

PORT OF NEWPORT MINUTES

10 April 2018

Commission 2018-2019 2nd Budget Priorities Work Session

This is not an exact transcript.

I. CALL TO ORDER

Commission President Patricia Patrick-Joling called the 2nd Commission Budget Priorities Work Session of the Port of Newport Board of Commissioners to order at 12:00 pm at the South Beach Activities Room, 2120 SE Marine Science Dr., Newport OR, 97365

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

Management and Staff: Doug Parsons, General Manager; Aaron Bretz, Director of Operations; Mark Harris, Accounting Supervisor; Becca Bishop, Accounting Clerk; and Karen Hewitt, Administrative Supervisor.

Members of the Public and Media: Dennis Anstine, Newport News-Times; Yale Fogarty, ILWU; and Dietmar Goebel, Newport City Council.

II. PUBLIC COMMENT

Fogarty said he believed the Tariff to be fairly old, last updated 4 – 5 years ago. He suggested a simple increase across the board so that any negotiations with potential shippers would be based on updated rates.

III. RESOLUTION SETTING RATES, FEES & CHARGES (REVIEW ONLY)

Parsons said the document in the Meeting Packet was the same that was presented last week, but comments from last week and this meeting would be integrated in another draft. In the next draft, the changes will be highlighted in gray. Parsons said that Chuck had provided helpful feedback on the rates and capital priorities, much of which would be reflected in the next drafts. Parsons pointed out some of the changes noted from past discussions that will be addressed in the next draft. Parsons referred to page 5, Section 2(B), Bay Front Charges: Parking Permit. He said he added a quarterly rate so that fishermen would not be impacted as much if they only need a permit for one season. Parsons said that there was ongoing discussion about Section 3(C)(15) Exceptions for Certain Vessels in the Terminal Tariff. In Section 4(G), Launch Fees, a separate fee for disabled, retired or active Veterans with an id card will be added, which will have the lowest rate of \$50/year. In Section 7(P), “overhead” will be changed to “Administrative Fee.” An updated draft may be on the website as early as tomorrow.

Skamser commented that the parking fees are too high. Parsons said he would be reducing the annual rate for commercial fishermen to \$325, so that the commercial rates for a quarterly/semi-annual/yearly permit would equate to \$3.00/\$2.50/\$2.00 per day, respectively. Chuck asked if the Bay Front also

included the proposed fenced in property. Parsons said that area would be available for public parking and commercial fishermen parking. Staff had also discussed parking at South Beach. Parsons said he had also discussed with the City about possible solutions to Bay Front parking. He had met with Spencer Nebel, City Manager, and will meet later in the week with Derrick Tokos, City Director of Community Development. Skamser said she had received feedback from some fishermen who said they wouldn't buy a parking permit at the proposed rates, and they don't understand why the rate is so high. She added that some deckhands don't have a lot of money. Patrick-Joling said that if after a month of the implemented changes, they could change the rates if it wasn't working out. Parsons said that rates could be changed at any time, for example rates for the RV Park are being researched. Parking fees can be addressed later if necessary. Skamser said it was good that people were speaking up. Patrick-Joling said the press release included that the rates were being updated. Skamser said there were so many changes; she would like to talk with people in the different profit centers. Patrick-Joling said she would prefer questions to go to Parsons first who then can direct if needed. Patrick-Joling said she is making notes that she will bring to Parsons. Parsons commented that this draft resolution is a dynamic document. Lamerdin asked if Parsons had approached Heather Mann, Commercial Fishing Users Group (CFUG) Committee Chair, about the commercial rates, or if he asked for feedback from CFUG. Parsons said he would be meeting with Mann, asking her opinion both from the perspective of CFUG and the perspective of the Mid-Water Trawlers Cooperative (MTC).

With regards to the proposed increases at the RV Park, Chuck suggested soliciting comments from Good Sam. The Good Sam organization has considered it a cause for a lower rating that the Port RV Park does not have a pool, for example. Parsons said the Port is ordering 95 half-size picnic tables that convert to benches, on which he got a large discount (\$230/each reduced to \$160/each), which will also include spare parts kits and the option to order at the same price in the next fiscal year. These will not go in every site, but it will be a positive visual change. Lackey asked if there was a target date for approving the rates. Hewitt said that is generally done at the May Regular Monthly Commission Meeting to go into effect on July 1st. Skamser said she was overwhelmed and would like to have the Commission discuss this further. Lamerdin said the Budget Committee review would be important to have in informing that discussion. Patrick-Joling said the Budget Committee would have one or two meetings, then the final discussion would happen at the May Regular Monthly Commission Meeting. She suggested that Commissioners email Parsons directly with any comments. Parsons said he has provided information to the Budget Committee and will provide more when available. Goebel asked if the Parking Permits in the proposed rates resolution were for parking on Port property. Parsons said yes and he will discuss with the City regarding their planned rates for people using street parking. The public parking at the Port would accommodate 30 → 40 cars, and the Port plans to use a fence and keycard system. This will be available to anyone, and Parsons expects this would be used principally by Bay Boulevard business owners and their employees.

