



PUBLIC MEETING: Budget Committee Meeting

DATE: Thursday **May 25, 2023, 6 PM**

LOCATION: Cascade Locks City Hall 140 Wa Na Pa St, Cascade Locks, OR 97014

<https://us02web.zoom.us/j/85806615790>

MINUTES

- 1) Budget Committee meeting called to order 6:02 PM
 - a. Pledge of Allegiance
- 2) Roll Call
 - a. President Groves
 - b. Vice-President Lorang
 - c. Commissioner Caldwell
 - d. Commissioner Stipan (excused)
 - e. Commissioner Bump
 - f. Community Representatives (CR) – Committee President Diana Reedy-VanWinkle, Donna Mohr, Albert Nance
 - g. Members of the Staff – IGM Jeremiah Blue, Accountant Chuck Mosher, Accounting Specialist Melissa Warren, Secretary Keriane Stocker, Maintenance and Construction Manager Todd Mohr, Matt Apken Managing Consultant Merina+Co
 - h. Members of the Public – Zoom Attendees – Olga Kaganova
- 3) Declarations of Potential Conflicts of Interest
 - a. Community Representative (CR) Mohr and C Caldwell declare potential conflicts of interests.
- 4) Election of Budget Committee Officers
 - a. GM Blue summarizes what occurred during the last meeting, mentioning that the committee elected CR Reedy-VanWinkle as Budget Committee President (BCP) and then there were some with the (sound) technology so the committee made the decision to reschedule. He states that they had nominated Nance as Budget Committee Vice-President (BCVP), however a vote was not taken.

P GROVES MAKES A MOTION TO MAKE ALBERT NANCE THE VICE-PRESIDENT; CR DONNA MOHR SECONDS; Passed Unanimously

- 5) Presentation of Budget Message – GM Blue
 - a. GM Blue opens with an explanation that the budget is the organization’s primary policy tool, reflecting programs and services to be offered to the community for the coming fiscal year and is aligned with the estimated resources and costs to complete the work. He then explains that in the past years, the budget has been developed with three (3) funds: the General Fund, the Development Fund, and the Reserve Fund. The way these funds are presented for the budget is not consistent with the way the accounting records are set up or how the audited financial statements report the information. Going forward, the Port has decided to combine all the funds in the General Fund. The Development Fund has been added as a department within the General Fund and the Reserve Fund has been added as a long item title reserve for future expenditure. He explains that General/Other and Marine Park and Recreational Areas – Other were combined as General in this budget, as most of these expenses relate to maintenance of parks or other facilities For the current year, operating requirements exceed new resources by a notable amount of \$45,163. GM Blue notes that this is not particularly discouraging considering this year includes \$47,000 in one-time interest payments. Without

those interest payments, the operating margin will substantially increase next year. He states that the Port operates on a balanced budget where resources including revenues and beginning balance are equal to or are more than total requirements. In the budget presented resources exceed requirements by \$4,626,019. In closing, GM Blue comments that the proposed budget has been a team effort, involving all departments, and special credit goes to Chuck Mosher (Accountant) and Melissa Warren (Accounting Specialist) for their work on preparing this proposed budget.

6) Review of the Budget Detail

a. General Fund Summary

i. BCP Reedy-VanWinkle asks why the 2023-24 proposed amount for Insurance and Repairs & Maintenance is significantly higher than 2022-23. Warren replies that Insurance is higher because of the Sternwheeler as well as the new (maintenance) truck. She adds that the Port has also made significant claims due to the water damage in Flex 6. C Caldwell asks how much the Sternwheeler insurance is. Mosher answers that it is \$166,000. P Groves states that he does also expect insurance to go up every year. Warren also explains that they are looking at the General Summary page and once they get into the specific departments, they will be able to see more clarification on the amounts. CR Mohr asks why, in the General Fund Summary, there is Credit Card Fees proposed for 2023-24 when there was not any in the past years. Warren explains that Credit Card fees will now be budgeted separately from Contract Services. GM Blue also explains that one of the reasons the Credit Card Fees is so high is that that the bridge accepts every type of credit card available, whether it is VISA, MasterCard, American Express, domestic or foreign, and that convenience costs a lot. P Groves also points out that the proposed Contracted Services went up \$233,000, from \$313,3903 to \$547,500. Mosher replies that Contracted Services now also includes Professional Services.

