

Port of Umpqua

Budget Meeting Minutes

Wednesday, May 18, 2022, 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 Eric Boe

Secretary Carey Jones

Treasurer Joe Mulkey

Asst. Secretary VACANT

Budget Committee Members Present:

Deb Yates

Donna Train

Budget Committee Members:

Sunnie Hedden

Jennifer Rockwell

DeeDee Murphy

Port Staff Present:

Port Manager Charmaine Vitek

Port Manager Scott Kent

Administrative Assistant Karen Halstead

Proceedings:

Time Meeting Called to Order: 6:01 p.m.

- ✓ Call to Order: by Port President Keith Tymchuk
 - ✓ **There was a quorum of Commissioners and Public Committee Members present for this meeting.**

- ✓ Elect current year Chair:
Commissioner Boe 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:

1. Receive budget document and budget message from budget officer - Charmaine

Apologized that 3 of the budget committee members were not present but noted there was a quorum. Thanked the budget committee members who were present for their time and expertise to help with the budget process.

The Port's budget is structured in to 4 funds.

The General Fund, which is the operating fund where most expenditures are made, and resources are deposited.

The Maintenance Reserve Fund, that was established to save for general maintenance and repairs, includes reserving funds to assist Salmon Harbor with dredging costs if it becomes necessary, that was added when the dredge "Laura" was purchased by the State.

Dock Reserve Fund, which was established for maintenance, repairs, and capital improvements to docks.

Capital Projects Reserve Fund, which was established for capital improvements, acquisitions, investments, and operations. The Port consolidated a Capital Reserve Fund and an Operations Reserve Fund a couple of years ago to expand the description of what it could be used for. Previously there was not a fund that could be used for investments or acquisitions. This fund resolved that issue.

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.

Additionally, there is a column which is titled "75% of this year", this is to give an indication of what has been spent so far, this fiscal year and will enable comparison to last year's adopted budget and this year's proposed budget as well as being able to see how each account has performed through the end of March 2022. The "Proposed" is what the budget officer and the new manager have been working on to propose for this upcoming year.

Parcel 3 of the industrial park in downtown Reedsport was sold to Northwest Landscape Management for \$95,000. The Port is carrying the loan for a term of ten years at an interest rate of 1.5 percent. Monthly payments of \$900 (principal, interest, and extra principal) are being made to the Port. These payments are deposited directly into the Capital Reserve Fund.

The Port purchased and installed 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. Pacific Dream Seafoods is now managing the ice machine and all operations on the entire Umpqua Spit.

The Port purchased a parcel of land from Douglas County, known as the "Umpqua Spit" for \$65,000, which was previously being leased from Douglas County for approximately \$580 per month (nearly \$7,000 annually). This parcel, including the commercial dock, was leased to Pacific Dream Seafoods, who also

purchased the Umpqua Bait business. Monthly lease payments are \$2,078 and are deposited into the General Fund.

Revenue derived from moorage fees at the Umpqua River 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.

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

Other changes to be aware of. The Douglas County Board of Commissioners had been talking to the Port Board of Commissioners about the Intergovernmental Agreement between the County and the Port to manage Salmon Harbor. Both the County and the Port ultimately agreed that the IGA was no longer needed so approved the termination of the IGA as of June 30, 2020.

2. Questions/Comments/changes regarding proposed budget

General Fund > Resources > Points of interest & Questions:

Noted: Line 6 – Industrial Park Lease Parcel 3: This parcel has been sold so that line item that was the lease income from Northwest Landscape Maintenance is now at zero.

Line 10 – Poundage: When Pacific Dream Seafoods leased the Umpqua Spit they agreed to continue to pay poundage for product that comes over the dock. The previous poundage rates still apply. There won't be any hoist or ice machine revenue.

Line 15 – Winchester Bay Lease: Since Pacific Dream Seafoods bought Umpqua Bait there will no longer be a lease from Umpqua Bait.

Line 16 – Umpqua Spit Revenue: This is the lease income that PDS will be paying to lease the newly acquired Umpqua Spit.

Line 17 – Property Insurance Proceeds: This is related to the 2 water leaks that happened in December 2020 and in August 2021. The Port received insurance proceeds which will show as expended on expenses. We were able to add this line item without having to go through a supplemental budget process.

Line 18 – Wagon Road Funds: This was a pass-through to Salmon Harbor as part of the IGA with Douglas County. Now that the IGA no longer exists The Port will not be receiving these any longer. That line item will come off at end this year.

