2022

Port of Woodland

Final Capital and Operations Budget

2022

The Port of Woodland has prepared the final budget information for the Port Commission. The Commission's effort is 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 2022 Budget Calendar at the August 5, 2021 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 and third Thursdays at 9 A.M.

Budget Calendar

September 16 at 9 AM– Budget Workshop

October 7 at 9 AM– Preliminary Budget Hearing

November 18 at 9 AM– Final Budget Hearing for Adoption of 2022 Budget

November 30– Final Budget and Resolutions recorded with Cowlitz County

Budget information will be posted online at www.portofwoodland.com under Port Business and hard copies will be made available via USPS per request to meet requirements under COVID-19 proclamations. The Port is located at 1608 Guild Road, Woodland, WA. For an email version of the budget, please contact jkeene@portofwoodland.com.

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TRANSPARENCY THROUGH BUDGETING

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 or potential projects and future development on the horizon for the Port. The 2022 budget reflects additional changes to prior budgets to include the new Port business model reflected in the Comprehensive Scheme of Harbor Improvements.

The Executive Director prepares the Operations Budget for the Commission. This budget takes into account all revenues from land and building leases, contracts, and other revenues anticipated for the upcoming year. It also takes into account all expenses, such as the operation and maintenance of Port buildings and properties, staff compensation, and contracts.

The Port Commission determines 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 and reviewed annually as part of the budget cycle. The Port Commission examines current projects and planning developments to determine 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. Per Resolution 456 approved in July 2018, the Commission will assess the millage rate based on two factors; capital projects and debts. The tax rate will remain close to the 2021 rate of $0.21/$1,000 pending Cowlitz County data.

The Port Commission will be taking on several large projects that are detailed in the preliminary capital budget. The Commission will use the reserve funds as matching dollars for federal and state grants, loans and bonds needed to accomplish the mission of the Port– of creating industrial jobs in the Port District. The Commission took into consideration many factors and impacts to the residents within the Port District. This is an aggressive capital project list with five significant projects occurring at five Port properties within the district.

The Port holds an emergency fund balance line item of $500,000. For 2022, that fund balance would allow for the Port to remain solvent for over seven (7) months. At this time, it is not recommended for additional funds to be held for emergencies.

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PORT'S EXECUTIVE SUMMARY

To the Port of Woodland Commission, Port District Constituents and Interested Parties,

This year, I present to the Port of Woodland Commission a balanced budget. The Port Commission has requested that revenues through general operations support the expenditures of day to day operations. This is not to say prior budgets were not, but to recognize the new business plan we operate under today. In 2020, the Port took on a new business operation style. This required that expenditures and revenue shall operate in the positive or neutral. Further refinement of capital revenue such as land sales will have a percentage of gross revenue transferred to operations. These revenues are to offset the time and effort of staff to complete such transactions including but not limited to planning and marketing funded through operations. Though these land sale revenues are unknown and not estimated under the operations budget, a line item under Other Revenues has been identified for tracking that transfer of revenue from capital revenue to operational revenue. This meets the business plan set out by the Commission and the Comprehensive Scheme of Harbor Improvements to be transparent regarding revenues.

The Port of Woodland is growing, and this growth is reflected by the completion of Centennial Industrial Park bringing in five new companies, the sale of several properties at Schurman Way Industrial Park bringing in two new companies and the first phase of the Rose Way Industrial Park wrapping up in December 2021. It is anticipated several of these new companies will break ground in 2022 continuing the construction boom of 2021. The Port looks to the future in 2022 with the construction of buildings at Rose Way, bringing in new and expanding companies to the area and additional revenue to the Port. We will continue our long range planning along the waterfront for public access, mitigation, and industrial development planning. Several projects on the capital list are still being scoped or negotiated or are being rolled over from 2021 and do not have dollar rates associated to them. Several changes were made to the operations budget from the preliminary release. Changes to land lease and other revenue reflect the Port entering into the land transaction with Peri Formworks that will close after the final budget is approved. One of the two positions at the Port have been filled and the updated Personnel Manual policies altered the final salary and benefit expense.

