

WFL Capital Repair Maintenance & Public Corporation Business Plan

DISCUSSION DRAFT – September 4 2019; Updated on September 10, 2019

SUMMARY OF PC ACTIVITIES AND OPERATIONS DURING PHASES I, II & III

PHASE I: Years 2020 – 2024 (from end of Commission to opening of repaired locks)

Primary Activities: Negotiate and oversee transfer of the Locks, negotiate contracts and oversee capital improvements, administration and funding and set the stage for the opening of the Locks.

PC Expenses: \$300,000

PC Revenues: \$300,000 (covered through shared allocations from multiple sources)

PHASE II: Years 2025 – 2029 (first five years of operation)

Primary Activities: Continued oversight of programming, contracts and administration, Locks operation directly or indirectly, fundraising and marketing.

PC Expenses: \$345,000 - \$710,000, depending on operational scenario

PC Revenues: \$345,000 - \$710,000 (covered through a mix of private and public sources, depending on mode of operation)

PHASE III: Years 2030 and beyond

Primary Activities: Continued oversight of programming, contracts and administration, Locks operation directly or indirectly, fundraising and marketing.

PC Expenses: \$493,500 - \$710,000, depending operation

PC Revenues: \$493,500 - \$710,000 (covered through a mix of private and public sources, depending on mode of operation)

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PHASE I: 2020 – 2024 (I.E. FROM END OF COMMISSION TO OPENING OF REPAIRED LOCKS)

ASSUMPTIONS:

- Legislature (in 2020 Short Session) authorizes the formation of a Public Corporation to serve as the owner of the Locks, and have authority over its repair, upgrade and operations
- Legislature (also in 2020 Short Session) authorizes sufficient bond-backed funds to proceed with the repair of the Locks, including design, entitlements, and repair work
- Seed funding for this initial Phase I secured through IGAs with participating local and regional governments (Clackamas County, Metro, Cities, etc.), as well as some mix of private funds and/or tourism grant funding and/or Marine Board grant funding

Expected Activities

ADMINISTRATION

- Negotiate and oversee transfer of the Locks from the US Army Corps of Engineers to the PC
- Oversee the formation of the PC – incorporation, appointment of Board, adoption of bylaws, etc.
- Establish and maintain the ongoing administration of the Locks
- Oversee the negotiation of an IGA or contract with an operating entity in anticipation of an opening in 2024 (or thereabouts), unless the PC itself is the operator
- Secure capital funding – per terms of legislative earmark; Metro OS bond funds, Army Corps of Engineers funds, private/foundation support, etc.
- Identify and secure Phase II/Phase III permanent operational funding – negotiations with funders, legislation as necessary, etc.
- Obtain liability insurance for the PC, and assure that prior to opening of the Locks, any contracted/certified operators likewise obtain insurance (note that insurance needs will be very modest prior to re-opening of the Locks)

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) (the project repair budget includes a 30% contingency line item plus 20% for engineering and permitting)

EXPENSES & REVENUE/FUNDING

Phase I: March 2020-2024 (Pre-opening, capital improvements)	PC Operations During Capital Improvements	
	Expenses	\$100,000 PC Staffing (Director/Project Manager) 0.67 fte or contracted position to oversee transition. \$150,000 Average/yr in legal and consulting fees Depending on the expertise of PC Staff, will need technical assistance, legal, lobbying, preparation of bid documents, construction management, etc. \$5,000 Insurance \$45,000 Contingency \$300,000 Total Expenses
	Revenue/Funding	\$75,000 Tourism grant and/or private funds \$150,000 Annual allocation from Metro, Port, Clackamas County \$75,000 Other contributions (City of West Linn, City of Oregon City, Wilsonville, etc.) \$300,000 Total Revenue/Funding
		\$0 Total Balance

PHASE II: 2025 – 2029 (FIRST FIVE YEARS OF OPERATION)

Expected Activities

OPERATIONS

- Continue to administer the PC – oversee adherence to any requirements of funding entities; maintain insurance; oversee operator certification program
- Operate the Locks
 - 3 Potential operational scenarios (see next page)
 - Certification program required for non-PC staff operation (commercial operators, State/local government staff)
- Fund raise/marketing
- Secure long-term operating funding as set forth in the scenarios. Scenario 1, below, assumes that operating costs will be fully borne by users. Scenario 2 assumes a combination of commercial user fees (including tourism craft) and a small share of motorized and non-motorized boat license fees. Scenario 3 assumes higher levels of user fees and boat license fees. Note that under both the second and third scenarios, recreational boaters would not be subject to user fees; their contribution to expenses would be borne by their payment of their boat licenses.
- Promote commercial use of the Locks through collaboration with Economic Development entities, tourism entities, private industry

