



# Port of Siuslaw Strategic Business Plan

2008-2013

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**Prepared by:**

ShoreBank Enterprise Cascadia

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# Executive Summary

The Port of Siuslaw has arrived at a crossroads in its organizational development. Like many of Oregon's small port districts, the Port of Siuslaw is entrusted with the care of assets that are, in part, remnants of a declining natural resource economy. These working waterfronts, industrial sites and navigational services (dredging support) have decreasing relevance in the new coastal economy. As a result The Port is seeking a refreshed understanding of its role as a regional economic development entity in the Siuslaw Basin.

## Current Challenges

- Operating and tax revenues that are not sufficient to maintain and repair current asset base and provide current level of service delivery
- Limited and declining local, state and federal grant subsidies
- Limited staff and volunteer Commission capacity
- The economy of the Port District, and especially Florence, is dependent on a mix of retirement economics (transfer payments) and tourism. Efforts to diversify the economy beyond those key pieces are extremely “high hanging fruit.”

## Emerging Opportunities

- The Port Campground is a high-earning asset with opportunities for expansion
- The Port's waterfront real estate assets have substantial value
- The new Florence Urban Renewal District is beginning to provide resource for strategic improvements in the Old Town neighborhood
- The Confederated Tribes of Coos, Lower Umpqua and Siuslaw Indians have emerged as a strong and growing economic partner in the Siuslaw Estuary
- Growth in the wine industry in the east end of the District has opened the opportunity for new strategic partnerships with non-traditional partners.

## Key Themes

- The Port of Siuslaw is seeking a refreshed understanding of its role as a regional economic development entity in the Siuslaw Basin.
- The Port seeks strategies that maintain its commitment to current constituencies and deliver meaningful economic development to Florence and the rest of the Port District.
- Obligations to retain title to and maintain certain existing assets pre-determine a portion of the Port's “workload.”
- The current Commission is ready for a refreshed strategic approach and is open to considering a different direction from ‘business as usual.’
- Existing Port assets with the exception of the 40 acre “industrial” site have been rigorously assessed – sufficient knowledge exists to make long term decisions on retention of and improvements to these assets.



## Mission

### 2008-2013 Mission

**“The Port of Siuslaw delivers high-quality asset management and economic development services that result measurable economic and community development benefits for communities throughout the Port District.”**

The new mission of the Port of Siuslaw reflects an acknowledgment that success for the District must be measurable, but it equates to more than jobs created or retained. Success is achieved through careful management of assets and services that deliver on multiple outcomes relevant to community and economic development.

The context for the revised mission is simple, focus the organization on its strengths, both in terms of assets and staff capacity and identify the measurements by which success is defined.

## Strategic Framework

The Port of Siuslaw’s Strategic Framework for the next five years is built to support the following goals:

- **Sustainable Financial Management:** Developing *revenue-positive* asset management with a goal of developing resilient and profitable assets that contribute to the long-term sustainability of the Port
- **Collaboration Opportunities:** Formalizing collaboration with *trusted partners* with a goal to support and lead outcomes-based regional economic development collaborations
- **Measurable Mission Outcomes:** Delivering *measurable* economic and community development outcomes

## Strategic Objectives and Outcomes

Each strategy is designed to deliver specific, measurable outcomes.

### Strategy 1: Enhance services supporting marine-related tourism

1. Increase number of Campground/RV park users
2. Increase usage of recreational boat ramp
3. Increase usage of Transient Dock / Maple Street Landing
4. Increase commercial-retail activity on Florence Waterfront
5. Increase in sales for East Wharf tenant
6. Develop shared marketing relationships with community partners

### Strategy 2: Enhance Florence’s working waterfront

1. Increase commercial marina usage
2. Increase volume of direct seafood sales

### Strategy 3: Enhance public space on the Florence Waterfront

1. Increase the number of public events utilizing Boardwalk Site
2. Direct new investment in the site from outside (non-Port) sources (i.e. Urban Renewal investment)

Strategy 4: Enhance Economic Development Leadership

1. Increase ownership of the Port’s economic development agenda
2. Generate new economic development on 40 acre industrial site
3. Generate revenue from partial or full sale of 40 acre industrial site
4. Formalize engagement with upriver and county partners

Strategy 5: Sponsor river navigation improvements

1. Improve Marina-area navigation
2. Improve Siuslaw Bar navigation

Strategy 6: Support estuarine and watershed restoration

1. Increase public access to the Siuslaw Estuary
2. Connect up-river landowners to restoration opportunities

**Strategic Partners**

In order to achieve the strategies and mission outcomes detailed in this Plan, the Port will be required to engage with a growing number of trusted partners. Without strong, and in many cases, formalized partnerships, the Port will not be able to achieve its strategic objectives.

**Advisory Committees and Working Groups**

- Campground Renovation Advisory Committee
- Economic Development Advisory Committee
- Estuary Access Working Group

**Local Governments and Non-profits**

- Florence Chamber of Commerce
- Siuslaw Fisherman’s Association
- City of Florence
- Florence Urban Renewal Agency
- Lane County

- Siuslaw Watershed Association

**Business Interests**

- Up-river Wineries and Vineyards

**Native American Tribes**

- Confederated Tribes of Coos, Lower Umpqua and Siuslaw Indians

**State Government and Regional Non-profits**

- Oregon State Marine Board
- Oregon State Parks
- Oregon Economic and Community Development Department
- Community Seafood Initiative (CSI)
- Pacific Northwest Waterways Association

**Federal Government**

- 4th Congressional District Representative and Oregon Senatorial Offices

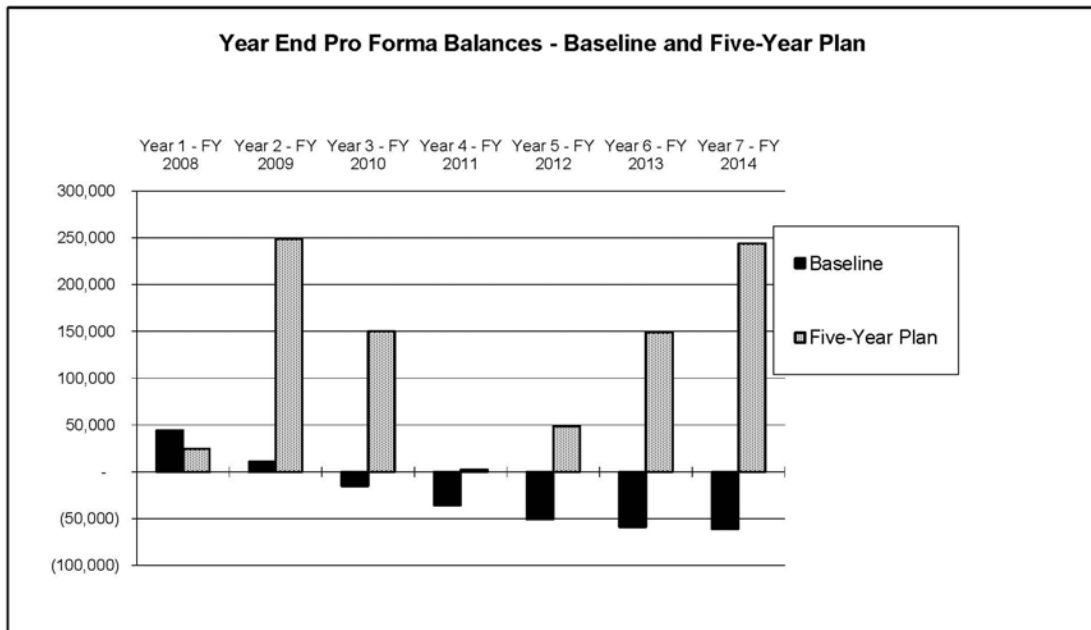
**Financial Analysis and Budget**

A financial analysis was conducted to clarify the Port’s operating condition and determine decision points for the Commission to consider for the development of the Plan. The analysis was based on the following points:

1. Cash flow and current debt service obligations represent a hard ceiling on asset development options
2. Mid-course changes to the FY 08-09 budget may soften the coming deficit conditions, but will not change the overall outlook
3. Future financial stability cannot be based on the expectation of direct federal, state or other subsidy for asset improvement

4. Future opportunities for revenue generation must be paired with a limited liquidation of assets, specifically, Mariner’s Corner
5. Management of and investment in existing assets should be prioritized for maximum revenue development potential (Campground renovation)
6. Future opportunities to influence local (Florence) or regional (District-wide) economic development strategies will require a fiscally sound operations platform as an entry point to the discussion

The final five-year budget projection for the Strategic Business Plan includes liquidation of assets (Mariner’s Corner), relocation of the Port Office and upgrade of 40 Campground sites and new investment in the East Wharf.



Additional assumptions in the five-year budget:

- Operations and Personal Services expenditures reflect Baseline Budget.
- Completion of the Maple Street Landing and Transient Dock project
- Construction of a new restroom facility at the Campground
- Purchase of the 40 Acre Industrial Site from Lane County
- Development of a new Port Office facility at a total cost of \$175,000
- Sale of the Mariner’s Corner site in Year 2 for net proceeds of \$300,000
- Revenue injection of \$150,000 in FY2010 from sale of 40 Acre Industrial site
- Upgrade of 40 Campground sites to full-service RV sites at a total cost of \$320,000.
- Renovation of East Wharf (ICM) site with \$600,000 in Federal support for basic renovation of structure. Additional work to be completed in Year Five or Six based on Year Two planning process for site.



# Introduction

The Port of Siuslaw has arrived at a crossroads in its organizational development. While the Port has on-going obligations to maintain a set of existing assets, there is strong interest among Port Commissioners and Port staff to develop a new direction and strategy for the organization. This new approach can be generally characterized as an effort to develop and refine mid and long term strategies to create a diverse and resilient economy in the Siuslaw basin.

To further this goal, the Port elected to develop a new Five Year Strategic Business Plan. Through the process of developing this new Plan, the Port achieved a refreshed understanding of its role as a regional economic development entity in the Siuslaw Basin. The Plan provides new, but limited, innovations, designed to position the Port as a relevant economic and community development institution for the long term, while addressing the Port's obligations to retain title to and maintain certain existing assets.

The key themes used to draft this plan are:

- The Port of Siuslaw is seeking a refreshed understanding of its role as a regional economic development entity in the Siuslaw Basin.
- The Port seeks strategies that maintain its commitment to current constituencies and deliver meaningful economic development to Florence and the rest of the Port District.
- Obligations to retain title to and maintain certain existing assets pre-determine a portion of the Port's "workload."
- The current Commission is ready for a refreshed strategic approach and is open to considering a different direction from 'business as usual.'
- Existing Port assets with the exception of the 40 acre "industrial" site have been rigorously assessed – sufficient knowledge exists to make long term decisions on retention of and improvements to these assets.



## **Overview**

### **Past Performance**

In 2002, when the Port of Siuslaw's previous strategic plan was completed, the Port was in a challenging position to engage in long range planning. Revenues were flat, assets were deteriorating, and the economy was in a mild recession. At that point, it was difficult to develop a strategic direction that ensured a stable and relevant future for the organization.

The 2002 Plan laid out a series of asset improvement activities, new or refreshed economic development programs and key strategic directions for the Port to pursue – repairing the transient vessel float and Maple Street Landing, developing the Boardwalk site and marketing 40 acres of industrial land were all key pieces of the 2002 Plan.

The resulting organizational performance was mixed. The Port showed a strong commitment to maintaining and improving existing assets. Significant successes were achieved in securing grant and low-interest loan resources to renovate the transient vessel moorage and dredge the harbor, furthering the Port's 2002 goal to "promote, protect, preserve and expand Port property assets, and attendant economic activities and businesses."

However, the Port was not able to significantly change its year to year cash flow situation. Further, the Port's commitment to large loans to complete the much needed renovation of Maple Street Landing and the transient vessel float resulted in the spending down of all capital reserve funds, and incurring additional annual debt service of \$35,000. At the completion of the five-year planning period, the Port was poised to make major improvements to its assets, but those improvements did not stand to deliver substantially increased annual revenues, hampering the organization's ability to get outside of a 'catch up' mode.

### **Current Challenges and Opportunities**

In 2008, conditions unfortunately remain roughly the same as 2002. While the current Commission aspires to enhance the Port's ability to create beneficial economic development and community development impacts in the District, limited revenues and a challenging asset management situation require that development ambitions over the next five years remain relatively modest.

