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Port of Newport sets budget for 2019/20

(NEWPORT, OR) Improvements to the pier at Port Dock 5, a plan to address lagging wages, and a budget reserve that will provide future flexibility were all part of the 2019/20 budget approved unanimously by the Port of Newport Port Commission on Monday night.

The Port's general operating fund is budgeted at \$7.32 million, with revenues coming from a variety of sources, including property lease revenues, RV park site fees, and moorage collected from three locations: the recreational marina, commercial marina, and International Terminal.

Expenditures of \$6.1 million out of the general fund will cover personnel costs, materials and services, debt service, transfers to other funds, and contingencies.

The remaining balance of \$1.2 million will be kept in reserve as a result of the Port Commission's commitment to keeping that amount aside for both emergencies and potential future opportunities. Speaking after the meeting, General Manager Paula Miranda explained why having an unappropriated ending fund balance is important to the Port's future.

"The Port needs to keep that reserve not only for emergencies, but there are times when we may apply for a grant and receive a lesser amount than we had hoped. If we can pair our own money with grant money, we have the flexibility to take advantage of more opportunities," she said.

Fiscal year 2019/2020 will also see a total capital outlay of \$2.57 million at the Port of Newport. The bulk of those capital outlay monies will be spent to upgrade the Port Dock 5 pier approach, the main artery that connects all the fishing businesses at Port Dock 5 to the shoreline. The pier also carries fuel lines, power, and potable water to the roughly 65 vessels at the dock.

In addition to the pier project, the Port also has plans to replace six pilings at docks five and seven at a cost of \$120,000. Smaller capital equipment purchases were also budgeted, like the purchase of new coin-operated washers at the Port's most profitable operation, the South Beach Marina and RV Park.

The estimated \$2.57 million needed for those projects will be funded by monies from the general fund, a reserve fund and a capital project fund, as well as through a federal grant that has not yet been awarded.

The coming year will also see an increase in general operating revenues, thanks to a change in the accounting approach, as well as rate increases at the International Terminal and the Commercial Marina.

Port Accounting Supervisor Mark Harris based the 2019/2020 revenue projection on a five-year history, including actual revenues from the current year, and found that the actual revenue was typically 11 percent

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higher than budgeted. Actual revenues this year should be more consistent with the budgeted amount under the new approach.

Rate increases are also part of anticipated revenue growth. Increases in storage rates, moorage “exception” rates at the International Terminal, and a rate increase for annual and semi-annual moorage licenses at the commercial marina are all part of the overall financial picture.

In April, those proposed rates were reviewed and discussed with the Port’s Commercial Fishing Users Group, with the committee offering its support to the proposed increases. The 10 percent moorage increase at the commercial marina will help pay for electrical upgrades at Port Dock 5 and Port Dock 7.

The Port’s ongoing study of staff wages was also given consideration in the 2019/2020 budget. During a financial review in December of 2017, Certified Public Accountant Todd Kimball, of CFO Selections, compared the Port of Newport with other Oregon and Washington ports and discovered that Newport spent significantly less on personnel than others. A consultant has since been hired to update Port job descriptions and perform a market study on current wages.

“The wage study will not be complete until after the budget is in place,” the general manager explained, “so we have allotted \$50,000 in the budget to allow for adjustments when the study is complete.”

In addition to reviewing and voting on the budget, Port Commissioners also approved the tax rate to be sent to the local assessor. Port district taxpayers will be charged a rate of \$.0609 per \$1,000 of assessed value for operating purposes. With that rate, taxpayer contribution to the Port of Newport operations will total \$115,000 in 2019/2020, according to Harris.

Additionally, taxpayers will provide a total of \$832,000 to pay toward the bonded debt that was a result of the remediation and renovation project at the International Terminal.

The Port recently completed a five-year update to its Strategic Business Plan, which outlined millions of dollars in repairs and maintenance.

Miranda said the Port fully realizes there are capital improvement projects in need of attention.

“We are working on increasing revenues to accomplish those projects, both by searching for additional business opportunities and by pursuing grants,” she said after the meeting. “It is our goal to address those areas in need sooner rather than later.”

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