

Port of Umpqua

Budget Meeting Minutes

Wednesday, April 17, 2013 at 7 p.m.

Port of Umpqua Annex

1841 Winchester Ave

Reedsport, OR

THESE MINUTES ARE FINAL and APPROVED.

Commissioners Present:

President Steve Reese
Vice President Keith Tymchuk
Secretary Barry Nelson
Treasurer Donna Train
Asst. Secretary Jessica Terra

Budget Committee Members Present:

Lee Bridge
Dennis Clemens
Sunnie Hedden
Simi Hoover
Robin Triplett

Port Staff Present:

Port Manager Charmaine Vitek
Administrative Assistant Karen Halstead

Proceedings:

Time Meeting Called to Order: 6 p.m.

- ✓ Call to Order: by Port President Steve Reese
He welcomed new budget committee members Lee Bridge and Sunnie Hedden and also welcomed back returning members Dennis Clemens, Simi Hoover and Robin Triplett.
- ✓ Elect current year Chair:
Commissioner Reese made a motion to elect Dennis Clemens as chair of the budget committee and proceedings, 2nd by Commissioner Tymchuk. Motion was passed by unanimous vote.

PORT BUDGET:

1. Receive budget document and budget message from budget officer

Charmaine explained that the Port is structured by five funds. The general fund is the operating fund where most appropriations are made from and resources deposited. The maintenance reserve fund, which was established for general maintenance and repair. The dock reserve fund was established for maintenance, repair and capital improvements to the docks. The capital reserve fund was established to provide for capital improvements and/or acquisitions, and then the operations reserve fund that is specifically for operations and maintenance.

As a note, income derived from the moorage fees, up to ten thousand dollars annually at the Umpqua River Dock is deposited directly into the dock reserve fund so the interest from those dollars are created in the dock reserve which was the original intention of that process.

Charmaine has also setup procedures to be able to track port activity directly related to the Port Business center. This helps in tracking the revenue and expenses from this acquisition.

At this point Charmaine covered the Budget Document along with the Budget Message line by line.

2. Questions/Comments/changes regarding proposed budget

General Fund > Resources > Questions:

Donna asked what the current CPI is. Based on the CPI from the last half of last year which is what was used for this budget it's 2.1%.

General Fund > Detailed Expenditures > Personal Services > Questions:

Simi asked what percentage the Port Manager salary was being increased. The Port Manager proposed increase is 5%, the administrative assistant proposed increase is 11% and this is to bring it up in comparison with other administrative assistant salaries, and the dock assistant increase is 5%. Charmaine pointed out that these are proposed for budgeting purposes, but do not actually go into effect until they are approved at a later meeting.

General Fund > Detailed Expenditures > Materials & Services > Questions:

Professional Services: Dennis asked if plumbing was included in maintenance as well. It depends if it's just a maintenance issue such as unplugging a toilet that is one thing, but if there is something happening such as construction type work, then that would qualify.

Lee asked if remodeling for a prospective tenant would come out of that. Yes it would.

Lee asked if a bid process is used to select the Port Auditor. We do an RFP, and it is not required that we choose the lowest bidder, it just so happens that the auditor of choice was also the lowest bidder. Keith added that in the past there have been some nightmare auditors and now with Signe even if she had not been the lowest bid she is the best choice for auditing that there is in our opinion.

Donna asked if the heat pump work was something that would come out of the new category of "Facilities and Maintenance". Originally they were categorized as "Professional Services", and depending upon what that ends up requiring, if we do have them do our on-going inspections then that money would come out of "Facilities and Maintenance". If the commission decides to replace the heat pump system, then that would most likely come out of the Capital Reserve.

Simi asked if the amounts in office supplies and building supplies were up in anticipation of the additional people coming in from Marketron. Yes, we have gotten a little taste of what it costs to cover toilet paper, paper towels and soap. It's an area we are learning as we move forward.

