

May 27, 2025
4:30 P.M.
Newport, OR

PORT OF NEWPORT COMMISSION WORK SESSION MINUTES

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

The Port of Newport Commission met on the above date and time at the Administration Building, 600 SE Bay Blvd., and virtually via Microsoft Teams. In attendance were Commissioners Sylvia, Retherford, Lackey, Ruddiman, and Chuck. Also in attendance were Executive Director Paula Miranda, Deputy Executive Director Aaron Bretz, Finance Director Mark Brown, Summit PR representative Angela Nebel, and Administrative Assistant Gloria Tucker. Members of the audience included resident Heather Mann.

OLD BUSINESS

Discussion on Rates, Fees, and Charges. Sylvia introduced the agenda item. Brown presented his report included in the packet. Sylvia recommended Brown go through each option and the underlying assumptions. Discussion ensued on different Producer Price Indexes (PPI). Miranda added that the engineers that update Port project quotes use PPI because it makes sense for them. Chuck recommended explaining the scenarios in the order of what is not recommended to what is recommended. Sylvia confirmed with staff work sessions are for discussion, but no final decision can be made.

Brown overviewed the assumptions in creating the rate schedules. Sylvia asked if revenue covers operations is true for all cost centers at the Port, that the levies and fees cover the operational costs. Brown replied that is logical and what staff would want. Miranda noted Brown is talking about covering general maintenance, not about replacements. Retherford asked Brown if he knows what it costs to run each area. Brown pointed out the CM and International Terminal Non-Cargo financial statements included in the packet.

Sylvia confirmed with Brown maintenance dredging is not included in depreciation, only new dredging depths or widths would be considered for depreciation. Sylvia asked how grants can be worked into depreciation, since about 80 percent of large equipment and infrastructure are funded by grants. Brown replied staff should be able to set up another center for deprecation, for grant and non-grant. He added there are a lot of things funded by grant at the Terminal, so it is logical to separate that out. Miranda noted the Port doesn't know if the next replacement will be grant funded or not. Sylvia clarified with Brown lease revenue covers 70-80 percent of overhead costs.

Brown overviewed each option for the rate structure. Sylvia summarized option one means a drop in service and delay in the Port Dock 7 project. He asked if a drop in service is acceptable by those who use those services. Bretz replied the only time the Port added people was to confront a demand. He explained the Port added extra shifts because it knew there was people who would require it. He noted staff draw it back when there is no demand. He indicated it's always done at the request of the customers.

Sylvia asked are users willing to accept a lower level of service and which service are they willing to give up. Miranda pointed out when staff was added to the International Terminal, the billable service hours doubled and there is less crowding going on. She explained the commercial

marina added a wharfinger because concerns about slips being available. She noted they organized the marina, and that has worked well.

Retherford noted the effect of Paid Leave Oregon on staffing levels. She added Oregon has made it difficult to keep employees. She stated the Commission is trying to set a pattern for the next few years [with rates]. She noted she thinks with the economy and different things going on, it is important to go year by year until the Port gets to a place where things are balanced out. She indicated it's hard to know what will happen next year; there is too much guessing. She suggested focusing on getting through this year and then taking a look at the bigger picture. She added there is still more work to do looking at each cost center. Miranda agreed. She stated it is not the intent of this meeting to decide what the Port will do in the future. She explained it's only if the Commission decides to split increases between two years, staff want to make sure that is remembered. She noted at some point the Commission should create a standard. She suggested the fiscal manual would be a good time to discuss that.

Retherford asked if each cost center has a cap or stopping point. She asked does every item in that cost center need to increase or should Commission look at some items. Brown replied that is up to the Commission, but staff are proposing everything because almost every item has a labor component. Miranda noted the Port does do some comparisons to make sure it is not beyond the market for moorage or RV spots. Retherford stated it is important to recognize there is a stopping point. Brown explained staff looked at the commercial marina too, across all ports to make sure the Port is not above the standard, which it is not. Retherford asked which ports did staff compare. Brown replied he compared every marina that had commercial marina rates from Eureka to Anacortes. He noted he excluded Seattle because their rates are abnormal.

Chuck asked how the dredging surcharge fits into the options presented. Brown replied because the fishing industry situation, it is reasonable to wait a year. He stated for the recreational marina, he recommends starting July 1. He explained the surcharge is 2 percent for South Beach and 1 percent for commercial. Chuck confirmed with Brown that money would go into a separate account for dredging only. Brown recommended delaying the commercial marina surcharge, recognizing it has been a difficult year for commercial fishermen.

