

March 28, 2022  
6:12 P.M.  
Newport, OR

## **BUDGET COMMITTEE MINUTES**

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

The Port of Newport Budget Committee met on the above date and time virtually via Microsoft Teams. In attendance were Commissioners Burke, Sylvia, Retherford, Lackey, and Chuck and Freeholders Rex Capri and Dave Smith. Also in attendance were General Manager Paula Miranda, Operations Director Aaron Bretz, Finance Director Mark Brown, and Administrative Assistant Gloria Tucker.

### **INTRODUCTIONS**

The Budget Committee members introduced themselves.

### **SELECTION OF BUDGET COMMITTEE CHAIR**

MOTION was made by Chuck, seconded by Lackey, to appoint Capri as the Chair. The motion carried unanimously in a voice vote. Due to technical issues, Chuck and Lackey withdrew their motion.

MOTION was made by Chuck, seconded by Sylvia, to appoint Smith as the Chair. The motion carried unanimously in a voice vote.

### **BUDGET MESSAGE**

Smith introduced the agenda item. Miranda presented the Budget Message included in the packet. Sylvia noted the anticipated cost for some items are up to 13 percent. He asked what those are besides oil-related products. Brown replied they are repair- and maintenance-type budget items. He noted the cost is based on staff experience, and where they currently see increases. He added a lot of the items include petroleum-type products.

### **REVIEW PROPOSED BUDGET**

Smith introduced the agenda item. Brown presented the Proposed Budget included in the packet. Lackey asked if the increase in personnel services is an extra hire. Brown replied it's an extra half-time person in the NOAA Lease Revenue Fund. Miranda stated there are positions that the Port had before that the Port decided not to replace. She explained the Port may switch certain staff positions. She noted staff are looking forward to hiring someone to help with lease management. She indicated some positions were not filled in finance, and there are some half positions that help on the maintenance side.

Lackey noted the increase in staffing at NOAA. He asked if that is that a reflection of increased project work at NOAA. Bretz replied for a long time NOAA had one person, and in the NOAA lease, there is a requirement to respond to many types of issues 24/7. He explained attempting to staff that with one person is not realistic. He noted what happens is gap fill and

running the risk of something happening and no one knowing what to do. He indicated his predecessor came from NOAA, so there were two people with all that experience. He added when he left, the Port lost that.

Bretz stated the question becomes should that be added to him, or should the Port bring in another person who can move into that position once the current employee retires. He noted it's adding redundancy in there so people can respond to alarms at 2 a.m. He indicated the Port can't have employees in perpetual on-call status. He added the Port needs to be able to rotate people. Miranda added Jim Durkee should be allowed to take vacation as well.

Lackey noted the Commercial Marina personnel decreased. He asked if that is related to the terminal. He indicated the terminal has different busy periods than the past. Bretz replied some of this is moving positions around. He stated the Port is trying to get a sizeable bank of seasonal employees to handle surges in services more easily. He indicated this makes sense because there is more product that is charged through wharfage. He added there is room in the budget for a wharfinger at the Commercial Marina.

Bretz stated the Port needs to more directly manage vessels that are coming in and walk the docks more. Brown explained the difference in positions at the Commercial Marina. Bretz noted the Port wants the seasonal employees to be able to go to any department.

Lackey asked why the busy period seems to have changed at the terminal. Bretz replied squid has been a part of that. He noted disruptions because of COVID has messed with busy dates as well. He stated folks are offloading more crab through the hoist for the cooked crab market too. Brown explained the budget is for two full-time employees and one seasonal employee at the terminal. Lackey confirmed with staff the new financial system will be able track billable hours by service over time.

Sylvia asked why the South Beach office and administrative expenses are lower than in the past. Brown replied that is the result of switching banks. Capri asked why contract and support services jumped up. Brown replied that is related to the new janitorial services. Bretz noted the Port stepped up in the level of cleaning, which is the result of public input.

Retherford stated she knows there was extra cleaning with COVID. She asked if the Port will be able to drop any of that back down. Bretz replied there are times of the year where the Port was already cleaning twice. He noted some of that may be able to drop back down, but staff are going to see how things go. Brown stated what happened with COVID was the Port had to send some of its staff to the restrooms to clean them. He noted with the new contract, the Port no longer has to do that.

Smith clarified with staff bad debt expense is payments owed to the Port that have to be written off. Sylvia noted a minor correction to the notes.

Burke asked if the NOAA increase in permitting and licensing fees is due to new dredging or different dredging. Bretz replied that increase is due to dredging this year. He noted the Port has not had to dredge there in the last three years. Miranda stated typically the Port would have done that last year, but the survey showed it was not necessary. Capri confirmed with staff the dredging is a cycle for every two to three years. Bretz explained the Port used a cutterhead during the last dredge, which cost a little more money but dredged a little deeper and extended use. He stated it was definitely worth the cost and moving ahead that is what the Port will continue to do.