EXPENSES & REVENUE/FUNDING

		Scenario 1: De Minimus I (Commercial Use Only)	Scenario 2: De Minimus II (Commercial & Recreational Use)	Scenario 3: Full Commercial & Recreational Use
Phase II: 2025-2029 First five years of opening	Expenses	<p>\$75,000 PC Staffing (Director/Project Manager) 0.5 fte or contracted position responsible for oversight of certification program, contract and maintenance as well as marketing</p> <p>\$270,000 Annual Maintenance</p> <p>\$0 5-Year Maintenance Fund</p> <p>\$0 Sinking Fund</p> <p>\$50,000 Insurance</p> <p>\$395,000 Total Expenses</p>	<p>\$75,000 PC Staffing (Director/Project Manager) 0.5 fte or contracted position responsible for oversight of certification program, contract and maintenance as well as marketing Recreational boating hours (May-Sept, 35 hours/week).</p> <p>\$38,500 Assume a \$50/hour fee to operator during hours of operation.</p> <p>\$270,000 Annual Maintenance</p> <p>\$110,000 5-Year Maintenance Fund</p> <p>\$0 Sinking Fund</p> <p>\$50,000 Insurance</p> <p>\$543,500 Total Expense</p>	<p>\$125,000 PC Director/Project Manager 1.0 fte or contracted position responsible for oversight of certification program, contract as well as marketing</p> <p>\$150,000 PC Locks Operator & Maintenance. 1.0 fte or contracted position responsible for operating locks most hours as well as performing annual maintenance</p> <p>\$200,000 Net annual maintenance costs (Guesstimate: will depend on skills of PC Operator)</p> <p>\$110,000 5-Year Maintenance Fund</p> <p>\$75,000 Sinking Fund</p> <p>\$50,000 Insurance</p> <p>\$710,000 Total Expenses</p>
	Revenue/Funding	<p>Covered through contract</p> <p>Negotiate contract with the companies using the Locks. These companies will be responsible for bearing the entire burden of the cost of Expenses (Including Operations, Maintenance, Insurance and PC Staff), recognizing that a substantial portion of annual and five-year maintenance costs will be absorbed by the companies without having to incur outside costs.</p> <p>Cost sharing by these companies to be negotiated under the oversight of the PC; recognizing the mandate to align those companies' obligations with the PC's intention to increase commercial utilization of the Locks.</p> <p>\$395,000 Total Revenue/Funding</p>	<p>Partially covered through contract</p> <p>Negotiate contract with the companies using the Locks. These companies will be responsible for bearing the entire burden of the cost of Expenses (Including Operations, Maintenance, Insurance and PC Staff) discounted to cover the cost of recreational boating hours, additional insurance cost as well as 15% (\$68,250) of maintenance and sinking funds. (Note: see Scenario 1 regarding the structure through which companies would absorb maintenance costs as well as incentives to increase commercial usage.)</p> <p>\$110,000 Marine Board Motorized & Non-motorized boat fees. Assumes: 90% covered through \$0.04 increase in motorized boat fees with remaining 10% coming out of non-motorized boat fees.</p> <p>\$543,500 Total Revenue/Funding</p>	<p>\$278,000 User Fees, Charged to all Commercial & Recreational Users. Assume freight users are charged on a weight basis while commercial tour users are charged flat fees annually with additional passengers/trip fees.</p> <p>\$432,000 Marine Board Motorized & Non-motorized boat fees. Assumes: 90% covered through \$0.20 increase in motorized boat fees with remaining 10% coming out of non-motorized boat fees.</p> <p>\$710,000 Total Revenue/Funding</p>
	Balance	<p>\$0 Total Balance</p>	<p>\$0 Total Balance</p>	<p>\$0 Total Balance</p>

PHASE III: 2030 AND BEYOND

Expected Activities

OPERATIONS

- Continue to administer the PC – oversee adherence to any funding entities; maintain insurance; oversee operator certification program
- Operate the Locks
 - For recreational use, summer 5-month seasonal public access; 5 days per week; 5-10 hours per day (may be longer as funding allows)
 - Certification program required for non-PC staff operation (commercial operators, State/local government staff)
- Ongoing Fund raise/marketing
- Maintain long-term operating funding relationships
- Continue promotion of commercial use of the Locks through collaboration with Economic Development entities, tourism entities, private industry

EXPENSES & REVENUE/FUNDING

Phase III: 2030 and beyond: long term Locks operations	<p>Entering into Phase III, assume an operational model similar to Phase II, Scenario 2 or 3. The long term operational intention is Phase II, Scenario 3.</p> <p>Phase II scenarios could continue indefinitely as needed. However, for the De Minimus Phase II scenarios, the PC would want to negotiate a threshold of commercial users at which time, Scenario 3 would become the operational model and commercial users would be charged user fees based on tonnage through the Locks or number of passengers for tour boats, etc.</p> <p>For expenses and revenues over time, assume 3% inflationary increase/year.</p>
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Notes:

1. A reopened Locks will result in an estimated reduction of 1% of statewide greenhouse gas emissions due to an elimination of certain trucking routes related to aggregate transportation. As such, the project could potentially generate carbon credits should the State establish legislation creating a cap-and-trade program. These credits could serve as an additional revenue source.
2. Revenue potential from moorage fees (associated new up-river moorages) are not estimated in the above scenarios. Under this scenario, a reopened Locks will increase contributions to the Common School Fund as a portion of revenues from moorage fees collected by DSL goes into the Fund.