

Port of Umpqua

Budget Meeting Minutes

Wednesday, April 19, 2023 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 Deb Yates

Budget Committee Members Present:

Linda McCollum

Jamie Swafford

Zack Francis

Donna Train

DeeDee Murphy

Port Staff Present:

Port Manager Scott Kent

Administrative Assistant Karen Halstead

Proceedings:

Time Meeting Called to Order: 6 p.m.

- ✓ Call to Order: by Port President Keith Tymchuk
- ✓ Elect current year Chair:
Commissioner Jones made a motion to elect Keith Tymchuk as Chair of the Budget Committee and proceedings, 2nd by Budget Committee Member Donna Train. The motion was passed by unanimous vote.

PORT BUDGET:

Receive budget document and budget message from budget officer.

(*Note: A copy of the entire budget message follow these minutes*)

Budget Officer Scott Kent: The document titled: Introduction to 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 this message document.

An additional column is included on the budget document titled “Current: Budget at 75% of year through March 2023”. This enables a comparison of last year’s adopted budget to this year’s proposed budget and reflects how each account has performed through the end of March 2023.

Port of Umpqua Recent History and Basis for the Proposed Budget

Parcel 3 of the Industrial Park in downtown Reedsport was sold to Northwest Landscape Management in November of 2021 for \$135,000; \$95,000 of which is a loan from the Port of Umpqua. The Port carries the loan for a term of ten years at an interest rate of 1.5%. Monthly payments of \$900 each are being made to The Port, which include principal, interest, and extra to principal. These payments are deposited into the Capital Reserve fund.

The Port purchased a parcel of land from Douglas County, known as the “Umpqua Spit” for \$65,000, in April of 2021, which was previously leased from Douglas County for approximately \$580 per month (nearly \$7,000 annually). This parcel, including the commercial dock, is being leased to Pacific Dream Seafoods (PDS), who also purchased Umpqua Bait. PDS started management of the spit in September 2021. Monthly lease payments are \$2,078 and are deposited into the general fund.

Revenue derived from moorage fees at the Umpqua River Commercial dock are deposited directly into the Dock Reserve fund. 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 Bolon Island. Vessel moorage rates are \$50 per day; \$125 per week, and \$500 per month for vessels less than 65 feet; for vessels greater than 65 feet, the moorage is \$100 per day, \$250 per week, and \$1,000 per month. Fred Wahl Marine Construction manages the moorage and for their work, they retain 10 percent of the fees. Moorage fees can vary between \$0 to \$3,000 per month, depending on the required use.

Keith: Provided background on the Umpqua River Commercial dock and the Dock Reserve fund. After purchase, The Port rehabilitated the dock and one of the provisions of the Federal lease was that The Port would open a Dock Reserve fund for future repairs or work needed to be done to the dock. Soon after that Fred Wahl took over the boatyard. A few years ago, it was determined that The Port didn’t have to continue to hold a special fund for the dock, yet The Port has continued with the fund. It is worthy of question when looking at the amount in that fund, clearly there is nowhere near what it would cost to replace the dock if something happened to it. The Port has discussed whether they should even carry insurance on the dock but at this time The Port is still insuring that dock. This fund can also cover repairs needed at the Winchester Bay dock too.

Scott: Tenants at the Port of Umpqua Business Center and Parcel 2 (downtown Reedsport) include: Reedsport Massage (leases two offices for a total of \$320 per month), Hideaway Project (leases one office for a total of \$170 per month), STEP and DayPubs (leases two offices for a total of \$275 per month), BlueJet (leases a suite for a total of \$550 per month), GrayGuns (leases a suite for a total of \$661 per month), and Tyree Oil (leases Parcel 2 for a total of \$636 per month. The total annual lease revenue is in excess of \$30,000 per year.

At this point Scott had the Budget Committee refer to the Budget Document as he went through the Budget Message explaining the Budget Document line by line.

1. Questions/Comments/changes regarding proposed budget

General Fund > Resources > No questions or comments:

General Fund > Detailed Expenditures > Personal Services > No questions or comments:

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

Keith: Provided an example of what Line #23, Lobbying is for. The Port of Umpqua contributed \$500 to the Port of Bandon District Manager when he recently traveled to Washington D.C. to lobby Congress for continued dredging for coastal ports. There are other Ports who contributed to help cover the costs of the trip as well.

Jamie Swafford: Did you mean to leave line #34 – “Property Insurance Expenses” blank?

Scott: This is insurance money that The Port may receive to cover damages.

Deb: On line #29 – “Scholarships & Grants”, noticed there has been money added to this. She would like to include older students to be eligible as well as students who are just graduating. The money may be better spent on older students who have a better idea what career(s) they want to continue to study.