Retherford clarified with staff the rates for Astoria and Coos Bay. Lackey stated fishermen don't care about depreciation or administration costs. He explained they want to know the fees they are paying are going back to the docks, and fair or not, that is their thought. He noted the Port can make a good case for that when adding the money that has been spent and what will be spent like the Port Dock 7 project, the Port Dock 5 electrical, the dredging project, RORO dock, and other repairs. He added he is not sure why that hasn't been what staff lead with. He emphasized the money that gets raised is going back into the facilities that are used by the fishermen, and that is a more effective argument.

Lackey stated the arguments for raising rates between 0 and CPI are that Astoria and Westport are less costly than Newport. He noted the arguments in favor of rates higher than CPI are Coos Bay rates and Port PPI. He indicated the Port doesn't want to get to the point to where it is so high above a competitor, that it is driving people to use less services in general. Retherford noted some of these ports don't have slips available, and it is important to understand availability at these other ports.

PUBLIC COMMENT

Mann, Executive Director of Midwater Trawlers Cooperative, stated the commercial marina may be competitive in some ways, and there is lot of differences at different ports. She noted some marinas offer laundry facilities, which is not available here. She explained the Terminal is not competitive with other ports. She noted one boat owner is paying \$6,000 a month, when it costs \$6,000 for annual moorage in Coos Bay. She asked similar to not raising rates in SB, is there something that can be done about the moorage rate at the Terminal.

Mann stated she knows there are intricacies because of the waterways lease. She noted the Port already lost at least one customer there. She indicated if the Port keeps raising rates there, the Port will see more people leave. She explained they don't have Port Dock 7, and these are locally owned boats that don't fit anywhere else in the port. She added this is their home port.

Mann stated she understands the Port needs to raise prices, but she doesn't like the way it waited. She noted the process should start earlier in the year in order to get into the details. She indicated Brown is responsive to the things people ask for, and she appreciates that. She added she recommends being really cautious about using a study from 2016 that is only about one segment of the fishing boats in this port. She emphasized 2 percent of \$10 million is a lot of money, and the Port should be careful about making judgements about someone else's expenses.

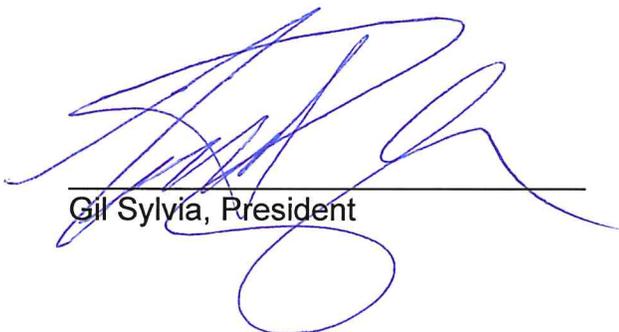
Mann stated she would like to have some consideration at the Terminal. She asked at some point, she would like to understand how NIT breaks down with different users, is the depreciation on log equipment going to fall on the NIT cost structure. She confirmed with Brown the Port separates cargo from the fishing activity at NIT.

Miranda stated when it comes to the International Terminal, that is different from other ports. She noted her understanding is the fishing fleet made an arrangement that moorage is less than the cargo moorage. Bretz stated commercial vessels are exempt to tariff dockage and wharfage rates. Mann asked why it isn't the same as the commercial marina. Miranda replied that was not Terminal built for, and the cost of maintaining a Terminal versus a commercial dock is very different. She stated there is much more involved with a large Terminal, including the skills of the workers there. She added she didn't set this up, but she can see the reasoning. She indicated a Terminal is typically for cargo, but staff understand there is a fishing fleet there and wants to keep them there.

Mann emphasized the Terminal was not built just for cargo. She noted [fishing] has been the primary customers of that Terminal for 30 plus years. She stated there could be some consideration for vessels that moor there, that can't fit in the marina, and that are from here. She added it is not competitive and inconsistent with the rational for not raising the rates in South Beach.

ADJOURNMENT

Having no further business, the meeting adjourned at 5:55 p.m.



Gil Sylvia, President

Attested:



Walter Chuck, Secretary/Treasurer