IV. MOTION TO INCREASE THE GENERAL MANAGER'S SPENDING LIMIT FROM \$5,000 TO \$10,000

Patrick-Joling said that Parsons had sent an email to the Commissioners with respect to last week's discussion which was included as an addendum to the Meeting Packet for this meeting. Harris had reviewed figures from the accounting records. Currently, if a purchase order, bill or contract goes over \$5,000, it is part of the Consent Calendar unless it was pre-approved. Since the Commission meets once a month, this could mean a delay of four weeks before issuing a payment. Increasing the spending limit

could help eliminate extra staff tracking time. The numbers in the email included checks based on purchase orders and contracts. Parsons suggested the increase would serve to help with congestion but will still keep Commission control. Lamerdin asked if any vendors had expressed displeasure. Harris said that staff had received calls asking about the status of payments, but he was not aware of any late fees incurred. Skamser asked what would happen if equipment needed to be fixed that what not already in the budget. Bretz suggested the Commission approve a "not to exceed" amount. Chuck asked how many bills over \$5,000 were not expected or contracted. In the past, Port management had a spending limit of \$5,000 with up to 2 or 3 items up to \$10,000. Lackey said he could see both sides. Patrick-Joling said with the weekly reports she feels there is real transparency and has trust in Parsons, and would not have a problem increasing the spending limit to \$10,000. Lackey asked if this had been an issue. Parsons said has not run into it yet, but based on the information provided by Harris feels that the authority is needed to be more efficient and address larger issues. Patrick-Joling said this would help get things paid in a timely manner. Lamerdin said he doesn't see the current limit as that big of a problem. Bretz said this could come up when something breaks and the immediate need was not pre-approved. Harris confirmed that payments for previously approved contracts do not have to come back to the Commission. Some projects that exceed \$5,000 are not under contract, for example the recent paving at NIT was a pre-approved project, but the contract itself was approved as a consent calendar item. Skamser said it was helpful to have heard from accounting to clarify the difference between contracts and approved capital projects without a contract. She saw no reason to bog down the bookkeeping. Lackey asked about how much the paving cost; Bretz replied it was about \$12K, so it would have come up anyway on the consent calendar. Lackey asked if the Commission would approve a compromise. Patrick-Joling felt comfortable with the \$10,000 limit that corresponds with Oregon statutes in order to make things go more smoothly. Chuck suggested putting off the decision until the next Regular Monthly Meeting in order to find out how many times it would have stopped something from happening. Lackey said he did not want to create more work. Parsons said it was a matter of principle. He was tasked with trying to turn the Port around and put it in a good financial position. He would like to get this done and move forward. Skamser said she thought this was a sign of the times and a trust issue; she did not want to stay in the same rut. Patrick-Joling said Parsons had been very forthcoming with information and staff has already put a lot of time into this.

A motion was made by Skamser and seconded by Lackey to increase the General Manager's signature authority from \$5,000 to \$10,000 with the restriction that no individual vendor may be paid more than \$20,000 within a period of 30 calendar days without the Board's advance written authorization.

Lackey proposed amending the motion to set the limit at \$7,000 in the spirit of compromise and to move things along. The Commission could increase this limit in the future if necessary. After some discussion, Skamser accepted the amendment.

A motion was made by Skamser and seconded by Lackey to increase the General Manager's signature authority from \$5,000 to \$7,000 with the restriction that no individual vendor may be paid more than \$20,000 within a period of 30 calendar days without the Board's advance written authorization. The motion passed 5 - 0.

Parsons said he would pass on additional information to Chuck regarding the typical number of checks per period which have been between \$5,000 → \$10,000.

V. PERSONNEL EXPENSES

Parsons referred to the information provided in the meeting packet. He specifically noted that the overall proposed increase was under 13% for the next fiscal year. Patrick-Joling said this was just for review at this point. Harris clarified the Health Reimbursement Arrangement which covered \$2,500 of the \$5,000 deductible on this plan. In the past this was budgeted at \$3,500. The number could increase if more employees needed to use this. Harris said he had looked at a 5 year history and used the average times the number of employees within each profit center to come up with that number. Skamser asked if new hires were reflected in the proposal. Parsons said recent hires and projected new hires were included. The Director of Engineering (DOE) would be a new position. That person would be used to tackle some of the in-house projects that are currently contracted out to engineering firms, for example identifying the scope of work for the seawall at Rogue. Permits, compliance, mitigation and grant writing would also be part of the job description. The budget range would be the same as the other Directors, but for 2018-2019 the budgeted amount would be for a half year. Parsons said another position added would be a "handy person", which would be a minimum wage position doing jobs throughout the Port but with a desk at the Terminal. Skamser asked if the DOE would be filled with Board oversight. Parsons said he understood that the General Manager would deal with personnel. Lamerdin noted that that the total increase in personnel services would be roughly \$200K. He commented that the Board would approve the budget, but Parsons will handle personnel. Patrick-Joling said changes could be made in the budget review process.

