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Introduction to Budget Message

May 16, 2018

Port of Umpqua 2018-2019 Budget Committee Member:

Thank you for your service to the Port of Umpqua. The Commission appreciates your willingness to contribute your time, energy and expertise by participating in the public process of local government and help create a responsible budget for the Port.

The Port Financial structure and budget are found in 5 funds.

- ✓ **The General Fund** is the operating fund where most appropriations are made from and resources deposited
- ✓ **Maintenance Reserve Fund** established to save for general maintenance and repairs, now includes reserving funds to assist Salmon Harbor with dredging cost if it becomes necessary
- ✓ **Dock Reserve Fund** established for maintenance, repairs and capital improvements to docks
- ✓ **Capital Reserve Fund** established to provide for capital improvements and / or acquisitions
- ✓ **Operation Reserve Fund** for operations and maintenance

The document titled: Budget Message is presented to describe and explain line items on the budget; general fund. Each line number on the budget has a corresponding description in the message document.

An additional column is included on the budget document titled Current: Budget at 83% of year through April 2018 This will enable comparison to last year's adopted budget and this year's proposed budget and how each account has performed at 83% of the year.

Revenue derived from moorage fees at the Umpqua River Commercial dock is deposited directly into the Dock reserve fund as opposed to depositing into the General Fund and then transferring to the Dock Reserve Fund after fiscal year end. This provides the interest earned in each fund to compound in that fund.

The Port purchased, installed and is currently operating an Ice Machine at Salmon Harbor to assist the local commercial fishing fleet. The cost of the ice machine and infrastructure, electrical and refrigerator van was expensed from the Capital Reserve Fund. This project was anticipated to cost approximately \$140,000. To date the actual cost for the project is \$ 159,375 for machinery and infrastructure and \$12,230 for soft costs, permitting, legal etc. for a total thus far of about \$ 171,600. Total revenue at this point is \$22,626.

The floating dock in Winchester Bay that supports the commercial dock was failing and dangerous. We replaced it this year with a new dock built by Bellingham Marine. The total cost of the project was \$70,434. Hard costs \$62,825 and soft costs \$7,609.00.

BUDGET MESSAGE

Fiscal Year 2018-2019

(TIP: The format of the budget message is such that it is best Understood by simultaneously referencing the budget document)

The Port of Umpqua budget for Fiscal Year 2018-2019, as proposed by the Budget Officer, has been prepared as directed by the Board of Commissioners and in accordance with Oregon Budget Law.

The Budget Officer prepared the proposed Fiscal Year 2018-2019 budget based on the following

➤ **GENERAL FUND**

➤ **RESOURCES**

BEGINNING FUND BALANCE:

- | | |
|---|--|
| 1. <u>Available cash on hand*(cash</u> | <u>Anticipated beginning balance</u> |
| 2. <u>Net working capital*(accrual</u> | |
| 3. <u>Previously levied taxes</u> | <u>Delinquent past taxes paid late and dispersed to District</u> |
| 4. <u>Interest</u> | <u>Interest earned saving and checking accounts</u> |
| 5. <u>Transfers IN from other funds</u> | <u>From Reserve Funds, none budget this year</u> |

OTHER RESOURCES

- | | |
|--|--|
| 6. <u>Industrial Park lease:</u> | <u>Lease income from Tyree Oil this increases annually with the CPI</u> |
| 7. <u>Lease/Rent income Business Center</u> | <u>At this time, our business center is not fully occupied. Marketron is paying \$150 mo. for one office, USWCD \$703 mo. Pacific Forest Management for one office at \$150.mo.</u> |
| 8. <u>Miscellaneous:</u> | <u>Most revenue should be identified as other resources.</u> |
| 9. <u>Poundage:</u> | <u>Poundage is .03 for product coming across the commercial dock at Salmon Harbor.</u> |
| 10. <u>Keycard/Hoist Receipts:</u> | <u>Use of the hoist at the commercial fish dock at Salmon Harbor. \$20.00 per hour for hoist fees, staff fees \$15.00 per hour</u> |
| 11. <u>Ice Machine Revenue</u> | <u>Revenue from the ice machine, we charge \$50/tote</u> |
| 12. <u>Annex Rental:</u> | <u>Anticipated revenue from rental of the Port Annex a charge of \$75.00 per day for functions</u> |
| 13. <u>Deposits: This is a deposit account.</u> | <u>Revenue is accumulated if the cleaning fee for use of the Annex is not reimbursed.</u> |
| 14. <u>Winchester Bay Lease:</u> | <u>Monthly lease payment for Umpqua bait Win Bay @ \$10 per mo</u> |
| 15. <u>Coos Bay Wagon Road funds:</u> | <u>A pass through from Douglas County to Salmon Harbor.</u> |
| 16. <u>Sale of Forest Products:</u> | <u>Funds from the county if there is sale of Forest Products. This is uncertain and difficult to anticipate</u> |
| 17. <u>Grants</u> | <u>Possible grants received</u> |
| 18. <u>Cooperative Community Marketing Project:</u> | <u>this is a pass through for the Pioneer Group, a marketing firm local entities engaged to market the Reedsport/Winchester Bay/Gardiner areas to Jordan Cove union workers working on the LNG plant in North Bend</u> |
| 19. <u>Total resources, except taxes to be levied:</u> | <u>Total Revenue minus levied taxes</u> |
| 20. <u>Taxes necessary to balance:</u> | <u>Anticipated tax revenue from County Assessor's office</u> |
| 21. <u>Taxes collected in year levied:</u> | <u>N/A</u> |

