

Port of Umpqua

Budget Meeting Minutes

Wednesday, April 24, 2019 at 6 p.m.

Port of Umpqua Annex

1841 Winchester Ave

Reedsport, OR

THESE MINUTES ARE FINAL and APPROVED.

Commissioners Present:

Vice President Keith Tymchuk

Secretary Barry Nelson

Treasurer Lee Bridge

Asst. Secretary Carey Jones

Budget Committee Members Present:

Deb Yates

Sunnie Hedden

Lori Groves

Budget Committee Members & Commissioners Not Present:

President Steve Reese

Port Staff Present:

Port Manager Charmaine Vitek

Administrative Assistant Karen Halstead

Proceedings:

✓ The meeting was called to order at 6:00 p.m. by Port Vice - President Keith Tymchuk.

✓ **There was a quorum of Budget Committee members present for the meeting.**

✓ **Elect current year Chair:**

Commissioner Jones made a motion to elect Lori Groves 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 the budget officer – Charmaine Vitek:

Charmaine: The Port Commissioners have been entertaining some investment ideas but in order to be able to make any investments a new reserve fund structure was required. The board has decided to abolish the Capital Reserve fund and the Operations Reserve fund and combine these two into a single new reserve fund that will be called the Capital Projects Reserve Fund. This new fund will include an expanded description of how it can be used which will then give The Port the ability to make future investments.

After this restructuring The Port will have 3 reserve funds and a general fund.

Reserve Fund descriptions:

Maintenance Reserve fund: Originally was created many years ago to allow The Port to invest in dredging at the boat launch in Gardiner. It was also created for maintenance and operations. A couple of years ago the maintenance portion was expanded to allow The Port to assist Salmon Harbor with dredging if/when that ever becomes a need.

Dock Reserve fund: Was established to maintain the docks that The Port has invested in, these are the Umpqua River Dock established in 1996 and the Winchester Bay Dock established in 2002. All moorage fees received from Fred Wahl Marine are invested directly into this fund.

The (new) Capital Projects Reserve fund: This new fund will be established for capital improvements, acquisitions, investments and operations.

BUDGET MESSAGE HIGHLIGHTS

2. General Fund/Resources/Other Resources:

This year there are two separate lines for the Industrial Park. This is because Parcel 3 has been leased by Northwest Landscape Management. In the past Tyree used to lease both parcels, now they only lease Parcel 2.

General Fund/Allocated Requirements/Personal Services:

Since the ice machine was installed about 2.5 years ago Larry's hours have greatly increased. It is too much for him to do alone so, The Port has been actively looking to hire someone to help him. The plan is for this new person to be employed as a .75 time employee which will be eligible for benefits. There was someone hired but he has since left the position so The Port is again searching to fill this role.

General Fund/Materials & Services:

The Ice machine maintenance falls under this category and the amount budgeted for ice machine maintenance has been increased. This is to cover any unanticipated repairs that may come up. There have been a few issues with the ice machine so far but it hasn't been anything that was really expensive to fix. Nevertheless when an ice machine does break down, it can be very costly to repair so, to cover any potential repair costs this amount was increased.

3. Special Payments:

There is \$50,000 on the line for the Coos Bay Wagon Road Funds. This is basically a placeholder to cover any potential funds that may come in. If they do, the funds received are then passed through to Salmon Harbor. So far this year nothing has been received but, by having a placeholder on this line it prevents Charmaine from having to do a supplemental budget in the event funds are received.

Grant Funding:

These funds are available in the event there are any requests from The City or any other entity for funding.

Interfund Transfers:

It was noted again that The Capital Reserve fund and The Operation Reserve fund will both be abolished and that will allow for the NEW Capital Projects Reserve fund to be created.

Questions or Comments:

Keith: In the mid to late '90's didn't The Port put money into dredging in Gardiner?

Charmaine: Has researched this topic and found that a previous Commissioner, possibly Merve Cloe, had wanted some dredging done in Gardiner. This may have been used back when International Paper was in operation.

Lori: The line for moorage appears to have dropped, do you think it will continue to drop?

Charmaine: Yes, it will continue to drop. Fred Wahl no longer uses that dock much since moving his operation to its new location.

Charmaine: Page 6 shows the new proposed reserve fund which is a combination of the "old" Operations and the "old" Capital Reserve fund(s), plus any anticipated interest. This new fund goes into Port Operations which will allow it to be available for future investments.

Barry: Did the auditor make the suggestion to do the transfers out from the old funds to create this new fund?

Charmaine: No, didn't consult with the auditor, instead, asked The Secretary of State department. Also, in attending classes and working with the local budget law folks this was the recommendation on how to create this new fund.

