



PORT OF TILLAMOOK BAY BUDGET COMMITTEE MEETING

**Tuesday, May 26, 2009, 4:31 p.m.,
Port of Tillamook Bay, 4000 Blimp Boulevard, Tillamook, Oregon.**

MINUTES

APPROVED 6/16/2009

1. Call to Order.

The meeting was called to order by Jerry Dove at 4:31 p.m.

2. Roll Call:

Budget Committee Members: Jerry Dove – POTB Board President; Art Reidel – POTB Board Vice-President; Ken Bell – POTB Secretary; John Ficher – POTB Commissioner; Larry Rogers; Jim Young – POTB Commissioner-Elect; and Georgine Beveridge.

Staff: Michele Bradley – General Manager; Joanne Dickinson – Business Manager; and Aaron Palter – Project Coordinator (Meeting Recorder).

Public: Jim Young – POTB Commissioner-Elect; and Georgine Beveridge.

3. Election of Officers:

A. Election of Chairperson and Vice-Chairperson. Duty is to preside over the remainder of the meeting and/or meetings thereafter.

Bell made a motion to elect Larry Rogers as Chairman. Riedel seconded the motion. The motion carried unanimously. The meeting was then turned over to Chairman Rogers.

Chairman Rogers opened nominations for the position of Vice-Chairman. Bell nominated Jim Young for this position. There were no other nominations. Chairman Rogers closed the nominations. Jim Young was elected to the position of Budget Committee Vice-Chairman.

B. Election of Secretary. Duty is to confirm and sign written minutes.

Chairman Rogers opened nominations for the position of Budget Committee Secretary. Bell nominated Georgine Beveridge for this position. Dove seconded the nomination. There were no other nominations. Chairman Rogers closed the nominations. Georgine Beveridge was elected to the position of Budget Committee Secretary.

4. Presentation of Proposed Budget for Fiscal Year 2009-2010.

Michele Bradley presented the proposed budget message for FY 09-10. This is not business as usual at the Port. Following the December 2007 storm and the Port Commission's decision to suspend its rail service, the Port is eligible to receive FEMA funding for alternative projects. The issue will be to appropriate FEMA funding in a manner beneficial to the Port. Staffing levels have remained the same, with the addition of the position of Project Coordinator to assist with this process. An additional pellet mill at Banks should bring in more revenue to the Port. The Budget before the committee today reflects our knowledge to date.

Dove complimented Joanne Dickinson on her hard work.

Joanne Dickinson then spoke about the production of the proposed budget. Most line items are what they are; there is not much leeway in the numbers. The FEMA projects should be discussed with the Board as we move along. We still have a small amount of work on the NOEA grants which should provide some money.

Ms. Bradley gave a brief history of the FEMA funding process and the opportunities presented.

Ms. Dickinson then took the committee through a review of the proposed budget. Salaries are at the same level as last year, with a three (3%) percent standard CPI increase and merit increases. Bell noted that most cities did not get this type of increase this year.

Ms. Dickinson continued her budget presentation noting that there are no major changes to the administrative expense line item. Legal services are higher for next year. Office equipment has been allocated using FEMA funding amount based upon a contemplated purchase of a new office copier and computer server. Bell asked what type of copier we would be purchasing with \$40,000 indicating he felt this amount was too high. Ms. Bradley responded that some of these amounts can be adjusted as we move forward and provided a detailed example to the committee on the FEMA funding portion for alternate projects.

Chairman Rogers asked about the previous year's carryovers. Ms. Dickinson responded that septage receiving is our only large expense carryover here. There were not enough funds for the project last year. Now that this item is a proposed

alternate project through FEMA, the amount is being carried over accordingly. Riedel asked what would happen with this money otherwise. Ms. Dickinson responded that it would have just been a cash carryover. The Port has general funding, where monies move within the departments. If the committee wishes, the Port could set up separate funds. However, the Port runs slim and some departments bring in more revenue than others.

