

## **Ocean Highway & Port Authority**

Robert Sturgess – Commissioner, District 1  
Danny Fullwood – Commissioner, District 2  
Adam Salzburg – Chairman, District 3  
Carroll Franklin – Vice Chairman, District 4  
Lissa Braddock – Secretary/Treasurer, District 5

### **Budget Workshop Minutes**

August 10, 2018

The Ocean Highway and Port Authority of Nassau County held their Budget Workshop meeting on Friday, August 10, 2018 at the Offices of the Honorable John Drew, 86130 License Road, Fernandina Beach, FL 32034.

The Budget Workshop was called to order at 3:03 by Chairman Salzburg.

The Invocation and the Pledge of Allegiance was led by Chairman Salzburg. Roll call was conducted by Ms. Amergian. Present were Chairman Salzburg, Commissioner Braddock, Commissioner Franklin, and Commission Fullwood. Commissioner Sturgess was absent. Also present were Ms. Barbara Amergian, Administrative Office Manager, Ms. Laura DiBella, Port Director, Mr. Pierre LaPorte, Accountant for the Board, Chris Ragucci, Port Operator, and Ms. Joanna Cason, retired Administrative Office Manager, .

Chairman Salzburg recognized Mr. LaPorte to being the budget workshop for the 2018-2019 Budget to be voted on at the September 10, 2018 Monthly Meeting. Mr. LaPorte presented a four-page packet containing notes and comments for recommended changes, the Proposed 2018-2019 Budget for OHPA, Budget 2018-2019 v.2 with Actuals through June, 2018, Budget 2017-2018 figures, and Budget 2018-2019 comparisons, and the OHPA Profit & Loss statement 10/2016 through September 2017.

Mr. LaPorte started with the explanation of the Notes and Comments. The budget presented with the budget funding guideline of \$241,675 from World Wide Terminals. The total OHPA operating expenses is \$348,422. This leaves a negative variance of \$106,747. Mr. Ragucci will need to speak to the WFT Budget Funding Guideline figure of \$241,675 when he arrives to the meeting.

Mr. LaPorte explained that the 2017-2018 and 2018-2019 budget figures are essentially the same with the exception of the Nassau Terminals annual fee and the Customs House rental income increasing by 2% for the 2018-2019 fiscal year.

Changes for the 2018-2019 budget include the following: the elimination of three (3) years of PILOT payments and bond related expenses totaling \$424,703, leaving \$100,277 as the adjusted total expenses.

Items for discussion include:

- Board Liability insurance of \$11,397
- NCEDB (Laura DiBella) increase by \$2,500
- Accountant increase by \$9,000
- Port Attorney increase by \$15,000
- Miscellaneous legal fees \$30,000
- Administrative Office Manager increase by \$6,350
- Commissioners Payroll increase by \$65,741
- Miscellaneous of \$273

The Port Operating Budget expenses for discussion is \$240,538. Total OHPA operating expenses is as follows:

Port Operations Budget	240,538
OHPA Budget	114,895
Net-Customs House	<u>7,011</u>
Total	348,422

Chairman Salzburg asked Commissioner Franklin if there were any changes to the Customs House budget. There were no changes to the Customs House budget as presented.

Port Security Revenue: a 5% increase was proposed – bringing it from \$195,000 to \$205,000. This line item is a “pass-through” as the revenue from WTF is used to pay the invoice through OHPA.

Construction & Maintenance Reserve – these are funds come directly from Worldwide through the Bank of New York. Discussion about the monthly transfer to Maintenance of (part of the Bond agreement) \$5,000-\$10,000 that was done previously and a reserve needs to be reinstated to fund projects. There is no required contribution in the contract from WTF other than the first \$15,000 of any project, other than this the Port Operator is not required per the current contract to make any payments. Mr. LaPorte asked Mr. Ragucci to speak to the WFT Budget Funding Guideline figure of \$241.675 and the variance of (\$106,747).

Commissioner Fullwood questioned where the \$241,675 was coming from. Mr. LaPorte explained that there is only one source of revenue, Port Operations and the proposed \$241,675 is the limit on the OPHA budget as presented but doesn't limit the fees that OHPA earns.

There was discussion about the proposed additions to the expenses for the 2018-2019 budget. Commissioner Franklin and Chairman Salzburg reiterated that there needs to be reserves for maintenance and for the OPHA operations.

There was discussion regarding the \$6.5M debt and the discrepancy in understanding that is “off the books” for the OHPA. Mr. Ragucci commented that the Port Operator's understanding is that they will recover this under a long-term operating agreement by offsetting Port Revenues until such time as it is paid back.

There was discussion regarding the Port Director and the Board of Commissioners' salaries. Both are currently under compensated.

Chairman Salzburg reviewed the 2016-2017 Port Revenues of \$1,509,000 with Mr. LaPorte.

Chairman Salzburg called a recess at 4:17 PM.

The Budget Workshop was called back to order at 4:21 PM.

Chairman Salzburg reviewed and asked for feedback and decisions on the additions for the 2018-2019 budget:

- Insurance at \$11,397 as proposed.
- NCEDB (Laura DiBella's compensation) – Proposed budget increase an additional \$5,000 for a total of \$7,500.
- Accountant Fee - \$9,000 as proposed. New contract needed for 2018-2019
- Attorney Fee – Chairman Salzburg reviewed the letter received from Attorney Davis to justify the increase of \$15,000. Proposed budget increase of an additional \$5,000 for a total of \$20,000. New contract needed for 2018-2019.
- Legal Fees – Proposed budget will move the requested Legal Fees-Misc of \$30,000 to Reserves-Unrestricted Funds, Port Operations.
- Administrative Office Manager – Proposed budget increase \$6,350 for a total of \$19,350.
- Commissioners Payroll – Proposed budget increase of \$32,870 for a total of \$92,870.

Mr. LaPorte reviewed the proposed budget amount from the Port Operator of \$241,000 and whether that figure can be enforced. His interpretation of the current contract is that the Port Operator can retain the revenue to offset the \$4.55M (advances on port fees.) There were two resolutions under the current contract passed that allow the Port Operator to retain those fees before they deliver the monthly port revenues.

Maintenance Reserves were discussed. As the budget is proposed, there is no funds budgeted for maintenance reserves, which currently stands at \$60,000. There was \$5,000 a month going into Maintenance Reserves from the Port Operator. The monthly \$5,000 was halted until the end of September. The new contract proposes reinstating that amount and until the contract is finalized, the Port Operator is willing to discuss reinstating those funds.

A budget increase of \$99,890 was proposed at the workshop. A total budget of \$315,062 with no funds budgeted for reserve.

Ms. Cason suggested a facility assessment in order to handle future projects and the ability to budget properly for those projects. Mr. Ragucci said that WTF is in process of doing an assessment of projects that need to be addressed and will be done as funds allow.

Meeting adjourned at 5:25 PM.

  
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Adam Salzburg  
Chairman