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Introduction to Budget Message

April 24, 2019

Port of Umpqua 2019-2020

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.

What's new? After last year's budget process, the Board agreed that the existing Reserve Funds did not provide the latitude for some potential projects. Since making these kinds of changes to the adopted budget requires a supplemental budget and there was no emergency requiring the Board to make the changes immediately, these modifications are included as part of the 2019-2020 proposed budget.

What's changed? Although the Capital Reserve fund and the Operation Reserve fund are fairly inclusive in their authorized uses, it was determined that investments in projects is not listed as a specified purpose. In order to provide for possible investment in future projects, a change in the current budget structure is proposed in the 2019-2020 budget.

If it is determined by the governing body that a reserve fund is no longer necessary, it is allowed to abolish that fund and the balance be transferred to the general fund or any other fund of the political subdivision that the governing body determines is appropriate. In order to better meet the needs of the Port, a new more comprehensive reserve fund will be established and the balances of the abolished Capital and Operation reserve funds will be transferred to the new Capital Projects Reserve Fund. This structure is being proposed to the budget committee today and if approved will be part of the fiscal year 2019-2020 adopted budget.

The proposed Port Financial structure and budget will be found in 4 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, 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
- ✓ **NEW: Capital Projects Reserve Fund** to be established for capital improvements, acquisitions, investments and operations

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 75% of year through March 2019. This will enable comparison to last year's adopted budget and this year's proposed budget and how each account has performed at 75% 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. It should be noted that revenue from the Umpqua River dock is expected to be substantially less than in the past due to Fred Wahl moving operations to the Bolon Island site.

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 in 2016.

BUDGET MESSAGE

Fiscal Year 2019-2020

(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 2019-2020 budget based on the following

➤ **GENERAL FUND**
➤ **RESOURCES**

BEGINNING FUND BALANCE:

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

OTHER RESOURCES:

- | | |
|---|--|
| 6. <u>Industrial Park lease parcel 3:</u> | Lease income from Northwest Landscape Maintenance |
| 7. <u>Industrial Park lease parcel 2:</u> | Lease income from Tyree Oil |
| 8. <u>Lease/Rent income Business Center:</u> | At this time, our business center is not fully occupied. Marketron is paying \$155 mo., USWCD \$703 mo. Pacific Forest Management for one office @ \$150.mo. and our newest tenant Grayguns Inc. \$250 mo. |
| 9. <u>Miscellaneous:</u> | Most revenue should be identified as other resources. |
| 10. <u>Poundage:</u> | Poundage is .03 for product coming across the commercial dock at Salmon Harbor. |
| 11. <u>Keycard/Hoist Receipts:</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 |
| 12. <u>Ice Machine Revenue</u> | Revenue from the ice machine, we charge \$50/tote |
| 13. <u>Annex Rental:</u> | Anticipated revenue from rental of the Port Annex a charge of \$75.00 per day for functions |
| 14. <u>Deposits: This is a deposit account.</u> | Revenue is accumulated if the cleaning fee for use of the Annex is not reimbursed. |
| 15. <u>Winchester Bay Lease:</u> | Monthly lease payment for Umpqua bait Win Bay @ \$10 per mo |

- 16. Coos Bay Wagon Road funds: A pass through from Douglas County to Salmon Harbor.
- 17. Sale of Forest Products: Funds from the county if there is sale of Forest Products. This is uncertain and difficult to anticipate
- 18. Grants Possible grants received
- 19. Cooperative Community Marketing Project: the Pioneer Group dissolved its business on June 1, 2018 so this project was discontinued. Funds that had been paid by local groups were refunded and the line item will drop off of the budget next year.
- 20. Total resources, except taxes to be levied: Total Revenue minus levied taxes
- 21. Taxes necessary to balance: Anticipated tax revenue from County Assessor's office
- 22. Taxes collected in year levied: N/A
- 23. **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** 3.75

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 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: 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:
- 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 the Pioneer Group dissolved its business
on June 1, 2018 so this project was discontinued. Funds that had been paid by local groups
were refunded and the line item will drop off of the budget next year
- 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 Projects Reserve Fund None budgeted
- 9. Capital Reserve Fund ABOLISHED
- 10. Operation Reserve Fund ABOLISHED
- 11. **TOTAL INTERFUND TRANSFERS OUT**
- 12. **CONTINGENCY:** Unforeseen expenditures

13. TOTAL Requirements Not Allocated
14. Total Requirements Allocated to an Organization
15. Reserve for future expenditure
16. Ending balance prior years

16. TOTAL GENERAL FUND REQUIRMENTS