



Port of Woodland

Business is better here.

**2018 PRELIMINARY  
BUDGET OPERATIONS  
& CAPITAL PROJECTS AND  
MAINTENANCE  
PLAN**



The Port of Woodland has prepared the following proposed preliminary budget information for the Port of Woodland Commission. The Commission’s effort to engage the public and provide a transparent budgeting process. This is key to communicating with the Port District good stewardship and leadership towards their mission “To support job creation through economic growth and recreational opportunities in a diverse array of businesses, industries, and services that enhance the District.”

The Port of Woodland set the 2018 Budget Calendar at the June 15, 2017 regular meeting. The Commission may, at their discretion, add additional workshops for their discussion of the Operations Budget and/or the Capital Budget. The Port of Woodland Commission is required to hold one public hearing for the preliminary budget but encourages the public to provide comments and questions to the Port Executive Director during Port business hours of 8 A.M. to 5 P.M. Monday through Friday or at any Port Commission meeting. Please be advised that the following calendar has alterations from the established meeting dates of the first Thursday at 3 P.M. and 3rd Thursday at 5 P.M. due to scheduling conflicts.

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## 2018 Budget Calendar

**August 31, 2017      10 A.M.**      Capital Budget/Project Workshop

**September 21, 2017    3 P.M.**      Public Hearing for the Preliminary Budget

Note: This meeting will be located upriver at 11670 Lewis River Road at the Cowlitz Skamania Fire District 7 conference room

**October 5, 2017      3 P.M.**      Preliminary Budget Workshop

**November 14, 2017    5 P.M.**      Approval of the Final Budget

Note: This is a change in schedule to Tuesday– no meeting on November 16

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Budget information will be posted online at [www.portofwoodland.com](http://www.portofwoodland.com) under Port Business and hard copies available at the Port Office Monday through Friday 8 A.M. to 5 P.M. (closed 12 to 1 P.M.). For an email version of the budget, please contact [jkeene@portofwoodland.com](mailto:jkeene@portofwoodland.com).

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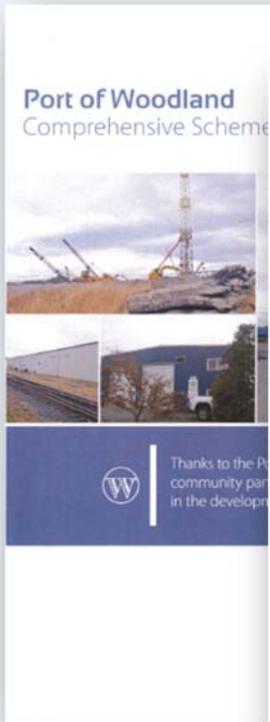
# INTRODUCTION

The Port of Woodland general budget is broken into two categories: Operations and Capital. Operations refers to the day-to-day operations of the Port of Woodland to maintain current properties and projects. Capital refers to incoming and potential projects and planning development on the horizon for the Port.

The Executive Director prepares the Operations Budget for the Commission. This budget takes into account all revenues from land and building leases, contracts, taxes, and other revenues anticipated for the upcoming year. It also takes into account all expenses ranging from approved projects by the Commission to be undertaken in the upcoming year, operating expenses for buildings and properties, staff and compensation as well as contracts.

The Port Commission determines the Capital Projects as part of the Comprehensive Scheme of Harbor Improvements, the overall planning document for the Port that is developed and approved every six years. The Port Commission examines current projects and planning developments and determines the projected course of action over several years. Projects may be dictated by several factors including the economy, need of project, cost of project, and capacity of the Port to take on the project and/or debt. The Port Commission has determined that the millage rate (tax rate) will be set to the need of the Port for Capital Projects and Debt Payments. All debt payments are within the operating budget for 2018 and can be met through current revenues.