Parsons reminded the Commission of Todd Kimball's previous report that compared the Port's personnel services as a percent of total revenue in comparison to other ports, which showed the Port of Newport at the bottom. Parsons said he proposed increasing this percent for personnel compensation from 21% to 27%. This would still be low compared to other ports but would be making progress. Lamerdin suggested a balance between hiring new employees and retention of current staff. Parsons said the Port of Newport is in a special position. Staff that has been with the Port want to be here for different reasons than wages, but it is not always possible to find such individuals. Personnel that has been here for decades are getting close to retirement and the Port needs to address promoting from within.

VI. PROJECT PRIORITIES

Parsons referred to the Capital Projects report in the packet, and said he had added a separate new page listing the remaining projects that staff are trying to get done this year, not all of which have yet been approved. Bretz said the secure moorage facility project was pre-approved. Parsons said Bretz has been working hard on completing the Request for Quote (RFQ) for the electrical work needed at the hoist dock. An RFQ has been posted on the website. Lamerdin asked if the projects on page 17 were listed in order of priority. Parsons said yes, this was the order staff had suggested they be done. Patrick-Joling said this is the first week these priorities were presented and items may be moved up or down. Parsons said this is also a dynamic document. A project has already been added since finding out there was no water available for customers at the west wharf at the International Terminal. Parsons said staff is working on getting bids and anticipate it to cost less than \$6,000 and to be routed underneath the pier. Skamser commented there are a number of items needed to get the west side at NIT up to snuff; the International Terminal project was never completed. Lamerdin asked how soon the solenoid valve would be replaced at the fuel dock. Bretz said the system was shut down, and a section of the dock removed, but since this is electrical there are potential problems. The project is difficult to squeeze in but it has to be done. Parsons said he agreed with Chuck on his e-mailed suggestions about ranking NOAA projects. Two of those were required by the lease so should take priority. The Rogue seawall evaluation had been moved up to high priority. It was suggested to combine items 4 and 15, electric load centers and the South Beach Marina and Landing float repair on the bottom of A Dock so vendors could be mobilized once rather than twice. There is a very short window for in-water work. Lamerdin asked if the Port had received any quotes for replacing the hoist. Bretz said he is still working on it and has talked with North Pacific Crane and Yaquina Boat. Bretz said the Port should be able to get something to bolt right up to it. Parsons said Chuck suggested moving item twelve, used oil/bilge waste

containment tank, to last priority, in part because of the large cost. Parsons said some other suggestions were not incorporated in the document if staff did not agree with the changes. Lackey referred to page 18, and suggested Port Dock 5 and the Rogue seawall could fail before they were addressed. Parsons said that emergencies can't be predicted, but he has walked the seawall length with Bretz. The plan is to leave the wall there and build outside of it; it's not as big a concern as he had initially envisioned. Lackey suggested that at some point staff could get a better prediction on when that would need to be completed. Parsons added that the priorities were drawn from all of the profit centers.

Parsons said page 19 identified the prioritized projects by fund. Lamerdin asked if any changes had been proposed from Rondys. Parsons said he has begun talks with Evan Hall, and he will bring information to the Commission as it moves forward. Parsons explained he was asking the Commissioners to provide feedback on the Capital Projects list by indicating what they would suggest as priorities under the "sub-priority" column on page 18 only (i.e. identified FY 2018-2019 projects).

As an additional item, Parsons related that on Sunday shortly after 4 am, the TCB Security Officer on duty heard a woman screaming at Port Dock 7, and he pulled her to safety from the water. Skamser said she had seen that reported on the Lincoln County Dispatch. Lamerdin said his email issue was resolved. He would appreciate the lease summary forwarded to him. Patrick-Joling reminded the Commissioners they should feel free to ask questions of Parsons. Skamser commented she liked the simple format for the newly designated profit centers.

VII. PUBLIC COMMENT

There was no public comment at this time.


VIII. ADJOURNMENT

Having no further business, the meeting adjourned at 1:31 pm.

ATTESTED:



Patricia Patrick-Joling, President



Stewart Lamerdin, Secretary/Treasurer

-###-