

May 13, 2025  
10:00 A.M.  
Newport, OR

## **PORT OF NEWPORT BUDGET COMMITTEE MINUTES**

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

The Port of Newport Budget Committee met on the above date and time at the Administration Building, 600 SE Bay Blvd., and virtually via Microsoft Teams. In attendance were Budget Committee members Gil Sylvia, Kelley Retherford, Jeff Lackey, Pat Ruddiman, Walter Chuck, Larry Osborne, Rex Capri, Jeff Johnson, Adam Denlinger, and Michael Seavers. Also in attendance were Executive Director Paula Miranda, Director of Business and Finance Services Mark Brown, Deputy Executive Director Aaron Bretz, Summit PR representative Angela Nebel, and Administrative Assistant Gloria Tucker. Members of the audience included Heather Mann.

### **INTRODUCTIONS**

The Port of Newport Budget Committee members introduced themselves.

### **SELECTION OF BUDGET COMMITTEE CHAIR**

MOTION was made by Lackey, seconded by Johnson, to appoint Capri as Budget Committee Chair. The motion carried unanimously in a voice vote.

### **BUDGET MESSAGE**

Capri introduced the agenda item. Miranda presented the budget message included in the packet. Seavers asked if the inflationary index was the same 3 percent used as the CPI. Miranda replied the CPI was 2.7 percent, so staff rounded it to 3 percent. Seavers asked if CPI was used for the increases in projects included. Miranda replied it varies for projects. She stated as far as the rates are concerned, some areas follow CPI; some areas include a few different things taken into consideration, like the creation of a fund for dredging.

Miranda reported the Port has been struggling to come up with dredging funds. She noted all ports in Oregon are struggling with dredging. She explained as an example, the Port spent about \$300,000 to get NOAA dredged in 2017, and a year and half ago, it was \$1.2 million. She added pilings have gone up from \$3,000 close to \$18,000. She stated there are a lot of things that didn't increase just because of CPI. She further explained the Port's planned dredging projects.

Sylvia suggested the budget have notes. He noted some items are dramatically different from the past. He added as Commission sees a dramatic difference, it is good for them to know why.

Capri asked what Miranda would consider the most profitable sector of the Port of Newport. Miranda replied the Port wasn't created for profitability, but for economic

opportunities, and that means creating jobs or creating industry or business opportunities. She explained often ports use certain things to help them create more profit to be able to help some other [sectors]. She stated the Port creates opportunity for the public to access the water, and, as of right now, that was the intent of creating a RV Park and recreational marina. She noted right now, the RV Park is probably the most profitable. She indicated the Port hopes to continue diversifying and continue pursuing cargo because that will diversify and offset costs. She added she can't tell if that will be profitable yet.

Capri asked what the economic opportunity goals are. Miranda replied those goals shift from time to time. She stated, now for instance, Port Dock 7 is a main goal for the Port to keep the commercial fleet. She noted the Port is working with processors to partner with them to perhaps build a facility to get rid of their wastewater. She explained that is an economic goal because the Port doesn't want them to go away either. She added the Port wants to make sure its tenants are doing well.

Capri asked where the NIT equipment and grading are on the list of priorities, and what is the timeframe. Miranda replied it took one and a half years to get through the hoops for the federal funds, so a couple months ago staff could order the equipment. She noted staff are working on the RFP for grading. She indicated she can't give a timeline when the Port will have a customer, but the Port ordered equipment a month and half ago, and they said six to eight months. She added she doesn't know the timeframe for the Port to start making money out of that. Capri confirmed with staff they are looking at mid-2026 before anything starts.

Retherford asked how the Budget Committee process works. Brown explained a Budget Committee is required by law, and it has to be equal number of commission members and members of the public. He noted he presents the budget, going through each cost center. He stated at the end of the meeting, the Committee has the opportunity to make comments and adjust the budget as it deems necessary. He indicated the Committee can approve the budget or hold another meeting if there is not enough time. Miranda added if there are too many questions that have to be brought back to be answered, the Committee can meet again.

