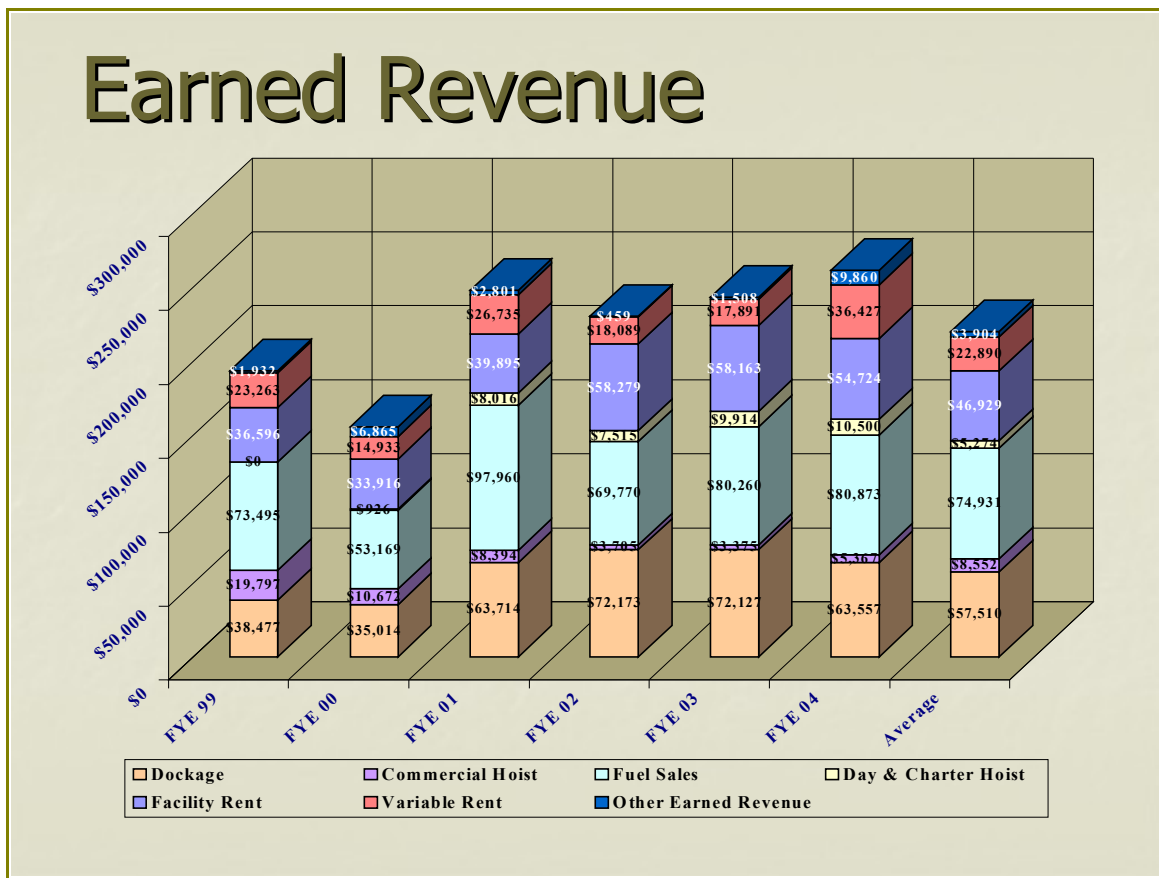


*Port of Port Orford  
Port Orford,  
Oregon, USA*

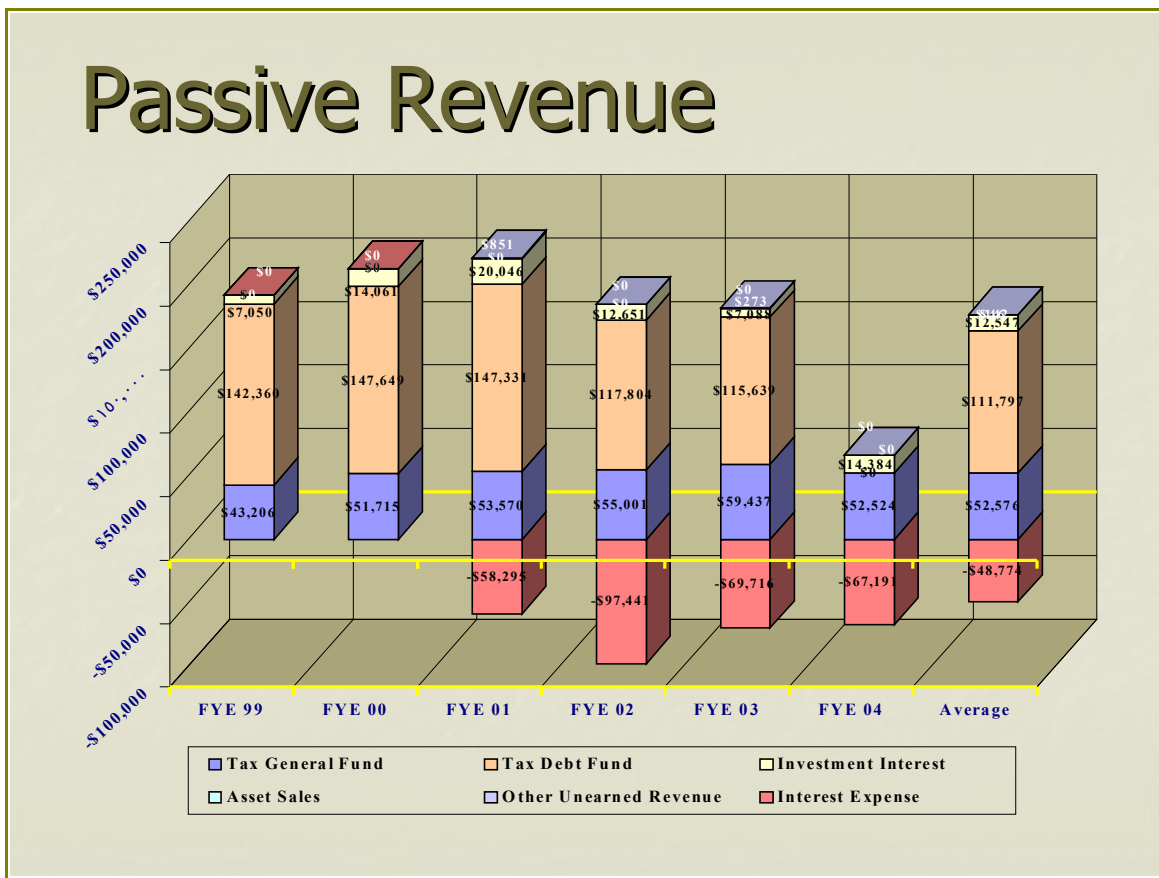