Line 20 – Grants Received: The Port has to do the Strategic Business Plan again this year and the State will be paying 75% of the cost for that. In 2011 the SBP cost \$50,000. The Port is not anticipating that this planning will be as comprehensive. The board has gone through the existing plan and have made changes that have been provided to Lane Council of Governments who will be doing the project for The Port at a much lesser rate than a consulting firm would charge.

The total resources, except the taxes to be levied is \$845,910, the estimated taxes to be received is \$217,994 which makes the total resources \$1,063,904.

General Fund > Detailed Expenditures > Personal Services > Questions:

Donna: There is a line for ice machine maintenance but there isn't anything in the line for ice machine revenue?

Charmaine: That is correct, and PDS has told us they are not charging the fishermen for ice, it is a service they are offering to accommodate the fleet.

General Fund > Detailed Expenditures > Materials & Services > Questions:

There were no questions.

General Fund > Capital Outlay > Questions:

There were no questions.

Dock Reserve Fund > Questions:

When The Port gets moorage from Fred Wahl it gets deposited directly into this fund. Since Fred has moved his business, The Port gets very few moorage fees.

Debbie: Are the two big boats that were there going to come back?

Charmaine: They weren't moored on our dock when they were here.

Capital Projects Reserve Fund > Questions:

When Northwest Landscape makes their loan payments they will be directly deposited into this account.

Wrap up questions:

Eric: Has any money been allocated for the maintenance of the Umpqua River Dock?

Charmaine: On page 2, which is Requirements on the General Fund on line #36 – there is \$15,000 allocated for such things, like the recent work Fred Wahl did to replace a log on the dock.

Eric: The report says it is good for 50 years if it is maintained and he felt it should be maintained.

Charmaine: There is \$15,000 allocated and there is also the Dock Reserve Fund that is specifically for the docks.

3. Receive Public comment, this portion opened at 6:33 p.m.

Keith: He was removing his "Commissioner" hat and speaking as a member of the public and stated he approved this budget.

Public comment ended at 6:34 p.m.

Keith asked for a motion to approve the budget as presented.

Keith then asked Karen to step out of the room.

Joe: He, Carey Jones and Scott spoke the other day and they thought The Port should probably give Karen a raise.

Keith: There was one in the proposed budget, Charmaine said it was for 7.5% and Scott added that would bring her hourly rate up to \$21.x from \$19.x/hour.

Joe: He knows that good people like Karen are hard to keep, and we should keep them happy.

Carey: In working on these other budgets that he has participated in, in one case, Scott Lewis who owns the bus company is offering a \$3,500 sign on bonus and the bus drivers will be hired at \$21.85/hour. Carey feels The Port should have looked at something like this before because of Covid for both Charmaine and Karen. They didn't receive stimulus money. Was talking to one of the nurses at the hospital today and they received a "compensation adjustment" which was actually a \$7,000 bonus due to Covid. The Port gives cost of living raises but there aren't any advancement raises for years of service. There is a lot of stuff that may be coming up and staff will be working hard. As Joe said, when you have good people, you need to pay them and make them realize that they are appreciated and so they can make a living.

Keith: To do something along those lines, he'd rather not change the budget, but do it as a one-time bonus for Karen and for Scott. Scott replied right now he is perfectly content.

There was discussion of whether a bonus was allowed or not, and additional discussion of which line item The Port would use if they were to give a bonus. Other Personnel was brought up.

Charmaine: The board will be paying me from that line item for a while. That is why that line was increased. She then reminded the board at Karen works $\frac{3}{4}$ time, so when looking at the annual salary that is not for 40-hour weeks. The amount on that line is an anticipation amount.

Joe: Asked if Charmaine will receive the full amount on the "Other Personnel" line. Charmaine explained after June 30th, she will be paid for up to 240 hours of PTO that hasn't been taken, which will happen. She will also be available to Scott hourly after she retires and that will come from that line as well. He asked how long Karen had been with The Port, she has been here 12 years. Joe suggested a bonus amount of \$4,000.

Scott: That would come to approximately \$2.50 more an hour. Charmaine added that would be on top of the increase that is already in the budget.

Eric: Asked if the \$34,000 a year was for Karen. Charmaine answered yes, that is her salary, anticipated. Eric noted that \$4,000 is more than 10%.

Keith: That is significant, especially on top of a 7.5% raise.

Joe: Is the 7.5% increase the number due to inflation?

