

## PORT OF NEWPORT MINUTES

April 4, 2017

Commission Work Session

### I. CALL TO ORDER

Commission President Walter Chuck called the Work Session of the Port of Newport Board of Commissioners to order at 12:00 noon, at the South Beach Activities Room, 2120 SE Marine Science Drive, Newport, Oregon.

**Commissioners Present:** Walter Chuck (Pos. #1), President; Ken Brown (Pos. #4), Vice-President; Patricia Patrick-Joling (Pos. #5), Secretary/Treasurer; Stewart Lamerdin (Pos. #3); and Steve Beck (Pos. #2).

**Management and Staff:** Kevin Greenwood, General Manager; Stephen Larrabee, Director of Finance; Rick Fuller, Director of Operations; and Karen Hewitt, Administrative Assistant.

**Members of the Public and Media:** Dietmar Goebel, Newport City Council; and Jeff Lackey, F/V Seeker.

### II. PERSONNEL EXPENSES

Greenwood introduced the meeting packet. The capital priorities discussed would be big ticket items, and personnel and rates are often topics Commissioners have wanted to review before the Budget Committee meets.

Lamerdin, who was part of the selection team interviewing candidates, asked if Aaron Bretz had been hired. Greenwood said Bretz will be the new Director of Operations for the Port. He said there were four great finalists: Pete Zerr, Aaron Collett, Brian Parker, and Aaron Bretz. Bretz worked in operations for the US Coast Guard at Station Depoe Bay. He knows boats, has good energy, is enthusiastic, is modest, and knows our fishermen. He is finishing his service with the Coast Guard, lives in Newport and has three school-aged children. Lamerdin commented that a positive aspect of Bretz' Coast Guard experience is that he managed a similar number of people day to day to what he would at the Port. Brown also said that Bretz had positive energy. Greenwood recounted that there were three groups who participated in the interviews: Elected Officials including Brown, Lamerdin, and Goebel; Technical Committee including Tim Gross, Bud Shoemake, and Mike Dunning; and a Peer Committee including Steve Larrabee, Chris Urbach, and Bill Hewitt. Larrabee said that the Peer Committee was impressed with Aaron Bretz. Greenwood said the interview process was facilitated by Bill Anderson from SDAO. All groups selected Aaron Bretz as the top candidate. Greenwood said he talked to Zerr; it is important to support Zerr as he is important to the International Terminal Shipping Facility. Greenwood spoke with Brian Parker, which went well. Greenwood is waiting for Bretz to give a start date. At worst, it may be August 1<sup>st</sup>. At best, it would be May 1<sup>st</sup>. Bretz is working through his chain of command. Greenwood thanked Lamerdin and Brown for their involvement in the interviews.

Greenwood said the personnel compensation resolution was adopted in May last year. The information in the packet lays out the Port's employee costs. Traditionally, the Port has not used COLA and referred to page 10 in the packet, which has the same wage steps that were established prior to Greenwood. Some Port employees will be reaching the end of the steps, and there is potential to lose employees. Brown commented that Taco Bell's starting wage is \$15/hour. Lamerdin suggested looking at 3 other Ports for

comparable wages. Larrabee mentioned that some of the rows are now gone from the schedule because minimum wage is higher than those steps. Beck cautioned that the Port needs to be prepared for changes. Larrabee said he will look at the market for job descriptions. He also let the Commission know that Penny Gabrielson is retiring and the Port will need to hire a replacement. Two of the candidates that applied have already backed out because the Port can't pay the wages they are asking for. Beck suggested establishing a time period before benefits would start. If the Port needs to significantly increase personnel expenses, it may have trouble paying the bills. Larrabee said that 3 out of the 5 candidates today expressed an interest in working for \$11 or \$12 per hour. Last year, the conversation with the Commissioners did not result in any updates. Beck mentioned that the US economy has improved, and when the economy is better, wages are higher. Brown suggested working with WorkSource Oregon. Larrabee said he does consult with them by sending job descriptions and have them advise on wage ranges. Brown said WorkSource also can offer subsidies. Larrabee will find out more about subsidies. Patrick-Joling said she is concerned that federal and state funds will become unavailable.

Greenwood referred to the breakdown of personnel services on page 9 of the packet. Beck asked about the Port's payment to PERS. Larrabee said that each participating entity is evaluated by PERS for their contribution. This year, there was a big increase in the Port's contribution. There was also an increase in health insurance costs. Other personnel costs have remained relatively flat. Greenwood said that at \$15/hour, 15 x 2080 would be \$31,200 per year. Lamerdin said he is facing the same thing, and said that the Port shouldn't try to compete when it can't. The Port needs to capitalize on other intangible benefits to attract and keep employees, for example, opportunity for promotion, long term employment, stability, and state retirement system. Larrabee said it takes 6 months for an employee to enroll in PERS, and 6 years to become vested. The health insurance deductible is high at \$5,000, but the Port covers \$3,500 for an employee. This was negotiated to reduce health insurance costs.

