

# Port of Astoria Budget Message

## Fiscal Year 2019-2020

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### INTRODUCTION

I am pleased to present the budget proposal for FY 2019-20. In this upcoming fiscal year, this budget will reflect the challenges that we face with the anticipation of reduced revenues from log exports coupled with a strong need to address the continued failing infrastructure – Port wide. For the foreseeable future, we will require the careful, strategic, utilization of all sources of revenues to keep the Port operating. We will need new sources of funding in order to address our significant repair needs. We must chart a course of action that will enable the Port to collect new “user-fees” from the Port’s customers and tenants that will enable us to repair and maintain the Port’s infrastructure. The needs are great and the conditions of the Port’s facilities are dire and require large injections of capital.

During this fiscal year, the Port will be communicating its new 5-year Strategic Plan. This plan will guide the Port for the next 5 years as we address:

- Failing Infrastructure
- The need for an improved relationship with Business Oregon and the Infrastructure Financing Authority
- Building stronger community trust in the Port
- Increasing revenues
- Liquidating under and/or non-producing physical assets (buildings/land-holdings)
- The reduction of operating expenses to every extent possible
- Creating Public-Private Partnerships necessary for increasing revenue sources from the Port’s properties and facilities.

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### BUDGET OVERVIEW

The proposed budget for 2019-20 anticipates total expenditures of \$14,568,867.

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### STAFFING

Due to financial constraints, we anticipate decrease in FTEs this fiscal year. This decrease will necessitate a “re-organization” of our staff to account for reduced revenues. Existing staff will be “wearing multiple hats” to maintain quality customer service for our tenants and customers.

The budget for the 2019-20 fiscal year includes budgeted FTEs of 30.74, which is a reduction from 33.75 FTEs from the prior year. Total personnel services costs are budgeted at \$2.86 million, a decrease of 4.25%

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*The following is a summary of the key challenges the Port must address in the coming fiscal year. These challenges are not listed by relative priority. Each of these priorities can have a significant impact on Port’s resources:*

## ENVIRONMENTAL ISSUES

**AOC-4:** Under the supervision of the Department of Environmental Quality (DEQ) during FY 2018-19, the Port and the “Potential Responsible Parties” (PRPs) narrowed the permanent solution down to the best and least-cost, clean-up solution. This 18-year-old process is nearing conclusion. According to DEQ, they will be presenting their final Record of Decision (ROD) in the next few months. Afterwards, the Port and the other “Responsible Parties” will negotiate a final settlement and cost-share strategy that will finally resolve the issues surrounding AOC-4.

**Central Waterfront Stormwater Treatment:** Our new treatment facility is now fully and successfully operational. stormwater and environmental management is a Port-wide obligation and all Port tenants will be affected. The Port, in its current financial status, cannot and should not shoulder this obligation by itself. With the endorsement and support of the Commission, the Port will develop a cost-sharing strategy that will determine the appropriate “Environmental Management Fee” that we will need to capture. This new fee will need to be implemented to help pay for the costs associated with our storm water systems and environmental management. This must be implemented in this coming fiscal year and evaluated on an annual basis.

## AIRPORT/SKIPANON

Currently, the operating (non-grant) revenue for the Airport is approximately \$1,004,000 annually. However, our debt load is \$292,000 annually and our operating expense is approximately \$695,000.

In spite of being chronically underfunded, the Airport continues to be successful in its role for our community and or region. We are fortunate that we have a dedicated Airport Advisory Committee that has tackled the challenges of evaluating the Airport’s financial condition and seeking new sources of revenue for our Airport and our surrounding airport properties. Several concepts have been identified that should be pursued. The Port should also pursue financial assistance from surrounding communities as the Airport is a significant regional asset that requires better funding mechanisms.

During this fiscal year the Port will be negotiating a lease with the new owners of Lektro. The new company is named – JBT Lektro. The Port looks forward to an extended relationship with our new tenant and their approximately 100 employees.

Life Flight Network (LFN) is in the process of building their new permanent hangar and we look forward to their completion of construction sometime in the Fall of 2019.

