

PORT OF NEWPORT
MINUTES
May 1, 2008
Budget Committee Meeting

I. CALL TO ORDER

The Budget Committee Meeting of the Port of Newport was called to order by Fred Postlewait on Thursday, May 1, 2008, at 5:00 p.m. in the Port Conference Room, the same being within the boundaries of the Port District.

II. INTRODUCTIONS

Commissioners: Rob Halverson, President; Ginny Goblirsch, Vice-President; Dean Fleck, Secretary; and JoAnn Barton, Assistant Secretary-Treasurer. Don Mathews, Treasurer, was excused.

Budget Committee Members: Brian Barth; Ron Benfield; Alan Brown; Fred Postlewait; Tony Wilder.

Port of Newport Staff. Don Mann, General Manager; Patti Britton, Director of Finance; Maureen Keeler, Special Projects Manager; George Simon, Port Security; Patty Benjamin, Administrative Assistant.

Others: Kendall Cable, Newport News Times.

III. ELECTION OF CHAIRMAN

Commissioner Goblirsch moved, Ron Benfield seconded, to retain Fred Postlewait as Budget Committee Chairman. There were no other nominations and the motion passed with all in favor.

IV. BUDGET CALENDAR

Finance Director Patti Britton pointed out that if a second meeting were necessary, it would be scheduled for May 20, 2008, so she would need to know that night in order to submit a notice for publication within the required time limit.

V. BUDGET MESSAGE

General Manager Don Mann read the Budget Message for F/Y 2008-2009 aloud. Highlights of the Budget Message were shown on a screen using PowerPoint. Those highlights included a 3% increase in recreational and commercial moorage fees, a \$1 increase in RV rates, and increases in some service fees. Those rate increases were proposed to help offset a projected overall utility cost increase of 10%. The budget sought a net property tax levy of \$68,808, representing about 2% of General Operating Fund revenues.

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

New projects included a continuing planning effort for the proposed Fisheries Center Building. The project was designed to be debt neutral through lease income. Preliminary cost estimates were approximately \$1.7 million, although those costs were not confirmed and will continue to be adjusted. When costs are finalized, and if the commission approves the building design, a supplemental budget would be required.

Employment positions funded by the Port would include one additional full time maintenance employee, the first new position in over thirteen years. As in the past, temporary help through community and county service programs would be utilized during busy seasons or on special projects. A Personal Services line item was included for wage and salary and cost of living increases for regular employee positions.

The budget included a \$300,000 expenditure in the form of a loan to begin a five-year dock and pier improvement plan, as recently adopted by the Commission. In addition,

the Terminal Dock Project would continue, as reflected in the Construction Fund. Purchase items included replacement of one forklift for terminal dock operations.

This Fiscal Year, transfers to other funds will include transfers to the G.O. Bonded Debt Fund based on the seven-year payment plan that had been developed six years ago. These transfers would be finalized in the 2010 budget. A \$10,000 transfer to the Maintenance Reserve Fund was proposed. The function of that fund was to meet future facility maintenance needs or emergency occurrences.

Mann emphasized that any capital expenditures would be subject to final review and approval by the management staff and Commission, where appropriate, and those types of expenditures would not be made unless the actual revenues to cover them were assured to be received by the Port.

VI. REVIEW OF BUDGET DOCUMENT

Finance Director Patti Britton led the discussion on revenues. Using a pie chart illustration, she noted that the Port's traditional revenue sources from moorage and income from the RV Parks would remain the largest percentage of the Port's revenues, at 32% and 17% respectively, along with grants and loans at 18%. Commercial moorage was expected to be down somewhat; however, the rehabilitation of H Dock at the sport marina, which would accommodate larger vessels, was expected to increase moorage revenue at South Beach. As in years past, only 2% of revenue would come from property taxes

Revenue highlights included an across-the-board increase in moorage rates of 3% and an increase in some service fees. Lease revenue was largely unchanged, however a change to the existing poundage fee would be incorporated into the Carvalho lease when it comes up for renewal and Foulweather Trawl's lease reflected an increase in square footage when they move into their new building at the terminal.

