

Port of Hood River
FY 16/17 Spring Planning Work Session
March 29, 2016
12:00 p.m.

Commission Conference Room
1000 E. Port Marina Drive

Agenda

- 1) Welcome & Introductions** *(Brian Shortt, Commission President)* (5 min.)

- 2) Summary Comments** *(Michael McElwee, Executive Director – Page 3)* (10 min.)
Summary of key financial and project issues for FY 16/17.

- 3) Financial Policies & Assumptions** *(Fred Kowell, Chief Financial Officer - Insert)* (30 min.)
Review Port financial policies, summarize current financial condition and performance measures.

- 4) 10-Yr. Financial Projections**
Review key budget assumptions, discuss key project areas, and review draft 10-year financial model, updated with staff's FY 16/17 budget assumptions.
 - A. *Key Project/Program Areas* (90 min.)
 1. *Near-term Bridge Repair Needs (McElwee – Page 7)*
 2. *Long-term Bridge Replacement (Scholl/McElwee – Page 9)*
 3. *Tolling Technologies (Kowell – Page 11)*
 4. *Light Industrial Development Priorities (Medenbach – Page 13)*
 5. *Airport Investments (Medenbach – Page 15)*
 6. *Community Support Initiative (McElwee – Page 17)*
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 7. *Advocacy Coordination & Contracts (Scholl – Page 19)*
 8. *South Basin Dock (McElwee – Page 21 and Insert)*
 9. *Waterfront Maintenance (Whitmore – Page 23)*

Time Permitting
 - B. *Review 10-Yr. Financial Model (All - Insert)* (90 min.)

- 5) Other**

Adjourn Work Session and Open Regular Session

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Port of Hood River
FY 15/16 Spring Planning Session
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Executive Director Summary Comments

The Spring Planning Meeting is the first step in preparation of the Port's annual budget. It is an opportunity for the Commission to have a focused discussion and give staff direction on key issues that will affect budget preparation and take a first look at the draft, updated 10-year Financial Model. Please note that the 10-year model is a complex spreadsheet that incorporates many hundreds of staff assumptions. Commission discussion and evaluation of the model will lead to either confirmation or changes that will be made prior to the Budget Committee meeting on April 19.

For the 2016 Spring Planning meeting, the Commission should consider the following overarching themes or issues:

Administration

- Staffing changes have brought additional skill sets in many technical and professional areas. However, the work load has increased, in some areas significantly.
- Staff is working at a high production level and there is limited additional capacity. Outside assistance will be needed, especially if significant efforts are directed at bridge replacement planning, alternative financing assessments, legislative advocacy or grant applications.
- No new staff hires are contemplated at this time.
- A more efficient approach to records management is increasingly important and will be a primary focus for staff over the next year.
- Commissioner McBride is running for election to a County seat and may no longer be available to serve on the Port Commission later this year.

Operations/Financial

- The recent bridge allision, damage assessments, insurance claim and potential litigation all lead to a higher degree of uncertainty in budget preparations.
- Recent property sales mean we have a reserve available for some development of light industrial sites or buildings.
- The Port's PERS obligations will increase in coming years.
- New tolling technology is available that, depending on Commission direction could significantly alter the Port's tolling operation and business model.
- Costs associated with bridge repairs and the possibility of an application for federal funding indicates that the Commission will need to consider a toll increase in 2017.

Facilities

Leased Properties

- Most Port buildings are at or nearly 100% occupied.
- Despite the reserves from property sales, our financial resources are still relatively limited; The Commission will need to prioritize only one new light industrial site or building that can be carried out in the next.

- We have made excellent progress in completing the backlog of property management tasks. Looking ahead the most expensive capital maintenance anticipated is roof replacement-- Big 7 and Jensen.
- Road and utility infrastructure are necessary to prepare Lot #1 for development. Funding for this work must come from tax increment bonds or grant funding and will likely not happen for some time to come.

Bridge

- The 30-year model and 2-year work plan has been updated by HDR.
- Replacement of the wire ropes remains a significant uncertainty.
- The highest known priority for the Bridge is installation of a new, modernized tolling system, including equipment and software.
- The key capital project in FY 16/17 is repair of the auxiliary trusses. This was postponed from last year due to the priority of the bridge allision.
- Near-term emphasis will be on restoring some operability to the lift span, including insuring that lift span instrumentation and controls are reliable.
- Our 10-year model anticipates a debt issuance in 2019 when the current bonds are paid off. Tis would fund another package of significant repairs and upgrades per our 30-year model

Waterfront Recreation

- The most significant issue is whether fee parking will be implemented in 2017.
- No significant capital projects (e.g. trail construction) are assumed for several years.
- The budget should anticipate some funds to build the trail connection from the Nichols Basin seawall to the new Spit access road.

Marina Basin

- There is limited capacity to carry out larger projects in the near-term.
- The one exception is planning for a new Transient Dock as the permitting timeframe is lengthy and OSMB would play a major role in financing any project. The Port benefits by being prepared to enter the OSMB grant cycle.
- Programming, repairs and management of the South Dock is important to resolve.

