

PORT OF NEWPORT MINUTES

February 27, 2018

Regular Commission Meeting

I. CALL TO ORDER

Commission Vice-President Lackey called the Regular Commission Meeting of the Port of Newport Board of Commissioners to order at 6:00 pm at the South Beach Activities Room, 2120 SE Marine Science Drive, Newport, Oregon.

Commissioners Present: Walter Chuck (Pos. #1); Sara Skamser (Pos. #2); Stewart Lamerdin (Pos. #3), Secretary/Treasurer; and Jeff Lackey (Pos. #4), Vice President. Patricia Patrick-Joling (Pos. #5), President, was excused.

Management and Staff: Aaron Bretz, General Manager Pro Tem; Mark Harris, Staff Accountant; Becca Bishop, Accounting Clerk; and Karen Hewitt, Administrative Assistant.

Members of the Public and Media: Heather Mann, Midwater Trawlers Cooperative; Jim Shaw, Taxpayer; Wayde Dudley, PON Volunteer Mates; Barb Dudley, PON Volunteer Mates; Mark Newell, Oregon Salmon Commission; Lee Fries, PON Volunteer Mates; Robert Smith; Yale Fogarty, ILWU; Cari Brandberg, Living Pacific; Pat Ruddiman, ILWU; Doug Cooper, Hampton Lumber; Mike Storey, F/V Pegasus; Jim Seavers; Mike Field, Surfrider Foundation; Charlie Plybon, Surfrider Foundation; Vince Pappalado, Surfrider Foundation.

II. CHANGES TO THE AGENDA

There were no changes to the agenda.

III. PUBLIC COMMENT

Newell said he had been fishing since 1975, now crab and halibut fishing, and a buyer/processor since the 90's. He said he agreed with Mann's letter (presented under Committee reports). He would like the ability to offload at the Newport International Terminal (NIT), especially when Port Docks (PD) 5 and 7 hoists are full. Newell said Pacific bought most of the Bayfront, and own most hoists except for Bornstein. Slime eels and live buyers tie up the hoist at PD7. It is a hardship to wait all day and service is first come/first served. He would appreciate use of NIT, which would bring more money to the Port and help the local fishing fleet.

Brandberg said she is a live buyer at the Port, and can use the PD7 hoists for long periods of time, sometimes dawn to dusk. This makes it congested for others. The request for offloading at NIT was brought up in the Commercial Fishing Users Group Committee (CFUG) meeting, but they have not heard back from the Port. Brandberg said they are willing to put more money in the Port, and this is a missed opportunity. Eels take a long time, and the crane is used but not charged at the crane rate when hoists are full. The Port could use their property more efficiently.

IV. CONSENT CALENDAR

A. Minutes

1. Regular Commission Meeting January 23, 2018
2. Commission Special Meeting February 16, 2018
3. Commission Special Meeting February 21, 2018

B. Financial Reports

C. Special Use Permits

1. Newport Marathon – Newport Booster Club
2. Ardor Adventures Annual Events

A motion was made by Chuck and seconded by Skamser to approve the Consent Calendar. The motion passed 4 – 0.

V. CORRESPONDENCE/PRESENTATIONS

Charlie Plybon, Oregon Policy Manager, Surfrider Foundation
Opposition to Off-Shore Drilling

Plybon introduced himself as the Oregon Policy Manager for the Surfrider Foundation, and referred to the forwarded information included in the meeting packet. He said the Department of the Interior proposed opening 90% of the states for off-shore drilling leases, including the states of Washington and Oregon, which is unprecedented under prior administrations. Plybon said a healthy ocean is needed to generate our resources. Oil drilling in a 4 – 6 mile range of the near shore would be catastrophic. He said the Port of Toledo had also passed a resolution opposing off-shore drilling, and the City of Newport is considering the same. He requested the Port of Newport also send opposition, and the sooner the better. The current comment period ends March 9th. An extension has been requested, but there will still be a chance to provide comment when a draft is made.

