

# Financial State of the Port

The Port of Hood River's current financial condition is explained by the following summary of the fiscal year ending June 30, 2013.

Table 1 - Net Assets as of June 30, 2013

|  | Governmental Activities |             | Business-Type Activities |              | Total All Funds |              |
|--|-------------------------|-------------|--------------------------|--------------|-----------------|--------------|
|  | 2013                    | 2012        | 2013                     | 2012         | 2013            | 2012         |
| Unrestricted - Current and Other Assets  |                         |             | \$4,573,213              | \$3,999,958  | \$5,079,552     | \$4,335,392  |
| General Fund                             | 558,316                 | 520,867     |                          |              |                 |              |
| Bridge Repair and Replacement Fund       | 448,022                 | 314,567     |                          |              |                 |              |
| Restricted - Current and Other Assets    |                         |             |                          |              |                 |              |
| Bridge Repair and Replacement Fund       | 715,000                 | 700,000     |                          |              | 715,000         | 700,000      |
| Capital Assets                           |                         |             | 30,013,837               | 26,539,724   | 39,236,764      | 35,526,377   |
| General Fund                             | 7,000                   | 7,000       |                          |              |                 |              |
| Bridge Repair and Replacement Fund       | 9,215,928               | 8,979,653   |                          |              |                 |              |
| Total Assets                             | 10,444,266              | 10,022,087  | 34,587,050               | 30,539,682   | 45,031,316      | 40,561,769   |
| Long-Term Debt                           |                         |             | 3,162,080                | 2,443,911    | 6,857,080       | 6,673,911    |
| Bridge Repair and Replacement Fund       | 3,695,000               | 4,230,000   |                          |              |                 |              |
| Other Liabilities                        |                         |             | 1,765,981                | 1,144,188    | 1,792,789       | 1,175,483    |
| Bridge Repair and Replacement Fund       | 26,808                  | 31,295      |                          |              |                 |              |
| Total Liabilities                        | 3,721,808               | 4,261,295   | 4,928,061                | 3,588,099    | 8,649,869       | 7,849,394    |
| Net Assets                               |                         |             |                          |              |                 |              |
| Invested in Capital Assets               |                         |             | 26,817,544               | 24,095,813   | 32,345,469      | 28,852,466   |
| General Fund                             | 7,000                   | 7,000       |                          |              |                 |              |
| Bridge Repair and Replacement Fund       | 5,520,925               | 4,749,653   |                          |              |                 |              |
| Restricted - Bridge and Replacement Fund | 715,000                 | 700,000     |                          |              | 715,000         | 700,000      |
| Unrestricted                             |                         |             | 2,841,445                | 2,855,770    | 3,320,979       | 3,159,909    |
| General Fund                             | 58,316                  | 20,867      |                          |              |                 |              |
| Bridge Repair and Replacement Fund       | 421,217                 | 283,272     |                          |              |                 |              |
| Total Net Assets                         | \$6,722,458             | \$5,760,792 | \$29,658,989             | \$26,951,583 | \$36,381,448    | \$32,712,375 |

Table 2 - Governmental and Business-type activities for the fiscal year ending June 30, 2013

