

PORT OF NEWPORT MINUTES

May 19, 2020

2nd Budget Committee Meeting

This is not an exact transcript. The audio of the session is available on the Port’s website.

This meeting was held virtually only. The media and public were invited to view the live stream of this meeting on our YouTube Channel, Port of Newport Commission Meeting Audio, and were invited to participate during public comment. Live chat was not monitored. The public could also submit a comment through a form on our website no later 4:00 pm on Monday, May 18th. One comment was received in advance of the meeting.

Agenda Item

Audio Time

I. CALL TO ORDER

0:00

Committee Chair Jeff Lackey called the 2nd Budget Committee Meeting of the Port of Newport to order at 6:03 pm.

Port Commission Members Present: Walter Chuck (Pos. #1); Gil Sylvia (Pos. #3); Jeff Lackey (Pos. #4), Chair; and Jim Burke (Pos. #5). Position #2 is vacant.

Freeholder Members Present: Rex Capri (Pos. #2), David Smith (Pos. #3), Mark Farley (Pos. #4), and Jeffrey Johnson (Pos. #5). Fred Postlewait (Pos. #1) was absent.

Management and Staff: Paula J. Miranda, General Manager and Budget Officer; Aaron Bretz, Director of Operations; Mark A. Brown, Director of Finance & Business Services; and Karen Hewitt, Administrative Supervisor.

II. RECEIVE UPDATED BUDGET MESSAGE.....

0:28

Lackey commented that a lot of business was taken care of at the 1st Budget Committee Meeting. Miranda said there was not an updated message, but she did want provide clarification on salary increases. An additional table was shared, and is saved as a Meeting Packet Addendum, showing the increase history and the actual increase proposed for the budget from the current rates as 8.2%. She reviewed the salary increases that had been implemented since 2019. She commented that the increase was larger than a normal year, and was being implemented based on the HR Answers salary survey to clean things up moving forward. Sylvia asked if there was a trajectory of salary increases moving forward. Miranda said that staff would continue to look at maintenance wages. The Port was having difficulty filling those positions and had seen turnover in the past year. The Port had also expended money on training in these positions. She added that similar jobs elsewhere were hard to compare, especially with Newport cost of living. Other positions would depend on the need for replacement or adding staff. Seasonal staff also proved to be a challenge to fill.

Chuck said he appreciated this additional table. Miranda said she would send this out. Lackey said he also felt this document was valuable. Sylvia asked about health benefits and PERS, and the trend for personnel expenses over time. Brown said that health insurance went up 19% this year, with comparison quotes in the same range. He said PERS liability should be decreasing over time. Sylvia said he felt good about the budget, and sensed others did as well. He suggested one reason was that the Commission looked at the budget status at the regular monthly meetings. He

commented on the correlation with the Strategic Plan and the Port's diverse sources of revenue. Sylvia suggested it would be helpful to show the projects not just by priority but also by their stages, such as planning, implementation, and time planned for completion. He added his support for finding funding for plans, which was critical. Brown said the priorities list could be shuffled to take advantage of opportunities as they arose. Miranda said the projects could also be separated into planning, deferred maintenance, new capital projects, and projects that had been put on the back burner. She added the Strategic Plan is a 5-year plan, so these projects (as listed on the Strategic Plan) are planned to be completed in the next 5 years if feasible. Miranda commented that the costs for deferred maintenance would continue to increase over time, and there was a risk of losing assets not repaired. The situation with COVID-19 may make some funding more difficult to obtain this year, but projects need to be in the budget if funding is to be sought. She added that keeping money in reserves was also a priority. Miranda said the Commission and public will be updated as projects progress.

Chuck asked specifically about the South Beach electric load centers and its place in the priorities since it was identified as a top project last year. Miranda said the priority list is not a timeline, and items 1 – 10 are very close in priority; all have to be done. Chuck also commented on the need to be cognizant of the needs for matching funds. Burke said he appreciated all of the planning and the forward looking approach. He suggested communicating with the public to help interpret the planned projects, so they understand the Port's approach to managing funding and completion. Capri said he appreciated staff's effort in preparing the budget, and he appreciates maintaining the Port's assets. He specifically asked about the priority of the NIT Consultant to determine best opportunities and uses of International Terminal, which he considered a priority potential for the Port to generate new revenue and be proactive in making something happen. Miranda said she considers this important and will pursue grants, but there are already opportunities lined up for some of the other projects such as the PD5 Pier Project and the Army Corps dredging of the channel to the Commercial Marina and that is why they were higher on the priority list.

III. PRESENTATION OF CASH FLOW

40:50

Brown introduced the two cash flow documents included in the meeting materials, which looked at opening balance, expected income, expenses, grant funding, and what the ending balance would be. He added the Port would need to get grant funding to make this work, but both scenarios maintain reserves. Lackey said he appreciated this summary and had a good sense of what the Port could do. Miranda added that she and Brown were discussing putting something similar together for a 5-year plan, which would help identify what would become a project and when. Miranda reiterated the value of the Port's diverse holdings, and the importance of having reserve funds.

IV. FINAL REVIEW OF PROPOSED BUDGET FOR FY 2020-2021

There was no additional discussion.

V. PUBLIC QUESTIONS/COMMENTS

47:38

A comment submitted by Tom Simpson appreciating the small increase in annual moorage at the recreational marina for senior residents was read to the Committee.

VI. APPROVAL OF BUDGET

48:42

A motion was made by Johnson and seconded by Burke to approve the proposed Budget as presented for the Port of Newport’s 2020-2021 fiscal year. The motion passed 8 – 0.

VII. APPROVAL OF TAX RATE FOR THE PORT’S FY 2020-2021 TO SUBMIT TO ASSESSOR

50:35

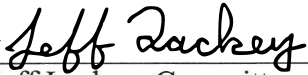
A motion was made by Johnson and seconded by Chuck, based on the Port’s Bonded Debt Fund balance of three-hundred-thirty-four- thousand four-hundred U.S. Dollars (i.e. \$334,400.00) per its audited financials as of 30 June 2017, to approve the tax rate of six-point-zero-nine-cents (\$0.0609) per \$1,000.00 of assessed value for operating purposes in the General Operating Fund and in the fixed amount of five-hundred-twenty-thousand U.S. Dollars (i.e. \$520,000.00) for payment of general obligation bond principal and interest in the Bonded Debt Fund for the 2018-2019 fiscal year. The motion passed 8 – 0.

VIII. ADJOURNMENT

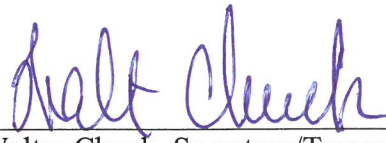
52:33

Having no further business, the meeting adjourned at 6:56 pm.

ATTESTED:



Jeff Lackey, Committee Chair



Walter Chuck, Secretary/Treasurer