Skamser asked if the Port could make a commitment. Lamerdin suggested Bretz work with Patrick-Joling for a final version for the Port. Lackey said he liked the language in the Lincoln County letter better than the template provided.

A motion was made by Chuck and seconded by Skamser to approve the Resolution 2018-03 Opposing Offshore Oil and Gas Exploration pending an update by Patrick-Joling and possible change of language.

Lackey said he was opposed because he would want to see the draft first. Lamerdin also said he would like to see the resolution focus on Port related concerns and review the draft before approving. Skamser said this would be left open for Patrick-Joling's review. Bretz said he had enough direction to make changes, including addressing local concerns: fishing, research, tourism.

The motion passed 4 – 0.

Plybon said there may be a press release that the Port of Newport unanimously approved a direction for a resolution in opposition to off-shore drilling. Lackey agreed.

VI. COMMITTEE REPORTS

A. Commercial Fishing Users Group Committee

Heather Mann referred to the report provided, which is appended to the minutes. She said the reason for providing the report in this format was related to better aligning with the Commission agenda. The CFUG meeting came about as a result of Lamerdin asking for a work session. At the Commission meeting Lamerdin mentioned that other things would not be precluded from discussion. The issue of off-loading at NIT was first raised by members of the fishing industry because of congestion at PD7. The Committee suggested a short term plan for NIT. Items 2 and 4 in the report were more long term. Items 3/4 referred to the need for an operations plan and policies. While recommending acknowledgment that the tie-up policy the Port has is invalid, there would be a need for a tie up plan eventually. As for the lines agreement, Jincks told Mann that most of the people who signed are no longer around. The report included four primary recommendations followed by more details. Mann said Evan Hall attended the CFUG meeting to present Rondy's plan for development, which had the support of the Port and CFUG. Hall had said they are still researching interested parties and potential partners. Mann said the albacore fleet couldn't go to Westport or Ilwaco, but NIT may be an option. Mann said in reading the Port's Strategic Business Plan, it included an interest in research growth. When a business plan is developed, she urged the Port to keep the current users in mind.

Lamerdin asked if when the hoist dock was busy was everything offloaded or if anyone had to leave. Bretz said everything was offloaded but there were some delays. There has been a longer wait than normal. Bretz said it may be that some have not spoken to him about not getting offloaded or going elsewhere. There is some improvement and new equipment needed. Brandberg said Crane #3 at PD7 is functioning slowly. There have been some electric and power issues as well. Lamerdin said that some of the delay may be a result of equipment. Bretz said the swing hoist is faster. If the swing hoists are occupied, the Port did not charge the additional fee to use the crane. He said it was not uncommon to see several trailers and box trucks. The hoist dock is one of the busiest places at the Port. Lamerdin said it sounded like there might be an opportunity for additional servicing to make more out of what was at the dock. Bretz said the Port could get a great return on little investment. The billing process is slow. He suggested pricing per pound offloaded could make billing faster. Lamerdin suggested getting an estimate of what would need to be done to fix the equipment. Bretz said that Yaquina Boat helps evaluating; new equipment is needed. He said he could look into the issues with the slow crane, but upgrades would still be needed.

Skamser said she is the liaison for CFUG. The meeting with Evan Hall was well received, and he was looking to balance shipping, research, fish processing and some niche processing. The recommendation was clear that unloading at NIT was an immediate need. It was frustrating to see the hoist at NIT unused when there was crowding at PD7. The Committee wants to know if they can use NIT, perhaps a short term policy plan for overflow. She asked if the Commission would move forward with a short term plan. Lackey asked if there was a reason not to. Bretz said he had been researching past policy. He had talked with Fogarty about a former arrangement between the Port and the ILWU. Bretz understood it was an issue of the General Manager's discretion. Traditionally, the Commercial Marina served fishing and NIT

served cargo, but he had not found a written policy. Lackey said he did not see a policy barrier. Fogarty had said the ILWU did not want to create a hardship for local fishermen. Fogarty would be willing to work with Bretz to make a temporary agreement until a formal policy was in place. Some records at the ILWU Local 53 had been destroyed in a fire in the 90s. They wanted economic growth.