Overall, the 2018 budget outlook is strong. Revenues will see a slight increase from 2017 in land and building revenues with new leases anticipated at Schurman Way Industrial Park. But, the general budget will be impacted by a lack of sand sale income at Austin Point and Martin Bar South. Sand Sales are anticipated to return in 2019 with the placement of sand at Martin Bar South at the end of 2018. It is also anticipated the completion of a land acquisition at Kuhn Road that has an existing land lease in place through 2020. Projects and Guild Road Industrial Park I and II will require the Port to seek additional grants and loan options for capital improvements yet to be estimated, but are underway. Those costs are anticipated to be received in late fall/early winter.



financial impacts to the Port (as a potential developer), it determined that job growth and industrial building demand in the area justify the need for more industrial space in the Southwest Washington region and suggested that the project could be a success.

**3.1.4 Target Market Opportunities**  
The industrial clusters within the Port district that appear most viable for long-term expansion are based on the market analysis prepared for this comprehensive scheme, as well as an analysis of existing enterprises that are already concentrated in the region. The recommended target industries for the Port include:

- Light manufacturing, including supply-chain businesses that support major mill or fabricated metal operations
- Miscellaneous manufacturing and processing, including emerging value-added industries related to agricultural products
- Stone product manufacturing
- Technical training programs (e.g., construction-related occupations)
- Regional warehousing and distribution
- Wholesale warehouse/showrooms
- Transportation and logistics firms
- Motor vehicle repair and parts recycling businesses

**3.2 Project Opportunities**  
Based on the target industries discussed above, as well as input provided by the Port Commission and stakeholders throughout the development of this comprehensive scheme, the Port identified the following project opportunities. Table 9 lists the Port's priority projects, describes them briefly, and provides information about existing zoning designations and potential conflicts with land use and development regulations. Additional details related to capital costs and action items are included in the capital improvement plan, Table 10 in section 4.1.

**Table 9. Project Opportunities**

Project and Description	Existing Zoning Designation	Potential Conflicts with Land Use and/or Development Regulations
Austin Point Development – acquisition of rail property, permitting, and infrastructure improvements	<ul style="list-style-type: none"> <li>• Heavy Manufacturing/</li> <li>• Agriculture-2h (proposed rail line parcels)</li> <li>• Forestry/ Recreation (southernmost tip of Austin Point)</li> </ul>	No conflicts anticipated with Heavy Manufacturing zone, most manufacturing and industrial uses allowed in zone. Development of rail in Ag-2h zone may require special use permit per County code 18.10.051 (C4).
Martin Bar North Development – potential development with deep-draft access (see Figure 5 below for concept image)	<ul style="list-style-type: none"> <li>• Heavy Manufacturing</li> </ul>	No zoning conflicts anticipated. Shoreline permit required for development within 200 feet of Columbia River. State and federal permits may be required.

Project and Description	Existing Zoning Designation	Potential Conflicts with Land Use and/or Development Regulations
Property Acquisition Planning – acquire properties adjacent to existing Port holdings as opportunities arise	• Various	No land use or development regulation conflicts anticipated.
Property Acquisition Planning – assess current land holdings and develop criteria for acquiring additional properties based on quality of current reserves. Consider sites 50 acres and larger with good road access (only limited sites of this size currently available in Portland Metro area and this could fit market niche)	• Various	No land use or development regulation conflicts anticipated.
Infrastructure Development Planning – provide infrastructure for Guild Road Industrial Park II properties; develop shovel-ready sites to increase marketability (specifically in Schurman Way Industrial Park); assess need for infrastructure development on all Port properties	• Light and Heavy Industrial	No land use or development regulation conflicts anticipated.
Recreational Facilities Planning – develop recreational facilities under these conditions: revenue is available, Port fee levy is eliminated, real estate is available, community dividend criteria are defined, and project is deemed necessary	• Various	Some recreational uses allowed in Industrial/Manufacturing zones, special use permit may be required in Clallam County. Potential land use and zoning conflicts should be assessed in conjunction with facility planning.
Port Office Feasibility Study – conduct feasibility study identifying potential locations and estimate cost estimates for acquiring (if necessary), designing, engineering, and permitting new Port office	• Various	Land use and zoning conflicts should be assessed in conjunction with site selection.
Partnerships – pursue partnership opportunities with public and private entities that enhance and further Port mission and offer internship/ scholarship opportunities	N/A	No land use or zoning conflicts anticipated.
Access and Rail Development – acquire properties for industrial park development and rail access to meet market demand. Look for opportunity for 100-acre site near rail	• Various	No land use or zoning conflicts anticipated – additional analysis should be conducted in conjunction with site selection.
Property Management Planning – determine criteria for leasing to existing property; consider number of family-wage jobs, investment site and its community, and type of industry Austin Point and Martin Bar are lease-only properties	N/A	No land use or zoning conflicts anticipated.
Devlop Marketing Strategy – identify specific target businesses (e.g., spinoffs related to existing leases and/or regional industries) and develop marketing strategy to attract them. Consider grant opportunities and need to support mix of businesses	N/A	No land use or zoning conflicts anticipated.

