

**OREGON INTERNATIONAL PORT OF COOS BAY
BUDGET COMMITTEE MEETING**

Wednesday, May 21, 2025, 1:00 p.m. – 3:30 p.m.

Port of Coos Bay Commission Chambers, 125 W. Central Ave, Suite 230, Coos Bay, OR 97420

MINUTES

ATTENDANCE

Commission:

Kyle Stevens, President; Nick Edwards, Vice President; Kyle ViksneHill, Treasurer; Elise Hamner, Secretary; and Arnie Roblan, Commissioner.

Budget Committee:

Lexie Woodward; Lou Leberti; Dax Davidson; Shane McGowne; and George Wales.

Staff:

Lanelle Comstock, Chief Executive Officer; Megan Richardson, Director of Finance and Accounting; Matt Friesen, Director of External Affairs; Ray Dwire, Charleston Marina Manager; Brian Early, CBRL General Manager; Rick Adamek, Director of Asset Management; Mary Green, Accounting Supervisor; Krystal Karcher, Administrative Services Manager; and Christina Sanders, Administrative Assistant.

Media & Guests:

Jim Pex, Keller Associates; and Carson Valley, Points Consulting.

1. CALL MEETING TO ORDER

Vice President Nick Edwards called the meeting to order at 1:02 p.m.

2. INTRODUCTIONS

3. SELECTION OF BUDGET COMMITTEE CHAIR

Upon a motion by Lou Leberti (second by Arnie Roblan) the Budget Committee voted to appoint Nick Edwards as Budget Committee Chair. **Motion Passed Unanimously.** (Ayes: Edwards, Hamner, Roblan, Woodward, Leberti, Davidson, McGowne, and Wales. Nays: None. Absent: Stevens and ViksneHill.)

4. RECEIVE FY 2025/26 BUDGET MESSAGE BY LANELLE COMSTOCK, CHIEF EXECUTIVE OFFICER

Lanelle Comstock and Megan Richardson presented the proposed FY 2025/26 budget, developed over five months with detailed analysis of revenues, occupancy trends, expenses, and projections. The current fiscal year faces a \$1.9 million shortfall, necessitating spending reductions. The proposed

budget prioritizes sustainability and conservative operations, with limited cash flow. Operating revenues and expenses are projected to decrease compared to prior years, focusing on core mission objectives, including marine and rail infrastructure, industrial property development, and expansion of commercial fishing and recreational tourism facilities in Charleston.

5. REVIEW THE PROPOSED BUDGET DOCUMENT

A. Overview of the Budget Funds

Ms. Comstock stated that the Port's budget comprises of four funds: General Fund, Special Projects Fund, Reserve Fund, and Dredge Fund. All funds are projected to balance, resulting in a net-zero balance. The General Fund anticipates \$8.3 million in total income, including a \$1.4 million transfer from the Special Projects Fund for indirect costs, which are uncommitted and placed in contingency, primarily from the Pacific Coast Intermodal Port project. Excluding the transfer, revenues total \$6.8 million, a \$1.2 million decrease from the current fiscal year.

The Port has \$22 million in outstanding debt, with \$1.4 million in debt payments anticipated for FY 2025/26. The principal payment for the Terminal One property, estimated at \$530,000–\$550,000, has been deferred to FY 2026/27 per discussions with Business Oregon.

The personnel budget has been reduced to 23.5 full-time equivalents (FTEs) from 26, down from 31 in recent years, increasing individual workloads. Rising costs for employee benefits, such as medical insurance premiums increasing 12%, dental insurance premiums increasing 6%, and PERS contributions increasing nearly 2%, have prompted proposed cost-saving measures, including reducing Port-paid health insurance from 100% to 90% resulting in an employee cost share of 10%. Additional measures include canceling long-term disability insurance, forgoing employee cost-of-living adjustments (COLA), and implementing a temporary 10% pay reduction for CEO Lanelle Comstock to avoid layoffs.

Commissioner Hamner inquired about expected revenues for May and June 2025 to close the current fiscal year. Ms. Richardson stated approximately \$300,000 is expected for May and \$350,000 for June.

Commissioner Hamner asked if the budget would be reviewed page by page. Ms. Comstock confirmed it would.

B. Administration

The Administration department oversees all administrative functions for the Port and the Railroad. For FY 2025/26, the External Affairs department has been merged with Administration.

Anticipated revenues include \$2.1 million from property taxes, \$28,000 from interest earnings, \$15,000 from Coos County Urban Renewal, \$11,800 from other sources, and \$75,140 from a Southport note principal repayment. Revenue from the Hub Building is expected to increase as it nears full occupancy, with Suite 290 expected to be leased for nine months.

