



**MEETING MINUTES  
MAY 10, 2023**

**PORT OF ASTORIA**  
BUDGET COMMITTEE MEETING  
PIER ONE BUILDING  
#10 PIER 1, SUITE 209  
ASTORIA, OR 97103

**Call to Order:**

Executive Director Will Isom called the Budget Committee Meeting to order at 1:04 pm.

**Roll Call:**

**Commissioners Present:** Robert Stevens; Frank Spence; Jim Campbell; and Scott McClaine. Dirk Rohne was absent.

**Citizen Committee Members Present:** Bill Young; John Lansing; Tad Pedersen; and Steve Kraske. Walt Postlewait was absent.

**Staff Present:** Executive Director Will Isom; Deputy Director Matt McGrath; and Finance, HR & Business Services Manager Melanie Howard.

**Selection of Budget Committee Chair:**

*Budget Committee member John Lansing moved to nominate Bill Young to serve as the Chair of the Budget Committee for fiscal year 2023-2024. As there were no other nominations, the committee moved to a vote. The motion was unanimously approved.*

**Reading of the Budget Message for Fiscal Year 2023-2024:**

Executive Director Will Isom read the Budget Message for FY 2023-2024 and covered the following:

- The budget represents the Port's best estimation of the available resources, operational requirements, and capital requirements for the upcoming year.
- The budget also represents the Port's continued efforts to uphold our mission statement: to generate economic growth and prosperity in a safe and environmentally responsible manner for its citizens through the creation of family wage jobs and prudent management of its assets.
- The Port's budget serves as a working document to provide guidance for staff and the Commission to ensure resources are being deployed in a way that best serves the Port and the community we serve.
- This is a unique and exciting time to be a part of the Port of Astoria. Whereas the last few years have been spent stabilizing the organization, navigating the impacts of COVID-19, and planning a path forward with the engagement of stakeholders and community members, this upcoming year will be focused on securing the financial resources necessary to carry out these plans, working with contractors, regulatory bodies and legislators. We will ensure these projects will be done safely, efficiently, and in an environmentally responsible manner.
- This year's proposed budget prioritizes the continued need for capital investment, particularly into revenue-producing infrastructure, including the rehabilitation of Pier 2 West and the Airport Industrial Park expansion.
- The budget also recognizes the inflationary economic environment we are currently in that is driving up the cost of labor, materials, and services. It is a priority if the Port to work with outside agencies on

grant and other funding opportunities, which will allow us to continue meeting our fiduciary obligations of managing assets and investing in business operations that contribute to the local job force and economy.

- The rehabilitation of Pier 2 West continues to be a focus of time and resources. The need for continued stability for the seafood processors on the pier is not a point of negotiation. Despite the high costs, now estimated to exceed \$24 million, the Port will find a way forward that rehabilitates the infrastructure for many years to come. The Port is currently pursuing funding through multiple channels, including applications submitted for the Federal Maritime Administration's Port Infrastructure with Sustainability and Equity Grant Program, as well as legislative funding requests at the state and federal levels.
- It also has become a priority of the Port to engage with the community, with our business partners, and with other agencies in the area. Through transparency and cooperation, we believe that we can not only find success but celebrate it.
- Isom gives thanks to the Budget Committee community volunteers. Input and feedback are crucial in the check and balance mechanism to ensure the resources and assets the port is tasked with managing for the public's interest are utilized in a fiscally responsible manner.
- Isom thanks the Port Commission and Port staff for their time and continued dedication to their work. The Port is on an upward trajectory, although the organization still faces many challenges.
- Isom is optimistic about the Port's future through enhancing and maintaining Port assets and properties, continuing to improve the business model of the Port, providing quality customer service to our users, and building upon the positive reputation the Port has built over the last few years.

#### **Presentation and Review of Proposed Budget for Fiscal Year 2023-2024**

Finance, HR & Business Services Manager Melanie Howard presents the proposed budget for FY 2023-2024. Howard refers to page five of the packet, beginning with an introduction to the budget process. It is the responsibility of the Budget Committee to review the budget, consider public comment, and discuss and revise the budget as needed. Once the review process is complete, the Budget Committee is expected to approve the budget and property taxes, and the approved budget is presented to the Board of Commissioners for Adoption. Howard reviewed budget highlights, drawing attention to major changes or shifts in the budget compared to prior years. Highlights include:

- In prior years, there were five major operating departments for budgetary purposes: Waterfront West, Waterfront East, the Airport, Administrative, and Security departments. This year, three additional departments were added, splitting up Waterfront West and Waterfront East. Now there are Waterfront West Piers and Property, Waterfront West Boatyard, Waterfront West Cruise, Waterfront East Properties, Waterfront East Marina, Airport, Administrative, and Security departments. Howard notes that this change makes for a more robust budget, but it helps with transparency and tracking of specific revenue centers such as cruise income, the Boatyard, and the Marina.
- Howard refers to the Budget Overview on page six of the packet. The General Fund appropriates \$12,903,852 in both resources and expenditures. Chart two on page six of the packet breaks resources and expenditures into five major categories. Materials and Services are the largest at \$4.5 million, Capital Outlay at roughly \$3.5 million, Personnel Services at roughly \$3 million, Debt Service at \$1.6 million, and an Unappropriated Ending Balance of roughly \$280,000.
- Howard continues to the summary of the Port's revenues expenditures in the General Fund Overview on page seven of the packet. Howard notes that there is a change in operating revenues versus non-operating revenues. Non-operating revenues are property taxes and grant income; capital expenditures are the biggest non-operating expense. Grant Revenues, tax revenues, capital expenditures, and debt service are the biggest non-operating items.
- Concerning Operating Revenues, the Port's largest areas of income are lease and rental income and gross fuel sales, though fuel sales are offset by fuel expense. Additionally, there is re-billed expense

revenue, which is offset by utility and other expenses and dockage and harbor fees. Marina and Boatyard revenues bring in roughly \$700,000, and miscellaneous other revenues bring in roughly \$300,000. The proposed budget for total operating revenues is \$8.8 million.