## GENERAL REVENUES

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### Land Leases

The Port owns over 450 acres of industrial land. Land The Port anticipates the acquisition from the Department of Natural Resource (DNR) for the Kuhnis Road property of an additional 153.3 acres of property. The parcel currently has a lease with Donald's Farm and would continue to honor the conditions of the Donald's lease (Kuhnis Property) until it expires in 2020. Much of the Port land is undeveloped especially Columbia River properties. Two sites that account for a total of 28 acres is currently under development stages (Guild I and II). Additional information about Guild I and II on pages 9 and 10.

### Building Leases

The Port currently has two industrial parks– Down River Drive and Schurman Way. The Port does not anticipate any changes in tenants at either parks. There are no leases up for renewal in 2018. Leases are set to a market rate and continue to be on course with the regional Port building lease rate for comparable size, age and condition. The Port will undergo a market survey in 2018 for leases in 2019.

### Operations

Operations includes non-lease revenues including taxes, Port passes, grants and other fees received. The Port, over the last several years, has had significant revenue generation from dredge spoils at Martin Bar and Austin Point. The Port has surplussed all the sand from Martin Bar and removed a significant amount from Austin Point. The Martin Bar South and Austin Point dredge disposal sites will contribute no income from sand sales in 2018. The US Corps of Engineers anticipates placement at both dredge disposal sites during the dredging window in fall 2018. Surveying for sand will be required prior to surplus. Surplus and contracting will occur prior to the close of 2018. Concerns with Dike Road have required the Port to further examine options for Austin Point removal of dredge spoils in the future.

Port millage net value will remain flat with the overall millage rate will be \$0.15 per \$1,000 assessed value unless based on Capital Projects and Maintenance investments. The Port has significant projects on the horizon which are identified in further detail under Capital Projects and Maintenance Investments.

### Hay Maintenance

Port properties within the Woodland City limits that are not developed are currently maintained through hay contracts. Hay maintenance fields include two parcels at Schurman Way Industrial Park including the 25 acres and 2 acres. It is anticipated that due to the upcoming lease of West Rail's trans-load operation, the hay maintenance lease may no longer be needed on the 25 acres but will for the 2 acres. The 13 acres on Guild Industrial Park II is anticipated through the end of 2018.

Revenue Source	Revenue Income
Land Leases	\$312,373.04
Building Leases	\$475,552.69
Operations	\$77,500
Hay Maintenance	\$1,900
Other	\$96,329.06