Ms. Dickinson continued her presentation. The Industrial Park expenditures were discussed. Bell asked if insurance costs have been changed to reflect anticipated purchases using FEMA funds. Ms. Dickinson responded that she has built in a \$21,000 increase, but this amount might not be enough. Dove indicated he would like to see a better breakdown of the wages and benefits. This will be provided. Capital outlay was discussed. \$25,000 has been included in the updated list for a roller.

Industrial Park long-term debt was discussed with its explanation within the budget documents also showing the outstanding debt for the Port. Chairman Rogers asked if the Port has put long-term railroad projects on hold. The Port is only looking at alternate projects at this time. Ms. Bradley indicated we are still doing track maintenance and spraying as required by FRA and ODOT.

Bell questioned the airport fuel amount calculations. This is not a fixed number.

Ms. Dickinson continued her presentation. Under Airport, FEMA and FAA funding should be used for these airport projects. Ms. Bradley added that FAA AIP funds are available for use. The last time it was used for airport hangars. Dove questioned the One Thousand Nine Hundred (\$1,900) Dollars item for elk permits as part of the airport. Ms. Bradley responded that the bulk of hunting is done on airport property. Bell noted that the Obrist property income is still being listed under the Airport when it should not be there. This will be corrected. Bell stated he did not realize how upside down the airport is. Chairman Rogers asked for recommendations. A discussion was held regarding the long-term debt of the airport and proposed FEMA projects there. Bell said that he is still challenging FEMA paying for runway paving. Ms. Bradley responded that John Shute has stated that by 2011 the runway should be paved. There is a way that FAA can match FEMA funding, even though both are federal agencies. We can also use ODA money as a state match with a ten (10%) percent cost share. Bell responded that he would like to see the money going towards other projects.

Ms. Dickinson continued her presentation. We have been easier on maintenance and supplies this year. Bell questioned the water prices. Ms. Bradley responded that water and sewer are charged as separate rates and that the Port makes a little money on that. A brief discussion was held about the various rates charged for installation/hookups of water and sewer to properties. Ms. Dickinson stated that she has talked about doing a small study on yearly actual water costs. Bell stated that where we could reasonably include an upcharge, the Port should be including one.

Ms. Dickinson continued her presentation discussing the digester and contract with Garick and its effect on its operation and issues with the budget. A full-time person has been added to the digester. Garick is charged this amount and reimburses us for that. There is one debt service for construction with an original amount of Two Hundred Ninety-Five Thousand (\$295,000) Dollars with One Hundred Fifty-Three Thousand Five Hundred Seventy-Three and 13/100 (\$153,573.13) Dollars owing. Vice-Chairman Young asked what the revenue reflects. It reflects electricity and carbon tax credits. Bell indicated that we are not getting the biomass tax credits this year; Garick is getting that.

Ms. Dickinson discussed the railroad fund. There is money still coming in from the Banks side, about Fifty-Seven Thousand (\$57,000) Dollars. There was a brief discussion held about a FEMA-related car storage alternative project. Bell questioned the ability to do this project. A brief discussion was held regarding this project, proposed to cost Four- to Five Million (\$5,000,000) Dollars and its ability to generate yearly income.

(At 5:25 p.m., Joe Meyer entered the meeting room.)

Under Permits and Inspections, Bell gave a summary of his understanding of the fiber optic conduit project.

Ms. Dickinson stated there has been a Two Hundred Thousand (\$200,000) Dollar transfer from the general fund to the railroad budgeted again. Vice-Chairman Young inquired if we are continuing this transfer even if there is no railroad. This is being transferred for long-term debt service.

Attorneys fees was discussed regarding the Surface Transportation Board filing for the discontinuance of rail service. Ten Thousand (\$10,000) Dollars has been allocated. This should cost around Five Thousand (\$5,000) Dollars. Bell discussed the Port's responsibilities for the rail cars over here.

