

PORT OF BROOKINGS HARBOR
Board of Commissioners
Special Meeting Agenda (Revised)
Port Office
16330 Lower Harbor Rd
Brookings OR 97415

Wednesday, December 27, 2017 • 6:00 pm

Agenda

- | | |
|---|--------------|
| 1. Call to Order and Roll Call | |
| 2. Approval of Agenda | |
| 3. Agenda Related Public Comments * | |
| 4. Old Business | Page# |
| a. Port Audit FY 2016-17 Draft | 1 |
| 5. New Business | |
| a. Invitation to Bid FG#1587 Documents for Boarding Docks Fabrication | 40 |
| b. Department of State Lands – State Public Facility License No. 25994-LI | 62 |
| c. Harbor Sanitary District Easement | 70 |
| 6. Non-Agenda Related Public Comments * | |
| 7. Adjournment | |

* Limited to a maximum of three minutes per person. A “Public Comment Request”, located near the entrance, must be completed and turned into the Chairman prior to the beginning of the meeting.

FULL MEETING PACKET AVAILABLE AT www.portofbrookingsharbor.com

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**PORT OF BROOKINGS HARBOR
OREGON**

AUDIT REPORT

JUNE 30, 2017

Prepared By
SIGNE GRIMSTAD
Certified Public Accountant
530 NW 3rd, Suite E
PO Box 1930
Newport, Oregon 97365

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**PORT OF BROOKINGS HARBOR
OREGON**

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JUNE 30, 2017

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Prepared By
SIGNE GRIMSTAD
Certified Public Accountant
530 NW 3rd, Suite E
PO Box 1930
Newport, Oregon 97365

PORT OF BROOKINGS HARBOR, OREGON

BOARD OF COMMISSIONERS

Angi Christian
PO Box 1655
Brookings, OR 97415

President

Jan Barbas
95775 Martin Ranch Rd.
Brookings, OR 97415

Vice-President

Andy Martin
PO Box 1646
Brookings, OR 97415

Secretary

Roger Thompson
PO Box 260
Brookings, OR 97415

Treasurer

Roy Davis
PO Box 2679
Brookings, OR 97415

Commissioner

ADMINISTRATION

Gary Dehlinger

Port Manager

Jim Coffey

Legal Counsel

PORT OFFICE

16330 Lower Harbor Road
Brookings, OR 97415

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Port of Brookings Harbor
Brookings, OR 97415

Report on the Financial Statements

I have audited the accompanying financial statements of the business-type activities of Port of Brookings Harbor (Port), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Port's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Port of Brookings Harbor as of June 30, 2017, and the respective changes in financial position and, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussions and analysis, listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Port's basic financial statements. The budget schedules and the reconciliation schedule to net position are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budget schedules and reconciliation schedule to net position are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the budget schedules and reconciliation schedule to net position are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued my report dated November 21, 2017, on my consideration of the Port's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Port's internal control over financial reporting and compliance.

Other Reporting Required by Oregon State Regulations

In accordance with the Minimum Standards Audit of Oregon Municipal Corporations, I have issued my report dated November 21, 2017 on my consideration of the Port's compliance with certain laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of my compliance testing and not to provide an opinion on compliance.

SIGNE GRIMSTAD
Certified Public Accountant
Newport, Oregon
November 21, 2017

**PORT OF BROOKINGS
Management Discussion and Analysis
Fiscal Year 2016-2017**

This discussion and analysis of the Port of Brookings Harbor financial performance provides an overview of the financial activities for the fiscal year ended June 30, 2017.

Please read it in conjunction with the Port financial statements, which follow this section.

Overview of Financial Statements

This discussion and analysis is intended to serve as an introduction to the Port's basic financial statements. This audit report consists of three parts – management's discussion and analysis (this section), the basic financial statements (including notes), and other supplementary information. This report is prepared in conformity with accounting principles generally accepted in the United States of America, and also by the Governmental Accounting Standards Board (GASB). The basic financial statements are prepared on the accrual basis, similar to a business, whereby revenues are recognized when earned and expenses are recognized when incurred, regardless of when cash is received or paid. The basic financial statements consist of a statement of net position that includes the Port's assets, liabilities, and net position at year end; statements of revenues, expenses, and changes in net position, which include all revenues, expenses and grants received for construction for the year; and a statement of cash flows, which present the sources and uses of cash for the year. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. Following the financial statements is a section of other supplementary information which further explains and supports the information in the financial statements. The Port's operating revenue includes moorage and launch, fuel dock, boatyard, commercial leases and storage fees, rental and RV fees. Operating expenses are those costs directly related to providing these services.

Even though management considers the activities related to the operation of the Port as those of a unitary nature, the accounts of the Port are organized and operated on the basis of funds and are reported as such. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The Port is considered to be a single enterprise similar to a commercial entity for financial reporting purposes. Accordingly, the financial statements are maintained on the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred.

The Port maintains the following budgetary funds:

- General Fund - The General Fund is used to account for all administrative, operating, and marketing costs of the Port. Revenues consist of general property tax levies, grants, and charges for services. Expenditures are for maintenance and general administration.
- Debt Service Fund - This fund accounts for expenditures relating to debt service.
- Revenue Bond Fund - This fund's purpose is for servicing the revenue bond.

- Capital Projects Fund - This fund accounts for grant receipts and expenditures relating to major capital improvements.
- Reserve Fund – This fund's purpose is to save money for replacing buildings, equipment, and docks in the future.

Financial Highlights

- ❖ Total assets of the Port are \$14,901,838. This includes capital assets of \$14,573,665 (net of accumulated depreciation), and current assets of \$328,175 at June 30, 2017.
- ❖ The assets of the Port exceeded its liabilities at the close of the most recent fiscal year by \$6,315,475 (net position). Of this amount, \$(2,703,143) unrestricted net position. Restricted \$79,686 is for debt service and capital projects.
- ❖ Total liabilities were \$8,586,363, down \$822,104 from last year.
- ❖ The Port's net position decreased by \$847,259 from June 30, 2016. ^{847,259}
- ❖ Total operating loss for the fiscal year 2016-2017 was ~~\$200,000~~ ^{847,259}; compared to a loss of \$218,004 the prior year.
- ❖ Total operating expenses for the fiscal year 2016-2017 were \$2,101,864, down from last year by \$655,735.

The fiscal year ending June 30, 2017 marked the beginning of a new trend at the Port of Brookings Harbor. Bookkeeping within QuickBooks was overhauled to show fund accounting and clear transactions between the funds. The Port also created separate bank accounts for each fund for additional transparency and accountability.

Board of Commissioners hired a new Port Manager to oversee day to day operations. The focus of new management is maintaining safe reliable infrastructure, customer and port accountability and creating a welcome atmosphere. New Weekly Operations Reports keep the Board and general public aware of port financial and physical conditions.

Port events are no longer a Port operation. Port now leases the ground for organizers to stage their events.

Board of Commissioners approved selling Port owned property to makeup missed payments to IFA due to the 2011 tsunami event.

Port requested three million dollars from State legislators to rebuild port infrastructure and receiving docks. State legislators approved \$600,000 for dock repairs only, from the Connect Oregon Lottery Fund. Port will not receive the funds until 2019.

Below are highlights that occurred within the revenue areas:

Gear and Boat Storage

Boat trailer storage was moved away from the Green Building to a new location within the Port for better tracking and accountability of users. Commercial gear storage was replaced after the FEMA dredging project at the Ice House.

Ice House/Cold Storage

Board of Commissioners approved the sale of Ice House and Cold Storage businesses to a local commercial fishing company. The businesses became ground lease income for the Port.

Marina – Basin 1 and Basin 2

Basin 1 encountered severe weather conditions that continued the decline of usable moorage rental spaces. The normal life span for the dock infrastructure is 40 years. Currently, the docks may not last longer than 20 years.

Basin 2 encountered severe weather conditions that triggered more slopes to fail and are now impacting the docks as well as public access. The majority of docks that are now failing were thirty-five years old when replaced after the 2011 tsunami. Major reconstruction or new docks will be needed in the near future.

Section of the boardwalk shoring is failing that caused closure of the north end of the boardwalk. This was also brought on by severe weather.

Fuel Dock

Fuel dock access ramp is closed due to failing slope and the Port not following engineered drawings. Fuel dock lines were also impacted by the failure and breakaway valves were added to the lines to prevent an environmental disaster.

RV Park

RV Park Office, Laundromat and Mini-Mart building was shutdown due to failing electrical infrastructure and dilapidated structure. Laundromat and Mini-Mart were closed and not reopened. RV Park Office was relocated to the old shack to continue park operations.

Boat Yard

Boatyard activity was shutdown for most of the year because of aging equipment and infrastructure. New fifty ton travel lift was purchased and arrived in February. Repairs were made to the travel lift ramp. Dredging of the travel lift way was completed to provide full access for vessels getting hauled out.

Major cleanup and removal of abandon derelict vessels from the boatyard occurred. Public auction sale was completed to help remove unwanted equipment, materials and vessels.

Commercial Leases

Three new leases were completed to fill unoccupied spaces.

Commercial receiving dock for Bandon Pacific (lease tenant) was closed because the substructure is failing. Bandon Pacific was relocated to the Port's public hoist for their access, which in turn, closed the Port's public hoist down until repairs can be made.

180 feet of new receiving dock was substantially completed and now operational at BC Fisheries new seafood processing plant.

The statement of net position compares the net position at the end of the fiscal year June 30, 2017 with the prior year. Net position is the difference between the assets of the Port and its liabilities. Changes in net position can be an indicator of the financial health of an enterprise and over time can show deterioration or improvement in financial health.

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Statement of Net Position

	<u>June 30, 2017</u>	<u>Restated June 30, 2016</u>	<u>Variance</u>
Current and other assets	\$ 328,173	\$ 311,653	\$ 16,520
Capital assets	<u>14,573,665</u>	<u>16,259,548</u>	<u>(1,685,883)</u>
Total assets	<u>14,901,838</u>	<u>16,571,201</u>	<u>(1,669,363)</u>
Current liabilities	2,119,125	2,894,592	(775,467)
Long-term liabilities	<u>6,467,238</u>	<u>6,513,875</u>	<u>(46,637)</u>
Total liabilities	<u>8,586,363</u>	<u>9,408,467</u>	<u>(822,104)</u>
Net investment in capital assets	8,938,932	10,030,766	(1,091,834)
Restricted	79,686	52,473	27,213
Unrestricted	<u>(2,703,143)</u>	<u>(2,920,505)</u>	<u>217,362</u>
Total net position	<u>\$ 6,315,475</u>	<u>\$ 7,162,734</u>	<u>\$ (847,259)</u>

Restatement – Net Position for June 30, 2016 was restated to reflect net invested in capital assets net of debt principal only.

Statement of Revenue, Expenses and Changes in Net Position

	<u>2017</u>	<u>2016</u>	<u>Variance</u>
Operating Revenues	\$ 2,281,980	\$ 2,877,869	\$ (595,889)
Non-Operating Revenues			
Property Taxes	244,178	192,859	51,319
Grants	1,401,669	206,572	1,195,097
Interest Income	315	345	(30)
Claim Settlement	<u>112,000</u>	<u>0</u>	<u>112,000</u>
Total Revenues	<u>4,040,142</u>	<u>3,277,645</u>	<u>762,497</u>
Operating Expenses	2,101,864	2,757,599	(655,735)
Depreciation	489,214	488,848	366
Non-Operating Expenses			
Interest Expense	243,121	249,202	(6,081)
Net Loss on Assets	<u>2,053,202</u>	<u>0</u>	<u>2,053,202</u>
Total Expenses	<u>4,887,401</u>	<u>3,495,649</u>	<u>(1,391,752)</u>
Changes in Net Position	(847,259)	(218,004)	629,255
Net Position - Beginning	<u>7,162,734</u>	<u>7,380,738</u>	<u>(218,004)</u>
Net Position - Ending	<u>\$ 6,315,475</u>	<u>\$ 7,162,734</u>	<u>\$ (847,259)</u>

General Fund Budgetary Highlights

A review of the Port's General Operating Fund indicates actual revenues exceeded budgeted projections largely due to loan proceeds. Total expenses were under budget in all categories.

Capital Assets

The following table lists the Port's capital assets and their values, net of depreciation, as of June 30:

	<u>2017</u>	<u>2016</u>
Land and improvements	\$ 2,537,448	\$ 2,537,448
Idle and impaired assets	557,163	325,000
Construction in progress	1,537,646	1,000,297
Buildings and docks	9,471,729	11,918,842
Equipment	<u>469,679</u>	<u>477,961</u>
Total	<u>\$14,573,665</u>	<u>\$16,259,548</u>

As shown in the table above, the Port's net capital assets decreased by \$1,685,883 during the current year.

Current year activity includes acquiring a travel lift, for a Ford truck and work in progress on the docks. To cease the drain on funds, the cold storage and ice house were sold.

For further information relating to the Port's capital assets, see Note 6 of the Notes to the Financial Statements.

Debt Administration

In the 2016-2017 fiscal year the Port made a majority of its debt service payments to the State of Oregon. The State of Oregon suspended the necessity of debt service payments in 2011-2012 while the major tsunami repairs were on-going. All other loans and obligations are maintained current throughout the year. This year the Port was able to pay off one of the IFA interium loans with proceeds from ODOT of \$1,162,051.