Charmaine: Many ports have been trying to figure out what is a fair number, and most are coming in at 3.5-4.5%, maybe a couple of 5%. It's difficult with inflation right now.

Joe: Where he is coming from and is sure everyone sees it. His wife has managed the mall for years and you just can't get people that are worth it, and you still have to pay them \$16-\$17/hour. They don't know how to do the stuff that Karen does. He really feels you need to show your appreciation for these people.

Carey: I'll give you an example. Bay Area Hospital is putting in a school for the nurses. His girlfriend's daughter just got a job as a teacher at the BAH's school. She only has her associates degree, is working on her bachelor's degree and she will be teaching 3rd grade. She got a \$5,000 signing bonus plus she'll be making \$21.97/hour. That will go up to \$26/hour when she gets her bachelor's degree. This is for a first-year teacher.

One of the things The Port doesn't have is a step program like PUD who has a step program. If you have been there 2 years you will get a step raise, been there 3 years another step raise. In the past

we didn't have the amount of workload, so the board didn't see this necessary. Now, there may be more going on and Carey feels that the workload may be expanding.

Keith: Asked for a number. Carey asked if he did give a number was there a possibility down the road of implementing a step schedule? Keith felt that was something Scott could explore. Usually, those step programs are for people just starting and then they step out at around 10 years.

Deb: How many hours does she work? Charmaine answered 30 hours per week. Deb asked if Karen were to go full time would that help make up the amount?

Keith: That would be for the Manager to decide, if there is full time amounts of work. He said Scott as the new Manager could make that decision further down the line.

Eric: 10% of what she is making now is \$3,400, Joe had suggested \$4,000. The \$3,400 could go with the contingency upon the establishment of a step program.

Keith: We will need to amend this document or it's going to come out of one of the existing line items.

Charmaine: Suggested it be taken out of Contingency, which can be done without having another budget meeting. The goal budget stays the same and the operating contingency will change to \$334,004.

Keith: With the motion is the understanding that the amount out of Contingency goes to the bonus.

Charmaine: Do you want that added to the salary or as a bonus, actually that can be decided when staff salaries are discussed at the next meeting.

Karen was brought back into the room.

Keith: Need a motion.

- Commissioner Jones made a motion that the budget committee of the Port of Umpqua district approve the fiscal year 2022-2023 budget in the amount of one million, six hundred ninety thousand one hundred twenty-eight dollars (\$1,690,128) and approve the permanent tax levy rate of \$0.3441 per \$1,000.00 of the district assessed value, 2nd by Commissioner Mulkey. Motion passed by unanimous vote.

The budget meeting was adjourned at 6:54 p.m.

Keith Tymchuk, President

Karen Halstead, Admin. Assistant

The following is the Budget Message as presented



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Introduction to Budget Message

May 18, 2022

Port of Umpqua 2022-2023

Budget Committee Member:

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

The Port Financial structure and budget are in 4 funds.

- ✓ **The General Fund** is the operating fund where most expenditures are made 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
- ✓ **Capital Projects Reserve Fund** 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 2022. This will enable comparison to last year's adopted budget and this year's proposed budget and how each account has performed through the end of March.

Parcel 3 of the industrial park in downtown Reedsport was sold to Northwest Landscape Management for \$95,000. The Port carries the loan for a term of ten years at an interest rate of 1.5 percent. Monthly payments of \$900 (principal, interest, and extra to principal) are being made to the Port. These payments are deposited in the capital reserve fund.

The Port purchased a parcel of land from Douglas County, known as the "Umpqua Spit" for \$65,000, which was previously being leased from Douglas County for approximately \$580 per month (nearly \$7,000 annually). This parcel, including the commercial dock, was leased to Pacific Dream Seafoods, who also purchased Umpqua Bait. Monthly lease payments are \$2,078 and are deposited into the general fund.

The Port purchased and installed 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. Pacific Dream Seafoods is managing the ice machine.

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.

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

Other changes to be aware of: The Douglas County Board of Commissioners had been talking to the Port Board of Commissioners about the Intergovernmental Agreement between the County and the Port to manage Salmon Harbor. Both the County and the Port ultimately agreed that the IGA was no longer needed so approved the termination of the IGA as of June 30, 2020.