Jennifer Wray-Keene

Executive Director

2022

Leasing of Port Properties

Land Leases

The Port owns approximately 400 acres of industrial land. Much of the Port land is undeveloped, especially Columbia River properties. A feasibility study is currently wrapping up at Martin Bar regarding the North and South sites. The rail study for Austin Point continues with the rail, side rail and the overpass at Whalen Road being 30% engineered in 2021-2022. Other land lease under an agricultural lease are held for future rail and industrial development. Peri Formworks has been removed pending the final Purchase Sale Agreement to acquire their current site. Two easements will move out of ground lease in 2022.

Building Leases

Building lease rates were implemented in 2019 after completing a rate study in 2018 and increasing the rate to match market demands. Buildings remain full with a waiting list for Rose Way Industrial Park. Buildings #1 and #2 at the site will be the first buildings under construction in 2022.

Other

Other revenue from sources of income, stems from timber sales, rail car fees from the Schurman Way Spur, sand sales from dredge material, and restroom income from Cowlitz County to maintain the Cougar facility, and the proceeds from surplus sales, except for land sales which are currently invested under Capital Projects. Leasehold tax is paid to Washington State as property tax of 12.84% and identified as a passthrough. With the sale of Peri Formworks, the amount anticipated from their land lease has been added to Operations Revenue.

Revenue Source	Revenue Income
Land Leases	$58,411.99
Building Leases	$548,535.12
Operations	$262,725.47
Other	$75,084.38

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Operations Overview

In 2022, it is anticipated that a lease option will be underway for the first building at Rose Way Industrial Park. All other leases are either under contract or likely to re-lease. Revenues from land transactions in 2021 at a rate of 1% of the gross revenue were moved to operations revenue per Commission. Centennial Industrial Park's lots 1, 2 and 3-6 (pending) all were sold in 2021. In addition, lots 3, 6 and 7 at Schurman Way Industrial Park were sold in 2021.

A majority of the building leases are in contract with 100% occupancy. Currently, vacancies that open in the future will be offered to our growing wait list as there is increasing interest for new buildings at the Rose Way Industrial Park. The Commission has examined the opportunity to build a second and possibly third building at Rose Way, but will evaluate closer to the design phase after the construction phase of the infrastructure is underway.

Other operations revenue is a general catch all for other funds previously defined, that is held in a separate line item for maintenance. Restroom fees from Cougar, timber tax and a revised line item with proceeds from sale of property determined by the Commission. Sand sales from dredge materials are also under operations along with the expenses of the material. The Port does not anticipate any dredge disposal placements by the US Army Corps of Engineers in 2022. The Port currently has two contracts in place for material– Columbia River Carbonates and Brown Strauss for their future developments.

Other revenue also includes the passthrough of leasehold tax that the Port collects and paid quarterly to the State of Washington and other general non-descriptive revenues that do not have a line item (usually something of an anomaly from the previous year).

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Operation's Expenses

DAILY OPERATIONS	
Advertising	$16,300
Appraisals & Surveys (current holdings)	$0
Assessments and Taxes	$17,670
Consultant (general operations)	$10,000
Community Development	$3,400
Channel Maintenance	$0
Elections	$2,000
Excise Tax- Use Tax	$200
HCA Surcharge	$1,000
Insurance (up to 15% increase)	$48,917
Legal	$50,000
Maintenance	$69,647
Memberships	$20,250
Office	$35,500
Outside Services	$7,600
Promotional Hosting	$500
Public Notices	$3,000
Public/Recreation Access Areas	$33,760
Training- commission	$2,300
Restroom Rent	$250
Sand Sale Royalty Fee	$0
Small & Attractive	$10,000
Training- staff	$5,000
State Auditor	$25,000
Sand Sales Taxes:Excise	$200
Travel	$20,000
Utilities	$7,600
TOTAL	**$390,094**

2022

OVERALL EXPENDITURES

Overall, expenditures did increase from 2022. The Port approved a full time maintenance position as part of taking in landscaping and more general duties to maintain Port properties and buildings. It is requested that the on-call administrative assistant position move to part-time with a restructuring of tasks and duties within the office to be more efficient with the Executive Director and Auditor's time and duties.

