



Port of Port Orford Strategic Business Plan



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I. Introduction

The introduction provides the plan user with the background, framework, organization, and the process for the *Port of Port Orford Strategic Business Plan*.

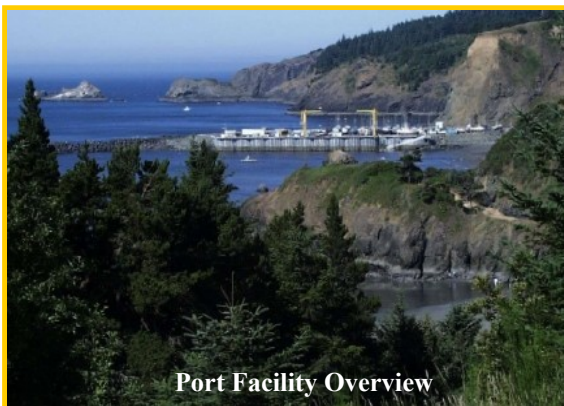
Port of Port Orford

Port of Port Orford is a municipal corporation formed as a port district in Oregon. It is the smallest of three port districts in Curry County—the other two are Port of Brookings Harbor and Port of Gold Beach. The current district encompasses about 146 square miles. The Port's main office is located along with most facilities and property immediately on or adjacent to its single most important asset—the High Dock.

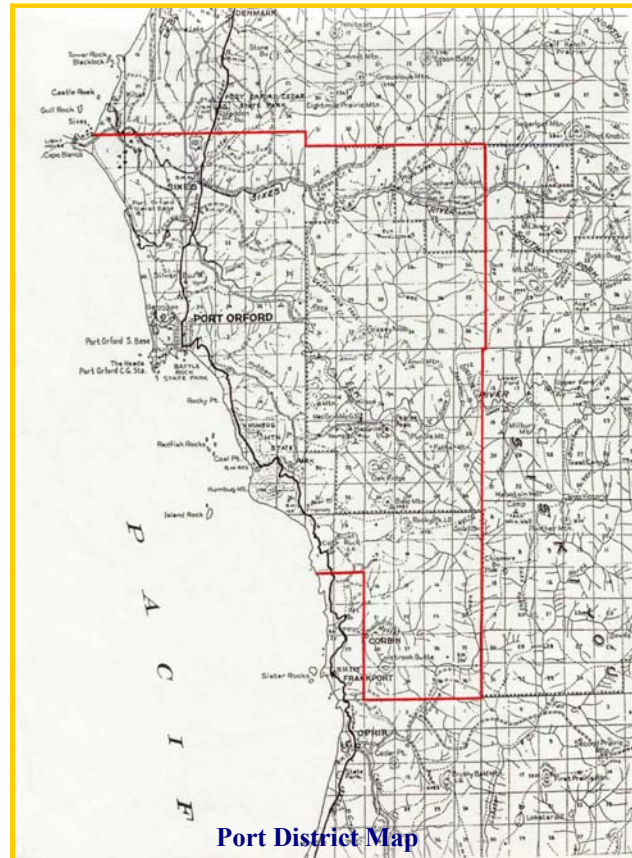
The word 'port' literally means 'door' for waterborne commerce, trade, economic activity, and a wide diversity of employment opportunity.



High Dock Overview



Port Facility Overview



Port District Map

Port of Port Orford is formed under Oregon law and is governed by a five member elected Board of Commissioners. Port Commissioners serve staggered four-year terms without pay. The Port of Port Orford is formed specifically under Oregon Revised Statutes 777. For a complete background and details of the Port, see the Port's website at <http://www.portofportorford.com>.

The enabling statute authorizes the Port broad powers. It also hands ports responsibilities within their respective districts for economic development. Especially designated in the statute is the need for diversifying the state’s economic base.

Port of Port Orford conducts a property management and property development business—principally involving water-dependent businesses.

The Port’s property holdings are very small.



Commercial Hoist



High Dock Dry Storage

Assets that underpin financial well-being are:

- ❖ High Dock—for fishing vessel dry storage, and fuel sales
- ❖ Commercial & Recreational Hoists—for direct no-bar access to the ocean
- ❖ Facility Rentals—for fish buyers, a restaurant and retail outlet, charter fishers
- ❖ 5th and Washington Property—one half acre for re-development
- ❖ Un-developed Contiguous Property—about four acres for eventual development



5th & Washington Re-development Site

Port of Port Orford is the principal sponsoring agency for the US Army Corps of Engineers to maintain the fourteen (14) foot deep access channel and waterborne transportation access to the High Dock. Without the Port’s active sponsorship in the maintenance dredging process, this critically important work would not take place.

