



PORT OF ALSEA

2018 PORT OF ALSEA NEWSLETTER

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Message from the Commission President Rob Bishop:

First and foremost, a huge and sincere thank you to the Port of Alsea District voters, who passed the Port's proposed bond measure in May, 2018. Especially gratifying is that the bond measure passed in all of the six voting precincts in the Port District. We know that not all voters supported the measure, but we absolutely believe nevertheless that we represent all residents in the District. The Port will work very hard to justify your trust in us by using the bond funds effectively and prudently. We hope all of you will use and enjoy the new facilities when they are completed.

Who are the People Who Work for You?

The Port has five volunteer commissioners who serve on the Board of Commissioners. The Board establishes Port policies and oversees the work of the port manager. Each commissioner is elected by Port District residents for a four-year term. The Port typically has three employees - the port manager, and two maintenance personnel. All of the positions are part-time.

How Much Did the Bond Measure Cost Property Owners in the District?

The Port had originally estimated the cost to property owners at \$12.13 a year per \$100,000 of assessed property. The bonds were sold on September 12, 2018, and the actual cost came in below projections - \$11.00 a year per \$100,000 for the bond measure. In addition, an owner of property assessed at \$100,000 pays the regular property tax of \$3.30 per \$100,000 that was established in 1911. In total, property assessed at \$100,000 will pay \$14.30 per year in property taxes to the Port of Alsea.

The regular property taxes of \$3.30 a year per \$100,000 of assessed value bring in approximately \$43,000 a year in revenue. That represents approximately one-third of the Port's regular income and that revenue is used for operational expenses – salaries, utilities, and maintenance, for example – essentially, the money is used to keep the lights on. The bond funds, in contrast, can only be used for capital projects and only those projects approved by the voters, initially to construct a new boat launch, marina, a new ADA accessible crabbing platform, and a new crabbing float. There will also be a kayak / canoe launch at the east end of the project that will allow people with non-motorized boats to easily access Lint Slough and the Alsea River without intermingling with boat traffic entering and exiting the boat marina.

The bond funds will also be used to upgrade the public bathrooms at the marina. Also, if a partner can be found that can provide access for the public to the Yachats River, the Port of Alsea will build and maintain a kayak / canoe launch on the Yachats River as well.

If there is bond money left over after the initial projects are completed, the Port may be able to use the remaining funds for other capital projects, such as parking.

How Do Residents Know the Bond Money Will Be Spent Properly?

The Port of Alsea established a Citizen's Review Committee, made up of the five members of the Port's Budget Committee and three other citizens who live throughout the Port District. Mark Wiederhold, Linda Eriksen, Kevin Battles, Dorothy Revel, Diane Buckley, Mark St. John, Brian Fodness, and Quinton Smith will meet three times a year to review all of the invoices, bank statements, QuickBooks reconciliations, and any other documents they feel they need to verify that the bond funds are only spent on capital projects for which the Port can legally use them. By law, 85% of the bond funds must be spent within three years after the bonds are sold (September 12, 2018), but, realistically, more than 85% of the bond funds should be spent within 18 months of that date. That is because the bulk of the money will be spent on the new boat launch, marina, and improvements to the public bathrooms.

When Will the Boat Launch and Marina Be Finished?

In-water construction must be done during the in-water-work season, which begins November 1 at the Port of Alsea, and ends February 15, although it can be extended to the end of February with permission from the permitting agencies. The Port does not yet have a time line from the contractor for the construction of the project. Under the Request for Proposals (RFP), the project is required to be finished by April 15, 2020. However, it is very possible that the project will be completed before then. It is the Port's hope that the focus can be on minimizing the amount of time that the boat launch is closed. The launch is used throughout the year, providing recreation for users and revenue for the Port, whereas the marina and crabbing float are used principally in the summer and fall months, although people do crab off the docks in the winter as well. Bottom line is that the entire project will be completed sometime in the spring of 2020.

Why Couldn't Construction Begin in November of 2018?