General operations increased with additional funds towards public access areas, increases to memberships and insurance, and maintenance of properties.

Operations has a new line item under "Public/Recreation Access Areas" for those costs incurred for Martin Bar and Austin Point. These costs include such items as rocking, security, portable toilets, maintenance services and landscaping. Legal services is identified as non-capital expenses i.e. leases, outside service contracts, personal service contracts, HR issues, policies, and general real estate.

OPERATIONS BUDGET

Operations has a new line item under "Public/Recreation Access Areas" for those costs incurred for Martin Bar and Austin Point. These costs include such items as rocking, security, portable toilets, maintenance services and landscaping. Legal services is identified as non-capital expenses i.e. leases, outside service contracts, personal service contracts, HR issues, policies, and general real estate.

Expenditures Source	Expenditure Cost
Salaries & Benefits	$469600.82
General Operations	$390,094
Other	$75,084.38

REVENUE	
Land Leases	$58,411.99
Building Leases	$548,535.12
Operations	$262,725.47
OPERATIONS REVENUE TOTAL	**$869,672.58**
EXPENDITURES	
Salaries and Benefits	$469,600.82
Operations	$390,094.00
OPERATIONS EXPENDITURE TOTAL	**$859,694.82**
OTHER	
Other Revenue	$75,084.38
Other Expenditures	$75,084.38
RESERVES	$9,977.76

WHAT ARE THE CAPITAL PROJECTS?

Capital Projects– The Port Commission has updated its financial forecast from 2020-2042 to reflect the numerous projects and financial demands that will be placed upon the Port to move projects forward. The Port finances capital projects based on revenue generated from property taxes as well as outside funding opportunities. The Port may consider additional debt depending on additional funding resources as identified in the budget and the Comprehensive Scheme of Harbor Improvements. Actual revenues and expenditures are identified in black text and projected proposed/potential revenues and expenditures are in red text.

Rose Way Industrial Park (RWIP) Buildings 1 and 2. The design, engineering and construction of the first two buildings at RWIP are anticipated to include one 23,000SF and one 15,000SF pre-fabricated steel buildings.

Dark Fiber- Backbone Phase 1 will get under construction for the Ariel to Cougar line in 2021 pending permits and approvals and may go into 2022. The Port has contracted with Petrichor LLC, a six-Port owned entity, to serve the state by providing exemplary dark fiber consultation, operations and maintenance assistance throughout Washington State. The Port will contract with Petrichor to provide the operations and management necessary to operate the dark fiber. The Port has a dedicated Internet Service Provider (ISP) with Wholesail LLC that will provide fiber to the home in the area.

Dark Fiber- Fiber to Home Phase 2 will extend fiber from the backbone of phase 1 and extend to property lines via county roads and private drives as permitted through utility easements, PUD poles and right of ways as identified through the design and engineering to begin in 2022, pending State funding from CERB.

Austin Point Rail and overpass will wrap up the 30% design and engineering for the rail in 2022. Identified in the 2021 work plan is an Austin Point infrastructure study for the Columbia River parcels to study issues regarding environmental, transportation, utilities, mitigation, public access, wetland issues, and potential dock and industrial improvements necessary for future deep water marine export operations at the site.

Austin Point Recreational Development Plan and Improvements has been identified in 2022 budget that will include wetland mitigation credit enhancements, public access improvements from design through construction.

Austin Point Dockside study will begin and likely complete in 2022 with the feasibility of the site for industrial development.

Comprehensive Scheme of Harbor Improvements will be retiring the 2016 study with a new plan with a new Capital project list with short, medium and long range projects and planning efforts. The planning effort will include environmental and equity inclusion to projects and planning. The process will be significantly different with a larger public involvement and engagement process.

2022

BREAKING DOWN CAPITAL PROJECTS

The breakdown of the capital revenue and expenditures is a fluid process. Several of the projects are on-going and will roll over into 2022. Some projects (those italicized) are estimates as scope and fee are under review and have not had a final contract or amendment approved.

