

Port of Port Orford
Port Orford,
Oregon, USA



Port of Port Orford



Mci Facility Master Plan

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Attention: **Gary Anderson, Port Manager**

Subject: *Port of Port Orford
Facility Master Plan Project*

We are delighted to offer this *Port of Port Orford Facility Master Plan* in final form for your use.

The document is the product of a process that began on August 7, 2008 with our consulting agreement and included a broad outreach program that included three daylong detailed interview sessions and three public workshops. Plan participants were a cross section of Port district citizens, local business leaders, and public officials.

This plan, which flows from and is an extension of your *Strategic Business Plan*, is the result of that effort. While this brings to a close our current consulting assignment, be assured of our willingness to assist you in the future. It is a pleasure to serve your planning and business needs.

Warmest regards,



David Cheramy, Principal
Maritime Consulting International

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Port of Port Orford Facility Master Plan

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- A. Introduction**
- B. Business Viability**
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I. Introduction →

II. Fishery & Research Center

III. 5th & Washington

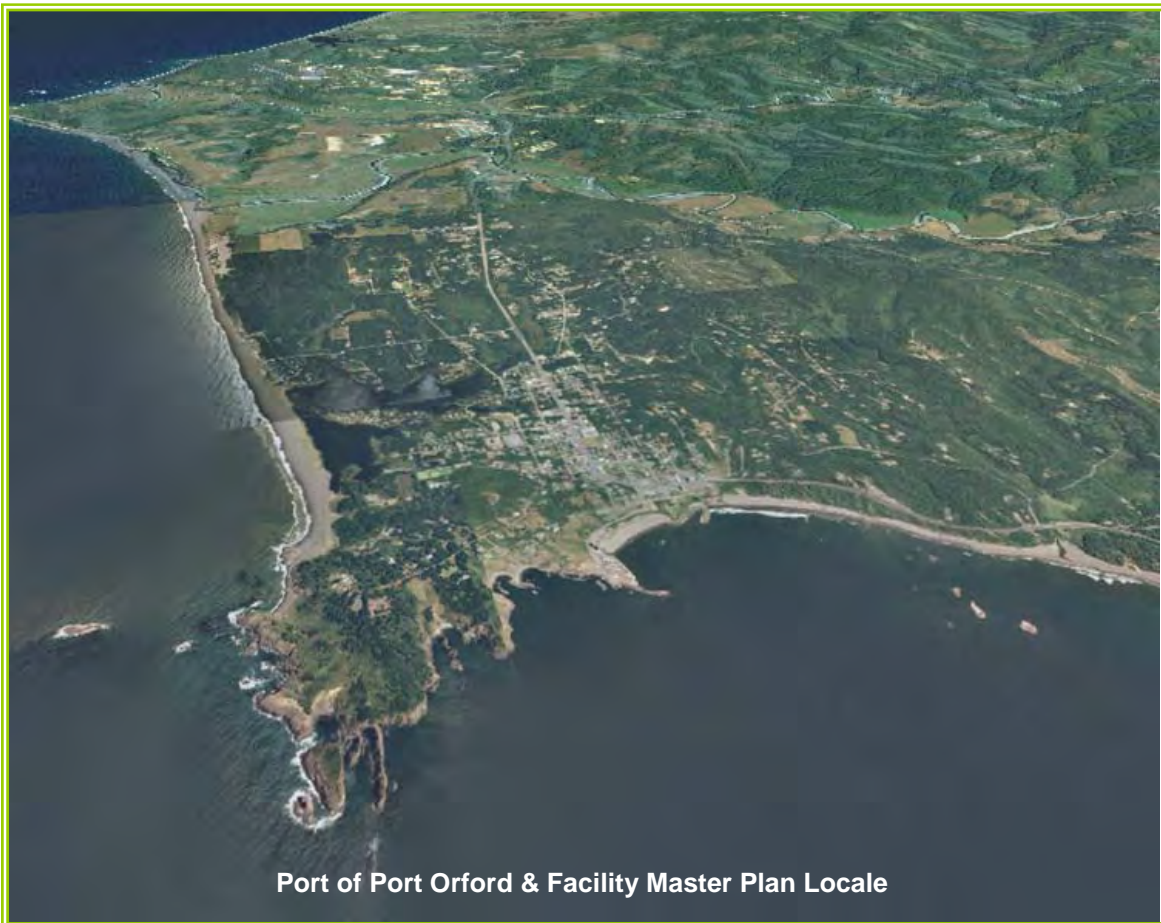
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V. Addenda

A. Introduction

1. 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. Port Orford is the West Coast's only 'dolly' port—boats are lifted to and from the water by a crane from 'dollies' stored on the dock.



