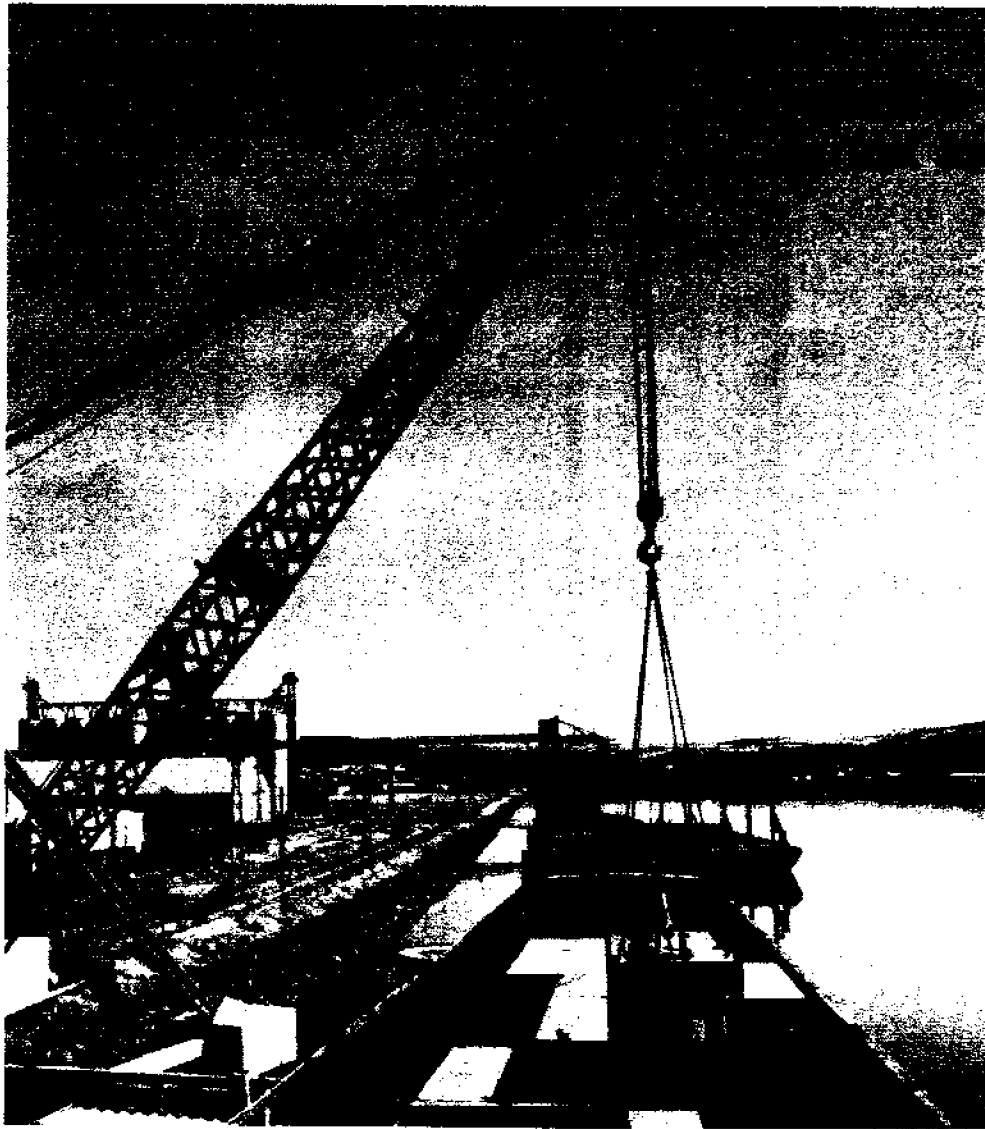


The Port of Beaver

A Case Study of Port Management



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OREGON STATE UNIVERSITY EXTENSION SERVICE

**THE PORT OF BEAVER
A CASE STUDY OF PORT MANAGEMENT**

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INTRODUCTION

Ports are vital to the coastal and river communities of the Pacific Northwest. Ports are trade gateways; ports provide services to the fishing industry and the water recreation or tourism industry; ports are custodians of valuable natural resources; and ports are active in industrial development. The Sea Grant programs of Oregon, Washington, Alaska, and California support teaching, research, and Extension activities that benefit national as well as regional ports.

A number of Pacific Northwest ports have benefited from *comprehensive management studies*, one of Sea Grant's Extension activities. Port comprehensive management studies are conducted by a team of three to five university and port specialists and include a 3- to 5-day site visit, an oral report to port administrators, a written report to port administrators, and a followup visit some time later. The study team interviews port staff, port clients, and community leaders; inspects port related documents and facilities; and observes the port in action. Comprehensive management studies are instigated by Sea Grant Extension staff who request cooperation of the port, organize the study, and carry out the study.