Revenue form the Peri Formworks property transaction is ongoing at the time of the Final Budget being published. With the sale of the property, the Commission will hold the funds that would have been collected by lease, for those specific years and identified in the expenditures.

Balance funds will come from reserves the Port has in its maintenance accounts from previous land transactions that occurred and were held for capital projects. These uses includes debt service and capital projects and maintenance and meet all Commission approved financial policies and resolutions.

CAPITAL PROJECTS/MAINTENANCE	
Capital Revenue	
Ad Valorium	$443,304.00
CERB Bldg #1 loan (2021)	$843,750.00
CERB Bldg #1 Grant (2021)	$281,250.00
CERB Bldg #2 loan (2019)	$1,052,997.60
CERB Bldg #2 grant (2019)	$350,999.20
CERB Martin Bar	$50,000.00
Sale of Property (Peri)	$2,316,955.50
EDA Grant Building 2	$1,669,102.33
CERB Loan Dark Fiber Phase 1	$350,000.00
CERB Grant Dark Fiber Phase 1 and 2	$2,326,495.42
CAPITAL REVENUE TOTAL	$9,684,854.05
Capital Expenditures	
Debt Service (Actual)	$196,191.73
HOLD- Sale of Property (Peri 2023) transfer to Other Revenue 2023	$106,186.48
HOLD- Sale of Property (Peri 2022) transfer to Other Revenue 2022	$141,581.97
Dark Fiber Fiber to Home Ariel to Cougar	$2,470,619.00
Dark Fiber Ariel to Cougar Backbone	$919,424.44
Comprehensive Scheme of Harbor Improvements	$125,000.00
Rose Way Industrial Park A&E Building #2	$417,450.00
Rose Way Industrial Park Construction Building #2	$2,807,993.60
Rose Way Industrial Park Construction Building #1	$2,452,070.00
Austin Point Rail and Whalen OverPass Engineering (30%)	*$280,000.00*
Austin Point Dockside Feasability Study	$828,728.00
Martin Bar Feasibility Study Phase 4	*$180,000.00*
Austin Point Wetland, Mitigation and Public Access	$98,000.00
Total Revenue	$9,684,854.05
Total Expenditures	$11,023,245.22
Cash Reserves (Rainy Day/Emergency not included in balance)	$499,000.00
Balance	-$1,338,391.17

The Port in 2022 and Beyond– what is next?

Overall, the Port Commission has identified the necessary investments in long term projects. Woodland's relatively close proximity to Portland Airport, its access to the BNSF mainline, being served by both UP and BNSF, and its access to Interstate 5 and the Columbia River are key to potential clients. Growth is the future, and the Port intends to be a leader in proper development, long term planning, and working in partnership with key entities to ensure that we have a thriving community for all. We continue to work with our regional partners to determine the path forward in future land acquisitions and recreational opportunities, as well as new business options that we see and study from many of our sister ports around the state.

The Port Commission and staff have developed a detailed financial forecast given these improvements on Port Properties identifying the millage rate to meet the long term needs of the Port. The Port Commission considered several rate options and determined a flat rate increase was best for the Port's financial forecast. The Port Commission will review the forecast in five year increments and use annual budget development to determine corrections in forecasting as inevitable change occurs . The Commission has set priorities for continuing to reduce the rate over the foreseeable future. Residents should note, as assessed values change, the Commission will re-evaluate the millage but as the Port has expanded its financial tools including the sale of non-income producing properties, it is anticipated that the Port is in a strong financial forecast to begin the process of moving to a more sustainable operation.

Next year, it is anticipated that one to two buildings will be constructed at Rose Way Industrial Park providing significant additional revenue in 2023 with those leased buildings. The remaining buildings will be constructed based on revenue and grant projections balanced with other Port projects including marine property development. The Port will begin its new Comprehensive Scheme of Harbor Improvements in 2022 with a likely adoption in November 2022 that will outline short, medium and long range planning and projects. This will feed into the 2023 budget and determine project priority for funding.

We greatly appreciate the Port District constituents for their commitment, their communication, and their investments in our Port. We invite you to be part of the process, attend meetings, reviewing agendas online, and following the Port's Facebook feed.