

PORT OF NEWPORT MINUTES

October 3, 2017

Commission Work Session

I. CALL TO ORDER

Commission President Patricia Patrick-Joling called the Work Session of the Port of Newport Board of Commissioners to order at 12:32 pm at the South Beach Activities Room, 2120 SE Marine Science Drive, Newport, Oregon.

Commissioners Present: Walter Chuck (Pos. #1); Sara Skamser (Pos. #2); Stewart Lamerdin (Pos. #3), Secretary/Treasurer; Jeff Lackey (Pos. #4), Vice President; and Patricia Patrick-Joling (Pos. #5), President.

Management and Staff: Aaron Bretz, Interim General Manager; Mark Harris, Staff Accountant; and Karen Hewitt, Administrative Assistant.

Members of the Public and Media: None present.

II. CHANGES TO THE AGENDA

Lackey asked to add a discussion of tentative expectations of the Financial Consultant under the \$10K contract. Patrick-Joling asked to have that discussion at this point in the meeting.

Lackey asked Harris how the audit was going. Harris said it was going well and much of it has been completed. Some areas that have been completed by Grimstad and Associates in the past three years' audits were handed back to the Port this year, including balancing debt, capital assets and depreciation schedule. Harris said he spoke with Todd Kimball of CFO Selections who offered to help with adjusting entries. One area to address would be deferred revenue at the RV Park. The current reports will show a larger balance because of advance reservations that are not yet earned income. The auditor from Grimstad and Harris consider October 31st as a deadline for completion in house. Then auditors from Grimstad will come into the office for about a week of field work. A draft audit report will be prepared and presented to the Commission approximately one month after the field work. The deadline for approval by the Commission is December 31st. Then a final audit report will be approved. Harris said this work has been hard to get to because of changes in the status of the finances and finance department, but that should now speed up. Lackey asked if the work on this by Kimball was expected to run over the \$10K before October 31st. Bretz said Kimball is working two days a week until the end of October, assisting with the audit as well as looking at profit centers and providing recommendations on business units and lease revenue to evaluate where the Port is now. Skamser saw this as streamlining finance processes using best practices, but thought that Kimball could concentrate on the other tasks for now. Bretz said it was penciled in to complete the business analysis work in November. For now, the first priority would be the audit support work. Harris said Kimball may have proposals regarding profit centers for the October Commission Meeting. Harris had reviewed with Kimball the need to review internal controls and month end close. Now, the reports in the packets show 80% closed.

III. PUBLIC COMMENT

There was no public comment.

IV. PERMANENT DIRECTOR OF FINANCE RECRUITMENT

Bretz introduced the staff report included in the meeting packet. The time it would take to recruit a Director of Finance would depend on the time to gain consensus about the job description. If the duties were to be the same

as they are currently, that would be more than a standard Director of Finance. Bretz said an additional question for the proposal was sent by email, included in the packet, at the request of Patrick-Joling. All three said that wouldn't affect costs, but each had a different take on how to incorporate this into the process. Patrick-Joling commented that Richard Stellner went into detail. Patrick-Joling said the budget balancing question had been used by the city's recruiter and by other boards. She said it would be really good to find someone creative for the position. The Port is at a real pivot point, and it would be good to get a skilled Director of Finance to look at the big picture and find cost savings. Patrick-Joling responded to Lackey's question that this would not be included in the contract. Patrick-Joling said she liked Stellner's proposal. Bretz commented that in the Director of Operations search process, the candidates were asked to answer similar questions after the first round of reviews. Lamerdin said he understood the Commission would be reviewing the person and the process before beginning recruitment. Bretz said all of the recruiters could address this question. Stellner's take was different since he proposed asking this question after the interviews.

Lackey questioned if the Commission wanted to search for a Director of Finance now. The budget for personnel services was at \$1.3MM for the 2017-2018 period, more than the \$1MM of the previous fiscal year. He suggested looking at what could be outsourced. It would be good to look at what the Director of Finance job should look like before starting a search. Skamser disagreed saying that a Director of Finance could help integrate changes at the Port. Chuck said in the end it would be the General Manager and Director of Finance who would work on that. Patrick-Joling said Bretz needs help, so the Commission needs to get going on this. Patrick-Joling asked if there was a proposed timeline; Bretz said he hadn't asked for that. Skamser said she would like to look at streamlining the position and not include human resources. Bretz said this position had evolved when the Director of Operations position was vacant. Larrabee was the best qualified at that time to manage human resources. The division of duties depends on management decisions. Becca Bishop has had training on human resource policies. Right now it depends on Harris's comfort level and to what degree CFO Selections can help, and for how long. Bretz said he thought staff could temporarily function without a Director of Finance. Patrick-Joling said that Stellner was hired as a consultant for the General Manager search. It would be perfect to hire a General Manager first then a Director of Finance, but the situation was not perfect.

