

Port of Umpqua

Budget Meeting Minutes

Wednesday, April 15, 2020 at 6 p.m.

Port of Umpqua Annex

1841 Winchester Ave

Reedsport, OR

THESE MINUTES ARE FINAL and APPROVED.

Commissioners Present:

President Keith Tymchuk

Vice President Carey Jones

Asst. Secretary Deanna Schafer

Commissioners Present via Phone:

Secretary Barry Nelson

Treasurer Lee Bridge

Budget Committee Members Present:

Deb Yates

DeeDee Murphy

Jennifer Rockwell

Budget Committee Members Present via Phone:

Donna Train

Budget Committee Members Not Present:

Sunnie Hedden

Port Staff Present:

Port Manager Charmaine Vitek

Administrative Assistant Karen Halstead

Proceedings:

- ✓ Call to Order: by Port President Keith Tymchuk
Time Meeting Called to Order: 6 p.m.

- ✓ Elect current year Chair:
Commissioner Schafer made a motion to elect Keith Tymchuk as chair of the budget committee and proceedings, 2nd by Commissioner Jones. Motion was passed by unanimous vote.

PORT BUDGET MEETING PROCEEDINGS:

1. Receive budget document and budget message from budget officer/Charmaine Vitek:

BUDGET MESSAGE HIGHLIGHTS

Last year the fund structure was changed. Previously there were four reserve funds and the general fund. The original way these funds were setup did not allow for the Port Commissioners to use them in potential projects they had anticipated. As a result, it was decided that two of the funds would be abolished and the monies would then be combined into a new “Capital Projects Fund” that would allow more flexibility on how the funds could be used.

The two most recent projects undertaken by The Port are the addition of a commercial ice machine and the replacement of the float dock at Winchester Bay. The ice machine has proven to be a good addition for the commercial fishermen. At the end of the fiscal year 2019 the commercial ice machine had generated approximately \$27,000.

Charmaine: So far this year The Port has spent \$2,600 for maintenance on the ice machine and it has generated around \$12,500.

2. Questions/Comments/changes regarding proposed budget:

General Fund > Resources >

Donna Train/Grants Received: Do you have any anticipated projects that you plan on seeking a grant for?

Charmaine: No, not currently. In the past The Port has received grant funding from Special Districts (SDAO) for various things. Last year The Port received an SDAO grant that helped cover the costs of putting in the new security cameras.

General Fund > Detailed Expenditures > Personnel Services >

Donna: Is Larry receiving benefits now?

Charmaine: No. The personnel policy requires a 30-hour week to be eligible for benefits. In the regular meeting tonight, there is an agenda item requesting to hire janitorial staff for the Winchester buildings. That position will fall under the dock/maintenance assistant classification.

Deanna: For clarification, are you talking about a dock/maintenance position at \$45,000? We do have someone in that position now who is paid hourly, right? Is the \$45,000 based on a 30 hours per week position?

Charmaine: No. Larry is currently making \$18.86 per hour. The Port is hoping to hire someone else and that will account for more hours.

Keith: If it were a busy season then Larry would tap out at 30 hours, right?

Charmaine: If we can hire someone else, then schedules could be setup to split the hours.

General Fund > Detailed Expenditures > Materials & Services >

Keith: Where does the biggest chunk of the professional services go?

Charmaine: Usually training and travel.

Keith: (Provided a quick history on the two Port docks). The Port of Umpqua owns two docks. There is the small commercial dock in Winchester Bay, where the commercial fleet can load and

unload their boats. There is a hoist on that dock and that is what accounts for most of the hours for our dock worker. The Port also owns a much larger dock on the Umpqua River which is adjacent to the Reedsport location of Fred Wahl Marine. A considerable amount of money was invested in that dock when it was reconstructed in 1996. Now it is mostly used for ships and vessels who are using Fred Wahl's Reedsport facility. The Port has a contract with Fred that states he administers the moorage at that dock and in return keeps 10% of the revenue generated from the ships moored there, the remainder is sent on to The Port and deposited directly into the Dock Reserve Fund.

In recent years, The Port has considered whether to carry "replacement" insurance on the Umpqua River dock, which is estimated to be worth around six million dollars. With insurance for those facilities skyrocketing this year, The Port is not sure if they would want to replace it in the event something disastrous were to happen.

Insurance: This line has gone up from last year due to an 18% increase in the property and liability insurance premiums.

Lobbying: There are some groups from the South Coast who travel to Washington D.C. every year specifically to lobby for dredging dollars for South Coast Ports. The Port of Bandon has sent some people on this trip for quite a few years for this particular purpose and The Port of Umpqua contributes money to help cover their expenses.

Keith: You may have seen the large dredge at the mouth of the Umpqua River, usually during the summer months. That is an Army Corp of Engineers operated dredge which is funded through Congress. It is very expensive, costing around \$100,000 per day to run that dredge. That is a federal channel and that is why the federal government pays for its maintenance.

