

PORT OF TILLAMOOK BAY STRATEGIC BUSINESS PLAN

2019-2024



JUNE 2019

ACKNOWLEDGEMENTS

PORT OF TILLAMOOK BAY

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INTRODUCTION

The Port of Tillamook Bay Strategic Business Plan (Plan) describes the general priorities and opportunities associated with each of the Port’s operational areas and the type of investment strategies or planning actions anticipated over a five-year horizon. This Strategic Business Plan replaces the Port’s current strategic plan (March 2012 Update) and is reviewed annually and updated as needed.

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I. Port History and Mission

A. History

In 1911 the Port of Bayocean was formed by a special election to manage land at the entrance to Tillamook Bay. The Port incorporated additional land in 1948 to construct a jetty to protect the Bay.

Naval Air Station Tillamook (NAST 1942-1948) was established as a part of a network of blimp squadrons to patrol the Pacific Ocean and act as escorts to coastal convoys. With the end of World War II, NAST was decommissioned in 1948 and the former base became the responsibility of the Tillamook County Airport Commission. In 1958, the Commission deeded the property to Tillamook County; and in the 1970s, the County deeded the property to the Port of Tillamook Bay.

In 1953 the Port of Bayocean held another election to incorporate the 1,600 acres that had comprised NAST; and on November 4, 1953 the former base became the Port of Tillamook Bay. The Port also acquired the Navy's 5.5 mile rail line. In 1990 the State of Oregon assisted the Port with lottery funds to purchase the Southern Pacific (SP) line (which had been abandoned by SP) from Tillamook to Schefflin (near Hillsboro). The Port operated the line until severe storm damage in December 2007 necessitated a freight embargo. Today, the rail line has been railbanked through the Surface Transportation Board; but operation of the Oregon Coast Scenic Railroad on the western side of the Coast Range remains. Salmonberry Trail planning is underway on the entirety of the rail line over the Coast Range to Banks, Oregon. The Port also manages the Tillamook Municipal Airport (TMK), boasts an ever-growing array of businesses, utility services and offers visitor attractions and services with the Tillamook Air Museum and Port of Tillamook Bay RV park.






B. Mission Statement

The Port of Tillamook Bay contributes to the economic health of Tillamook County through the provision of well-managed and supported industrial and commercial land and facilities for business development.

C. Strategic Vision

The Port of Tillamook Bay's long-term vision is to be a significant contributor to Tillamook County's and Oregon's economic development and a catalyst for job and business creation.

The Port addresses this vision by:

-  Maintaining and improving its existing facilities and infrastructure to better support business tenants;
-  Encouraging new business development by maintaining an asset inventory of sites and facilities to accommodate a diversity of business activity;
-  Pro-actively working with its tenants to develop clustered business development and connections for business expansion;
-  Providing a flexible yet disciplined framework for evaluating and responding to new and emerging markets or business opportunities.
-  Responsibly managing the Port's capital assets and finances.

D. Port Goals/Strategic Objectives

- YBY** Management Goal: Achieve continued success in fulfilling the Port’s mission by developing and maintaining necessary organizational and physical resources.
- YBY** Financial Goal: Assure the Port’s fiscal stability and reliable financial condition for its ongoing strategic future.
- YBY** Property Goal: Strategically use Port resources for future investment.
- YBY** Infrastructure Goal: Increase utility and infrastructure capacity in a fiscally-sustainable manner.
- YBY** Environmental Goal: Maintain conscientious stewardship of all lands, facilities and waters under the Port’s control.
- YBY** Marketing Goal: Establish the Port as an industrial hub on the North Oregon Coast that offers industrial and commercial land, employment, visitor facilities and mixed-use development opportunities.
- YBY** Emergency Management/Resiliency Goal: Strive to protect the Port against natural disasters and support Oregon’s and Tillamook County’s Emergency Management planning.

The Port’s strategic objectives specific to each of its properties and operations include:

- YBY** Tillamook Municipal Airport (TMK)—Maintain existing facilities to FAA standards, and seek opportunities to expand business development.
- YBY** Railroad—Manage long-term leases, crossings and encroachments.
- YBY** Industrial Park—Fully build out the Port’s industrial land.
- YBY** Recreational Vehicle (RV) Park—Retain for the near future as transient parking for RVs while seeking airport/aviation-related business development opportunities.
- YBY** Undeveloped Property—Expand value-added industries consistent with the Port’s Future Land Use Plan.

E. Plan Organization







The Strategic Business Plan is the Port’s coordinated investment strategy that:

- YBY** Addresses critical core infrastructure maintenance needs.
- YBY** Supports existing tenants and businesses.
- YBY** Provides a framework for evaluating investments that expand employment opportunities within Tillamook County.
- YBY** Builds on and protects the Port's most productive revenue sources.
- YBY** Gives the Port the flexibility and financial strength to respond to and expand on future business opportunities.

The plan describes the general priorities and opportunities associated with each operational area and the type of investment strategy or planning action anticipated on the sites over a three- to five-year horizon. This Strategic Business Plan replaces the Port’s current strategic plan (March 2012 Update) and is reviewed annually and updated as needed.

F. Planning Process

Over the past year, the Port Commission and staff embarked on the following activities to develop this new Strategic Business Plan:

-  Review of existing Port of Tillamook Bay, Port of Garibaldi, NW Oregon Comprehensive Economic Development Strategy (CEDS) and Tillamook planning documents.
-  Public work sessions with the Port Commission.
-  (Planned) Port presentations to the Tillamook County Board of Commissioners, NW Oregon Regional Solutions Team, Columbia-Pacific EDD, NW Oregon Area Commission on Transportation, Economic Development Council of Tillamook County, City of Tillamook, Tillamook Area Chamber of Commerce, and Regional City/County Managers Team.
-  Analysis of Port revenues and financial control measures.
-  Meetings with Port staff to collect data and review the process.
-  On-site review of all Port facilities.

As the new Strategic Plan continues to evolve, additional outreach activities will include:

- Ongoing work sessions with the Port Commission
- Coordination with the Business Oregon Business Development Officer
- Public Hearing (*held on June 20, 2019*)

II. Port Overview

A. Port Description

Positioned in the heart of Tillamook County and surrounded by the natural splendor of the Oregon Coast, the Port of Tillamook Bay, an inland facility just two miles south of the county seat of Tillamook, covers some 1,500 acres and serves as the core of the region’s industrial activity. Port facilities include a large industrial park, a state-of-the-art general aviation airport facility – considered one of the finest on the Oregon Coast –and recreational attractions, including the Tillamook Air Museum.

The Port is built around the former Tillamook U.S. Naval Station (NAST 1942-1948), home of one of the blimp squadrons that patrolled the Pacific coast during World War II. The industrial park is home to some of the largest enterprises in the county, as well as an array of small business. To serve new and expanding tenants, there are large and small shovel-ready parcels available, as well as existing buildings ready to be repurposed. And the Port of Tillamook Bay falls within Tillamook County’s Enterprise Zone offering financial incentives for new, expanding and relocating businesses.

Figure II-1

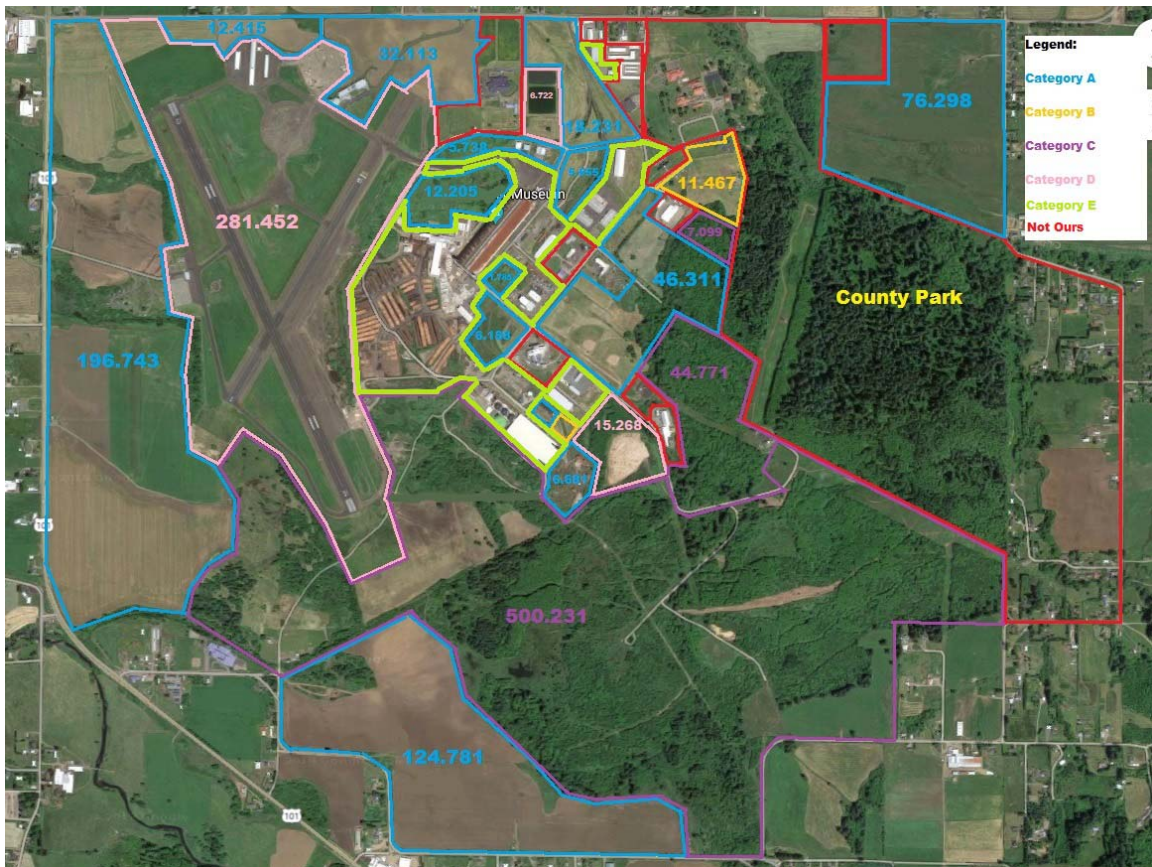
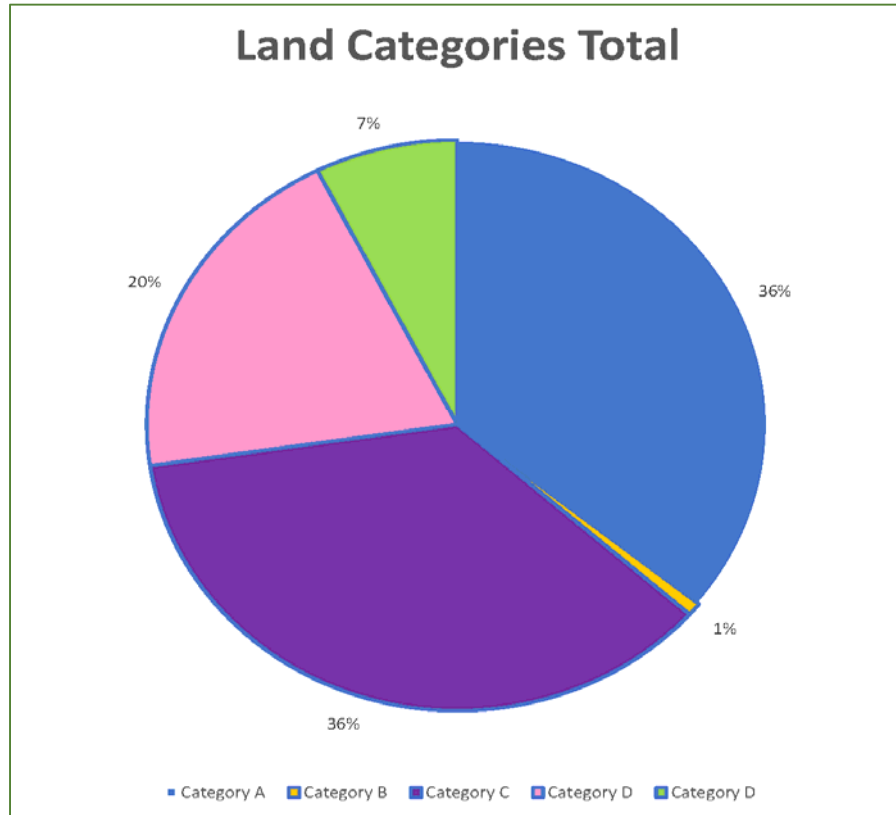


Figure II-2



Land Categories Totals	Acres	
Category A	546.711	36%
Category B	11.467	1%
Category C	552.101	36%
Category D	303.442	20%
Category D	113.704	7%
	1527.425	100%

Port of Tillamook Bay Land Category Definitions

<p>Category A—Shovel Ready</p> <ul style="list-style-type: none"> ➤ Roads available ➤ Utilities in near vicinity ➤ Permittable in 90 days or less ➤ No Wetlands ➤ Or, Certified Site 	<p>Category B—Mostly Shovel Ready</p> <ul style="list-style-type: none"> ➤ Roads available ➤ Utilities in near vicinity ➤ Permittable in 90 days or less ➤ Possible wetlands mitigation 	<p>Category C—Not Shovel Ready but Developable</p> <ul style="list-style-type: none"> ➤ Requires additional roads ➤ Not readily near utilities ➤ Requires wetlands mitigation ➤ Drainage considerations
<p>Category D— Not Available for Development</p>		

1. Operations, Facilities and Property.

a. Tillamook Municipal Airport (TMK)

—The Port owns and operates a Category IV airport (more than 2,500 annual operations or more than 10 based aircraft), call letters “TMK”, with 42 single-engine aircraft and one multi-engine aircraft based on site. The main runway (13-31) is 5,001 feet in length, with a secondary runway (01-19) at 2,900 feet. Both



runways have medium intensity runway lighting (MIRL) and precision approach path lighting (PAPI). Runway 13-31 also has a GPS non-precision approach/departure capability. The airport grounds include 40 Port-owned hangars for aircraft, a cardlock system for fueling, a tie-down area for transient aircraft, a (new) fixed base operator (FBO) building, leasable land available for private hangar construction, and land available for airport/industrial uses. Hangar space at the airport is generally 100% leased out.

The Port serves as the Fixed Base Operator (FBO) for the Tillamook Municipal Airport, providing radio contact with arriving and departing aircraft, and on-the-ground presence as needed. Most fueling is done by the pilots through the Port’s aviation fuel cardlock system. The Oregon Department of Aviation (ODA) and the Federal Aviation Administration (FAA) take responsibility for runway maintenance funding through an intergovernmental agreement (IGA) with the Port, with periodic maintenance performed by Port staff, who also maintain the automated weather observation station, runway edge/end lighting and other equipment.

Development on Port property within the airport overlay must adhere to the following restrictions:

- Distance from the runway
- Building height
- Aviation-related in nature of business
- Property ownership currently designated in the Port’s Airport Master Plan

b. Railroad

—The Port owns extensive rights of way, which varies in width from 30 to 200 feet, of approximately 100 miles of main, spur and siding rail line between the cities of Tillamook and Banks, Oregon. The Port retains legal title to railroad assets.

In December 2007 severe storms resulted in massive landslides that rendered the line inoperable over the Coast Range. The high final assessment cost to rebuild the line persuaded the Port Board of Commissioners to redirect repair funds, offered by the Federal Emergency Management Agency (FEMA), to eligible

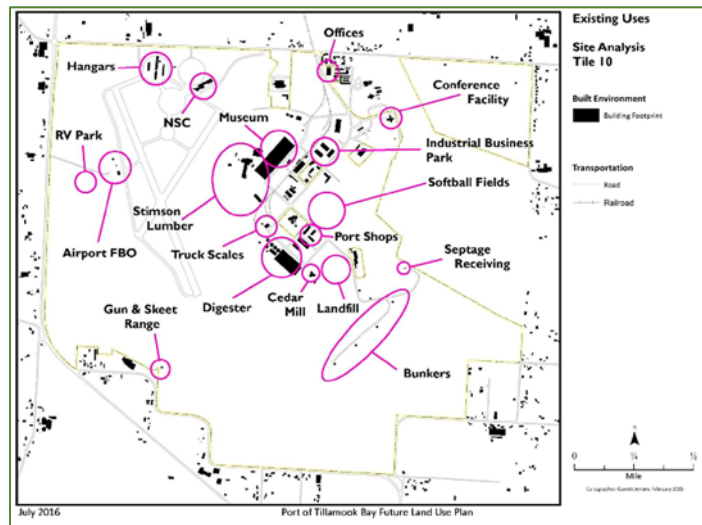
alternative infrastructure projects within the Industrial Park.



