



## GENERAL MANAGER'S REPORT

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**DATE:** 24 May 2018  
**PERIOD:** 25 April 2018 – 24 May 2018  
**TO:** Port Commissioners  
**ISSUED BY:** Doug Parsons, General Manager

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### **OVERVIEW:**

This is my 2<sup>nd</sup> monthly General Manager's report. It is basically in chronological order for this past period.

### **Some highlights:**

- [1] I've had follow-up meetings with many of the approximately 55 individuals I met with during my first month, and had introductory meetings with approximately 25 additional individuals this last month, some of whom I'll mention in this report.
- [2] I've continued to advise and help the Port staff implement simple common-sense administrative actions within our organization.
- [3] I've continued reading and evaluating the Port's current lease agreements to better understand the Port's obligations and liabilities associated with these important documents.
- [4] The first day of this most recent monthly period I received the resignation letter of our Board's President, and the following day I received notice from our Vice President that he was relinquishing his position as an officer of the Board but would retain his position as a Port Commissioner. The four remaining Commissioners have since declared Commissioner Position #5 vacant, and have appointed a slate of pro-tempore officers (including President, Vice President, and Secretary/Treasurer) who will hold their positions and perform the associated duties until the Board's scheduled annual election of officers at the Regular Monthly Commission Meeting in July 2018. In response to the Port advertising the vacant Commissioner Position #5, two Candidates have applied and will be interviewed and considered by the Board.
- [5] I had an introductory meeting with Kate Groth, Coastal Project Manager with the U.S. Army Corps of Engineers (USACE) and six of her colleagues. Earlier this year USACE dredged for 36 days at the Yaquina Bay bar, jetty, and harbor (about 362,000 cubic yards) plus another 21,000 cubic yards inside of the USACE-maintained breakwater at the Port's Recreational Marina. For FY2018-2019 the Corps plans 30 days of dredging at Newport (they've been allocated about \$3,096,000 for this 280,000 → 300,000 cubic yards) beginning early summer and just before winter. The dredge ship Yaquina is scheduled to dredge at the entrance to Newport for 6 days either this week or next, depending upon the weather. For FY2019-2020 USACE has been allocated about \$3,080,000 for dredging at Newport. Congress provides these federal allocations to USACE for the purpose of keeping the Port of Newport safe and operational for commercial and recreational vessels, facilitating the coastal economy. Although these funds are critical to the Port, they are not part of the Port's budget.

[6] I had an introductory lunch meeting with Lisa Westerman and Joni Mostert of Umpqua Bank to discuss a Board-approved transfer of funds from our NOAA fund money market account to our NOAA Maintenance & Replacement account, signatory changes, possible automation tools, etc.

[7] I went on a detailed tour of the NOAA office building, warehouse, and pier. I met a number of NOAA personnel including the commanding office Captain Roberts, Troy Frost – Deputy Director of NOAA Marine Operations, Abby Rix – Administrative Support Specialist, etc.

[8] I had a follow-up meeting in Newport with Melissa Murphy, Regional Development Office, Business Oregon to discuss various Port-related aspects of economic development, our plans to begin small-scale office buildouts in our Business Incubator (the old Yaquina Fruit Processing Building), the planned update of the Port's 5-Year Plan (i.e. the Strategic Business Plan and the Capital Facilities Plan), etc.

[9] I had a follow-up lunch meeting with Representative David Gomberg in Lincoln City to update him on the Port's Board changes, update him on our activities, etc.

[10] I had a follow-up meeting with Depoe Bay Port Commissioners Dan Arnold and Jack O'Brien in Newport to discuss a couple of the Port of Newport's standard practices and other items of mutual interest.

[11] I had an introductory meeting with Dan Hellin, Operations & Logistics Manager of the Pacific Marine Energy Center – South Energy Test Site (PMEC-SETS; previously NNMREC).

[12] I had an introductory meeting with Fred Postelwait, President & CEO of Oregon Coast Bank, at his office to discuss Port budget-related items.

[13] I met with Darrell Alvord, Alan Brunstad, and Ken Jones of Cascade Hardwood. They may be interested in periodically topping off an approximately 300' barge of hardwood logs that periodically runs between North Bend (Coos Bay) and their mill in Port Angeles, WA. They would likely be able to top off the barge in under twelve hours, and anticipate doing so in Newport about once every two months.

[14] I prepared support information for, and participated in, a Special Commission Meeting where the Port Commissioners declared Commissioner Position #5 vacant and appointed pro-tempore officers.

[15] I had various telephone conversations with the Port's appointed Budget Committee Freeholders (Fred Postelwait, Brian Barth, Alan Brown, Ron Benfield, and Mark Collson) to solicit their feedback while I worked on the Budget.