Britton reported that an increase in revenue from the RV Park was expected based on occupancy rates and because of the \$1 per night increase in fees. In answer to a question from Chairman Postlewait, Britton said the RV Park was performing as expected and she still expected to pay the loan off early on the RV Park, but perhaps not as early as previously expected due to increasing costs. She added that maintenance is still on schedule at the new park. Postlewait suggested keeping track of things that pay for themselves, like the laundry and showers at the RV Park, as an exercise to "see what works".

Grants and loans included \$300,000 for the renovation of H Dock at the South Beach Marina. When H Dock is back in service, it is projected to produce revenue to service debt for other dock repairs. A short discussion followed about the grant/loan process and pro forma for building the proposed Fisheries Center Building.

General Manager Don Mann presented a pie chart showing details of the Port's projected expenses for FY 2008-2009. Materials and Services was the largest portion of the chart at 34%. A separate bar chart showed Personal Services. Health insurance costs for 08-09 included the reimbursement of up to \$1,000 for deductible expense over \$500, which would be calculated and paid out after July 1st.

Audit expenses were expected to be higher than in the previous year due to changes in the audit standards industry-wide that would require the auditors to spend more time on the job. The most significant change under Contract Services was in janitorial services. Janitorial services had been contracted for the South Beach Marina during the last budget year and were proposed for the commercial marina this year. The Port maintenance crew had cleaned the restrooms in the past but it was very time consuming and not thought to be the highest and best use of their time.

General Manager Mann reported that utilities were up over last year, with a 7% increase in electricity, a 10% increase in water and sewer, and a 10% increase in garbage collection. A discussion followed about the Zero Fish Waste Project, which, if it were successful, would decrease the Port's expenses for fish waste collection. Mann reported on a meeting with Rob Thompson, from Thompson's Sanitary, where he was told that the Port's operation was one of the most efficient in the area because of the compactors that are in use at both marinas.

Office Expense was largely unchanged, while Marketing and Promotion had increased due to two new association memberships and advertising for the Marina and RV Park and for the terminal dock as it is under construction. Repairs and Maintenance included ongoing dock maintenance as the Port moves into its five-year dock rehabilitation plan. Mann noted that the DEQ payments of approximately \$16,000 per year were done, and also noted a grant that the Port had won from the Oregon State Marine Board in the amount of \$87,612 for a new pump-out facility at the South Beach fuel dock. The Construction Fund reflected the Terminal Renovation Project, with revenue coming from bond proceeds, a Connect Oregon Grant, and interest.

Finance Director Patti Britton reviewed and explained the Bonded Debt Fund, the Limited Tax GO Bond Fund, the Facilities Maintenance Reserve Fund, and the Construction Fund. In answer to a question from Chairman Postlewait, she said the Port was on schedule paying off bonded debt that was owed from the early 90s. In answer to a question from Ron Benfield, she said she would check further on whether taxes would have to be levied in this budget year to pay off debt on the second \$5-million issuance of general obligation bond proceeds for the Terminal Renovation Project.

VII. DISCUSSION BY BUDGET COMMITTEE

There was no additional discussion beyond what had occurred as the budget was presented and there were no further questions, so Chairman Postlewait asked for a motion from the committee.

Budget Committee member Ron Benfield moved to accept the Port of Newport Proposed Budget for Fiscal Year 2008-2009 as presented, and recommended the document to the Port of Newport Board of Commissioners for adoption. Budget Committee member Alan Brown seconded the 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

Port Security Guard George Simon asked for clarification of the Port of Newport's wage structure and insurance coverage.

There being no further business to come before the Budget Committee, Chairman Postlewait adjourned the meeting at 6:32 p.m.

ATTEST:

Rob Halverson, President

Dean Fleck, Secretary