After the 2007 storm, a coalition of multiple public and private partners have completed a Master Plan for repurposing the rail line into a Rails with Trails development project. In April 2018 a lease agreement was signed between the Port Board of Commissioners and Salmonberry Trail Intergovernmental Agency (STIA) allowing engineering studies

and planning to continue assessing the proposed Salmonberry Trail. This agreement also included amendments to the previous terms to provide better support for the Oregon Coast Scenic Railroad's (OCSR) operations and contribution to the coastal communities.

c. Industrial Park—The Industrial Park comprises 785 acres of the Port's total 1,500+ acres of land. Around 537 acres of the Industrial Park are contained within an area requiring that derived revenues be dedicated to airport uses, and a smaller portion of the industrial park lies within the approach zone, with uses highly restrict so as to avoid interference with aircraft operations. Another 248 acres are outside the airport influence zone.



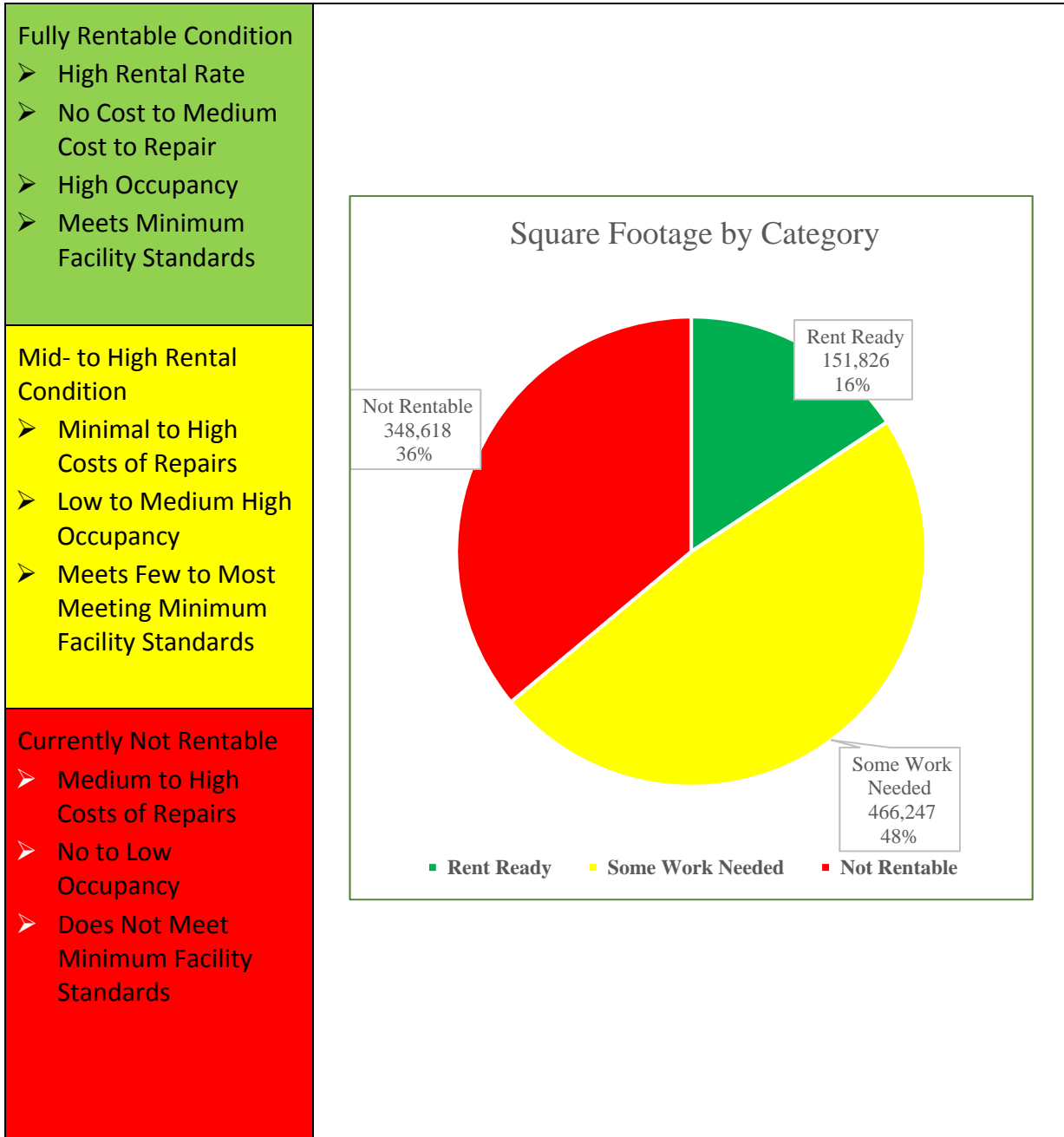
Another 248 acres are outside the airport influence zone.

The Industrial Park includes approximately 30 buildings of which approximately one-third are in good or excellent condition, one-half need repair and/or rehabilitation to warrant a market lease rate, and the remaining buildings are unrentable and only used for storage or as Port maintenance facilities. (As of June 2019, less than 4% (7,240 sf.) of the Port's 181,000 square feet of good/excellent condition buildings in its Industrial Park were available for lease. See table next page.)

Port of Tillamook Bay Building Conditions (June 2019)

	Port Building/Facility	Number	Address	Total SqFt	Occupancy
	Shop	7	6225 Blimp Boulevard	12,730	100%
	Magazine Storage	33 A		-	100%
	Magazine Storage	33 B		-	100%
	Magazine Storage	35		-	16%
	Hangar B	54	6030 Hangar Road	321,600	100%
	Locomotive Shop	56	6030 E Street	3,600	23%
	Warehouse	69	6100 Hangar A Road	8,664	46%
	Office-Mobile Home	74	6260 Blimp Boulevard	924	108%
	Gun Clubhouse & Skeet Range	300		1,100	100%
	Composting Facility	52	6020 Hangar A Road	160,000	100%
	Shop	4	6525 The Midway	576	100%
	Officers Mess Hall	5	6900 Officers Row	10,920	0%
	Warehouse B	11	6090 D Street	31,763	100%
	Wooden Shop/Storage	12	6000 E Street	1,196	100%
	Concrete Shop	26	5950 Hangar A Road	30,000	100%
	Hooley Digester Facility	53	6018 Hangar A Road	150,000	100%
	Warehouse A	59	6005-6085 B Street	31,752	100%
	Cedar Mill	65	6405 Airship Ave		100%
	Shed Row	61	6150 D Street	5,040	40%
	Paint Building 2	70	6260 Blimp Boulevard	3,900	100%
	Manufacturing Building	71	6260 Blimp Boulevard	6,000	100%
	Paint Building 1	72	6260 Blimp Boulevard	10,500	40%
	Manufacturing Building	73	6260 Blimp Boulevard	24,600	84%
	Johnson Near Space Corporation	0	5755 Long Prairie Road	31,451	100%
	Manufacturing Building	6	6440 Hangar B Road	30,050	100%
	Stimson Lumber Office	18	6115 Hangar B Road	3,600	73%
	Port Offices & Rentals	19	4000 Blimp Boulevard	20,000	100%
	Warehouse	21	6431 Signal Street	6,725	100%
	Warehouse	23	6433 Signal Street	6,000	0%
	Bovine Mortality Recycling	58	6440 Hanger A Rd	-	100%
	Warehouse Business Park, Build	90	6000 Blimp Boulevard	18,000	100%
	Warehouse Business Park, Build	91	6002 Blimp Boulevard	18,000	100%
	Warehouse Business Park, Build	92	6004 Blimp Boulevard	18,000	100%
	Animal Aid	96			100%
	Hoop House	97			100%
	UPS Shipping/Receiving/Deliver	225		29,400	100%
	Total			996,091	
	Building Categories				
	Not Rentable	9			
	Some Work Needed	14			
	Fully Rentable Condition	11			

Port of Tillamook Bay Building Categories



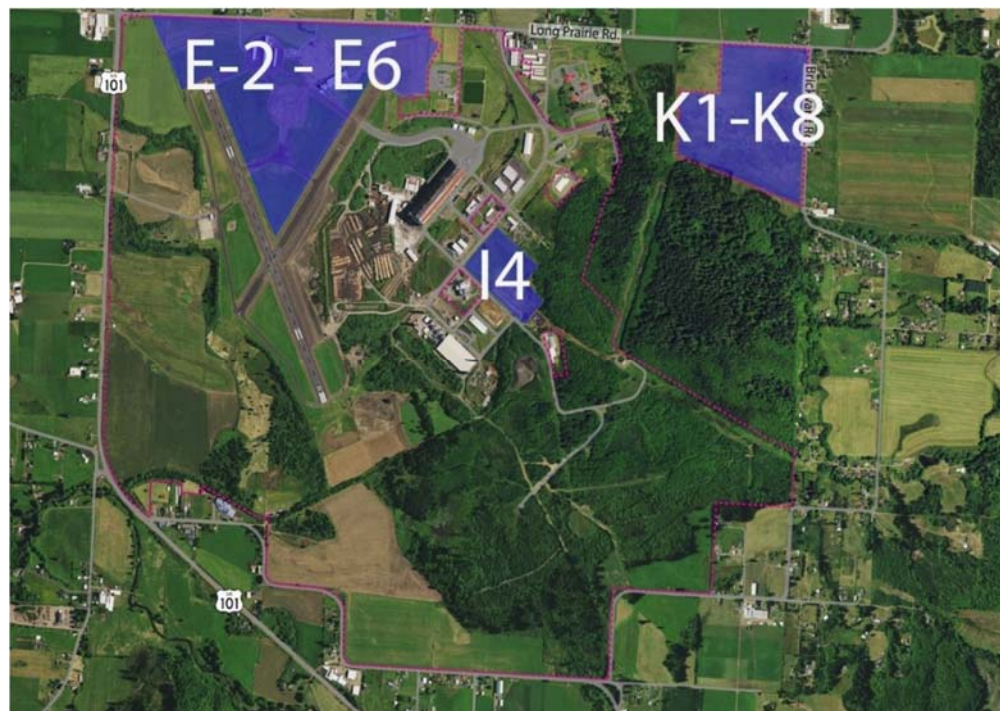
Port of Tillamook Bay Minimum Facility Standards

<p>Full Time Use Occupancy</p> <ul style="list-style-type: none"> ➤ No Leaks ➤ Access to Bathroom ➤ Fresh/Clean Paint ➤ Key System for Access ➤ No Safety Hazards ➤ Heat/HVAC 	<p>Full Time Use Occupancy</p> <ul style="list-style-type: none"> ➤ No Leaks ➤ Level Floor ➤ Key System for Access ➤ No Safety Hazards
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The Port offers water and sewer service as a utility provider to its existing tenants and extends such utility lines with Port staff to new industrial clients upon demand. The Port also serves as the septage receiving station for Tillamook County. The Port's digester facility, designed to convert cow manure to marketable products while generating power back to the electrical grid, has been leased to a private developer with a planned re-start in 2019.

Business Oregon Shovel-Ready Site Certification. Business Oregon, in order to establish an inventory of available commercial and industrial sites for business expansion and recruitment, has developed a standardized list of criteria for sites to be certified as shovel- or building-ready. The Port of Tillamook Bay has three Business Oregon certified sites:

Figure II-3 Sites Undergoing Shovel-Ready Certification



- Site E2-E6 – Long Prairie Road near the Tillamook Municipal Airport: This site includes over 30 acres of land adjacent to the airport, has paved access, water and sewer and streets. The Johnson Near Space Center is the anchor tenant, making the site ideally suited for industrial, trade-sector, scientific and/or aeronautical uses. The site is subject to FAA's preferred-aviation use regulations.
- Site K1-K8 – Long Prairie Road and Brickyard Road: Located at the northeast corner of the Port of Tillamook Bay, these approximately 70 acres of industrial land are prime for development because of the lack of geographic constraints.
- Site I4 – Blimp Blvd. and C Street: This 22-acre site, located in the center of the Port's industrial park complex, is flat and constraint-free industrial land.

The area is fully serviced by all Port utilities, including a large water line expansion to the property.

Officers' Mess Hall. Renovated in 2012 with FEMA funding, the Officers' Mess Hall now serves as a regional convention center that hosts events ranging from weddings to multi-day conventions. To continue to be a local and regional asset, the Port seeks to support the endeavors of the Officers' Mess Hall by facilitating continued programming as well as connecting the facility to overnight lodging accommodations and eating establishments. This will increase the value of the convention center and increase the scale of events that can be hosted.



- d. **M-1 (Industrial Use) Zoned Property**—The Port's developable industrial land base is zoned M-1 by Tillamook County. A substantial amount of the industrially-zoned property is currently leased and in agricultural production, an allowable use within M-1 zoning.

2. Revenue Centers.

The Port of Tillamook Bay splits its operations into a series of individual funds and departments for financial reporting. These include:

- Airport
- Railroad
- Industrial Park
- Utilities
- Museum
- Administration

2a. Airport

The Port receives revenue attributed to the Airport through the rent of buildings and land within airport boundaries, aviation fuel sales, general airport retail sales, and the RV Park. Other revenue sources for projects at the Airport have included the ODA, FAA, FEMA and Business Oregon.

Capital improvements made to the Airport have generally been the largest expenditures funded in most part by FAA, FEMA and Business Oregon grants. Personnel costs are the highest non-capital expenditures and have been declining slightly over the last three years.

Port of Tillamook Bay Airport Statement of Revenues/Expenses					
	Year Ended Jun 17	Year Ended Jun 18	17-18 % Change	Budget Year 18-19	18-19 % Change
Airport					
Revenue					
Rent (Building, Land, Hangar)	\$ 303,300	\$ 301,217	-0.7%	\$ 297,000	-1%
Aviation Fuel Sales	\$ 120,000	\$ 120,000	0.0%	\$ 75,000	-38%
RV Park	\$ 5,500	\$ 8,000	45.5%	\$ 8,000	0%
Other Revenue	\$ 4,700	\$ 4,500	-4.3%	\$ 5,200	16%
Grant Revenue	\$ 494,000	\$ 267,000	-46.0%	\$ 594,000	122%
Total Airport Revenues	\$ 927,500	\$ 700,717	-24.5%	\$ 979,200	40%
Expenditures					
Personal Services	\$ 332,561	\$ 315,332	-5.2%	\$ 295,705	-6%
Capital Outlay	\$ 507,000	\$ 280,000	-44.8%	\$ 640,000	129%
Long Term Debt	\$ 34,631	\$ 1,095	-96.8%	\$ 1,070	-2%
Advertising	\$ 2,000	\$ 2,000	0.0%		-100%
Aviation Fuel for Retail	\$ 100,000	\$ 100,000	0.0%	\$ 60,000	-40%
Other Expense	\$ 158,949	\$ 174,504	9.8%	\$ 182,050	4%
Total Airport Expenditures	\$ 1,135,141	\$ 872,931	-23.1%	\$ 1,178,825	35%
Net Revenue-Expenditures	\$ (207,641)	\$ (172,214)		\$ (199,625)	

2b. Railroad

While the Port decided to discontinue freight operations on the POTB railroad after the December 2007 storm, this cost center continues to generate revenue for the Port, primarily from switching fees, encroachments (including fiber optic easement fees), crossings, and a 99-year lease with the Salmonberry Trail Intergovernmental Agency with includes use of the line by the Oregon Coast Scenic Railroad.

Port of Tillamook Bay Railroad Statement of Revenues/Expenditures					
	Year Ended Jun 17	Year Ended Jun 18	17-18 % Change	Budget Year 18-19	18-19 % Change
Railroad					
Revenue					
Rent (Crossings, Easements)	\$ 100,000	\$ 55,000	-45.0%	\$ 55,000	0%
Switching	\$ 160,000	\$ 160,000	0.0%	\$ 276,000	73%
Car Storage	\$ 60,000	\$ 70,000	16.7%		-100%
Shortline Tax Credits	\$ 155,000		-100.0%		
Other Revenue	\$ 20,050	\$ 75,000	274.1%	\$ 125,000	67%
Total Railroad Revenues	\$ 495,050	\$ 360,000	-27.3%	\$ 456,000	27%
Expenditures					
Personal Services	\$ 51,503	\$ 67,888	31.8%	\$ 58,929	-13%
Capital Outlay					
Long Term Debt	\$ 150,671	\$ 18,242	-87.9%	\$ 17,966	-2%
Maintenance and Supplies	\$ 10,000	\$ 10,000	0.0%	\$ 50,000	400%
Tariff	\$ 95,000	\$ 95,000	0.0%	\$ 100,000	5%
Contractual Services	\$ 40,000	\$ 40,000	0.0%	\$ 20,000	-50%
Other Expense	\$ 52,160	\$ 52,850	1.3%	\$ 77,775	47%
Total Railroad Expenditures	\$ 399,334	\$ 283,980	-28.9%	\$ 324,670	14%
Net Revenue-Expenditures	\$ 95,716	\$ 76,020		\$ 131,330	

2c. Industrial Park

Currently, net cash flow from the Industrial Park is positive. Lease income from land and buildings is well in excess of what is necessary to fund associated operational costs and debt service. In large part, the positive revenue stream is a result of the new buildings funded by FEMA in lieu of rebuilding the POTB rail line loss in 2007. Depreciation and a reserve and replacement fund has been started on the new buildings; however, the older buildings have been largely depreciated, and replacement will need to be tied to new development.