Economic Outlook

During the 2016-2017 fiscal year the Port maintained its level of service to the patrons of the Port while completing renovations to Port boat launch and parking lot.

Rental revenues are as Port facilities are re-let. Port management and the Commission meet regularly to explore additional ways of providing improved and alternate income streams.

Port management is in negotiations with the Oregon Economic and Community Development/Oregon Business Development Department Infrastructure Finance Authority (IFA) regarding the excessive debt load that the Port has been saddled with since prior to 2008.

The Port of Brookings Harbor realizes the importance of maintaining the lands in public ownership. Funds for maintenance and future staffing requirements may come from joint ventures with the private sector(s). The Port could provide land on a leased basis and the private sector would provide cash, construction, and management expertise.

The Port staff will continue to seek grants from any and all sources to fund deferred maintenance needs and upgrades where needed. The Port will continue its efforts in obtaining funding for dredging. The Port also continues to seek alternative use arrangements for the partially completed commercial/retail building.

Requests for Information

This financial report is designed to provide a general overview of the Port's finances to all interested parties. Questions concerning any of the information provided in this report, or requests for additional information, should be addressed to the Port of Brookings Harbor, PO Box 848, Brookings, Or 97415. The Secretary of State website maintains a copy of all Port audited financial reports.

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PORT OF BROOKINGS HARBOR, OREGON

STATEMENT OF NET POSITION as of June 30, 2017

ASSETS**Current Assets**

Cash and cash equivalents	\$ 95,426
Cash and cash equivalents - restricted	134,671
Accounts receivable	42,639
Property taxes receivable	22,893
Prepaid expenses	8,230
Inventory	24,314
Total current assets	<u>328,173</u>

Capital Assets

Land	2,537,448
Buildings and equipment (net of depreciation)	12,036,217
Total capital assets	<u>14,573,665</u>
Total assets	<u>14,901,838</u>

LIABILITIES AND NET POSITION**Current Liabilities**

Accounts payable	29,740
Accounts payable, payable from restricted	30,625
Accrued benefits	22,831
Unearned revenue	44,555
Deposits payable	12,047
Accrued interest payable, payable from restricted	81,705
Current portion of long-term debt, payable from restricted	1,897,622
Total current liabilities	<u>2,119,125</u>

Long-term Liabilities

Accrued interest payable	2,730,127
Long-term debt	3,737,111
Total long-term liabilities, payable from restricted assets	<u>6,467,238</u>
Total liabilities	<u>8,586,363</u>

Net Position

Net investment in capital assets	8,938,932
Restricted	
Debt service	73,730
Capital projects	5,956
Unrestricted	(2,703,143)
Total net position	<u>\$ 6,315,475</u>

See accompanying notes to financial statements.

PORT OF BROOKINGS HARBOR, OREGON

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STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET POSITION for the Year Ended June 30, 2017

OPERATING REVENUES

Moorages and fees	\$ 581,462
Rental and leases	1,037,030
Fuel sales	444,877
Ice house and cold storage	107,287
Miscellaneous	<u>111,324</u>
Total operating revenues	<u>2,281,980</u>

OPERATING EXPENSES

Cost of services	2,101,864
Depreciation	<u>489,214</u>
Total operating expenses	<u>2,591,078</u>

Total Operating Income (Loss) (309,098)

NONOPERATING REVENUE (EXPENSES)

Property taxes	244,178
Grants	1,401,669
Interest income	315
Interest expense	(243,121)
Claim settlements	112,000
Net loss on asset dispositions	<u>(2,053,202)</u>

Total nonoperating revenue (expense) (538,161)

Change in Net Position (847,259)

NET POSITION - Beginning of year 7,162,734

NET POSITION - End of year \$ 6,315,475

See accompanying notes to financial statements.

PORT OF BROOKINGS HARBOR, OREGON

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STATEMENT OF CASH FLOWS for the Year Ended June 30, 2017

CASH FLOWS FROM OPERATING ACTIVITIES

Cash receipts from customers	\$ 2,430,418
Cash payments for goods and services	(1,935,084)
Cash payments for employees and benefits	<u>(539,951)</u>
Net cash provided (used) by operating activities	<u>(44,617)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Taxes collected	221,285
Cash received from note payable	<u>17,786</u>
Net cash provided (used) by noncapital financing activities	<u>239,071</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Acquisition and construction of capital assets	(1,138,963)
Disposals of capital assets	916,630
Grants	714,380
Loan proceeds	1,011,489
Principal paid on debt	(1,605,538)
Interest paid on debt	(80,889)
Sale of capital assets	30,720
Settlement claims	<u>112,000</u>
Net cash provided (used) by capital and related financing activities	<u>(40,171)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest income	<u>315</u>
Net cash provided (used) by investing activities	<u>315</u>

Net increase (decrease) in cash and cash equivalents 154,598

Cash and cash equivalents - Beginning of year (restricted \$52,476) 75,499

Cash and cash equivalents - End of year (restricted \$134,671) \$ 230,097

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES

Operating income (loss)	\$ (309,098)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities	
Depreciation	489,214
(Increase) decrease in operating assets	
Accounts receivable	148,438
Inventory	(13,567)
Prepaid expenses	5,851
Increase (decrease) in operating liabilities	
Accounts payable	(429,181)
Accrued payroll liabilities	6,721
Deposits payable	12,047
Unearned revenue	<u>20,126</u>
	<u>\$ (69,449)</u>

Supplemental cash flow information:

Schedule of non-cash transactions:	
Trade-in value of exchanged asset applied to principle of new acquisition	<u>\$ (19,550)</u>
Net non-cash transactions	<u>\$ (19,550)</u>

See accompanying notes to financial statements.

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PORT OF BROOKINGS HARBOR, OREGON

NOTES TO FINANCIAL STATEMENTS
as of June 30, 2017

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Port of Brookings Harbor (Port) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standards-setting body for establishing governmental accounting and financial reporting standards.

The more significant of the Port's accounting policies are described below.

Reporting Entity

The Port, organized under the laws pertaining to port districts in the State of Oregon, was incorporated in 1956 to provide port services and facilities to recreational and commercial users on the southern Oregon coast. A five member Board of Commissioners oversees management in its operations.

There are various other governmental agencies and special service entities which provide services within the Port's boundaries. However, the Port is not financially accountable for any of these entities and accordingly, their financial information is not included in these financial statements.

Measurement Focus, Presentation and Accounting

The Port maintains four funds for operations; however it is considered to be a single enterprise similar to a commercial entity for financial reporting purposes. Accordingly, these financial statements are maintained on the flow of economic resources measurement focus using the accrual basis of accounting utilizing accounting principles applicable to commercial enterprises. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when liabilities are incurred. This measurement focus provides that all assets and liabilities associated with operations are included on the Statement of Net Position.

Operating Revenues, Non-Operating Revenues and Operating Expenses

The Port has defined operating revenues to include all service charges and other applicable charges for services directly attributable to providing Port facilities. Operating expenses are defined as those expenses directly related to providing the services reflected within operating revenues including depreciation and amortization. Non-operating revenues are revenues of the Port not directly attributable to the services provided. This includes property taxes, investment interest, capital contributions, gain (loss) on sale of capital assets and non-operating revenue.

When both restricted and unrestricted resources are available for use, it is the Port's policy to use restricted resources to the limits of the policies and statutes governing them first, then unrestricted resources as they are needed.

Interfund Transactions

Transactions that constitute reimbursements to a fund for expenses initially made from it that are properly applicable to another fund are recorded as expenses in the reimbursing fund and as reductions of expenses in the fund that is reimbursed.

PORT OF BROOKINGS HARBOR, OREGON

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NOTES TO FINANCIAL STATEMENTS
as of June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Interfund Transactions

All other interfund transactions are reported as transfers in the budget schedules. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. As a general rule the effect of interfund activity is eliminated from the government-wide financial statements.

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Deposits

The Port's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. For purposes of the statement of cash flows, all highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents.

The Port's investment policies are governed by Oregon statutes. The statutes allow the Port to invest primarily in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, high-grade commercial paper and the State Treasurer's Local Government Investment Pool (LGIP). The Port has not adopted policies that would further limit its deposit and investment choices. See Note 3.

Receivables

Accounts Receivable

Uncollected receivables are deemed to be substantially collectible or recoverable through liens; therefore, no allowance for uncollectible accounts has been established.

Property Tax Receivable

Property taxes are levied and become a lien on all taxable property as of July 1. Taxes are levied on November 15 with collection dates: November 15, February 15, and May 15. Discounts are allowed if the amount due is received by November 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

Inventory

Inventory is valued at lower of cost or fair value, using the first-in/first-out (FIFO) method. The cost of inventory is expensed when consumed.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30 are recorded as prepaid items.

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PORT OF BROOKINGS HARBOR, OREGON

NOTES TO FINANCIAL STATEMENTS
as of June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Restricted Assets

Resources set aside for repayment of debt obligations are classified as restricted assets on the statement of net position as their use is limited by applicable covenants. Restricted resources are expended first to fund appropriations for which those restrictions are to be utilized.

Capital Assets

Capital assets are stated at cost. Donated assets are recorded at their estimated fair value at the date of donation. Replacements, which improve or extend the lives of property, are capitalized. Maintenance, repairs and equipment replacements of a routine nature are charged to expenditures as incurred and are not capitalized. The Port has a capitalization policy of \$5,000 for assets with a life longer than one year.

Capital assets constructed with tax-exempt borrowing may include capitalized interest as part of the cost of capital assets. All interest expense less any interest earned on investments acquired with the proceeds of the borrowing are capitalized from the date of the borrowing until the assets are ready for their intended use.

Assets subject to depreciation are depreciated over their estimated useful lives on the straight-line basis as follows:

Docks, ramps and buildings	40 years
Equipment and furniture	5 - 40 years

Fair Value

The Port categorizes fair value measurements within the hierarchy established by GASB Statement 72. Hierarchy is based on the inputs used to measure the fair value of an asset. Observable inputs are based on market data obtained from sources independent of the reporting entity. Unobservable inputs are based on the best information available about assumptions used in pricing the asset. The classifications are as follows:

- Level 1 - Quoted prices for identical investments in the active market.
- Level 2 - Observable inputs other than quoted market prices.
- Level 3 - Unobservable inputs.

The Port does not hold Level 1 or 3 investments. See Note 6 - Capital Assets.

Compensated Absences

Accumulated vacation leave is recorded when earned. Vacation pay is computed using employee pay rates in effect at the time the vacation is used. Sick leave pay is recorded when leave is taken since it does not vest when earned.

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PORT OF BROOKINGS HARBOR, OREGON

NOTES TO FINANCIAL STATEMENTS
as of June 30, 2017

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Budget Law and Practice

The Port legally adopts an annual budget for each individual fund prior to July 1 through passage of a resolution in accordance with the legal requirements set forth in the Oregon Local Budget Law. The resolution authorizes fund appropriations at the following control levels: personnel services, materials and services, capital outlay, debt service, interfund transactions, operating contingency, and all other requirement levels. Appropriations lapse at the end of the fiscal year.

Unexpected additional resources may be added to the original budget through the use of a supplemental budget and appropriation resolution. The supplemental budget, greater than 10% of the fund's original budget, requires hearings before the public, publications in newspapers, and approval by the Board. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by the Board.

Over Expenditures

The General Fund over expended in transfers by \$570,896. The overage occurred when setting up the individual funds midyear.

NOTE 3 - DEPOSITS

Cash, cash equivalents as of June 30 are classified in the accompanying Statement of Net Position as follows:

	<u>Balance</u>	<u>Unrestricted</u>	<u>Restricted</u>
Cash and cash equivalents	<u>\$ 230,097</u>	<u>\$ 95,426</u>	<u>\$ 134,671</u>

Cash and cash equivalents as of June 30 consist of the following:

	<u>Balance</u>
Cash on hand	\$ 1,347
Checking	155,017
Money market	<u>73,733</u>
Total cash and investments	<u>\$ 230,097</u>

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PORT OF BROOKINGS HARBOR, OREGON

NOTES TO FINANCIAL STATEMENTS
as of June 30, 2017

NOTE 3 - DEPOSITS AND INVESTMENTS - Continued

Deposits

At the end of the fiscal year, the Port's total deposits with financial institutions have a bank value of \$246,239.

Custodial Credit Risk

As required by Oregon Revised Statutes, deposits in excess of federal depository insurance were held at qualified depositories for public funds. All qualified depositories for public funds are included in the multiple financial institution collateral pool that is maintained by and in the name of the Office of the State Treasurer. As a result, the Port has no exposure to custodial credit risk for deposits with financial institutions.

NOTE 4 - RECEIVABLES

Receivables at year end consist of the following:

	<u>Balance</u>
Accounts receivable	\$ 42,639
Property taxes	22,893
Total receivables	<u>\$ 65,532</u>

Uncollected receivables are deemed to be substantially collectible or recoverable through liens; therefore, no allowance for uncollectible accounts has been established.

NOTE 5 - INTERFUND TRANSFERS

Transfers

The following is a breakdown of interfund transfers:

	<u>Source</u>	<u>Use</u>
General Fund	\$ 982,859	\$ 0
Debt Service Fund	0	554,217
Revenue Bond Fund	0	177,152
Capital Project Fund	0	251,490
Total	<u>\$ 982,859</u>	<u>\$ 982,859</u>

Annually transfers are from the General Fund to service debt in Debt Service and Revenue Bond Funds or support the Capital Projects Fund. Budgeted transfers were \$411,963 for the current year. In this year, the Port setup separate bank accounts to provide more transparency of the four individual funds. This process included transferring additional funds totaling \$570,896 from the General Fund that was not budgeted.

