



**MEETING MINUTES
MAY 4, 2022**

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

Call to Order:

Budget Committee Chair Walt Postlewait called the Budget Committee Meeting to order at 1pm.

Roll Call:

Commissioners Present: Robert Stevens; Jim Campbell; and Scott McClaine. Frank Spence and Dirk Rohne were not present.

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

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

Also Attending: Cruise Marketing Director Bruce Conner and Ethan Myers of *The Astorian*.

Selection of Budget Committee Chair:

Budget Committee member John Lansing moved to nominate Walt Postlewait to serve as the Chair of the Budget Committee for fiscal year 2022-2023. Commissioner Campbell seconded. The motion was unanimously approved.

Budget Committee Chair Comments:

Walt Postlewait notes that the budget process has become easier each year. The presentation of the budget has also improved with each year. Executive Director Isom thanks Finance, HR & Business Services Manager Melanie Howard, for expanding on the budget presentation each year.

Reading of the Budget Message for Fiscal Year 2022-2023:

Executive Director Will Isom read the Budget Message for FY 2022-2022 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 COVID-19 pandemic has, for the past two years, significantly impacted Port of Astoria's revenues and operations. The effects continue to linger for the 2022 calendar year.
- Costs of goods and services are rising at historic rates.
- An extension of the agreement with Business Oregon to defer debt payments and freeze interest is in the works. Debt payments are included in the budget for the upcoming year; a deferral agreement would decrease debt service and total expenditures by roughly \$600,000.
- Of the Port's \$13 million budget, less than 7% of resources are generated through the property tax levy.

- Capital expenditures are budgeted at \$4 million; anticipated grant income is budgeted at \$1.9 million.
- There are a number of projects being planned that will mark major milestones for the Port and the community; deferred maintenance is being addressed, and plans are being made for improvements that will enhance the usability and appeal of our waterfronts.
- Pier 2 West rehabilitation project is a major priority. Ongoing for its third year, the Port has contracted for design work and required permitting, which are necessary prerequisites for grant applications. Funding is being heavily pursued from both state and federal programs, and for the upcoming year, the Port intends to contract with a Construction Manager/General Contractor who will oversee the project.
- A Boatyard Feasibility Study is in its final stages. This study will present options for an expanded boatyard, both in footprint and in services offered. Included in the budget for the upcoming year are upgrades that may be grant-funded through the Maritime Administrator's Small Shipyard Grant Program, which could help to pay for utility upgrades, equipment, and other improvements on Pier 3.
- The Airport Master Plan is already in the works and is expected to conclude by mid-year in 2023. The Port has contracted with Mead & Hunt to provide planning services associated with preparation of the plan update, which is a required prerequisite for federal grant funding and, therefore a high-priority project.
- Progress is being made on the AOC4 petroleum cleanup. A consent judgment has been signed and a trust account established, which will allow the Port to begin this project with no out-of-pocket expense.
- The proposed budget places emphasis on prudent management of Port operations while still providing for significant investment into the Port capital and infrastructure in alignment with our Strategic Business Plan/Capital Facilities Plan.
- Director Isom gives thanks to the Budget Committee community volunteers. Input and feedback are a vital part of the budgeting process.
- Director Isom thanks the Port Commission and Port Staff for their time and continued dedication to their work.
- Despite the challenges of the last two years, Director Isom is optimistic about the Port's progress moving forward and the upward momentum that will continue to carry forward.

Cruise Industry Update – Bruce Conner

- Due to staffing shortages, Sunset Empire Transit District can no longer support cruise ship activities at the Port. In the past, the district provided busses and drivers for cruise ship guests.
- This spring, private bus companies from Portland have filled the gap at a rate of \$2,000 per bus. This option will not be feasible in the fall. Conner notes that if we do not fix these problems before the fall, the Port will lose cruise ships.
- CDC requirements are in flux though all ships require COVID-19 vaccination.
- Twenty-six ships are confirmed this cruise ship season. More ships may be added to the schedule.

Presentation and Review of Proposed Budget for Fiscal Year 2022-2023

- Accounting & Business Services Manager Melanie Howard presents the proposed budget for FY 2022-2023, beginning with an introduction to the budget process and an overview of the budget funds and operating departments. Howard reviewed budget highlights, drawing attention to major changes or shifts in the budget compared to prior years. Howard anticipates a partial return to normalcy in the upcoming fiscal year.
- Postlewait refers to page 9 of the packet and asks where the increase in re-billed utilities is attributed to. Isom explains that the Port uses templates the City and County use for billing and re-bills tenants using those parameters. There are minor differences resulting in re-billed utilities being a slight revenue center.

- Postlewait asks about wastewater issues on Port property; have there been conversations concerning wastewater between the City and Port. Isom answers that there have not been conversations. The Port takes more water than what is returned to the wastewater supply.
- Postlewait refers to the chart on page nine, showing that fuel has doubled in price. Postlewait notes that the price increases of the different fuel types have increased at very different rates. Postlewait asks what trends, regarding fuel, does the Port anticipate? McGrath answers that demand for fuel is up. More infrastructure at the airport will increase activity.
- The committee notes that there is not a specific marketing campaign for the airport.
- Isom notes that personnel services costs have remained stagnant over the last several years despite wages increasing and benefits expenditures increasing dramatically. The Port is operating with a 30% decrease in staffing. This is a concern to Isom as these staffing levels are not sustainable.
- Postlewait notes that for the 2020-21 budget, the Port budgeted \$6-\$6.5 million in grant funds, the 2021-22 budget included \$4.5 million in grant funds, and the proposed 2022-23 budget projects \$1.8 million in grant funds. The Strategic Plan identifies grant funding as a resource for Port infrastructure needs. There is no comment in the narrative regarding concern for the downward trend in grant funding. Isom answers that he spoke with Moss Adams in regard to this topic, and you can see over the years that grant funding fluctuates. There is typically a planning year followed by a construction year. There are large Federal Aviation Administration (FAA) funded projects at the airport that can skew the numbers year-over-year. For next year, the administration can categorize airport grant funds separately to help distinguish grant trends.
- Postlewait adds that appropriations are back in the federal budget. From reading the budget, one could jump to the conclusion that the Port is not seeking outside funds to improve infrastructure. A paragraph regarding grant funding should be added to next year's budget narrative.
- Discussion followed regarding the various items as presented. Details are available on meeting audio.
- Howard thanks the Budget Committee members for their effort and time, especially new members Tad Pederson and Steve Kraske.
- Walt Postlewait thanked the Port staff and budget committee for their time and work. Postlewait discussed the schedule for the remainder of the budget process, which would include a meeting scheduled for next week to further look at the budget.

Budget Committee Recommendation:

Postlewait recommends that the Airport Master Plan include staffing in its scope.

Postlewait makes a motion for the Budget Committee to recommend to Port staff that the Airport Master Plan include staffing recommendations in the scope of work. Commissioner Campbell seconded. The motion was approved.

Next Meeting Date:

- Budget Committee Meeting – May 18, 2022 at 1:00 PM

Adjourned

Budget Committee Chairman Postlewait adjourned the meeting at 3:38 PM.



Port of Astoria

APPROVED:

ATTEST:

Röhne, Board Chairman
Board of Commissioners

Spence, Secretary
Board of Commissioners

Respectfully submitted by:
Stacy Bandy
Executive Assistant / Administrative Coordinator

July 5, 2022

Date Approved by Commission