BUDGET MESSAGE

Fiscal Year 2022-2023

(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 2022-2023, 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 2022-2023 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): The Port operates on a cash basis, therefore this line item is zero
3. Previously levied taxes: Delinquent past taxes paid late and dispersed to District
4. Interest: Interest earned
5. Transfers IN from other funds: From Reserve Funds, none budget this year

OTHER RESOURCES:

6. Industrial Park lease parcel 3: Lease income from Northwest Landscape Maintenance ended due to their purchase of the property
7. Industrial Park lease parcel 2: Lease income from Tyree Oil
8. Lease/Rent income Business Center: The Port currently has five businesses leasing office space in the Business Center. The Oregon Professional Real Estate Group terminated their lease at the end of May 2022
9. Miscellaneous: Most revenue should be identified as other resources.
10. Poundage: Pacific Dream pays poundage at 0.03 dollars per pound for product coming across the commercial dock at Salmon Harbor, except for squid and shrimp, which is 0.01 and 0.015 dollars per pound, respectively.
11. Keycard/Hoist Receipts: Use of the hoist at the commercial fish dock at Salmon Harbor is no longer charged for by the Port. Hoist operations are managed by Pacific Dream Seafoods
12. Ice Machine Revenue: Revenue from the ice machine is being managed by Pacific Dream. The Port no longer receives payments for ice.
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: After the sale of the Umpqua Spit, no further revenue will be received from the Umpqua Bait lease

16. Umpqua Spit revenue: New property in Winchester Bay, leased to Pacific Dream Seafoods.
17. Property Insurance Proceeds: Insurance proceeds from SDAO as applicable
18. Coos Bay Wagon Road funds: A pass through from Douglas County to Salmon Harbor. No longer receiving Wagon Road Funds
19. Sale of Forest Products: Funds from the county if there is sale of Forest Products. This is uncertain and difficult to anticipate
20. Grants: Possible grants received including for the Strategic Business Plan
21. Total resources, except taxes to be levied: Total Revenue minus levied taxes
22. Taxes expected to be received: 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 30 hours per week
3. Other Personnel: Covers PTO liability for the previous manager and expected part time technical assistance provided by the previous manager as required by the new manager.
4. Payroll Expenses: Employer portion of Payroll liability expenses, health insurance premiums and retirement compensation. The Port Board approved staff retirement contribution to 9 percent of earnings.
5. **TOTAL PERSONAL SERVICES**
6. **Total FTE** 2.00

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. Both forklifts have been deemed surplus property and will be sold
17. Ice Machine Maintenance: Maintenance on the ice machine at Salmon Harbor. Pacific Dream Seafoods is operating the ice machine. This line item will be kept incase necessary
18. Telephone: Landline, internet, and cell phones
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 uses Local Government Law Group for legal services at \$285 per hour as needed.
27. Promotion and marketing: Expenses related to promotion and marketing of services for the Port
28. Strategic Business Plan The Ports strategic business plan was last done in 2011. Business Oregon is starting the process of requiring all Oregon Ports to update their business plans and will provide some funding. Update of the strategic business plan will occur during fiscal year 2022-2023
29. Scholarships/Grants: Scholarship or grants to advance educational opportunities in business ORS777 criteria for Port's
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 and the commercial dock in Winchester Bay this increases 3 percent per year
32. Umpqua Spit Expenses Place holder for expenses at the spit
33. STEP: Possible contribution to the Salmon Trout Enhancement Project
34. Property Insurance expenses Possible insurance expenses involving recent water Damage at the 1877 Winchester building
35. **TOTAL MATERIALS & SERVICES**
- CAPITAL OUTLAY**
36. Commercial Dock repair: Major repairs or maintenance to the docks
37. Capital Outlay:
38. **TOTAL CAPITAL OUTLAY**
39. **TOTAL ORGANIZATIONAL REQUIREMENTS**

DEBT SERVICE

1. Debt service None budgeted

SPECIAL PAYMENTS

2. Coos Bay Wagon Road funds No longer applicable
3. Grant Funding Available Requests for funding from others
4. **TOTAL SPECIAL PAYMENTS**

INTERFUND TRANSFERS OUT

5. Maintenance Reserve Fund None budgeted
6. Dock Reserve Fund None budgeted
7. Capital Projects Reserve Fund None budgeted
8. **TOTAL INTERFUND TRANSFERS OUT**
9. **CONTINGENCY:** Unforeseen expenditures
10. TOTAL Requirements Not Allocated
11. Total Requirements Allocated to an Organization
12. Reserve for future expenditure None budgeted
13. Ending balance prior years None budgeted
14. Unappropriated ending fund balance
15. **TOTAL GENERAL FUND REQUIREMENTS**