While ports in the Pacific Northwest have benefited directly from these comprehensive management studies, nonstudied ports can also learn from the experience and the knowledge gained. This publication captures the experience and knowledge from previous comprehensive management studies and presents it in the form of a comprehensive management study report to the purely fictitious Port of Beaver.

Since the following comprehensive management study report to The Port of Beaver is a composite of many previous reports, only portions will be directly applicable to your port. However, extensive notes (printed in *italic type*) have been inserted to help you interpret the results for your own port and to better understand the study process.

You will obtain the greatest benefit by reading the entire report first and then returning to those portions that are applicable to your own port. The Port of Beaver is fictitious, but the contents of the report are not. Somewhere in Washington, Oregon, and California there are ports with no tactical or strategic plan, commissioners who waste hours on endless detail, management reports with no budgets or enterprise accounts, marketing directors with no marketing strategy, and staff who do not know how they are being evaluated. There are also ports that have excellent business plans, commissioners who focus on policy issues, management reports with complete management information, and comprehensive personnel evaluation procedures. All are represented in the following comprehensive management study report to the fictitious Port of Beaver.

COMPREHENSIVE MANAGEMENT STUDY

**Confidential Report to the
Port of Beaver, Oregon**

DESCRIPTION

The Port of Beaver is on Beaver Bay, in the southeast corner of Oregon. The port owns 105 acres of land, 85 of which is designated for industrial development. The port owns and operates a cargo-handling dock with one cargo crane, a commercial boat basin, a public dock for transferring fishing gear and fish, a recreational boat basin, a small launch ramp, and a camping facility.

The port leases some of its industrial land and improvements to three small fabrication firms, two seafood processing plants, a fishing supply store, and a seafood restaurant. The port is administered by three elected commissioners and is staffed by the manager, a marketing director, a dock supervisor, a maintenance supervisor, and seven hourly employees.

The port currently has \$250,000 in general obligation bond debt, \$830,000 in revenue bond debt, and an \$11,000 debt to the state treasurer. Revenues are obtained from local taxes, lease income, wharfage and dockage, moorage income, launch ramp and camping fees, and bond administration fees.

The port is administered by three elected commissioners, a manager, and a staff of three professionals. Services are provided by a local attorney on a retainer and a certified public accountant on an hourly basis. The port also makes extensive use of engineering consultants and technical assistance from State agencies and the port association.

NOTE: PACIFIC NORTHWEST PORTS

The Port of Beaver is typical of many Pacific Northwest ports. Several are predominantly cargo ports, but the majority are quite diversified, obtaining revenue from industrial park development and leasing, moorage fees, bridge fees, airport landing fees, recreational park fees, and (of course) local taxes.

It is also quite typical of Pacific Northwest ports to be heavily in debt. Much of this debt is in the form of bonds or loans from other public agencies. This type of debt is secured by the taxing ability of the port district, by the real property of the port, or by the anticipated revenue from development projects. While not always the wisest decision, this allows ports to enter ventures that are inherently more risky than those that would be undertaken by private enterprise.

In the State of Washington, most ports are administered by three elected commissioners. In Oregon, all but the two largest ports have five elected commissioners. Northern California ports also have elected commissioners, but the number depends upon the specific statutes under which the port is organized.

Most ports have at least one manager on the payroll, while some of the larger may have as many as five additional professional staff. The three major ports in the region—Seattle, Tacoma, and Portland—have much larger staffs. The Port of Beaver, therefore, is typical of the majority of the smaller ports in the region.

MAJOR STRENGTHS

The Port of Beaver is fortunate to be endowed with a good geographical situation and abundant property. The port also has good commissioners and qualified staff. Finally, the port is fortunate to have viable enterprises on port property and important infrastructure and superstructure in place.

GEOGRAPHIC SITUATION AND PROPERTY

The developed and developable property of the port is very well situated adjacent to navigable water, a major highway, and a railway. More than half of the property has utilities installed and good road access and rail spurs. The topography and the soil conditions on the property are good for most light industrial use.

The developable property is located well away from residential areas, and there are opportunities for screening from recreational users of the port. While the port itself is located in a modest-size community, a major metropolitan area is within a 1-hour commute by auto.

Finally, the natural lake on the port property, the large wooded areas, and the pleasant views from the property are assets that can be exploited beneficially in the future.

COMMISSIONERS AND STAFF

Commissioners are sincerely interested in the success of the port and are willing to invest much of their valuable time in administering the port. The commissioners are well placed in the community and have a good relationship with other community leaders. Commissioners represent the business, industrial, and professional aspects of the community.

The commissioners have a reasonable understanding of their responsibilities at the port and understand the basic authority of the port district. Commissioners have a good understanding of port activities, especially the commercial fishing and cargo-handling activities.

The manager is a dedicated professional with many years of port-related experience. The marketing director is energetic and highly skilled in his specialty. The dock supervisor is also energetic and has the capacity to learn quickly. Finally, the maintenance supervisor has good technical knowledge and is innovative with the limited tools and materials he has to work with.