## THREE-YEAR BUDGET COMPARISON OF REVENUES

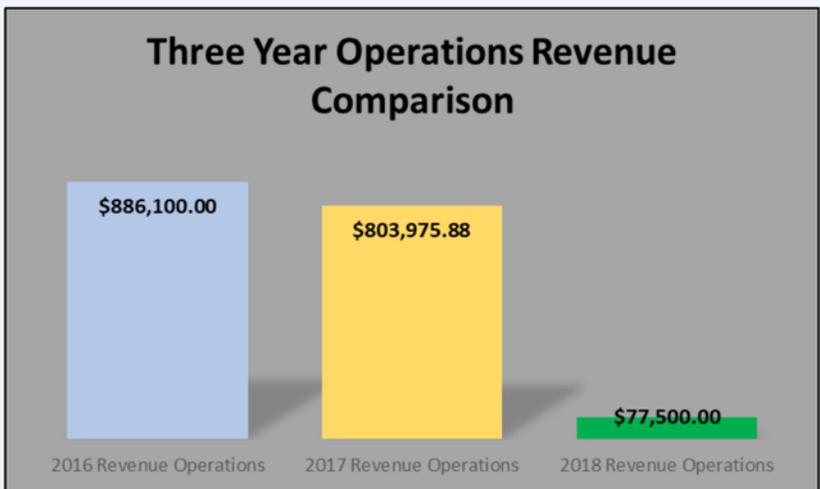
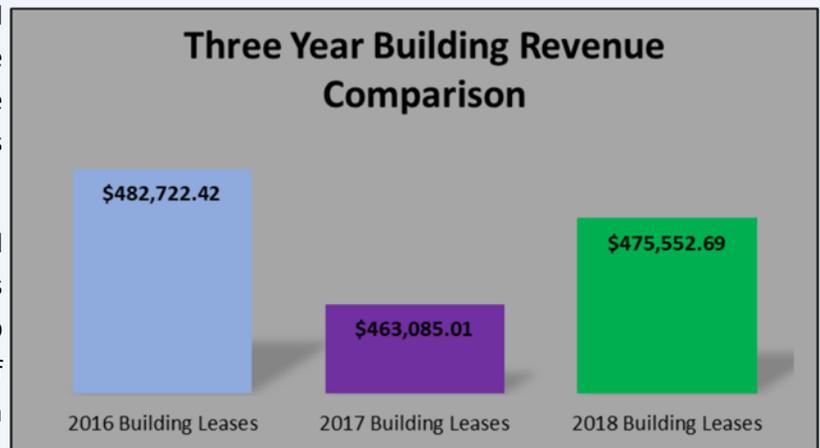
The Port has integrated the budget process into existing financial software over the last two years. This provides consistency in reporting of financial documents from the Profit and Loss Monthly Report (P&L) and Quarterly Reports. Below comparisons show the last two approved budgets with the proposed 2018 budget. The closing year actuals are not reflected in this report as only one year of information is available at this time. It is the intention to provide those at the close of 2017 to have a two year comparison of actuals.

Land leases have increased based on several projected leases. Standardizing the land lease rate for Schurman Way and setting rates for marine sites (whether for industrial or agricultural) has also assisted in setting a standard market rate.

Building rates per square foot were standardized by the Port Commission in late 2014. Leases approved after August 2014 included step increases to meet market rate prior to the end of their lease term. Most building leases at the Down River Drive Industrial Park and Schurman Way Industrial Park are five years except Olympic Aero. Reduction in the building leases stems from the sale of the Pekin Industrial Park.

The Port will have a drastic reduction in other revenues due to dredge spoil material sales. In addition, the tax rate will be determined by the Port Commission and currently has an amount set at zero under the budget. The last two years, the Port budgeted \$200,000 in taxes. This would increase the Operations an additional amount. Additionally, the Port has not projected any grants at this time requiring further information from the

planning efforts underway for the Capital Projects and further direction by the Port Commission. This could significantly improve the operation revenues but would be offset by increased expenditures.



## GENERAL EXPENDITURES

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Expenditures will overall, remain flat for 2018 given the reduction of overall revenue with some specific line items being reduced.