City of Port Orford

Port of Port Orford is located in the City of Port Orford, Oregon, established in 1851. It has a population of 1,153 and is located at 42 44 N / 124 29 W. The surrounding area adds another ±3,500 to the regional population.

Port Orford is the westernmost incorporated city in the lower-48 states. It was the first town settled on the Oregon Coast. For over 100 years, the population has remained about the same. Recently, in-migration has created a growth trend.

The nearby coastline is one of the most rugged, yet beach access is at a maximum. Government, including education, is the largest single employer. Economic drivers include fishing, tourism, horticulture, cattle, and agriculture, including substantial cranberry bogs.

For more information, visit the city's informative website at <http://www.portorfordoregon.com/>.

Curry County

Port of Port Orford is located in Curry County. The county had a 2000 population of 21,137. Curry County includes 1,648 square miles of pristine coastal landscape. Population is about 13 people per square mile. Government, including education, is the largest single employer in the county at 18%.

Curry County was created on December 18, 1855, from the southern part of Coos County. Initially it was proposed that the new county be named after Captain William Tichenor, council member from Port Orford. However, he declined because his constituents wanted to honor the territorial governor, George Law Curry.

Curry County is situated along the Pacific Coast in the southwest corner of Oregon. It is bounded on the south by California, on the west by the Pacific Ocean, on the north by Coos County, and on the east by Josephine County. The county originally encompassed 1,500 square miles. Boundary adjustments with Coos County in 1872 and 1951 and Josephine County in 1880 and 1927 increased the area.

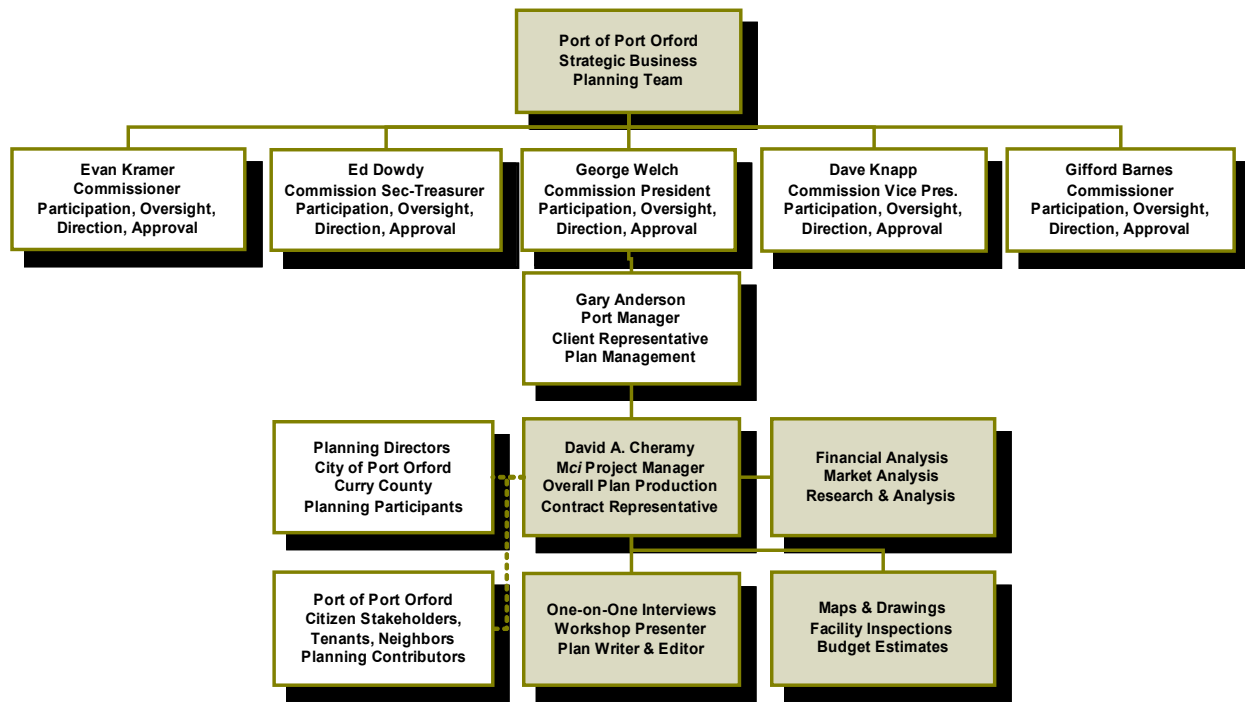
When created, the Territorial Legislature placed the county seat in Port Orford until the county could determine a permanent site. In 1859, following an informal vote of county citizens during the general election, Ellensburg was designated the county seat. In 1891, Ellensburg was renamed Gold Beach because of the gold and other minerals found in the sands in this area and to eliminate confusion with Ellensburg, Washington. For more information about Curry County see their website at <http://www.co.curry.or.us/>.