Newell said he appreciated Fogarty's comments. PD7 is sometimes short on crew. The hoist needed a man to operate, and often two forklifts were in use. Also, freshwater will kill crab, so it is important to offload in a timely manner. Chuck suggested Fogarty meet with Bretz for a temporary solution. Lackey asked why Fogarty would be involved. Lamerdin said there was also a scheduling problem for Bretz to sort out. In the short term, if there is an equipment failure or major push, Lamerdin suggested it be left to the discretion of the General Manager Pro Tem until a formal agreement is set. Skamser said this is a very important need. She said there was nothing bad to say about the ILWU's role in cargo, but she didn't see the need for their involvement in the short-term policy for the Port. The Commission can direct the General Manager. Lamerdin suggested Bretz work with the CFUG chair and the ILWU on the short term policy. Lackey asked why labor would be involved. Lamerdin said it would be to streamline the labor component of loading and offloading. Fogarty said the ILWU has unloaded fishing vessels at NIT. Lamerdin said they would not be asking for ILWU's approval but for input from the stakeholders, and suggested this could be done in a day. Skamser said whatever works to make it happen. Bretz said that people are much closer to being in agreement than people realize. Once the Dungeness crab season is over, what happens next? There have been some trust issues and he wants people to know what is being worked on.

Newell said catch comes in pulses all through spring. In summer, fresh albacore and salmon deal with shrimpers at the dock. Bretz said swapping gear will be coming up. PD7 was originally set up for gear swap. There is a push Port wide for the need for a long-term plan. He said he could draft something that will work for overflow. Lamerdin said he wanted to give the General Manager Pro Tem the flexibility to make the call in emergencies until a plan is in place. Skamser suggested to direct Bretz and make a subcommittee. Bretz recommended giving him latitude to draft a document and email it to the Commissioners. Lackey suggested another meeting to review the draft. Lamerdin said the Commission can direct Bretz to draft a document and get input from stakeholders. Bretz said if there are complaints from the fishermen or Commission, they will need another meeting. He could draft a document tomorrow. It is best to figure out a good plan. Lackey said there may be long term items to add to the document. Bretz said things will change each season. Chuck asked that future CFUG meetings be recorded so he could listen; Hewitt will record and post audio of future CFUG meetings.

VII. OLD BUSINESS

A. Items Removed from Consent Calendar

No items were removed from the Consent Calendar

B. Accounts Paid

A motion was made by Skamser and seconded by Chuck to approve the Accounts Paid. The motion passed 4 – 0.

C. General Manager Recruitment Update

Lackey said there was a 3 – 2 vote at the meeting at noon to negotiate a contract with Doug Parsons.

D. International Terminal Supervisor Position

Bretz referred to his report on page 73 in the meeting packet. Bretz said he has received nothing but positive feedback about Don Moon at NIT. Skamser said she had also received positive feedback. Lackey said he has heard nothing but glowing reports.

A motion was made by Chuck and seconded by Lamerdin to authorize the General Manager Pro Tem to negotiate a permanent employment contract for Don Moon as Terminal Manager to fit within the approved budget and the Port's wage steps. The motion passed 4 – 0.

VIII. NEW BUSINESS

A. Eel Grass Mitigation Area Issues

Bretz referred to his report on page 75 of the meeting packet. The Army Corps of Engineers (ACOE) permit was for NOAA dredging requirements. Lamerdin asked if the recommendation to the Army Corp about the discharge issues had been made in writing to the ACOE. Bretz said it was sent in writing, but he did not know how big a concern it was initially. The ACOE said they were performing according to plan, and Bretz said maybe they should revisit the plan. Bretz had observed the area, and believed the eel grass has been impacted. The ACOE has acknowledged there is sediment, but not in the mitigation area; Bretz told them that was immaterial. Chuck asked if Bretz had talked with John vanStaveren about whether the mitigation area was affected. Bretz said vanStaveren had said yes. Lamerdin asked about the Port's exposure as a result: financial, penalties, fees. Bretz said that would be on ACOE. He will continue to suggest to them that they come up with a solution. If they don't, the Port will have to come up with legal implications. The Port has a reporting requirement to the ACOE.