Port of Tillamook Bay Industrial Park Statement of Revenues/Expenditures					
	Year Ended Jun 17	Year Ended Jun 18	17-18 % Change	Budget Year 18-19	18-19 % Change
Industrial Park					
Revenue					
Rent (building, Land, RV Storage)	\$ 901,225	\$ 1,076,500	19.4%	\$ 1,105,000	3%
Other Revenue	\$ 99,000	\$ 139,000	40.4%	\$ 164,000	18%
Grant Revenue	\$ 3,229,672	\$ 2,105,312	-34.8%	\$ 145,310	-93%
Total Industrial Park Revenues	\$ 4,229,897	\$ 3,320,812	-21.5%	\$ 1,414,310	-57%
Expenditures					
Personal Services	\$ 465,592	\$ 471,462	1.3%	\$ 435,209	-8%
Capital Outlay	\$ 3,229,672	\$ 2,148,148	-33.5%		-100%
Long Term Debt	\$ 158,396	\$ 323,790	104.4%	\$ 358,266	11%
Maintenance and Supplies	\$ 60,000	\$ 60,000	0.0%	\$ 74,000	23%
Promotional Development	\$ 1,500	\$ 1,500	0.0%		-100%
Fuel/Oil	\$ 30,000	\$ 30,000	0.0%	\$ 20,000	-33%
Electricity	\$ 75,000	\$ 84,000	12.0%	\$ 145,310	73%
Other Expense	\$ 135,000	\$ 144,660	7.2%	\$ 244,850	69%
Total Industrial Park Expenditures	\$ 4,155,160	\$ 3,263,560	-21.5%	\$ 1,277,635	-61%
Net Revenue-Expenditures	\$ 74,737	\$ 57,252		\$ 136,675	

2d. Utilities

The Port provides water service to its industrial tenants through resale of water purchased from the City of Tillamook and Long Prairie Water Districts. The provider depends on the location of the building, as the industrial park adjoins the two districts. The Port operates its own wastewater treatment system and sewer lagoon, with a certified operator and a backup operator (both full time). In addition, the Port serves as the principal septage receiving station for Tillamook County, receiving municipal sludge and materials from independent septage haulers for a per-gallon fee.

The Port manages its stormwater system through a permit from the Oregon Department of Environmental Quality (DEQ). However, this does not generate utilities cost center revenue.

Consequently, the Port's utility operation is not a significant revenue generator. The Port is currently exploring feasibility of establishing its own water system by developing its water rights and constructing additional wells on Port property in order to mitigate future water rate increases by the City of Tillamook.

Port of Tillamook Bay Utilities Statement of Revenues/Expenditures					
	Year Ended Jun 17	Year Ended Jun 18	17-18 % Change	Budget Year 18-19	18-19 % Change
Utilities					
Revenue					
Water Income	\$ 165,000	\$ 196,080	18.8%	\$ 216,300	10%
Sewer Income	\$ 115,000	\$ 167,560	45.7%	\$ 176,880	6%
Septage Receiving	\$ 50,000	\$ 75,000	50.0%	\$ 125,000	67%
Other Revenue	\$ 36,430	\$ 6,000	-83.5%	\$ 6,000	0%
Total Utilities Revenues	\$ 366,430	\$ 444,640	21.3%	\$ 524,180	18%
Expenditures					
Personal Services	\$ 200,963	\$ 171,377	-14.7%	\$ 163,485	-5%
Capital Outlay		\$ 60,000	100.0%	\$ 100,000	67%
Long Term Debt	\$ 47,806	\$ 9,457	-80.2%	\$ 9,235	-2%
Maintenance and Supplies	\$ 25,550	\$ 25,900	1.4%	\$ 25,900	0%
Testing	\$ 16,500	\$ 16,500	0.0%	\$ 11,000	-33%
Water	\$ 110,000	\$ 115,000	4.5%	\$ 126,500	10%
Other Expense	\$ 45,800	\$ 47,850	4.5%	\$ 61,900	29%
Total Utilities Expenditures	\$ 446,619	\$ 446,084	-0.1%	\$ 498,020	12%
Net Revenue-Expenditures	\$ (80,189)	\$ (1,444)		\$ 26,160	

2e. Museum

With the loss in 2015 of the operator for the air museum and many of the aircraft inventory, the Tillamook Air Museum has struggled financially. Efforts are underway through the recently-formed non-profit group Friends of the Tillamook Air Museum (FOTAM) to bring in more events, sales, grants and fundraising. The Museum being an icon in the community, the Port supports FOTAM’s efforts to bring about long-term sustainability for the air museum.

Port of Tillamook Bay Museum Statement of Revenues/Expenditures					
	Year Ended Jun 17	Year Ended Jun 18	17-18 % Change	Budget Year 18-19	18-19 % Change
Museum					
Revenue					
Museum Revenue (Attendance)	\$ 520,000	\$ 350,000	-32.7%	\$ 350,000	0%
Gift Shop	\$ 300,000	\$ 150,000	-50.0%	\$ 150,000	0%
Café/Catering	\$ 160,000	\$ 76,000	-52.5%		-100%
Building Rent/RV Storage	\$ 144,000	\$ 20,000	-86.1%	\$ 166,000	730%
Donations	\$ 4,000	\$ 4,000	0.0%	\$ 5,000	25%
Other Revenue	\$ 13,750	\$ 11,950	-13.1%	\$ 11,750	-2%
Total Museum Revenues	\$ 1,141,750	\$ 611,950	-46.4%	\$ 682,750	12%
Expenditures					
Personal Services	\$ 345,414	\$ 492,457	42.6%	\$ 451,254	-8%
Capital Outlay	\$ 10,000	\$ 30,000	100.0%		-100%
Long Term Debt					
Cost of Goods Inventory	\$ 150,000	\$ 75,000	-50.0%	\$ 85,000	13%
Cost of Goods Café/Catering	\$ 108,000	\$ 55,000	-49.1%		-100%
Museum Exhibits	\$ 15,000	\$ 20,000	33.3%	\$ 40,000	100%
Advertising and Promotion	\$ 20,000	\$ 25,000	25.0%	\$ 25,000	0%
Other Expense	\$ 126,245	\$ 134,070	6.2%	\$ 131,982	-2%
Total Museum Expenses	\$ 774,659	\$ 831,527	7.3%	\$ 733,236	-12%
Net Revenue-Expenditures	\$ 367,091	\$ (219,577)		\$ (50,486)	

3. Non-Revenue Activities.

Port of Tillamook Bay Airport Statement of Revenues/Expenses					
	Year Ended Jun 17	Year Ended Jun 18	17-18 % Change	Budget Year 18-19	18-19 % Change
Airport					
Revenue					
Rent (Building, Land, Hangar)	\$ 303,300	\$ 301,217	-0.7%	\$ 297,000	-1%
Aviation Fuel Sales	\$ 120,000	\$ 120,000	0.0%	\$ 75,000	-38%
RV Park	\$ 5,500	\$ 8,000	45.5%	\$ 8,000	0%
Other Revenue	\$ 4,700	\$ 4,500	-4.3%	\$ 5,200	16%
Grant Revenue	\$ 494,000	\$ 267,000	-46.0%	\$ 594,000	122%
Total Airport Revenues	\$ 927,500	\$ 700,717	-24.5%	\$ 979,200	40%
Expenditures					
Personal Services	\$ 332,561	\$ 315,332	-5.2%	\$ 295,705	-6%
Capital Outlay	\$ 507,000	\$ 280,000	-44.8%	\$ 640,000	129%
Long Term Debt	\$ 34,631	\$ 1,095	-96.8%	\$ 1,070	-2%
Advertising	\$ 2,000	\$ 2,000	0.0%		-100%
Aviation Fuel for Retail	\$ 100,000	\$ 100,000	0.0%	\$ 60,000	-40%
Other Expense	\$ 158,949	\$ 174,504	9.8%	\$ 182,050	4%
Total Airport Expenditures	\$ 1,135,141	\$ 872,931	-23.1%	\$ 1,178,825	35%
Net Revenue-Expenditures	\$ (207,641)	\$ (172,214)		\$ (199,625)	

B. Port Resources

The Port's financial condition is currently strong, with a large revenue-generating asset base. Current debt levels are limited, with long-term debt payments less than 20% of operating revenue. Leasing of the digester has eliminated almost all operating expenditures, a boost to the Port's bottom line. New revenues have also been generated by the construction of new for-lease buildings at the Industrial Park.

Moving forward, however, the age of over half of the Port's building inventory, and the lack of a replacement fund will have to be managed into the future. As development opportunities occur, building replacement should be factored into the Port's capital management plans.

Port of Tillamook Bay Statement of Net Position					
	Year Ended Jun-16	Year Ended Jun-17	17-18 % Change	Year Ended Jun-18	18-19 % Change
Assets					
Current and Other Assets (Includes Grants)	\$ 2,389,427	\$ 1,355,649	-43.3%	\$ 1,164,323	-14.1%
Restricted Assets	\$ 940,881	\$ 196,784	-79.1%	\$ 1,908	-99.0%
Other Assets (Includes Deferred Pension)	\$ 493,236	\$ 1,029,969	108.8%	\$ 860,051	-16.5%
Fixed Assets	\$ 51,032,230	\$ 47,293,384	-7.3%	\$ 43,909,279	-7.2%
Total Assets and Deferrals	\$ 54,855,774	\$ 49,875,786	-9.1%	\$ 45,935,561	-7.9%
Liabilities					
Current Liabilities	\$ 7,511,185	\$ 2,118,295	-71.8%	\$ 2,032,712	-4.0%
Non-Current Liabilities (Debt)	\$ 3,440,096	\$ 7,721,563	124.5%	\$ 7,465,093	-3.3%
Liabilities Payable From Restricted Assets	\$ 125,000				
Deferred Inflows of Resources	\$ 170,190	\$ 63,950	-62.4%	\$ 55,740	-12.8%
Total Liabilities, Deferrals	\$ 11,246,471	\$ 9,903,808	-11.9%	\$ 9,553,545	-3.5%
Net Position					
Net Investment in Capital Assets	\$ 44,156,075	\$ 40,669,130	-7.9%	\$ 37,330,470	-8.2%
Restricted for Debt Service	\$ 99,528				
Unrestricted	\$ (646,300)	\$ (697,152)	7.9%	\$ (948,454)	36.0%
Total Net Assets	\$ 43,609,303	\$ 39,971,978	-8.3%	\$ 36,382,016	-9.0%

C. Port Principles, Policies and Procedures

1. Business and Management Principles. To implement the Mission of this Strategic Business Plan, the Port will adhere to the following overarching business and management principles:



Projects must fit the Port's Mission and Goals.



Projects must be financially feasible and meet minimum returns based on a targeted rate of return on asset value, except in the case of emergencies and environmental protection.



There must be sufficient budgetary and staffing resources.



Projects must be sustainable through planned maintenance, budgeting and revenue management.

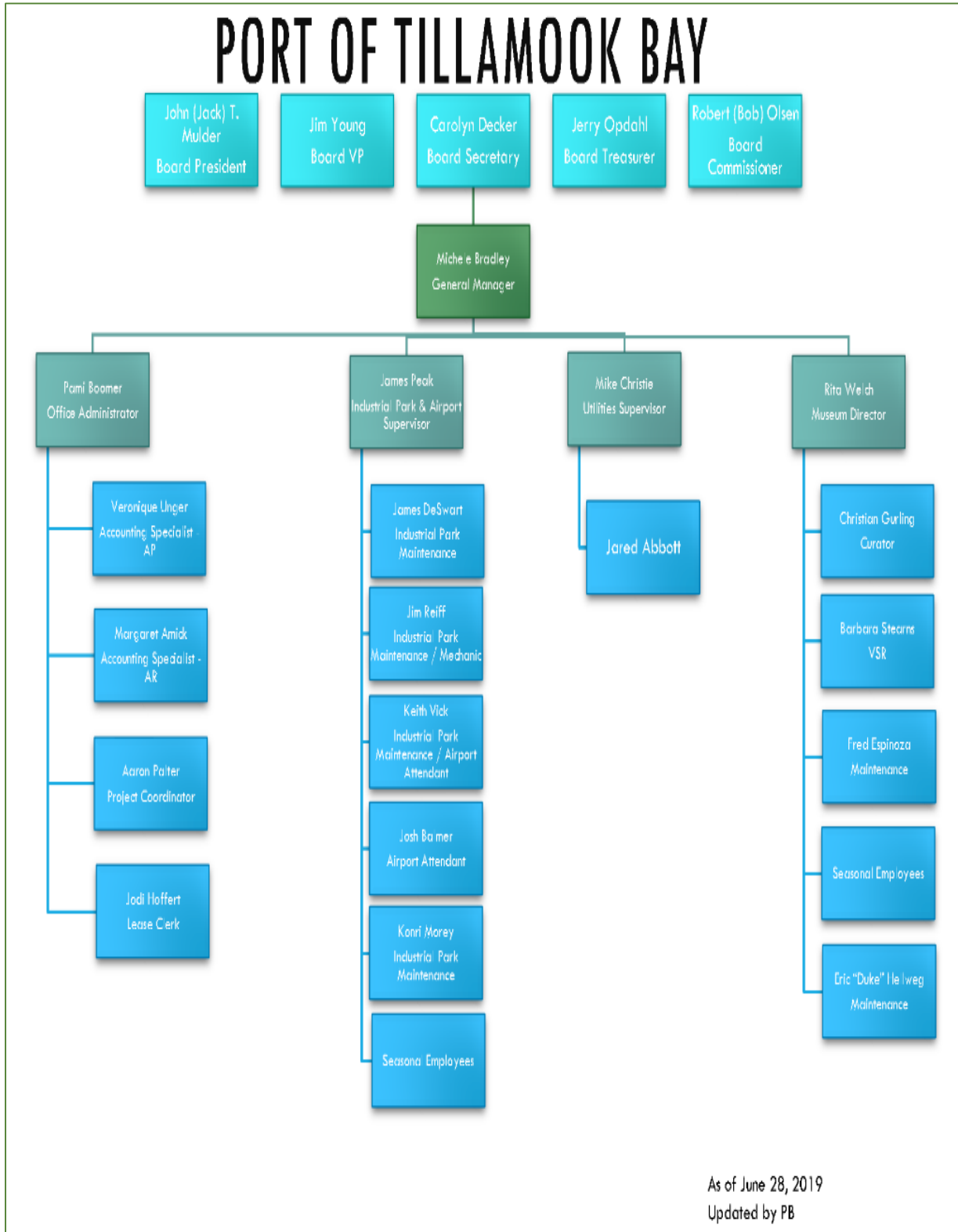


Projects that protect the Port’s revenue sources (infrastructure repairs/improvements) or create new sources of revenue must take priority—except for projects that address safety, security and/or environmental issues.

2. **Operating Procedures.** The Port Board of Commissioners establishes Port policies and has general oversight over the Port. Port staff includes a General Manager who is responsible for all operations, including staff operations for the Industrial Park, Airport, Air Museum, Utilities and Port Finances. Port staff reviews management decisions involving budgets, use of Port property, and contracting with the Port Commission, which also serves as the Local Contract Review Board for the Port. Financial and project decisions are tied to the both the Port’s Strategic Business Plan goals, objectives and strategies, and the Port’s Annual Work Plan.
3. **Governance.** The Port is committed to following its governance and this Plan. The Port of Tillamook Bay reviews its five-year capital plan and goals and objectives annually as part of its annual budgeting process. Sitting commissioners have undergone board training and have agreed on procedures for handling conflict-of-interest issues and have agreed to follow best practices and fiduciary responsibility as defined above.
4. **Commission.** The Port of Tillamook Bay is governed by Oregon Revised Statutes (ORS) Chapter 777. Governance consists of a five-member elected board of commissioners, representing a variety of interests and business expertise. Port Commissioners undergo annual ethics training and attend a minimum of one Special Districts Association of Oregon (SDAO) training each year. Newly-elected board members receive an in-person orientation and binder including information on roles and responsibilities, ethics, Port Strategic Business Plan, policies, public records, Port bylaws and board rules.
5. **Staff/Professional Development.** Management of the Port of Tillamook Bay is the responsibility of the General Manager. The current General Manager has been with the Port of Tillamook Bay for over 20 years – serving as General Manager since 2008. Reporting directly to the General Manager are the Office Administrator, Industrial Park Supervisor, Airport Supervisor, Utilities Supervisor and Museum Director. The Port has approximately 20 year-round employees and 20 seasonal workers/museum volunteers.