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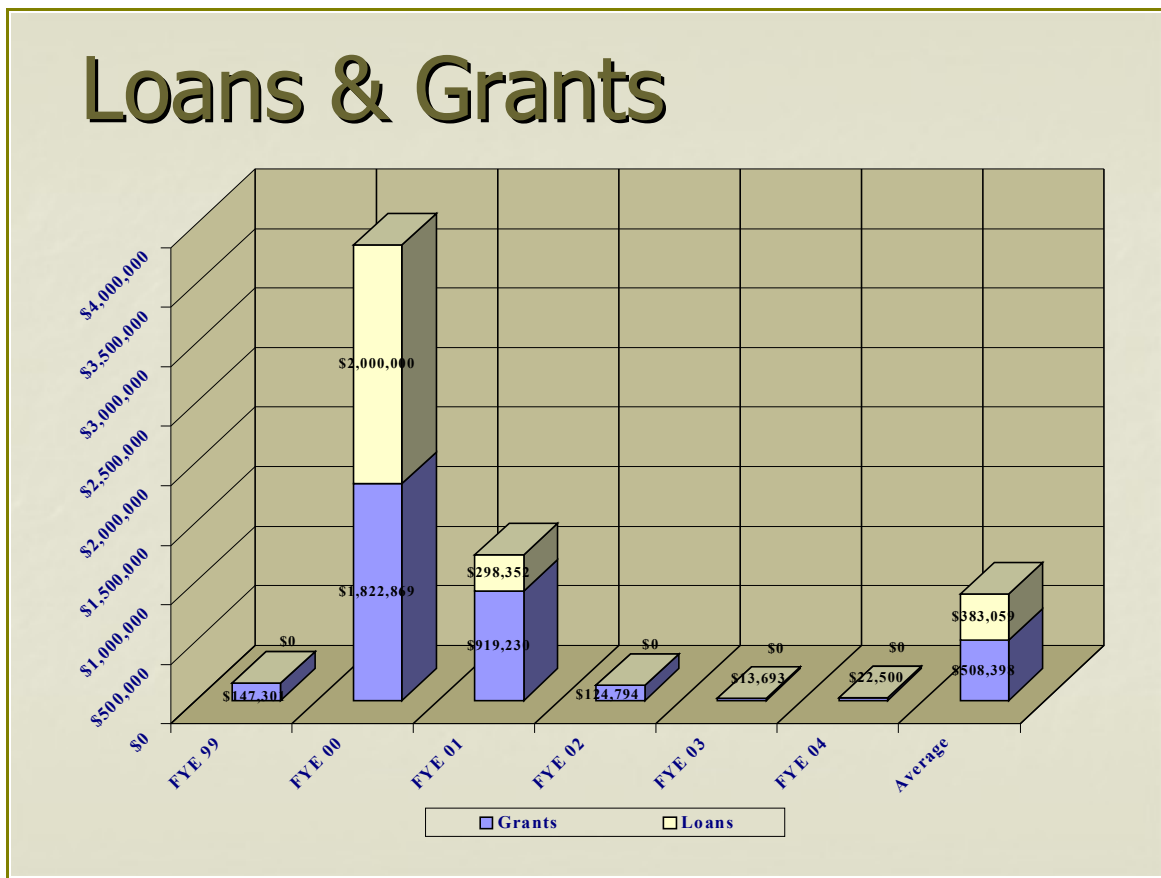
**Port of Port Orford  
Financial  
History**



