

PORT OF NEWPORT
MINUTES
May 16, 2012
Budget Committee Meeting

I. CALL TO ORDER

The Budget Committee Meeting of the Port of Newport was called to order by Budget Committee Chairman Fred Postlewait on Wednesday, May 16, 2012, at 5:30 PM in the South Beach Marina Activities Room, 2120 SE Marine Science Drive, Newport, OR, the same being within the boundaries of the Port District.

II. INTRODUCTIONS

Port Commissioners: JoAnn Barton, President; Walter Chuck, Secretary; Don Mathews, Treasurer; Dean Fleck, Assistant Secretary-Treasurer.

Budget Committee Members: Brian Barth; Alan Brown; Mark Collson; Fred Postlewait.

Port of Newport Staff: Don Mann, General Manager; Patti Britton, Director of Finance; Rick Fuller, NOAA Facilities Manager; Barb Martin, Accounting Assistant; Patty Benjamin, Administrative Assistant.

Others: Larry Coonrod, Newport News Times.

III. REAPPOINTMENT OF BUDGET COMMITTEE POSITION NO. 1 & ELECTION OF CHAIRMAN

Mark Collson moved to reappoint Fred Postlewait to Position No. 1 on the Port of Newport Budget Committee for a term of three years. Brian Barth seconded the motion and it passed with all in favor.

Mark Collson nominated Fred Postlewait as Budget Committee Chairman. Brian Barth seconded the motion. There were no other nominations and Postlewait was appointed as chair by acclamation.

IV. BUDGET CALENDAR

General Manager Don Mann pointed out that, if a second meeting of the Budget Committee was necessary, it would be scheduled for May 29, 2012, and staff would submit the notice for publication on May 17, 2012 to meet the required time limit. If the budget was recommended to the commission for approval, a public budget hearing would be held ahead of the regular monthly commission meeting on June 26, 2012.

V. BUDGET MESSAGE

General Manager Don Mann read the Budget Message for F/Y 2012-2013 aloud. Highlights included only one fee increase, which was a \$5 annual parking fee to replace the \$1 one-time fee. No increases in moorage were projected. The budget sought net property tax revenue of \$87,402, which was slightly more than 2% of the Port's General Operating Fund revenues.

The proposed budget was a document comprised of five separate funds: the Operating Fund, the Bonded Debt Fund, the Facilities Maintenance Reserve Fund, the Construction Fund, and the NOAA Lease Revenue Fund.

The proposed budget reflected a reduction in overall Personnel Services due to attrition. A step program for hourly and salaried employees will be prepared for the Commission's consideration over the next budget year. If an acceptable program is adopted, a reserve of approximately \$25,000 may be set aside for Personnel Services. That reserve would be expended only by the Commission's approval.

Under the current budget, repairs at the Port Dock 5 pier and gangway in the commercial marina had been accomplished. The priority for the upcoming budget would be a new administration office. In addition, interest had been indicated by several agencies in the development of approximately four acres south of the NOAA MOC-P facility for further development of the marine research and technology industry. Rogue Ales was expanding their footprint at South Beach, which was reflected in new lease

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revenue, and Yaquina Bay Fruit Processors was considering a possible expansion at their present site.

New revenue in the amount of \$150,000 would be realized from the NOAA MOC-P lease, and a transfer of \$125,000 of that amount was proposed for the Facilities Maintenance Reserve Fund, resulting in a balance of \$147,305 to meet future facility maintenance and unforeseen or emergency occurrences. Development of a new computerized maintenance program for Port facilities was anticipated over the next budget year, and a Strategic Business Plan/Capital Facilities Plan would be completed in the coming year. The Port Ordinance is in the process of being updated, and another of the Port's goals is to re-establish shipping activity from the International Terminal during the new budget year.

Mann emphasized that only the absolute needs would be considered in approaching spending decisions, and approval for any capital expenditures would be subject to final review and approval by the management staff team and the Port Commission where appropriate. He expressed his appreciation for the efforts of the Port staff and the hundreds of hours volunteered by the Commission.

A discussion followed about PERS, funding for the new administration office, the development of a marine technology incubator facility at South Beach, the maintenance management computer program that would be phased in over the next year, the proposed step program relating to future wage increases for Port personnel, and Yaquina Bay Fruit Processors' proposed expansion.

