

PORT OF NEWPORT MINUTES

December 17, 2019

Regular Commission Meeting

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

Agenda Item

**Audio
Time**
0:00

I. CALL TO ORDER

Commission President Sara Skamser called the Regular Commission Meeting of the Port of Newport Board of Commissioners to order at 6:00 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), President; Gil Sylvia (Pos. #3); Jeff Lackey (Pos. #4); and Jim Burke, Vice-President (Pos. #5).

Management and Staff: Paula J. Miranda, General Manager; Aaron Bretz, Director of Operations; Mark A. Brown, Director of Finance & Business Services; and Karen Hewitt, Administrative Supervisor.

Members of the Public and Media: Jim Shaw, South Beach resident; Dietmar Goebel, Newport City Council; Rex Capri, Newport resident.

II. CHANGES TO THE AGENDA

0:15

There were no changes to the Agenda.

III. PUBLIC COMMENT

0:24

There was no public comment at this time.

IV. CONSENT CALENDAR

0:38

- A. Minutes 2019
 - 1. Meeting Nov 19
- B. Financial Reports
- C. Contracts
 - 1. Sylvia Media & Events – 2020 Good Sam Guide
 - 2. Suzuki Outboard Engine

A motion was made by Chuck and second by Lackey to approve the Consent Calendar as presented. The motion passed 5 – 0.

V. OLD BUSINESS

1:10

- A. Items Removed from Consent Calendar

No items were removed from the Consent Calendar.

B. Accounts Paid 1:16

A motion was made by Burke and seconded by Chuck to approve the Accounts paid. The motion passed 5 - 0.

C. NOAA Bond Purchase Agreement (Information Only)..... 2:14

Skamser commented on the hard work by staff on this agreement. Miranda referred to her staff report (VII (C) page 117 in the Meeting Packet) which included some information about this agreement, including almost a 15% savings. She added that the Port had hoped for an AA rating, but found the A+ rating was given in part because there was not a trustee holding the funds. Miranda had considered purchasing insurance, but that may have taken time potentially resulting in decreased saving. She added that S&P had given an A+ rating on the GO Bonds, and referenced the savings to the public. She expressed thanks to Brown on his help with the refinancing, and his follow through while she was out the week prior to this meeting. Miranda commented that they had a good group to work with in this process, which went smoothly. She added that the Port would now be holding less of a reserve for the NOAA Bond payments, so some of the current reserve was put toward paying down the debt. Brown said the annual payment was reduced from \$2.1MM to \$1.7MM. Miranda said the intent was to put the savings over the next 10 years toward matching funds for grants and loans. Skamser said this refinance spoke to Paula’s vision. Sylvia asked what the impact would have been if the bonds had received an AA rating. Brown said it would have been between 10 – 100 basis points and would depend on the market. Sylvia offered congratulations and recognized staff’s effort. Miranda add that this was pursued after talking with the municipal advisor at SDAO, and thanked David Ulbricht in particular.

D. GO Bond Purchase Agreement (Information Only)

Brown advised this document was not yet available.

VI. NEW BUSINESS

A. Business Process Modeling 10:23

Brown introduced the staff report included in the Meeting Packet. He said that the analysis would map out processes as the Port moved from manual to computerized systems, with input from current staff. Brown commented that Larry Ridgely Consulting was highly recommended, and he had seen his previous work. Skamser asked how much time it would take for the analyst. Brown said Ridgely was semi-retired and could work as needed; Brown expected no more than 30 days as a whole, and the total to be less than the not to exceed amount. Sylvia asked what the work product would be. Brown said that Ridgely would analyze processes, provide a proposed system structure and the potential savings. The analyst would not be able to provide cash flow implications. Miranda said is important to determine if spending money on systems was worth it and what the pay-off time would be. At that point, staff will come to the Commission with a proposal to proceed. Burke commented that this tied in with the Strategic Business Plan. Miranda said creating efficiencies moving forward will save money and time.

A motion was made by Chuck and seconded by Burke to authorize the General Manager to contract with Larry Ridgely Consulting at a rate of \$100.00 per hour plus reasonable travel expenses (plus reasonable and preapproved travel expenses at the GSA rate) not to exceed \$12,500 in order to perform System Analysis and to assist in the development of an RFP for a new financial system. The motion passes 5 – 0.

