about 50 new jobs. Plus the trickle down benefits. The cargo ships will be on a schedule so it will allow for coordination between them and the fishing fleet. The port is currently working to complete the needed funding for getting that work started. Port commissioners told the council they are anxious to get the area developed in order to increase jobs and economic development in Newport.

Provided that the Port of Newport's log export operation is developed in a manner that optimizes healthy competition in log markets, it will fill a currently unmet need for private forestland owners within 50 miles of the central Oregon coast, an area that represents approximately one-third of the fastest growing forestland in the State of Oregon.

### C. Relevant Strategic Considerations.

In making the multiple policy decisions associated with providing access to log export markets, the Port of Newport must be guided by both its primary mission to create jobs and promote economic development and its obligation to pursue this mission in a fiscally responsible fashion. Given these overarching objectives, the Port should strive to enter the log export market in a way that maximizes job creation and economic development while generating an adequate return on the more than \$20 million investment in the new international terminal.

As the last public port in the Douglas fir region stretching from Eureka, California to Vancouver, British Columbia to enter the log export market, there are a number of takeaways from the experiences of other public ports that are worth reviewing. The major strategic policy choices facing the Port of Newport include how to create optimal competitive market conditions, the role of the Port's tariff which imposes costs on log exporters while generating revenues to the Port and the public debate over the impact of log exports on domestic wood products producers. Each of these policy issues is discussed below.

#### 1. How to create optimal competitive conditions in affected log markets?

Based upon discussions with multiple experts throughout the wood products and maritime industries, the major takeaway is that the Port of Newport should avoid granting any type of exclusive access to its facilities to a single log exporter. This is exactly what Teevin/Hancock/TPT sought in negotiations that began in late 2012 and which the Port Commission has so far rejected. The current effort to provide access both to Teevin/Hancock/TPT and to Alcan Forest Products is far preferable for several reasons.

Competing exporters utilizing the Port of Newport's new terminal will both increase the log prices paid to private log sellers and overall log throughput at the Port of Newport. The prices paid to area log sellers will be higher because the competition between TPT and Alcan will result in both exporters earning only a competitive margin on the logs each purchases. In those areas where a port has granted an exclusive, the log exporter is in a position to extract a share of the differential between export and domestic log prices that is unavailable in a more competitive situation. The net result is that local forestland owners receive more competitive prices which in the aggregate spurs more

# Port Of Newport Not On The List For Connect Oregon

**TOPICS:**[Board Of Commissioners \(BOC\)](#)[Connect Oregon](#)[Federal Economic Development Administration](#)[Hampton Affiliates](#)[Kevin Greenwood](#)[Newport](#)[Port Of Newport](#)

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By Kiera Morgan

Port of Newport General Manager Kevin Greenwood told the Port Board of Commissioners that they are out of the running for funding from the Connect Oregon Grant in this cycle. He said they are going to continue to work with the state representatives and work with the consultants regarding the port terminal staging area and are looking to see if other state or Federal funding might be available. According to Greenwood the project was hurt by the Hampton Affiliates who have mills in Warrenton, Tillamook and Willamina.

He said “they did an effective job of wrongly classifying the port’s project as one that would export jobs instead of creating them locally.” This is not the case Greenwood said as the staging project would create jobs along the coast. “This is a job creator for not just Newport but for the whole central Oregon Coast. This would utilize a small percentage of the forest inventory within 50-miles of Newport and it would create the potential for other products to be shipped out from Newport including finished lumber products and recyclable paper products.”

Greenwood added “now we need to work hard to counter the negative and incorrect information that Hampton Affiliates has been saying about the project.” Greenwood told the port commissioners that not being able to move forward will have long term ramifications for the port. He said “the money that would come in from having the staging area and the shipping tied to it would go to help to make much needed repairs to the fishing docks and other Port infrastructure.”

The port is now working with the Federal Economic Development Administration and they have about a 50/50 chance of getting some additional federal funding needed to complete the project, which will still require a non-federal match of 2-million to complete. Greenwood added they are not giving up on the project, but not receiving the funding has been a setback.

