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Introduction to Budget Message

April 17, 2024

Port of Umpqua FY 2024-2025

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 four funds.

- ✓ **The General Fund** is the operating fund where most expenditures are made and resources deposited
- ✓ **Maintenance Reserve Fund** was established to save for general maintenance and repairs, including reserving funds to assist Salmon Harbor with dredging cost if it becomes necessary
- ✓ **Dock Reserve Fund** was established for maintenance, repairs, and capital improvements to docks
- ✓ **Capital Projects Reserve Fund** was 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 2024. 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.

Port of Umpqua Recent History and Basis for the Proposed Budget

Parcel 3 of the industrial park in downtown Reedsport was sold to Northwest Landscape Management in November of 2021 for \$135,000, \$95,000 of which is a loan from the Port of Umpqua. The Port carries the loan for a term of ten years at an interest rate of 1.5 percent. Monthly payments of \$900, which includes 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 Dougals County, known as the "Umpqua Spit" for \$65,000, in April of 2021, which was previously leased from Douglas County for approximately \$580 per month (nearly \$7,000 annually). This parcel, including the commercial dock, is leased to Pacific Dream Seafoods, who also purchased Umpqua Bait. Pacific Dream started management of the spit in September 2021. Monthly lease payments are \$2,140 and are deposited into the general fund.

Revenue derived from moorage fees at the Umpqua River Commercial dock is deposited directly into the Dock reserve. 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. Vessel moorage is \$50 per day; \$125 per week, and \$500 per month for vessels less than 65 feet; for vessels greater than 65 feet, the moorage is \$100 per day, \$250 per week, and \$1000 per month. Fred Wahl Marine Construction manages the moorage and for their work, they retain 10 percent of the fees. Moorage fees can vary between zero to \$3000 per month, depending on use.

Tenants at the Port of Umpqua Business Center and Parcel 2 (downtown Reedsport) include: *Reedsport Massage* (leases two offices for a total of \$320 per month) , *Hideaway Project* (leases one office for a total of \$170 per month), *STEP and DayPubs* (leases two offices for a total of \$285 per month), *BlueJet* (leases a suite for a total of \$550 per month, finishing in April 2024), *GrayGuns* (leases a suite for a total of \$675 per month), and *Tyree Oil* (leases Parcel 2 for a total of \$655 per month). The total annual lease revenue is in excess of \$30,000 per year.

Significant projects include: Replacement of the Providence Creek Tide Gate, which is expected to start construction in 2026; Moving a hoist to the Umpqua River Wharf in Reedsport to facilitate commercial fishermen to sell their product to buyers other than Pacific Dream Seafoods; and replacing the wood curb around the perimeter of the Reedsport wharf.

BUDGET MESSAGE

Fiscal Year 2024-2025

(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 2024-2025, 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 2024-2025 budget based on the following

➤ GENERAL FUND RESOURCES

BEGINNING FUND BALANCE:

1. Available cash on hand*(cash): Anticipated beginning balance based on audit numbers
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
4. Interest: Interest earned from delinquent tax payments
5. Transfers IN from other funds: Transfer from Reserve Funds

OTHER RESOURCES:

6. Industrial Park lease parcel 3: Income from Northwest Landscape Maintenance lease ended due to their purchase of the property. The mortgage payment is deposited in the Capital Project Reserve Fund
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. Current leases included: Grayguns, STEP / DayPubs, Reedsport Massage, Hideaway Project, and BlueJet Hosting (ending April 2024)
9. Miscellaneous: Most revenue should be identified as other resources.
10. Poundage: Pacific Dream pays poundage of 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, neither does the port pay for its maintenance, though it is not specifically noted in the lease agreement

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| 13. <u>Annex Rental:</u> | <u>Anticipated revenue from the rental of the Port Annex</u> |
| 14. <u>Deposits:</u> | <u>Cleaning deposit account for use of the annex</u> |
| 15. <u>Winchester Bay Lease:</u> | <u>For Umpqua Bait. No further revenue after PDS lease will be received from the Umpqua Bait lease</u> |
| 16. <u>Umpqua Spit revenue (PDS):</u> | <u>New property in Winchester Bay, leased to Pacific Dream Seafoods. This line item is for their lease payments</u> |
| 17. <u>Property Insurance Proceeds:</u> | <u>Insurance proceeds as applicable</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 expected to be received:</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. <u>Manager:</u>	<u>Manager Salary</u>
2. <u>Administrative Assistant:</u>	<u>Administrative Assistant wages (0.75 FTE)</u>
3. <u>Other Personnel:</u>	<u>Covers any additional employees hired</u>
4. <u>Payroll Liabilities:</u>	<u>Employer portion of Payroll liability expenses, health insurance premiums and retirement compensation.</u>
5. <u>TOTAL PERSONAL SERVICES</u>	<u>The total of lines 1 - 4</u>
6. <u>Total FTE</u>	<u>1.75</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, Consultants</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 (lights, etc).</u>
14. <u>Dock maintenance:</u>	<u>Ongoing maintenance of commercial docks</u>
15. <u>Facilities Maintenance/Services:</u>	<u>Building and Grounds upkeep and repair</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 have been 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 in case necessary</u>
18. <u>Telephone:</u>	<u>Landline, internet</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>For construction as applicable</u>
26. <u>Legal Services:</u>	<u>Attorney fees. The Port uses Local Government Law Group for legal services at \$270 per hour as needed.</u>

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| 27. <u>Promotion and marketing:</u> | <u>Expenses related to promotion and marketing of services for the Port</u> |
| 28. <u>Strategic Business Plan</u> | <u>The Ports strategic business plan was last done in 2023. Worked with LCOG</u> |
| 29. <u>Scholarships/Grants:</u> | <u>Scholarship or grants to advance educational opportunities for local students</u> |
| 30. <u>Real Property taxes liability:</u> | <u>In the event that the Port must pay a portion of real property taxes on the Business Center office space</u> |
| 31. <u>DSL Lease</u> | <u>This fee is a lease with Department of State Lands water way lease for tide land under Umpqua River Dock</u> |
| 32. <u>Umpqua Spit Expenses</u> | <u>Place holder for expenses at the spit</u> |
| 33. <u>STEP:</u> | <u>Possible contribution to the Salmon Trout Enhancement Project, usually \$5000 per year</u> |
| 34. <u>Property Insurance expenses</u> | <u>Possible insurance expenses (water damage, etc)</u> |
| 35. <u>TOTAL MATERIALS & SERVICES</u> | |

CAPITAL OUTLAY

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| 36. <u>Commercial Dock repair:</u> | <u>Major repairs or maintenance to the docks</u> |
| 37. <u>Capital Outlay:</u> | <u>Typically for repair and maintenance of capital items such as roof and hoist repair or the purchase of small capital items or equipment</u> |
| 38. <u>TOTAL CAPITAL OUTLAY</u> | <u>Total of capital outlay</u> |
| 39. <u>TOTAL ORGANIZATIONAL REQUIREMENTS:</u> | <u>Sum of requirements</u> |

➤ **REQUIREMENTS NOT ALLOCATED TO AN ORGANIZATIONAL UNIT OR PROGRAM**

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** Transfers between funds

9. **CONTINGENCY:** Unforeseen expenditures

10. Total Requirements Not Allocated

11. Total Requirements Allocated

12. Reserve for future expenditure None budgeted

13. Ending balance prior years None budgeted, based on previous years

14. Unappropriated ending fund balance

15. **TOTAL GENERAL FUND REQUIREMENTS**