B. Draft Financial Reports for Audit

Bretz referred to the draft audit addendum in the meeting packet and the staff report distributed at the meeting, which is appended to the minutes. Harris reviewed the items in the staff report. He said that pages 49 – 53 in the meeting packet would correspond with the statements on a cash-basis in the monthly meeting packets. On the other hand, the audit reports are on an accrual basis. The Statement of Net Position on page 19 was similar to the balance sheets provided each month, adjusted for accrual basis. Harris said the decrease in net position over the last five years plays into some of Kimball's analysis. Overall, the Port received a clean opinion with 7 adjustments, fewer than previous years. Harris advised that the State of Oregon Division of Audits had given an extension until February 28, 2018 to file the audit report. He recommended the Commission adopt the report as presented. Chuck thanked Harris and Bishop for their hard work

A motion was made by Chuck and seconded by Lamerdin to approve the audit report. The motion passed 4 – 0.

IX. DEPARTMENTAL REPORTS

A. January Occupancy Report

Bretz commented that the Seafood & Wine surcharge had worked as designed. People in the past have made reservations for multiple spots then cancelled when someone dropped out. He had received a couple of phone calls, but stuck to the policy, which was posted online. The Marina RV Park and the Annex were sold out.

B. General Manager Pro-Tem

Bretz referred to the staff report on page 79. He said that the Guardian was looking for secure moorage in South Beach. Some floats were reconfigured and a fence installed. Bretz is working on lease negotiations which have been sent for legal review. Lamerdin asked if the State Police were funding any of the changes. Bretz said he had based the lease rate on including the work and the life of the improvements, which is about 10 years. This is spread out over the lease and considers the future value of money. Lamerdin asked how long the lease would run. Bretz said the Police wanted a 5 year lease with an option for month to month afterward. If the fire department or the sheriff's department wants to use the location, this could also work. There is 70 feet of dock. Chuck commented that this will also allow the City to get a grant in this year. Skamser asked if the lease was for five years, would Bretz distribute the cost for five years instead of ten. Bretz said the Port can recoup the cost in five years. The next five years would pay for the next dock.

Chuck clarified that NNMRC referred to in the report was the Northwest Natural Marine Research Center. They have sent support for Port grants in the past. Bretz said they will have some well forecasted needs. Because this is research, there probably will be some unexpected equipment problems. Bretz commented that HAZWOPER training should be completed annually. Skamser asked if Port personnel would have time to delve into comparables for Kimball's lease analysis. Bretz said they may not; staff has been very busy the last three weeks. Lamerdin how long the Dulse lease was considered for. Bretz said they were not there yet, it depends on the growth timeline. Skamser commented that Dulse seaweed was a hot ticket in New York City.

Bretz said that Pete Gintner was reviewing the contract with Anderson Construction for their lease. Bretz said he had met with the Engineer from GFI and a representative from Berger-Abam earlier in the day to review the Rogue seawall. He will keep working to provide estimates and options. Skamser asked if this was a General Contractor/Engineer combination. Bretz said he is trying to do that. He wants to make sure they entertain the possibility of other engineers. Bretz said there will be room needed in the budget. Right now, they are trying to decide "how bad is bad." Lamerdin asked if there were potential lease issues if they needed to stop operations. Skamser asked if they could measure the changes in the holes over time. Bretz said they could measure the progress but he recommended getting the status now. It is a possibility it is bad enough to effect Rogue operations, but it could get to that point. Skamser asked if this was related to the sewage issue. Bretz said that was more of a storm drain problem. Bretz said Kent Gibson said this month was the most ever done at PD7.

X. COMMISSIONER REPORTS

Skamser said she was approached about the Tall Ships and the time frame of their visit, which was a concern to some.

Chuck said that he and Lackey went to the Coastal Caucus, who want to have more open communication with the Port. They are very interested in the Port of Newport, would like more updates and want to connect with the new General Manager.

