

Willamette Falls Locks – DRAFT Operations and Maintenance – Costs, Governance and Funding

January, 2019

This paper is intended to identify likely activities needed to operate the Willamette Falls Locks, order-of-magnitude cost estimates to perform those operation and maintenance activities, and funding concepts to carry out the operations.

The strategy is broken into three phases, based on the changing nature of operating activities over time.

The first phase (estimated five years, from 2020 to 2025) represents the period *after* an agency/entity is identified to manage the Locks implementation effort (taking the reins from the Commission), and up to the time of the re-opening of the Locks. Note this initial period begins after the Commission's current funding expires (i.e. in 2020). The second phase (estimated years 2025 to 2030) represents the initial five year period after opening of the Locks, when the Locks are operational. The third and final period is the "long term" sustained operation of the Locks (estimated year 2030 and following).

Phase I: 2020 – 2025 (i.e. getting the Locks repaired and re-opened)

Administration & Funding:

- Negotiate and oversee transfer to a state agency such as DSL, or to another entity (such as a 190 group or a public corporation) per legislative direction
- If the transferee is to be a new entity, initiate and oversee the formation of that entity – legislative action, incorporation, other steps as necessary
- Establish and maintain the ongoing administration of the Locks
- Oversee the negotiation of an IGA or contract with an operating entity, unless the transferee itself is the operator
- Secure capital funding – per terms of legislative or congressional funding; Metro OS bond funds, Army Corps of Engineers funds, private/foundation support, etc.
- Negotiate and manage the IGAs with the start-up operating funding partners
- Identify and secure Phase II/Phase III permanent operational funding – negotiations with funders, legislation as necessary, etc.
- Closely coordinate all activities with USACE

Capital Repairs

- Secure approval of permits for repair
- Negotiate repair work plan with affected parties – Corps, etc.
- Bid out repair project; select bidder; negotiate contracts
- Oversee the repair project (construction management)
- Bid out ongoing Locks operations (or recruit operations staff); negotiate contracts

Estimated Annual Costs:

- Executive Director \$150K/year
- Administrative staff \$75K
- \$150K consulting
- \$125K contingency

Total Cost: \$500K/year.

Potential Funding Sources:

- Public Agencies through 190 Agreement for five years (i.e. through completion of repair work). Agencies to provide \$10,000 - \$100,000 annually (level based on size of jurisdiction/agency; budget; relevance of the re-opened Locks to the jurisdiction's/agency's core mission). Likely entities: Clackamas County; Marion County; Yamhill County; Port of Portland; Metro; TriMet; and the cities of West Linn, Oregon City, Wilsonville, Canby, Milwaukie, Newberg, Salem, Portland, Gladstone, and Lake Oswego. TOTAL: \$300,000/year
- Clackamas County Tourism, Private marine industry, Marine Board, State Tourism: \$200,000/year

Phase II: 2025 – 2030 (first five years after re-opening)

Operations:

- Operate the Locks
 - Summer 4-month seasonal public access; 5 days per week; 12 hours per day
 - Off season commercial certification, self-service program or service by reservation
- Fund raise/marketing
- Secure long term operating funding; a dedicated “sinking” fund tied to those who benefit most from reopened Locks
- Promote commercial use of the Locks through collaboration with Economic Development entities, tourism entities, private industry

Operational Costs:

- Administrative Staffing (Executive Director & Admin) \$225,000
- Consulting \$100,000
- Incidental (Security; maintain grounds; utilities) \$100,000
- Locks Staffing:
 - Permanent/Full-Time: (chief Locks operator; mechanical manager) \$200,000
 - Seasonal (four seasonal part-time) \$65,000

Total Operations Cost: \$690,000/year

Maintenance (KPF Estimate)

- Annual routine maintenance - \$262,000
- Annual reserve for 5-year major rehab - \$109,000
- Build up capital reserve
 - 50-year gate removal/repair - \$50,000/year
 - 30-year flood repair - \$25,000/year

Total Maintenance Cost: \$446,000/year

Total Annual Operating & Maintenance Cost - \$1,100,000

Potential Funding Sources

- User fees – Commercial (heavy industry; tourism industry) & Recreational (motorized and non-motorized)

- Likely to be nominal revenue in early years of operations – less than \$50,000/year?
- Dedicated funding from State entities that have a strong nexus with the Locks (in terms of tying the funding source to those that benefit) and therefore have a long-term interest in the re-opening and long term operation of the Locks. The funding sources most closely related to the benefit provided by reopening the Locks are:
 - Travel Oregon. Statewide and regional lodging taxes reflect the increased tourism expected in the area.
 - Marine Board. Motorized and non-motorized boat registration fees reflect the users of the Locks. An increase in the statewide fee or creation of a NW Oregon regional fee to be considered.
- Gas Tax. ODOT collects a fuel tax on all fuel sales with the estimated portion not collected from motor vehicles eligible for use on non-highway purposes.

Phase III: 2030 and beyond

Operations:

- Operate the Locks
 - Summer 4-month seasonal public access; 5 days per week; 12 hours per day
 - Off season commercial certification, self-service program or service by reservation
 - Depending on operating revenues, increase or decrease hours of operation accordingly
- Fund raise/marketing
- Secure long term operating funding
- Promote commercial use of the Locks through collaboration with Economic Development entities, tourism entities, private industry

Operational Costs:

- Administrative Staffing (Executive Director & Admin) \$225,000
- Consulting \$100,000
- Incidental (Security; maintain grounds; utilities) \$100,000
- Locks Staffing:
 - Permanent/Full-Time: (chief Locks operator; mechanical manager) \$200,000
 - Seasonal (four seasonal part-time) \$65,000

Total Operations Cost: \$690,000/year

Maintenance (KPF Estimate)

- Annual routine maintenance - \$262,000
- Annual reserve for 5-year major rehab - \$109,000
- Build up capital reserve
 - 50-year gate removal/repair - \$50,000/year
 - 30-year flood repair - \$25,000/year

Total Maintenance Cost: \$446,000/year

Total Annual Operating & Maintenance Cost - \$1,100,000

Potential Funding Sources

- User Fees – Commercial & Recreational.
 - May grow substantially over time, depending on a variety of factors including State funding of companion infrastructure investments which makes our water-borne commerce more lucrative; and on efforts by economic development officials in Wilsonville, Newberg, Canby, Clackamas County, Oregon City, West Linn, etc. to actively promote the Locks as a locational advantage that attracts businesses that capitalize on this advantage
- Marine Board, Oregon Tourism, Gas Tax established as a permanent fee surcharge as described in Phase II above.

DRAFT