Salaries and benefits should remain flat for non-exempt employees. The Port anticipates a Cost of Living Adjustment (COLA) in 2018 at a three (3) percent rate. Current 12-month average is 2.8% from the CPI Portland-Seattle report. Health insurance and other benefits should increase slightly in 2018. Also, the Port will be entering into the Cowlitz County Mosquito Control District, a new district fee will be assessed based on parcel size. Several line items were increased ranging from postage to utilities and public notices due to general cost trends over the budgeted years. In general, memberships were increased by two (2) percent. Several areas that may increase prior to the final budget include: Landscaping, Legal, Appraisals and surveys, Consultants, Outside Services/Maintenance and Utilities.

The Port of Woodland will be reducing expenditures in operations overall. The Port will maintain general operations and does not anticipate any significant maintenance projects in 2018. In 2018, it is anticipated the closure of the acquisition of the DNR will be complete and debt from that property has been included into the debt services line item.

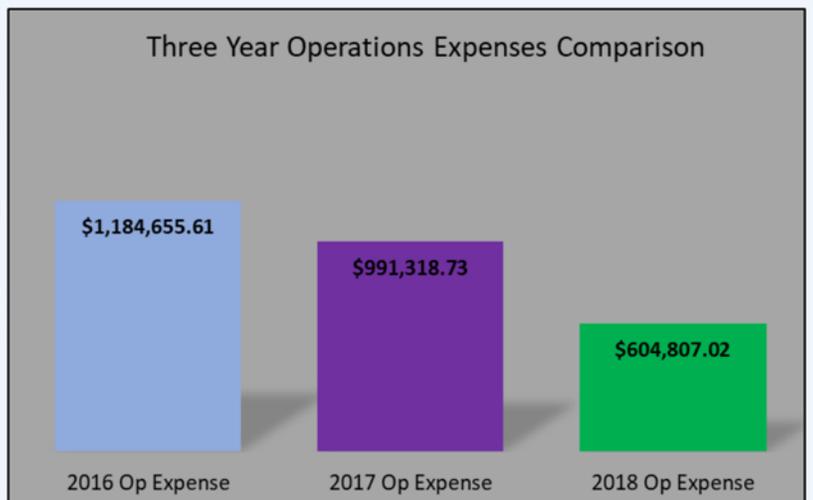
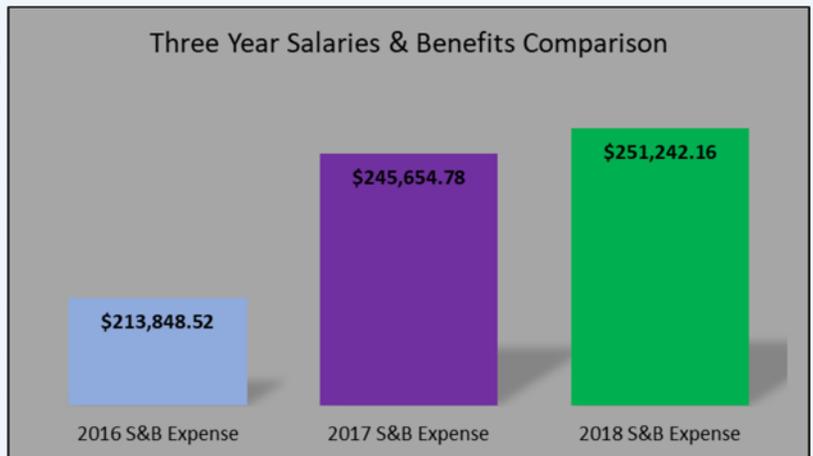
For Other Expenses, Commissioners approved the final development of the Capital Community Development Project (CCDP) and will need to allocate funding for this project through the Capital Budget. In 2017, the Commission allocated \$20,000 to the CCDP funds. In January, the Port received five applications and two were vetted through the process— Woodland Historic Museum for \$2,500 and Woodland Middle School Lego Robotics Team for \$7,200. In July, the Commission will receive applications for potential disbursement in August.

The Port has received several unforeseen grants in 2017 including a \$200,000 grant/loan for the Schurman Way Rail Spur for the trans-load operation and \$50,000 from the Washington State CERB for the Dark Fiber Feasibility Study and Market Analysis.