Interfund Loan

	<u>Debt</u>	<u>Credit</u>
General Fund	\$ 24,360	\$ 0
Capital Projects	0	24,360

The purpose of this loan was to allow Capital Projects to pay obligations. It is outstanding at year end.

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PORT OF BROOKINGS HARBOR, OREGON

NOTES TO FINANCIAL STATEMENTS
as of June 30, 2017

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the year ended June 30 was as follows:

	Reallocation 7/01 Balance	Reallocation Increase	Decrease	6/30 Balance
Capital assets not being depreciated				
Land and improvements	\$ 2,537,448	\$ 0	\$ 0	\$ 2,537,448
Construction in progress	1,000,297	537,349	0	1,537,646
Idle and impaired assets	<u>325,000</u>	<u>232,163</u>	<u>0</u>	<u>557,163</u>
Total non-depreciable	<u>3,862,745</u>	<u>769,512</u>	<u>0</u>	<u>4,632,257</u>
Capital assets being depreciated				
Buildings and dock	17,537,960	0	(3,033,036)	14,504,924
Equipment	<u>1,246,478</u>	<u>369,451</u>	<u>(1,055,496)</u>	<u>560,433</u>
Total depreciable at historical cost	<u>18,784,438</u>	<u>369,451</u>	<u>(4,088,532)</u>	<u>15,065,357</u>
Accumulated depreciation				
Buildings and dock	(5,619,117)	(404,873)	990,795	(5,033,195)
Equipment	<u>(768,517)</u>	<u>(84,341)</u>	<u>762,104</u>	<u>(90,754)</u>
Total accumulated depreciation	<u>(6,387,634)</u>	<u>(489,214)</u>	<u>1,752,899</u>	<u>(5,123,949)</u>
Total depreciable, net	<u>12,396,804</u>	<u>\$ (119,763)</u>	<u>\$(2,335,633)</u>	<u>9,941,408</u>
Capital assets, net	<u>\$16,259,549</u>			<u>\$14,573,665</u>

Current year depreciation is \$489,214. Opening balance reflects the reallocation of the Idle Asset - Green Building from construction in progress.

Disclosure

Idle Asset - Green Building

In Construction in Progress is the asset called Green Building. The building consists of around 14,000 sq. feet of a building shell that has not been completed since 2000 due to lack of funds. Its basis was written down in a prior year to estimated carrying value of \$325,000. In adopting GASB No. 72, the Port used the cost approach (Level 2). This approach supports the amount that would be needed to replace the asset at its present service capacity. Fair value is believed to be higher and the Port is actively marketing the building.

Idle Asset - Docks

Transferred to Construction in Progress is the portion of the Port's dock assets which were deemed impaired and idle. This portion, as determined by the Port, has a carrying value of \$232,163. While the Port does intend to repair these assets to usable condition, at the end of the current fiscal year they were not in use and appropriately the Port halted their depreciation.

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PORT OF BROOKINGS HARBOR, OREGON

NOTES TO FINANCIAL STATEMENTS
as of June 30, 2017

NOTE 7 - LONG TERM DEBT

The Port's long-term debt includes a revenue bond, ten obligations to the State of Oregon, and two notes payable. Below is a summary of the obligations by category:

Revenue Bond

6/30
Balance

Port of Brookings Harbor, Oregon Installment Revenue Bond No. 1, Series 2000, was issued on November 6, 2000. Annual payments of \$130,120, consisting of principal and 5% interest, are due on November 6 of each year. The bond was issued for the purpose of providing a portion of the cost of construction and improvements to the boat basin. Repayments are from the unobligated net revenues of the Port.

Total Revenue Bond

\$ 1,287,802

Revenue bond debt service requirements to maturity:

Fiscal Year Ending	Principal	Interest	Total Future Requirements
2018	\$ 65,749	\$ 64,371	\$ 130,120
2019	69,037	61,083	130,120
2020	72,489	57,632	130,121
2021	76,113	54,007	130,120
2022	79,919	50,202	130,121
2023-27	463,682	186,921	650,603
2028-32	460,813	58,873	519,686
Totals	<u>\$1,287,802</u>	<u>\$ 533,090</u>	<u>\$ 1,820,892</u>

Oregon Business Development Dept.
Infrastructure Financing Authority (IFA)6/30
Balance

IFA #040-172, payable in quarterly installments, including interest of 5%, until paid in the 2022 fiscal year, secured by land.

\$ 150,520

IFA #040-139, payable in quarterly installments of \$7,085, including interest of 5%, until paid in the 2017 fiscal year, secured by land and revenues from the commercial/retail project.

91,043

IFA Special Public Works Fund L96003, payable in quarterly installments, including interest of 6%, until paid in the 2021 fiscal year, unsecured loan for beach erosion repairs.

100,779

IFA Special Public Works Fund L98004, payable in quarterly installments, including interest of 6%, until paid in the 2023 fiscal year, unsecured for dock improvements.

256,004

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PORT OF BROOKINGS HARBOR, OREGON

NOTES TO FINANCIAL STATEMENTS
as of June 30, 2017

NOTE 7 - LONG TERM DEBT - Continued

Notes Payable - Oregon Business Development Dept. Infrastructure Financing Authority (IFA)

	<u>6/30 Balance</u>
IFA Special Public Works Fund L02001, payable in quarterly installments, including interest of 5.35%, until paid in the 2026 fiscal year, unsecured loan for a marine fueling station.	226,306
IFA #040-176, payable in quarterly installments, including interest of 7%, until paid in the 2024 fiscal year, secured by land.	331,325
IFA Special Public Works Fund L02009, payable in quarterly installments, including interest of 5%, until paid in the 2027 fiscal year, secured by port improvements.	896,988
IFA #040-181, payable in quarterly installments, including interest of 4.88%, until paid in the 2024 fiscal year, secured by port improvements.	219,127
IFA Special Public Works Fund X03004, payable in quarterly installments, including interest of 4.88%, until paid in the 2022 fiscal year, secured by port improvements.	238,932
IFA Financing Contract L16010. Draw downs up to \$1,562,157, 3.3% interest begins to accrue on December 1, 2017. Current year draws were \$687,289. Annual payments of principal plus interest begin December 1, 2018.	<u>1,520,579</u>
Total IFA Obligation	<u>\$ 4,031,603</u>

Payment Modifications - Prior

In January of 2010, a restructured agreement was signed with Oregon Business Development Department Infrastructure Finance Authority (IFA); specifying considerations of the Port's cash flows, intended to repay all loan principal, minimize the cost of recovery and minimize the negative impact to the Port's revenue producing assets. The agreement was to commence January 2010 with the payoff of loan #94-05 for \$117,000 and loan #040-095 for \$71,000 by June 30, 2010. The Port was then committed to making level quarterly installment payments of \$62,500 beginning September 2010 through March 2030. Loan repayment order was based on the earliest maturity first. Interest was to accrue quarterly according to each notes current interest rate. Any interest not satisfied in the current period would be deferred, non-compounding, until satisfied.

The Port was current on its obligation until March of 2011, when the Port sustained substantial damage from a tsunami. On April 6, Governor John Kitzhaber suspended the Port's debt payments to Infrastructure Finance Authority until revenue generating facilities were restored. Today the Port is current on its quarterly payments. Presently, the Port is making quarterly payments, but still is behind the six suspended quarters. Efforts are being made to pay the suspended payments as well as meet current year obligations.

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PORT OF BROOKINGS HARBOR, OREGON

NOTES TO FINANCIAL STATEMENTS
as of June 30, 2017

NOTE 7 - LONG TERM DEBT - Continued

Payment Modifications - Current Year

IFA Business

State of Oregon debt service requirements to maturity:

<u>Fiscal Year</u> <u>Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Future</u> <u>Requirements</u>
2018	\$ 1,793,968	\$ 3,126	\$ 1,797,094
2019	232,996	1,831	234,827
2020	232,996	1,831	234,827
2021	212,175	1,199	213,374
2022	438,036	55,831	493,867
2023-27	<u>1,121,432</u>	<u>163,298</u>	<u>1,284,730</u>
Totals	<u>\$ 4,031,603</u>	<u>\$ 227,116</u>	<u>\$ 4,258,719</u>

IFA Payments

Presently the Port is making quarterly payments of \$62,042 to service IFA's eleven obligations. In the current year the Port has exceeded its quarterly payment requirements to IFA. In addition this year Loan L12001 was paid off with the proceeds from the ODOT sale.

In approximately eleven years after the last payment satisfies the principal balance due, interest payments will begin. Any interest not satisfied at the maturity of each note may be forgiven, at the discretion of IFA Director.

6/30
Balance

Notes Payable

In March of 2017, the Port purchased a building on Port property for \$18,000. Monthly payments of \$672 commenced in March with no interest. The seller entered into a Port lease for \$600 per month, therefore the Port's obligation of \$600 will be exchanged for monthly rent, netting a monthly cash obligation of \$72 on the loan. Payoff of the loan is in 2037.

\$ 16,920

In October of 2016, the Port purchased a Travel Lift, \$324,200 of which was financed. Monthly payments of \$4,659 including 5.502% interest commenced in November. Final payoff of the principal balance is scheduled in 2024.

298,408

Total notes payable

\$ 315,328

PORT OF BROOKINGS HARBOR, OREGON

NOTES TO FINANCIAL STATEMENTS
as of June 30, 2017

NOTE 7 - LONG TERM DEBT - Continued

Notes Payable

Notes payable and service requirements to maturity:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Future Requirements</u>
2018	\$ 37,905	\$ 14,208	\$ 52,113
2019	43,456	13,316	56,772
2020	45,859	10,913	56,772
2021	48,399	8,373	56,772
2022	51,081	5,691	56,772
2023-27	80,348	3,175	83,523
2028-32	4,320	0	4,320
2033	3,960	0	3,960
Total	<u>\$ 315,328</u>	<u>\$ 55,676</u>	<u>\$ 371,004</u>

Changes in Long-Term Debt

During the year ended June 30, the following changes occurred in long term liabilities:

	<u>7/1 Balance</u>	<u>Additions</u>	<u>Adjustments & Reductions</u>	<u>6/30 Balance</u>	<u>Due in One Year</u>
Revenue Bond, Series 2000	\$1,350,402	\$ 0	\$ 62,600	\$1,287,802	\$ 65,749
IFA	4,846,738	687,289	1,502,424	4,031,603	1,793,968
Notes payable	31,642	324,200	40,514	315,328	37,905
Totals	<u>\$6,228,782</u>	<u>\$1,011,489</u>	<u>\$ 1,605,538</u>	<u>\$5,634,733</u>	<u>\$1,897,622</u>

Interest expense for the year was \$243,121. No interest was capitalized.

NOTE 8 - LEASES

Port as Lessor

The Port, as a lessor leases certain properties with a total approximate net capitalized cost of \$1,036,324 and annual depreciation expense of approximately \$15,293 under long-term noncancelable operating leases.

The minimum future lease payments to be received under non-cancelable leases are as follows:

<u>Year Ending June 30,</u>	<u>Balance</u>
2018	\$ 477,761
2019	416,467
2020	288,845
2021	185,074
2022	95,827
Thereafter	1,030,247
Total	<u>\$2,494,221</u>

Amounts for future lease extensions are not included as they are cancelable.

PORT OF BROOKINGS HARBOR, OREGON

NOTES TO FINANCIAL STATEMENTS
as of June 30, 2017**NOTE 9 - UNEARNED REVENUE**

At year end the Port's balance of unearned revenue consisted entirely of prepaid customer accounts and leases, in the amount of \$44,555.

At year end the Port's balance of unearned revenue consisted of the following:

	<u>Balance</u>
Prepaid leases	\$ 11,664
Other prepaid/credits	<u>32,891</u>
Total	<u>\$ 44,555</u>

NOTE 10 - MISCELLANEOUS REVENUE

Miscellaneous revenue for the year consists of the following:

	<u>Balance</u>
Special events	\$ 72,568
Other various	<u>38,756</u>
Total	<u>\$ 111,324</u>

NOTE 11 - OTHER INFORMATION**Commitments**

On June 28, the Port signed a sale agreement and receipted in earnest money for a small parcel of real property. The sale is for \$45,000.

Risk Management

The Port is exposed to various risks of loss related to theft of, damage to and destruction of assets; torts; errors and omissions; injuries to employees; and natural disasters. The Port purchases commercial insurance for such risks. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Evaluation of Subsequent Events*General*

The Port has evaluated subsequent events through November 21, 2017, the date which the financial statements were available to be issued.

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**PORT OF BROOKINGS HARBOR
OREGON**

SUPPLEMENTAL SECTION

PORT OF BROOKINGS HARBOR, OREGON

DESCRIPTION OF BUDGETARY FUNDS

Pursuant to the provisions of Oregon Revised Statute, an individual schedule of revenues, expenditures, and changes in fund balances requires budget and actual be displayed for each fund where legally adopted budgets are required.

Budgetary Comparison schedules include the following funds:

The Port uses the following budgetary funds to account for its activities:

General Fund

The fund is used to account for the financial resources that are not accounted for in any other fund. Principal sources of revenue are from moorage, lease income and property taxes. Primary expenditures are for maintenance and general administration.