Port staff attend at least two SDAO trainings each year; and the Port’s Office Administrator also attends at least one local budget law class annually.

Port of Tillamook Bay Organizational Chart



Financial and Market Conditions

1. Competition.

In the immediate vicinity, the Port does not have competition for its primary services and properties.

The Port's available commercial and industrial land and buildings along with their proximity to the state highway transportation network are unmatched within the region south of Seaside and north of Newport. The Port's properties account for two-thirds of available employment land in Tillamook County as well as some of the largest acre sites in the central and northern coast area. In competing with available industrial land in Astoria and Newport, the Port's properties are in a similar or more advanced status of pre-development and could, if needed, accommodate larger users. However, Tillamook is disadvantaged to Astoria and Newport in its relative proximity to major interstate highways and access to water.



The nearest airports offering fully developed runways as well as fuel and approach procedures are located in Astoria/Warrenton and Newport. According to FAA Airport Data (https://www.faa.gov/airports/airport_safety/airportdata_5010/, accessed on September 10, 2018), Astoria is the largest regional airport in terms of traffic (about 106 operations/day) and based aircraft (about 41), followed by Tillamook at 70 operations/day and 35 based aircraft. Newport averages 55 operations/day with about 26 based aircraft.

2. Existing Markets.

The Port's properties are serving the following industries:

- Transient and local general aviation users
- Car rental
- Aerospace/UAV research and development
- Light office/industrial users and processors
- Small scale warehousing and distribution
- Alternative energy processing
- Wood product processing
- Agricultural production
- Recreational vehicle parking and camping services

Available capacity for development at the Port creates the opportunity for potential expansion of many of the existing market and industries currently being located at the Port. A more detailed opportunity analysis by industry is included in the Demand Analysis in Section V of this plan.

3. Port Resources and Financial Condition.

The Port's financial condition is currently strong, with a large revenue-generating asset base. Current debt levels are limited, with long-term debt payments less than

20% of operating revenue. Leasing of the digester has eliminated most of the operating expenditures, providing a boost to the Port’s bottom line. Recent construction of new for-lease buildings at the Industrial Park is also bringing in new revenues.

The age of over half of the Port’s building inventory, and the lack of a replacement fund, will have to be managed into the future. As development opportunities occur, building replacement should be factored into the Port’s capital management plans.

III. Defining the Opportunity

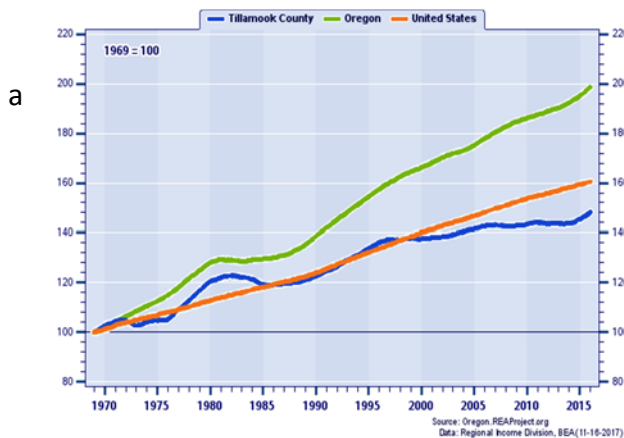
The Port of Tillamook Bay’s Industrial Park boundaries cover approximately 1,500 acres south of the City of Tillamook in Tillamook County, Oregon. The Industrial Park is bordered on the north by Long Prairie Road, west by Highway 101, south by South Prairie Road, and east by Brickyard Road. Tillamook County occupies an area of 1,100 square miles with a (March 2017) US Census estimated population of 26,143 which ranks 21st in Oregon.



A. Port Demographic Profile

1. **Age.** Since 1969 the population of Tillamook County has grown more slowly than the national average and is well behind that of Oregon’s population growth rate. Tillamook County’s overall population growth was 48.3% over the period 1969-2016, trailing Oregon’s increase of 98.5% and falling below the national increase of 60.5%. According to the State Office of Economic Analysis, population growth is not expected to accelerate over the next decade. Projections for the 2020 population indicate a slowing of population growth.

Tillamook County Population Growth



This is significant because attracting and retaining people to live, work, raise a family, and retire underlies the economic vitality of a region. Population growth is both a cause—and a consequence—of economic growth. **Patterns of population growth and change reflect a region’s ability to attract and retain people both as producers and consumers in their economy.**

The fastest age demographic growth has been in the 65 years and older age group, demonstrating the area’s appeal as a place to retire. Since 2000 the number of residents 24 and younger has declined.



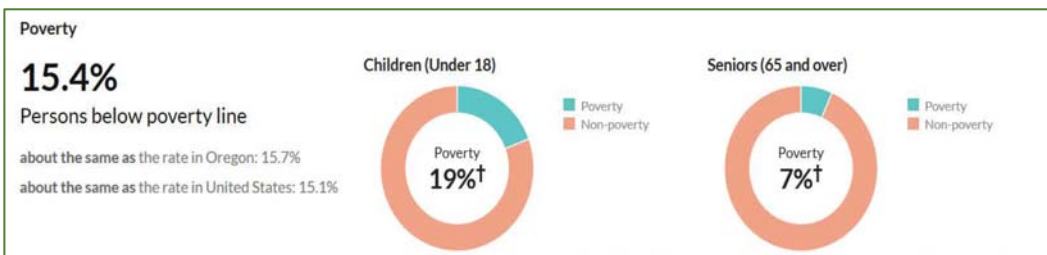
Median age of the population is important because it is an indicator of the economic resiliency of Tillamook County. The County’s Worker Dependency Ratio tracks the ratio of potential workers to non-working residents. By 2040 it is projected that there will only be approximately 1.1 worker for every non-working resident in Tillamook County.

- Income.** Tillamook County’s Median Annual Income at \$43,777 is about 80% of the median statewide income of \$53,270. As the region’s economy experiences growth in service industries, resident income has fallen significantly below that of both the state and the nation, despite general growth in the economy.



US Census, 2016 American Family Survey

- Poverty.** Data from the US Census 2016 American Community Survey 5-year estimates indicates Tillamook County’s poverty rate is about the same as both Oregon’s and national rates. The 2017 point in time count of the homeless population was 231 individuals.



US Census, 2016 American Family Survey

4. Housing. Housing in Tillamook County is less affordable than the rest of the State.

(Source: Oregon Housing and Community Services, 2017 Tillamook County Housing Profile)

This is a function of the lack of high-paying jobs in the county combined with the amount of high-value beach community property.

This is a priority issue for the County (and Oregon State). Lack

of affordable housing for the County’s workforce is limiting business expansion and recruitment. The below table compares the housing supply to the County’s Median Family Income (MFI) of \$58,825.

Shortage of Affordable Units, 2010-2014

Renter Affordability	< 30% MFI	< 50% MFI	< 80% MFI
Renter Households	510	1,100	1,740
Affordable Units	495	700	2,425
Surplus / (Deficit)	(15)	(400)	685
Affordable & Available*	140	385	1,619
Surplus / (Deficit)	(370)	(715)	(121)

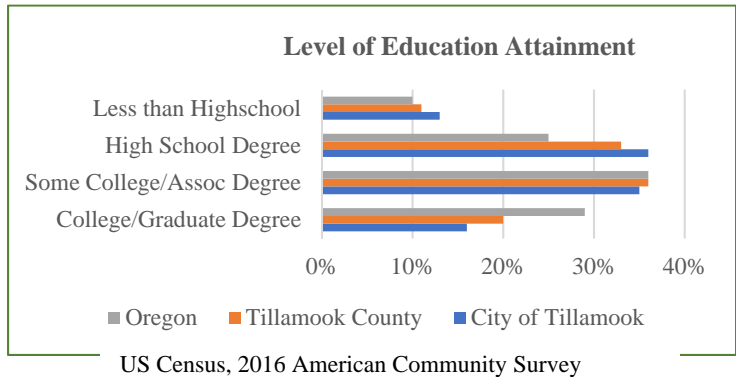
**Number of affordable units either vacant or occupied by person(s) in income group.*

Owner Affordability	... for 30% MFI	.. for 80% MFI	.. for 50% MFI
Max Affordable Value	\$192,214	\$153,771	\$96,107
% of Stock Affordable	38.6%	21.5%	10.6%

5. Education.

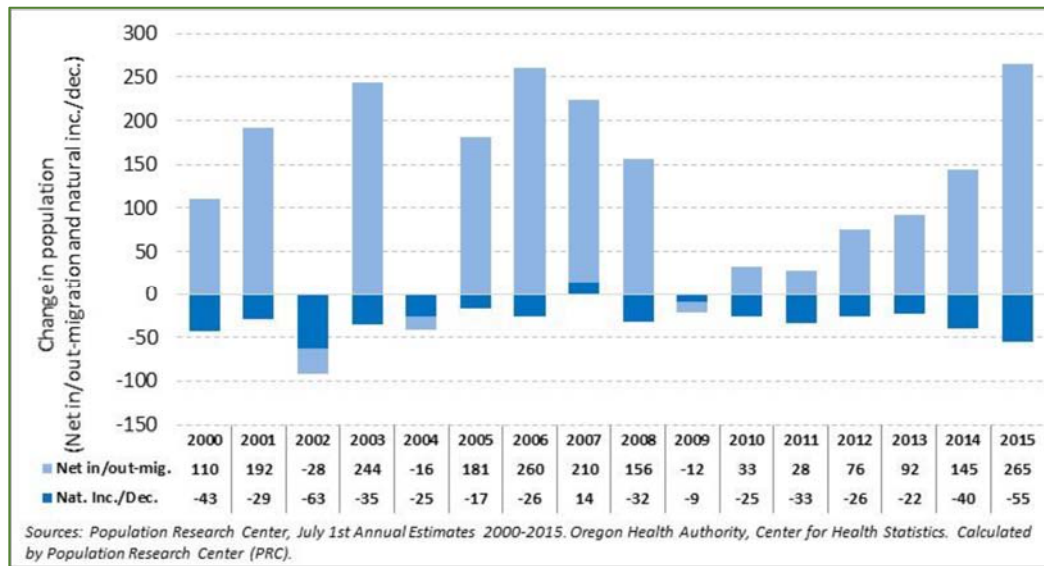
An area’s level of educational attainment is often used as a proxy for the skill level of the population base. From an economic development perspective, Tillamook County and the City of Tillamook are at a disadvantage regionally, with less of the population holding

a Bachelor’s degree or higher than the Statewide average. However, Tillamook Bay Community College has an active and progressive curriculum that supports the labor force and local employers.



6. Mobility.

Tillamook County’s population increased by 255 in 2017. This number has been increasing steadily for the past few years. The County has had one of the slowest rates of growth statewide in the period from 2010 to 2017. Tillamook County’s population is distinctly older than other counties. Deaths often outnumber births; and the county relies on migration for growth.



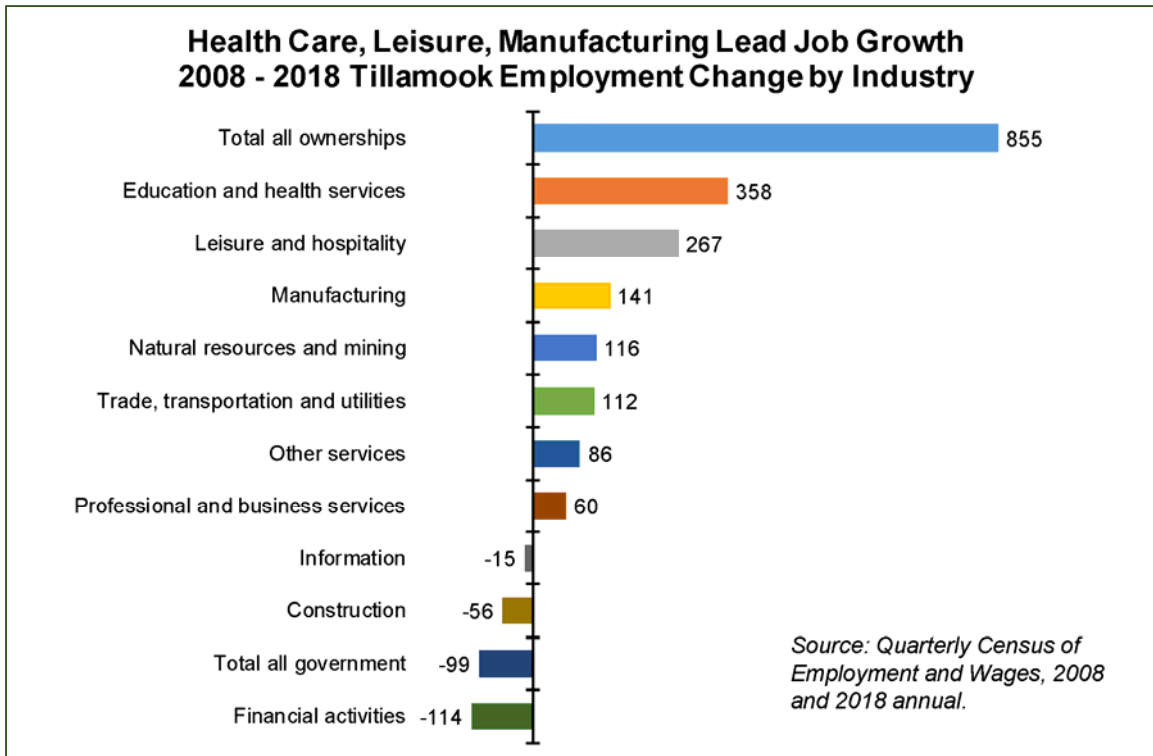
7. Work Travel.

Tillamook County’s mean travel time to work is 19 minutes, which is less than the both the State and National mean travel times. Seventy-six (76%) percent of workers travel alone by automobile.

B. District Economic Profile

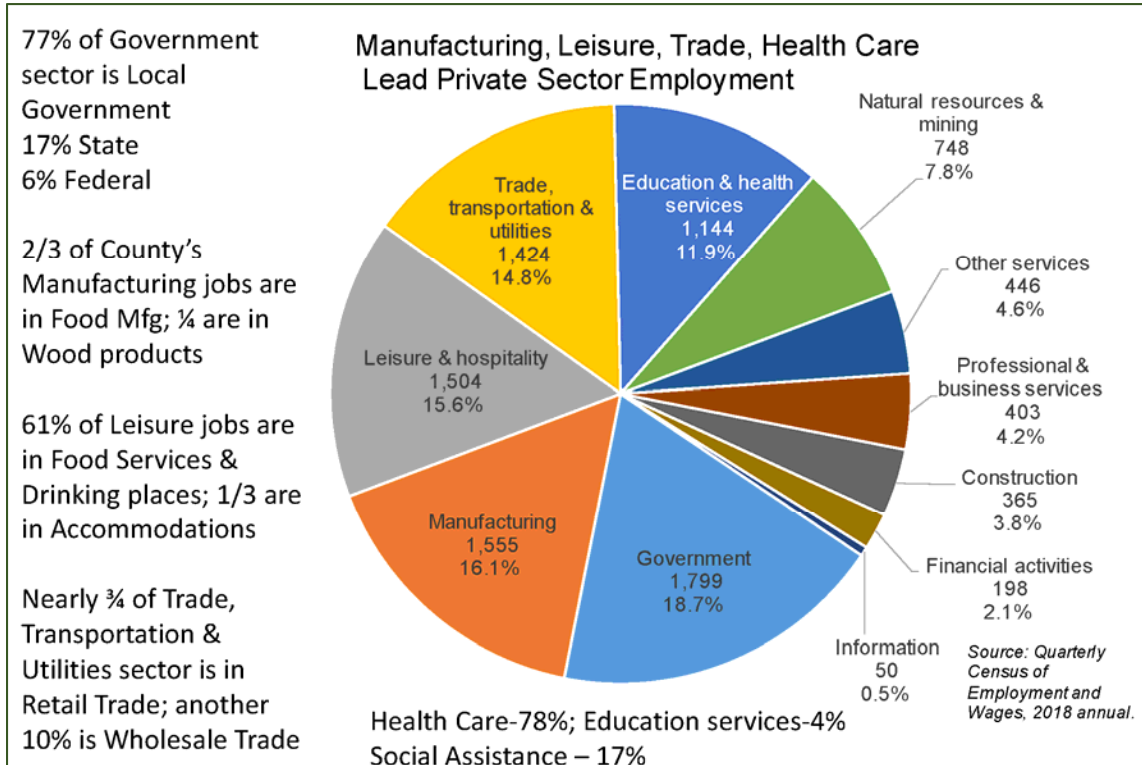
Natural Resources/Mining and Health Care/Social Assistance are the fastest growing industry employment sectors in Tillamook County. The former is reflective of the increasing age of the Tillamook County population. The Education/Health Services and Government sectors have the highest average wage.