INFRASTRUCTURE AND SUPERSTRUCTURE

Channel depths and turning basins are minimal, but well maintained and stable. Entrance for break-bulk cargo ships in the 20,000- to 30,000-ton class is passable 90% of the time and for fishing boats 65% of the time. The cargo dock and the commercial fishing marina are both in excellent condition. The cargo crane is relatively new and trouble-free. It also appears to be of sufficient size for most cargo that needs to be handled by dockside cranes.

All vehicle-handling surfaces are passable under winter as well as springtime weather conditions. Utilities are in place to about 25 acres of the industrial development park. Property improvements are in good repair and average less than 10 years of age.

The commercial and recreational boat basins are fully developed. The launch ramp is constructed in a good location with ready access by auto and boat.

NOTE: START WITH THE POSITIVE

Port commissioners and staff often forget about their port's natural strengths and assets. It is far easier to make improvements that are based on your port's strengths and assets than to build on port weaknesses. Your port strengths must also be viewed relative to strengths of competing ports. What does your port have that other ports don't have?

The Port of Beaver's greatest asset is its developable property. An asset often overlooked is the collection of viable enterprises on port property. Failure to see a viable enterprise as an asset can turn it into a liability.

Commissioners and staff are important resources. However, these resources frequently need development. When evaluating port strengths and assets, it is important to recognize commissioner and staff potential as well as current performance.

In-place infrastructure and superstructure are becoming more important as government assistance becomes less available. The cost of installing utilities, dredging turning basins, building launch ramps, and constructing breakwaters is increasingly being borne by the local taxpayers and users of the port. Ports with infrastructure and superstructure in good condition will have a comparative advantage over ports with less developed infrastructure and superstructure.

OPPORTUNITIES FOR IMPROVEMENT

FINANCE

There is an opportunity to improve the financial situation as well as the financial management of the port. There is an opportunity to better match debt servicing requirements with the port's cash flow, consolidate debt, reduce accounts receivable, use more innovative development financing, and improve financial information.

Refinancing

Specifically, there is an opportunity to refinance commercial debt on the new fish plant

by using tax-exempt bonds. This will reduce the interest being paid and extend the terms of payment. It will more closely match the life of the plant that was financed with the debt and the revenue stream generated by this plant.

Consolidation

There is also an opportunity to consolidate several revenue bonds and to administer those bonds within the port. This will significantly reduce bond processing and administration costs. It is anticipated that bond attorney fees will be considerably less than the commission currently being paid.

Accounts receivable

The port also has an opportunity to improve the cash flow situation by reducing accounts receivable. First it is necessary to greatly improve account information. Once the actual delinquencies have been determined, the port can install an automatic billing system with routine penalties and dunning for all accounts. This can be accomplished with microcomputer software that sells for less than \$500. The entire process should become routine and labor-saving within 6 months.

General obligation bonds

Resolving cash flow problems should reduce the issuance of general obligation bonds. Revenue generated by general obligation bonds should be reserved exclusively for general capital improvements.

Tax base

The port has a very small tax base at the present time. There is an opportunity to improve the port's capital financing capability by obtaining a larger tax base and committing these revenues to long-term capital investments. Some of the difficulty of obtaining a favorable vote in a tax base can be overcome with the cooperation of other local municipalities and a good community relations program.

Joint ventures

The port has an opportunity to finance the development of additional property through joint ventures with interested property developers, thereby minimizing additional debt-servicing problems. Good quality legal and financial advice should be obtained when forming the joint venture. The long-term interests of the port should not be sacrificed for the short-term interests of the joint venture partner. To minimize potential future financial conflicts, commissioners should not be involved in the process.

There is an opportunity to improve the port's economic situation through capital investments that capture the port's comparative advantage. Investments in projects and enterprises that do not complement other port projects and enterprises, or investments that might be more productive in another port, will be to the long-term economic disadvantage of the Port of Beaver.

Financial information

Decisions about major new capital projects should be based upon a structured financial feasibility planning process. Commitment of scarce financial resources to a capital project this year may reduce the opportunity to invest in a more productive and secure project next year. This can be foreseen with a long-term financial plan.

There is a major opportunity to improve financial information compiled, analyzed, and provided to port commissioners and staff. The port now has the staff and the computer capacity to perform this service inhouse. A short-term consultant can install necessary software on the port computers and instruct staff in its use.

Balance sheet information should be much more detailed. This will require a new survey of all port assets, both real and personal, and a careful classification of port liabilities. The balance sheet should show all assets by category and all liabilities, whether to public organizations, to the port district taxpayers, or to private organizations, also by category.

Additional opportunities for improving financial information will be presented in the administration section of this report.

