



Port of Umpqua Strategic Business Plan



In association with:

FCS GROUP

Harper Houf Peterson Righellis

June, 2011

Acknowledgements

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www.portofumpqua.org

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TABLE OF CONTENTS

I. INTRODUCTION.....	1
A. Purpose of the Strategic Business Plan.....	1
B. Existing Mission.....	1
C. Plan Development Process.....	2
II. HISTORY, EXISTING CONDITIONS & TRENDS.....	3
A. Port of Umpqua History.....	3
B. Area Economy.....	4
C. Business Clusters Analysis.....	5
D. Industrial & Commercial Opportunity Sites.....	10
III. POLICY CONTEXT AND SITUATIONAL ANALYSIS.....	12
A. City, County, State & Federal Policies.....	12
B. Partnerships and Political Context.....	19
C. Local and Regional Plans.....	20
D. Strengths, Weaknesses, Opportunities and Threats.....	20
E. Critical Issues.....	22
IV. STRATEGIC BUSINESS PLAN.....	24
A. Mission & Vision.....	27
B. Capital Facilities Plan.....	27
C. Management Plan.....	31
D. Financial Plan.....	32
E. Environmental Plan.....	45
F. Marketing Plan.....	46
V. PLAN IMPLEMENTATION.....	47
A. Plan Implementation Outline.....	47
B. Plan Adoption and Update Process.....	49

APPENDICES

APPENDIX A: PORT OF UMPQUA DISTRICT MAP

APPENDIX B: COMMUNITY OUTREACH SUMMARY

APPENDIX C: MARKET ANALYSIS

APPENDIX D: UMPQUA DREDGING ECONOMIC IMPACTS

APPENDIX E: FINANACIAL APPENDICES

APPENDIX F: FACILITIES REVIEW

Chapter I: INTRODUCTION

A. Purpose of the Strategic Business Plan

This Strategic Business Plan (SBP) is intended to meet the Oregon Business Development Department's SBP requirements. Oregon Administrative Rule (OAR 123, Division 25) administers the Port Planning and Marketing Fund. All ports formed under ORS 777 must adopt an SBP within one year of the state adopting its statewide SBP in order to be eligible for project funding. The plan is also designed to be a flexible guideline for the Port Commissioners to use to make sound fiscal policy and planning decisions. This plan has been prepared to meet the following Port of Umpqua needs. Please see **Appendix A** for a map of the Port's District.

1. Establish a revised mission, vision, goals and implementation strategies.
2. Provide a plan to develop and enhance the economic diversity of the Port of Umpqua district.
3. Provide a strategy for retaining existing business and attracting new business and industry to enhance local economic diversification efforts.
4. Inventory existing Port facilities/properties and potential locations of interest for future Port investment in real property and/or capital infrastructure for new economic development.
5. Adopt a prioritized Capital Facilities Plan and feasible funding strategy.
6. Provide the community and potential customers a clear understanding of the Port's mission, as well as its functions and purpose.
7. Comply with OAR 123-0025, which requires the Port to prepare and adopt a strategic business plan in order to request state funding for planned improvements.

B. Existing Mission

The existing mission and vision developed within the 2003 Strategic Plan for the Port of Umpqua have been reviewed by the Port's Commissioners, local jurisdictions, businesses, residents, and economic development stakeholders during the plan development process (see **Appendix B**). A revised mission, new vision, goals and strategies are given in Chapter IV, Strategic Business Plan.

Mission

We are stewards of public trust and property and:

- ▶ Make the highest and best use of our financial tools and assets
- ▶ Build our Port's financial strength and increase our operating revenue sources
- ▶ Create economic development and jobs by retaining and growing existing business and by adding new complementary businesses
- ▶ Protect and enhance our unique quality of place and quality of life for our Port district's citizens

C. Plan Development Process

This plan was developed with significant community outreach over a six-month process including the following major tasks and schedule.

- ▶ **Background Data** – October through December, 2010
 - ✓ Review existing Port mission, studies & facilities; conduct stakeholder interviews
 - ✓ Summarize existing facilities, interviews and draft SWOT analysis
 - ✓ Initial market findings
- ▶ **Open House No 1** – February, 2011
 - ✓ Share initial findings and solicit public feedback
- ▶ **Port Commission Workshop No 1** – February, 2011
 - ✓ Review findings, policies and project priorities
 - ✓ Review of initial market and facilities findings
- ▶ **Open House No 2** – May, 2011
 - ✓ Present summary draft Strategic Business Plan
 - ✓ Public Input for draft plan revisions
- ▶ **Port Commission Workshop No 2** – May, 2011
 - ✓ Review of proposal draft Strategic Business Plan and Open House No.2 input
- ▶ **Port Commission Adoption-Ready Plan** – June, 2011

Port of Umpqua Strategic Business Plan Schedule 2010/11										
		Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June
Task 1	Project Management	PM								
Task 2	Port Vision and Outreach	Interviews								
Task 3	Inventory and Market Analysis									
Task 4	Port Strategic Plan									
PM		Weekly Project Management teleconferences								
OH		Community Open Houses 1 & 2								
PC		Port Commission Workshops 1 and 2; Adoption Meeting								
								Draft		Final SBP

Chapter II: HISTORY, EXISTING CONDITIONS & TRENDS

This chapter provides a brief overview of the Port's background, key historic events, and general development trends within the Port District.

A. Port of Umpqua History

Oregon became a state in 1859, and gave title to all shore lands of navigable waters, except those already legally sold or granted to private owners by the federal government, in order to regulate navigation. The state authorized public Port districts to own and manage state harbors and ports. Port districts gained the authority to provide space for shipping facilities, purchase and develop industrial sites, levy taxes, and sell bonds to promote and protect port commerce.

Port districts' governing powers are vested in port commissions, consisting of three to five commissioners who may delegate day-to-day operating authority to a port manager or executive director. The Port of Umpqua has five Port Commissioners; each elected at-large to 4-year terms by Port district constituents. Terms are staggered so a new commissioner is elected every two years. State law sets dollar limits for port commissioner compensation for each day spent in attendance at official port district meetings and in performance of district services. Port of Umpqua Commissioners presently receive no compensation.

During the 1860's Thomas Elliot was the captain of the first vessel to enter the Port of Umpqua, later called Gardiner. In crossing the bar, Elliot's ship washed ashore and was destroyed on the south beach¹. The Port of Umpqua District formed in 1913, and significant improvements including construction of the jetties, development of Salmon Harbor and ongoing dredging have made the Lower Umpqua one of the most significant commerce and recreational boating harbors on the Oregon Coast.

Over the past ninety years, the Port has seen the area's industrial base change from marine commerce, logging and commercial fishing, to primarily tourism. Still, a small but vital commercial fishing fleet remains and new industry has been brought to the area, including ship building and steel bridge component companies – several of which have their headquarters in the Port's district.

The Port owns one dock adjoining Fred Wahl Marine, a major West Coast serving ship-builder in Reedsport, and another in Winchester Bay, which serves the commercial fishing fleet. The Port also owns property in Reedsport's small industrial park that includes Tyree Oil and Fred Wahl Marine, and adjoins the city's newly updated wastewater treatment plant. The Port purchased its current office building in downtown Reedsport in 2002, which has been renovated to house the Port Commission Chambers, which also serves as a community meeting facility. A large outdoor lawn and kitchen facilities allow the Port to rent the space for events. The Port also owns land on Steamboat Island that is available for wetland mitigation.

B. Area Economy

¹ The Centennial History of Oregon, 1811-1912, Joseph Gaston, George H. Himes

This section includes a brief summary of current demographic and market trends impacting the Port of Umpqua. Please refer to **Appendix C** for a complete Market Analysis.

Population levels continue to increase in both Oregon and the Port of Umpqua trade area due to population migration patterns, increases in immigrant population levels, and natural population increases. As indicated in **Table 1**, according to the Portland State University Population Research Center, the population in Reedsport decreased slightly between 2000 and 2010 by about 48 residents – resulting in a current estimated population of 4,330 as of July 1, 2010. In comparison to Reedsport, other jurisdiction in the South Coast region recorded positive population growth since 2000. During this decade, the City of Coos Bay added 1,313 people, and the City of Florence added 2,327 people.

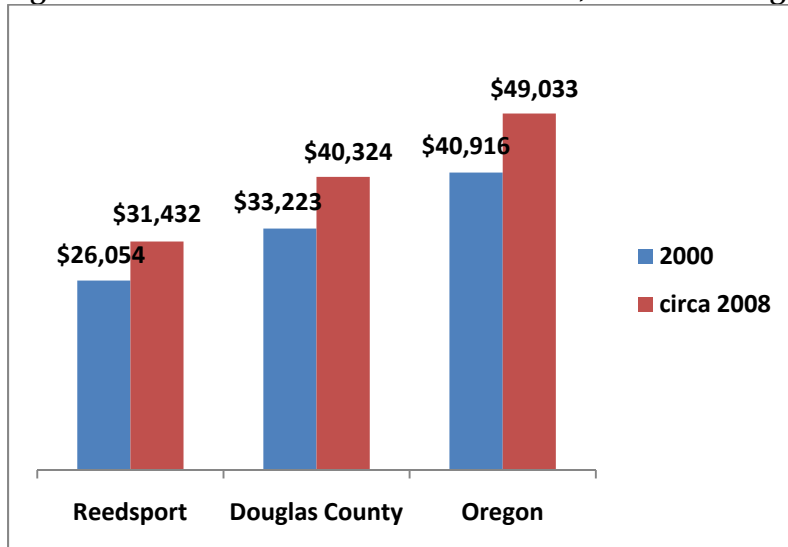
Table 1 Population Trends, 2000 to 2010

Jurisdiction	2000	2010	2000-10 Change	
			Number	Percent
Reedsport	4,378	4,330	-48	-1.1%
Coos Bay	15,372	16,685	1,313	8.5%
North Bend	9,554	9,930	376	3.9%
Florence	7,263	9,590	2,327	32.0%
Douglas County	100,399	105,240	4,841	4.8%
State of Oregon	3,436,750	3,844,195	407,445	11.9%

Source: Portland State University Population Research Center, July 1, 2010 estimates.

Median household income levels for Reedsport and Douglas County were slightly lower than the Oregon statewide average, as reflected in **Figure 1**.

Figure 1 Median Household Income Levels, Selected Geographies



Source: U.S. Census data; compiled by FCS GROUP

Industrial and Commercial Development Potential

Future demand for additional industrial and commercial retail or office development within the Port of Umpqua trade area will primarily occur through a mix of adaptive building reuse and redevelopment, including occupancy of older buildings. Since employment is the primary driver for new industrial, office and retail growth, we do not expect to see much redevelopment activity until 3-5 years from now – only if the U.S. and Oregon economic recovery continues.

In addition to attracting regional and national visitation for local recreational and boating activities, Reedsport serves western Douglas County as a center for primary education and health care services. The City of Reedsport had an estimated 1,262 workers in 2007, or about 3 percent of the Douglas County job base (**Table 2**).

Table 2 Employment in Reedsport and Douglas County, 2007

	Reedsport	Douglas County	Percent of Douglas County jobs in Reedsport Area
Natural Resources	69	1,425	5%
Retail	132	4,772	3%
Leisure & Hospitality	238	3,625	7%
Services	209	5,918	4%
Health Care & Education	385	4,529	9%
Industrial	181	10,070	2%
Government	48	8,516	1%
Total	1,262	38,855	3%

Source: U.S. Census, On-The-Map, 2007.

C. Business Clusters Analysis

It is a widely accepted theory among economic development professionals that “business clusters” are the primary force driving local economic currents and business location decisions. Clusters of business activity go well beyond mere concentrations of industry or employment types. They represent unique competitive market advantages with regard to employment, work force, creativity, entrepreneurship, business costs, and supporting natural resources.

The clusters (or Location Quotient, LQ) analysis classifies the existing business sectors in Reedsport area into four general categories:

Industry Sectors with Large LQ/High Growth Potential (“Stars”)

- Health Care & Social Assistance
- Education
- Leisure and Hospitality (includes lodging and restaurants)
- Misc. Services

Industry Sectors with Small LQ/High Growth Potential (“Emerging”)

- Professional and Business Services
- Retail Trade
- Wholesale Trade
- Transportation, Warehousing & Utilities
- Financial Activities

Industry Sectors with Large LQ/Low Growth Potential (“Mature”)

- Natural Resources (fishing and logging)

Industry Sectors with Small LQ/Low Growth Potential (“Challenged”)

- Construction
- Manufacturing

Focused marketing and business recruitment efforts are being made by local organizations such as the South Coast Development Council, Southern Oregon Regional Economic Development, Inc. (SOREDI), Business Oregon and other entities to attract established and emerging business clusters to the region and state. The business and industry clusters that are currently being targeted include: health care, advanced manufacturing, food processing, and clean technology businesses (with focus on solar & wind and wave energy development).

Local residents approved the conversion of the former Reedsport Junior/Senior High School into the Reedsport Community Charter School in early 2010. The goal of the charter school is to “create and deliver a community based, technologically infused, problem-solving curriculum incorporating state content standards aimed at preparing our students to meet or exceed OSAT benchmarks.” The program includes the integration of health care programs into its unique course offerings. The charter school has three primary elements including developing community partnerships in core and elective classes, creating and maintaining a personalized education plan for every student, and staff training in technology and learning styles. A new synergy between the Charter School and the Lower Umpqua Hospital is helping to nurture the growing local cluster in health care services.

Commercial and Industrial Development Forecasts

To estimate future development potential, FCS GROUP evaluated the 10-year employment growth forecasts prepared by the Oregon Employment Department for the South Coast Region (includes Douglas, Coos and Curry Counties). As indicated in **Table 3**, the 10-year job growth forecasts for the South Coast Region portend a positive trend towards job growth for all industry sectors, with the exception of natural resources (including fishing, logging, and mining), construction, information and manufacturing. The sectors that are expected to grow

the fastest include: education and health services; leisure & hospitality; transportation & utilities; retail trade; government; and business & professional services.

Table 3 Employment Growth Forecast, South Coast Region, 2008-2018

Employment Sector	Douglas County	Coos & Curry Counties	South Coast Region	Percent in Douglas County
Industrial				
Natural Resources	(50)	(50)	(100)	50%
Construction	(20)	10	(10)	--
Manufacturing	(370)	70	(300)	--
Wholesale Trade	50	30	80	63%
Transport. & Utilities	110	70	180	61%
Retail	450	330	780	58%
Services				
Information	(10)	(30)	(40)	25%
Financial Activities	60	80	140	43%
Prof. & Business Services	350	250	600	58%
Education & Health Services	850	530	1,380	62%
Leisure & Hospitality	410	350	760	54%
Other Services	90	50	140	64%
Government	510	530	1,040	49%
Total	2,430	2,220	4,650	52%

Source: Oregon Employment Department, compiled by FCS GROUP.

FCS GROUP prepared a forecast of commercial and industrial development potential for the Port of Umpqua trade area (see **Appendix C**). The job growth projections indicate that the South Coast Region is forecasted to add 4,650 net new jobs between 2008 and 2018 (based on Oregon Employment Department). FCS GROUP forecasted Port of Umpqua employment growth by assuming a range of low to high capture rates based on current levels of local job distributions by sector.

The Port of Umpqua District area is expected to “capture” a small share of the forecasted county job growth. FCS GROUP forecasted the capture rates for low and high levels of job growth based on our understanding of local vacant land and facilities. Please refer to **Appendix C** for a range in Port of Umpqua market trade area capture rates for each industry sector. Based on this

analysis, the Port of Umpqua market trade area could attract a mix of retail/commercial, services/office and lodging investment.

As indicated in **Table 4**, if redevelopment opportunities can be provided with adequate on-site infrastructure and priced at competitive lease/sales prices, we would expect the Port of Umpqua trade area to attract the following level of development of building area over the 2010 to 2030 time period:

Potential New Commercial and Industrial Development (2010 to 2030)

- Retail (31,000 to 62,000 square feet)
- Services (62,000 to 124,000 square feet)
- Lodging (24,000 to 49,000 square feet or 60 to 120 rooms)
- Government (8,000 to 25,000 square feet)

No significant regional demand for industrial or water-dependent uses has been forecasted by the Oregon Employment Department for the South Coast Region over the next 10 years. Hence, little long-term industrial business growth can be foreseen at this time. To the extent new industrial businesses are attracted to the Port of Umpqua Market Trade Area, they would be from national or international businesses or corporations that desire to locate in the local area because of unique site requirements or regional natural resources, such as water and wood pulp. The ability to enhance national and international market presence can only be achieved with sites of regional significance, such as the former IP mill site in Gardiner.

**Table 4 Supportable Commercial and Industrial Development Growth Forecasts
Port of Umpqua Market Trade Area, 2010 to 2030**

Supportable Building Square Feet	Low	Medium	High
Water Dependent	<i>Note 1</i>	<i>Note 1</i>	<i>Note 1</i>
Industrial	<i>Note 2</i>	<i>Note 2</i>	<i>Note 2</i>
Retail	31,000	47,000	62,000
Leisure & Hospitality	24,000	36,000	49,000
Services	62,000	93,000	124,000
Government	8,000	17,000	25,000
Total	125,000	193,000	260,000

Notes:

¹ Water-dependent uses are a subset of commercial and industrial demand.

² Future industrial developments are very speculative at this time in light of negative regional industrial growth forecasts by Oregon Employment Dept. New industrial demand may stem from national or international business investment that is attracted to unique sites and locations, such as the former IP mill site in Gardiner.

Source: FCS GROUP, derived from Appendix C.

Competitive Land and Building Inventory

There are several vacant buildings and underutilized commercial and industrial sites within the Port of Umpqua market area. FCS GROUP identified several industrial and office properties being marketed currently by BusinessOregon and local brokers. As indicated in **Table 5**, the vacant inventory includes several vacant office buildings and call center buildings in Reedsport and Coos Bay. There is also a wide range of industrial sites being marked in the area, with the largest being the 415-acre International Paper (IP) former mill site in Gardiner.

Table 5 Available Office and Industrial Properties in Umpqua Market Area

Property Name	General Location	Building or Property Type	Building Area (sq.ft.)	Land Area (acres)	Certified Site
Available Buildings					
Cedar Palace	Reedsport	Office	17,200	n/a	
Jewett School Facility	Reedsport	Office, Call Center	46,796	n/a	
Winchester Building	Reedsport	Office, Call Center	6,147	n/a	
Training Center	Reedsport	Office, Call Center	5,460	n/a	
Smith River Building	Reedsport	Office, Call Center	3,500	n/a	
Warehouse	Reedsport	Industrial, Warehouse	12,141	n/a	
The Comac Building	Coos Bay	Office, Call Center	18,600	n/a	
Available Land					
International Paper Site	Reedsport	Vacant Land	n/a	270 to 415	
Parking Lot	Reedsport	Vacant Land	n/a	0.23	
Commercial Corner	Reedsport	Vacant Land	n/a	0.23	
Transpacific Parkway	North Bend	Vacant Land	n/a	10 to 52	Yes
North Bay Industrial Park	North Bend	Vacant Land	n/a	15 to 80	Yes
2348 Colorado Street	North Bend	Vacant Land	n/a	5 to 26	Yes
63234 Troller Road	Coos Bay	Vacant Land	n/a	2.23	
Mill Site	North Bend	Vacant Land	n/a	10 to 147	
Park Building	Reedsport	Office, Call Center	n/a	.17 to .21	
Oregon Resources Corporation	Coos Bay	Vacant Land	n/a	12	
Bunker Hill	Coos Bay	Vacant Land	n/a	12	
Bangor School Site	North Bend	Vacant Land	n/a	.02 to 5.8	

Source: BusinessOregon (www.oregonprospector.com); compiled by FCS GROUP, Jan. 2011.

In conversations with local brokers, there have been a number of business inquirees regarding the IP mill site over the past six months, including a data center, barge company, and energy R&D companies.² The primary benefits of the site include access to Winchester Bay, a deep water outfall to the Pacific Ocean, extensive infrastructure, and up to 15 million gpd of potable water rights. Wave energy development, research and manufacturing operations are also showing some potential for growth. Emerging partnerships include Ocean Power Technologies, Inc. and Oregon Iron Works working to construct the first prototype commercial energy

² Source: interview with John Brown, Evans, Elder & Brown in Eugene, Oregon; commercial broker for the IP Mill Site in Gardiner.

PowerBouy systems in North America. Current work is underway to test the piston-type wave energy facility (PowerBouy system) using Pacific Ocean water outflow pipeline as a conduit for monitoring wave energy power generation. While the IP site holds promise as a logical location for wave energy development, actual levels of private investment is still speculative.

In light of the significant level of land and water rights at the IP mill site, there appears to be good development potential for food processing activities, such as aquaculture and hydroponics.

Other important private development activities in the South Coast Region, include:

- The Port of Coos Bay secured a \$7.8 million grant from the Oregon Transportation Commission (August, 2010). This funding is needed to reopen the rail line between Coquille and Eugene, thereby providing continuous rail access to Reedsport and the Coos Bay/North Bend area.
- American Bridge's fabrication plant in Reedsport announced plans to increase production and employment with the reopening of the rail line between Coos Bay and Eugene (August 2010).

D. Industrial and Commercial Opportunity Sites

A. International Paper Site, Gardiner (Figure 2)

Although the International Paper (IP) site is not under Port ownership, its redevelopment and potential for job growth in the Port's service district is a top priority. At 415-acres, the IP site is an industrial site of statewide, national and potentially international significance. The site is accessed from Highway 101 in Gardiner, and extends from the Umpqua River frontage west toward the Pacific, and north including water rights and access to two fresh water lakes. Other site highlights include:

- Deep water outfall to Pacific Ocean.
- Extensive Infrastructure on site.
- 15 million gallons of potable water rights.
- Current wave-energy research by Ocean Power Technologies for a PowerBouy (piston-type) generator.



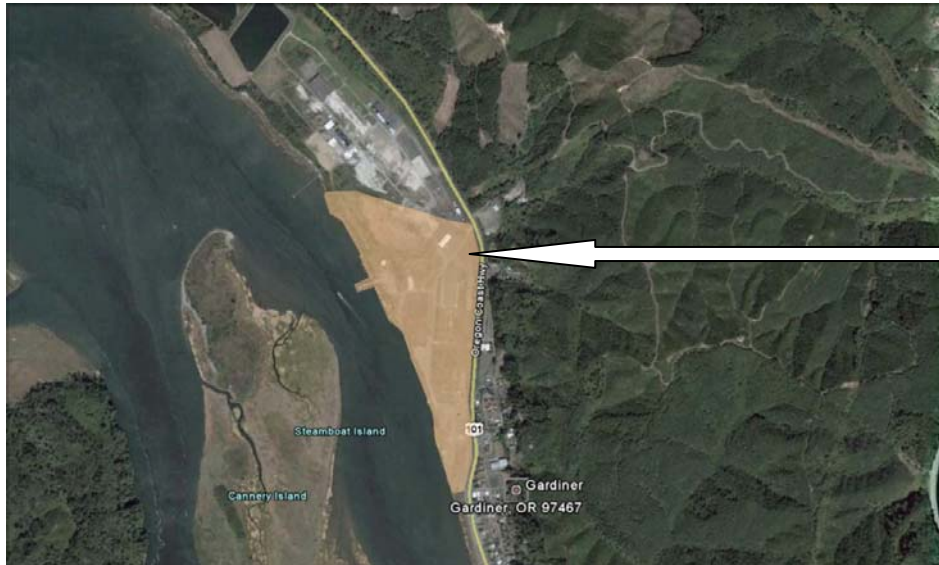


Figure 3 IP core site redevelopment opportunity

Shaded area within 415-acre site shows 87-acre core redevelopment concept plan area – see Section V

B. Port of Umpqua Building Acquisition, Reedsport

Purpose: Acquisition of a site and buildings in Reedsport suitable for use as a potential port office and business development center. This facility could accommodate the needs of local businesses for growth, training and potential shared services. The site could also accommodate the port office and Commission Chambers, allowing opportunity for disposition and redevelopment of the existing port office on 4th Street.

Figure 4 Proposed Port Office and Business Development Center



Square footage: 1867 Winchester = 6,147 SF and 1865 Winchester = 1,450 SF

Parking: 40+ parking spaces

Existing adjacent use: Health food market on street corner adjoins Marketron main building

Potential Uses: Port Office Relocation; Business Development Center

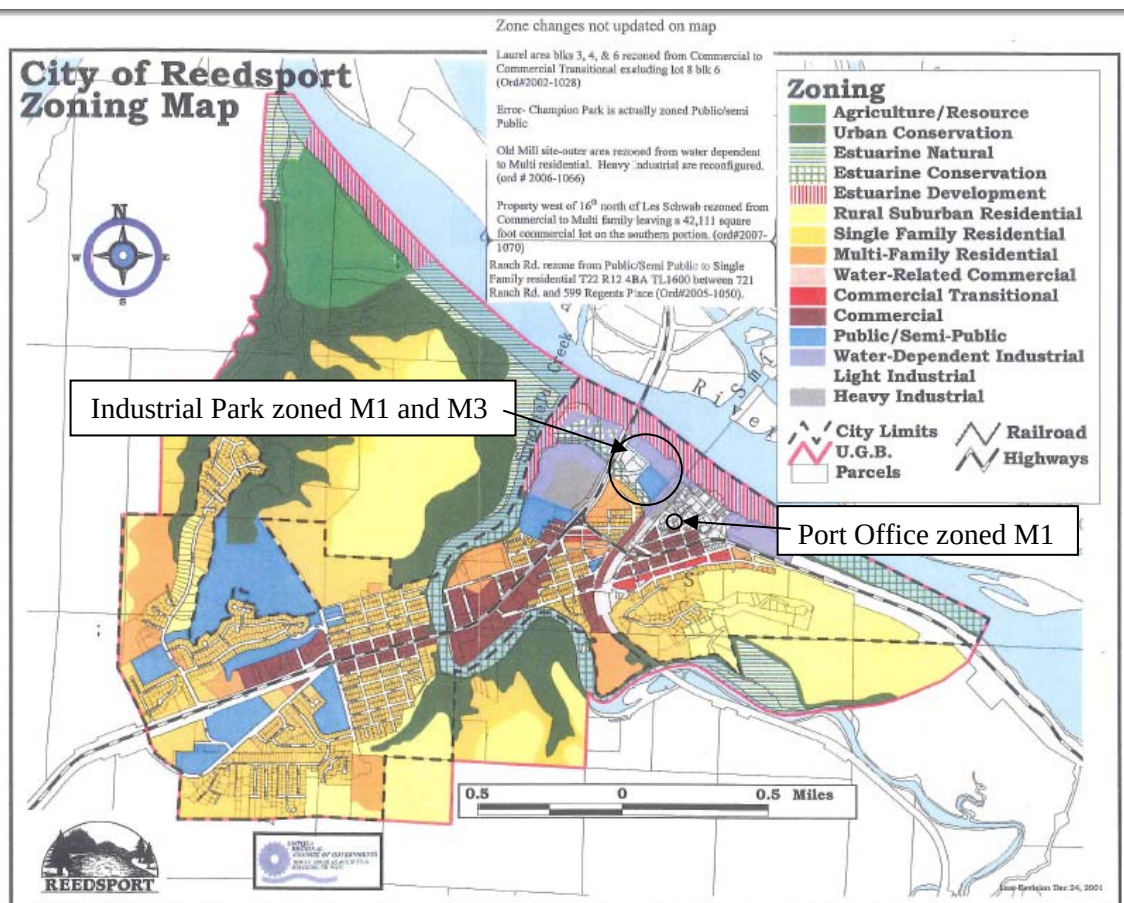
Chapter III: Policy Context and Situational Analysis

A. City, County, State and Federal Policies

A.1 City of Reedsport Zoning

Figure 5 shows the Port owned property within the Industrial Park is zoned light industrial and water-dependent industrial on the waterfront. The Port office located on N 4th Street is zoned light industrial. Allowed uses per zone are summarized in **Table 4**.

Figure 5 Reedsport Zoning



Waterfront Industrial Park Zoning – Water-Dependent Marine Industrial (M3) supporting Fred Wahl Marine and the Umpqua River dock. The estuary is also zoned Estuarine Development and Estuarine Conservation along the Umpqua River. The waterfront is also subject to overlay zones. Uses and development within or near the river are subject to Supplementary Provisions for Estuarine and Shoreland Areas (RMC 10.80), and development within wetland and riparian resources are subject to the Significant Natural Resource Overlay Zone (RMC 10.76.150).

Upland Industrial Park Zoning – Light Industrial (M1) zoning for Tyree Oil lease site.

Downtown Fringe Zoning – Light Industrial (M1) supporting the Port Office at 364 N 4th Street.

