

**OREGON INTERNATIONAL PORT OF COOS BAY
Coos Bay, Oregon**

**BOARD PRACTICE ASSESSMENT
COMMISSION WORK SESSION**

12:00 p.m., Thursday, June 20, 2019

Port Conference Room, 125 Central Avenue, Suite 210, Coos Bay, Oregon 97420

ATTENDANCE

Commission:

David Kronsteiner, President; Eric Farm, Vice President; Brianna Hanson, Treasurer; and James Martin, Commissioner.

Staff:

John Burns, Chief Executive Officer; Lanelle Comstock, Chief Administrative Officer; Patrick Kerr, Director of Rail Operations; Megan Richardson, Director of Finance; Rick Adamek, Project Manager; Margaret Barber, External Affairs Manager; Krystal Moffett, Administrative Assistant; and Mike Stebbins, Port Legal Counsel.

Media & Guests:

Rob Mills, Special Districts Association of Oregon (SDAO).

1. CALL MEETING TO ORDER

The meeting began at 12:10 p.m.

2. INTRODUCTION OF GUESTS AND PORT STAFF

3. BOARD PRACTICES ASSESSMENT

Rob Mills introduced himself as a consultant for the Special Districts Association of Oregon (SDAO) and was asked to conduct the Board Practices Assessment, a guided self-assessment process with Board members looking at six areas of risk management.

A. Board Duties and Responsibilities

The first key performance area is Board duties and responsibilities. Mr. Mills asked for Board input on the Port's adherence to standards of good stewardship; the public has entrusted the Port with facilities, personnel, finances, and services.

Commissioner Hanson stated there has been progress in recent years becoming more streamlined and organized. Commissioner Martin stated when an area of dissatisfaction is identified, staff work to steadily improve. The Port has a history of stepping up to take on big public roles where others may have failed; examples include the railroad and ice dock. Commissioner Farm stated the Port has been

entrusted with the state-owned dredge and that is a testament to the fact that the State looks to the Port as good stewards of equipment and resources.

Commissioner Farm stated good governance practices begin with good leadership. With a high-caliber leader providing good communication, there are no surprises. Commissioners receive notification and more informal communications outside of the Board meetings. Staff provide management reports each month that are informative. Commissioners can talk to any member of staff and there are no inhibitors.

Commissioner Farm stated the standard operating procedures in place for almost everything allows for predictability and repeatability. The Board meetings are regular and the meeting packet has a set table of contents each month. This reduces the chance for error and increases transparency to the public.

Mr. Mills asked if there are any areas for possible improvement. Commissioner Hanson stated the accounting system has been challenging, though there are no specific suggestions for improvement. Commissioner Kronsteiner stated the audit reports have improved year after year and are now nearly perfect. Accounting for grant funding and major projects of a public entity will always be a challenge.

B. Operational Compliance

Mr. Mills asked for feedback regarding overall regulatory compliance, in areas such as laws, rules, regulations, expectations, protocols, guidelines, etc.

Commissioner Hanson stated the action items needing approval at each meeting include background information with the Oregon statute or Port rule cited. Commissioner Farm agreed and added that when things come up that may not be in compliance, it is immediately addressed, reported, and a plan is developed to get back into compliance.

Mr. Mills asked for an example. Commissioner Farm stated when the stormwater system in the Shipyard needed to be updated, it was dealt with directly and forthrightly. John Burns stated the Port opted to take a more high-tech approach that utilized a much smaller footprint. The project cost nearly \$1 million, and the materials needed for the filtration and processing add to ongoing costs. It was a decision made to be in compliance while fulfilling the Port's mission to support the fishing community. Mr. Mills asked how a decision like that is made. Mr. Burns stated that staff bring recommendations to the Board.

Mr. Mills asked about the timeliness of compliance reporting, a reference to the number of reports that are periodic and constant. Commissioner Kronsteiner stated that if reporting was not done on time, the Board would know about it ahead of time from staff. As an example with the stormwater situation, there was reporting that wasn't completed on time, causing the Port to lose an opportunity to have the system perform at a certain level. That issue has been addressed and is not expected to happen again.

Mr. Burns stated the Commissioners have been steadfast in recognizing that things can happen and taking corrective action when needed. In years past, the Port was non-compliant on a timeliness basis with audits, which became problematic. Being several years behind on audits had significant impacts on the Port operations, including the ability to secure funding. The deficiencies were recognized and changes made. Thanks to the Finance Department the Port is now in compliance with timely successful audits.

Commissioner Martin stated that the level of compliance oversight is challenging, but staff ensures that every project has the proper approvals and Commissioners are updated regularly on the progress.

Commissioner Farm stated that potential regulatory challenges may come from operating the railroad; there are no specific concerns, but it is new for the Port.

