

**PORT OF NEWPORT
MINUTES
May 15, 2013
Budget Committee Meeting**

I. CALL TO ORDER

The Budget Committee Meeting of the Port of Newport was called to order by Fred Postlewait on Wednesday, May 15, 2013, at 6:00 p.m. in the Central Lincoln PUD meeting room, 2129 N. Coast Highway, Newport, OR, the same being within the boundaries of the Port District.

Port Commissioners Present: Dean Fleck, David Jincks, Don Mathews.

Budget Committee Members: Brian Barth, Ron Benfield, Mark Collson, Fred Postlewait.

Port of Newport Staff: Don Mann, Pat Albaugh, Maureen Keeler, Patty Benjamin.

II. ELECTION OF CHAIRMAN

Mark Collson nominated Fred Postlewait as Budget Committee Chairman. Ron Benfield seconded the motion. There were no other nominations and the vote was unanimous.

III. BUDGET MESSAGE

General Manager Don Mann read the Budget Message for F/Y 2013-2014 aloud. The new Strategic Business Plan and Capital Facilities Plan had been utilized in developing the budget and the Port's primary goals for the next fiscal year. The proposed budget was comprised of five separate funds: the Bonded Debt Fund, the Facilities Maintenance Reserve Fund, the Construction Fund, the NOAA Lease Revenue Fund, and the General Operating Fund. Mann referred to the new fiscal year as a "transitional" year for the Port as it relates to policies, procedures, and the general management and maintenance of Port facilities and operations. He said the focus would be on long-term financial stability, and spending decisions would be made with strict direction to the revenue side and would take into consideration only the absolute needs and resource limitations of the Port. Mann added that the commission and management would start planning for the construction of a new administration office or consider leasing an existing office facility, as zoning laws allow only two years in a temporary facility. An ad hoc committee will look into health insurance options for Port personnel, and a search would start soon for a new general manager as Mann plans to retire effective January 1, 2014. He thanked the commission and staff for their combined efforts over the past year.

IV. REVIEW OF BUDGET DOCUMENT

Finance Director and Budget Officer Pat Albaugh reviewed the budget document. Starting with the Bonded Debt Fund, he said the formula used to calculate the taxes levied in the current fiscal year resulted in a \$40,000 short fall in the amount of taxes collected, so an inter-fund loan would be necessary in order to make the GO bond interest payment due on July 1, 2013. Taxes levied in the next fiscal year would go up in order to repay the loan and meet the needs of the Port in paying its debt service. The goal is to levy just enough to pay debt service without placing an extra burden on tax payers.

The Facilities Maintenance Reserve Fund started with a fund balance of \$75,000. \$125,000 would be transferred in from the NOAA fund and \$40,000 to repay the inter-fund loan. A series of photographs were projected onto a screen, showing projects that were in progress or had been completed over the past fiscal year, and projects that still needed to be done. A discussion followed about creating separate maintenance reserve funds for the NOAA and Terminal facilities. Commissioner Fleck said that the maintenance software programs in use at both of those facilities would make it easier to budget for maintenance into the future. Commissioner Jincks suggested dedicating a percentage of the revenue that comes from the Rogue lease for repairs and maintenance of their warehouse and other buildings. He also questioned whether the revenue that comes in from the operations crew servicing fish buyers offsets the wear and tear on the hoist dock and forklift and compensates for pulling personnel away from maintenance duties.

The Construction Fund showed a beginning balance of \$890,000, which included savings from two loans that had been refinanced and additional loan proceeds for construction at the Terminal. Mark Collson asked if part of those funds could be used for outstanding components of the Terminal project, such as the stone columns. Mann said there might be savings at the end of the project that could be kept in the Construction Fund against further needs of the project.

The budget summary for the NOAA Fund showed a beginning fund balance of \$3,000,000; an ending fund balance of \$2,665,386; and a contingency of \$100,000. A discussion followed about insurance on the NOAA facility and the annual Standard & Poors bond rating fee. \$250,000 had been included in the proposed budget as a placeholder, in case dredging was necessary in accordance with the NOAA lease. Under NOAA Fund appropriations, Albaugh changed the proposed figure for Transfers to Other Funds from \$150,000 to \$220,000 to allow for a \$70,000 tax credit from the Department of Energy, in case it does not come in before the end of the current fiscal year.

Highlights on the General Operating Fund budget overview included total projected resources of \$3,776,500 and appropriations of \$3,675,500. Lease revenue was projected at \$535,500; commercial moorage at \$390,000; and RV Park rentals at \$470,000. No Terminal shipping revenue was budgeted. Commissioner Jincks pointed out that Newport has a reputation for the best dockside services for vessels outside of Seattle. Because of those services, many out-of-town boats call to change nets and gear and, as a result, contribute more than \$14 million directly into the local economy. No moorage or RV Park rate increases were budgeted. Commissioner Jincks suggested that perhaps they should be, but not as a “knee jerk reaction” to the Port’s increasing expenses. He said for budget purposes, he would like to see a spreadsheet showing what increases have occurred in the past five years and what increases are anticipated in the next five years, and then a moorage increase could be based on good information. Albaugh added that this should be an ongoing conversation throughout the year, and not just at budget time. Albaugh said there had been a discussion about replacing the live-aboard fee at the South Beach Marina with an electrical usage fee, which would be fair and easy to verify, and he is also exploring software for online reservations at the RV Park. The same staffing level is anticipated as the current year. A committee will be appointed to look into the wage structure for Port personnel. A salary and wage step mechanism is under consideration. The largest items on the Personnel Services Budget were Workers Compensation, Employee Health Insurance, and PERS. Mark Collson suggested looking into paying Workers Compensation insurance claims, which would insulate against the type of modification rate increases seen over the past year. A discussion followed about the outdated marina software that is currently in use. No capital expenses are budgeted without grant revenues for the next fiscal year. The wooden center section of the commercial marina hoist dock will be replaced only if a Connect Oregon grant is awarded to the Port.

V. DISCUSSION BY BUDGET COMMITTEE

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

Mark Collson recommended the budget document as amended to the Port Commission for approval, subject to any changes that are made before its adoption. Brian Barth seconded the motion and it passed unanimously.

VI. PUBLIC COMMENT

There was no public comment.

VII. DATE OF NEXT MEETING

A second meeting will not be necessary. The Port Commission reserves the right to make adjustments to the budget up to 10% without calling the Budget Committee back into session.

VIII. ADJOURNMENT

There being no further business to come before the Budget Committee, Chairman Postlewait adjourned the meeting at 8:25 p.m.

ATTEST:

JoAnn Barton, President

Walter Chuck, Secretary