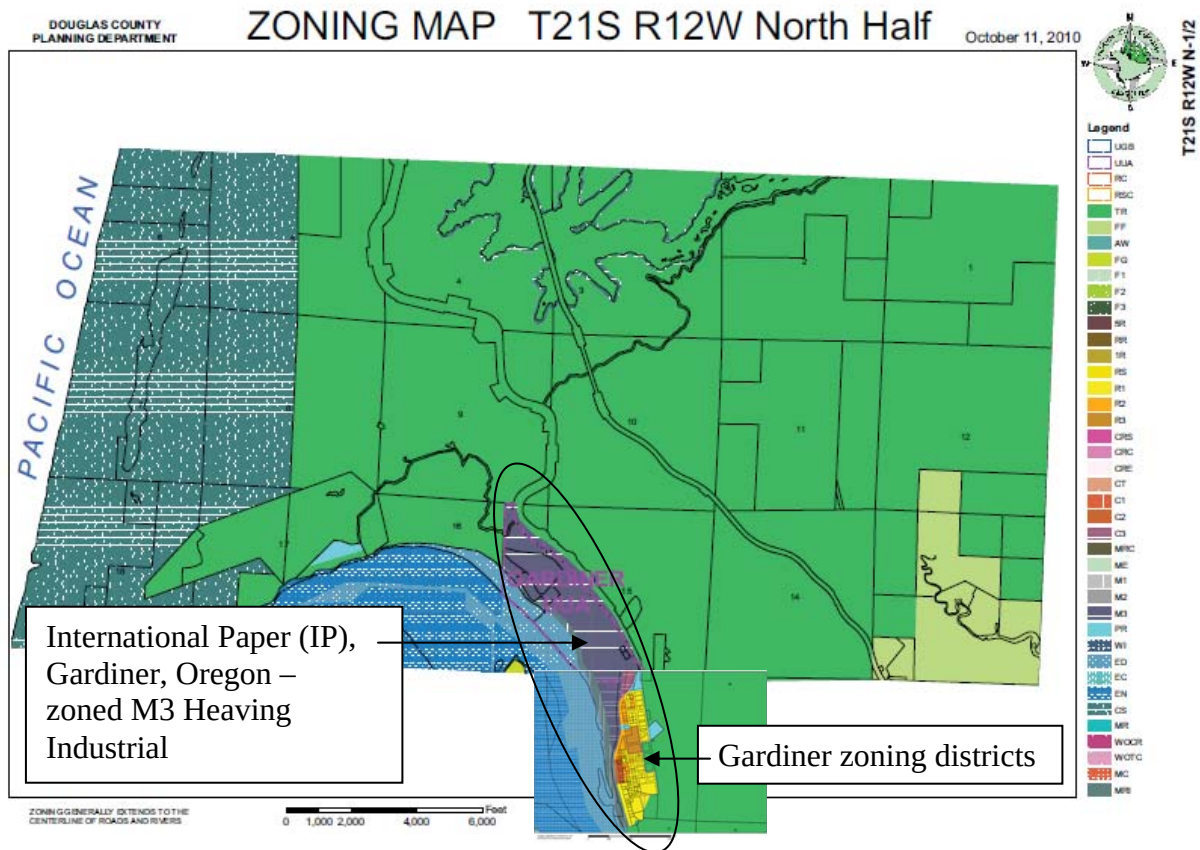
Table 6 Allowed Uses in M1 and M3 Zones

Light Industrial (M1) Uses	P	CU
Accessory uses	✓	
Commercial uses (except C1 uses)	✓	
Building supply store of less than 20,000 square feet	✓	
Implement, machinery, heavy equipment and truck repair	✓	
Kennels; Laboratories; Light fabrication and repair shops	✓	
Manufacture of electronics, precision components and optical instruments	✓	
Manufacturing, compounding, processing, packaging or treatment of products	✓	
Parking lots; Public buildings and structures	✓	
Storage buildings or warehouses, freight and truck terminals	✓	
Transportation and freight yards and terminals	✓	
Veterinary clinic	✓	
Wholesale business salesrooms; Wholesale trade	✓	
Firing Ranges		✓
Residential quarters, (i.e. watchman's quarters), as a secondary use;		✓
Building supply stores exceeding twenty thousand (20,000) square feet		✓
Similar Uses as Determined by the Planning Director		✓
Marine Industrial (Water-Dependant) M3 Uses	P	CU
Aids to navigation	✓	
Boat launch or moorage facility, marina and boat charter	✓	
Cold storage and ice processing for marine/estuarine products	✓	
Communication facilities essential to service water-dependent use	✓	
Energy production facilities, forest products processing and other industrial complexes dependent on the estuarine or marine waters	✓	
Extraction, processing, storage of aggregate in or adjacent to estuarine waters	✓	
Facilities for construction, repair, maintenance and dismantling of boats, barges, ships and related marine equipment	✓	
Facilities for processing of products harvested from the estuary or ocean	✓	
Facilities to refuel and service boats, barges, ships and marine equipment	✓	
Laboratory for research on marine/estuarine products and resources	✓	
Loading and unloading facilities; Maintenance/rehab of existing structures	✓	
Manufacturing where materials or products are transported on estuarine waters	✓	
Marine ways and dry dock facilities for boat, barge & ship repair/maintenance	✓	
Office in conjunction with a permitted or conditionally permitted use	✓	
Parking lots; public waterfront access; research and educational observation	✓	
Utilities such as power and telephone, gas, water and sewer lines	✓	
Wharves, docks and piers	✓	
Aquaculture; Flood and erosion-prevention structures		✓
Manufacture of structural devices to be used in the storage, extraction and processing of resources found in coastal waters		✓
Residential quarters (i.e. watchman) as secondary use; Retail seafood market in conjunction with seafood packing and processing plant;		✓
Uses not listed above which must locate next to the estuary because of a demonstrated relationship to the water, proven unavailability of upland locations or specialized citing requirements.		✓

Source: Reedsport Municipal Code (RMC), Sections 10.72.090 and 10.72.110 paraphrased

Note: P = permitted uses; CU = conditional uses

Figure 7 International Paper Site Zoning, Gardiner



The *International Paper* former mill site is within the Gardiner Unincorporated Urban Area and is zoned M3, Heaving Industrial. The zone allows a host of heavy industrial uses, and is an inclusive industrial zone, shown in the darker purple color on the map. This means that all uses permitted in the M2, Medium Industrial and M1, Light Industrial zones are also permitted within the M3 zone. The site is appropriately zoned for a range of uses from office parks and research and development, to heaving industrial uses such as manufacturing, processing, storage and accessory uses. See Douglas County Land Use and Development Code Section 3.140 for zoning details.

Umpqua Port District

The port is also very supportive of appropriate economic development activities within its district. Because the Port can best leverage job growth and economic opportunity within Reedsport, Winchester Bay and Gardiner, this section focuses on the local Lower Umpqua Regional zoning as a matter of strategic emphasis. While specific development projects are not identified outside of Reedsport, additional zoning diligence is nonetheless encouraged to further support the development of economic development opportunities outside of the Lower Umpqua Region and within the Port's District. Appropriate levels of coordination, involvement, partnership and synergy between the Port, its communities and the county are reflected within this plan, including future sections on management, marketing and environmental plan components. The port also owns property on Steamboat Island that is zoned for conservation and is available for wetland mitigation.

A.3 State of Oregon

The state's policy structure has a significant impact in shaping the future of the Port – including planning, zoning, environmental protection, and economic development, among others. The state's regulations influence development, fisheries, alternative energy, as well as port management and finance functions. This plan underscores areas of alignment with the state's policy structure, and discusses areas of concern over the state's policy direction.

Statewide Planning Goals

The Port's plan is most influenced by several of Oregon's 19 statewide planning goals:

Goal 9 Economic Development

Oregon requires local jurisdictions to maintain a 20-year supply of employment lands suitable to meet the needs of local business and industry likely to locate during this period. For the Port of Umpqua, this Strategic Business Plan establishes a need for 125,000 to 260,000 square feet of employment building area within the Lower Umpqua Region to meet forecast growth (see **Appendix C**). A portion of this need can be met within underutilized buildings and on available land in and outside of Reedsport. The City of Reedsport's Goal 9 findings indicate a total of 14 additional acres of employment land is needed to accommodate 20-year commercial and industrial growth within its Urban Growth Boundary (2010 at page V-4, table 2).

Goal 12 Transportation

The state requires local jurisdictions to complete transportation system plans (TSPs). The City of Reedsport's Transportation System Plan identifies a number of improvements within, some of which would impact development prospects for the port. Transportation highlights for the Port District, including Reedsport TSP findings and recommendations include:

- The Umpqua River Scenic Byway (**Figure 8**) is one of only 15 Scenic Byways in Oregon, and extends along Oregon Route 38 for approximately 66 miles from Reedsport to I-5. Reedsport is considered as the west gateway for this route. At Reedsport, the Umpqua Scenic Byway intersects with the Pacific Coast Scenic Byway.
- Downtown Reedsport is traversed by the Oregon Route 38 (Umpqua Ave.) and serves as the west gateway to this Oregon Scenic Byway, and is a convenient stopping point along the Pacific Coast Scenic Byway. There are unique funding opportunities from ODOT for making enhancements along these routes, such as the planned public facility/restroom near Highway 101/SR 38.
- According to the Reedsport TSP, all roadway intersections in downtown operate at level of service A/B, and are not expected to fail over the 20-year forecast time period.
- Free public parking in downtown Reedsport is provided along public streets and in public off-street parking areas in 5 separate locations.
- A city-owned boat launch provides parking for cars and trailers. The city is considering plans to expand the city-owned boat launch parking site. Future parking management techniques may be needed to help provide additional locations for boat trailer parking, and to help manage parking during peak events, such as the annual Reedsport chainsaw art festival (Chainsaw Fest), which is considered to be one of the largest international chainsaw art events (now in the 11th consecutive year and put on by the Reedsport/Winchester Bay Chamber of Commerce).

Figure 8 Umpqua River Scenic Byway



- Additional public parking (for cars and trailers) and directional signage for visitors could potentially enhance downtown visitation during peak events and festivals.
- There is limited inter-city transit service provided to downtown Reedsport.
- Because Highways 38 and 101 are freight routes with posted speeds under 35 miles per hour, they are classified Urban Business Area (UBA). The UBA designation promotes balance between access needs to abutting properties and adequate speeds to move through traffic.
- The TSP recommends a Special Transportation Area (STA) designation for OR 38, particularly between the CORP railroad and South 2nd Street, which is posted at 25 miles per hour, with on street parking and bike lanes. An STA is allowed for areas split by the highway with mixed land uses and buildings spaced close together, with little or no setback from the highway. STAs promote wide sidewalks adjacent to the buildings along the highway, and public streets must be designed for ease of crossing by pedestrians.
- An STA designation could benefit downtown Reedsport by allowing narrower travel lanes and turning lanes, closer access spacing, provision to allow mid-block driveways; and a higher traffic volume to capacity ratio (v/c) of 0.85 rather than 0.75 required elsewhere on OR 38. Since OR 38 has already been built to ODOT standards, and because there are no capacity issues forecast by the TSP over the next 20 years, the primary advantage of an STA over the current UBA designation for OR 38 is more flexible access spacing as property redevelops. An agreement between the City of Reedsport and ODOT, Region 3 is required to apply the STA designation.
- Umpqua Avenue (State Route 3) is classified as an arterial roadway with a posted speed of 25 miles per hour. The TSP supports designation of a segment of this roadway as an Urban Business Area (UBA) to help ensure greater flexibility in meeting ODOT access management and volume/capacity standards.
- The TSP also recommends developing an access management plan for OR 38 and US 101.
- The Central Oregon & Pacific Railway traverses downtown with two separate at-grade rail crossings. While train service is currently limited, the renovation of the railroad bridge over the Umpqua River is scheduled for work this year, along with \$7.8 million in Coos Bay rail line rehabilitation improvements. The Reedsport TSP has identified the potential need for a railroad “arm guard” along the Umpqua Avenue at-grade intersection.

The Port also owns and manages two commercial docks that support marine access and transport, including the Umpqua River dock adjoining Fred Wahl Marine and the Salmon Harbor commercial fish off loading dock, which includes a lift system. As indicated in Appendix F, these docks are both in good working order and require only routine maintenance.

- **Goal 16 Water Dependent Use**

This statewide goal is designed to protect Coastal Estuaries. The Reedsport Economic Opportunity Analysis (EOA) concludes that the City has a net additional land need for 24.6 acres of buildable commercial-zoned land, and a net surplus of 10.6 acres of industrial-zoned land. The EOA recommends that the City consider the following options: “1) converting the existing vacant residential land (especially multifamily zoned land) to commercial; 2) using the redevelopment district to acquire existing underutilized commercial properties and/or vacant buildings and making them available for new commercial development; or 3) re-zoning the Marine (Water-Dependent) Industrial (M-3) zoned land to commercial.

Oregon Statewide Port Strategic Plan

The Port of Umpqua is addressing recommendations of the recently adopted Oregon Statewide Port Strategic Plan. This is among the first round of local port plans to be developed under the state’s program. The plan is designed to generally meet the state’s template for local Strategic Business Plans. The state’s template is a guide, and individual port SBPs are allowed to vary from the template.

Marine Reserves

The State of Oregon is involved in an ongoing process of designating a system of marine reserves in its Territorial Sea. This process was initiated by the Ocean Policy Advisory Council (OPAC), a mandated advisory body providing policy advice to the Governor. OPAC worked through 2007 and 2008 to develop possible marine reserve sites along the Oregon Coast. In 2009 the legislature adopted House Bill 3013 which directed the Oregon Department of Fish and Wildlife (ODFW) in consultation with others, to develop a work program and implement the recommendations of OPAC.

The recommendations of OPAC through an ODFW work plan to address the following requirements:

- 1) Adopting rules to establish, study monitor, evaluate and enforce pilot marine reserve at Otter Rock and a pilot marine reserve and a marine protected area at Redfish Rocks;
- 2) Studying and evaluating potential marine reserves at Cape Falcon, Cascade Head and Cape Perpetua; and
- 3) Supporting the development of a marine reserve proposal at Cape Arago-Seven Devils.

The Port of Umpqua’s commercial fishing fleet at Salmon Harbor would be impacted by the proposed Cape Arago and possibly the Cape Perpetua Marine Reserves. The Port has worked with local governments, ODFW, OPAC and others to better understand marine

reserves and their potential impacts on the fishing and fisheries. The Port Commission adopted Resolution No. 07-02 on November 20, 2007 opposing all marine reserves in Oregon coastal waters. The Port remains active in this discussion and extremely concerned about any further impacts or threats to an already heavily regulated fishing industry.

A.4 Federal Policies

Recent support for alternative energy has raised interest and current testing of wave energy technology represents the most significant federal policy-related impacts and opportunities for the Port of Umpqua.

Wave Energy

Ocean Power Technology (OPT) will be siting their wave energy buoy, the first of its kind in the continental US, immediately north of the mouth of the Umpqua River entrance. It is scheduled to be in place by 2012. The remainder of the 10 buoy project will be added soon thereafter. This project is paramount in renewable energy and has the attention of vast interests, public and private. Construction of the first buoy and its ultimate deployment costs will be slightly over six million (\$6M) dollars according to Oregon Wave Energy Trust. A safe, navigable channel is essential for deployment, maintenance and research of this significant new renewable energy project.

B. Partnerships and Political Context

Collaboration with strategic partners allows the port to better address its mission and manage its assets. **Table 7** gives the Port's role within each organization, and lists some key issues. The Port strives has a history of positive working relationships and project results with its partners.

Table 7 Port Organizational Partners

Port Partners	Role and Key Issues
Urban Renewal Agency	Commissioner represents port as permanent board member general manager attends meetings
Southwest Area Commission on Transportation (SWACT)	Manager attends meetings
Winchester Bay/Reedsport Chamber of Commerce	Commissioner represents port
Oregon Coastal Zone Management Association (OCZMA)	Commissioner represents port as general member
Pacific Northwest Waterways Association (PNWA)	Port is a member
Oregon Public Ports Association (OPPA)	Manager represents port as general member
Douglas County Industrial Development Board	Manager represents port as Ex-Officio
Special Districts Association of Oregon (SDAO)	Manager represents port as general member
Pacific Coast Congress of Harbormasters and Port Managers (PCCHPM)	Port staff is a member of professional organization
Southern Oregon Ocean Resource Council (SOORC)	Commissioner serves individually as general member general manager attends meetings
Salmon Trout Enhancement Program	Port supports and contributes to ongoing projects

C. Local and Regional Plans

The Port of Umpqua operates within and is impacted by key local and regional economic and environmental plans that help it to address its mission. **Table 8** lists significant local and regional efforts which require coordination in order for the Port to implement this plan.

Table 8 Port-Related Plans

Local Plans	Relevance to Port SBP
City of Reedsport Transportation System Plan	Impacts movement of goods and services; access to employment lands
City of Reedsport Comprehensive Plan, Goal 9	Lists local economic opportunities and buildable lands
Reedsport Urban Renewal Plan	Plan includes critical projects such as downtown stormwater upgrades needed to recertify levees and protect against flooding
Reedsport Community Assessment, 2009	Plan includes local vision, main street assessment and improvement findings
Reedsport Waterfront and Downtown Master Plan, 2011	Plan is in progress and focuses on waterfront and downtown redevelopment options
Regional Plans	Relevance to Port SBP
Salmon Harbor Capital Outlay Plan 2011/12	Includes need for design and engineering study to replace “D” Dock in East Basin
Douglas County Transportation System Plan	Supports regional transportation improvements
Oregon Marine Board Grant to Expand Boat Launch	Supports Umpqua River Access for boating
Federal Energy and Water Appropriations Operations and Maintenance Funding	Federal appropriates for Umpqua River (Reedsport/Salmon Harbor) has dropped from \$1.1M (2010) to \$0 proposed in 2012.

D. Strengths, Weaknesses, Opportunities and Threats

The project team gathered local input (**Appendix B**) and completed a visual assessment of the Port’s infrastructure (**Appendix F**) to help inform and update the Port’s Strengths, Weaknesses, Opportunities and Threats analysis in the 2003 plan. The outreach and review component included more than 20 personal interviews with local economic development professionals and business leaders, as well as a presentation at a public open house in February, 2011. The Port’s present SWOT analysis includes:

D1. Port’s Strengths

- Diversity within District – Umpqua River to Pacific Ocean
- Strong commissioner, staff, city and agency relations
- Diverse business, industry, commercial and recreational mix
- Access to I-5 via Highway 38
- Individual entrepreneurship – remote from county seat in Roseburg
- Stewardship of natural resources

- Adequate infrastructure to support industrial growth
- Proximity to Eugene, Roseburg and Pacific Ocean access

D2. Port's Weaknesses:

- Lack of land ownership
- Some improvements are cost prohibitive
- Overlap in responsibilities of Port, City, County
- Lack of land, management and operations standards
- Community image
- Lack of attractors and activities for visitors
- Lack of industrial market demand
- Underutilized land and resources

D3. Port's Opportunities

- Livability and Affordable business climate
- Among the largest shovel-ready industrial sites in Oregon
- Largest recreational fishing fleet on Oregon Coast
- Fisheries and seafood (i.e. oysters and small canneries)
- Visitor and recreation (Winchester Bay, Oregon Dunes, Elk viewing)
- Investment brings Coos Rail Branch back on line for commerce
- Partnerships and redevelopment (i.e. IP Mill and Rainbow Plaza, etc)
- Assist City with waterfront and downtown redevelopment
- Infrastructure – City downtown levee improvements are key
- Financial management and revenue enhancement
- Emerging niche markets, such as aquaculture, wave energy, ecotourism
- Diversify and expand: food processing, energy, health care and tourism

D4. Port's Threats

- Lack of forecast manufacturing job growth
- Ongoing jetty repair and dredging needs
- Response to declining fishing industry (lack of diversification)
- Fisheries regulations
- Lack of land base
- Maintenance costs vs. income streams
- Socioeconomic impact/low profile of the District
- Liability issues/aging professionals
- Lack of financial resources

E. Critical Issues

The Port of Umpqua's mission is job creation, among others. Its highest priority and most critical issue is to ensure ongoing federal jetty and dredging funding for the Umpqua River in order to protect nearly 1,300 existing jobs that are dependent on federal dredging. The present allocation has dropped from 1.1M in 2010 to zero in 2012. Many of the Port's future opportunities related to sport and commercial fisheries, ship building, metalworks, manufacturing, energy and others also depend on safe jetty passage and federal channel maintenance.

Additional opportunities rest in marketing the International Paper site in Gardiner beyond the regional markets, which forecast no eminent industrial growth in the south coast region. In order to market one of the largest shovel-ready industrial sites in Oregon and along the west coast, targeted national and international marketing is needed.

The Port is also in a position to address its mission through acquisition and development of a business development center. Such a facility could be anchored and staffed by the Port, provide a new Port Chamber, public meeting rooms, business development offices, and a training center. Although the southern Oregon Coast has been hit particularly hard by the recession, bright spots to address during the local market's recovery and growth for the next 20 years include health care, education, leisure and hospitality, miscellaneous services, and others.

E.1 Demand Summary

The market study completed for the Port's strategic business plan is found in **Appendix C**. This study indicates specific target markets and land demand needs that can be captured by the Port of Umpqua over the next 20 years via the following development summary.

Development Program Summary

The recommended target development program anticipates a very slow business recovery starting in 2011. The commercial and service sectors, such as health care, retail and tourism/entertainment are likely to experience near-term investment and job growth that could lead to positive economic development within the Port of Umpqua Market Trade Area.

Little industrial business growth can be foreseen at this time. To the extent new industrial businesses are attracted to the Port of Umpqua Market Trade Area, they would likely be from national or international corporations that desire to capitalize on regional natural resources (such as water and wood pulp) and require special site infrastructure (like abundant water supply and rail access). The ability to enhance national and international market presence can only be achieved with sites of regional significance, such as the former IP mill site in Gardiner.

The actual timing of any new development will of course vary from year to year. It should be noted that the wide range in government building space needs (refer to **Table 4, page 8**) reflects current uncertainty regarding state and federal programs and funding levels.

In light of the weak economy for the South Coast Region, the Port of Umpqua should work closely with local jurisdictions, citizens, property owners, and regional and state economic development officials to retain existing businesses, bolster tourism, and facilitate long-term development at the former IP mill site in Gardiner, and foster redevelopment in downtown Reedsport.

The IP mill site is zoned to support a wide range of light to heavy industrial users, including potential for industrial corporate headquarters, aquaculture, energy-related industrial, and manufacturing among other uses³. The port is committed to the pursuit of industrial users for the IP site, and will need to step up marketing on a national and international scale in light of weak manufacturing forecasts for the south coast region. This effort is supported by the Port's mission to attract family-wage jobs that will benefit the Port of Umpqua District and the Reedsport area.

Other uses (retail, hospitality, services and government) within the 20-year demand forecast shown on **Table 4, page 8** can be accommodated within the City of Reedsport.

E.2 Risk Assessment

The Port of Umpqua is at a critical point in its history, and will face significant risks in successfully implementing its mission and vision. These include physical, economic and political risks as outlined in **Table 9**.

Table 9 Port Risks

Top Project Priorities	Physical Risks	Economic Risks	Political Risks
Umpqua River federal channel dredging and jetty maintenance	Umpqua bar crossing and channel navigation safety	Loss of channel-dependent jobs (1,297) and \$141.7M in output (see App. D)	Local reaction to threat of no federal funding for channel and jobs at risk
International Paper former mill site redevelopment – Port marketing assistance	May entail construction in tsunami impact zone (western site)	Annual marketing costs to national and international firms of est. \$5,000 to \$10,000	Port investment in this private site well supported; broaden market outreach
Property Acquisition for a Port of Umpqua office and Business Development Center	Port Office is presently within tsunami excavation zone	Investment estimated at \$200,000 at risk, but potential new port office and job growth mitigate risk profile	Project aimed at accommodating local business growth, strong need and local support

³ Additional industrial development opportunities that were identified in *The Partnership for Economic Development in Douglas County – Competitiveness Report, Aug. 2010* include: green building products, plastic manufacturing, reconstituted wood products, paper and newsprint mills, glass manufacturing, and sanitary paper product manufacturing.

Chapter V: STRATEGIC BUSINESS PLAN

This chapter provides an updated Strategic Business Plan to help guide the Port's activities under the five categories outlined in the state's model port business plan pursuant to OAR 123-025: 1) Capital Facilities; 2) Management; 3) Financial; 4) Environmental; and 5) Marketing. The Port's top project priorities are given in **Table 10** and are shown in **Figures 9-11** below.

Table 10 Priority Projects

Top Priority Projects	Type	Term	Cost Est.	Lead Agency	Comments
A.Umpqua River Dredging	Maintenance	Long Term (yrs. 1-20); Ongoing	\$1.2M/yr	USACE	Economic benefit of dredging = 1,297 jobs and \$141.7M (see Appendix D)
B.IP Site Redevelopment	Marketing	Short & Mid-Term (yrs 1-10)	\$5,000 to \$10,000/yr	Port	Market site in strategic national and national trade publications
C. Port of Umpqua Business Development Center	Acquisition	Short Term (yrs 1-5)	\$200,000	Port	Acquire building for possible port offices and business development center

Figure 9 Lower Umpqua Project Areas



Figure 10 International Paper (IP) Core Site Development Concept



The IP Gardiner mill closed in the late 1990's, leaving hundreds of mill workers unemployed. In response, the Port has supported IP site industrial redevelopment to help fulfill their mission to create and retain local jobs. At 415-acres, this is among the largest shovel-ready industrial sites in Oregon. Due to sluggish demand for regional industrial development, the IP site is poised for national and international targeted marketing efforts. **Figure 10** shows a concept plan for the southern 87-acres of the site across from Gardiner, transitioning from light industrial office headquarters and warehousing (at right) to heavy industrial uses to the north (at left). There are several hundred acres remaining to the north and west leaving ample room for heavy industrial and water users. The site boasts 15mgd of available water rights and an active deep water Pacific outfall which is presently in use for telemetry for a wave energy test buoy.

Figure 11 Port of Umpqua Business Development Center



The Port of Umpqua has purchased the former Marketron buildings and parking lot located at 1865 and 1867 Winchester Avenue in uptown Reedsport. The site will provide opportunity for relocating the Port Offices and creation of the business development center to provide space for local businesses to grow. The two buildings include approximately 7,600 square feet of floor area with 35 individual offices, a large conference room, a courtyard and ample parking. Beyond the relocation of the port offices, and potential move for the Port Commission chambers, steps toward local business center development may include:

1. Identification of local businesses requiring office space and lease agreements.
2. Formation of an online "business incubator" website, containing information on local business development, suppliers, and grant opportunities. Such sites are estimated to cost \$1,500 to \$2,000 per year and provide inexpensive assistance to local businesses.
3. Partnerships and training opportunities could be developed to assist target industry growth. This could include a training room set up for on site or remote classes offered by the Southwestern Oregon Community College, Lower Umpqua Hospital and/or charter school. Costs for such programs vary, and require further research and partnership discussions.

A. Mission, Vision & Goals

Proposed Mission: The Port of Umpqua exists to maximize employment opportunities within its district through:

- ▶ highest and best use of financial tools and assets;
- ▶ increased operating revenue sources;
- ▶ economic development to retain existing and create new jobs; and
- ▶ protection and enhancement of the unique quality of place and life for our citizens.

Proposed Vision

The Port of Umpqua maintains and creates strategic partnerships to maximize business opportunities, useful facilities, and a quality working environment within its district.

Plan Element Goals

Capital Facilities Goal: Assure capital facilities are developed and maintained to serve commerce, support economic opportunities and create jobs within the port district. Umpqua River dredging and jetty maintenance is critical to support local commerce on an ongoing basis.

Management Goal: Pursue the Port's mission and vision through successful management of its operations, partnerships and physical resources.

Financial Goal: Enable the Port to meet its mission through financial stability.

Environmental Goal: Ensure environmental stewardship of land and water resources in developing and operating facilities under the Port's control.

Marketing Goal: Market the Port's services and assets to local, regional, national and international prospects and partners to maximize job creation within the district.

Policies and Strategies

B. Capital Facilities

Goal 1. Ensure ongoing Umpqua River dredging and maintenance of the Pacific Ocean jetties to support local commerce on an ongoing basis.

Policy: The Port will lobby for ongoing federal Energy and Water Appropriations for operations and maintenance of the Lower Umpqua River through dredging and jetty maintenance funding.

Strategy 1. Estimate the economic benefit of maintaining current shipping channel depth and safe access to the Lower Umpqua Region.

Strategy 2. Update and submit economic benefit data to congressional representatives on an annual basis.

Strategy 3. Work with Salmon Harbor, Douglas County, the City of Reedsport, the Lower Umpqua Economic Development Forum, and others to ensure a unified federal lobbying effort for ongoing dredging and jetty maintenance funding.

Goal 2. Develop and maintain a Port Capital Facilities Plan.

Policy: The Port will develop and maintain a Capital Facilities Plan that lists projects and gives planning-level costs estimates for capital projects.

Strategy 1. Develop a list of viable capital improvement plans for Port properties, assets, and partnership projects with other agencies and/or private property owners.

Strategy 2. Provide planning-level cost estimates for the Capital Facilities Plan project list.

Strategy 3. Maintain and update the Capital Facilities Plan on an annual or biannual basis, with input from partner agencies or private property owners as appropriate.

Goal 3. Develop the Port's Strategic Plan to include a Capital Facilities Plan with identified projects that target local market demands and opportunities.

Policy: Develop a list of initial capital improvement projects and cost estimates.

Strategy 1. Identify opportunities for the Port to develop properties and projects to enhance job creation potential within the Lower Umpqua Region.

Strategy 2. Initial SBP Capital Facilities Plan Project List:

- Ongoing maintenance of the Lower Umpqua River federal shipping channel through federally funded dredging and jetty maintenance.
- Assist with International Paper's Gardiner site marketing and redevelopment.
- Research opportunities for select site acquisition and development of a business development center and/or flex industrial building to assist existing and new private business enterprises.
- Ongoing partnership with Salmon Harbor for capital project development and funding; and maintenance of the Port's commercial dock facility.
- Maintain and improve the Reedsport Industrial Park for business development and job growth, including ongoing maintenance and funding for the Umpqua River dock.
- Partner with the City of Reedsport, its Urban Renewal District, and other agencies to achieve levee recertification and redevelopment of the waterfront and downtown areas to enhance local employment, visitation and recreation.

Strategy 3. Refine the list of capital projects and develop planning-level cost estimates within the Port's Strategic Business Plan.

Strategy 4. Develop planning-level cost estimates for the CFP within the Port's Strategic Business Plan.

Table 11 Capital Facilities Plan (costs are shown in 2011 dollar amounts)

Top Priority Projects	Type	Term	Cost Est.	Lead/ Partner	Comments
MT1 Umpqua River Dredging	Maintenance	Long Term (yrs. 1-20); Ongoing	\$1.1M/yr	USACE/ Port/ Salmon Harbor	Economic benefit of dredging = 1,297 jobs and \$141.7M (see Appendix D)
MK2 IP Site Redevelopment	Marketing	Short & Mid-Term (yrs 1-10)	\$5,000 to \$10,000/yr	Port/ IP/ Forum	Market site in strategic national and national trade publications
AC3 Port of Umpqua Business Development Center	Acquisition	Short Term (yrs 1-5)	\$200,000	Port/ City/ Forum	Acquire building and improve for port offices and business development center
MT4 Umpqua River Dock	Maintenance	Long Term (yrs. 1-20); Ongoing	\$3,000/yr*	Port	Routine maintenance fund/user fee
MT5 Port of Umpqua Commercial Dock	Maintenance	Long Term (yrs. 1-20); Ongoing	\$3,000/yr*	Port/SH	Routine maintenance fund/user fee
CP6 Salmon Harbor “D” Dock engineering study	Capital	Short-Term (yrs 1-5)	\$40,000	Port/SH/ OBDD	Design 400’ replacement dock/OBDD funds
MT 7 Reedsport downtown stormwater and levee improvements	Maintenance	Short & Mid-Term (yrs 1-10)	\$50,000**	City/Port	Assist City with \$2M stormwater and \$2M levee recertification project

*\$140,000 Port Reserve Fund budgets dock maintenance at \$6,000 per year. The funds are provided through dock moorage fees.

** Levee project supports downtown redevelopment/jobs & protects existing port office from flooding and/or higher flood insurance costs.