Current challenges for the District, listed roughly in order of magnitude, are:

- Operating and tax revenues are not sufficient to maintain and repair current asset base and provide current level of service delivery
- Local, state and federal grant subsidies are a limited and declining resource, and direct subsidy has been a traditional method for addressing asset maintenance costs
- Staff and Commission capacity is fully subscribed, leaving limited human resource capacity for growth and innovation
- The economy of the Port District, and especially Florence, is dependent on a mix of retirement economics (transfer payments) and tourism. Efforts to diversify the economy beyond those key pieces is extremely "high hanging fruit."

Challenges notwithstanding, there are opportunities for the organization:

- The Port Campground is a high-earning asset with opportunities for expansion
- The Port's waterfront real estate assets have substantial value that can be leveraged to create both revenue for the Port and economic development opportunities for Florence
- The new Florence Urban Renewal District is beginning to provide resource for strategic improvements in the Old Town neighborhood
- The Confederated Tribes of Coos, Lower Umpqua and Siuslaw Indians have emerged as a strong and growing economic partner in the Siuslaw Estuary
- Growth in the wine industry in the east end of the District has opened the opportunity for new strategic partnerships with non-traditional partners.

Like many of Oregon's small port districts, the Port of Siuslaw is entrusted with the care of assets that are, in part, remnants of a declining natural resource economy. These working waterfronts, industrial sites and navigational services (dredging support) have decreasing relevance in the new coastal economy.

This port district, perhaps more than any others, is increasingly distant from its origins as a support structure for logging, fishing and farming. The new economic demands of tourism, retirement and the service industry require that the Port develop a long-term plan for the future that delivers a more resilient and nimble organization, an organization that depends less on traditional asset management and more on vision and leadership in its efforts to create a 21<sup>st</sup> Century economy in the region.

**Port must become a more resilient and nimble organization, an organization that depends less on traditional asset management and more on vision and leadership.**

This new plan balances the financial realities of managing a relatively large and diverse portfolio of assets with the need for an enhanced strategic direction that will provide the Port with a platform for relevance in the decade to come.

## ***Planning Process***

In 2007 the Port of Siuslaw chose to develop a new Five-year Strategic Business Plan. At that time, the choice was made to attempt to respond to the State of Oregon's new priorities for port strategic plans. It was hoped that the Port of Siuslaw's planning process would be an opportunity for the Port to create a new model for port strategic plans and ultimately assist to other port districts as they move forward in their planning efforts.

After an open request for proposals in early 2007, the Port Commission chose ShoreBank Enterprise Cascadia (SBEC) as their planning consultant. SBEC is a small community development non-profit organization based in, Ilwaco, Washington. SBEC agreed to manage the development of a new Five Year Strategic Business Plan for the Port. In conjunction with Port staff, SBEC developed a planning process that included a board retreat as well as follow-up discussion sessions, stakeholder interviews, and a financial analysis. The specific activities are outlined below.

## **Information Update and Operational Scan**

Prior to the start of the process of plan development, the SBEC aggregated the most current information regarding the current 'state of the district.' The team also engaged Port staff and Commission in an initial operational scan to determine the current condition of the Port's finances and policies and procedures.

## Commission Retreat:

To initiate the process SBEC facilitated a half-day Commission discussion focused on developing a baseline understanding of what the Port Commission understands to be the primary issues in the district. The second level of discussion focused on the particular issues the Commission believes the Port district can impact, either through Port activities, partnerships and/or positioning (leadership). Prior to the retreat SBEC also engaged in a preliminary review of previous planning documents and preparatory conversations with up to eight key stakeholders.

## District Investigation:

SBEC gathered and assimilate information about trends and issues in the district. This process included interviews with stakeholders from throughout the Port District, developing a demographic profile, economic profile and an industry sector analysis.

Interviews conducted during the district investigation included:

- Bob Garcia, Confederated Tribes of Coos, Lower Umpqua and Siuslaw Indians
- Jay Hendrickson, Davidson Industries
- Johnny Sundstrom, Siuslaw Institute
- Tracy Evans, Chateau Lorane Winery
- Liz Vollmer-Buhl, Siuslaw Watershed Council
- Bob Willoughby, City of Florence
- Sandra Belson, City of Florence
- Al Pazar, Oregon Dungeness Crab Commission
- Jim Barnhardt, CEO, Peace Harbor Hospital
- Steve Baker, King Estate Winery
- Doyal Eubank, CFO, King Estate Winery

## Preliminary Findings Presentation

Based on compilation of data gathering and interviews, SBEC provided a report on preliminary findings to inform a facilitated conversation about a revised vision for Port activities.

Report outlined recommendations, isolated the strengths of the organization and emerging opportunities, pointed to possible options for restructuring and discussed risks associated with these options.

## Vision Meeting

SBEC facilitated a second discussion with the Port Commission focused on the preliminary findings. The intelligence gathered during the initial discovery process was used to frame the discussion and inform the creation of a revised strategic vision to direct Port efforts over the next five years.

## Financial Analysis

SBEC conducted a financial analysis of Port operations and developed a draft Five-year Budget base on the emerging vision and strategic objectives. The Financial Analysis and Budget were presented to the Port Commission in an executive session. The closed session was held because of the sensitive nature of the potential real estate transactions discussed.

## Draft Strategic Business Plan

SBEC drafted a Strategic Business Plan document that details the mission, goals, strategies, tactics, budget and risks associated with a 5-year strategic approach. The Plan recommended new strategies and tactics based on emerging opportunities. The Plan may also recommended re-deployment or liquidation of certain assets as tactics to achieve strategic goals. The Strategic Framework will address most of the elements outlined in the OECD “proposed port business plan outline.”

## Presentation of Final Draft Strategic Business Plan and Public Comment

SBEC presented the final draft of the Plan during a meeting of the Port Commission. The Port Commission then provided a 30 day public comment period before moving adoption of the Plan.



# Strategic Context

## ***Historical Context***

Port districts have historically played a vital role in supporting the development of Oregon's economy. Districts throughout the state have enabled a number of notable developments in the realms of transportation, freight mobility and manufacturing. The Port of Portland has become a beachhead for large container vessels, specializing in automobile transport. The Port of Tillamook owns and operates a short-line railroad, linking the north coast with the Portland Metro region. The Port of Astoria has grown from Oregon's original Port to a major facilitator of Astoria's resurgence as a tourism destination by recruiting port calls by major cruise lines. The Port of Toledo supports a vibrant cluster of small ship building and repair activities.

In many cases, districts that started with a mandate to support the transportation of goods, especially lumber; have evolved to support their communities in new ways. Seafood harvest and processing, tourism-related real estate, light manufacturing, small business incubators, and even energy generation have all become part of the portfolio of assets managed by Oregon Port Districts.

The diversity in holdings and programs among Ports has in part been forced by changes in the regional economy. Natural resource extraction and processing, most specifically wood products, has dramatically decreased from the halcyon days of the 1960's, 70's and 80's. The Siuslaw National Forest, which includes roughly 30% of the Port of Siuslaw District, was once the second most productive timber producing national forest in the United States. Between 1960 and 1990 the Forest produced two billion board feet of timber, much of it from old-growth Douglas fir. In 1991, the Forest generated 370 million board feet of timber. In 1992, with the implementation of the Northwest Forest Plan, production dropped to 10 million board feet per year. Staffing for the Forest is now roughly 30% of the historic high (Source: Eugene Register Guard, 07/05/2008).

Economic activity related to the National Forest has historically been the source for most of the industrial development in the Port District. Industrial sites in Mapleton and Deadwood processed National Forest logs into dimensional lumber and plywood. Although specific wood products employment data for the District is not available, it is likely that employment levels reflect statewide performance of the industry. Between the mid-Seventies and 2001, wood products employment in Oregon decreased by almost half, from a high point of more than 80,000 jobs (Source: Oregon Employment Department, The Lumber And Wood Products Industry: Recent Trends, 2005). More than likely, in the District, the decrease was even more dramatic, likely exceeding an 80% drop in wood products employment levels.

As of 2008, all the major wood processing facilities in the Port District are shut down, and for the most part, have been demolished. Although a few very small operations continue to work out of the District, it is unlikely that wood processing of any scale will re-commence in the next ten years.

## ***Current District Context***

The Port of Siuslaw currently works primarily in Florence and the Siuslaw Estuary. All of the Port's assets are located within the Florence city limits and the all current Commissioners are residents or business owners in Florence. As noted above, the communities up the Siuslaw

River (e.g. Mapleton) have historically depended on the Port to maintain an open bar, assure good river navigation, and, more broadly, provide regional leadership (e.g. State Highway 126 advocacy). As the economy of the region has shifted away from natural resource industries and toward the tourism and retirement economy that dominates Florence, the nature of the relationship between upriver communities and the Port has become less clear.

This section sets the context for future Port actions in the District. Specifically, the section describes Florence and upriver communities using both statistics as well as the results of the District Investigation conducted in preparation for this plan.

## ***Population and Demographics***

The community of Florence is the major urban and population center in the Port District. The tourism and retirement communities that support the Florence economy represent the primary economic activity in the District. Statistics describing population, income, education and workforce are more readily available for Florence than the balance of the District. Included here is a statistical snap-shot of Florence, based primarily on 2000 U.S. Census data. This snapshot does not reflect the Port District as a whole, but does describe the largest part of the District's population.

Florence has experienced substantial population growth over the past two decades. Between 1990 and 2000, the population in Florence increased almost 29% to 7,260. Between 2000 and 2007, the Population Research Center at Portland State University projected that the population of Florence increased 13.9% to 8,270. Population growth rates have slowed in Florence since 2000, but the City's population continues to increase at a rate of nearly 2% annually.

- The population of Florence is approximately 46% male and 54% female. About 96% of residents are Caucasian, and 2% are Hispanic or Latino, (all other racial groups made up less than 1% of the population each). Racial diversity is much lower in Florence than in the rest of the State and country. Oregon's 2000 population of Hispanic or Latino residents was 8%, and the US population was 13%.
- The median age of the total population is 55 years. 83% of the City is 18 years or older, and almost 40% of residents in Florence are over the age of 65. Comparatively, the median age in the State and US is approximately 36 years, and in both the US and Oregon, only 13% of the population is over the age of 65. Florence has a considerably greater level of retirement aged adults, and proportionately less workforce population than in Oregon or the rest of the country.
- 33% of the current residents were native to Oregon, and 63% from another state. Florence also attracts out of state residents at a higher percentage than Oregon as a whole.

In summary, Florence has a racially homogeneous population. Population growth is steady, but nominal, there is in-migration from other areas in Oregon, but more new residents come from other states, and that Florence boasts a significant older population. It is unclear whether residents are aging in place or if in-migration is predominated by persons over the age of 65. It is also unclear what demographic is moving out, but dropping school enrollments suggest a decline in young families. While it cannot be confirmed by the Census data, it is clear that in speaking with local residents, the general pattern of migration seems to be that the retirement-age population is increasing, both from the aging of long-time residents and an inflow of those from other areas, compounded by continued out-migration of the area's youth.

## ***Economy and Workforce***

Annual median family income of the Florence population was almost \$36,800 in 2000, with the greatest percentage of residents generating between \$15,000-75,000/year. Approximately 10% of families in the City were living below the poverty level. In 2000, median income in Florence was below the statewide median (\$41,000), and well below the U.S. median of \$48,000.

Educational levels in Florence also trend below state and national levels. In 2000, only 17% of Florence residents, over the age of 25, (5,754 people in 2000) had a Bachelor's degree or higher, compared with 25% at the state and national level.

Unemployment in Florence is traditionally hard to gage. In official unemployment statistics, Florence is grouped with "metro" Lane County, which had an adjusted July 2008 unemployment rate of 5.5%. However, it is likely that Florence's true unemployment rate is closer to the coastal counties to the north and south (Coos County at 6.6% and Lincoln County at 5.6% (Source: Oregon Employment Department). July 2008 state and national unemployment rates were 5.5%.

Based 2000 U.S. Census data, of the 2,210 residents employed in Florence, 23% were in management or professional positions, 31% held service occupations, 23% worked in sales, 11% in construction and maintenance, 10% in material production and transport, and 2% in fishing, farming and forestry positions. Industry sectors that provide significant employment to the area are education, health, and social services at 23%, arts, entertainment, recreation, accommodation and food service at 20%, retail trade at 16%, and construction at 10%.