Airport

- The major focus of effort now is completion of the Master Plan.
- Significant capital projects are contemplated in the next few years—Taxi-way B and North Apron. These will be 90% covered by the FAA but still require a 10% local match.
- The most significant uncertainty is related to the potential for private development on the North Apron. This could be a very important step to maximize use of the Airport but it brings challenges and uncertainty that must be addressed.
- WE will complete our efforts this year to update to the business model for the Airport. This work will inform future lease rates, maintenance standards and hangar feasibility.

Discussion Topic:

Financial Policies and Assumptions Used in the 10 Year Financial Forecast

Overview:

There are a couple of key financial policies that the Board has approved that drive the level of capital improvements that we incur from year to year and also determines the magnitude of debt that we issue. It also keeps expense growth in check while looking at when revenue generation needs to occur.

Here are our three key financial policies that are integral to the 10-year financial model.

- **Reserves** – We have a formal policy that strives to keep our reserves to a level of 10% of the depreciable assets of the Port. By having this policy we will have enough liquidity in difficult times to handle emergencies and the flexibility for policymakers when an opportunity does present itself. It also provides for the replacement or betterment of some of our capital assets. I would like to add two significant points to this rule. In most cases the bond market will require an entity that issues debt to hold in reserve an amount equal to the annual debt service. By having a 10% rule, the Port is able to factor the debt service reserve as part of the calculation. In addition, the bond ratings are promulgated by looking at the reserves of an entity. By having adequate reserves, the bond issuer is provided a higher rating and as such can establish a lower cost of capital. Today, if something were to occur, the Port has almost a year's worth of reserves to use (excluding capital projects).
- **Debt Coverage Ratio** – A debt coverage ratio is the ratio of net operating cashflow divided by the amount of debt service an entity can incur or obtain. Maintaining a ratio of 2.0 allows an organization to go to the bond market and obtain financing and provides guidance to an organization in determining the level of debt service it should take on. This key financial policy also keeps an organization from growing beyond its means with respect to its cost structure (ie. Personnel, materials and services) and the revenues it can generate from its assets.
- **Return of Investment** – The Port uses a term called “Cash on Cash Return before Debt Service and Capital Outlay”. This ratio looks at revenues less operating costs (excludes depreciation) to come up with net operating income. Net operating income is then divided by the asset (investment) value. This ratio reflects the return on an asset or group of assets and provides a gauge for policymakers in moving forward with an acquisition or capital improvement. The Port hovers between 3.2% to 4% on its Cash on Cash Return before Debt Service and Capital Outlay.

Key Assumptions:

Several key assumptions were included in the forecast as follows:

- I have lowered the CPI index due to the lower inflationary impacts that we are experiencing in the last few years. In the previous forecasts the CPI was 2.5% which has been moved down to 2.12% to fall in line with other municipal models.
- The increase in the PERS rates due to the unfunded liability has been taken into consideration starting in FY 2017-18.
- The Walker Macy waterfront plan numbers for Lot 1 are included in the forecast beginning in FY 2020.
- A new building on the Maritime property and to the east is built in two phases starting in 2020. This is debt financed and the operating revenues is projected after completion.
- With regard to the bridge and with consultation with HDR, we have included the replacement of the wire ropes to the bridge starting in FY 2017-18 through FY 2018-19. Our last payment from the 2003/2013 Revenue bonds occurs December 2018. In the forecast, we issue \$9 million of revenue bonds for the bridge which will (as of now) address painting of the lift span and flanking spans, lift span tower improvements, wire ropes, and Gusset and Trunnion enhancements and possible tolling system changes.
- Staffing has stayed about the same throughout the model.
- The tolls have an increase to \$1.25 for the Cash paying customer starting January 2017. The ETC customer remains at \$0.80. The cash paying customers are predominantly out of the area and will most likely represent 35% of the bridge traffic. The increase is in response to the capital improvements that have been made over the last several years as well as those anticipated and through 2018. The bridge's capital improvements for 2016, 2017 and 2018 are \$707,400, \$819,500 and \$509,500, respectively. This level of bridge work is significant and will call on our reserves and toll increases to pay for it.

Approach:

- There will be discussion at the Spring Planning session of raising tolls to pay for an EIS submission to DOT. The minimum grant is \$5 million but has a 40% match which will require about \$3.2 million in local match. To meet this match the ETC portion of the toll rate will need to be raised. If the ETC toll is raised from \$0.80 to \$1.00 it will bring in about \$550,000 after taking into account our non-revenue activity.

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Discussion Topic:

Near-Term Bridge Repair Needs

Overview:

The Port maintains a 30-year model for repair and maintenance of the Bridge to help ensure its' longevity. From that, an immediate-need Bridge Work Plan (BWP) is prepared annually to inform the budget. For the FY 16/17 budget, the Commission will need to consider and address significant issues associated with near-term repairs. These include the following:

- Allision insurance claim, time-frame and legal fees
- Uncertainty about need and schedule to replace wire ropes
- Cost potential associated with Lift Span mechanical & electrical systems
- Decision about toll increase & projected revenue
- Costs associated with FASTLANE application including local match
- Timing and amount of next revenue bond for aggregation of capital projects
- The need to improve bridge signage and consider weigh-in-motion technology

FY 16/17 Staff Proposal:

Staff has made the following assumptions in the 10-Yr. Financial Model:

- **Insurance Claim**
 - The insurance claim is submitted and denied.
 - A legal avenue is pursued but legal fees are based on a contingency basis.
 - Budget is allocated for legal fees and other costs associated with the claim.
 - No insurance payment for wire rope replacement is realized.
- **Planning Costs**
 - Budget is allocated for consultant costs associated with a long-term strategy for bridge replacement and preparation of a FASTLANE Program application submitted in spring 2017.
 - Funds are reserved for the detailed signage plan.
- **Capital Projects**
 - Repairs to the lift span auxiliary trusses and tolling technology upgrades are the two major capital projects next FY.
 - Wire rope replacement project (recommended by the bridge engineer) is delayed until 2019/20.
 - The Port anticipates issuing debt in 2019 to cover an array of capital projects—order-of-magnitude \$9,000,000.
 - A budget contingency is held for repairs to lift span mechanical/electrical systems.
 - Funds are budgeted for an additions and upgrades to bridge signage including within the ODOT & WADOT ROW

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Discussion Topic:
Long-Term Bridge Replacement

Overview:

The recent passage of the FAST Act will bring significant new federal funding for transportation projects and special recognition for projects in the NSA. The Act includes an annual program to fund federal transportation funding-- FASTLANE. The Small Projects component of the program funds projects that seek a minimum of \$5 million in federal funds and require a 40% local match. First-year applications are due April 14, 2016. This program is well suited for a next step in bridge replacement efforts—completion of an Environmental Impact Statement (EIS). An EIS is expected to cost about \$2.8 million. However, the minimum project size would need to be \$8.3 million (\$5M federal request and \$3.3M local match). So to utilize the FASTLANE program, a minimum scope of work would include an EIS and a portion of bridge engineering or some other component such as ROW acquisition.

The key questions for the Commission are whether/when to submit a FASTLANE application and how to meet the local match while retaining the capacity to meet bridge repair needs. These are complicated questions because they have financial, political and staffing ramifications that deserve serious consideration by the Commission.

Key Issues:

- The appropriate next step in long-term bridge replacement efforts:
 - Environmental Impact Statement, Preliminary Engineering, ROW acquisition
 - Identification and assessment of alternative long-term bridge replacement strategies including coordination with ODOT, WADOT, etc.
 - Submittal of FASTLANE application(s):
 - By the April 14, 2016 deadline
 - By a spring 2017 deadline
- The capacity of the Port to meet a 40% (\$3.3 m +/-) local match requirement for a FASTLANE grant—toll increase, reserve funds, etc. Alternatively, to use Port funds for an EIS without seeking federal grant.
- The trade-off of using existing Port funds or debt capacity to meet match requirements vs. near/medium-term repair needs.
- Positioning of the bridge replacement project assuming a State transportation bill next year.
- Existing Port staff availability to devote to these efforts.

FY 16/17 Staff Proposal:

Staff has made the following assumptions in the 10-Yr. Financial Model:

- **FASTLANE Grant**
 - Application submitted this year-- \$3.3M match from increased tolls.
 - A 2nd round application will be necessary in spring 2017.

- **Planning**
 - Sustained effort will be made and funds budgeted through early 2017 to identify and evaluate alternative scenarios for construction of a new bridge:
 - Project cost & schedule
 - Project Funding
 - Ownership
 - Tolling
 - ROW acquisition

- **Community/Agency/Political Support**
 - Significant staff time will be committed to working with local governments, state agencies and elected officials to identify a preferred strategy for long-term bridge replacement and to position the project for consideration in the 2017 state legislative session, assuming a transportation bill is considered.

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Discussion Topic:
Tolling Technologies

Overview:

The Port is currently upgrading its tolling system software which is several generations behind what is available today. The Port can no longer acquire the necessary technical support for either system application and the operating systems have been de-supported. The Port contracted with HDR to acquire a contractor that could assist the Port in updating its current system. The Port contracted with P-Square Solutions to update our current operating system from Windows XP, migrate our current operating system and back office system to a new software application that will fully integrate transactions flow from the back office to the lanes and vice versa. This will remove the batch system we have in place today. So in moving forward with the replacement of the software, staff came up with some goals and objectives that could be accomplished over time in phases. After the software is put into place as well as the lane controllers under contract with P-Square, the next phase will need to be considered.

Key Assumptions:

The next phase will mostly be related to hardware. This would include the replacement of readers, antennas, and transponders. Other in-lane equipment such as connectors, cables will also need to be considered.

- Some key goals and objectives for the replacement of the hardware include but not limited to are as follows:
 - Modernize the in-lane equipment and provide the most current equipment
 - Provide for interoperability with other toll agencies whether on a regional or national basis
 - Lower operating costs, specifically transponder costs
 - Improve capture rates in the lanes

The Port will be at a cross roads in this next phase. For around \$150,000 the Port should be able to acquire the hardware and install it (readers, antennas, replace loops, cables, video cameras, etc.). However, technology is now being bundled whereby tolling manufacturers are also including Automatic License Plate readers (ALPR). ALPR systems use cameras with built-in Optical Character Recognition (OCR) capability and illuminators for night operations, triggered by an optional LASER mounted overheads. These ALPR systems work with AVI (Automatic Vehicle Identification) systems like ours. Usually the cost for both of these systems is less than our annual budget for personnel costs at the Toll Booth.