Fastest Growing Industry Sectors (2018)

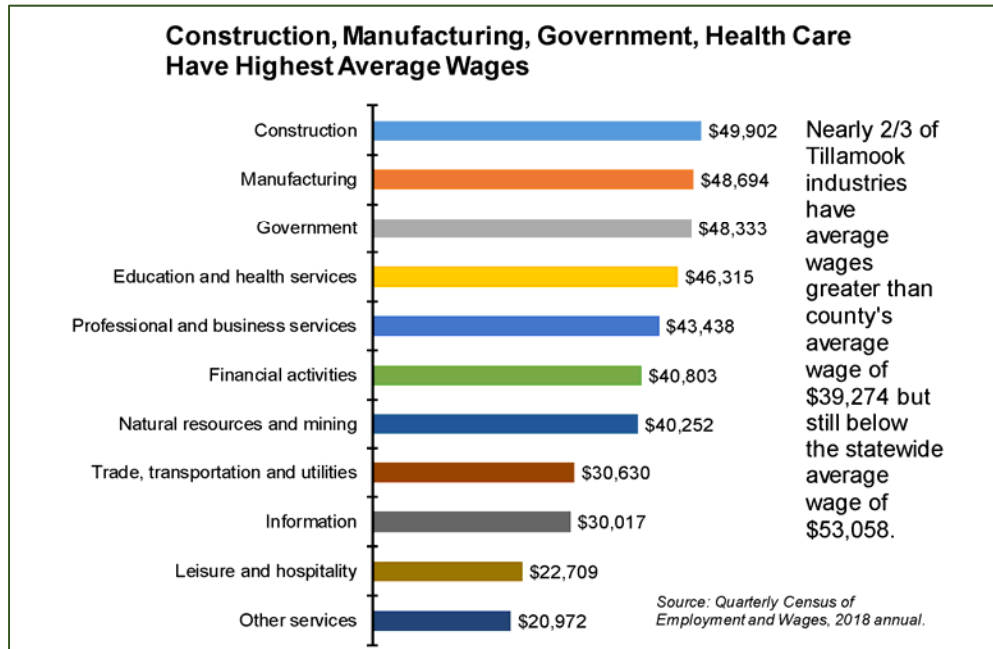


Employment by Industry Sector (2018)

Government-related jobs make up the largest employment sector in Tillamook County, followed by Manufacturing, Leisure/ Hospitality, Food Services, and Trade/ Transportation/Utilities industry employment.

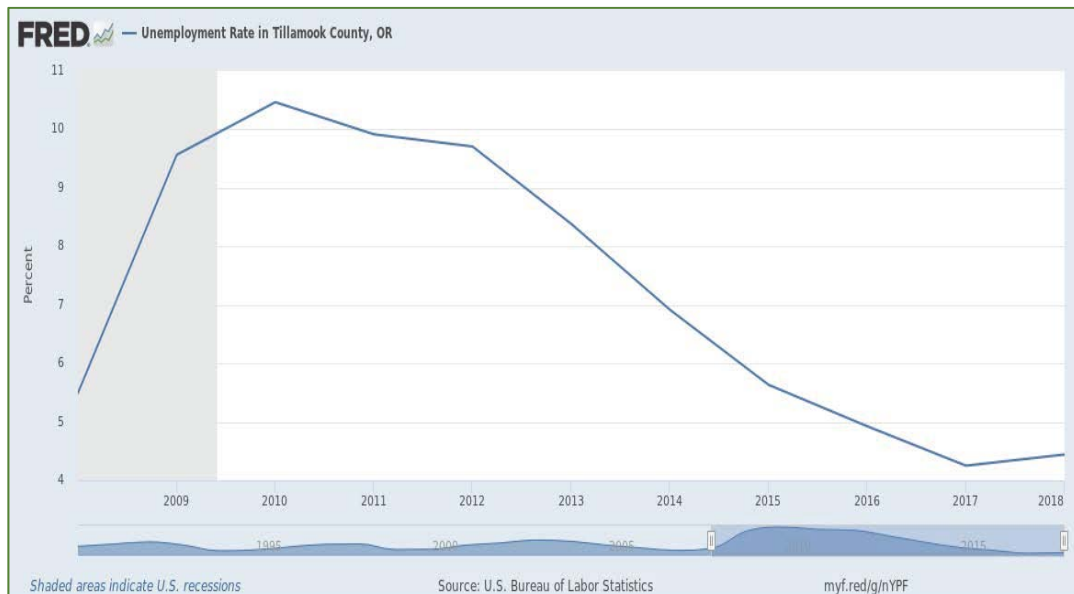


Highest Average Wage (2018)



Unemployment

From its peak in 2010, Tillamook County's unemployment rate gradually declined to the relatively low rate of less than 4% in 2017. Tillamook County's unemployment rate gradually increased in 2018, and in March was at 4.6%. Over the past year, the unemployment increase generally mirrors the unemployment patterns both in



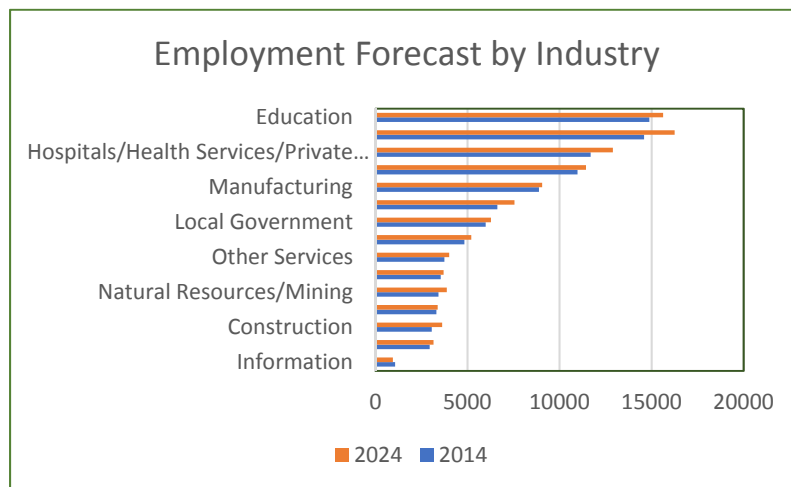
Oregon and nationally, although it is higher than the unemployment rate in the Portland metropolitan area. Employers continue to indicate an interest in having a larger pool of skilled workers. The “greying” of the workforce is continuing to place pressure on having available labor locally to replace those retiring. The Oregon Employment Department, Tillamook Bay Community College, and the local Small

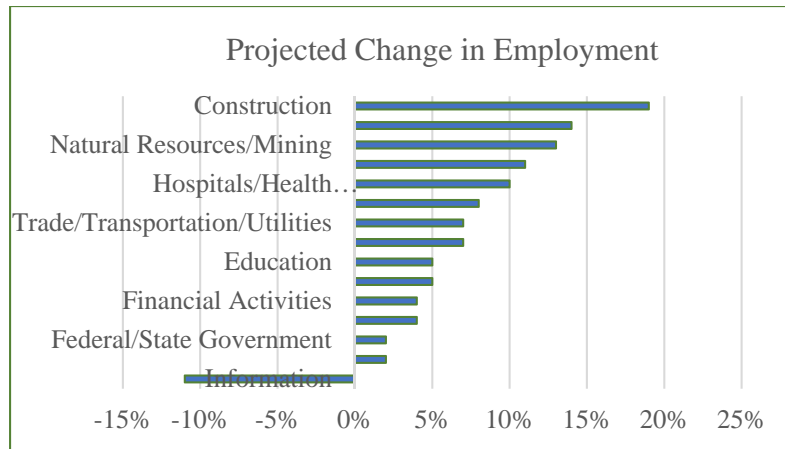
Business Development Center work in concert to train and provide skill-based education for workers entering or changing professions in the marketplace.

C. Trends for Regional Key Industries

Business Oregon’s February 2017 Regional Competitive Industry Analysis includes Oregon Employment Department employment projects by industry for the counties of Benton, Clatsop, Columbia, Lincoln and Tillamook. Key trends noted include:

- Total private payroll employment is projected to grow by 5,950 jobs between 2014 and 2024, an 8 percent increase. This is significantly less than the state’s projected rate of 16 percent.
- Construction, food manufacturing, wholesale trade, and restaurants/bars are projected to experience the greatest percent increases in employment over the next 10 years.
- Leisure/Hospitality and health care are projected to experience the greatest absolute increases in number in jobs of major industries over the next ten years.
- Manufacturing is projected to grow by 2 percent, much less than the statewide rate of 12 percent.
- Paper manufacturing, information and wood product manufacturing are projected to decline over the next ten years.





D. Industry Trends for State and Nation

Oregon’s economic expansion continues. However, Oregon has moved beyond the peak growth rates of 2014 and 2015 and settled into a slower, more sustainable pace more in line with an economy being at, or near, full employment. Despite the more subdued growth, Oregon is still outpacing the nation and all but six states (2016-2017).

The outlook remains positive according to the latest Oregon Economic and Revenue forecast from the Office of Economic Analysis (OEA). The state will continue to add jobs to the tune of roughly 3,000 a month, or 2 percent, in 2018 – enough to hold down the jobless rate and account for population growth. Growth slows to 1.6 percent in 2019.

Growth will be powered by the large and diverse professional and business services (e.g. company headquarters, temporary help, computer systems design, leisure and hospitality [e.g. restaurants, golf courses] and private health care). Construction will continue to outperform the overall economy as the housing recovery continues and in-migration remains high. But the pace of growth will cool somewhat. Manufacturing, after hitting a soft patch in 2016, is adding jobs once again with more gains expected. Growth will be strongest in food and beverage (e.g. breweries) manufacturing.

Oregon’s job growth is forecast to continue to outpace the nation as long as the state maintains its ability to attract and retain a skilled labor force, its industry structure and a favorable climate for new business formation.

E. Analysis

Implications of national, state and regional economic and demographic trends on the strategic future of the Port of Tillamook Bay indicate:

National State, and Regional Economic Trends	Implications for the Port of Tillamook Bay
<p>Growth Sectors</p> <p>Projections from the Bureau of Labor Statistics indicate that US employment growth will continue to be strongest in health care and social assistance, professional and business services and other service industries. Construction employment will grow with the economy, but traditional manufacturing employment will decline. These trends are expected to affect the composition of Oregon’s economy.</p>	<p>The changes in Tillamook County’s employment have followed similar trends as changes in national and state employment. The growth industries forecast by Oregon Employment Department (health care, leisure/hospitality, construction and specialty manufacturing) are all consistent with national and state trends.</p>
<p>Importance of Small Businesses in Oregon’s Economy</p> <p>Small businesses (with 100 or fewer employees) accounted for 51% of private sector employment in Oregon in 2010. Small business workers typically have had lower wages than the state average.</p>	<p>Businesses with 100 or fewer employees account for 66% of private employment in the greater Port district area. Small business development at the Port would be consistent with both Tillamook County and State of Oregon trends.</p>
<p>Aging of the Population</p> <p>The number of people age 65 and older nationally will more than double between 2010 and 2050, while the number of people under age 65 will grow only 20 percent. The economic effects of this demographic change include a slowing of the growth of the labor force and an increase in the demand for health care services.</p>	<p>The changes in the age structure in Tillamook County are similar to the State, with the most growth in people over 45 years. Firms in the Port district will need to replace workers as they retire. Demand for replacement workers is likely to outpace job growth, a trend consistent with what is forecast for the State. Health care and senior services are demand sectors.</p>

IV. Policy Context





A. Threshold Statement

The Port's Strategic Business Plan has been prepared utilizing Port resources, and is based on template provided by Business Oregon's Port Division. The Port is committed to following its governance and this Plan. The Port of Tillamook Bay reviews its five-year capital plan and goals and objectives annually as part of the annual budgeting process. Sitting Commissioners have undergone board training and have agreed on procedures for handling conflict-of-interest issues and have agreed to follow best practices and fiduciary responsibility as defined herein. Flexibility has been provided within the Plan to allow for unanticipated business opportunities that contribute to the Port's economic development or revenue enhancement goals.

B. Oregon Revised Statutes (ORS) Chapter 777

ORS Chapter 777 enables the formation of port districts in Oregon and defines their expected purposes, activities and financial abilities. Oregon statutory law provides expansive powers to port districts by providing broad venues within which ports may acquire, own and operate facilities and services that accomplish their purposes. For example, ports can own and operate transportation facilities (e.g. water, rail and air), act as utility providers (e.g. water and electric power) for their industrial customers, and own/operate as businesses (e.g. fuel distribution, processing facilities for fish, meat and agriculture, and industrial parks). This broad authority is emphasized in ORS 777.258, which states that a port, "May, in general, do such other acts and things, not mentioned [in relevant statutes], as tend to promote the maritime shipping, aviation and commercial interests of the port."

The Port of Tillamook Bay directly addresses ORS 777 by committing to a mission of providing well-managed and supported industrial and commercial land and facilities for business development, and through the following operational goals:

-  Developing and maintaining necessary organizational and physical resources.
-  Assuring the Port's fiscal stability and reliable financial condition for its ongoing strategic future.
-  Establishing the Port as a "Destination" on the North Oregon Coast that offers industrial and commercial land, employment, visitor facilities and mixed-use development opportunities.
-  Exhibiting a conscientious stewardship of all lands, facilities and waters under the Port's control.

C. Oregon Revised Statutes (ORS) Chapter 198

Oregon's ports are defined as "Special Districts" within the meaning of ORS Chapter 198, which provides additional (and sometimes overlapping) regulations in administrative areas, including:

- Formation, modification, mergers and dissolution of districts, and
- Adoption of port ordinances and regulations.

The Port of Tillamook Bay administrative policies and procedures address ORS Chapter 198 most specifically in that the Port follows public budgeting and public meetings law. In addition, decision-making is governed by the Port's bylaws, including quorum requirements, conflict of interest and parliamentary procedure (e.g. Robert's Rules of Order).

D. Environmental Issues

The Port of Tillamook Bay utilizes accepted environmental standards to guide stewardship of its facilities. This includes maintaining full and continuous statutory compliance for all operations and facilities on Port property.

In addition, the Port seeks business development opportunities in line with this Strategic Business Plan that support and sustain the environment. As an example, the Port's digester facility, leased by and to be operated by a private company, provides low cost alternative power to the Tillamook People's Utility District (TPUD). Under discussion is running a Bonneville power line out to the Oceanside community utilizing segments of the Port of Tillamook Bay rail line.

E. Statewide Planning Goal 9 - Economic Development

Since 1973 Oregon has maintained a strong statewide program for land use planning. The foundation of the program is a set of 19 Statewide Planning Goals. These Goals express Oregon state's policies on land use and on related topics such as natural resources, economic development and transportation. The Goals are mandatory and have been adopted as Oregon Administrative Rules (OAR) Chapter 660. Oregon's cities and counties are responsible for complying with OAR Chapter 660 by assuring that their comprehensive plans and development ordinances fulfill the requirements of the OAR for each Goal. Therefore, the Port's responsibilities are to coordinate any facility improvement and long range plans with the general purpose government.

Statewide Planning Goal 9—Economic Development states:

"To provide adequate opportunities throughout the state for a variety of economic activities vital to the health, welfare, and prosperity of Oregon's citizens."

Oregon Administrative Rule 660-009-0000 – Economic Development was amended in 2008 and specifies the requirements for complying with the Goal. Cities and counties are required to assess the national, state and local trends and inventory their commercial and industrial-zoned lands. Based on an assessment of future economic opportunities, the jurisdiction must identify and plan for the number and types of sites that will be required to accommodate the need.

The Goal 9 planning process is an opportunity for the Port of Tillamook Bay to incorporate its vision into the City of Tillamook’s and Tillamook County’s Comprehensive Plans. By coordinating the Port’s long-range plans with the city and county, future regulatory issues related to commercial and industrial development have an improved standing with the state and federal agencies. This Strategic Business Plan has been updated with review and input from the Port’s municipal partners.

F. Statewide Planning Goal 12 - Transportation

To provide and encourage a safe, convenient and economic transportation system.

Goal 12 refers to “transportation” as the movement of people and goods. Oregon Administrative Rule 660-012-0000 – Transportation Planning (filed in August 2002) is directed at all modes including port facilities, airports, railroads and regional pipelines. This Rule requires jurisdictions to prepare Transportation Systems Plans (TSPs) that are composed of transportation system planning and transportation project development.

The Port of Tillamook Bay owns and operates the Tillamook Municipal Airport (TMK), and owns a rail line which runs from the Port’s Industrial Park to Enright, Oregon. The Port’s transportation projects are included in the City of Tillamook and Tillamook County’s Transportation Plans and within the NW Oregon Comprehensive Economic Development Strategy (CEDS) and, in addition, are part of Tillamook County’s and Oregon’s Emergency Preparedness Plans.