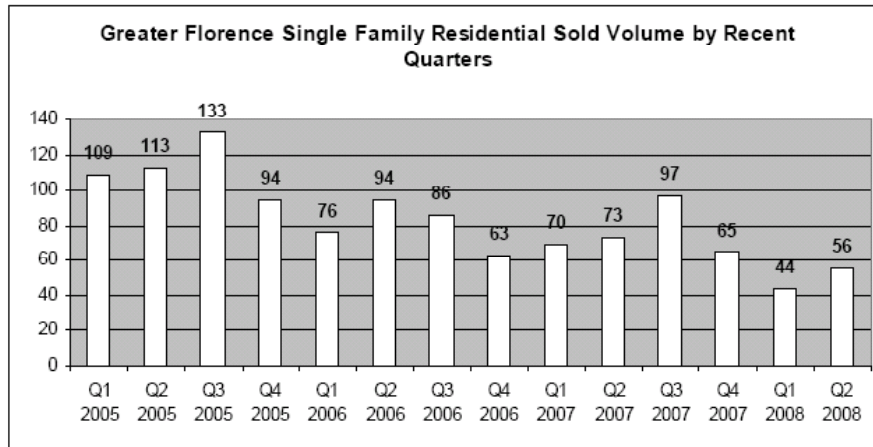
It is likely that if Florence continues to develop services and amenities as they have, around a tourism- and retirement-based economy, the industry sectors will likely remain largely the same. The area hospital is the largest employer in the City, and is a major draw for those of retirement age choosing to locate there. Health professionals are trained at the local community college, and also relocate from other locations to work in this sector. Tourism-related industries (hotel, food service, recreation/entertainment, retail) will continue to grow as Florence is further positioned as a vacation destination. Construction for new and existing facilities and infrastructure will continue to be utilized in this area if it continues to grow services and amenities to serve its population.

## ***Real Estate and Land Use***

There are approximately 4,200 housing units in Florence, of which 86% are occupied (68% by owners and 32% by renters); average household size is approximately 2 persons.

Like much of the Oregon and the nation, real estate values have appreciated substantially in Florence over the past five years.





Source: Pacific Valuation Group, 2008

However, median sale prices for single family residential units peaked in 2005 at \$261,000. Since then, median sales prices have varied, but have slowly decreased to \$233,000 as of summer 2008. At that level, prices remain 10% higher than 2005 prices.

More telling however, is the volume of property transactions. In 2008, sales volumes are roughly half of 2005 sales volumes (50 transactions per quarter versus 100 transactions per quarter, respectively). Although a specific analysis of housing demand and supply in Florence was not available at the time of this Plan, anecdotal evidence suggests that the market for both single family homes and condominiums has softened considerably.

## Key Community Trends

### Florence

Florence has experienced significant change over the past two decades. It has emerged as a trade center for the central Oregon coast, and a major retirement and tourism destination.

Recent development in Florence has occurred to respond to interests related to tourism and a growing retirement community. Major economic development partners, the City, Confederated Tribes of the Coos, Lower Umpqua, and Siuslaw Indians, and Port are responding to the demand for related resources through planning and development.

Over the last 5 years, condominiums have been developed in the Bayfront/Old Town area of Florence, and although marketable, this trend has been met with political resistance. There are those concerned about growth in general, but more often that the historic visual character of Old Town will be forever changed by these developments.

Also, State planning goals dictate that a certain amount of waterfront property will be preserved for water dependent uses (economic, recreation, resource conservation, etc.), and the use of this land for residential development may affect those uses that are permissible on these parcels in the future. The City is currently updating their zoning ordinance and comprehensive plan to reflect future development projections for the next ten years.

The Port owns key real estate in the Bayfront/Old Town and as such has influence over how the area will develop. The Boardwalk, Mariner's Corner, wharf, sport and commercial marinas, RV park, boat ramp, dredge spoil sites are key elements that the Port controls. Economic, political, and regulatory challenges exist with each of these sites, however, and may limit their ability to utilize these assets.

The Port, historically, was active in managing the navigation channel of the Siuslaw River for the movement of timber and rock and the commercial fishing fleet. At present, there are no active lumber mills or rock quarries and the navigation channel no longer serves to provide access to barges to move timber or excavated material. The commercial fishing fleet has considerably reduced in size as a result of smaller fish stocks, but predominantly due to the departure of Florence's single fish buyer and a lack of amenities and needed infrastructure provided at other ports in the region.

As the community has moved to a retirement- and tourism-based economy, the Port too has increased its services for these growing demographics. Recreational fishing and use of RV campgrounds are two areas where the Port has started to expand infrastructure to enhance these amenities and increase the value of these assets.

Also in response to an aging population and increased tourism sector, the service, retail, and medical industries have expanded to better serve these customers. Peace Harbor Hospital, a major asset to a growing retirement community and to the area's economy, has continued to improve its services since it opened in 1988, and it is currently the largest employer in Florence at 460 jobs. The Hospital works closely with Lane County Community College on the Florence Campus nursing program curriculum, recruitment, outreach and scholarship and employs approximately 25% of its graduates each year to staff nursing positions.

## Upriver Communities

The communities of Mapleton, Swisshome, Deadwood, and Lorane create some of the Port's tax base, but have historically had limited interaction with the Port. This is in part due to the Port's having no significant landholdings outside of the City of Florence. The Port's economic role in these communities was much more literal when the lumber mills and rock quarries were active and a key Port activity was the maintenance of the navigation channel for commerce. Since then, the Port's role in these communities is less clear, but there is a desire by the Commission to better serve the Districts entire tax base. Better understanding these communities and cultivating relationships with key partners in these places will help the Port to have greater relevance within the District.

### **Mapleton, Swisshome, Deadwood**

Mapleton, Swisshome, and Deadwood are unincorporated communities within Lane County, all established between 1884-1902. Located upriver from Florence, approximately 15-30 miles, these were former mill towns active in timber production and processing. Much of the land within these communities is located within the Siuslaw National Forest, managed by the National Forest Service. Declines in timber production and the inability to maintain the operation of small sawmills, the economies of these towns have been substantially altered.

In the "post wood products" era, many area residents commute to Eugene and Florence for work. Former mill sites, some contaminated with PCBs, diesel fuel, and other hazardous

materials, have proved challenging to development. There may be some potential for application of funds to remediate contaminated lands, making them ready and marketable for development.

Population, especially those of school-aged children, is declining due to a lack of industry and family-waged jobs in the area. An increasing retirement aged population has resisted tax increases to support the local schools.

Stewardship Contracting through the Forest Service, whereby long-term contracts for thinning are established and funds received are retained within the local management area, may provide a constant stream of material that may be utilized for biomass to fuel for area facilities (e.g. schools, hospital, etc.), and may create a demand for small specialty mills through which small woodlot owners might process their timber harvests, and other value added wood products may be produced.

Given the area's proximity to the Siuslaw River and other natural amenities, ecotourism development opportunities are present, and easily accessible through a major highway connecting these areas to both the Willamette Valley and the coast.

With increased development in Lane County in both Florence and the Eugene/Springfield area, these upriver communities may provide a supply of land less suitable for development, but ripe for wetland mitigation to provide floodwater capacity, and critical habitat.

### **Lorane**

Located at the District's eastern extent, Lorane is situated about 20 miles southwest of Eugene. Lorane is an unincorporated city of approximately 400 residents, established in 1887, with an agricultural and timber based economy (<http://www.loraneoregon.com>).

Today, Lorane is best known for its vineyards/wineries, a growing industry in Oregon, recreational access to the Siuslaw River, and bed and breakfast accommodations. While not all located in the District, there are 19 wineries in Lane County, some of which are active vineyards, where grapes are grown, and others that buy grapes elsewhere, but produce and bottle wine locally. It seems that there is a strong acknowledgement of the areas natural amenities, by these vintners, located in the District and situated at the headwaters of the Siuslaw River, and a high level of commitment to steward these resources into the future. Agricultural land cultivated as vineyards may have some potential for restoration activities for habitat protection, floodwater capacity, and mitigation of future development within the Siuslaw Watershed.

### **Dunes City**

Located approximately 8 miles south of Florence, Dunes City, an incorporated municipality of 3.5 square miles was established in 1963 in response to a trend of land being purchased by the National Park Service through eminent domain; residents sought to establish a municipality to provide some control over their property and its economic value (<http://dunescity.com/history.htm>).

In 2000, the population was just above 1,300 residents, but due to limited land (their land base is comprised about around 20% water bodies, Siltcoos and Woahink Lakes), they anticipate that they will reach their development capacity with a population of

about 2,000 in 2020. The City's Urban Growth Boundary and jurisdictional limits are geographically identical and development has and will continue to be controlled to some extent by forests and water.

The City has no commerce, infrastructure, or tax base, but it does boast recreational amenities that draw tourists to its community. While the areas adjacent to Siltcoos Lake are zoned forestry, and cannot be developed for residential use, an RV campground development could provide increased access to this natural amenity, a popular fishing locale, and increase its destination value for visitors of the area. There may also be an opportunity to take control of the water right to Siltcoos Lake, currently owned by International Paper (IP), to provide water supply to future development to the region and protect water access to the existing residents around the Lake. IP is asking \$7MM for the purchase of the dam/water right. Finally, Dunes City is increasingly concerned about failing septic systems of property owners leading to eutrophication of the Lake and increased weed and algae growth. There may be some opportunities for partnership development with local/regional conservation groups to target investments for on-site system improvements to preserve this recreational resource.

### Confederated Tribes of Coos, Lower Umpqua and Siuslaw Indians

The Confederated Tribes, historically (pre-settlement) occupied approximately 1.6 million acres of land on the coast from north of Florence to south of Coos Bay to the 1-5 corridor (<http://www.indiancountry.com/content.cfm?id=1452>).

Through removal of Indians from their native lands by the US Government and subsequent re-settlement, they lost almost all of their historic territory and have only restored a few hundred acres in Coos, Douglas, and Lane Counties. Within the District, the Confederated Tribes manage land just upriver from Florence, where they completed the Three Rivers Casino and Hotel project in 2007, and about 200 acres on the North Fork Siuslaw and Munsel Lake.

The Tribes have been active in advocating and implementing projects which seek to restore the Siuslaw River estuary to its state 100 years ago, approximately when the Port was established in 1910. The Tribes are actively involved in watershed restoration activities and assistance in the development of an eco-tourism economy, which generate investment in the area, but also bring about ecological benefits to natural systems. The Tribes plan to have a strong presence in the District, and anticipate significant development in the future.

Infrastructure developed for Three Rivers will help them move forward, as they built a wastewater treatment facility of which only 25% its capacity is currently being utilized, providing them with room for expansion and further development of its landholdings into the future. In order to diversify their portfolio of activities, provide non-gaming employment opportunities and services and amenities to the tribal community and others, the Tribe has discussed the development of housing projects, a business park, full-service RV park, long-house cultural and historical center, and expansion of the estuary trail.

# Mission and Strategic Framework

The history of the Port of Siuslaw is strongly connected the transport of people and goods in and out of the Siuslaw Basin. The Port for the first 80 years of its existence, the Port had a co-dependent relationship with the wood products and seafood industries, providing both with access to and from the Basin, and receiving tax revenues as a result of increased economic activity. Changes in natural resource management practices and wood and seafood markets over the past 15 years have adversely impacted employment levels in the Basin.

The Port’s previous mission was primarily geared to creating employment through engagement with these key industries. However, this single job creation “metric” is not sufficient to accurately reflect the rapidly diversifying nature of the Port’s activities, especially over the past 15 years. Changing industry conditions and limited Port organizational capacity meant that direct job creation impacts resulting from large industrial land or transportation projects are no longer common place.

More recently the Port has increased support for the tourism industry through developing waterfront facilities, and focused direct and indirect support on regional economic development efforts (e.g. collaboration with Lane County on industrial land management).

**Previous Port of Siuslaw Mission**

**“Create quality jobs and businesses through the development and application of Port facilities, resources and unique capabilities”**

## ***Mission 2008-2013***

The new mission for the Port District reflects an acknowledgment that success for the District must be measurable, but it equates to more than jobs created or retained. Success is achieved through careful management of assets and services that deliver on multiple outcomes relevant to community and economic development.

The context for the revised mission is simple, focus the organization on its strengths, both in terms of assets and staff capacity and identify the measurements by which success is defined.