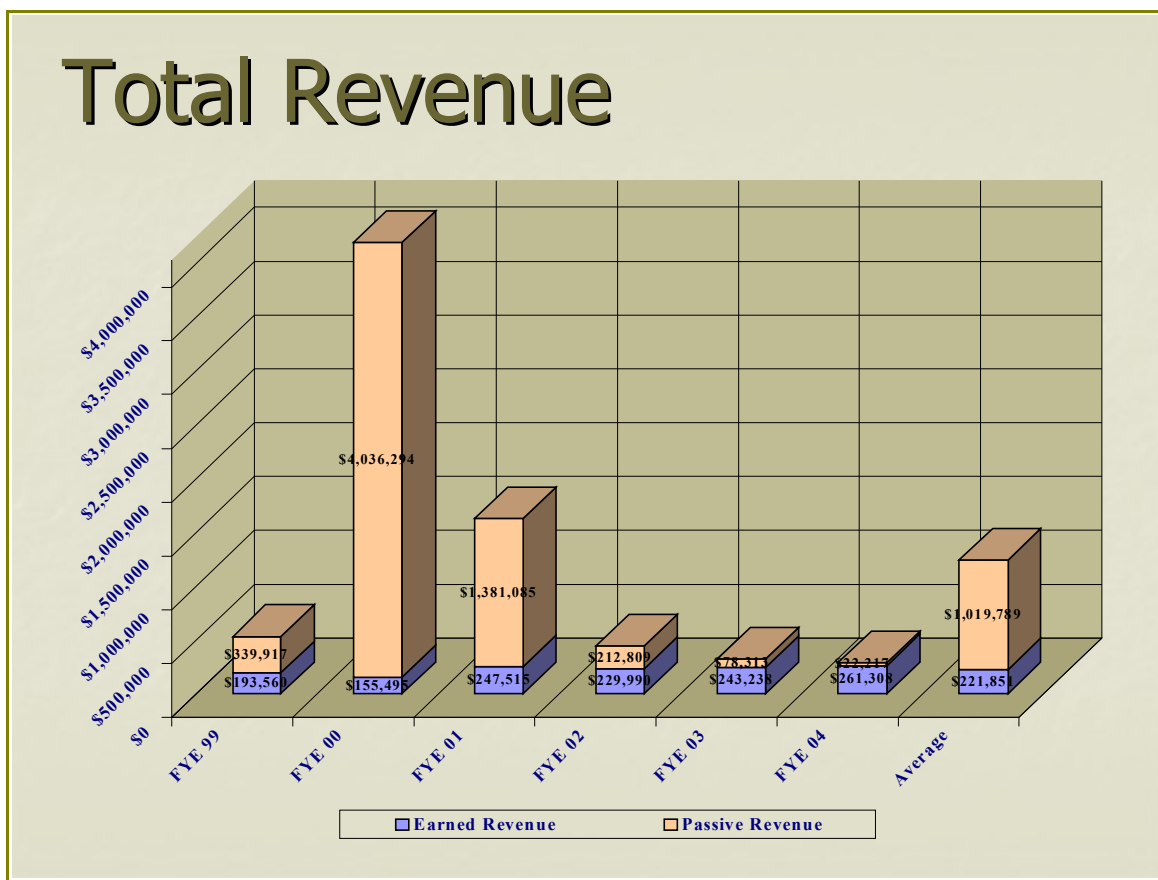
- Earned Revenue includes Dockage, Hoist Fees, Fuel Sales, Facility Rents, and Variable Rent—the one percent that fish buyers pay to the Port based on Landed Catch.
- Earned Revenue is driven almost entirely by fishing activity and shows a direct correlation with the Port’s Land Catch statistics.
- Earned Revenue increase is possible with the introduction of gradual price increases, cost shifting, and fisher incentives—these are marginal and incremental gains.
- The Port enjoys a unique fishing resource and inventive fishers that are able to maneuver around some of the downward industry pressures felt elsewhere on the Oregon Coast.
- Wherever possible, the Port should look for new sources of revenue that rely on non-fishing activities to diversify and reduce reliance on a single declining industry.
- Economic development and diversifying the regional economy with emphasis on water-dependent and water-related activities is a clear Port mandate under ORS 777.



