

Port of Umpqua

Budget Meeting Minutes

Wednesday, May 18, 2016 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 Lee Bridge
Asst. Secretary Carey Jones

Budget Committee Members Present:

Jessica Terra
Deborah Yates
Sunnie Hedden
Simi Hoover

Budget Committee Members Not Present:

Robin Triplett

Port Staff Present:

Port Manager Charmaine Vitek
Administrative Assistant Karen Halstead

Public Present:

Paul Stallard
Jonathan Wright

Proceedings:

Call to Order: President Steve Reese called the meeting to order at 6:00 p.m.

✓ Elect current year Chair:

Budget Member Hedden made a motion to elect Budget Member Terra as chair of the Budget Committee and proceedings, 2nd by Commissioner Tymchuk. Motion was passed by unanimous vote.

PORT BUDGET

NOTE* The Budget Message is attached to the end of these minutes.

1. Receive budget document and budget message from budget officer:

Budget Officer Charmaine Vitek went through the Budget Message highlighting any areas where there were changes from previous years.

General Fund > Resources:

The Port is in the process of purchasing and will be operating an ice machine in Salmon Harbor. The ice machine itself is not listed in the main budget document because it will be paid for with funds coming out of the Capital Reserve Fund. This fund allows items to be paid for directly out of the fund, eliminating the need to transfer to the General Fund and then making the payments from there.

Line #11: Ice Machine Revenue has been added for revenue from the ice machine once it is operational. The dollar amount on this line is an estimate that came from the Pro Forma on the ice machine project that was done by BST Associates.

Line #12: Has changed as a result of an increase for our staff fees. The staff fee has been \$12.00/hour since the dock was created in 2002. At the November 18, 2015 regular meeting the Port Commissioners approved increasing this fee by \$1.50/hour this year and eventually incrementing it to cover the actual staff fee which is currently \$16.00.

Line #20: Cooperative Community Marketing Project. People and groups in the community have come together and created this entity with the goal to raise funds to be used to market the Reedsport area to the Jordan Cove workforce. An RFP was sent out and The Pioneer Group was selected for the project. The Port was chosen to manage the funds. This is a new line item created to act as a pass through. The donations for the project will go into here and then as the project moves forward and invoices come in, they will be paid from this line.

Simi: What happens to that money if Jordan Cove doesn't happen?

Keith: The group would meet and decide if those funds should be used to market the community in a different way, or to redistribute the funds back to those who have donated.

General Fund > Allocated Requirements:

Line #3: There is an increase on the Dock Assistant's wages. This is to cover the wages for staffing the ice machine. At this time we have no way of knowing of how much time it will take, so for budgeting purposes the Dock Assistant's wages were doubled for the line item.

General Fund > Materials and Services:

Line #17: Ice Machine Maintenance - this is a new line. The Port anticipates no maintenance costs since this will be brand new machine but, an amount was placed in there for unforeseen maintenance.

Sunnie: Who will have availability to the new ice machine?

It's for the commercial fleet but, will also be available to sport fishermen and the charters. Being a new project so we will learn as we go. One thing that The Port has made clear from the beginning is that The

Port does not want to compete with local businesses who sell ice. This machine will produce salt water flake ice that the fishermen use, it is not like regular ice people buy at local stores.

Line #23: Lobbying –The last couple of years The Port of Bandon has sent a couple of their well versed Commissioners to Washington D.C. to lobby for dredging for the South Coast Ports Coalition. The Port of Umpqua has chosen to help with the costs of that trip which has been very beneficial.

Line #29: School Assistance Officer Grant – It was determined that financially supporting this project does not fall under the purview of the ports statutes in ORS Chapter 777. This line is there to show it was listed on last year’s budget and it will then drop off next year.

Simi: What is line #30 - Real Property Taxes Liability?

The Port has tenants in the Winchester Building who have to pay property taxes and due to tax billing issues from the County sometimes The Port will have to pay those taxes for the tenants to make the payment deadline and then when the billing is corrected the tenants reimburse The Port for the taxes paid. Upon the advice of our auditor, this line was added. It is similar to a deposit account. The Port pays out of that line and when the tenants reimburse us it goes back into that line.

Capital Outlay>

Can be used for any capital purchases.

Debt Service> The Port of Umpqua is debt free and has been for the last two years.

Special Payments>

Covers items that don’t fall under any other category. It has the line for the Coos Bay Wagon Road Funds pass through to Salmon Harbor, Grant Funding which is used if The Port decides to give funding to other entities or programs, and it has the pass through line for the Cooperative Community Marketing Project discussed earlier.