In addition, there is one manufacturer that integrates a WIM (Weigh In-Motion) system with its AVI and ALPR systems. This will have significant impact on our ability to determine the load of traffic crossing our bridge.

Approach:

- The Port is moving forward with the software conversion of its existing tolling system. This will be followed by hardware replacement in the next phase which will include a formal bid process.
- The question for the Port to consider is whether to move forward with the latest technology that will pay for itself over 1-3 years depending upon the technology that is implemented.

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Discussion Topic:

Light Industrial Development Priorities

Overview:

The Port currently has a number of development projects that could occur in the next 1-5 years. Unknowns including required investment in the Bridge and potential Connect VI grant funding and required match impact the ability to carry out these projects in the short term and force the need for prioritization. The potential projects fall into three different areas: Lower Mill, Lot 1, and the Maritime site.

Project Summaries:

The following assumptions are based on the 10-year model:

1. **Lower Mill-** The intent of the Lower Mill development is to provide a lower priced alternative to the waterfront that can be used for much needed production and warehouse space. The current model assumes that the Port will complete the land development in 2016/17 and build one small warehouse/production facility to meet current needs of small to mid-sized businesses who want to lease in 2017/18.
Cost- \$2-3 Million
2. **Waterfront-** Lot 1 infrastructure could be installed as early as 2017/18 if the Lower Mill project was pushed. The financing for the infrastructure will need to be finalized after the subdivision application process is complete. This may be a combination of URA, bond, IFA loans and cash. There is an opportunity to “carve off” a portion of Lot 1 to develop for an immediate opportunity without doing the entire infrastructure project.
Cost- \$4 million
3. **Maritime-** The Maritime building has leases through 2021. The model slates a new building in 2020 to the east. This anticipates keeping the old building until the new building is complete, and then demolishing the existing building and replacing that as well.
Cost- \$10 million

Key Considerations:

- Meet current business need for:
 - Shovel ready land for sale.
Target: Medium sized and established businesses ready to build and own
 - Port-owned leased buildings.
Target- Small to Medium sized and/or start-up businesses
- What is the correct building/bridge revenue ratio? Do building revenues need to make up an increased percentage?
- Does the Port want to leverage borrowed funds or/and dip into reserves to do more projects? Or, is it preferable to self-fund each project as much as possible with sales proceeds, and move slower?
- There has been discussion in the past regarding selling the Big 7 building and how that may impact our cash flow as well as potentially fund additional development.

- The few available industrial parcels in the valley have challenges that the Port is well suited to overcome. Is the Port interested in acquiring, developing and selling challenging parcels to add to the industrial inventory if the opportunity arises?

Recommended Approach:

Staff recommends:

1. Focus on finalizing land development at the Lower Mill and constructing one pre-leased building in 2017/18.
2. Push Lot 1 infrastructure development until financing is structured for the entire project. Be flexible enough to respond to an opportunity to develop a “carved off” portion for the right deal.
3. Determine the correct LTV ratio for each deal based on: cash on hand, upcoming opportunities/commitments.
4. Hold a Big 7-specific work session in the coming months to determine the best way forward that balances need for cash flow and capital improvement challenges.
5. Keep enough capacity to fund land acquisition opportunities.

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Discussion Topic:
Airport Investments

Overview:

The Port applied for grant funding of \$1.7 million dollars from Connect Oregon in November. If approved, the grant would fund a catalyst project completing infrastructure and site development on the north ramp. Once the infrastructure is in (Phase 1) the private sector will build an Aviation Technology & Emergency Response Center (ATERC- Phase 2). The ATERC will include: a new FBO, maintenance facility, and a training facility. A flight simulator has been purchased, a contract has been signed with CubCrafters for maintenance training and other contracts are in motion for TacAero, the private sector partner. At the same time the grant request was pending, the FAA was finalizing the next five years of federally funded CIP projects. The south taxiway currently houses the fuel tanks and is listed as a safety hazard. The reconfiguration of the taxiway and temporary move of the fuel tanks was set for 2017/18. North ramp paving and the final move of the fuel tanks was set for 2020/21. The FAA bumped all projects up two years. This also bumps up the required Port match for both projects (10%).

Key Considerations:

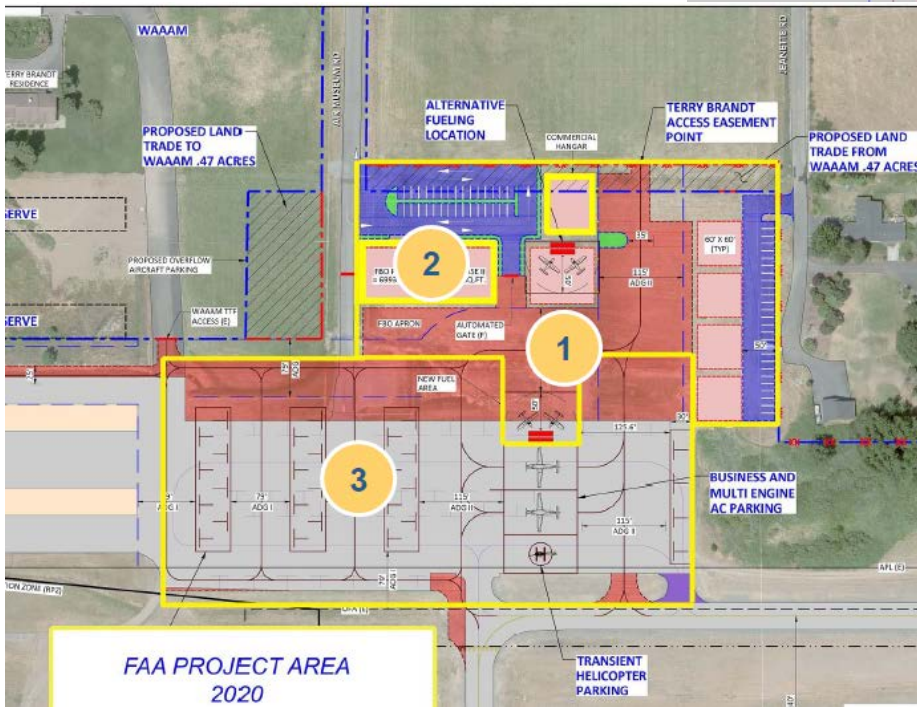
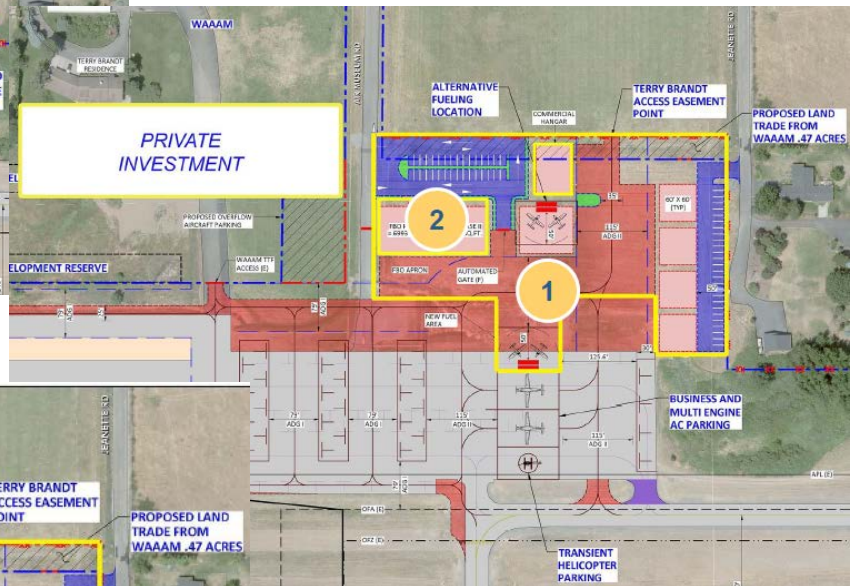
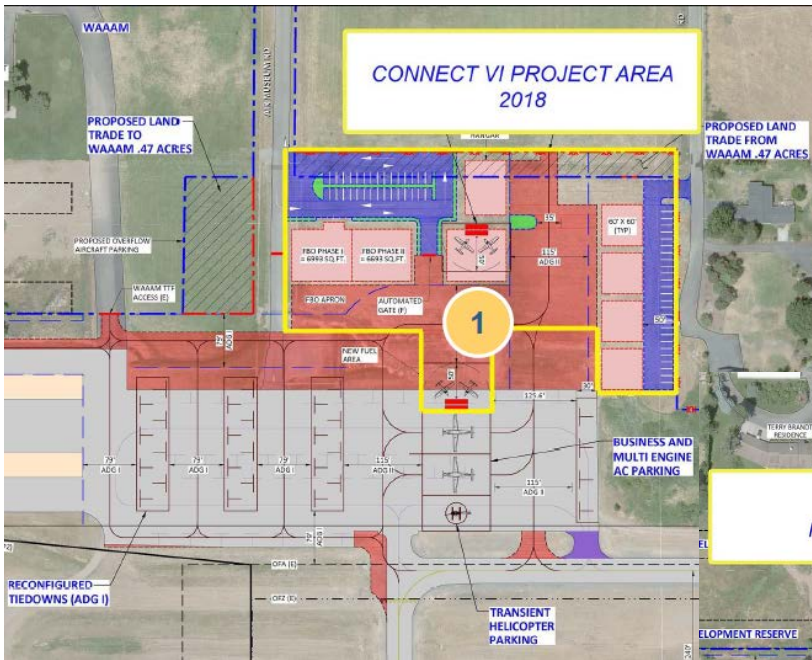
- The pledged local match for the Connect VI improvements is \$802,000 and would need to occur in 2017 to meet private partner timelines.
- In addition to the Connect VI match, the Port will be required to contribute approximately \$450,000 in FAA grant matches within the next five years.
- Currently the project is in good position to receive Connect VI funding. We will know the results in late summer of 2016.
- The Port has eight remaining Windmaster sewer connections from the County. Staff is currently in discussions with the City and the County to work through a disagreement of terms of the connections.

Recommended Approach:

- Staff recommends that the private sector provide a significant portion of the Connect VI match. The following are potential options for that private contribution requirement.
 - 60% of the match. Based on the direct benefit both entities will receive from the land development i.e. amount of buildable land and fuel sales.
 - 100% of the match. Based on the following Port contributions: leadership for Connect VI funding, FAA grant match of \$450,000, admin, beneficial land lease to TacAero.
 - Other amount.
- The assumption of TacAero is that the Port will provide a long term land lease for the FBO and maintenance hangar area. The construction cost of these buildings is significant (\$7,800,000) and a percentage land lease or stepped structure may make sense. Staff recommends the Port work with TacAero to provide a land lease that assists them in their growth phase, has a reasonable extension structure and provides the Port with a suitable return (4-5%) over time.