**2008-2013 Mission**

**“The Port of Siuslaw delivers high-quality asset management and economic development services that result measurable economic and community development benefits for communities throughout the Port District.”**

## ***Strategic Framework 2008-2013***

The Port of Siuslaw’s Strategic Framework for the next five years is built to support the following goals:

- **Sustainable Financial Management:** Developing revenue-positive asset management with a goal of developing resilient and profitable assets that contribute to the long-term sustainability of the Port

- **Collaboration Opportunities:** Formalizing collaboration with trusted partners with a goal to support and lead outcomes-based regional economic development collaborations
- **Measurable Mission Outcomes:** Delivering measurable economic and community development outcomes

To achieve these goals, Framework deploys six key strategies:

- **Strategy 1: Enhance services supporting marine-related tourism**
- **Strategy 2: Enhance Florence’s working waterfront**
- **Strategy 3: Enhance public space on the Florence Waterfront**
- **Strategy 4: Enhance Economic Development Leadership**
- **Strategy 5: Sponsor river navigation improvements**
- **Strategy 6: Support estuarine and watershed restoration**

### **Strategic Partners 2008-2013**

In order to achieve the strategies and mission outcomes detailed in this Plan, the Port will be required to engage with a growing number of trusted partners. The diverse economy of the Siuslaw Basin requires that partnerships be crafted with a broad array of groups, from RV campers to Native American tribes. Without strong, and in many cases, formalized partnerships, the Port will not be able to achieve its strategic objectives.

For each strategy, a set of collaborative partnerships have been identified. The partners are:

#### **Advisory Committees and Working Groups**

- Campground Renovation Advisory Committee
- Economic Development Advisory Committee
- Estuary Access Working Group

#### **Local Governments and Non-profits**

- Florence Chamber of Commerce
- Siuslaw Fisherman’s Association
- City of Florence
- Florence Urban Renewal Agency
- Lane County
- Siuslaw Watershed Association

#### **Business Interests**

- Up-river Wineries and Vineyards

#### **Tribes**

- Confederated Tribes of Coos, Lower Umpqua and Siuslaw Indians

#### **State Government and Regional Non-profits**

- Oregon State Marine Board
- Oregon State Parks
- Oregon Economic and Community Development Department
- Community Seafood Initiative (CSI)
- Pacific Northwest Waterways Association

#### **Strategic Framework Guidelines**

- Investing in revenue generating assets
- Liquidating non-revenue generating assets
- Building on core competencies – marketing, marine-related tourism, regional relationships
- Enabling partnerships through shared-risk business arrangements and
- Carefully limiting subsidies of cash and/or staff support
- Building coalitions around real estate and business development that have clearly defined goals at their foundation

## Federal Government

- 4<sup>th</sup> Congressional District Representative and Oregon Senatorial Offices

### **Strategy 1: Enhance services supporting marine-related tourism**

This strategy targets the Port's historic success in providing a high quality marine related tourism experience for multiple user groups:

- Waterfront Campground users
- Recreational boat ramp users
- Recreational marina users
- Casual boardwalk and wharf users

The Port has a concentrated set of assets along the Florence waterfront – the Campground, Marina, Boardwalk, Parking lot, Wharf, and Mariner's Corner property.

In order to enhance the performance of these assets and achieve outcomes, this strategy requires the following:

- \$558,000 investment in upgrades to the Campground and Recreational Marina facilities
- \$175,000 to relocate the Port Office to Port property east of the boat ramp
- Sale of the Mariner's Corner site for commercial-retail development
- \$1.6 million in improvements to Maple Street Landing and the Transient Dock
- \$600,000 in Federal grant support to renovate the East Wharf
- Development of a full-service, online Campground reservations system
- Providing funding for a design process to detail development options for the East Wharf Site, post Wharf renovation.

The net result of Strategy 1 will be a more vibrant, functional set of waterfront amenities that will provide a higher level of service to all users, and a sustainable revenue stream for Port activities.

## Financial Management Impacts

Total planned investment for in support of this strategy is \$2.93 million. This amount accounts for 92% of the total capital expenditures for the 5-year planning period. Grant funds will provide 65% of the necessary capital, loan funds 20% and the Port General Fund will provide 15%. Operations revenues as a result of these investments are projected to grow 35% over the planning period, from \$502,000 to \$674,000.

## Collaboration Opportunities

### ***Campground Renovation Advisory Committee***

The Port will create an advisory committee to help guide the renovation of the Campground facilities. The Committee will include at least two representatives of the "regular users" of the Campground (e.g. extended period/monthly users), one Port Commissioner, and two members of the community at large (e.g. Confederated Tribes, Fishing Supply business). The Committee will be charged with reviewing renovation plans, rate changes and making recommendations to the Port Commission.

### ***Florence Chamber of Commerce***

The waterfront improvements detailed in this strategy will enhance the overall tourism appeal of the Old Town business district. The Port will pursue opportunities to partner with the Chamber of Commerce in regional marketing efforts, when possible combining resources to access a wider market of potential visitors.

### ***Confederate Tribes of Coos, Siuslaw and Lower Umpqua***

Similar to the Chamber of Commerce, the Tribes have a long-term interest in attracting additional visitors to Florence. The Casino, Hotel and other amenities operated by the Tribes benefit when visitors extend their stay to visit Port and other waterfront attractions. The Port should seek opportunities for shared marketing of Tribal and Port facilities and events.

### ***Oregon State Marine Board***

The OSMB is a key ally in maintaining and improving recreational boating access on the Florence waterfront and at up-river boat ramp sites. The Board provides millions of dollars each year to local and state government agencies engaged in maintaining and improving recreational boating facilities. In the 2007-2009 State of Oregon budget cycle, the OMSB provided more than \$9 million in support for boating facilities. The Port has a strong track record of engaging with and securing funding from the OMSB.

### ***Oregon Parks and Recreation Department***

The OPRD is a relatively new partnership for the Port. OPRD has a strong interest in developing recreational facilities and attractions on the Oregon coast. OPRD provides regular grant funding to local governments and non-profit organizations for projects such as public restrooms and the Siuslaw Water Trail. The Port is currently seeking OPRD support for a new Campground/Marina restroom facility. Future success in enhancing marine related tourism in the Siuslaw Basin will require engagement with OPRD.

## Measurable Mission Outcomes

### ***Increase number of Campground/RV park users***

- Measure: % Increase in annual occupancy rate
- Goal: 3% annual increase in occupancy rate (15% over planning period)

### ***Increase usage of recreational boat ramp***

- Measure: # of boat ramp launches, annually
- Goal: 5% annual increase in launches (25% over planning period)

### ***Increase usage of Transient Dock / Maple Street Landing***

- Measure: # of overnight moorage users, annually
- Goal: Starting with a baseline year in 2010 (first full year of operation), 25% increase in use from 2010 to 2012

### ***Increase commercial-retail activity on Florence Waterfront***

- Measure: # of square feet of commercial-retail office space on or adjacent to Port-owned waterfront property (Wharf, Mariner's Corner, floating retail space)
- Goal: 7% annual increase in retail square footage (35% over planning period)

### ***Increase in sales for East Wharf tenant***

- Measure: % change in annual sales for East Wharf
- Goal: 30% increase in sales between 2008 and 2012



***Develop shared marketing relationships with community partners***

- Measure: # of formal marketing partnerships
- Goal: 3 formal marketing partnership annually

***Strategy 2: Enhance Florence's working waterfront***

This strategy supports both the growth of marine related tourism, and positions the Port as a regional leader in preserving the working waterfronts that are critical to the long-term viability of the fishing industry.

Small scale working waterfront activities (not including larger scale processing) are generally compatible with existing tourism uses on the waterfront (restaurants and small retail). Additionally, active working waterfront activities – loading and off-loading, fueling, direct seafood sales – provide a “show” for visitors seeking an authentic coastal village experience. In fact, the working waterfront of Florence provides a crucial “context” for the overall appeal of the community to visitors. Because of the value of the working waterfront to Florence’s tourism economy, the Port must take seriously any efforts to increase fishing and fishing related activities.

The Florence working waterfront has experienced substantial change in the past 15 years. Although few boats continue to fish out of Florence, and dockside services (ice and fish buying) have disappeared, a strong effort, led by the Siuslaw Fisherman’s Association (SFA) is seeking to increase working waterfront activity.

Given the Port’s constrained financial position, and the unpredictability of the fishing industry from year to year, the Port must choose carefully when investing money and/or staff capacity in supporting revived working waterfront activities. In order enhance working waterfront activities, the Port will take the following actions over the next five years:

- Make \$1.6 million in improvements to Maple Street Landing and the Transient Dock
- Seek \$600,000 in Federal grant support to renovate the East Wharf
- Provide ongoing maintenance on the Commercial Marina
- Develop preferred lease arrangements for retail seafood sales businesses located on Port property (including floating establishments)
- Continue to provide the insurance coverage necessary to cover direct seafood sales at the Commercial Marina
- Publicize seasonal fishing related activities through the Port’s website and marketing efforts
- Provide Staff and Commissioner time to SFA efforts to secure an ice machine and fish buying station
- Consider adjusted commercial moorage rates during periods when Oregon-based fishermen are eligible for Federal Disaster Recovery Assistance.

**Financial Management Impacts**

Much of the financial support for this strategy is accounted for in Strategy 1 through improvements to Maple Street Landing and the East Wharf. Additional financial impacts include business-as-usual maintenance and insurance for the Commercial Marina, potential moorage and commercial retail lease rate reductions, and small costs associated with marketing fishing-related activities. Success in attracting new Commercial Marina users, and increased loading and off-loading activities on the Wharf should off-set these

expenses. Overall Port expenditures related to working waterfront development should be revenue neutral.

## Collaboration Opportunities

### ***Siuslaw Fisherman's Association***

The SFA is the lead organization for community efforts to increase activity on the working waterfront. The Port will continue to provide staff and Commissioner support to the SFA, and will consider limited subsidy of SFA activities when possible.

Oregon Department of Agriculture (ODA): ODA provides support for business development in the seafood industry. ODA may be able to provide limited grant funding for working waterfront enhancements through planning assistance and/or implementation.

### ***Community Seafood Initiative (CSI)***

CSI is a collaborative effort of Oregon State University Coastal Oregon Marine Experiment Station, the Seafood Consumer Center, Oregon Sea Grant and ShoreBank Enterprise Cascadia. CSI focuses on providing economic development and product development support to fishing businesses in Oregon and Washington.

## Measurable Mission Outcomes

### ***Increase commercial marina usage***

- Measure: Commercial Marina revenue
- Goal: 5% increase annually (25% increase over the planning period)

### ***Increase volume of direct seafood sales***

- Measure: Retail seafood sales by Port tenants (will require new lease terms with retailers)
- Goal 10% increase in retail seafood sales annually (50% increase over planning period)

## ***Strategy 3: Enhance public space on the Florence waterfront***

The Port has historically provided substantial investments in public space amenities on the Florence waterfront. The public parking and Public Boardwalk off of Nopal Street are the result of direct investment by the Port. These facilities offer both key visitor services (parking) and a popular tourist activity (boardwalk use).

Since 2002 the Port has offered for development an open lot between the public parking and the Boardwalk. This property, initially intended to be developed as commercial/retail space with distinctive architectural guidelines, has been challenging to market to a developer. The Port has refused to compromise its overall goal of creating a public-friendly, architecturally congruent development, and still retains ownership to this key piece of waterfront real estate.

As a result, this strategy calls for the Port to chart a new direction for the "Boardwalk Site." Over the next five years the Port will:

- Withdraw from active marketing of the current Boardwalk Site development RFP
- Make limited investments in the current site layout to enhance it's use as a "public green"
- Continue to rent the site for events (e.g. Florence Public Market)
- Develop an Advisory Committee consisting of a Port Commissioner, Port Staff, City of Florence Staff, the Florence Urban Renewal Agency, and the Florence Chamber of Commerce. The Committee will be charged with developing a long-term plan for the site that will deliver public amenities and economic development.

It is important to note that the Boardwalk Site is a valuable asset for the entire community. However, the Port of Siuslaw cannot successfully develop that asset alone. For the community to receive additional value from the site, it will need to craft a collaborative approach that brings multiple partners to the table.

## Financial Management Impacts

The Port's current financial position constrains its ability to make major investments in the Boardwalk Site. However, the site remains a potentially powerful asset, and source of substantial revenue should it be developed or partially developed for paying tenants. In a conservative approach, the 5-year Plan does not assume any increase in revenue from the Boardwalk Site.

## Collaboration Opportunities

### ***City of Florence***

The City represents both a source of expertise, regulation and potential resource with regard to the development of the Boardwalk Site. City engagement in examining alternative options for the Site will be key to crafting a new approach to development.

### ***Florence Urban Renewal Agency***

The new Urban Renewal District targets the Old Town neighborhood adjacent to the Boardwalk Site. Successful development of the Site will support the overall goals of urban renewal. Ensuring potential public uses of the Site for the long-term (e.g. public green space) will likely require some degree of participation and financial support from the Urban Renewal Agency.