Interfund Transfers Out>

The only transfer budgeted is the \$15,000 that was started last year that goes into the Maintenance Reserve Fund. The State requires that The Ports on the South Coast save money to cover the operation of the South Coast Ports Coalition dredge when it is working in their port district. This is intended to build up a reserve to help Salmon Harbor with dredging their marina if they ever need extra funding to get it done. Salmon Harbor is allocating \$35,000 per year for the next three years to build up an account they will use when the dredge is available.

Reserve Funds>

Maintenance Reserve Fund - Established in 1991 and is used for maintenance, repairs and capital improvements.

Dock Reserve Fund – Established in 1993 this is where moorage fees from boats at Fred Wahl who use The Port’s Umpqua River Dock are deposited into. This fund is used for maintenance, repairs and capital improvements to the docks. Sometime in the future The Port plans to get an inspection on the docks to find out exactly what kind of condition they are in and if there is any upkeep that is needed.

Capital Reserve Fund – Established in 1991 for the purposes of capital improvements and acquisitions. This is the fund used to purchase the Winchester Buildings. It will also be used to pay for the new ice machine.

Operation Reserve Fund – Established in 1998 for the purpose of operations and to guarantee funding for opportunities that may arise.

Steve: The State requires that each Reserve Fund be reviewed. He pointed out that in the top right corner of each Reserve Fund’s page it shows the date when that fund is scheduled for review.

2. Questions/Comments/changes regarding proposed budget

Keith: Gave a history on the Ice Machine Project including all of work that has been and continues to be done. It is a need of our commercial fleet and something that The Port can provide them with. The Port’s current financial position allows for the ice machine project to be paid for without The Port having to borrow any money.

Deborah: Will the County share in the revenue generated by the ice machine?
The County has had discussions about getting involved but The Port has been firm from the start that this is The Port’s project. Although The County isn’t involved, Paul from Salmon Harbor who has a lot of expertise in this area has been very instrumental in overseeing much of the planning and coordinating of the ice machine but, Salmon Harbor nor The County will be receiving any of the revenues.

Simi: Will Salmon Harbor employees staff the ice machine once it’s running?
The Port will oversee the staffing. The details haven’t been worked out yet but it will get figured out when we get to that point.

3. Receive Public comment

There was none.

- **Commissioner Reese made a motion that the budget committee of the Port of Umpqua district approve the fiscal year 2016-2017 budget in the amount of one million, seven hundred sixty five thousand, one hundred dollars (\$1,765,100.00) and approve the permanent tax levy rate of \$0.3441 per \$1,000.00 of the district assessed value, 2nd by Commissioner Bridge. The motion was passed by unanimous vote.**

The budget meeting was adjourned by Budget Committee Chair Jessica Terra at 6:52 p.m.

Steve Reese, President

Karen Halstead, Admin. Assistant

***The Budget Message starts on the next page**

BUDGET MESSAGE

Fiscal Year 2016-2017

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

The Port of Umpqua budget for Fiscal Year 2016-2017, 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 2016-2017 budget based on the following

➤ **GENERAL FUND**
➤ **RESOURCES**

BEGINNING FUND BALANCE:

1. Available cash on hand*(cash Anticipated beginning balance comes from audit
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. Transfers IN from other funds From Reserve Funds, none budget this year

OTHER RESOURCES

6. Industrial Park lease: Lease income from Tyree Oil this increases annually with the CPI
7. Lease/Rent income Business Center At this time, our business center is not fully occupied. Marketron is paying \$140 mo, for one office USWCD \$660 mo.
8. Lease/Rent income N 4th Street Bauman & Sons purchased the Port building for \$119,000. After the payoff of the loan to Umpqua Bank, \$75,111.67 was deposited into the Operation Reserve Fund, carries over for two years.
9. Miscellaneous: Most revenue should be identified as other resources.
10. Poundage: Poundage is .03 for product coming across the commercial dock at Salmon Harbor.
11. Ice Machine Revenue Revenue from the ice machine I used the lowest revenue forecast from the feasibility study the Port had done by BST Associates.
12. Keycard/Hoist Receipts: Use of the hoist at the commercial fish dock at Salmon Harbor. \$20.00 per hour for hoist fees, staff fees increased to \$13.50 per hour
13. Annex Rental: Anticipated revenue from rental of the Port Annex a charge of \$75.00 per day for functions
14. Deposits: This is a deposit account. Revenue is accumulated if the cleaning fee for use of the Annex is not reimbursed.
15. Winchester Bay Lease: Monthly lease payment for Umpqua bait Win Bay @ \$10 per mo
16. Grant/Loans Master Plan Marketing IP Possible funding for International Paper Co property marketing, development, master planning.
17. Coos Bay Wagon Road funds: A pass through from Douglas County to Salmon Harbor.