NOTE: NO TIME FOR FINANCES

"Who wants to sit around looking at boring numbers when there are more exciting things on the dock or in the outer office?" This lack of attention to financial detail often results in missed opportunities and a slowly deteriorating financial situation.

The first step is to improve the quantity and quality of financial information available to your port commissioners and staff. Second, the commissioners and staff must take the time to understand and use this information.

An administrator's interest in improving the financial situation is usually piqued when one or two obvious but missed opportunities are presented. Refinancing is one solution to cash flow problems, especially if the port can take advantage of tax-exempt bonds.

A 1986 study of Oregon ports by Booz, Allen, and Hamilton concluded that no Oregon port was able to meet cash outflow needs with ordinary revenue. This does not mean that they were going bankrupt, but it does lead to heavy reliance on tax revenues, grants, and loans to cover cash outflow. These sources of revenue are more appropriately used for capital projects that will increase cash inflow in the future.

The first capital investment opportunity to come along often looks like the best. Unfortunately, your port may use up all its readily available capital and find it difficult, if not impossible, to finance a better project next year.

ACCOUNTING

There is an excellent opportunity to improve port accounting through the automatic preparation of several reports to management. While a monthly budget is prepared showing the expenses and revenues and the annual audit provides a balance sheet and a summary of the various bond accounts, this is not sufficient for efficient and effective management.

Income and expense statement

At a minimum, the port accountant should take advantage of the computer capacity and prepare a monthly income and expense statement that provides comparative data from the previous year, from the income and expense budget projections made at the beginning of the year and that also provides year-to-date data. This should be provided automatically and monthly to management.

Cash flow

There is also an opportunity to prepare a monthly cash flow projection for at least 12 months and a cash flow statement from the previous 12 months for comparison. This cash flow projection and statement would include tax revenues, bond proceeds, bond principal and interest repayments, grants, loan proceeds, and loan payments—all of which would not appear on the income and expense statements.

Enterprise accounts

There is an opportunity to develop enterprise accounts for the various cost centers at the port. For example, the cargo terminal, the commercial fishing marina, the recreational boating marina, the property tenants, and the industrial park would each justify a separate account. All expenses that could be attributed to each of these enterprises should be charged there and all revenue credited to each enterprise should be credited. Port expenses that cannot be directly allocated to an enterprise should be allocated on the basis of asset value, revenue generated, or some other reasonable criteria.

Project budgets

Finally, project budgets would greatly improve the management of new capital projects such as the development of the industrial park. A project budget should be prepared for the industrial park developments. This would include a schedule of activities, cash needs, completion dates, manpower needs, equipment needs, and management needs.

Annual budgets

The beginning of the year budgeting process should continue, but there is an opportunity to refine the process with better use of historical data and local, regional, and national economic projections.

NOTE: NUMBERS, NUMBERS

Most ports must meet statutory requirements for accounting. This usually includes separate accounting for bond revenue, grants and loans that satisfies the State, county, or city that authorizes the port. However, this seldom is sufficient for accurate and efficient management.

Monthly income and expense statements, cash flow budgets and statements, enterprise accounts, project budgets, and balance sheets may sound like a lot of extra numbers and work. Surprisingly, with the advent of the microcomputer, the effort involved in producing these statements, accounts, and budgets is no longer overwhelming. Some time is required to set up the computer software, but the major effort is in improving your port's internal collection of the necessary data.

Jack, your maintenance man, must make a note of the time he worked on the commercial boat basin lift and the time he worked on the warehouse plumbing. Fred, your marketing director, must organize marketing expenses according to the port enterprise that will receive the most benefit. Steve, your general manager, must allocate his time to the different port enterprises, and Art in accounting must be sure that all the paper that passes through your port office gets properly posted.

Timely and useful reports to all these people will encourage them to continue collecting and providing the necessary data. Jack, Fred, Steve, and Art will soon find that efficiency will improve, self-confidence will rise, and problems can be more easily solved.

ADMINISTRATION

There are opportunities to improve administrative performance by organizing the commission into subcommittees, by more clearly defining the relationship between staff and commission, by formalizing the commission meetings, and by improving commission/staff communications.

Commission organization

The commissioners have an opportunity to improve their collective knowledge of the port by organizing themselves into subcommittees. The various aspects of the port which are the purview of the commission should be assigned to a subcommittee. For example, there should be a subcommittee on finance, another on administration and management, another on marketing, another on economic development, another on transportation, and another on community relations. Each subcommittee should be prepared to provide expert information at the regular commission meetings and be assigned to special administrative tasks by the chair.

Policy making

Since the commissioners are the policy-making body of the port, these subcommittees and individual commissioners should avoid using commission meeting time for nonpolicy

or operational matters. Clearly, it is not appropriate for the commission to be discussing the job performance of the maintenance man, best place to buy replacement tires, best way to get a dredging permit, or what to do with fishermen caught stealing gear from other boats. If in carrying out the responsibilities of commissioners, some action on operational matters is obvious, this should be brought to the attention of the manager, not to other commissioners or other staff.