Debt Service Fund

The fund is used to account for principal and interest paid on the Port's debt other than the revenue bond obligation.

Revenue Bond Fund

The fund is used to account for principal and interest payments on the revenue bond.

Capital Projects Fund

The fund is used to account for expenditures on major construction and improvement. Principal sources of revenue are grants and loans.

PORT OF BROOKINGS HARBOR, OREGON

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**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL for the Year Ended June 30, 2017**

GENERAL FUND

	Original and Final Budget	Actual	Variance
REVENUES			
Property taxes	\$ 210,000	\$ 244,178	\$ 34,178
RV Park	589,760	563,943	(25,817)
Moorage and launch	702,153	581,462	(120,691)
Dredging	285,000	0	(285,000)
Asset sale	0	7,552	7,552
Ice house	200,000	88,065	(111,935)
Rentals	325,000	473,087	148,087
Cold storage	70,000	19,222	(50,778)
Miscellaneous	491,500	155,216	(336,284)
Claim settlements	0	112,000	112,000
Grants	0	1,008,290	1,008,290
Fuel sales	720,000	444,877	(275,123)
Total revenues	<u>3,593,413</u>	<u>3,697,892</u>	<u>104,479</u>
EXPENDITURES			
Personnel services	799,763	546,672	253,091
Materials and services	2,685,212	1,788,766	896,446
Contingency	92,209	0	92,209
Total expenditures	<u>3,577,184</u>	<u>2,335,438</u>	<u>1,241,746</u>
Excess (def) of revenues over expenditures	16,229	1,362,454	1,346,225
OTHER FINANCING SOURCES (USES)			
Transfers to other funds	<u>(411,963)</u>	<u>(982,859)</u>	<u>(570,896)</u>
Excess (def) of revenues over expenditures and transfer	(395,734)	379,595	775,329
FUND BALANCE - Beginning of year (Budget)	<u>395,734</u>	<u>(270,904)</u>	<u>(666,638)</u>
FUND BALANCE - End of year (Budget)	<u>\$ 0</u>	108,691	<u>\$ 108,691</u>
GAAP ADJUSTMENTS - Reconciled to June 30, 2016		7,381,165	
Capital asset activity			
Additions		906,800	
Disposals		(2,103,470)	
Depreciation		(489,214)	
Long-term debt activity			
Principal payments		1,605,538	
Loan proceeds		(1,011,489)	
Interest accrued		<u>(162,232)</u>	
FUND BALANCE - End of year (GAAP)		<u>\$ 8,235,789</u>	

PORT OF BROOKINGS HARBOR, OREGON

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**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL for the Year Ended June 30, 2017**

DEBT SERVICE FUND

	Original and Final Budget	Actual	Variance
REVENUES	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
EXPENDITURES			
Principal payments	292,568	1,544,709	(1,252,141)
Interest payments	<u>13,535</u>	<u>13,369</u>	<u>166</u>
Total expenditures	<u>306,103</u>	<u>1,558,078</u>	<u>(1,251,975)</u>
Excess (def) of revenues over expenditures	(306,103)	(1,558,078)	(1,251,975)
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	306,103	554,217	(248,114)
Loan proceeds	<u>0</u>	<u>1,011,489</u>	<u>(1,011,489)</u>
Total other financing sources (uses)	<u>306,103</u>	<u>1,565,706</u>	<u>(1,259,603)</u>
Excess (def) of revenues over expenditures and transfers	0	7,628	7,628
FUND BALANCE - Beg of year (Budget)	<u>0</u>	<u>6,058</u>	<u>6,058</u>
FUND BALANCE - End of year (Budget)	<u>\$ 0</u>	<u>\$ 13,686</u>	<u>\$ 13,686</u>

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PORT OF BROOKINGS HARBOR, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL for the Year Ended June 30, 2017

REVENUE BOND FUND

	Original and Final Budget	Actual	Variance
REVENUES	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
EXPENDITURES			
Bond principal	56,796	62,600	(5,804)
Bond interest	<u>73,324</u>	<u>67,520</u>	<u>5,804</u>
Total expenditures	<u>130,120</u>	<u>130,120</u>	<u>0</u>
Excess (def) of revenues over expenditures	(130,120)	(130,120)	0
OTHER FINANCING SOURCES (USES)			
Transfers from General Fund	<u>140,120</u>	<u>177,152</u>	<u>37,032</u>
Excess (def) of revenues over expenditures and transfers	10,000	47,032	37,032
Unappropriated ending fund balance	(13,012)	0	13,012
FUND BALANCE - Beginning of year (Budget)	<u>13,014</u>	<u>13,012</u>	<u>(2)</u>
FUND BALANCE - End of year (Budget)	<u>\$ 10,002</u>	<u>\$ 60,044</u>	<u>\$ 50,042</u>

PORT OF BROOKINGS HARBOR, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL for the Year Ended June 30, 2017

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CAPITAL PROJECTS FUND

	Original and Final Budget	Actual	Variance
REVENUES			
Grants	\$ 2,066,982	\$ 393,379	\$ (1,673,603)
Total revenues	2,066,982	393,379	1,673,603
EXPENDITURES			
Capital outlay	2,066,982	672,316	1,394,666
OTHER FINANCING SOURCES (USES)			
Transfers from General Fund	0	251,490	251,490
Excess (def) of revenues over expenditures	0	(27,447)	(27,447)
FUND BALANCE - Beginning of year (Budget)	0	33,403	33,403
FUND BALANCE - End of year (Budget)	<u>\$ 0</u>	<u>\$ 5,956</u>	<u>\$ 5,956</u>

PORT OF BROOKINGS HARBOR, OREGON

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**RECONCILIATION OF REVENUES AND EXPENDITURES (BUDGETARY
BASIS) TO THE STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION for the Year Ended June 30, 2017**

	<u>Total Revenues</u>	<u>Total Expenditures</u>	<u>Net</u>
Budgetary Basis			
General Fund	\$ 3,697,892	\$ 3,318,297	\$ 379,595
Debt Service Fund	1,565,706	1,558,078	7,628
Revenue Bond Fund	177,152	130,120	47,032
Capital Projects Fund	<u>644,869</u>	<u>672,316</u>	<u>(27,447)</u>
 Total budgetary basis	 <u>\$ 6,085,619</u>	 <u>\$ 5,678,811</u>	 406,808
Add (Deduct) Items to Reconcile to Net Income on a Financial Reporting Basis			
Capital asset activity			
Additions			906,800
Disposals			(2,103,470)
Depreciation			(489,214)
Long-term debt activity			
Principal payments			1,805,538
Loan proceeds			(1,011,489)
Interest accrued			<u>(162,232)</u>
 Change in net position			 (847,259)
 NET POSITION - Beginning of year			 <u>7,162,734</u>
 NET POSITION - End of year			 <u>\$ 6,315,475</u>

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PORT OF BROOKINGS HARBOR OREGON

COMPLIANCE SECTION

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**Independent Auditor's Report
Required by Oregon State Regulations**

Board of Commissioners
Port of Brookings Harbor
Brookings, Oregon

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Port of Brookings Harbor, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Port of Brookings Harbor's basic financial statements, and have issued my report thereon dated November 21, 2017.

Compliance

As part of obtaining reasonable assurance about whether the Port of Brookings Harbor financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-330 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion.

I performed procedures to the extent I considered necessary to address the required comments and disclosures which included, but were not limited to the following:

- Accounting records and related internal control structure.
- Deposit of public funds with financial institutions (ORS Chapter 295).
- Indebtedness limitations, restrictions and repayment.
- Budgets legally required (ORS Chapter 294).
- Insurance and fidelity bonds in force or required by law.
- Programs funded from outside sources.
- Authorized investment of surplus funds (ORS Chapter 294).
- Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).

In connection with my testing nothing came to my attention that caused me to believe the Port of Brookings Harbor was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-330 of the Minimum Standards for Audits of Oregon Municipal Corporations except for the following:

Over Expended

The General Fund over expended in transfers by \$570,896. The majority of this overage occurred when setting up the individual funds midyear. The Debt Service Fund over expended by \$1,252,141 and the Revenue Bond Fund budget was out of balance by \$10,002.

As of June 30, 2017 there is an interfund loan between the General Fund and Capital Projects Fund. This was not budget to be report in the year 2017-18.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Port of Brookings Harbor's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Port of Brookings Harbor's internal control. Accordingly, I do not express an opinion on the effectiveness of the Port of Brookings Harbor's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The Port's response to the prior findings identified in prior audits is described in the accompanying schedule of prior findings and Port response. I did not audit the Port's response and, accordingly, I express no opinion on it.

Purpose of This Report

This report is intended solely for the information and use by the board of commissioners and management of the Port of Brookings Harbor, Oregon and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

SIGNE GRIMSTAD
Certified Public Accountant
Newport, Oregon
November 21, 2017

**Independent Auditor's Report on Internal Control Over Financial
Reporting and on Compliance and Other Matters Based on an
Audit of Financial Statements Performed in Accordance
with Government Auditing Standards**

Board of Commissioners
Port of Brookings Harbor
Brookings, Oregon

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Port of Brookings Harbor, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Port of Brookings Harbor's basic financial statements, and have issued my report thereon dated November 21, 2017.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Port of Brookings Harbor's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Port of Brookings Harbor's internal control. Accordingly, I do not express an opinion on the effectiveness of Port of Brookings Harbor's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The Port's response to the prior finding identified in my audit is described in the accompanying schedule of prior findings and Port response. I did not audit the Port's response and, accordingly, I express no opinion on it.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Port's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Port's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Port's internal control and compliance. Accordingly, this communications is not suitable for any other purpose.

SIGNE GRIMSTAD
Certified Public Accountant
Newport, Oregon
November 21, 2017

PORT OF BROOKINGS HARBOR, OREGON
SCHEDULE OF PRIOR FINDINGS AND PORT RESPONSE
for the Year Ended June 30, 2017

FINDINGS - FINANCIAL STATEMENT AUDIT - June 30, 2017

2014-1 General Ledger - Material Weakness

Criteria: The general ledger should be setup to reflect self-balancing funds.

Condition: The Port maintains a single general ledger combining four funds, making it difficult to separate individual self-balancing funds.

Cause: The accounts for all the funds are combined in the trial balance.

Effect: Because of the present chart of accounts, there is a risk of individual funds being out of balance.

Recommendation: The Port should expand its chart of accounts to reflect self-balancing funds.

Response: The Port understands the importance of self-balancing funds and the risk of misstatement. The Port is in agreement and was working on improving its chart of accounts. Presently, the Board has taken its bookkeeping to an independent accounting firm.

2015-1 General Ledger

Finding same as 2014.

Response: An independent accounting firm is working on the chart of accounts.

2016-1 General Ledger

Finding same as 2015.

Response: The Port is presently setting up four QuickBook funds to record transactions in self-balancing accounts.

FINDINGS - FINANCIAL STATEMENT AUDIT - June 30, 2017

In current year, the Port expanded its chart of accounts and was able to provide four self-balancing funds. This addresses the material weaknesses finding noted in prior years.

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Port of Brookings Harbor

A Special District of the State of Oregon

INVITATION TO BID

FG#1587

ALUMINUM BOARDING DOCKS

FABRICATION & DELIVERY

Issue Date: December 27th, 2017

Close Date: January 26th, 2018, 5:00pm (PST)

For more information regarding this invitation to Bid,

contact Gary Dehlinger at 541-469-2218

**PORT OF BROOKINGS HARBOR
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BIDDER'S SUBMITTAL CHECKLIST

Bids must be submitted by the time designated and the address listed in the advertisement for the Invitation to Bid at the Port of Brookings Harbor Main Office and marked received by Port staff indicating the time and date as shown on the Port clock in the Main Office. Any bid submitted after the designated closing time or to any other location will be determined nonresponsive and will not be opened. It is the responsibility of the Bidder to deliver the bid by the indicated deadline to the designated location.

If the Bidder submits a proposal via a delivery service (FedEx, UPS, etc.) the required sealed envelope must be enclosed in the delivery service packaging and the Project Title of the bid should be written on the outside delivery service packaging.

All bids should include the following submittals to be considered responsive:

- ☐ Contractor's Schedule of Values (*Exhibit A*)
- ☐ Proposal (*Exhibit B*)
- ☐ Signed Addenda (if applicable)

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Port of Brookings Harbor

A Special District of the State of Oregon

Invitation to Bid (ITB)

**Aluminum Boarding Docks Fabrication & Delivery
Bids Due by 5:00p.m., Friday, January 26th, 2018**

Notice is hereby given that the Port of Brookings Harbor (special district) is requesting bids from Vendors to fabricate and deliver to the Port of Brookings Harbor, aluminum boarding docks for the Brookings Marina Ramp Boarding Dock Replacement Project

Contract documents are available for review in the Main Office of the Port of Brookings Harbor, located at 16330 Lower Harbor Road, Brookings, Oregon 97415, phone 541-469-2218, Monday through Friday, between the hours of 8:00 a.m. and 5:00 p.m., closed 12:00 p.m. to 1:00 p.m.; or can be downloaded from the Port of Brookings Harbor website at <http://www.portofbrookingsharbor.com>; or a printed set may be purchased for \$35.

The Port will post all addenda on the Port website. Prospective bidders are solely responsible for checking the website to determine whether or not any addenda have been issued. Bid documents will not be mailed to prospective Bidders. All questions regarding this solicitation must be submitted in writing to Gary Dehlinger, gary@portofbrookingsharbor.com, phone: 541-469-2218; inquiries concerning bid specifications shall be directed to Scott Janssen, at scott.janssen@oregon.gov.