The Port decided to do the marina as a Design / Build instead of a Design / Bid / Build project. What is the difference? With a design / bid / build, the Port would have hired a designer and engineer to design and engineer the project and then put the project out to bid. Under state law, the Port would then be required to accept the lowest bid unless there was a valid reason to reject it. What most often drives up the final cost of a design / bid / build project are change orders, when the client (say, the Port), wants to make some changes after the project is already designed and engineered. With a design / bid, the contractors guarantee that the first phase of the project will be completed within a specified cost (with a known cap for the entire project – in this case, \$2.5 million). After the Port selects a contractor, the Port and the contractor work together for about two months to determine how the marina should be designed and how the Port wants it to function. The contractor will also be getting bids on materials, so the Port will know what its various options will cost. When the design is agreed upon, the contractor, working with an engineering firm, finishes designing the project. At the same time, the contractor is also working on the permit process. Under the RFP, by January 31, 2019, the Port and the contractor will agree on a final contract price (again, there is a total cap of \$2,500,000). Under this process, which is becoming more and more popular, there are seldom change orders and those that do happen usually cost very little, so the Port will know exactly what it is getting and how much it will cost before the construction begins. To the extent that the project comes in at less than the maximum amount, the Port and contractor split the difference, thereby encouraging both parties to save on costs without sacrificing the integrity of the project.

The Port received proposals from five different marine construction companies – three from Oregon and two from Seattle. The commissioners selected Bergerson Construction out of Astoria. The company has been in business for 50 years and was highly recommended by the port manager at the Port of Toledo and the former port manager at the Port of Newport. Also, personnel at the Marine Board said they had worked with Bergerson in the past and had no problems. The range in bids for the initial stage of the project ranged from a high of \$603,000 from Triton Marine Construction out of Seattle to a low of \$319,000 from Bergerson.

The port commissioners will need to make numerous decisions over the next two months ranging from what materials to use on the floats to what amenities to have on the docks. The Port has met with user groups – kayakers / canoers, moorage holders, and those who crab on the docks – to see what will work best for those groups. What types of lights are best on the marina? Do people crabbing on the docks want lights as well? Should the crabbing float be eight feet wide or ten? Are those who moor their boats willing to pay a bit more to have water on some of the slips? For people launching their boats, where is the best place to locate a new pay station that will take credit cards, as well as cash? Do we need to widen the approach to the boat launch to two lanes? For the commissioners, it will be a balancing act of deciding which design features are worth spending money on and which are not, while staying within the \$2.5 million cap. The commissioners will also decide which trade-offs can be made to come in below budget without sacrificing safety, durability, and practical amenities.

Safety is high on the Port's priorities, so the new marina and crabbing dock will have new features for that purpose. First, there will be 15 to 20 pull-down ladders throughout so that people who fall into the water have a means to get back onto the floats without assistance. There will be fire extinguishers on the docks as well. Lighting will be provided in the marina and on the crabbing dock, as well as additional security cameras. Water will be supplied to the docks so that the floats can be pressure washed to remove seaweed and other accumulations.

Of the \$2.5 million project cap, \$325,000 will come from a grant from the Oregon State Marine Board toward the cost of the boat launch, so the Port will pay a maximum of \$2,175,000 toward the total boat launch and marina project. The Port also has \$200,000 budgeted in the bond funds to pay for the mitigation that the permitting agencies will require. We hope the cost will come in below that. We also have money budgeted for the upgrades of the public bathrooms, which the Port hopes to start this winter, as well as the kayak / canoe launch on the Yachats River.

Can the port invest the bond funds until they are needed to pay for the projects?

Yes, it can, and it has. The Port put \$2,357,500 of the bond funds into the State of Oregon's Local Government Investment Pool (LGIF), with the remainder in the Port's local bank account. The LGIF has several advantages. First, it is liquid. Money can be transferred to the Port's bank account in Waldport the next day, so money can be kept in the account to collect interest until it is needed. Second, it pays a good interest rate and as rates go up, all of the funds in the LGIF benefit, unlike a CD or treasure bill, where the rate is locked in for a specified term. The fund currently pays 2.5% interest. While there is an administrative fee, the higher interest rate should still provide a significantly better return. For example, the LGIF Bond Account was set up on November 20, 2018, and paid \$1,776.20 in interest for the month of November. Any interest accrued must remain in the bond fund account to be used for capital projects.

The Port has now put some of its general funds into a separate LGIF account. It had \$60,000 in a 12-month CD that paid 0.6% interest. That money is now earning 2.5%. Hopefully, the Port's revenues will begin to improve to the point where it can begin to diversify its general fund investments, but for now, the LGIF seems to offer the greatest benefits for the Port in terms of returns and liquidity.