[16] I and the Port's financial team spent most of the first three weeks of May deeply involved in developing the Port's FY2018-2019 Budget, the budget documents, the associated supporting information, and the Budget Binders. A substantial amount of pizza was consumed!

While last year's budget was focused on creating new revenue at the International Terminal, this year's proposed budget represents a paradigm shift to completing capital improvements which are first safety-related (both for personnel and the environment), followed by those that have the potential to generate increased revenue for the Port from a cross-section of profit centers. Rather than focusing on a single large capital project, this year's proposed budget encompasses 21 smaller capital improvement projects. It is our intention to implement these projects while we concurrently search for significant grants to enable larger capital improvement projects in FY2019-2020.

[17] I developed a newspaper advertisement seeking marine operations personnel for the Port. This ad is being run in multiple regional newspapers and is producing potential candidates.

[18] I had an introductory meeting with Professor Michael Harte, OSU College of Earth, Ocean and Atmospheric Science to discuss aspects of the planned upgrade of the Port's 5-Year Plan.

[19] I had an introductory meeting with Brett Joyce, CEO of Oregon Brewing Company, to discuss a number of Rogue Brewery related items.

[20] I wrote the General Manager's Budget Message during the preparation of the Budget Binders for the Budget Committee members. I've included the "CONCLUSION" section of the Budget Message here:

"The finance staff's efforts at implementing new detailed Port budget forms to feed the State's required Local Budget forms will definitely speed up next year's budget process. In addition, the apportionment of the Port's revenue and expenses to our seven separate profit centers will provide a valuable financial monitoring and control tool in future years, and enable more timely and better informed decisions related to the Port's finances and operations.

As do other active Ports in Oregon, our organization faces a broad cross section of issues including aging infrastructure, unfunded but necessary capital improvement projects, securing infrastructure grants, backlogs of administrative and accounting work, rising benefit and State PERS retirement rates, growing regulation of water-related activities, differentiating ourselves from our competitors, improving customer service, and even addressing a growing number of sea lions! In particular the Port of Newport is saddled with a high debt service load, and is ranked among the lowest in salary rates amongst Oregon and regional ports.

I would like to thank the entire Port staff for their high quality, professionalism, and great attitudes. Across the board they are all committed to sustain and improve customer service despite the significant resource challenges we must overcome on a daily basis. Likewise, the Port Commissioners continue to make significant contributions in setting Port policy, serving as stewards of the Port's assets, and providing me with direction and guidance.

In the coming year we need to secure grants, add new revenue sources, automate some of our key operational and accounting tasks, increase our investments in staff through both their compensation and training, position our organization to take advantage of new opportunities, and protect our existing growing revenue streams across multiple profit centers which are each focused on very different customer bases with sometimes diverging needs.

The proposed FY2018-2019 Budget will not cure decades of deferred maintenance, nor will it greatly reduce the backlog of identified capital improvement projects, but it's a good start toward enabling the Port to move forward and prosper."

[21] I had an introductory meeting with Jackie Mikalonis, Regional Solutions Coordinator with the Governor's office to discuss a wide range of Port-related items.

[22] I participated in the 1<sup>st</sup> Budget Committee Meeting and have begun preparing for the 2<sup>nd</sup> Budget Committee Meeting.

[23] I watched the Special Districts Associate of Oregon (SDAO) Public Meetings videos.

[24] Once we incorporate feedback from the Budget Committee into the proposed budget, I plan to focus on the following items:

- Working with Evan Hall to release the industrial-zoned area of the Rondys, Inc. property from the Port's lease (returning this section to the City's tax rolls) to facilitate the Hall family's planned Yaquina Industrial Park development.
- Readdressing the issue of royalties owed on dredge materials with the Oregon Dept. of State Lands
- Meeting with designated individual(s) from the Commercial Fishing Users Group (CFUG) and their Port Commission liaison to brainstorm a mutually agreeable working arrangement.
- Preparing and sending an update letter to Teevin Bros. regarding their invoice
- Providing a proposed lease to DulsEnergy for office space and an area for their growth tanks.

### **Reflection upon completing my 2nd month**

I've been reflecting upon my second month at the Port and a few key points come to mind:

[a] I have a growing understanding of most aspects of the Port's day-to-day operations, the Port's assets (both infrastructure and personnel), and the impediments and boundary values associated with our operations and assets.

[b] The special interests and expectations associated with various Port stakeholders are more extensive and entrenched than I had previously expected.

[b] Based on my current understanding of the broad range of both issues and opportunities associated with the operation of the Port, I remain optimistic that I can contribute significantly to the organization, and look forward to doing so.