Administration personnel is budgeted for 6.5 FTEs, with costs reduced from \$1.1 million to \$900,000. The Administration budget has been reduced to \$1.68 million, down \$433,000, with cuts to training,

travel, and the PNWA membership. The training budget will primarily fund crane and rigging certifications for maintenance staff. IT costs have increased to \$10,000 for Microsoft program and licensing upgrades. The Port committed three \$10,000 donations to the North Bend Airport in 2019, with the first budgeted for FY 2025/26. Capital Outlays include \$25,000 for repairs to one section of the Hub Building roof and HVAC repairs.

Commissioner Hamner asked if the Port still administers the Coos County Urban Renewal Agency (CCURA). Ms. Comstock clarified that the Port continues to administer CCURA, but the County will oversee the projects.

Commissioner Roblan asked about legislative support in recent years. Ms. Comstock confirmed past support was previously budgeted under External Affairs.

C. Charleston Operations

Ms. Comstock stated the Charleston Marina Complex generates revenue through building leases, property agreements, ice sales, moorage, RV Park sales, and anticipated grants totaling \$487,500. Operating revenue is projected at \$2.4 million for FY 2025/26, a decrease from the prior year. Port staff proposed a 3% rate increase for most marina and shipyard services. The salaries and benefits of 16 full-time employees are budgeted in the Charleston Marina Complex, where one vacant maintenance position is not being budgeted for. Ms. Comstock reviewed the Charleston expenses, which total \$2,858,048, including capital expenditures and personnel services.

Commissioner Edwards asked if lessees paying annual leases upfront could receive a discount and if it would benefit cash flow. Ms. Comstock noted it was worth exploring. Ms. Richardson cautioned that reduced monthly payments could strain finances.

Commissioner Roblan asked how long four marina staff members would be assigned to dredging in Garibaldi. Ms. Comstock estimated five to six months. Lou Leberti asked if the State of Oregon had previously covered temporary employee wages. Ms. Comstock confirmed the State had not. Commissioner Hamner questioned why these costs were not passed to the State. Commissioner Roblan explained that the agreement prohibits the Port from profiting from operating the State-owned dredge.

Commissioner Hamner asked why ice prices were not increased to offset rising utility costs. Ray Dwire noted resistance to last year's proposed increase but said improvements to the Ice Plant aim to maintain manageable prices for fishermen. Commissioner Roblan asked if the Port's ice prices align with regional rates. Commissioner Edwards noted that when the Port raises rates, competitors often follow.

Commissioner Stevens inquired about staffing in the Security Department. Mr. Dwire reported five full-time staff, with two patrolling at night. Commissioner Stevens asked about installing higher-quality cameras. Mr. Dwire said staff are exploring options and researching grant funding.

Dax Davidson asked if sediment testing was put out for bid. Ms. Comstock confirmed it was.

Mr. Leberti asked why no funds were allocated for Charleston marketing. Ms. Comstock clarified that marketing funds are included in the Administration budget under External Affairs. Commissioner Hamner noted that the previous year's Budget Committee had allocated \$5,000 for advertising, to

which Ms. Comstock stated advertising was reduced to \$1,000 for FY 2025/26. Commissioner Stevens asked about tourism promotion efforts. Ms. Comstock reported investigating partnering with Travel Oregon for “outdoorsman” shows, either attending or providing materials.

D. Port Operations/Asset Management

The Port Operations department operates with one full-time employee, the Director of Asset Management, and is responsible for properties and infrastructure. The Chief Port Operations Officer position remains vacant. Expenses include utilities, stormwater testing for environmental compliance, nutria control, fire protection systems, alarm monitoring, and emergency repairs for buildings, docks, and equipment to ensure operational safety and compliance.

Commissioner Hamner asked about repairs to the Tyree property. Ms. Comstock confirmed that Tyree is contracting the repairs, and the Port will adjust their lease agreement accordingly.

Shane McGowne sought clarification on the “East Side Property.” Ms. Comstock explained it refers to approximately 300 acres owned by the Port on the east side of Coos Bay, with half zoned residential and half industrial, behind the school.

E. Railroad Operations

The Railroad Department maintains Port-owned rail infrastructure, separate from Coos Bay Rail Line operations, generating \$1,038,844 in revenue, including a \$332,000 Federal 45G tax credit, \$332,000 from property agreements, and \$374,844 from a capital project surcharge. No management fee is budgeted due to the rail operation’s \$1.7 million outstanding debt to the Port. Expenses are estimated at \$411,000 for emergency bridge and track repairs, \$20,000 for a tax credit broker fee, and \$50,000 for engineering services. No capital projects are budgeted due to funding constraints.

Commissioner Hamner asked why the budget decreased significantly from prior years. Ms. Comstock explained that insufficient revenue limits additional expenses. Commissioner Hamner asked how repair costs exceeding the budget would be covered. Ms. Comstock said funds would be redistributed from other departments.

Commissioner Edwards asked if the Cushman Bridge poses issues similar to the North Bend swing bridge. Brian Early confirmed that the Cushman Bridge is in good condition.

Commissioner Hamner asked about potential increases in shipping cars. Mr. Early mentioned possible scrap hauling, interest from a potential Terminal One client, and overflow work from Union Pacific in Eugene.