|                                   | Governmental Activities |             | Business-type Activities |              | Total Primary Government |              |
|-----------------------------------|-------------------------|-------------|--------------------------|--------------|--------------------------|--------------|
|                                   | 2013                    | 2012        | 2013                     | 2012         | 2013                     | 2012         |
| <b>Revenues</b>                   |                         |             |                          |              |                          |              |
| Program revenues                  |                         |             |                          |              |                          |              |
| Charges for services - Tolls      |                         |             | \$3,450,147              | \$2,892,600  | \$3,450,147              | \$2,892,600  |
| Leases, rents and fees            |                         |             | 2,151,070                | 1,999,068    | 2,151,070                | 1,999,068    |
| Operating grants                  |                         |             | 9,100                    | 6,125        | 9,100                    | 6,125        |
| Capital grants                    |                         |             | 3,022,024                | 341,762      | 3,022,024                | 341,762      |
| General Government Revenues       |                         |             |                          |              |                          |              |
| Property taxes                    | 55,278                  | 54,917      |                          |              | 55,278                   | 54,917       |
| Interest earnings                 | 7,435                   | 3,711       | 10,468                   | 29,424       | 17,903                   | 33,135       |
| Other sources                     | 0                       | 2,702       | 198,935                  | 221,413      | 198,935                  | 224,115      |
| Total Revenues                    | 62,713                  | 61,330      | 8,841,744                | 5,490,392    | 8,904,457                | 5,551,722    |
| <b>Expenses</b>                   |                         |             |                          |              |                          |              |
| Governmental Activities           |                         |             |                          |              |                          |              |
| General government                | 5333,838                | \$297,973   |                          |              | 5333,838                 | \$297,973    |
| Bridge repair and replacement     | 598,469                 | 632,866     |                          |              | 598,469                  | 632,866      |
| Interest on long-term debt        | 176,060                 | 187,063     | 120,256                  | 120,422      | 296,316                  | 307,485      |
| Business-type Activities          |                         |             |                          |              |                          |              |
| Toll bridge                       |                         |             | 1,081,843                | 1,062,831    | 1,081,843                | 1,062,831    |
| Industrial                        |                         |             | 1,467,420                | 1,356,730    | 1,467,420                | 1,356,730    |
| Commercial                        |                         |             | 181,293                  | 178,520      | 181,293                  | 178,520      |
| Waterfront Industrial             |                         |             | 200,581                  | 158,469      | 200,581                  | 158,469      |
| Waterfront Recreation             |                         |             | 461,319                  | 419,023      | 461,319                  | 419,023      |
| Marina                            |                         |             | 191,500                  | 159,411      | 191,500                  | 159,411      |
| Airport                           |                         |             | 301,582                  | 279,274      | 301,582                  | 279,274      |
| Administration                    |                         |             | 57,813                   | 49,976       | 57,813                   | 49,976       |
| Maintenance                       |                         |             | 70,410                   | 70,839       | 70,410                   | 70,839       |
| Total Expenses                    | 1,108,368               | 1,117,902   | 4,134,017                | 3,855,495    | 5,242,385                | 4,973,397    |
| Transfers                         | 2,000,321               | 2,118,199   | -2,000,321               | -2,118,199   | 0                        | 0            |
| Increase (decrease) in Net Assets | 954,667                 | 1,061,627   | 2,707,406                | -483,302     | 3,662,072                | 578,325      |
| Beginning Net Assets              | 5,767,792               | 4,699,165   | 26,951,583               | 27,434,885   | 32,719,375               | 32,134,050   |
| Ending Net Assets                 | \$6,722,458             | \$5,760,792 | \$29,658,989             | \$26,951,583 | \$36,381,448             | \$32,712,375 |

The Port divides funds into two categories: governmental funds and business-type funds, and adopts an annual budget for all its funds.

**Governmental funds** – Two governmental funds are maintained by the Port: the General Fund and the Bridge Repair and Replacement Fund. The General Fund records transactions related to policy-making and related planning services, general administration and a portion of support services. The Bridge Repair and Replacement fund is a Special Revenue Fund used to record repair and replacement activity associated with the bridge and any debt and related activities.

**Business-type funds** – The Port maintains an enterprise fund called the Revenue Fund which charges fees such as bridge tolls, leases (for industrial, commercial and mixed-use tenants), rent (marina boat slips and airport hangars), and fees for recreational events and programs.

### Statement of Net Assets

**Net assets** – Net assets, the difference between assets and liabilities, serve as a useful indicator of the Port's financial position. At the end of FY13, the Port's assets exceeded liabilities by \$36,381,446. This represented a \$3,662,072 increase over the prior fiscal year.