Lackey said he and Skamser had attended a round table with Representative Kurt Schrader. Lamerdin asked how often they wished to hear from the Port. Chuck said Greenwood had spoken with them about every 10 days, and they hadn't heard from him in a while. Bretz said in the past he had generally talked with government executives, but would leave the politicians up to the Commission. He did attend a dinner with Kurt Schrader to which he was invited. Lackey said that Patrick-Joling was not here, and the contact decision will be up to her.

XI. CALENDAR/FUTURE CONSIDERATIONS

3/17/2018	4 th Annual Shamrock Run – Ardor Adventures
3/12/2018	Commercial Fishing Users Group Comm. Meeting
3/27/2018	Regular Commission Meeting
4/3/2018	Commission Budget Priorities Work Session

Mann said she wanted to clarify that the date of March 12th for the CFUG was a holdover, and another date will be scheduled.

XII. PUBLIC COMMENT

Jim Shaw said he read about controversy every week in the newspaper. He wanted to remind the Commission of the original bond measure for building NIT, which was passed to support the fishing fleet and cargo. Cargo was “where the money is.” He brought a copy of the bond measure for information and suggested the Commission review that information. He also said that there needs to be more equity with cash buyers and fish processors. Some crabbers were selling to the cash buyers who were paying them a higher price, but who didn't need to maintain a dock since they used PD7. He also thanked the Port for contributing annual moorage passes to the Oregon Hunter's Association raffle. \$17K overall was raised, which is used for many community projects.

Brandberg said she appreciates everyone at the service dock, and Bretz for recognizing the income brought to the Port, which may be the biggest ever even with the delay in the crab season. She also appreciates the Port looking at safety concerns, and the longshoremen for being open to using NIT for overflow. Brandberg said 12 years ago, there was only one other live buyer and plenty of space. She appreciates the understanding that crab are perishable goods and the stress of eel production.

Fogarty said that he hadn't had a chance to review Mann's letter, which wasn't in the meeting packet. He said he understands CFUG is trying to align with the Commission, but more time would be better.

XIII. ADJOURNMENT

Having no further business, the meeting adjourned at 7:42 pm.

ATTESTED:


Patricia Patrick-Joling, President


Stewart Lamerdin, Secretary/Treasurer

-###-

To: Port of Newport, Board of Commissioners
From: Heather Mann, Chair, Commercial Fishing User's Committee
RE: CFUC Meeting, February 23rd, 2018

Dear President Patrick-Joling and Commissioners:

The Port of Newport's Commercial Fishing User's Committee (Committee) met for three hours on Friday, February 23rd. The Committee discussed a variety of topics related to the Port of Newport as a whole and spent considerable time discussing activities at the Newport International Terminal (NIT). The Committee has several recommendations for the Port of Newport Board of Commissioners, which are summarized below in priority order. Following the list is a more detailed discussion about each recommendation. This report concludes with additional Committee observations regarding a presentation from Mr. Evan Hall on the Rondy's property development plans as well as thoughts from the Committee on potential future activity at the NIT.

Committee Recommendations:

1. The Port of Newport should immediately develop a short-term temporary plan that allows seafood products to be unloaded at the NIT hoist when it is not in use (like now). This is an urgent need.
2. The Port of Newport should begin work to develop a longer-term business plan for the Port that includes business plans for each unit, beginning with the NIT
3. The Commission should acknowledge that the "Tie up Policy" drafted in 1998 is no longer applicable (and has not been for decades). A business plan for the NIT could include a new tie-up policy.
4. The Committee believes the "Lines Agreement" from 1996 should be reviewed and possibly updated.