## West Mooring Basin

During this coming fiscal year, the Port will be seeking a new “Special District” designation from the City of Astoria. The intent of seeking this designation will be to create a Master Plan in partnership with the City and the neighbors who surround this beautiful portion of Astoria. This area is easily identified as the area between the Astoria-Megler Bridge on the east to Portway Avenue on the west.

The Master Plan will focus on the challenges and opportunities of property development through partnering with the City of Astoria, the neighbors and businesses in this new district. Together we can tackle the challenges of building dimensions, the allowable uses of property, parking, ingress-egress,

lighting, security, design elements, signage and increased pedestrian and bicycle access while protecting the beautiful views that surround the West Mooring Basin.

We anticipate a steady growth of the numbers of Cruise Ships and in turn a growing number of visitors to our community. Now is the right time to address this portion of the Port's property holdings to create a more accessible and beautiful portion of the Astoria waterfront for both the citizens of our County and the thousands of visitors who come here to enjoy what our community can offer.

We must continue to address maintaining necessary water depth in our West Basin Marina. This budget allows for \$150,000 this coming year to continue dredging our Marina. Due to overall financial constraints, dredging the Marina will most likely be accomplished over the course of several years.

## Piers

Our piers desperately require attention. Pier 2 requires several million dollars in new investment just to keep it operational. The Port has struggled for many years in its ability to maintain this most important asset. Hundreds of jobs are at stake and we must find the resources to enable repairs. At this junction our best hopes lie in our ability to successfully communicate our needs through the implementation of our new Strategic Plan and the subsequent financial support from the State of Oregon. Additionally, the Port should pursue implementing new fees that can provide financial support to repair failing infrastructure and on-going maintenance. Not implementing new fees endangers the continued operations of our seafood operators who have threatened to leave if new fees are imposed. However, without finding new sources of funding will ultimately cause the catastrophic failure of our Pier 2 and thereby causing the end of operations.

During the 2018-19 Fiscal Year, the Port Commission approved the implementation of charging fees to cargo vessels as they enter the Astoria Harbor. This fee of \$300 per vessel will be used to maintain the full operational capability of Pier 1, beginning with funding our annual dredging costs. This fee will go into effect on July 1, 2019 and will ensure that the Port can maintain safe harborage here at the mouth of the Columbia River.

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## CONCLUSION

Our highest priorities as an organization must include:

- Communicating to the Public and implementing the Port's new 5-Year Strategic Plan
- Improve the Port's relationship with the State of Oregon's Business Oregon
- Improve our relationships with the Port's tenants and develop strategies that provide for the Port's financial capacity to address our failing infrastructure needs.
- Continue to develop a strategy that evaluates all Port assets and determine which of the Port's properties and buildings are truly assets – if these "Assets" are in fact liabilities, the Port must begin to liquidate the non and/or underperforming assets and use the resources from liquidation to preserve our most important, revenue generating assets.

- Seek assistance from our Community Stakeholders to address the significant financial needs of the Astoria-Warrenton REGIONAL Airport to remain fully functional. We must recognize that the Port currently does not have the capacity on its own to address the growing costs of aging and in some cases, failing infrastructure. This is a Regional asset and the Port does not have the ability to solve the problems on its own. It's time for us to seek assistance from our wider community.

We must recognize that we can no longer defer maintenance and substantial infrastructure problems to another year and another generation. We must take the necessary steps to keep the Port viable or face the difficult task of reimagining the Port and the Port's mission for our Community.

I also want to express my deep appreciation for the Port Staff. We are very fortunate to have such a dedicated work force that consistently demonstrates their commitment and abilities to keep our Port functioning. These are the people on the front lines that give their best for our Port and our Community and are to be commended for their daily dedication to our Organization.

Lastly, I want to thank our tenants and our customers for continuing to work with our Port and help us address our difficult challenges. It will take time, but our continued commitment to help one another is what it will take to overcome the challenges before us and together, we can make the Port successful once again.

Jim Knight,

Executive Director

May 22, 2019