In FY13 the Port experienced a significant increase in net assets (see Table 1). The increase is attributable primarily to capital improvements at the airport of \$3.4 million as well as a reduction in the Port's long term debt obligations for the bridge.

The largest portion of the Port's net assets, at 88%, are invested in capital assets (e.g. bridge, land, buildings, and equipment) and reported net of accumulated depreciation. The Port uses these capital assets to provide services to the public; thus, they do not represent resources available for future spending. Restricted net assets total \$715,000, representing cash and investments that are limited to debt service for the bridge bonds. The remaining \$3.2 million is unrestricted, meaning it is available for meeting the Port's ongoing obligations.

Uncertainties about future economic changes and financial impacts are common throughout the region. To deal with the swings in the economy and to plan for future capital expansion, the Port has routinely set aside resources. It will need to do so in the near future as well.

### Statement of Activities

The Port also reports governmental activities by two distinct funds: the General Fund and the Bridge Repair and Replacement Fund. As indicated in Table 2 below, total net assets of the Port increased by \$3,662,072 or 11% more than the prior year net asset balance. Descriptions of significant activities follows in the table below.

**Governmental Activities** – The net assets for governmental activities increased \$954,666 from the prior year. This increase arises from cash transfers from the Revenue Fund to the Bridge Repair and Replacement Fund regarding the capital improvements made to the bridge during the year.

**Business-type Activities** - Business type activities generated a \$2,707,405 increase to the Port's total net assets. This increase is primarily due to the airport runway shift project which recorded \$3.4 million in capital improvements with \$2.9 million being funded from the Federal Aviation Administration (FAA) grant. Bridge traffic continued to rise by 2.87% and with a complete year reflected from the January 2012 toll increase, revenues increased by \$557,547. The overall net increase was offset by Port expenditures which increased by \$278,522 or 7% from the prior year. Included in this increase is \$148,908 of Personnel Services, due to position reclassifications, cost of living/step increases, and a new waterfront coordinator position. The rest of the expenditure increase is a mixture of increases in depreciation due to assets placed into service, property taxes increases due to new tax measures approved and additional operating expenses related to maintenance repairs.

### Financial Analysis and Outlook:

The Port is involved in a variety of activities that all contribute to the economic health and vitality of our community. The major source of funds for Port operations continues to be the Toll Bridge, accounting for 62% of revenues. Lease revenues continue to rise consistent with occupancy rate, which is nearing 95%. The Port receives property taxes which account for only 1% of total revenues. Capital grants continue to play a vital role in how the Port develops its properties, which includes improving infrastructure along the waterfront and associated light industrial property development. The Port continues to receive an operating grant from the Oregon State Marine Board to assist in operations of the boat launch. The Port continues to develop light industrial properties with respect to bringing in new tenants. The undeveloped parcels at the waterfront represent prime development opportunities which will need more discussion in the next several years to determine the optimum development approach, including who will ultimately control the developed properties.



# 2013 ANNUAL REPORT OF HOOD RIVER

## Message from President Rich McBride

The Port of Hood River is excited about the pace of development at the waterfront and the ongoing cooperation with city and county governments. We are looking forward to continuing our successes in the coming years by careful management of our assets and responsible development of the remaining Port lands.

Managing our public assets is a balancing act. We need to protect and enhance highly used public spaces, particularly on the waterfront. We also need to provide suitable light industrial and commercial land to continue driving the economy in our community. The Port is committed to an open and collaborative process for all its initiatives, and Commissioners and staff listen carefully to all input we receive. In the end, we hope to make decisions that satisfy the needs of our whole community.

As reported in the Hood River News, the Port has entered into an agreement with Key Development to purchase the Expo Center. The concept presented to the Port re-purposed the Expo building. It would add two new buildings to the site and significantly transform this key location on the waterfront. This transaction has several significant hurdles to surmount before construction begins. The Port and the City will be working closely together to resolve these challenges.