Capital Facilities Plan Project Evaluation

Capital Facilities Plan (CFP) projects will be evaluated using a number of factors to determine the overall feasibility and timing of individual capital improvements. The factors to be considered include:

1. **Project Benefit** – The Port will identify benefiting parties from new capital improvements, and strive to align potential benefits with potential costs. Examples include a road or water line or pump station (trunk line) improvement in a city, where there may be local city, local private, and Port benefits. In such cases, the Port will consider LIDs, and/or latecomer fees to determine how benefits and costs can be assigned.
2. **Project Cost** – The expected capital cost of the project will be estimated for planning/design and construction phases. Cost estimates will take into account anticipated funding sources (see below).
3. **Ownership** – Ownership will be evaluated prior to beginning the project. The Port will consider the long-term operating and maintenance of the project. If the Port is to retain ownership, then a capital and maintenance plan will be completed prior to financing the project. The Port will also determine if it will grant or dedicate the project to another entity upon completion, prior to beginning construction of the project.
4. **Legal Requirements** – The Port will abide by all federal, state and local mandates as new CIP projects and activities are pursued.
5. **Public Health and Safety** – The Port will consider public health and safety impacts for all projects and activities. The impacts, if any, will be identified and mitigated, as appropriate.
6. **Environmental Issues** – Environmental issues will be evaluated for new development projects through the Oregon Department of Environmental Quality and Division of State Lands processes. Projects with adverse environmental impacts may be undertaken when appropriate mitigation measures are implemented.
7. **Economies of Scale** – The Port will consider the costs and benefits of combining related projects on Port and non-Port developments, if cost savings are beneficial.
8. **Project Timing** – The overall timing of project construction (start and end dates) will take into account optimal times for project bidding, site work, and other factors.
9. **Public Input** – The Port will seek public input on capital projects and consider public input carefully when deciding on project planning, design and prioritization.
10. **Funding Sources** – The Port will continue to pursue local, state, and federal grant funding to leverage limited tax revenues. The Port will also utilize government loan programs that offer competitive terms. A financial analysis will be completed on all projects to identify appropriate sources and uses of funds.

C. Management Plan

Goal 1. Develop and maintain a management plan to help the Port achieve its mission and vision through successful management of operations, partnerships and physical resources.

Policy: The Port will identify, pursue and support target businesses most suited to locate on Port property, and will partner with agencies and private landowners to maintain and create local jobs.

Strategy 1. Develop standard lease documents that encourage best use of Port properties, and to convey pre-screening/expectations; terms and rates.

Strategy 2. Partner with the City to redevelop the Reedsport Waterfront and Industrial Park for employment, visitation and recreation consistent with the Port's vision.

Goal 2. Enhance the existing ability of the professional staff and Port Commission.

Policy: The Port of Umpqua will provide appropriate training opportunities to enable ongoing professional development of its staff and Commissioners.

Strategy 1. Plan and budget for periodic training opportunities including those provided by the Special District Association of Oregon (SDAO) to allow the Port Commissioners and staff to gain knowledge relevant to their positions.

Strategy 2. Encourage commissioner and staff participation in professional organizations including the Pacific Northwest Waterways Association, Oregon Public Port Association, Southwest Area Commission on Transportation (SWACT) and Special District Association of Oregon (SDAO).

Goal 3. Integrate the Strategic Business Plan as a planning tool to help guide the Port.

Policy: The Port of Umpqua supports strategic planning to gauge progress toward successful management of resources, assets and financial needs.

Strategy 1. Coordinate with local partners to quantify economic benefits of the Lower Umpqua federal shipping channel to assist in lobbying efforts for ongoing federal funding.

Strategy 2. Support marketing and redevelopment of the International Paper property via regional, national and international employer prospects to create jobs consistent with the Port's vision.

Strategy 3. Maintain annual or biannual budgets and a strategic plan element update schedules.

Goal 4. Improve strategic government, constituent and private business relationships.

Policy: Port staff and commission members will strive to be visible leaders and will participate in inter-governmental forums related to target industry development.

Strategy 1. Continue to work with state and federal agencies to support jetty improvements, dredging and aids in navigation that enhance sport and commercial fisheries and their support industries.

Strategy 2. Explore research and development of alternative energy opportunities, including acceptable wave energy (located to minimize impacts to fisheries) with private and public investment sources.

Strategy 3. Seek to support and diversify the existing sport and commercial fisheries industry, including support facilities, boutique canneries, new markets, and acceptable forms of aquaculture.

D. Financial Plan

Goal 1. Maintain and enhance the Port's financial stability to ensure its ongoing ability to perform its current mission and long term vision.

Policy: Improve accounting practices, reliable cash flows, and seek additional income-generating activities.

Strategy 1. Track business unit activity (marina, docks, property management, administration).

Strategy 2. Continue to comply with Generally Accepted Accounting Principles (GAAP) by maintaining current financial statements.

Strategy 3. Identify and maintain reserve funds for depreciation and capital asset replacement.

Strategy 5. Track standard financial ratios annually with past Port of Umpqua financials and comparable port districts in Oregon.

Strategy 6. Evaluate assets and any capital improvement costs to determine where reliable new revenue may be generated.

Strategy 7. Evaluate current debt and restructuring opportunities.

1. Definitions

The following definitions apply to this element of the Strategic Business Plan.

- **Capital Budgets and Purchases** include expenditures for physical assets, which are utilized over a period of several years and subsequently depreciated over its useful life. Examples include major construction projects, buildings, equipment, office furniture, etc.

- **Cash** is the exchange of payment or cash equivalent that can readily be converted into cash.
- **Non-Operating Expenses** include the costs and miscellaneous fees not directly related to the Port's operations.
- **Non-Operating Revenues** include the revenues generated from sources other than the use of Port facilities, such as property tax receipts, interest earnings, and finance charges.
- **Operating Expenses** reflect Port expenditures for daily activities of Port operations, such as direct costs, administrative costs, and maintenance costs.
- **Operating Revenues** include income generated from activities by users of Port facilities.

2. Operating Budget Guidelines

The Port Commission will set a budget on an annual basis. The Manager will make best efforts to attain sufficient operating revenues to cover operating expenses and all bond covenants on an annual basis. An annual review of operating results will be prepared by the Port Auditor and provided to the Commission. The Port manager will maintain monthly review of revenues and expenditures. During any time, should the Manager determine that there are significant differences in the actual financial performance of the Port compared to the budget, the Manager will immediately develop a plan to bring the operating budget back in line. This plan will be presented to the Commission for consideration and approval.

Property tax levies received by the Port will be expended in accordance with the following priorities:

1. Payment of interest on Port General Obligation Bonds;
2. Retiring General Obligation Bonds;
3. Payment of principal and interest on all other lease and debt obligations;
4. Capital expenditures as identified by the Port Commission;
5. Support of Port operations;
6. Reserve Funds, and
7. Community Projects (designated by the Port Commission that are consistent with the current adopted Port of Umpqua Strategic Plan).

The Port currently has the following reserve funds to account for its activities:

- **General Fund:** used to account for any financial resources used by the Port that are not accounted for in the other reserve funds.
- **Dock Reserve Fund:** used to account for expenditures for major construction and related improvements to the port's docks.

- Maintenance Reserve Fund: primarily used to fund maintenance and repairs.
- Capital Reserve Fund: used for major capital improvements and acquisitions.
- Operation Reserve Fund: used for operation and maintenance expenditures as authorized by the General Fund Budget.

3. Revenue Guidelines

The Port will strive to develop and maintain a diversified and stable stream of operating revenues and to shelter it from fluctuations in any one revenue source.

On any agreement or lease of Port's property, Port staff and/or the Port's CPA (as directed by the Port Commission) will conduct an adequate review of the prospective client's financial position and ability to pay the fees in accordance with the agreement.

The Port will adhere to the following guidelines:

- Require security from all Port tenants in accordance with agreed upon lease agreements. Security should typically be in the form of a surety bond equal to one year's rent under the terms of the loan agreement. The Port will realize the security in the event of default by the Tenant. The Port Commission reserves the right to waive this requirement.
- The Port will charge fees and lease rates that will, at a minimum, be sufficient to cover all proportionate direct and indirect costs of operations associated with the use of that asset.
- When projected revenues from a project do not meet the minimum threshold over the life of a project, the staff will provide a report to the Commission outlining projected sources and uses of funds and net revenues, and the Commission shall decide whether to proceed with the project.
- The Port will use the current market value of leasable assets (land, buildings, and/or related infrastructure) to establish appropriate pricing of services and leases. The asset will be revalued upon direction of the Port Commission and the pricing shall be adjusted as appropriate.

4. Cash Management and Investment Guidelines

The Port will adhere to the following cash management and investment guidelines:

- The Port's Manager is responsible for the review and immediate recording of all cash transactions.
- All Port funds will be deposited into the Port's depository account by the Manager and shall be invested in a manner that will maximize interest earnings.
- The Port will direct the Manager to make investments on the Port's behalf, in conformance with Investment Guidelines as stated within the laws of the State of Oregon.

- All directives on investments by the Port Manager will be made with maturities that assure adequate resources for payment of all warrants submitted to the Manager on a monthly basis without premature liquidation of temporary investments.
- The Port will collect all receivables in a manner that will provide timely receipt of funds owed to the Port. When a receivable is deemed uncollectible, the receivable will be referred to the Port's attorney or a designated collection agency for collection. A reserve shall be recorded annually on the Port's balance sheet for the estimated amount of uncollectible receivables.

5. Cash Reserve Guidelines

The Port will strive to maintain sufficient cash reserves and adhere to the following guidelines:

- Maintain a cash balance sufficient to pay an average of three months of operating expenses. If cash reserves fall to levels insufficient to meet these future obligations, the Manager will take action to raise the level of cash or decrease expenditures through changes in operations.
- Maintain a sufficient fund balance necessary to meet all debt covenants and obligations.
- If the Port cannot comply with these cash flow guidelines, a detailed plan to increase the cash flow will be prepared by the Manager, and submitted to the Commission. The Plan should address means and methods for raising revenues, reducing expenses, restructuring debt, or a combination of these activities.

6. Debt Guidelines

The Port will strive to maintain its finances in a manner which will generate cash flows from all sources (before capital projects and long-term debt service payments) sufficient to provide cash to cover all debt covenants required by outstanding bond issues, loans, and adequate rates of return to the Port. The Port will adhere to the following debt guidelines:

- The Port will not borrow on a short-term basis to cover routine operations.
- Short-term borrowing (less than 1 year) obligations will not be considered as a financing option unless a detailed plan for repayment of the borrowing is presented by the Manager to the Port Commission for approval, prior to the issuance of debt.
- Debt terms/payments should not exceed the anticipated useful life of an improvement.
- The Manager will attempt to maintain or improve the Port's credit rating.
- The Port may utilize General Obligation bonding to finance only those capital improvements and long-term assets which have been determined to be essential to the maintenance of, or improvements to, the Port's infrastructure, or for the purchase of land and buildings that do not have revenue sources sufficient to support the repayment of debt.

- Generally, debt (other than General Obligation Bonds) should only be incurred after voter approval, and shall only be used to finance specific improvements that can generate operating cash flows sufficient to service the debt. The means of repayment must be reasonably certain prior to debt being issued. All repayment schedules must be submitted to the Port Commission for review and approval.
- The Port may issue revenue-supported bonds or take on other forms of long-term debt to finance public improvements that can be shown to be self-liquidating. Financial feasibility studies should be presented for each project to show evidence of the self-liquidating nature of the project.

7. Capital Budget Guidelines

The Port will prepare a multi-year Capital Facilities Plan (CFP) that will be updated biannually. The Port will strive to meet the following guidelines:

- Efforts will be made to make capital investments based on the details of the CFP. When Port staff or the Commission determines that a project not included in the CFP is of sufficient urgency to be proposed for completion in the current fiscal biennium, the Commission may approve proceeding with the project and may amend the CFP, after detailed review of the project.
- Capital improvements will be funded by non-operating revenues, operating revenues, debt, and/or grants.
- The Port will maintain its physical assets at a level adequate to protect the Port's capital investments and to minimize future maintenance and replacement costs.
- A detailed maintenance schedule should be developed and updated, and sufficient levels of funding for maintenance will be included in the Port's annual budget.

8. Financial Capacity

The fiscal year ending June 30, 2010 showed \$34,840 in operating revenues and \$211,159 in non-operating revenues, or \$245,999 in combined revenues. Expenditures for the fiscal year ending June 30, 2010 included \$211,159 in operating expenses (including \$66,905 in depreciation). The 2010 over 2009 "year-over-year" change in net assets for the Port of Umpqua was positive at \$31,694. **Figure 12** and **Table 12** summarize the port's fiscal year 2010 revenues and expenses.

Figure 12 Port of Umpqua Revenues and Expenses (fiscal year ending June 30, 2010)

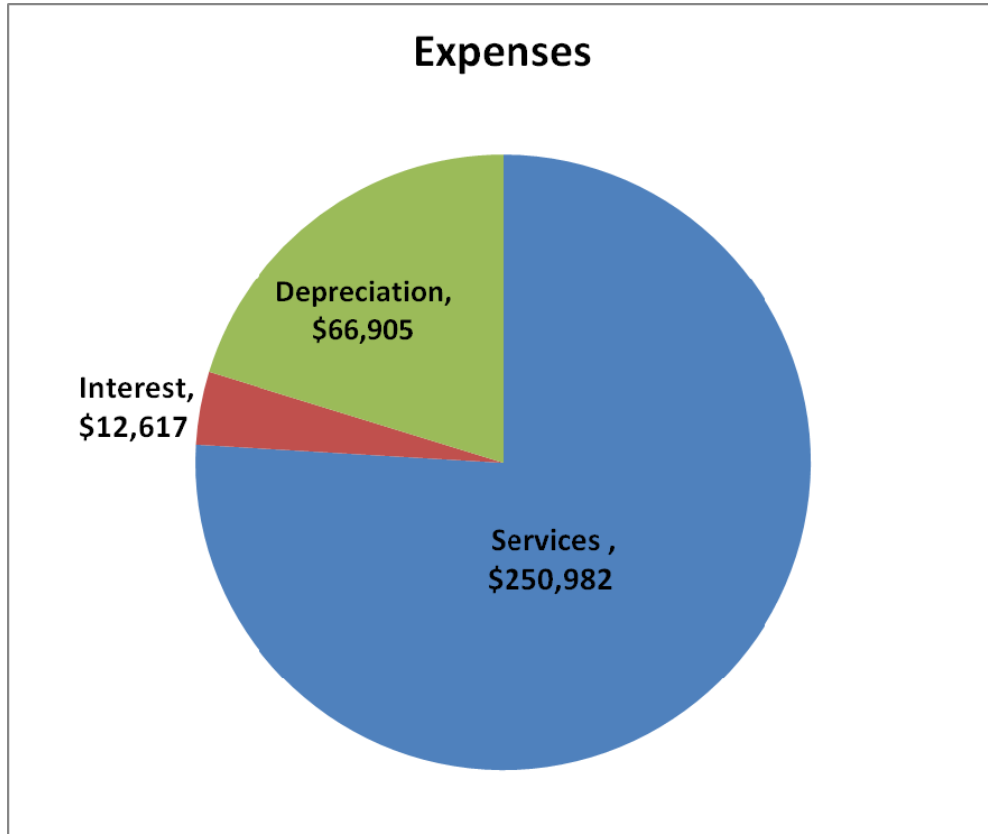
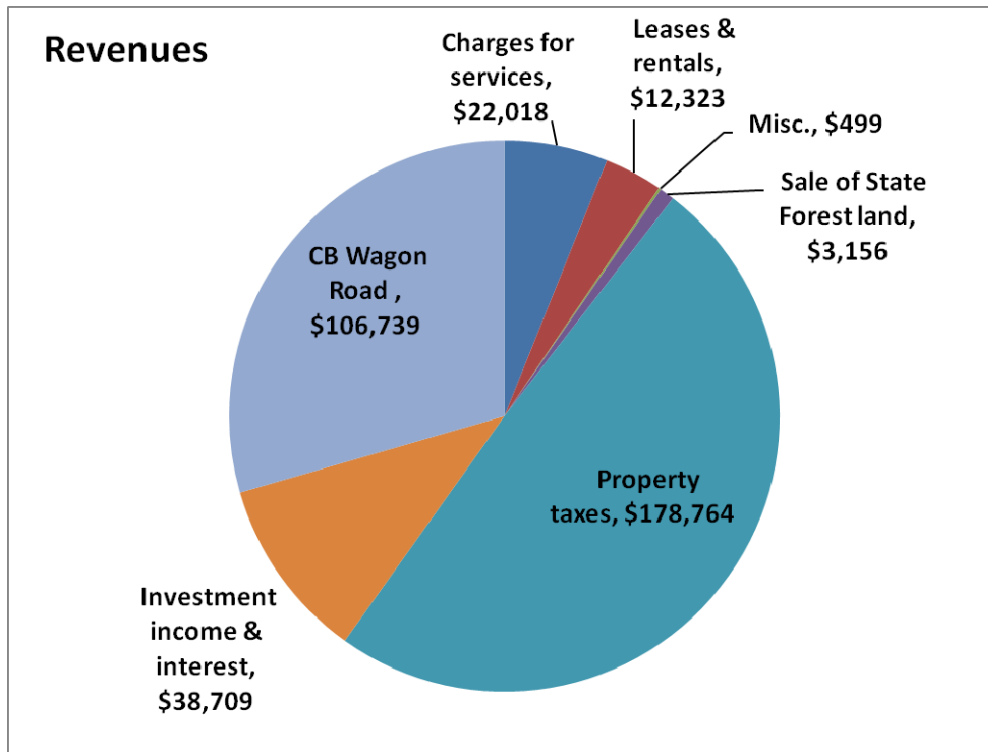


Table 12 Port of Umpqua Revenues and Expenses (fiscal year ending June 30, 2010)

Revenues	
Charges for services	\$22,018
Leases & rentals	\$12,323
Misc.	\$499
Sale of State Forest land	\$3,156
Property taxes	\$178,764
Investment income & interest	\$38,709
CB Wagon Road	\$106,739
Total Operating Revenue	\$362,208
Operating Expenses	
Services	\$250,982
Interest	\$12,617
Depreciation	\$66,905
Total Operating Expenses	\$330,504
Net Operating Income	\$31,704

Source: Port of Umpqua, Audit Report as of June 30, 2010.

The Port has maintained a positive asset value, which currently exceeds \$2.56 million as of June 30, 2010. The Port's current assets included \$1,015,869 in cash and investments as of June 30, 2010. Total liabilities included \$382,388 in current and non-current liabilities (see **Table 13**).

In comparison to other Oregon ports, the Port of Umpqua has a very favorable (healthy) financial condition. FCS GROUP compiled annual audited financial statements from 18 Oregon ports (excluding the Port of Portland) to evaluate relative financial ratios for all "small urban ports" including the Port of Umpqua. Key financial ratios were compiled for each Port and an average of all ports was compiled based for all Ports for comparative purposes. Results from this analysis are provided in **Table 14 and Appendix E**.

Table 13 Port of Umpqua Assets and Liabilities (fiscal year ending June 30, 2010)

ASSETS	
<i>Current Assets</i>	
Cash and Investments	\$ 1,015,869
Receivables	21,717
Prepaid expenses	5,635
Notes receivable	42,121
Other	-
<i>Total current assets</i>	<u>1,085,342</u>
<i>Noncurrent assets</i>	
Capital assets, net	1,162,642
Long-term receivables, less current maturities	196,864
Land and other non-depreciable capital assets	<u>121,868</u>
<i>Total noncurrent assets</i>	<u>1,481,374</u>
<i>Total Assets</i>	\$ 2,566,716
LIABILITIES	
<i>Current Liabilities</i>	
Accounts payable	\$ 1,261
Interest payable	\$ 7,665
Compensated absences	\$ 3,016
Current portion of long-term debt	<u>\$ 27,362</u>
<i>Total current liabilities</i>	<u>\$ 39,304</u>
<i>Noncurrent liabilities</i>	
Long-term debt (net of current portion)	<u>\$ 303,780</u>
<i>Total liabilities</i>	<u>\$ 343,084</u>
NET ASSETS	
Invested in capital assets, net of related depreciation and debt	\$ 953,368
Unrestricted	<u>\$ 1,270,264</u>
<i>Total Net Assets</i>	<u>\$ 2,223,632</u>
TOTAL LIABILITIES and NET ASSETS	\$ 2,566,716
<i>Source: Port of Umpqua Audit Report, June 2010.</i>	

Table 14 Port Financial Comparisons

Summary of "Key" Financial Ratios	Port of Umpqua ³	Oregon Ports ⁴	Comments
Current Ratio ¹	27.6	1.1	Very high ratio for Port of Umpqua; good time to invest in real property and/or capital needs
Debt Service Coverage (before depreciation) ²	2.6	0.9	Favorable ratio for Port of Umpqua
Property Tax as % of operating revenues	82.2%	18.6%	Port of Umpqua should aspire to enhance other sources of operating revenues (e.g., lease revenues)
Ratio of total liabilities to total assets	13.4%	45.9%	Low ratio indicates that Port of Umpqua can handle more long-term debt at this time

Notes:

¹ current ratio = unrestricted current assets less current liabilities payable from unrestricted assets.

² Debt Service Coverage (before depreciation) = net revenue divided by current portion of long term debt obligations.

³ Derived from Port of Umpqua Audit Report, June 30, 2010.

⁴ Derived from Appendix A, reflects financial statements from 18 separate ports in Oregon (excludes the Port of Portland).

Source: compiled by FCS GROUP.

9. Financial Planning Considerations

- Leases and Rental Revenues:** The Port of Umpqua currently obtains lease revenues from a land lease with TYREE OIL, Inc. for two parcels of land (aggregate size of +/- 0.64 acres) located in the Port of Umpqua Industrial Park in Reedsport, Oregon. The Port also obtains rental revenues from rental fees associated with Port office facility/grounds usage fees. Combined lease and rental fee revenue for the Port was \$12,323 for FY 2010.
- Dock Usage Fee Revenues:** The Port currently owns the Umpqua River Dock located in the Port of Umpqua Industrial Park. Dock usage fees are currently collected through a Dock Management Agreement with FRED WAHL MARINE CONSTRUCTION, Inc., where the Port receives dock usage fees, and pays the operator 10% of gross usage fee revenues for their administration costs (e.g., dock usage fee scheduling, collections, and record keeping). The current user fee schedule for the Umpqua River Dock is as follows:

Vessels 65 feet or smaller in length	\$25 per day
Vessels 65 feet or larger in length	\$50 per day \$250 per week \$1,000 per month

- **Other Revenue:** Non-operating revenues for the Port are primarily derived from property taxes, interest income, and fees associated with the Coos Bay Wagon Road revenue account. Property tax revenues generated \$181,920 in non-operating revenue for the Port in 2010, up 6 percent from \$171,958 in 2009. Coos Bay Wagon Road fee revenues (and expenses) account for port-related operations at Winchester Bay (such as commercial fishing docks/scales) that are jointly managed by Douglas County. Interest payments reflect current savings account interest earnings, and interest payments from prior land sales transactions (including industrial park property sale/loan agreement with Fred Wahl with loan payments to the Port occurring from May 2000 to May 2015).
- **Current and Potential Levy:** According to the Douglas County assessor for the 2010 tax year, the total real market value (RMV) of all land and real property in the Port district was \$551,663,567. As indicated in Figure c, the level of RMV within the Port District has grown steadily by about 2.9% annually over the past decade. The amount of estimated net property tax levied in the Port district was \$181,920 equates to an average tax rate of \$0.32976 cents per \$1,000 RMV.
- **Indebtedness – Limitation:** Per ORS 77.410 the Port of Umpqua may, when authorized by electors within the district, borrow money and sell and dispose of bonds, which has constitute a general obligation of the port and be secured by the port's full faith and credit. The bonds shall be secured by the taxing power of the port as provided in ORS 777.430 (Taxing powers of ports). The port may provide that the bonds shall be payable from and secured by a lien and pledge of all or any part of the revenues derived from the facilities constructed from the process of the bonds. The amount of bonds outstanding shall never exceed in aggregate two and one-half percent of the real market value of all taxable property within the port, computed in accordance with ORS 308.207. In case of the Port of Umpqua, the estimated total maximum GO debt amount as of January 1, 2010 is provided in **Table 15**.

Table 15 Estimated Debt Capacity for Port of Umpqua

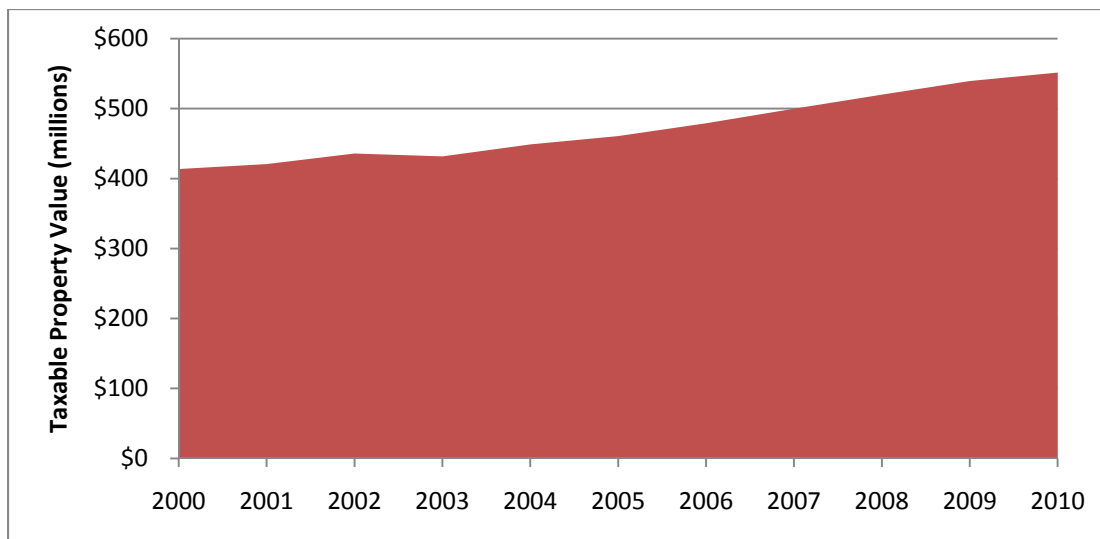
Aggregate GO Debt Limitation (@2.5% of RMV)	Amount
Estimated Taxable Value of RMV*	\$551,663,567
Maximum GO Debt Limitation (@2.5% of Taxable RMV)	\$13,791,589
Less: Amount of Outstanding GO Debt (as of Jan. 1, 2011)	\$0
Equals: Remaining GO Debt Capacity per voter approval	\$13,791,589

Maximum GO Bond Levy Per Issue (@0.25% of RMV)	Amount
Estimated Taxable Value of RMV*	\$551,663,567
Maximum GO Debt Limitation (@2.5% of Taxable RMV)	\$1,379,159
Less: Amount of Outstanding GO Debt (as of Jan. 1, 2011)	\$0
Equals: Aprox. GO Debt Maximum per Debt Issue	\$1,400,000

* Note, per county assessor, RMV = real market value.

Source: Douglas County Assessor and FCS GROUP estimates for FY 2010 tax year.

Figure 13 Real Market Property Value, Port of Umpqua District



Source: Douglas County Assessor, excludes RMV within urban renewal areas

10. Existing Lease and Long-term Debt Expenses

Lease Payments: The Port of Umpqua currently leases land and a waterway under a long-term operating lease. The cost of these leases was \$1,045 for FY 2010. The Port has a copy machine, which it leases for \$123/month or \$1,476/year.

Long-term Debt: The Port of Umpqua has four loans that it services as of April 2011.

- Douglas County Loan** on October 3, 1980, the Port agreed to an intergovernmental interest loan with Douglas County to develop an industrial facility on the County's property. In a loan addendum on July 13, 1988, the Port agreed to pay the County 17% of the net proceeds received monthly from all rentals or sales income generated from the

industrial facilities, premises or property. All payments are to be applied to the principal without interest. Title to the facility shall be transfer to the Port once the obligation has been retired. Since 1988, the Port has realized negative net proceeds on this property, therefore no payments have been required; however voluntary payments have been made. As of June 30, 2010, the loan balance was \$52,800.

- **Shipyard Dock Loan:** on September 14, 1995, the Port was issued a loan through the Oregon Economic and Community Development Department for \$202,000 for dock improvements. This loan was increased to \$293,200 in 1996 with an annual interest rate set at 6%. The loan matures in June 2016. As of June 30, 2010, the current loan balance was \$138,661.
- **Winchester Bay Dock Replacement Loan:** On April 23, 2002, the Port received a loan from the Oregon Economic and Community Development Department for \$104,178 for improvements to the commercial dock in Winchester Bay. The interest rate is 5.58%, and the loan matures in June 2027. As of June 30, 2010, the outstanding loan balance was \$84,698.
- **Real Estate Loan:** On October 30, 2002, the Port purchased real estate located at 364 N. Fourth Street and established the Port office in downtown Reedsport. The loan of \$93,750 was provided by Umpqua Bank with a current interest rate of 5%, and a maturity date set for June 2018. As of June 30, 2010, the outstanding loan balance was \$54,983.

The estimated annual debt requirements needed to amortize these four loans is provided in **Table 17**. Based on the estimated loan amortization assumptions provided in Appendix B, FCS GROUP estimated the amount of interest savings that could be realized if these loans were paid off in July 2011. The analysis indicates that the most significant savings could be realized with the early payoff of either the Winchester Bay Improvement loan by OECD (savings of \$27,909 in future interest obligations) or the Umpqua River Commercial Dock loan by OECD (savings of \$16,904 in future interest obligations).

Table 17
Estimated Loan Requirements and Potential Interest Savings with early Payoff, Port of Umpqua

Loan Name	Lender	Original Loan Amount	Interest Rate	Estimated Balance as of 7/1/11	Estimated Remaining Interest Savings if Loan is Paid off in Mid 2011
Industrial Park Infrastructure	Douglas County	\$ -	0.00%	\$ 50,400	\$ -
Umpqua River Commercial Dock	OECD (1995 loan)	\$ 293,200	6.00%	\$ 118,933	\$ 16,904
Winchester Bay Improvements	OECD (2002 loan)	\$ 104,178	5.58%	\$ 81,589	\$ 27,909
Port Building 364 N 4th street	Umpqua Bank	\$ 93,750	5.00%	\$ 49,103	\$ 11,896

Source: analysis by FCS GROUP, based on loan amortization schedules provided in Appendix E.