Port of Port Orford & Facility Master Plan Locale

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

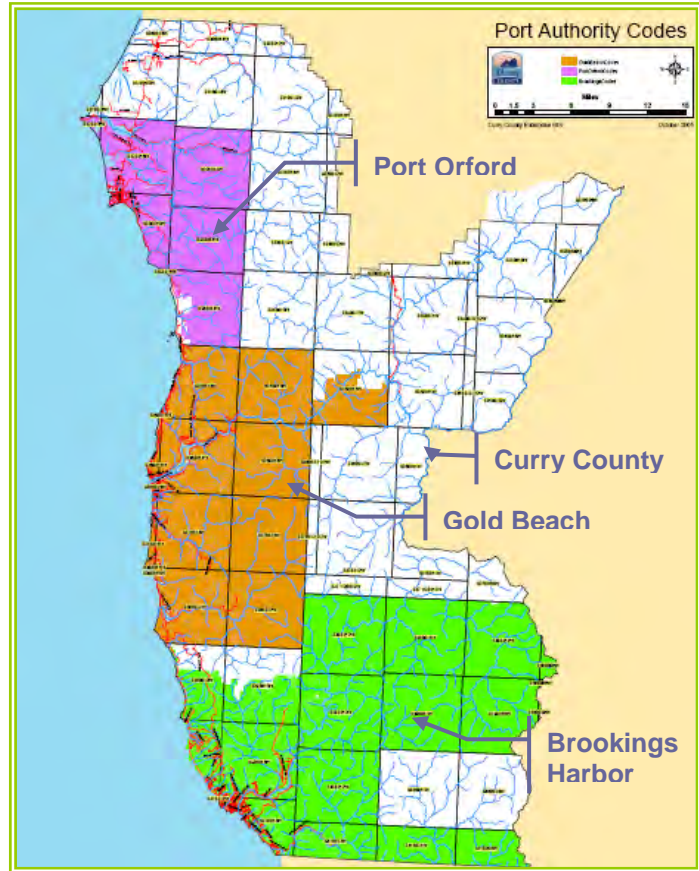
Port of Port Orford is formed under Oregon law and is governed by a five member elected Board of Commissioners. Port Commissioners serve staggered four-year terms without pay. The Port of Port Orford is formed specifically under Oregon Revised Statutes 777. For a complete background and details of the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

2. Port District

Port of Port Orford is one of three port districts in Curry County. The others are Port of Brookings Harbor and Port of Gold Beach. Nearby Port of Bandon is located in Coos County.

Port of Port Orford is one of 28 port districts in Oregon. Most are small shallow draft ports like Port Orford. Moreover, most are in some form of voluntary liquidation—consuming assets to pay for operations. On the Oregon Coast this less than desirable financial situation is caused by the general and steady decline in fishery and other resource extraction industries.

The nearby picture shows the small size of the Port Orford district. An Action Program from the previous Strategic Business Plan is being considered to increase the size of the district to encompass the remainder of the non-port areas of the county. This will require a concerted effort and the cooperation of the affected business owners and residents.



Curry County Port District Boundaries

3. Port Orford Fishery

Port of Port Orford is the hub of a unique near-shore fishery that uses targeted and ecologically friendly techniques for extraction. A major part of the industry is a ‘live’ fishery that caters to specialized regional markets and command premium prices. See the Financial History section of this plan for details about Landed Catch Weight and Value including Value per Fisher. While the number of fishers has declined, the value of the landed catch has remained fairly constant. Those who remain in the fishing industry are individually fairing better than those who have exited.

Oregon’s Governor is making a major initiative to create a system of Marine Reserves in its near-shore territorial waters. These Marine Reserves will be off limits to any type of extraction. The supposed purpose of the Marine Reserves is making fish stocks flourish. These flourishing stocks will travel beyond the boundaries of the reserves where under supervision they may be extracted.

While most of the Oregon coastal communities are opposed to Marine Reserves, Port of Port Orford and the community have accepted the concept with a major provision. The Marine Reserve must be designated by the community and the reserve must be used for fishery research.

4. Port Mission

The Mission Statement of the Port of Port Orford is:

‘We are stewards of our port district’s trust who:

- Provide ocean access for commerce & recreation
- Retain current businesses & attract new ones
- Build our port’s financial strength
- Increase & diversify our operating revenues
- Make the highest & best use of our financial tools, people & property assets.
- Improve our region’s special quality of place
- Create diverse means for regional economic well-being’

The Mission is the benchmarking tool that is applied to this planning document. The Port’s success depends upon it.

5. Strategic Business Plan

Port of Port Orford suffered severe financial setback during the construction of the new High Dock facility. Gov. Ted Kulongowski, during a personal visit to the port in 2004, recommended that the Port prepare a Strategic Business Plan with the funding assistance of the Oregon Economic and Community Development Department (OECDD). In May 2004, Port of Port Orford contracted for the services of Maritime Consulting International (Mci) to prepare the Strategic Business Plan. It was completed in November 2004

Mci plan development services included: 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 that planning effort. For more details see the completed hard copy and digital plan deliverables available at the Port.

A specific Action Program in the 2004 Strategic Business Plan was to:

‘3.1 Prepare Facility Master Plan

Prepare a combined Facility Master Plan for the phased re-development of the High Dock, adjacent upland property, and the 5th and Washington site. Obtain OECDD and other grant funding to support the planning effort. Plans should not foreclose future development of the Port’s adjacent hillside property or interrupt ongoing business activities.