As part of our continued efforts to provide continuous waterfront access, we are working to design a 2.4 acre area of recreation space along the west edge of Nichols Basin. This would provide connectivity between the Marina Park, which covers some 14 acres, and the Event site and Waterfront Park, which cover another 10-plus acres. The new recreation space will be large enough for a pedestrian/bicycle pathway winding through the park and another sidewalk at top of bank. Broad stairways would connect the trail in several locations at water's edge, and boat launches would accommodate non-motorized vessels like SUPs and kayaks. There would be spots to picnic by the water, too. We are pursuing additional grant funding for this project to add to the \$125,000 grant we currently have in hand.

I am very excited to see these projects begin to take shape. I expect that the changes we are bringing to the Expo property and Nichols Basin west edge will result in changes to the current uses of portions of these properties. While these changes are surprising at first, I am confident our community will be appreciative of the projects that result from these efforts.

Significant changes in Port staff have occurred over the last 18 months. We have added capacity to address the numerous challenging issues the Port needs to address. Liz Whitmore is the waterfront coordinator and has greatly improved planning and management of waterfront resources. Anne Medenbach joins the Port as the property/development manager, dealing with leasing and sales of Port property. Jean Hadley is the new face at front desk with significant administrative experience. I appreciate the energy and commitment these individuals bring to the brisk business the Port attends to each day. Sadly, Joe Pounders has retired. Joe has provided decades of service to the Port; his shoes will be hard to fill. Enjoy your grandfather time, Joe.

Working with the Port of Hood River is both rewarding and challenging. I feel very lucky to have such an involved community, hard working staff, and dedicated fellow commissioners. Our meetings, held on the first and third Tuesdays of the month, are sometimes long, but always informative, and occasionally funny. We welcome your input: visit our website for contact information.

Sincerely,  
Rich McBride, Port Commission President

## 2013 Year in Review

### JANUARY

- The Port authorized Pacific Power to install underground power lines associated with the runway shift project at the Ken Jernstedt Airfield, at a cost of \$65,380.
- Revised Moorage Rules and Regulations were approved by the Port Commission, to be effective February 1.
- The Oregon State Marine Board held a public hearing at the Port's January 22 meeting to receive public comment on the Port's application for buoys for the Event Site "No Wake Zone."
- Port staff submitted two grant applications seeking funds for a pedestrian/bike path along Nichols Basin's west edge.



- The Port approved a lease with PocketFuel, LLC for the last remaining space in the Halyard Building.



### FEBRUARY

- The Port's waterfront coordinator, Liz Whitmore, presented options for the Event Site High Water Plan to Port Commissioners, who weighed in on their preferences and identified a plan to pursue.

- A Building Function Assessment was presented to the Port Commission by Development Manager Steve Burdick. The project assesses characteristics of all Port buildings, their functions, and current conditions.

- The Port approved the installation of a river gauge, located at the Marina, in partnership with the U.S. Geological Survey.

### MARCH

- A contract was approved with ORANGEWALLstudios in the amount of \$21,000 for architecture and engineering services at the Halyard Building, related to the lease expansion for Pfriend Family Brewing.



*please see Year in Review on page 2*

## Port Commissioners

The five Commission board members of the Port of Hood River are called Commissioners and are elected to five designated positions by the voters of the Port of Hood River District. Each Commissioner serves a four-year term of office which begins July 1 of the year elected.



**Fred Duckwall**  
Position #1  
Commissioner since 2001



**Jon Davies**  
Position #2  
Commissioner since 2009



**Rich McBride**  
Position #3  
Commissioner since 2011



**Brian Shortt**  
Position #4  
Commissioner since 2011



**Hoby Streich**  
Position #5  
Commissioner since 2002



# 2013 Year in Review continued

■ The Port Commission voted to increase recreation site parking fees to \$5 for a daily pass, as recommended by the Waterfront Recreation Committee. The increase would help cover maintenance costs.