### ***Florence Chamber of Commerce***

The Chamber has been the champion of the growing public market on the Boardwalk Site. Any conversation about future uses of the Site should include Chamber and public market perspectives.

### ***Confederated Tribes of Coos, Lower Umpqua and Siuslaw Indians***

The Confederated Tribes have a history closely tied to the Siuslaw Estuary. The Boardwalk Site offers a natural location to recognize their ancient history of human interactions with the marine landscape. Potential public uses of the site should retain the Native American perspective as a reference point.

## Measurable Mission Outcomes

### ***Increase the number of public events utilizing Boardwalk Site***

- Measure: # of public events held on the site, annually
- Goal: 10% annual increase in public events from 2008 baseline year

### ***Direct new investment in the site from outside (non-Port) sources (i.e. Urban Renewal investment)***

- Measure: # of non-Port investments in the Site, both cash and “in-kind” contributions
- Goal: 1 new outside investment annually (5 new investment partners over planning period)

## **Strategy 4: Enhance Economic Development Leadership**

The Port’s traditional concentration of assets in Florence, and its limited financial position will constrain opportunities for large scale, Port-sponsored economic development projects. Instead, this strategy focuses the Port on supporting and leading outcomes-based regional economic development collaborations both in Florence and District-wide.

The key pieces of this strategy are:

- Acquire the 40 acre industrial site in Florence from Lane County for \$250,000
- Market the 40 acre site in conjunction with Lane County, the City of Florence and the State of Oregon
- Sell the site for development by 2011
- Develop and deploy staff expertise in the tourism, seafood and wood products industries
- Provide active Port staff and Commissioner participation in up-river community and economic development projects
- Engage in exploratory conversations with small diameter wood products and vineyard/ wine businesses up-river.

## Financial Management Impacts

The purchase and sale of the 40 acre industrial site is a high risk / high reward proposition. The initial purchase will add approximately \$20,000 to the Port’s annual debt load, starting in 2008. The Plan *pro forma* projects sufficient property liquidation by Year 3 of the Plan to repay the \$250,000 loan, and realize a net gain on the property sale of \$150,000. This level of liquidation is key to the Port achieving adequate cash flow to support other planned improvements.

## Collaboration Opportunities

### ***Economic Development Advisory Committee***

The Port will develop a standing Economic Development Advisory Committee. The Committee will receive updates from Port staff on economic development activities, and provide guidance on emerging opportunities. It is suggested that the Committee meet 4-6 times annually, and include representation, at a minimum, from the Port Commission, the City of Florence, two up-river communities and the Confederated Tribes. Membership should be limited to six or eight participants. The Committee’s first task will be development of a Committee charge, and process for doing business.

### ***City of Florence***

The City manages industrial property adjacent to the 40 acre industrial site. As the Port develops a marketing plan for the site, it should consult early and often with the City on opportunities to collaborate. One option is the development of a formal memorandum of understanding (MOU) between the City and Port regarding joint marketing of the industrial sites. The MOU would not only stipulate the marketing approach, but it would also lay down guidelines for regular communication between the organizations. A formalized relationship limits the risk of confusion and/or working a cross-purposes.

### ***Lane County***

In order to successfully market the 40 acre industrial site for development, the Port will first purchase the site from Lane County at a below market rate. The County is key in facilitating this transaction, but perhaps more importantly, the County will be an important partner in marketing the site for development. The County Commissioners offices as well as the County Community and Economic Development Program can be a valuable source of referrals, funneling development opportunities from the broader county region to the Port. The Port should seek regular contact with the County as they proceed in marketing the 40 acre site.

### ***Oregon Economic and Community Development Department***

OECDD is a traditional source of infrastructure development capital for small, rural governments. While the State budget is unlikely to provide direct grant subsidy for infrastructure development during the planning period, the Port could access low-interest loans from OECDD to fund infrastructure development on the 40 acre site. While the 5-year Plan will not support additional debt service, the Port may be able to work with a site buyer/developer and OECDD to package a preferred rate loan for site development.

### ***Siuslaw Watershed Association***

Although not a traditional economic development partner, the Watershed Association has a geographic scope in western Lane County that essentially matches the Port District boundary. The Association is particularly active in upriver communities, and works with landowners involved in forest management and harvest. The Association could be a strong partner in developing knowledge on wood products development opportunities in the Basin. The Port should seek to participate with the Association through shared Board members and direct staff relationships.

### ***Up-river Wineries and Vineyards***

Although the wine industry in the Port District does not have a formal association, the Port should seek regular contact with 2-3 industry representatives. Wine production is the fastest growing industry in the Port District, and is the single largest industry contributor to the Port's annual tax revenue. Although specific shared opportunities for economic and community development between the Port and the wine industry are not currently apparent, the industry has a growing interest in watershed restoration and coastal/regional marketing of their products and facilities.

## Measurable Mission Outcomes

### ***Increase ownership of the Port's economic development agenda***

- Measure: Establishment and regular convening of Economic Development Advisory Committee.
- Goal: Year one establishment of Committee. Minimum of 4 meetings per year, years 2-5.

### ***Generate new economic development on 40 acre industrial site***

- Measure: MOU with of City of Florence on site development
- Goal: MOU in place by mid-2009

### ***Generate revenue from partial or full sale of 40 acre industrial site***

- Measure: Sale of 40 acres
- Goal: \$150,000 in net proceeds from the sale by Year 3

### ***Formal engagement with upriver and county partners***

- Measure: Participation in on-going up-river community organization
- Goal: Board membership in Siuslaw Watershed Council or similar organization

## ***Strategy 5: Sponsor river navigation improvements***

The Port currently serves as the local sponsor for Federal dredging funds allocated to maintain the channel at the mouth of the Siuslaw river. The annual cost of maintaining the channel has run approximately \$500,000 over the past decade. Availability of Federal funding for dredging is determined on a year by year basis. Funding for channel maintenance has not been available since 2004. Additionally, substantial structural deficiencies exist in the North and South Jetties at the mouth of the Siuslaw. The deterioration of these jetties puts any future navigation of the Siuslaw Bar at risk.

The Port annual expends roughly \$10,000 for Pacific Northwest Ports Association membership and for travel to Washington D.C. in order to advocate for dredging and jetty repair funding. The Federal government is the only option when it comes to raising the substantial amount of funds necessary to maintain safe passage of the Siuslaw Bar.

Additional funding for Recreational Marina dredging has been available through the Oregon State Marine Board (OSMB). OSMB support is derived primarily from user funds collected from licenses and fees.

Although the Port has limited internal capacity to support major river navigation improvements, over the next 5 years the Port will:

- Spend \$300,000 in Years 1 and 2 to improve navigation around the Recreational Marina
- Continue to maintain its membership in the PNWA and play an active role in advocating for Federal dredging funds and jetty maintenance and repair support
- Serve as local sponsor for Federal dredging funds
- Maintain active contact with the OSMB with regards to Marina and other recreational river navigation needs

## Financial Management Impacts

Advocacy for Federal support for river navigation accounts for approximately 1.5% of the annual operations budget. The \$300,000 Marina navigation dredging project will require a \$225,000 grant from OSMB and a \$75,000 low-interest loan, with annual debt service of \$5,876.

## Collaboration Opportunities

### ***Oregon State Marine Board***

The OSMB will continue to be a key partner in providing navigation maintenance support in Marina and boat ramp zones.

### ***Oregon Economic and Community Development Department***

OECD continues to provide active support for Ports and maintains a strong voice in advocating for additional Federal dredging support.

### ***4<sup>th</sup> Congressional District Representative and Oregon Senatorial Offices***

The Port will continue to provide regular updates to Oregon's Federal delegation in an effort to keep access to Federal dredging on the delegation's list of priority items.

### ***Pacific Northwest Waterways Association***

The PNWA is the lead regional partner in accessing Federal support for Pacific Northwest Ports. Although the PNWA agenda is naturally heavily focused on larger port districts, the Port receives value from membership and should continue engagement with the PNWA.

## Measurable Mission Outcomes

### ***Improved Marina-area navigation***

- Measure: # of boat ramp launches, annually
- Goal: 5% annual increase in launches (25% over planning period)

### ***Improved Siuslaw Bar navigation***

- Measure: Federal funding for dredging
- Goal: 2 Federal dredging awards over the planning period

## ***Strategy 6: Support estuarine and watershed restoration***

In the past 10 years, both Commission and staff have engaged in restoration efforts, in part because of the emerging economic value of a healthy ecosystem to the tourism and fishing industries. In the past decade the Port has partnered with the Siuslaw Watershed Association and others in an effort to "showcase" the Siuslaw Estuary with both a water trail for non-motorized boats, and a walking trail along the north side of the river.

Much of the "up-river" land in the Siuslaw Basin is managed by the U.S. Forest Service. In the past decade, the Forest Service has dramatically altered forest management practices, a change that many believe has contributed to improved habitat and water quality conditions in the Basin. The Forest service has been joined by a host of non-profit organizations that have targeted the Siuslaw Watershed for restoration. Successful

restoration efforts on Karnowsky Creek in the early part of the decade earned the Siuslaw Basin Partnership the International River Prize, recognizing excellence in river management. Partners in this restoration effort included the Siuslaw Soil and Water Conservation District, the Siuslaw Watershed Council, the Siuslaw Institute and Cascade Pacific Resource Conservation and Development Area, Inc. This group of organizations, as well as others, have continued to work with both public and private landowners to identify restoration opportunities and complete restoration projects.

Although the Port will be constrained over the next five years in terms budget and staff capacity, there are several opportunities to support restoration work:

- Sponsor an “Estuary Access Working Group” to advocate for and potentially plan projects that result in increased public access to and education about the Siuslaw Estuary. Key participants in this Group will be the Confederated Tribes of Coos, Lower Umpqua and Siuslaw Indians, and the Siuslaw Watershed Association.
- Broker contact and assist in building relationships throughout the District on restoration issues. The Port can provide a link between economic development interests and restoration groups. The Port should seek to be seen as an “honest broker” on restoration issues, connecting to all interests, but not seen as “taking sides.”

## Financial Management Impacts

The level of activity described in this strategy will have little impact on the Port’s overall bottom line. Engagement in the Working Group and as an “honest broker” will require the commitment of staff time however. One limited cost that may emerge will be related to the establishment of the Estuary Trail. Should opportunity to develop the trail come together, the Port should consider providing grant writing and administration support in lieu of a cash contribution.

## Collaboration Opportunities

### ***Estuary Access Working Group***

See above.

## Measurable Mission Outcomes

### ***Increase public access to the Siuslaw Estuary***

- Measure: Establishment of the Estuary Access Working Group
- Goal: Development of the Siuslaw Estuary Trail by Year 5

### ***Connect up-river landowners to restoration opportunities***

- Measure: Contact between Siuslaw Watershed Association and the up-river wine industry
- Goal: A Port-hosted meeting between restoration groups and the wine industry



# Financial Analysis and Five-year Budget

As part of the strategic planning process a financial analysis was conducted to clarify the Port's operating condition and determine decision points for the Commission to consider for the development of the Plan.

## Operating Conditions

The following conditions emerged as key points for crafting final five-year financial projection.

### ***Cash flow and current debt service obligations represent a hard ceiling on asset development options***

Current revenues from operations and property taxes are insufficient to meet ongoing Port operations costs and debt service over the next five years. In addition, capital maintenance reserves and contingency funds will be draw down to near zero during the 08-09 budget cycle. New debt service to pay off the Maple Street Landing loan (\$462,000) and the Dredging loan (\$75,000) will drive cash flow into negative numbers. Without additional revenue sources, or a change in asset management strategies, cash flow will become negative in the 10-11 fiscal year.

### ***Mid-course changes to the FY 08-09 budget may soften the coming deficit conditions, but will not change the overall outlook***

There are several items in the 08-09 budget (vehicle replacement, marina restroom project, campground electrical upgrades, and Maple Street Landing) that might be delayed or put on hold, but eliminating those asset management activities will not "fix" the long-term financial concerns.

### ***Future financial stability cannot be based on the expectation of direct federal, state or other subsidy for asset improvement***

It is increasingly apparent that financial support for small ports from OECDD and other economic development interests at the state will continue to decline. While resource may continue to be available in small amounts for "planning" activities, support for significant asset maintenance or investment activities will only be available in the form of subsidized debt. Federal resource for asset improvement is extremely hard to predict, but given the current fiscal environment in Washington D.C. (e.g. inability to fund timber-dependent counties), expectation of any Federal support, including dredging, should be modest at best. The only exception to this appears to be Marine Board and State Parks funding, which are dependent on user fees and the lottery, respectively. These sources may continue to be available for "tourism-related" asset improvement (restrooms, boat ramp).