Action Steps:

- Prepare a combined Facility Master Plan for phased re-development of Port property.
- Obtain OECDD and other grant funding to support the planning effort.
- Collaborate with City of Port Orford, Curry County, customers, and district stakeholders in plan preparation.
- Prepare and present a business case based on the Master Facility Plan.
- Provide Commission with quarterly reports in written and oral form covering Action Program efforts.
- Adjust and modify the plan according to marketplace needs.’

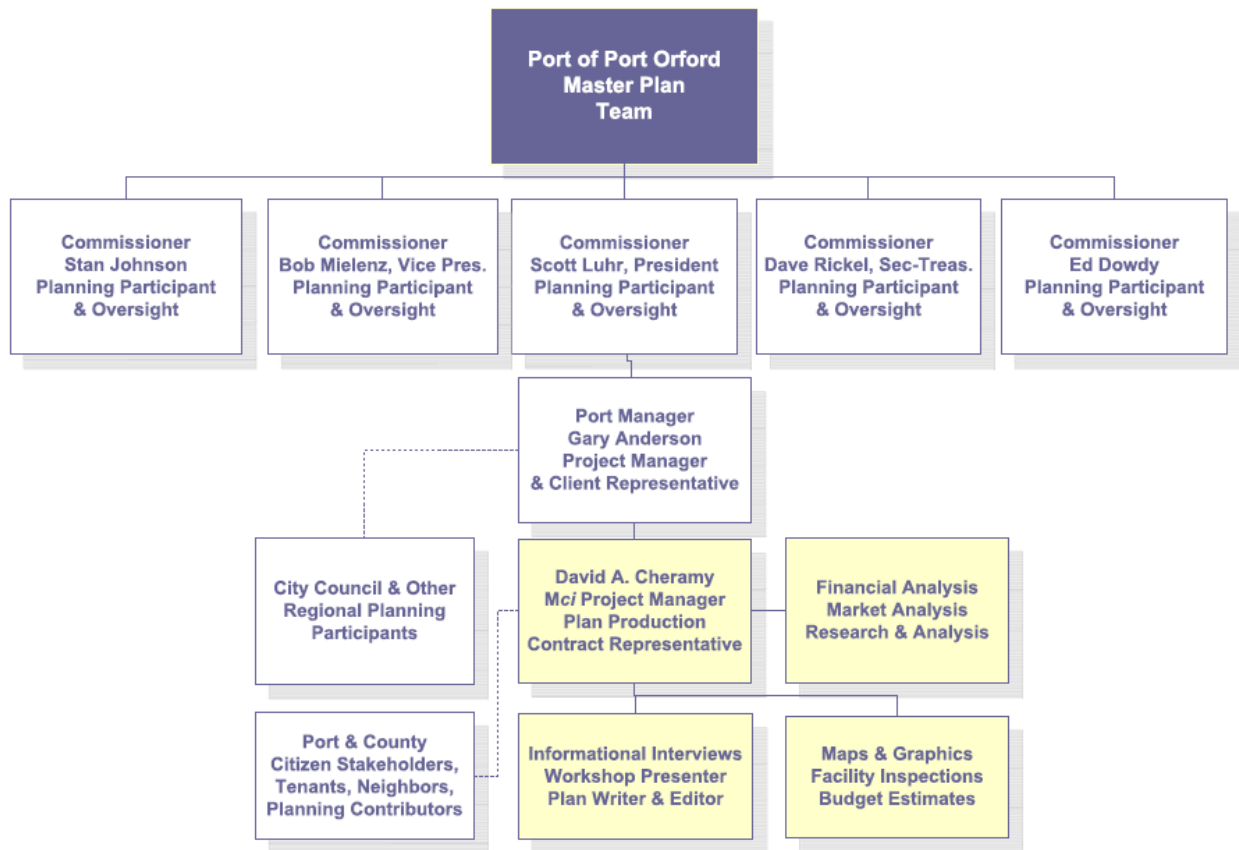
6. Facility Master Plan

In August 2007, with funding assistance from OECDD, the Port of Port Orford contracted for the consulting services of Mci to prepare its Facility Master Plan. The matrix for the Facility Master Plan, the plan for the plan, is shown in the nearby graphic.



7. Planning Team

Mci led the planning workshops and drafted the Facility Master Plan under the direction of the Port Commission. Project Manager for Port of Port Orford was Gary Anderson, Port Manager. Project Manager for Mci was David A. Cheramy, Principal. The organization of the planning team is shown in the following chart.



