

Port of Umpqua

Regular Meeting Minutes
Wednesday, December 19, 2012 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

Port Staff Present:

Port Manager Charmaine Vitek
Administrative Assistant Karen Halstead

Proceedings:

The meeting was called to order at 7 p.m. by President Steve Reese.

APPROVAL OF AGENDA:

Charmaine requested to add one item, #7 – Marketron Broadcast Solutions, LLC new lease. There were no other additions or deletions to the presented agenda.

APPROVAL OF MINUTES:

The draft version of the minutes for November 14, 2012 was presented for approval.

Commissioner Train made a motion, 2nd by Commissioner Tymchuk to approve the minutes as presented. Motion passed by unanimous vote.

APPROVAL OF BILLS:

Commissioner questions regarding bills:

While signing the checks, Donna asked if the check included for All Weather Heating meant they were all done with working on the heating, thermostat & sensor system. Charmaine said that check was just for the recent replacement of the thermostats and sensors; there will be more which is going to be discussed later on during the meeting.

Commissioner Nelson moved to approve payment of checks in the amount of \$ 7,193.09 to be paid out of the General Fund, 2nd by Commissioner Tymchuk. Motion passed by unanimous vote.

PUBLIC COMMENT:

There was none.

REGULAR BUSINESS:

1. June, 30 2012 Audit Presentation – Signe Grimstad

The commissioners had previously received copies of the audit to read through before the meeting. These were included in their binders, and with these minutes in the on line packet.

Signe said she did have a couple of comments she wanted to make as she was presenting the audit.

She started by saying it was interesting comparing this year to last year. There was a little bit of depletion going on with the current assets. The capital assets even with depreciation are building, so the total assets have increased by \$64,000.

Liabilities overall are decreasing \$33,000, so the net equity has gone up \$97,000. Barry asked what makes that go up. It builds when your depleting your debts, your assets are increasing, and overall there is improvement in the financial position.

The next page covered the revenues and expenditures. The variance from 2011 to 2012 shows revenue down by \$74,000 but the bulk of that is the Wagon Road funds and that is actually just a pass through, so it impacts the presentation. Looking at expenditures there is the same issue, the expenditure end amount is an adjustment. Overall it was pretty much flat last year with a \$2,600 profit, and there is a slight loss of \$1,200 but that isn't significant at all.

What is significant and was unexpected was a prior period adjustment of \$98,223. That came about going through the minutes towards year end when the commission had declared the former office at 364 N. 4th as surplus. When you do so it gets pulled out of depreciation and put into a category called idle asset. It's getting ready for market to be sold. Going through the depreciation schedule they could not identify that particular asset. This opened up a situation that had not been anticipated.

When Signe's group first came in as auditors the Port had a clean opinion. That means they took whatever assets that had been previously audited and move forward from there. So to have a prior period adjustment that goes back several years is very unusual.

They also took a look at the depreciation schedule and went over the categories; what do they consist of, and it was interesting too. The categories weren't identified the best they could be, and they had known that.

There was one issue that they could not identify on the books. This was the 364 N. 4th Street building and property and they could not find it anywhere. They finally went back to the initial acquisition year and identified where it was being picked up, and where the liability was first being recognized, which even had a separate note in the audit for that year. It was also found that the audit showed a clean opinion that year. Then the same auditor the next year gives a qualified opinion and it's because of the assets. That year showed quite a few unusual things. What Signe questioned was the fact it had been the same auditor of the previous year and the current year, they wanted to know what happened that put The Port to a qualified opinion. Just glancing at it, it showed there were inconsistencies there.

The next year there is a new auditor, and that firm reinstated the opening assets and opening liabilities. So there was just something very unusual in the prior year.

This is dating back to 2005 and the auditor for that year won't necessarily have those records.

Signe did point out she has no reason to think that The Port does not have a good capital asset schedule. It's gone through several audits prior to her firm coming in. The identification of those particular assets is a little weak yet they were able to correlate to the debt as the years have gone on.

She suggested it may be a good project for someone to dive into this and get the depreciation more specific to what the assets are. She also suggested that anytime the board decides to declare a surplus of old assets that have expired, Charmaine says she would like to see the board go through and identify and do it as a resolution so there is a trail for the future.

Steve asked if the state needed to be notified of the adjustments. No, it's all in there in the foot note which specifically addresses the asset and explains what it represents.

Keith asked if the error was because they had declared surplus property or was the error in the previous "mystery" audit, which for those who were around then knows there were two very difficult audits they experienced when trying to get them done. This did come from that time period.

Barry asked if the property were to be declared surplus would it need to be done before we decide to sell or keep it. Charmaine pointed out it has been declared surplus and they can keep it or they can choose to sell or lease it. If they do keep it and use it then it will go back on the depreciation schedule.