For information about Port of Brookings Harbor see their website at <http://www.port-brookings-harbor.org/index.html>. Port of Gold Beach has no website at this time.

Plan Background

In May 2004, Port of Port Orford contracted for the consulting services of Maritime Consulting International (Mci) to prepare the strategic business plan.

Mci plan development services include: researching markets, interviewing Port Commissioners, community leaders, and managers, identifying and assessing business opportunities, formulating business strategies and budgets, making financial analyses and recommendations, and implementing work in collaboration with management. No property-specific engineering evaluations were undertaken as part of the planning effort.



Mci led the planning workshops and drafted the Port of Port Orford Strategic Business Plan under the direction of the Port Commission. Project Manager for Port of Port Orford is Gary Anderson, Port Manager. Project Manager for Mci was David A. Cheramy, Principal.

Plan Description

The *Port of Port Orford Strategic Business Plan* is a management tool. The plan is a guidance document—a chart that recommends the Port’s course for the next several years. It provides important sailing directions that identify the calm waters for best results as well as the rocks and shoals that should be avoided. The Plan consists of three basic elements:

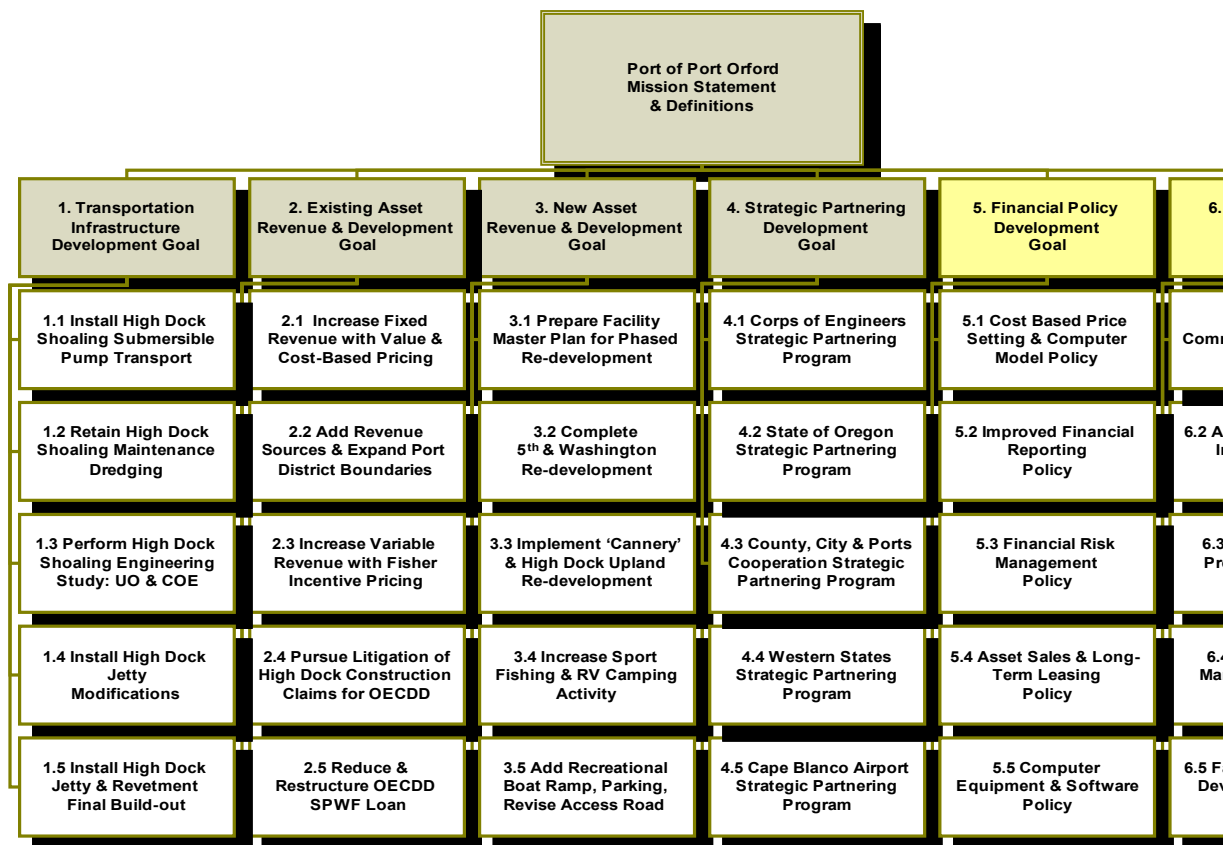
- ❖ A 'Mission' describing overall Port strategic direction
- ❖ A set of prioritized 'Goals' setting out accomplishments for the next five years, and
- ❖ Sets of prioritized 'Action Programs' supporting attainment of each Goal