18. Sale of Forest Products: Funds from the County if there is sale of Forest Products. This is uncertain and difficult to anticipate
19. Grants Possible grants received
20. Cooperative Community Marketing Project: this is a pass through for the Pioneer Group, a marketing firm local entities engaged to market the Reedsport/Winchester Bay/Gardiner areas to Jordan Cove union workers working on the LNG plant in North Bend
21. Total resources, except taxes to be levied: Total Revenue minus levied taxes
22. Taxes necessary to balance: Anticipated tax revenue from County Assessor's office
23. Taxes collected in year levied: N/A
24. **TOTAL RESOURCES:** Total Taxes and other revenue

- **GENERAL FUND**
- **ALLOCATED REQUIREMENTS**

PERSONAL SERVICES

1. Manager: Manager Salary
2. Administrative Assistant: Hourly wage not to exceed 30 hours per week
3. Dock Maintenance Assistant: Hourly wage not to exceed 80 hours per month. This has been increased in anticipation of additional staff for the ice machine.
4. Payroll Expenses: Employer portion of Payroll liability expenses, health insurance premiums and retirement compensation. The Port Board approved increasing staff retirement contribution to 9% of earnings.
5. **TOTAL PERSONAL SERVICES**
6. **Total FTE** 2.25

MATERIALS AND SERVICES

7. 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.
8. Professional Services: Engineering, Consultant, Professional service etc
9. Executive expenses, Travel, Training: Travel, lodging, training and conferences. SDAO conferences, other conference and seminars, ongoing education for Port staff and Commissioners
10. Audit: Annual audit, a contracted price
11. Office machine upgrades: Upgrade of office equipment as necessary
12. Office supplies: Port Office supplies.
13. Building supplies: Building and grounds supplies.
14. Dock maintenance: Ongoing maintenance of commercial docks; includes annual hoist inspections
15. Facilities Maintenance/Services: Building and Grounds scheduled and one-time maintenances and services.
16. Fork Lift Maintenance: Maintenance on the fork lift at Port Dock at Salmon Harbor
17. Ice Machine Maintenance: Maintenance on the new ice machine 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. Membership Dues and subscriptions: Annual membership dues and subscriptions
- 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:
- 28. Scholarships/Grants: Scholarship or grants to advance educational opportunities in business
- 29. School Assistance Officer Grant: The Port was not able to participate in this project, it does not fit within the purview of what Ports are authorized to do.
- 30. Real Property taxes liability: In the event that the Port must pay a portion of real property taxes on the Business Center office space
- 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**

CAPITAL OUTLAY

- 34. Master Plan International Paper Co Property Plan to facilitate the sale and development of the International Paper Co Property
- 35. Commercial Dock repair: Major repairs or maintenance to the docks
- 36. Capital Outlay:
- 37. **TOTAL CAPITAL OUTLAY**
- 38. **TOTAL ORGANIZATIONAL REQUIREMENTS**

DEBT SERVICE:

- 1. Douglas County Ind. Dev. Board loan: Loan from DCIDB for infrastructure improvements to the industrial park site. This obligation was met in full in 2013.
- 2. 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.
- 3. 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.
- 4. Umpqua Bank Port building: Bank loan for the Port building. Original loan amount was \$93,500.00 at 5% interest. This building was sold to Bauman & Sons and the balance of the loan paid off two years ago.
- 5. **TOTAL DEBT SERVICE**

SPECIAL PAYMENTS

- 6. Coos Bay Wagon Road funds Pass through to Salmon Harbor
- 7. Grant Funding Available Requests for funding from others
- 8. Cooperative Community Marketing Project this is the expenditure part of the pass through for the Pioneer Group, a marketing firm local entities engaged to market the Reedsport/Winchester Bay/Gardiner areas to Jordan Cove union workers working on the LNG plant in North Bend
- 9. **TOTAL SPECIAL PAYMENTS**

INTERFUND TRANSFERS OUT

- 10. Maintenance Reserve Fund For possible dredging assistance to Salmon Harbor if necessary
- 11. Dock Reserve Fund None budgeted
- 12. Capital Reserve Fund None budgeted
- 13. Operation Reserve Fund None budgeted
- 14. **TOTAL INTERFUND TRANSFERS OUT**
- 15. **CONTINGENCY:** Unforeseen expenditures
- 16. **TOTAL Requirements Not Allocated**
- 17. **Total Requirements Allocated to an Organization**

TOTAL GENERAL FUND REQUIREMENTS