

**PORT OF NEWPORT MINUTES**

March 18, 2020

Commission Work Session – Goal Setting

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

**Agenda Item**

**Audio Time**

**I. CALL TO ORDER .....**

0:00

Commission President Sara Skamser called the Commission Work Session of the Port of Newport Board of Commissioners to order at 8:03 am at the South Beach Activities Room, 2120 SE Marine Science Drive, Newport, Oregon.

**Commissioners Present:** Walter Chuck (Pos. #1), Secretary/Treasurer; Sara Skamser (Pos. #2), President; Gil Sylvia (Pos. #3); Jeff Lackey (Pos. #4); and Jim Burke, Vice President (Pos. #5).

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

**Members of the Public and Media:** Angela Nebel, Summit Public Relations; and Bill Gunderson III, PND Engineers Inc.

0:20

**II. INTRODUCTION & STAFF REPORTS .....**

**A. Annual Goal Setting Staff Report**

Miranda began by explaining the change in the meeting format to include distancing between Commissioners and staff, and a phone conference option for members of the media and public to comply with the Governor’s orders to limit gatherings to no more than 25 people. She added the meeting was important for Commission and staff to meet face-to-face as there was a lot to discuss that would have been difficult over conference call. Miranda added she requested the Regular Meeting March 24<sup>th</sup> be held by conference call only. Miranda said this Work Session was to discuss goal setting and the budget process, but was not a Budget Hearing.

Miranda introduced the Staff Report included in the Meeting Packet. She commented that she would like this meeting to provide an opportunity to reevaluate how goal setting would be done in the future, and reviewed what was included in the Meeting Packet. She said she had added notes to the Strategic Plan Summary about the current status of those plans. She invited the Commissioners to consider this a living document and add items they wanted to include in the plan. She asked the Commissioners to each come up with five focus areas. Miranda commented the Work Session would be a good opportunity to engage in discussion that doesn’t take place at Regular Meetings.

7:19

**B. Budget Priorities Staff Report .....**

Brown introduced the Staff Report included in the Meeting Packet. He added that staff had prepared a preliminary draft of the budget, which would change with the setting of priorities. Brown said he would provide Commissioners with copies of the draft at the end of the Work Session. He commented the materials in the Meeting Packet included consideration of what was

needed to support the Port in the next fiscal year and 10 years into the future. Brown said given the current scenario, there could be 20% unemployment if the federal government does not pass a stimulus package; this was not yet factored in the budget. He added the commercial moorage increase was based on an agreement with the commercial fishermen. Brown said he looked at the 2008 recession, which resulted in a 1% decline in tourism in Lincoln County, although the current situation is different. He suggested the date for the Budget Committee Meeting be set at this Work Session.

11:23

**III. NEW BUDGET COMMITTEE MEMBERS .....**

Brown reviewed the applications that had been received for freeholder members of the Budget Committee. Miranda reminded the Commission there were four vacancies on the committee, and there were four applicants. She reviewed the requirements for the committee members. Brown commented that law required the Commission make every attempt to fill the empty seats or show why they weren't. He added that the term expirations would need to stagger. The Commissioners agreed since they did not know Jeffrey Johnson, two Commissioners would contact him before considering an appointment to the committee; Skamser and Sylvia will follow up before the Regular Meeting on March 24<sup>th</sup>.

**A motion was made by Chuck and seconded by Lackey to appoint Rex Capri, Mark Farley and David Smith to the Budget Committee, with Capri's and Farley's terms to expire in 2023, and David Smith in 2022. The motion passed 5 – 0.**

22:06

**IV. 2019 PORT'S VALUES, MISSION & VISION .....**

Miranda said she included the material in the Meeting Packet for information. She suggested the Port's Values, Mission & Vision be revisited at least every five years.