Signe pointed out that the question did come up whether they could trust the rest of the assets on the balance sheet and the answer is she has no reason not to.

7:21 p.m. Commissioner Nelson received a call and had to leave the meeting.

Back to the discussion the topic was the one thing that was unusual about the audit, everything else was routine. Overall The Port is healthy. The total current assets are 1.1 million, and the current liabilities are \$48,000 and according to Signe that is extremely healthy. Capital assets are almost 1.5 million and equity is 1.1 unrestricted.

Signe wrapped up her over view of the audit with no other issues needing to be specifically discussed.

Keith expressed his appreciation to Signe's efforts and her clear answers to any and all questions that the commissioners have. This gives him all the confidence he needs to know things are being handled properly. That has not always been the case so it is nice to be in this situation. Steve added his agreement to Keith's comments.

Signe's overall grade of the audit was an A.

Commissioner Train made a motion to approve the 2011-2012 Audit prepared by Grimstad & Associates. Commissioner Tymchuk 2nd the motion, the motion passed by unanimous vote of the present Commissioners. Commissioner Nelson was not present at the time of the vote.

2. Oregon Audit Division Filing fee

Commissioner Train made a motion to approve payment to the Oregon Audits Division for 2011-2012 Audit filing fee of \$150.00 from the General fund, 2nd by Commissioner Terra. Motion passed by unanimous vote of the present Commissioners. Commissioner Nelson was not present at the time of the vote.

3. Appoint Budget Officer

Commissioner Tymchuk made a motion to appoint Port Manager Charmaine Vitek as Budget Officer for preparation of the Port of Umpqua Fiscal Year 2013-2014 Budget, 2nd by Commissioner Terra. Motion passed by unanimous vote of the present commissioners. Commissioner Nelson was not present at the time of the vote.

4. Property and Liability Insurance renewal with SDAO

Charmaine reported that Debbie McKinney had planned on being at the meeting but there was a conflict with her schedule. The commissioners agreed to and signed a max lock agreement with SDAO that was not to go above 5% if there were no claims. There haven't been any, yet it has gone up almost 8% so Debbie called to find out why. The increase is based on replacement for the buildings and the things being insured and since

we acquired the new buildings it increased by about \$1,000. Debbie and Charmaine were both satisfied with that explanation, and thought it was reasonable.

Commissioner Tymchuk made a motion to approve payment to Special Districts Association of Oregon of \$13,678 for continued Property and Liability insurance as presented for 2013 to be paid from the General Fund, Commissioner Terra 2nd the vote. Motion passed by unanimous vote of the present commissioners. Commissioner Nelson was not present at the time of the vote.

After the vote Charmaine reported that the Port had received \$1,275 in longevity credit, and would also be receiving another in January 2013 as part of the same agreement with SDAO.

5. Lower Umpqua Enterprise Zone

At the end of 2012 the Enterprise Zone is scheduled to terminate. In 1994 the Lower Umpqua Enterprise Zone was implemented. It was reauthorized in 2006 and in order for that to happen the three sponsors, The City, The Port and The County had to agree and provide a resolution. There are no businesses currently using the zone and after inquiring with local businesses there are none who appear to be interested in submitting an application.

The sponsors will now need to decide whether they want to apply for a new designation. CCD as the zone managers will file the application forms and will conduct the public meetings required. In order for them to move forward with this, they are requesting a consensus from the sponsoring entities. So far The County has shown approval and The City will be addressing it on January 7, 2013.

Ron Kreskey addressed the Commission on behalf of the Lower Umpqua Economic Development Forum and encouraged The Port to support the creation of the zone. They want to have this in place in case something does come along.

Steve asked if this did not move forward what would happen to the zone. There are a set number of these that the state will designate, so someone else could take advantage of this if it's not created here.

The interesting fact is that there can be up to 15 square miles included in the zone, and the Lower Umpqua Enterprise Zone currently encompasses 7.1 square miles. There is some talk about possibly incorporating some additional area within this. This will all be included in the various discussions and meetings that will take place before this is a done deal.

Steve said he felt this is very important to our area, its shown success in the past, and with the possibilities that may be on the horizon he felt it should be in place. Keith voiced his agreement he said now is not the time to take away any leverage there may be for economic development.

There is a specific criterion that a company must meet to take advantage of this. These specifics had been included in the meeting binders.

A census was taken of the commissioners present; all voiced their support and officially gave their consensus in favor of this.

6. Heat Pumps, continued

Previously The Port had designated money to be invested in replacing the thermostats and the sensors in the six units in the main building. This work was completed on December 6.