VII. STAFF REPORTS

- A. Director of Finance & Business Services
 - 1. November Occupancy Report

17:30

Brown introduced the Staff Report included in the Meeting packet, and the reports comparing year-to-date this year vs. year-to-date last year. South Beach was not included but can be provided if needed. Referring to page 104, Brown noted that the increase in administrative personnel expense included the new General Manager and Director of Finance and Business Services positions. He added that leases were now not reported under administration. For the Commercial Marina, Brown said there was better profitability than previous years, and the expenses now included depreciation. He said NIT was ahead of last year if depreciation were removed. He added that including depreciation in the profit centers helps to show the real picture. There is positive cash flow, but negative income. Brown commented that NIT has an extra person now and is capturing more revenues. Skamser said this additional person helped to recover costs, and Burke added it was also a great safety factor. Miranda said providing service over the weekend had not been practical with only one employee. Brown referred to page 17 in the Meeting Packet, a statement of cash flows, showing a net cash increase fiscal-year-to-date of \$929K. He highlighted on page 9 the decline in net assets which reflected transferred items from the General Operating Fund to the NOAA fund. Brown noted on page 11 that for the year any income greater than 44% was positive and any expense below 44% was good. The Port is meeting or exceeding the budget on most items, and has a positive net income for the year including depreciation. It is to be expected that income will decline in the next few months. Referring to page 12, Brown said beginning next month the Admin report would include a line item transfer out allocated to the profit centers. NIT is on trend and if depreciation isn't included shows a profit, as would the Commercial Marina and NOAA. South Beach is profitable even with depreciation. NOAA's depreciation is expensive because the facilities are new. Brown said that Bretz would be reviewing the length of life of the facility. The facilities at South Beach and the Commercial Marina have lasted longer than predicted. Brown said the Port had received six responses to the RFP for banking services that would need to be reviewed by a committee. He asked for a Commissioner to join him, Miranda and Bretz on the review committee. Sylvia will serve. Brown said staff had started working on the budget, and Bretz's team had started putting together maintenance budget items.

- B. Director of Operations.....

32:22

Bretz introduced the Staff Report included in the Meeting Packet and mentioned there were some updates since it was submitted. He had been busy this month with bids, proposals and permits. The EDA grant is moving again, SHPO compliance was confirmed, so the grant has cleared the EDA in Seattle and is moving to DC. He advised that the comment period for the storm sewer permits closes December 21, and permits are expected shortly thereafter. Six proposals had been received and were under review. Bretz said this was issued as an RFP looking to spend less on engineering and have the contractors provide practical solutions. He expected the Commission may hear about this project and the NOAA Cathodic Protection project prior to the next Regular Meeting. Bretz highlighted there was a lot of staff turnover in the commercial marina staff, which was tough this time of year. Another employee is expected to leave in the next couple of weeks, which would leave the most tenured employee here only six months. There is not a management staff member on duty on the weekends, so the Port depends on the experience of staff. In the exit interviews, the employees mentioned low pay and other opportunities as reasons for leaving. The lack of automation in processes means the Port relies on personal rather than institutional knowledge, which is a challenge. Bretz said he also didn't want to miss the opportunity for the second shift at

the hoist dock during crab season, which brings in additional revenues. The approval of ACOE funding for the feasibility study for dredging the commercial marina was an important step forward on the 5-year plan, since access is a big issue. He received word today that the Safety Grant was approved. Miranda added that the Port can apply for that grant every year, and will be looking to do that to apply to different locations. Burke asked if TCB analyzed the video footage; Bretz said they can, and it has been used with exclusions and criminal activity. Bretz invited the Commissioners to view the new siding in South Beach. Bretz mentioned the potential impact to the demand on Port parking depending on how the City's permits mesh with Port permits.

Sylvia asked if the employees who leave take jobs in similar fields. Bretz said this has to be looked at generally, since Port labor includes forklift, maintenance and equipment skills. Most are staying in marine jobs with a couple of exceptions. Miranda said our pay is way below similar ports. Even with the salary survey, there were limits to increases in this year's budget. Newport also has a higher cost of living than other areas. She anticipates asking for quite a bit more for salaries in the next fiscal year budget. Turnover is expensive, and trained personnel have left. Salaries need to be increased to help with retention. Bretz said there is a lot of pressure from customers on the level of service; the Port can't demand a high degree of service and pay at the bottom of the scale. Trained and experienced operators are key. Brown commented that salary is not just an issue for maintenance staff. Miranda said she may be requesting close to an additional \$120K in the new budget for personnel.

Burke asked about the status of the Rogue wastewater pretreatment; Bretz said it is projected to be up and running mid-January. There is current discussion about a footprint issue. Skamser asked if the second shift at the hoist dock was manned by temporary staff. Bretz said it was generally offered to the most senior staff, since it is paid at a higher rate. Burke asked if recreational marina staff could be used. Bretz said they are not interested. Skamser asked about the extent of the ACOE dredging. Bretz said it would be -20" into the marina to the hoist dock and a turning basin. He said this is an ACOE project, so they would be responsible for eel grass issues. Miranda offered kudos to Bretz for working with ACOE on this. Burke asked when the marina was last dredged. Bretz said at least 30 years ago, but there is some natural scouring. The new dredging is looking to change the shape of the marina to accommodate modern vessels. He added the Port will also be working on a reconfiguration of the dock, with the plan to have those projects closely coincide. Skamser asked about the camels at the NOAA pier; Bretz said the Port would need to contract out to have that work done, given the time of year and the absence of a maintenance crew. Skamser asked for clarification about the potential parking issues. Bretz said the Port will need to negotiate with the City. Miranda added that some people don't understand the difference between the City and the Port, and the Port's needs to generate operating funds – the Port lot is not for public use in general.