Scholarships/Grants: A few years ago, The Port got a request from The City to contribute money to help pay for a School Resource Officer position. It was put in the budget and The Port was ready to move forward when legal counsel stopped it and pointed out that this situation did not fit within the guidelines of the Port Statutes ORS 777. At last year's budget meeting there was a discussion regarding this line item, and its intended purpose, which was for kids at the high school. It does not seem to meet the same rules in ORS 777 in the same way the resource officer did not meet the rules. Charmaine took it out of the budget because she did not feel it would stand up in court if it were ever challenged.

Carey: Requested this be put back in the budget, this year there are 17 kids from the high school who have applied for this scholarship. After some discussion it was decided to reinstate this line into the budget. To balance the budget and to accommodate for this change Charmaine said she would reduce the operating contingency by the \$1,000.

General Fund > Debt Service > Questions/Comments:

Grant Funding: This line is \$45,000, the same amount as it was in last year's budget. There is an item up for consideration on tonight's regular meeting agenda. SCDC and CCD Business Development are going to request funds to help with a Corona Virus Micro Fund.

Reserve Fund descriptions:

Maintenance Reserve fund: Was created by resolution in 1991 and the fund's specified purpose is for maintenance, repairs, and capital improvements. At one time The Port was looking to assist Salmon Harbor with dredging inside the harbor, but they won't be able to use that dredge now.

Dock Reserve fund: Was established for maintenance, repairs, and capital improvement to the docks. The moorage from Fred Wahl that Keith was talking about earlier are the directly deposited funds that go in here.

Keith: After The Port completed all of the work on the Umpqua River dock downtown, there was a requirement that a reserve fund be setup and used specifically for dock maintenance, and that was the beginning of this fund.

The Capital Projects Reserve fund: This new fund was established for capital improvements, acquisitions, investments, and operations. In the old reserve fund definitions, acquisitions and investments were not allowable, with this fund they are.

General Questions/Comments:

Carey: Looking at the monthly income from the two industrial property leases, Tyree Oil, and Northwest Landscape Management, I have done the math and I don't understand why the leases aren't rounded up to even dollar amounts?

Charmaine: The increase for these leases are calculated using the CPI from the previous six months, this is written into their lease contracts.

Carey: With the situation in Salmon Harbor, it seems The Port should raise the number of hours for the dock assistant. In the past the Salmon Harbor crew has given a lot of free help with the ice machine. Recently Douglas County decided that anytime Salmon Harbor's crew helps another entity a contract will have to be drawn up between the parties and the work will be paid for.

Keith: It can be covered from the ice machine maintenance line, right now \$2,600 has been spent from that and it's budgeted for \$6,000.

Charmaine: If you are talking about hiring someone, personnel services would cover that.

Deanna: The City has also received this notification from the county.

Charmaine: Personnel services has \$30,000 and it could be used to help pay for contractors if needed, that line would cover that as well.

Carey: According to the crew at Salmon Harbor, they provided just under \$10,000 worth of work which will cause a shortfall in the budget if it will have to be paid for.

He then suggested pay increases above the CPI for the Dock Assistant(s) positions to accommodate the extra potential work and for the Administrative Assistant.

Carey: Was the janitor's position also worked into the same line?

Charmaine: Yes, also the percentage she used to create the proposed wages was 3%, she asked how much Carey suggested.

Carey: He was considering above the current CPI and increasing by .60 to .80 cents per hour.

Deanna: The CPI for 2019 was 2.4% and for 2020 its 2.5%. That is what the city is using this year for their cost of living wage increases. Carey pointed out that the city gives incentive raises and The Port does not. Deanna agreed that there were incentive raises at The City during the first 5 years of employment.

Carey: Higher wages would also look better for future hires whenever the positions become open for replacement. He was comparing The Port to other port's wages and it seemed a little low.

Charmaine: The Port is low and always has been one of the lowest.

Keith: Increases above the proposed amounts appear to already be built into the budget. If we were to add \$6,000 to \$6,500 to the Administrative Assistant wages it would still be well below the \$31,500 budgeted.

Carey: Didn't think the amounts in the proposed budget would be enough for the increases he was recommending.

Barry: Felt it was wrong to discuss pay raises at this time instead of moving forward with passing the budget.

Lee: The budget is a plan and the plan can be changed at any time when there is a need to do so. Consider what the industry is paying within our region. One of the first guidelines to look at is whether we are overpaying or underpaying. Look locally to see if there are others in the area with the same skill sets who perform the same functions.

Keith: As a port we can revisit this later and if we decide raises are something that are going to be installed, then a supplemental budget can be done if the budgeted amounts are not enough to meet the demand. For purposes of adopting the budget it appears we are close, he preferred to adopt the budget as presented tonight, and if raises were adopted later, they would know exactly how much was budgeted and if need be, could always do a supplemental budget later.

