



**MEETING MINUTES
JANUARY 29, 2025**

PORT OF ASTORIA
FINANCE ADVISORY COMMITTEE MEETING
COMMISSION CHAMBERS
422 GATEWAY AVE., SUITE 100
ASTORIA, OR 97103

Call to Order:

The meeting was called to order at 12:00 PM by David Oser, Finance Committee Chairman.

Roll Call:

Committee Members Present: John Lansing; Mike Rissman; David Oser; Commissioner Jim Campbell; and Finance and HR Director Melanie Howard.

Commissioners Present: Robert Stevens and Frank Spence.

Staff Present: Executive Director Will Isom.

Updated Role and Responsibilities of the Finance Committee

David Oser presented the updated role and responsibilities of the Finance Committee and referenced a May 2019 memorandum outlining the Port's financial condition at that time. The memo noted that the Port's financial challenges were largely due to years of neglect and included several recommendations. As a result, the Commission passed a resolution establishing the Finance Committee as a permanent body.

Oser explained that the issues identified in that memo have since been resolved, and the Port's financial standing is now healthy. With those emergency concerns behind them, the Finance Committee is transitioning into a more standard financial oversight role with updated responsibilities. Key updates included:

- Audit reports will be presented to the Finance Committee, which will then relay the relevant information to the Commission.
- The Committee will review the Port's finance policy, which is intended to be reviewed every five years. The policy will be reviewed page by page, allowing the Committee to ask questions and provide comments. Finance & HR Director Melanie Howard will incorporate the Committee's feedback and bring an updated draft to the April meeting for final review before presenting it to the Commission for approval.
- The Committee will periodically review several types of financial reports, including cash flow projections, investments, debt financing, financial operations, and any additional documents assigned by the Commission.
- The purpose of the Finance Committee is to provide public transparency and assurance that the Port's financials are being regularly reviewed.

Initial Review of Financial Policies

The Financial Policy was reviewed page by page during the meeting. For full details, please refer to the meeting audio. Highlights of the discussion included:

- Howard proposed updating the policy so the Special Revenue Fund is used exclusively to account for timber tax revenues, which now represent a larger portion of the Port's budget. The fund previously included other resources not used for ordinary Port expenses, but that use is no longer applicable.

- The definition of capital assets was updated to reflect an initial cost of more than \$10,000, rather than \$5,000. This threshold had not been adjusted for several years.
- The section on revenue recognition includes language regarding property management income that needs clarification. Revisions will be made to improve clarity.
- Oser recommended that the Port implement a process for making vendor payments via ACH to improve efficiency. Commissioner Robert Stevens asked for clarification on how this would align with the current approval process, where checks are signed by both the Treasurer and Executive Director. Oser suggested setting a threshold to determine which payments require review and which could be processed automatically. Howard added that using ACH would also improve financial tracking.
- Oser and Howard discussed adding language to the policy regarding the dual review of cash receipts—a process already in place but not currently documented in the policy.
- The Property Dispositions section was removed and will instead be addressed through the Port’s purchasing guidelines.
- Tenant Lease Agreements and Management section was removed.

Review Financials – December 2024 (estimated)

- Howard explained that there had been a suggestion to update the monthly financial narratives provided to the Commission. The proposed change would include showing the difference between actual spending and the amounts budgeted, along with a short explanation of any significant changes.
- Howard noted that, due to the nature of the Port’s operations, there is a challenge in deciding whether to prepare a compliance-friendly budget or a more operationally usable one. A compliance-friendly budget ensures there is sufficient funding in each expenditure category to avoid overspending and the need for a supplemental budget. An operationally usable budget has fewer contingencies and more realistic benchmarks for the departments.
- Over the past four years, the Finance Department has prepared two supplemental budgets. Howard explained that the unpredictability of Port operations can lead to significant variations in revenue and expenses, making it difficult to prepare precise budget projections for the following fiscal year. For example, last year’s budget variances were due in part to the cancellation of cruise ship visits following updated Customs and Border Protection (CBP) policies, fluctuations in vessel traffic, and unexpected changes in revenue from vessel dockings at the West Basin.
- Executive Director Will Isom added that there has been discussion about whether the Port should seek to become an embarking Port rather than remain a repositioning Port. As it stands, it is easy for cruise ships to bypass Astoria since it only serves as a repositioning stop.
- Oser asked about the water expense line item and why it appeared significantly under budget. Howard responded that while the budget was increased to account for a 5–10% rate increase in the previous year, actual usage has not reached the projected amount. She also noted that there will likely be a deficit in fuel sales revenue due to an overestimation in forecasted fuel volume.
- Oser then invited committee members to raise any questions or concerns regarding the December financials presented. No concerns were raised.

Commissioner Campbell moved to recommend to the Board of Commissioners that they accept the internally prepared financial statements through December 31, 2024. Chairman Osert seconded. The motion passed unanimously amongst the members present.

Local Government Investment Pool (LGIP) Account

Howard provided an update on the Port’s Local Government Investment Pool (LGIP) account. To date, the Port has transferred \$500,000 into the account. Because the LGIP is highly liquid, funds can be easily withdrawn if needed for operational expenses.

The current return rate is 4.7%, which is more than double the 2% rate the Port previously received through Lewis & Clark Bank. Oser clarified that the LGIP is not a public mutual fund account, but rather a quasi-mutual fund consisting of high-quality, low-risk investments. While the funds are not insured, they are primarily invested in U.S. Treasury bills and managed by the U.S. Treasury.

Projected Cashflows

Oser explained that the preparation of the cash flow report is still a work in progress and will become more accurate over time. Howard added that the report is built using the adopted budget, which helps account for seasonal fluctuations and helps forecast non-variable expenses.

The projected cash flows include capital projects currently in progress but do not account for projects that have not yet begun. Projections are limited to a three-month timeframe, since anything beyond that is less predictable. While some fluctuations in the forecast are expected, there are no concerns at this time. No concerns were raised by the Commissioners or Committee members.

Discuss Project Funding Opportunities

- Isom provided an update on the Byproduct Recovery Center (BRC), noting that the project is still in progress, with studies nearing completion. The Port plans to form a partnership with seafood processors and others who will use the facility. While the studies have been promising, significant planning is still needed to bring the project to completion. For full discussion, please refer to the meeting audio.
- The selection committee recently interviewed developers for the Astoria Central Waterfront project. The developer presentations were strong and showed considerable promise. The committee reached a consensus on how to move forward and is currently contacting references and conducting final vetting of the top candidates.
- Isom also noted that the Port is currently managing several major projects, including work at the East Basin and surrounding development, the boatyard expansion, the Pier 2 rehabilitation project, and the Airport Industrial Park. While the Port has been successful in securing state and federal grants, the need for funding often exceeds available resources.
- He explained that one of the challenges the Port faces is prioritizing projects, as they are all important. For example, a project like the East Mooring Basin could be highly successful and beneficial to the community, but it isn't always feasible to pause or delay other critical projects—such as the Pier 2 West Rehabilitation—in order to reallocate funds. Isom expressed interest in having the Finance Committee assist with both funding strategies and project prioritization to help ensure the Port is making the most effective use of its resources.
- Oser agreed and noted that additional funding opportunities likely exist within the community. He encouraged the Commission to view the Finance Committee as a financial consulting resource in these efforts.

Adjourn

Chairman Oser adjourned the meeting at 1:35 PM.



Port of Astoria

APPROVED:

Robert Stevens, Board Chairman
Board of Commissioners

ATTEST:

Tim Hill, Secretary
Board of Commissioners

Respectfully submitted by:
Dianna Delgado
Office Manager

April 1, 2025

Date Approved by Commission