

OCEAN HIGHWAY & PORT AUTHORITY



Miriam R. Hill – Commissioner, District 1
Danny Fullwood – Chairman, District 2
Scott Hanna – Secretary/Treasurer, District 3
Carrol Franklin – Commissioner, District 4
Mike Cole – Vice Chairman, District 5

Board Meeting Minutes - Amended

August 24, 2022

The Ocean Highway and Port Authority of Nassau County held its Monthly Meeting on Wednesday, August 24, 2022 at the FSCJ-Betty P. Cook, Nassau Center (David Yulee Room, Bldg. A-114), 76346 William Burgess Blvd., Yulee, FL 32097.

The meeting was called to order at 6:00 PM by Chairman Fullwood.

The invocation was given by and the Pledge of Allegiance was led by Chairman Fullwood. Roll call was conducted by Rossana Hebron. All Commissioners were present. Also in attendance were David Kaufman, Port Executive Director; Pierre LaPorte, Port Accountant; and Butch Gilbert, Port Operator. Patrick Krechowski, Port Attorney, was absent.

1. **Comments** - Audience (Comments submitted prior to the meeting)
 - No public comment forms were submitted.

2. **Approval of Minutes**
 - August 10, 2022 Monthly Meeting Minutes

Mr. Kaufman provided a correction to his Port Executive Director portion of the minutes prior to the start of the meeting. There were no additional amendments from the Commissioners.

Vice Chairman Cole motioned to accept the August 10th meeting minutes. Commissioner Hanna second the motion.

The Board unanimously voted in favor of the motion.

3. **Port Attorney Report**

Mr. Krechowski was absent; therefore, there were no legal reports.

4. **Port Accountant Report**
 - **Budget 2022-2023 (v.2)**

Mr. LaPorte submitted a copy of the proposed budget (version 2) for the fiscal year 2022-2023 and is included in the meeting packet.

Mr. LaPorte discussed and explained each line item. The following are some of the highlights:

There will be a resolution once the actual cost of living amount is applied. Currently, there is a 9% CPI applied to the fixed fee, \$297,107.00.

The Miscellaneous Income is \$2K pertaining to the Bond administration. The Bond agreement cites \$1,500 annually plus any reasonable fees for the life of the Bond. There was a question of its implementation/mechanism. Mr. LaPorte deferred to Mr. Krechowski for guidance or explanation from the Bond counsel.

ARPA reimbursement requests are sent every three months for the salaries. In two months, the Security expense will be added since OHPA recently followed the Federal Procurement guidelines to obtain bids and chose to enter into contract with Allied Universal. The Master Plan will be reimbursed by FDOT grant. Per Mr. LaPorte, the amounts on the proposed budget FY 2022-2023 are estimates. There will be a balance for the following fiscal year. He reminded the Board the total for the ARPA grant is approximately \$800K.

Mr. Kaufman explained the cruise revenue is reflective of the expected amount from the new tariff from the one vessel, Ocean Explorer, slated to come in November. Similarly, the Harbor/Port administration fee is an assessment from the new tariff per vessel and based on the ship traffic from this year. The bunkering fee will be added prior to the Board approving the budget.

The Commissioners' salaries and payroll taxes remain unchanged. The conference and travel expense are separate from those of the Port Director's. Mr. LaPorte requested for an estimate from Mr. Krechowski for the Port Attorney salary. The \$30K amount is the contracted salary. Mr. LaPorte also clarified the line item is all the legal expenses. He will rename it as "legal fees." Additionally, Commissioner Hill explained, for the public, the amount of \$156K YTD for the Port Attorney results from 40 separate lawsuits involving the previous Operator last year. That expense is crippling to this Board. Part of that legal expense includes the PILOT payment and the Property taxes matter. The latter only arose because of the statements made by the previous Operator in the other litigation.

The Executive Director salary line item includes his overhead (payroll taxes). The Business Development and travel expenses are separate. The Office Administrator salary also includes salary and payroll taxes. Mr. LaPorte reminded the Office Administrator's hours were increased from 20 hours to 30 hours per week.

The Discretionary portion includes budgeted contribution amounts for different organizations/memberships (TPO, Chamber of Commerce, Dept. of Revenue-Special District). It also includes advertising for public notices, website expense, awards/presentations, Master Plan, and Discretionary.

The Port Operations portion includes fees for CSX Right of Way, insurance, audit, Florida Ports Council dues, and Economic Development Board (EDB). There are no budgeted amounts for sponsorships. Commissioner Franklin explained the CSX is the fee for the crossing.

Discussions: Expected surplus is \$164K that will be used to pay for the pending legal fees this year. Two legal invoices specific to certain legal matters were submitted for reimbursement to FMIT (Florida Municipal Insurance Trust), approximately \$10K.

