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Introduction to Budget Message

April 21, 2021

Port of Umpqua 2021-2022

Budget Committee Member:

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

What's new? As part of last 2018-2019 budget process, the Board agreed that the existing Reserve Funds did not provide the latitude for some potential projects. Since making these kinds of changes to the adopted budget requires a supplemental budget and there was no emergency requiring the Board to make the changes immediately, these modifications were included as part of the 2019-2020 proposed budget.

What's changed? Although the Capital Reserve fund and the Operation Reserve fund were fairly inclusive in their authorized uses, it was determined that investments in projects and acquisitions were not listed as authorized purposes. In order to provide for possible investment in future projects, a change in the current budget structure was implemented in the 2019-2020 budget to better meet the needs of the Port. A new more comprehensive reserve fund was established, and the balances of the abolished Capital and Operation reserve funds were transferred to the new Capital Projects Reserve Fund. This structure was approved by the budget committee and adopted by the Board for the 2019-2020 fiscal year budget.

The Port Financial structure and budget are in 4 funds.

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

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

An additional column is included on the budget document titled Current: Budget at 75% of year through March 2021. This will enable comparison to last year's adopted budget and this year's proposed budget and how each account has performed at 75% of the year.

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

fund. It should be noted that revenue from the Umpqua River dock has been substantially less than in the past due to Fred Wahl moving operations to the Bolon Island site.

The Port purchased, installed and is currently operating an Ice Machine at Salmon Harbor to assist the local commercial fishing fleet. The cost of the ice machine and infrastructure, electrical and refrigerator van was expensed from the Capital Reserve Fund in 2016. In 2018 the Port replaced the float dock in Winchester Bay expensed from the Dock Reserve Fund and the General Fund for \$67,215.

Other changes to be aware of: the Douglas County Board of Commissioners had been talking to the Port Board of Commissioners about the Intergovernmental Agreement between the County and the Port to manage Salmon Harbor. Both the County and the Port ultimately agreed that the IGA was no longer needed so approved the termination of the IGA as of June 30, 2020. The County was also working on updating their land leases at the Harbor and informed the Port that our lease on the commercial dock would be approximately \$580 month, almost \$7,000 annually. The Commissioners agreed to request that the Port purchase the dock instead of leasing it. After some discussion it was agreed to request from the County that the Port be able to purchase the entire spit that the dock is on. The County agreed to a price of \$65,000 which is what we have been working on since that time.

Some of the budget line items reflect the changes to the ownership and operations at the spit, some items are place holders for what is unknown currently.

BUDGET MESSAGE

Fiscal Year 2021-2022

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

The Port of Umpqua budget for Fiscal Year 2021-2022, as proposed by the Budget Officer, has been prepared as directed by the Board of Commissioners and in accordance with Oregon Budget Law.

The Budget Officer prepared the proposed Fiscal Year 2021-2022 budget based on the following

➤ **GENERAL FUND**

➤ **RESOURCES**

BEGINNING FUND BALANCE:

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

OTHER RESOURCES:

- | | |
|--|--|
| 6. <u>Industrial Park lease parcel 3:</u> | <u>Lease income from Northwest Landscape Maintenance</u> |
| 7. <u>Industrial Park lease parcel 2:</u> | <u>Lease income from Tyree Oil</u> |
| 8. <u>Lease/Rent income Business Center:</u> | <u>We have two businesses leasing office space in the Business Center.</u> |
| 9. <u>Miscellaneous:</u> | <u>Most revenue should be identified as other resources.</u> |
| 10. <u>Poundage:</u> | <u>Poundage is .03 for product coming across the commercial dock at Salmon Harbor.</u> |
| 11. <u>Keycard/Hoist Receipts:</u> | <u>Use of the hoist at the commercial fish dock at Salmon Harbor. \$20.00 per hour for hoist fees, staff fees \$15.00 per hour</u> |
| 12. <u>Ice Machine Revenue</u> | <u>Revenue from the ice machine, we charge \$50/tote</u> |
| 13. <u>Annex Rental:</u> | <u>Anticipated revenue from rental of the Port Annex a charge of \$75.00 per day for functions</u> |
| 14. <u>Deposits: This is a deposit account.</u> | <u>Revenue is accumulated if the cleaning fee for use of the Annex is not reimbursed.</u> |
| 15. <u>Winchester Bay Lease:</u> | <u>Monthly lease payment for Umpqua bait Win Bay @ \$10 per mo</u> |
| 16. <u>Umpqua Spit revenue</u> | <u>New property in Winchester Bay, temporary name</u> |
| 17. <u>Property Insurance Proceeds</u> | <u>We had a water leak in the building, this is insurance proceeds from SDAO</u> |
| 18. <u>Coos Bay Wagon Road funds:</u> | <u>A pass through from Douglas County to Salmon Harbor. No longer receiving Wagon Road Funds</u> |
| 19. <u>Sale of Forest Products:</u> | <u>Funds from the county if there is sale of Forest Products. This is uncertain and difficult to anticipate</u> |
| 20. <u>Grants</u> | <u>Possible grants received</u> |
| 21. <u>Total resources, except taxes to be levied:</u> | <u>Total Revenue minus levied taxes</u> |
| 22. <u>Taxes necessary to balance:</u> | <u>Anticipated tax revenue from County Assessor's office</u> |
| 23. <u>Taxes collected in year levied:</u> | <u>N/A</u> |
| 24. <u>TOTAL RESOURCES:</u> | <u>Total Taxes and other revenue</u> |