Statewide Planning Goal 17 - Water Dependent Use

The Port of Tillamook Bay has no waterfront lands, although the district boundary includes the south side of the Tillamook Bay jetty, which touches water. The Port coordinates closely with the Port of Garibaldi, its neighbor to the north, on business development activities and support for rehabilitation of Tillamook Bay’s North and South jetties.

G. Statewide Port Strategic Plan Recommendations

This plan supports the recommendations of the Oregon Statewide Port Strategic Plan for:

- ✚ Investing to grow existing businesses
- ✚ Developing plans and infrastructure to "tap into emerging markets"
- ✚ Consistency with the goals and objectives of the statewide template for Port Strategic Business Plans

This plan is structured to link investments with their ability to meet the requirements of the following:

- ✚ Business Oregon Marine Navigation Improvement Fund
- ✚ Business Oregon Port Planning and Marketing Fund
- ✚ Business Oregon Port Revolving Fund
- ✚ Connect Oregon

What is the Oregon Statewide Strategic Port Plan Recommending?
Strategic Plan = Business Plan

Oregon's Statewide Port Strategic Plan will be a business plan between the state of Oregon and each of Oregon's Ports. It will:

- Better organize the institutional relationship between each port and the state.
- Create a state port investment fund, with components based on port size and market differences, which will fund the state's highest port priorities based on need, job creation, ability to advance Oregon's key industries, and financial ability to operate and maintain the investment.
- Establish a port-oriented training program for port commissioners and managers.
- Create a Marine Transportation mode program through ODOT and the Oregon Public Ports Association, and
- Organize a strategic response group led by OBDD which will organize state agencies to respond to special port business opportunities or to emergency situations.

What the Ports Do:

- Revised & coordinated program structure within OBDD
- Coordinated Funding Programs
- State Agencies and Support on Business Development, Permitting, Regulatory, Legislative Matters
- State supported training and certification programs

What the State Does:

- Formal Business Association with each Port
- Funding tied to Product, Business, Marketability, R&D and ability to maintain and operate capital facilities
- Full commitment to compliance with state bonded directors
- Full accountability on use of state funds

Oregon's Stable Markets related to Ports include commercial fishing; along north Coast, property development; agriculture; bulk, cargo, automobiles; recreation; sport fishing; and tour boats.

H. Other Local and Regional Plans

In 2013 the City of Tillamook and Tillamook County completed a joint Economic Opportunity Analysis (EOA). The study identified target industries and strategic priorities relevant to the Port's assets; and its findings provide the opportunity to pursue coordinated efforts with economic development partners.

The Port's property along Highway 101 was identified within the regional EOA as a potential location for future mid and large regionally-serving commercial development. In addition, the study prioritized the Port's airport and flex industrial properties for regional efforts to concentrate growth in the manufacturing sector.

The target industries established by the EOA are well aligned with Port services, plans and existing industries.

Tillamook Regional Economic Opportunity Analysis	
Target Industries	
Specialty food production	Light manufacturing
Forest products	Services for visitors
Specialty agricultural and forest production	Retail and personal services
Alternative energy production	Medical services
Agricultural services and businesses	Services for seniors
Specialty manufacturing	Government and Public Services

Lastly, the EOA recommended priorities for the City of Tillamook, Tillamook County and the Port in developing strategies and opportunities within the region. The priorities relevant to the Port and its plan are listed below:

Tillamook Regional Economic Opportunity Analysis Strategic Priorities	
Build on the region’s strengths	Address service deficiencies on industrial land
Engage in a regional dialog about economic development vision and strategy and land use within the Urban Growth Boundary (UGB) and at the Port	Work collaboratively to create a framework for regional implementation of economic development strategies
Capitalize on opportunities to grow manufacturing	Identify opportunities for commercial land infill and redevelopment
Concentrate manufacturing growth at key sites	Grow overnight tourism
Consider preferences for growing local businesses and industries	

Given the interest and preference for regional collaboration in economic development priorities, the Port’s plan identifies areas where partnerships in pursuit of development initiatives are possible. More detail is provided in the Demand Analysis, Goals and Objectives and Facilities and Business Plan.

I. Political Context and Analysis

The Port works collaboratively with Tillamook County, local cities, the Port of Garibaldi, and local stakeholders from infrastructure development, business expansion and recruitment, for use of Port properties and future planning for the County. In addition, the Port remains actively engaged in the Special Districts Association of Oregon, Columbia-Pacific Economic Development District, NW Oregon Area Commission on Transportation, Economic Development Council of Tillamook County, Tillamook Area Chamber of Commerce and Salmonberry Trail Intergovernmental Agency.

V. Situational Analysis

A. Strengths, Weaknesses, Opportunities and Threats Analysis

Strengths, weaknesses, opportunities and threats (SWOT) analysis is directed at enumerating some of the characteristic conditions that can be either modified or addressed as the Port moves to meet its stated mission and goals. Analyzed strengths, weaknesses, opportunities and threats include the following:

1. Strengths

- Natural resource industries, such as the dairy industry, fishing and shellfish industries, and timber industry (including the wood products industry / its proximity to the forests), and two bays;
- Comparatively large share of manufacturing employment;
- Remote location (but 1.5 hours from the Portland metropolitan area);
- Freight access to Portland and broader markets via Highway 6;
- Access to Highway 101 and Oregon Coast tourism;

- Regional airport and proximity to Tillamook Bay;
- High-speed Internet communications via Tillamook Lightwave dark fiber optic ring;
- Financial capacity—FEMA funding, discontinuation of the railroad, and leasing of the digester have removed Port financial obligations, while full tenancy at warehouse properties, bonding capacity and tax base provide revenue;
- Bonding capacity and tax base;
- Moderate climate;
- Access to natural areas and related recreational activities (e.g. beaches, hiking, kayaking, fishing);
- Relatively low cost of living and high quality of life; and
- Engaged citizens

2. Weaknesses

- Vacant commercial and industrial lands in poor locations (e.g. flood-prone areas) or lack of urban services;
- Lack of infrastructure, such as freight rail service, sewer capacity at the Port, or natural gas;
- Traffic impacts from Highway 101 and poor condition of some local roads;
- Distance from I-5 transportation corridor;
- Limited urban/retail amenities;
- Limited employment opportunities and low wages and income;
- Comparatively small share of residents with a Bachelor’s degree or higher;
- Lack of diversity in the composition of the regional economy;
- Lack of focused strategy or cohesive branding;
- Insufficient hotels;
- Few points of easily accessible ocean front/beach;
- Rainy climate and associated recurrent flooding;
- Odor from dairy industry; and
- Environmental and land use regulations

3. Opportunities

- Attracting small specialty manufacturing;
- Potential for Unmanned Aerial Systems (UAS) cluster development;
- Potential for development of an alternative energy industry with new businesses supporting the waste digester (leaseholder driven);
- Production of specialty agricultural products (e.g. wasabi or truffles) and non-dairy food processing (e.g. microbreweries);
- Tourism industry facilities; and
- Housing on land not suitable for agriculture, or commercial/industrial use.

4. Threats

- Natural disasters (e.g. earthquake, tsunami, fire, weather);
- Deferred maintenance of infrastructure;
- Competition from other communities; and
- Marine reserves threaten fishing

B. Critical Issues

The Port faces a number of critical issues in determining investment priorities. Central to these issues are:

1. **Use of Net Revenues.** In 2017 Port finances become net positive for the first time in over a decade. Refinancing debt, development of new income-producing properties and leasing of the digester have given the Port the foundation for a positive financial future. Moving forward, the Port will be faced with the best use of its net revenues:
 - Operational set-aside in the event of a catastrophic emergency, to maintain operations (e.g. staff, utilities, etc.);
 - Facility updating/renovation set-aside, repairs and improvements that will increase rent values of current properties;
 - New development set-aside;
 - (Additional) Debt service payments to accelerate debt service payoff;

Set-asides for operations and facility updating and renovation are the Port's priorities.

2. **Highest and Best Uses of Port Property.** As the primary industrial landowner in Tillamook County, the Port has a responsibility to utilize Port property for the betterment (e.g. jobs) of the resident population. At the same time, the Port has a fiduciary responsibility to sustain the Port's current and future financial well-being. For example, storage facilities generate low-cost revenue for the Port but underperform in providing employment opportunities.
3. **Retention (Leasing) Versus Selling Port Property to Generate Capital Improvement Funds.** The Port is at a disadvantage because of its low tax rate, making it difficult to generate the necessary capital to develop new income-generating facilities and infrastructure to support and attract new development. Improvements can be built into lease rates, but this only works for tenants willing to commit to a lease and then wait for the improvements or facility to be built. At the same time, retention of property provides the Port with ongoing lease revenue. An analysis of the Port's outlying properties may indicate land sale opportunities that will generate more revenue for the Port than is currently projected.
4. **New Construction Versus Updating Property to Market Lease Rate Caliber.** Approximately 50% of the Port's buildings and facilities are leasable but in need of updates to command market lease rates. A facilities analysis will determine what is needed to update these properties and identify the return on investment of doing so, including identification of the increased cost to maintain the buildings in leasable condition. With most of these marginal properties fully depreciated, finding the cash to invest will present a challenge.

C. Demand Analysis

There is little that the Port of Tillamook Bay can do to influence national and state conditions that affect economic development. The Port can, however, influence factors that affect economic development in Tillamook County. The Port's primary advantages are: Location on the North Oregon Coast; access to Highways 101 and 6; comparative ease of moving freight from Tillamook to Portland; range of businesses in the district; access to natural resources for manufacturing; and high quality of life. The area is likely to attract businesses that have a choice of where to locate and prefer the quality of life factors in Tillamook County. Local factors that form the region's competitive and comparative advantages include:

- Available Land—The Port has approximately 500 acres of land available for development, much of which is accessible from Highway 101. Development of Highway 101 frontage to commercial retail will require a zone change; and revenues would need to be dedicated to the airport. In any event, three types of employment uses are most suited for the Port's available land:
 - A mixture of retail and commercial uses on land within the Port along Highway 101 for uses such as retail (potentially both small-scale retail and large-format retail), facilities for visitors (e.g. a new museum), commercial businesses.
 - Manufacturing in the Port's industrial park. The Port has warehouse space which can support small- to mid-scale manufacturing and vacant land which could accommodate larger-scale manufacturing.
 - Airport Business Park. With Near Space Corporation as an anchor, additional UAV business development is an opportunity, as zoning requires aviation-related business activity at the airport.
- Upgraded Facilities—The Port's recent FEMA-funded facility upgrades have resulted in new warehouse space, improvements to the Tillamook Airport (e.g. new FBO and Airport Business Park), upgrading the Port's water distribution system, fencing and drainage, and road improvements.
- Location—The Port of Tillamook Bay's location along Highway 101 and nearby access to Highway 6 provides relative proximity to the Portland metropolitan area (about 1.5 hours) and its proximity to the ocean are attractive for area businesses marketing or selling to the metropolitan market.
- Transportation—The Port's Tillamook Municipal Airport is equipped to handle commercial freight traffic and hosts an emerging Unmanned Aerial Vehicle (UAV) business cluster. The Port's Highway 101 frontage property is passed by more than 5 million vehicles each year, opening up the potential for adding tourism facilities.
- Freight Access to Portland—While Highway 6 (an Oregon Department of Transportation/ODOT designated Freight Highway) connects Tillamook to Portland (about 90 minutes away), Tillamook's distance from Interstate 5 is a barrier to attracting businesses that need direct access to I-5 or Portland.
- Infrastructure—While properties at the Port of Tillamook Bay have basic urban services, some services are insufficient for sustained industrial development. Future development at the Port's industrial properties will need water, stormwater and

wastewater upgrades. Lack of natural gas service is also a barrier for some private business development.

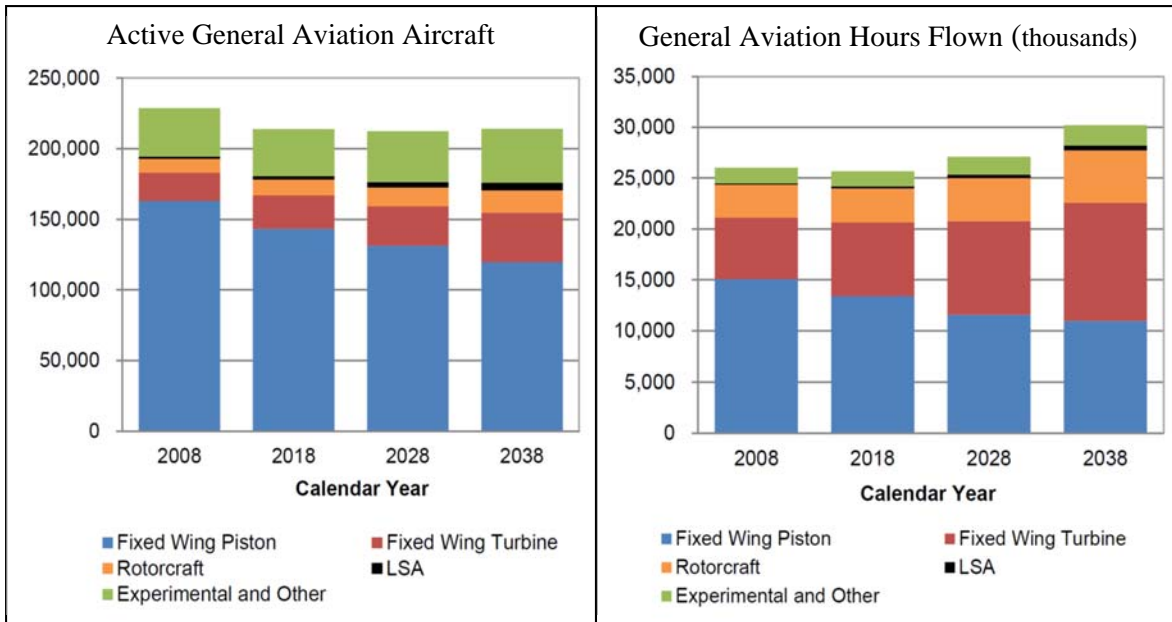
- **Natural Resources**—Businesses in the Port district have access to natural resources from the Tillamook State Forest and surrounding rural areas, such as ocean, wood, and agricultural products, and other resources. The area’s existing key natural resources are dairy production and wood products. Businesses that need access to these resources may locate or grow their existing businesses at the Port.
- **Specialty Agriculture**—A substantial amount of the resource land in Tillamook County is in agricultural production which is an allowable use within the M-1 (Industrial) zone. The existing agricultural infrastructure and temperate, damp climate provide opportunities for expansion of agricultural activity through growth of specialty agricultural products (e.g. wasabi or truffles.) These niche products may be added to existing agricultural production and may have substantial export value. Businesses that process these products could locate at the Port.

Over the next five years, the Port is expected to experience overall stability in its major industries and, with investment in infrastructure and facilities, has the opportunity for moderate to significant industry expansion.

General Aviation

General aviation experienced decline between 2007 and 2013 due to the Recession, with many subsectors beginning to experience recovery in 2017. Aircraft deliveries were up overall in 2017, driven by single and multi-engine pistons. According to FAA forecasts, the outlook for general aviation is stable with future growth driven by turbine, experimental and light sport fleets. Hours flown is expected to increase slightly through 2038 averaging annual growth of 0.8 percent driven largely by business jet aircraft.

The outlook for pilot certificates is unclear due to rule changes; but the FAA anticipates the bulk of growth to be in Air Transport Pilots and Remote Pilots. In Oregon the number of registered pilots declined by 13 percent between 2015 and 2016. FAA forecasts indicate a stable outlook for aircraft operations at the Tillamook Municipal Airport with the potential for greater growth in operations and businesses in creating infrastructure (such as hangars, repair, testing, research and development space, and storage) required for pistons, experimental aircrafts, rotorcraft and light-sport aircraft.