8. Planning Activities & Public Outreach

The centerpiece of the planning process was a series of public outreach events that included:

- Three daylong Public Interview Workshops, October 14-16, 2008
- ‘Where are we now?’ Commission and Public Workshop No. 1, November 12, 2008
- ‘Where do we want to go?’ Commission and Public Workshop No. 2, January 15, 2008
- ‘How do we get there?’ Commission and Public Workshop No. 3, February 18, 2009
- Subsequent Commission and Public review and comment leading to the completed plan deliverables

9. Plan Outreach 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 results were used to seed the first planning workshop dialogue. Outreach participants included:

Leesa Cobb	Chris Aiello	Rhonda Keeler	David Smith
Lyle Keeler	Scott Mecum	Dennis Cassel	Evan Kramer
Mike Ashdown	Tobe Porter	John Porter	Rick Francona
Emily Francona	John Roorbach	Ed Dowdy	John Hewitt
Dennis Miller	Ed Beck	Mike Murphy	Darrel Cobb
Milt Finch	George Bennett	Steve Abbott	Pat Buffington
George Welch	Chris Hawthorne	Becky Bryant	Amy Wilhite
Michelle Duarte	Norma Anderson	Scott Luhr	Bill McArdle
John Lincoln	Lois Miller	Shirley Nelson	Bob Mielenz
Vickie Nowlin	Stan Johnson	David Pesonen	Milt Nelson
Joyce Spicer	Jeff Griffin	Gary Anderson	Frank Smith

10. Architecture & Engineering: Not Part of Plan Scope

The Facility Master Plan effort does not include the architecture and engineering work necessary to produce new facilities.

The cost for architecture and engineering services is included in the ROM Estimates for each project. This is generally eight percent of total cost. In the case of Fishery & Research Center architecture and engineering cost is \$273,000—more that eight times the total budget for this Facility Master Plan.

The public will have more opportunity to make input to the development process when the architecture and engineering work is performed.

11. Notional Facility Layout

1	Pacific Building Fish Buyer & Processor 1st Stage
2	Pacific Building Research Facility, Fishery Display & Port Office
3	Orford Reefs Parking, Storage, Flex Space, RV Park
4	Cedar Empire Building 5th & Washington Commercial Retail
5.1 5.2	Battle Rock Beach Dockside Commercial Retail
5.3 5.4	Humbug Mountain Dockside Commercial Retail
5.5 5.6	Captain Tichenor Dockside Commercial Retail
6	Dock Beach Expansion & Flex Future Development



B. Port Business & Financial Viability

Port of Port Orford remains financially fragile and implementation of this plan in the best of circumstances will be difficult. The Port also must remedy three important issues—two of which threaten its existence and one that poses a serious financial hazard—*before* undertaking any of the opportunities included in this plan.

1. Port Priority: Business Viability

The Port must *not* take on additional financial risks until it is clearly made a viable business. To be a viable business the Port must successfully implement permanent programs to remove threats to its existence:

- **Fix the Jetty Problem:** Gradual physical collapse of the High Dock Jetty is causing increased shoaling under the boat hoists. It now disrupts and has the potential to foreclose operation of the boat hoists.
- **Fix the Shoaling Problem:** Funding for maintenance dredging needs of the Port are unreliable at best. This also disrupts and has the potential to foreclose boat hoist operation—ending Port earned revenue.
- **Reduce Current Port Debt:** The Port must not take on any additional financial burdens until the current projected debt load is reduced through restructuring, repayment, forgiveness, or a combination of these tools. More pain now means less pay in the future.

Financial breathing room still exists, but not much. The foregoing programs are being actively pursued by the Board and Management—their most important pursuits.

2. Port Priority: Financial Viability

The Port must *not* take on additional business or financial risks until it is made financially sustainable. To be financially sustainable the Port must successfully implement programs to:

- **Increase Property Tax Revenue:** Through boundary expansion that requires the majority of a public vote, the Port can extend district boundaries to increase property tax revenue.
- **Raise Prices for Services and Facilities:** The Port is short of breakeven operation by \$251,000 annually. This is not sustainable and needs to be corrected by charging the actual cost of operation to its customers.

The obvious result of Port finances is the consumption of assets to fund day-to-day operation. Much needed capital maintenance to offset depreciation is not performed. One needs only to take a look at the Cannery Building to see the observable results. Increasing the Port's financial viability is a major fiduciary responsibility of the Board. See the details of the Port's Financial History included with the Addenda of this plan.

3. Facility Master Plan is for the Future

The Facility Master Plan effort was intended to be completed more than three years ago. Funding availability delayed the effort.

As this plan is being prepared, the world economy has slipped into a deep recession that is just beginning to show signs of reaching bottom. Until there are sure signs of returning prosperity the Port, like all governmental agencies that rely on a robust economy for tax revenue, should be extremely careful about taking on additional credit risks.

The Port is a major contributor to the economic vitality of the community, the Port District, and the region. It provides 130 direct full time equivalent family wage jobs. It provides another 130 induced and indirect full time equivalent family wage jobs through direct spending and re-spending activity.

The Port currently relies on a single market, fishing, for all of its earned revenue. This situation needs to be changed soon. Fishing is under increasing pressure from governmental agencies, non-governmental political action groups, and other entities to reduce or eliminate extraction operations.