11. Port Funding and Financing Options

The Port of Umpqua has five general types of funding opportunities: general obligation bonds, revenue bonds, establishment of local improvement (LID) or industrial development (ULID) districts, and State/Federal grant financing.

- **General Obligation Bonds:** The Port can issue general obligation bonds (GO Bonds) which are backed by the assessed value of property within the district. Oregon State law [summarize]
- **Revenue Bonds:** Revenue bonds are payable solely from Port operating revenues. Revenue bonds and warrants can be issued without voter authorization as long as they comply with statutory limits and the capacity of a Port to manage the debt service from operational revenue streams. With the Port of Umpqua's limited revenue streams it is unlikely revenue bonds are a viable source of funding for capital projects.
- **LID:** Ports have the statutory authority to establish local improvement districts or within their Port District and levy special assessments on the benefited property to pay for improvements. These are payable in annual payments for up to 30 years. LIDs are generally used for capital improvement projects that benefit numerous large tenants and/or private property owners. The formation of LID districts could be considered as a potential partial source of funding for strategic infrastructure improvements where there are direct benefits to multiple property owners.
- **URD/EID:** At the discretion of the City of Reedsport, there may be opportunities to utilize funding from the Urban Renewal Plan (URD) or a newly created Economic Improvement Districts (EID) that can generate funding for eligible economic development improvements. In many cases, URD funds are combined with other local funding sources (e.g., LIDs) to leverage non-local grants or loans.
- **Bank Loans:** The Port has utilized private bank loans to make strategic capital facility upgrades in the past. Given the Port of Umpqua's limited operating revenues, bank loans would be most viable for smaller budget improvements that promise rapid return on the investment. State loan funds available to the Port from Business Oregon (part of OECD) include the Port Revolving Fund, Special Public Works Fund, and the Oregon Bond Bank. The Port Revolving Funds are typically for projects under \$1.0 million in size, and limits total outstanding debt for applicants to \$3 million. Special Public Works funds are available on a competitive basis to public jurisdictions and ports can fund projects up to \$3.0 million in size, but require well-secured loan guarantees from the applicants. Oregon Bond Bank funds are rarely used for Port improvements, but are available if the project is well secured and other funding alternatives are not available.
- **Grant Financing:** Grants offer the greatest potential for the capital improvement projects and initiatives that the Port of Umpqua is considering. The Port can leverage local dollars as a match for this type of financing. The following grant programs for which the Port of Umpqua can consider are typically very competitive. The Port will actively pursue grant opportunities appropriate to its projects.

1. US Army Corps of Engineers (USCOE) has two programs that may be useful depending on the type of project: Section 103 (Small Beach Protection Projects) and Section 107 (Small Navigation Projects).
2. U.S. Economic Development Administration, Community Development Block Grants
3. U.S. Department of Agriculture Rural Community Enhancement Grants (provided for rural infrastructure and community enhancement projects).
4. ODOT Transportation Enhancement program could targeted to raise upfront capital facilities proceeds for specific improvements.
5. Oregon Marine Board grants (available for public boat launch and parking facilities)
6. Oregon Community Development Block Grant program (locally administered through Douglas County).
7. Oregon Special Public Works Grants or ODOT Immediate Opportunity Funds (grants tied to job creation).

Special state or U.S. Congressional program funding may also be available through specific funding requests and appropriations. For example, the U.S. Senate is currently considering adoption of SB 573, which would create a new Harbor Management Block Grant Program (for dredging and harbor improvements) that would be administered by the U.S. Army Corps of Engineers. The Port should check with their local state legislative representative and congressional representatives for current funding program application deadlines.

D. Environmental Plan

Goal 1. Partner with cities of Reedsport and Elkton, the community of Scottsburg, Douglas County, the Smith River Watershed Council, the Partnership for the Umpqua Rivers, State and Federal Agencies, and stakeholders to meet environmental regulations for the Port's existing operations and future developments.

Policy: The Port shall work to maintain statutory environmental compliance for all operations on its property.

Strategy 1. Work with local representatives to address issues and engage community input as needed for special projects.

Strategy 2. Share resources, funds, and opportunities toward common goals and projects, as appropriate.

Strategy 3. Work with the Smith River Watershed Council, the Partnership for the Umpqua Rivers, and others to promote healthy watershed and river systems and recreational opportunities.

Strategy 4. Participate in regulatory efforts to minimize impacts to fisheries, including Marine Reserves and wave energy research and development.

E. Marketing Plan

Goal 1. Market the Port District; its services, assets, opportunities, innovations and communities to local, regional, national and international prospects and partners.

Policy: The Port shall work to implement marketing materials that focus on Port district and local community assets, resources, job opportunities, and land availability.

Strategy 1. Increase the Port office and industrial park property visibility and access with improved signage and streetscape enhancements on OR 38 from the Central Oregon and Pacific Railroad (CORP) to Highway 101 in Reedsport.

Strategy 2. Partner with local entities, such as the Umpqua Discovery Center, Lower Umpqua Economic Development Forum, Salmon Harbor, Douglas County, cities of Reedsport and Elkton, community of Scottsburg, and Oregon State to promote employment and visitation.

Strategy 3. Partner with District communities to ensure distinct market advantages, assets, opportunities and synergies are promoted via marketing efforts.

Strategy 4. Assist the City of Reedsport in developing new “attractors” for visitors (rainbow plaza/large vehicle parking, boat launch improvements, etc.)

Strategy 5. Create marketing materials (brochures, websites, etc) for three identified markets: 1). Local constituents; 2). tourism; and 3). International Paper site redevelopment.

Strategy 6. Work with the Port of Coos Bay, Oregon Business Development Department, City of Reedsport and the Lower Umpqua Economic Development Forum to promote industrial development based in part on improved rail access provided by the reopening of the Coos Branch of the CORP railroad connecting the International Port of Coos Bay through Reedsport to Eugene and the US interior.

Chapter VI:

PLAN IMPLEMENTATION

A. Plan Implementation

The Port of Umpqua Strategic Business Plan is designed as a working document. Plan implementation will require consistent efforts to achieve planned capital, marketing and maintenance projects as outlined in **Table 18**. Adjustments to the project list and implementation plan will be evaluated on an annual and ongoing basis, as outlined below.

Table 18a. Short-Term SBP Project Implementation (costs are shown in 2011 dollar amounts)

Short-Term Projects	Term	Cost Est.	Next Steps
MK2 IP Site Redevelopment	Short & Mid-Term (yrs 1-10)	\$5,000 to \$10,000/yr	Port lead with IP/ OBDD/Port CB/Forum 1. Agreement with IP to market the site. 2. Coordinate matching funds and marketing efforts with IP, OBDD, Port of Coos Bay and the Lower Umpqua Forum. 2. Research target industry trade journals. 3. Market IP site in strategic <u>national</u> trade publications years 1-5.
AC3 Port of Umpqua Business Development Center	Short Term (yrs 1-5)	\$200,000	Port lead with City/Lower Umpqua Forum 1. Identify appropriately zoned and suitable properties for sale. 2. Complete due diligence/ purchase. 3. Acquire building and improve for new port offices and business development center.
CP6 Salmon Harbor “D” Dock engineering study	Short-Term (yrs 1-5)	\$40,000	Port lead with Salmon Harbor & OBDD 1. Research and secure feasibility grant. 2. Prepare RFP and select an engineer. 3. Product: preliminary design for 400’ replacement dock and cost estimate
MT 7 Reedsport downtown stormwater and levee improvements	Short & Mid-Term (yrs 1-10)	\$50,000**	City lead with Port 1. Evaluate budget sources and/or identify grant funding to assist City with \$4M stormwater and levee recertification project based on reduced local flood insurance rates and support for downtown redevelopment, including existing port office building.
SBP Goals	Short to Long Term (ongoing)	n/a	Port lead periodic review of operational & administrative procedures. Evaluate SBP sub plans, projects and costs annually.

Table 18b Mid-Term SBP Project Implementation (costs are shown in 2011 dollar amounts)

Mid-Term Projects	Term	Cost Est.	Next Steps
MK2 IP Site Redevelopment	Short & Mid-Term (yrs 1-10)	\$5,000 to \$10,000/yr	Port lead with IP/ OBDD/Port CB/Forum 1. Agreement with IP to market the site. 2. Coordinate matching funds and marketing efforts with IP, OBDD, Port of Coos Bay and the Lower Umpqua Forum. 3. Research target industry trade journals. 4. Market IP site in strategic <u>international</u> trade publications years 6-10.
MT 7 Reedsport downtown stormwater and levee improvements	Short & Mid-Term (yrs 1-10)	\$50,000**	City lead with Port 1. Additional budget and/or grant funding to assist City with \$4M stormwater and levee recertification project based on reduced local flood insurance rates and support for downtown redevelopment, including existing port office building.
SBP Goals	Short to Long Term (ongoing)	n/a	Port lead periodic review of operational & administrative procedures. Mid-point SBP review and evaluation by end of year 5.

Table 18c Long-Term SBP Project Implementation (costs are shown in 2011 dollar amounts)

Long -Term Projects	Term	Cost Est.	Next Steps
MT1 Umpqua River Dredging	Long Term (yrs. 1-20); Ongoing	\$1.1M/yr	USACE lead with Port, OBDD & Salmon Harbor 1. Calculate annual direct and indirect benefits of federal channel dredging. 2. Lobby for ongoing federal funding.
MT4 Umpqua River Dock	Long Term (yrs. 1-20); Ongoing	\$3,000/yr*	Port lead routine maintenance of docks through moorage fees. Conduct structural engineer review every 2-3 years.
MT5 Port of Umpqua Commercial Dock	Long Term (yrs. 1-20); Ongoing	\$3,000/yr*	Port lead with Salmon Harbor Routine maintenance through moorage fees. Conduct structural engineer review every 2-3 years.
SBP Goals	Short to Long Term (ongoing)	n/a	Port lead periodic review of operational & administrative procedures. SBP update required every 10 years.

Table 18 notes:

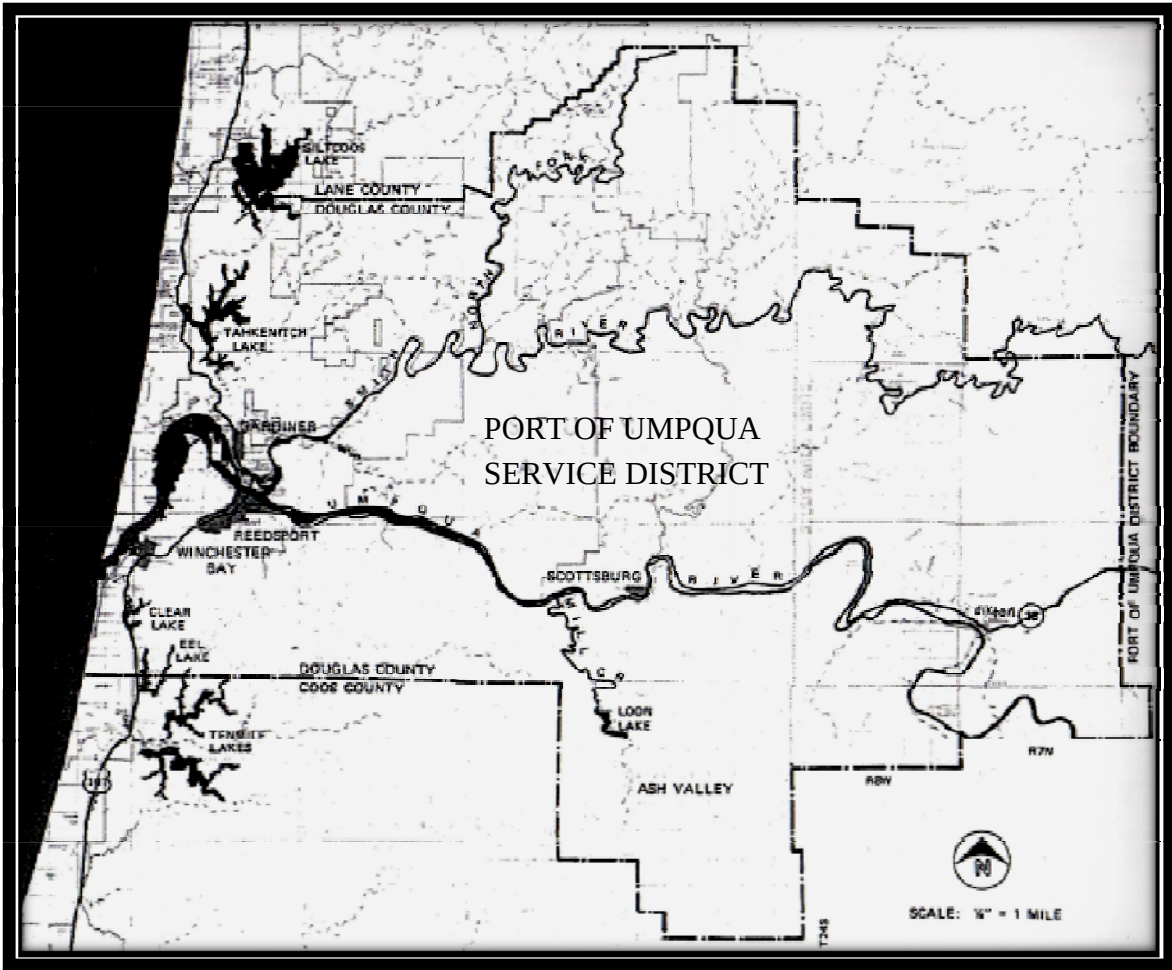
*\$140,000 Port Reserve Fund budgets dock maintenance at \$6,000 per year. The funds are provided through dock moorage fees.

** Levee project supports downtown redevelopment/jobs & protects existing port office from flooding and/or higher flood insurance costs.

B. Plan Adoption and Update Process

The Port of Umpqua Strategic Business Plan is presented for review and adoption by the Port Commission, with review and acceptance by the Oregon Business Development Department. Once adopted, the Port may request Oregon Ports Planning and Marketing funds for projects within the SBP. The plan may be amended to accommodate changing conditions and new opportunities, and must be updated every 10-years, with a (year 5) mid-point review and annual updates for sub-plan components.

Appendix A: Port of Umpqua District Map



Appendix B: Community Outreach Summary



December 7, 2010

To: Charmaine Vitek, Manager, Port of Umpqua

From: Scott Keillor, AICP

Re: Strategic Business Plan – Stakeholder Interview Summary

The following summarizes interviews conducted in person in Reedsport on October 13th and 14th, and by telephone since these dates. A total of 20 local business and economic development leaders within the Lower Umpqua region provided input, which will assist the project team in completing the Port's Strategic Business Plan update.

1. What is the Lower Umpqua (Reedsport, Winchester Bay and Gardiner) area's **primary market service area, and its advantage within the state and central/south coast region** with regard to attracting jobs?

A majority of those interviewed described the Lower Umpqua market area as local, within about a 30 to 45 minute drive, including Florence, Coos Bay, Scottsburg and Elkton. Several noted that Eugene is a part of the market service area, based on recreational and tourism draw, and because this is the largest urban shopping district to Reedsport.

The following are the most frequently cited top advantages the Lower Umpqua offers within the state and the south/central coast:

- *Quality of Life/Quality of Place*
- *Schools, hospital and recreational opportunities*
- *Small town charm and sense of community*
- *Independent "can do" attitude – partly a result of remoteness from County seat in Roseburg*

2. What do you feel are the **Lower Umpqua's greatest assets for retaining and attracting businesses?** Please select several of the following potential assets that represent the Lower Umpqua's primary strengths as a place to do business.

- a. Access to local markets and customers
- b. Available, skilled workforce
- c. **General business climate (relative cost of running a business)**
- d. Interaction with firms in the same and/or related industries
- e. **Proximity to Hwy 101 and 38; I-5 and other transportation corridors**
- f. Adequate public infrastructure (transportation, utilities, etc.)
- g. **Quality of life**

*Responses regarding the areas greatest assets most often reflected a **high quality of life, good access to I-5 via Highway 38** (often called the best access to I-5 along the Oregon Coast), and general business climate. Although each category was referenced among respondents' top three assets for the region, the other asset categories tended to have qualifications and deficiencies cited more often. For example:*

Emerging Lower Umpqua Assets (in need of further development):

- *Access to local markets and customers – most residents drive to Coos Bay or Florence for shopping; and local retail options are limited and relatively expensive as a result.*



- Available, skilled workforce – considerable efforts are being made in local workforce development, including efforts at the Southwest Oregon Community College (SWOCC) the hospital, and the school district via classes at the high school. Additional work is needed to train the workforce in areas of health care, and manufacturing (ship repair, etc.)
- Interaction with firms in the same and/or related industries – most identified with health care, recreational boating, and ship-building/metal manufacturing as local clusters, but did not find supportive and similar industries in a majority of others areas.
- Adequate public infrastructure (roads, utilities, etc) was referenced nearly as often as the top assets listed above. For example, comments indicated ample water and sewer to serve the community and growth at the IP site. Detractor comments indicated that any coastal location is at a transportation disadvantage. Still, many identified the Coos Bay railroad improvements allowing railway access from Coos Bay to Noti (near Eugene) in 2011, together with existing waterway access as strong elements of the transportation system. Finally, there are levee and stormwater improvements needed to assist with downtown Reedsport flooding issues – master plan projects are underway to help address these issues. A recent Wastewater Treatment Plant for Reedsport has been sized to serve the area with redevelopment of the Gardiner mill site in mind.

3. The Port is interested in continued partnership with **Salmon Harbor**, support for redevelopment of the **Gardiner IP mill site**, and other job creation related to its dock at Fred Wahl Marine (boat) Construction and property in the **industrial park**. **Do you agree with these priorities?** Why or why not? Are there other areas the Port should focus on?

Most all agreed with these three priority areas, and redevelopment of the former IP Gardiner mill site was often referenced as the number one Port priority. There was not absolute agreement on how to approach these priorities. Some were unsure exactly what the Port does; others acknowledged the Port's economic development efforts and job growth focus. Ideas for other Port focus areas included:

- *An industrial flex building (see Chabin Study)*
- *Support City downtown and waterfront area master planning and redevelopment, including Rainbow Plaza concept.*
- *Encourage multiple- agency tourism efforts with City, State, Douglas, Lane and Coos County.*
- *Consider acquisition and redevelopment of Knife River Sand and Gravel site.*
- *Build Port assets from a solid infrastructure base.*
- *Maintain, but revisit relationship with County regarding Salmon Harbor – Port is needed for ongoing dredging of harbor and jetty maintenance.*
- *Define Port purpose and vision; property stewardship and acquisition goals.*
- *Consider new markets, i.e. "acceptable" wave energy that does not overly impact fisheries, and can provide local supporting jobs.*
- *Educate public on Port contribution to Salmon Harbor over time; and establish equity.*
- *Port has limited ability to create jobs on Industrial Park, where it only owns 1.3 acres.*
- *Support any job growth and lobby to protect fishing industry.*
- *Focus beyond industrial uses, to include professionals, health care, small entrepreneurs, etc.*
- *Develop natural gas service, and consider an airstrip to serve the IP site.*



4. **What is your vision for the Port of Umpqua?** What types of land and/or economic development actions or incentives are most needed by the Port in order to nurture job growth and private investment?

There were a few interviewees that felt the market alone will manage private investment, but most agreed that the Port should assist within its means. Responses focused on the County and State to assist with tax incentives (i.e. American Bridge example), but acknowledged that the Port is an important advocate for investments. For example, the Port lobbies the USACE to maintain jetties, levees and harbor dredging. Some wanted the Port to “create a vision” or take a longer term view and be more proactive to effect change and create jobs. Regardless of the method, most agreed that the Port should continue to seek out investors that can create jobs! Networking and partnerships were suggested as effective ways to achieve results.

5. What actions should be taken by the Port to create **more balanced and sustainable communities** within its district?

Those interviewed suggest the Port address community balance and sustainability in the following specific ways:

- *Become a more visible economic development leader*
- *Channel information on available sites, resources and grants*
- *Encourage an adequate mix of wages: family wage jobs help pay for service sector, schools, local tax base, etc.*
- *Protect and support the fishing industry*
- *Maintain affordable lease rates*
- *Prioritize local business needs first – ask individual businesses what they need*
- *Explore alternative energy (.e. wave energy)*
- *Port Commission and staff are doing very well to attract jobs in down economy*
- *Port options are limited as it does not own much property – work with partners*

6. What business clusters exist or should exist in the Lower Umpqua area? **What can the Port do to build and strengthen these types of business clusters?**

The existing business clusters identified in the interviews generally include: tourism (retail/sport fishing), health care, metal fabrication (bridge parts, ship building) and commercial fishing. Ideas for supporting these clusters included:

Tourism

- *Recruit a regional factory outlet mall or mixed use center*
- *Pursue downtown redevelopment (flood protection; façade improvements; events, etc)*
- *Port should spearhead a regional tourism development forum*
- *Support Salmon Harbor, dredging, jetties, etc.*
- *Pursue Umpqua River waterfront enhancement*
- *Partner with Forest Service and USACE to complete levee and stormwater upgrades to manage downtown flooding.*

Health Care

- *Continue education and training options at the high school*
- *Use quality of health care as a recruitment tool (i.e. maintain OHSU residency program)*
- *Work with City to accommodate elderly care (retirement community)*



Metal Works

- Encourage school district efforts to establish “mini courses” on metal fabrication
- Support Umpqua River railroad bridge replacement at Bolen Island to facilitate affordable transport (American Bridge, others?) from the coast to the Willamette Valley and beyond.
- Work with Fred Wahl Marine and others to ensure ongoing dock maintenance/use.
- Coordinate industry needs with suppliers, or potential suppliers (website, flyers, etc.)

Commercial Fishing

- Lobby to protect fisheries (stay involved in marine reserves and wave energy policy development)
- Continue to lobby USACE for jetty, levee and harbor dredging/access maintenance
- Promote local shops, restaurants and retail opportunities

7. What opportunities and challenges are there to expanding the traded sector in the Lower Umpqua? What goods and services could be produced locally rather than imported, and what could be exported? Do you have specific examples?

The interviews revealed a trade area extending to Florence and Coos Bay, and that locals must generally travel to shop. If more jobs can be achieved, the growth will support more retail options. Locals also generally accept the transportation challenges as both a opportunity and a challenge – on one hand the distance from I-5 promotes the small town charm and quality of place residents love. On the other hand, transportation is a challenge for recruiting industry and badly needed jobs. A sample of opportunities and related challenges noted include:

Opportunities	Challenges
<i>IP Mill Site is rare, large industrial site</i>	<i>Transportation and recruitment</i>
<i>Local small town charm</i>	<i>Remote location</i>
<i>Schools and Health Care Development</i>	<i>Retirement trend</i>
<i>Metal Fabrication (Ships and Bridges)</i>	<i>Transport costs; competition; worker training</i>
<i>Recreational Fishing Industry</i>	<i>Regulations (including marine reserves)</i>
<i>Commercial Fishing</i>	<i>Regulations, facilities (ice, cold storage, etc.), competition (i.e. Charleston; Newport)</i>
<i>Retail Options</i>	<i>Population growth, jobs needed to support</i>
<i>Waterfront Redevelopment</i>	<i>City work to shore up levees, fill storefronts</i>
<i>Sand and Gravel site</i>	<i>Privately owned; interim gravel storage</i>
<i>Services</i>	<i>Lack of dry cleaning, theatre, clothing stores</i>
<i>Job Growth</i>	<i>Lack of work force training</i>
<i>Wave Energy</i>	<i>Impact to fisheries</i>
<i>Wave Energy Support on Umpqua</i>	<i>Channel depth lacking (i.e. Ocean Power Tech)</i>
<i>General Business Recruitment</i>	<i>Lack of: Broadband redundancy; Natural Gas</i>
<i>Tourism Growth</i>	<i>Redevelop downtown and waterfront; low wages</i>

8. Are there certain goods or services that you think are missing in the Lower Umpqua area today? And for the other areas within the district?

It was apparent that Lower Umpqua residents do not mind driving to get retail and services from other locations. It was reported that historically Reedsport had 5 mills, 5 clothing stores, and 3 auto



dealers – downtown shops were bustling before fisheries and mills declined during the past few decades. Since the mill closure, retailers have struggled and many storefronts are empty. Examples of what those interviewed found lacking include:

- Clothing, shoe stores
- Theatre, entertainment
- General merchandise (i.e. up to a “Bi-Mart” size)
- Dry cleaner
- Outlet stores

9. The Port wishes to spur job growth by assisting in redevelopment of the Gardiner IP mill site. **What types of businesses do you think are most appropriate for redevelopment of the former IP site?** Do you feel the deep water outfall easement lends itself to specific opportunities?

There is a lot of excitement over the potential that a redeveloped mill site will have in impacting the future of the Lower Umpqua region. Responses range from industrial uses to mixed use center to destination housing and golf. Still, the balance of responses prefer a strong mix of industry, including possible sanitary paper products, wave energy (including use of the deep water outfall), and aquaculture. The range of mixed use options included, employment, housing and retail. Another concept was a marina and resort community with a golf course. No matter who was responding, all support the IP mill site redevelopment as a top Port priority.

10. Is there anything else you’d like to add?

The following were among the added comments:

- Consider the impacts of no growth five years from now – professionals will be retiring and services will dwindle
- Important to bring community together on IP site vision – get IP corporate decision-maker involved, not just the local representative
- The Port needs to acquire land and improve it to assist private development
- Business growth needs to be sustainable – consider opportunities, impacts and market competition as far away as Roseburg
- Support City economic development efforts
- Place industrial jobs first, with retail growth to support/follow
- Port staff and Commission are doing a great job
- Need wage-earner jobs; it’s hard to hire because folks get more on unemployment
- Port Commissioners should continue to work with County on Salmon Harbor
- Careful to develop industrial park and waterfront compatible with City tourism plans
- Reedsport Economic Development Forum formed in 2002 – accomplishments include establishment of URA and updated WWTP
- Get small business loan program working, entice old town façade upgrades
- Establish a B&B or boutique hotel
- Revitalize Umpqua waterfront with public access
- Educate the public on the Port’s mission

**List of Interviewees**

Steve Reese, Port Commission President
Dixie Hash, Port Commission Vice President
Debbie Williams, Port Commissioner Treasurer
Barry Nelson, Port Commission Secretary
Keith Tymchuk, Port Commission Assistant Secretary
David Anderson, Port Attorney
Fred Jacquot, American Bridge
Scott Somers, City of Reedsport
Delaine Humphreys, Lower Umpqua Economic Development Forum
Fred Wahl, Fred Wahl Marine Ways
Ike Launstein, Reedsport School District
Ethel Dibala, Pacific West Realty
Mark Bedard, Bedrocks Pizzeria, Chowder House and Grill
Robin Dollar, Reedsport/Winchester Bat Chamber of Commerce
Jeff Vanderkooy, Salmon Harbor
Linda Noel, Salmon Harbor
Dave Harlan, Oregon Business Development Department
Judy McClay, Umpqua Bank
Sandy Reese, Lower Umpqua Hospital
Scott Hartzell, Ossian fishing vessel, Keltie Fishing Inc.

**Port of Umpqua
Strategic Business Plan
(SBP)**

Public Workshop #1 Minutes
Thursday, February 24, 2011 at 6 p.m.
Port of Umpqua Office
364 N. 4th Street
Reedsport, OR

THESE MINUTES ARE NOT FINAL UNTIL APPROVED.

Commissioners Present:

President Steve Reese
Vice President Dixie Hash
Secretary Barry Nelson

Commissioners Not Present:

Treasurer Debbie Williams
Asst. Secretary Keith Tymchuk

Port Staff Present:

Port Manager Charmaine Vitek
Administrative Assistant Karen Halstead

Guests Present:

Scott Keillor, Columbia Planning and Design
Todd Chase, FCS GROUP

Proceedings:

The workshop was called to order at 6:00 p.m. by Port Manager Charmaine Vitek.

PURPOSE: Public Review Initial Findings: Port Strategic Business Plan

1. Project and team intro – Charmaine

Port Manager Vitek started the workshop by introducing Scott Keillor and Todd Chase of Columbia Planning and Design and FCS GROUP. Their firms have been chosen to work on the Port of Umpqua Strategic Business Plan. She explained that ports in the

state are being required to complete strategic business plans to be able to qualify for state project funding in the future. These business plans are also a way to show the state that the Port can be responsible when asking for and receiving funds for projects that are within the plan.

2. Port facilities, interviews and initial market findings– Scott Keillor and Todd Chase

Scott Keillor started out by saying the purpose of this workshop was to give an overview of their work to date on the Port of Umpqua Strategic Business Plan. Work on the plan started in the fall of 2010. At this time they have gone through a review of the Port's infrastructure, support systems, and conducted interviews with local folks who are involved in civics, business, and economic development in the community.

The third component of the work to date is an initial look at market study findings that include demographics, where we are, what the opportunities are and particularly focuses on development opportunity in areas of business for the Port district and the Reedsport area.

The final product, which will be brought to the Port in a draft form through a series of meetings with the commission and through public workshops, is scheduled to be completed in June 2011. This plan will have five subcomponents: Capital facilities, management plan, financial plan, environmental plan and a marketing plan. These areas will have goals and objectives setup, and will be based on the Port's mission or revised mission, and through input from the community. The sub plans are to be updated every year or two with the business plan itself being updated every 5 to 6 years.

Scott presented the existing Mission Statement for the Port of Umpqua which states we are stewards of public trust and property. This is an opportunity to refine the existing mission statement, ask if it is still valid today, and once that is figured out, it will make it easier to drop down into the sub-plans, and give objectives that are more measureable for future plan updates.

In the infrastructure summary, it was discussed and found that for the Port properties and the city in general there is already adequate water and sanitary sewer provisions. As for the storm sewer situation, as it stands right now, there is an effort underway to correct flooding downtown. Columbia Planning and Design has also been recruited to work with the city to come up with an Old Town/Waterfront master plan/concept plan. This will be a huge undertaking in order to get the levies recertified certain improvements will have to be made, including corrections to the storm water facilities. This is an issue that is at the forefront with the whole community.

Other areas discussed during this phase include the roadways, in which the Port's facilities are located adjacent to public right of ways. No roadway access deficiencies serving the Port's facilities were observed.

Railways, the big news here is the Coos Branch that opens up all the way to Noti and Eugene. The Port of Coos Bay has received significant grant funds to work on the railways and it's their goal to have the rail line between Coos Bay and Eugene back in operation by this year. This will add a significant advantage for local industries that depend on the railways for transport.

In the interviews there were many who felt that Highway 38 is a big asset in terms of moving items between the coast and I5 directly.

