

**PORT OF NEWPORT
MINUTES
April 8, 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 Tuesday, April 8, 2011, at 2:30 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.

Commissioners Present: Ginny Goblirsch, President; JoAnn Barton, Vice-President; Don Mathews, Treasurer.

Commissioners Excused: David Jincks, Secretary; Dean Fleck, Assistant Secretary-Treasurer.

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

II. FY 2012 BUDGET

General Manager Don Mann and Finance Director Patti Britton reviewed the budget calendar, noting that the first meeting of the Budget Committee would be held on May 11, 2011, and the Budget Hearing/Adoption of the budget is scheduled for June 28, 2011, prior to the regular commission meeting.

The General Manager and Finance Director explained that the handouts provided to the commissioners were working documents and it was a violation of budgetary law to make those documents public until the Budget Committee has seen them. Mann went on to explain that the Port is a month into the budgetary process and internal meetings had been held with the various departments to arrive at the preliminary numbers shown on the working document. He said those numbers would be "pared down" and the budget would be balanced before the final document went to the budget committee. The format of the working document included a work sheet for most line items, and columns showing a history of information for three years. Commissioner Mathews said it would be helpful to him to have the current year's budget numbers on the form for comparison. Mann pointed out that the revenue work sheet did not include increases in fees or moorages but was based on year end projections of what the numbers would be. The personal services page included a salary survey done by the Port of Coos Bay, comparing wages paid by other ports, cities, hospitals, and agencies in Oregon and California for comparable positions. In answer to a question from Commissioner Barton, Mann said the maintenance crews provide work sheets on which individual items, such as boards and pilings, are broken down, and then those items are combined on the working budget document, rather than listing those items individually. Britton explained that a repair has to cost more than \$5,000 and has to increase the value or extend the life of an asset, in order to be categorized as a capital outlay. She also said updates are provided to the maintenance crews at least quarterly and sometimes monthly, showing how much remains in their budgets.

Commissioner Barton said she would like to see a percentage of revenue from each profit center set aside for maintenance of that enterprise. Mann said the Port tries to put a lump sum into the maintenance reserve fund each year but unless there was a new source of revenue, it would be difficult to dedicate a percentage of revenue from any enterprise that would take away from where that money had been used before. He added that if a specific percentage was allocated from each profit center, and one profit center needed work but another didn't, there would be a danger that the one in need would fall short. However, he said the commission had never passed a policy that stated that a certain percentage of revenue, such as 2% or 5%, would go into a reserve fund dedicated to the maintenance of each enterprise, and if the commission recommended that, it would be done. He cautioned that it might be more difficult to do that this year than next year, when the terminal might be generating more revenue after its renovation and maintenance and management costs for the NOAA lease would have been identified. Mann acknowledged that the NOAA lease would generate new revenue but recommended leaving it in the NOAA fund until after the first year.

A discussion followed about the repair and maintenance schedule, which was in a line item format with estimated project costs. Mann asked the commissioners to prioritize those expenditures based on the information provided and note their questions and comments. Moving on to the page detailing outstanding loans, the Finance Director noted that some of the older loans would start dropping off in 2013, adding approximately \$90,000 in revenue. Mann suggested that could be applied to maintenance or increased borrowing capability to complete some of the Port's capital outlay projects, such as renovations to the port docks. Commissioner Barton cautioned against incurring more debt. A discussion followed about the cost of health insurance and PERS for Port employees.

III. PUBLIC COMMENT

There was no public comment.

IV. OTHER

The commission scheduled a second special work session to discuss the 2012 fiscal year budget for Thursday, April 14, 2011, at 9:00 a.m. in the Port Conference Room.

V. UPCOMING MEETINGS/EVENTS

- A. Fishermen's Forum, Wednesday, April 13, 8:30 a.m., Port Conference Room
- B. Work Session and Regular Meeting, Tuesday, April 26, 6:00 p.m., Port Conference Room

VI. ADJOURNMENT

There being no further business to come before the special work session of the Port Commission, the work session was adjourned at 4:00 p.m.

ATTEST

Ginny Goblirsch, President

David Jincks, Secretary

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