Temporary Plan to Allow Unloading of Seafood Products at the NIT

There is an immediate need to develop a short-term temporary plan to allow seafood products to be unloaded at the NIT by seafood harvesters. At one of our recent meetings, the Committee heard from users and Port staff about possible congestion issues at the public hoist on Port Dock 7. At the February 23rd meeting Port staff and local buyers and harvesters confirmed that their concerns had become reality and that there were significant delays and congestion at the public hoist. The congestion has been exacerbated by the delay in crab season as well as the significant volume of slime eels being delivered. Industry members asked about the possibility of unloading seafood products at the NIT hoist, which is currently available. Port staff indicated that their understanding was that the unloading of seafood products at the NIT was currently prohibited unless the work was done by Longshoremen. However, staff is unable to provide copies of any agreement that backs up that understanding. Instead, staff indicated they believed there was a "gentlemen's agreement" to that effect.

We also heard from a Committee member that the west coast albacore fleet is looking for a location to unload product this summer and that the NIT could be a perfect location. The vessels could use the hoist to unload and moor at the terminal temporarily. The projections are for about 2 million pounds of product to be delivered. Accommodating this type of activity could provide new revenue to the Port of Newport and support the Port's economic development goals.

The Committee believes that a temporary short-term plan to relieve the congestion issues at Port Dock 7 should be drawn up. The plan should include a system for scheduling vessel unloading, manning the hoist (if that is necessary), a fee schedule for users and any other criteria necessary to make this activity allowable. The short-term plan could also consider summer activity (for example for the albacore fleet) or it could be addressed in the longer-term business plan for the NIT.

The Committee recommends the temporary plan be drawn up as soon as possible and recommends the Commission take up this issue at their February 27th regular meeting. Additionally, the Committee believes that if there is an agreement between the Longshoremen and the Port regarding the unloading of seafood products at the NIT, then copies should be circulated. If there is no such written agreement, then the Committee believes there should be no issue with harvest and buyers unloading seafood at the NIT. There are several benefits to moving forward with this effort and they include potential additional revenue to the Port, relief for the current users of the Port Dock 7 hoist, and utilization of the NIT during a time when it is not heavily used.

Create a Business Plan

The Committee firmly believes that the Port needs a business plan. Unlike the Port's Strategic Plan (last updated 5 years ago), an actual business plan would describe the current and future business at the Port in detail. The plan would convey the business goals of the Port and the strategies that will be utilized to achieve those goals. While a lot of focus lately has been on the NIT, the Port as a whole should have an overall business plan which includes subset plans for each business unit (NIT, North Commercial Marine, South Beach Marina, etc.). Each of the subset plans would support the larger umbrella business plan for the Port of Newport.

It is the Committee's recommendation that a plan should be in place before moving forward with any new large deals, whether its shipping or any other new endeavor. A business plan would also examine the current revenue generation on moorage and services at the NIT and whether those fees should be raised. Once a business plan is developed, it can be marketed to potential new business. Any new business opportunities considering doing business in the Port would be fully aware of what is currently occurring (via the published plan) and they can figure out how they can fit in and complement those activities. There are planning grants available and the Committee recommends the Port apply for some to assist with the cost and coordination of developing a robust business plan.

"Current" Policies at the NIT

The Committee discussed the two policies that were circulated prior to the meeting.

The "Tie-up" policy was drafted in 1998 at a time when only two spots were available for fishing vessels at the NIT and the Port was considering a lease with Fred Wahl for a haul-out facility. When the Commission adopted the policy, they stated that it would be reviewed in six months. It is not clear whether the policy was ever reviewed. The Committee believes that this policy is no longer applicable as the circumstances that produced the introduction of the policy never materialized. Further the recent and current activity at the NIT is significantly different than in the 90's, and this policy is not relevant. When the Port develops a business plan for the NIT, a new policy should be created and adopted with input from the current users.

The "Lines Agreement" appears to be an agreement between the Port of Newport and the Longshoremen regarding the actual tying up (and untying) of certain types of vessels at the NIT. The agreement was signed in 1996 and there is no documentation to show whether this agreement has been reviewed and/or updated over the years. The Committee believes that the agreement should be reviewed and updated as applicable.