Commissioner Hill asked if there is a confidence level regarding the budgeted Port revenue since it is based on the volume of traffic. Mr. Kaufman explained as soon as the cruise ship comes in and is charged the tariff rate, that amount should be solid. The Harbor administration is based on the traffic observed to date. If that fee would have been implemented, the amount would be approximately \$13K; therefore, the estimated amount, \$20K, is close.

Mrs. Hebron reminded the Board approved last meeting to add \$20 to the allocated \$280 for the Chamber of Commerce dues.

Commissioner Hill stated the significant expenditure for legal should not continue in the foreseeable future. Also, the increase in salaries upon hiring an Executive Director is not sustainable even with the ARPA funding and anticipated Port revenues that has a two-year gap before OHPA sees any of it. Commissioner Hanna added that Mr. Kaufman is hard at work in increasing revenue for OHPA.

Commissioner Hill inquired about placing policies for conferences and travel rates or maximums on overnight stays. Mr. LaPorte explained if OHPA does not have a policy, the State of Florida has one in place to follow.

Chairman Fullwood recommended a salary increase of \$20K a year for the Port Accountant for all the extra work he absorbed above his assigned responsibilities. He assumed those responsibilities because OHPA was without a Port Director at some time. Commissioner Hill asked Mr. Kaufman if he will take on the grant administration responsibilities from Mr. LaPorte. He confirmed only for the grant coordination, filing applications, but not the accounting responsibilities. Commissioner Hill asked how Mr. LaPorte calculates his fee for the school Board. He explained he used to do audits for the school Board. Now, he only does office administrative duties for the Mosquito Control. His fees are based on the type of activities and hours spent completing the required tasks. The consensus was to raise the Port Accountant's pay to \$1900 per month, \$22,800 annual to account for cost of living, to be approved at the next meeting.

Commissioner Hill recommended giving a cost of living raise for Mrs. Hebron, Administrative Office Manager. The Board proposed increasing her hourly rate from \$22.75 to \$24.57 an hour.

Mr. Kaufman suggested considering adding IT support for device maintenance and cloud-based storage. Mrs. Hebron is currently researching costs in addition to the website expense.

Commissioner Hill inquired about budgeting for the use of the Commission Chambers. Chairman Fullwood was unsure of the cost estimate with requirements to supply a bailiff during the meetings and use of the AV systems. An interlocal agreement with the County may be required. He assigned Mr. Kaufman to research those costs.

Mrs. Hebron reported recently receiving an invoice from FMIT for \$13,758 due on October 1st. Commissioner Hill suggested there are two insurance companies that insure local government boards. One is through the League of Cities and the other the City uses, she cannot recall. Mrs. Hebron will contact Tammy Bach, City Attorney, or Dale Martin, City Manager.

Mr. LaPorte explained the auditors charge separately for grant audits, \$3500 per grant. This is required for entities receiving more than \$750K in grants. The Port Operator will pay for those fees. The budgeted \$1K for the EDB will remain. Vice Chairman Cole reported the EDB have several activities in the works.

Mr. Kaufman explained, per the Operating agreement, the payment responsibilities for the operations and maintenance of the Customs House falls on the Port Operator. As for the IT system for the Customs and Border Protection (CBP), there is an upfront fee not to exceed \$56K. \$24K will be reimbursed from the Security grant, and the Operator agreed to match the difference. There is a \$10-11K per year annual maintenance cost that both Mr. Kaufman and Mr. Gilbert continue to consider. Mr. Kaufman recommends the cost should be absorbed by the Operator per the Operating agreement.

Mr. LaPorte will submit a four-part budget proposal (OHPA Port Operations, Customs House, Port Security, and Construction/Maintenance reserve) at the September meeting for Board adoption. The Budget FY 2022-2023 needs to be adopted before the start of the fiscal year in October. He asked Mr. Kaufman to submit any upcoming capital projects with matching funds to include in the final budget proposal.

Chairman Fullwood directed the Board to review the budget proposal for the next meeting.

5. Port Executive Director report

- **Tariff 2022-1 (Amendments)**

Mr. Gilbert, Port Operator, submitted a list of amendments to the Tariff 2022-1 for the Board to consider. The list follows:

- Historically, the Operator managed the filing of the tariff through a publishing company, Descartes Systems Group. The Operator paid a monthly fee of \$100 to file, review, and edit the tariff when necessary. He will continue to pay the monthly fee for the group's services.
- Change Rule #34 to "Contact solutions@worldwideterminals.com or (904) 990-1400 for payment information.
- Rule #34-AX Item 250 - Fresh Water. There needs to be a minimum charge added for getting fresh water not just the \$4.50 per ton. Add \$100 minimum plus a hook up charge of \$150.
- Rule 34-AX-1 Item 252 Bunkering – Access fee of \$100 per truck.
- Rule #34-AY Item 255 Dockage – Add a line item for Refrigerated Cargo Vessels @ \$5.65 per LOA per day or fractional part.
- Rule #34-BN Item 350 Line Handling- Put line handling charges back based on LOA with straight time and overtime rates.
- Rule #34-BR Item 375 Security Fees – Have a rate for breakbulk vessels and add a line item for Breakbulk cargo with a charge of \$0.40 per ST.
- Rule #34-BS Item 376 Port Administrative fee – raise rates (25%) to capture the added cost of administration. An amendment to the Operating agreement will be presented to the Board in 30 days with an explanation of implementing the process of administration.
- Rule #34-BT Item 377 Tug Boat Fees – Add the established rates to tariff. This is for the use of the Fort Clinch tugboat.
- Rule 34-BU Item 380 – 10) – Need to add charge. Currently \$42.50 per day with half day billing increments. Increase to \$52.50 per day for electrical service on refrigerated containers.
- Rule 34-BY Item 400 Charges for Containers – Need to add a line item for containers that come in the gate and to back out the gate. Add the same charge as if loaded on a vessel under 500 ft LOA. \$3.62 per ST net contents of cargo.
- Rule #34-CC Breakbulk Cargo –For Misc. General Cargo and machinery we need to make sure calculations for handling and wharfage both are based on measurement ton or short ton whichever is greater. The mobile equipment charge should be for self-propelled. If mobile equipment is not self-propelled it falls under machinery. The heavy lift surcharge for machinery and mobile equipment is added back with an increase. Also, charges for yachts and boats should stay per linear foot. Customer – Somers Isles breakbulk cargo and cargo stuffed on flatracks.
- Per the Operator's recommendation, add the handling costs for Breakbulk cargo.

Mr. Gilbert explained once the Board adopts the amended tariff, he will communicate the changes to the Port customers. Descartes Systems Group will provide the aforementioned services. They will post the tariff for thirty days and submit to the Federal Maritime Commission (FMC). This follows the appropriate procedure for publishing the tariff document. Chairman Fullwood and Mr. Kaufman suggested effective date is October 1, 2022.

Mr. Kaufman explained there is a verbal agreement between OHPA (as represented by Mr. Kaufman) and the Operator for the fee-sharing mentioned above. He will draft a Letter of Intent (LOI) with legal counsels from both sides and will present the final version to the Board. Commissioner Hill asked Mr. Gilbert how the tariff rates and other costs the customers view compare to those of the port in ~~Virginia~~ North Carolina. Mr. Gilbert explained the tariffs are similar as he fashioned this Port's tariff to those of Savannah's, Jacksonville's, and Wilmington's. The rates are competitive. The port in Wilmington does not offer refrigerated unit service; therefore, the power rate cannot be compared to that of the Port of Fernandina.

Commissioner Hanna motioned to accept the resolution to amend the Tariff 2022-1. Commissioner Franklin second the motion.

Discussion: Commissioner Hill stated she does not have any issues with the substance of the changes; however, she suggested to have a fee-sharing agreement in place before approving the tariff. She explained both parties need to have a mutual understand the timing of payments and the particulars.

The Board voted in favor of the motion by a count of 4 to 1, Commissioner Hill dissented.

Mr. Kaufman submitted a written report that is attached to the meeting packet. He reminded the Board he will attend the FPC/FSTED meetings next week. He will present the Security project relating to the CBP IT system for approval at the meeting. Furthermore, at the second meeting in September, he hopes to receive a PTGA grant agreement from DOT and execute the Memorandum of Agreement (MOA) with CBP and an agreement with the Operator for the cost share. Finally, he reported there was a meeting this afternoon with the Master Planning team, the Operator, and the pilots. The next Stakeholders' meeting and a workshop with the Commission are forthcoming.

6. Port Operator Report

Mr. Gilbert introduced Kyle Clark, Operations Manager, and Cydney Garland, Recruiting. They held a job fair and open interviews today. They anticipate approximately 14 to 16 head increase (team members). WWT team members will roll over to Savage and will receive benefits. The salaries for the new positions range from \$18 to \$35 an hour plus benefits. They will also use staffing agencies for the ebbs and flows of the business. He also reported Savage will participate at the Kings Bay job fair. Commissioner Hill asked for updates or feedbacks on housing affordability and other worker concerns.

Chairman Fullwood thanked Mr. Gilbert for his cooperation and open communications thus far.

7. Other items to be brought by Commissioners

Earlier in the meeting, Chairman Fullwood acknowledged Mr. LaPorte's office, Courson & Stam, winning the Fernandina NewsLeader's Best of the Best list as "Best Accountant" and "Best Place to Work."

Chairman Fullwood acknowledged the Commissioner-elect, Justin Taylor, in attendance at the meeting.

Adjourn

With no other questions brought before the Board, the meeting was adjourned at 7:15 PM.

Danny Fullwood
Danny Fullwood, Chairman

9-14-2022
Date