Not included in the presentation, but worth mentioning, was the fact that while conducting the interviews, Columbia Planning had an engineer do a visual assessment at the two docks and both appeared to be in good shape.

The key opportunity site in the Port district is the International Paper Company site in Gardiner. This site includes 415 acres, that has extensive potable water rights to serve certain industries and so this site is more than significant on a local level, it's significant statewide, and even possibly nationally or internationally.

One area of concern that came up in the plan overview at the regular meeting with the Port of Umpqua Commissioners is the impact of the Tsunami zones for the IP Site as well as others in our area.

The discussion then turned to what was heard during the interviews conducted by Columbia Planning and Design. Scott mentioned he would be focused on the highlights of these interviews, where 10 strategic questions were posed to each of the 20 people interviewed.

1. **What is the market area extent serving the Lower Umpqua region?** Most described the market area to be within a 30 to 45 minute drive, this includes Florence, Coos Bay, Scottsburg and Elkton. When asked for a secondary or outlying market area, most folks felt it did extend to Roseburg and Eugene.
2. **What are the top advantages of the Lower Umpqua area?** Most folks listed quality of life, schools, the hospital, and the sense of community where we exhibit an independent "can do" attitude that will get things done, even though we are remotely located to the County seat in Roseburg.
3. **What are our primary strengths as a place to do business?** Again, high quality of life was mentioned, as well as access to I-5 via highway 38, and a positive general business climate. Scott said he felt that some folks were frustrated and expressed concern over the general business climate. When the economy is down is actually an opportunity to be proactive, so that when the economy picks up, we are prepared to take the most advantage of the opportunities that arise.

4. **What should the Port focus on?** The three priorities included: partnering for redevelopment of the IP mill site in Gardiner; continued partnership with the county and Salmon Harbor; and the utilization of the Industrial Park for job creation.
5. **Where else should the Port focus?** Answers to this included creating an industrial flex building, maintaining and strengthening our relationships with the county and Salmon Harbor. According to Scott there were some that were a bit skeptical with comments and observations like the fact there is a lack of available land. He pointed out that we don't want to compete with what the private sector is doing, but right now they are not able to do a lot, which means the Port may be in a position to help prepare land for job growth.
6. **What actions would you recommend for a balanced, sustainable Port District?** One of the things that they heard several times was for the Port to become or continue to be a visible economic development leader. A lot of folks said they thought the Port was doing a good job in this area, and they would like to see them step up and further embrace economic development. For example, the Port can channel information on available sites, resources and grants. This is something that brings up the IP site, the way to market it, and possibly go beyond the state in looking for an industry for this site.

7. **How to best retain local business clusters?**

Tourism: Folks voiced the fact that they don't want job creating entities just used to create new jobs, but, they want to take care of the jobs that are already here as well. Folks interviewed felt it was very important for the Port to spearhead a tourism development forum and we need to continue to take the role of working with Salmon Harbor to get the dredging done, and be able to maintain the jetties. Waterfront redevelopment was mentioned as an area that will take a strong partnership between the Port, the city and the county.

Health Care & Metal Works: Both of these areas have specific focus areas that can capitalize on the charter school. There is the opportunity to bring kids in for vocational training so they can be better prepared to work in these fields when they graduate.

American Bridge and Fred Wahl Marine are both showing success, plus they will both be able to take advantage of better rail access.

Commercial Fishing: Right now there is a lot to overcome in the fishing community. There is a lobbying effort to protect the fishing industry that folks felt we should continue to be a part of, to make sure we protect that industry.

8. **Opportunities and challenges to expanding trade?** Folks felt that in general the remoteness is both a positive and a negative.
9. **What goods and services are missing in the area?** Folks are looking for clothing, shoe stores, theaters & entertainment.
10. **Ideas for the IP Mill site?** There were many ideas of what could be done at the site, but the many different ideas on the list show more of a lack of vision for the IP site. Folks seem to see many possible uses, including everything from industrial to mixed uses to a destination resort. There were a lot of great ideas, but no one single vision.

Scott said he found it interesting that folks took the time to add additional comments after the set questions were asked. Basically folks are looking for family wage jobs. They feel like if there isn't some change, or push for growth then there will be stagnation and decline in jobs, growth and population. They also talked a lot about supporting economic development. Folks felt that the staff and commission are doing a good job, but we need to really work hard to find an opportunity in the near future even though times are tough right now.

Next he covered the strengths, weaknesses and opportunities.

Strengths: We have a diverse district from the Umpqua River to the Pacific Ocean. We have a strong relationship between the commission, staff, city and other agencies. Our proximity to I-5, and larger regions like Eugene & Roseburg.

Weaknesses: Lack of actual land ownership to develop. We have a lack of attractions for visitors.

Port Manager Vitek asked what "lack of enforcement capabilities" meant. Scott explained that this is where we are hearing from different folks that the zoning has been set, and so overtime there have been open yards in the industrial area, or places that might need to be cleaned up for the tourism image. Those particular things aren't easy without some sort of code enforcement efforts, which are a challenge for many cities and ports.

Commissioner Nelson asked if there was some way to re-word this item. Port Manager Vitek agreed it was misleading. Scott said they would definitely take a look at that to possibly word it in a clearer way or remove it altogether. He agreed that it was a little elusive; but was there to show a perspective that may be considered as a weakness in the community image for business development in that area.

Opportunities: This included partnership and redevelopment opportunities in the IP Mill site, and at Rainbow Plaza. Emerging niche markets, this includes aquaculture, wave energy and ecotourism. There are certain aspects of these that may present opportunities and some of them feel very far off in terms of their ability to change things in the near future.

Threats: The number 1 item on this list is the lack of forecast manufacturing job growth. This is an area we will have to try to overcome through diversity and marketing to help create jobs.

At this point, Scott asked for comments or questions. He said the goal for the workshop was to hear what they initially found and to get some feedback to help them generate a draft plan that will best serve the community.

Commissioner Hash said she had a question that pertained to industries that are already here, like the hospital, American Bridge, even the potential pellet mill. How can the Port be more effective and diligent in supporting these folks with things that are already in the “hopper?” Todd Chase said that these are important industries to maintain, and mentioned strategies for business retention will be part of the plan. He also said the governor has announced a new grant program aimed at bio-fuels and trying to do feasibility studies to support those initiatives. The grant deadline is April 15, and he said he would forward the information to Port Manager Vitek so she could maybe find a way to use some of that money if the Port is eligible in order to get that idea going again.

At this point Todd Chase with FCS Group took the floor. He said he’d like to now jump to the end of the presentation and just let us know what they did as part of the market work. He said it was a time to look at all the community economic “vital signs” and integrate these findings with results from the interviews.

They found that there is a primary market for mostly retail that goes from Florence to North Bend. Then there is an industrial market area which is actually quite bigger. He thought our focus as a port is traditionally on industrial markets so we need to remember to think big. He pointed out that some ports do want to go after tourism, and some ports don’t mind going after other types of professional services that serve the other big employers in the area. We have options as a port to rethink our mission and objectives based on the knowledge that they had compiled about the economy. He said the weakness of the economy is what it is, and we need to figure out what we can do in the next 5, 10 or 20 years to help existing businesses to survive and then to position the local economy to take advantage of the upturn when it happens.

With that said, the study looked at visitation trends in the area. Since 2001 that has been trending up in this area. People are still coming to the coast in the summer time for various reasons, fishing, camping, and riding the dunes. He said a lot of people are retiring and with fuel prices rising, it seems people are taking less airplane trips and they are starting to do more local day and weekend trips. He feels we will continue to see a healthy visitor market. When folks come to town, their money gets spread around to all kinds of areas. Retail, entertainment, arts, transportation, fuel, etc. and some of these things do require industrial supplies, so there is an advantage to marketing and accommodating tourism growth.

In the Marina industry there are many ways to measure use. It can be measured through fishing activity. If you compare current vs. 2007 fisheries value-a period in which the economy has been going down, the value of fish caught has been going up. This points to the fact that possibly fishing is again becoming a big industry.

Population is showing to be sliding. Todd said this surprised him. It has started to pick up since 2000 but Reedsport is one of the few places they looked at compared to Coos Bay and Florence where the population continues to slip. This is definitely a concern, and anything we can do will help. Some positive things already in the works are the hospital and the Charter school, and in the downtown area, where they are working on the streetscapes. Job creation may be the other reason for the decline. Folks have to go to where the work is, so it wouldn't make sense to live in Reedsport when their work is quite a ways away.

Incomes and housing prices are relatively low in this area. Those are two items that go hand in hand. There are a lot of retirees who are on fixed incomes in our area, and this weighs these areas down.

When looking at the chart on job growth, Todd said we needed to ask ourselves if we are like Douglas County, or are we more like Coos County. Douglas County is showing a loss in manufacturing jobs, but Coos and Curry Counties are gaining in this forecast. He said it is possible that we are more like Coos and Curry County, and we don't depend so much on logging jobs as the rest of Douglas County, but if you weigh them together it is still a challenging environment for manufacturing.

Looking to the future in this region, we need to decide if we want to capture a tiny percent based on current trends or work to double that percentage based on potential trends of different categories where the Port of Umpqua area expects to see in growth. Based on the information from the handout, retail demand could support from 30,000 to 60,000 square feet of new building space over the course of 20 years. We probably wouldn't see much of that until we could get more people to move here with rising incomes. We will need to attract population growth and housing, before we can get the retail jobs additional local services.

Leisure & hospitality is another opportunity. Todd said he would like to have a conversation with the manager of the local Best Western as to how they are doing. He thought that would give a fair gauge for the area. They would need to be hitting 70 – 80% occupancy before we can think of putting in another hotel. That is something to monitor and provide over time.

Office & Services: This is where the most growth will occur. This includes health services as well. This is the area that the Port of Garibaldi realized that if they were going to develop on the Port, they should make sure they can accommodate services, not just industrial jobs. For Garibaldi, that means engineers, surveyors, marine biologists, and other folks who don't necessarily need industrial space, but still do work with the industry that was the Port's interest so they could justify accommodating some services on the waterfront.

In terms of the industrial, that really is a big question mark. This is why we looked around at the building inventory and came to the conclusion that even if I had a small business and I wanted to grow here, where would I lease space that could be competitive? Such space can be hard to find in this area. Todd said there are a lot of class B, and class C properties, which is fine for storage and other unheated space, but if you wanted a heated space with some light manufacturing, or a light retail showroom, those are the types of buildings that we seem to be lacking. This was what convinced us to add that a potential flex building recommendation that would be a nice addition to the market, and now is the time to start thinking of where that could go, what would be the costs and whether the Port should be a player or maybe just work with a developer to develop space. Many ideas come to mind when trying to figure out how to meet that void in the market place.

The IP site seems to be such a great opportunity for a large user of lots of water. If we could put together a vision or storyline about the site with community buy-in, somebody would know they could come here and do a big project and not have an environmental attack on their project, and avoid being sidetracked after spending thousands on consulting fees and engineering. The IP site would be a wonderful opportunity to take to the next round of market outreach to the national or international venues to see if there is a company that wants to invest in this area. Todd did point out that this would likely be a foreign investment because most of the investment he has seen in the industrial arena has been from Asia and Russia.

Commissioner Nelson said this wasn't exactly safe. He has read where a town invests heavily, gives tax breaks and then something pops up and boom they are gone, and the locals are left "holding the bag" with the expanded service costs. Todd said he thought we could at least take a look at what could be built on the site based on the permitting, zoning and infrastructure, and then begin to proactively market it nationally or internationally. Whoever invests has to follow OSHA requirements and state regulations, and building requirements, so it will be a safe place to work. As far as an investment goes he said they are dealing with this now in Wilsonville with a solar company. The risk is that they are going to give millions in tax breaks, and there will be 500 jobs, and the company could just pack up in 5 years. There is always a risk when locals invest for job growth.

Marketing a site is the first step to at least getting something to the table. Once they come to the table, you have to be ready, and not lose focus.

Commissioner Hash said the IP site is primarily a problem with the International Paper folks, and in trying to get the corporate to talk with the Port about what their plan may be. In the past there have been bites, but then nobody has any money. That seems to be the trend. Several companies have shown interest in the IP site, even though it seems they are tight lipped about it. There has been activity, but it seems they (IP) are not interested in breaking up the property.

Todd said they (IP corporate folks) might be the exact people we need to market to first. We need to convince them that it's a good opportunity to develop the site. Put it in perspective to

help them market the site as well because it is a very rare site on the West Coast, accessible to lots of different markets and ports within a one day drive time. It may be they can get the rail going there again.

Deborah Yates with the Umpqua Post said she had looked into this topic earlier in the day. It really isn't in the plans to fix the portion of rail at IP. She said the Port of Umpqua would be hearing from them soon to talk about ideas for an ideal partnership, what could potentially be a good development with the return of rail. The main issue is the cost for fixing the rail, but it is said that the rail at the site is in very good shape, which is good news.

Scott commented on the issue of breaking a project up. He said they have had experience with several industrial parks that were much smaller than the IP site, where they were looking at one concept for one user, and at the same time, taking a conceptual look at how it might break into multiple users, from large down to small. The potential concept for the IP site is to could look at both a large user and the ability to break it into a mix of uses. It's difficult to do this reasoning exercise without the land owner there, but a visual of the site potential may get the owners attention.

What folks need to do now, is to get used to the idea that the IP site can be used for something other than IP. We need to also look at what other places the Port could invest in, in the near term to stimulate job growth. Todd then said there seems to be opportunities right here in downtown Reedsport where you could easily build a 10 or 20 thousand square foot building, it would be nicely accessible from the highway, it's a great location to have a business. With this in mind, there might be opportunities for the Port if they were proactive about finding properties through foreclosures or auctions. We would then need to decide if we want to be the developer or decide to sell it to some other developer with the agreement that they would develop it over a set period of time. Many times the tenants for these places come from the local area. Generally about 80% of job growth is from existing employment within an area. At that point you'd be working with existing businesses to try to find if anyone is interested in expanding. It might be surprising. A lot of times people are interested in expanding but they don't know what their options are, and they might not even know that the Port is willing to accommodate them. The Columbia Planning & Design team has experienced this in the past: there was a tenant expansion need at the Port of Skamania, Washington, and the state was willing to help the Port to accommodate the expansion. The project construction before they had even finished the strategic plan.

Deborah Yates asked if the school in Gardiner had a value. Scott and Todd weren't familiar with this property. President Reese briefly explained the site. Todd said they would have to figure out the costs to maintaining the building and see if it is feasible for businesses or whether there is some other use for it. Sometimes there are environmental issues with older buildings that make them more of a liability than an asset. Commissioner Hash explained that the school is used once a year as a place for the Confluence Festival. Todd said he hadn't looked at the building yet. Scott said he had heard that the building was good for up to 150 occupants, and Commissioner Hash said it is a large building. It was agreed to be something to look into in the future.

Todd said the market is very soft now, making it a good time to buy. Buying a used existing building is usually a lot cheaper than building a brand new one, but the renovation costs can sometimes cost more than building brand new. Sometimes they also cost more to operate because they need updated heating systems, or the windows need updating.

One strategy Todd came up with was to do a building inventory, and have an architect do an assessment of a lot of different buildings. We could also partner with the county or the city to cost share, and by doing this, we will have a much better idea of what the lifecycle costs for different buildings. There are some buildings already here that look vacant that look habitable with minimal investment. So, instead of building a flex building, it might be cheaper to buy an existing building.

Commissioner Hash then asked if the Columbia Planning & Design team had looked at the old office building in Gardiner. It's privately owned now, but it is still empty.

Todd said there is scheduled to be a workshop on March 30 with the team's urban designer who is going to try to translate all of the community visions into beautiful artistic renderings for the waterfront and downtown plan. He is also on our Port planning team and can help with a graphic vision for the IP site. Scott said it wouldn't be a bad time if the right folks were at the table to combine efforts, and that they would also show the designer the IP site on this visit to Reedsport. Between now and May when the draft strategic business plan is presented to us, we will work on some renderings. He added there had been head nods from folks from the commission. Todd said he'd like to see the commissioners and others weigh in on this topic. Scott said they would talk with Port Manager Vitek and the city to see if we could make it part of the March 30 visit. Todd then confirmed that the March 30 workshop with the city will be a public meeting.

Joe Coyne said it seemed from the reports handed out, that the study had been very light on tourism and on Winchester Bay. He gave the example of the Winchester Bay Sanitary district was not mentioned at all. When you think about tourism in this area, Reedsport isn't the first stop, it's Winchester Bay. He asked if they were going to look at that, adding there isn't much land in Winchester Bay, with the county controlling much of what there is. In the future Joe said he saw the growth being in Winchester Bay or Gardiner. The growth would be in tourism. He wished that there be more emphasis put on tourism.

Todd said that their tourism numbers for Douglas, Curry and Coos counties are trending upwards. A lot of this has to do with Winchester Bay and some of the casinos in the area, as well as the dunes. Todd agreed that the numbers were conservative, he said he thought when they came back in 5 years to do this analysis, it might include that the numbers were low. Right now the economy is set back to be more like the 2001 time period. A lot of development has been built in the last 10 years, and it's going to have to re-absorb itself over the next 5 years before there is a lot of new growth.

Scott added that from an infrastructure perspective, the plan focused on Port properties, but Winchester Bay was mentioned as well as the Sanitary Service Districts and the Port dock. Joe Coyne asked how many Port Properties there were in Gardiner. The answer was there weren't any. Joe then said that the bulk of their report was really about Gardiner. Scott said yes, they were asked to look at the IP site, and he didn't feel that the infrastructure/sanitary sewers were relevant to the dock. He said they could look at Winchester Bay; they were trying to describe where the Port should focus on infrastructure.

Todd interjected that they did interview folks from Salmon Harbor, and those folks also said to put emphasis on the IP site, and not on Winchester Bay. Port Manager Vitek then asked Joe what it was he would like to see the Port invest in. Joe answered tourism. He said he saw the Port as a funding source, and its mission should change slightly and go towards tourism. It is where he felt that growth would be. He would like to see us be ready to do something.

Commissioner Nelson said he kind of agreed with Joe. He said he has always felt that one of the main responsibilities of being a commissioner was to help tourism. He said he thought they were down playing tourism, and it is probably the major source of money that actually comes into the whole community. He also said instead of saying the "fishing" industry it should be changed a little to put more emphasis on the "Sport" fishing industry. That is actually from the states own data, where it shows \$250 per fish day that comes into this area. For every commercial fisherman, there are about 500 sport fishermen, with actual money to spend in our area. He said he really thought the property in Gardiner is where we would see money coming into the area. He didn't see the Port developing some type of business. That isn't our job as a Port. Our job is to push someone else to build. He also said when adding a new business to the area, every step of the way is hindered by the state. In the past you could buy a lot for \$200,000, build a building for \$400,000 and start business. Now you would have some inspector come by and say "We now have to do a \$300,000 study and a plan to build the space."

Commissioner Nelson also pointed out that there is an intergovernmental agreement between the Port and Salmon Harbor. This is an important element, because part of the deal is we have the ability to channel money through loans. We can borrow money, Salmon Harbor cannot. He then asked if the Port could use their ability as a special district to channel money into a private investor, so we would be the conduit to borrow state money for some reason. Todd said yes, it could be done, but it's going to be for a limited amount of money. Then you have to decide what projects you will do this for, and justify the loan. It depends on where our priorities are, which the strategic plan will help clarify. Barry said from his point of view, he does not want to do this so that the Port becomes some kind of big land owner because he doesn't feel that government should be in competition with private folks. He would rather the see the government become helpful, especially in small communities and for private developers.

Commissioner Hash asked if that wasn't the idea for the flex building. It could be a conduit for different businesses. The Port would be providing a service and the flex building would

be an example of that. If we then wanted to sell the building and use it for development of business, there may be a business owner that comes along and buys the building. Scott agreed and added that you can grow local businesses so that you're not borrowing or getting grants directly, your enabling them by helping them structure a building and to clear the permits involved.

Commissioner Hash then said in terms of helping the economy in general, the industrial portion is just part of it. She said she agreed that tourism has its place as well. There are some areas where tourism carries a location through the rough times, that plus the retired people that come here and stay because of the hospital and the location. We need to take advantage of what is happening, whether we like it or not. Then we can come up with more diverse plans, such as the goods and services that tourism offers. Tourism is already here, and it can only get better. Todd said he had spoken to Port Manager Vitek about rezoning some of the land on the waterfront from industrial to make way for tourism development. If that development can result in a boutique or some kind of new hotel, or floating restaurant, all of the things that give people a reason to stay here a day or two, it will benefit folks from Winchester Bay and Salmon Harbor too, because now they would come here and fish one day, ride the dunes another, it would become a multi day trip, not just a one day trip.

Scott added that this plan is going to have something for everyone. It will include 5, 10 & 20 year outlooks, a variety of policy and projects. Not just industrial or the IP Site, it's going to show a lot of opportunities. Right now they are doing their best to just listen, and then make up a practical list of opportunities.

Discussion pursued about the specifics of the proposed flex building. At this time, the flex building is just one of the suggestions. We are not at the point of having all the details worked out.

At this point Becky Bryant our IFA representative asked Joe Coyne exactly what did he mean when he said "tourism?" She said that if we came to them and said we wanted to borrow money for tourism; that is not a project. We need to have the specific details to borrow money. She said they would not loan the port money to build a building that we are planning on selling. They would however loan the port money to build a building that we are going to lease. If they were going to just sell it to somebody, that somebody could go to the bank and get a loan there as a private business. Joe Coyne said he had brought up the topic of loans because the port seemed willing to borrow money to lend money. Basically he's trying to find out how much there was available, and if it is limited by a specific topic, like industrial vs. tourism. He also wanted to know if the population of the Port district would limit the amount available to borrow. Becky said she didn't know if such programs are available any longer, but that the Port of Brookings actually had a revolving loan fund in the past. She thought the Port of Bandon may have one as well, and that someone else manages the funds for them. **It would be worth looking into whether these revolving loans are still available. She said she didn't know the specifics; these programs were in place before she came to the South Coast, she'd be willing to help us find out more.

Commissioner Nelson said when you start borrowing money from the state; that can become a big problem in a business sense, because you can't do anything further until you pay them back. It's better to deal with banks.

Todd pointed out we could lease a flex building. We couldn't sell it, but we could lease it. Port Manager Vitek said we would still be creating infrastructure for a business that could lease from us, but couldn't afford to build the building themselves. In her opinion that is what government should be doing; create the infrastructure, and the ability for businesses to do business.

Becky Bryant said if you put a conceptual design together, you have to be careful because if you build on tourism first, usually it then inhibits the development of anything else. This can be tricky. She said basically the puzzle pieces have to be put together at the same time so you can have the best of all worlds, tourism, industry, etc. You aren't just focusing on one area because you can have it all; don't just focus on one growth sector, and lose out on the other.

Scott then thanked everyone for their input. We plan on completing the plan in June, but will be coming back to present the draft plan in May at a second public workshop.

The next Port of Umpqua Regular Meeting will be held Wednesday March 23, 2011 at 7:00 p.m. at the Port of Umpqua building, 364 N Fourth Street, Reedsport, Oregon 97467.

Steve Reese, President

Karen Halstead, Admin. Assistant



Port of Umpqua Strategic Business Plan Open House No. 2 Summary May 17, 2011

Attendees: About twelve (12) citizens, port, county and state agency representatives. See attached.

Purpose: Review of Draft Port of Umpqua Strategic Business Plan

Introduction: Charmaine Vitek welcomed attendees and gave a project overview. She thanked various local, county and state representatives for participating, and introduced the consultant team.

Plan Summary

Scott Keillor and Todd Chase provided a brief presentation to highlight strategic business plan components, including market findings; target clusters; mission, vision and goals, and opportunity sites. Scott then reviewed the primary projects and implementation plan. He noted the state's requirements that the plan be updated every 10 years, with a 5-year mid-point review, but each project and subarea plan goals should be reviewed annually with the port's budget process. He then asked for comments.

Discussion Items

Plan Update – the plan cannot anticipate every project or grant opportunity, so the state will allow periodic updates to accommodate changed in needs and new opportunities.

Tourism – it was noted that tourism is a growing industry locally, and that as fuel costs rise it is important for the Port to work with the Chamber to accommodate “stay-cations”, or local and regional visitor needs. Reedsport is a tourism gateway – new attractions and hotel options could lengthen visitor stays and related spending.

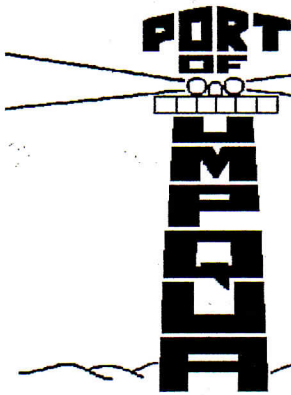
Energy – there is considerable growth potential in off-shore wave energy development, and the IP site offers land to accommodate this need. Pursuit of local jobs that can support R&D and related component manufacturing is important. American Bridge has potential for such contracts, but may need state assistance to “retool” for these opportunities.

Food Processing – there is growth potential in food processing markets, and the area benefits from airport facilities in Coos Bay that can help ship seafood to Asian markets.

Small Business Growth – there was broad support for a business development center, and discussion about how the Port can partner with the college (SWOCC), charter school and hospital to house training programs. A low cost start-up option through creation of an online “business incubator” website was discussed.

Marketing Partners – It was noted that the State OBDD and the Port of Coos Bay are good partners in terms of national and international industrial user marketing for the IP site.

Port Financials – OBDD representatives noted that they were pleased with the financial position of the port and happy to see its plan considering a new property purchase and business growth.



Port of Umpqua SBP Open House #2
PORT OF UMPQUA BUILDING

May 17, 2011

PLEASE SIGN IN

PLEASE PRINT

Name	Representing	City
Becky Bryant	OBDD-IFA	Salem
David Harlan	OBDD-TFA	Salem
Susan Morgan	Douglas County	Green
Fred Jackson	Am. Business Mfg/Lumber	Reedsport / Nantux Beach
Jeff Vander Klei		
Donna Jean		
B + J Olstrom		
Scott Somers	City of Reedsport	

Port Staff:

Charmaine Vittek

Karen Halstead

Consultants:

Scott Keillon

Todd Chase

Appendix C. Market Analysis



To: Scott Keillor, Columbia Planning and Design
Charmaine Vitek, Port of Umpqua

Date: February 10, 2011

From: Todd Chase, AICP, LEED FCS GROUP

CC: Project file

RE: Port of Umpqua Market Analysis Findings

Introduction

This memorandum provides a summary of the work conducted as part of Task 3, Port Market and Economic Analysis. As part of this work task, FCS GROUP (the consultant) performed the following activities:

- ❖ Evaluated seasonal visitation trends and spending patterns.
- ❖ Analyzed retail inflow/outflow trends using ESRI economic input/output data and other data resources.
- ❖ Conducted an economic overview and real estate market analysis for new housing and commercial development in the Port of Umpqua Market Trade Area.
- ❖ Evaluated commercial development potential within the Port District area.
- ❖ Evaluated commercial marina market data.

Table of Contents:

Introduction.....	1
Visitation Trends.....	2
Marina Analysis.....	4
Trade Inflow/Outflow Analysis	8
Market Analysis.....	11
Development Program & Next Steps.....	21

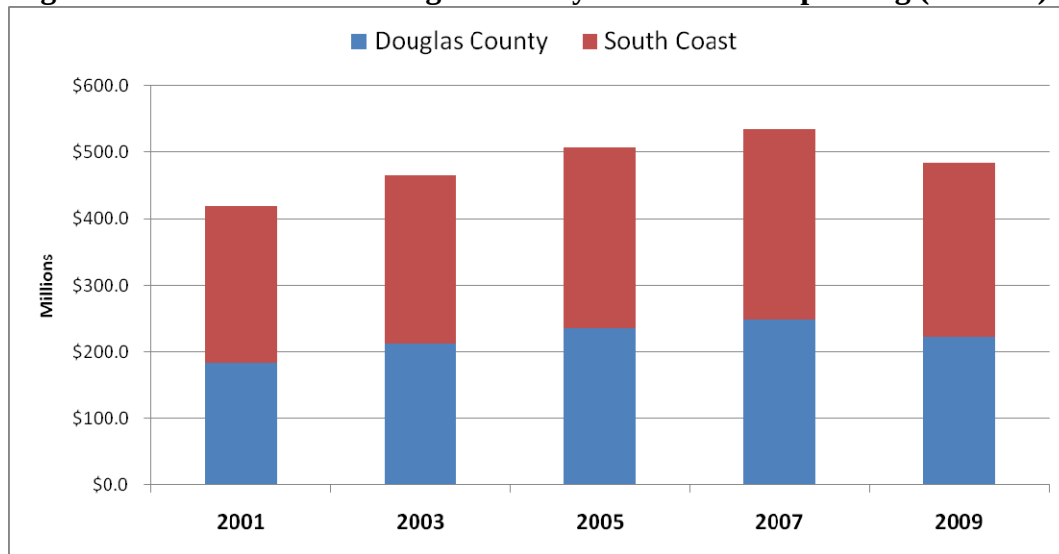
The preliminary findings for each of these work activities are summarized below.

Visitation Trends

Visitation and tourism increasingly play an important role in supporting the Oregon Coast economy—as the area continues to diversify away from its basic fishing and timber industries.

As indicated in **Figure 1**, the level of annual travel spending in the South Coast region (comprised of Coos and Curry counties) combined with Douglas County hit an all time high of nearly \$536 million in 2007, up significantly from \$419 million in 2001. While the amount of travel spending has been declining since 2007, travel spending in 2009 (preliminary estimates) was at nearly \$484 million.

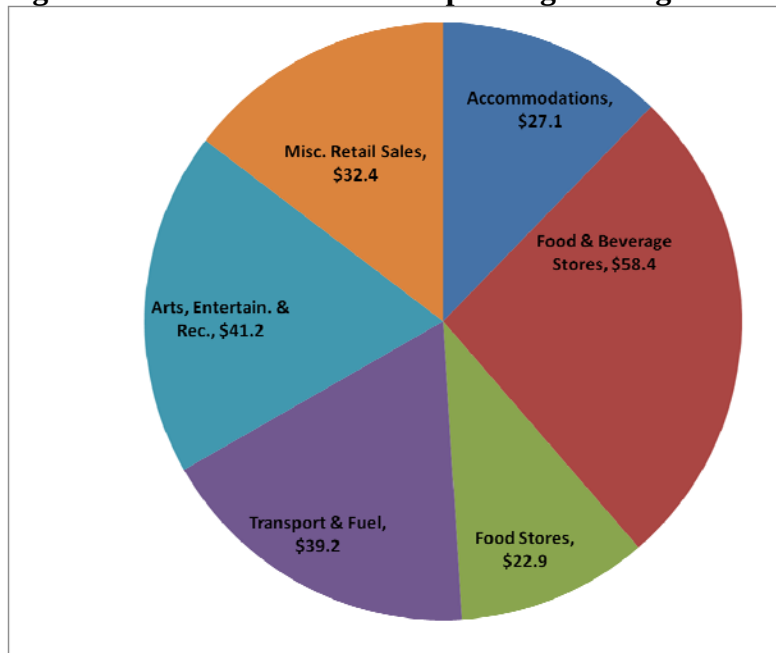
Figure 1 South Coast and Douglas County Direct Travel spending (millions)



Source: Dean Runyan Associates; compiled by FCS GROUP. South Coast region includes Coos County and Curry County.