22. **TOTAL RESOURCES:** Total Taxes and other revenue

- **GENERAL FUND**
- **ALLOCATED REQUIREMENTS**

PERSONAL SERVICES

1. Manager: Manager Salary
2. Administrative Assistant: Hourly wage not to exceed 30 hours per week
3. Dock Maintenance staff: Dock maintenance staff has been increased due to increased activity and the addition of the ice machine.
4. Payroll Expenses: Employer portion of Payroll liability expenses, health insurance premiums and retirement compensation. The Port Board approved increasing staff retirement contribution to 9% of earnings.
5. **TOTAL PERSONAL SERVICES**
6. **Total FTE** 3

MATERIALS AND SERVICES

7. Accounting: It is the intent to provide adequate funds to ensure the Port books stay current and provide for accounting assistance as the need may arise.
8. Professional Services: Engineering, Consultant, Professional service etc.
9. Executive expenses, Travel, Training: Travel, lodging, training and conferences. SDAO conferences, other conference and seminars, ongoing education for Port staff and Commissioners
10. Audit: Annual audit, a contracted price
11. Office machine upgrades: Upgrade of office equipment as necessary
12. Office supplies: Port Office supplies.
13. Building supplies: Building and grounds supplies.
14. Dock maintenance: Ongoing maintenance of commercial docks; includes annual hoist inspections
15. Facilities Maintenance/Services: Building and Grounds scheduled and one-time maintenances and services.
16. Fork Lift Maintenance: Maintenance on the fork lift at Port Dock at Salmon Harbor
17. Ice Machine Maintenance: Maintenance on the new ice machine at Salmon Harbor
18. Telephone: Landline, internet and cell phones: all on this line item
19. Utilities: Electricity, city water and sewer, trash pickup fees
20. Business Support Services: Information Technology for Port office operations support services, internet, computers etc.
21. Insurance: Property and Liability insurance coverage through Special Districts Assoc of Oregon
22. Election expense & legal ads: Newspaper: Legal notifications, election fees
23. Lobbying: Funds to help facilitate lobbying efforts for Port interests
24. Membership Dues and subscriptions: Annual membership dues and subscriptions
25. Permit fees: Have not had any permit fees recently
26. Legal Services: Attorney fees, the Port engaged legal services @ \$235. Per hour as needed.
27. Promotion and marketing:
28. Scholarships/Grants: Scholarship or grants to advance educational opportunities in business

- 29. Real Property taxes liability: In the event that the Port must pay a portion of real property taxes on the Business Center office space
- 30. DSL Lease & Salmon Harbor lease: This fee is a lease with Department of State Lands water way lease tide land under Umpqua River Dock this increases 3% per year, and the Salmon Harbor lease of 120.00 per year for the Port Dock
- 31. STEP: Annual contribution to the Salmon Trout Enhancement Project
- 32. **TOTAL MATERIALS & SERVICES**

CAPITAL OUTLAY

- 34. Commercial Dock repair: Major repairs or maintenance to the docks
- 35. Capital Outlay: This included work on the ice machine and the purchase of an additional fork lift for the dock in Winchester Bay. A 2014 Yale brand fork lift for \$12,000
- 36. **TOTAL CAPITAL OUTLAY**
- 37. **TOTAL ORGANIZATIONAL REQUIREMENTS**

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- 1. **DEBT SERVICE:**
None at this time

SPECIAL PAYMENTS

- 2. Coos Bay Wagon Road funds Pass through to Salmon Harbor
- 3. Grant Funding Available Requests for funding from others
- 4. Cooperative Community Marketing Project this is the expenditure part of the pass through for the Pioneer Group, a marketing firm local entities engaged to market the Reedsport/Winchester Bay/Gardiner areas to Jordan Cove union workers working on the LNG plant in North Bend
- 5. **TOTAL SPECIAL PAYMENTS**

INTERFUND TRANSFERS OUT

- 6. Maintenance Reserve Fund None budgeted this year
For possible dredging assistance to Salmon Harbor if necessary
- 7. Dock Reserve Fund None budgeted
- 8. Capital Reserve Fund None budgeted
- 9. Operation Reserve Fund None budgeted
- 10. **TOTAL INTERFUND TRANSFERS OUT**
- 11. **CONTINGENCY:** Unforeseen expenditures
- 12. TOTAL Requirements Not Allocated
- 13. Total Requirements Allocated to an Organization
- 14. Reserve for future expenditure
- 15. Ending balance prior years

- 16. **TOTAL GENERAL FUND REQUIREMENTS**