

Port of Hood River Commission
Meeting Minutes of May 6, 2025 Budget Committee Meeting
Via Remote Video Conference & Marina Center Boardroom
1:30 p.m.

BUDGET COMMITTEE MEETING

PRESENT: Commissioners: Kristi Chapman, Heather Gehring, and Tor Bieker. **Staff:** Kevin Greenwood, Debbie Smith-Wagar, Daryl Stafford, Ryan Klapprich, and Patty Rosas. **Budget Committee Members:** Bonifacio Romero (arrived 1:39 p.m.), Larry Brown, Judy Newman, and John Benton. **Guests:** None.
EXCUSED: Commissioner Mike Fox, Commissioner Ben Sheppard, and Budget Committee Member Brian Shortt.

1. CALL TO ORDER & OPEN MEETING: President Kristi Chapman called the meeting to order at 1:36 p.m.

2. ELECTION OF OFFICERS:

a. **Motion:** Move to elect John Benton as President.
Move: Brown
Second: Newman
Discussion: None
Vote: **Ayes:** Brown, Newman, Benton, Chapman, Gehring, and Bieker.
Absent: Romero
MOTION CARRIED

b. **Motion:** Move to elect Larry Brown as Secretary.
Move: Newman
Second: Chapman
Discussion: None
Vote: **Ayes:** Brown, Newman, Benton, Chapman, Gehring, and Bieker.
Absent: Romero
MOTION CARRIED

3. BUDGET OFFICER MESSAGE: John Benton, Budget Committee President, turned the meeting over to Kevin Greenwood, the Port's Budget Officer, who presented a high-level summary of the proposed FY 2025-26 budget. Greenwood began by expressing appreciation for Finance Director Debbie Smith-Wagar and the Port's management team. He explained that the proposed \$59 million budget represents a 15% increase over the previous year, designed to give the Commission flexibility to respond to economic uncertainties, invest in strategic projects, and prepare for the transfer of bridge responsibilities to the Hood River-White Salmon Bridge Authority (HRWSBA).

Key priorities include financial sustainability, safety, transparency, and long-term alignment with the Port's 2021 Strategic Business Plan. The presentation noted the Port's modest permanent tax rate, current operating losses in some departments, and a shift toward self-sustaining revenue sources as toll transfers end after this fiscal year.

The Port is considering significant property sales and capital investments to support infrastructure and reduce reliance on toll revenue. Personnel costs are down approximately 7% due to the transition to all-electronic tolling, which eliminated eight full-time positions and saved \$470,000.

The budget includes moderate CPI increases for salaries and materials, over \$1 million in bridge maintenance, airport investments backed by grants, and a final \$2 million transfer from the bridge fund. Other highlights include formation of a nonprofit, the Port of Hood River Foundation, and initial steps to develop the next 5-year strategic plan.

The Budget Officer emphasized this year as a strategic transition toward long-term financial independence, with capital investments providing flexibility rather than ongoing administrative cost increases.

4. **BUDGET REVIEW/BUDGET DELIBERATIONS:** While the meeting was initially planned to begin with a budget review by Finance Director Debbie Smith-Wagar followed by budget deliberations, the conversation expanded to include broader topics such as capital projects and planning for the upcoming fiscal year. One item discussed was a proposed \$289,000 transfer from the Bridge Fund to the Administration Fund, representing the bridge's share of a potential \$1.2 million PERS side account contribution, allocated based on FTE. Although figures are not yet final, the full estimated amount is included in the draft budget to ensure preparedness.

Discussion also touched on long-term facilities planning, including the future of the Port's administration building. Several commissioners expressed interest in prioritizing a new terminal building at the airport. Concerns were raised about how to protect and track designated funds over time. Staff clarified that the Port's new nonprofit foundation is a legally separate entity with its own accounting system, allowing donations to be earmarked for specific projects. This setup is intended to ensure transparency and build donor trust.

An update was provided on the bridge replacement project. The projected cost has increased significantly—from \$500 million to approximately \$1 billion—due to new geotechnical findings and inflation. Despite this increase, state funding commitments remain in place, and the HRWSBA is pursuing larger contributions from federal infrastructure programs.

Staff provided updates on current property management. The Port is experiencing vacancies in its industrial properties and is working to fill them to support the operating budget. At the airport, near self-sufficiency has been achieved—a milestone, given that similar-sized airports often require outside funding. The Commission reaffirmed its goal of a break-even operation and discussed leasing opportunities along Jeanette Road and near Airport Drive, where extending sewer service would help unlock development potential.

The Port is increasing its focus on strategic property management, including hiring a dedicated property manager to optimize revenue as bridge toll dependency is reduced. There was also interest in acquiring more land for airport-related use and clarifying the ownership of several key parcels.

A review of the bridge budget followed, focusing on transfers between funds. An estimated \$2 million will be transferred from the Bridge Fund to the General Fund, based on toll revenue projections of roughly four million crossings annually at fifty cents per crossing. If the \$289,000 PERS transfer also moves forward, this would reduce the bridge's cash reserves by approximately \$1.3 million, bringing the current balance down from \$5.5 million.

There was a brief discussion of how toll revenue is collected and transferred. Staff noted that while revenue is holding steady, improvements could be made to collections—particularly through interoperability with Washington State's tolling system and enhanced enforcement for unpaid tolls. Staffing plans were also reviewed. The budget includes a temporary personnel overlap to allow for training a replacement ahead of an upcoming retirement. A 2.6% cost-of-living adjustment (CPI) is also included.

The Commission discussed the financial impact of the bridge replacement project on the Port, including reimbursement for relocation and land value through federal funding sources. Staff acknowledged potential tension between Port and HRWSBA staff due to differing roles but emphasized that federal and

ODOT processes will guide fair negotiations. Several options for a new administrative facility are being considered—Marina East, the Wasco Building, an airport site, and a leased space—with final decisions pending confirmed financing. The discussion concluded with a focus on airport zoning, where staff noted that although the current zoning is broad, any future development must align with FAA regulations and state land use laws.

5. ACTION ITEMS:

- a. **Motion:** Move to approve a property tax levy at the rate of \$.0332 per thousand of assessed value for FY 2025-26 and approve FY 2025-26 budget.
- Move:** Brown
- Second:** Newman
- Discussion:** None
- Vote:** **Ayes:** Brown, Newman, Benton, Romero, Chapman, Gehring, and Bieker.
- MOTION CARRIED**

6. ADJOURN: The meeting was adjourned at 3:07 p.m.

ATTEST:

Signed by:

Kristi Chapman

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Kristi Chapman, President

Signed by:

Michael B Fox

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Michael Fox, Secretary