

MINUTES
PORT OF SIUSLAW
BUDGET COMMITTEE
MEETING
Wednesday, 7 May 2008

Port of Siuslaw Budget Officer Mark Freeman called the Budget Committee meeting to order at 6:05 pm in the Port office conference room located at 1499 Bay Street, Florence, Lane County, Oregon.

ATTENDANCE: Budget Committee: John Buchanan (Buchanan), Lonnie Iholts (Iholts), Al Pazar (Pazar), Bob Thorp (Thorp), Brien Mill (Mill), Joe Xavier (Xavier). Absent: John Scott, Dave Davis, Joshua Greene, Bud Saulsgiver. Staff: Port Manager Mark Freeman (Freeman), Recording Secretary Susy Lacer (Lacer). No media present.

DISCUSSION & REVIEW OF PROPOSED BUDGET: Budget Officer Freeman opened discussion of the proposed budget and explained the overall projection process. Discussion on Hynix property tax refund; will be refunded from tax revenue for current fiscal year. Freeman began a general fund line item review of the budget. Discussion on ICM and lease revenue forecast. Since the 080A Building has been a short term rental in the past, Pazar suggested increasing the monthly rent, but offering a steep discount for a one year commitment and prepayment. Freeman stated there may be a moorage rate increase for 2009.

Formula errors for FY07-08 figures were discovered on budget documents. Freeman corrected those errors during the line item review and agreed to provide corrected copies to the Budget Committee before the next meeting. Freeman stated: There have been reductions in some expense categories due to staff cost saving measures and feedback from staff on what is needed. Additional monies in facilities item is for anticipated new dock parts. A decrease in dues and subscriptions is due to a large decrease/restructuring in OPPA's annual dues. Under utilities the City expects to have an increase in water/sewer rates but the amount is unknown at this time; no other utility rate increases are forecast at this time. Additional funds are allocated for print advertising for the coming year. Buchanan recommended, based on his experience, bidding on state vehicles for upcoming vehicle replacements, rather than buying surplus vehicles. Freeman noted a large increase allocated in legal expenses due to an expected rate increase from the Port's attorney. Iholts asked about revenue/expense for marine fuel. Freeman explained we have incurred purchase expenses which haven't yet been recouped by fuel sales. Freeman noted a decrease in the amount budgeted for accounting services due to in-house bookkeeping. Buchanan recommended using SOS for QuickBooks oversight and upkeep. Freeman stated contracted services are reduced because of a large reduction in use of a landscape services, more work is being done in-house.

Freeman recommended a 7% merit increase for staff, plus a 3.9% Cost of Living Adjustment, in order to approach market level wages. Freeman stated he had compared wages for similar positions with Heceta Water District, City of Florence, Port of Toledo, Port of Umpqua, etc. Iholts stated other Ports should be the basis for wage comparisons and he questioned the sustainability and appearance of a 10% increase in the current tough economy. Freeman stated the proposed 7% increase was to bring wages up to parity. Discussion. Iholts suggested considering how these actions could impact voter/district approval on future monetary issues for the Port, and also how to structure proposed health club membership dues so that the

Port is not obligated to pay if no employees are using the service. Pazar suggested the Commission should look at the wage/benefit issue closely before approving the proposed increases. Discussion on 457 retirement plan and compensation.

Freeman stated: The debt service items include potential new payments for the Port Revolving Loan for the Maple Street project and for marina dredging. A zero line item was added for a potential mutual dredge purchase by several ports; it could cost between \$10,000-\$20,000. Infrastructure increases are due to campground upgrades, bringing 50amp service to ~30 sites. Additional sites will have to be upgraded in upcoming years. A dredge spoils line item was also added to prepare for marina dredging disposal. Facilities has an increase due to required matching funds for the restroom replacement project. A \$20,000 transfer to the Capital Maintenance fund is proposed, leaving a \$50,000 contingency for the upcoming year. The restroom project is also added in to the Grant fund. The Capital Maintenance fund shows an increase in expense for Mo's ramps and added funds for a partial debris boom replacement, using a new lighter-weight material that would be easier for boaters to maneuver. Oregon State Marine Board has stated they may help pay for a new debris boom.

Pazar suggested looking at reducing the amount allocated for employee training and also suggested a 7% wage increase plus COLA might be too much all at once. Freeman stated he had considered the options and would like to offer the wage increase, but he did understand the concerns being voiced. Xavier stated he did not know the history of wages at the Port but that there must have been some practices in the past that resulted in the current wage discrepancy, therefore he would recommend bringing staff wages up, in one move, to the level they should be in order to be fair. Iholts suggested considering the ripple effect of a large wage increase and the sustainability of that increase, for instance its effect on the unappropriated balance which is already lower than last year. Discussion. Freeman stated he has increased the hours for the seasonal campground aide to provide additional help through the summer, and that he would like to help retain existing staff by offering the proposed wage increase. Thorp suggested considering a performance increase for individual employees versus an across the board increase. Discussion on COLA. Freeman stated the 3.9% was on the low side considering the City used 4.3% and SVFR used 5%. Buchanan suggested surveying Brookings and Bandon for wage comparisons, as well as Newport and Coos Bay even though they are larger Ports and not directly comparable. Pazar stated Bandon and Garibaldi are most similar in size to Siuslaw. Pazar stated he was concerned over the funds allocated for new debris booms and noted that logs are inexpensive.

ADJOURNMENT: Freeman adjourned the meeting at 8:23pm. The next Budget Committee meeting will be held on 14 May 2008 at 6:30pm

President