

Port of Umpqua

Budget Committee Meeting Minutes
Wednesday, April 18, 2012 at 6 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 VACANT
Asst. Secretary Donna Train

Budget Committee Members Present:

Dennis Clemens
Robin Triplett
Delaine Humphreys
Jessica Terra

Budget Committee Members Not Present:

Simi Hoover

Port Staff Present:

Port Manager Charmaine Vitek
Administrative Assistant Karen Halstead

Proceedings:

CALL TO ORDER:

The meeting was called to order at 6:00 p.m. by President Steve Reese. He then passed the meeting over to Past Budget Committee Chairman Dennis Clemens.

ELECT CHAIR:

Commissioner Tymchuk made a motion to elect Dennis Clemens to chair the budget committee, President Reese 2nd the motion. Motion approved by unanimous vote.

President Reese then announced the resignation of Delaine Humphreys after this budget process is over. It was noted she has been quite a service to the port and the port district, she has been very appreciated and will be missed.

Chair Clemens next asked to recognize the newest member of the budget committee, Jessica Terra. He thanked her for joining the committee.

Charmaine then took the floor and said before getting started there were a couple of things she would like to make note of. First of all, when speaking please speak up so that the tape can clearly record you, and the other thing is to please remove any documents from the meeting binders now, the clicking from the binders will over ride anyone speaking and makes it very hard to hear clearly when the minutes are being compiled.

Dock Reserve Fund review:

The local budget law requires that all reserve funds be reviewed at least once every ten years, this is regardless of whether they will be continued or abolished. Each fund must state on the document when it will be reviewed. The Dock Reserve Fund is due for review this year and will be open for discussion. There is no need for a motion but the minutes must reveal that there was a consensus, if that is indeed the case, to continue the fund.

In the meeting packets there is a document titled “Reserve Fund Descriptions”, which shows a history of each of the reserve funds and some also include minutes from the meetings when the funds were originally created.

The dock reserve fund was originally created to have a place to put money away for maintenance on the Umpqua River Dock. There have been expenditures for the Winchester Bay dock out of this fund as well. These monies come from the moorage collected by Fred Wahl, based upon a management agreement between Fred Wahl and The Port, they schedule and manage the moorage and then they keep 10% of the money collected and send the remainder to The Port.

Steve said it’s been debated if this reserve fund was really required by the original loan or not, but it has proven to be a very important reserve fund. It makes very good business sense, and The Port would be amiss if they were not to have it.

Keith agreed. At some point if there is some kind of a cost incurred by the dock there is a reliable account from which we can get the money needed for repairs or maintenance.

Steve said he had just come onto the Port Commission when they were going through the motions of having that dock rebuilt, and at that time the main question was where are we going to get the money? It was decided right then that they never wanted to find The Port in that position again. If something major did happen to the dock, there would be sufficient funds at hand to fix it.

Dennis asked how old was that dock? It was built in 1940, but was completely revamped sometime in the mid-90s. They did this using a new technique that allowed them to use the existing pilings and then they placed bags around those all the way down below the mud line and then filled them full of concrete. The life expectancy is unknown but it seems it will last a fairly long time.

When the dock was built NorWest Engineering created a schedule that they recommended for inspections. When those happen they are paid for out of the Dock Reserve Fund. At this point, Fred Wahl keeps an eye on the dock and if he sees a problem he contacts The Port and we have it fixed. The dock in Winchester Bay is visually inspected, with the tides going in and out; it allows us to see how it's holding up.

The budget committee then gave consensus that the Dock Reserve Fund needs to continue.

Keith added that at some point in the future it may be a good idea to establish that there is a significant reserve and consider using some of those monies for other areas as well. There is currently \$164,000 in the fund so maybe a few years down the road the commission may reconsider if this is where they want to put more funds.

Steve added that he thought most of the growth on this reserve fund actually will come from interest. Barry added that if they do decide to use it for something else, it simply takes scheduling another budget meeting and they can switch that money from one fund to another.

Dennis asked if there was a comfort zone at which the commission would want to stop and divert the money in a different direction. There is \$164,000 now, so where is the plateau that would be necessary for repairs.

Originally the idea was to match the amount of the loan which was \$245,000. Now we are using this to cover maintenance on two docks instead of one so it really isn't an over kill amount. Barry also pointed out that the dock isn't insured for floods, so if it was ever severely damaged by a flood there would be no money coming in to cover repairs.

