



Port of Port Orford Strategic Business Plan



I. Introduction

II. Mission

III. Goals →

IV. Action Programs

V. Addenda

- 1. Goal Statements**
- 2. Background**
- 3. Current Status**
- 4. Measures of Success**

III. Port of Port Orford Goals

Goals are the main activities to support achieving the Port of Port Orford’s Mission. Goals are the markers placed in the future at a reasonable and achievable distance from the Port’s current situation. They are the navigational aids on the course to success. Prioritized Goals supporting the Port of Port Orford Mission are:

1. Infrastructure Goal

Work with the US Army Corps of Engineers, sister Ports, other public agencies, and businesses to obtain grant funding and complete the following prioritized Action Programs:



A. Measures of Goal Success

In five years:

1. Install a submersible pump and piping shoaling removal system to mitigate maintenance dredging and maintain operating capabilities by FYE 05.
2. Continue the services of the US Army Corps of Engineers to conduct ‘as-needed maintenance dredging projects indefinitely.
3. Retain the Port’s current maintenance dredging project status for a fourteen (14) foot deep access channel and turning basin indefinitely.

4. Perform a complete engineering hydrology study of the High Dock and Jetty with US Army Corps of Engineers and academia for action by FYE 06.
5. Based on the engineering study, perform the recommended Jetty modifications by FYE 09.
6. In conjunction with the Jetty modifications, apply any disused jetty rock to a revetment to prevent waves overtopping the High Dock by FYE 10.

B. Background

High Dock is being slowly overwhelmed by shoaling. Shoaling build-up is caused by the current rock jetty—this is dramatically demonstrated by aerial photographs taken pre- and post-jetty installation. Shoaling requires dredge intervention by the US Army Corps of Engineers—competing with regional ports makes this intervention difficult. Inaction will result in Port closure—an unacceptable outcome. Short term and long term solutions for tandem pursuit are described in the Addenda of this plan document. Briefly, solving the problems requires:

a. Short Term Solution

Move the current accumulation of sand to a new location that minimizes its return. A simple low-technology alternative is being promoted. The proposal can be substantially supported by federal funding. It requires quick technical evaluation, final decision making, resolution of time-consuming permitting issues, and rapid implementation.

▪ Transport Silt with Submersible Pump—A Recognized Solution

Relocate silt with an electric submersible slurry pump and hoses that are positioned by the current dock boat hoists. The hoses will connect to piping arranged to discharge the sand slurry on the offshore side of the High Dock. Action requires a new pump, hoses and piping, minimal labor, substantial electricity, and can be used in all but severe weather conditions.

b. Long Term Solutions

Modify the existing rock jetty so that shoaling and silting is discouraged or prevented. Two progressively expensive solutions are being put forward. Both alternatives *may* be substantially supported by federal funding. The alternatives require further technical study and resolution of permitting issues which *may* be supported by outside funding sources including federal ones.

▪ Shorten or Remove the Jetty—A Reliable Solution

Relocate most of the existing jetty rock to the western offshore side of the High Dock—creating a low-sloping revetment that can be used to absorb winter storm produced wave energy which currently overwhelms on-dock infrastructure. This is a least costly and manageable alternative that has side benefits that allow further commercial/recreational development on the High Dock.

Original High Dock was wood piling supported. It is shown here with the newly-installed robust rock jetty in foreground, circa 1980.

Note:

- Low tide when photographed
- Short depth of sand beach
- Former recreational boat ramp between dock and jetty



New concrete cell supported High Dock under construction overlying former pile supported dock and recreational boat ramp, circa 2000.

Note:

- Low tide when photographed
- Greater depth of sand beach
- Thinning and erosion of rock jetty



Operational High Dock, circa 1992.

Note:

- Low tide when photographed
- Greater expanse of sand beach
- Advanced rock jetty thinning and erosion



C. Current Status

The Port should focus on channel maintenance dredging. The Port should strongly resist *direct* involvement in other infrastructure programs. The Port has limited staff and financial resources. Other infrastructure needs have the potential for consuming large amounts of staff time. Staff time is best spent on efforts to add revenue and improve the financial well-being of the Port.

While the Port has limited ability to influence the Corps' decision to exit the maintenance dredging business, it can participate in the collective influence of sister shallow-draft ports and the state to keep applying political pressure for continued federal involvement.

The Port does not directly support highway infrastructure improvements—it has stronger priorities and does not have the staff or financial resources to invest. The Port is essentially in a follower role—but needs to weigh in with the major players including sister ports. The Port should lend its indirect and political support to all highway improvements, when it is requested.

▪ Maintenance Dredging

Sponsorship of the maintenance dredging project for Port Orford's fourteen (14) foot navigation access channel and turning basin and retaining ocean access for the water-dependent business and recreational users is a fundamental duty of the Port. It is the reason for the Port's original inception and a mandate of the Port's authorizing legislation.

The Port accomplishes this duty in cooperation with the US Army Corps of Engineers. Over 62 commercial and charter boat fishers require this access and create more than 90 FTE direct jobs for the community.

The Corps of Engineers has the stated goal of abandoning the maintenance dredging of most, if not all, of the US shallow draft ports—starting with those with fourteen (14) feet or less in draft. It is clear that the draft threshold for federal assistance for maintenance dredging will increase over time. In the future, this may become a threat to the Port of Port Orford.

Special Note: Port of Port Orford should be making plans for a future that is just five or so years away when Corps of Engineers direct funding assistance is not available. Maintenance dredging is likely to be funded from the US Treasury General Fund to support state managed programs. Although already fierce, competition for the dredging funds will intensify.