<b>Expenditures Source</b>	<b>Expenditure Cost</b>
Salaries & Benefits	\$251,242.16
General Operations	\$604,807.02
Other	\$96,329.06

## THREE-YEAR BUDGET COMPARISON OF EXPENDITURES

A shift in the way the Port determined outside services for office/rental cleaning required a change in salaries and benefits occurred after the 2016 budget was approved. This increased another maintenance position, creating two levels of maintenance (I and II) was fully implemented into the 2017 budget. In addition, to accommodate the needs and work requirements of staff and the Executive Director, on-call office work was included in the 2017 budget. These are offset by the Outside Services line that these services/hours were itemized in previous reports. Furthermore, by reviewing the Outside Services and the Salaries, the costs remain flat and is just a shift in procedure and payment rather than an overall cost increase to the Port. Finally, in 2017, the COLA was reinstated, something that had been suspended for multiple years. Overall, salaries and benefits will continue to be fairly flat until further development demands additional staff.



Expenses have tapered off due to the completion of deferred maintenance projects closing the 2012 report prepared for the Commission. Additionally, with a lack of sand sales in 2018 is having the biggest impact on the budget providing a huge contrast from previous years. Overall, operations remain flat over the last three years with some increase spikes in specific line items including legal and advertising/website development. In addition, fluctuations in consultant line item is subject to projects. As capital projects or plans are approved by the Commission, this line item is impacted as is maintenance for capital projects i.e. the lighting upgrades approved after the 2017 budget will impact the maintenance line item. Improvements to line items for capital projects and general maintenance is being examined but no solutions to track them has been determined. Other line items fluctuate depending on the year including elections and state auditor with little impact overall on the general budget.



## CAPITAL IMPROVEMENTS/MAINTENANCE & INVESTMENTS

MAINTENANCE PROJECTS							
Location	Project	Estimated Cost	2018	2019	2020	2021	2022
			Year 1	Year 2	Year 3	Year 4	Year 5
Parking Lots- Cowlitz County	Parking Lot Maintenance	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$15,000.00
Martin Bar North (Lions Day)	Access road Maintenance		x	x	x	x	x
Martin Bar South (RV/Bong)	Access road Maintenance		x	x	x	x	x
Austin Point	Access road Maintenance		x	x	x	x	x
Cougar Restrooms							
1670 Schurman Way	Sealant Striping	\$0		\$1,000.00			\$1,000.00
Austin Point/ Martin Bar	Spraying/ Noxious Weed Control	\$2,500	\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00
DRD Parking Lots	Sealant Striping	\$15,000			\$15,000.00		
Total Maintenance			\$12,500.00	\$13,500.00	\$27,500.00	\$12,500.00	\$33,500.00

**Parking Lots and Access Roads:** The Port has an interlocal contract that it annually enters with Cowlitz County for Public Works. The rocking, grading and leveling of the access roads and parking lot for Cougar are completed by Public Works per their availability. Depending on wear and tear, costs can fluctuate for each site. Austin Point will have some initial changes in late 2017 and into 2018, pending permits, with the restructuring of the public access at the Point. The public will have limited access to the south Point with entrance accessible by foot traffic only. The north Point, the site which handled the trucks for the dredge spoils, will now become a public access road. This will include a primitive parking area that will be maintained through rocking. The rocking for 2018 of Austin Point assumes the public access road at the north entrance.

**Sealant and Striping:** It is anticipated that the parking lot at 1670 Schurman will be in need of striping at a minimum in 2018 with the possibility of sealing and will be further examined after the winter months. It is not anticipated that DRD will require further work this coming year but touch ups by the maintenance department will occur with annual building work.

**Noxious weeds:** The Port is required to ensure noxious weed control is maintained on all port properties even those under leases. Due to weather and seasonal fluctuations these costs could increase if a second spraying is required through the summer months.