Receive budget document and budget message from budget officer:

The budget message goes line by line along with the general fund budget. The first page is resources/income and the 2nd and 3rd pages are expenditures. On the budget there is a column that says “at 75% of the year”. That is the actual that has been incurred up to April 1, 2012. The line next to it titled “Adopted” is the budget that was adopted last year that the actual compares to at 75%. This includes both revenue and expenditures so it shows what has actually come in so far.

For the reserve funds, as was requested in the past the extra column isn’t there, it is shown on a spreadsheet included in the meeting binders titled “Reserve Fund Actual for FY 2011-2012 through April 1.”

Charmaine then began her review of the Budget Message line by line that the Fiscal Year 2012-2013 budget was created from. (This budget message in its entirety is attached at the end of these minutes).

Questions/Comments regarding General Fund - Resources

Keith asked what The Port put into the Winchester buildings for renovations. Charmaine said she wasn’t sure. The utility bill for the building is quite high, and she is working on ways to curb that.

When discussing the International Paper bond fees, Keith asked Steve if that went all the way back to the original building at the IP Property that The Port helped issue some bonds there? Steve said he thought it was some sort of an environmental thing they had. Charmaine confirmed that.

Robin questioned the poundage information. At 75% of the year the amount there is almost \$15,000. She was curious how Charmaine came up with \$11,000 budgeted for next year. There is anticipation that it will go down. Crabbing peaked this last year, and most of the poundage comes from crab. She is more on the conservative side, and so instead of saying there is a lot, she goes toward the smaller amount. It is all a guess. For a couple of years it was much higher, but the horizon doesn’t show that to be the case in the future. One bit of good news is that the Ossian is said to be planning to unload all of their tuna over our dock. Usually they go to Coos Bay to unload their first couple loads of tuna because there is so much it wasn’t worth it to Hallmark unload here and then truck it down there. The rumor is the Ossian is planning to sell over our dock so that amount might be a lot higher this year as well.

During discussion on Building Rentals Delaine asked if there were plans to complete the kitchen in the new Annex. Yes, in fact we are in the middle of having that done right now.

Dennis asked if the facility downtown was the 4th Street building, and was that what was referred to as the building rental. At this time that is correct, he also wondered if it would be helpful to put a specific address as a line item for clarification. The plan is to sell that

building, and then we will use the same line item for building rentals which will refer to the Winchester Building Annex.

Charmaine pointed out an interesting point on line #16 – Coos Bay Wagon Road funds. We budgeted \$64,101 last year, and actually received \$45,000. There was a miscalculation either from the county or the state. We have been notified that they are not aware if any wagon road funds will come through at all this year, and the advice from the county was to not do anything, and then if it came in we could do a supplemental budget. That was not a good option to Charmaine so she went ahead and put an amount in there just in case it does come through, and then we can pay it back out to Salmon Harbor without having to do a supplement budget. If a little comes in, that is fine and if none comes in that is fine too.

Keith asked for a more detailed explanation of the Coos Bay Wagon Road Funds. The information we have is that there is a tract of land that is referred to as the Wagon Road Funds and when this tract of land gets logged receipts of that go to Douglas County and Coos County. Coos County can only get it if they use it in specific ways such as for schools and courts. For Douglas County, the County and The Port entered into an intergovernmental agreement to pass those funds through as part of The Port's contribution to Salmon Harbor.

**Charmaine also offered to get the intergovernmental agreement that gives all the detail of these funds, to Steve.

When covering the sale of property to Fred Wahl it was said that a couple of years ago the commission decided to put that money directly into a Capital Reserve Fund instead of using it for day to day operations. Keith pointed out this was one of the best decisions the commission has made. When Fred bought the property from The Port instead of using the money for daily operations and then not have anything to show for it down the line, they decided every dollar received would go directly into the Capital Reserve. One example of how that has been used was the recent purchase of the Winchester Buildings.

Barry asked if there was a need to put money in the capital reserve fund if the commission were to decide to pay off one of their outstanding loans. You can spend money out of a reserve fund without the necessity of transferring into or out of the fund.