Alternative Actions:

- Decline the grant.
- Provide more of the match and put the Lower Mill development on hold.
- Change lease direction.



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Discussion Topic:

Community Support Initiative

Overview:

For several years, the Port has focused a significant amount of its work on Waterfront development and recreational projects; and on the Bridge. This is expected to continue. However, the Port District extends far beyond the waterfront and District constituents/tax payers reside throughout much of Hood River County. In addition, the state of the local economy has changed -- the challenges and issues of our community faces are less related to new economic development and more related to supporting and enhancing the community systems, i.e. education, housing, transportation, parks, etc., that are the foundation for both economic development and quality of life. Clearly, the Port operates under ORS 777 which specifically limits our role. However, the Port can and should consider certain tasks and activities that positively impact the community systems that form a foundation for both economic development and the community's quality of life specifically. Staff proposes a small-scale "Community Support Initiative" (CSI) that can implement certain modest but meaningful activities to demonstrate that the Port is mindful of other ways to positively impact this District and community.

Key Considerations:

- The limits of O.R.S 777.
- A reasonable budget — staff proposes half of our total annual tax base, or \$40,000.
- The extent to which staff efforts on a CSI would impair other Port priorities.

Description:

Staff has met with general counsel to discuss the impacts and limitations of ORS 777. A list of potential CSI activities includes the following:

- **Education**
 - Sponsor class visits by Port staff and select professionals to discuss current work and introduce relevant jobs and skills needed.
 - Develop and distribute informational materials, i.e. hand-outs, digital materials, articles and the like on Port-related careers (planning, landscape architecture, architecture, engineering, public administration, etc.)
 - Sponsor class or individual projects based on current facilities or planned development with defined deliverables and stipend upon completion.
 - Coordinate exposure to professionals actively involved in Port projects via class presentations by Port contractors and/or field trips to job sites or offices.
 - Support internship program involving both Port and its tenants/partners.
- **Playing Fields**
 - Contribute to one school field upgrade project per year assuming leveraged funds and/or private support with in-kind services.

- Support design and planning efforts directed toward new youth playing field projects through leveraged financial contribution and/or staff assistance with grant applications, planning/design and staff counsel.
- **Entrepreneurship**
 - Assist with assessment of capacity and need for commercial kitchens.
 - Sponsor research directed at value-added agriculture at OSU Extension office.
 - Collaborate with local apiarists to develop and sponsor bee-keeping operations on select Port properties.

FY 16/17 Staff Proposal:

Engage in direct discussions with local leaders in the three areas described above. Develop a specific plan for discussion with, and eventual approval by the Port Commission. Implement aspects of the plan as opportunities are presented in fall 2016. Allocate \$40,000 in the FY 16/17 budget for CSI activities.

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Discussion Topic:

Advocacy Coordination & Contracts

Overview:

The OneGorge Advocacy Group has grown to 110 participants and achieved significant success in both the state and federal legislative arenas, including the NSA amendment in the FAST Act and the inclusion of the Bingen Overpass in the Washington state transportation package. The group has garnered the attention and appreciation of representatives in both states and hosted successful receptions in Salem and Olympia this year. The Port provides administrative and funding support. While variable, average staff time required by the Special Projects manager for OneGorge coordination hovers between 25-40 percent. This is a significant investment of time and Commission input is sought on the social and financial returns on that investment promised and realized.

Summit Strategies continues to make significant progress toward Port goals on both the state and federal level with exceptional levels of communication and collaboration with Port staff, electeds and their administrative staff, and agency representatives. Their work in DC was integral to the successful inclusion of the NSA amendment in the FAST Act. In FY 15/16 Summit hired Kristine Phillips Evertz to advocate for Port needs in Salem, and she has been very adept at guiding the HB 1510-3 legislation in coordination with Rep. Johnson and Senator Thomsen that resulted in surprisingly quick FHWA designation of the Hood River Bridge on the National Highway System. The upcoming regular legislative session promises to keep Kristine very busy advocating for Port priorities, especially considering the broad support for passage of a state transportation package.

Key Issues:

- The Port of Cascade Locks, Mt. Adams Chamber of Commerce, Insitu, and other participants have made significant financial and in-kind contributions and have pledged to continue that support at least at current levels.
- OneGorge currently has a balance of approximately \$2,500 credit on the books, about \$900 less than expenditures this year.
- Summit Strategies has indicated that OneGorge support significantly boosts contract advocacy results on behalf of the Port and regional priorities.
- FASTLane funding and the potential of a transportation funding package in the Oregon legislature next year anticipate a need for an active, informed coalition ready to support Port efforts.

FY 16/17 Staff Proposal:

Staff has made the following assumptions in the 10-Yr. Financial Model:

- **Modes increase in funding levels for OneGorge**
 - Beyond staff time, the Port made financial contributions totaling approximately \$3,000 in FY15/16. Staff recommends a budget of \$5,000 for FY 16/17.