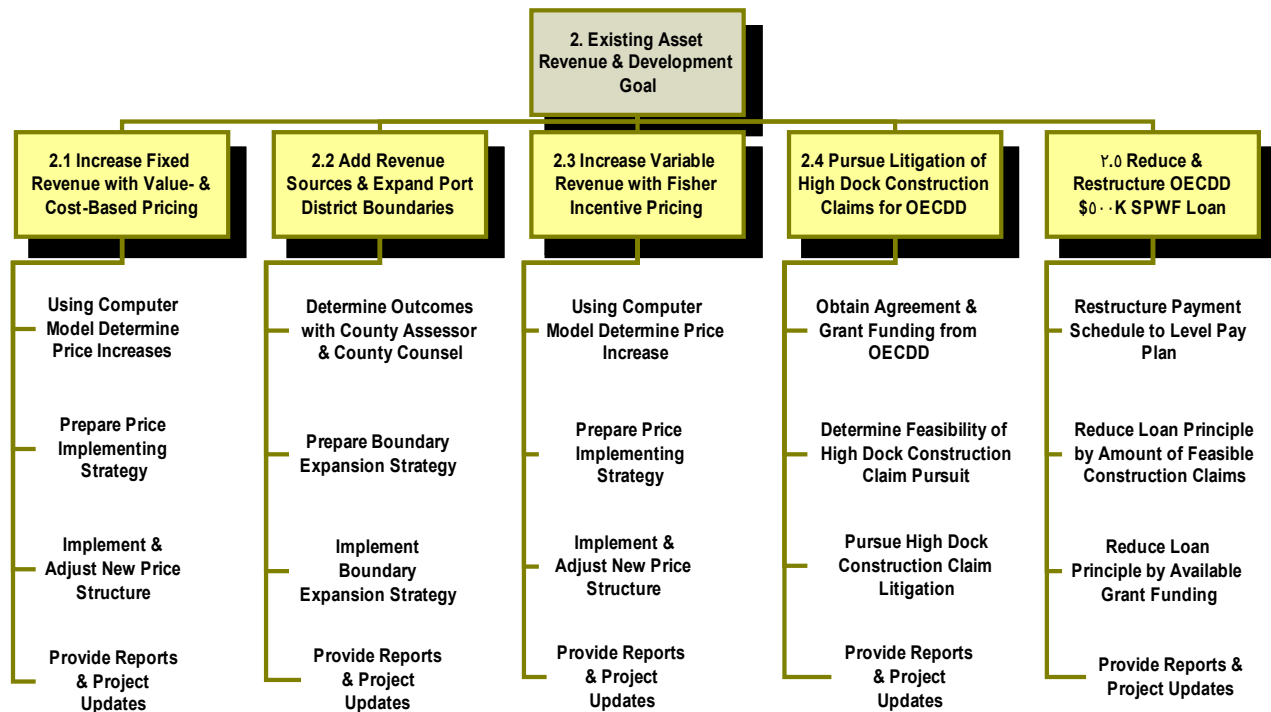
▪ Highway Access

Highway 101 is the only highway artery. It is the major north-south road connection and is a necessary component of developing all currently available industrial sites.

The Oregon Department of Transportation (ODOT) and the many related agencies require regular lobbying to obtain the necessary improvements and capital replacement needs for ground transportation including access points for businesses.

2. Existing Asset Revenue & Development Goal

Increase existing asset revenue by working with sister agencies and customers, obtain grant funding, and complete the following prioritized Action Programs:



A. Measures of Goal Success

In five years or less:

1. Add Cost-Based Price increases by shifting Port-provided utility, trash disposal, and insurance costs to current customers, increase prices to reflect the value-added benefits of dry storage and High Dock location, by FYE 05.
2. Add property tax revenue by working with Curry County to achieve the stepwise incremental expansion of the Port district boundaries to the south, north, and east of the current district area, beginning in FYE 05.
3. Add Value-Added Price increases to the percentage on the landed catch collected from the fish buyers, when lease agreements are renewed or otherwise open for negotiation.
4. Add Cost-Based Price increases by regularly reviewing the Port’s costs of providing facilities and services using a computer model, beginning in FYE 05.
5. Determine the feasibility of litigating High Dock construction claims, the proceeds accruing to OECDD, by FYE 05.

6. Reduce and restructure the OECD SPWF loan for \$500,000 to eliminate accelerated repayment and other terms, by FYE 05.

B. Background

Port finances are shaky—failure is averted by not making payments on a \$500k loan owed to the State of Oregon. Often small ports have flawed financials caused by a combination of below-cost pricing, poor financial management, facility decay, and voluntary liquidation. See the separate Perspective Papers in the Addenda of this plan document. The Port has cut expenses to low levels—limiting management to a caretaker role. To survive and prosper the Port must increase operating margins.

C. Current Status

The Commission and management are in general agreement that it is incumbent on the Port to make an effort to become self-sustaining and less reliant on taxes for its existence.

In the short term, achieving success means increasing both the portion of total Port revenue that is derived from ‘active’ operations—and ‘passive’ activities like taxes and interest.

In the longer term, increasing ‘earned’ revenue will require a more aggressive role for the Port in the region’s economic development. Direct and indirect solutions for tandem pursuit are:

1. Direct Solutions

Create a cost-based pricing model to show the gap between costs and current prices—for public review. Increase Port revenue with a combination of tools including; a. use incentive prices to increase landed catch, b. gradually increase prices based on value provided, and c. add new revenue customers to current Port facilities (see separate Perspective Paper).

a. Raise Fixed Revenue—Gradually Increase Fixed Prices

Gradually increase slot prices above Port’s costs to reflect the value that is received including; 1. Serving a select clientele, 2. Providing rapid access to a unique, diverse, robust fishery, 3. Reducing overall boat maintenance with on-dock boat storage, 4. Making easy access for fisher-maintenance of boat and gear, and 5. Reducing fishing expenses with short voyage distances. See a separate Perspective Paper covering this topic.

b. Raise Variable Revenue—Gradually Introduce Incentive Pricing

Adopt incentive pricing. Today, the ambitious fisher and less productive fisher pay the same price for a space on the Port’s High Dock. In four annual steps, raise the price for a boat slot to the cost of providing facilities—a minimum annual admission fee.

Reduce and offset the annual fee, in an equitable manner, based on the Port's variable revenue that is produced by that fisher's landed catch. This *could* result in some unproductive fishers being replaced by better performers.