When we originally bought the Winchester building Florence Heating & Sheet Metal had come in and done a cursory inspection. At that time they all seemed to be working minus a fan issue that he replaced at that time.

Mr. Hale of All Weather recommended an inspection of the complete units, both inside and out. One of the units actually blew one of the new thermostats because of a shorted fan relay control board. It was on warranty and he was able to replace it, but he doesn't want to install it until the issue has been remedied. The unit #1 is not working at all due to voltage feedback. He wants to make sure all is working properly before he moves forward.

There was discussion that this needs to be addressed. We have new tenants moving in which will fill the office spaces, and this needs to be working.

Commissioner Tymchuk made a motion to approve All Weather inspection of the 7 heat pump units for time and materials not to exceed \$800.00 to be paid from the general fund, Commissioner Train 2nd the motion. Motion passed by unanimous vote of the present commissioners. Commissioner Nelson was not present at the time of the vote.

7. Marketron Broadcast Solutions, LLC new lease

Last month it was requested from the Commission that Charmaine be allowed to negotiate with Marketron who had shown interest in adding 14 more offices, and since there is 17 available, she was going to work on getting them to lease them all.

Marketron agreed that they were interested and a draft lease agreement which had previously been approved by our lawyer was sent to Mr. Denekas this week. He hasn't responded yet, but in the meantime she wanted to get the Commission's approval of the lease that was sent.

The proposed lease includes all 17 available offices and includes common spaces. The square foot price is .85, which will be \$1,688 a month. This will be an annual lease, and at Mr. Denekas request it will be based on the dates of the calendar year, starting January 1 and ending December 31.

Right now it appears there won't be any new employees moving in right away, they just wanted to get the space locked down before someone else leased it.

Commissioner Terra moved to approve the new annual lease with Marketron Broadcast Solutions LLC for offices 115 through 133 at \$1,688 month authorizing the Port President and Secretary to sign the commercial lease agreement. Commissioner Train 2nd the motion. Motion passed by unanimous vote of the present commissioners. Commissioner Nelson was not present at the time of the vote.

After the vote, it was questioned if this would have been a situation where the new enterprise zone would have been beneficial. According to City Manager Jonathon Wright they would have to do capital improvements, which would require actual construction. The zone only benefits the structure that would be built or the equipment that would be purchased for the interior. Any existing land or structure remains the same for taxes.

REPORTS:

PORT MANAGER'S REPORT:

Dock Report:

The Port Commercial Dock in Winchester Bay Brought in \$417.44 for the Month of November. Crab season is scheduled to begin December 31st.

Legislative Summit:

I attended the OPPA sponsored Legislative Summit on the 13th. Attending Ports gave a short overview of what each port's operation projects and needs. There were actually only 4 or 5 legislators who participated. Many agency and consulting firm representatives were there. Basically the same reports were given as are given at regular OPPA meetings; this was mainly to get our story out to the legislators. Kevin Brice with the Army Corps of Engineers did take an opportunity to reiterate the message that was delivered to the Port of Port Orford; do not count on the Army Corp or Federal Government for future Operation and Maintenance needs. Very disconcerting.

STEP annual banquet:

STEP annual membership banquet will be held at the Eagles Lodge on January 19th. I will submit the annual dues request next month but wanted to provide the Commissioner the opportunity to attend the banquet in January. If you are interested, please let me know and I'll get you an attendance reservation.

Please note the thank you note from Jeff VanderKley for the Port's contribution to the PCC conference, on the table. This is also included in the Salmon Harbor Report in the On Line Meeting Packet.

Old building:

As I informed the Commissioners, we had an inquiry into to lease to purchase the 364th street building. The interested party told me he is very interested but asked to postpone negotiation

until after the first of the year. I provided historical costs to operate the building to him for consideration and will be in contact after the New Year.

Norm Lacey's realtor agreement with the Port to market the old building expired in November. I received approval from the Port President to extend the agreement beyond the first of the year in order to see where this prospect might be going. Norm said they didn't have a lease to purchase type of arrangement so would not participate in this if it happens. Port Counsel has been kept informed.

Special District's annual conference will be held in Portland February 8-10 with a preconference board training day Thursday the 7th. It's at the Marriott Downtown Waterfront Hotel on Naito Parkway. Let me know if you're interested in attending and we will get you registered which has to be before January 23rd. Hotel registration cutoff date is January 16th.

Steve asked if it would be possible to get them to come and do any training sessions. Charmaine said that would probably be possible depending on what topic of training Steve wanted.

South Coast Ports:

Last month it was reported that there was going to be a meeting of the southern ports at Port Orford. The topic of this meeting was dredging and the lack of funding available for it. There were some great strategies discussed. They have already gotten movement from some legislatures and some high profile news coverage.