b. Administration

i. P Groves points out the significant difference in Legal Fees and adds he knows what that increase was for but he does not know if the Port spent a lot of time doing court-related things. GM Blue and Warren respond that they did not, this year. BCP Reedy-VanWinkle asks if there is something leading the Port to believe that they will need to spend \$325,000 in legal fees. CR Mohr inquires if it is related to the [...]. P Groves replies that they cannot disclose that. CR Mohr responds that it is not confidential because she read it in the [...]. VP Lorang answers that it is. GM Blue explains that the Port leaves room in the budget for legal counsel costs. CR Mohr also asks why there is no Insurance. Warren explains that it is allocated into each department that it belongs to. CR Mohr also points out that Utilities and Communication has a large increase. VP Lorang states that the City is planning to apply a 30% rate increase in the upcoming year. Warren also adds that Mileage is included in that line item, then later retracts her explanation as she sees that Mileage is under Travel and Meetings. CR Mohr questions the amount for Contracted Services. Warren explains that the Port's Government Relations Consultant, Mark Johnson, falls under that line item. GM Blue also replies that it incorporates the new accounting consultant firm, Merina+Co which is assisting the Port with audits and the 2023-2024 Budget.

c. General / Other

i. BCP Reedy-VanWinkle points out that Repairs & Maintenance has a huge increase, from \$14,387 to \$287,500, which is the combining of General/Other and Marine Park and Recreational Areas – Other as General, that GM Blue referred to in the budget

message. GM Blue concurs. Apken explains that the Port used to have a department called "General/Other" and a department called "Recreational Areas – Other" which expenses were related to the maintenance of the parks and other facilities, so they consolidated those two departments in "General". CR Mohr clarifies that this does not include maintenance salaries. She also asks where the Miscellaneous Revenue comes from. GM Blue replies that he will find out what that is, he knows that that it is something that the Port has attributed to it, but he cannot remember precisely what it is. P Groves also comments that he is aware that they need to get some black mold out from the Visitor's Center. Maintenance and Construction Manager (MCM) Mohr replies that about \$100,000 to \$115,000 will be put into the Locks Café. P Groves asks for confirmation that some of the line items that are inflated are because General/Other and Marine Park and Recreational Areas – Other were combined. Warren confirms. BCP Reedy-VanWinkle points out that this is why Page 9, Marine Park and Recreational Areas – Other, is all blank. CR Mohr inquires about the \$222,000 in Contracted Services. Warren answers that that line item includes [...], flaggers and port-a-potties. CR Mohr asks [...]. Warren replies that welding is not a [...]. CR Mohr asks if welding wouldn't come out of Repairs & Maintenance. VP Lorang responds that it comes out of the bridge. Warren replies that she will have the specific services for them at the next meeting. There are also questions about the \$287,500 in Repairs & Maintenance. Warren states she will have those details for them at the next meeting. GM Blue comments that it is important to remember that Maintenance is part of [...]. P Groves states that the Port had to do a lot of work on the Bridge of the Gods Trailhead Parking Lot Project, as well. MCM Mohr asks whether ARPA funds can be used to cover the engineering cost of the parking lot. P Groves replies that the Port can use some for engineering but are using most of it on the parking lot. They are also looking for some extra funds to build the bathroom facility. He also just saw an email that \$25,000 that the Port received from another grant went to pay for the city fees. MCM Mohr clarifies that when Olga (Kaganova, previous GM) was at the Port, she broke it down into classes for Commercial, Recreational, Marina Park, etcetera and had all the percentages split down for each, and so now they were going back to putting them into one fund. If that is the case, then the \$287,500 would probably also include his fertilizer, bathroom supplies and irrigation supplies. CR Mohr congratulates Jeremiah (Blue, GM) on his new position. She asks if they are going to remove the Operations Manager position from the salary budget or if the Port is still planning on hiring someone for the position. [GM Blue's reply was not clear in the audio]. C Caldwell replies that the Port also had a Marketing Director position that was never filled and adds that the Port did not have an Operations Manager position before. P Groves also adds that they still have not filled the Bridge Manager position, so GM Blue had been filling all those roles. GM Blue comments that the Port will now have to look at the organization chart, as they have not had a general manager with and operations background. BCP Reedy-VanWinkle asks about the organization chart. GM Blue briefly explains that there is the General Manager, reporting to the General Manager is the Operations Manager, and that is the operations side of the Port. Then there is the accountant which is the finance side. So, those are the two (2) sides of the Port. All toll-takers report to the Operations Manager. In general, the Maintenance Manager reports to the Operations Manager, and all the maintenance workers report to [the Maintenance Manager]. On the administrative side, [the Secretary] is in the middle because she reports to and works with the Commission but generally, they would report to the General Manager. The Special Project Coordinator reports to the GM. The