Rondy's Property Development

The Committee heard a detailed presentation from Mr. Evan Hall on their plans for development of the property adjacent to the NIT. In general, the Committee is very supportive of the efforts of the Hall family to develop the property. The Committee appreciates that the Halls are working closely and in cooperation with the Port of Newport. The Committee does note that a fixed pier could be very beneficial to providing more moorage and work space for commercial fishing vessels but does acknowledge that the costs of constructing a pier are significant and the current plans depend on interest and investment to develop an adjacent activity such as cold storage or seafood processing. It appears that the timeline for potentially building additional dock space is several years from now.

Future Activity at the NIT

The Committee had a robust discussion about the current and potential future activity at the NIT. The Committee recognizes that the commercial fishing industry is prospering and continuing to grow. The financial documents show that beginning in 2013 there is a large increase in revenue generated at the NIT from the commercial fishing industry and the trend is for that revenue to increase. Businesses that support the fishing industry are also growing. The Committee notes that the Port is unable to accommodate many of the larger fishing vessels that utilize the NIT anywhere else in the Port.

The Committee believes that additional activity can be supported at the NIT without disrupting the existing users. Some of the additional businesses / activity that could generate additional revenue at the NIT include:

- Marketing the terminal to additional fishing industry activity (such as the west coast albacore fleet)

- Partnering with the Port of Toledo and their shipyards to market the terminal as a staging area before going upriver to the shipyard (some work can also be done on vessels at the NIT before they go upriver – this currently occurs)
- Expanding the opportunities for the smaller local fleet at the terminal (hoist activity)
- Marine Research activity
- Niche and short sea shipping opportunities
- Small cruise ship port calls

The Committee reiterates the importance of a business plan, so these additional activities can be considered. The Committee also reiterates the importance of the large commercial fleet that uses the NIT and the need to protect and preserve that activity.



FINANCE DEPARTMENT MONTHLY REPORT

DATE: February 27, 2018
PERIOD: January 1 to January 31, 2018
TO: Port of Newport Board of Commissioners
ISSUED BY: Mark Harris, Staff Accountant

Financials

Financial reports as of January 31, 2018 have been included in the meeting packet. Overall, fiscal year-to-date revenues continue to increase over the same period in the prior year.

Administration

The 2016-17 audit has been completed and the final audit report is included in this meeting packet.

Audit Highlights

Pages 49 to 53 contain final budget and actual schedules by fund on a budgetary basis (similar to cash basis). The upper section of page 54 summarizes the total revenues, expenditures, and net income (loss) from these budgetary basis schedules.

The lower section of page 54 lists the GAAP adjustments to the budgetary basis figures required for financial reporting (accrual basis). The resulting Port-wide net loss for the year was \$(826,081), down from \$(1,156,667) in the prior year.

The statement on page 20 summarizes the Port's total revenues, expenses and the resulting change in net position (accrual basis). Port-wide operating revenues increased \$110,000 and operating expenses increased \$33,470 over the prior year. The Port's operating loss of \$(285,469) was \$76,532 less than the operating loss in the prior year.

The Statement of Net Position on page 19 lists the Port's fiscal year-end asset, liability, and net position balances. Cash and cash equivalents increased \$61,043 over the prior year. Capital assets decreased \$2,206,176 due to depreciation expense that exceeded current year capital asset additions. Long-term debt decreased \$1,429,736.

The Port's overall net position decreased from the prior year as it has in the past 4 years:

<u>FY</u>	<u>Net Position</u>	<u>Change</u>
2016-17	\$ 46,995,053	\$ (826,081)
2015-16	47,821,134	(1,120,747)
2014-15	48,941,881	(1,346,791)
2013-14	50,288,672	(776,354)
2012-13	51,065,026	

Comparisons of 2016-17 Port-wide figures to those of prior year 2015-16 are provided in the Management's Discussion and Analysis on pages 14 and 15.

The Port's 2016-17 financial statements received an unqualified or clean opinion from the auditor. Only 7 adjusting entries were made by the auditor – down from 16 in 2016, 22 in 2015, and 33 in 2014.

South Beach Marina and RV Parks

A summary of activity and the occupancy report for the South Beach Marina and RV Parks for January 2017 have been included in the meeting packet.

###