VI. REVIEW OF BUDGET DOCUMENT

Projecting slides of the budget documents onto a screen, Finance Director Patti Britton led the discussion on revenue. Using a pie chart illustration, she noted that the largest percentages of projected revenue would come from moorage at 31% and leases at 19%. Shipping was projected at 9%. Commercial moorage was projected at a lower level than the previous year and sport moorage was projected as flat. New revenue sources were anticipated due to Rogue Ales' expansion, the NOAA lease, and the Seafood & Wine Festival. A discussion followed about setting aside and dedicating some of the lease revenue to specific priority projects.

General Manager Don Mann explained that the projected revenue from shipping was a conservative estimate based on four ships per year at \$80,000 per ship. He added that the proposed tariff rates were in line with the Port of Coos Bay, Longview, and other existing log export ports, and nearly all costs associated with shipping are paid by the customer. In answer to a question from Alan Brown, Mann said that the ships were not anticipated until the third quarter of the next fiscal year. He said shipping revenue would be initially dedicated to paying down the debt service on the loan the Port took out from the State of Oregon to finish the terminal.

Finance Director Patti Britton reviewed Hoist Dock & Services, noting that most of those services were performed at the commercial marina, so when moorage was down hoist dock services were down also. She said RV Park revenue had been disappointing over the past year and was not expected to improve noticeably over the next year. She briefly discussed loans and grants and miscellaneous revenue.

Referring to a slide on the screen, General Manager Mann pointed out that Materials & Services and Personnel Services made up the largest percentages of expenditures. There was no increase built into the Personnel Services and total wages had decreased due to attrition. The overall annual savings since the Port had contracted with a security service was about \$30,000. Legal and Audit Fees were over budget due to legal counsel's assistance with updating the Port ordinance. Contract Services was also over budget due to the expense of replacing a server at the commercial marina. Moving on to utilities, Mann said electricity would stay flat but a 15% increase in water and sewer was projected, and garbage collection would go up by 7%. Additional funds had been added to Marketing, Administration, & Promotion to cover travel expenses to conferences and the cost of three commission positions that would be up for re-election in the coming year. The Port had signed a two-year rental agreement for the modular administration office at \$835 per month. Projections for Repairs & Maintenance included a new roof for a storage building at the terminal and fresh paint for the marina office and several other buildings at South Beach. Mann said \$15,000 had been budgeted for an analysis study of the Port's economic contributions to the district and region. If the board chooses to do that, the study would be helpful in applying for grants and dredging and there would be

an opportunity for a grant to cover up to 75% of the cost associated with the study. Capital Outlay included budgeted amounts for the rehabilitation of docks and buildings, repairs to the paved walkway to the public fishing pier, and repairs to a storm drain near the Rogue brewery.

The General Manager summarized the Debt Service, noting that one debt would drop off this year before debt service starts on the loan from the State of Oregon. Revenue from the shipping operation would be used to pay down that debt service. The chairman pointed out that the level of complexity of the Port's budget had grown considerably.

The next slide was the proposed budget for NOAA MOC-P. The General Manager introduced Rick Fuller, NOAA Facilities Manager. In answer to a question from the chairman, the Finance Director said that any funds budgeted for NOAA that are not expended during the fiscal year would be reserved for maintenance on that facility. A discussion followed about insurance coverage for the NOAA facility.

Moving on to Other Funds, the Finance Director answered a question for Commissioner Barton on the tax levy for the GO Bond that funded part of the Terminal Renovation Project.

VII. DISCUSSION BY BUDGET COMMITTEE

There were no further questions or discussion so the chairman called for a motion.

Budget Committee member Mark Collson moved that the Port of Newport Budget Committee approve tax levy for the 2012-2013 fiscal year at the rate of \$0.0609 per \$1,000 of assessed value for operating purposes, and in the amount of \$810,172 for payment of bond principal and interest. Budget Committee member Alan Brown seconded the motion and it passed with all in favor.

In a second motion, Budget Committee member Mark Collson recommended that the Budget Committee pass the budget document on favorably to the Port Commission for review and approval. Budget Committee member Alan Brown seconded that motion and it passed with all in favor.

A second meeting would 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 7:08 p.m.

ATTEST:

JoAnn Barton, President

Walter Chuck, Secretary