- Howard refers to Operating Expenses on page eight of the packet. The largest item is Personnel Services, which is close to \$3 million this year. Utility and fuel expenses are offset somewhat by rebilled utility and fuel income. The total operating expense is estimated at roughly \$7.5 million.
- Howard notes that the Port has been recognizing income from harbor fees both as actual revenue and in our budgets from prior years. It was not included in this year's budget and will not be in this year's actual revenues.
- Howard refers to non-operating revenues and expenses on page nine of the packet. Grants are estimated to be roughly \$2 million. Property taxes are estimated to be close to one million. Smaller budgeted items include revenue from timber tax, other county revenues, and interest income. Capital outlay this year is budgeted close to \$3.5 million. Principal and interest expense together is about \$1.65 million. These are the major highlights of the non-operating budget numbers.
- While revenues have returned to pre-pandemic levels, the Port continues to face the difficult responsibility of repairing or replacing aging infrastructure and maintaining assets that benefit the public but which may not necessarily generate consistent revenues. As an example, replacing 25 pilings in the West Basin Marina currently costs upwards of \$200,000, which represents a significant portion of the Marina's operating budget. To mitigate these obstacles, particular care is taken to maximize revenues and minimize expenses wherever possible.
- There is a significant increase in water and sewer expense of about \$260,000. This is mostly to correct for underbudgeting in this current fiscal year. It's a difficult one because seafood processors use large volumes of water. The water usage and, therefore, the billing can vary significantly year-over-year.
- Howard notes revenues from harbor fees stopped in this current fiscal year after a federal ruling against the Port. Harbor fee revenues account for a decrease from last year's budget of about \$363,000.
- In regard to Cruise Ship income, Howard notes there is an increase in the proposed dockage budget, though the bundle fee went down slightly. This is due to a change in how the revenue is recognized. In prior years, the Port used to piecemeal the rebilling for longshore leave, gangway rentals, utilities, et cetera. A few years ago, Deputy Director Matt McGrath headed the process of creating a bundle fee which is a catch-all for those charges. Now there is some profit built into the rebill and to the bundle fee. Howard notes that cruise ship expenditures are detailed on page 29 of the packet.
- The Port is budgeted for 20 ocean-going cruise ships and 45 riverboats for this coming year. The budgeted amounts are based on the current tariff, with eight percent added to the published dockage fee in anticipation of a tariff increase.
- In the summer of 2021, a Resolution was adopted to establish seasonal mortgage rates and an escalating fee schedule at the Marina. With annual increases of roughly two dollars per linear foot moorage revenues increased by nine percent from the prior fiscal year ending in 2021. The proposed budget has an increase of six percent from the current adopted budget.
- Looking at Boatyard revenues, the chart on page 12 of the packet shows five-year trends, including actual revenues and budgeted revenues. Annual revenues from the fiscal year ending in 2020 increased by \$327,452, which is about 184% in just a five-year period. Based on current year trends, the proposed budget builds in an eight percent increase over the adopted budget for the fiscal year ending 2023. The Boatyard has seen exponential growth in haul-out revenues over the past several years.
- Fuel prices remain high. Budgeted fuel prices are relatively stable for the coming fiscal year, but are still higher than what they had been in prior years.
- Deputy Director Matt McGrath discusses highlights for FY2023-24 Capital Projects. The Boatyard Feasibility Study established the need for additional infrastructure and expanded services at the Boatyard. The next step in the process is to create a master plan for the facility. The master planning process should take approximately six months and is estimated to be complete by December. McGrath

discussed the status of the Pier 2 West rehabilitation project, grading at the Overbay Houseworks property, the Pier 1 Pile Replacement project, 422 Gateway building updates, power upgrades to T-Dock at the Marina, and development at the Airport Industrial Park. For the complete discussion, please see the meeting audio.

- Executive Director Isom requests that Budget Committee members send any questions they have to Howard before next Friday so that Howard can provide answers at the next Budget Committee meeting.
- Commissioner Stevens thanks Howard for her presentation and efforts in creating the budget.

**Next Meeting Date:**

- Budget Committee Meeting – May 24, 2023 at 1:00 PM

**Adjourned**

Budget Committee Chairman Young adjourned the meeting at 2:26 PM.

**APPROVED:**

  
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Robert Stevens, Board Chairman  
Board of Commissioners

**ATTEST:**

  
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Tim Hill, Secretary  
Board of Commissioners

Respectfully submitted by:  
Stacy Bandy  
Executive Assistant / Administrative Coordinator

July 18, 2023  
Date Approved by Commission