23:06

**V. 2019 STRATEGIC BUSINESS PLAN SUMMARY .....**

Miranda introduced the material included in the Meeting Packet, which summarized areas the consultants identified needed addressing, with comments Miranda added with input from the Port Directors. Skamser commented that the City is making changes in South Beach, and the Port should coordinate with the City to make sure proposed changes to the RV Annex blend. Miranda commented that the Commission will note the proposed focus for the next fiscal year is on planning. She added having plans in place was an important factor when applying for grants. The Port does not have staff in-house that could complete this planning; Bretz could coordinate these efforts with consultants. Funds would be needed for planning consultants, including for the RV Park Annex. Chuck said it would be important to move forward with planning for revenue creating projects like the Annex, and commented the City's plans could change. He suggested SDAO could be a resource for planning consultation. Miranda described what would be elements in a project plan. The intent would be to create plans that would be implemented in future years. Brown said return-on-investment and market analysis would be included in plans. Sylvia spoke to the need to balance net revenue generation and retaining core, key clients. Miranda elaborated on the different areas of expertise that would be needed for effective planning. Chuck suggested looking at what projects could more easily be funded, reinvesting where revenue is being generated, and addressing the Rogue sea wall as priorities. Miranda said the goal would be to make every area of the Port sustainable. One reason for that struggle currently is the lack of infrastructure. She suggested that focusing on infrastructure could move revenue back into an area and make it sustainable. She added that the State wants to see expansion of business in place.

For the Rogue sea wall, the Port needs a plan to analyze what needs to be done, in addition to the information currently being gathered through a Brownfields grant on environmental and geotech data.

Lackey expressed concern over becoming overextended in this time of uncertainty, and the need to protect existing revenue. Miranda said that if the Port does not receive the needed grant/loan funding for a project in the budget, that project will not be done. Brown said he also analyzed what would happen if projects were not completed. For example, planning for Port Dock 7 was a priority because if it is not replaced there won't be places for fishermen to dock. Brown offered to forward a spreadsheet analysis to the Commissioners on request. Miranda said that it is difficult to get funding for projects that are not included in the budget; the Port has to plan, apply for grants, and have projects in the budget. She added some projects may be on the budget for several years before getting funding to complete the project. Skamser suggested considering adding dock at the Rogue sea wall, and collaborating with Rogue. Miranda said the wall itself would need addressing in the upcoming fiscal year. Chuck agreed with Lackey that caution was needed, but acknowledged that projects needed to be included in the budget. If revenue goes down, some projects may not get funded even if in the budget. Miranda added that matching funds can be an issue, and reserves should be maintained. Skamser said it was important for the public to be aware the Port was not draining NOAA funds. Miranda said savings on bond refinancing and through efficiencies could be sources of matching funds and leveraging loans. Burke commented he agreed with looking forward as well as the need to be adaptive in the upcoming fiscal year. Miranda said that any large projects that move forward would still require Commission approval, but she wouldn't want to not have them on the books and miss an opportunity. Sylvia spoke about separating out long terms goals and what may happen in the upcoming year, and asked for some information presented on a worst case scenario. She said the coronavirus is affecting a lot of Ports, particularly in the areas of cargo and tourism. At this time, the impact on the fishing industry was difficult to anticipate, but staff would look at this closely. Lackey requested Miranda send a weekly update to Commissioners in the near term. Burke said they were doing similar updating at the Aquarium.

End of Part 1

Begin Part 2

Brown explained that the Port defined capital projects as those with a life greater than five years, with a cost of greater than \$5,000, so some maintenance projects met the criteria; he will add this note for budget meetings. Miranda said she had discussed with Brown about setting funds aside each year as capital assets depreciated so that they could be replaced when the time came; it is harder to find grants to replace something already in existence. Burke said this went along with increased planning. Chuck commented that some projects funding was predicated on increased fees, and recommended reaching out to commercial fishermen and tenants about the increased fees at this time. Bretz reviewed the discussion last year with the Commercial Fishing Users Group Committee (CFUG) around rates and electrical upgrades, information from last year's budget message, and the relationship to the Port Dock 5 Pier Project. Miranda said there was some time to see what happens to the market before implementing the budget. If some fee increases are pulled back this year, greater increases may be required in the future. Lackey commented that the discussion with CFUG was well planned out and executed, and he recommended following up each year. Bretz spoke about the relative impact of moorage vs. service fee increases, and the perception of users if fees increase but facilities decline. Miranda said that staff was looking to have rates make sense; longer term moorage rates are heavily discounted, and at a point, don't cover the Port's related operating costs. There was some discussion about the Port not currently offering new annual moorages. Bretz commented space is a critical issue, and Newport is a better opportunity than other Ports for most fishing operations.