Event Coordinator should report to the GM but is currently reporting to the accountant.

d. Toll Booth Operations (Toll Bridge)

- i.** BCP Reedy-VanWinkle asks why the proposed Salaries and Wages is lower than the current year, if it is reflected on a different line item. GM Blue explains that previously the Operations Manager was spread out along the departments but is now reflected [...]. P Groves comments that something to look for in the future is the Port meeting the 2030 plan to get off of bridge toll revenue. VP Lorang adds that the Port needs to get on an aggressive plan to pay down all its debts. P Groves explains that the bridge is aging and is soon going to start needing serious repairs and maintenance. The Port cannot get federal funds while they are taking toll money for other uses. VP Lorang comments that ideally, the Port could run the bridge like a business and strictly keep the money made from tolls to cover bridge operations and maintenance, adding that the Port also has \$726,000 in repairs and that problem comes with keeping it up for the 80,000lbs [traffic], which the region needs. VP Lorang emphasizes that it is not a Port problem but a regional problem. The Port could decide to downgrade the bridge to 30,000lbs and the bridge could last another fifty (50) years. P Groves adds that right now they are working on a House bill for \$6M, and if the legislature passes it, that money would strictly be for seismic improvements of the bridge. He informs that the Port has been told over some years that the Oregon approach and Washington approach may need to be replaced. The structure itself, as long as they keep up with repairs, cleaning and painting, is still in good shape, but it is the other parts that is a problem. CR Mohr points out that, in Contracted Services, there was \$146,000 budget in 2022-2023 and \$78,000 estimated. She asks if they really think it will be lower than the \$78,000 for 2023-2024 fiscal year. GM Blue replies that he does think so. [GM Blue's explanation was not clear in the audio].

e. Commercial Properties

- i.** CR Mohr requests a list of each lease property's rent. C Caldwell also adds that she would like to see a breakdown of each property, what the Port is receiving from each, if any lessee is deficient and by how much. VP Lorang states that the loans on the Herman Creek Flex buildings are paid quarterly. He consulted with Mosher and posed the idea that if the Port started to make monthly payments rather than quarterly payments, essentially rather than paying the accrued interest, they would be paying the principal and could shave off 5-8 years. P Groves states that, for those that do not know, Flex 2 and 4, the Port was not making principal payments, and all of a sudden got past the Port and started to have to make payments on them before they secured a loan. They received a letter from the State offering a loan with 4.3% interest rate. As a result, this affects the tenants and what they are paying, to make sure it covers. The other issue the Port has run into is that in Flex 4, there is a tenant that has not paid. This is the second time that a lessee has gone upside-down. P Groves mentions that he had gone down to Flex 4 and seen totes in front of the door and he also gone again on [Wednesday, 05.24.23] and the totes were gone. He states that he would have assumed that the Port would put new locks on the doors. GM Blue replies that they have not received specific advice from their attorney to do so, so they have not done so yet. CR Mohr points out that the Port should feel bad that it is still paying on the loan for Cramblett Way. It has been twelve (12) years and they have been paying interest, very month, on a \$40,000 loan. The objective of a [...] is to pay it, not drag it for thirty (30) years. That is why it is better to get a 15-year house loan rather than a 30-year house loan. What if the Port took the \$2.4M, added a little bit to it, and then