- **Continuation at current funding levels for Summit Strategies LLC**
 - While focus may shift more toward Salem and Olympia, contract amount would remain at FY15/16 levels, totaling \$82,000.

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Discussion Topic:
South Basin Dock

Overview:

The Marina's South Basin Dock (Dock) has experienced increasing demands over the past few years. These new or expanding uses include youth sailing, high school sailing, jet skis, outrigger canoes, seasonal rental and dinghy storage. On the other hand, the primary purpose for the original Dock -- Sea Planes -- has declined. Over the past three months, staff has been working with the Marina Committee, Hood River Yacht Club (HRYC), Gorge Sailing and others to consider program changes to the Dock. In addition, the HRYC has been intensely interested in leasing all or a portion of the dock for dinghy sailing and storage. Staff is seeking direction so that lease agreements and terms for the variety of users can be finalized.

Key Issues:

- Primary focus of the Dock—Sea planes, youth sailing, dinghy storage or combination.
- Appropriate management of the dock—liability, risk
- Port role/responsibility as a public agency—private v. public use
- Port operating revenue & expenses
- Near-term investment vs. proposed NW Basin Boat Storage Concept.

Approach:

The attached diagram represents the current staff concept recommendation for use and management of the Dock. It has the following major assumptions

- The primary focus is small-boat sailing and paddling—maximize use density
- Port retains overall management
 - Key portions are subleased and managed by HRYC for:
 - dinghy storage
 - seasonal slip rental to the public (5 slips).
 - 1-2 year evaluation period
- The Port invests in one capital maintenance (whalers, rub rails, connection) and modular dock system to fill in one slip in FY 16/17
- A larger vessel storage and ramp facility in the northwest Marina not considered now.
- Sea Planes are no longer accommodated starting in 2017

PORT MNGT.

- ① Youth Sailing (June - Aug.)
(16 qth's & Br's)
- ② Outrigger Canoes (April - October)
- ③ Jet skis (May - September)
- ④ Sea Plane *Note: Includes moor dock and gangway (ramp)

HRYC MNGT.

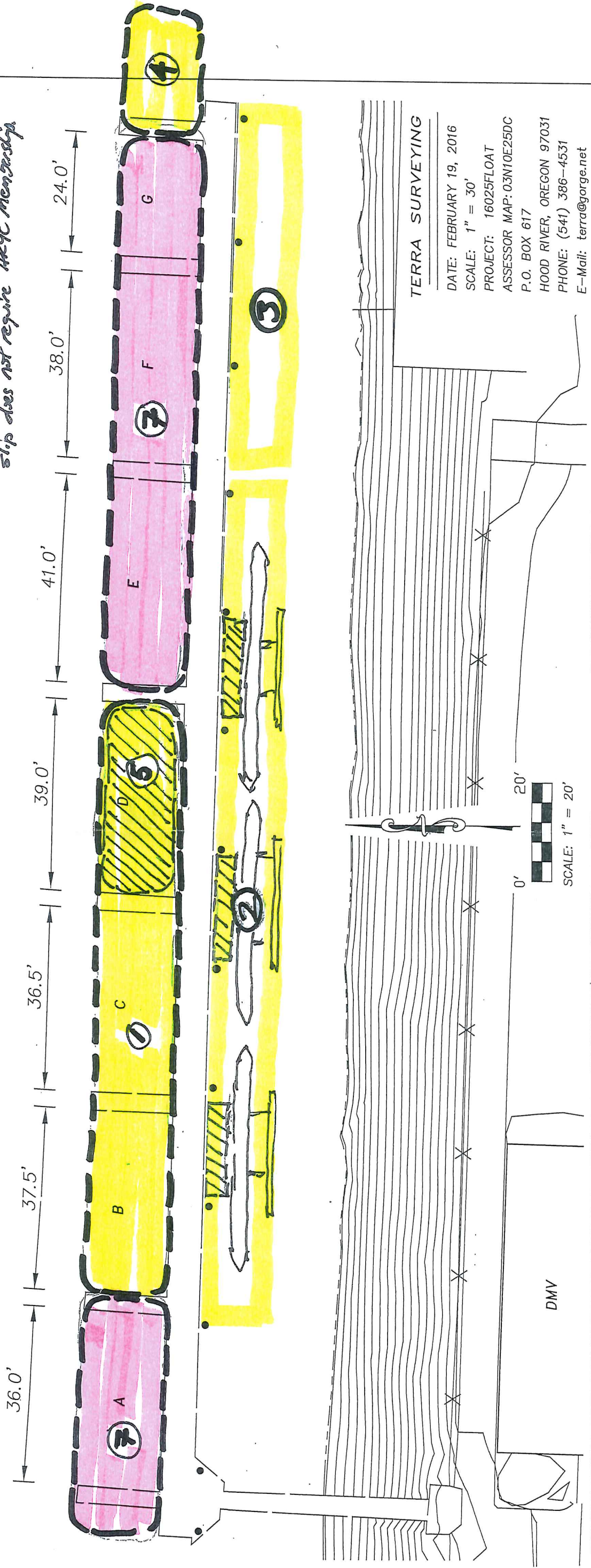
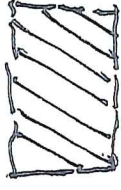
- ⑤ High School Sailing (Feb. - May)
Seasonal Dinghy Storage (June - October)
- ⑥ Dinghy Storage w/ Racks (Year - Around)
- ⑦ Seasonal Slip Rental (May - Oct.)