Within Douglas County, annual travel spending was estimated at about \$22 million for 2009 (preliminary estimate) and supported 3,290 jobs. The level of visitor spending in Douglas County by commodity type is depicted in **Figure 2**.

Figure 2 Annual Direct Travel Spending in Douglas County, Prelim. 2009 (millions)



Source: Dean Runyan Associates; compiled by FCS GROUP.

The Oregon Coast Visitor survey asked visitors about the most desired types of “experiences and sights”, “entertainment activities” and “sports and recreation activities.” The top 10 results for each of these categories are listed below.

Top 10 Desired Experiences and Sights, Oregon Coast Visitor Survey, 2004-2006

1. Beaches/Ocean
2. Small Towns
3. Natural Environment
4. Wilderness Areas
5. Lakes/Rivers
6. Friends/Relatives
7. Historic Sites and Museums
8. National/State Park
9. Landmarks/Historic Sites
10. Rural Farming Areas

Top 10 Desired Entertainment and Activities, Oregon Coast Visitor Survey, 2004-2006

1. Shopping
2. Local Foods
3. Aquarium
4. Whale Watching
5. Cultural Events/Plays
6. Quality Restaurants
7. Local Music
8. Entertainment/Shows
9. Festivals/Fairs
10. Bars/Nightclubs

Top 10 Sports and Recreation Activities, Oregon Coast Visitor Survey, 2004-2006

1. Viewing Wildlife/Bird Watching
2. Hot tubing/Saunas
3. Swimming Pools
4. Hiking/Backpacking
5. Off-Road Vehicles
6. Fishing
7. Horseback Riding
8. Golf
9. Mountain Biking
10. Canoeing/Kayaking

Within the Port of Umpqua District, fishing and off-road recreation vehicles are two prevalent activities. While the other activities are available in the area, it appears that many of these activities (other than fishing) could be further improved and marketed to visitors.

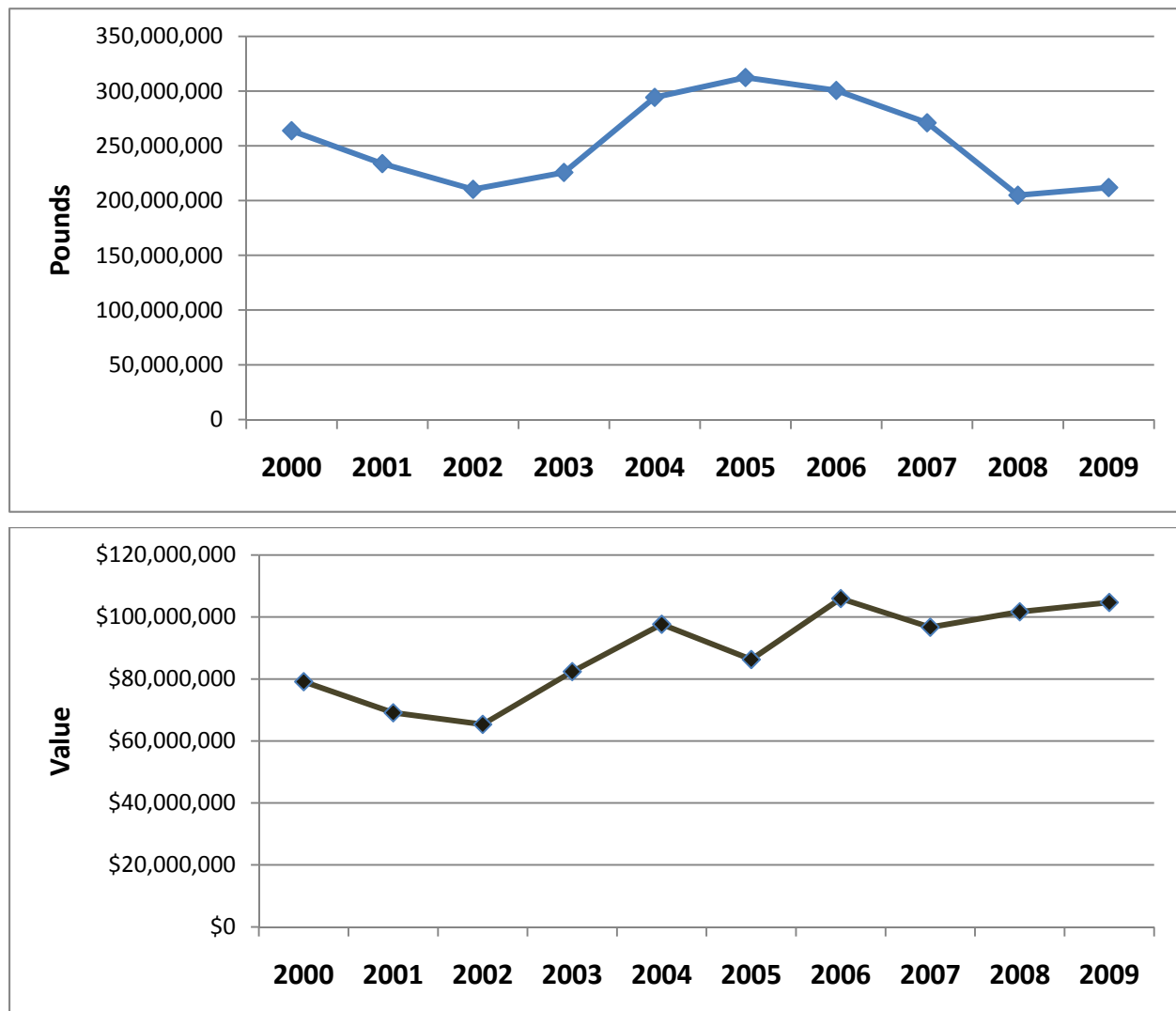
Marina Analysis

FCS GROUP conducted an analysis of state and regional coastal fishing and boating trends to further understand how such trends may impact the Port's water-based commercial and recreational activities and marina expansion potential.

Over the past few decades, the combination of increased off-shore commercial fishing regulations combined with enhanced consumption from an increasing number of people in the United States and internationally have attributed to a decline in the amount of commercial fishing and shell fish caught off the Oregon Coast. As indicated in **Figure 3**, according to data collected annually by the Oregon Department of Fish and Wildlife, the number of pounds of fish and shellfish caught in Oregon has fluctuated between 205 and 313 million pounds annually between 2000 and 2009.

While the number of pounds of commercial fish caught in Oregon has declined in recent years, the value of commercial fish and shellfish has risen steadily. Preliminary data for 2009 by the Oregon Dept. of Fish and Wildlife estimate total value of commercial fish and shellfish landings at \$104.7 million, as shown in the bottom chart of **Figure 3**.

Figure 3 Pounds and Value of Commercially Caught Fish and Shellfish, Oregon, 2000-2009

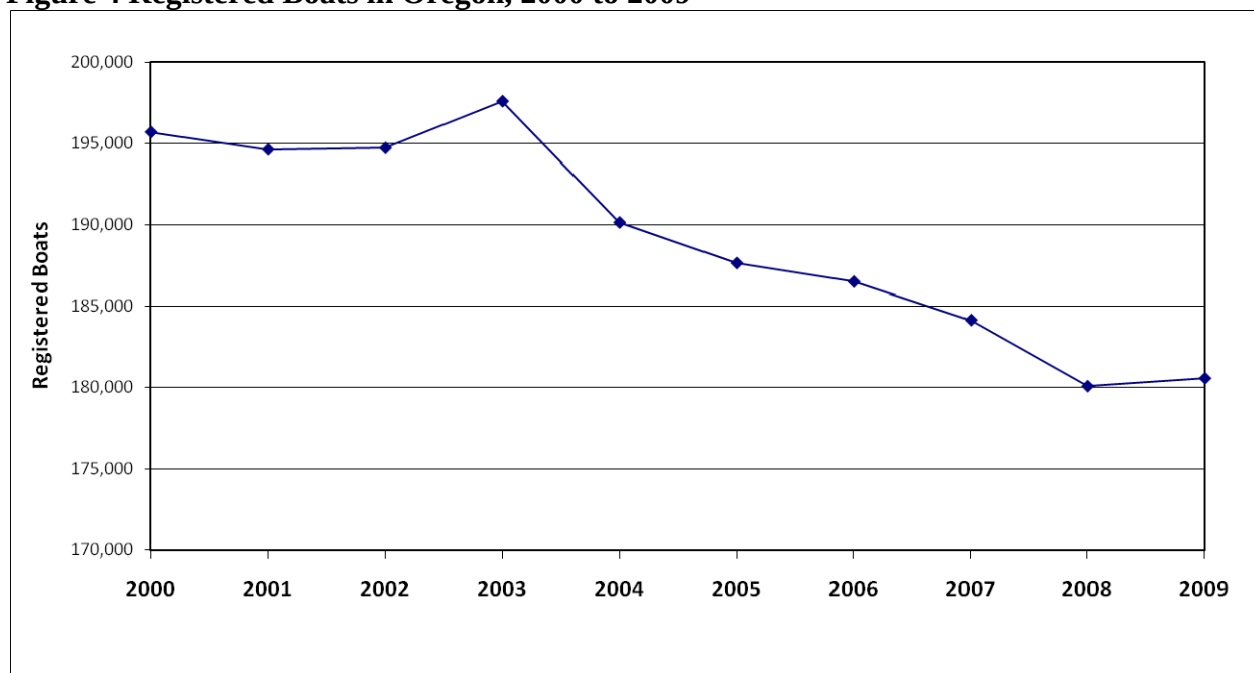


Source; Oregon Dept. of Fish & Wildlife; compiled by FCS GROUP.

Commercial and Recreational Boating

Commercial and recreational boating play an important role in Oregon's economy and quality of life. The Oregon State Marine Board maintains boating registration records and conducts surveys of registered boats every three years to determine patterns in boating activity and safety. As indicated in **Figure 4**, the number of registered boats in Oregon has been declining steadily over the past decade—falling to 180,552 boats in 2009.

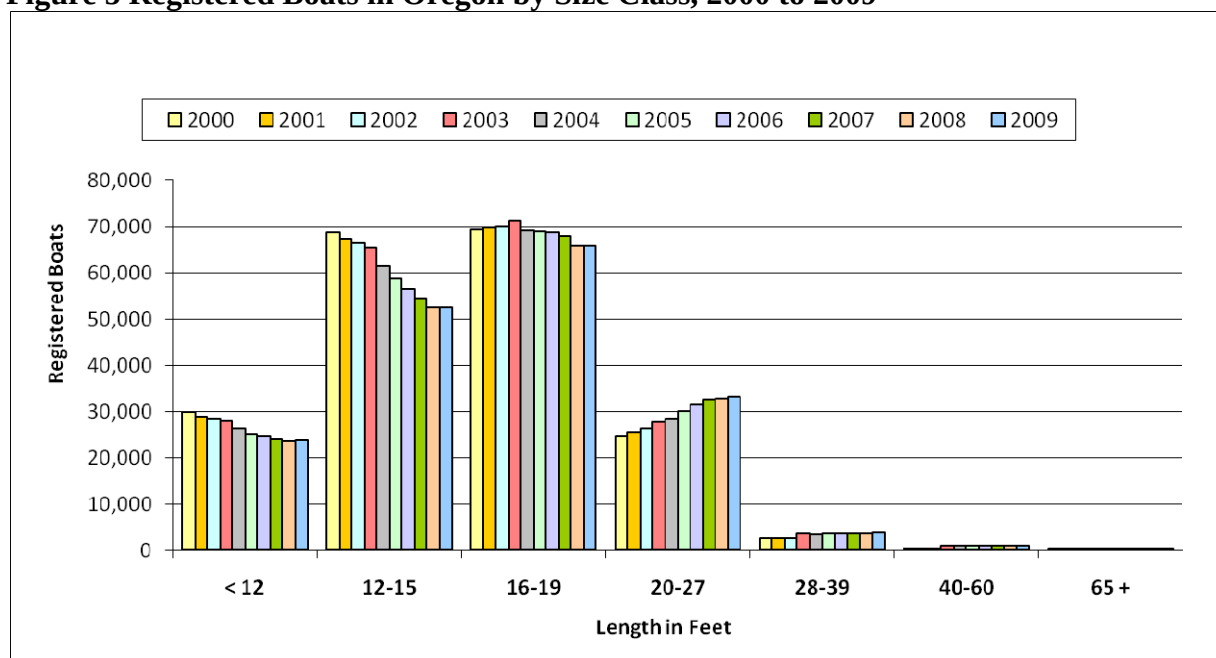
Figure 4 Registered Boats in Oregon, 2000 to 2009



Source: Oregon State Marine Board; compiled by FCS GROUP.

While the total number of registered boats in Oregon has been on a downward trend over the past decade, there has been some growth in the number of registered boats in certain size categories, particularly the 20-27 foot-long category, which added nearly 8,700 boats in Oregon between 2000 and 2009, as illustrated in **Figure 5**. The 28-39 foot category and 40-60 foot categories have also shown a positive growth trend in recent years. Over the past five years (2004 to 2009) the 28-39 foot category added 269 boats, while the larger 40-60 foot category added 49 boats in Oregon.

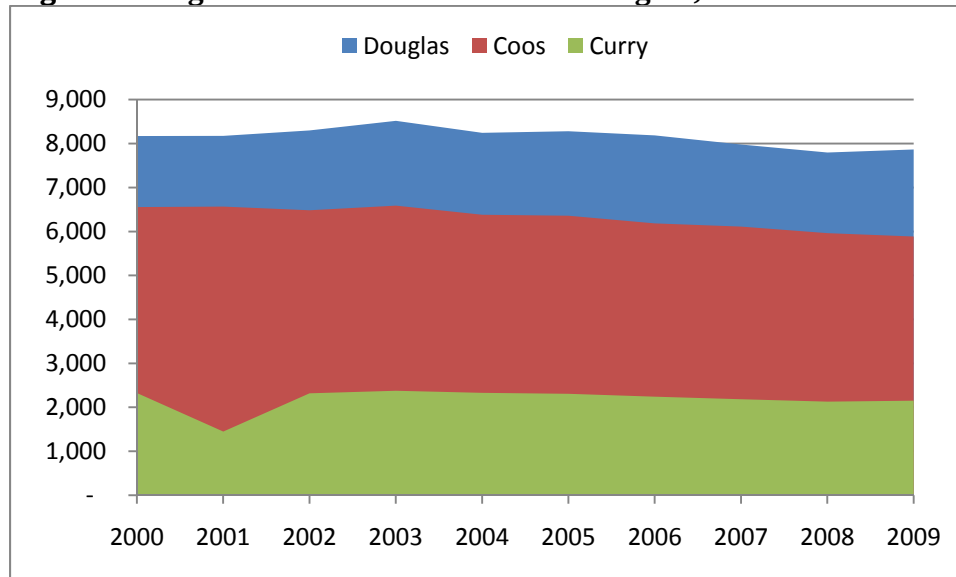
Figure 5 Registered Boats in Oregon by Size Class, 2000 to 2009



Source: Oregon State Marine Board; compiled by FCS GROUP.

Similar trends in registered boats by size class are occurring within the South Coast and Douglas County region as are found statewide. As indicated in **Figure 6**, the total number of registered boats in this three-county region peaked at 17,245 boats in 2003. After 2003, the number of registered boats in the region has declined steadily to 15,904 registered vessels in 2009.

Figure 6 Registered Boats in South Coast Region, 2000 to 2009



Source: Oregon State Marine Board; compiled by FCS GROUP.

The Oregon State Marine Board also provides statistics regarding public and private marinas in Oregon. A current listing of competitive marina facilities in the Port of Umpqua District is provided in **Table 1**. The results indicate that the four primary marina facilities that operate within the Port of Umpqua port district provide approximately 400 fixed marina slips (plus an additional 200 seasonal wet moorage slips at Salmon Harbor Marina) and a variety of amenities and services, including 166 self contained RV sites at Salmon Harbor. In addition, the Port of Umpqua operates a commercial fish off-loading dock at Salmon Harbor.

The Port of Umpqua currently contracts out the management and operation of the large vessel boat dock in the City of Reedsport to Fred Wahl Marine Construction, Inc. This dock space is generally reserved on a “first called, first reserved basis” and usage/operation is managed by Fred Wahl Marine Construction, Inc. per the Dock Management Agreement with the Port of Umpqua. The dock space is primarily used for staging large vessel ship repair activities, and the agreement stipulates that “at least fifty (50) feet of the dock shall remain for use by a vessel faced with an emergency situation.”

The current dock user fee schedule for the Port of Umpqua Dock ranges from \$25 per day for vessels under 65 feet in length to \$50 per day for vessels over 66 feet (\$250/week or \$1,000/month). In light of the limited availability of large vessel dock space along the Oregon Coast (especially with adjacent dry dock facilities), FCS GROUP compiled fees schedules for the Port of Coos Bay and the Port of Astoria (see **Appendix A**) for large vessels. In general, the daily rate for vessels over 66 feet that dock at the Port of Umpqua appears to be similar to the rates charged at the Port of Astoria and higher than the rates charged at the Port of Coos Bay.

Table 1 Selected Marina Facilities in Port of Umpqua District, January 2011

Name	Waterbody	Within Port District	Moorage	Trailer parking	Transient dock (slips)	Launch fee	Restroom	Supplies	Gas on water	Diesel on water	Fish station	Pumpout	Dump station	Agent
Gardiner Ramp	Umpqua River	✓	✓	✓										County
Salmon Harbor-East Basin	Winchester Bay	✓	✓	✓	150	✓	✓	✓	✓		✓			County
Salmon Harbor-West Basin	Winchester Bay	✓	✓	✓	150	✓	✓	✓	✓		✓	✓	✓	County
Salmon Harbor- Commercial Dock	Winchester Bay	✓												Port
Bolin Island	Umpqua River	✓		✓										County
Reedsport Rainbow Plaza	Umpqua River	✓	✓	✓	100		✓							City
Umpqua Wayside State Park	Umpqua River	✓		✓			✓							OPRD

Ramp Type C=Concrete, A=Asphalt

**Number and rate of slips based on State of Oregon data, Marina and observations*

Source: Oregon State Marine Board, and FCS GROUP surveys.

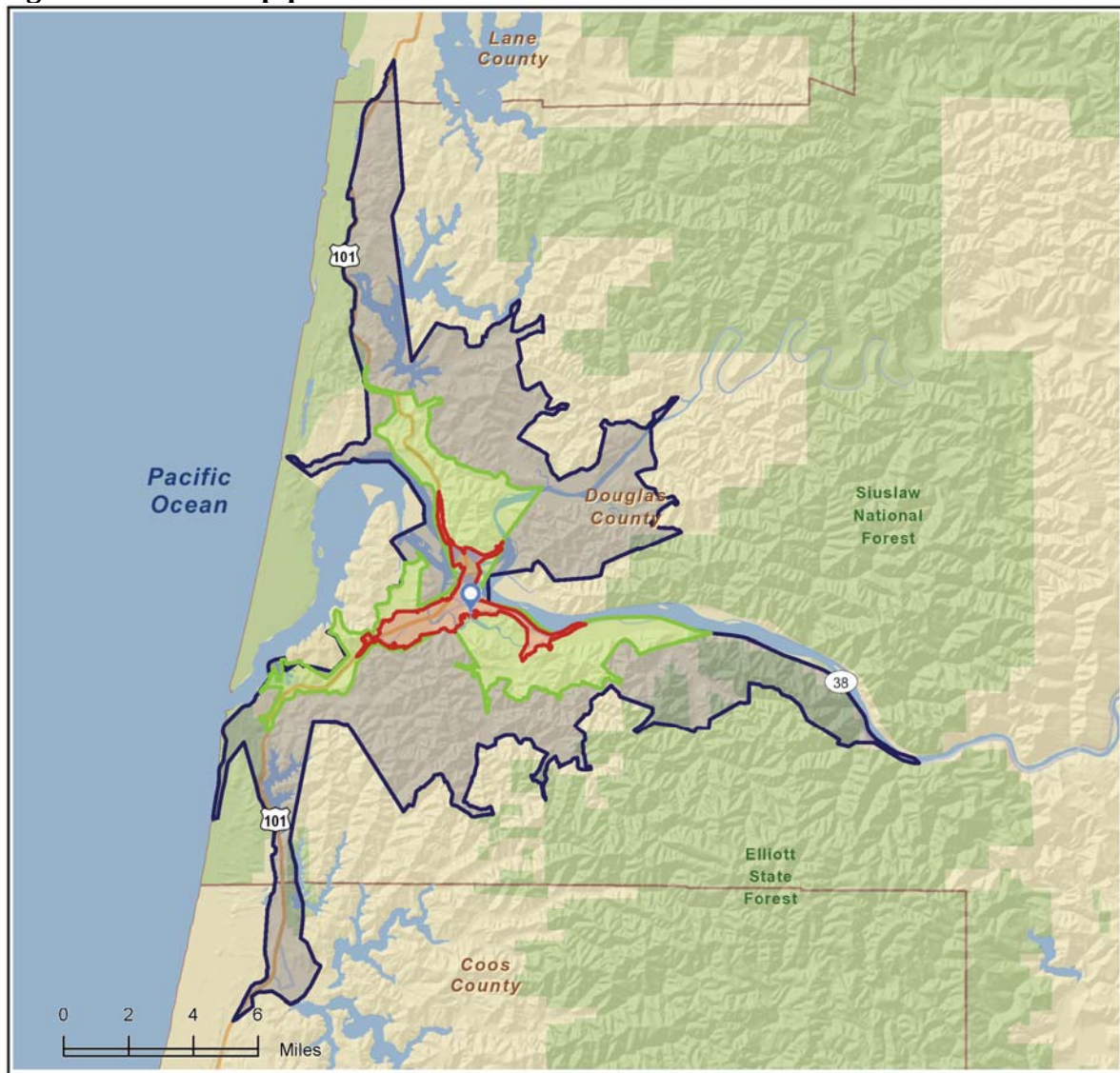
In summary, the demand for marina slips within the Port of Umpqua port district is being well addressed by current marina and boat launch facilities. While the near-term outlook over the next five years is expected to be weak for new marina facilities (given the impact of the recent economic recession), the demand for future marina slips and amenities within the Port District appears positive in years 2015 and beyond for mid-size recreational boating (particularly the 20-39 foot boat size classes).

Given the extent of recreational and commercial boating activity in the South Coast Region, the Port of Umpqua may be able to position itself to capture a larger portion of this demand with proper commercial marina support services and products, such as enhanced dry-dock repair and maintenance facilities, additional sales of wholesale ice products, and enhanced dock-side processing operations (pending review of potential locations and Port interest in conducting more detailed analysis of marina market potential for such activities).

Trade Inflow/Outflow Analysis

FCS GROUP utilized ESRI market data to help understand local economic commodity trade flows for the Port of Umpqua trade area. The commodity trade flow analysis provides a retail market profile for the area within a 20 minute drive of Reedsport (see **Figure 7**). Overall findings from the analysis portray the market trade area as including 6,415 people and 2,940 households with an aggregate disposable income of nearly \$128 million (estimated 2010).

Figure 7 Port of Umpqua Retail Trade Area*



** includes area within a 20-minute drive of downtown Reedsport.*

The market profile analysis generally indicates a slight surplus of food and drinking establishments within the defined market trade area, but a significant shortage of other retail store types. As indicated in **Table 2**, the store group types with the largest retail trade gap include:

- Automotive dealers;
- Clothing and shoe stores;
- Lawn and garden equipment and supply stores;
- Department stores;
- Electronics and appliance stores; and
- Furniture and home furnishing stores.

**Table 2 Top Retail Gap Opportunities by Store Group, Port of Umpqua Trade Area*
Estimated 2010**

Industry Group	Demand (Retail Potential)	Supply (Retail Sales)	Retail Gap
Automobile Dealers	\$8,935,826	\$421,138	\$8,514,688
Department Stores Excluding Leased Departments	\$5,171,003	\$0	\$5,171,003
Building Material and Supplies Dealers	\$1,624,451	\$889,097	\$735,354
Furniture Stores	\$701,507	\$61,762	\$639,745
Clothing Stores	\$445,233	\$0	\$445,233
Other General Merchandise Stores	\$2,748,443	\$2,354,142	\$394,301
Electronic Shopping and Mail-Order Houses	\$264,651	\$0	\$264,651
Home Furnishings Stores	\$317,625	\$86,708	\$230,917
Jewelry, Luggage and Leather Goods Stores	\$170,628	\$0	\$170,628

* reflects market area within 20 minute drive of downtown Reedsport.

Source: ESRI and Infogroup.

For comparison purposes, the overall mix of employment within the South Coast Region (Douglas, Coos, and Curry Counties) is shown in **Table 3**. According to the Oregon Employment Department, the economic sectors (in total employment) for the South Coast Region include:

- Services (17,730 jobs);
- Industrial (12,980 jobs);
- Retail Trade (8,170 jobs)
- Leisure and Hospitality, including restaurants and hotels (6,450 jobs); and
- Government (16,130 jobs).

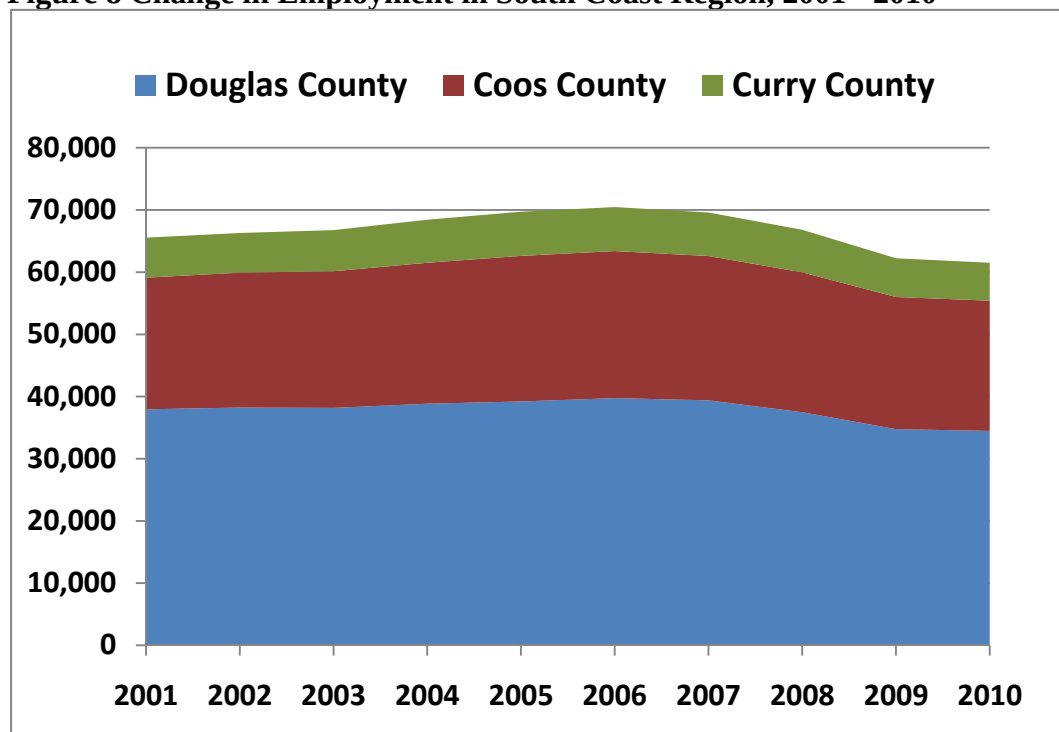
Table 3 Employment in South Coast Region, 2009

	Douglas County	Coos County	Curry County	South Coast Region
Services	10,160	5,970	1,660	17,790
Industrial	8,330	3,510	1,140	12,980
Leisure and Hospitality	3,180	2,300	970	6,450
Retail Trade	4,250	2,950	970	8,170
Government	8,580	6,200	1,350	16,130
Total	34,500	20,730	6,090	61,520

Source: Oregon Employment Department, 2009; compiled by FCS GROUP.

The number of jobs in the South Coast Region reached a 10-year low of approximately 61,520 in 2010, down from a peak of 70,470 jobs in 2006. As indicated in **Figure 8**, the total number of people employed at businesses in the South Coast Region is below the number of workers recorded in 2001. All three counties reported similar declines in employment over the past decade.

Figure 8 Change in Employment in South Coast Region, 2001 - 2010



Source: Oregon Employment Department.

Market Analysis

FCS GROUP conducted an economic overview and real estate market analysis of commercial office, retail, and water-dependent industrial uses for the Port of Umpqua area. The economic and market findings are intended to document near-term and mid-term market demand for conceptual redevelopment projects in the area. The focus of this analysis is on the expected level of demand for new development over the next 20-25 years (2011-2035).

The U.S. and Oregon economy are currently recovering from a national economic recession that began in December 2007 and ended in June 2008, according to the National Bureau of Economic Research. The recent “Great Recession” has resulted in a current economic slowdown that rivals the Great Depression; however, some economic expansion is beginning to occur. According to the U.S. Bureau of Economic Analysis, real Gross Domestic Product (GDP is the measure of value of all goods and services in the U.S.) increased in 2010 at an annual rate of 3.7 percent during the first quarter, 1.7% during the second quarter, and 2.6 percent during the third quarter of 2010.

Consumers are still very cautious, as unemployment rates remain higher in Oregon than the nation, and home foreclosures continue to rise. Oregon posted a year-over-year overall job gain of 11,900 jobs between December 2009 and December 2010. At the same time, the state’s unemployment rate remained at 10.6 percent in December 2010, same as the prior year. It should be noted that Oregon also is experiencing a high level of “under-employment” which is not reflected in these data trends. Overall unemployment rates in Douglas County have been higher than the state average with 14.2 percent unemployment in December 2010, which was more favorable than 14.7 percent recorded one year prior. The U.S. and Oregon economy now appear poised for a slow economic recovery.

