

**PORT OF ASTORIA
SPECIAL MEETING MINUTES
OCTOBER 30, 2008**

1. CALL TO ORDER/ROLL CALL

President Larry Pfund called the Special Meeting to order at 5:00 pm.

Persons present were:

Commissioners: Larry Pfund, President; Bill Hunsinger, Vice-President; Kathy Sanders, Secretary; Floyd Holcom, Treasurer; and Dan Hess, Asst. Secretary/Treasurer

Staff: Jack Crider, Executive Director; Ron Larsen, Director of Operations; and Colleen Browne, Finance Manager

Also present were Janet Farstad; and

Jim Lanzarotta, CPA from Moss Adams LLP

News Media: Cassandra Profita, The Daily Astorian and Jeff Nelson, Radio

Guests: (see sign-in sheet)

2. PURPOSE of the Special Meeting was to receive the Port of Astoria's Financial Report from Jim Lanzarotta, CPA of Moss Adams LLP. Lanzarotta used four years data from the Port and looked at 17 other non-container ports for industry comparisons. An overview of the Port showed that the Port has a history of being profitable; has a stable cash balance; operating revenues have increased at 20% whereas expenses have grown at 5%; and the equity is stable at \$22 million.

Port Revenue:

Lease and rental doubled.

Pier revenue is small but still doubled.

Fuel sales for the marina and airport only had a slight increase.

Grants and other revenue declined.

Overall the total revenue increased from \$5,366,710 to \$6,013,647.

Port Expenses:

Personnel services declined.

Materials and service increased along with interest.

Overall the total expenses increased from \$4,978,306 to \$5,759,752.

Port Net Income:

2005 had a net income of \$389,000;

2006 had a net deficit of \$347,000;

2007 had a net income of \$394,000; and

2008 had a net income of \$254,000.

Days of Cash

30-90 days of cash is the healthy amount of days for paying the operating bills.

Below 30 days indicates the need to borrow money to pay the bills.

2005 had 102 days of cash;

2006 had 67 days of cash;

2007 had 108 days of cash; and

2008 had 78 days of cash.

Working Capital

2005 was \$1,213,000;
2006 was \$38,000;
2007 was \$865,000; and
2008 was \$1,260,000.

Capital Expenditures

The influx of grants normally controls increases of capital expenditures.

2005 was \$2,140,000;
2006 was \$13,989,000;
2007 was \$15,629,000; and
2008 was \$1,689,000.
The four year average was \$8,362,000.

Net Assets

2005 was \$893,000;
2006 was -\$474,000
2007 was \$941,000; and
2008 was \$22,011,000.

Industry Comparisons

- The comparisons of 17 other ports indicated that opportunities to increase profit lies within some of the revenue steams, those being the marine and leases.
- Ratios for debt have doubled, mostly due to interest. However, the Port is still at a healthy ratios rate of 1.1%, whereas other ports average 3.66%. Banks ratio preference is 1.5%.
- The Port faces similar industry related challenges of the need to increase operating profits, reduce reliance on diminishing government grants, and building sufficient reserves.
- The measure of success is by economic development. The Port needs to keep data on the number of jobs and reflect that to the community via a marketing program.

3. Discussion

The Commissioners complimented Lanzarotta on providing a report that was comprehensive and easy to understand instead of pages of figures.

The report contradicts the community's perception of the Port being broke.

The Commissioners noted that they need to look at better utilization of assets:

Tongue Point.

Adjust lease rents to market values.

Colleen Brown, Finance Manager was given credit for improved financial accountability and collections.

4. Adjournment at 5:55 pm

Submitted by Janet Farstad