paid off these first four loans. P Groves states that what he had suggested was that the Port take the \$1.2M out of the \$2.4M to pay for the new building that they built for pFriem and then when pFriem started making payments on that, the Port could put that money in the bank or use it somewhere else as it is not earmarked. He adds that the Port is in the position where they need to spend the \$2.4M or they will lose it. GM Blue reminds the committee that they have skipped to Page 11 (Debt Services) and have not finished reviewing the Commercial Properties fund. CR Mohr asks whether Repairs & Maintenance includes snow-plowing, watering and weeding or is that in (General-)Operations. GM Blue replies that that is in (General-)Operations. Warren adds that the increase in Repairs & Maintenance includes most of the HVAC repairs. Warren remarks that the proposed \$1.4M (in Resources – Leases, Rents, and Fees) includes rent from Flex 6, starting July 1st. CR Mohr inquires, even though it is not being rented. GM Blue replies that is correct, if July 1st comes and goes and the Port does not have a tenant in there, Chuck (Mosher, Accountant) will be watching the budget every day. He also asks the committee to keep in mind that the budget is what the government is asking for and there are requirements but when you are analyzing it from a business standpoint it's different. There are the numbers that the staff actually works with to make their decision, and then what they actually present based on State requirements. CR Mohr comments that the one thing about the Commercial Properties – Paid is that it does not really reflect the cost of these buildings that the Port is paying. It does show the rents coming in and the smaller costs but it does not show the payments the Port is making on things which should come out from the \$1.2M. Warren replies that it shows on the Debt Services page. GM Blue adds that what she is saying makes sense from a good management perspective, but for governmental accounting, this is the way that it needs to be presented and the way that it needs to be shown. This budget is a great representation of where the Port's money is, where it is going, and what it is for, but for decisions that the Port is going to make in the future, they are going to have to look at different reports. P Groves reaffirms that the Commission should be working with the general manager to assess what they need to do. GM Blue replies that, generally, in previous budgets there may have been a desire to sort of answer those questions within the budget [...] to be done in this format then the GM, Accountant and Operations Manager [...]. P Groves points out that the Port is going to exceed \$3M on bridge tolls but 5% of that goes to the Port of Hood River. It would be nice to see a reconciliation of that, in front of them. Mosher replies that he does have that report for them and will send it out. CR Mohr comments that she understands but when she sees the \$1.2M at the bottom, it is tough to know about the \$1.4M here (in Debt Services), and so the Port is spending more than it is making. P Groves adds that they also received \$240,000 from the company (that was in Flex 6) plus they made four (4) payments, and that is not shown in the budget. GM Blue points out that what the information that they are asking for will also not be reflected in next year's budget but is absolutely good [...]. P Groves states that what he would like to see is a document that lists what each building costs, what the Port is being paid, how much the insurance is, the maintenance for mowing the lawn and plowing the snow.

f. Campground

- i.** CR Mohr confirms that the \$115,000 in Capital Outlay is for upgrades for the electrical and water systems. GM Blue explains that it needs to be done, and it will also allow the campground to remain open year-round. P Groves asks what is currently there. MCM Mohr replies that the sites have 30 amps, but a lot of the new RVs require 50 amps. He comments that they get a lot of complaints from campers regarding problems with

power. He adds that the campground only has two (2) sites that have full hookups with sewer, electric, and water. With this plan, they are going to upgrade all the sites with water and 50-amp, 30-amp, and a 110-outlet. GM Blue comments that they have been comparing the campground with others around the area and have acknowledged that the campground is due for a price increase. A discussion develops on considering temporary structures such as yurts. BCVP Nance asks if they are planning to become year-round, if Promotion and Advertising is going to come out from another budget to advertise when they become year-round. He also asks if the Campground does any advertising at all. GM Blue answers that the Marine Park Campground is pretty well known but it has a website and they do a lot of grassroots-type of advertising. The campground is known to not have water during the winter so when it becomes year-round it would be a good idea to advertise that. He adds that they do have the ability to notify those who have stayed in the campground previously. BCVP Nance also asks whether the credit card fee is really 10% because they are normally significantly less than that. GM Blue explains that it is due to the software system being used for the booking. BCVP Nance asks if the fee includes the reservation system, website, and credit card fees. GM Blue concurs.