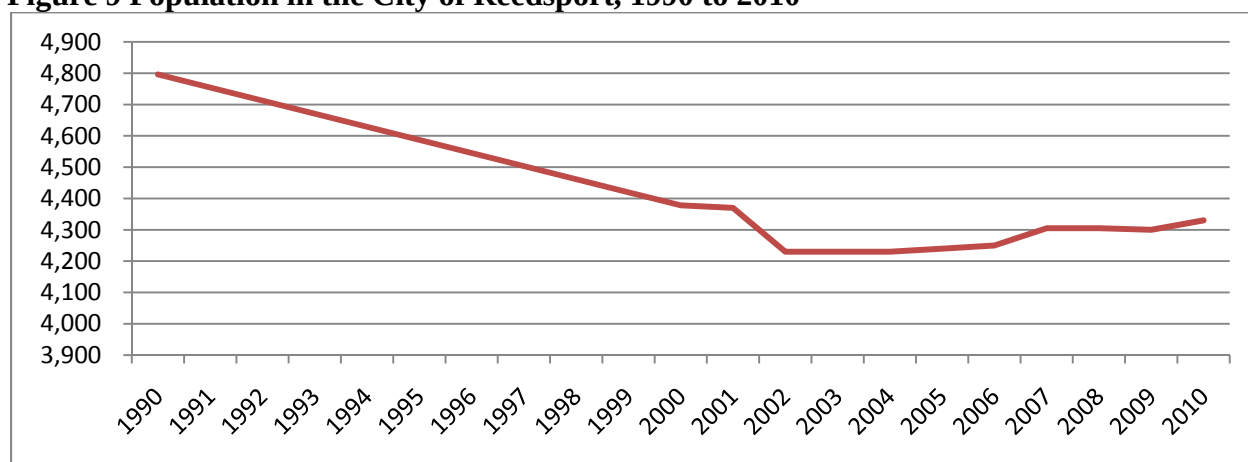
Population levels continue to increase in both Oregon and the Port of Umpqua trade area due to population migration patterns, increases in immigrant population levels, and natural population increases. As indicated in **Table 4 and Figure 9**, according to the Portland State University Population Research Center, the population in Reedsport decreased slightly between 2000 and 2010 by about 48 residents – resulting in a current estimated population of 4,330 as of July 1, 2010. In comparison to Reedsport, other jurisdiction in the South Coast region recorded positive population growth since 2000. During this decade, the City of Coos Bay added 1,313 people, and the City of Florence added 2,327 people.

Table 4 Population Trends, 2000 to 2010

Jurisdiction	2000	2010	2000-10 Change	
			Number	Percent
Reedsport	4,378	4,330	-48	-1.1%
Coos Bay	15,372	16,685	1,313	8.5%
North Bend	9,554	9,930	376	3.9%
Florence	7,263	9,590	2,327	32.0%
Douglas County	100,399	105,240	4,841	4.8%
State of Oregon	3,436,750	3,844,195	407,445	11.9%

Source: Portland State University Population Research Center, July 1, 2010 estimates.

Figure 9 Population in the City of Reedsport, 1990 to 2010

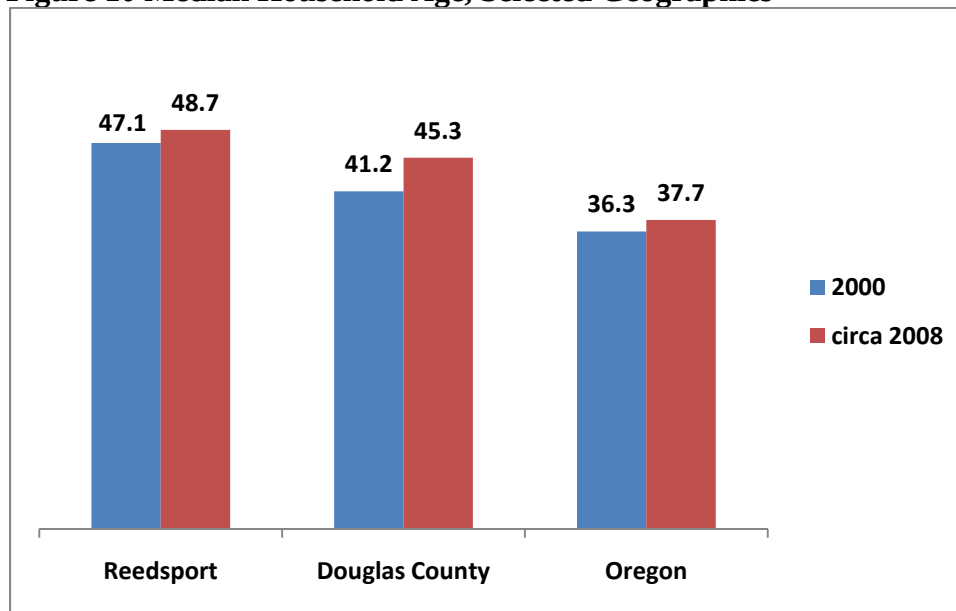


Source: U.S. Census and Portland State University Population Research Center, July 1, 2010 estimates.

An aging baby boom population (U.S. citizens born between 1946 and 1965) combined with changes in socio-economic patterns (such as single-parent households and fewer children per couple) are expected to increase average age levels and depress the average household size. As indicated in **Figure 10**, the median household age has trended upwards over the past several years and is higher for Reedsport than Douglas County and the Oregon statewide average.

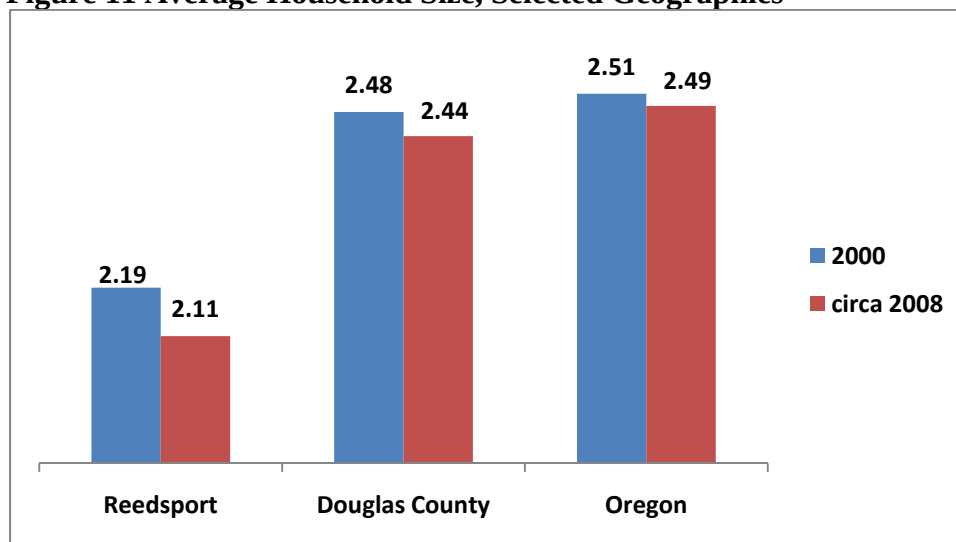
Figure 11 documents a trend towards smaller households which when combined with increasing population levels should create new demand for multifamily housing types within the Port of Umpqua trade area over the next 10-20 years.

Figure 10 Median Household Age, Selected Geographies



Source: U.S. Census data; compiled by FCS GROUP.

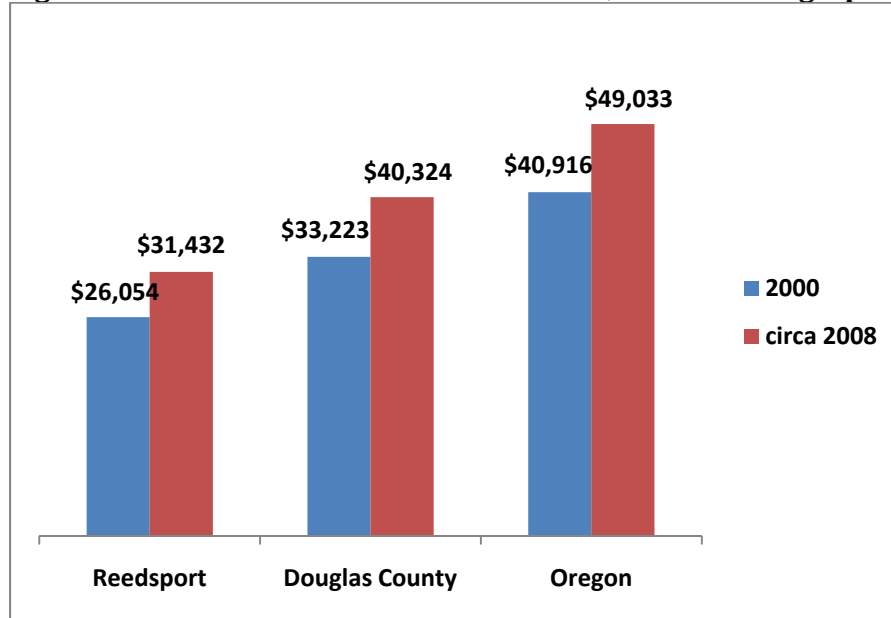
Figure 11 Average Household Size, Selected Geographies



Source: U.S. Census data; compiled by FCS GROUP.

Median household income levels for Reedsport and Douglas County were slightly lower than the Oregon statewide average, as reflected in **Figure 12**.

Figure 12 Median Household Income Levels, Selected Geographies



Source: U.S. Census data; compiled by FCS GROUP.

Industrial and Commercial Development Potential

Future demand for additional industrial and commercial retail or office development within the Port of Umpqua trade area will primarily occur through a mix of adaptive building reuse and redevelopment, including occupancy of older buildings. Since employment is the primary driver for new industrial, office and retail growth, we do not expect to see much redevelopment activity until 3-5 years from now—only if the U.S. and Oregon economic recovery continues.

In addition to attracting regional and national visitation for local recreational and boating activities, Reedsport serves western Douglas County as a center for primary education and health care services. The City of Reedsport had an estimated 1,262 workers in 2007, or about 3 percent of the Douglas County job base, as indicated in **Table 5**.

Table 5 Employment in Reedsport and Douglas County, 2007

	Reedsport	Douglas County	Percent of Douglas County jobs in Reedsport Area
Natural Resources	69	1,425	5%
Retail	132	4,772	3%
Leisure & Hospitality	238	3,625	7%
Services	209	5,918	4%
Health Care & Education	385	4,529	9%
Industrial	181	10,070	2%
Government	48	8,516	1%
Total	1,262	38,855	3%

Source: U.S. Census, On-The-Map, 2007.

Business Clusters Analysis

It is a widely accepted theory among economic development professionals that “business clusters” are the primary force driving local economic currents and business location decisions. Clusters of business activity go well beyond mere concentrations of industry or employment types. They represent unique competitive market advantages with regard to employment, work force, creativity, entrepreneurship, business costs, and supporting natural resources.

The clusters analysis prepared by FCS GROUP is intended to identify potential employment sectors that are most compatible with local economic policy objectives. The process entailed:

1. Obtaining Employment wage and salary employment data from the Oregon Employment Department (OED) for Douglas County for the year 2009.
2. Obtaining employment estimates by industry sector for Reedsport and Douglas County from the U.S. Census On-the-Map for the year 2007.
3. Conducting a location-quotient (LQ) analysis to evaluate business and industrial clusters in the Reedsport area relative to the state of Oregon average for all jobs in 2007.
4. Evaluating business clusters within the Reedsport area with regard to the LQ, projected growth rates (using OED Region 5 and 6 2008-2018 job growth forecasts (covers Douglas County, Coos and Curry counties), by cluster size (aggregate annual wages), and average wage rates.
5. Classifying each business cluster with regard to one of four classifications, including:
 - I. STARS: Businesses with large LQ (propensity to locate in the Reedsport area and higher than average projected growth rate compared to the State average).
 - II. EMERGING: Businesses with small LQ and high average growth rate (possible pent up demand or competitive market disadvantage relative to other locations).
 - III. MATURE: Businesses with large LQ but lower than average growth rate.
 - IV. CHALLENGED: Businesses with small LQ and lower than average growth rate.

The business cluster analysis summarized in **Figure 13** identifies the business sectors within the Reedsport area by their LQ, size and growth potential. Each sector has been analyzed by their North American Industrial Classification System (NAICS) code. This code is used by the federal government to classify types of businesses for tax accounting and economic research purposes. The data used for the clusters analyses were derived from the wage and salary employment statistics for the year ending in 2007. The size the bubbles in the following charts provide a relative comparison within each jurisdiction of the total direct wages paid to workers within each industry sector.

The clusters analysis classifies the existing business sectors in Reedsport area into four general categories:

Industry Sectors with Large LQ/High Growth Potential (“Stars”)

- Health Care & Social Assistance
- Education

- Leisure and Hospitality (includes lodging and restaurants)
- Misc. Services

Industry Sectors with Small LQ/High Growth Potential (“Emerging”)

- Professional and Business Services
- Retail Trade
- Wholesale Trade
- Transportation, Warehousing & Utilities
- Financial Activities

Industry Sectors with Large LQ/Low Growth Potential (“Mature”)

- Natural Resources (fishing and logging)

Industry Sectors with Small LQ/Low Growth Potential (“Challenged”)

- Construction
- Manufacturing

Focused marketing and business recruitment efforts are being made by local organizations such as the South Coast Development Council, Southern Oregon Regional Economic Development, Inc. (SOREDI), Business Oregon and other entities to attract established and emerging business clusters to the region and state. The business and industry clusters that are currently being targeted include: health care, advanced manufacturing, food processing, and clean technology businesses (with focus on solar & wind and wave energy development).

Local residents approved the conversion of the former Reedsport Junior/Senior High School into the Reedsport Community Charter School in early 2010. The goal of the charter school is to “create and deliver a community based, technologically infused, problem-solving curriculum incorporating state content standards aimed at preparing our students to meet or exceed OSAT benchmarks.” The program includes the integration of health care programs into its unique course offerings. The charter school has three primary elements including developing community partnerships in core and elective classes, creating and maintaining a personalized education plan for every student, and staff training in technology and learning styles. A new synergy between the Charter School and the Lower Umpqua Hospital is helping to nurture the growing local cluster in health care services.

Commercial and Industrial Development Forecasts

To estimate future development potential, FCS GROUP evaluated the 10-year employment growth forecasts prepared by the Oregon Employment Department for the South Coast Region (includes Douglas, Coos and Curry Counties). As indicated in **Table 6**, the 10-year job growth forecasts for the South Coast Region portend a positive trend towards job growth for all industry sectors, with the exception of natural resources (including fishing, logging, and mining), construction, information and manufacturing. The sectors that are expected to grow the fastest include: education and health services; leisure & hospitality; transportation & utilities; retail trade; government; and business & professional services.

Figure 13 Existing Business Clusters in Reedsport area, 2007



Source: FCS GROUP based on data from U.S. Census On-The-Map and Oregon Employment Dept.

Table 6 Employment Growth Forecast, South Coast Region, 2008-2018

Employment Sector	Douglas County	Coos & Curry Counties	South Coast Region	Percent in Douglas County
Industrial				
Natural Resources	(50)	(50)	(100)	50%
Construction	(20)	10	(10)	--
Manufacturing	(370)	70	(300)	--
Wholesale Trade	50	30	80	63%
Transport. & Utilities	110	70	180	61%
Retail	450	330	780	58%
Services				
Information	(10)	(30)	(40)	25%
Financial Activities	60	80	140	43%
Prof. & Business Services	350	250	600	58%
Education & Health Services	850	530	1,380	62%
Leisure & Hospitality	410	350	760	54%
Other Services	90	50	140	64%
Government	510	530	1,040	49%
Total	2,430	2,220	4,650	52%

Source: Oregon Employment Department, compiled by FCS GROUP.

FCS GROUP prepared a forecast of commercial and industrial development potential for the Port of Umpqua trade area (see **Appendix C**). The job growth projections indicate that the South Coast Region is forecasted to add 4,650 net new jobs between 2008 and 2018 (based on Oregon Employment Department). FCS GROUP forecasted Port of Umpqua employment growth by assuming a range of low to high capture rates based on current levels of local job distributions by sector.

The Port of Umpqua District area is expected to “capture” a small share of the forecasted county job growth. FCS GROUP forecasted the capture rates for low and high levels of job growth based on our understanding of local vacant land and facilities. Please refer to **Appendix C** for a range in Port of Umpqua market trade area capture rates for each industry sector. Based on this analysis, the Port of Umpqua market trade area could attract a mix of retail/commercial, services/office and lodging investment.

As indicated in **Table 7**, if redevelopment opportunities can be provided with adequate on-site infrastructure and priced at competitive lease/sales prices, we would expect the Port of Umpqua trade area to attract the following level of development of building area over the 2010 to 2030 time period:

Potential New Commercial and Industrial Development (2010 to 2030)

- Retail (31,000 to 62,000 square feet)
- Services (62,000 to 124,000 square feet)
- Lodging (24,000 to 49,000 square feet or 60 to 120 rooms)
- Government (8,000 to 25,000 square feet)

No significant regional demand for industrial or water-dependent uses has been forecasted by the Oregon Employment Department for the South Coast Region over the next 10 years. Hence, little long-term industrial business growth can be foreseen at this time. To the extent new industrial businesses are attracted to the Port of Umpqua Market Trade Area, they would be from national or international businesses or corporations that desire to locate in the local area because of unique site requirements or regional natural resources, such as water and wood pulp. The ability to enhance national and international market presence can only be achieved with sites of regional significance, such as the former IP mill site in Gardiner.

**Table 7 Supportable Commercial and Industrial Development Growth Forecasts
Port of Umpqua Market Trade Area, 2010 to 2030**

Supportable Building Square Feet	Low	Medium	High
Water Dependent	<i>Note 1</i>	<i>Note 1</i>	<i>Note 1</i>
Industrial	<i>Note 2</i>	<i>Note 2</i>	<i>Note 2</i>
Retail	31,000	47,000	62,000
Leisure & Hospitality	24,000	36,000	49,000
Services	62,000	93,000	124,000
Government	8,000	17,000	25,000
Total	125,000	193,000	260,000

Notes:

¹ Water-dependent uses are a subset of commercial and industrial demand.

² Future industrial developments are very speculative at this time in light of negative regional industrial growth forecasts by Oregon Employment Dept. New industrial demand may stem from national or international business investment that is attracted to unique sites and locations, such as the former IP mill site in Gardiner.

Source: FCS GROUP, derived from Appendix C.

Competitive Land and Building Inventory

There are several vacant buildings and underutilized commercial and industrial sites within the Port of Umpqua market area. FCS GROUP identified several industrial and office properties being marketed currently by BusinessOregon and local brokers. As indicated in **Table 8**, the vacant inventory includes several vacant office buildings and call center buildings in Reedsport and Coos Bay. There is also a wide range of industrial sites being marked in the area, with the largest being the 415-acre International Paper (IP) former mill site in Gardiner.

Table 8 Available Office and Industrial Properties in Umpqua Market Area

Property Name	General Location	Buiding or Property Type	Building Area (sq.ft.)	Land Area (acres)	Certified Site
Available Buildings					
Cedar Palace	Reedsport	Office	17,200	n/a	
Jewett School Facility	Reedsport	Office, Call Center	46,796	n/a	
Winchester Building	Reedsport	Office, Call Center	6,147	n/a	
Training Center	Reedsport	Office, Call Center	5,460	n/a	
Smith River Building	Reedsport	Office, Call Center	3,500	n/a	
Warehouse	Reedsport	Industrial, Warehouse	12,141	n/a	
The Comac Building	Coos Bay	Office, Call Center	18,600	n/a	
Available Land					
International Paper Site	Reedsport	Vacant Land	n/a	270 to 415	
Parking Lot	Reedsport	Vacant Land	n/a	0.23	
Commercial Corner	Reedsport	Vacant Land	n/a	0.23	
Transpacific Parkway	North Bend	Vacant Land	n/a	10 to 52	Yes
North Bay Industrial Park	North Bend	Vacant Land	n/a	15 to 80	Yes
2348 Colorado Street	North Bend	Vacant Land	n/a	5 to 26	Yes
63234 Troller Road	Coos Bay	Vacant Land	n/a	2.23	
Mill Site	North Bend	Vacant Land	n/a	10 to 147	
Park Building	Reedsport	Office, Call Center	n/a	.17 to .21	
Oregon Resources Corporation	Coos Bay	Vacant Land	n/a	12	
Bunker Hill	Coos Bay	Vacant Land	n/a	12	
Bangor School Site	North Bend	Vacant Land	n/a	.02 to 5.8	

Source: BusinessOregon (www.oregonprospector.com); compiled by FCS GROUP, Jan. 2011.

In conversations with local brokers, there have been a number of business inquirers regarding the IP mill site over the past six months, including a data center, barge company, and energy R&D companies.¹ The primary benefits of the site include access to Winchester Bay, a deep water outfall to the Pacific Ocean, extensive infrastructure, and up to 15 million gpd of potable water rights. Wave energy development, research and manufacturing operations are also showing some potential for growth. Emerging partnerships include Ocean Power Technologies, Inc. and Oregon Iron Works working to construct the first prototype commercial energy PowerBouy systems in North America. Current work is underway to test the piston-type wave energy facility (PowerBouy system) using Pacific Ocean water outflow pipeline as a conduit for monitoring wave energy power generation. While the IP site holds promise as a logical location for wave energy development, actual levels of private investment is still speculative.

In light of the significant level of land and water rights at the IP mill site, there appears to be good development potential for food processing activities, such as aquaculture and hydroponics.

Other important private development activities in the South Coast Region, include:

¹ Source: interview with John Brown, Evans, Elder & Brown in Eugene, Oregon; commercial broker for the IP Mill Site in Gardiner.

- The Port of Coos Bay secured a \$7.8 million grant from the Oregon Transportation Commission (August, 2010). This funding is needed to reopen the rail line between Coquille and Eugene, thereby providing continuous rail access to Reedsport and the Coos Bay/North Bend area.
- American Bridge's fabrication plant in Reedsport announced plans to increase production and employment with the reopening of the rail line between Coos Bay and Eugene (August 2010).

Development Program and Next Steps

The recommended target development program anticipates a very slow business recovery starting in 2011. The commercial and service sectors, such as health care, retail and tourism/entertainment are likely to experience near-term investment and job growth that could lead to positive economic development within the Port of Umpqua Market Trade Area.

Little industrial business growth can be foreseen at this time. To the extent new industrial businesses are attracted to the Port of Umpqua Market Trade Area, they would likely be from national or international corporations that desire to capitalize on regional natural resources (such as water and wood pulp) and require special site infrastructure (like abundant water supply and rail access). The ability to enhance national and international market presence can only be achieved with sites of regional significance, such as the former IP mill site in Gardiner.

The actual timing of any new development will of course vary from year to year. It should be noted that the wide range in government space needs reflect current uncertainty regarding state and federal space needs.

In light of the weak economy for the South Coast Region, the Port of Umpqua should work closely with local jurisdictions, citizens, property owners, and regional and state economic development officials to retain existing businesses, bolster tourism, and facilitate long-term development at the former IP mill site in Gardiner, and foster redevelopment in downtown Reedsport.

The IP mill site is large enough to support a mix of industrial, aquaculture, housing and recreational uses. A phased mix of industrial, recreational facilities (e.g., golf course or resort development) could result in a positive overall chance of success for this site, and would help diversify and strengthen the economy within the Port of Umpqua District and the Reedsport area.²

In the next task, we will identify an overall economic strategy for the Port District which includes emerging development for job growth and business investment in energy, food processing, health care, and tourism. The financial viability of the Port will also be evaluated in context with recent development trends and Port management practices.

² Additional industrial development opportunities that were identified in *The Partnership for Economic Development in Douglas County – Competitiveness Report, Aug. 2010* include: green building products, plastic manufacturing, reconstituted wood products, paper and newsprint mills, glass manufacturing, and sanitary paper product manufacturing.

Appendix A Selected Competitive Marina Facilities, 2010

Port of Astoria	Daily Rates (flat rate)									Monthly
	20'-29'	30'-39'	40'-49'	50'-59'	60'-69'	70'-79'	80'-89'	90'-99'	100'-109'	
East Basin Moorage	\$12	\$15	\$20	\$25	\$30	\$35	\$45	\$55	\$60	\$7.00/ft.
West Basin Moorage	\$12	\$15	\$20	\$35	\$40	\$45	\$55	\$65	\$70	\$7.00/ft.
Boat Yard	Daily Rates (Per Linear Foot)									Monthly
	20'-29'	30'-39'	40'-49'	50'-59'	60'-69'	70'-79'	80'-89'	90'-99'	100'-109'	
with maintenance	\$0.30	\$0.30	\$0.30	\$0.30	\$0.30	\$0.30	\$0.30	\$0.30	\$0.30	\$9.00/ft.
w/o maintenance	\$0.15	\$0.15	\$0.15	\$0.15	\$0.15	\$0.15	\$0.15	\$0.15	\$0.15	\$4.50/ft.
Boat on Trailer	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10	\$3.00/ft.
Dry Dock (in & out)	\$6.50	\$6.50	\$6.50	\$6.50	\$6.50	\$6.50	\$6.50	\$6.50	\$6.50	n/a
Dry Dock (in or out)	\$3.90	\$3.90	\$3.90	\$3.90	\$3.90	\$3.90	\$3.90	\$3.90	\$3.90	n/a
Port of Coos Bay	Daily Rates (flat rate)									Monthly
	00'-15'	16'-19'	20'-29'	30'-39'	40'-49'	50'-59'	60'-69'	70'-79'	80'-89'	
Moorage	\$ 10	\$ 12	\$ 13	\$ 14	\$ 18	\$ 20	\$ 22	\$ 26	\$ 6.00/ft	
Dry Storage										Monthly
Boat Trailers									\$ 13	flat rate
Boat & Trailer									\$ 1.45/ft	
Port of Umpqua	Daily Rates									Vessels over 65 ft.
	20'-29'	30'-39'	40'-49'	50'-59'	60'-65'	66'-79'	80'-89'	90'-99'	100'-109'	weekly Monthly
Moorage	\$25	\$25	\$25	\$25	\$25	\$50	\$50	\$50	\$50	\$250 \$1,000

APPENDIX B

Commercial Inflow/Outflow Results for Port of Umpqua Trade Area, 2010

Industry Group	Demand (Retail Potential)	Supply (Retail Sales)	Retail Gap
Motor Vehicle & Parts Dealers	\$10,881,834	\$3,464,872	\$7,416,962
Automobile Dealers	\$8,935,826	\$421,138	\$8,514,688
Other Motor Vehicle Dealers	\$1,127,621	\$2,182,647	(\$1,055,026)
Auto Parts, Accessories and Tire Stores	\$818,387	\$861,087	(\$42,700)
Furniture & Home Furnishings Stores	\$1,019,132	\$148,470	\$870,662
Furniture Stores	\$701,507	\$61,762	\$639,745
Home Furnishings Stores	\$317,625	\$86,708	\$230,917
Electronics & Appliance Stores	\$969,783	\$180,424	\$789,359
Bldg. Materials, Garden Equipment & Supply Stores	\$1,735,504	\$920,992	\$814,512
Building Material and Supplies Dealers	\$1,624,451	\$889,097	\$735,354
Lawn and Garden Equipment and Supplies Stores	\$111,053	\$31,895	\$79,158
Food and Beverage Stores	\$9,013,492	\$14,220,506	(\$5,207,014)
Grocery Stores	\$8,616,568	\$13,343,174	(\$4,726,606)
Specialty Food Stores	\$148,893	\$145,407	\$3,486
Beer, Wine and Liquor Stores	\$248,031	\$731,925	(\$483,894)
Health & Personal Care Stores	\$1,291,036	\$659,120	\$631,916
Gasoline Stations	\$6,754,608	\$8,528,056	(\$1,773,448)
Clothing and Clothing Accessories Stores	\$703,274	\$0	\$703,274
Clothing Stores	\$445,233	\$0	\$445,233
Shoe Stores	\$87,413	\$0	\$87,413
Jewelry, Luggage and Leather Goods Stores	\$170,628	\$0	\$170,628
Sporting Goods, Hobby, Book and Music Stores	\$468,937	\$521,214	(\$52,277)
Sporting Goods, Hobby and Musical Instrument Stores	\$275,184	\$356,138	(\$80,954)
Book, Periodical and Music Stores	\$193,753	\$165,076	\$28,677
General Merchandise Stores	\$7,919,446	\$2,354,142	\$5,565,304
Department Stores Excluding Leased Departments	\$5,171,003	\$0	\$5,171,003
Other General Merchandise Stores	\$2,748,443	\$2,354,142	\$394,301
Miscellaneous Store Retailers	\$830,149	\$763,107	\$67,042
Florists	\$69,389	\$21,767	\$47,622
Office Supplies, Stationery and Gift Stores	\$290,437	\$202,421	\$88,016
Used Merchandise Stores	\$63,135	\$66,102	(\$2,967)
Other Miscellaneous Store Retailers	\$407,188	\$472,817	(\$65,629)
Nonstore Retailers	\$1,064,244	\$0	\$1,064,244
Electronic Shopping and Mail-Order Houses	\$264,651	\$0	\$264,651
Vending Machine Operators	\$385,004	\$192,502	\$192,502
Direct Selling Establishments	\$414,589	\$0	\$414,589
Food Services & Drinking Places	\$6,318,240	\$6,402,677	(\$84,437)
Full-Service Restaurants	\$3,599,113	\$3,788,715	(\$189,602)
Limited-Service Eating Places	\$2,293,206	\$2,238,778	\$54,428
Special Food Services	\$100,251	\$100,251	\$0
Drinking Places - Alcoholic Beverages	\$325,670	\$375,184	(\$49,514)
Source: ESRI and Infogroup.			