Capri asked if the Budget Committee is supposed to be stewards of the budget throughout the year. Brown replied the Commissioners are the stewards of the budget. He explained their specific responsibility is to make sure the Port remains financially viable. He stated the Budget Committee gives the public an opportunity to provide input. Osborne stated once the Committee approves the budget, it goes back to the Commission and the Committee has no further involvement with it. Brown noted if the budget were to go to the budget hearing, and the Commission were to make an adjustment impacting the budget by 10 percent, the budget would go back to the Budget Committee. He explained if the budget changes more than 10 percent above or below what the budget Committee approved, then it comes back to the Committee.

Brown stated the key is the budget has to be passed by June 30. He noted if it is not passed, the Port ceases to operate and can't pay bills. Retherford asked do the Committee members get the budget at the same time as Commission. Brown replied the Port releases it to the Committee and public at the same time. He added it is released at the front desk as well so it is publicly available to everyone.

## **REVIEW PROPOSED BUDGET**

Capri introduced the agenda item. Brown presented the budget included in the packet. Denlinger clarified with staff that the budget was made with the traditional method with expenses and any capital projects identified. Capri asked what professional services entails on Facilities Maintenance Reserve Fund. Miranda replied that is engineering services and things like that. Brown explained there is a mutually beneficial expenditure at the Terminal of \$50,000 and planning for the Expo Center in South Beach.

Seavers asked if interest is charged for the reserve fund. Brown replied it is up to the Port to charge interest or not. Seavers asked if the funds are in an interest-bearing account. Brown replied the funds are in a LGIP, 4-5 percent interest, and fairly liquid to move. Johnson asked how the Port can raise revenues. Brown replied the Port can add cargo, raise rates, or raise the tax rate. Osborne noted this year's resources are down somewhat. Brown explained he found he had overestimated resources last year, so he tried to be conservative this year. He indicated revenues are similar to the previous year, and staying steady. He added he expects to see a revenue bump this coming year because of the three-year plan in South Beach, which is reducing long term stays by 5 percent and decreasing their discount by 5 percent. He explained the occupancy is remaining at 100 percent in the RV Park and in the marina at 90-100 percent in the summer.

Osborne noted not all the proposed fee increases have been approved yet. He asked is that a significant difference once they are approved. Brown replied it all depends what they are approved at. He explained he has prepared four different proposals for pricing. He noted if there is zero increase, the total effect is \$80-\$120,000, between last year and the current year. He stated if Commission goes with a different proposal, that will narrow that down. He added there are also two alternate suggestions for future years to consider.

Capri asked Brown if he thinks the environment this year will be tougher for securing grants than it has been recently. Bretz replied there is uncertainty. He stated opportunities may change with some [grants] the Port can compete better for, and some the Port may not compete as well. Miranda replied at this point in time, she hears things are not fully going away. She added the state may be affected. She explained if the state is not getting certain funds that they are accustomed to, that will diminish the funds available through the Legislature. She indicated there are some areas where she sees opportunities, and at this point, it is business as usual until staff hear a major reason not to. She added that's how ports operate anyway. She noted ports are never guaranteed grants or projects will be completed. Bretz stated the Port is accustomed to changes in grant criteria, and that's a pretty common from different presidential administrations. He explained the Port has received grants previously, and then the following year there is a complete shift in what they are looking to fund. He added as long as the Port is successful at writing to the audience, the Port will get the funds.

Capri confirmed with staff removal of derelicts cannot be used as remediation for a project. Osborne asked, in administration and all departments, how the Port reduced the insurance cost. Brown replied it was over budgeted in the past. He noted there was only a small increase this year in SDIS (Special Districts Insurance Services), a less than 5 percent increase.

Lackey stated, in Commercial Marina, for health, dental, and life insurance for personnel services, the budget is \$117,000. He noted three years ago it was \$68,000. He asked why administration didn't have that increase. Miranda replied the Port hired more people for commercial. Brown noted the Port added a wharfinger and assistant harbormaster. He added in administration, the Port reduced headcount. Lackey noted in Commercial Marina the permanent staff wages did not increase by that much. Brown stated there were six staff three years ago, and there are eight this year.