Port of Port Orford is home to Oregon's premier high revenue fishery. It uses targeted and environmentally acceptable techniques for extraction. However, this may not be enough to maintain the flow of economic activity to which the community has become accustomed. New business lines are needed as soon as possible.

4. Market Competition & Risk

This Facility Master Plan includes completing construction to house a Fishery Display and a Fishery Research Facility. The Port must not create a fishery research facility or public fishery display amid growing marketplace competition.

Competing facilities exist, are being enlarged, or are (or will be) contemplated in Astoria (NOAA), Newport (NOAA), Charleston (with Oregon Solutions assistance), Bandon (at the former Pac Choice Building), and Brookings-Harbor (at the incomplete Commercial Retail Building).

There is a finite inelastic audience for this type of attraction. Diluting the audience with oversupply will mean reduced success for all of them. If there is a realistic way to make these facilities complementary and simultaneously prosperous, it could then be pursued.

5. Alternative Uses

Port must contemplate realistic alternative uses for any facility that it develops. Port must *not* develop more space than can be utilized in the short term. Port should *not* build facilities on speculation—without a corresponding offsetting revenue stream or other financial guarantees. Numerous financially unsuccessful Brookings-Harbor, Gold Beach, and Newport speculative failures were supported with higher government largesse.

C. Business Assumptions

The following assumptions apply to the Facility Master Plan.

1. Financial Assumptions

Port survival and financial sustainability issues will be satisfactorily managed and solved including:

- High Dock Jetty is Fixed—A Port Survival Issue
- High Dock Maintenance Dredging is Fixed—A Port Survival Issue
- SPWF Loan is Restructured: >Pain Now <Pain Later
- Obtaining Highest Port Revenue/Value Consistent with Port Risk
- Using Federal & State Loans & Grants: EDA, SBA

Moreover, the Port should consider the use of General Obligation Bonds to finance all or part of new asset construction. This requires a public vote. Several planning outreach participants expressed willingness to support a general obligation bond campaign.

2. Sell 5th & Washington: Unacceptable Lost Opportunity

There was some plan participant discussion about selling the Ports 5th and Washington property to reduce debt and finance some new ventures. It is valued at over \$600,000. This is not an acceptable idea. Once the property is sold the opportunity for a continuing revenue stream generated by it for the Port is lost. The concept of selling the property is another bad example of converting a public (Port District citizen) loss into a private (buyer and Port tenant) gain.

3. New Asset Concept

Plan participants generally agreed on these concepts for the new assets described by the plan:

- **Create Oregon's Best Oceanside Port Attraction**

Two Oregon Ports offer Oceanside locations with tourist appeal or its potential—Brookings Harbor and Port Orford. Port of Port Orford has the opportunity to create an ocean-side attraction with unusual appeal. The quality of the development effort should be high. Pole and sheet metal buildings, such as the Port's current office building, will not fill these expectations.

- **Create City & Port Signature Attraction**

Signature means 'readily identifying its creator'. The Port has the opportunity, through new developments to establish the identity of the Port and the City and vice versa. In the Port's past, the relationship with the City has been distant. With the new facility developments the opportunity exists to improve that situation—through cooperative physical design.

- **Connect with Port District Residents**

Through its history the Port has had a remote physical and working connection to district citizens. The Port is viewed as the private domain of the commercial fishers. The commercial fishers and, to some extent, the Port do little to discourage that notion. The Port needs the support of Port district citizens and must increase the connections to and rapport with its citizens.

- **Make Port More Visitor Friendly, Appealing: LCD**

The Port is a fishing business and, like the fish processing plants in downtown Newport and elsewhere, shows mostly its backside to the community. It is unfriendly and unappealing to all but the fully initiated. The Port and its tenants need to open physical channels and create actual windows for visitors to see, understand, and appreciate the very interesting and unique nature of what transpires daily. This interest translates directly to visitor spending.

- **Make High Dock Visitor Accessible: ODOT Signage**

The idea of ‘the only dolly port on the US West Coast’ is unknown to most Oregonians among the thousands of tourist that travel Highway 101 through Port Orford each year. To most potential visitors, the place does not exist. Instead, these passersby stop to visit the more visitor friendly environments of Gold Beach and Bandon. The opportunity to capture visitor spending through accessibility needs to be capitalized upon.

- **Seasonal & Cyclical Tourism Driven Businesses**

The thorough and ongoing review and discussion is needed about the seasonal and cyclical nature of the Ports businesses. The Facility Master Plan puts focus on adding more seasonal and cyclical businesses, particularly those driven by tourism. Whenever the opportunity exists to attract businesses that are not seasonal or cyclical—it should be pursued.

4. **New Asset Details**

Plan participants generally agreed on these new asset details for the Facility Master Plan:

- **Built for Low Cost of Ownership**

The Oregon Coast is can be a harsh environment for building maintenance. Being on the ocean makes matters worse due to the corrosive effects of salt water and spray. Sea gulls are a source of waste that also accelerates building decline, especially roofs. The building exteriors must use designs, materials and assembly practices that reduce the effects of this corrosion.