The port is fortunate to have a competent staff. The commissioners have the opportunity to improve their administration by delegating more responsibility to the staff and concentrating their scarce and valuable time on policy matters. The staff is anxious to assume more responsibility and authority, and this will also contribute to their professional growth. For example, the commission has the responsibility to decide whether another seafood plant or a new hotel would be the best use of port assets and contribute to port objectives. Once the commission has made this decision, the staff is responsible for property surveys, financing, contracting, etc. The staff carries out commission policy.

Commission-staff relationship

The manager reports to the commission and is the sole person in the port under the direction of the commission. The secretary, the marketing director, the maintenance supervisor, and all other staff work for the manager and should receive direction only from him. The port benefits from the volunteer contributions of commissioners. Several have skills that can be used in regular port operations. In this case, the commissioner is not a commissioner, only a volunteer worker, and is under the direction of the staff in charge. Overall port performance will be improved when these lines of responsibility are clearly understood, by commissioners as well as staff.

Conduct of commission meetings

There are advantages to informal and open commission meetings. Unfortunately, many of the commission meeting topics are subject to litigation, involve substantial sums of money, and are politically controversial. The security, the performance, and the appearance of the commission will be greatly improved with more control over the meeting and a more formal agenda and decision-making procedure.

The meeting agenda must be published at least 5 days before the meeting. This agenda is important because the commission has authority to make decisions affecting the property and livelihood of citizens in the community. These citizens have the right to appear before the commission regarding their rights. Agenda items that do not directly affect the property and livelihood of citizens in the community may be added or deleted from the agenda after publication, but only by commissioners.

The process of making up the agenda is important. Commissioners, staff, and interested citizens can request agenda items, but they should also give an estimate of the time required at the commission meeting. Generally, the most important agenda items should appear first, with housekeeping items reserved for the end.

After the meeting has commenced, the commission should adhere to the agenda. Each person, whether commissioner or private citizen, should be required to respect the allocated time for each agenda item. Commission decisions can be made only on items appearing on the agenda. Items requiring commission decisions that are raised from the floor should be deferred to a later meeting and included in the agenda for that meeting.

Commissioners should have in front of them a notebook containing information for each agenda item requiring a decision. This notebook should also contain important information on the port such as the income and expense statement, the cash flow budget, enterprise budgets, summary of authorizing statutes, and minutes of previous three to six meetings. Commission decisions must be made on the basis of supportable information, and it is appropriate for commissioners to solicit such information from their own subcommittees, from the staff, and from the public present.

At commissioner request, staff may be available at commission meetings, but only to respond to requests for information from commissioners. It is not appropriate for staff to direct or control the meeting or to interact with the public.

NOTE: WHO IS IN CHARGE?

Most commissioners have their own personal or professional experience deciding on insurance, tires, contractors, and employees. It is more comfortable to discuss these familiar decisions in a commission meeting and avoid the much more difficult and unfamiliar policy issues. This even carries over into commissioner involvement in port operations. Staff get confused when receiving orders from one commissioner, different orders from another commissioner, and still different orders from the manager.

Commissioners don't run the port, they govern the port. The commissioners' first responsibility is to employ a good manager who in turn employs a good staff. The commissioners then need only stand back and provide strategic governance. Let the manager and the staff do their job.

It is nice to run a friendly commission meeting and make everybody feel welcome. Unfortunately, when Robert's Rules of Order are ignored, the commission is vulnerable to charges of railroading, unfairness, discrimination, sloppiness, or worse. Commission meetings can be formal, efficient, and friendly at the same time.

MANAGEMENT

Opportunities for management improvement include personnel evaluations, decision-making, and staff performance.

Job descriptions

There is an opportunity to improve staff productivity and morale with well prepared job descriptions for all staff, clearly established criteria for evaluating staff, and regular staff evaluations. The commission should prepare a detailed job description for the manager. The manager should prepare job descriptions for other staff positions. These job descriptions need not be the same as the work currently being performed by the people in those positions.

Evaluation

Criteria for evaluating performance should be included with each job description. For example, criteria for evaluating the office manager might include:

1. prepares and sends correspondence on time;
2. prepares and issues purchase orders and invoices accurately and on time;
3. evaluates office staff on a regular basis and reports to manager.

Evaluations should be conducted on a scheduled basis. Set a time for evaluation of each staff, sit with them in a quiet office, make sure they know the criteria and process of evaluation.

Motivation

Job performance can also be improved by shifting attention away from pay scales and give other more positive forms of recognition. Have ceremonies to recognize good performance. Give certificates, pins, free lunches, a hat, or other public symbol of good performance. Keep staff informed of important events and decisions. Invite input from them and listen. Make staff feel an important part of the port.