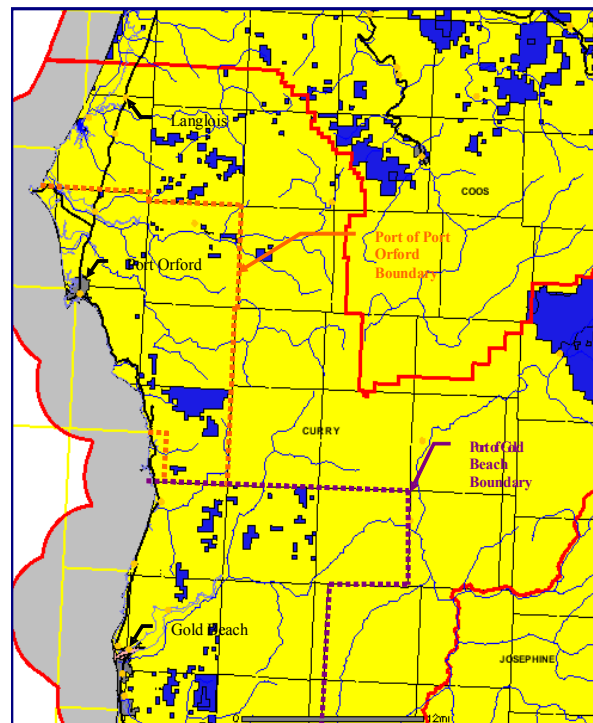
c. Raise Variable Revenue—Increase Fish Buyer Fees

Currently, the Port receives one percent of the catch value purchased by the fish buying tenants. The fee is specified in the fish buyer's lease agreement with the Port. When the lease agreements are renewed or otherwise open for re-negotiation, change the fish buyer's lease terms to include the Port's ability to: 1. Increase the percentage charged, 2. To invoke fish buyer incentives for increasing the amount of fish purchased at the Port of Port Orford, and 3. To make changes in the rate of charge without opening the entire lease.

d. Port District Boundary Expansion

The Port of Port Orford is financially fragile and needs to increase revenue. Property tax revenue collected averages about \$52,000 annually. The Port district area is among the smallest in Oregon—much smaller than its current service area. If Port district boundaries are extended, property tax revenues will increase and provide some added financial breathing room.

- The Port of Port Orford is a municipal corporation in Oregon. The corporation encompasses a geographically special district in Curry County. The Oregon statutes governing Port district boundaries are principally provided in ORS Chapters 198 and 777. See the separate Perspective Paper in the Addenda of the plan document.



- For administrative and tax purposes, the district includes the equivalent of five geographic townships. The Port Orford port district has its center near the City of Port Orford. By contrast, neighboring Port of Gold Beach encompasses nine townships.

- An Oregon township is roughly square to survey meridians and varies in size from three to six miles on a side. Irregular township edge shapes are caused by river and ocean margins and borders.

- Port of Port Orford's north boundary coincides roughly with Cape Blanco. The south boundary coincides more or less with Sister Rock. Port of Gold Beach's northern boundary abuts at this location. Port's east Boundary is about 10 miles east of Port Orford city center along a township meridian.

- The entire Port district covers an area of about 146 square miles. Nearby Port of Gold Beach encompasses about 307 square miles—twice the size of Port of Port Orford.
- A reading of the Oregon statutes indicates that the Port’s district boundaries should remain within Curry County boundaries.
- This being true, Port of Port Orford has the opportunity to add the equivalent of four townships north of the current boundary—adding Denmark and Langlois. Four more townships are open to the east. A small enclave can be added south at Frankport—making 13 townships in the ultimately expanded district.
- Incremental changes to Port boundaries including annexation of townships appear achievable through Curry County Commission action. If the total area or taxes collected increase more than 50 percent in a single event—voter approval is required.
- Based on the current district boundaries the Port receives property taxes that average \$52,576 in General Fund revenue and as Bonded Debt revenue of \$111,797. Expanding the Port district by annexation will add revenue—at a minimum to the General Fund.

2. Indirect Solutions

Missteps during construction of the High Dock are the root cause of the current situation. The result was significant cost overruns that are attributed to the project engineer and construction manager. Litigating claims is the largest single cash source available to the Port and its creditors. Litigation requires legal services and attendant financial resources not available to the Port.

a. Litigate Construction Claims—Biggest Available Cash Source

OECD D should be part of the solution. Obtain OECD D grant funding or an appropriate state legal entity to pay the cost of determining if litigation is feasible—and for litigation costs, if the litigation proceeds.

