

**PORT OF NEWPORT  
MINUTES  
May 13, 2014  
Budget Committee Meeting**

**I. Call to Order/Introductions**

The Budget Committee Meeting of the Port of Newport was called to order by JoAnn Barton on Tuesday May 13<sup>th</sup>, 2014 at 6:00 pm in the South Beach Marina Activities Room.

**Commissioners Present:** JoAnn Barton, President; David Jincks, Vice President; Walter Chuck, Secretary/Treasurer; Ken Brown, Treasurer.

**Commissioners Absent:** Dean Fleck, Assistant Secretary/Treasurer

**Budget Committee Members:** Fred Postelwait, Brian Barth, Alan Brown, Ron Benfield, Mark Collson.

**Port of Newport Management and Staff:** Kevin Greenwood, General Manager; Pat Albaugh, Director of Finance; Barb Martin, Port Staff; Darlene Webster, Administrative Assistant

**Others Present:** None

**II. Election of Budget Committee Presiding Officer**

Ron Benfield moved to select Fred Postelwait as Budget Committee President. Mark Collson seconded the selection. There were no other selections and the vote was unanimous.

**III. Budget Message and Budget Document**

Greenwood read the Budget Message for F/Y 2014-2015 and presented the Budget documents for consideration. He began by mentioning that although the formulation of the budget is his responsibility as the Budget Officer he wanted to recognize several individuals that assisted him in the development of this budget as presented. Those to be recognized are Pat Albaugh, Director of Finance; Rick Fuller, NOAA MOC-P Facilities Manager; Jim Durkee, Terminal Operations Supervisor; Chris Urbach, South Beach Marina Harbormaster; and Kevin Bryant, Commercial Marina Harbormaster. They met several times to review this budget plan it was with their help and knowledge that assisted him in the development of this budget and their efforts should be recognized. The Budget is the Port's financial plan and figures are based on the best estimate of what the Port will receive (resources) and what the Port will spend (requirements) from July 1, 2014 through June 30, 2015. Estimates were taken and used from past budget year financials to estimate future income and expenditures. Taxpayers of the district provide financial support to the Port at a combined rate of 62.83 cents per \$1,000 of Assessed Value. Much of the basis for this budget comes from the Port's Strategic Business Plan and Capital Facilities Plan adopted in early 2013. In addition, the Port conducted a public meeting to review personnel related cost estimates and to prioritize projects through the input from staff in order to further develop this budget. The proposed budget is comprised of five funds: the NOAA Lease Revenue Fund, Facilities Maintenance Reserve Fund, the Bonded Debt Fund, the Construction Fund and the General Operating Fund. The NOAA fund is a major component in the budget but is a minor contributor to covering operations around the Port. The budget does anticipate a positive operating income from NOAA. When transfers are made to other funds and a contingency are added, the Port stands to remove about \$193,000 from NOAA reserve funds. The largest expense in FY 2013-14 was dredging necessary to maintain required berth depths. This happened in year 3 of 20 detouring from the estimated maintenance dredging schedule expectation of every 10-15 years. As log exports return to the Port it may want to consider reserving the transfers of future funds to ensure that we are properly covered for the real possibility of more frequent maintenance dredging. The budget includes a \$125,000 transfer to the Maintenance Reserve Fund (for stand alone emergencies and projects) and a \$25,000 transfer to the General Fund to cover operations. This will need to be monitored so we may continue to have reserves moving forward. Albaugh was instrumental in negotiations with the federal government to pay more fairly in regards to the insurance premiums for NOAA and State Land Leases. This effort brought about an increase to the net income of \$80,000 annually.

A first year agreement for reimbursement has been negotiated while a second and third year is almost complete. Since not all agreements have been negotiated completely this increase is not reflected in this budget plan. Res. No 5-1998 was created in 1998 to purchase and repair Port infrastructure under the Maintenance Reserve Fund. Prioritized projects will need to be funded out of the reserve fund. The Construction Fund receives and expends funds relative to the International Terminal. As this is nearing completion two remaining projects are yet to be completed, the berth deepening which is budgeted for \$650,000 and \$250,000 for mitigation. This will increase estuarine flow to old decommissioned log ponds. The General Operating Fund is budgeting approximately \$150,000 of its reserves to cover reduced services. With an anticipated working capital of \$850,000 which will leave a fund balance of approximately \$700,000. When focusing solely on the Port's income and expenses on daily activities the negative net income is increased to \$263,000. This is primarily caused by \$355,000 in debt payments incurred from the terminal remediation and construction without accompanying user fees. Health insurance, retirement and other costs related to personnel, liability/property insurance and utility cost increases continue to make it difficult to sustain the budget as well as having the resources to maintain our facilities as it stands. But with the future prospects of the log exports, which the income and expenses relative to this operation are not included in the budget, look economically promising to the Port. Staff has anticipated a supplemental budget once more information is gathered from the logging operations by the end of the calendar year. The income generated from the log exporting operation should be significant and will more than cover the increased debt service and associated operating expenses. The recent adoption of tariff rates for the public use of the terminal and the gross income from full loads could be as much as \$100,000. This would greatly impact the financial condition of the Port. The anticipated projection for shipment of logs could happen in the early part of 2015.

**IV. Review of Budget Documents with Committee**

The budget had been discussed over the course of the budget meeting.

**V. Public Questions or Comments:** None.

**VI. Approval of Budget:**

Motion made by Collson to approve the proposed budget as presented for the 2014-15 fiscal year. Benfield seconded the motion and passed 9-0.

**VII. Approval of Tax Rate to Submit to Assessor:**

Motion by Collson was made to move that the budget committee approve the tax rate of six-point-zero-nine cents (.0609) per \$1000 of assessed value for operating purposes in the General Fund and in the amount of \$985,000 for payment of general obligation bond principal and interest in the International Terminal Debt Fund for the 2014-15 fiscal year. Barth seconded the motion and passed 9-0.

**XII. ADJOURNMENT**

There being nothing more to come before the Board of Commissioners and Budget Committee Members, the meeting was adjourned at 7:50 pm

ATTEST:

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JoAnn Barton, President

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Walter Chuck, Secretary/Treasurer