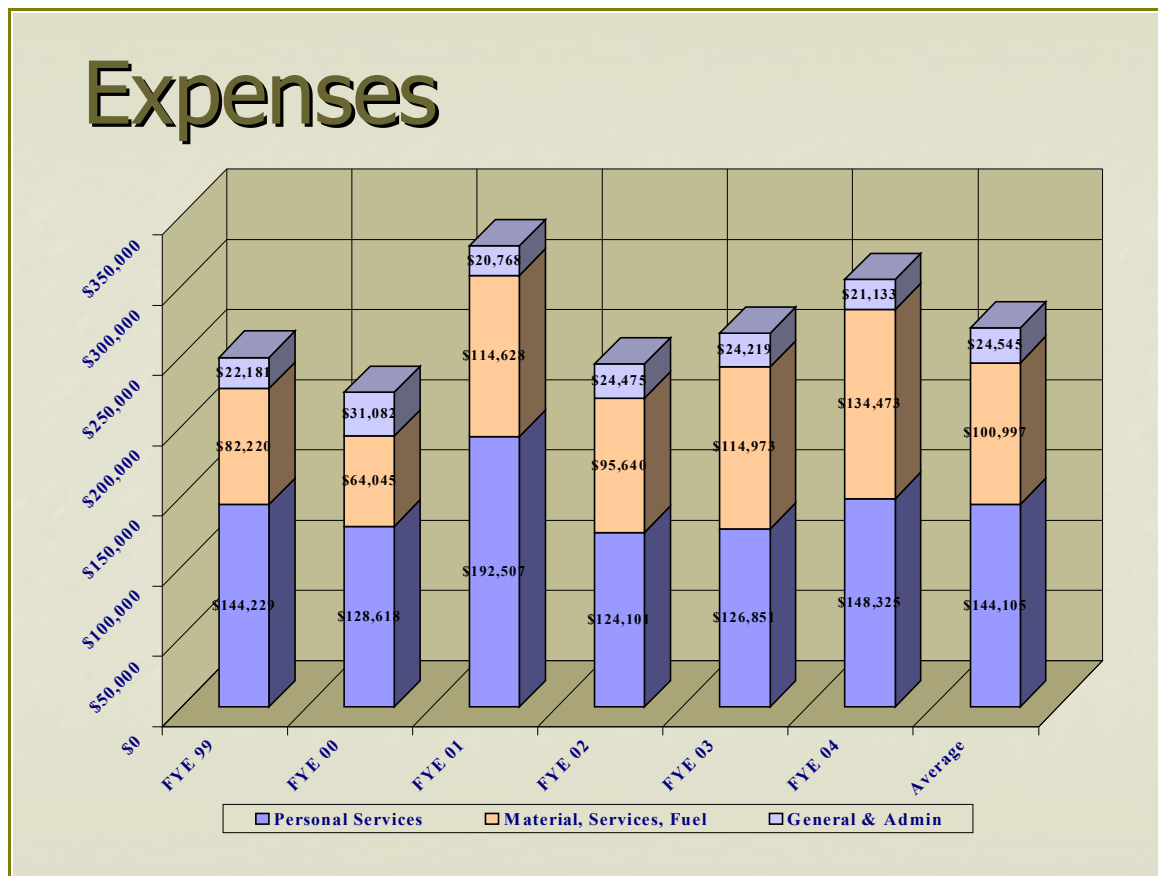
- Passive Revenue includes Property Tax Receipts for General Fund, Property Tax Receipts for Bonded Debt, Investment Interest, and other Unearned Sources such as Asset Sales.
- Also included in this graphic presentation is the Port’s Interest Expense for loans and bonds, which directly offsets the Passive Revenue.
- The Port’s average intake is \$52, 576 in General Fund Passive Revenue—owing to the small geographic area and tax base of the Port District.
- The High Dock construction Bonded Debt intake is directly offset by Bonded Debt payments—as mandated by the bond ordinance.
- Bonded Debt Property Tax receipts were ‘zero’ in FYE 04 because they were erroneously collected by Curry County.
- For two years, FYE 99 and FYE 00, taxes were collected before the bonds were sold and the proceeds spent on High Dock construction.



