

Executive Director's Budget Message

I am pleased to present the proposed budget for the 2022-23 fiscal year. This budget represents our best estimation as to the available resources, operational and capital requirements for the upcoming year. It also represents the Port's continued efforts to uphold our mission statement: to generate economic growth and prosperity in a safe and environmentally responsible manner for its citizens through creation of family wage jobs and prudent management of its assets. Towards that aim, we work to maximize resources, minimize unnecessary spending, and continuing leveraging our resources for capital investments through grants and other partnerships.

Challenges

A large part of the budgeting process for an entity like the Port, which functionally operates primarily as a business, is to anticipate trends for the coming year. This might include sales trends, expense for operating supplies, fuel costs, tenant activity, staffing changes, and a myriad of other factors that would influence projections for resources and expenditures. In any given year this is a challenge, but recent events have created, and continue to create, high levels of uncertainty. The COVID-19 pandemic has, for the past two years, significantly impacted Port of Astoria revenues and operations. The effects continue to linger for the 2022 calendar year.

Additionally, as this year's budget was being prepared, the cost of goods and services are rising at historic rates.

Also in the works, but undecided at the time of budget publication, was an extension of the agreement with Business Oregon to defer debt payments and freeze interest. This has allowed the Port the cashflow necessary to leverage grant funds and invest in our assets. Debt payments are included in the budget for the upcoming year; a deferral agreement would decrease debt service and total expenditures by roughly \$600,000.

Budget Overview

Of the Port's \$13 million budget, less than 7% of resources are generated through property tax levy, which is estimated at \$890K based on 12.56 cents per \$1,000 of assessed value. Total capital expenditures are budgeted at \$4 million, a decrease of \$2.9 million from the prior year, while anticipated grant income is budgeted at \$1.9 million, a \$2.7 million decrease from the prior year. The impact of the debt deferment agreement adds roughly \$1.3 million in additional debt service expense. Other resources are budgeted to increase by roughly 28%, with an increase to expenditures of 19%. Personnel services remain fairly consistent.



Grants & Capital Projects

There are a number of projects in the works that will mark major milestones for the Port and the community; deferred maintenance is being addressed, and plans are being made for improvements that will enhance the usability and appeal of our waterfronts.

In terms of scope and urgency, the Pier 2 West rehabilitation project is a major priority. Ongoing for its third year, the Port has contracted for design work and required permitting, which are necessary prerequisites for grant applications. Funding is being heavily pursued from both state and federal programs, and for the upcoming year the Port intends to contract with a Construction Manager/General Contractor who will oversee the project.

A Boatyard Feasibility Study is in its final stages. This study will present options for an expanded boatyard, both in footprint and in services offered. Included in the budget for the upcoming year are upgrades that may be grant-funded through the Maritime Administrator's Small Shipyard Grant Program, which could help to pay for utility upgrades, equipment, and other improvements on Pier 3.

At the Airport, an Airport Master Plan is already in the works and is expected to conclude by mid-year in 2023. The Port has contracted with Mead & Hunt to provide planning services associated with preparation of the plan update, which is a required prerequisite for federal grant funding and therefore a high-priority project.

Progress is being made on the AOC4 petroleum cleanup. A consent judgement has been signed and a trust account established, which will allow the Port to begin this project with no out-of-pocket expense.

Conclusion

In consultation with Port management and staff, the proposed FY 2023 budget is my recommendation to the Budget Committee for approval. As Budget Committee members, you may adjust the proposed budget before approval. I would like to thank the community volunteers on our Budget Committee. Input and feedback are a vital part of the budgeting process, which creates a system of checks and balances.

Lastly, I want to thank the Port Commission and Port staff, for their time and continued dedication to their work. The last two years have presented unexpected and unprecedented challenges, but I am optimistic about our progress moving forward and the upward momentum that will continue to carry us forward towards fulfilling our mission statement, enhancing and maintaining Port assets and properties, strengthening our revenue centers, providing quality customer service, and creating an environment that fosters teamwork and collaboration.

Will Isom
Executive Director