### ***Future opportunities for revenue generation must be paired with a limited liquidation of assets, specifically, Mariner's Corner***

Based on the financial analysis, and based on a minimum project size of 3,000 square feet, self-development of the Mariner's Corner site will not generate sufficient revenues to justify costs. Further, the Port would not be able to support the debt service on this minimum development size. It is our recommendation that the Port sell the Mariner's Corner site, and utilize the proceeds to enhance capacity in the Campground.

***Management of and investment in existing assets should be prioritized for maximum revenue development potential (Campground renovation)***

As the Commission has noted on several occasions, the Campground is a consistently revenue positive enterprise for the Port. Based on financial projections for similar facilities in the region, limited capital spending over the next five years (\$230,000) on site upgrades will position the Port to earn an additional 30-40% from the Campground each year.

***Future opportunities to influence local (Florence) or regional (District-wide) economic development strategies will require a fiscally sound operations platform as an entry point to the discussion***

An overall goal of the new Plan is to position the Port as a key leader and collaborator in economic development for western Lane County. We believe achieving this standing will require a couple of nuanced changes to the Port's position, 1) the Port has an increasingly well-managed, solid and transparent financial platform that can guarantee its longevity, and 2) as a result of improved financial performance, the Port Commission and staff are able to make the time to become "experts" in economic development, allocating the time and expertise to not just fill a seat at the "table", but to provide leadership to the conversation on economic development in the District.

## ***Baseline Budget Analysis***

The Port reviewed a "baseline" budget projection that required no substantial change in operations over the five-year planning period while managing current and 2008 commitments. The baseline budget reflected the following assumptions:

- FY 2008 pro forma budget figures reflect the annual 2008-2009 budget officially adopted in June 2008
- No projected grant revenues for capital or operating expenses
- Revenues reflect a 2% year over year increase, except where otherwise noted in specific line items
- Operations Expenditures reflect a 2% year over year increase, except where otherwise noted in specific line items
- Personal Services Expenditures reflect a 3% year over year increase, except where otherwise noted in specific line items
- Revenue injection of \$150,000 in FY2010 from sale of 40 acre site
- No projected capital expenditures
- Debt service includes full annual debt service on Maple Street Landing/Transient Moorage loan starting in FY2009
- No contingency budget

**Conclusion:** Without a significant infusion of grant subsidy for both operations and asset maintenance, the Baseline Budget shows consistent losses starting in FY2010 with a projected deficit in FY2012 of \$51,000.

Baseline Year	Capital Investments				Pro Forma Performance Summary			
	Port General Fund	Grant Funds	Loan Funds	Total	Total Expenditures	Total Cash Available	Ending Balance	
Year 1 - FY 2008	\$277,900	\$1,324,800	\$537,000	\$2,139,700	Year 1 - FY 2008	3,230,708	3,274,995	44,287
Year 2 - FY 2009	\$-	\$-	\$-	\$-	Year 2 - FY 2009	789,616	800,338	10,722
Year 3 - FY 2010	\$-	\$-	\$-	\$-	Year 3 - FY 2010	804,174	788,931	(15,243)
Year 4 - FY 2011	\$-	\$-	\$-	\$-	Year 4 - FY 2011	821,744	785,930	(35,814)
Year 5 - FY 2012	\$-	\$-	\$-	\$-	Year 5 - FY 2012	839,772	789,161	(50,611)
Year 6 - FY 2013	\$-	\$-	\$-	\$-	Year 6 - FY 2013	858,273	799,045	(59,228)
Year 7 - FY 2014	\$-	\$-	\$-	\$-	Year 7 - FY 2014	877,259	816,021	(61,238)
Grand Totals	\$277,900	\$1,324,800	\$537,000	\$2,139,700				

## Budget Management Options

In order to develop an achievable five-year business strategy, the Port developed and analyzed four seven-year *pro formas* utilizing different asset management scenarios. Each of these *pro formas* attempted to deliver positive annual cash flow within the planning period (08-13) without bringing about un-manageable deficits.

The following are the options evaluated in the pro forma models. Other asset management directions (e.g. ground lease of Boardwalk site to third-party developer, and self-development of the 40 Acre Industrial Site) were not considered as options due to their limited marketability (Boardwalk site) or high cost (40 Acre Site).

- Self-development of the Mariner's Corner property
- Sale of the Mariner's Corner property
- Purchase and development of an upriver property for a new boat ramp facility
- Relocation of the Port office building to current Port property adjacent to the Campground
- Partial self-development of the Boardwalk Site
- Expansion of the Campground RV facilities
- Renovation of existing Campground facilities to full service sites
- Renovation of East Wharf (ICM) property through use of federal grant subsidy

### General Assumptions

- The Boardwalk Site cannot be successfully liquidated due to federal grant restrictions
- The Port will see an estimated minimum \$100,000 revenue upside from the 40 acre site by Year 3 through collaboration with Lane County on the sale of the site.
- Additional staff positions will not be required to manage any of the new projects suggested below.
- Indoor storage revenues are maintained in all cases

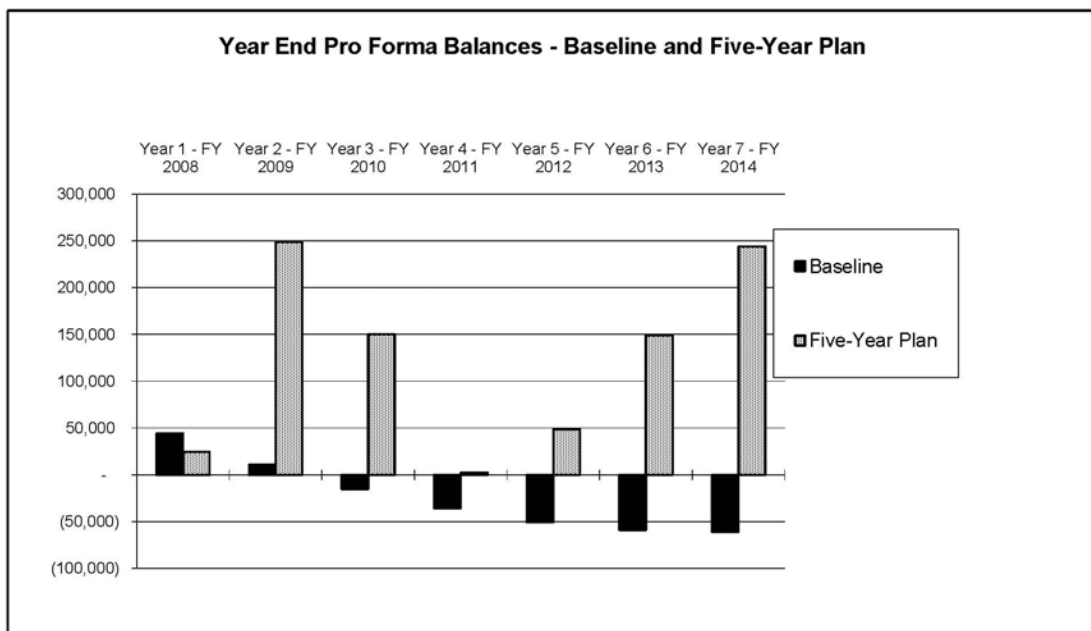
## Five-year Budget

The final five-year budget projection for the Strategic Business Plan includes liquidation of assets (Mariner's Corner), relocation of the Port Office and upgrade of 40 Campground sites and new investment in the East Wharf.

Additional assumptions in the five-year budget:

- Operations and Personal Services expenditures reflect Baseline Budget.
- Completion of the Maple Street Landing and Transient Dock project
- Construction of a new restroom facility at the Campground
- Purchase of the 40 Acre Industrial Site from Lane County
- Development of a new Port Office facility at a total cost of \$175,000
- Sale of the Mariner’s Corner site in Year 2 for net proceeds of \$300,000
- Revenue injection of \$150,000 in FY2010 from sale of 40 Acre Industrial site
- Upgrade of 40 Campground sites to full-service RV sites at a total cost of \$320,000.
- Renovation of East Wharf (ICM) site with \$600,000 in Federal support for basic renovation of structure. Additional work to be completed in Year Five or Six based on Year Two planning process for site.

Five-Year Plan Year	Capital Investments				Pro Forma Performance Summary			
	Port General Fund	Grant Funds	Loan Funds	Total	Year	Total Expenditures	Total Cash Available	Ending Balance
Year 1 - FY 2008	\$277,900	\$1,324,800	\$787,000	\$2,389,700	Year 1 - FY 2008	\$3,500,507	\$3,524,995	\$24,488
Year 2 - FY 2009	\$27,000	\$-	\$-	\$27,000	Year 2 - FY 2009	\$831,616	\$1,080,539	\$248,923
Year 3 - FY 2010	\$155,000	\$-	\$340,000	\$495,000	Year 3 - FY 2010	\$1,288,101	\$1,478,285	\$190,185
Year 4 - FY 2011	\$-	\$300,000	\$-	\$-	Year 4 - FY 2011	\$1,160,670	\$1,202,920	\$42,250
Year 5 - FY 2012	\$-	\$300,000	\$-	\$300,000	Year 5 - FY 2012	\$1,168,698	\$1,257,706	\$89,008
Year 6 - FY 2013	\$-	\$-	\$-	\$-	Year 6 - FY 2013	\$887,198	\$1,076,645	\$189,447
Year 7 - FY 2014	\$-	\$-	\$-	\$-	Year 7 - FY 2014	\$906,182	\$1,190,149	\$283,968
Grand Totals	\$459,900	\$1,924,800	\$1,127,000	\$3,211,700				



# Risk Management

This Plan is based on an expected level of organizational performance and a projected set of key outcomes. Primarily, these expectations assume a certain level of financial performance, and a certain condition and durability of the Port's assets. Of course, even the most reasonable, well-planned expectations can be foiled by events outside of the Port's control. In response to the inevitable unplanned emergencies, this short section addresses key risks and potential mitigation options to soften the impact of negative events.

## Decline in operating and tax revenues

The five-year budget positions the Port to begin develop a true surplus starting in Year Four (surpluses in Years 1-3 are essentially capital investment reserves). The increased revenues are primarily achieved through the Campground Renovation and East Wharf renovation. Both of these strategies are based on a long-term expectation that the demand for waterfront tourism facilities will continue to grow. However, a number of changes could negatively effect revenues, regardless of strategic actions taken by the Port:

- Overall decrease in tourism activity on the Oregon Coast
- Inability of Campground users to pay increased fees (post-renovation, daily Campground Fees for full RV sites will be \$30/day)
- Overall decline in regional real estate values leading to a drop in tax revenues

### Mitigation

The current budget projects small, but growing surpluses in Years Four and Five. A slight decrease in operations revenues could likely be absorbed without creating deficit conditions. A more substantial decrease in operating revenues due to changes to the tourism industry would require the Port to scale back improvements to the Campground, and use revenues from the sale of the 40 Acre Industrial Site to shore up operating short-falls.

Larger economic changes resulting in decrease tax revenues are difficult to predict. In 2007, tax revenues made up approximately 30% of the Port's overall revenue. However in 1990, tax revenues accounted for approximately 15% of the Port's budget. A 20% decrease in tax revenues in a given year would reduce Port revenues by approximately \$40,000.

## Failure to sell the 40 Acre Industrial Site by year 3

In 2008 the Port will take sole possession of the largest contiguous parcel of undeveloped land in the Florence City limits. While the site has a number of highly valuable attributes, it has been available for development for more than 10 years, and remains undeveloped.

The Five-year Budget depends on a minimum of \$150,000 in net proceeds from the sale of all or a portion of the Site. Failure to realize this goal will jeopardize other asset investment outcomes.

## Mitigation

A stated goal of the Plan is formalizing collaboration with trusted partners. This goal is perhaps most relevant to the marketing and sale of the 40 Acre Site. Without active marketing collaboration between the Port, City of Florence and Lane County, successful sale and development of the site will be difficult. The Port should prioritize building these marketing relationships in 2008.

## Failure to secure Wharf renovation subsidy

Federal support for small Ports is likely to decrease in the coming five years. The Five-year Plan depends very little on Federal subsidy to meet its goals. However, Federal subsidy is targeted as a source of investment in the East Wharf Site.

## Mitigation

The Plan focuses on investment in the East Wharf structure as a pre-cursor to new uses of the site. If the Port is unable to provide a solid foundation for future East Wharf tenants, it is unlikely that the site will continue to play an active role in the Florence waterfront economy and generate revenue for the Port. However, if the Port is unable to secure subsidy for renovation, a second option may be a sale of the site to a private party.



