

PORT OF NEWPORT
MINUTES
April 27, 2011
SPECIAL WORK SESSION

I. CALL TO ORDER

Commission President Ginny Goblirsch called the special work session of the Port of Newport Board of Commissioners to order on Wednesday, April 27, 2011, at 12:00 p.m., in the Port of Newport Conference Room, 600 SE Bay Boulevard, Newport, OR, the same being within the boundaries of the Port District.

The purpose of the work session was to discuss the 2012 fiscal year budget. Earlier special work sessions on the budget had been held on April 8, 2011 and April 14, 2011.

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

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

II. FY 2012 BUDGET

General Manager Don Mann began the discussion on capital outlay and construction projects. Mann said that he and staff realized that many of the Port's projects could not be completed in one year but the projects had been listed in order of priority and the one in need of the most urgent attention was the gangway and header at Port Dock 5. Project Manager Pete Dale described the gangway, header, and pilings, and said the header, where the hinge is that holds the dock gangway up, was badly deteriorated. He noted that the wire that feeds the various docks and the fuel service facility would have to be cut loose to replace the header and a barge crane would have to be brought in to provide support during the repair. In answer to a question from Commissioner Barton, Dale said of all the projects on the list that was the most likely for catastrophic failure and the highest liability to the Port. Commissioner Jincks talked about the thirty-year history of the gangway and said it was amazing that it had lasted so long under heavy commercial use. Dale said he intended to look at the fuel piping to determine where it was in its life cycle, and the General Manager pointed out that the port leases only the floating dock to the lessee. The fuel dock equipment belongs to the lessee or the fuel company, not the Port. Dale estimated that the project could be done for about \$44,000 if only the header and connection to the gangway were addressed, and that would still reduce the Port's liability. Commissioner Barton suggested asking West Coast Contractors to provide an estimate on the project, since their equipment was already in place. The replacement of the hoist dock fender piles and whalers was also on the project list, and Barton further suggested that, since the work at Port Dock 5 would require an in-water permit, perhaps the hoist dock project could be done at the same time. Commissioner Jincks said the terminal renovation project was another priority for the Port this year and borrowing capacity would have to be considered so the project could roll from Phase 1 into Phase 2 without the contractor de-mobilizing from the site. He said the goal was to find a way to solve the liability issue at Port Dock 5, fund Phase 2 at the terminal, and do what was necessary to extend the life on the other projects until 2013, when the borrowing capacity would be available use for additional large capital construction projects. He added that it was a "sad truth" that the debt the Port would retire in 2013 would go towards funding more debt. At the same time, he suggested consolidating the smaller projects and financing them two or three at a time, thus saving money and the cost of mobilization. The General Manager said the Port had already had the borrowing capacity for \$250,000 that was to be used for Port Dock 7, and debt service on those funds had been budgeted for this fiscal year and the next. He suggested that money could be put towards the terminal if necessary. A short discussion followed on budget philosophy, i.e., budgeting for the worst case scenario and pre-planning projects before the money was there. Mann said he would re-work the capital outlay portion of the budget based on that discussion.

Finance Director Britton explained the adjustments made to personal services. In answer to a question from Commissioner Jincks, she attributed a \$50,000 decrease in personal services to hiring a security company and the fact that the Port's PERS rate would be lower in 2012 than it had been in 2011. Commissioner Jincks said he would like to see a breakdown of the merit increases and cost of living adjustments paid in the current fiscal year. Commissioner Barton suggested establishing a salary range for each position at the Port, and Commissioner Jincks pointed out that the time to set new policy is now because several Port employees could potentially retire soon.

General Manager Mann said that the revenue from the new NOAA lease would not be considered a source of revenue in the coming fiscal year but asked the commission to keep in mind that it could be a source of funding, perhaps for the terminal, in the future. Commissioner Barton said building up the maintenance reserve fund was a priority and she felt the money contributed to that fund should be used for maintenance each year. The Finance Director said \$20,000 had been budgeted for the maintenance reserve fund in 2011-2012 to add to the \$22,000 in there now. Commissioner Jincks pointed out that \$42,000 would go a long way towards the Port Dock 5 gangway project.

Commissioner Jincks emphasized that the drop in RV Park revenue should be taken seriously and cautioned against making budget misjudgments based on predictions of a good fishing year. Finance Director Britton said she had called other RV Parks to do a rate comparison and was not recommending an increase in RV rates this year. At Commissioner Jincks' request, Britton had prepared a chart showing the moorage revenue that would be realized by increasing commercial and recreational rates by 1%, 2%, and 3%. Commissioner Jincks said he "didn't want to do it", because commercial moorage rates had been raised 3% and recreational rates 4% last year, but suggested an increase in commercial and recreational moorages 2% "straight across the board", with the revenue from that increase to be dedicated to the maintenance reserve fund. After further discussion, the commission agreed to that policy. There would be no increase in RV Park rates. The Budget Message would include an explanation of the increase and details of where the revenue would go.

Following a discussion on hoist dock services, the commission established a change in policy relating to individual buyers of fish across the hoist dock. The General Manager was directed to issue a notice to fish buyers that, as of July 1, 2011, an annual permit would be required before they can buy product over the hoist dock. The permit fee would be \$1,000 for F/Y 2011-2012 and would increase to \$1,500 the following fiscal year. Revenue realized from the permit fee would be dedicated to the maintenance reserve fund. The permit would not be required for private fishermen who sell fish off their boats at their slips.

Commissioner Mathews left the meeting at 1:35 p.m.

Commissioner Fleck said the Port needs to establish policy regarding "maverick" charter vessels that use Port facilities. The General Manager said that would be part of the upcoming discussion on the update of the Port's ordinance.

III. PUBLIC COMMENT

There was no public comment.

IV. OTHER

There was no other business.

V. UPCOMING MEETINGS/EVENTS

- A. Budget Committee's first meeting, Port Conference Room, May 11, 5:30 p.m.
- B. Port Commission Work Session & Regular Meeting, Port Conference Room, May 24, 6:00 p.m.
- C.

VI. ADJOURNMENT

There being no further business to come before the Special Work Session of the Port Commission, the meeting was adjourned at 1:40 a.m.

ATTEST

Ginny Goblirsch, President

David Jincks, Secretary

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