Time is of the essence to establish a contract with a Vendor who can fabricate and deliver boarding docks to the Port in May 2018 for the Port to meet grant requirements. Sealed bids must be received by the Port of Brookings Harbor Main Office, not later than 5:00 p.m. (local time), Friday, January 26th, 2018, at which time said bids will be publicly opened and read in the Main Office. Bids shall be addressed to the Port of Brookings Harbor, Attn: Gary Dehlinger, 16330 Lower Harbor Road, Brookings, Oregon 97415. The outside of the envelopes shall plainly identify: (1) the name of the bid, (2) the bid closing date and time, and (3) the name and address of the Bidder. Electronic bids will not be accepted. Bids received after the designated time and date will not be opened.

Bid totals will be posted on the Port's website at <http://www.portofbrookingsharbor.com>. The Port may reject any bid not in compliance with all prescribed solicitation procedures and requirements and other applicable law, and may reject any or all bids in whole or in part when the cancellation or rejection is in the best interest of the Port, and at no cost to the Port. Prices quoted shall be firm offers, irrevocable, valid, and binding for a period of thirty (30) calendar days after the closing date.

DATED THIS 27TH DAY OF DECEMBER 2017.

Gary Dehlinger
Port Manager

SECTION 1 – INSTRUCTIONS TO BIDDERS

1.1 BACKGROUND

The Port of Brookings Harbor (“Port”) is requesting bids for fabrication and delivery of aluminum boarding docks. The aluminum docks will replace the wooden docks currently at Brookings Marina Ramp at Chetco River, Mile 0.4. Delivery will be made to the Brookings Marina Parking Lot. The Port has received a grant from the Oregon Marine Board to replace aging, unsafe docks. The grant recommends delivery of the docks by May 2018.

1.2 ISSUING OFFICE AND SUBMITTAL LOCATION

The Port of Brookings Harbor will issue the Invitation to Bid (ITB) document and will be the sole point of contact for the Port for questions, concerns, and protests.

Submittal Address & Process Questions:

Port of Brookings Harbor
16330 Lower Harbor Road
Brookings, OR 97415
Email: gary@portofbrookingsharbor.com
Phone: 541-469-2218

Technical Questions:

Scott T. Janssen, P.E.
Oregon State Marine Board
Email: scott.janssen@oregon.gov
Phone: 503-378-2634

Telephone, facsimile, or electronically transmitted bids will not be accepted. Bids received after the specified date and time will not be opened. Bidders submitting bids are solely responsible for the means and manner of their delivery.

1.3 ITB SCHEDULE

The Port anticipates the following general timeline for receiving bids and selecting a Vendor. The timeline listed below may be changed if it is in the Port’s best interest to do so.

ITB Advertised	December 27 th , 2017
Solicitation Changes or Protests	January 6 th , 2018, 2:00 p.m.
Last Date for Addenda	January 13 th , 2018, 12:00 p.m.
Bid Closing Date	January 26 th , 2018 5:00 p.m.
Notice of Intent to Award	January 29 th , 2018
Contract Award	February 6 th , 2018

1.4 CHANGES TO THE SOLICITATION BY ADDENDA

The Port of Brookings Harbor reserves the right to make changes to the ITB by written addenda. Prospective Bidders are solely responsible for checking the website to determine whether or not any addenda have been issued. A Prospective Bidder may request a change in the ITB by submitting a written request to the address set forth above. The request must specify the provision of the ITB in question, and contain an explanation for the requested change.

The Port Manager will evaluate any request submitted, but reserves the right to determine whether to accept the requested change. If in the Port Manager’s opinion, additional information or interpretation is necessary; such information will be supplied in the form of an addendum as stated above. Any addenda

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shall have the same binding effect as though contained in the main body of the ITB. Oral instructions or information concerning the scope of work of the project given out by Port of Brookings Harbor, employees, or agents to the prospective Bidders shall not bind the Port.

1. All addenda, clarification, and interpretations will be posted on the Port of Brookings Harbor website.
2. No addenda will be issued later than the date set in the ITB Schedule, except an addendum, if necessary, postponing the date for receipt of bids, withdrawing the invitation, modifying elements of the bid resulting from a delayed process, or requesting additional information, clarification.
3. Each Bidder shall ascertain, prior to submitting a bid, that the Bidder has received all addenda issued, and receipt of each addendum shall be acknowledged in the appropriate location on each addendum and included with the bid submittal.

1.5 PROTEST OF SOLICITATION DOCUMENT AND PROCUREMENT PROCESS

A protest of any provision in this ITB must be made in writing and directed to the Port at the address listed in the ITB and shall be received no later than the date listed in the ITB Schedule. Any protest must address the requirement, provision or feature of this ITB or its attachments, that the potential Bidder believes is ambiguous, unclear, unfair, contrary to law or likely to limit competition. Such submittals will be reviewed upon receipt and will be answered in writing. In addition to the information required by ORS 279B.405(4), a prospective Bidder's written protest shall include a statement of the desired changes to the procurement process or the solicitation document that the prospective Bidder believes will remedy the conditions upon which the prospective Bidder based its protest. No such protests or requests will be considered if received after the deadline. No oral, telegraphic, telephone protests or requests will be accepted.

1.6 TRADE SECRETS AND PUBLIC RECORDS LAW

All information submitted by Bidders shall be public record and subject to disclosure pursuant to the Oregon Public Records Act, except such portions of the bids for which Bidder requests exception from disclosure consistent with Oregon Law. All requests shall be in writing, noting specifically which portion of the bid the Bidder requests exception from disclosure. Bidder shall not copyright, or cause to be copyrighted, any portion of any said document submitted to the Port of Brookings Harbor as a result of this ITB. Bidder should not mark the whole bid document "confidential".

If a bid contains any information that is considered a trade secret under ORS 192.501(2), Bidders must mark each sheet of such information with the following legend: **"This data constitutes a trade secret under ORS 192.501(2), and shall not be disclosed except in accordance with the Oregon Public Records Law, ORS Chapter 192."**

Oregon Public Records Law exempts from disclosure only bona fide trade secrets, and the exemption from disclosure applies only "unless the public interest requires disclosure in the particular instance". Therefore, non-disclosure of Port documents or any portion of a Port document submitted as part of a bid may depend upon official or judicial determination made pursuant to the Public Records Law.

In order to facilitate public inspection of the non-confidential portion of the bid, material designated as confidential shall accompany the Bid, but shall be readily separable from it. Prices, makes, model or catalog numbers of items offered, scheduled delivery dates, and terms of payment shall be publicly available regardless of any designation to the contrary. Any bid marked as a trade secret in its entirety will be considered nonresponsive.

1.7 CANCELLATION

ORS 279B.100 provides for cancellation, rejection, or delay of bids when the cancellation or rejection is in the best interest of the Contracting Agency as determined by the Contracting Agency. The Port of Brookings Harbor reserves the right to cancel award of this contract at any time before execution of the contract by both parties if cancellation is deemed to be in the Port of Brookings Harbor's best interest. In no event shall the Port of Brookings Harbor have any liability for the cancellation of award.

1.8 CONDITIONS OF SUBMITTAL

1. The Bidder and each person signing on behalf of any Bidder certifies, and in the case of a sole proprietorship, partnership or corporation, each party thereto certifies as to its own organization, under penalty of perjury, that to the best of their knowledge and belief, no elected official, officer, employee, or person, whose salary is payable in whole or in part by the Port of Brookings Harbor, has a direct or indirect financial interest in the bid, or in the services to which it relates, or in any of the profits thereof other than as fully described in the Bidder's response to this solicitation.
2. The Bidder has examined all parts of the Invitation to bid, including all requirements and contract terms and conditions thereof, and, if its bid is accepted, the Bidder shall accept the contract documents thereto unless substantive changes are made in same without the approval of the Bidder.
3. The Bidder, if an individual, is of lawful age; is the only one interested in this bid; and that no person, firm, or corporation, other than that named, has any interest in the bid, or in the proposed contract.
4. The Bidder has examined the scope of services and conditions thoroughly and can provide the appropriate insurance, deposits, and bonds, as set forth in this ITB, if required.
5. The Bidder will comply fully with the scope of services for the agreed contract.
6. The Bidder can meet any and all registration and certification requirements as set forth and required in the Oregon Revised Statutes and this ITB.

1.9 BIDDER REQUESTS INTERPRETATION OF ITB DOCUMENTS

1. Bidders shall promptly notify the Port of Brookings Harbor of any ambiguity, inconsistency or error, which they may discover upon examination of the bid documents.
2. Bidders requiring clarification or interpretation of the bid documents shall make a written request to the Port at the submittal location listed above.
3. The Port of Brookings Harbor shall make interpretations, corrections, or changes of the bid documents in writing by published addenda. Interpretations, corrections, or changes of the bid documents made in any other manner will not be binding, and Bidders shall not rely upon such interpretations, corrections, and changes.
4. Should any doubt or difference of opinion arise between the Port of Brookings Harbor and a Bidder as to the items to be furnished hereunder or the interpretation of the provisions of this solicitation, the decision of the Port of Brookings Harbor shall be final and binding upon all parties.
5. To the maximum extent allowed by law, the Port may waive bid irregularities or strict compliance with any requirement herein if it concludes such action to be in its best interest.

1.10 LATE BIDS, LATE WITHDRAWALS AND LATE MODIFICATIONS

Bids received after the scheduled closing time for filing bids, as set forth in the Invitation to Bid will be rejected and will not be opened. A Bidder's requests for modification of a bid, or withdrawal of a bid,

received after closing date and time is late. The Port shall not consider late bids, late requests for modifications or late withdrawals.

1.11 MODIFICATION OR WITHDRAWAL OF BID

A Bidder may modify their bid, in writing, prior to closing date and time. The Bidder shall initial and submit any correction or erasure to its bid prior to the opening, in accordance with the instructions for submitting a bid set forth in this solicitation document. Any modification must include the Bidder's statement that the modification amends and supersedes the Bidder's prior bid. The Bidder shall mark the submitted modification with the following: (1) "Bid Modification", and (2) Project Name.

A Bidder may withdraw their bid, by written notice submitted on the Bidder's letterhead, signed by the Bidder's authorized representative, delivered to the individual and location specified in this solicitation document for the receipt of bids. To be effective, the withdrawal must be received prior to closing date and time. The Bidder or Bidder's authorized representative may withdraw a bid by appearing in person before the Port prior to closing date and time, with presentation of appropriate identification and evidence of authority to make the withdrawal satisfactory to the Port. The Bidder shall mark a written request to withdraw a bid as follows: (1) "Bid Withdrawal", and (2) Project Name. The Port may return the unopened bid that has been withdrawn to the Bidder or the Bidder's authorized representative, after voiding any date and time stamp mark.

1.12 REJECTION OF BIDS

The Port of Brookings Harbor reserves the right to reject any or all bids received as a result of this request. Bids may be rejected for one or more of the following reasons, including but not limited to:

1. Failure of the Bidder to adhere to one or more of the provisions established in this ITB.
2. Failure of the Bidder to submit a bid in the format specified herein.
3. Failure of the Bidder to submit a bid within the time requirements established herein.
4. Failure of the Bidder to adhere to ethical and professional standards before, during, or following the bid process.

The Port of Brookings Harbor may reject any bid not in compliance with all prescribed public procurement procedures and requirements, and may reject for good cause any or all bids upon a finding of the Port of Brookings Harbor that it is in the public interest to do so.

1.13 ALTERNATE BIDS

Bids which contain conditions which will alter or modify the bid form, specifications, or other bidding documents shall **NOT** be considered as responsive bids and are unacceptable.

1.14 FEDERAL EXCISE TAXES

Prices bid shall exclude federal excise taxes from which municipal agencies are exempt.

1.15 DURATION OF BID

Bid prices, terms and conditions shall be firm for a period of at least thirty (60) days from the deadline for receipt of submittal. The successful bid shall not be subject to future price escalation or changes of terms if accepted during the thirty (60) day period. Price decreases or changes in terms by others after the acceptance of a bid will not be considered.

1.16 AFFIRMATIVE ACTION

By submitting a bid, the Bidder agrees to comply with the Fair Labor Standard Act, Title VI of the Civil Rights Act of 1964, Executive Order 11246 (as amended), Fair Employment Practices, Equal Employment Opportunity Act, Americans with Disabilities Act, ORS, and all applicable requirements of federal, state and local civil rights and rehabilitation statutes, rules and regulations if awarded a contract by the Port.

1.16.1 SOLICITATIONS FOR SUBCONTRACTS, PROCUREMENT OF MATERIALS AND EQUIPMENT

In all solicitations either by competitive bidding or negotiation made by the Successful Bidder for work to be performed under a subcontract, including procurements of materials or leases of equipment, each potential subcontractor or supplier shall be notified by the Successful Bidder of the Successful Bidder's obligations under this contract, Title VI of the Civil Rights Act of 1964, and other federal nondiscrimination laws.