Simi questioned whether the Port shops around for insurance to make sure they are getting the best rates. Yes, and our insured properties include the two docks, the two buildings, and everything that the port owns; the insurance is provided through Special Districts. In addition to good rates, Special Districts also offers discounts and refunds when you choose to contract with them for a couple of years which we have taken advantage of as well.

A new line item this year is the "School Assistance Officer Grant". City Manager, Jonathon Wright explained that in 2010 the School Assistance Officer position was terminated because of lack of funds. This year they are trying to get together a 4 way partnership between the School, the City, the Port and the Hospital to fund this position. It anticipates $\frac{3}{4}$ of one full police officer position. This is not just a security type position to patrol the school, but instead an educational officer who will help with a lot of the training and assistance to the teachers as well as the principals. It will deal with other things like truancy as opposed to being a "hired gun" to walk around the school.

Simi asked about the \$88,000 cost annually for an officer position. Jonathon explained the PERS systems went up by 49% this year. So that \$88,000 is not just the salary but also includes benefits and retirement.

Charmaine also added this is not a new hire for the police department but will be someone currently on staff there. Dennis asked if it would be similar to the old D.A.R.E. program and yes it was actually the previous title/duties of this position. The hope is that in the future this position will be covered by grants like it was in the past. That grant money kind of dwindled in 2010 and this is an attempt to fund the position until that grant money can be re-established.

Steve said he felt this was an excellent opportunity for The Port to participate in a venture that would benefit the community. He had planned on suggesting it before it came to fruition. He said he fully supports this line item. Keith added that the officers that have held this position in the past have been a great benefit when dealing with the many issues at the school such as truancy, drugs on campus and violence. It creates an atmosphere in the school that is entirely beneficial. Barry said he felt this should be discussed in detail at a commission meeting before going forward on it. Charmaine assured him it would be discussed but to be an expenditure it has to pass the budget before it gets to that point.

Keith mentioned that one thing he was proud of when we were going through the Audit is that the Port finds itself almost debt free which according to our auditor is fairly unique. That was one of the reasons the commission was aggressive about paying off their loans. It was discussed whether or not to pay off the entire industrial development board loan off this year or not. They decided to pay half last year and the other half this year. That will then leave the Port only owing on the building at 364 N. 4th. It certainly puts the Port to an advantage if they ever need to go to the state or apply for a loan when a good opportunity comes up.

General Fund > Capital Outlay > Questions:

Lee asked if there was a reserve to replace the forklift if that ever happens. It could come out of the Dock Reserve Fund. We bought the Toyota forklift that is out there fairly recently so hopefully we won't be replacing it for a while.

Charmaine wrapped up by recognizing and giving thanks to the commission, the budget committee and Dave Anderson. The port has pulled itself almost completely out of debt, has a good fund that can be relied on if anything were to come up, or if there was an opportunity to benefit the community. They have done a very good job. Keith added that there was a time when the budget was in such dire need that the state stepped in. In fact there are rules now that are in place because of the Port of Umpqua's situation many years ago, it was that bad.

3. Receive Public comment

Dennis opened the meeting up for any public comments. No one came forward so he moved forward with the proceedings.

Simi then made a motion, 2nd by Lee Bridge and Steve Reese that the budget committee of the Port of Umpqua district approve the fiscal year 2013-2014 budget in the amount of one million, four hundred eighty four, five hundred ninety nine dollars (\$1,484,599.00) and approve the permanent tax levy rate of \$0.3441 per \$1,000.00 of the district assessed value. Motion passed by unanimous vote.

The budget meeting was adjourned at 7:17 p.m.

Steve Reese, President

Karen Halstead, Admin. Assistant

BUDGET MESSAGE

Fiscal Year 2013-2014

(TIP: The format of the budget message is such that it is best Understood by simultaneously referencing the white budget document)

The Port of Umpqua budget for Fiscal Year 2013-2014, as proposed by the Budget Officer, has been prepared as directed by the Board of Commissioners and in accordance with Oregon Budget Law.