# Appendix A: Action Plan

## Year One 2008-2009

Work Item	Port General Fund	Grant Funds	Loan Funds	Total	Notes
Complete Maple Street / Transient Dock project	\$164,700	\$975,000	\$462,000	\$1,601,700	General Fund includes Mo's ramp and bulkhead rehabilitation
Begin Marina dredging		\$225,000	\$75,000	\$300,000	
Support Fisherman's Association ice machine electrical hook-up	\$-	\$-	\$-	\$-	
Complete RV Park electrical up-grades, phase I	\$30,000	\$-	\$-	\$30,000	
Begin Sport Marina Dock replacement, (Phase I)	\$-	\$-	\$-	\$-	
Complete 40 acre site negotiation with Lane County	\$-	\$-	\$-	\$-	
Survey Boat Ramp users on potential ramp relocation project	\$-	\$-	\$-	\$-	
Raise funds for upriver boat ramp site	\$-	\$-	\$-	\$-	
Begin replacement of marina restroom	\$83,200	\$124,800	\$-	\$208,000	
Make minor improvements to the Boardwalk site to allow for expanded Saturday Market activities	\$-	\$-		\$-	
Purchase 40 Acre Industrial Site from Lane County			\$250,000	\$250,000	
<b>Year 1 Totals</b>	<b>\$277,900</b>	<b>\$1,324,800</b>	<b>\$787,000</b>	<b>\$2,389,700</b>	

<b>Year Two 2009-2010</b>					
<b>Work Item</b>	<b>Port General Fund</b>	<b>Grant Funds</b>	<b>Loan Funds</b>	<b>Total</b>	<b>Notes</b>
Complete Marina dredging	\$-	\$-	\$-	\$-	Expenditures in 2008-09 budget
Complete replacement of boat ramp restroom	\$-	\$-	\$-	\$-	Expenditures in 2008-09 budget
Continue Sport Marina Dock replacement, (Phase II)	\$-	\$-	\$-	\$-	Estimated transport costs for used docks (included in facilities repair budget)
Launch on-line RV park reservation system	\$7,000	\$-	\$-	\$7,000	Estimated (include in consultants line item)
Replace access ramp to west end of Moe's	\$-	\$-	\$-	\$-	Expenditures in 2008-09 budget
Market 40 acre site	\$-	\$-	\$-	\$-	
Remove current Port office building	\$-	\$-	\$-	\$-	
Choose re-development option for East Wharf site (ICM) (self-develop or lease and use type (e.g. current vs. hotel or office)	\$20,000	\$-	\$-	\$20,000	Estimated cost of \$20,000 for project dev. Consultant (included in consultant line item)
Sell Mariner's Corner Site	\$-	\$-	\$-	\$-	
<b>Year 2 Totals</b>	<b>\$27,000</b>	<b>\$-</b>	<b>\$-</b>	<b>\$27,000</b>	



<b>Year Three 2010-2011</b>					
<b>Work Item</b>	<b>Port General Fund</b>	<b>Grant Funds</b>	<b>Loan Funds</b>	<b>Total</b>	<b>Notes</b>
Construct new Port office and shop facility on former storage structure site	\$35,000	\$-	\$140,000	\$175,000	Estimated 2500 sq. ft. @ \$70/sq. ft. loan @ 5%, 20 yr. term
Relocate Port office to new facility	\$-	\$-	\$-	\$-	Included in facilities repair budget
Begin RV park renovation	\$120,000	\$-	\$200,000	\$320,000	40 site upgrade @ \$8,000/site
Raise funds for East Wharf renovation	\$-	\$-	\$-	\$-	
Complete a deal on the 40 acre site	\$-	\$-	\$-	\$-	
<b>Year 3 Totals</b>	\$155,000	\$-	\$340,000	\$495,000	
<b>Year Four 2011-2012</b>					
<b>Work Item</b>	<b>Port General Fund</b>	<b>Grant Funds</b>	<b>Loan Funds</b>	<b>Total</b>	<b>Notes</b>
Complete retail/office building on Boardwalk site					
Begin Wharf renovation		\$300,000			50% of a projected 2 yr. \$600,000 grant
<b>Year 4 Totals</b>	\$-	\$300,000	\$-	\$-	
<b>Year Five 2012-2014</b>					
<b>Work Item</b>	<b>Port General Fund</b>	<b>Grant Funds</b>	<b>Loan Funds</b>	<b>Total</b>	<b>Notes</b>
Full operation of renovated RV Park	\$-	\$-	\$-	\$-	
Full occupancy of Mariner's corner site	\$-	\$-	\$-	\$-	
Complete East Wharf renovation	\$-	\$300,000	\$-	\$300,000	50% of a projected 2 yr. \$600,000 grant
Review development options for Boardwalk site	\$-	\$-	\$-	\$-	
<b>Year 5 Totals</b>	\$-	\$300,000	\$-	\$300,000	

# Appendix B: Five-year Performance Scorecard

## Strategy 1

### **Increase number of Campground/RV park users**

- Measure: % Decrease in annual vacancy rate
- Goal: 3% annual decrease in vacancy rate (15% over planning period)

### **Increase usage of recreational boat ramp**

- Measure: # of boat ramp put-ins, annually
- Goal: 5% annual increase in put-ins (25% over planning period)

### **Increase usage of Transient Dock / Maple Street Landing**

- Measure: # of overnight moorage users, annually
- Goal: Starting with a baseline year in 2010 (first full year of operation), 25% increase in use from 2010 to 2012

### **Increase commercial-retail activity on Florence Waterfront**

- Measure: # of square feet of commercial-retail office space on or adjacent to Port-owned waterfront property (Wharf, Mariner's Corner, floating retail space)
- Goal: 7% annual increase in retail square footage (35% over planning period)

### **Increase in sales for East Wharf tenant**

- Measure: % change in annual sales for East Wharf
- Goal: 30% increase in sales between 2008 and 2012

### **Develop shared marketing relationships with community partners**

- Measure: # of formal marketing partnerships
- Goal: 3 formal marketing partnership annually

## Strategy 2

### **Increase commercial marina usage**

- Measure: Commercial Marina revenue
- Goal: 5% increase annually (25% increase over the planning period)

### **Increase volume of direct seafood sales**

- Measure: Retail seafood sales by Port tenants (will require new lease terms with retailers)
- Goal 10% increase in retail seafood sales annually (50% increase over planning period)

## Strategy 3

### **Increase the number of public events utilizing Boardwalk Site**

- Measure: # of public events held on the site, annually
- Goal: 10% annual increase in public events from 2008 baseline year

### **Direct new investment in the site from outside (non-Port) sources (i.e. Urban Renewal investment)**

- Measure: # of non-Port investments in the Site, both cash and "in-kind" contributions

- Goal: 1 new outside investment annually (5 new investment partners over planning period)

#### Strategy 4

##### **Increase ownership of the Port's economic development agenda**

- Measure: Establishment and regular convening of Economic Development Advisory Committee.
- Goal: Year one establishment of Committee. Minimum of 4 meetings per year, years 2-5.

##### **Generate new economic development on 40 acre industrial site**

- Measure: MOU with City of Florence on site development
- Goal: MOU in Place by mid-2009

##### **Generate revenue from partial or full sale of 40 acre industrial site**

- Measure: Sale of 40 acres
- Goal: \$150,000 in net proceeds from the sale by Year 3

##### **Formal engagement with upriver and county partners**

- Measure: Participation in on-going up-river community organization
- Goal: Board membership in Siuslaw Watershed Council or similar organization

#### Strategy 5

##### **Improved Marina-area navigation**

- Measure: # of boat ramp put-ins, annually
- Goal: 5% annual increase in put-ins (25% over planning period)

##### **Improved Siuslaw Bar navigation**

- Measure: Federal funding for dredging
- Goal: 2 Federal dredging awards over the planning period

#### Strategy 6

##### **Increase public access to the Siuslaw Estuary**

- Measure: Establishment of the Estuary Access Working Group
- Goal: Development of the Siuslaw Estuary Trail by Year 5

##### **Connect up-river landowners to restoration opportunities**

- Measure: Contact between Siuslaw Watershed Association and the up-river wine industry
- Goal: A Port-hosted meeting between restoration groups and the wine industry

# Appendix C: Five-year Pro forma

## Part One

FIVE YEAR STRATEGIC BUSINESS PLAN PRO FORMA FY2008-FY2012							
	PLANNING PERIOD					EXTENDED PROJECTIONS	
	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2012-2014	2012-2015
<b>BEGINNING FUND BALANCE</b>	348,000	24,488	248,923	150,185	2,250	49,008	149,447
<b>REVENUE FROM OPERATIONS</b>							
Wharf Leases & Licenses	97,772	99,727	101,722	76,291	77,817	140,000	142,800
Seafood Landings	350	1,000	1,001	1,002	1,002	1,003	1,004
Land Leases & Licenses	36,530	38,357	40,274	42,288	44,402	46,623	48,954
Moorage Licenses	46,275	55,000	56,100	57,222	58,366	59,534	60,724
Marine Fuel	32,000	32,640	33,293	33,959	34,638	35,331	36,037
Parking	8,000	8,160	8,323	8,490	8,659	8,833	9,009
Storage	21,100	21,522	21,952	22,391	22,839	23,296	23,762
Campground Fees	229,870	241,364	253,432	202,745	394,200	394,200	394,200
Room Tax	12,873	13,130	13,393	13,661	13,934	14,213	14,497
Vending	7,000	7,140	7,283	7,428	7,577	7,729	7,883
Miscellaneous	1,000	1,020	1,040	1,061	1,082	1,104	1,126
Marine Board Maintenance Grants	9,200	9,200	9,201	9,202	9,203	9,204	9,205
<b>TOTAL OPERATIONS REVENUES</b>	<b>501,970</b>	<b>528,260</b>	<b>547,015</b>	<b>475,741</b>	<b>673,721</b>	<b>741,068</b>	<b>749,202</b>
<b>PROPERTY TAX REVENUE</b>	<b>223,325</b>	<b>227,792</b>	<b>232,347</b>	<b>236,994</b>	<b>241,734</b>	<b>246,569</b>	<b>251,500</b>
<b>GRANT REVENUE</b>	<b>1,498,800</b>	<b>-</b>	<b>-</b>	<b>300,000</b>	<b>300,000</b>	<b>-</b>	<b>-</b>
<b>TOTAL REVENUE</b>	<b>2,224,095</b>	<b>756,051</b>	<b>779,362</b>	<b>1,012,736</b>	<b>1,215,456</b>	<b>987,637</b>	<b>1,000,702</b>
<b>RESERVE FUND RESOURCES</b>	<b>165,900</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CASH FROM SALE OF ASSETS</b>	<b>-</b>	<b>300,000</b>	<b>150,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NEW DEBT CAPITAL</b>	<b>787,000</b>	<b>-</b>	<b>300,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL CASH AVAILABLE</b>	<b>3,524,995</b>	<b>1,080,539</b>	<b>1,478,285</b>	<b>1,162,920</b>	<b>1,217,706</b>	<b>1,036,645</b>	<b>1,150,149</b>