CR MOHR MAKES A MOTION TO PUT \$500.00 INTO PROMOTION AND ADVERTISING; VP LORANG SECONDS; Passed Unanimously

- ii. C Caldwell wants to caution the committee that the Marine Park is a historic area that had been given to the Port by the Army Corps of Engineers. She states that she loves the ideas and what is going on but at the same time, when discussing putting in buildings or anything permanent, the thing that they really need to remember is that Marine Park is an open (public) space. She emphasizes that it is the responsibility of the people who are making decisions for Marine Park. P Groves also adds that the Port is in the process of putting plumbing and utilities up at Harvey Road. It could be a future consideration to be used for RVs especially since there are more things allowed there than Marine Park.
- g. Marina
- i. P Groves first states that the Port needs to re-evaluate the rates since the last time was when [...] was on the Commission. He states that they need to look at what other marinas in the area are charging and make those adjustments. GM Blue informs that they have looked into it, though the discussion has not yet made it to the Commission-level, but P Groves is absolutely correct in that the lease rates are outdated. CR Mohr asks whether dredging will be done. GM Blue answers that that has yet to be seen, but most likely it will need to be. MCM Mohr advises that it needs to be done in March of next year. Apken clarifies if he means of this budget year. MCM Mohr replies that they typically dredge every three (3) years, March 2024 will be four (4) years. CR Mohr asks if he thinks there are other maintenance that needs to be done. MCM Mohr answers that the life-expectancy of the dock is twenty-five (25) years. He asked Warren about it 2-3 years ago and they are past the 25-year mark. They have made concrete repairs to the docks and there have been some electrical repairs and some matters that deal with the water. They also had to replace a pedestal about a year ago, and those are expensive. There is not a lot of maintenance that goes into the Marina, but the dredging is the biggest expense. He spoke to Warren prior to the meeting and the last time the Port dredged, it cost \$19,000. He is projecting that dredging will cost \$30,000. P Groves asks whether the pump-out station is in

MCM Mohr replies that it is four (4) weeks out. GM Blue updates that they should be sending it. BCVP Nance asks about the cost of dredging. MCM Mohr states that last time they dredged, they only dredged out about 500 yards. They typically do 9(00)-12(00) yards. He also adds that when the big dredging outfit was across the river in Stevenson, he had spoken them about doing the Port's dolphins and dredging, and they had quoted him \$100,000. Troutman Commercial Marine Services did that same job for \$50,000 and did the dredging for \$8,000–9,000.

VP LORANG MAKES A MOTION TO ADD \$50,000 TO CONTRACTED SERVICES, MAKING CONTRACTED SERVICES \$52,500; C CALDWELL SECONDS; Passed Unanimously

- ii. Discussion ensues about the viability of the marina. P Groves comments that the State has given the Port money through grants to maintain the marina. When the marina was rebuilt, that was done through a huge grant from the State. P Groves states that that needs to be considered, and because [Cascade Locks] has a lot of water sports during the summer, like the Columbia Gorge Racing Association and the Gorge Canoe Club, he would have to think twice about getting rid of the marina. BCVP Nance makes the suggestion to substantially increase the fees, they may lose some tenants but there are enough people on the waitlist to be able to fill the slips. GM Blue also points out that initially, the marina probably had a lot of tenants that were local. At this point, many of them are not. P Groves mentions that the Port does not make money off of Marine Park either but they maintain it, it is a heavy burden to maintain the park, but there are certain things that the Port does. BVCP asks why there is such a huge discrepancy between the budgeted \$35,000 and the estimated \$17,000. Mosher explains that they were using the same platform for the marina as they were for the campground so some of the marina dollars were improperly reflected. Warren also adds that the marina moorage goes by the calendar year and not the fiscal year, and there is an option to pay 50% by January 31st and the other 50% by April 30th. P Groves makes the committee aware of the time. Apken advises that if the committee wants to end for the night, they will want to recess the meeting rather than adjourn.

P GROVES MAKES A MOTION TO RECESS THE MEETING AND TO EMAIL QUESTIONS TO JEREMIAH (BLUE, GM); C CALDWELL SECONDS; Passed Unanimously

7) Recessed at 8:14 pm

Port of Cascade Locks

Port Commission President
Brad Lorang

Port Commission Secretary/Treasurer
Albert Nance

Date Signed

Date Signed