Lackey asked in general, as far as the budget goes in expenses and revenues, except for grants, are there any areas where the staff confidence level is lower. Miranda replied the most uncertain areas are related to major projects because those are the ones where the Port goes after grants. She provided the example of purchasing equipment at NIT. She stated regardless of grants,



the Port should still try to move forward with PD7 and the RV Annex plans. She noted other items are related to major maintenance that has to get done. She indicated the Port has old assets, and there are always emergencies, and that's why there are contingencies. Brown stated in materials, services, and personnel, he is very confident in those numbers. He stated he believes revenues will be within 5 percent of the amounts proposed.

Chuck asked if PERS will remain the same or fluctuate. Brown replied the Tier I is the least expensive withholding for PERS. He stated from what he has read, PERS costs will continue to rise for a few more years and then start to drop off. Chuck asked for Brown's opinion of the effect of fuel prices on South Beach. Brown replied he is watching closely, and right now as soon as there is a cancellation, someone fills in behind. He added the Port is seeing more people from Lebanon or Corvallis, and less people from out of state.

Capri asked if the bonded debt is made up of a number of different projects. Brown replied the one outstanding GO Bond Debt was refinanced over two years ago and is primarily for the terminal. Capri clarified with staff the debt should be closed out in 2041.

### **MAJOR PROJECTS OVERVIEW**

Smith introduced the agenda item. Miranda overviewed the major projects included in the packet. Smith asked if the forklifts have been leased or purchased. Miranda replied the Port has done both. Brown stated in the Proposed Budget the Port will purchase the forklifts.

Sylvia asked if all these projects will be spent this fiscal year. Miranda replied there are a few things that rely on permits, which adds an uncertainty. Brown noted the total funds are what it would cost if the Port were to do the projects. He stated some projects will not be done because the Port doesn't have the staffing or time. Miranda noted there's only so many projects a person can manage in one year. She stated staff try to add them as they believe they can accomplish. She indicated, overall, the projects that are not relying on grants, she believes the Port can get them done. Brown pointed out 343 Bay Blvd is a project that the Port hopes to delay for mitigation.

Sylvia stated there are a lot of projects, and the Port is planning, except for those with very large grants, to complete 80 to 90 percent of them in the next fiscal year. Miranda replied that is the intent. Bretz stated what he can accomplish relies on funding, when it becomes available, and how much of his time is spent on response to customers or internal challenges. He indicated this is a full plate, and 80 to 90 percent is optimistic. He added there will be a lot of operational changes coming up this year. Miranda stated the Port tries to spread some projects to others, but many are related to Bretz' work. She noted the Port has to list projects here if there is a slim chance to get through them. Bretz added the list of projects can't be moved across the whole year. He noted all the in-water work has to be done at the same time. Miranda added it takes time to manage grants properly too. Brown added he provided a summary of how much of these projects would be general funded, grant funded, loan funded, and NOAA funded.

Sylvia stated the Port has to be relatively ambitious and has to plan but will never complete all these projects for a variety of reasons in a given year. He noted 50 to 75 percent may be more in range. He indicated this is a good list. He added he hopes the public is impressed by all the things the Port is working on. Miranda stated it is common to see a lot of projects that sometimes don't make it through the year at ports. She noted staff try to be optimistic, and she thinks they have done a great job on streamlining. She added the Port can't do a project if it is not on the list.

Retherford stated Commissioners were provided with list of projects that got done last year and all the things that were accomplished. She noted it takes good management and good people

to get those projects done. She indicated she thinks there is a track record going here. She added she is looking forward to 80 to 85 percent.

**PUBLIC COMMENT**

Paul Zellman was given the opportunity to provide public comment. He did not respond.

**RECOMMENDED MOTIONS**

Smith introduced the agenda item. Brown provided the recommended motions.

MOTION was made by Retherford, seconded by Lackey, to approve the budget for Fiscal Year 2022-2023 with \$26,425,481 in allocated funds and \$ 3,219,531 in unappropriated funds for a total of \$29,655,012. The motion carried unanimously in a voice vote.

MOTION was made by Retherford, seconded by Lackey, to approve property taxes for Fiscal Year 2022-2023 at the rate of \$0.0609 per \$1000 of Assessed Value for the Permanent Rate Tax Levy, and in the amount of \$855,000 for the General Obligation Bond Levy. The motion carried unanimously in a voice vote.

**ADJOURNMENT**

Having no further business, the meeting adjourned at 8:02 p.m.

Attest:

James Burke

James Burke (May 25, 2022 10:05 PDT)

James Burke, President

Walter Chuck

Walter Chuck, Secretary/Treasurer