Sunnie: Under Materials & Services there is a \$1,000 scholarship. Who does this scholarship go to?

Charmaine: Steve requested this about 5 years ago. In his quest to help education and the school(s) he had asked that a line item be added in case there ever was a request.

Sunnie: Are there any specified requirements for this scholarship and is the school aware that this fund is available annually?

Keith: Steve had thought, if one of the local groups in town who may have school resources were to create a scholarship then The Port would have funds already allocated that they could add to it by having this line item. Discussion ensued about options of utilizing these funds.

4. Receive Public comment (Open 6:36/closed 6:36): There was no public present therefore there were no public comments.

- ✓ **Commissioner Tymchuk made a motion that the budget committee of the Port of Umpqua district approve the fiscal year 2019-2020 budget in the amount of one million, five hundred seventeen thousand, and two hundred seventy dollars (\$1,517,270.00) and approve the permanent tax levy rate of \$0.3441 per \$1,000.00 of the district assessed value, 2nd by Commissioner Bridge. Motion was passed by unanimous vote.**

The budget meeting was adjourned at 6:37 p.m.

Keith Tymchuk, Vice - President

Karen Halstead, Admin. Assistant



Port of Umpqua
1877 Winchester Ave
PO Box 388
Reedsport OR 97467

Office: 541.271.2232
Fax: 541.271.2747
portofumpqua@portofumpqua.net

Introduction to Budget Message

April 24, 2019

Port of Umpqua 2019-2020

Budget Committee Member:

Thank you for your service to the Port of Umpqua. The Commission appreciates your willingness to contribute your time, energy and expertise by participating in the public process of local government and help create a responsible budget for the Port.

What's new? After last year's budget process, the Board agreed that the existing Reserve Funds did not provide the latitude for some potential projects. Since making these kinds of changes to the adopted budget requires a supplemental budget and there was no emergency requiring the Board to make the changes immediately, these modifications are included as part of the 2019-2020 proposed budget.

What's changed? Although the Capital Reserve fund and the Operation Reserve fund are fairly inclusive in their authorized uses, it was determined that investments in projects is not listed as a specified purpose. In order to provide for possible investment in future projects, a change in the current budget structure is proposed in the 2019-2020 budget.

If it is determined by the governing body that a reserve fund is no longer necessary, it is allowed to abolish that fund and the balance be transferred to the general fund or any other fund of the political subdivision that the governing body determines is appropriate. In order to better meet the needs of the Port, a new more comprehensive reserve fund will be established and the balances of the abolished Capital and Operation reserve funds will be transferred to the new Capital Projects Reserve Fund. This structure is being proposed to the budget committee today and if approved will be part of the fiscal year 2019-2020 adopted budget.

The proposed Port Financial structure and budget will be found in 4 funds.

- ✓ **The General Fund** is the operating fund where most appropriations are made from and resources deposited
- ✓ **Maintenance Reserve Fund** established to save for general maintenance and repairs, includes reserving funds to assist Salmon Harbor with dredging cost if it becomes necessary
- ✓ **Dock Reserve Fund** established for maintenance, repairs and capital improvements to docks
- ✓ **NEW: Capital Projects Reserve Fund** to be established for capital improvements, acquisitions, investments and operations

The document titled: Budget Message is presented to describe and explain line items on the budget; general fund. Each line number on the budget has a corresponding description in the message document.

An additional column is included on the budget document titled Current: Budget at 75% of year through March 2019. This will enable comparison to last year's adopted budget and this year's proposed budget and how each account has performed at 75% of the year.

Revenue derived from moorage fees at the Umpqua River Commercial dock is deposited directly into the Dock reserve fund as opposed to depositing into the General Fund and then transferring to the Dock Reserve Fund after fiscal year end. This provides the interest earned in each fund to compound in that fund. It should be noted that revenue from the Umpqua River dock is expected to be substantially less than in the past due to Fred Wahl moving operations to the Bolon Island site.

The Port purchased, installed and is currently operating an Ice Machine at Salmon Harbor to assist the local commercial fishing fleet. The cost of the ice machine and infrastructure, electrical and refrigerator van was expensed from the Capital Reserve Fund in 2016.

