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Introduction to Budget Message

May 18, 2022

Port of Umpqua 2022-2023

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.

The Port Financial structure and budget are in 4 funds.

- ✓ **The General Fund** is the operating fund where most expenditures are made 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
- ✓ **Capital Projects Reserve Fund** 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 2022. This will enable comparison to last year's adopted budget and this year's proposed budget and how each account has performed through the end of March.

Parcel 3 of the industrial park in downtown Reedsport was sold to Northwest Landscape Management for \$95,000. The Port carries the loan for a term of ten years at an interest rate of 1.5 percent. Monthly payments of \$900 (principal, interest, and extra to principal) are being made to the Port. These payments are deposited in the capital reserve fund.

The Port purchased a parcel of land from Douglas County, known as the "Umpqua Spit" for \$65,000, which was previously being leased from Douglas County for approximately \$580 per month (nearly \$7,000 annually). This parcel, including the commercial dock, was leased to Pacific Dream Seafoods, who also purchased Umpqua Bait. Monthly lease payments are \$2,078 and are deposited into the general fund.

The Port purchased and installed 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. Pacific Dream Seafoods is managing the ice machine.

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.

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.

BUDGET MESSAGE

Fiscal Year 2022-2023

(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 2022-2023, 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 2022-2023 budget based on the following

➤ **GENERAL FUND**

➤ **RESOURCES**

BEGINNING FUND BALANCE:

1. Available cash on hand*(cash): Anticipated beginning balance
2. Net working capital*(accrual): The Port operates on a cash basis, therefore this line item is zero
3. Previously levied taxes: Delinquent past taxes paid late and dispersed to District
4. Interest: Interest earned
5. Transfers IN from other funds: From Reserve Funds, none budget this year

OTHER RESOURCES:

6. Industrial Park lease parcel 3: Lease income from Northwest Landscape Maintenance ended due to their purchase of the property
7. Industrial Park lease parcel 2: Lease income from Tyree Oil
8. Lease/Rent income Business Center: The Port currently has five businesses leasing office space in the Business Center. The Oregon Professional Real Estate Group terminated their lease at the end of May 2022
9. Miscellaneous: Most revenue should be identified as other resources.
10. Poundage: Pacific Dream pays poundage at 0.03 dollars per pound for product coming across the commercial dock at Salmon Harbor, except for squid and shrimp, which is 0.01 and 0.015 dollars per pound, respectively.
11. Keycard/Hoist Receipts: Use of the hoist at the commercial fish dock at Salmon Harbor is no longer charged for by the Port. Hoist operations are managed by Pacific Dream Seafoods
12. Ice Machine Revenue: Revenue from the ice machine is being managed by Pacific Dream. The Port no longer receives payments for ice.
13. Annex Rental: Anticipated revenue from rental of the Port Annex a charge of \$75.00 per day for functions
14. Deposits: This is a deposit account. Revenue is accumulated if the cleaning fee for use of the Annex is not reimbursed.
15. Winchester Bay Lease: After the sale of the Umpqua Spit, no further revenue will be received from the Umpqua Bait lease
16. Umpqua Spit revenue: New property in Winchester Bay, leased to Pacific Dream Seafoods.
17. Property Insurance Proceeds: Insurance proceeds from SDAO as applicable

18. Coos Bay Wagon Road funds: A pass through from Douglas County to Salmon Harbor. No longer receiving Wagon Road Funds
19. Sale of Forest Products: Funds from the county if there is sale of Forest Products. This is uncertain and difficult to anticipate
20. Grants: Possible grants received including for the Strategic Business Plan
21. Total resources, except taxes to be levied: Total Revenue minus levied taxes
22. Taxes expected to be received: Anticipated tax revenue from County Assessor's office
23. Taxes collected in year levied: N/A
24. **TOTAL RESOURCES:** Total Taxes and other revenue

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

PERSONAL SERVICES

- | | |
|--|---|
| 1. <u>Manager:</u> | <u>Manager Salary</u> |
| 2. <u>Administrative Assistant:</u> | <u>Hourly wage 30 hours per week</u> |
| 3. <u>Other Personnel:</u> | <u>Covers PTO liability for the previous manager and expected part time technical assistance provided by the previous manager as required by the new manager.</u> |
| 4. <u>Payroll Expenses:</u> | <u>Employer portion of Payroll liability expenses, health insurance premiums and retirement compensation. The Port Board approved staff retirement contribution to 9 percent of earnings.</u> |
| 5. <u>TOTAL PERSONAL SERVICES</u> | |
| 6. <u>Total FTE</u> | <u>2.00</u> |

MATERIALS AND SERVICES

- | | |
|---|---|
| 7. <u>Accounting:</u> | <u>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.</u> |
| 8. <u>Professional Services:</u> | <u>Engineering, Consultant, Professional service etc.</u> |
| 9. <u>Executive expenses, Travel, Training:</u> | <u>Travel, lodging, training, and conferences. SDAO conferences, other conference and seminars, ongoing education for Port staff and Commissioners</u> |
| 10. <u>Audit:</u> | <u>Annual audit, a contracted price</u> |
| 11. <u>Office machine upgrades:</u> | <u>Upgrade of office equipment as necessary</u> |
| 12. <u>Office supplies:</u> | <u>Port Office supplies.</u> |
| 13. <u>Building supplies:</u> | <u>Building and grounds supplies.</u> |
| 14. <u>Dock maintenance:</u> | <u>Ongoing maintenance of commercial docks; includes annual hoist inspections</u> |
| 15. <u>Facilities Maintenance/Services:</u> | <u>Building and Grounds scheduled and one-time maintenances and services.</u> |
| 16. <u>Forklift Maintenance:</u> | <u>Maintenance on the forklifts at Port Dock at Salmon Harbor. Both forklifts have been deemed surplus property and will be sold</u> |
| 17. <u>Ice Machine Maintenance:</u> | <u>Maintenance on the ice machine at Salmon Harbor. Pacific Dream Seafoods is operating the ice machine. This line item will be kept incase necessary</u> |
| 18. <u>Telephone:</u> | <u>Landline, internet, and cell phones</u> |
| 19. <u>Utilities:</u> | <u>Electricity, city water and sewer, trash pickup fees</u> |
| 20. <u>Business Support Services:</u> | <u>Information Technology for Port office operations support services, internet, computers etc.</u> |
| 21. <u>Insurance:</u> | <u>Property and Liability insurance coverage through Special Districts Assoc of Oregon</u> |
| 22. <u>Election expense & legal ads:</u> | <u>Legal notifications, election fees</u> |
| 23. <u>Lobbying:</u> | <u>Funds to help facilitate lobbying efforts for Port interests</u> |
| 24. <u>Membership Dues and subscriptions:</u> | <u>Annual membership dues and subscriptions</u> |
| 25. <u>Permit fees:</u> | <u>Have not had any permit fees recently</u> |

26. Legal Services: Attorney fees. The Port uses Local Government Law Group for legal services at \$285 per hour as needed.
27. Promotion and marketing: Expenses related to promotion and marketing of services for the Port
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. Update of the strategic business plan will occur during fiscal year 2022-2023
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 percent 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 Possible insurance expenses involving recent water Damage at the 1877 Winchester 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**

DEBT SERVICE

1. Debt service None budgeted

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

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 None budgeted

13. Ending balance prior years None budgeted

14. Unappropriated ending fund balance

15. **TOTAL GENERAL FUND REQUIREMENTS**