Management information

Suggestions for improving decision-making at the commissioner level also apply at the management level. As the port grows and becomes more complex, better decision-making information will be very important to the staff and the manager. All will need access to better income and expense statements and budgets, cash flow statements and budgets, enterprise accounts, and project budgets.

Staff can also make better use of spreadsheet programs available on office microcomputers. Use of off-the-shelf linear programming software, partial budgeting software, and project control software would enhance port decision-making efficiency. There is also capability within the staff to write custom software for analyzing port pricing, use of industrial development property, and cargo handling.

Time management

Time management is a crucial factor in improving staff performance. The manager should consider keeping an hour-by-hour diary for at least 2 months so he can better understand the allocation of his time. Scheduling 1 or 2 hours first thing in the morning to be with the staff and to take care of logistic details will clear the rest of the day for more substantive office responsibilities. There should also be a special time for visitors and perhaps commissioners. Commissioners should not be allowed to interrupt the manager at any time. There should also be times when the manager's door is "closed."

Specific time management activities include a daily prioritized "to do" list. Each paper

coming across the desk should be handled only once. Dispose of the item the first time it is handled, even if it means delegating the decision to staff. Develop standardized responses to frequent inquiries and reply more frequently via phone.

Schedule the more substantive work at the time of day when you are at peak performance. Return nonemergency phone calls just before lunch or quitting time. This will help keep them short and to the point. Control your involvement in meetings by meeting in a conference room or another office. You can escape to your office when you wish. Speed up informal meetings by preparing an agenda and clarifying the objective of the meeting at the beginning. Meetings are one of the least efficient methods for carrying out the business of the port. Schedule them only when other methods do not work, and keep them short, normally no longer than 1 hour.

Encourage and support the training of staff in time management. Share your time management successes with them.

Delegation

Generally, responsibilities can be delegated downward more throughout the port. For example, the marketing director should delegate responsibilities for mailings to his secretary, and the harbor master should allow the maintenance crew to check out their own tools and supplies.

Office facility reorganization

There is an opportunity to improve staff performance with minor reorganization of the office and the maintenance shop. Random traffic through the office can be better controlled by moving a wall and positioning a secretary so that she will be the first encountered when visitors enter the office. The maintenance shop requires major organization of tools and supplies. Time required to check out tools and supplies can be greatly reduced by assuring consistency in their location each day. Also, noisy and dirty activities in the shop should be physically isolated from those that require more mental concentration.

NOTE: PRODUCTIVITY AND PERFORMANCE

The study by Booz, Allen, and Hamilton reported earlier indicated that most Oregon ports were understaffed. There are two aspects to understaffing; 1. not enough person-hours to complete the necessary tasks and 2. not enough knowledge and skill to complete the necessary tasks. Both can be compensated for through improved decision-making efficiency, more highly motivated staff, and time management.

Decision-making efficiency can be improved through a better understanding of the process and through the better use of information. Most ports now have microcomputers available but use them primarily for word processing and accounting. Decision-makers should have their own microcomputers receive information from all parts of the port. They should be familiar with the various decision support software now available and use it to speed up the

decision-making process and better use available information.

Many studies have shown that employees are not motivated to greater productivity by pay. Low pay causes complaints, but high pay does not necessarily increase productivity. Your employees will become more productive when they feel that what they are doing for your port is important, understood, and appreciated. A sincere thank-you for some specific beneficial action will stimulate an employee more than a pay raise at the end of the month.

Ninety percent of the port staff interviewed during the comprehensive management studies did not know how their performance was being evaluated. The question:

"How do you know that you are doing a good job?"

normally elicited the following reply:

"Well, if the boss isn't bitching at me and I still get my paycheck, I guess I'm doing O.K."

Performance criteria provides port staff with personal objectives that they can use for themselves and removes ambiguity during the evaluation process. This also reduces staff/manager conflicts when employee performance needs improvement or an employee needs to be dismissed.

How many times have you said, "I don't have the time"? Everybody has 24 hours in each day. Some use the 24 hours more efficiently than others. It is largely a matter of controlling your time. If you don't control your time, others will take it away from you. The importance of your port position is not measured by the number of people you visit with each day. Your time alone and uninterrupted is probably your most productive.

Simple actions such as closing your door, scheduling visitor hours, using meeting agendas, and returning calls at one time of the day can have a substantial impact on your productivity. These are easily formed habits, and others will just as easily adjust to your new habits.

PLANNING

There is a major opportunity to improve port planning at all levels. With the growth and increasing complexity of the port, planning should be a major activity.

Land use planning has progressed rapidly at the port, but this does not substitute for strategic and tactical planning. There are many methods for developing a strategic plan. These range from retaining a consulting firm to using voluntary participation by community leaders. The latter may contribute to improved community relations.