Questions/Comments regarding General Fund – Expenditures

Delaine asked why it seems we are proposing a couple thousand dollars less than was adopted last year for line #5 - payroll expenses. You always hear insurance is going up as well as other things, so is there a reason we are going down on this line.

Charmaine said it is a guess, and if you look at what has been spent so far we were a little high last year. Steve added that when the budget was being created for 2011 – 2012 they were told to be prepared for a bombshell when the insurance rate increases came in, and even though it was quite a bit it wasn't nearly as high as was anticipated.

Keith said there was some relatively good news on the dredging front today. There is a Harbor Maintenance Trust fund that comes from all of the shipping containers that are unloaded into the major ports on the West Coast. The effort has been to get the Harbor Maintenance Fund dollars to be dedicated to dredging. There was a bill introduced today in the house that would do just that. So all those Harbor Maintenance Fund dollars, which is a significant amount would be guaranteed to be used among other things for dredging as well.

Every year is a battle to secure further dredging dollars for ports especially small ports in the Northwest. If that Harbor Maintenance Fund does get dedicated to shallow draft ports it would really be a good thing.

Questions/Comments regarding Debt Service –

There were none.

Questions/Comments regarding Capital Outlay –

Keith wanted to discuss item #8 – Master Plan: International Paper County Property. 3 or 4 times Keith, Steve and Charmaine have attended meetings with Arnie and JoAnne the state representatives and other governing agencies on laying out a strategic plan on how to best market that property. The Port is actively involved in that and the other agencies look at The Port as a lead. He just wanted to let the budget committee members know they have been very active on that topic.

Questions/Comments regarding Reserve Funds –

There were none.

Receive Public Comment:

There was none.

Questions/Comments/changes regarding proposed budget:

There was none. Several members of the committee pointed out that the budget was laid out in a way that made it very easy to understand.

ACTION

Delaine Humphreys then made a motion that the budget committee of the Port of Umpqua district approves the fiscal year 2012-2013 budget in the amount of \$1,461,399.00 and approves the permanent tax levy rate of \$0.3441 per \$1,000.00 of the district assessed value. Keith Tymchuk 2nd the motion.

Motion Passed and the budget was approved by unanimous vote.

The meeting was adjourned at 6:59 p.m.

Steve Reese, President

Karen Halstead, Admin. Assistant

BUDGET MESSAGE
Fiscal Year 2012-2013

**(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 2012-2013, 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 2012-2013 budget based on the following

➤ **GENERAL FUND**
➤ **RESOURCES**

BEGINNING FUND BALANCE:

1. Available cash on hand*(cash Anticipated beginning balance
2. Net working capital*(accrual
3. Previously levied taxes Delinquent past taxes paid late and dispersed to District
4. Interest Interest earned saving and checking accounts
5. **OTHER RESOURCES**
6. Industrial Park lease: 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. This revenue has been down significantly.
8. Rent/Lease income Business Center At this time, Marketron is paying 550 mo and USWCD will be paying 625 mo.
9. Miscellaneous: Most revenue should be identified as other resources.
10. International Paper bond fees: Interest on Bonds will ended in 2011
11. Poundage: Poundage is .03 for product at the commercial dock at Salmon Harbor.
12. 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
13. Building Rental: Anticipated revenue from rental of the Port Annex a charge of \$75.00 per day for private use of the Annex.
14. Winchester Bay Lease: Monthly lease payment for Umpqua bait Win Bay @ \$10 per mo
15. PP&M Grant for Port Business Plan: OECDD grant for Port Business plan completion

16. Coos Bay Wagon Road funds: A pass through from Douglas County to Salmon Harbor, this has been reduced significantly
17. Sale of Forest Products: Funds from the county if there is sale of Forest Products. This is uncertain and difficult to anticipate
18. Deposits: This is a deposit account. Revenue is accumulated if the cleaning fee for use of the hall is not reimbursed.
19. Grant/Loans Master Plan Marketing IP Possible Grant for International Paper Co property
Master plan.
20. Industrial Park property sale: Fred Wahl paid the remainder of 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.
21. Transfer In from Dock Reserve: No Transfer budgeted
22. Transfer In from Capital Reserve: No Transfer budgeted
23. Transfer In from Operations: No Transfer budgeted
24. Transfer in from Maintenance: Safety net for unforeseen issues
25. Total resources, except taxes to be levied: Total Revenue minus levied taxes
26. Taxes necessary to balance: Anticipated tax revenue from County Assessor's office
27. Taxes collected in year levied: N/A
28. **TOTAL RESOURCES:** Total Taxes and other revenue

➤ **GENERAL FUND**

➤ **DETAILED EXPANDITURES**

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: Payroll liability expenses, health insurance premiums and retirement compensation.