A one-page tabular Schedule, with provision for budgeting, is provided for each Goal and its supporting Action Programs. The Plan also has an Addenda section that contains supporting information developed during the planning process or excerpted from Mci’s reference library. The plan is provided in a printed and bound versions and electronic CD format. The electronic version will allow for routine self-generated changes and plan amendments.

The plan can easily be edited and refreshed to remain relevant to the plan implementation process. The need to keep the plan current is addressed in an Action Program.

Plan Document Rank

Port of Port Orford planning documents are provided in a specific order. At the top of the plan hierarchy is the 'Mission'. This establishes the destination of the Port.



Next is a set of prioritized 'Goals' that support achieving the Mission. Goals are the important milestones on the path to success. Each Goal is supported by a prioritized set of 'Action Programs' described in a later section of the plan.

Ranking establishes priorities for financial resources and staff time. A ranking Goal and Action Program is more important and needs more money and staff.

Rank or hierarchy of plan documents is:

- ❖ 'Mission' is uppermost, 'Goals' supporting the Mission and are prioritized left to right
- ❖ Action Programs' to support each Goal and are prioritized top to bottom
- ❖ 'Action Programs' create achievable work elements, budgets, schedules, and responsibilities for their accomplishment.

Plan Methodology

The process of developing this management tool consists of three basic parts. The first part determines ‘Where are we now?’ The second is ‘Where do we want to go?’ The third is ‘How do we get there?’

A. Where are we now?	B. Where do we want to go?	C. How do we get there?
Situation Assessment	Mission Statement	Goals
Asset Assessment	Goals Development	Action Programs
Mission Assessment	Action Programs	Program Budgets
Goals Assessment	Market Strategy Formulation	Market Strategy
Opportunity Assessment	Asset Strategy Formulation	Capital Improvement Strategy
Financial Assessment	Financial Strategy Formulation	Measures of Success

Plan Participants

Preliminary interviews and financial analyses were performed before the first of three public planning workshops. The interview results were compiled and presented without attribution. These were used to seed the first workshop planning dialogue.

Interviewees provided most of the information forming the SWOT analysis—some of which is anecdotal. Plan participants included:

Group	Participant	Position
Port of Port Orford Commissioners	George Welch	President
Port of Port Orford	David Knapp	Vice President
	Ed Dowdy	Secretary Treasurer
	Gifford Barnes	Commissioner
Port of Port Orford Management	Evan Kramer	Commissioner
	Gary Anderson	Port Manager
	Kim Swiggs	Port Secretary
Curry County	Lucy Labonte	Commissioner
City of Port Orford	Gary Doran	Mayor
	Chuck Nordstrom	Planning Director
Brookings Harbor	Russ Crabtree	Port Executive Director
Port Customers	Jim Harrison	Resident Fisher
	Scott Mecum	Resident Fisher

The workshop attendees provided lively participation that added to the overall quality and thoroughness of the planning effort. Port staff provided the historical background information and financial documents for *Mci* analysis. The plan document is better for all of their input.