Appendix C

Commercial and Industrial Employment Growth and Development Potential Port of Umpqua Trade Area, 2010 to 2030

South Coast Region Job Growth Forecast, 2008-2018

	2008	Proj. 2018	Change	
			Jobs	%
Natural Resources	2,950	2,850	-100	-3%
Construction	3,190	3,180	-10	0%
Manufacturing	7,490	7,190	-300	-4%
Wholesale Trade	1,040	1,120	80	8%
Transport. & Utilities	2,890	3,070	180	6%
Retail	8,530	9,310	780	9%
Information	680	640	-40	-6%
Financial Activities	3,020	3,160	140	5%
Prof. & Business Services	5,540	6,140	600	11%
Education & Health Services	7,520	8,900	1,380	18%
Leisure & Hospitality	7,170	7,930	760	11%
Other Services	1,980	2,120	140	7%
Government	16,150	17,190	1,040	6%
Total	68,150	72,800	4,650	7%

Source: Oregon Employment Department

South Coast Region Job Growth Forecast, 2008-2018

	2008	Proj. 2018	Change	
			Jobs	%
Fishing and Timber related	2,950	2,850	-100	-3%
Industrial	14,610	14,560	-50	0%
Retail	8,530	9,310	780	9%
Leisure & Hospitality	7,170	7,930	760	11%
Services	18,740	20,960	2,220	12%
Government	16,150	17,190	1,040	6%
Total	68,150	72,800	4,650	7%

Source: Oregon Employment Department and FCS GROUP.

Port of Umpqua Market Trade Area Capture Rate Forecast (percent capture of region)

	Low	Medium	High
Fishing and Timber related	4%	7%	10%
Industrial	2%	4%	6%
Retail	4%	6%	8%
Leisure & Hospitality	4%	6%	8%
Services	4%	6%	8%
Government	1%	2%	3%

Appendix C (continued)

Proj. Port of Umpqua Market Trade Area Net New 10-Year Employment Forecast (baseline)

	Low	Medium	High
Fishing and Timber related	-4	-7	-10
Industrial	-1	-2	-3
Retail	31	47	62
Leisure & Hospitality	30	46	61
Services	89	133	178
Government	10	21	31
Total	156	237	319

Port of Umpqua Market Trade Area Net New 20-Year Employment Forecast (baseline)

	Low	Medium	High
Fishing and Timber related	-8	-14	-20
Industrial	-2	-4	-6
Retail	62	94	125
Leisure & Hospitality	61	91	122
Services	178	266	355
Government	21	42	62
Total	312	475	638

Port of Umpqua Market Trade Area Capture Rate Job Forecast, (20 year baseline)

	Low	Medium	High
Light Industrial	-10	-18	-26
Retail	62	94	125
Leisure & Hospitality	61	91	122
Services	178	266	355
Government	21	42	62
Total	312	475	638

Supportable Building Square Feet (20 year baseline forecast)	Low	Medium	High	Sector/Use	Jobs Needing Land ¹	Bldg. SF per Job ²	FAR ²	Gross:Net Land ³
Light Industrial	-9,000	-16,000	-23,000	Industrial	95%	900	0.18	1.15
Retail	31,000	47,000	62,000	Retail	80%	500	0.30	1.15
Leisure & Hospitality	24,000	36,000	49,000	Leisure & Hos	80%	400	0.30	1.15
Services	62,000	93,000	124,000	Services	80%	350	0.30	1.15
Government*	8,000	17,000	25,000	Government	80%	400	0.20	1.15
Total	116,000	177,000	237,000	Notes:				

1/ Excludes special uses, such as schools & hospitals.

2/ Building density derived from national industry standards.

3/ Allowances take into account land dedicated to public road and utility easements.

Port of Umpqua Market Trade Area Supportable Employment (20-year baseline forecast)

	Low	Medium	High
Light Industrial	-10	-18	-26
Retail	62	94	124
Leisure & Hospitality	60	90	123
Services	177	266	354
Government*	20	43	63
Total	309	474	638

* Excludes special uses, such as schools.

Appendix D: Umpqua River Dredging Economic Analysis



To: Charmaine Vitek, Port of Umpqua

Date: April 19, 2011

From: Todd Chase, AICP, LEED, FCS GROUP
Scott Keillor, AICP, Columbia Planning and Design, Inc

RE: Supplemental Economic Analysis

This memorandum provides an update of current economic trends, assumptions and findings prepared as part of our Strategic Business Plan work for the Port of Umpqua. The data is also offered in support of federal Energy and Water Appropriations Operations and Maintenance funding for continued dredging of the federal channel on the Umpqua River – a top priority for the Port of Umpqua.

KEY FINDINGS

FCS GROUP conducted a brief overview of current and prior economic benefit assumptions for dredging the Umpqua River based on available background materials, literature, studies and IMPLAN data. Key topics addressed below include:

- Employment and population trends
- Unemployment trends
- Umpqua River dredging economic benefits

Overview

The Umpqua River flows generally northwest through the Oregon Coast Range in a serpentine course past Umpqua and Elkton. At Elkton it turns to flow west past Scottsburg, which is located at the head of the river's tidal influence. It receives the Smith River from the north near its estuary at Reedsport and enters the Pacific near Winchester Bay. The Umpqua River Lighthouse protects ships nearing the mouth of the river. The Umpqua is one of four major rivers in Oregon that start in the Cascade Range and reach the Pacific Ocean. Located in Douglas County on the Central Coast of Oregon, the river provides access to services for ocean going vessels in the region. Historically, the river allowed timber companies to ship their products out of the extensive forests to areas better equipped to process the lumber. Today the timber industry does not buoy the Oregon economy as it once did but the Umpqua River's access to the Pacific is as vital as ever to the citizens of Reedsport, the Port of Umpqua and Douglas County.

The recent economic recession hit Douglas County and the Oregon Coast especially hard. To combat this, Reedsport and the Port of Umpqua have been working hard to optimize their remaining economic advantages and natural assets, including commercial, industrial and recreational access to the lower Umpqua River and the Pacific Ocean. The unemployment rate in Douglas County is currently among the highest for Counties in Oregon. The annual average unemployment rate for Douglas County was 14.6 percent in 2010, compared with 10.8 percent for Oregon, and 9.6 percent for the U.S.A.

As indicated in **Table 1**, the number of employed workers in Douglas County has fallen by 5,150 workers (13% decline) between 2007 and 2010. At the end of 2010, there were about 7,000 unemployed

workers actively seeking work in Douglas County. The estimated amount of underemployed workers (including unemployed plus those working in part-time or lower paid service jobs until better jobs become available) is estimated to be nearly twice the number of unemployed workers.

Table 1: Douglas County Employment, 2007 to 2010

Year	Labor Force	Employed	Unemployed Workers
2010	46,780	34,240	6,834
2009	46,804	34,760	7,201
2008	46,373	37,500	4,546
2007	46,905	39,390	3,599

Source: Oregon Employment Department.

The Port of Umpqua and its local, regional and state partners are striving to retain and attract businesses and tourism to the area. The major advantage they have is the deep channels of the Umpqua River. Dredging this passage will allow continued business growth and development of tourism for the area.

As indicated in **Table 2**, there are several businesses which would be critically impacted by the decision to dredge or not to dredge the lower Umpqua River. These businesses include the area's largest private employers, such as Fred Wahl marine construction, American Bridge, and Sportsman's Cannery. These businesses directly employ an estimated 1,039 local workers (at peak), and provide a variety of good paying jobs for local residents. If dredging is not completed, the businesses and workers at these establishments will see their competitiveness evaporate and the residents of Reedsport and Douglas County will watch their maritime heritage become a distant memory.



Ship-building Operations at Fred Wahl Marine

Table 2: Businesses Likely Impacted by the Dredging of the Umpqua River

Businesses Impacted by Umpqua River Dredging		
Business Name	Description	Estimated Number of Employees
American Bridge	A national firm with regional operation on the Lower Umpqua River specializing in the construction and rehabilitation of bridges of all types.	50-99
Fred Wahl Marine	Local ship building company headquartered on the Lower Umpqua River which builds and maintains boats from Alaska to Southern California.	80
Reedsport Machine & Fabrication	Local marine repair and fabrication business located on the Lower Umpqua River	13
Sportsman's Cannery	A seafood processing establishment which sells a variety of freshly caught seafood to markets throughout the United States	10
Sport Fisherman	381 registered sport fishing boats/ships that depend on Salmon Harbor/Winchester Bay access to the Pacific Ocean	572
Commercial Fisherman	44 registered commercial fishing ships that depend on Salmon Harbor/Winchester Bay access to the Pacific Ocean	220
Charter Boats	13 registered commercial fishing boats that depend on Salmon Harbor/Winchester Bay access to the Pacific Ocean	39
Umpqua Bait	Marine retail establishment which sells fishing supplies to local and visiting fishermen of the Umpqua River and Pacific Ocean.	3
Stockade Mkt. & Tackle	A retail establishment which sells fishing supplies to local and visiting fishermen of the Umpqua River and Pacific Ocean	2
Turman Tackle	A retail establishment which sells fishing supplies to local and visiting fishermen of the Umpqua River and Pacific Ocean.	2

Source: Port of Umpqua and FCS GROUP.

Economic Benefits of Dredging

The Umpqua River directly impacts businesses and residents in Reedsport and along the Oregon Coast. Clients of the businesses mentioned in **Table 2** range from the U.S. Coast Guard and Navy to families across the nation who buy seafood from Sportsman's Cannery. These businesses are viable and they are drivers of the state and regional economy as long as dredging of the Umpqua River allows them to continue to provide the services and jobs they support.

The Port of Umpqua, Douglas County and the city of Reedsport have made significant investments in excellent infrastructure to capitalize on their geographical position. Beyond businesses, the aforementioned authorities have invested in marine docks, slips, boat launches and an RV park. The RV park was established along the waters of Winchester Bay, predicated on great access to waterways and recreational activities, including boating utilizing the Salmon Harbor Marina which includes 500 moorage slips that are typically occupied, especially in the summer months.

In addition to the businesses listed in Table 2, the Salmon Harbor/Winchester Bay marina and RV park, and every establishment which depends on tourism will experience a negative business impact if the lower Umpqua River dredging is discontinued.

The annual economic contribution of the businesses listed in Table 2 has been analyzed using the IMPLAN model for the local area. The overall approach for measuring the annual economic benefits of local businesses relies on an economic model called IMPLAN (Impact Analysis for Planning), in combination with Oregon Employment Department geo-coded employment, as reported by Oregon entities (public and private). The IMPLAN model is an economic analysis model developed by MIG, Inc. (formerly known as Minnesota IMPLAN Group) to quantify the direct and secondary (indirect and induced) economic effects of changes in investment on local and regional economies. IMPLAN divides economies into 506 industry sectors.

The IMPLAN model was originally developed by the United States Department of Agriculture (USDA) Forest Service, in cooperation with the United States Department of the Interior, Bureau of Land Management, to assist in land and resource management planning. The IMPLAN model has been in use since 1979 and has evolved into an interactive microcomputer program that has become the national standard for performing economic impact analysis. For more detailed information about the IMPLAN model, please visit www.IMPLAN.com.

The businesses that depend upon dredging of the lower Umpqua River provide 977 direct jobs to local workers. The direct labor income from these businesses includes \$46.4 million in annual expenditures and an additional secondary benefit from indirect and induced (second round) economic impacts in the region. The total amount of direct and indirect/induced impact from the businesses listed dependent upon dredging for their survival includes 1,297 jobs with \$82.9 million in annual valued added, and \$141.7 million in annual economic output (see **Table 3**).

Table 3: Economic Impact of Industries Impacted by Umpqua River Dredging

Annual Impact Summary Umpqua River Dredging				
Impact Type	Employment	Labor Income	Total Value Added	Output
Direct Effect	977	\$46,436,114.40	\$ 64,088,872.40	\$109,901,931.70
Indirect Effect	90	\$ 3,722,178.30	\$ 5,458,375.90	\$ 9,790,333.00
Induced Effect	230	\$ 7,153,967.20	\$ 13,365,076.30	\$ 22,019,102.60
Total Effect	1,297	\$57,312,259.90	\$ 82,912,324.60	\$141,711,367.30

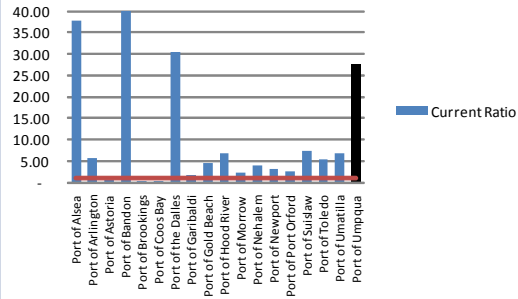
Source: IMPLAN analysis by FCS GROUP.

Appendix E: Financial Appendices

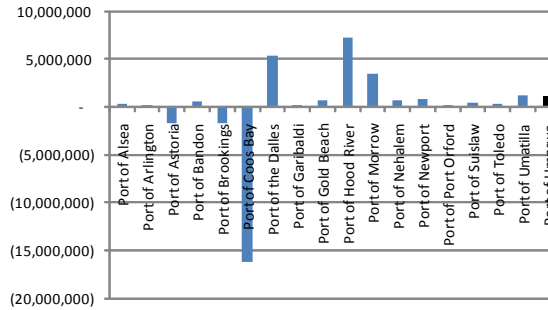


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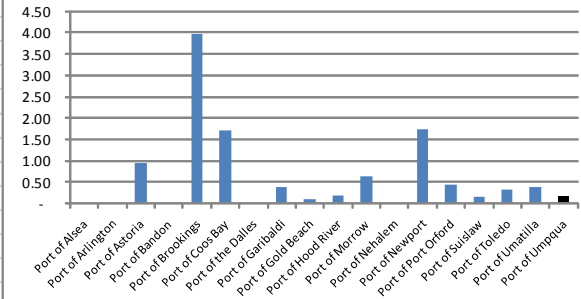
Current Ratio



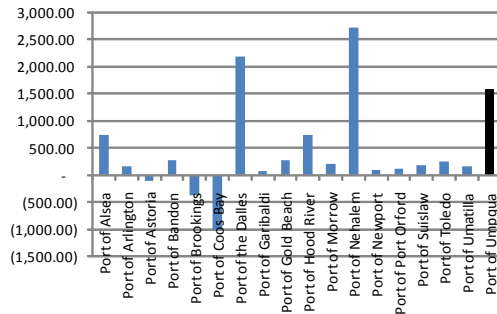
Working Capital



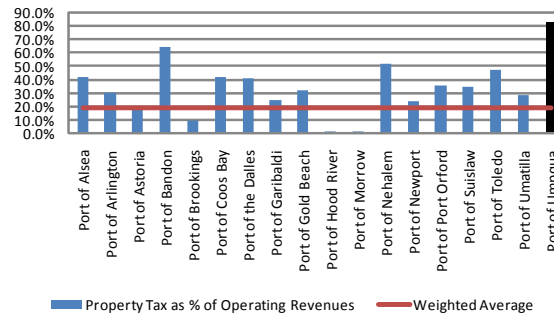
Debt to Equity (Net Asset) Ratio



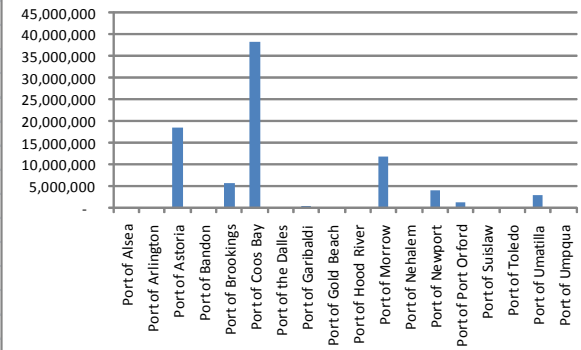
Days of Working Capital (with depreciation)



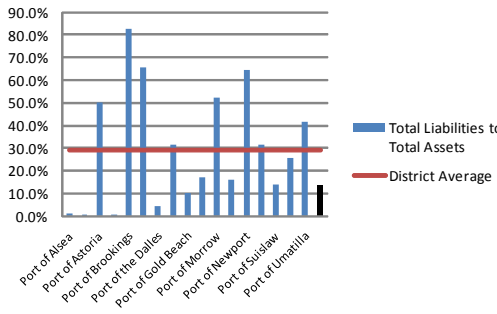
Property Tax as % of Operating Revenues



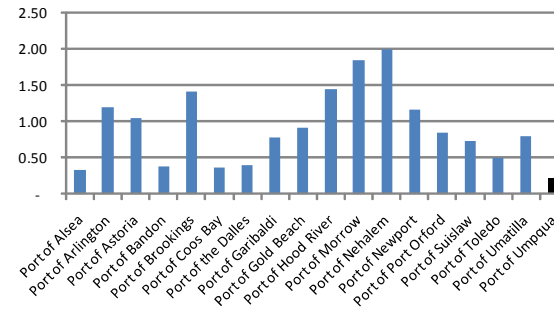
Net Funded Debt



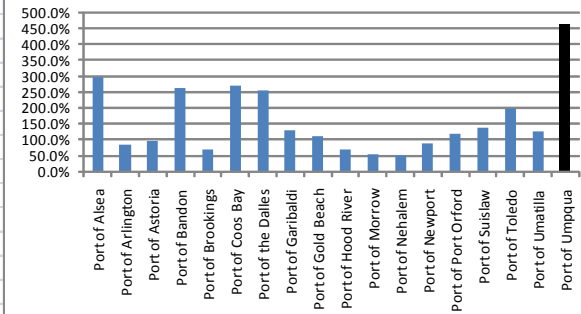
Total Liabilities as a % of Total Assets



O&M Coverage Ratio (without prop. tax & depreciation)



Operating Ratio (without prop. Tax & depreciation)



Appendix B1 – Approximate Loan Amortization Schedule, Umpqua River Commercial Dock Loan



Conceptual Loan Amortization Schedule
OBDD, Loan #664:-01-01 (Commercial Dock - Umpqua River)
Estimated Debt Service Requirements

Loan Assumptions		Total Principal Amount	\$ 293,200
Issuance Cost (% of Principal Issued)	0.00%	Total Interest Amount	\$ 218,050
Interest Rate	6.00%	Total Amount	\$ 511,250
Repayment Term	20 Years		
Principal Deferral Period	0 Years	Average Annual Payment	\$ 25,563

[illegible]

Debt Amortization Schedules			FYE 1996	FYE 1997	FYE 1998	FYE 1999	FYE 2000	FYE 2001	FYE 2002	FYE 2003	FYE 2004	FYE 2005	FYE 2006	FYE 2007	FYE 2008	FYE 2009	FYE 2010	FYE 2011	FYE 2012	FYE 2013	FYE 2014	FYE 2015
Year 1996	Beginning Balance	\$	293,200	\$ 285,229	\$ 276,781	\$ 267,825	\$ 258,332	\$ 248,269	\$ 237,603	\$ 226,297	\$ 214,312	\$ 201,608	\$ 188,142	\$ 173,868	\$ 158,738	\$ 142,700	\$ 125,699	\$ 107,679	\$ 88,577	\$ 68,329	\$ 46,866	\$ 24,116
	Principal Payment	\$	7,971	\$ 8,449	\$ 8,956	\$ 9,493	\$ 10,063	\$ 10,666	\$ 11,306	\$ 11,985	\$ 12,704	\$ 13,466	\$ 14,274	\$ 15,130	\$ 16,038	\$ 17,001	\$ 18,021	\$ 19,102	\$ 20,248	\$ 21,463	\$ 22,751	\$ 24,116
	Interest Payment		17,592	17,114	16,607	16,070	15,500	14,896	14,256	13,578	12,859	12,096	11,289	10,432	9,524	8,562	7,542	6,461	5,315	4,100	2,812	1,447
	Total Payment	\$	25,563	\$ 25,563	\$ 25,563	\$ 25,563	\$ 25,563	\$ 25,563	\$ 25,563	\$ 25,563	\$ 25,563	\$ 25,563	\$ 25,563	\$ 25,563	\$ 25,563	\$ 25,563	\$ 25,563	\$ 25,563	\$ 25,563	\$ 25,563	\$ 25,563	\$ 25,563
	Ending Balance	\$	285,229	\$ 276,781	\$ 267,825	\$ 258,332	\$ 248,269	\$ 237,603	\$ 226,297	\$ 214,312	\$ 201,608	\$ 188,142	\$ 173,868	\$ 158,738	\$ 142,700	\$ 125,699	\$ 107,679	\$ 88,577	\$ 68,329	\$ 46,866	\$ 24,116	\$ -
Estimated Interest Savings with payo		\$	16,904																			

Conceptual Loan Amortization Schedule
OBDD, Loan #L01011 (Winchester Bay Improvements)
Estimated Debt Service Requirements

[illegible][illegible]

Appendix F: Facilities Review



December 15, 2010

Charmaine Vitek
Port Manager
Port of Umpqua
364 N. 4th Street
Reedsport, OR 97467



Dear Charmaine,

RE: THE PORT OF UMPQUA EXISTING INFRASTRUCTURE REVIEW

The purpose of this review is to make a visual assessment of the existing infrastructure of the Port of Umpqua properties. The Port owns several properties and a dock in the City of Reedsport, and one dock at Salmon Harbor in Winchester Bay. The Port does not own or operate any public or private utilities nor does it own or operate any public roadways.

This analysis is based on a visual reconnaissance and review of documents provided by the Port of Umpqua. HHPR performed no testing or calculations for this review. HHPR engineer, Ken Valentine, visited the Port on October 14, 2010 to collect information and make a visual observation of the Port properties. Ken Valentine toured the Port's facilities with Charmaine Vitek, Port Manager.

Ken met with Floyd Dollar, Public Works director for the City of Reedsport. Mr. Dollar informed Ken that the City provides water, sanitary sewer and manages storm water in and around the City of Reedsport.

Ken interviewed Kristie Hartfeil, US Army Corp of Engineers on December 10, 2010.

Key Findings:

Water

The Port facilities are served by the City of Reedsport for domestic water and fire service. The public works director indicated there were no known deficiencies within the City system. The City has the capacity to provide up to 4000 gallons per hour for two hours for fire protection. There are no issues serving the Port's properties.

Sanitary Sewer

The Port facilities are served by City of Reedsport sanitary sewer system. The City of Reedsport treatment plant was recently updated to treat up to 7 million gallons per day or a population of 15,000 people. The public works director indicated there were no known deficiencies within the new treatment system but the collection and conveyance system still requires upgrading. There are no issues associated with serving the Port's properties.

Storm Sewer

The City maintains a system of catch basins, manholes and pipes to convey stormwater. The drainage is conveyed to several stormwater pump stations with gravity outlets that generally only need to pump during high tide events. The Elm basin does not have a gravity system so it must pump during low tide as well. The lower downtown area generally floods once per year during heavy rain events. The City has prepared a preliminary plan to correct the frequent flooding problem which is currently under environmental review by NOAA Fisheries. The City hopes to construct the improvements in 2011.

Flood Plain

The City of Reedsport is located adjacent to the Umpqua River and protected from major flood events through a series of walls and levees. The levee system surrounds approximately 50% of the City and was constructed by the USACE in 1969. The system includes earth dikes, sheet pile walls and a system of culverts and tide gates.

The Federal Emergency Management Agency is in the process of updating its digital flood insurance maps and, in so doing, is requiring the re-certification of levee systems throughout the country. The City is currently working with the USDA Forest Service to have the USACE re-certify the levee system. If the levee system is not re-certified the City of Reedsport could be remapped as if there was no protection from the 100-year flood event and the City would be designated as being in the 100-year flood plain. The USACE has identified several problems with the levee system which include settlement of portions of the levee, failing tide gates and several culverts in need of replacement or insituform linings. The levee system was designed to allow for a certain amount of settlement but it appears the settlement has exceeded the design standard. The Oregon Department of Transportation recently completed a widening of Hwy 101 which inadvertently removed some sections of the levee. The repairs to the levee must be completed before the USACE will certify the system.

Roadways

The Port does not own or maintain any roadways and all of the Port's facilities are located adjacent to public rights of way. No roadway vehicle access deficiencies serving the Port's facilities were observed.

Railroad

Central Oregon and Pacific Railroad (CORP) operated a rail line between Coos Bay and Eugene. The line was known as the Coos Bay Branch. In 2007 the Coos Branch was closed between Vaughn and Coquille (south of Coos Bay). This action was taken after it was revealed that the nine aging tunnels on the line required repairs that were internally estimated to cost up to \$7 million to repair. In March 2009 the Port of Coos Bay acquired the rail line and obtained a \$2.5 million grant which was used for tunnel rehabilitation. In August 2010, the Oregon Transportation Commission awarded the Port of Coos Bay \$7.8 million through the *Connect Oregon III* program for repairs to the rail line's three swing bridges and trestles. The Port also was successful in obtaining a \$13.5 million Tiger II (Transportation Investment Generating Economic Recovery) grant in October 2010. The

funds will allow the Port to rehabilitate rail, ties, ballast and other track components to allow freight trains to travel at efficient speeds between 25 and 40 mph. Finally, the Port will be using an estimated \$528,000 from the Oregon Department of Transportation to fund replacement of signal electronics at seven mainline crossings to improve safety.

The Port of Coos Bay will seek a reputable and reliable short line railroad operator for either a rail line lease or a contract operation, with service tentatively planned for late spring 2011. The Port of Coos Bay will also seek to acquire additional tracks in the Coos County area to consolidate rail operations in the region. The proposed operating name for the rail line is Coos Bay Rail Link. An application for a Reporting Mark of CBR is pending with the American Association of Railroads.

Electric Power

The area is serviced by Pacific Power, Douglas Electric Cooperative and Central Lincoln People's Utility District. A Bonneville Power substation is located in Gardiner.

Telecommunications

Telephone and internet service is provided by Frontier (formerly Verizon), Charter Communications and Comspan. Cable television is provided by Frontier and Charter Communications.

Port Properties:

The Port of Umpqua District includes the communities of Reedsport, Winchester Bay, Gardiner, Ash Valley, Scottsburg, Elkton and portions of the Smith River area. It is served by the Southwest Oregon Regional Airport in North Bend.

The following sites were reviewed:

Dock at Wahl Marine (Port Dock Road), Reedsport, Oregon
Fuel Station on Port Dock Road, Reedsport, Oregon
Warehouse Building – Port Dock Road, Reedsport, Oregon
Port Office Building – 364 N. 4th Street, Reedsport, Oregon
Commercial Fishing Dock – Winchester Bay, Oregon
International Paper Site – Gardiner, Oregon (not owned by the Port)



Dock at Wahl Marine: Reedsport Industrial Park

The Port owns a large vessel dock adjacent to the Umpqua River in Reedsport, Oregon. The dock is approximately 25,000 square feet in size and used primarily by Wahl Marine, a local ship builder, for fabrication and mooring. The dock is constructed of wood and concrete rapped piers

with a steel and concrete deck. The dock provides tie ups for large vessels as well as gangways for smaller boats. The dock sits approximately 15-feet above the normal high water line but also has several floating docks at water level. The dock underwent a complete renovation in 1996. It is equipped with tie ups and three phase electrical connections for boats and fabrication equipment. The dock must be accessed by the water or through the Wahl Marine facility. The property adjacent to the dock was sold to by the Port to Wahl Marine.

Fuel Station and Warehouse: Reedsport Industrial Park



The Port owns two properties on Port Dock Road that are currently leased to Tyree Oil. The sites are improved with Pacific Pride fueling station on the site located 229 Port Dock Road and a storage building on the Dock Road parcel. The improvements are owned by Tyree Oil located in Eugene, Oregon. The site's public utilities are

served by the City of Reedsport. The Pacific Pride fueling station has at least three underground storage tanks used for the storage and dispensing of gasoline and diesel. The site is accessed from Port Dock Road which is maintained by the City of Reedsport. Pedestrian and bicycle access is not considered a necessity for this facility because it generally caters to commercial vehicles.



Port Office: 364 N. 4th Street, Reedsport, Oregon

The Port's office is located in downtown Reedsport. The wood framed building was constructed in 1951 and is approximately 3000 square-feet in size. The lot is approximately 11,700 square-feet with no off street parking. The building is in good condition and houses

several offices, a kitchen, rest rooms and meeting rooms. The building was acquired by the Port in September 2002. Public utilities are provided by the City of Reedsport. As stated earlier the City of Reedsport struggles with frequent flooding especially in the lower downtown area. The lower part of town is protected by a series of earthen and concrete dikes. The City is in the process of upgrading most of the stormwater management system with the lower part of town to help manage localized flooding that occurs during heavy rainstorms. The facility is accessed by public streets and sidewalks. No access deficiencies were noted.



Salmon Harbor Commercial Fishing Dock: Winchester Bay, Oregon

The Port owns a commercial dock at Winchester Bay/Salmon Harbor. The dock was formerly known as the Ice House Dock. The dock underwent a \$250,000 renovation in 2000 to provide a location for commercial fishing boats to unload their cargo. The dock is constructed of wooden piles, steel



beams and concrete decking. The dock is fitted with a Hyster lifting crane to assist the unload operations. The dock is in good condition. Water is supplied to the area by the City of Reedsport and electric power and communications is provided by the Central Lincoln People's Utility District and Verizon, respectively. The dock is adjacent to the Bay at

Salmon Harbor which provides access to up to 35 commercial fishing boats and the Winchester Bay RV Resort. The site has excellent access from US Hwy 101 and Hwy 38.



Gardiner, OR - International Paper Company

International Paper Site – Gardiner, Oregon

The Port is actively marketing the International Paper site to prospective industrial users. The site is located in Gardiner along Hwy 101 and is one of the largest industrial sites in the state of Oregon. It is bounded by the U.S. Highway 101 and the Umpqua River. The International Paper site was formerly used as a sawmill and paper plant, but has been out of operation since the late 1990's. The site has access to a three mile rail spur. The exact site size is reported to be approximately 350 acres. The site is served by Highway 101, private rail and barge loading from

Pacific Ocean traffic. The site includes a healthy water right of nearly 17 million gallons per day for water heavy industrial use. The site sanitary sewer service is provided by the Gardiner Sanitary District which pumps the effluent to the City of Reedsport for treatment. A flyer downloaded from the Port's website indicates the site has a 36" sewerage outfall extending 3000 feet into the Pacific Ocean. Prior to vacating and demolishing most of the buildings, the site housed a log processor and log yard, sawmill, crane shed, cooling shed, dry kiln, planing mill, shipping shed, an old plywood mill, a powerhouse, oil storage room, glue storage room, screen room, and maintenance shop. Current buildings include a 12,000 square foot office building, maintenance building and storage warehouse. The site has Bonneville Power Administration substation on site. The site has it's own internal water line network with taps and hydrants throughout.

Two dip tanks were formerly located in a crane shed and several USTs and ASTs were located around the site. Most of the buildings and structures have been dismantled, and USTs and ASTs decommissioned. The site has undergone several environmental cleanups including the removal of PCP contaminated soils in and around the site. A conditional "no further action" was finalized by the Oregon Department of Environmental Quality (DEQ) in 2007 which restricts future groundwater use and residential use on a portion of the property.

We appreciate the opportunity to be of service to Columbia Planning and the Port of Umpqua.

Sincerely,

Ken Valentine, P.E.