Lackey asked, in administration, why has PERS doubled in three years. Brown replied their rates have gone up. He explained all Port staff are Tier 3 except for Miranda, who is Tier 2. Chuck asked does the Port pay into PERS after staff retire. Brown replied only current employees are paid into PERS by the Port, and once employees retire, the fund pays the retirement. Osborne asked in Commercial Marina and South Beach, why has the bad debt expense increased dramatically over the past few years. Brown replied the Port has had to seize more boats. He added when he came on, there was no collections happening. He explained the Port hadn't been writing off [uncollectable accounts]. He stated once the Port seizes a vessel, it goes up for auction in 60-90 days, and if it doesn't sell, then the Port has to write it off. He added if the customer can make payments, then the Port can reverse the bad debt. He noted a large portion of seized vessels are in South Beach.

Sylvia noted in Commercial Marina, seasonal staff has \$103,431 wages and salaries budgeted. Brown replied that number reflects contingency. He explained the Port can't have a contingency line on a cost center, so that has been built into a line to keep it in Commercial Marina.

Retherford noted in Commercial Marina projects, repair and maintenance is \$874,000, but repair and maintenance on the schedule is \$252,400. She confirmed with staff that more than just projects are represented in the schedule. Retherford noted in professional services, \$434,318 is on the project page, and \$429,318 is on the budget line. Miranda replied the \$5,000 could be in Misc. Expenses.

Capri asked why in International Terminal repairs and maintenance, the budget more than doubled. Brown replied that is because the removal of dredge material is going to cost about \$200,000, and that is required as the Port move away from the lease there.

Due to the length of the meeting, Brown noted the Committee can decide to hold the meeting on another date or continue the presentation. Johnson asked if they could vote to approve the budget without finishing the presentation. Brown replied they could. Osborne asked do staff see any benefit to delaying the approval to next month since the state is waiting to put out their budget. Miranda replied she doesn't see anything happening at the state that would affect this budget. Brown replied if the Port doesn't get state grants, projects would not happen. Tucker advised if the meeting ends, the Committee should still hold public comment. The committee agreed to continue the presentation.

### **PUBLIC COMMENT**

There was no public comment.

## REVIEW PROPOSED BUDGET CONT.

Retherford clarified with staff the projects with grants also show the Port's matches through loans or the General Operating Fund. Osborne noted in the NOAA lease, marketing and promotion, there is \$8,000 budgeted that has never been done before. Brown replied that is for a 15-year celebration for NOAA.

Lackey asked if the money budgeted for the expo center will look at the possibility of it. Miranda replied now COVID is behind, there is a lot of interest from the community, including South Beach businesses, the aquarium, and OSU. She noted the Chamber is getting more and more requests for events, and Seafood and Wine is doing well. She explained they pay \$130,000 for a tent, and that could be paying for a building. She indicated it could be a seasonal building and doesn't have to compete with the county fairgrounds. She added the budget would pay for a cost benefit analysis through Business Oregon and outreach to the community. Lackey confirmed with staff the money would be investigating, but a decision to move forward would come back to the Commission. He noted Chuck made some good points about building structures on water adjacent property. He added there could be a lot of benefit to the community and make money, but the Commission should think long and hard about it.

Sylvia confirmed with staff the RV Annex has the plan, but it's not a project for this upcoming year. Miranda added there are too many other priorities to fit it in this year. Capri asked what are the bond payments for this year. Brown replied in January \$480,000 in actual reduction of bonds, and \$182,000 in January for interest. He added there would be \$193,000 in June in interest. Capri noted the total debt of \$855,000. He asked has that stayed steady through the life of the bond. Brown replied it varies year to year, but it should stay steady.

Osborne noted in General Operating Fund, non-departmental, there is First Interstate Bank loan with no payments and an asterisk. Brown replied the Port paid the loan off early, so that will drop off in future years.