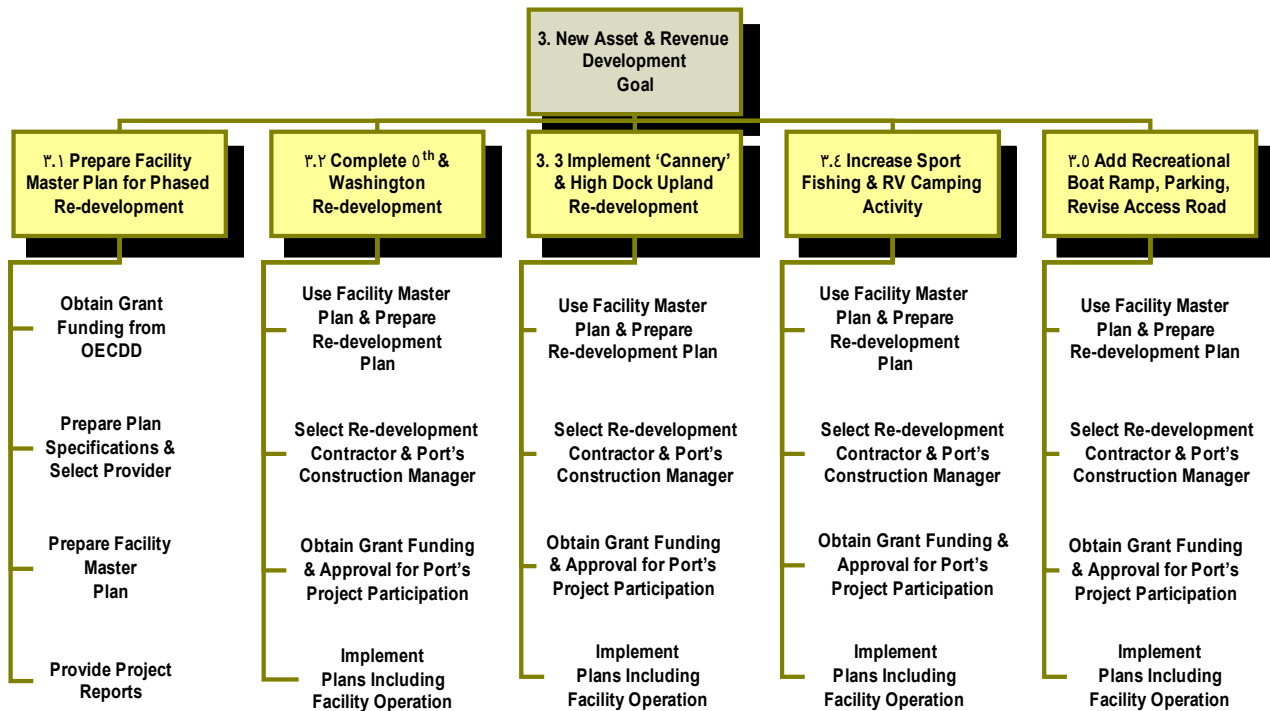
The legal process may or may not include joining forces with the Port’s insurer on a fisher’s damage claim resulting from a boat hoist failure. The proceeds from successful litigation of Port’s claims are committed by OECD D loan terms to reducing the principal of the OECD D \$500,000 SPWF Loan.

b. Reduce and Restructure \$500k OECD D SPWF Loan—Improve Finances

Reduce and restructure the current OECD D SPWF loan arrangements to improve Port’s long-term financial health. Concurrent with the Port’s good faith effort to increase revenues; a. negotiate OECD D’s agreement to offset loan principle with alternate funding sources, b. negotiate loan principal forgiveness, and c. re-negotiate interest-only payment terms which make things worse in years to come.

3. New Asset & Revenue Development Goal

Increase new revenue producing assets by working with sister agencies and obtaining grant funding to complete the following prioritized Action Programs:



A. Measures of Goal Success

In the plan period the Port will:

1. Complete a Master Facility Plan describing the complete stepwise development of Port’s existing assets, by FYE 05.
2. Begin stepwise development of the 5th and Washington property to include revenue intensive use of this commercially zoned, 45-foot height limit property, in FYE 06.
3. Begin stepwise re-development of the Cannery Building and adjacent property to include a fishery research and education center in FYE 06.
4. Add RV Camping facilities, upland tent camping facilities, and improved sport fisher amenities in FYE 06.
5. Add a recreational boat ramp including access road modifications and parking additions to enhance tourism, retail, and commercial activity by FYE 07.

B. Background

Port facilities are located in one of the most scenic areas of the Oregon coast. High Dock activities, including the ‘live fish’ buyer-processors are a captivating research and educational experience. Port relies solely on the cyclical commercial fishing industry for survival—a small contribution comes from recreational fishers and kindred services.

C. Current Status

The Port has no Facility Master Plan—essential for the longer range development and re-development of new revenue producing activities. The area available for these developments is small. The construction of these facilities must be done in a rational, stepwise manner to avoid undesirable impacts on the current facility users—plans must be committed to paper.

While moving away from reliance on fishery revenues, the Port can embrace current pursuits to increase tourism, retail, and commercial activity—with a fishery research and education center as a focal point. The Port *must* develop a Facility Master Plan that includes tourism, retail, commercial and recreational activities that increase revenue and net income.

1. Facility Master Plan

Port of Port Orford must create a Facility Master Plan with conceptual drawings, facility descriptions, and a stepwise development plan that is consistent with ongoing operations. This plan should be developed in a public process similar to that used for this plan document.

The plan should include all of the Port’s current facilities—including 5th and Washington property—and any property that may be contemplated in the future.

The Port-owned hillside adjacent to the High Dock is a possible development target. However, the geo-technical measures for hillside stabilization and drainage make this very expensive to consider. For this Facility Master Planning cycle, facility developments should be planned in a way that does not interfere with future hillside expansion.

2. Short Term Solutions

The Port is currently promoting charter boat fishing. Recreational diving relies on resolving the shoaling issue—no water access, no charter boat. On-dock RV camping for sport fishers and nearby beach camping are essential adders for revenue and overall tourism awareness-raising.

a. Increase Sport Fishing and Camping Activity

Install about 12 RV plug-ins using alternate sport fisher trailer slots on the current grid. Plug-ins will require removal and capping during the winter. Relocate the so-called ‘bone yard’ area and install several tent camping sites.

Actions required include selecting a development partner, selecting a Port construction manager, obtaining grant funds for improvements, permitting activity, incremental labor, and utilities.

3. Long Term Solutions

The cannery building housing the current fish buyer-processor activity is dilapidated and quickly becoming unusable. Re-development can be done using flexible space—possibly with an over story—that integrates tourism, retail, commercial, research, and educational uses.

a. Re-develop Cannery & Nearby Upland

Install about 20,000 square feet of flexible commercial, retail, and tourism space in a well-planned phased development that houses fish buying-processing space, and a centerpiece fishery research and education facility affording public viewing.