C. Budget and Finance

Mr. Mills asked about the consistency in budgeting to meet needs, a reference to the reliability of the budgeting process and how well that budget holds up over the course of the fiscal year.

Commissioner Martin stated that the Port's budget process is quiet, meaning there are not typically loud interjections in the middle of the year with unanticipated needs. The public portion of the process has improved significantly over the last several years. People are getting more complete information earlier which leads to fewer questions in the process.

Commissioner Farm stated the budget process is deliberate. Mr. Burns stated the process starts in February with each department head articulating their operating plan. The budget is a numerical interpretation of those action items, to achieve the goals and objectives for the coming year. Commissioner Farm stated the budget document includes a narrative description of the operating plan and that is just as important as the budget numbers.

Mr. Mills asked how the budget document holds up during the course of the fiscal year. Megan Richardson stated that supplemental budgets are used to correct any changes that arise. This year that included adding the railroad operations. The supplemental budget was within statutory limits of 10%.

Commissioner Martin stated that a good portion of the budget is state and federal grant money. The only budgeting issue in recent years had been the difficulty in getting projects initiated after funding was secured. This has been addressed and resolved.

Mr. Burns stated that prior to his tenure, there had been fiscal challenges that led to cutbacks in staff. Since then, fiscal resources have grown and the Port ended this most recent year in the positive. That can be attributed to people paying attention to how they ask for and manage money, and making sure available funds are spent appropriately. Ms. Richardson added that the Port has changed the way money is spent and tracked, leading to fewer surprises and more efficient operations.

D. Customers Relations

Commissioner Farm stated that customers were not happy about recent rate increases in the Marina. Rates had been held flat during the recession but then increases had to be made. Port staff are now able to maintain the facilities much better, and complaints have diminished. Commissioner Farm stated the Port is disciplined in maintaining the facilities while not charging more than what is needed.

Commissioner Kronsteiner stated the rail operations are new to the Port so there is a potential for conflict there. Staff work to stay in touch with rail customers and consistently ask for their input. Mr. Burns stated as a public entity, the Port strives for transparency whenever possible and that enables frank discussions with customers. Port staff work to maintain good rapport with customers.

Commissioner Farm stated the benefit to the customers on the rail is similar to the rate increase in Charleston. The increased revenue on the rail will be invested back into the line with maintenance and capital improvement projects. Over time, the customers will see an improvement in rail conditions and efficiency and will come to appreciate the public ownership and operation of the line.

Mr. Mills asked for any possible improvements to customer service, across all lines of business. Commissioner Kronsteiner stated the Port will continue to make improvements to rail service after years of neglect and be cognizant of the needs of customers. Commissioner Farm stated that with customer service, it is impossible to predict the next issue but wherever it comes from, it will be handled.

Mr. Burns stated the Port is not unlike other industries in the country, dealing with aging infrastructure and increased maintenance costs. It is the Port's ability to respond to those emerging needs, understand the problem and work with the customer to come up with a solution.

E. Personnel Administration

Mr. Mills asked how the Board views staff morale and the work climate. Commissioner Hanson stated the work product delivered enables Commissioners to deduce the work environment. Commissioner Kronsteiner stated that during his tenure the Port has grown significantly, and the level of work from staff has really been elevated. There are no known issues with staff morale; when an issue is observed, it is addressed.

Mr. Burns stated the Port has initiated more frequent one-on-one performance discussions rather than annual reviews. In order to ensure employees are fulfilled in their roles, understand their expectations, and know when performance needs to be improved, contact should be consistent on a narrow incremental basis. Mr. Burns stated the one-on-one discussions center around assignments that are outstanding, what roadblocks may be present, what is expected to happen in the coming weeks, and a check-in to see if guidance or assistance is needed. This is also an opportunity for coaching and goal setting. Consistent and reliable communication increases productivity and ensures that nothing slips through the cracks.

Commissioner Kronsteiner stated that the assignment of work positions aligns well with the layout of staff. Positions are constantly evolving to adapt to the work projects. Positions have been eliminated or realigned as needed.

F. Policies and Procedures

Commissioner Farm stated policies and procedures have been recently revised based on best practices. Lanelle Comstock stated the entire policy manual is being updated to ensure changes in laws and best practices are incorporated. Procedures and processes need to be enhanced. Mr. Burns stated it is difficult to balance the documentation of a process and the action of carrying out that process. It is often easier to do the work, than it is to write down and codify the steps involved. Mr. Burns stated that staff recently went through a significant review of the process and documentation related to grant management.

There is always work to be done regarding the updating of policies and procedures. It is ever evolving within any organization. Commissioner Farm stated that even though the Board has rated themselves high across all categories, there is always room for improvement and the Port will continue to look for ways to improve.

4. ADJOURN

The meeting adjourned at 1:50 p.m.