<b>Part Two</b>								
<b>FIVE YEAR STRATEGIC BUSINESS PLAN PRO FORMA FY2008-FY2012</b>								
	<b>PLANNING PERIOD</b>					<b>EXTENDED PROJECTIONS</b>		
	<b>2008-2009</b>	<b>2009-2010</b>	<b>2010-2011</b>	<b>2011-2012</b>	<b>2012-2013</b>	<b>2012-2014</b>	<b>2012-2015</b>	
<b>OPERATIONS EXPENDITURES</b>								
Office Supplies	3,750	3,825	3,902	3,980	4,059	4,140	4,223	
Operations Supplies	13,500	13,770	14,045	14,326	14,613	14,905	15,203	
Equipment Rental	6,440	6,569	6,700	6,834	6,971	7,110	7,252	
Audit Services	6,000	6,120	6,242	6,367	6,495	6,624	6,757	
Travel & Conferences	16,500	16,830	17,167	17,510	17,860	18,217	18,582	
Legal Publications	1,750	1,785	1,821	1,857	1,894	1,932	1,971	
Telephone	6,700	6,834	6,971	7,110	7,252	7,397	7,545	
General Insurance	37,200	37,944	38,703	39,477	40,266	41,072	41,893	
Public Relations	2,400	2,448	2,497	2,547	2,598	2,650	2,703	
Facilities Repairs	30,750	31,365	31,992	32,632	33,285	33,950	34,629	
Facilities Repairs MAP	9,200	9,200	9,200	9,200	9,200	9,201	9,202	
Tool & Equipment Purchases	1,750	1,785	1,821	1,857	1,894	1,932	1,971	
Dues & Subscriptions	6,467	6,596	6,728	6,863	7,000	7,140	7,283	
Utilities	78,450	80,019	81,619	83,252	84,917	86,615	88,347	
Advertising	8,000	8,160	8,323	8,490	8,659	8,833	9,009	
Equipment Repairs	7,300	7,446	7,595	7,747	7,902	8,060	8,221	
Property Taxes	5,400	5,508	5,618	5,731	5,845	5,962	6,081	
Election Expense	4100	4,182	4,266	4,351	4,438	4,527	4,617	
State & County Transient Room Tax	11,733	11,968	12,207	12,451	12,700	12,954	13,213	
State & Local Lease & License Fees	12,000	12,240	12,485	12,734	12,989	13,249	13,514	
Consultant & Engineering Services	58,000	40,000	10,000	10,000	10,000	10,000	10,001	
Legal Services	24,500	24,990	25,490	26,000	26,520	27,050	27,591	
Marine Fuel	32,000	32,640	33,293	33,959	34,638	35,331	36,037	
Miscellaneous	7,000	7,140	7,283	7,428	7,577	7,729	7,883	
Accounting Services	300	306	312	318	325	331	338	
Employee Training	2,250	2,295	2,341	2,388	2,435	2,484	2,534	
Contracted Services	3,500	3,570	3,641	3,714	3,789	3,864	3,942	
<b>TOTAL OPERATIONS EXPENDITURES</b>	<b>396,940</b>	<b>385,535</b>	<b>362,261</b>	<b>369,123</b>	<b>376,121</b>	<b>383,261</b>	<b>390,544</b>	

Part Three								
FIVE YEAR STRATEGIC BUSINESS PLAN PRO FORMA FY2008-FY2012								
		PLANNING PERIOD					EXTENDED PROJECTIONS	
PERSONNEL EXPENDITURES		2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2012-2014	2012-2015
Port Manager/Harbormaster	1.0	69,410	71,492	73,637	75,846	78,122	80,465	82,879
Administrative Assistant	1.0	31,610	32,558	33,535	34,541	35,577	36,645	37,744
Office Aide	0.0	0	-	-	-	-	-	-
Facilities Lead	1.0	0	-	-	-	-	-	-
Harbor (Attendant) Sr Harbor Attendant	1.0	31,000	31,930	32,888	33,875	34,891	35,937	37,016
Harbor (Aide) Attendant	1.0	23,347	24,047	24,769	25,512	26,277	27,066	27,878
Harbor (Aide)	1.0	22,246	22,913	23,601	24,309	25,038	25,789	26,563
Park LeadAsst, Harbormaster	1.0	35,821	36,896	38,002	39,143	40,317	41,526	42,772
Park Aide	1.0	22,246	22,913	23,601	24,309	25,038	25,789	26,563
Park Aide - Part-time	1.0	4,875	5,021	5,172	5,327	5,487	5,651	5,821
Camp Host	1.0	0	-	-	-	-	-	-
Overtime		4,000	4,120	4,244	4,371	4,502	4,637	4,776
<i>Subtotal Salaries &amp; Wages</i>	10.0	244,555	251,892	259,448	267,232	275,249	283,506	292,011
Health Insurance, medical		34,355	35,386	36,447	37,541	38,667	39,827	41,022
Life Insurance		515	530	546	563	580	597	615
Dental Insurance		3,850	3,966	4,084	4,207	4,333	4,463	4,597
Workers Compensation Insurance		4,000	4,120	4,244	4,371	4,502	4,637	4,776
Payroll Taxes		36,683	37,783	38,917	40,085	41,287	42,526	43,801
Retirement		5,992	6,172	6,357	6,548	6,744	6,946	7,155
Compensated Absences		6,500	6,695	6,896	7,103	7,316	7,535	7,761
<b>TOTAL PERSONAL SERVICES</b>		<b>336,450</b>	<b>346,544</b>	<b>356,940</b>	<b>367,648</b>	<b>378,677</b>	<b>390,038</b>	<b>401,739</b>
<b>DEBT SERVICE</b>								
Spec Pub Work Loan L89012		8,505	2,565	-	-	-	-	-
Spec Pub Work Loan L0004		15,961	15,961	15,961	15,961	15,961	15,961	15,961
State Revolving Loan #040-130		29,456	29,456	29,456	29,456	29,456	29,456	29,456
ODOT/PRLF Loan		8,920	35,680	35,680	35,680	35,680	35,680	35,680
MNIF (Dredging) Loan #034200016		5,876	5,876	5,876	5,876	5,876	5,876	5,876
Port Office Development Loan		-	-	11,087	11,087	11,087	11,087	11,087
RV Park Expansion Loan		-	-	15,839	15,839	15,839	15,839	15,839
40 Acre Site Purchase Loan		19,799	19,799	19,799				
<b>TOTAL DEBT SERVICE</b>		<b>88,517</b>	<b>89,538</b>	<b>113,899</b>	<b>113,899</b>	<b>113,899</b>	<b>113,899</b>	<b>113,899</b>

Part Four								
FIVE YEAR STRATEGIC BUSINESS PLAN PRO FORMA FY2008-FY2012						EXTENDED PROJECTIONS		
CAPITAL OUTLAY	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2012-2014	2012-2015	
Office Equipment			-					
Operations Equipment	21,700	10,000		10,000				
Land & Infrastructure			-					
Grant			-					
Loan	250,000							
Reserve Fund			-					
General Fund	47,000							
Facilities								
Grant	124,800		-					
Loan	-		-	340,000				
Reserve Fund	1,200		-					
General Fund	88,200		-	155,000				
Marine Facilities								
Grant	1,374,000		-	300,000	300,000			
Loan	537,000							
Reserve Fund	164,700		-					
General Fund			-					
Other Assets			-					
<b>TOTAL CAPITAL OUTLAY</b>	<b>2,608,600</b>	<b>10,000</b>	<b>495,000</b>	<b>310,000</b>	<b>300,000</b>	<b>-</b>	<b>-</b>	
<b>EXPENDITURE SUMMARY</b>	<b>#</b>	<b>2008-2009</b>	<b>2009-2010</b>	<b>2010-2011</b>	<b>2011-2012</b>	<b>2012-2013</b>	<b>2012-2014</b>	<b>2012-2015</b>
OPERATIONS EXPENDITURES		396,940	385,535	362,261	369,123	376,121	383,261	390,544
PERSONAL SERVICES EXPENDITURES		336,450	346,544	356,940	367,648	378,677	390,038	401,739
TOTAL CAPITAL OUTLAY		2,608,600	10,000	495,000	310,000	300,000	0	0
TOTAL DEBT SERVICE		88,517	89,538	113,899	113,899	113,899	113,899	113,899
TOTAL TRANSFERS & CONTINGENCIES		70,000	0	0	0	0	0	0
<b>TOTAL EXPENDITURES</b>		<b>3,500,507</b>	<b>831,616</b>	<b>1,328,101</b>	<b>1,160,670</b>	<b>1,168,698</b>	<b>887,198</b>	<b>906,182</b>
<b>TOTAL CASH AVAILABLE</b>		<b>3,524,995</b>	<b>1,080,539</b>	<b>1,478,285</b>	<b>1,162,920</b>	<b>1,217,706</b>	<b>1,036,645</b>	<b>1,150,149</b>
<b>ENDING BALANCE</b>		<b>24,488</b>	<b>248,923</b>	<b>150,185</b>	<b>2,250</b>	<b>49,008</b>	<b>149,447</b>	<b>243,968</b>

# Appendix D: Operations Review

## *Human Resources*

Current organizational chart

- Not currently available. But a quick reflection shows a fairly flat, i.e. all reports roll up to the Port Manager. A potential change would be developing a lead maintenance manager.

Current staff job descriptions

- Updated with Commission assistance.

Existing vacancies / tenure of current staff

- No current vacancies

Updated personnel policy manual

- Policy manual is more or less current

New employee orientation/training process

- This has been less structured than it could be, but is part of the process of bringing new employees into the organization.

### **Employee benefits package and compensation schedule**

- Fairly progressive for an organization of this size, includes health for all, and retirement for exempt.

Professional development opportunities for employees

- Probably some opportunity for growth here, especially for classified staff, will likely require some additional budget, but minor

Annual employee performance planning and evaluation system

- A formal, annual evaluations process exists on paper but has not traditionally been carried out (e.g. Ken has been reviewed twice over the course of his entire tenure).
- Annual Commission review of the Port Manager should happen in July or August. At that point an annual performance plan, with performance measurements, should be developed for the subsequent year.

Other comments:

- Although staff meetings are held every two weeks, communication/supervision between staff spread over two offices can be difficult.

## *Financial and Office Management*

### **Efficient accounting system (electronic entry, auditable, etc.)**

- Efficient use of QuickBooks, software is updated annually

### **Ability to generate monthly financial statements**

- Yes, efficient use of QuickBooks



### **Adequate monthly cash flow / need for line of credit**

- Regular monthly expenses can be accommodated with current cash flows. Longer term projects based on reimbursable grants may require exploring line of credit options.

### **Centralized grant / project filing system**

- Historically, grant filing and tracking has been spotty. The turnover in office management has presented the opportunity to revamp/update filing and tracking systems, including a shared computer server with back-up capacity.

### Grant reporting management system

- Similar to the point above, a centralized grant tracking/reporting system, either by an electronic calendar or a regularly (monthly) updated document will be key for further fundraising efforts.

### Operations policy manual

- No current operations manual.

### **Adequate office and storage space (secure if needed)**

- Yes, adequate space is available

### **Functional general record keeping systems**

- Yes

## **Governance**

### Bylaws for organization

- Good adherence to governing statutes, Commissioner terms

### Current strategic or business plan

- In process

### ***New Commission members orientation/training process***

- Recommend the development of a new Commissioner orientation package (org. history, financials, staff job descriptions, strategic planning documents). Additionally, a number of opportunities exist statewide to train new Commissioners in local government management. Opportunities for Commissioner professional development should be identified annually.

### ***Commissioner member job descriptions***

- Should be developed in concert with orientation package. Outline of basic duties as well as special roles (chair, vice, etc) and committee charges.

### ***Standing committees established (e.g. budget, audit, programs, fundraising)***

- Not current standing or ad hoc committees. Formerly had a planning and architectural review committee. The need for standing or ad hoc committees should be periodically evaluated. Committees can include non-Commissioners and staff members in an advisory role.

**Temporary / ad hoc committees utilized (e.g. strategic plan committee)**

- If/when committees are established, the Commissioner should regularly discuss whether committees continue to serve a useful purpose.

**Board member coverage or deficiencies**

- The Commission could encourage more representation from different areas of the District; current representation tends to be Florence focused.

**Board communication systems/staffing**

- Regular Commission communications are conducted by email. Board packets could be provided electronically as well.

## **Technology systems**

**Computer hardware and operating systems**

- Current systems seem to be adequate, again a central server with shared files and regular back-up should be a priority.

**Database management software**

- The Port manages networks of relationships at the local, regional and federal levels, but this information is insufficiently cataloged. An effort should be made to electronically catalog these relationships for use by future staff and Commissioners as well as ease of use for the current folks.

**Website management**

- The website is currently being updated. Possible major web improvements would include an online reservation system for the RV park and potentially marina

## **Communications & Branding**

**Updated contact database**

- Noted above. This is a key component to managing and raising the profile of the organization and creating a successful environment for fundraising and policy efforts.

**Standard communications materials (newsletters, brochures)**

- Limited communications materials currently exist. Consider a newsletter, electronic or print, designed to briefly but effectively convey a consistent message to the District on Port activities. This could also be used as background material in grant proposals.

**Regularly updated website content**

- This is in process. One item to consider is potentially using a high school intern to collect historical images of Port facilities for the website.

**Consistency and clarity of message/brand in all materials**

- A newsletter will provide a vehicle to develop a regular message and theme of Port activities.

**Documentation of impacts (e.g. use of performance metrics for the organization)**

- Do not have regularly measured performance metrics

## **Fundraising**

### ***Use of template information for grant writing (org. history, staff bios, etc)***

- In process

### ***Standard attachments in electronic format (IRS letter, org. budget summary, BOD list)***

- In process

### ***Clear Board commitments for development***

- No clear roles defined

## **Risk Management**

### ***Operations concerns***

- Cash flow for new, large projects that have reimbursable grants as funding sources
- Lack of match sources for project grant funding