Deb: Mentioned that S.T.E.P. hasn’t requested money in years, line #33 is a bookmark in case S.T.E.P. should ever have the need.

Keith: Asked if the scholarships going to older students would only be available for students studying specifically in the Marine or Engineering field?

Deb: Said she didn’t have a preference for the field of study.

Keith: The Port will need to provide some public education on any specifics needed to be eligible for The Port’s scholarships. There was some discussion on whether these scholarships should be for specific career fields.

General Fund > Capital Outlay > Questions:

Keith: The Coos Bay Wagon Road funds were established in the late 1800’s and were revenue from the sale of timber harvested on those Wagon Roads. These funds were distributed to The County and The County had limitations on how they could use the money. The Port arranged in the 1970's to be a "pass-through" to get those funds to Salmon Harbor.

Donna: It was her understanding that those funds could go to Salmon Harbor or the local school.

Keith: There aren’t any funds coming in anymore. At one time there was up to \$50,000 that went through to Salmon Harbor.

Scott: After going through the Budget Message Scott asked the Committee to refer to Form(s) 11 for each Reserve Fund as he explained the Resources and Requirements for each.

Form LB1 – This form shows that the total resources and total requirements are equal. This table will be published in the newspaper and will include any possible updates as a result of this budget meeting.

Final questions/comments before the motion:

Keith: He always asks the auditor for a grade. She is a tough grader, last time she gave The Port an A and is always pleased that The Port of Umpqua has no outstanding debt and has cash on hand to spend on potential future projects.

Donna: Referring to line #8 of the General Fund “Leases/Rent Income”, was this number calculated based on the CPI?

Scott: No, he took a fraction of what The Port currently is receiving, because he has a feeling The Port may lose a customer.

Donna: In the past the lease agreements were based on the CPI, the increase shown is 6% and she didn’t know if the CPI was that high this year or not.

Scott: The Port is now limited by contract to 4% increases per year for the leases.

Donna: On line #12 of the General Fund, she noticed The Port is not getting any revenue from the Ice Machine, yet there is \$5,000 budgeted for Ice Machine maintenance. Why would The Port pay for maintenance if they are not receiving revenue?

Scott: That \$5,000 budgeted for Ice Machine maintenance is there in case of unforeseen issues that may come up, he does not expect that money will be spent. When PDS took over the operation at the dock, they also took over the operation and maintenance of the Ice Machine and so far PDS has done very well at keeping the Ice Machine running.

Donna: Line item #28 under the General Fund Requirements is The SBP; that number seems really high. She is aware The Port is required to have an updated SBP, it just seems to have gone up a lot.

Keith: The last SBP was in 2011 and The Port is updating that now. The advantage to having an updated SBP is that it covers any projects The Port may want to invest in and enhances the capacity of getting grants.

Scott: The total cost for the SBP is \$40,000, The Port is liable for 25% of that. Business Oregon covers the rest. The amount on that line is an expectation of money The Port will pay out during the SBP process.

Donna: This is a really good budget document.

2. Receive Public comment:

Public Comment began at 6:45 p.m. Public comment ended at 6:46 p.m.

There was no public comment.

- **Budget Committee Member Jamie Swafford made a motion that the budget committee of the Port of Umpqua district approve the fiscal year 2023-2024 budget in the amount of one million, seven hundred forty-five thousand and fourteen dollars (\$1,745,014) and approve the permanent tax levy rate of \$0.3441 per \$1,000.00 of the district assessed value, 2nd by Commissioner Boe. The motion was passed by unanimous vote.**

The budget meeting was adjourned at 6:47 p.m.

Keith Tymchuk, President

Karen Halstead, Admin. Assistant

BUDGET MESSAGE

Fiscal Year 2023-2024

(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 2023-2024, 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 2023-2024 budget based on the following

➤ GENERAL FUND RESOURCES

BEGINNING FUND BALANCE:

1. Available cash on hand*(cash): Anticipated beginning balance based on audit numbers
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
4. Interest: Interest earned from delinquent tax payments
5. Transfers IN from other funds: Transfer from Reserve Funds

OTHER RESOURCES:

6. Industrial Park lease parcel 3: Income from Northwest Landscape Maintenance lease ended due to their purchase of the property. The mortgage payment is deposited in the Capital Project Reserve Fund
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 and EL Edwards terminated their lease as of November 1, 2022. Current leases included: Grayguns, STEP / DayPubs, Reedsport Massage, Hideaway Project, and BlueJet Hosting
9. Miscellaneous: Most revenue should be identified as other resources.
10. Poundage: Pacific Dream pays poundage of 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, neither does the port pay for its maintenance, though it is not specifically noted in the lease agreement
13. Annex Rental: Anticipated revenue from the rental of the Port Annex
14. Deposits: Cleaning deposit account for use of the annex
15. Winchester Bay Lease: For Umpqua Bait. No further revenue after PDS lease