Plan Sponsor

Funding to a maximum of \$25,000 for the planning effort was provided by a 75 percent grant from the Oregon Economic and Community Development Department. Port of Port Orford provided the remaining 25 percent from other grant funding sources.

II. Port Analysis

This analysis is a management tool and is not all-inclusive. It is offered as background for critical thinking and decision-making.

Special Note: When we began this project some observers believed the Port may not be a financially viable enterprise. Our conclusion is different. We think that using this plan the Port can be managed through the current financial predicament and move forward successfully. The key is execution—getting it done.

Port of Port Orford

Port of Port Orford is a quasi-governmental organization that is classified as a shallow-draft port in Oregon. The Port’s current facilities are located within the City of Port Orford on the Oregon Coast. The port district is the smallest of three in Curry County. The Port has an authorized access channel and turning basin depth of fourteen (14) feet MLLW.

Port of Port Orford’s most distinctive attribute is its location which provides direct no-bar access to the ocean for commerce and recreation.

Shallow-Draft Ports—Generally

A small staff and budget—like the Port of Port Orford's—characterize most shallow-draft ports.

Some of Oregon’s shallow-draft coastal ports are in voluntary liquidation—slowly selling assets to generate funds to pay for operations. Voluntary liquidation is often evident in ports with marinas—and it is the main reason that there are very few privately owned marinas in Oregon.

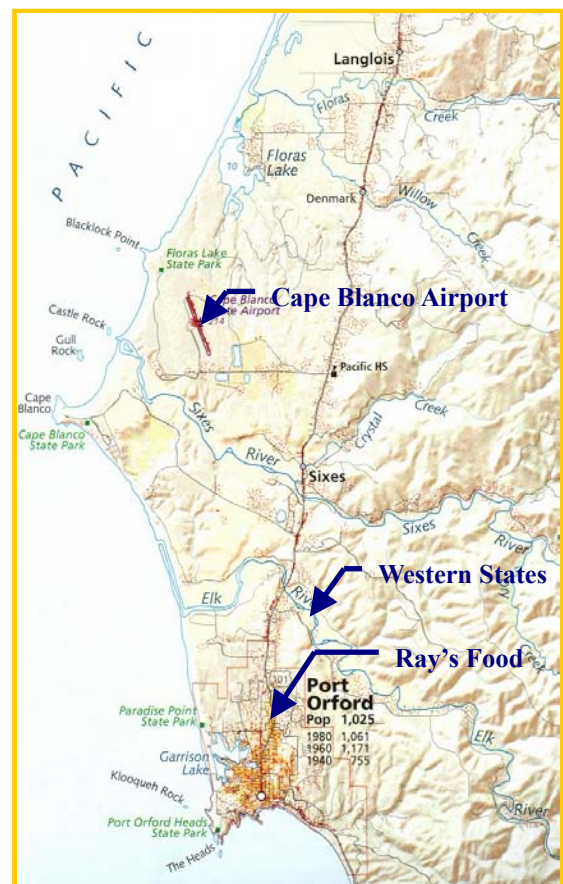
Competition between ports is intense and based principally on price. Prices that are charged do not generate enough revenue to pay for capital maintenance—sometimes not even enough to pay for basic operations. Such is the case at Port of Port Orford.

If not directly liquidating assets, some Oregon shallow-draft ports are not investing in major capital maintenance that offsets asset depreciation. Failure to invest in capital maintenance sets off a chain of events that drives eventual facility decline mentioned above. Eventually, facility decline requires capital *replacement*, which is absorbed in some fashion by the taxpayer. Normally, private marina operators cannot compete in this irrational atmosphere.

Industrial Land

The Port of Port Orford district contains a few un-developed or under-developed tracts of upland, industrial, water-dependent, or water-related land that may be available for cooperative development. They include:

- ❖ **Cape Blanco Airport:** a large state-owned facility with airside commercial/industrial potential with the longest runway (5,100 feet) on the Oregon Coast



- ❖ **Ex-Western States Mill Site:** a 70-acre upland water-related (Elk River) site recently sold for commercial/industrial parcel development
- ❖ **Ray's Food Place Investment:** an investor-group-owned developable 30-acre upland industrial zoned site north of Port Orford

The availability of these attractive properties is a unique opportunity for the Port of Port Orford to raise the economic vitality of the region.