Chuck said he ranked the choices as first CFO Selections, second Richard Stellner, and third BBSI. CFO was already working with the finance team and had experience with ports so they may have a better idea of what the Port was looking for. Stellner was second because he was already under contract for the General Manager search. BBSI did not have a lot of experience looking for a Director of Finance. Patrick-Joling said the contract for CFO said they would assist in recruiting the Director of Finance. Chuck said that proposal had been pared down; Bretz added the new scope of work included only financial consulting and audit assistance. Lamerdin said he agreed CFO was the best choice and would be able to tweak the process after seeing how the Port works. They could provide guidance on hiring based on what the Port was doing. Skamser said this all made sense, but maybe this would be too cozy. If the searches were split up, the Port could get another view. Bretz said he believed that Stellner and BBSI had the better network for a broad search based on conversations he had. Patrick-Joling said she had used BBSI with another board, and they had drawn in long distance candidates. Lackey said CFO knows financial, Stellner knows recruiting, and BBSI is the best value. There are pros and cons with each. Patrick-Joling said she disagreed with Bretz about a better net. She would recommend BBSI because they were cheaper. Skamser agrees that Patrick-Joling's experience with BBSI and their lower cost made that company look like a good choice. Lamerdin said all would be able to do a wide search on the internet.

A motion was made by Lackey and seconded by Chuck to select BBSI for the Director of Finance recruiting. The motion passed 5 – 0.

V. RESOLUTION AUTHORIZING TRANSFERS OF APPROPRIATED FUNDS WITHIN THE 2017-2018 FISCAL YEAR BUDGET

Skamser said Don Moon was now at the Terminal, which was coming into a super busy time. She suggested maybe two temporary maintenance personnel could be hired to provide support at the Terminal as well. If there was only one hired, they should be cross-trained. Bretz said he was leaning toward hiring two. Hiring one temporary worker would get the maintenance staff back to the same number as before Zerr left. Last year, a temporary worker was hired at the Terminal pier for the season which would probably be needed again. Skamser asked if there was money for two temps in this appropriation. Harris said this resolution was based on the last Commission work session. They may want to revise the resolution to add BBSI. The Commission could redo this resolution or another could be written to discuss at the October regular meeting. Harris said he tried to keep the use of the contingency fund to a minimum since there are still three-quarters of the fiscal year to go. Larrabee's resignation could cover the Director of Finance position. Zerr's resignation could cover Don Moon. Other changes could come from personnel services or contingency. Patrick-Joling asked if Harris recommended waiting until the regular meeting, to which Harris responded yes. Since there are no current invoices, the funds would still be appropriated before spending. Lamerdin asked if there was a vacation payout for Larrabee and Zerr. Harris said Larrabee had none, and Zerr had not much. Lackey asked about the \$10K for CFO Selections. Harris said the Commission could add an anticipated amount for November. Bretz said staff might be able to limit the hours CFO is in the office and have something to report to the Commissioners on the 30th. There was a consensus to move this discussion to the Regular Commission Meeting on October 30th.

Lamerdin asked about the system development charge, and whether it was associated with Teevin or what it was for. Bretz said he received an email message from Greenwood yesterday that said this was not supposed to be paid. Bretz sent an email to Derrick Tokos. The SDC is to cover the impact on the City's infrastructure. If there was no development, there would be no SDC charge. Tokos said the money would be refunded if the project weren't done. The current arrangement would be to pay approximately \$16K per year. Lamerdin asked how much had been paid so far and what the administration fee would be for a refund. Bretz said the December 2016 and June 2017 were required. He will ask Tokos about the administration fee if refunded. Patrick-Joling requested Bretz email the Commission when he had the information. Lamerdin asked if the Commission wanted to keep the permit open for another project. They could chose to pay when a project was chosen rather than keep paying now. Skamser suggested keeping it functioning now for the new General Manager and Director of Finance to keep the doors open. Lamerdin supposed a traffic study would have to redone if a different project were planned. He would like more information. Bretz said he would discuss details with Tokos.

Skamser asked what happened to the \$15K fencing. Lamerdin said this was part of the security plan with the Coast Guard. Patrick-Joling asked Bretz to send the Commission an email about the fencing and the permit. Bretz added that MTSA activity required the fencing.

VI. PUBLIC COMMENT

There was no public comment.

VII. ADJOURNMENT

Having no further business, the meeting adjourned at 1:18 pm.

ATTESTED:

Patricia Patrick-Joling, President

Stewart Lamerdin, Secretary/Treasurer

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