## Port Dock 5 Needs Repairs

**TOPICS:**[Port Dock 5](#)[Port Of Newport](#)

## Port Dock 5 Pier Replacement Project

- Newport's commercial fishing fleet is the largest and among the most impactful in the State of Oregon.
- According to the National Marine Fisheries Service (NMFS), Newport has ranked in the top five west coast ports for annual landings of seafood for the past decade; Newport's fishing industry led the West Coast in 2014 with 124 million pounds.
- NMFS data also shows that Newport is Oregon's #1 port for the total value of fish landed, with a total of \$393,600,000 between 2007 and 2016 (most recent year for which data is available).
- During that time period, Newport led the state for 7 out of the 10 years.
- Statistics generated by the Lincoln County Commissioners show that commercial fishing and aquaculture have accounted for 50-54.5% of Lincoln County's total personal income between 2003 and 2012.
- **The Port of Newport's Commercial Marina is the heart of commercial fishing in Lincoln County.**
- At 4,562 linear feet of available moorage, the Port Dock 5 complex is the largest and best operational commercial moorage in the county, and is home to over 65 businesses.
- The Oregon Employment Department reports that Newport accounted for an annual average of more than 300 commercial fishing jobs directly, with a high of 500 jobs in July.
- The bridge from the shore to the floating Port Dock 5 complex is a dilapidated wooden pier of late 1960's vintage called the Port Dock 5 Pier.
- The cores of the wooden pilings supporting the Port Dock 5 Pier have rotted away; many of those pilings are now hollow, and the pier is in danger of failing.
- As a result of the structural degradation of the pier, access to the floating Port Dock 5 complex has been restricted; if the pier is not rebuilt, those restrictions will continue to become more severe, in an attempt to prevent failure of the structure.
- Demand continues to increase for additional commercial fishing businesses to come to Newport, and the configuration and infrastructure in the Port Dock 5 complex has become obsolete and deficient.
- The Port has had to turn away 14 new businesses in the past year due to lack of space and failing infrastructure, which in turn diminishes the Port's opportunity to generate new revenue.

Exhibit E

Excerpts From

The World Newspaper, North Bend... Article by Jullian Ward... Aug. 29, 2017

**Sause Bros. Announce Local Expansion  
Contentions Arise Between Port of Newport and Certain Shipping Companies**

Though this is good news for local economy, Sause Bros. is also motivated to expand its business in places like California and Washington state after the port of Newport rejected a shipping deal for Silvan Bros. and Teevin Bros. contracts were denied.

"We were the barge company to do their work," Caitlin Sause said. "We were projecting to do more work on the Oregon coast with those deals and that has significantly decreased with the port commissioner's decision."

Sause expressed her opinion that the contract rejection wasn't smart, because allowing the two companies in would have increased Newport's economy. Not only that, but she said some of the employees those businesses would have brought in would have been based out of the Coos Bay area.

"This decision is going to greatly reduce revenue to the port and people using the port," she said. "It's a public port but now a port of exclusivity to one industry . . . the fishing industry."

Though she said as a fisherman herself, she is sympathetic to the industry, "however ports can handle more than one industry and all along the west and east coasts ports have proven that."

"It says to me that the port of Newport is saying it is closed for business unless you're one industry they like," she said.

The World reached out to the port of Newport for comment. The port's general manager pro-tem, Aaron Bretz, explained that the contracts at the center of this dispute had terms within them that the port commission found unacceptable.

"Most of the opposition came from users of the terminal," Bretz said. "The concern was about still having access for the terminal in times of when they needed it the most. Folks need to understand that this is not a step away from shipping, just those deals which were not acceptable to the port."

However, Sause said the company is going to have to rethink its strategy on the Oregon coast because "if it's not a friendly business environment, why would you want to do business here? The fact that the ports on the Oregon coast are not being friendly to business is disconcerting and it doesn't paint an optimistic picture for the tug industry."