- **Built for Wind, Wind, & Wind**

The area around Cape Blanco and Port Orford is notorious for high winds. Here as well, design, material selection and assembly practices must be used to eliminate the effects of wind.

- **Add Modern Publicly Accessible Restrooms**

The current restroom facilities are not adequate for the visitors that the Port is or should be trying to attract. Included in the design of all new Port facilities must be adequate modern public restroom facilities which are supplied and maintained to a high standard.

- **Add Direct Access: High Dock to Beach including ADA**

The current access from the High Dock to the beach is not convenient or ADA compliant. Included in the design of new Port facilities must be convenient access arrangements between the High Dock and the nearby beach. Access could be made part of the cooperative program between the Port and City to extent the Battle Rock walkway.

- **Add Direct Access: High Dock to Ocean & Jetty for Sport Diving**

The current access from the High Dock to the Ocean and Jetty for sport diving is not convenient. A program needs to be included for the addition of convenient sport diving access. To develop this program the Port's liability for divers needs to be satisfactorily addressed.

- **Include 'All-Tenant' Common Area Maintenance Charge**

Port is a multi-user facility that includes many common-use areas; access roads, utility distribution systems, security lighting, sewage handling facilities, operating liability insurance, waste disposal, and shared open spaces among others. Port must recover the full cost of operation, maintenance, capital maintenance (to offset depreciation), and the value of the underlying land consumed by the common areas.

- **Add Day Use Fee**

The Port might consider adding a Day Use Fee. To get a token day or annual pass, the day visitor to the High Dock might be asked to make a small voluntary donation for Common Area Maintenance. Likened to the honor system at launch ramps, the fee might be paid 30 percent of the time.

5. **New Business Lines**

Plan participants agreed generally about adding these new business lines:

- **Beachfront Flex Space RV Sites = ≥ 20 Slots High-End Market**

Included in the Facility Master Plan is the development of a ≥ 20 slot high-end RV Park. RV Parks are the cash generating engine that enable most marinas to approach financial breakeven. The RV Park requires little capital investment and maintenance in relation to the revenue produced. Operation of the RV Park requires a modest effort. When the RV Park is no longer needed, the utility infrastructure can be converted to support other development.

- **Guided Sport Fishing versus Charter Boats**

Currently, there is a charter boat operation at the Port. In addition to charter boats, there is a lively guided fishing industry in the Coos-Curry-Douglas area. Guided fishing attracts overnight guests that make a significantly larger contribution in terms of spending and economic impact. The Port needs to recruit more fishing guides to use Port facilities. A commercial-retail tenant that recruits these services should be developed.

- **Add Sport Launch Ramp: OSMB, Leave Space, Growth Market**

Prior to the construction of the current High Dock, the Port offered a sport launch ramp. A sport ramp is not included in this plan. However, the arrangement of the current developments must be done with care so that the future addition of a sport ramp is not foreclosed. Access across the beach should remain building-free until a suitable design can be developed by the Oregon State Marine Board.

- **Attract Adventure Tour Groups**

Adventure tourism is a growing Oregon phenomenon. Its devotees include tourist who want to hike, climb, ski, trek, bungee jump, bike, paddle, surf, and dive their way through an entire vacation. Adventure tourism is often done in groups. The Port needs to develop an outreach program for this market. Oregon is the home of Nike and Columbia Sports. Recruiting a commercial-retail tenant or two that serve this market with goods and repairs should be a Port target. For more details see: <http://opt.traveloregon.com/Itineraries/Unique-Experiences/Sports-Adventure.aspx>

- **Attract Birding**

Birding is one of the nation's largest outdoor pastimes. The Oregon Coast and estuaries attract a wide range of aficionados including daytrip and overnight tourists. This is another opportunity for pursuit by the Port when recruiting commercial-retail tenants. Port Orford's Wild Spring Resort is a leading sponsor of regional birding activities: <http://www.wildspring.com/>

- **Add Activities for Wide Range of Demographics & Affluence**

When recruiting commercial-retail tenants, the Port should reach out to the widest possible range of user demographics and affluence. The net result should be an array of choices for the visitor from high end to low.

6. Condominium or Lease

There are several ways in which agreements to use Port facilities can be structured. These include condominium ownership, long term leases, or a combination of these tools. Port must decide which contracting vehicle is risk-appropriate for the counterparty. Port must select the vehicle or combination of vehicles that ensures the counterparty has significant 'skin in the game.'

7. Condominium Upside

The use of condominium ownership, renting Port land and building new assets in condominium ownership with the Port, has the following advantages over lease tenancy:

- Mortgage owner has stable "base rent"
- No renegotiating lease every three to five years
- Cheaper to own than to lease
- Interest expense, utilities, interior improvements and property taxes are tax deductions
- Depreciate commercial condo over 39 years for tax purposes
- Added expense of ownership-association dues to maintain the larger property
- Business condos can be expected to appreciate
- When sold realize increase asset value

8. Condominium Downside

Use of condominium ownership, renting Port land and building new assets in condominium ownership with the Port, has the following disadvantages for over lease tenancy:

- Improvements are on the owner's "nickel"
- No negotiating with landlord to make changes to interior or relocate to a more suitable space
- Owner must pay for the improvements and suffer disruption of working while refurbished
- Selling a business condominium can be difficult
- Difficulty may be due to economy, neighborhood or buyer pool

9. Due Diligence

Port must use due diligence to be certain all counterparties are creditworthy. Due diligence means that the Port investigates transaction details, examines counterparty operations, their financial well-being, their management, and verifies material facts.

