

**PORT OF NEWPORT
MINUTES
April 29, 2013
Budget Work Session**

I. CALL TO ORDER

Commission President JoAnn Barton called the work session of the Port of Newport Board of Commissioners to order at 10:00 a.m. in the South Beach Marina Activities Room, 2120 SE Marine Science Drive, Newport, OR, the same being within the boundaries of the Port District.

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

Commissioners Excused: David Jincks, Vice-President; Don Mathews, Treasurer.

Port of Newport Management and Staff: Don Mann, General Manager; Pat Albaugh, Finance Director; Rick Fuller, NOAA Facilities Manager; Patty Benjamin, Administrative Assistant.

Others: Alan Brown and Ron Benfield, Budget Committee.

II. MAINTENANCE SOFTWARE DEMONSTRATION—Rick Fuller

Rick Fuller, NOAA Facilities Manager, demonstrated the HIPPO facilities maintenance software that is currently in use at the NOAA MOC-P Facility and the Newport International Terminal. The software has a calendar feature that tracks and archives work orders and check lists of tasks on a weekly, monthly, or seasonally basis. It also has a data base for vendors, equipment, and resources on site by model number. The software has the capacity to include the north and south marinas as additional enterprises, and the capability to access documents from anywhere there is a phone or computer. Fuller said the software has been extremely useful in setting up preventive maintenance programs both at the NOAA MOC-P facility and at the International Terminal, and has also been helpful in the F/Y 2013-2014 budget process.

III. BUDGET DISCUSSION F/Y 2013-2014

General Manager Don Mann pointed out that, in compliance with budget law, budget committee members could not ask questions about specific estimates, expenditures, or appropriation amounts associated with any fund or line item during the work session. Commissioners could ask questions on specific items but there would be no deliberation between the commission and budget committee members.

A. Personnel Services

Albaugh said the number of Port employees would stay the same and no salary increases were proposed through the next fiscal year. A suggestion was made that an ad hoc committee could be appointed to review what the Port pays its staff and whether the wages are fair or overly generous in comparison to other ports. A proposed step program would also be reviewed by that committee. The committee could include one commissioner and an alternate, and an objective volunteer from the community. Albaugh said that the potential retirement of some staff members at the end of 2013 had not been factored into the budget as a cost savings, nor had pending legislation that might reduce the PERS expense. He said he wanted to budget conservatively for the “worst case scenario”. The General Manager had put together a step increase plan on paper. While the commissioners generally agreed that step increases were a good idea, Commissioner Barton emphasized that the increases were not automatic but would be based on merit and employee reviews.

Personnel Services showed large increases in employee health insurance and PERS expense. Finance Director Pat Albaugh said he and the General Manager were looking at options to reduce those costs. A discussion followed about the deductible that employees currently pay on their insurance and the savings realized through the Health Reimbursement Arrangement (HRA). The General Manager suggested putting together a second ad hoc committee to include a commissioner and an employee representative from each of the Port’s enterprises to evaluate the Port’s benefits package, look at options, and be involved in the decision making process. Commissioner Barton suggested that Albaugh should be part of that committee, if he had time. She added that employees participating in the benefits review committee would need to know that step increases might be part of the equation, as they relate to insurance benefits, and that there might be years that all employees had earned their step increases but the Port could not afford the salary increase.

Workers Compensation expense had also gone up, due to a couple of on-the-job injuries.

B. Materials and Services

Insurance showed a large increase for the next fiscal year. Finance Director Pat Albaugh said the current year's insurance budget had been underestimated by nearly \$30,000, partially due to the value of a retaining wall underneath Rogue Ales being shown on the asset sheet as \$80,000 when it should have been \$800,000. The premium had gone up on that asset. Another insurance increase was expected when construction was finished on the International Terminal. Albaugh said he had factored in an across the board increase of 5% on insurance for budgeting purposes. He said the Port would continue with the same audit firm this year but he had been gathering RFPs for auditing services and some local firms were interested, so he anticipated that the audit expense would go down next year. Commissioner Barton asked why the natural gas/propane expense had more than doubled, and Albaugh said he would look into it. IT services were estimated to decrease slightly because more work was being done in house. Repairs and maintenance included a list of projects that were proposed in line with Capital Facilities Plan. The General Manager asked for input from the board as to which of those projects they would commission would highlight as a priority. A discussion followed on deferred maintenance of the docks; staff time being redirected from dock repair to servicing the hoist dock; lost revenue from docks out of service; and anticipated revenue from the terminal that was meant to go towards deferred maintenance but had not come in. It was noted that some dock repairs had been accomplished in the last year, in spite of those larger issues.

C. Capital

The only item budgeted under Capital & Grants was replacing the wooden center section of the commercial marina hoist dock, if the Port can secure a Connect Oregon grant to fund the project. The General Manager explained that the amount for Connect Oregon shown on the Capital & Grants chart was the same as the estimate used in the Capital Facilities plan, and legislation was pending that would finalize the funding amount that would be available from Connect Oregon.

D. Debt Service

The General Manager said he was working to extend the first interest only payment on the Special Public Works Loan for Terminal Construction.

E. Live Aboard Fee vs User Fee

The Finance Director suggested that a user fee for electrical service at the South Beach Marina would be easier to verify and manage than the current live aboard fee, and would also be an opportunity to generate revenue. There will be further discussion on this item.

IV. PUBLIC COMMENT

There was no public comment.

V. PERS DISCUSSION—Nancy Brewer

Nancy Brewer, Finance Coordinator for the City of Corvallis, provided an overview of PERS public programs, services, pending legislation, and rate hikes. This was an information only item.

VI. ADJOURNMENT

The work session was adjourned at 1:00 p.m.

ATTEST:

JoAnn Barton, President

Walter Chuck, Secretary