Actions required include select development partners, selecting a Port construction manager, grant funding, design, permits, educator participation, engineering, and carefully phased construction.

b. Add Recreational Boat Ramp

More casual sport fishers will be attracted by conventional boat ramp facilities. Add a pay-for-use recreational boat ramp. Ramp location, design, and installation follow the resolution of High Dock Shoaling issue. Actions required; grant funding, design, engineering, construction, and incremental operating and maintenance labor.

c. Develop 5th & Washington Property

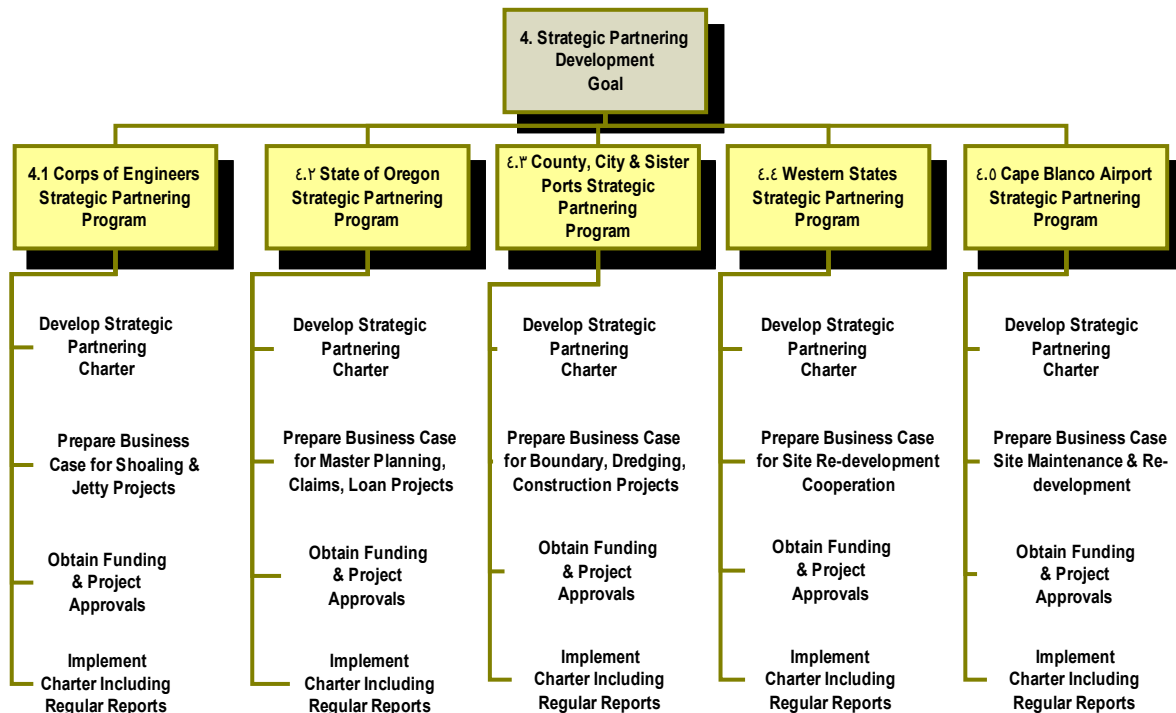
The 5th & Washington property is under-used and has environmental needs that are now being investigated. The property is small and requires intensive activity to generate adequate Port net revenue.

Create steady Port revenue with a long-term lease and redevelopment that compliments Port awareness-raising and business development needs. Commercial zoning and a 45-foot height limit allows up to three story construction with spectacular views.

As a suggestion, the first floor may contain retail and a restaurant. The upper floors can be used for residential or other uses. Actions required include selecting a development partner, selecting a Port construction manager, grant funding for environmental work, design, permits, engineering, and construction.

4. Strategic Partnering Goal

Create 'strategic partnering' charters to develop and improve facilities for current and new businesses by completing the following prioritized Action Programs:



A. Measures of Goal Success

In the plan period the Port will:

1. Prepare and adopt a strategic partnering charter with US Army Corps of Engineers, and academia, for High Dock shoaling mitigation, submerged pump and maintenance dredging, Jetty study and modification, in FYE 05.
2. Prepare and adopt a strategic partnering charter with OECD, to determine the feasibility of High Dock claims litigation which accrues to OECD and for reducing and restructuring the SPWF \$500,000 loan, beginning in FYE 05.
3. Prepare and adopt a strategic partnering charter with Curry County for the stepwise incremental expansion of Port district boundaries, for facility development cooperation, and for other needs to be determined, in FYE 05.
4. Prepare and adopt a strategic partnering charter with City of Port Orford for the development of new facilities, and for other needs to be determined, beginning in FYE 05.

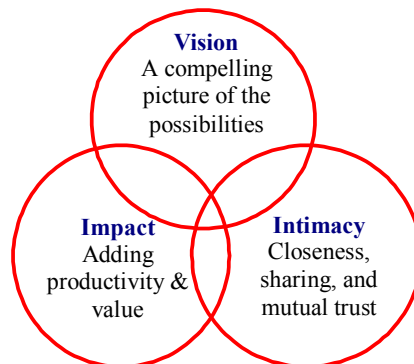
5. Prepare and adopt a strategic partnering charter with the owner of the former Western States mill property for the cooperative re-development of the site, beginning in FYE 05.
6. Prepare and adopt a strategic partnering charter with the State of Oregon Aeronautic Division for Cape Blanco Airport to ensure proper maintenance, proper equipment, and stepwise cooperative re-development, beginning in FYE 06.

B. Background

‘Strategic Partnering’ is *not* a new concept. It has been in use for many years in the public sector through vehicles called ‘intergovernmental agreements’. In the private sector, it has been widely used for the last twenty (20) years and has been extensively documented over the last fifteen (15) years. It is commonly used between public and private sector entities. The US Army Corps of Engineers is among the most prolific users.

C. Current Status

‘Strategic Partnering’ has three (3) major ingredients described in the following diagram:



More information is available in the Addenda of this plan and in the published references, details of which were provided separately to the Port of Port Orford. While the Port has cash, credit, grants and other funding vehicles at its disposal, the best way to leverage Port capabilities while using these assets is ‘strategic partnering’.

The Port can ‘strategically partner’ with the property owner and other agencies to leverage its wide array of development tools. The stepwise re-development of one or more of these properties, for instance as multi-user industrial parks, will produce shared revenue. The Port’s portion of the revenues can be used to acquire the property over time.