Patrick-Joling asked if there are any policies or practices in place that justify employees and their duties. Chuck said the staffing has changed. Previously, there were two management positions, Director of Operations and Special Projects & Permits. When these employees left the Port, these were combined into one position, and Administration picked up some duties. Greenwood added that the Commission at that time wanted more "boots on the ground" and less "shiny shoes." Greenwood said that the Port had staffed its own security team in the past, which is now contracted out to TCB which saves the Port tens-of-thousands of dollars. Patrick-Joling asked if there has been any improvement in security with TCB. Greenwood said the security is the same, but having TCB do boat inventory may not be an exact fit. Larrabee added that the Port had taken the inventory away from TCB at the Recreational Marina. They now have a Wharfinger. This position is similar to the Park Host, in that compensation is moorage. The Wharfinger does dock checks and has an interest because he lives there. There has been staff discussion about whether this should also be done at the Commercial Marina. Then the Port could also renegotiate the TCB contract with less hours and other duties.

Beck asked who the liaison for health reimbursement was. Larrabee said this is administered by an outside agency through Allegiance. Beck suggested that if Samaritan knew they would get the first \$3500 paid, they may negotiate a discount. Larrabee will have the Port's representative look into that. Greenwood said the RV Park Manager was new. Last year, temporary employees at the RV Park and SB Maintenance were included in Materials & Services. Greenwood said it was better to go through a temp agency (Cardinal); it is less expensive than hiring directly. The Commissioners will see this expense in Materials and Services. Lamerdin mentioned the additional expense that would be incurred with the new sick law. Brown asked about the staffing for the maintenance crew. Greenwood said the plan was revised from the last budget cycle based on needs identified by Kent Gibson. This will also allow time for the new Director of Operations to hire the maintenance team. Larrabee said although this is seen as a three man crew, the Port cannot afford three more people. The plan is to hire two new employees, and flex current staff.

Brown commented that a new employee for the Terminal was not shown. Larrabee says this will be added when the deal is complete, and may require a supplemental budget.

Patrick-Joling asked if the funding changes will affect the NOAA Manager. Larrabee had spoken with NOAA, and this will not affect the Port's contract. The bonds are based on the lease, so even if the facility was not in operation, NOAA would still need to pay the lease. Lamerdin added there are a lot of components to NOAA that may be cut, but most would be fundable science that does not affect the local operation. Lamerdin asked about the Mates budget impact. Larrabee said they are covered under our Worker's Compensation at the minimum wage level, and are provided uniforms. Greenwood said the premium was covered under administration.

### III. FEE STRUCTURE

Greenwood referred to the Rate Resolution draft included in the packet. He said no changes have been made since the March 28<sup>th</sup> meeting. The Commission will see the draft again at the April Commission Meeting, then will be added to the May Commission Meeting for adoption. Lamerdin asked if staff had researched the comparison of our rates to other ports. Patrick-Joling also asked if there was a buffer in the rates. Larrabee said the RV Park/Marina provide fees for maintenance. B. Hewitt is researching comparable rates, and SB deferred maintenance will come off the revenue stream. The Port also needs to keep fees in the market. Larrabee said that the RV Park fees are on the higher end of rates, but the Port does offer a premium location. Brown said he has seen charges of \$35/night for a gravel lot. Beck said Pacific Shores charges \$100 per night. Greenwood said that a couple of months ago he asked staff to look at efficiencies, but they can't see them all at once. A lot of the rates changes have come from staff, and the resolution draft is a six month process. Larrabee said that once the resolution is passed, the Commission and staff can also make changes when needed. Patrick-Joling asked if the Port had a program to monitor income vs. expenses. Greenwood said the Port has electric meters that serve 50 slips for billing. It would be significant capital outlay to install individual meters. Patrick-Joling said in the private sector, separate meters is the solution. Greenwood said the difference would be perhaps three rental units compared to separate meters for 400 slips. Larrabee said he had researched this kind of investment at the tribe's RV Park, and the cost was not justified. Patrick-Joling asked if the Port was covering the costs for the dumpsters. Greenwood said this was looked at, and for example, a \$500 charge was instituted for illegal dumping. Patrick-Joling said her concern was the Port subsidizing users. Lamerdin asked what charges were most common for moorage. Aside from moorage, are fees concentrated on what's used? Does a 3% increase make a significant difference? Lamerdin suggested that 3% does not seem much of an increase compared to costs. Larrabee said the moorage, RV rates, and services were increased over time in 3% increases per Greenwood. Greenwood said that 3% was selected because it is difficult to do a system-wide analysis for individual rates each year. The strategy was to increase rates generally 3% each year and bump up charges when corrections are identified. Durkee had done some forklift research, and divided cost by expected hours of use to help determine rates. Lamerdin suggested that the increased rates be additionally rounded up to the nearest dollar, which would not be perceived as a steep change. Larrabee said that Durkee's analysis had considered what other ports are charging, and the Port of Newport is price competitive. Port-wide, the general fund will see positive \$200K net income from Port operations. Unless the log yard takes off, the Port will never make costs. Patrick-Joling suggested an increase of more than 3%. Lamerdin said the goal was to look at replacement of equipment and costs of service to make operations more self-sufficient. Larrabee said this discussion has already begun, and staff will look at these costs when purchasing equipment. The Commission was now looking at the Port as a business, not just as government providing service. The staff team is now in place. Beck suggested not including the percent increase on the Rate Resolution, just the old and new rates. Lamerdin said people don't mind paying more if they see things happening that address needs. Patrick-Joling suggested signs that say Your Port Dollars at Work. The consensus was to increase the percent increase to close to 5% rounded to the nearest dollar.