BUDGET MESSAGE

Fiscal Year 2019-2020

(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 2018-2019, 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 2019-2020 budget based on the following

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

BEGINNING FUND BALANCE:

- | | |
|---|--|
| 1. <u>Available cash on hand*(cash</u> | <u>Anticipated beginning balance</u> |
| 2. <u>Net working capital*(accrual</u> | |
| 3. <u>Previously levied taxes</u> | <u>Delinquent past taxes paid late and dispersed to District</u> |
| 4. <u>Interest</u> | <u>Interest earned saving and checking accounts</u> |
| 5. <u>Transfers IN from other funds</u> | <u>From Reserve Funds, none budget this year</u> |

OTHER RESOURCES:

- | | |
|---|---|
| 6. <u>Industrial Park lease parcel 3:</u> | <u>Lease income from Northwest Landscape Maintenance</u> |
| 7. <u>Industrial Park lease parcel 2:</u> | <u>Lease income from Tyree Oil</u> |
| 8. <u>Lease/Rent income Business Center:</u> | <u>At this time, our business center is not fully occupied. Marketron is paying \$155 mo., USWCD \$703 mo. Pacific Forest Management for one office @ \$150.mo. and our newest tenant Grayguns Inc. \$250 mo.</u> |
| 9. <u>Miscellaneous:</u> | <u>Most revenue should be identified as other resources.</u> |
| 10. <u>Poundage:</u> | <u>Poundage is .03 for product coming across the commercial dock at Salmon Harbor.</u> |
| 11. <u>Keycard/Hoist Receipts:</u> | <u>Use of the hoist at the commercial fish dock at Salmon Harbor. \$20.00 per hour for hoist fees, staff fees \$15.00 per hour</u> |
| 12. <u>Ice Machine Revenue</u> | <u>Revenue from the ice machine, we charge \$50/tote</u> |
| 13. <u>Annex Rental:</u> | <u>Anticipated revenue from rental of the Port Annex a charge of \$75.00 per day for functions</u> |
| 14. <u>Deposits: This is a deposit account.</u> | <u>Revenue is accumulated if the cleaning fee for use of the Annex is not reimbursed.</u> |
| 15. <u>Winchester Bay Lease:</u> | <u>Monthly lease payment for Umpqua bait Win Bay @ \$10 per mo</u> |

- 16. Coos Bay Wagon Road funds: A pass through from Douglas County to Salmon Harbor.
- 17. Sale of Forest Products: Funds from the county if there is sale of Forest Products. This is uncertain and difficult to anticipate
- 18. Grants Possible grants received
- 19. Cooperative Community Marketing Project: the Pioneer Group dissolved its business on June 1, 2018 so this project was discontinued. Funds that had been paid by local groups were refunded and the line item will drop off of the budget next year.
- 20. Total resources, except taxes to be levied: Total Revenue minus levied taxes
- 21. Taxes necessary to balance: Anticipated tax revenue from County Assessor's office
- 22. Taxes collected in year levied: N/A
- 23. **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 staff: Dock maintenance staff has been increased due to Increased activity and the addition of 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** 3.75

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 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: 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 @ \$235.
Per hour as needed.
- 27. Promotion and marketing:
- 28. Scholarships/Grants: Scholarship or grants to advance educational
opportunities in business
- 29. Real Property taxes liability: In the event that the Port must pay a portion of real
property taxes on the Business Center office space
- 30. 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
- 31. STEP: Annual contribution to the Salmon Trout Enhancement Project
- 32. **TOTAL MATERIALS & SERVICES**

CAPITAL OUTLAY

- 34. Commercial Dock repair: Major repairs or maintenance to the docks
- 35. Capital Outlay:
- 36. **TOTAL CAPITAL OUTLAY**
- 37. **TOTAL ORGANIZATIONAL REQUIREMENTS**

PAGE 3

- 1. **DEBT SERVICE:**
None at this time

SPECIAL PAYMENTS

- 2. Coos Bay Wagon Road funds Pass through to Salmon Harbor
- 3. Grant Funding Available Requests for funding from others
- 4. Cooperative Community Marketing Project the Pioneer Group dissolved its business
on June 1, 2018 so this project was discontinued. Funds that had been paid by local groups
were refunded and the line item will drop off of the budget next year
- 5. **TOTAL SPECIAL PAYMENTS**

INTERFUND TRANSFERS OUT

- 6. Maintenance Reserve Fund None budgeted this year
For possible dredging assistance to
Salmon Harbor if necessary
- 7. Dock Reserve Fund None budgeted
- 8. Capital Projects Reserve Fund None budgeted
- 9. Capital Reserve Fund ABOLISHED
- 10. Operation Reserve Fund ABOLISHED
- 11. **TOTAL INTERFUND TRANSFERS OUT**
- 12. **CONTINGENCY:** Unforeseen expenditures

13. TOTAL Requirements Not Allocated
14. Total Requirements Allocated to an Organization
15. Reserve for future expenditure
16. Ending balance prior years

16. TOTAL GENERAL FUND REQUIRMENTS