16. Umpqua Spit revenue (PDS): will be received from the Umpqua Bait lease
New property in Winchester Bay, leased to Pacific
Dream Seafoods. This line item is for their lease payments
17. Property Insurance Proceeds: Insurance proceeds 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
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. <u>Manager:</u> | <u>Manager Salary</u> |
| 2. <u>Administrative Assistant:</u> | <u>Administrative Assistant wages (0.75 FTE)</u> |
| 3. <u>Other Personnel:</u> | <u>Covers consulting provided by the previous manager</u> |
| 4. <u>Payroll Liabilities:</u> | <u>Employer portion of Payroll liability expenses, health insurance premiums and retirement compensation.</u> |
| 5. <u>TOTAL PERSONAL SERVICES</u> | <u>The total of lines 1 - 4</u> |
| 6. <u>Total FTE</u> | <u>1.75</u> |

MATERIALS AND SERVICES

- | | |
|-------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 7. <u>Accounting:</u> | <u>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.</u> |
| 8. <u>Professional Services:</u> | <u>Engineering, Consultants</u> |
| 9. <u>Executive expenses, Travel, Training:</u> | <u>Travel, lodging, training, and conferences. SDAO conferences, other conference and seminars, ongoing education for Port staff and Commissioners</u> |
| 10. <u>Audit:</u> | <u>Annual audit, a contracted price</u> |
| 11. <u>Office machine upgrades:</u> | <u>Upgrade of office equipment as necessary</u> |
| 12. <u>Office supplies:</u> | <u>Port Office supplies.</u> |
| 13. <u>Building supplies:</u> | <u>Building and grounds supplies (lights, etc).</u> |
| 14. <u>Dock maintenance:</u> | <u>Ongoing maintenance of commercial docks</u> |
| 15. <u>Facilities Maintenance/Services:</u> | <u>Building and Grounds upkeep and repair</u> |
| 16. <u>Forklift Maintenance:</u> | <u>Maintenance on the forklifts at Port Dock at Salmon Harbor. Both forklifts have been deemed surplus property and have been sold</u> |
| 17. <u>Ice Machine Maintenance:</u> | <u>Maintenance on the ice machine at Salmon Harbor. Pacific Dream Seafoods is operating the ice machine. This line item will be kept in case necessary</u> |
| 18. <u>Telephone:</u> | <u>Landline, internet</u> |
| 19. <u>Utilities:</u> | <u>Electricity, city water and sewer, trash pickup fees</u> |
| 20. <u>Business Support Services:</u> | <u>Information Technology for Port office operations support services, internet, computers etc.</u> |
| 21. <u>Insurance:</u> | <u>Property and Liability insurance coverage through Special Districts Assoc of Oregon</u> |
| 22. <u>Election expense & legal ads:</u> | <u>Legal notifications, election fees</u> |
| 23. <u>Lobbying:</u> | <u>Funds to help facilitate lobbying efforts for Port interests</u> |
| 24. <u>Membership Dues and subscriptions:</u> | <u>Annual membership dues and subscriptions</u> |
| 25. <u>Permit fees:</u> | <u>For construction as applicable</u> |
| 26. <u>Legal Services:</u> | <u>Attorney fees. The Port uses Local Government Law Group for legal services at \$270 per hour as needed.</u> |

- 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. Currently working with LCOG on a revised plan
- 29. Scholarships/Grants: Scholarship or grants to advance educational opportunities for local students
- 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 This fee is a lease with Department of State Lands water way lease for tide land under Umpqua River Dock
- 32. Umpqua Spit Expenses Place holder for expenses at the spit
- 33. STEP: Possible contribution to the Salmon Trout Enhancement Project, usually \$5000 per year
- 34. Property Insurance expenses Possible insurance expenses (water damage, etc)
- 35. **TOTAL MATERIALS & SERVICES**

CAPITAL OUTLAY

- 36. Commercial Dock repair: Major repairs or maintenance to the docks
- 37. Capital Outlay: Typically for repair and maintenance of capital items such as roof and hoist repair or the purchase of small capital items or equipment
- 38. **TOTAL CAPITAL OUTLAY** Total of capital outlay
- 39. **TOTAL ORGANIZATIONAL REQUIREMENTS:** Sum of requirements

➤ **REQUIREMENTS NOT ALLOCATED TO AN ORGANIZATIONAL UNIT OR PROGRAM**

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** Transfers between funds

9. **CONTINGENCY:** Unforeseen expenditures

10. Total Requirements Not Allocated

11. Total Requirements Allocated

12. Reserve for future expenditure None budgeted

13. Ending balance prior years None budgeted, based on previous years

14. Unappropriated ending fund balance

15. **TOTAL GENERAL FUND REQUIREMENTS**