#### IV. PROJECT PRIORITIES

Greenwood referred to page 25 in the meeting packet which showed staff recommendations for project priorities. The subsequent pages contained staff identified priorities by departments. The bottom line of \$246K on page 25 would come from positive net income. For Port Dock 5, this cost estimate was for engineering, with the goal of completing up to 30% of the engineering, which would total \$200K and complete in the next fiscal year. For the 2000 lb. Toyota forklift at the Commercial Marina, the plan was to obtain through a 5-year lease contract. Lamerdin asked if the Port was eligible for surplus. Greenwood said yes, and this has been reviewed and used in the past when appropriate. Brown said the lease option was better dollar-wise for this high use equipment. Greenwood said the Port has been using a forklift identified as Port surplus 2 ½ years ago, putting off buying a new one. For the NIT forklift, this would be a larger replacement. Brown asked if the forklift at the terminal now had any life left. Brown suggested keeping the current forklift even with obtaining another as this could be used by a second terminal employee. The higher capacity forklift is rarely used. Greenwood said the larger forklift may be needed when the crane is not available. For the Marina/RV Park landscaping, the funds would be generated from the high-traffic surcharges. This project has already begun. Eric Swanson has obtained his master gardener certification, so staff can do the landscaping. Lamerdin asked that the Commission be given a layout for the proposed landscaping.

Chuck said that Greenwood had involved staff in the budget process since he started with the Port, which has been a big help to the Commission. Chuck would like to see some projects contracted out rather than hiring extra employees and having the concern that staff would be pulled away for service tasks.

For the new file table, Greenwood said Chris Urbach found a grant to pay for half of the project, so the \$37,500 would be the Port's half. Without the grant, this project would be reviewed. This depends on other projects too. The summer season can bring in additional money to consider. Greenwood said the asphalt spot repairs were for the access road to the Terminal. Brown asked about the dumpster ramps that were installed. He said there was a dumpster under the bridge and at the end of the bike path that did not have a ramp. He asked if this was Port property. Greenwood said he will look into whether the Port owns that area. Patrick-Joling said she had some more comments about the Marina and will send an email to Greenwood and Larrabee. For the stand pipe, Greenwood said when distant/midwater vessels need water, it now travels through hundreds of feet of hose. The stand pipe would eliminate the extra time and risk of damage to the hose. This would also be a visible project that the fleet will use. Chuck asked if the stand pipe would be in the way of equipment because he was concerned about frequent replacement of a damaged pipe. Greenwood said the pipe would need to be protected, or could maybe be installed flush. Lamerdin suggested bringing this to the Commercial Fishing Users Group Committee. Beck said that the user would be responsible for replacement if it is destroyed. He also suggested staff make sure to pursue other grant opportunities. Greenwood said there may be trust grants, safety grants, or others; staff is always open to grant opportunities.

Greenwood gave credit to Durkee, the facilities managers and maintenance crew for developing this priority list. Brown asked if there had been further conversation about the fire boat. Greenwood said that he and Kent Gibson had met with the fire department representatives. Kent will get a cost estimate for the work, which includes removal of the current boathouse, which would not accommodate the fire boat. He expects the costs to be approximately \$130K. The fire department is writing a grant so they need the cost estimate. Brown asked if this would hamper the fishing fleet. Brown suggested moving the boat house to the other side of Swede's dock to increase dock availability. Greenwood said the initial project would entail removing the boathouse and replacing piles, not yet installing a new boathouse. Brown asked if the fire department would also need dock side storage. Greenwood said this has not been discussed. Lamerdin said he didn't believe that the fire department has considered all of the costs associated with running and

maintaining a fire boat. Goebel said this will be going through the City's budget process. Brown suggested possibly working with the State Police to combine in one location. Chuck said that the CFUGC had discussed placement of the hoists at the Terminal, and whether to add a new hoist at the east end vs. using the crane. Greenwood said staff will ask and look on surplus. Lamerdin suggested getting feedback from user groups on the capital priorities list. Chuck said that moving the hoist had been discussed in the past but was not done. The CFUGC prioritized Port Dock 5, on-going maintenance, and then Port Dock 7.

**V. BUDGET COMMITTEE MEETING: TUESDAY MAY 9<sup>TH</sup> AT 6:00 PM, SB MARINA ACTIVITIES ROOM**

For information only, no discussion.

**VI. ADJOURNMENT**

Having no further business, the meeting adjourned at 1:40 pm.

ATTESTED:



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Walter Chuck, President



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Patricia Patrick-Joling, Secretary/Treasurer

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