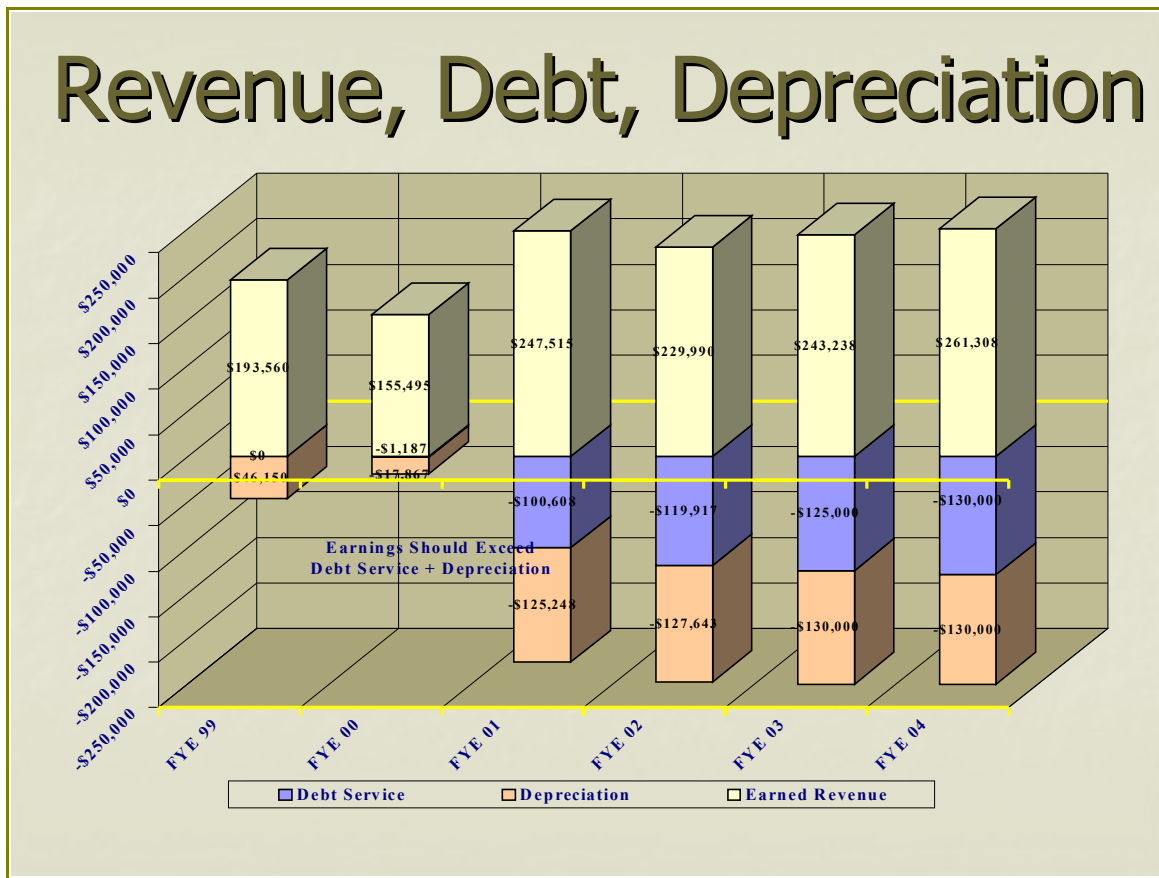
- Loans and Grants are additional sources of Passive Revenue—they make a major contribution to Port financial viability.
- Port’s ability to attract grant funding will be a major factor in its continued operations—because revenue earning Port assets are limited.
- Spikes in FYE 00 and FYE 01 Loans and Grants are during the period when the new High Dock was constructed.
- Construction activity contributed significant one-time economic activity to the Port District.
- The \$5,040,451 for construction added about 216 direct FTEs over the two year period—based on the median income of \$23,289—164 direct FTEs were added in FYE 00 and 52 direct FTEs in FYE 01.