## APRIL



as the new owner of the Sandbar Café, planning to open by May 19.

■ The Port Commission agreed to hire ECONorthwest to prepare an Economic Impact Analysis of the Port of Hood River for a cost not to exceed \$32,000.

■ The Port Commission held its Spring Planning Work Session on April 29, discussing policy/strategy, budget outlook, lobby efforts, and its Strategic Plan.

## MAY

■ The Port Commission authorized a contract with LaLonde Electric, LLC for the Marina Electrical Upgrade Project, not to exceed \$457,387.

■ The Port budget committee met May 7, with an overview of the Fiscal Year 2013-14 budget, discussions of specific budget line items, deliberations, actions, and budget approval.

■ Photographer Grant Myrdal requested permission to set up a photography concession at the Event Site.



■ The Marina Ad-hoc committee recommended to the Port Commission that moving school jet skis to the back side of the South Basin Dock would open up six slips available for seasonal moorage leases.

■ Susie Dow introduced herself to the Port Commission



TraneOregon in the amount of \$14,120 for HVAC programming and wiring for the PocketFuel space at the Halyard Building.

## JUNE

■ Summer intern Alison Danko, a student at Whitman College who will focus most of her time assisting ECONorthwest with the Economic Impact Analysis, was introduced to the Port Commission.



■ A lease for 5,000 square feet of space in the Port-owned Timber Incubator Building was approved with WyEast Labs.



■ New parking at Waterfront Park was constructed with a loan from the Port of Hood River.

■ Numerous boathouse tenants addressed

the Port Commission about the proposed term sheet, how boathouses fit into the Marina Master Plan, and the need to improve boathouse docks for safety reasons.

■ The Port's first Special Session to discuss Lot 1 Planning was attended by City of Hood River officials to cover questions regarding vision, business types, height, scale, density and community objectives.



## JULY

■ Commissioners-elect Rich McBride, Jon Davies and Fred Duckwall were sworn in for the 2013-17 Port Commission terms by Port staff member (and Notary Public) Mellissa Halseth. Rich McBride was appointed President for Fiscal Year 2013-14.

■ A progress update on Gorge Innoventure, located at the Port Office Building, was given by Avery Pickard.

■ WH Pacific was contracted to prepare design drawings for the Frontage Road Bicycle/Pedestrian Trail Project.

■ On July 10, Port staff and commissioners paddled the Hawaiian outrigger canoe, Oiwi, which moors at South Basin Dock.



photo: Paloma Ayala

■ A contract was approved with Coles Environmental for Lot 1 Environmental and Geotechnical Services, not to exceed \$13,880.

## AUGUST

■ Bridge engineers from HNTB gave an update on priority bridge projects and issues to consider in the near term.

■ A contract was approved with Hennebery Eddy Architects for conceptual design services for the Jensen Building breezeway.

■ A second Stakeholder Special Session Meeting was held to discuss ideas and issues for future development of Lot 1. The discussion focused primarily on green space and water access.

■ Members of the Next Door, Inc. Youth Conservation Group, who participated in eight weeks grounds maintenance work for the Port through a matching grant program, each received a small gift and letter of recommendation.



■ The Marina's new electrical system, designed by MKE Electrical Engineers and installed by LaLonde Electric, LLC, was completed and operable.

## SEPTEMBER

■ Steve Burdick retired as Development Manager for the Port, and continued briefly as a contractor.

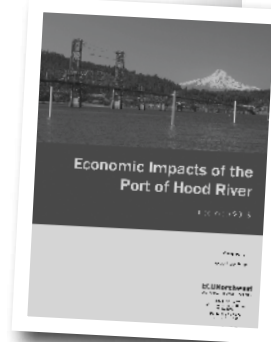
■ Dan Bubb from Gorge Networks presented its current project about installing fiber in various areas of the County to the Port Commission, requesting a utility easement.