The Port district's available industrial properties are a competitive advantage in the West Coast economic development arena. The properties are a valuable economic development tool with the potential for high-paying job-generation with significant tax-producing opportunities.



These properties are a resource that should be prized, preserved, and cultivated by the region. Other economically well-off metropolitan areas have not paid attention and have lost this important resource—forever.

Once converted to non-industrial purposes, the job generating capability of the property is compromised. More importantly, compared with major West Coast cities, water-dependent land with minimal improvements near Port Orford is still very cheap—less than \$20,000 per acre.

III. SWOT Analysis

As part of the interviews, a brief SWOT (Strengths, Weaknesses, Opportunities, and Threats) Analysis was performed. SWOT is a technique developed as a management tool by General Electric. It is widely used to assess quickly the overall attractiveness and viability of an enterprise.

The purpose of SWOT is to identify the safest course for the Port to follow and to identify the areas where problems may occur. While this analysis is not scientific and some of the interviewee’s observations are anecdotal, the analysis covers the salient points.

Strengths: Advantages to Build Upon

The Port of Port Orford has the following main strengths and features that will help achieve success:

Strength	Outcome
Widest Array of Economic Development Tools	Access to More Sources than Any Agency
Large Regional Economic Impact	±90 FTEs for Fishing, ±30 FTE for Port
Willing Regional Development Partners	Federal, State, County, City, Sister Ports
Inventive Fishers Using Targeted Techniques	Sustains Landed Catch Value Year-to-Year
Unique, Diverse, High-Value Fishery	Live Fishery & Highest Price Per Landing
High Dock Provides Value-Added Services	Dry Storage & Quick Access Saves Money
Direct No-Bar Ocean Access	Means More Days for Fishing
Cannery Site for Re-development	Commercial-Retail-Educational Opportunity
5 th and Washington Site for Re-development	High Value Property for Diversification
Cape Blanco Airport, Western States, Ray’s	Strategic Partnering for High Value Jobs
Spectacular, Affordable, Friendly Locale	Among the Best Places in Oregon

As discussed earlier, the owning waterfront land is the Port’s chief strength. It is an opportunity that should be the focus of the Port’s business development efforts. Secondly, the Port has access to a wider array of financing mechanisms and development tools than all other sister public agencies.

Weaknesses: Disadvantages to Repair

Currently, Port of Port Orford relies heavily on property tax revenue for both General Fund and Bonded Debt revenue. This reinforces the need to develop additional revenue sources. The Port has the following weaknesses that must be strengthened and avoided to achieve planned success:

Weakness	Outcome
No Long Term Business or Facility Plan	Haphazard Undocumented Planning
Shoaling & Stranding of High Dock	Threatens Port & Needs Engineered Fix

Weakness	Outcome
Structural Financial Weakness & High Debt	Restrains Manager & Economic Impact
SPWF Loan Requires Increasing Payments	Problems Could Get Worse Going Forward
Single Customer Strategic Business Focus	Tied to Cyclical & Declining Customers
Resource-Strapped Caretaker Management	Not Enough Resources to Enact Solutions
Price Increases & Changes Require Care	Stepwise Increases Make Improvement Slow
High Dock Hoists Not Sport User Friendly	Gains in Sport Fishing Revenue are Limited
Weather & Waves Limit High Dock Access	On Dock Development Limited & Cyclical
High Dock Hoists are Maintenance Intensive	Required for Safety, Eventual Remodeling

Adding revenue sources is the top priority of this plan. Adding and leveraging management resources to implement the plan are also important priorities. The Port needs to increase human resources—the talent required to add business—with the active participation of regional agencies, volunteers, and academia.

Opportunities: New Openings

The Port of Port Orford has important market, business, and community opportunities to achieve planned success:

Opportunities	Outcome
US Shortage of Industrial Property	Increased Opportunity to Attract New Jobs
Restructuring of SPWF Loan Terms Possible	Requires Port Good Faith Efforts Elsewhere
Shift High Utility & Common Area Charges	1 st Price Increase to Implement
Implement Value-Added Cost-Based Prices	2 nd Price Increase to Implement
Increase Landed Catch Percentage Fee	3 rd Price Increase to Implement
Increase Small Port District Boundaries	Adds Property Tax Sources
Creative Fisher Community	Create a New Tourist & Educational Attraction
Creative Academic Community	Create a New Tourist & Educational Attraction
Enterprise Zone Designation	Added Development Tools

Opportunities	Outcome
Regional Growth & Wealthy In-migration	Increased Property Tax Revenue
Reef Obsolete Ship for Diving Attraction	Added Curb Appeal & Tourist Revenue
Bandon Dunes Golf Resort	Oregon’s Pebble Beach & St. Andrews

The key to the Port’s success is generating new revenue sources through developing and managing industrial property. As a business activity, this should be the eventual focus of the Port.