Lackey said the statistics backed up that Newport is gaining. He commented on some of the impacts on fishing of the coronavirus, and commented that how shrimp starts out will be something to watch. Bretz said the Port did not want to turn boats away but needed flexibility; currently the Commercial Marina is at 110% capacity, well above the ideal of 85% capacity. Sylvia said it was useful to have an understanding of where the industry was headed. He added some large/moderate businesses know the investment in docks is critical to their long term success – communication is critical. Miranda said the issue of moorage fees is not just a problem in Newport. Ports in Washington state tend to get more revenue from taxes which can be used for infrastructure, but ports in Oregon depend on grants and loans which require matching funds. The Port needs to conserve what it has, and repair or replace when needed. Bretz said there was a similar issue with discounts on long term moorage in the Recreational Marina, and described some of the issues and changes over time. Brown said there is also a point where the rates no longer cover operational costs in the recreational marina. He added the Port does not currently charge for single vehicle parking at the South Beach facilities. Miranda said staff was proposing implementing such fees to help pay for infrastructure.

Sylvia suggested having work sessions throughout the year to discuss priorities, goal setting, and other topics. Miranda asked Commissioners to give her a list of topics they'd like to discuss to coordinate meetings with Skamsner. Chuck said that the Port was fully staffed for the first time in 3 years, and complimented the Commission, Paula and staff for stability. Chuck added grants used to require a 10-20% match, but now can require 30-50% matches with more steps to complete. There are also additional mitigation costs and increased projects costs. Sylvia said he was supportive of planning consultants, which would help compete for grants. Miranda added that offering a higher match on grants can sometimes increase the likelihood of receiving those funds. Chuck suggested communicating ahead of time with recreational users about proposed parking fees. He added if fees were charged, there would need to be parking available. Skamsner asked about a potential "expo center" at South Beach. Miranda said a market and feasibility analysis would be needed, and that planning could be part of the upcoming budget. She added there has been discussion about this possibility with agencies and potential users. Bretz advised that on April 13<sup>th</sup> the City's Planning Commission will be holding a public hearing regarding proposed changes to zoning and building requirements, which could affect the Port's plans for future development. Miranda suggested the possibility of a Rubb building, which would be temporary but strong, to see if a structure made sense in the long run.

End of Part 2

*Skamsner called for a 10 minute recess.* .....

Begin Part 3

*Skamsner reconvened the Work Session at 10:27 am.* .....

**VI. PERSONNEL STEPS & WAGES** .....

Chuck asked if staff was planning on hiring in the upcoming fiscal year. Miranda said they planned to get some additional staff part-time during the busy season. She said staff was trying to increase salaries for current employees to at least reach the salary survey range. Miranda said she considered interns, but this was difficult with the close quarters in the current administration building. Bretz said operations was not planning to add staff – temporary work force provides needed flexibility. This could change depending on staff health and new projects. Miranda confirmed that all approved increases are already in place for the current fiscal year. Miranda said she was going back to having staff increases implemented with the fiscal year instead of calendar year, so these changes would become effective July 1<sup>st</sup>. She said if the budget were



approved, this will be an increase to keep up with the salary survey and cost of living. One driver for making this change is recent losses of personnel. Skamser said her number one priority was wage increases top to bottom. Miranda commented on the cost of living in Newport and the importance of being able to train and keep good people.

Brown said that expenses for temporary employees has moved for the upcoming fiscal year from expenses using a temporary agency to personnel, since the Port will hire temporary workers directly, in compliance with labor laws. Miranda said both she and Brown were not included in the increases other than CPI in the current fiscal year as new employees, but they are represented in the increases for the upcoming fiscal year. She reminded the Commission about her one year anniversary in May and the need to schedule a review. Brown explained the materials in the Meeting Packet. Bretz spoke about the correlation between the level of service the Port can provide and the wages it offers. He said the goal over time was to establish a standard of service.

Brown said overall the increase in salaries/wages was approximately 11%, not including temporary workers. He will provide the percentage increase for temporary labor. Brown spoke about the efficiency and other gains the Port would reap with the proposed technology improvements. Sylvia asked about future changes to the wage steps and what happens when someone reaches step 12. Miranda said the idea is for staff to grow at the job, and move to a new classification when qualifications are met and a job is open. Brown added the wage steps would be adjusted each year to reflect a CPI increase. Bretz suggested considering whether the Port wanted to compete for labor locally, statewide, or nationally. The last survey used to adjust the proposed wages was local, and the Port may want to make adjustments to certain positions where it was difficult to compete.