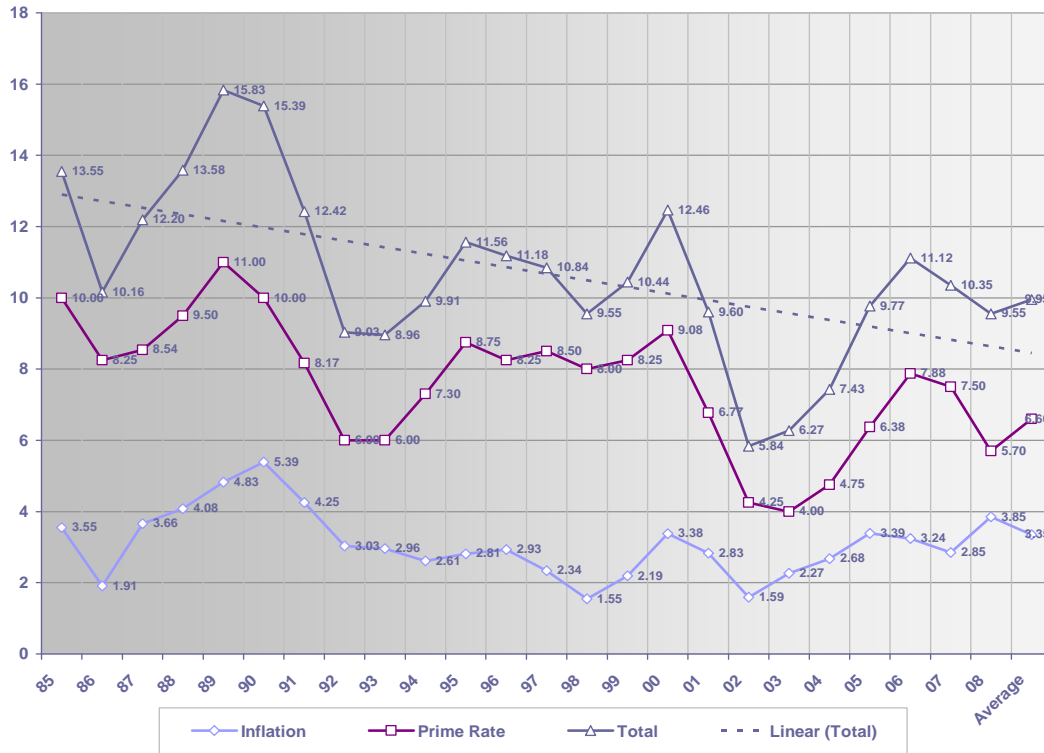
Moreover, the Port will check credit ratings and scores, reviews financial statements, obtain financial guarantees, co-signers, bonds, and/or letters of credit. Due diligence must be required regardless of counterparty's community standing.

D. Price Environment

If Port does not value its resources—nobody will. Port’s price and fee setting goals must include complete cost recovery and a reasonable profit. Profit making is the most significant long term method to achieve financial sustainability and close the current large operational financial gap.

1. Price & Fee Goals

Port will be committing long term assets with very long term deal horizons. Port’s target for price and fee setting must begin with achieving a minimum return on investment. The minimum threshold should be the Prime Interest Rate plus Inflation averaged 25 years. Nominally this is about 10 percent per annum.



For each \$1 million of employed capital price setting starts at \$100,000 per year.

2. Land Value: Added to Prices

Port will employ its finite waterfront land assets (it is Port capital) for new facilities. In all transactions, the Port is entitled to and must seek a return on the value of the underlying property. Today, land value is at least \$1 million per acre. Price structure for land value must include a regular adjustment for the increase in value which will accrue over time.

3. Common Area Fees:

As stated in the foregoing, Port is a multi-user facility that includes many common-use areas; access roads, utility distribution systems, security lighting, sewage handling facilities, operating liability insurance, waste disposal, and shared open spaces among others.

Port must recover the full cost of operation, maintenance, capital maintenance (to offset depreciation), and the value of the underlying land consumed by the common areas.

4. Port Offices: No Cost

There has been some discussion in the planning process about Port offices being included in any new facilities—specifically whether the Port should pay for these offices.

Port does not have the ability to pay for offices. If Port decides to ‘expense’ some token payment for offices, the Port must make a corresponding identical (or greater) ‘cost’ charge to overall facility operations. The idea of the Port paying for office space is fundamentally illogical.

