



**MEETING MINUTES
MAY 15, 2024**

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 1:00 pm.

Roll Call:

Commissioners Present: Robert Stevens; Frank Spence; Jim Campbell.

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 Director Melanie Howard.

Also attending: Finance Committee Member Mike Rissman.

Selection of Budget Committee Chair:

Budget Committee member Bill Young moved to nominate Steve Kraske to serve as the Chair of the Budget Committee for fiscal year 2024-2025. Tad Pedersen seconded. 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 2024-2025:

Executive Director Will Isom read the Budget Message for FY 2024-2025 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 by creating family wage jobs and prudent management of its assets.
- Since the last budget committee meeting, the Port has secured nearly \$28 million in project funding from the U.S. Department of Transportation, Federal Community Project Funding, and the State of Oregon. The Port continues to progress in the preconstruction phase for the Pier 2 West Rehabilitation project, which is tentatively scheduled to start construction in November 2025.
- In August 2023, the Port of Astoria and Coast Guard Air Station Astoria co-hosted an open house and fly-in event at the Astoria Regional Airport with an estimated 3,000 attendees. Planning has begun for the same event this year.
- In January 2024, log export operations resumed on the central waterfront for the first time in five years. These operations not only support the Port's mission but also generate and support jobs in the area and provide revenue for the Port.
- The Port is in the final stages of the planning process for both the Airport Industrial Park and Boatyard Master Plan projects.

- After years of contraction in the Port business, the Port is now in a phase of expansion and economic growth. It remains a priority to continue engaging and fostering positive relationships with the community, business partners, federal, state, and local agencies, and elected officials.
- Isom thanks 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 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.

Isom thanks the Port Commission and Port staff for their time and continued dedication to their work.

Presentation and Review of Proposed Budget for Fiscal Year 2024-2025

Finance & HR Director Melanie Howard presents the proposed budget for FY 2024-2025. Howard refers to page five of the proposed annual budget, beginning with an introduction to the budget process. The budget Committee is responsible for reviewing the budget, considering public comment, and discussing and revising it 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. The budget grants authority to the Port to expend resources, and adoption is required by June 30th.

- Fiscal year 2023-2024 highlights include the following:
 - New agreement with Northwest Forest Link.
 - Properties at near-full capacity.
 - Airport fuel sales are showing an uptrend.
 - Forward progress with capital projects.

Howard reviewed highlights and changes in the proposed budget compared to prior years. Highlights include:

- The General Fund supports most of the activity for operations at the Port of Astoria. Resources (starting cash plus income) and expenditures (expenses) must balance. If the resources exceed expenditures, the remaining balance is moved to an unappropriated ending balance. For the upcoming fiscal year, the unappropriated ending balance is budgeted to be roughly half a million dollars.
- This year, nine departments are included in the budget. Waterfront West - Piers & Properties, Waterfront West - Cruise, Waterfront West - Boatyard, Waterfront East - Properties, Waterfront East – Marinas, Airport, Security, and Administration, and Waterfront West – Logs.
- The Port's most significant sources of revenue are lease and rental income, dockage, and fuel sales at the West Basin Marina and the Airport. Total operating revenues are budgeted at \$12.5 million. An increase from the \$10.3 million budgeted for the current fiscal year. Howard explained that with the upcoming changes and rehabilitation at the Port, there is potential for growth and increased revenue.
- In any given year, the most significant operational expense at the Port is for personnel services, followed by utilities and fuel costs. However, rebilled revenues largely recapture utilities and fuel expenses.
- Capital outlay is the largest non-operating item in the budget. Capital expenditures are used to purchase, construct, and improve assets with a cost greater than \$5,000 and a more than one-year useful life. The Port will pursue grant opportunities to fund most or all the expenses of the projects.
- There are four major factors influencing changes in the proposed budget. Increased water/sewer rebilling, airport sales, new agreement with Northwest Forest Link, and budgeted increase to vessel-related income.
- The proposed budget for the fiscal year 2024-2025 shows the following changes:

- The Port will resume regular debt/loan payments in fiscal year 2024-2025; no new debt is expected.
- Resources (income) before grants are budgeted to increase by \$2.28 million.
- Requirements (expense) before capital and debt are budgeted to increase by \$577,000.
- Net capital spending budgeted to increase by \$1.7 million.
- Riverboat visits are budgeted at 23 ships (19 scheduled for calendar year 2024). Total net income: \$45,770. Cruise ship visits are budgeted at 23 ships (19 currently scheduled). Total net income: \$850,000.
- Commissioner Frank Spence considers the oceangoing cruise ship budget optimistic. Howard explained that it is optimistic but achievable based on previous years, as the Port has 19 cruise ships already scheduled for 2024-2025.
- Logs-related net income is budgeted at \$621,120.
- Isom spoke more on log-related activity at the Port. Since losing Astoria Forest Products in 2019, there has been more cautiousness in selecting a new tenant for log exporting. Northwest Forest Link exports logs more often in smaller quantities, translating into a smaller footprint and more consistent revenue. Isom reminded the Budget Committee and Commissioners that the budget for resources and expenditures is based on a net income/expense. Other costs, such as equipment rent, labor, supplies, etc., must be applied and budgeted separately.
- Deputy Director Matt McGrath explained that revenue from rebilled expenses is dynamic, as it is affected by Port activity, weather, events, visits, etc.
- Howard reiterated that the budget process is the responsibility of the Port, and it has to forecast and place benchmarks for the following year based on its growth. The budget has to be enough to cover all the expenses of purchasing, operations, and projects, and based on the fiscal year 2023-2024, it is a better idea to overestimate than to adopt a supplemental budget later in the year.
- McGrath spoke more on the Port's upcoming capital projects.
 - The Port is coming to the end of the Boatyard master planning process. The final Boatyard Master Plan will be discussed in the workshop meeting scheduled for May 22, 2024. This will be an advisory item to review the next steps in the process and changes that need to be made. Within the budget for the Boatyard capital project, a 150-ton travel lift will be purchased, allowing the Boatyard to haul out larger vessels. The new equipment purchases and Boatyard capital projects are expected to be funded through grants.
 - Pier 2 West rehabilitation is still a priority. Over the upcoming fiscal year, PND Engineering will bring the plan to the 90% design mark. The Port expects to complete the joint permitting process and National Environment Policy Act (NEPA) review by July 2025 and the green light to start reconstruction in November 2025.
 - Pier 2 East has structural components that need to be repaired or replaced; the budget allows for repairs and improvements on a smaller scale than Pier 2 West.
 - The 422 Gateway building needs interior and exterior work and improvements. Upgrades include the preparation of new commission chambers.
 - The West Basin Marina has been historically underutilized. Over the last few years, minor improvements have been made. Recent dredging has taken care of issues related to the water depth, and in 2023, a dock expansion was started to provide electric power to new long-term tenants. The next phase of the electrical project could open the T-dock to additional short or long-term moorage.
 - The Airport Industrial Park development is ongoing; the Port currently has funding from Clatsop County to help with this project.
- Expenditures for the capital projects proposed for the fiscal year 2024-2025 total \$5,177,230. With grant funding of \$2,080,000, the Port has the remaining expense of \$3,097,230 to cover through any additional grants obtained.



- Commissioner Stevens inquired about staff budgeting for an airport manager. Isom explained that there is an opportunity for that role to come as the Port's operations grow. Meanwhile, the Airport has been operating under McGrath's leadership under the umbrella of all other Port operations, and the Airport has shown favorable results.

Next Meeting Date:

- Budget Committee Meeting – May 22, 2024 at 1:00 PM

Adjourned

Budget Committee Chairman Steve Kraske adjourned the meeting at 3:09 PM.

APPROVED:

A blue ink signature of Robert Stevens, consisting of a large, stylized 'R' and 'S'.

Robert Stevens, Board Chairman
Board of Commissioners

ATTEST:

A blue ink signature of Tim Hill, appearing as a cursive 'TH' followed by 'Hill'.

Tim Hill, Secretary
Board of Commissioners

Respectfully submitted by:
Dianna Delgado
Executive Assistant

June 4, 2024
Date Approved by Commission