

MINUTES
PORT OF SIUSLAW COMMISSION
SPECIAL MEETING, WORK SESSION
Tuesday, 22 July 2008

County Commission President Stewart called the joint Work Session of the Port of Siuslaw Board of Commissioners and the Lane County Board of Commissioners to order at 12:55pm in the Surfside Restaurant at Driftwood Shores located at 88416 1st Ave, Florence, Lane County, Oregon.

ATTENDANCE: Port Commission: Commissioner Joshua Greene (Greene), Commissioner John Scott (Scott), Commissioner John Buchanan (Buchanan), Commissioner Bob Thorp (Thorp), Commissioner Bud Saulsgiver (Saulsgiver). County Commission: Faye Stewart (Stewart), Bill Fleenor (Fleenor), Bill Dwyer (Dwyer), Pete Sorenson (Sorenson). Counsel: Port Attorneys John Wolf (Wolf) and Christy Monson (Monson); County Attorney Marc Kardell (Kardell). Staff: Port Manager Mark Freeman (Freeman), Port Recording Secretary Susy Lacer (Lacer); County Property Management Officer Jeff Turk (Turk), County Administrator Jeff Spartz (Spartz), County Recording Secretary Melissa Zimmer (Zimmer). Audience: Bob Sneddon of KCST Radio.

PURPOSE: The purpose of this work session was to take a tour of the Pacific View Industrial Park (PVIP) and to have a discussion concerning existing deed restrictions on ownership transfer of the parcel.

Freeman provided an orientation and overview of the site at the Port office beginning at 10:25am. Group introductions were made. The group traveled to the Industrial Park and toured the property from the upper access off Kingwood Street / Pacific View Drive and the lower access off Rhododendron Drive. Property boundaries and utility locations were described. Thorp joined the group at the Industrial Park. At 11:40am the group left the Industrial Park and traveled to the Surfside Restaurant for lunch. Sorenson joined the group at the restaurant.

Following lunch, Stewart opened the discussion meeting and thanked the Port for hosting the meeting.

Freeman stated the Port would like to see the property developed and that he would like direction from the County on what developments they will require before the property can belong solely to the Port.

Stewart requested a second round of introductions to accommodate Sorenson and Thorp.

Stewart stated all members present at the meeting, with the exception of Turk, were not part of the original contract for transfer of ownership of the parcel. Stewart asked if there was a plan for development at that point? Sorenson stated a deal was made by former Commissioners on both sides and now the intent of the agreement is unclear to all. Dwyer stated he believed the City of Florence has a plan for development of the PVIP and that the Port should request a copy of that plan from the City. Greene stated he had no knowledge of a plan and did not believe a plan exists for the Park based on his 8 years of experience as a Port Commissioner. Dwyer stated the City

would not have built laterals without a plan and that he would like to see a copy of any plan that did exist.

Greene asked what Dwyer would recommend for the site? Dwyer stated industrial land is in short supply, especially river-view industrial land. He believes the best use would be as industrial land. Dwyer stated the problem is that the County still has title to the land and that the Port and County had an agreement—now it's been 17 years and the land is still not developed. Dwyer asked how the two groups could come out of this situation to allow the Port to maximize what they have done so far and allow the County to feel like they have benefited from their decision. Dwyer stated he did not want to be adversarial and he did not want to waste the public's money on lawyers. Dwyer stated since the property is currently tax-foreclosed the County would only get 9cents per dollar if the County had to take the land back and sell it. Dwyer stated he would like to find a mutually beneficial solution.

Stewart stated it was impossible to recreate a past intent for the property and that he didn't want to make the situation difficult for anyone. He asked if the solution was to re-do the contract? Stewart stated he believes there was a plan for development of the Park and to sell lots, however, that didn't happen. Stewart stated now the goal is to get the property sold and back on the tax roles. Stewart suggested when the property is sold the County takes 10%, for instance, and everyone moves forward. Stewart suggested it would be a burden for the Port to come up with a \$250,000, for instance, buyout right now. Stewart stated he wants to create jobs with the property. Fleenor stated 10% of the appraised property value would be about \$160,000, and that he likes that approach to the problem.

Buchanan declared a potential conflict of interest due to funding connections between the County and Siuslaw Valley Fire and Rescue District.