The financial viability of any new development will have to be examined carefully before making any commitments—including preparation and approval of a completed Business Case.

D. Sample Strategic Partnering Charter

The Partnering Charter is:

- A plain English positive document.
- Describes the fair dealing spirit, principle, and intent of the relationship.
- Describes a no-blame philosophy and the principle of interdependence.
- Describes the role of the Executive Steering Board.
- Defines roles and responsibilities for the participants.
- Team approach, shared financial motivation to achieve goals is documented.
- Appropriate risk allocation is documented and linked to gain-sharing/pain-sharing formulae.

Partnering Charter
Company A & Port of Port Orford

Vision

Role model alliance partners in the public-private development and leasing of multi-user industrial parks.

Mission

We will work together as a cooperative team, in a trusting environment, applying shared knowledge and skills, to achieve common goals for mutual benefit.

Critical Success Factors

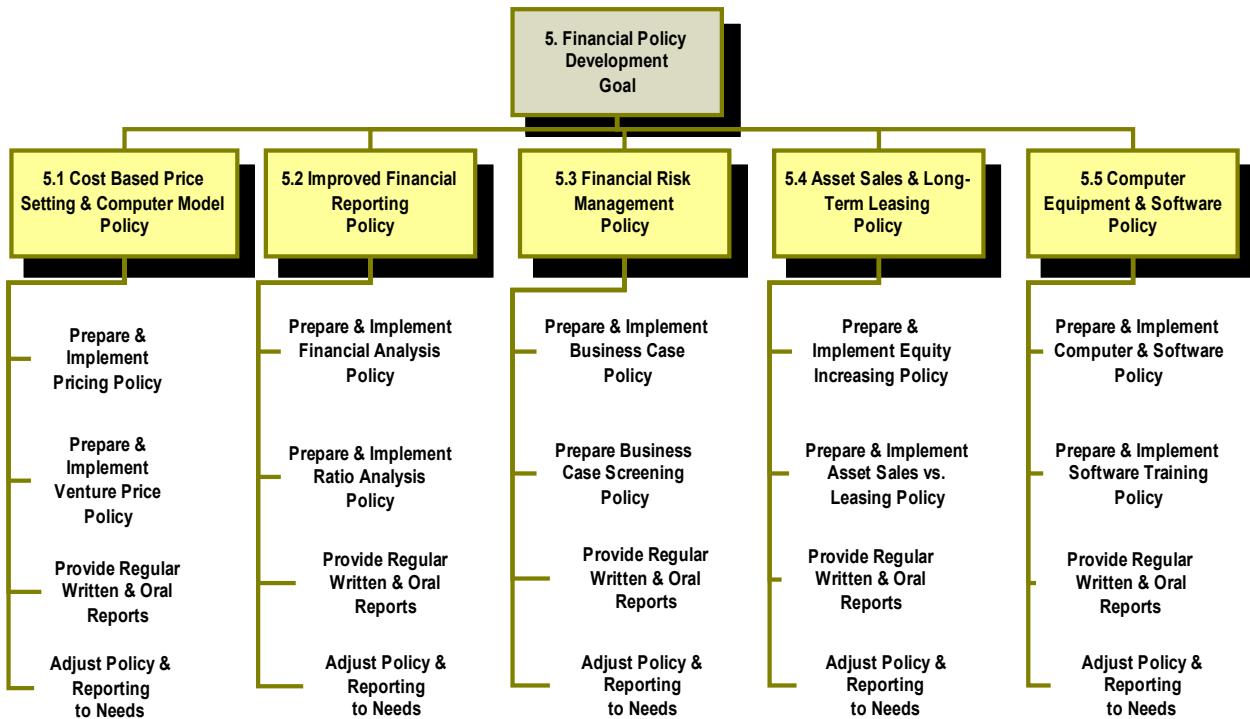
- ◆ Create and mutually satisfactory contractual mechanism for sharing the development of waterfront industrial property owned by Company A.
- ◆ Create a master plan, budget and phased schedule for developing the shuttered facility of Company A using public funding tools available to Port of Port Orford.
- ◆ Undertake the stepwise development and leasing of the property according to the plan, schedule and budget using funding tools available to the Port of Port Orford.
- ◆ Share in the leasing proceeds according to the proportionate investments of Company A and the Port of Port Orford.
- ◆ Allow the Port of Port Orford to purchase the underlying developed property from Company A using the port's proceeds from the development or other funding sources.
- ◆ Continue the 'partnering' relationship in an agreed form until Company A's property is fully developed and leased.
- ◆ Seek out and jointly perform similar projects in the region. Promote the partnership to achieve broader outcomes.

- There is a speedy and effective issue resolution process that ensures a win-win result.
- Includes a process and incentives for continuous improvement, achieving breakthrough, and exceptional performance.

A.

5. Financial Policy Goal

Create and implement written policies covering Port financial practices, and obtain grant funding, tools, and training to complete the following prioritized Action Programs:

**A. Measures of Goal Success**

In the plan period:

1. Establish a policy requiring the routine use of computer cost and price modeling using the sample provided with this plan's documentation, in FYE 05.
2. Establish a policy requiring the routine use of comparative year-on-year revenue and cost performance using the sample provided with this plan's documentation, in FYE 05.
3. Establish a policy for using the US Maritime Administration's Port Risk Management & Insurance Guidebook, Appendix C Questionnaire to regularly review Port risk, in FYE 05.*
4. Establish a policy for not selling Port real estate assets and for their long term leasing, in FYE 05.
5. Establish a policy for updating Port's computer equipment, software, and software training, beginning in FYE 05.

B. Background

Shallow draft ports have a small staff and limited personnel resources for the pursuit of the Port’s success. It is important that those resources are applied where the most positive outcomes can be expected. This requires that management and the Commission jointly set and maintain priorities.

It is also incumbent to maintain business disciplines—most importantly financial discipline—in the pursuit of business opportunities.