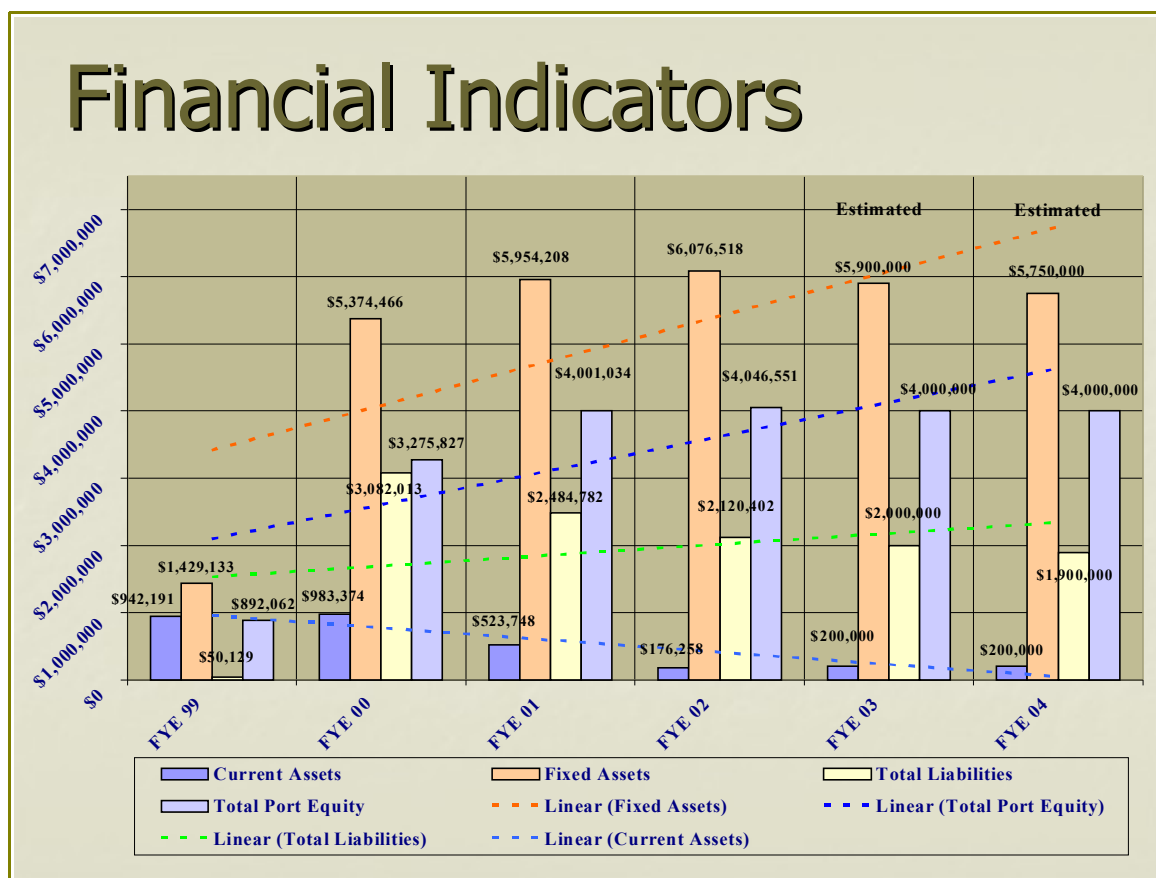
- The relationship between the Port’s Earned and Passive revenue is shown in this graphic.
- In the most recent six year period, Passive Revenue is almost five times the level of earned revenue.
- The Port has set a goal to increase revenue from existing assets and add new revenue earning assets to reduce reliance on Passive Revenue sources.
- Port districts in Oregon have a wider array of economic development tools at their disposal than any other public entity.
- Port’s many economic development tools, including access to grant funding, can be leveraged in strategic partnerships to acquire revenue producing assets.



