

PORT OF NEWPORT
MINUTES
April 24, 2012
BUDGET WORK SESSION

I. CALL TO ORDER

Commission President JoAnn Barton brought the Budget Work Session of the Port of Newport Board of Commissioners to order on Tuesday, April 24, 2012 at 9:00 AM in the Port Conference Room, 600 SE Bay Boulevard, Newport, OR, the same being within the boundaries of the Port District.

Commissioners Present: JoAnn Barton, President; David Jincks, Vice-President; Dean Fleck, Assistant Secretary-Treasurer.

Commissioners Excused: Walter Chuck, Secretary; Don Mathews, Treasurer.

Port of Newport Management and Staff: Don Mann, General Manager; Patti Britton, Finance Director; Patty Benjamin, Administrative Assistant.

II. BUDGET WORK SESSION (Discussion)

General Manager Don Mann provided a brief review of the budget work session that had been held on April 20, 2012, and Finance Director Patti Britton distributed a budget summary page. Commissioner Jincks asked for a detailed breakdown on repairs and maintenance and Commissioner Barton asked about costs related to the demolition of the Port administration office. The General Manager said the demolition cost was a rough estimate based on tonnage and included tear down and disposal of the building. In answer to a question from Commissioner Jincks, Britton said delivery of the temporary office and rent was included in the budget.

Commissioner Jincks said he had no problem with plugging an amount into the budget for shipping revenue but it was important to identify what it would take to maintain the facility. He recommended developing a terminal maintenance program separate from other programs and setting a rate to fund repairs as an identifiable amount, and then creating a fund dedicated to that. Mann pointed out that the Port had been required to do that with NOAA and Britton said she did the same thing with debt service. Mann said he planned to work with Rick Fuller, NOAA Facilities Lease Manager, on developing a complete maintenance program for each Port facility, and budget information could be incorporated into the program. Commissioner Jincks and Fleck said they would like to see a new format for the budget that would show expenses where the use was; i.e., electricity at Port Dock 5, so it was apparent where the increase belonged. They felt a format like that would enable them to make "better business sense" out of the budget. Commissioner Jincks said he would like to see a graph showing a ten year average spread of expenses and the same expenses projected over the next five years. He felt that looking at trends would make it easier to make decisions about rate increases. Mann suggested that the Commission make a recommendation to the full budget committee that staff should develop a five-year outlook process.

A discussion followed about personal services and COL adjustments. Britton said the amount shown on the chart was "net" because savings from the finance director and terminal manager positions were rolled back into the budget and nearly covered the increases. Jincks contended that there wasn't actually a savings at all because the money was paid back out; in fact, he said wages were actually increasing. Britton said she looked at the bottom line for personal services, rather than line by line. Mann added that personal services was within budget all year, even with summer help, so there was some latitude based on the numbers. He asked what the commission would like to recommend to the budget committee on personal services. Commissioner Jincks said he would like to see the Port move to a step pay rate so employees would understand over a period of time what their pay is going to be. He said he realized it would take time to get to a straight pay rate step approach and there would have to be qualifying criteria to go with it. He added that a step pay rate would also be easier to budget. Mann suggested that the Commission make the recommendation to the budget committee and staff to have such a system in place over a certain length of time.

Referring to a discussion about shipping revenue at the previous budget work session, Mann said he had verified numbers based on different scenarios, such as smaller vessel size, fewer board feet, dock wharfage services, and tariffs, and the number he had used proved to be a good average. He added that for estimating purposes, he felt comfortable with it and, "just like the money that was transferred from the NOAA lease the first year, we won't do anything with it."

The General Manager reported that one of the man hoists at Port Dock 7 needed repairs and a discussion followed about whether it would be more practical to repair the man hoist or replace it with a swing hoist that the Port has in storage. Commissioner Jincks said repairing the man hoist would be expensive, start to finish.

In answer to a question from Commissioner Jincks about transfers to other funds for projects, Mann said the projects do not have earmarks yet. He said that would come when those projects are prioritized by the commission.

Regarding a new administration office, Mann said the plans for the South Beach Marina office were already designed and engineered and could be used as a starting floor plan. Jincks said he understood that the temporary office might be "more than temporary" for a few years but suggested that it wouldn't hurt to expend a certain amount of money now to determine if we can afford to build an office and what size of a building it would be. Britton said she would provide a updated graph and chart on debt service.

The General Manager said there was a great deal of interest in the proposed marine research and technology incubator facility near the NOAA site in South Beach.

III. PUBLIC COMMENT

There was no public comment.

IV. OTHER

There was no other business.

V. ADJOURNMENT

The Work Session was adjourned at 10:10 AM.

ATTEST

JoAnn Barton, President

Walter Chuck, Secretary

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