Deanna: Agreed, adding that she also felt Charmaine should be given direction to bring comparisons of what other ports are paying to the commission at a future meeting and use that information to make those types of changes.

Charmaine: Oregon Public Ports usually does provide that information but hasn't done it this year due to all of the stuff going on.

It was agreed to move forward with passing the budget and pay increases would be discussed using comparisons to other ports at a future meeting.

3. Receive Public comments (Open 7:03/closed 7:03): There were no public comments.

- ✓ **Commissioner Schafer made a motion, 2nd by Budget Committee Member Deb Yates, that the budget committee of the Port of Umpqua district approve the fiscal year 2020-2021 budget in the amount of one million, four hundred eighty six thousand, nine hundred thirty six dollars (\$1,486,936.00) 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 7:05 p.m.

Keith Tymchuk, President

Karen Halstead, Admin. Assistant

****Note: Following these minutes is the full Budget Message as presented****

Introduction to Budget Message

April 15, 2020

Port of Umpqua 2020-2021

What's new? As part of 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 were included as part of the 2019-2020 proposed budget.

What's changed? Although the Capital Reserve fund and the Operation Reserve fund were fairly inclusive in their authorized uses, it was determined that investments in projects was not listed as a specified purpose. In order to provide for possible investment in future projects, a change in the current budget structure was implemented in the 2020-2021 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 was established, and the balances of the abolished Capital and Operation reserve funds were transferred to the new Capital Projects Reserve Fund. This structure was approved by the budget committee last year and adopted by the Board for the 2019-2020 fiscal year budget.

The new 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 2020. 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 has been 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. In 2018 the Port replaced the float dock in Winchester Bay expensed from the Dock Reserve Fund and the General Fund for \$67,215.

BUDGET MESSAGE

Fiscal Year 2020-2021

(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 2020-2021, 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 2020-2021 budget based on the following

➤ **GENERAL FUND**
➤ **RESOURCES**

BEGINNING FUND BALANCE:

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

OTHER RESOURCES:

- | | |
|---|--|
| 6. Industrial Park lease parcel 3: | <u>Lease income from Northwest Landscape Maintenance</u> |
| 7. Industrial Park lease parcel 2: | <u>Lease income from Tyree Oil</u> |
| 8. Lease/Rent income Business Center: | <u>We have five businesses leasing office space in the Business Center.</u> |
| 9. Miscellaneous: | <u>Most revenue should be identified as other resources.</u> |
| 10. Poundage: | <u>Poundage is .03 for product coming across the commercial dock at Salmon Harbor.</u> |
| 11. Keycard/Hoist Receipts: | <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. Ice Machine Revenue | <u>Revenue from the ice machine, we charge \$50/tote</u> |
| 13. Annex Rental: | <u>Anticipated revenue from rental of the Port Annex a charge of \$75.00 per day for functions</u> |
| 14. Deposits: This is a deposit account. | <u>Revenue is accumulated if the cleaning fee for use of the Annex is not reimbursed.</u> |
| 15. Winchester Bay Lease: | <u>Monthly lease payment for Umpqua bait Win Bay @ \$10 per mo</u> |
| 16. Coos Bay Wagon Road funds: | <u>A pass through from Douglas County to Salmon Harbor.</u> |
| 17. Sale of Forest Products: | <u>Funds from the county if there is sale of Forest Products. This is uncertain and difficult to anticipate</u> |
| 18. Grants | <u>Possible grants received</u> |
| 19. Total resources, except taxes to be levied: | <u>Total Revenue minus levied taxes</u> |
| 20. Taxes necessary to balance: | <u>Anticipated tax revenue from County Assessor's office</u> |
| 21. Taxes collected in year levied: | <u>N/A</u> |
| 22. TOTAL RESOURCES: | <u>Total Taxes and other revenue</u> |

➤ **GENERAL FUND**
 ➤ **ALLOCATED REQUIREMENTS**
PERSONNEL 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 staff retirement contribution to
9% of earnings.
5. **TOTAL PERSONNEL SERVICES**
6. **Total FTE** 3.00

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. Forklift Maintenance: Maintenance on the forklifts 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: It was determined that this line item does not meet

ORS777 criteria for Port's operation, ORS777 is the State Statute regulating the establishment and operation of Ports in Oregon.

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: Possible contribution to the Salmon Trout Enhancement Project

32. TOTAL MATERIALS & SERVICES

CAPITAL OUTLAY

33. Commercial Dock repair: Major repairs or maintenance to the docks
34. Capital Outlay:

35. TOTAL CAPITAL OUTLAY

36. TOTAL ORGANIZATIONAL REQUIREMENTS

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

18. TOTAL GENERAL FUND REQUIREMENTS