Note: Rental of dinghy storage or seasonal slip does not require HRYC membership.

TERRA SURVEYING

South Basin Dock Layout
The Port of Hood River

Option A - Port purchases moor dock floats & racks for increased dinghy storage and easier access to wharves. Estimated cost = \$20,000.



TERRA SURVEYING

DATE: FEBRUARY 19, 2016
SCALE: 1" = 30'
PROJECT: 16025FLOAT
ASSESSOR MAP: 03N10E25DC
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March 29, 2016
Spring Planning Session

Discussion Topic:
Waterfront Maintenance

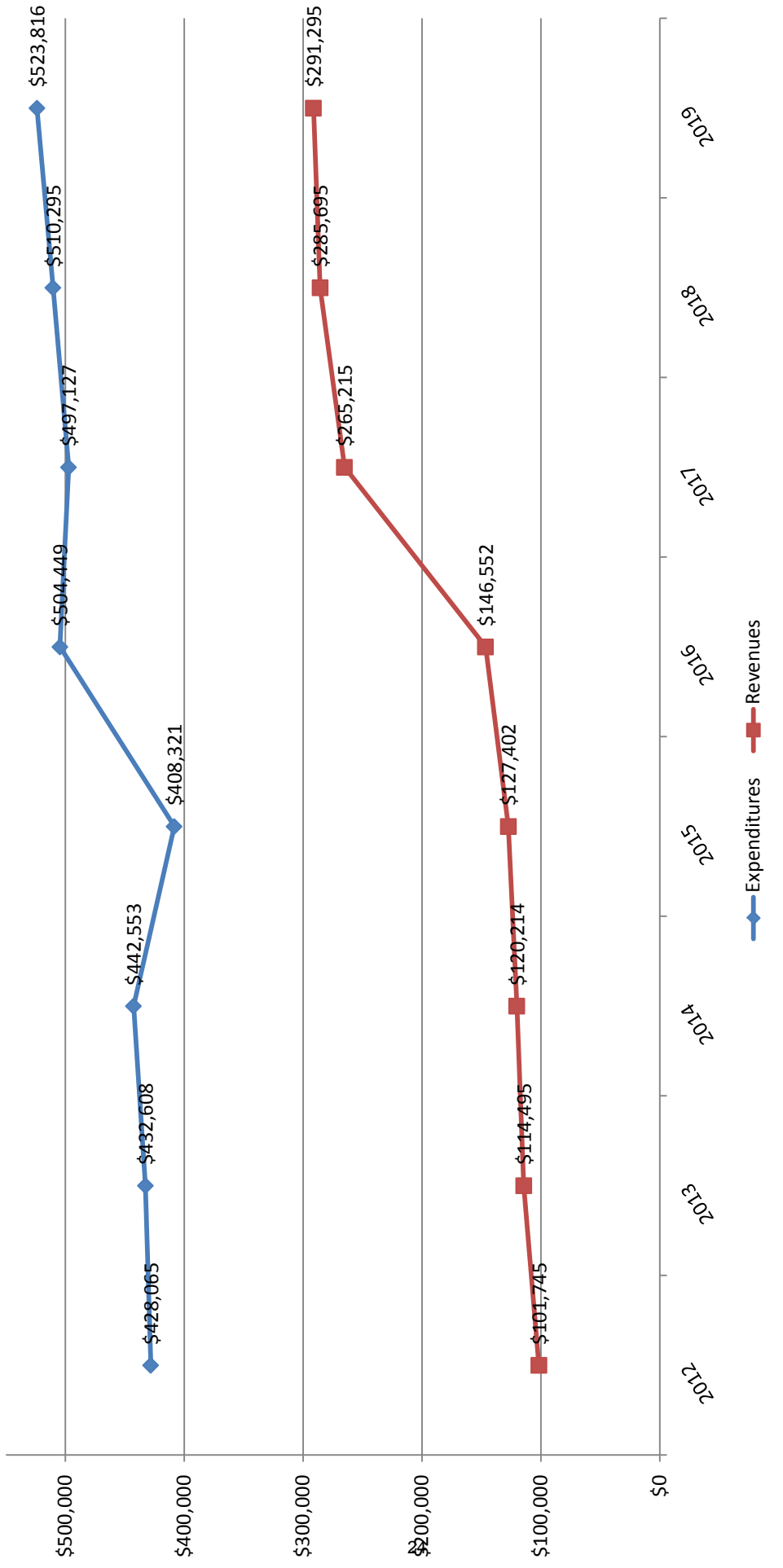
Overview:

Waterfront Recreation expenses historically exceed revenue, with the financial goal to not exceed that differential by \$300,000. With the addition of open space maintenance fees and potential revenue for metered parking along the waterfront, the gap between revenue and expenses is closing.

Waterfront Financial Results and Forecast:

See attached graph.

Waterfront Financial Outlook



Assumptions:

Projected Personnel Services ties to Financial Forecast

Projected Materials and Services ties to Financial Forecast

Project Parking Enforcement increases 2.5% per year with Parking Maintenance increasing 1.5% per year.

Parking revenues at \$1 per hour or equivalent in passes.