

PORT OF NEWPORT MINUTES

April 23, 2019

Commission 2nd Budget Priorities Work Session

This is not an exact transcript. The audio of the session is available on the Port's website.

Agenda Item

**Audio
Time**

Part 1 of 2

0:00

I. CALL TO ORDER

Commission President Stewart Lamerdin called the Commission 2nd Budget Committee Work Session of the Port of Newport Board of Commissioners to order at 12:00 pm at the South Beach Activities Room, 2120 SE Marine Science Drive, Newport, Oregon.

Commissioners Present: Walter Chuck (Pos. #1), Secretary/Treasurer; Sara Skamser (Pos. #2), Vice President; Stewart Lamerdin (Pos. #3), President; Jeff Lackey (Pos. #4); and Jim Burke (Pos. #5).

Management and Staff: Teri Dresler, Interim General Manager; Aaron Bretz, Director of Operations; Mark Harris, Accounting Supervisor; Becca Bishop, Accounting Specialist; and Karen Hewitt, Administrative Supervisor.

Members of the Public and Media: Heather Mann, Midwater Trawlers Cooperative; and Leigh Habegger, Seafood Harvesters of America.

II. PUBLIC COMMENT

0:11

Heather Mann introduced Leigh Habegger. Mann referred to the recent Commercial Fishing Users Group meeting, where users were favorable to raising rates but some concern has been expressed about the 68% increase at the terminal.

III. CONSIDERATION OF PROPOSED BUDGET

A. FY 2019-20 Budget: Revenue & Expenses by Fund

4:05

Dresler referred to highlights of the packet for context, which has been posted as an addendum to the meeting packet. She said the packet included complete staff proposals including input from the 1st Budget Priorities Work Session. Dresler specifically referred to totals found in the resources and requirements, and reviewed some of the rationale for these numbers. She suggested including a lump sum in the Personnel Services budget to address future wage increases that may be implemented in phases after a market study has been completed. Chuck also mentioned outsourcing work, and Lackey suggested looking for options to gain efficiencies and options for higher wages with fewer benefits. An amount of \$50K was recommended to be included in the budget. Lackey commented it would be up to Paula Miranda to review the market study and make recommendations. There was additional discussion about the budget for staff training, included in materials and services. Dresler suggested a more informed discussion could be had after the budget is approved.

Dresler commented on the budget for grant funds that would only be expended when grants were received. She also highlighted the contracted services budget, added in for a communications consultant, grant writer, project manager for a mitigation plan, and scoping an enterprise resource

program, which is an integrated program for revenue and expenses. Other than the contracted services and utility increases, the proposed budget only exceeded the current fiscal year by 10%. Dresler said that she, Bretz, Harris and Bishop are still reviewing lines to get more clarity, but it was also important to have flexibility in materials and services. She suggested the Commission could put a cap on overall percent increase if preferred.

Dresler referred to pages 35 and 36 in the packet and asked the Commission for direction about priorities, which did include feedback from the 1st Budget Priorities Work Session. She commented that, assuming the Port Dock 5 Pier project moves forward, Bretz's time would be somewhat limited because he would be managing that project for the Port. Dresler reviewed rationale for the proposed priorities and added Miranda would need to work on this with the Commission as well. There was discussion about a targeted ending fund balance, and referenced Todd Kimball's recommendation for \$1.2MM - \$1.5MM.

Burke asked about the large changes in revenue from the current budget. Harris commented that projections were based on actuals and an anticipated increase. He described his work to ensure revenue projections were more accurate. He also reviewed some changes in the reporting categories. There was additional discussion about lease revenue and the annual moorage discount. Harris referred to the different reporting for grant revenue and the construction fund.

There was Commission consensus to add \$50K to personnel services to address potential wage increases, and then generate a plan over the following two years. Dresler confirmed that a Director of Finance and Business Services was included in the personnel budget.

Burke asked about the proposed reduction in the training budget. Harris said last year's budget included a large increase over the prior year which wasn't used. Dresler added this includes crane training. Bretz added the challenge was finding and arranging for training. He added that he plans to contract out for some of the project management at Port Dock 5 Pier, but he will still be involved. Dresler added that staff present were all doing jobs in excess of their job description because of filling gaps in personnel. There was additional discussion about accounting support. Dresler and Bretz also talked about the need for seasonal help and the need for flexibility to hire extra help when needed. Harris referred to the facilities maintenance and reserve fund for repair and maintenance budgeting.