Sorenson stated the need for a clarifying agreement. He believes the focus should be on economic development because all parties have that in common. Sorenson suggested asking the Port Manager and the County Administrator to work out an agreement that would spell out what happens when the property sells and what percentage would go to the County. Sorenson stated he would like a percentage agreement because that would make a clear understanding for all. He stated he has been on the Board for 12 years and he has been dealing with this issue for all of that time. He would like the issue resolved.

Fleenor asked if the payment was done on a full cost basis if the funds could go back into the general fund? Turk stated he did not know. Turk stated that initially this property was to be a Port asset with long term management, and that now the Port plans to sell the property and the County would get a percentage of the sale. Turk asked what the Port plans to do with the property, keep it long term or short term? Turk stated the Port needs a plan/vision for the property. Dwyer stated Ports exist to acquire assets and manage them and that the Port needs to make a plan for the property. He asked what role the Port envisions? Dwyer stated he likes the idea of Turk and Freeman working out a deal, with input from the Commissioners.

Fleenor stated he agreed with Dwyer's approach and the County needs to determine the full cost recovery amount, with interest, and a plan for payment, with interest. Fleenor stated he would like to have a timeframe for the Port to pay the funds

one way or another, for instance if the land sells receive 10% or if it's leased, receive money over time, perhaps 5-10 years.

Greene stated the Port has found it difficult to own and develop the Port's boardwalk property. He stated the Port intends to focus on the Industrial Park and he would like a plan today to walk out with. Greene stated he does not want to tie up Staff again. He stated the Port does not have a focus for the IP property right now, but the Port would like a specific agreement regarding transfer of the property so that the Port can move forward with it. Greene stated he does not want the Port's future action(s) on the property subject to the County's approval.

Sorenson asked what value the County would put on the reversionary clause, for instance, \$250,000 at 4% interest from today? He stated that figure could be used at any time and at any sale the Port would owe all of the funds. Freeman stated he would like a clear agreement. Dwyer stated the need to figure out the cost.

Kardell stated if they want the money to go to the County, it would need to be put into Parks because otherwise the money would need to go to various tax districts. Sorenson stated it would benefit the County to declare it as Park property so that the full amount could be kept for the County. Sorenson stated that would require Staff to work on the project, the County to declare it as a Park, a reversion, then pay \$250,000. Dwyer stated the County would have to work with the City. Turk stated the County must have concurrence with the City to declare the IP as a County Park, since the land is within the City.

Wolf stated if the cost recovery were made in a lump sum the funds wouldn't have to be shared throughout districts. Greene clarified the property would go the Port after its reversion from Park land. Sorenson stated all the funds would go to the state if the land wasn't part of Parks.

Fleenor asked if a solution couldn't be arrived at more quickly if the County declared a cost recovery and completed the agreement? Fleenor stated that might be easier than dealing with the City to declare the land as Park.

Dwyer stated the parties should meet again in 90 days. Turk asked if the County just wants their money regardless? Or does the property need to be developed as industrial property for a set number of years? Sorenson stated the longer the County insists the property be industrial and the economy dictates for other commercial uses, the more difficult it is for the Port to sell and/or lease the property. Sorenson stated it is better to agree on an amount and get the County out of the property as soon as possible. Sorenson stated he would like the land declared as Park land to allow the County to retain the funds, then the Port would have full control of the property and the two parties would just need to agree on the amount.

Fleenor stated he agreed with Sorenson, although he questioned if the declaration of Park land was essential? Sorenson stated the benefit to using the Park declaration would be that 100% of the funds are kept for Lane County, otherwise the County would receive about 9 cents for every dollar. Fleenor asked if a full cost recovery was done would 100% of the funds go to the general fund?

Stewart stated the discussion was getting too detailed and that the goal was to find a way to get the property into the Port's hands. He stated he would like to see a percentage or dollar value and come to an agreement. Stewart suggested letting legal counsel work out the details.

Sorenson stated he wants to simplify the process. He suggested taking the amount as a second mortgage on the land and let it ride with the property until it's sold. Wolf asked if a cost recovery were done, could the County keep all of the funds? Legal counsel was unsure of the answer. Sorenson stated the parties need to agree on an amount. Wolf stated if the recovery funds could be kept 100%, that should be included in the contract. Sorenson stated the longer the delay, the worse for everyone.

Stewart adjourned the work session at 1:43pm

President

Attest