■ Terry Moore of ECONorthwest gave an overview of work completed on the Economic Impact Analysis to assist in preparation of the Port's Strategic Business Plan.

■ A breezeway concept plan for the Jensen Building was presented by Hennebery Eddy Architects that includes an outdoor market environment.

■ Approximately 300 planes attended the WAAAM Fly-In at the Ken Jernstedt Airfield.

■ A contract was approved with J&M Sandblast for repair and upgrades to the Maritime Building roof at a cost just under \$50,000.



■ Another Lot 1 Special Session was held with representatives of public agencies and large businesses to discuss future development ideas.

■ The Airport Advisory Committee met to discuss topics including an Airport Business Plan, grass runway maintenance, potential development of 12 more hangars, airport signage, and safety / Ordinance 23 violations.

■ A Strategic Business Plan public meeting was held to share information about the Port's development of the SBP, and gather public input.

## OCTOBER

■ A contract was approved with All Phase Contracting to reroof the Yacht Club building.



■ The Port Commission approved a revised transponder policy to be effective January 1 for its electronic tolling system, BreezeBy.

■ A contract was approved with Flowing Solutions for engineering services associated with new boathouse docks, after the Port received a permit from the Army Corps of Engineers.

■ The Port of Hood River and Port of Cascade Locks held a joint meeting on October 8 in Cascade Locks. Topics of discussion included bridge repair/maintenance issues, each Port's strategic plan, areas for possible regional work, and a presentation by Darren Nichols, executive director of Columbia River Gorge

Commission.

■ The Port Commission authorized painting for the Jensen Building.

■ The Port Commission held its second public meeting on its Strategic Business Plan at the Mt. Hood Town Hall on October 23.



## NOVEMBER

■ The Port Commission held its Fall Planning Work Session on November 5, which included work on the 5-year Strategic Business Plan and the family of "key documents" that support the plan, a financial summary of the 2012-13 Fiscal Year, and the Nichols Basin west edge bike/pedestrian trail.

■ Tenant improvements for Hearts of Gold Caregivers' new space in the Marina Office Building were completed by Hood River Construction Company.

■ Marina policies, rates and assessments were reviewed and revised for 2014, including utility charges, subletting, a new waitlist policy, and South Basin Dock seasonal lottery.

■ Walker/Macy, a landscape architecture firm, was engaged to lead a design process for the Nichols Basin west edge trail, an area that has generated a lot of interest.

## DECEMBER

■ The Port Commission reviewed a final draft of its Strategic Business Plan, to be approved in January.

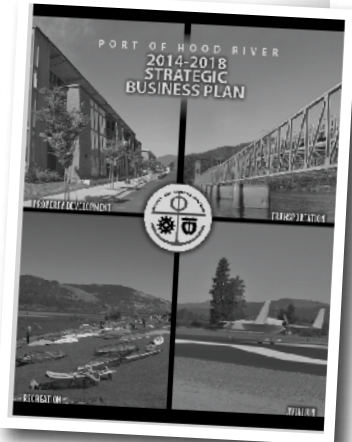
■ A contract with Flowing Solutions was approved for preliminary engineering and permitting services for the Hook Launch Project. The Columbia Gorge Windsurfing Assn. voted to contribute \$50,000 to the project, and Hood River Valley Parks District agreed to contribute \$20,000.

■ WH Pacific representatives shared a PowerPoint presentation of past studies and project alternatives to the Port Commission for Frontage Road Bicycle/Pedestrian path, and planned to prepare the next iteration of conceptual plans.

■ The Port Commission reviewed a revised concept for the Jensen Market site for local farmers markets. A feasibility study would be prepared for the 2014 spring planning session.

■ The Port Commission voted to authorize a lease with the U.S. Government and Walden For Congress at Marina Office Building 2, next to the State DMV office space.

■ The Port approved a Disposition and Development Agreement (DDA) with Key Development for the Expo Center property.



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