It is not necessary to hit ‘home runs’ every time the Port gets to bat. In fact, the game is more likely to be won with a steady series of ‘base hits’—smaller deals with a diverse group of businesses.



The incremental creation of a multi-user industrial park in one or more of the currently available properties would be a major win for the Port and the community. In strategic partnership with other agencies and businesses, using the Cape Blanco Airport to build on the success of Bandon Dunes Golf Resort is another distinct possibility. The availability of these sites for development is a situation that should be exploited—to attract industries looking for new locations.

Threats: Competing Forces

In pursuing opportunities on the suggested course to success, the Port of Port Orford has the following threats—rocks and shoals that must be avoided or otherwise overcome:

Threats	Outcome
Litigation of High Dock Claims	Reduces Debt but Has Feasibility Questions
Fishery Over-Regulated & Micro-Managed	Eventual Decline of Fisher Revenue

Threats	Outcome
Maintenance Dredging Favors Big Ports	Need to Work with Oregon Coastal Ports
Lack of Steady Grant Funding Sources	Requires Lots of Manager Time to Pursue
Poor Road Access, Distant Markets, No Rail	Limits Intensity of Industrial Activities
Low Curb Appeal, Strung Out Shopping	Topnotch Players Avoiding For Now
Aging Population Opposed to Tax Increases	Direct Public Support is Limited in Scope

The Port must monitor the health and well-being of the commercial fishing community. Where economically and financially feasible the Port should provide ongoing support to keep the local industry vital.

Supporting efforts include establishing a reliable source of commercial flake ice, adding a buyer for hagfish and other fish stocks, and continuing to provide reliable ocean access service. Until new revenue sources are developed, the Port is entirely reliant on the success of this industry.

The Port must implement policies that avoid assuming any added debt without first ensuring that adequate, reliable, and diverse revenue streams are in place. Undertaking more debt without reliable revenue returns is too risky.



Cape Blanco Airport



Port Winter Storm

The continued decline of Oregon’s resource-based industries is inevitable. The continued decline of commercial fishing is also inevitable.

While it is likely that surviving players will be financially stronger, the Port should exercise caution before investing funds in enterprises that rely solely on resource-based products or commercial fishery for success.

It is incumbent upon the Port to generate new sources of revenue through property development, leasing, and management.

Environmental Risk Management

Environmental regulation is an increasing part of every port business plan. Regulations are issued at the federal and state level with increasing frequency and complexity.

The Environmental Protection Agency has named the Willamette River in the Portland metropolitan area, the so-called Portland Harbor, as a Superfund cleanup site. Sediments on the river bottom contain unacceptable levels of heavy metals, chlorinated hydrocarbons and other pollutants.

The cleanup is expected to be an expensive drawn out process that will involve all property owners in the affected area. Several responsible parties are being singled out for cost-sharing. Most notable among them are the City of Portland whose sewers empty into the river from thousands of upland locations and Port of Portland with current and former terminal and shipyard operations.

It is a question of (1) which taxpayer group (2) will charge the other (3) how much for the project. In addition, several past and present manufacturing operations have been identified as contributing to the contamination. The level of cost-sharing from the private sector will probably be determined through time- and money-consuming litigation.

Equally important is the enforcement of the Endangered Species Act. Dwindling salmon species are forcing state and local agencies to adopt stringent new urban development regulations to save, improve, and create fish-friendly habitat.

Complicating the adoption of new regulations is a newly passed voter initiative. This initiative makes it necessary to reimburse the property owner for changes in development requirements that diminish the value of the owner's property. Here again, the courts will probably determine the outcomes.

As a waterside business, it is important for the Port of Port Orford to stay current with environmental regulation, especially as they relate to the core business of managing and developing property.