Strategic planning

Commissioners should lead the strategic planning process and involve the staff only when they can provide needed information. Citizen advisory committees can be formed and led by one or more commissioners. Following are the logical steps in strategic planning:

1. Identify the mission of the port. What is the business of the port? What is the purpose of the port? The mission statement might include “increase employment opportunities within the community,” “increase economic stability within the community,” and “increase economic diversity within the community.”
2. Define the economic, social, and natural environments within which the mission must be carried out. What are the port’s major assets? What are the port’s comparative advantages over other ports? What are the trends in the region? What are the trends in the market areas of the port?
3. Set the specific and explicit objectives which will contribute to the port’s mission. These objectives should take into consideration the economic, social, and natural environments as well as the port’s mission. Objectives should also be prioritized with respect to when and how accomplished.
4. Develop methods and strategies for accomplishing these objectives. What will the port do to meet its objectives?
5. Determine resource allocation. How will the port use its staff, property, credit, cash flow, reputation etc. to carry out the strategies?
6. Develop methods for measuring accomplishment of objectives. How will the port know if the resource allocation and the strategies are moving the port toward the objectives in the most effective way, and how will the port know that these objectives are still the correct objectives?

Tactical planning

Tactical planning includes: 1. the projections of income and expenses, 2. capital project development, including solicitation of financing and construction, 3. scheduling of infrastructure and superstructure improvements, 4. scheduling of meetings, 5. personnel development. The port’s current budgeting process is also a part of the tactical planning.

The tactical plan includes the weekly, monthly, and annual activities that move the port in the directions set by the strategic plan.

NOTE: BUT WE HAVE A PLAN!

“Do you have a port plan?”

“Sure, here it is right here. See, we have this area reserved for heavy industry, this area for parking, and this area for seafood plants.”

“Sure, every year we have to prepare a budget. That tells us how much we can spend on equipment, salaries, travel, office, and so-on.”

Unfortunately, this is the extent of planning in many ports. A land use plan is part of a strategic plan, and a budget is part of a tactical plan, but they are not strategic or tactical plans!

The process of developing a strategic plan is often as beneficial as the plan that results. The process provides an opportunity to bring in many people from the community, to help commissioners and staff see themselves differently, and to present a new image to the community.

Most important, a strategic plan becomes an important guide to commissioners, to staff, and to the community. It makes the daily, weekly, monthly and annual decisions much easier, and more accurate. A strategic plan is not a straightjacket. It requires regular reviews and revisions.

The political, the economic, and the natural environments within which your port operates change in ways that are not foreseeable when the plan is first put together. The Federal government suspends subsidy programs, the world timber market collapses, or a big storm takes out the jetty. It's time to go back and revise your strategic plan.

ECONOMIC DEVELOPMENT

There are two general opportunities for economic development: 1. help improve profitability of current port clients and others in the community and 2. develop new economic activities.

Improve current tenants

The port has an opportunity to help upgrade the two fishing plants currently on port property. Increased demand for fresh fish and decreased demand for canned fish has made parts of the two plants obsolete and unprofitable. There is an opportunity to provide financial assistance to these two seafood firms so that they can remodel their canning lines and increase fresh fish handling capacity.

This will require some improvements to water supply systems but will also reduce the load on the waste water treatment facilities.

There is an opportunity to assist the furniture plant with technical assistance and a small amount of financial assistance in finding better quality wood and buying this wood in a more highly processed form. The marketing director can help identify alternate sources of the high quality hardwoods needed and can inquire at various mills regarding custom pre-processing.

Future economic development opportunities can be more quickly identified if the port staff improves regular communication with current port clients. The port manager and marketing director should visit port tenants on a regularly scheduled basis and ask these clients what the port can do to help them be more successful. Very brief conversations with current tenants revealed the above opportunities. Even tenants that appear to be in good financial condition may wish to use the port's bonding authority for expansion. The port not only helps the community develop but also improves cash flow by collecting agent fees.

Recreational facility

The port has an opportunity to develop a more substantial recreational and tourist facility on the port's lake. There appears to be a market for a recreational vehicle park in the region and with port installation of water and sewage service, a local operator might be enticed to develop and operate the park. A complementary activity would be storage facilities for recreational vehicles. The port is only 1 hour from a major metropolitan area and is on the main route to popular recreation areas. Storage facilities on the undeveloped port property would provide some needed cash flow but would not constitute a long-term property use commitment.

Cargo traffic

Finally, there is an opportunity to improve the use of the cargo-handling facilities. These were constructed to service the export agricultural commodities being produced in the region. However, light manufacturing is increasing, and the changes in truck and rail freight rates are creating a price advantage to loading ships here. The first priority is to attract financial, brokerage, insurance, and other services to the area. Current cargo-handling superstructure is sufficient, but the corollary services are not conveniently available in the port area.

The marketing director has the opportunity to target new commodities that would gain a transport cost advantage by loading at the port. Traditional commodities will continue to be handled here, but special targeted effort is necessary to break old transport patterns for nontraditional commodities.