What Is the Current State of the Port's Finances?

Improved, and for several reasons. First, the Port's income has increased somewhat each year as revenues have increased from the Port's leases to local businesses, as well as revenues from launch fees and moorage fees at the marina. The Port also began to rent space to a food cart, the Alsea Bay Crab Co. While it did not result in additional revenue this year because of the cost of setting up the utilities, the Port is hopeful that it will be an additional source of revenue in the future.

The Port has also saved money over the last two fiscal years. In October, 2017, the Port's maintenance person moved out of the area and the decision was made to not fill the position until April, 2018. The person hired to fill the position did an excellent job, but had to resign at the end of August for personal reasons. Again, the decision was made to leave the position open throughout the winter and hire a new maintenance person in April, 2019. The decision was also made to create two positions: One would provide cleaning services and the other would provide maintenance, which would also reduce payroll costs. An additional savings of more than \$9,000 a year is a result of the bond measure, which allowed the Port to retire a loan from Business Oregon, thereby relieving the Port of making the quarterly loan payments. Also, in 2016 and 2017, the Port, with Board President Rob Bishop donating his time, remodeled the office, which cost about \$3,000 each year. The remodel was finished in 2017, so that money was not expended in 2018. Between increased revenues and savings, the Port is able to put an additional \$40,000 this year into its LGIF general account. For other public ports in Oregon, \$40,000 is a very small part of their budgets, but for the Port of Alsea, it means it can begin to build a reserve fund for those rainy days that always show up.

What Goals Does the Port Have for the Future?

The Port's short term goals are very focused on the construction of the new boat launch and marina. And the Port always has an eye out for new revenue opportunities. Long term goals, however, need a germination period so that ideas can be thrown about and plans developed that can eventually be realized. One idea that is still in the germination stage involves Eckman Lake, which is owned by the Port of Alsea. The idea is to bring Eckman Lake back to a version of its former self. That could be as a tidal estuary or as a recreational lake where people used to water ski. What the lake should look like in the future would be a discussion for the Port District residents to engage in. The current problem is the amount of algae in the lake in the summer. The Port would need to work with multiple entities to resolve the future of the lake. The State of Oregon, for example, has a public park and dock facilities at Eckman Lake. The Watershed Council could provide valuable knowledge and expertise. The Port would need to work with the City of Waldport, which gets its water from Eckman Creek in the summer. And, of course, the Port would work closely with the residents who live on or by Eckman Lake as well. The goal would be to have a plan in place in the next four to five years that would allow Eckman Lake to be utilized at its best potential.



Local Customer

Without a doubt, however, the biggest problem in need of a long-term solution is additional parking at the Port facilities on the Alsea Bay. This year, the Port was able to add three additional vehicle / boat trailer spaces behind the Port's shop on Broadway Street. However, the goal is to provide enough parking for boats to be able to park on Port property rather on the streets close to the boat launch and marina. In addition, it needs to add more parking for people who come to the Port area to eat at near-by restaurants, crab at the docks, or simply sit on benches and watch the activities. Vacant land is hard to come by at the marina, while purchasing property with improvements, such as a house, to turn it into a parking area is expensive. The question also comes down to cost versus benefit; how many parking spaces can be created at what cost?

The Port owns Robinson Park, so one possibility is to retain the developed area of the park in its current state and create new parking on the undeveloped portion. The Port also needs to pave some of the parking areas it already has, which would allow it to stripe the spaces for maximum efficiency. People have suggested that the Port find vacant land at some distance from the marina and provide a shuttle to bring people to the Port area, but the cost of providing a shuttle service would be prohibitive. Parking is certainly the topic that the commissioners discuss most frequently, throwing out ideas and looking for affordable options. Hopefully, the new marina will encourage boaters to leave their boats in the water rather than launch them every day. It is easier for the Port to find parking for a truck than a truck and boat trailer. The Port's goal is to have some additional parking available when the new marina opens in the spring of 2020.



Robinson Park

Hopefully this 2018 Annual Newsletter reaches you in 2018, but in any case, the Port of Alsea hopes that all of the Port District residents enjoy a prosperous and safe New Year in 2019.