Commissioner Roblan asked if railroad agreements are up to date. Ms. Comstock acknowledged they are not but said the issue is being addressed.

F. Special Projects & Reserve Funds

The Special Projects Fund includes capital projects funded outside of the General Fund, such as a \$1.5 million BUILD Grant for the Coos Bay Swing Span Bridge with expected completion in summer 2025, a \$1.5 million Congressional Community Project Fund grant for shipyard improvements which requires a non-federal match, and a \$29 million INFRA Grant. The Pacific Coast Intermodal Port

Project anticipates \$4 million for one year of a two-year planning and engineering grant, with a 5% administrative fee transferred to the General Fund and placed in contingency, pending grant receipt. No supplemental budget is needed for project work, only for administrative funds.

The Reserve Fund has a projected beginning balance of \$1 million, allocated between railroad and general reserves, with no plans to add or use funds in FY 2025/26. The reserve represents approximately 12% of the total budget, below the typical 15–20% range.

G. Dredge Operations

The Dredge Fund manages the state-owned dredge, reimbursed at \$976,371 without profit. The Port of Garibaldi dredging project, started in November 2024, was halted due to slurry pump issues. Dredging is expected to resume in October 2025 during the in-water work window (November 1 to mid-February). Approximately four marina staff members will be deployed for five to six months at a cost of \$247,000, covered by the Dredge Fund. Using the State-owned dredge offers other ports significant savings but delays Charleston Marina maintenance. The Budget Committee discussed negotiating state funding or exiting the program due to staff strain.

Commissioner Roblan asked if the Port could use the dredge at Point Adams. Mr. Dwire noted that the Port dredged its portion in 2022, but the Army Corps of Engineers did not, leading to sand shoaling.

George Wales asked if the Army Corps of Engineers would take over the boat ramp. Ms. Comstock confirmed it is planned for next year, pending approval of the Section 107.

6. PUBLIC/ COMMITTEE COMMENT

The Budget Committee commended Ms. Comstock and Ms. Richardson for the budget's transparency and thoroughness, emphasizing employee retention despite reduced benefits and staffing. The Committee urged increased grant-seeking efforts and encouraged Commissioners to engage in strategic planning to prioritize infrastructure repairs, including docks and rails.

Commissioner Hamner requested additional details on the Airport's \$10,000 funding request. Ms. Comstock noted that when the Port committed the funds, one staff member occasionally used the Airport's direct Portland flight, but the travel budget for future flights is minimal. Matt Friesen stated that the option for direct Portland flights would benefit the Port.

Commissioner Stevens asked if the Port had made any of the three payments to the Airport. Ms. Comstock confirmed that no payments had been made.

Committee members discussed the impact on employees by not providing a COLA while initiating an employee benefits cost-share in the same year. Committee members reviewed the \$46,000 cost of a COLA for FY 2025/26 and agreed that a 2% COLA would help offset the 10% employee benefits premium cost. The budget for the 2% COLA will be made by withholding funds from the North Bend Airport donation in the amount of \$10,000, moving \$10,000 from bridge repair, and moving the balance of funds from contingency.

Commissioner ViksneHill inquired about bad debt reduction strategies. Ms. Richardson explained that the Port uses a third-party company to collect debts.

Lexie Woodward suggested maximizing rate increases for moorage and marina services. The Committee raised concerns about customer affordability.

Commissioner Edwards asked if derelict boats could be salvaged for scrap. Mr. Dwire confirmed it is possible but requires staff time and infrastructure for crane removal and storage, which is under consideration for potential revenue.

No public comments were received.

7. PRESENT THE MOTIONS TO RECOMMEND THE BUDGET TO THE PORT COMMISSION FOR ADOPTION, OR SCHEDULE A FOLLOW UP MEETING

Upon a motion by Kyle Stevens (second by George Wales) the Budget Committee voted to approve the proposed budget for fiscal year 2025/26, with the recommended change to include a 2% COLA by withholding funds from the North Bend Airport donation in the amount of \$10,000, moving \$10,000 from bridge repair, and moving the balance of funds from contingency, and recommend to the Board of Commissioners for adoption. **Motion Passed Unanimously.** (Ayes: Stevens, Edwards, ViksneHill, Hamner, Roblan, Woodward, Leberti, Davidson, McGowne, and Wales. Nays: None.)

Upon a motion by Arnie Roblan (second by Lou Leberti) the Budget Committee voted to approve imposing the Port's maximum permanent tax rate of \$0.6119 per \$1,000 taxable assessed value for fiscal year 2025/26. **Motion Passed Unanimously.** (Ayes: Stevens, Edwards, ViksneHill, Hamner, Roblan, Woodward, Leberti, Davidson, McGowne, and Wales. Nays: None.)

8. ADJOURN MEETING

President Stevens adjourned the meeting at 3:13 p.m.