➤ **GENERAL FUND**
 ➤ **ALLOCATED REQUIREMENTS**

PERSONAL SERVICES

1. Manager: Manager Salary
2. Administrative Assistant: Hourly wage 30 hours per week
3. Dock Maintenance staff: Dock maintenance staff has been increased due to increased activity and the addition of the ice machine.
4. Payroll Expenses: Employer portion of Payroll liability expenses, health insurance premiums and retirement compensation. The Port Board approved staff retirement contribution to 9% of earnings.
5. **TOTAL PERSONAL SERVICES**
6. **Total FTE** 3.00

MATERIALS AND SERVICES

7. Accounting: It is the intent to provide adequate funds to ensure the Port books stay current and provide for accounting assistance as the need may arise.
8. Professional Services: Engineering, Consultant, Professional service etc.
9. Executive expenses, Travel, Training: Travel, lodging, training and conferences. SDAO conferences, other conference and seminars, ongoing education for Port staff and Commissioners
10. Audit: Annual audit, a contracted price
11. Office machine upgrades: Upgrade of office equipment as necessary
12. Office supplies: Port Office supplies.
13. Building supplies: Building and grounds supplies.
14. Dock maintenance: Ongoing maintenance of commercial docks; includes annual hoist inspections
15. Facilities Maintenance/Services: Building and Grounds scheduled and one-time maintenances and services.
16. Forklift Maintenance: Maintenance on the forklifts at Port Dock at Salmon Harbor
17. Ice Machine Maintenance: Maintenance on the ice machine at Salmon Harbor
18. Telephone: Landline, internet and cell phones: all on this line item
19. Utilities: Electricity, city water and sewer, trash pickup fees
20. Business Support Services: Information Technology for Port office operations support services, internet, computers etc.
21. Insurance : Property and Liability insurance coverage through Special Districts Assoc of Oregon
22. Election expense & legal ads: Legal notifications, election fees
23. Lobbying: Funds to help facilitate lobbying efforts for Port interests
24. Membership Dues and subscriptions: Annual membership dues and subscriptions
25. Permit fees: Have not had any permit fees recently
26. Legal Services: Attorney fees, the Port engaged legal services @ \$235. Per hour as needed.
27. Promotion and marketing:
28. Strategic Business Plan The Ports strategic business plan was last done in 2011. Business Oregon is starting the process of requiring all Oregon Ports to update their business

plans and will provide some funding. This is a place holder in the event the Port of Umpqua gets to that point in this fiscal year

29. Scholarships/Grants: Scholarship or grants to advance educational opportunities in business ORS777 criteria for Port's
30. Real Property taxes liability: In the event that the Port must pay a portion of real property taxes on the Business Center office space
31. DSL Lease & Salmon Harbor lease: This fee is a lease with Department of State Lands water way lease tide land under Umpqua River Dock and the commercial dock in Winchester Bay this increases 3% per year
32. Umpqua Spit Expenses Place holder for expenses at the spit,
33. STEP: Possible contribution to the Salmon Trout Enhancement Project
34. Property Insurance expenses Paid out for the water leak in the building
35. **TOTAL MATERIALS & SERVICES**

CAPITAL OUTLAY

36. Commercial Dock repair: Major repairs or maintenance to the docks
37. Capital Outlay:
38. **TOTAL CAPITAL OUTLAY**
39. **TOTAL ORGANIZATIONAL REQUIREMENTS**

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DEBT SERVICE:

None at this time

SPECIAL PAYMENTS

2. Coos Bay Wagon Road funds No longer applicable
3. Grant Funding Available Requests for funding from others
4. **TOTAL SPECIAL PAYMENTS**

INTERFUND TRANSFERS OUT

5. Maintenance Reserve Fund None budgeted this year
6. Dock Reserve Fund None budgeted
7. Capital Projects Reserve Fund None budgeted
8. **TOTAL INTERFUND TRANSFERS OUT**
9. **CONTINGENCY:** Unforeseen expenditures
10. TOTAL Requirements Not Allocated
11. Total Requirements Allocated to an Organization
12. Reserve for future expenditure
13. Ending balance prior years

18. TOTAL GENERAL FUND REQUIRMENTS