Chuck left the meeting at 7:00 pm.

C. General Manager

1:00:56

Miranda referred to the Staff Report included in the Meeting Packet, saying that most of the topics had already be addressed. In reference to the training grant, she said she will be working with someone locally to provide training to staff on working together and helping supervisors work with their staff. The intent is to have a good team moving forward who works well together, and works for the Port with one goal. Skamser added the training also would make staff feel valued. Miranda said the permit for the Chamber of Commerce Seafood & Wine permit was in place.

Miranda explained that Pac/West Communications focused on communicating with legislators, and she had met with them on a referral from Senator Roblan’s office. She said there are no issues at this time for which the Port would engage them, but perhaps they could be used for future state/federal level issues or grant issues. Miranda said there was a good portion of legislators at the Oregon Business Plan Summit, and she met with some to keep them apprised of Port actions. Miranda said she had received a call from the people who did the 4th of July fireworks at NIT last year, who were interested in going there again and making a plan. Miranda spoke with Bretz, and unless the Commission objected, would move forward with the Special Use Permit.

Miranda said the Port had already reserved hotels in Seaside for the upcoming SDAO Conference and would like to know as soon as possible which Commissioners would be interested in attending. She commented that this conference usually has good material for Commissioners. Miranda said regarding the issues Bretz had mentioned she may ask for a Special Meeting in the next couple of weeks to discuss the anode replacement and storm drain projects so that the Port doesn’t run into issues with the in-water work period expiration. Bretz added that there is a 3-week order time for parts after a contract would be rewarded. Miranda suggested this could possibly be held as a call-in meeting – still a public meeting open to the public and recorded. Sylvia asked if the Port had a legislative agenda. Miranda spoke of several groups that lobby for ports in general, and particularly Mark Landauer of OPPA. She added that Landauer sends out a list every year of legislation that may impact ports. When that list is sent, Miranda will bring that to the Commission

VIII. COMMISSIONER REPORTS/COMMENTS

1:24:10

Sylvia said he was working with the City on the 2040 strategic planning, and suggested the Port might want to have a discussion with that committee. He mentioned the subcommittee working on economic development is looking to associate with marine business, and the committee is interested in looking at points of alignment with other organizations. Miranda suggested the committee could bring someone to a Port Commission Meeting to present what may impact the Port, and perhaps the Port could share expectations. Miranda added that the Commission has not recently held a work session, which could be dedicated to learning or discussing issues not necessarily for approval. She suggested may scheduling a work session in the new year to discuss some of those topics.

Burke said he will be attending the Association of Pacific Ports conference in January. He said he attended the SDAO conference last year, which he found valuable, in particular the port caucus.

IX. CALENDAR/FUTURE CONSIDERATIONS

1:29:06

Item	2019
Christmas Holiday, Port Office Closed	Dec 25
	2020
New Year’s Holiday, Port Office Closed	Jan 1
Resolution Run & Polar Bear Plunge	Jan 4
Martin Luther King Day, Port Office Closed	Jan 20
Association of Pacific Ports Annual Conference	Jan 22 - 24
Regular Commission Meeting	Jan 28
SDAO Annual Conference	Feb 6 - 9
Presidents’ Day, Port Office Closed	Feb 17
Newport Seafood & Wine Festival	Feb 20 - 23
Regular Commission Meeting	Feb 25
PNWA Mission to Washington	Mar 1 – Mar 5

There were no changes to the Calendar/Future Considerations.

X. PUBLIC COMMENT 1:30:10

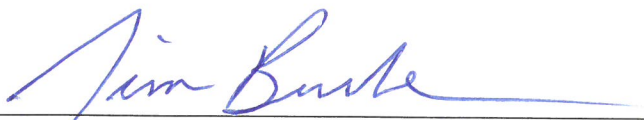
Jim Shaw wished every a Merry Christmas and Happy New Year.

Dietmar Goebel said he thought a joint meeting with the City Council was a great idea.

XI. ADJOURNMENT 1:31:02

Having no further business, the meeting adjourned at 7:32 pm.

ATTESTED:


James Burke, Vice-President


Walter Chuck, Secretary/Treasurer