36:28

**VII. RATES & FEES .....**

Bretz responded to Skamser’s question that the increase to rates at the International Terminal (NIT) rates was 68%, and 10% in the Commercial Marina. He added more services were both available and performed at NIT this past year. Bretz said there is currently no wharfage charge at the Commercial Marina hoist dock, which is at capacity for some fisheries. He commented on the axle fees which were new in the current fiscal year. There was discussion about the need for increased rates at the Commercial Marina, the importance of tying those increases to needed projects, and the willingness of users to pay for good facilities. Sylvia suggested a workshop including key players from fishing, research and the Port. Miranda mentioned some current groups and potential options for working with agencies and community representatives on particular topics. Bretz suggested visioning 100 years into the future, then working inside of that. Miranda proposed having separate workshops for visioning the different port areas. Lackey asked if the fees charged were covering costs at the hoist dock. Bretz said operational expenses were being covered, but not revenue for long term repairs. There was additional discussion about variables and options in the Commercial Marina, including wharfage. Brown spoke about the current crane and the need to replace. There was additional discussion about equipment at the Commercial Marina and at NIT. Chuck asked about the possibility for leasing services out. Miranda said part of the plan would be to analyze return on investment. Bretz talked about what types of services may or may not be good to outsource, and structuring wharfage fees. Lackey said he looked forward to hearing staff’s recommended priorities as part of the budget process.

1:15:10

**VIII. CAPITAL IMPROVEMENT PLAN & BUDGET PRIORITIES .....**

Miranda said that Brown had updated staff recommendations since her initial report, and referred to the materials included in the Meeting Packet. She added some things proposed for the upcoming fiscal year budget had been on past years' budgets but had not come to fruition. One example was the Port headquarters. The current building was supposed to be temporary, but has been in use for over eight years. She spoke about the challenges with the current facilities, and the need to perhaps redo the plans on file since they did not include plans for future growth. There is additional research to be done on the project and potential funding. Miranda said that Port Dock 7 needs to be addressed. She added the EDA grant received needed to be moved to the upcoming fiscal year.

Brown said the Port's computer server dated back to 2012 and could fail at any time, with potential loss of data and ability to access the systems. He explained the materials included in the Meeting Packet. Bretz said the Port Dock 5 electrical engineering was part of what was intended to be addressed by the Commercial Marina rate increase. He said the Rogue Sea Wall study would provide needed data and analysis in order to identify the scope of the project and get grant funding. The South Beach electrical load centers were put off in the current year because of the wide array of estimates, but the current estimate should be good. Bretz identified Port Docks 1, 5 and 7 as critical. Brown and Bretz addressed the needs and options for forklifts, and the need to relocate electrical service at the Commercial Marina.

Chuck said with regard to the administration building and event center, it would be important to look at the City's zoning. He suggested watching revenue over the next six months so as to not deplete reserves. Miranda restated that projects that would be funded by grants would not move forward if grants weren't received, but needed to be in the budget in order to seek funds. Miranda said that management had sought input from staff, and management had reached consensus as to the recommended priorities. Some of the repairs and plans are critical. There was some discussion about the Army Corps feasibility study for Commercial Marina dredging. Burke encouraged staff to look at scalability with the administration building, and to consider working with local contractors, and said he supports staff moving forward. Sylvia said he appreciated staff's presentation and supports moving forward. Miranda asked the Commission to consider what they would like to see at future goal setting sessions.

**IX. PUBLIC COMMENT**

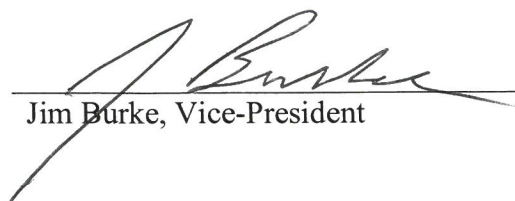
There was no public comment.

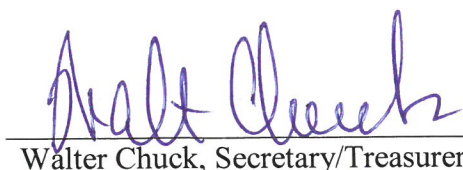
1:46:37

**X. ADJOURNMENT .....**

Having no further business, the meeting adjourned at 12:12 pm.

ATTESTED:

  
Jim Burke, Vice-President

  
Walter Chuck, Secretary/Treasurer