Dresler said that the funds transferred out for capital projects is detailed on page 8. The capital projects can be found on pages 35 and 36. Harris said the contingency balance is \$150K, and has varied over the years; it is a Commission determined amount. After discussion, there was consensus to keep a \$100K contingency. The Commission touched on the ending fund balance, NOAA funds and leases.

B. Debt Service.....

Chuck asked about refinancing long term debt. Harris said the SDAO financial consultant advised it wasn't worth the investment to refinance at this time. Skamser said she had been asked about the percent of funds for the Newport International Terminal (NIT) rebuild was from the State; Dresler said she would provide information.

Part 2 of 2
6:30

C. Resolution Setting Rates, Fees & Charges..... *(1:23:09)

Dresler said the Resolution would be up for approval at the Regular Meeting in May. She reviewed the recommendations from the Commercial Fishing Users Group (CFUG) Committee with the Commission. Bretz shared a recommendation to increase rates for downwind slips at the Recreational Marina. Lackey asked the Commission to consider peak/off peak rates at NIT. Burke said that the management discretion to adjust rates was an opportunity to make changes as needed. He added that the CFUG Committee was receptive to the proposed rates. There was some discussion about the proposed three year increases in commercial moorage. The truck per axle fee was also discussed along with the need to recognize the damage caused by truck traffic. Bretz also addressed his recommendation to leave the fuel surcharge flat and the increase in crane rates at NIT to account for maintenance, replacement and certification. Lamerdin also suggested the administration fee of 5% associated with some fees was too low. Skamsner commented that modernizing systems to help automate service fees would be money well spent.

D. Project Priorities..... *(9:49)

Bretz provided recommendations for priorities, and referred to pages 35 and 36 in the Meeting Packet. He said that the Port Dock 5 Pier construction was 1st priority, and item #2 pile replacement would coincide with that project for mobilization. The other projects were not listed in priority order. There was discussion about the immediacy of need and return on investment expected from the other projects. The Commission considered the need for a plan moving forward to identify what can be accomplished and when. Bretz said mitigation planning would be important in planning for the work in the Commercial Marina. Chuck commented that the electric load centers and storm water issues had been neglected at South Beach, and could potentially impact revenue from the RV Parks and Recreational Marina. Bretz said he would rather evaluate the scope of work before committing resources to the projects. There was consideration of committing dollars to evaluate those projects. Burke asked if grading the 9 acres could be used for storage to generate revenue. Bretz said the goal would be to stabilize the area and make the property in better condition and more marketable, but not an initial revenue generator. There was some discussion on the relative value of the proposed projects for this budget cycle and the need to maintain an appropriate ending fund balance. The Commission asked staff to review the proposed projects and revenue potential, and make a recommendation that would leave an ending fund balance of \$1.2MM.

Dresler reminded the Commission to incorporate the Strategic Business Plan and Capital Facilities Plan in their budget planning. The SBP and annual budget should be consistent. Lamerdin commented that this was a 5-year plan, and Chuck added that even if projects were in the budget, they would only spend if the money was there.

IV. **CONSIDER APPOINTMENT OF GIL SYLVIA TO THE BUDGET COMMITTEE**..... 1:54:00

Dresler said she had spoken with Gil Sylvia, a marine economist at Hatfield Marine Science Center. He was interested in being a part of the budget committed, which would bring the freeholder membership up to four.

A motion was made by Chuck and seconded by Lackey to appoint Gil Sylvia to the Budget Committee. The motion passed 5 – 0.

*out of order
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V. PUBLIC COMMENT

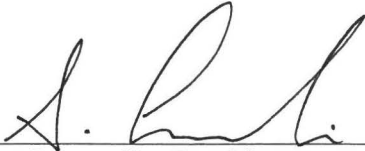
There was no public comment at this time.

VI. ADJOURNMENT

1:55:10

Having no further business, the meeting adjourned at 2:55 pm.

ATTESTED:



Stewart Lamerdin, President



Walter Chuck, Secretary/Treasurer