C. Current Status

Port of Port Orford can provide economic development activity if it is financially healthy. Financial discipline and conservative risk assumptions are serving and will serve the organization best.

- **Cost-Based Pricing**

The Port needs to establish pricing baselines based on the cost of delivering its facilities and services. The cost-based price should be the starting point for establishing the Port prices. With this baseline, the Port Commission and management can determine the financial viability of an enterprise, a proposal, and the business of the Port as whole.

In the case of existing businesses, it is essential to work backward from the now-known total ‘cost of sales’ to determine both the ‘quantity of sales’ and the ‘unit sales prices’ that are expected over time. The results will determine whether a deal is a good one.

Financial & Price Analysis

Item	Description/Year	1	2-10	11-20
1	Sales			
2	Unit Sales, Quantity	N	N	N
3	Unit Price	\$A	\$A	\$A
4	Total Sales	\$A x N	\$A x N	\$A x N
5	Cost of Sales			
6	Salary, Wages & Fringe	\$B	\$B	\$B
7	Land & Asset Cost	\$C	\$C	\$C
8	Equipment & Rent	\$D	\$D	\$D
9	Capital Improvement Cost	\$E	\$E	\$E
10	Capital Maintenance	\$F	\$F	\$F
11	Depreciation	\$G	\$G	\$G
12	Other	\$H	\$H	\$H
13	Total Cost of Sales	\$Sum (B:H)	\$Sum (B:H)	\$Sum (B:H)
14	Gross Margin	\$4 - 13	\$4 - 13	\$4 - 13
15	General & Administrative	\$I	\$I	\$I
16	Operating Income	\$14-15	\$14-15	\$14-15

▪ **Financial Risk Reduction**

Before making any financial business decisions, the Port Commission must insist on due diligence that includes the preparation and screening of a written business case and financial analysis.

▪ **Business Case & Financial Skills**

Simple spreadsheet templates are available to analyze the viability of current and prospective business opportunities. These are not currently in use and need to be employed. A typical template spreadsheet is shown nearby. The main ingredients of the Business Case analysis are shown in this table:

▪ Narrative Business Plan—Describe	▪ Best, Worst, Most-Likely Cases
▪ Market Assumptions & Analysis	▪ Critical Success Factors
▪ Price Determination	▪ Net Present Value (NPV)
▪ Return on Invested Capital (ROIC)	▪ Internal Rate of Return (IRR)
▪ Inflation Assumptions	▪ Interest Rate Assumptions

▪ **Financial Policy Goals**

The Port also needs to adopt financial policies respecting basic financial ratios for:

▪ Net Operating Income	▪ Net Asset Ratio
▪ Revenue and Expense Ratio	▪ Return on Investment
▪ Net Present Value	▪ Internal Rate of Return

▪ **Asset Leasing versus Sales**

This plan describes water-dependent and water-related industrial property as a precious commodity—and it is. The Port should acquire new assets and work actively to acquire equity in other water-dependent and water-related industrial sites. When successful in acquiring water-industrial land the Port must resist the temptation to realize quick gain by selling the property. The Port must adopt a ‘lease only’ policy for these assets and stick to it.

▪ **Staff Training & Computers**

The Port’s computer hardware and software need to be updated on a regular basis. Management needs regular training to advance their skill level in every software area—especially the financial programs of Quick-books and MS Excel.

D. Action Programs

Continuing to build Port organizational skill with active participation of the Commission is one of the Port's most important Action Programs.

1. Cost Based Price Setting Program

Beginning in FYE 05, prepare and implement a cost based pricing policy that requires financial analysis and review of current and newly proposed Port pricing to ensure that in total, Port pricing is set above the cost of providing the Port's services and facilities.

2. Improved Financial Reporting Program

Beginning in FYE 05, prepare and implement a written reporting policy that requires the analysis of the Port's financial performance using easily recognized standards and ratios and presentation of the results on a regularly scheduled basis—at minimum quarterly.

Special Note: Auditor reports document that there are some overhanging issues about unlawful transfers for funds between accounts. These Auditor reports require a Port Commission and management response concerning their correction and prevention.

Special Note: Port management must include a specific requirement that the Annual Audit be provided in a manner that permits readily comparable financial data from year-to-year consistent with Generally Acceptable Accounting Practices. If the Auditor chooses to modify the current audit presentation process, the Auditor must be required to make the modifications to the previous years' data to remain 'traceable' year-to-year with no added effort.

3. Financial Risk Management Policy

Beginning in FYE 05, prepare and implement a written risk reduction policy that requires the presentation of a written financial analysis of proposed business ventures, preparation and screening of narrative business-case analyses, and cost-based pricing for providing services and lease facilities.

