

City of Fort Smith
Port Authority Special Meeting
11:30 a.m. August 6, 2019
Bank OZK Building
5401 Rogers Avenue
Fort Smith, Arkansas

MINUTES

The Fort Smith Port Authority held a special meeting at 11:30 a.m. on Tuesday, August 6, 2019 at the Bank OZK building, 5401 Rogers Avenue, Fort Smith, Arkansas.

The meeting was called to order by Larry Combs, chairperson, at 11:41 a.m. and a quorum was noted present. Other Port Authority members present were Philip Doss and Chad Lane. Eddie Norman and Dustin Collyge were absent. Others present were Marty Shell and Wesley Daniel of Five Rivers Distribution and Jeff Dingman of the City of Fort Smith.

Mr. Combs noted that the meeting was called at the request of Five Rivers Distribution for the express purpose of securing the Port Authority's authorization to start demolition and reconstruction of the public Port of Fort Smith at 200 Navy Road. Upon being asked to elaborate, Mr. Shell noted that the report from the insurance adjuster Young & Associates detailing flood damage to the various facilities at the Port of Fort Smith was made available last week and he has studied it in detail ever since, holding the belief that the work necessary for cleanup, demolition and reconstruction of an operable port facility can be achieved within the reported damage estimate of \$3,938,462.31. As the lease agreement between the Port Authority and Five Rivers Distribution requires that the Port Authority authorize any restoration work to be done with insurance proceeds, Mr. Shell asked for the meeting to obtain such authorization to start demolition and rebuilding processes.

Mr. Dingman noted that he prepared the proposed resolution included in the meeting packet to include provisions authorizing the cleanup, demolition, and reconstruction of the damaged port facilities. Upon further consideration, however, recommends that while cleanup and demolition could proceed at this time, the Port Authority should withhold authorization for reconstruction efforts until such reconstruction project can be better defined by a design professional (such as an engineer/architect) and go through the proper procurement processes for demolition, design, and construction services. Further, Mr. Dingman noted that while the insurance adjuster's damage estimate has been delivered, neither the city nor the Port Authority itself has actually received the payment of insurance proceeds from this claim, and until that time, the amount paid on the claim is still uncertain. Therefore, the Port Authority has no funds other than what is currently in its Operating Account to pay for any demolition or cleanup

efforts, much less reconstruction, so any authorization of such should be made with that in mind.

Mr. Doss asked that the Port Authority take some time to look at the insurance adjuster's report, which was distributed in the agenda packet for this meeting. The report details damages to each facility, and summarizes all of the damages totaling the \$3.9 million noted above, and all recognized that the funds have not yet actually been received. The report states that it is a damage/repair estimate only, not an authorization to repair. While payment is expected soon, there is no firm schedule as to when the payment will come.

Mr. Dingman noted the Port Authority's responsibility to evaluate whether the port facility gets rebuilt or not, and if so, how it should be configured and rebuilt. All members in attendance indicated support for rebuilding the Port of Fort Smith. Still, there is a process the public agency must follow in order to properly administer such a construction project. Both the Port Authority and Five Rivers want the facility up and running as soon as possible, but the process the public agency must follow will not facilitate the quick turnaround that a private entity would typically enjoy. The business interest of a private entity, while an important consideration, does not necessarily constitute an emergency situation for the public agency to justify emergency procurement procedures for rebuilding this facility.

Mr. Doss reiterated that the actual amount of disbursement from the insurance carrier is still unknown, which makes it difficult to have discussion about or issue authorization to start spending the money. Mr. Shell noted that the numbers will move around some based on actual cost to cleanup and rebuild. Mr. Dingman replied that certain amount of the dollars received will go toward cleanup, while the remaining amount will go toward reconstruction of the two bulk storage warehouses, the office space, scales and other facilities following normal procurement procedures.

After further discussion indicating support for pursuing proposals for demolition at this time but reserving any discussion regarding reconstruction or rebuilding to a later date, there was no action taken on the resolution as presented in the packet. Instead, Mr. Doss moved to authorize Five Rivers Distribution to solicit proposals for demolition of the damaged warehouse facilities at the Port of Fort Smith. Mr. Lane seconded, and the motion carried by a vote of three in favor, zero opposed.

Mr. Combs then asked Mr. Shell how long it would take him to secure written proposals for evaluation, to which he replied he could have them today or tomorrow. After further discussion, the Port Authority agreed to meet at 4:00 p.m. on Wednesday, August 7 at the Bank OZK building to evaluate the proposals for demolition services.

Mr. Dingman then updated the Port Authority on progress for a Request for Public Assistance from FEMA. Such request will be submitted to Arkansas Dept. of Emergency Management today to begin the process, whereby FEMA funds could be available to help with mitigation efforts that might complement the reconstruction of the facility. FEMA funds will not replace or match insurance proceeds for the damage but could help fund parts of the reconstruction project aimed at preventing future flood losses.

Mr. Dingman also noted that the Port Authority's portion of the city's insurance premium for 2019 will be around \$6,500. This will be finalized and invoiced by the city for payment in the near future.

Mr. Shell referenced information he shared earlier in the day regarding a state grant program offered through AEDC and the governor's office for transportation efforts, particularly on the waterway, that could be as much as \$50,000 toward an enhancement project. Mr. Doss moved to authorize Mr. Shell to pursue an application for this grant program on behalf of the Port Authority. Mr. Lane seconded, and the motion carried three votes in favor, zero opposed.

There being no further business before the body, the meeting adjourned at 12:34 pm upon motion by Mr. Lane, second by Mr. Doss, and a unanimous vote.

Respectfully submitted,



Jeff Dingman
Deputy City Administrator
City of Fort Smith, Arkansas