1.17 DISADVANTAGED, MINORITY, WOMEN, & EMERGING SMALL BUSINESSES (DMWESB)

The Port encourages the participation of Target Businesses. These businesses are defined as Disadvantaged, Minority-Owned, Women-Owned, and Emerging Small Businesses (DMWESB) certified by the State of Oregon (OMWESB), and businesses certified as Small Disadvantaged Businesses by the Small Business Administration. Bidder agrees not to discriminate against a disadvantaged business enterprise, a minority-owned business, a woman-owned business, a business that a service-disabled veteran owns or an emerging small business enterprise certified under ORS 200.055 in awarding subcontracts as required by ORS 279A.110.

1.18 COST OF ITB AND ASSOCIATED RESPONSES

This ITB does not commit the Port of Brookings Harbor to paying any costs incurred by any Bidder in the submission or presentation of a Bid, or in making the necessary studies for the preparation thereof. Responses to this solicitation are purely voluntary. Bidders shall not include any such expenses as part of their Proposal.

1.19 INDEPENDENT CONTRACTOR

The Bidder shall provide all labor, equipment, material, and supervision necessary to perform the scope of services described in this ITB. The parties intend that Bidder, in performing the services specified in this contract, shall act as an independent contractor and shall have the control of the work and the manner in which it is performed. Bidder is not considered an agent or employee of the Port of Brookings Harbor, and is not entitled to participate in any pension plan, insurance, bonus, or similar benefits the Port of Brookings Harbor provide its employees.

1.20 BID DISCREPANCIES

Discrepancies between the multiplication of units in work and unit prices will be resolved in favor of the unit prices. Discrepancies between the indicated sum of any column of figures and the correct sum thereof will be resolved in favor of the correct sum.

Unless otherwise specified, Bidders shall bid on all bid items included in this solicitation document and the low bidder shall be determined as noted in the Award Section. Except as provided herein, bids which

are incomplete, fail to reply to all items required in this solicitation document, or found to be in error after clarification has been requested and before contract execution, will be rejected.

1.21 IDENTICAL BIDS

If the Port receives proposals identical in price, fitness, availability and quality and chooses to award a contract, the Port shall award the contract in accordance with ORS 279A.120.

1.23 COMPLIANCE WITH STATE OF OREGON LAWS

By submitting a response to this solicitation, Bidder agrees that any terms and conditions stated within any Agreement awarded as a result of this solicitation shall include the following laws of the State of Oregon, and are hereby incorporated by reference into the Agreement: ORS 279B.220, 279B.225, 279B.230, and 279B.235.

1.24 PROTEST OF NOTICE OF INTENT TO AWARD

A Bidder may protest the award of a contract or the intent to award such a contract, whichever occurs first, if the following conditions are satisfied: (1) The Bidder must be adversely affected because the Bidder would be eligible to be awarded the contract in the event the protest is successful; (2) The reason for the protest is that all the lower bids or higher ranked Bids are nonresponsive; (3) The Port has failed to conduct the evaluation of Bids in accordance with the criteria or processes described in the Solicitation Document; (4) The Port has abused its discretion in rejecting the protestor's bid as nonresponsive; (5) The Port's evaluation of the Bids or the subsequent determination of award is otherwise in violation of ORS 279A or 279B. The Bidder must deliver the written protest to the Port within seven (7) days after issuance of the notice of intent to award the contract or if no notice of intent to award is issued, within forty-eight hours after award. A Bidder's written protest shall specify the grounds for protest to be considered by the Port pursuant to ORS 279B.410(2). A Bidder's written protest shall specify the grounds for protest. The Port shall not consider a Bidder's contract award protest submitted after the above timeline.

1.25 PROPOSAL & AGREEMENT

The Successful Bidder will be required to sign a Proposal and Agreement, Exhibits B and C, and deliver to the Port boarding docks at the prices bid in accordance with the specifications and plans attached to these Contract Documents.

1.26 AWARD

Bid Award shall be made to the lowest responsive, responsible Bidder's total bid. All items must be bid. It is anticipated that this bid will be awarded within thirty (30) calendar days after closing date of bid.

1.27 RECIPROCAL PREFERENCE LAW

Oregon's reciprocal preference law, ORS 279A.120 and ORS 279A.125, requires public contracting agencies, in determining the lowest responsible Bidder, to add a percent increase to each out-of-state bidder's bid price which is equal to the percent of preference given to local Bidders in the Bidder's home state. The list prepared and maintained by the Oregon Department of Administrative Services pursuant to ORS 279A.120(4) will be used to determine whether the nonresident Bidder's state gives preference to in-state Bidders and the amount of such preference. For details, check Oregon's Reciprocal Preference Law website at: <https://www.oregon.gov/das/Procurement/Pages/Recippref.aspx>.

SECTION 2 - GENERAL CONDITIONS

2.1 WORKERS' COMPENSATION LAW

All subject employers working under this contract are either employers that will comply with ORS 656.017 or employers that are exempt under ORS 656.126. If Bidder is exempt from workers' compensation, Bidder shall indicate exemption on the Proposal form.

2.2 QUALITY

All materials provided under the terms of this Contract must be of sufficient quality, when delivered, as to be suitable for the purpose or use for which they are being purchased. Items which are found to be unsuitable for their intended purpose as a result of lack of quality, or premature deterioration of product quality, shall be returned to the supplier at no cost to the Port. If an item provided to the Port is used for its intended purpose and its lack of adequate quality results in operating problems, the cost of remedying the problems shall be borne by the Successful Bidder.

2.3 QUANTITY

Design specifications and quantities needed to fabricate the aluminum docks are indicated in the attached Specifications for the Aluminum Boarding Docks Fabrication & Delivery at the Brookings Marina Ramp, Chetco River Mile 0.4 for the Port of Brookings, Exhibit D.

The failure of the Successful Bidder to make delivery of a product meeting the specifications and conditions set forth herein shall be a violation of this Contract, giving the Port the right to cancel the Contract and purchase elsewhere with recourse to the Successful Bidder.

SECTION 3 - SPECIAL CONDITIONS

1. **CONTRACT TERM:** This contract shall commence on February 6th, 2018 and should be completed upon delivery and acceptance of the Product by the Port before May 6th, 2018.
2. **CONTRACT ADMINISTRATION:** The Contract Administrator for this contract shall be Gary Dehlinger.
3. **INVOICING AND PAYMENTS:** All notices, invoices, and payments shall be made in writing and may be given by personal delivery, mail, or email. Notices, bills, and payments sent by mail or email should be addressed as follows:

Port of Brookings Harbor
16630 Lower Harbor Road
P.O. Box 848, Brookings, Oregon 97415
accounts@portofbrookingsharbor.com

And when so addressed, shall be deemed given upon deposit in the United States mail, postage prepaid. In all other instances, notices, bills, and payments shall be deemed given at the time of actual delivery. Changes may be made in the names and addresses of the person to whom notices, bills, and payments are to be given by giving notice pursuant to this section.

4. **DELIVERY:** Delivery must be made by Successful Bidder to the Port of Brookings Harbor by May 6th, 2018. Exceptions to this condition shall only be made when a request by the Successful Bidder is made and approved by the Contract Administrator. If a request is made and approved verbally, confirmation of both the request by the Successful Bidder and approval by the Contract Administrator shall be made in writing.
5. **PLACE OF DELIVERY:** Delivery will be made to Brookings Marina Ramp, Chetco River Mile 0.4, Brookings, Oregon 97415, between the hours of 8:00 a.m. to 4:00 p.m. Successful Bidder must contact Port to confirm delivery location and arrange a time for the delivery with the Port.

DRAFT

EXHIBIT A – CONTRACTOR’S SCHEDULE OF VALUES

**ALUMINUM BOARDING DOCKS - FABRICATION & DELIVERY AT
BROOKINGS MARINA RAMP, CHETCO RIVER MILE 0.4 FOR
THE PORT OF BROOKINGS HARBOR**

Item Number	Description	Quantity	Unit	Unit Cost	Total Cost
A-1	Aluminum Docks - Fabrication	See Dock Specifications	LS		
A-2	Aluminum Docks – Delivery	See Dock Specifications	LS		
Total Bid The Port requests your best bid, F.O.B. Destination.					

Company Name: _____

Prepared By: _____

Date: _____

Brookings Marina Ramp Boarding Dock Specifications and Plans are included as Exhibits D and E, respectively. Total cost shall include material, labor, delivery, profit, and overhead. Submit completed Schedule of Values with bid submission.

DRAFT

EXHIBIT B – PROPOSAL

Residency Information - Oregon Reciprocal Preference Law

“Resident Bidder” means a Bidder that has paid unemployment taxes or income taxes in the State of Oregon during the 12-calendar months immediately preceding submission of a bid, has a business address in the State of Oregon, and has stated in the bid that the Bidder is a “Resident Bidder” as defined in ORS 279A.120(1).

Bidder shall Check one:

- a. Bidder is a ☐ Resident Bidder ☐ Non-Resident Bidder.
- b. If a Resident Bidder, enter your Oregon business address:

- c. If Non-Resident Bidder, enter state of residency: _____

Contractor Disclosure Requirement: Bidder should provide answers to the following five questions with their Bid. All Bidders must submit answers to these five (5) questions prior to contract award:

1. Within the last five years, have you, your company, or any officers, agents or employees working for you or your company been found by any agency or court to be in violation of any governmental environmental rule, regulation, ordinance or statute, whether local, state or federal. Include any resolution or settlement of any allegation of such a violation by civil compromise, settlement, consent decree, mutual agreement and order (MAO) or otherwise. If so, please explain in detail.

2. Within the last five years, have you, your company or any officers, agents or employees working for you or your company been convicted or found at fault for any personal injury or property damage as a result of a product liability claim relating to any product that will be provided under this solicitation. If so, please explain in detail.

3. Within the last five years, have you, your company or any officers, agents or employees working for you or your company been found in violation of any rule, regulation, ordinance or statute, whether local, state or federal, respecting wages, prevailing wages requirements, or conditions of employment. If so, please explain in detail.

4. Within the last five years, have you, your company or any officers, agents or employees working for you or your company been debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from submitting bids or bids by any federal, state or local entity, department or agency;

5. Do you, or does your company, participate in a training program related to your trade? Failure to do so will not disqualify you from consideration.

THE UNDERSIGNED BIDDER declares that the only persons or parties interested in this proposal are those named herein, that this proposal is in all respects fair and without fraud; that it is made without any collusion with any person making another proposal on this bid.

THE UNDERSIGNED BIDDER acknowledges by signing and returning this bid, that the Bidder has read, understands, and agrees to be bound by the terms and conditions contained in this solicitation document.

THE UNDERSIGNED BIDDER also agrees to finish all equipment, labor and materials necessary to complete the services as specified herein and further attests that they have carefully considered any addenda numbered in the preparation of this bid response.

THE UNDERSIGNED BIDDER also declares they are exempt from Workers' Compensation:

Date _____

Mailing Address (please print)

Federal Tax ID Number

Email: _____

EXHIBIT C – SAMPLE AGREEMENT**STANDARD TERMS AND CONDITIONS
PERSONAL SERVICES AGREEMENT FOR BROOKINGS MARINA BOARDING DOCK
REPLACEMENT PROJECT
TO THE PORT OF BROOKINGS HARBOR****ARTICLE I: SCOPE**

For consideration set forth in Article V of this Agreement, the firm of, _____ hereinafter referred to as CONTRACTOR, agrees to fabricate and deliver aluminum docks as defined in this ITB for the Port of Brookings Harbor, a special district of the State of Oregon, hereinafter referred to as POBH.

The contract term is for two years, with the option to renew for three additional, one-year terms upon agreement by both parties. This Agreement incorporates all these Standard Terms and Conditions, the promises, representations, and obligations set forth in the following Order of Precedence: Port Standard Terms and Conditions, Addenda and Clarifications, Invitation to Bid Document including Exhibits and Attachments, Proposal, and Contractor's Schedule of Values.

Unless modified in writing as set forth in Article IV by the parties hereto, the duties of the CONTRACTOR and POBH shall not be construed to exceed those services and duties specifically set forth in this Agreement.

In consideration of the mutual promises contained herein, it is agreed to as follows, and is effective upon its execution by and between both parties hereto.

ARTICLE II: RESPONSIBILITIES OF CONTRACTOR

- A. Notice to Proceed. CONTRACTOR will not begin work on any of the duties and services listed in Article I until execution of the contract has been provided to the CONTRACTOR from POBH. Authorization to proceed on additional services not defined in Article I shall be in the form of an amendment as defined in Article IV.
- B. Scope of Services. CONTRACTOR will demonstrate the ability to meet or exceed all federal, State and local laws, codes and regulations. CONTRACTOR agrees to perform the services listed within the ITB to the satisfaction of the POBH.
- C. Level of Competence. CONTRACTOR is employed to render goods and services and shall be responsible, to the level of competence presently maintained by other practicing providers in good standing and engaged in the same type of personal services and other work products furnished under this Agreement.
- D. Lead Contractor. The Lead Contractor for the Project described under the terms of this Agreement shall not change unless agreed to by the POBH.
- E. Documents Produced. CONTRACTOR agrees that all work products produced by CONTRACTOR in the fulfillment of its obligations under this Agreement, and all information, documents and material, gathered or compiled in meeting those obligations, shall be considered

property of the POBH, and shall be provided to the POBH upon completion of this Agreement or termination of the Agreement pursuant to Article XI.