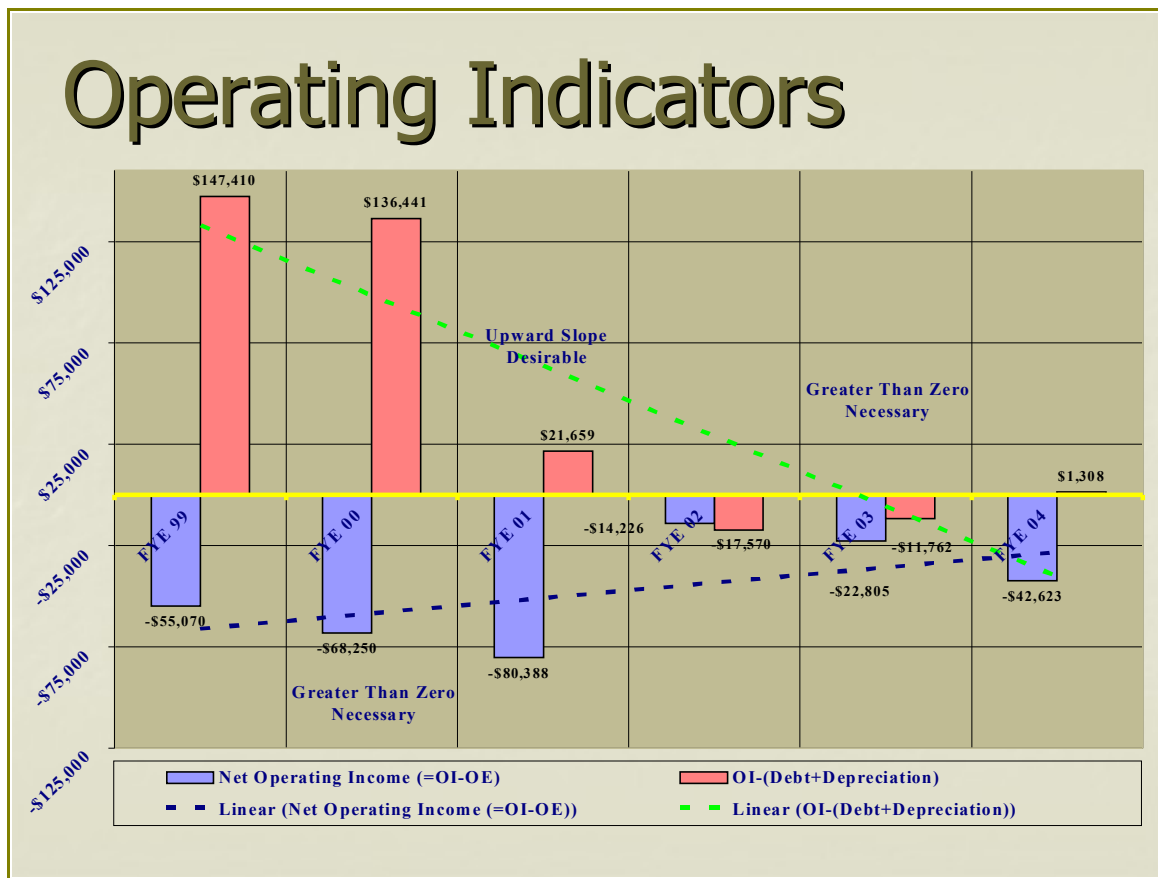
- Being financially fragile, the Port has kept a tight leash on variable expenses—a situation that is common to many Oregon shallow-draft ports.
- Personal Services is the largest segment of variable expenses and the spike in FYE 01 is when the Port Manager from Gold Beach filled the Port Manager position.
- Current limits to Personal Services spending restrict the Port's ability to create new business assets and to attract new funding sources.
- The Port has set a goal of adding intern, extern and grant funded personnel resources in order to direct more Personal Services to creating new revenue source.
- Materials and Outside Services, the tan segment above, include the cost of Fuel sold from the High Dock for commercial and recreational fishing activity—where growth is a good.
- General and Administrative expenses are low and should be increased to support participation in region-wide issues and activities, such as dredging and fishery management, that are important to success.



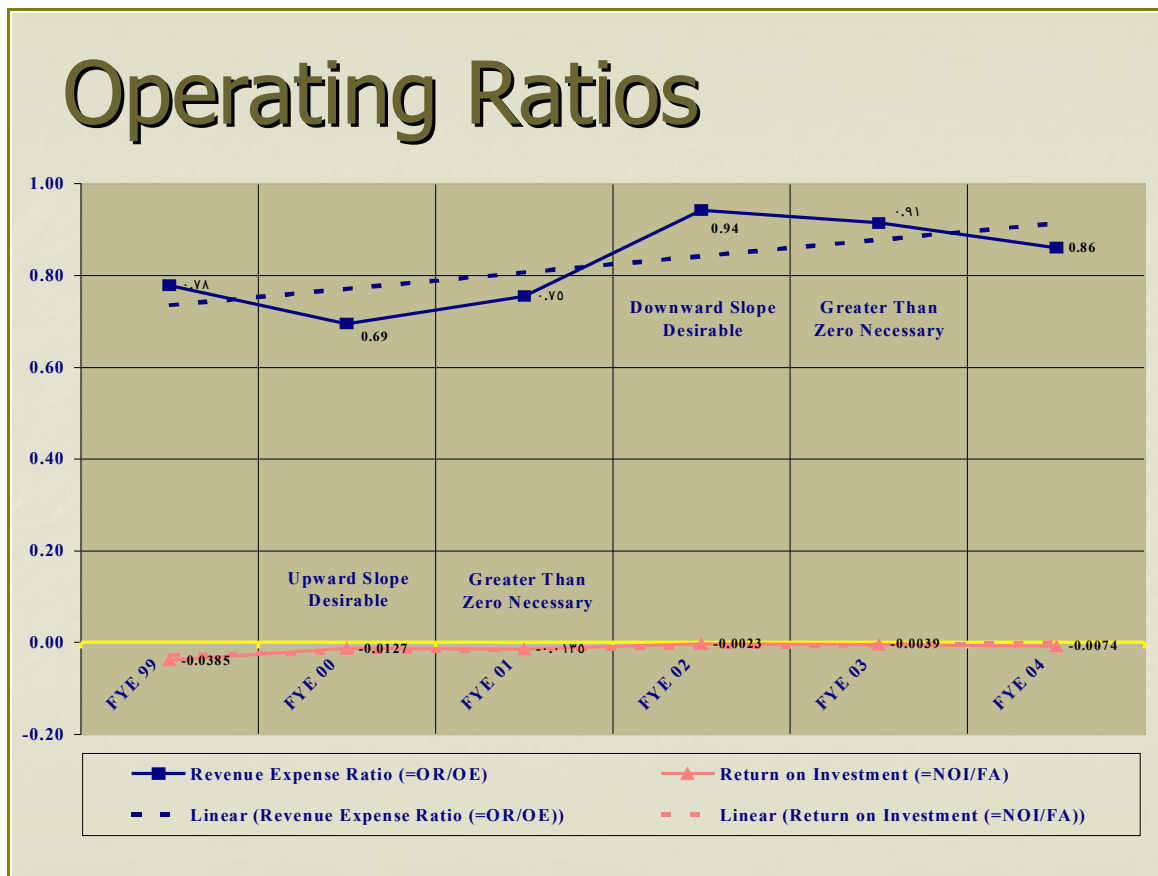
- This graphic compares Debt Service and Depreciation with Earned Revenue—which should exceed the total and barely does in FYE 04.
- If Debt Service and Depreciation exceed Earned Revenue, it indicates that fixed assets are, or will be, in decline.
- While no checks are written to Depreciation, funds should be set aside for major capital replacements to offset accumulated depreciation in plant and equipment.
- The Port's dilapidated Cannery Building is a good example that offsets to Depreciation are not planned or made.
- Declining facilities produce ever less revenue which leads to a deadly negative financial spiral.
- The Port has set a Goal of striving for financial self-sufficiency. Meeting this financial test is a first step in that direction.