Maintenance/Equipment and materials/services is down. Long-term debt between the Port and railroad and revenue bonds were discussed. Ms. Bradley indicated the two annual payments on the bonds total approximately Ninety Thousand. Bell questioned whether we are coming out ahead. Ms. Bradley said that USIA is moving due to lack of business.

Ms. Dickinson concluded her budget presentation to the Committee, apologizing for the lateness but that she had to wait for the auditors to provide the figures.

Bell said that he would have a hard time approving the proposed budget as is with the numbers as they are stating that there is no support for these numbers. Ms. Bradley responded that a lot of the numbers will not be solidified until we receive good engineering. Bell continued, questioning the monetary outlays providing income to the Port, stating the accounts payables versus accounts receivables is way out of sight and long-term debt is way out of hand. Dove said that we are trying to approve the budget and that this discussion we are having comes later.

Meyer said that what we are approving is in principle. He said that he thinks the railroad can be fixed. Bell stated that perhaps the Port should consider selling property.

5. Public Testimony on Proposed Budget for Fiscal Year 2009-2010.

There was no public comment.

6. Discussion of Budget by Committee Members.

No other discussion was held.

7. Consideration of Proposed Budget and Tax Levy

A. To approve the proposed Budget for Fiscal Year 2009-2010 as presented (or as amended).

Chairman Rogers entertained a motion to approve the budget as proposed. Bell stated that in the past, the General Manager makes a recommendation to the Budget Committee. Ms. Dickinson responded that the Budget Committee approves the budget, the Board adopts the budget. Vice-Chairman asked if any of the match funding has been located for the monies as discussed. Dove responded that he has heard a good word of encouragement on this.

Dove moved to approve the Proposed Budget. Vice-Chairman Young seconded the motion. Members voting aye: Young, Beveridge, Bell, Ficher and Dove. Members voting nay was unclear. A poll of the members was called for. Members voting aye were: Young, Beveridge, Ficher and Dove. Members voting nay were: Bell, Meyer and Riedel. There were not enough aye votes to carry the motion.

There was a discussion of the need for six (6) votes in the affirmative to carry forth this motion. Chairman Rogers is not voting.

Ms. Dickinson indicated to the members present that we need to publish the budget in the paper and the timelines associated here make it difficult if the budget is not approved at this meeting.

Meyer stated that there is a way to get the railroad away from the Port by abandonment and that he probably will not vote for a budget unless this is included.

Chairman Rogers asked about the need for a special meeting for further discussions and that he would entertain a motion on this. A discussion was held about possible meeting dates to discuss budget concerns.

Bell indicated his concerns with the finances of the Port, stating that we are not making it. He said he will vote yes to approve the budget.

Riedel stated that the FEMA monies being included in the proposed budget are disguising what we are really doing. Dove responded that we have to have a budget. Beveridge asked if the FEMA monies could be separated out of the proposed budget. Dove added that if we were to apply for a grant, we would have to adopt that money into the budget; could we do the same with the FEMA funding here. There was a consensus of the members to remove the FEMA figures from the proposed budget. These could be added back into the budget once they are issued.

Chairman Rogers called for a motion on the approval of the amended proposed budget removing the FEMA figures. Dove so moved. Riedel seconded the motion. Members voting aye were: Riedel, Dive, Ficher, Bell, Young and Beveridge. Members voting nay were: Meyer. The motion carried.

B. To approve the tax levy rate of 3.64% per \$1,000 of assessed valuation for the General Fund for Fiscal Year 2009-2010

There is no increase in this year's levy percentage.

Dove moved the levy be adopted as presented. Meyer seconded the motion. The motion was carried by a unanimous vote of all members.

Chairman Rogers provided a recap of the meeting's requests: A request for aircraft fuel accuracy, a format of properties and the addition of payroll job clarifications for the members.

Whereupon the meeting was adjourned at the hour of 6:10 p.m.