

July 17, 2025  
3:30 P.M.  
Newport, OR

## **PORT OF NEWPORT COMMISSION 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, and Ruddiman. Commissioner Lackey joined the meeting at 3:38 p.m. 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 Walter Chuck.

### **DISCUSSION ON FISCAL MANUAL**

Sylvia introduced the agenda item. Brown reported the original manual was adopted in May of 2019, but it was never developed or designed to be a permanent manual. He explained the last two years he has worked on this manual, which talks about financial systems, staying in alignment with GAAP (Generally Accepted Accounting Principles) and GASB (Governmental Accounting Standards Board). He noted the manual talks about past due accounts and seizures, and little adjustments will need to be made.

Miranda explained the Commission can ask questions or go through specific areas. Brown added once this is adopted, he will probably have 3-5 sessions with staff explaining the changes and procedures. Miranda added it is a living document with changes over time.

Sylvia stated he was very impressed with the whole document, it is very thorough, very little is left out, it is easy to use, it is well written, and he loved the glossary. He noted he learned a lot by reading it. He pointed out the manual mentioned periodically preparing a zero-based budget. He asked for the definition of periodically. Brown replied he made it vague purposely because he didn't want to stick someone in the future with a requirement. Miranda suggested no less than 5 years. Brown noted it could also be when budget to actual exceeds a variance of \$X, do a zero-based budget. Sylvia replied either option is fine.

Sylvia asked for working capital, why the manual uses restricted resources first, then unrestricted. Brown replied if the Port is doing a project, and it has a restricted asset for that project, staff want to use the restricted funds first because there are guidelines around the restricted funds. As an example, Miranda explained that for a grant project, the Port wants to use grant funds before general funds on a project.

Sylvia asked why doesn't the manual have a standard indirect cost rate for grants. Brown replied that is difficult to develop. He explained the rate will have to be approved by the agency. Currently, the Port receives the largest amount of federal funds from MARAD. Sylvia asked how the rate is determined then. Brown replied he uses the de minimis rate, 10 percent. He added it may not be enough, but it is in that range. Sylvia added he was pretty impressed by how many people have to handle checks.

Sylvia asked how much of the manual is the old plan. Brown replied the fiscal manual is 95 percent new. Miranda replied staff have different policies and state requirements, but staff

didn't have everything consolidated. Sylvia confirmed with staff the regular Finance staff, not just senior staff, read through it. He suggested offering it as a model for the ports in Oregon.

Sylvia stated for the investment maturity dates, setting tariffs and rates, users can be upset about how they are done. He suggested Commissioners and senior staff need to be able to justify the rates and explain them in a way that is clear, transparent, and consistent. He asked for the formula the Port is adopting to address inflation, should the Port use Consumer Price Index (CPI) and the Producer Price Index (PPI) or the Producer Price Index for Ports and Harbors. Miranda replied just using the PPI, for a few years it was too low, and this year is a bit high. She stated it is important to do a combination and use Ports and Harbors.

Sylvia stated setting rates is about covering real costs, estimating future costs plus real costs. He noted as principle for the strategic plan, he would love to see the fees cover the operating expenses and some share of depreciation. He indicated the Port would need to figure out to communicate exactly how it is done, and what is the base of the real cost. He added the Port may find certain operating costs go up much more than CPI, that something unique is going on there that has to be addressed. Miranda suggested CPI plus Port PPI divided by two, but never less than the actual cost of operating.

Sylvia asked if the 1 percent going into the reserve funds is for long-term maintenance or a share of replacement costs, or both. Brown replied it's going in for both. Sylvia added he hopes that at the end of the strategic plan process, the Port has funding for infrastructure replacements figured out. He stated, for example, with a dock with a 50-year lifespan, staff have to start working on those grants 10 years ahead of time to get funding and permitting in place; they can't wait until it is 50. Miranda noted she would like to start putting money aside as the Port gets new assets, but there are so many projects that have to be done, the Port has been unable to do that.

Retherford stated if the Port says certain money was put aside for matches or part of a rebuild, the users will want to know which rebuild. She suggested keeping the language basic and being careful how staff identify the extra that is taken. She noted, otherwise, people will say they paid for something 8 years ago, and they still don't have it.

Retherford stated at some point [rates] get capped out. She asked how far the Port should go with increases, and how do they find the cap. Miranda replied she doesn't think the Port should put a cap because this is about keeping up with inflation. She suggested talking about caps when there is a project where the rate is going up higher than inflation. Brown replied the manual does talk about comparing rates on the west coast and looking at the occupancy. He stated those will all factor into what staff do with the rates.

Sylvia stated the commercial fishermen want to make sure for the fees they are paying, they are not overpaying, they are not being gouged, and the Port is not making profit from them. He noted his guess is the Port could easily show that. He explained the Port is not really competing in a marketplace and is trying to cover costs. He indicated, unfortunately, the costs are really significant, especially with depreciation. Miranda suggested this be evaluated every five years to see if the method is working. Brown suggested a shorter review initially, then moving to a longer time. Discussion ensued on depreciation. Retherford suggested bullet points that boil down the financial reports, what is going in and out of the Port. Ruddiman stated the biggest issue is when the Commission considers adopting fees when users don't have a chance to look at it, then no matter what is in the schedule, they will not accept it. Miranda replied there will be a different process next year.

Sylvia stated he considers the couple messages that he wants the public to walk away with. He suggested the message the Port is charging the operating costs, a little bit for long-term costs,

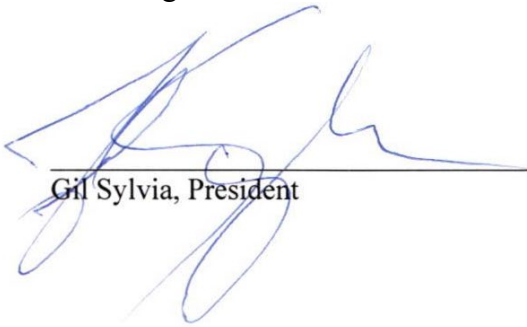
and a little depreciation. He added users are not paying any administrative costs. Discussion ensued on how to explain fees to customers. Brown explained a little bit of administrative costs are in the fees as well.

Sylvia read the Treasurer responsibilities in the fiscal manual. He suggested Lackey may need to look at that section further. Lackey stated the conversation sounded very prescriptive. Brown explained the importance of proper documentation. Lackey asked if the Treasurer language was derived from another Port or municipality. Brown replied he believes the language is from statute. Sylvia confirmed with staff that the Commission is in compliance by reviewing finance reports and accounts paid reports. Lackey noted one Commissioner does not have authority on anything; they work as a unit. He stated the power of the Commission is largely delegated to the Executive Director. He asked how he would know if something is not accurate or valid. Miranda replied that all information is provided in the reports and that anything out of the ordinary would need to be pointed out by Brown.

Sylvia asked why one paragraph had a strike-through. Brown explained he wanted the Commission to see the recommendation to delete that paragraph. Retherford confirmed with staff when the manual is adopted, the Commission will receive a bound copy.

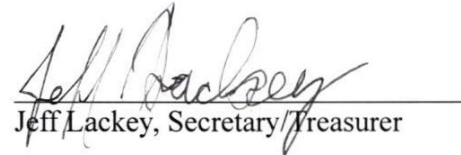
### **ADJOURNMENT**

Having no further business, the meeting adjourned at 4:42 p.m.



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Gil Sylvia, President

ATTESTED:



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Jeff Lackey, Secretary/Treasurer