E. Grants versus Loans

Port of Port Orford may receive grant funding for portions of the proposed Facility Master Plan developments. There has been some discussion during the planning process that any grant funding should go immediately to the ‘bottom line’ of the project to reduce the tenant’s lease cost.

The Port must not use grant funding to reduce prices for the following reasons:

1. Current Shortfall to Breakeven

The First Law of Hole is, ‘When you are in one, stop digging.’ The Port is already \$251,000 short of financial breakeven on operations. This bad situation gets worse in the years to come. Providing any facilities below the cost of providing them will make the Ports financial situation worse. It is not financial responsible or sustainable.

2. New Facilities Must Help not Hurt

The paramount goal of creating new Port commercial retail facilities is generating new surplus revenue to offset the failure to reach breakeven. Providing new facilities at prices below their cost of development and operation is self-defeating to that goal. Check the Port Mission earlier in this section.

3. Reinforces Bad Behavior

The Port has for most of its existence provided services and facilities below the cost of providing them—consuming assets in the process. For proof, take a look at the Cannery Building. Like all shallow draft Oregon coastal ports, this is done to subsidize the commercial and recreational fishing industry and prevent desertions. As a consequence, the regional ports find it difficult to raise prices to the fishing industry. This behavior turns a public (Port District citizen) loss into a private (Fishers) gain. It is not financially sustainable.

4. Damage to Local Real Estate Community

Providing facilities below the cost of providing them, or at prices that mimic below market rates, will damage the local commercial/retail real estate market. The Port district owners of local commercial/retail properties will be damaged as their tenants flee to Port facilities or demand lease rates that match the Port’s. Everyone including the Port loses.

5. Alienate the Local Business Community

Ports of Brookings-Harbor, Gold Beach, and Bandon have antagonized the local business community by providing commercial retail facilities at less than their cost and below the regional market prices. These Ports need local business community support to succeed and seldom get it.

6. District Expansion Plans will Lose

Port Orford needs regional business support more than ever. The business community will be an important supporter in the expansion of the district boundary. Without this support, district expansion will not happen. In Bandon, City of Coquille considered a vote to leave the Port district. Brookings tried a public bond issue to bail them out of debt and failed. Check with the ports listed in ‘5’ above for confirmation. The complete Oregon list is much longer.

7. Ports Are Not Charities

Ports are unique public enterprises that must be run as a business. If and when the Port is financially healthy it may be possible to subsidize or otherwise incubate new water-dependent industrial activity to provide job diversification. That may happen in some distant future. It is not possible or sustainable now. Check the Port Mission and ORS 777 about fiduciary responsibility.

8. Port’s Ability to Obtain Grants

The Port has a unique ability to obtain grant funding—sometimes from sources not available to other government agencies. This ability and the grant funding it provides have the reward of lightening the Port’s financial burdens. Transferring the grant funding to the potential tenants of new Port facilities is once again turning a public (Port District citizen) loss into a private (Port tenant) gain—it is not financially responsible or sustainable.

9. Tenant Grant Funding

It might be possible for a prospective tenant to obtain grant or other low cost funding mechanisms to construct new facilities. In that case, the Port should ensure the tenant/owner builds the facility as a ‘condominium’ on property leased from the Port and the tenant/owner pays the Port the full price for land rent, and pays the full price for mall charges. The Port must also use complete due diligence to determine the creditworthiness of the prospective tenant/owner.

F. ROM Estimate Summary

To provide the user with the scale of the Facility Master Plan activities, the following table summarizes the detailed rough order of magnitude estimates included in the document.

Line	Description	Unit	Length	Width	Height	Area	Volume	Detailed \$/SF	Best Comparison	Total
1	Fishery Building, 2 Story	Feet	233	50	30	23,300	699,000	\$161.53	\$168.31	\$3,763,536
2	5th & Washington 3 Story	Feet	140	110	35	38,700	451,500	\$131.60	\$146.11	\$5,093,032
3	5th & Washington 2 Story	Feet	140	110	25	25,800	322,500	\$162.66	\$147.70	\$4,196,674
4	Flex & Parking Area A	Feet	400	125	N/A	50,000	N/A	\$14.39	N/A	\$719,624
5	Flex & Parking Area B	Feet	300	125	N/A	37,500	N/A	\$19.97	N/A	\$749,000
6	Flex & Parking Area C RV Park	Feet	300	125	N/A	37,500	N/A	\$29.91	N/A	\$1,121,643
7	Flex & Parking Area D Road Realign	Feet	200	125	N/A	25,000	N/A	\$15.42	N/A	\$385,530
8	Commercial Retail 2 Story Module 1	Feet	40	65	30	5,200	156,000	\$219.22	\$231.38	\$1,139,948
9	Commercial Retail 2 Story Module 2	Feet	40	65	30	5,200	156,000	\$203.94	\$230.78	\$1,060,488
10	Commercial Retail 2 Story Module 3	Feet	40	65	30	5,200	156,000	\$203.94	\$230.78	\$1,060,488

The digital version of these estimates can be found in the interactive Financial Model provided to the Port on CD.