6. TOTAL PERSONAL SERVICES

7. MATERIALS AND SERVICES

8. Office supplies: Port Office supplies.
9. Building supplies: Building and grounds maintenance.
10. Telephone: Land line, internet and cell phones: all on this line
11. Utilities: Electricity, city water and sewer, trash pickup fees.
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.
11. Audit: Annual audit, a contracted price

14. Insurance: Property and Liability insurance coverage through Special Districts Assoc of Oregon
15. Dock maintenance: On going maintenance of commercial dock at Salmon Harbor. Includes annual hoist inspections
16. Election expense & legal ads: Newspaper: Legal notifications, election fees to Douglas County.
10. Executive expenses, Travel, Training: Travel, lodging, training and conferences. SDAO conferences, other conference and seminars, ongoing education for Port staff and Commissioners
18. Lobbying Funds to help facilitate lobbying efforts for Port interests
19. Dues and subscriptions: Annual membership dues and contributions.
20. Permit fees: Have not had any permit fees recently
21. Legal Services: Port Attorney fees, David Anderson retired earlier this year; the Port engaged legal services from Paul Nolte at \$200. Per hour.
- 9 . Professional Services: Engineering, Consultant, Professional service etc fees.
23. 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
24. Fork Lift Maintenance: Maintenance on the fork lift at Port Dock at Salmon Harbor
- 25 Promotion and marketing:
- 26 STEP: Annual donation to the Salmon Trout Enhancement Project
- 27 Port Business Plan: \$37,500.00 came from Port Planning and Marketing Funds with OECDD, the Port is matching 25% or \$12,500.00, this will be the remainder of project and grant disbursement
28. Scholarships/Grants: Scholarship or grants to advance educational opportunities in business
30. Office machine upgrades: Upgrade of office equipment as necessary
32. **TOTAL MATERIALS & SERVICES**

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1. **DEBT SERVICE:**
2. SPWF construction loan (Industrial Park): Annual payment of \$27,984.00 began December 1999 to retire the Special Public Works Fund loan of \$293,200.00 for the Industrial Park Wharf Repair Project. The term of the loan is for 20 years at 6% interest.

3. SPWF construction loan (Winchester bay dock): Annual payment of \$7,827.00 began December 2002 to retire Special Public Works Fund land of \$104,178.00 for the Winchester Bay Commercial Dock facility and new hoist. The term of the loan is 25 years at 5.58% interest.
4. Umpqua Bank Port building: Bank loan for the Port building. Original loan amount was \$93,500.00 at 5% interest.
5. Douglas County Ind. Dev. Board loan: Loan from DCIDB for infrastructure improvements to _____ the industrial park site. Principal balance as of July _____ 2011 will be \$48,000 This is a no interest loan.
6. **TOTAL DEBT SERVICE**
7. **CAPITAL OUTLAY**
8. Providence Creek Tide gate/culvert project _____ complete
9. Fork lift, _____ a newer Toyota forklift was purchased
10. Dock repair. _____ This fund is a stop gap for unforeseen _____ issues at the docks,
11. Coos Bay Wagon Road funds is a pass through to Salmon Harbor
12. Master Plan International Paper Co Property _____ Plan to facilitate the sale and development of the International Paper _____ Co Property
13. **TOTAL CAPITAL OUTLAY**
14. **TRANSFERS OUT**
15. Maintenance Reserve Fund _____ None budgeted
16. Dock Reserve Fund _____ Moorage from Fred Wahl Dock fees
17. Capital Reserve Fund _____ Revenue from sale of Fred Wahl property
18. Operation Reserve Fund _____ None budgeted
19. **TOTAL TRANSFERS OUT**
20. **CONTINGENCY** : Unforeseen expenditures
21. **TOTAL EXPENDITURES**
22. **UNAPPAROPRIATED ENDING FUND BALANCE**
23. **TOTAL**