One strategy is for them pool their monies together and have one business plan drafted vs. each having its own. Each port would have their own section included in this main business plan. This would be much more cost effective for smaller ports, and it addresses the common goal of the ports getting the dredging that they need.

Another topic was providing our own dredging. There are options discussed, but they all maintain that they do not want to let the federal government completely off the hook. The fear is that the state won't take it over because they know once they do they will be stuck with it and they can't afford it. For some of the ports down south this may be okay, but when it comes to our bar we need the services of the Yaquina. It's an interesting ongoing conversation and Charmaine will pass along information as it comes her way.

On that same note Keith reported that he got a phone call a couple of weeks ago from Michelle Giguere from Ball Janek, a big lobbying firm in Portland and she reported they are doing some lobbying in DC and evidently there is some money that DC is going to funnel to the states. It looks like each of Oregon's regional solutions groups is going to end up with some of that money. Keith is working with one of those groups is why she called him. He suggested she call Jeff Griffin, the state representative for his team. He called Keith after speaking with her and reported that he had told her one thing needed was a dredge for in port dredging for the South Coast Ports. In the past we had one and so did Brookings but the technology is out there now where the South Coast Ports could acquire a dredge specifically

for harbor dredging. Not in the channels or the mouth of the river. That is what they decided to put down as their priority for their share of the money. Hopefully this could go toward solving some of the issues we have talked about.

This is also been one of the topics at the NNMREC meetings is that with their presence here would probably give us a better chance at getting dredging funds for mouth of the river.

Charmaine pointed out this could also work against us, if we don't get dredging that may give Newport a one up since they always qualify for dredging dollars.

Another thing discussed at the South Ports meeting was to combine funds to secure our own lobbyists in addition to being included with the big group.

SALMON HARBOR MANAGER:

COMMISSIONERS:

Jessica reported she has taken some Ethics training on line through the Oregon Ethics Commission.

Steve reported they have started a project in Bandon that will be an electrical vehicle charging station. It's going to include 30 modules for plugging into.

Keith reported tomorrow night will be what hopefully will be the final NNMREC citing meeting at 6 p.m. here at the Annex. Today or tomorrow Caty, Katey and some of our local fishermen were scheduled to meet to discuss water locations and get to the specifics with a map. Hopefully this water area will work as there are a few very good advantages to it.

Donna reported the Urban Renewal met and Jonathon is going to be working to possibly purchase the property across from Dairy Queen.

Keith also added that for the last year and half the City has been working on convincing the DEQ that their 20 year loan process for wastewater loans no longer makes sense. That process was created when people were getting $\frac{3}{4}$ of the funds through clean water acts. They are working on changing those 20 year loans to 30 year loans. The DEQ indicated several months ago that they think that is right. Jonathon Wright had the DEQ representatives in last week and they actually presented him with the prepared pre-bill document that will eventually be proposed to the Oregon Legislature.

Steve asked how this would affect the debt service. Keith said it is an interesting situation for Reedsport because the DEQ don't refinance loans. Reedsport already has a loan but Keith thinks they are going to work to find a way to get Reedsport into this program, since we are the folks that have done the foot work. This is really good news, and shows how a small town can influence policy when they do things right. Name calling gets you nowhere.

Donna said that Jeff had a meeting conflict so he couldn't be at our meeting tonight. He asked her to report that the Monterey Pine in Winchester Bay has become a danger and while there hasn't been any damage to people or property yet, they hired a certified arborist to come in and look at it, and he recommended they remove the tree for safety reasons. It's sad because Harry Ludwig, the first harbor master in Winchester Bay actually planted that tree.

Debbie Yates posed a question to the commission; she said someone had mentioned the Shell station and putting electric car chargers there. Would that be something that The Port would be involved in, buying the building and overseeing the installations?

Keith said one of the rules with having the chargers is that someone has to be on site/or on call 17 hours a day. Jonathon added they want it to be next to a business that is open at least that long to provide bathroom facilities, shelter and the benefits of travel type items. That is why Safeway would be a good sponsor.

Debbie came back to the question of whether this would be a Port project. The charging stations really aren't much, comparing it to the vacuum systems at a car wash. Purchasing the Shell station may be overkill. Whoever does agree to sponsor though will receive 5% of the revenue for doing nothing more than allowing the parking space required, and paying an attendant.

The meeting was adjourned at 8:23 p.m.

The next Port of Umpqua Regular Meeting will be held January 16, 2013 at 7:00 p.m. at the Port of Umpqua Annex building, 1841 Winchester Ave., Reedsport, Oregon 97467.

Steve Reese, President

Karen Halstead, Admin. Assistant