NOTE: THE TROPHY HUNTERS

"If we could just get IBM or Mitsubishi to build their 200 million dollar plant here, all our problems would be solved."

Too many ports have discovered that these kinds of trophies often cost the local community more than expected, and they seldom provide local benefits as great as anticipated. Demands on all kinds of local services often increase by 50, 100, or 150%. Tax burdens increase long before local incomes increase. Much of the revenue accruing to the large facility leaves the community immediately and generates no local economic benefit.

Perhaps most dangerous is the heavy dependence on one "industry" or facility after the port has committed itself to high long-term debt. The decision by the single facility to cut back operations or to leave can turn your port into a basket case overnight.

All of your readily available credit and public relations capital can be used up quickly trying to entice the IBM's and Mitsubishi's of the world to your industrial development park. And then you learn that your subsidies and easy terms have been used to pry subsidies from another port chosen years ago.

The majority of new jobs and new income created in the United States during the past 30 years has been created by small enterprises. For most ports,

growth by small increments and growth of small enterprises provides the best opportunity for economic development.

COMMUNITY RELATIONS

The benefits of improved community relations include: 1. easier implementation of projects, 2. improved success with tax measures and bond issues, 3. improved staff performance, 4. direct material and financial support, and 5. more clients.

Direct communication

Community relations can be improved immediately if you tell the community more about the port. The local newspaper and radio will happily communicate newsworthy items, not all of which are positive for the port. However, the port can communicate more directly with the taxpayers through newsletters, open meetings, presentations at civic clubs, programs on the radio, and columns in the newspaper.

Commissioners have the opportunity to report to their voters regarding progress of port projects, plans for the future, and changes in port operations. The commissioners also have the obligation to keep voters informed about the port's authority, responsibility, and financial condition. They can accomplish this best by increasing the number of presentations they make at local civic clubs.

Advisory committees

The port can also improve community relations with greater use of advisory committees for various port activities. Incorporating citizen committees in the strategic planning process is a good place to start.

Meeting location

The port can conduct its regular commission meetings in different locations around the district with greater publicity for these meetings. This will increase meeting attendance and attract a more geographically representative participation. Improving the conduct of the commission meetings will also help in this regard. There is an opportunity to involve younger people in the port by conducting port meetings at the local schools. Teachers are interested in showing democracy in progress to their students, and the port will obtain greater understanding not only by the students but also by the parents through the students.

Visual image

There is an opportunity to improve community relations by improving the port's visual image. The port should screen active port areas from neighboring residential areas. The port should screen the fishing gear storage lots and the storage yard for the port's own equipment and supplies. The port should develop a memorable logo and install new signs on all facilities and streets, using a uniform style and logo. Additional directional

signs are needed at the two major street intersections near the port office, and the office sign needs to be 50% larger.

Improved signing at entrances to the two seafood plants and the three fabrication plants will remind workers that they are working on port property and that their tax dollars are partly responsible for their employment.

Finally, there is an opportunity to redecorate the office reception area and provide port brochures and literature to persons waiting in that area.

NOTE: THE LESS THEY KNOW THE BETTER

Unfortunately, a dock sinking, a port tenant bankruptcy, a port loan default, and an angry resignation of port staff is good news for the media. It certainly is not good news for your port! Many ports, therefore, feel that it is better to keep the media in the dark.

The misfortunes of your port will become widely known whether reported in the media or not, and these misfortunes are amplified through rumors. A strong and continuing relationship with the media people is your best protection against damaging rumors, and an aggressive communications program directed at port taxpayers and clients is the surest way to get your story told.

Commissioners are the elected representatives of your taxpayers and have an obligation to keep those same taxpayers informed. If this responsibility is delegated to port staff, commissioners must be prepared to provide extra resources to staff but still retain ultimate responsibility for keeping their voters informed. Commissioners are in the best position to speak to civic groups, to school groups, on the radio, and to be interviewed by the press. Commissioners already have the necessary prestige in the community and are in regular communication with other community leaders.

Ports often ignore their relationship with other local municipalities. It should be routine for commissioners to attend the city council and county commission meetings and for the port to issue special invitations to these other local politicians to attend port meetings. Also, other politicians should receive recognition when attending port meetings.

A junky looking port will be thought of as a junky port. If the junk cannot be cleaned up, it should at least be screened from the casual passer-by and nearby residents.

CONCLUSION

The Port of Beaver has many strengths and assets. It also has many opportunities for improvement. The port has the opportunity to take advantage of its interested and involved commissioners, competent staff, and excellent property and geographic location.

With these strengths and assets the port can improve commission organization and meeting performance, improve financial and management information, instigate strategic planning, improve staff evaluation and motivation, improve assistance to current port tenants, and initiate more direct communication with the community.

These and other actions identified in this comprehensive management report will assist the port in reaching its long-term goals and providing more significant economic benefits to the community.

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