- Port Equity is a clear indicator of financial well-being.
- Port Equity is the net value of the enterprise and is determined by adding Current and Fixed Assets and subtracting Total Liabilities.
- Port Equity has been frozen at about \$4 million since FYE 01, when the High Dock was re-constructed.
- Retiring Liabilities, including the \$500,000 SPWF loan from OECDD, will make a major improvement in Port Equity.
- Continuous growth in Port Equity is a measure of financial health that makes grant and loan funding easier to obtain.
- The Port has set a goal of using this financial indicator as a business decision making tool.



- The chart above depicts two important Operating Indicators of Port financial health—both are currently negative and show signs of worsening.
- Operating Expenses exceed Operating Income—the financial deficit is subsidized by Passive Revenue from property taxes.
- Debt Service and Depreciation also exceed Operating Income, hamstringing the Port’s ability to create new revenue sources.
- While Ports generally are expected to deliver some loss-leading services to the community, this cannot be done successfully across-the-board.
- The Port has set a strategic goal of using these indicators to make financial decisions, including pursuit of any new enterprises.



- Another set of similar financial performance indicators are shown in the graphic above— Revenue and Expense Ratio and Return of Investment.
- Revenue and Expense Ratio must be greater than ‘zero’, which it is not. It also should be sloping upward, which it is only slightly.
- Return on Investment should be greater than 1.0, which it is not. However, the trend line is increasing which is a good sign.
- Here again, these indicators are not encouraging—but they can be corrected over time by applying financial diligence.
- Current pricing levels and new revenue producing activities must be judged by their impact on these indicators. The Port has set a business goal of so doing.

Source: Port Financial Statements—Audited and Not Audited—Mci Workshops No. 1 and No. 2

## Census Data, 2000

	Port Orford	Gold Beach	Curry County	Oregon
Population	1,153	1,897	21,137	3,142,399
Households	571	829	9,543	1,333,723
Families	311	509	6,183	877,671
Housing Units	662	987	11,406	1,495,582
Median Age	50	45	48.8	36.3
Median Income	\$23,289	\$30,243	\$30,117	\$40,916
Median Family	\$29,653	\$37,634	\$35,627	\$48,680
Per Capita	\$16,442	\$16,717	\$18,138	\$20,940
<\$18k per Family	17.8%	12.4%	12.2%	11.6%

- Port Orford is enjoying a spurt of population growth as development proceed in nearby Bandon, Gold Beach and Brookings.
- 
- Port Orford is an Enterprise Zone that is entitled to special funding and tax treatment because of economic outcomes.
- The chart above shows data comparing nearby Gold Beach, surrounding Curry County and all of Oregon.
- Port Orford has a median family income that is 61% of the statewide average and a per capita income that is 79% of the statewide average.
- A high proportion of Port Orford families have incomes below the poverty line—17.8%.
- Port Orford has a population that is 38% or 14 years older that the statewide average.
- This community profile indicates it would be difficult to add or increase taxes for Port development activities.