Lackey stated in personnel services, expenses, it is getting close for an employee costing twice their salary with PERS and insurance. He noted he looked at the budget from eight years ago for the Commercial Marina and Terminal, and the budget is 3.6 times the amount of personnel services. He indicated last year was \$330,000 and \$1.2 million this year. He added he knows some of that is people were getting paid too little, and there has been a lot of inflation since then.

Lackey stated the Port has also increased employees. He noted his recollection is the Port has about the same amount of boats going from shrimp to crab, same distant water fleet, and boats at Port Dock 5. He asked is the Port doing the same amount of work and taking more people to do it. He emphasized it is important to have efficient use of employees because they cost twice the amount of salary. Brown replied benefits are typically 50 percent of wages. Bretz replied the Port has increased its hours, doing work around the clock. He stated users have designated critical services, and if the Port has a critical service/demand, the Port has to add redundancy to meet that demand. He indicated if the Port removes people, the Port will have to communicate that it would have to reduce hours of operation. Lackey summarized Bretz is saying once he accounts for paying too low, inflation, PERS and insurance, the increase in personnel services is providing services around more hours. Bretz replied the Port is able to provide services

in a manner people demand them and has decreased the severity or number of mishaps. He stated the Port can't absorb personnel loss and continue that service.

Miranda stated she heard a lot of complaints in the past. She noted there was no way to get assigned marina slips without a wharfinger, and things were not getting done on weekends. She indicated on the RV Park side, there was nothing but complaints. She added in the past there were contractors as well, and now some of that work staff are able to take on. She stated the Port could reduce the workforce, but folks will see it.

Lackey stated the Budget Committee is looking at millions of dollars, and it is incumbent upon them to understand why that is, is it justified, and is the Port efficient. He noted personnel is 43 percent greater than two years ago. He asked are these [increases] going to continue, has the Port plateaued. Bretz noted the Port wasn't running second or third shifts or weekends. He stated when the Port added that, he brought that to the Commission to show those shifts pay for themselves. Lackey stated he would be remiss if he didn't discuss the increase in personnel services.

Bretz stated the number of people flowing through South Beach on a busy weekend is easily a thousand. He noted the Port has two people handling all that waste, keeping everything working. He explained the Port struggles to keep the hoist dock going with two people, seven days a week. Lackey stated he appreciated the conversation and felt the numbers warranted bring it up.

Sylvia noted this is a complex issue. He suggested a work session before the next budget to address those questions, not just personnel, but also materials and supplies. He stated he is not saying to hire an efficiency expert, but maybe every five years, the Port might consider having outside eyes take a look.

Lackey stated he is personally satisfied with the explanation. He suggested reviewing the budget items going up ahead of time. Sylvia suggested doing it before the strategic plan. Lackey suggested for rates and fees, showing a simple comparison with other ports, Coos Bay, Astoria, and Westport. He noted when talking with stakeholders, lead with projects, electrical, RORO dock, dredge, Port Dock 7, and extra hours. He added the conversation would go better if approached in that way. Capri confirmed with staff the resolution lists the tax fee assessment charged on property owners.

### **PRESENT THE MOTION TO RECOMMEND THE BUDGET TO THE PORT COMMISSION FOR ADOPTION OR HOLD FOLLOW-UP MEETING**

MOTION was made by Osborne, seconded by Johnson, to recommend the Port of Newport Commission approve the budget for Fiscal Year 2025-2026 in the amount \$28,720,095, which includes \$3,484,405 in unappropriated and reserve amounts as indicated in LB1 Line 17.

Osborne further moved, seconded by Johnson, to recommend the Port of Newport Commission approve property taxes for Fiscal Year 2025-2026 at the rate of .0609 per 1000 of Assessed Value for the Permanent Rate Tax Levy, and in the amount of \$1,125,000 for the General Obligation Bond Levy. The motion carried unanimously in a voice vote.

**ADJOURNMENT**

Having no further business, the meeting adjourned at 12:57 p.m.



Gil Sylvia, President

ATTESTED:



Walter Chuck, Secretary/Treasurer