The Budget Officer prepared the proposed Fiscal Year 2013-2014 budget based on the following

- **GENERAL FUND**
- **RESOURCES**

BEGINNING FUND BALANCE:

1. Available cash on hand*(cash audit Anticipated beginning balance comes from
2. Net working capital*(accrual
3. Previously levied taxes dispersed to District Delinquent past taxes paid late and
4. Interest accounts Interest earned saving and checking
5. **OTHER RESOURCES**
6. Industrial Park lease: annually Lease income from Tyree Oil this increases with the CPI
7. Dock fees Industrial Dock: Fred Wahl Marine manages the dock and retains 10% of moorage for management fees.
8. Lease/Rent income Business Center occupied. At this time, our business center is fully occupied. Marketron is paying \$1,688 mo, USWCD 625 mo, DPC 477 mo.
9. Lease/Rent income N 4th Street building @ \$800 they are responsible for fees including taxes Bauman & Sons have leased the Port building @ \$800 mo. This is a triple net lease; all other charges and
10. Pest Control pass through pay us, we Pest control maintenance on building, they pay South Coast Exterminating
11. Miscellaneous: resources. Most revenue should be identified as other
12. International Paper bond fees: Interest on Bonds ended in 2011
13. Poundage: Poundage is .03 for product at the commercial dock at Salmon Harbor.

14. Keycard/Hoist Receipts: Use of the hoist at the commercial fish dock at Salmon Harbor. \$20.00 per hour for hoist fees \$12.00 for staff
15. Annex Rental: Anticipated revenue from rental of the Port Annex a charge of \$75.00 per day for functions
16. Winchester Bay Lease: Monthly lease payment for Umpqua bait Win Bay @ \$10 per mo
17. PP&M Grant for Port Business Plan: OECD grant for Port Business Plan has been completed
18. Grant/Loans Master Plan Marketing IP Possible funding for International Paper Co property master planning: marketing, development,
19. Coos Bay Wagon Road funds: A pass through from Douglas County to Salmon Harbor, this has been reduced significantly
20. Sale of Forest Products: Funds from the county if there is sale of Forest Products. This is uncertain and difficult to anticipate
21. Deposits: This is a deposit account. Revenue is accumulated if the cleaning fee for use of the hall is not reimbursed.
22. Industrial Park property sale: Fred Wahl paid the loan off in June 2011; the payoff amount of \$195,571 was deposited into the Capital Reserve fund as was directed at the creation of the fund.
23. Transfer In from Dock Reserve: No Transfer budgeted
24. Transfer In from Capital Reserve: No Transfer budgeted
25. Transfer In from Operations: No Transfer budgeted
26. Transfer in from Maintenance: Safety net for unforeseen issues
27. Total resources, except taxes to be levied: Total Revenue minus levied taxes
28. Taxes necessary to balance: Anticipated tax revenue from County Assessor's office
29. Taxes collected in year levied: N/A
30. **TOTAL RESOURCES:** Total Taxes and other revenue

➤ **GENERAL FUND**
 ➤ **DETAILED EXPENDITURES**

1. **PERSONAL SERVICES**
2. Manager: Manager Salary
3. Administrative Assistant: Hourly wage not to exceed 30 hours per week
4. Dock Maintenance Assistant: Hourly wage not to exceed 80 hours per month