- F. **State or Federal Requirements.** CONTRACTOR covenants and agrees to comply with all of the obligations and conditions applicable to public contracts of this type pursuant to ORS Chapter 279 A, and B, as though each obligation or condition were fully set forth herein. In addition, CONTRACTOR covenants and agrees that in the performance of its duties hereunder, it will comply with all other state and federal requirements applicable to contracts of this type. If any provision of this Agreement shall be deemed to be not in compliance with any statute or role of law, such provision shall be deemed modified to ensure compliance with said statute or role of law.
- G. **Oregon Workers' Compensation Law.** CONTRACTOR, its subcontractors, if any, and all employers working under this Agreement are subject employers under the Oregon Workers' Compensation Law and shall comply with ORS 656.017, which requires them to provide workers' compensation coverage for all their subject workers.
- H. **Record Retention and Review.** The CONTRACTOR shall maintain books, records, documents and other evidence of accounting procedures and practices which sufficiently and properly reflect all direct costs of any nature expended in the performance of this Agreement. These records shall be subject during regular business hours of the CONTRACTOR to inspection, review, or audit by personnel duly authorized by the PORT upon reasonable advance written notice from the PORT to the CONTRACTOR. The CONTRACTOR will retain all records related to this Agreement for seven (7) years following the date of final payment or completion of any required audit, whichever is earlier, and make them available for inspection by persons authorized under this provision. The CONTRACTOR shall be responsible for any audit exceptions or disallowed costs incurred by the CONTRACTOR or any of its subcontractors.
- I. **Oregon Identity Theft Protection Act.** CONTRACTOR, and its subcontractors to comply with the Oregon Identity Theft Protection Act (OITPA), ORS Sections 646A.600 through 646A.628.
- J. **Taxpayer Identification Number.** CONTRACTOR agrees to complete a Request for Taxpayer Identification Number and Certification (W-9 Form) as a condition of the PORT's obligation to make payment. If the CONTRACTOR fails to complete and return the W-9 Form to the PORT, payment to CONTRACTOR may be delayed, or the PORT may, in its discretion, terminate the Contract.

ARTICLE III: RESPONSIBILITY OF PORT

- A. **Authorization to Proceed.** PORT shall authorize CONTRACTOR upon execution of the contract to start work on any of the services listed in Article I.
- B. **Access to Records, Facilities and Property.** PORT shall comply with reasonable requests from CONTRACTOR for inspection or access to PORT's records, facilities, and properties by providing any and all information within its possession or control that may be reasonably helpful in the performance of providing the goods and services requested herein.
- C. **Timely Review.** PORT shall examine all studies, reports, specifications, proposals, and other documents presented by CONTRACTOR, obtain advice of an attorney, insurance counselor, accountant, auditor, and other contractors as PORT deems appropriate for such examination and

render in writing decisions pertaining thereto in a timely manner so as not to unreasonably delay the services of CONTRACTOR.

ARTICLE IV: MODIFICATIONS

PORT or CONTRACTOR shall not make modifications in the attached Agreement or these Standard Terms and Conditions except in writing as an amendment to the agreement. Said modifications shall be agreed to by both parties, with scope of work, schedule, and compensation to be negotiated at the time the modification is proposed by either party. Modifications that do not meet these requirements shall not be binding, and no further compensation will be allowed for any work performed.

ARTICLE V: COMPENSATION

PORT agrees to pay for the goods and services procured in Article I in accordance with the compensation provisions described in this Agreement and the deliverables set forth in the Proposal and Contractor's Schedule of Values.

The PORT shall remit payment within thirty (30) days of receipt of a monthly billing from the CONTRACTOR. Such billing shall be only for services provided to that point. If payment is not made within 30 days, interest on the unpaid balance will accrue beginning on the 31st day at the rate of one percent (1%) per month or the maximum interest rate permitted by law, whichever is less.

Such interest is due and payable when the overdue payment is made, unless delay in payment is due to a contested billing. PORT has the right to appeal or ask for clarification on any CONTRACTOR billing within 30 days of receipt of billing. Until said appeal is resolved or clarification is accepted, no interest will accrue on that portion of the billing. In the event of a contested billing, only that portion so contested shall be withheld, and the undisputed portion shall be paid in accordance with this Article V.

Notwithstanding anything in this Agreement to the contrary, the PORT's obligation to pay money beyond the current fiscal year shall be subject to and dependent upon appropriations being made from time to time by the PORT Council for such purpose; provided, however, that the PORT Manager or other officer charged with the responsibility for preparing the PORT's annual budget shall include in the budget for each fiscal year the amount of the PORT financial obligation payable in such year and the PORT Manager or such other officer shall use his/her best efforts to obtain the annual appropriations required to authorize said payments.

ARTICLE VI: INDEMNIFICATION

The CONTRACTOR agrees to indemnify, defend, and hold harmless the PORT, its agents, officers and employees, from and against any and all liability, claims, suits, loss, damages, costs, and expenses arising out of or resulting from the negligent or intentional acts, errors, or omissions of the CONTRACTOR, its officers, employees, or agents.

ARTICLE VII: INSURANCE

Before the Agreement is executed and work begins, the CONTRACTOR shall furnish the PORT a Certificate of Insurance for the coverage and limits set out below which is to be in force and applicable to the project for the duration of the contract. The issuing insurance companies must have a minimum current A.M. Best rating of A- VII or approved by the PORT. The Certificate must state that any insurance coverage shown cannot be suspended, voided, canceled by either party, or reduced in coverage or limits without 30 days prior written notice has been given to the PORT.

A. Minimum Scope of Insurance

Coverage shall be at least as broad as:

- 1. Commercial General Liability Insurance:** Insurance Services Office (ISO) form CG 0001 with an edition date of 10-2001 or later, providing Commercial General Liability – Occurrence Form. With CG 25 03 (Amendment Aggregate Limits of Insurance per Project) or equivalent attached.
- 2. Automobile Liability Insurance:** Insurance Services Office (ISO) form CA 0001, providing Business Automobile Coverage on owned, non-owned and hired vehicles.
- 3. Workers' Compensation Insurance:** Insurance as required by Oregon Revised Statutes and including Employers Liability Insurance.

B. Minimum Limits of Insurance

CONTRACTOR shall maintain limits no less than:

- 1. Commercial General Liability:**
 - \$2,000,000 Each Occurrence
 - \$2,000,000 Personal Injury
 - \$3,000,000 General Aggregate
 - \$3,000,000 Products/Completed Operations Aggregate

The General Aggregate and Products/Completed Operations Aggregate shall apply separately to this project.

- 2. Automobile Liability:** \$2,000,000 Per Occurrence
- 3. Employers Liability:**
 - \$500,000 Each Accident
 - \$ 500,000 Disease Aggregate
 - \$ 500,000 Disease Each Employee

C. Deductibles and Self-Insured Retentions

Any deductible or self-insured retention must be declared to and approved by the PORT. At the option of the PORT, either: the insurer shall reduce or eliminate such deductible or self-insured retention as respects the PORT, its officers, employees and agents; or the CONTRACTOR shall procure a bond guaranteeing payment of losses and related investigations, claim administration, and defense expenses.

D. Other Insurance Provisions

The policies are to contain, or be endorsed to contain, the following provisions:

1. Additional Insured Clause - The Commercial General Liability insurance coverage required for performance of this contract shall be endorsed to name PORT of Albany and its officers, agents and employees as Additional Insured on any insurance policies required herein with respect to CONTRACTOR'S or any subcontractor's activities being performed under the Agreement. The Certificate of Insurance must include a copy of the Additional Insured Endorsement. Coverage shall be primary and non-contributory with any other insurance and self-insurance.
2. Any failure to comply with reporting provisions of the policies shall not affect coverage provided to the PORT, its officers, employees, or agents.

3. **Workers' Compensation and Employers Liability Coverage** - The insurer shall agree to waive by endorsement, all rights of subrogation against the PORT of Albany, its officers, employees, and agents for losses arising from work performed by the CONTRACTOR for the PORT.

ARTICLE VIII: ASSIGNMENT

This Agreement is to be binding upon the heirs, successors, and assigns of the parties hereto and is not to be assigned by either party without first obtaining the written consent of the other. No assignment of this Agreement shall be effective until the assignee assumes in writing the obligations of the assigning party and delivers such written assumption to the other original party to this Agreement.

Use of subcontractors by the CONTRACTOR or subsidiary or affiliate Firms of the CONTRACTOR for technical or professional services shall not be considered an assignment of a portion of this Agreement, and the CONTRACTOR shall remain fully responsible for the work performed, whether such performance is by the CONTRACTOR or subcontractors. No subcontractors shall be used without the written approval of the PORT.

Nothing herein shall be construed to give any rights or benefits hereunder to anyone other than PORT and CONTRACTOR.

ARTICLE IX: INTEGRATION

These terms and conditions and the attachments represent the entire understanding of PORT and CONTRACTOR as to those matters contained herein. No prior oral or written understanding shall be of any force or effect with respect to those matters covered herein. The agreement may not be modified or altered except in writing as specified in Article IV.

ARTICLE X: SUSPENSION OF WORK

The PORT may suspend, in writing, and without cause, all or a portion of the work under this Agreement. The CONTRACTOR may request that the work be suspended by notifying the PORT, in writing, of circumstances that are interfering with the progress of work. The CONTRACTOR may suspend work on the project in the event the PORT does not pay invoices when due. The time for completion of the work shall be extended by the number of days work is suspended. In the event that the period of suspension exceeds 90 days, the terms of the Agreement are subject to renegotiation and both parties are granted the option to terminate work on the suspended portion of the project, in accordance with Article XI.

ARTICLE XI: TERMINATION OF WORK

PORT may terminate all or a portion of the work covered by this Agreement for its convenience. Either party may terminate work if the other party fails to substantially perform in accordance with the provisions of the Agreement. Termination of the Agreement is accomplished by written notice from the party initiating termination no less than one hundred and twenty (120) days in advance of the effective date of termination. Such notice of termination shall be delivered by certified mail with a receipt for delivery returned to the sender.

In the event of termination, CONTRACTOR shall perform such additional work as is necessary for the orderly filing of documents and closing of the project. The time spent on such additional work shall not exceed 10 percent (10%) of the time expended on the terminated portion of the project prior to the effective date of termination. CONTRACTOR shall be compensated for work actually performed prior to the date of termination plus work required for filing and closing as described in this Article. Upon termination, CONTRACTOR shall provide to the PORT all work products, material, documents, etc.,

gathered or compiled, related to the project, whether in CONTRACTOR'S possession at the time of termination or received later.

If no notice of termination is given, relationships and obligations created by this Agreement shall be terminated upon completion of all applicable requirements of this Agreement.

ARTICLE XII: FORCE MAJEURE

Neither the PORT nor the CONTRACTOR shall hold the other responsible for damages or delay in performance caused by acts of God, strikes, lockouts, accidents, or other events beyond the control of the other or the other's employees and agents.

ARTICLE XIII: DISPUTE COSTS

In the event either party brings action to enforce the terms of this Agreement or to seek damages for its breach, or arising out of any dispute concerning the terms and conditions hereby created, the prevailing party shall be entitled to an award of its reasonable attorney fees, costs, and expenses, including expert witness fees, incurred therein, including such costs and fees as may be required on appeal.

ARTICLE XIV: CONFLICT AND SEVERABILITY

In the event of any inconsistency between the terms of this Agreement and the terms listed in any additional attachments to this Agreement, the terms of this Agreement shall control. Any provision of this document found to be prohibited by law shall be ineffective to the extent of such prohibition without invalidating the remainder of the document.

ARTICLE XV: NON-DISCRIMINATION/EQUAL EMPLOYMENT OPPORTUNITY

During the term of this Agreement, the CONTRACTOR agrees as follows:

The CONTRACTOR will not discriminate against any employee or applicant for employment because of creed, religion, race, color, sex, marital status, sexual orientation, political ideology, ancestry, national origin, or the presence of any sensory, mental or physical handicap, unless based upon a bona fide occupational qualification. The CONTRACTOR will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their creed, religion, race, color, sex, national origin, or the presence of any sensory, mental or physical handicap. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer, recruitment or recruitment advertising layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship.

ARTICLE XVI: COURT OF JURISDICTION

The laws of the state of Oregon shall govern the validity of this Agreement, its interpretation and performance, and other claims related to it. Venue for litigation shall be in Curry County, Oregon.

CONTRACTOR:

PORT OF BROOKINGS HARBOR

Date: _____

Date: _____

By: _____

By: _____

CONTRACTOR

Gary Dehlinger

DRAFT

Port Manager

By: _____

Title: _____

Mailing Address: _____

Telephone: _____

Fax: _____

Corp. Tax No. / Social Security No.

APPROVED AS TO FORM:

By: _____

Port Commission President

APPENDICES

Exhibit D – Brookings Boarding Ramp Dock Specifications

Exhibit E – Brookings Boarding Ramp Dock Plans



Oregon

Kate Brown, Governor

Department of State Lands

775 Summer Street NE, Suite 100

Salem, OR 97301-1279

(503) 986-5200

FAX (503) 378-4844

www.oregon.gov/dsl

State Land Board

December 18, 2017

SN410\25994-LI
PORT OF BROOKINGS HARBOR
ATTN KIM BOOM
PO BOX 848
BROOKINGS OR 97415

Kate Brown
Governor

Dennis Richardson
Secretary of State

RE: State Public Facility License No. 25994-LI

Tobias Read
State Treasurer

Dear Ms. Boom:

Enclosed are two original public facility licenses for the Fishing Pier and Viewing Area located on the Chetco River. Now that you have received the enclosed copies, please complete the following steps:

- (1) **Read the license document carefully** to ensure that you understand all of the terms and provisions of the license. If you have any questions concerning the content of your license, please call us.
- (2) **Sign and date all copies of the licenses and return in a single envelope to my attention.** Also, please write the file number on the outside of your envelope, below your return address.
- (3) **We must receive your signed licenses within 30 calendar days of the date of this letter.** If for some reason you are unable to meet this deadline, please contact us.