**Maintenance:** General maintenance on existing buildings is under general operations. Projects that must go out to public works roster or be advertised per state requirements are identified for the budget process. These large scale maintenance like roof replacements, HVAC system replacement, and other such projects would be anticipated and on the capital maintenance plan.

# CAPITAL IMPROVEMENTS/MAINTENANCE & INVESTMENTS

CAPITAL INVESTMENTS							
Location	Project	Estimated Cost	2018	2019	2020	2021	2022
			Year 1	Year 2	Year 3	Year 4	Year 5
1608 Guild Rd	Remodel Port office	\$315,000	\$315,000				
Schurman Rail Spur	Construction (minus \$100k grant \$100k loan)	\$300,000	\$300,000				
Schurman Way Industrial Park	Road Design, Engineering and Permitting	\$100,000	?	?	?	?	?
	Road Construction	client driven					
Guild Road I	Master Site Infrastructure Construction	approx \$4m	x x x	x x x			
Howard Way	Water and Sewer Lines	see above					
Guild Road II	Infrastructure Construction	see above					
Guild Road I	Building #1			x	x x x		
Austin Point Sand Site	Site Expansion South	cancelled					
Austin Point South Mitigation		approx \$10,000	\$10,000				
Austin Point North Public Access Improvement		approx \$5,000					
Property Acquisition(s)							
Industrial Property to Guild	3 parcels options period FROR 102, 103 104	\$3m	\$300,000				option
	feasibility study for parcels					\$100,000	
WDPW Recreation Land		TBD approx \$50,000		\$50,000			
Dark Fiber Route 1: Cougar			?	?	?	?	?
Dark Fiber Route 2: Woodland Bottoms			?	?	?	?	?
Capital Community Development Project (CCDP)			\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
<b>Total Projects</b>			<b>\$945,000</b>	<b>\$70,000</b>	<b>\$20,000</b>	<b>\$120,000</b>	<b>\$2.72m/ 20,000</b>

**Capital Projects**– The Port Commission has prepared a 5-year forecast of Capital Projects to identify the financial needs of the Port. Based on current projections, the Port Commission anticipates the millage rate to remain flat at \$.15 per \$1,000 assessed value over the next five years.

**Port Office (1608 Guild Rd):** In 2016, the Commission voted to approve the use of the 1608 house to be the new site for a potential Port Administrative Office. Several approvals have occurred to ensure the structure is sound including HVAC, electrical work, water and sewer connections and internal work by Port maintenance. The Port hired Collins Architecture to develop a design concept known as the “Preferred Alternative” for the site and completed the design and engineering documents for permits.

**Schurman Way:** As development of the transload facility occur in 2017, the remaining parcels could be leased out in the near future and may require the Port to complete initially conceptualized road improvements to access specific lots. These have yet to be designed or engineered beyond the binding site plan requirements. In addition, the Port will be constructing the rail spur and the existing line outside the leased area of the transload facility. The Port has already received a loan/grant from Cowlitz County for a portion of the construction project. The Port and company are awaiting final approvals from BNSF.

**Guild I and II Industrial Parks:** Both parks will have documents ready to proceed for the Port in 2018 to move forward on the master infrastructure construction. The Port will extend services from Howard Way through to Guild Road and then restructure and extend services along the side of Guild I. The Port will seek local, state and federal grants to meet some of the funding needs for the project. The estimates have yet to be prepared for this phase of the Port’s budget but may receive some initial numbers before the final budget is approved in November. The Port received funding from U.S. Department of Commerce (EDA), Washington State CERB, and Cowlitz County (.09 Rural Economic Funds) for earlier portions of the project. Guild I will be a industrial park with Port constructed buildings, approximately 6 buildings total with approximate sizes in the 25,000 SF range. The port anticipates buildings to be under construction beginning in 2019. Guild II will be a ground lease site with a binding site plan of established lot areas to accommodate buildings from 6,000 SF to up to 100,000 SF. The Port is exploring options of building smaller start up facilities (6,000-8,000 SF) and the remaining will be tenant build.