Source: Federal Aviation Administration

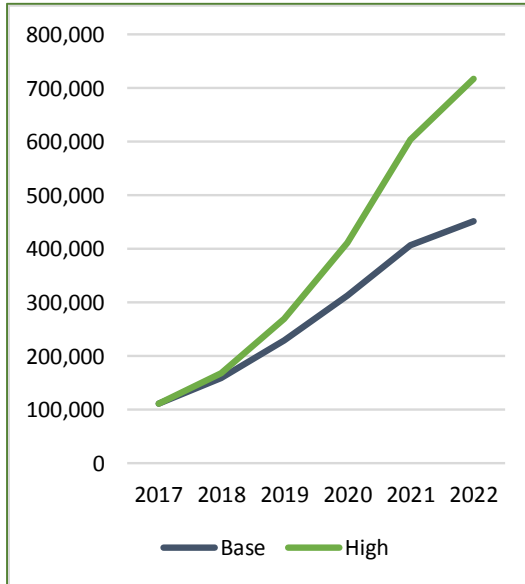
Source: Federal Aviation Administration

Commercial Unmanned Aircraft Systems (UAS)

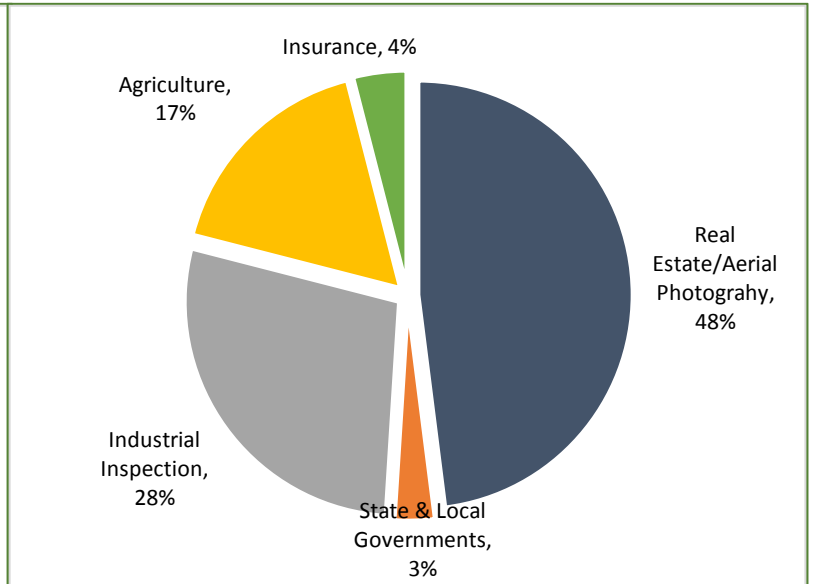
The commercial UAS sector is still in its early growth phase and its growth outlook is expected to be robust. Since the FAA opened its commercial registration system, more than 1,000 aircraft have been registered per week. Growth in unmanned aircraft and associated communication links and control components should be strong during the next five years as the industry and market continue to evolve. While all subsectors of the industry are expected to experience strong growth, professional grade UAS are expected to dominate the market long term as regulations and economics allow integration into delivery and logistics chains. The FAA estimates that between 2017 and 2022, the U.S. will add between 350,000 and 600,000 commercial UAS registrations.

Currently, commercial UAS are being deployed overwhelmingly for real estate/aerial photography, industrial inspection and agriculture. However, over the next five to ten years, the uses of commercial UAS are expected to explode into other industries.

U.S. Total Commercial UAS Fleet



Present Uses of U.S. Commercial UAS



Source: Federal Aviation Administration

Given its status as an FAA Test Site along with its available industrial land and the beginnings of an UAS cluster with Near Space Corporation, the Port is well-positioned to take advantage of expected growth in the commercial (and model) UAS industry. Leveraging the Port’s assets and opportunities in this sector will require active partnership with Near Space, Oregon State University and Business Oregon to market the range. Due to the way in which the range is listed with the FAA as part of the University of Alaska Fairbanks Test Site, it may not be obvious to many in the industry that the Tillamook Test Site exists. Currently, Tillamook is the only test site located within western U.S. coastal climate.

Natural Resources and Agriculture

The Oregon Employment Department projects that wood product manufacturing will experience a 13 percent growth rate in employment between 2014 and 2024. Total demand for employment is expected to be about 5,000 employees through 2024, due in part to retirements. Demand for wood products is expected to grow as the economy and housing market remain strong.

Agriculture and food manufacturing continue to be important industries in Oregon and Tillamook County. The state added roughly 7,050 employees in food manufacturing between 2007 and 2017 while the North Coast grew by 12 percent, or 200 employees. Growth in the industry is expected to outpace the overall economy during the next five years.

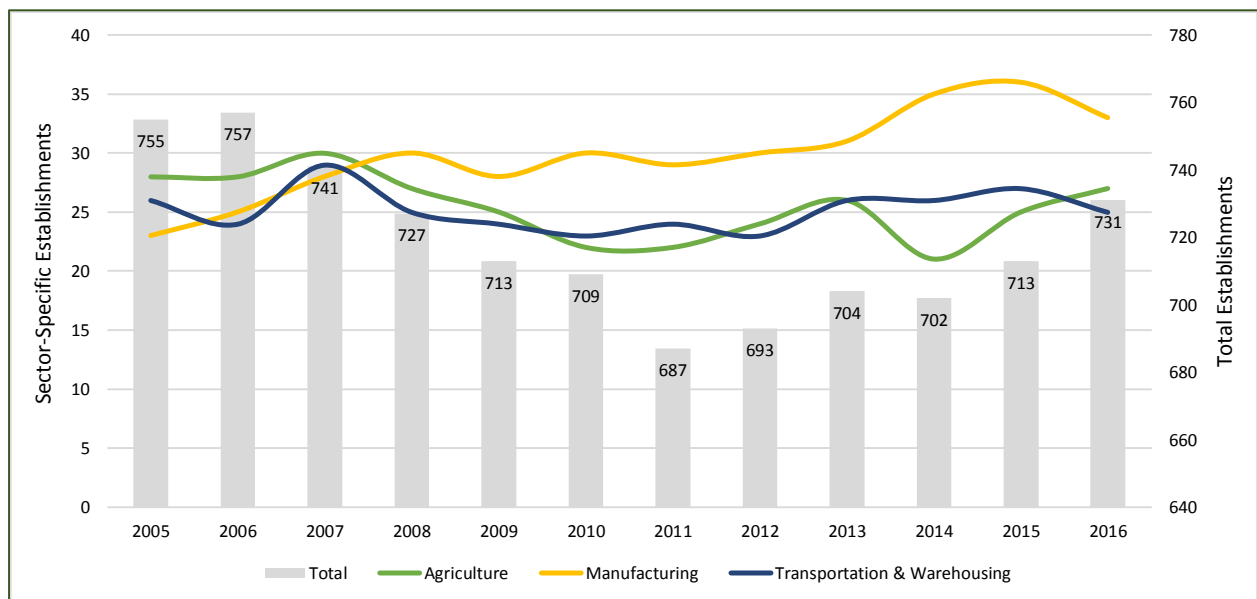
The Port has a close connection to these industries; and increased investment in infrastructure and facilities should provide opportunities for expansion in wood processing, agricultural production and product manufacturing.

Industrial Flex Space

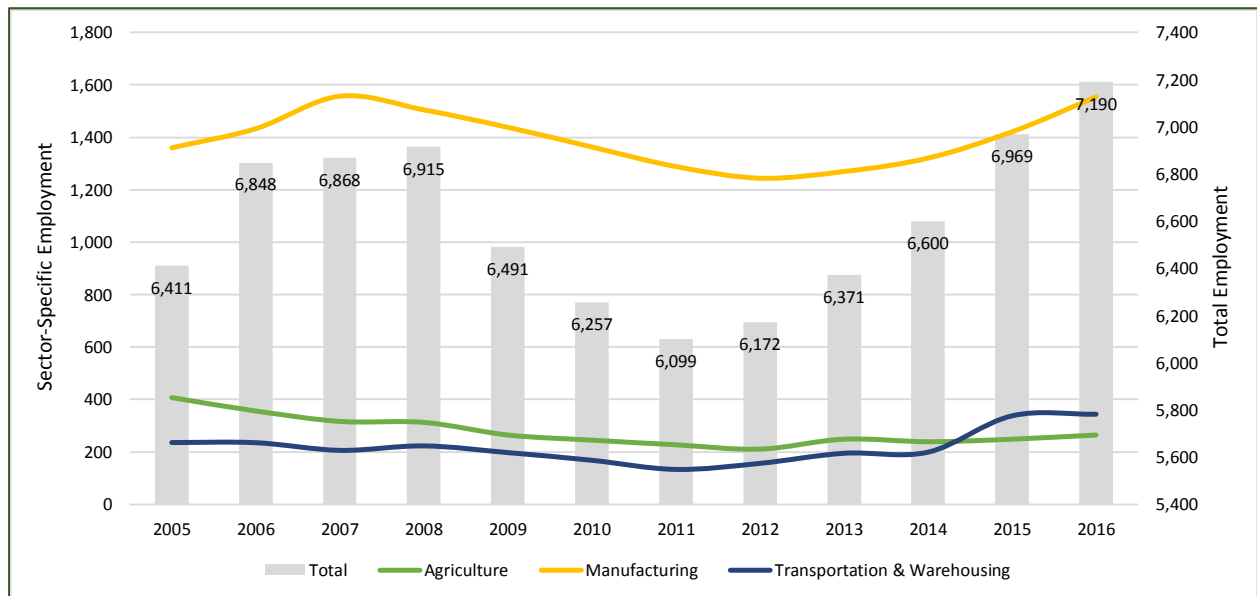
Within the last ten years, the demand for industrial space which serves light manufacturing, warehousing, general shop space and research and development has steadily increased. The Port’s own newly developed space was rapidly absorbed. Anecdotally, the number of private developers looking for land on which they can build flex industrial/commercial space has also increased. Assuming market demand continues at its current pace, a couple options for the Port is to either develop flex space itself to meet market demand or create a long-term land lease structure that would make it financially feasible for developers to build and lease space.

As the two charts below indicate, overall growth in establishments and employment within Tillamook County has been strong since 2011. The County has added more than 45 establishments and 1,100 employees. Employment growth in manufacturing, transportation and warehousing – typical users of industrial flex space – has respectively grown by an average of 4 percent and 21 percent annually.

Growth in Establishments, Tillamook County (2005-2016), All Industries, Agriculture, Manufacturing and Transportation & Warehousing



Growth in Employment, Tillamook County (2005-2016), All Industries, Agriculture, Manufacturing and Transportation & Warehousing



D. District Needs

The greatest local needs are family-wage jobs, employment opportunities, workforce development resources, housing, infrastructure improvement funding and continued economic development activity. Through its cooperative relationships with other economic development interests, the Port is a partner in addressing these issues.

Long term, the Port can work with the City of Tillamook and Tillamook County on evaluating potential zone and urban growth management agreement changes along Highway 101 that would complement the development efforts of the City as well as encourage further growth in tourism, food service, retail and flexible uses.

The Port can also work with the City and County to support the development of housing of all types.

E. Emergency Management

The Port of Tillamook Bay is included in Oregon’s Resiliency Plan as a critical resource in the event of a major catastrophe such as a Cascadia Subduction Zone event. The Port was a recent partner in the update of the Tillamook County Multi-Jurisdictional Natural Hazard Mitigation Plan. The Tillamook Municipal Airport is identified as the 4th priority state airport for emergencies because it is located on the coast but outside of the Pacific Ocean tsunami range. The Airport also has the capacity to launch and control unmanned aerial systems (UAS) such as Near Space balloons/vehicles which can provide immediate communication support in the event of a disaster.

F. Risk Analysis

It is likely that the value of the Port's capital assets may not be accurately valued because many have been fully depreciated, making it difficult to know the Port's actual capital condition and cash flow. This underscores the need for the Port to establish a Five-Year Capital Plan and forecast out the timing of needed maintenance, improvements and replacements.

The Port has an usually low property tax levy, relying primarily on income generation from Port assets to fund operations. While this is seen as generally positive by the community, it does place the Port's income stream at somewhat greater risk than typical for a Port District. Now that depreciation is being included in the Port's financial statements, there may be potential to demonstrate a need for additional operating support. An enhanced income stream could be used to support matching fund requirements when seeking grants, and for expansion of port facilities for business development.

Approximately 10 percent of the Port's assets are in significant disrepair. The future of these facilities remains unclear, with no identified path to resolution.

VI. Goals and Objectives

A. Management Goals

Goal 1: Enhance the existing abilities of the professional staff and Board of Commissioners.

Policy: The Port of Tillamook Bay shall provide continual training opportunities to enable the professional development of its staff and Board of Commissioners.

- Strategy A: Utilize periodic training opportunities provided by Special Districts Association of Oregon (SDAO) to enable Board members and staff to increase their knowledge appropriate to their position.
- Strategy B: Encourage commissioner and staff participation in professional and advocacy organizations, including, but not limited to, Oregon Public Ports Association, Northwest Area Commission on Transportation and SDAO.

Goal 2: Use strategic planning to guide the Port.

Policy: The Port of Tillamook Bay supports strategic planning as the cornerstone of its future success in order to anticipate and prioritize resource and financial needs.

- Strategy A: Adopt a 5-year schedule for review and update of Port plans: Strategic Business Plan; Capital Facilities Plan.
- Strategy B: Review policies and procedures on a regular basis to ensure compliance with state and federal laws and to promote implementation of new plans.
- Strategy C: Prepare a Time Schedule for staff and Commission to implement the Port's updated Strategic Business Plan.
- Strategy D: Board to develop additional policies, through use of a 2-person committee, that will bring draft policies to the commission for review and action.

Goal 3: Extend the Port's external relationships.

Policy: The Port shall actively seek opportunities for outreach with other governments, private sector businesses and Port district citizens.

- Strategy A: Assign Port management staff and Commissioners to participate fully with the Economic Development Council of Tillamook County, the Oregon Business Development Department (OBDD), Tillamook Area Chamber of Commerce, Columbia Pacific Economic Development District, Regional Solutions Team, and others, to ensure coordination of economic development efforts.
- Strategy B: Continue to update the Port's website, including the posting of Port Commission meeting summaries (e.g. Minutes) to help citizens stay better informed on Port activities and decisions.
- Strategy C: Continue community outreach efforts to citizens and the state and federal delegations about Port activities through presentations, radio interviews, email updates, always reminding audiences to check the Port's website.

B. Financial Goals

Goal 1: Improve Financial Reporting.

Policy: Continue to track depreciation of capital assets and incorporate into the Port's financial reporting.

- Strategy A: Compare and update Port property valuations to Tillamook County Tax and Assessment valuations when new assessments are done.

Goal 2: Improve Reliability of Cash Flows.

Policy: Improve the reliability of revenue streams for operations.

- Strategy A: Establish a lease rate policy based on a targeted return on asset value.
- Strategy B: Periodically review increasing the Port's property tax rate to cover a greater share of general Port administrative and economic development costs.

C. Property Goals

Goal 1: Strategically use Port resources for future investment.

Policy: Utilize the Port's Airport Master Plan and planning for the Industrial Park and railroad.

- Strategy A: Develop a Three-Year Work Plan and review it annually for accomplishing the Port's Property Goals and Strategies.
- Strategy B: Implement the Land Use Goals adopted in the Port's Future Land Use Plan (2016)
 - Prepare Port land to expand and support office, recreation and interim uses, and to expand and support the Officers' Mess Hall.
 - Cluster compatible business development.
 - Support development of the Salmonberry Trail.
 - Encourage the retention and expansion of airport uses to accommodate a lively airport district for Tillamook County.
 - Ensure that development along Highway 101 is of the highest and best use allowed within current and future zoning and overlays.
 - Seek to re-focus agriculture use on the Port's land to stay consistent with the Port's industrial development and FAA priorities.
 - Explore potential options for private development of workforce housing on Port land not suited for industrial or agricultural uses.
 - When opportune, seek to re-acquire properties centralized within the Port's boundaries; and sell properties not essential to the Port's core development.
- Strategy C: Secure a Port Planning and Marketing Grant to prepare a Port Master Plan for the Port's industrial properties.

Goal 2: Develop the Port’s physical resources (e.g. land, infrastructure and services).

Policy: Port-owned lands, including the Industrial Park, Airport and associated equipment and services, provide significant jobs and job-creation opportunities for Tillamook County. The Port shall develop its properties based on strategic planning, attraction of new business and financial returns adequate to ensure the continued success of the Port.

- Strategy A: Attract new business to the Industrial Park by making the Industrial Park more attractive: (1) Through site cleanup or “policing” of Port-controlled grounds; and (2) Through adoption of a policy for reducing unsightly and unnecessary clutter of outside storage for all Industrial Park properties. **NOTE: There is a policy statement addressing this issue in the Port’s lease documents; and employees are instructed to take care of any clutter they see as they perform their regular duties within the Industrial Park.**
- Strategy B: Ensure availability of broadband services continues to meet tenant needs.
- Strategy C: Renovate the historic buildings that can demonstrate suitability for future occupancy and return on investment to recognize the history of the Port.
- Strategy B: Develop grant writing capability, either through training or hiring/contracting a skilled grant writer, in order to expand the Port’s ability to fund infrastructure development.
- Strategy C: Continue to collaborate with resource agencies for a new intersection on Highway 101 to provide access to Port property and access for services including a new street, sewer, water and storm drainage to undeveloped Port property.
- Strategy D: Consider options to sell and/or improve properties when appropriate. This may involve a requirement for property replacement as part of a transfer or establishing a fund to replace properties sold.
- Strategy E: Evaluate the development of new industrial space on Port property, either fully speculative or on a build-to-suit basis.
- Strategy F: Support exploration of potential options for private development of workforce housing on Port land not suited for industrial or agricultural uses.
- Strategy H: Develop a process to utilize the renewable resources of the Port’s Landfill #1132 site (a non-municipal wood waste landfill), thereby extending the life cycle of this facility and providing the Port with an additional revenue stream.
- Strategy I: Re-acquire centrally located property within the Port’s Industrial Park from owners who wish to sell no longer productive parcels.