4. Asset Sales & Long-Term Leasing Policy

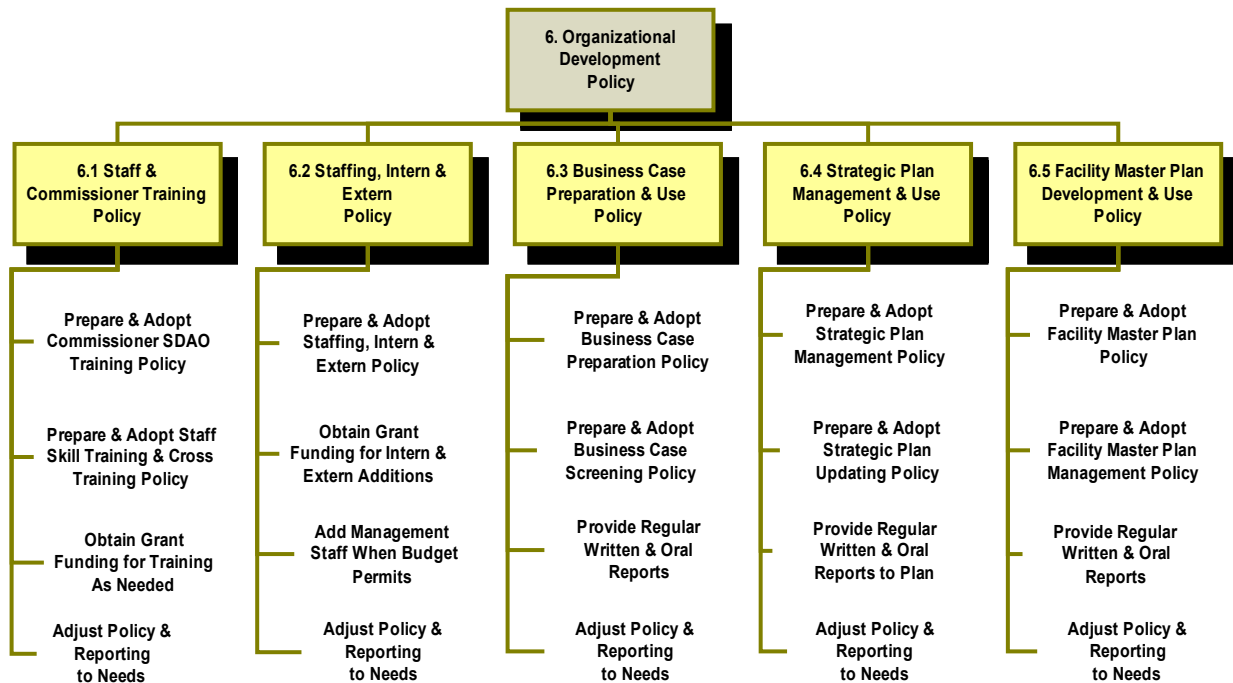
Beginning in FYE 05, prepare and implement a written asset sales and leasing policy that increases Port equity and adds long-term revenue sources.

5. Commissioner & Staff Training & Computer Upgrades

Increase Port staff and Port Commission effectiveness by requiring staff training in computer software skills and acquiring new or updated computer equipment and software every three years.

6. Organizational Development Goal

Create and implement written policies covering Port organizational practices, and obtain grant funding, tools, and training to complete the following prioritized Action Programs:



A. Measures of Goal Success

The Port will have implemented and be following:

1. Establish a policy requiring SDAO Board Member and fiduciary responsibility training for Commissioners and for skill-building training of management, in FYE 05.
2. Establish a policy for adding intern and extern resources using grant funding for graduate degree students, in FYE 05.
3. Establish a policy requiring the preparation and presentation of a complete business case for new and expanded business lines, in FYE 05.
4. Establish a policy requiring the use, regular updating, and progress reporting to the Strategic Business Plan, beginning in FYE 05.
5. Establish a policy requiring the use, regular updating, and progress reporting to the Master Facility Plan, beginning in FYE 05.

B. Background

This Goal is the most important of all—without success in this Goal, the other Goals cannot be achieved. It is last in location only by necessity. In addition to property development and property management—running the Port—the Port management is assigned or assumes secondary political roles. This is an almost continuous goodwill campaign among public-sector economic development providers.

Generally, Port managers have to prioritize and manage their time based on the Port's strategic planning requirements—not the needs of the always-present permanent government. The successful shallow-draft Port Commission and management earns public trust and confidence by adding earned revenue, improving financial results, improving financial strengths and diversifying employment opportunity. Success requires the application of basic management, business acumen, financial analysis, and communicating the results.

C. Current Status

Good management increases the Port's ability to pay for more management resources and increases its economic development activity. The Port of Port Orford Commission and management acknowledge the benefits of improving the organization. Now is the time for action.

▪ Added Organizational Resources

The Port should add organizational resources with interns and externs from colleges and universities. Graduate students studying for advance degrees in business should be the Port targets. These students require only a small stipend and bring highly developed skills. Port management should consider trading organizational resources with sister ports and other regional government agencies such as the City of Port Orford. The Port may also share in the services of a student extern or intern.

▪ Plan-Based Management

The Commission and management can focus on success by using the strategic plan. The Strategic Business Plan needs to be kept current and results need to be reported from it on a routine basis. Left on the shelf, this plan is pointless. Using, updating and reporting to the plan are important disciplines for success. The Port should create and implement a policy of regularly reporting to and updating of the strategic plan. Most importantly, Port management must prioritize and manage time—focusing on the most important issues first.

▪ Cross-Training

Graduate interns and externs should bring an assortment of computer skills with them and can teach management. Graduate student interns are good sources of skills for preparing these important documents.

Cross-training on the Port's Quick-books bookkeeping software is an important requirement. The small size of the staff also means that everyone must be able to fill-in during absences and perform critical operating and maintenance functions. A plan should be in place for cross-training in these routines.

D. Action Programs

Building Port financial skill with active participation of the Commission is one of the Port's most important Action Programs.

1. Added Staff Resource Intern & Extern Policy

Increase Port organizational resources with graduate interns or externs, regional volunteer assistants, electronic interchange with sister ports and implementation of time management skills.

2. Plan-Based Management Policy

Increase Port staff and Commission effectiveness by implementing strategic plan-based management, reporting progress on the strategic plan, and updating the strategic plan on a regularly scheduled basis.

3. Business-Case Preparation & Financial Reporting

Increase Port staff and Port Commission effectiveness by requiring staff training to prepare and present business-case reports, financial analysis of business opportunities, and analysis of the Port's finances including preparing and presenting reports on a scheduled basis.

▪ Port Awareness Raising

There is a need to raise awareness of the Port's activities within the Port district. Awareness raising should follow the completion of economic development actions set out in this plan. Port's awareness raising efforts should include regular website updates, news releases to the local media, and interviews. A new Port Facility Master Plan will be a good tool in the awareness raising campaign that connects the activities of the Port to district stakeholders' activities.

4. Commission & Staff Training Program

Commissioners must be required to attend the SDAO board member training during the first year of their service on the Port board. Port Manager should attend this same training every five (5) years. Increase Port staff and Port Commission effectiveness by requiring cross-training in critical business activities and enabling the business to operate in the absence of staff members.