5. Payroll Expenses: Employer portion of Payroll liability expenses, health insurance premiums and retirement compensation.
6. **TOTAL PERSONAL SERVICES**
7. **MATERIALS AND SERVICES**
8. Accounting: It is the intent to provide adequate funds to ensure the Port books stay current and provide for accounting assistance as the need may arise.
9. **Professional Services: Engineering, Consultant, Professional service etc fees.
10. Executive expenses, Travel, Training: Travel, lodging, training and conferences. SDAO conferences, other conference and seminars, ongoing education for Port staff and Commissioners
11. Audit: Annual audit, a contracted price
12. Office machine upgrades: Upgrade of office equipment as necessary
13. **Office supplies: Port Office supplies.
14. **Building supplies: Building and grounds supplies.
15. **Dock maintenance: Ongoing maintenance of commercial dock at Salmon Harbor. Includes annual hoist inspections
16. **Facilities Maintenance/Services: Building and Grounds scheduled and one-time maintenances and services.
17. **Fork Lift Maintenance: Maintenance on the fork lift at Port Dock at Salmon Harbor
18. Telephone: Landline, internet and cell phones: all on this line item
19. Utilities: Electricity, city water and sewer, trash pickup fees
20. Business Support Services Information Technology for Port office operations support services, internet, computers etc.
21. Insurance: Property and Liability insurance coverage through Special Districts Assoc of Oregon
22. Election expense & legal ads: Newspaper: Legal notifications, election fees
23. Lobbying Funds to help facilitate lobbying efforts for Port interests
24. **Dues and subscriptions: Annual membership dues and contributions.
25. Permit fees: Have not had any permit fees recently
26. Legal Services: Attorney fees, the Port engaged legal services @ \$200. Per hour as needed.

27. Promotion and marketing: This year the Port used this fund to assist Salmon Harbor with PCC conference.
28. Port Business Plan: \$37,500.00 came from Port Planning and Marketing Funds with OECD, the Port is matching 25% or \$12,500.00, this project is complete.
29. Scholarships/Grants: Scholarship or grants to advance educational opportunities in business
30. **School Assistance Officer Grant: City of Reedsport request for community partners to fund a Resource officer at the School. Additional information included for your review.
31. DSL Lease & Salmon Harbor lease: This fee is a lease with Department of State Lands water way lease tide land under Umpqua River Dock this increases 3% per year, and the Salmon Harbor lease of 120.00 per year for the Port Dock
32. STEP: Annual contribution to the Salmon Trout Enhancement Project
33. **TOTAL MATERIALS & SERVICES**

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1. **DEBT SERVICE:**
2. Douglas County Ind. Dev. Board loan: Loan from DCIDB for infrastructure improvements to the industrial park site. Principal balance as of July 2013 is \$23,800 this is a no interest loan. The Port Commission may approve paying off this loan
3. SPWF construction loan (Industrial Park): began December 1999 to the Special Public Works Fund loan of \$293,200.00 for the Industrial Park Wharf Repair Project. This obligation was paid in full in July 2012 as budgeted.
4. SPWF construction loan (Winchester bay dock began December 2002 to the Special Public Works Fund land of \$104,178.00 for the Winchester Bay Commercial Dock facility and new hoist. This obligation was paid in full in July 2012 as budgeted.
5. Umpqua Bank Port building: Bank loan for the Port building. Original loan amount was \$93,500.00 at 5% interest. Current monthly payments @ \$757. Balance is approximately \$35,000 scheduled to be paid in full in the fall of 2017
6. **TOTAL DEBT SERVICE**
7. **CAPITAL OUTLAY**
8. Master Plan International Paper Co Property Plan to facilitate the sale and development of the International Paper Co Property
9. Commercial Dock repair: Major repairs or maintenance to the docks
10. Fork lift replace: Toyota forklift was purchased for WB dock
11. Coos Bay Wagon Road funds Pass through to Salmon Harbor

12. <u>**Capital Outlay:</u>	<u>Capital Purchases</u>
13. <u>TOTAL CAPITAL OUTLAY</u>	
14. <u>TRANSFERS OUT</u>	
15. <u>Maintenance Reserve Fund</u>	<u>None budgeted</u>
16. <u>Dock Reserve Fund</u>	<u>None budgeted</u>
17. <u>Capital Reserve Fund</u>	<u>None budgeted</u>
18. <u>Operation Reserve Fund</u>	<u>None budgeted</u>
19. <u>TOTAL TRANSFERS OUT</u>	
20. <u>CONTINGENCY:</u>	<u>Unforeseen expenditures</u>
21. <u>TOTAL EXPENDITURES</u>	
22. <u>UNAPPAROPRIATED ENDING FUND BALANCE</u>	
23. <u>TOTAL</u>	