Goal 3: Continue the Port’s active participation in the Salmonberry Trail Intergovernmental Agency (STIA).

Policy: Preserve long-term rail line right-of-way for future railroad use.

- Strategy A: Manage crossings, encroachments and lease agreements. Sell the Banks, Oregon rail yard.
- Strategy B: Ensure fiber optic connectivity is maintained.
- Strategy C: Support ongoing operations of the Oregon Coast Scenic Railroad.

D. Infrastructure Goal

Goal 1: Seek to expand utilities, roads and similar infrastructure when fiscally feasible while maintaining sustainable debt practices.

Policy: Plan for the Port’s utilities to guide future investments.

- Strategy A: Implement the Long-Term Infrastructure and Utility Goals adopted in the Port’s Future Land Use Plan (2016):
 - Continue regional coordination with the City of Tillamook and Tillamook County for expansion of current infrastructure systems.
 - Increase connectivity to the southern and western portions of the Port through road expansion and additional access to Highway 101.
 - Expand the internal road network to better service Port lands.
 - Follow up on the Water Conservation and Management Plan (WCMP) including evaluating the need for a complete Water Master Plan. Examine the Port’s well capacity to increase water flow and to create the Port’s own water system.
 - Increase wastewater capacity through current system expansion (i.e., Increase Port’s sewer lagoon capacity) or other alternatives.
- Strategy B: Develop a Work Plan (to be updated bi-annually) for accomplishing the Port’s Infrastructure Goal.
- Strategy C: Actively participate on the Northwest Oregon Area Commission on Transportation to support multi-modal transportation safety priorities.

E. Environmental Goal

Goal 1: Utilize accepted environmental standards to guide the Port’s stewardship of its facilities and lands.

Policy: Maintain full and continuous statutory compliance for all facilities operations on Port property.

- Strategy A: Continue to incorporate environmental compliance for all facilities and operations on Port property into Port maintenance staff activities.
- Strategy B: Seek opportunities for expanded or new environmentally-sustainable business development opportunities.

F. Marketing Goals

Goal 1: Maximize the effectiveness and utilization of Port assets and capabilities through an ongoing Marketing program.

Policy: Actively market the area and Port opportunities.

- Strategy A: Continue to coordinate economic development efforts with regional and statewide efforts.
- Strategy B: Work with Tillamook County EDC and Business Oregon on marketing available lands and updating the state's and Port's available land inventory websites.
- Strategy C: Increase Museum patronage. Coordinate, as appropriate, potential cross-marketing opportunities with representatives of other regional visitor attractions.
- Strategy D: Target airport-related industrial users and reserve sites with direct airport access for users requiring that access. Work to develop a drone cluster.
- Strategy E: Prepare and regularly update a Marketing Plan that promotes Port commercial and industrial land, the airport and facilities consistent with the need to grow the county economy.
- Strategy F: Work with the City of Tillamook and property owners located in FEMA-impacted areas to identify potential relocation opportunities on Port properties.

Goal 2: Retain and Expand Existing Businesses.

Policy: Anticipate and accommodate the needs of current businesses operating on Port properties.

- Strategy A: Work with Port tenants on their business needs and potential development opportunities.
- Strategy B: Develop marketing strategies with tenants operating on Port properties, such as monument signage along Highway 101 identifying tenants.

G. Emergency Management/Resiliency Goal

Goal 1: Be resilient to natural disaster events.

Policy: Pre-plan for and be prepared for natural disaster events that will affect the Port and surrounding area.

- Strategy A: Continue active involvement in Oregon's North Coast's (Col-Pac EDD) and Tillamook County's Disaster Pre- and Post-Mitigation Plans.
- Strategy B: Develop the Port's Emergency Operations Plan.
- Strategy C: Continue to support emergency supplies and fuel storage.
- Strategy D: Conduct seismic evaluations of existing Port structures and build in disaster resiliency into new developments.

VII. Facilities and Business Plans

Port of Tillamook Bay Strategic Business Plan **Five-Year Capital Improvement Plan**

	Capital Improvement Projects	Priority	Timing/Schedule
Airport	Airport Overlay (FAA application) Environmental work on Airport Apron expansion	1	2019—2021
	Equipment shed (\$20,000)	1	2019—2020
	Paving near private hangars and Port’s T-hangars	2	2020—2021
	Electrical upgrades in RV park restrooms (including adding hot water)	2	2020—2021
	Pursue funding for Airport paving project at Near Space blimp circle	2	2020—2021
	Executive Hangars (Expand apron; add box hangars around FBO; replace aging hangars)	3	3 Years
Industrial Park	Building 4 - Roof repair; and new key system	1	2019—2020
	Building 5 – Construct additional (Graded) Parking Area; Upgrade interior: Bathroom upgrades, floor upgrade, electrical upgrade, windows, additional heating, new key system	1	2019—2020
	Building 12 - Paint (FY 19-20). Other: New roof, siding repair, interior work: paint, roof paneling, wall paneling, electrical work, new key system	1	2019—2020
	Building 26 - New key system	1	2019—2020
	Building 54 (Hangar B/Air Museum) - Roof	1	Ongoing
	Building 69 - Asbestos abatement. Create plan for tear down and redevelopment. \$200,000 (Prime space w/o building)	1	2019—2022
	Building 70 - Roof (FY 19-20). Other: Repair paneling, paint, new key system	1	2019—2020
	Building 71 - Paint (FY 19-20). Other: Electrical upgrade, new key system	1	2019—2020
	Building 72 - Paint (FY 19-20). Other: New key system	1	2019—2020
	Building 73 - Paint (FY 19-20). Other: Repair siding/roof, interior/ electrical/roll up door upgrades, new key system	1	2019—2020
	Building 90 - Paint, seal cracks, new key system	1	2019—2020
	Building B - Paving near Animal Shelter	2	2020—2021
	Building 1 - Paving near Helping Hands	2	2020—2021
	Building 6 - New key system	2	2020—2021

	Capital Improvement Projects	Priority	Timing/Schedule
Industrial Park Cont.	Building 18 - Pave parking area, new key system	2	2020—2021
	Building 19 - Paint (FY 19-20). Other: Pave side/back parking areas, additional wall by back archives, new key system, complete unimproved areas	2	Next 2 years
	Building 23 - Electrical/Lighting upgrades, water/sewer, bathrooms, new key system (\$20,000-\$30,000)	2	Next 6 years
	Building 56 - New key system	2	2020—2021
	Building 58 - New key system	2	2020—2021
	Building 59 - Address tenant needs, dock/stairs/sewer upgrades, new key system	2	2020—2021
	Building 61 (Shed Row) - Roof, paint	2	2020—2021
	Building 7 - New key system	3	2021—2022
	Building 11 - Address tenant needs, new key system	3	2021—2022
	Building 21 - Electrical/Lighting upgrades, water/sewer, bathrooms, new key system	3	2021—2022
Utilities	Stormwater System - Planning, including storm drain repairs	1	2019—2021
	Water System - Development (Phase II) including planning, replacing aged water lines and replacing fire hydrants	1	Ongoing
	Develop Wastewater Plan for immediate/future needs, options (lagoons, outfall)	1	2019—2021
	Phase 1 Planning - Sewer Line Connecting to City of Tillamook Line out costs to build and operate. 30% preliminary design. Lay out major line.	3	2021—2024

Port of Tillamook Bay Strategic Business Plan **Management Plan**

Goal	Management Activities	Priority	Timing/Schedule
<p>Goal 1: Enhance the existing abilities of the professional staff and Board of Commissioners</p>	<p>Strategy A: Utilize periodic training opportunities provided by Special Districts Association of Oregon (SDAO) to enable Board members and staff to increase their knowledge appropriate to their position.</p>	1	Ongoing
	<p>Strategy B: Encourage commissioner and staff participation in professional and advocacy organizations, including, but not limited to, Oregon Public Ports Association, Northwest Area Commission on Transportation, Special Districts Association of Oregon (SDAO).</p>	1	Ongoing
<p>Goal 2: Use strategic planning to guide the Port</p>	<p>Strategy A: Adopt a 5-year schedule for review and update of Port plans: Strategic Business Plan, Capital Facilities Plan.</p>	1	FY 2019—2021
	<p>Strategy B: Review policies and procedures on a regular basis to ensure compliance with state and federal laws and to promote implementation of new plans.</p>	1	Ongoing
	<p>Strategy C: Prepare a Time Schedule for staff and Board to implement the Port’s updated Strategic Business Plan.</p>	1	FY 2019—2020
	<p>Strategy D: Board to develop additional policies through use of a 2-person committee that will bring draft policies to the commission for review and action.</p>	1	2019—2021

Goal	Management Activities	Priority	Timing/Schedule
<p>Goal 3: Extend the Port's external relationships</p>	<p>Strategy A: Assign Port management staff and Commissioners to participate fully with the Economic Development Council of Tillamook County, the Oregon Business Development Department (OBDD), Tillamook Area Chamber of Commerce, Columbia Pacific Economic Development District, Regional Solutions Team, and others, to ensure coordination of economic development efforts.</p>	1	Ongoing
	<p>Strategy B: Continue to update the Port's website, including Commission meeting summaries, to help citizens stay better informed on Port activities and decisions.</p>	1	Ongoing
	<p>Strategy C: Continue community outreach efforts to citizens and the state and federal delegations about Port activities through presentations, radio interviews, email updates, always reminding audiences to check the website.</p>	1	Ongoing

Port of Tillamook Bay Strategic Business Plan **Financial Plan**

Goal	Financial Management Activities	Priority	Timing/Schedule
Goal 1: Improve financial reporting	Strategy A: Compare and update Port property valuations to the Tillamook County Tax & Assessment valuations when new assessments are done.	1	Ongoing
Goal 2: Improve reliability of cash flow	Strategy A: Establish a lease rate policy based on a targeted return on asset value.	1	Ongoing
	Strategy B: Periodically review increasing the Port’s property tax rate to cover a greater share of general Port administrative and economic development costs.	2	2020—2021

Port of Tillamook Bay Strategic Business Plan **Property Management Plan**

Goal	Property Management Activities	Priority	Timing/Schedule
Goal 1: Strategically use Port resources for future investment	Strategy A: Develop a Three-Year Work Plan and review it annually for accomplishing the Port’s Property Goals and Strategies.	1	Ongoing
	Strategy B: Implement the Land Use Goals adopted in the Port’s Future Land Use Plan (2016).	2	Ongoing
	Strategy C: Secure a Port Planning and Marketing Grant to prepare a Port Master Plan for Port’s industrial properties.	3	2021—2022
Goal 2: Develop the Port’s physical resources (land, infrastructure and services)	Strategy A: Attract new business to the Port’s Industrial Park by making the Industrial Park more attractive: (1) Through site cleanup or “policing” of Port-controlled grounds, and (2) Through adoption of a policy for reducing unsightly and unnecessary clutter of outside storage for all Industrial Park properties. NOTE: There is a policy statement addressing this issue in the Port lease document; and employees are instructed to take care of any clutter they see as they perform their regular duties within the Industrial Park.	1	Ongoing
	Strategy B: Ensure availability of broadband services continues to meet tenant needs (line to Port offices-\$30,000).	1	Ongoing
	Strategy C: Renovate those historic buildings that can demonstrate suitability for future occupancy and return on investment to recognize the history of the Port.	1	Ongoing

Goal	Property Management Activities	Priority	Timing/Schedule
<p>Goal 2: Develop the Port’s physical resources (land, infrastructure and services) Cont.</p>	<p>Strategy D: Consider options to sell and/or improve properties when appropriate. This may involve a requirement for property replacement as part of a transfer or establishing a fund to replace properties sold.</p>	1	Ongoing
	<p>Strategy E: Evaluate the development of new industrial space on Port property, either fully speculative or on a build-to-suit basis.</p>	1	Ongoing
	<p>Strategy F: Support exploration of potential options for private development of workforce housing on Port land not suited for industrial or agricultural uses.</p>	1	Ongoing
	<p>Strategy G: Develop grant writing capability, either through training or hiring/contracting a skilled grant writer, in order to expand the Port’s ability to fund infrastructure development.</p>	2	Ongoing
	<p>Strategy H: Develop a process to utilize the renewable resources of the Port’s Landfill #1132 site (a non-municipal wood waste landfill), thereby extending the life cycle of this facility and providing the Port with an additional revenue stream.</p>	3	2021—2022
	<p>Strategy I: Re-acquire centrally-located property within the Port’s Industrial Park from owners who wish to sell no longer productive parcels.</p>	3	2021—2022
	<p>Strategy J: Continue to collaborate with resource agencies for a new intersection on Highway 101 to provide access to Port property and access for services including a new street, sewer, water and storm drainage to undeveloped Port property.</p>	4	2022—2023

Goal	Property Management Activities	Priority	Timing/Schedule
Goal 3: Continue the Port’s active participation in Salmonberry Trail Intergovernmental Agency	Strategy A: Manage crossings, encroachments and lease agreements. Sell the Banks, Oregon rail yard.	1	2019—2021
	Strategy B: Ensure fiber optic connectivity is maintained.	1	2019—2021
	Strategy C: Support ongoing operations of the Oregon Coast Scenic Railroad.	1	2019—2021

Port of Tillamook Bay Strategic Business Plan **Infrastructure Plan**

Goal	Infrastructure Activities	Priority	Timing/Schedule
<p>Goal 1: Seek to expand utilities, roads and similar infrastructure when fiscally feasible while maintaining sustainable debt practices</p>	<p>Strategy A: Implement the Long-Term Infrastructure and Utility Goals adopted in the Port’s Future Land Use Plan (2016).</p>	<p>1</p>	<p>Ongoing</p>
	<p>Strategy B: Develop a Work Plan (updated bi-annually) for accomplishing the Port’s Infrastructure Plan.</p>	<p>1</p>	<p>Ongoing</p>
	<p>Strategy C: Actively participate on the Northwest Oregon Area Commission on Transportation to support multi-modal transportation safety priorities.</p>	<p>1</p>	<p>Ongoing</p>

Port of Tillamook Bay Strategic Business Plan **Environmental Plan**

Goal	Environmental Activities	Priority	Timing/Schedule
<p>Goal 1: Utilize accepted environmental standards to guide the Port’s stewardship of its facilities and lands</p>	<p>Strategy A: Continue to incorporate environmental compliance for all facilities and operations on Port property into maintenance staff activities/oversight.</p>	<p>1</p>	<p>Ongoing</p>
	<p>Strategy B: Seek opportunities for expanded or new environmentally-sustainable business development opportunities.</p>	<p>1</p>	<p>Ongoing</p>

Port of Tillamook Bay Strategic Business Plan Marketing Plan

	Marketing Activities	Priority	Timing/Schedule
<p>Goal 1: Maximize the effectiveness and utilization of Port assets and capabilities through an on-going Marketing program</p>	Strategy A: Continue to coordinate economic development efforts with regional and statewide efforts.	1	Ongoing
	Strategy B: Work with Tillamook County EDC and Business Oregon on marketing available lands and updating the state’s and Port’s available land inventory websites.	1	Ongoing
	Strategy C: Increase Museum patronage. Coordinate, as appropriate, potential cross-marketing opportunities with representatives of other regional visitor attractions.	1	Ongoing
	Strategy D: Target airport-related industrial users and reserve sites with direct airport access for users requiring that access. Work to develop a drone cluster.	1	Near Space
	Strategy E: Prepare and regularly update a Marketing Plan that promotes Port commercial and industrial land, the airport and facilities consistent with the need to grow the county economy.	2	3-5 years
	Strategy F: Work with the City of Tillamook and property owners located in FEMA-impacted areas to identify potential relocation opportunities on Port properties.	2	3-5 years
<p>Goal 2: Retain and Expand Existing Businesses</p>	Strategy A: Work with Port tenants on their business needs and potential development opportunities.	1	Ongoing
	Strategy B: Develop marketing strategies with tenants operating on Port properties, such as monument signage along Highway 101 identifying tenants.	2	3-5 years

Port of Tillamook Bay Strategic Business Plan **Emergency Management/Resiliency Plan**

	Emergency Management/Resiliency Activities	Priority	Timing/Schedule
Goal 1: Be resilient to natural disaster events	Strategy A: Continue active involvement in Oregon’s, North Coast’s (Col-Pac EDD) and Tillamook County’s Disaster Pre- and Post-Mitigation planning, including economic resiliency.	1	Ongoing
	Strategy B: Develop the Port’s Emergency Operations Plan.	1	2019—2020
	Strategy C: Continue to support emergency supplies and fuel storage.	1	Ongoing
	Strategy D: Conduct seismic evaluations of existing Port structures and build in disaster resiliency into new developments.	2	2020—2020