When we receive the license, we will have both of the licenses signed and executed. One fully executed license will be returned for your records.

If you have any questions, please call 503-986-5291, or my assistant, Sue Nelson, 503-986-5242.

Sincerely,

Gerry Hutson
Proprietary Coordinator
Southwest Region and Columbia County
Aquatic Resource Management

Enclosure



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**STATE OF OREGON
DEPARTMENT OF STATE LANDS**

**Public Recreation Facility License
25994-LI**

The STATE OF OREGON, by and through its Department of State Lands (STATE), GRANTOR, does hereby grant to Port of Brookings Harbor, LICENSEE, a License for the construction, maintenance, repair, and/or replacement of a public recreational facility for the specific purpose of fishing pier and public viewing area for public use on the following described property, to wit:

All state-owned submerged and submersible lands on the left bank of the Chetco River in Section 8, Township 41 South, Range 13 West, fronting Tax Lot 1100 (Curry County Assessor's Map 41-13-8A & Index), Willamette Meridian, Curry County, more particularly described as follows:

Beginning at a point where the West line of the road right-of-way for Boat Basin Road intersects the Ordinary High Water line of the Chetco River (approximately -124.268838, 42.046421 decimal degrees);

thence West a distance of 12 feet to the TRUE POINT OF BEGINNING;

thence riverward along a line perpendicular to the thread of the stream a distance of 24 feet;

thence downstream and 24 feet parallel to said line of Ordinary High Water 140 feet to a point;

thence shoreward along a line perpendicular to the thread of the stream a distance of 24 feet to the line of Ordinary High Water;

thence upstream along said Ordinary High Water line a distance of 140 feet, more or less, to the TRUE POINT OF BEGINNING, containing 3,360 square feet (0.08 acres) and as shown on the attached Exhibit A.

This description is used to establish the approximate location and extent of the area subject to this Department of State Lands authorized use and was not prepared by a licensed surveyor. All locations, bearings, and distances were developed in the Oregon Coordinate Reference System Standard; Oregon Statewide Lambert Conformal Conic, NAD 1983, International Feet, GRS 1980 Spheroid.

1. LICENSE TERM AND RENEWAL

The LICENSEE, subject to compliance with the terms and provisions of this License, shall have and hold the Licensed Premises for the purposes stated above for fifteen (15) years beginning January 1, 2018 and expiring on December 31, 2032.

The LICENSEE Shall have an option to renew this License for an additional period of 15 years after the original and each renewal license term provided that Licensee has submitted a completed license renewal application form to State not less than one hundred and eighty (180)

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days prior to the License Expiration Date. Upon receipt of such application, this License shall be renewed by State unless:

- a) State determines, in its sole discretion, that Licensee has not complied with the terms of this License, the applicable statutes and Oregon Administrative Rules; or
- b) Licensee is no longer the preference right holder as provided in ORS 274.040(1) and defined in OAR 141-082-0255; or
- c) State determines that the renewal of this License for all or any portion of the License area would be contrary to local, state, or federal law, or would be inconsistent with the policies set forth in OAR 141-082-0260.

2. CONSTRUCTION

Construction in navigable waters shall conform to standards and specifications set by U.S. Army Corps of Engineers or U.S. Coast Guard for the project. The bed and banks of the waterway shall be restored to a condition acceptable to the STATE as soon as construction or maintenance is completed. Any blasting construction shall be performed according to the laws of the state. Underwater blasting permits are required under ORS 509.140.

3. PREVENTION OF WASTE, DAMAGE AND INJURY

LICENSEE shall exercise reasonable diligence in its operation on and from said Licensed Premises; shall carry on all operations hereunder in a good and workmanlike manner having due regard for public safety and the prevention of waste and for the restoration and conservation of said Licensed Premises for future use, and shall take all reasonable steps to avoid damage to soil, timber, fish and fish habitat, wildlife and wildlife habitat and water quality of both ground water and surface water; shall make all reasonable efforts to minimize interference with existing navigational and recreational activities and scenic values; shall substantially restore the Licensed Premises to its original condition and shall do all things reasonably necessary to minimize erosion.

4. HAZARDOUS WASTE

LICENSEE shall refrain from storing on, or discharging from or onto, the Licensed Premises any hazardous wastes or toxic substances as defined in 42 USC§ 9601-9657, except as otherwise permitted by law.

5. COMPLIANCE WITH LAW

LICENSEE shall comply with all applicable federal, state, and local statutes, ordinances, rules and regulations in its use of the Licensed Premises. This License does not give LICENSEE permission to conduct any use on the Licensed Premises which is not in conformance with applicable land use requirements, and it is the LICENSEE's responsibility to determine and comply with those and all other requirements.

LICENSEE shall use the Licensed Premises only in a manner, or for such purposes, that assure fair and nondiscriminatory treatment of all persons without respect to race, creed, color, religion, handicap, disability, age, gender or national origin.

6. DELIVERY OF PREMISES

Delivery of the Licensed Premises will occur upon the date of execution of this License. STATE will not provide a survey or pay any costs of a survey to determine boundaries. It is the LICENSEE's responsibility to make an accurate determination of the boundaries. The legal description provided by STATE is drawn from an assessor's map and/or other data deemed to be reliable. If LICENSEE elects not to have a survey performed and a discrepancy or boundary overlap later becomes evident, STATE, at its discretion, may provide a corrected description of the Licensed Premises.

7. ALTERATIONS AND IMPROVEMENTS

LICENSEE shall obtain the written consent from the STATE prior to making any alterations or additions to the Licensed Premises or improvements upon the Licensed Premises. Any removal/fill activity in the waters of the state shall require a permit from the Director in accordance with ORS 196-800 et seq.

8. ACCESS TO PROPERTY AND RECORDS

The STATE shall have access to the Licensed Premises at all reasonable times for the purpose of ensuring compliance with the terms and conditions of this License. The STATE shall have the right to examine pertinent records of LICENSEE for the purpose of ensuring compliance with the License.

Public access to the navigable waters must be maintained.

9. REPAIRS AND MAINTENANCE

LICENSEE agrees to make all repairs to the Licensed Premises which are necessary for the purposes set forth in this License. LICENSEE further agrees to maintain the Licensed Premises in reasonable safe condition during the period of this License. If LICENSEE fails to make the repairs required under this provision or fails to maintain the Licensed Premises in reasonably safe condition, STATE may revoke this License, provided LICENSEE fails to make the necessary repairs or perform the required maintenance within a reasonable time not to exceed thirty (30) days after written notification by STATE.

10. ASSIGNMENT OR SUBLETTING

LICENSEE shall not assign, mortgage, or sublet nor enter into any third party agreement respecting the License without first obtaining the prior written consent of STATE pursuant to the requirements of the applicable Oregon Administrative Rules. Requests must be in writing and must be received by STATE at least thirty (30) calendar days prior to the effective date of sublet or assignment. STATE reserves the right to condition its consent as it deems reasonably prudent, including the right to require changes to the terms of this License.

11. DEFAULT, NOTICE AND CURE BY LICENSEE

A default by the LICENSEE shall occur if any of the following shall occur and if said default shall continue and not be remedied within sixty (60) days after the STATE shall have given notice specifying the breach:

a. LICENSEE charging the public for use of the Licensed Premises (a nominal charge for maintenance costs of the Licensed Premises may be allowed with written approval of the STATE).

b. Failure of LICENSEE to comply with any term or condition imposed by the STATE in the License.

c. Failure of LICENSEE to use the Licensed Premises for the purposes authorized under the terms of the License.

d. LICENSEE maintaining a nuisance on the Licensed Premises.

e. Failure by LICENSEE to remove any lien or encumbrances placed upon the Licensed Premises.

12. TERMINATION UPON LICENSEE'S DEFAULT

In the event of a default by LICENSEE, the License may be terminated at the option of STATE by thirty (30) days advance notice in writing to LICENSEE. In the event the License is terminated by either party, all remedies afforded under this License shall survive such termination. LICENSEE shall have sixty (60) days after date of termination to remove all fixtures and property from the Licensed Premises and to restore the Premises to its original (natural) condition. Failure to remove such items and restore the Premises within the sixty (60) day period will result in assignment of the file to the Department of Justice.

13. TERMINATION UPON MUTUAL CONSENT

This License may also be terminated by mutual written consent of LICENSEE and STATE.

14. INDEMNIFICATION

LICENSEE shall perform the services under this License as an independent entity. LICENSEE and STATE each shall be responsible, to the extent required by the Oregon Tort Claims Act (ORS 30.260-30.300), only for the acts, omissions or negligence of its own officers, employees or agents.

15. RESERVATIONS

The interest of LICENSEE under this License shall at all times be subject to STATE's right to grant rights-of-way in and over said Licensed Premises or a portion of the Licensed Premises for other purposes, including but not limited to, railroads, telegraph and telephone lines, pipelines, irrigation or other water canals and ditches, and to STATE's right to lease all or part of the Licensed Premises for the exploration, discovery, development and production of oil, gas, or minerals of any nature whatsoever, provided the right-of-way or lease does not unreasonably interfere with the purpose of this License.

16. NON WAIVER

Waiver by either party of strict performance of any term of this License on any occasion shall not be construed as a waiver nor prejudice either party's right to require strict performance of the same provision in the future or any other provision.

17. PARTNERSHIP

STATE is not a partner nor a joint venturer with LICENSEE in connection with this License and shall have no obligation with respect to LICENSEE's debts or other liabilities.

18. MERGER

This License constitutes the entire agreement between the parties, and no oral statement, representation or agreement not herein expressed shall be binding upon any party.

19. MODIFICATION

This agreement may not be changed, altered or amended without mutual written consent of the parties.

This License is granted in order that LICENSEE can provide public recreational utilization of the Licensed Premises at no charge to the public, however, a nominal fee may be charged to cover maintenance costs of the Licensed Premises. If the facility is not used in compliance with this condition, the License will automatically terminate and the land shall revert to STATE.

WITNESS the seal of the Department of State Lands affixed
this _____ of _____, 20____.



STATE OF OREGON, acting by and
through its Department of State Lands

LICENSEE



DSL Authorized Signature/Printed Name

Authorized Signature/Printed Name

Title

41S
13W
3

State of Oregon
Department of State Lands



25994-LI

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EXHIBIT A

25994-LI
41S13W08
3,360 Square Feet
Curry County

- ▲ Points of Beginning
- Description lines
- Use Area

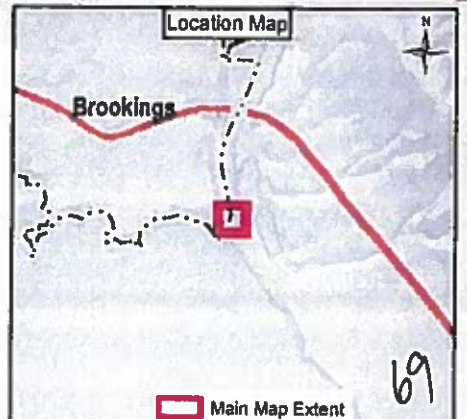
This map depicts the approximate location and extent of a Department of State Lands. Proprietary authorization for use. This product is for informational purposes only and may not have been prepared for, or be suitable for legal, engineering, or surveying purposes. Users of this information should review or consult the primary data and information sources to ascertain the usability of the information.

0 50 100



Map Projection:
Oregon Statewide Lambert
Datum NAD83
International Feet

State of Oregon
Department of State Lands
775 Summer St NE, Suite 100
Salem, OR 97301
503-986-5200
www.oregon.gov/DSL
Date: 11/29/2017



Harbor Sanitary District

P.O. Box 2457
Brookings, OR 97415
(541) 469-5225
(541) 469-5646

December 21, 2017

Port of Brookings Harbor
Gary Dehlinger
P.O. Box 848
Brookings, OR 97415



Dear Gary,

Enclosed is one original easement for the main line located on the Port property assessors map 4113-05DB tax lot 1100. Please review, sign and return the easement to the District and it will be recorded with Curry County for permanent record.

If you have any questions, please call me at 541-469-5225.

Sincerely,

Kelly Beebe
District Manager
Harbor Sanitary District

Name of Document For Recording:	Easement
Property Owner:	The Port of Brookings Harbor
Other Party:	Harbor Sanitary District
Consideration:	\$0.00
Tax Statement to be mailed to:	No Change
<u>After Recording, Return To:</u>	Harbor Sanitary District POB 2457, Brookings OR 97415

EASEMENT

This agreement is an easement between **THE PORT OF BROOKINGS HARBOR**, an Oregon Municipal Corporation as **GRANTOR**, and the **HARBOR SANITARY DISTRICT**, a sanitary sewer district organized and operated pursuant to the provisions of ORS Chapter 450, as **GRANTEE**.

RECITALS:

The Grantors own real property in Harbor, Curry County, Oregon, legally described in Exhibit A, attached hereto and incorporated herein by this reference.

The Grantee has previously installed sewer main transmission lines in the property described in attached Exhibit A, owned by Grantors, as described above.

It is the intent of the parties that Grantors grant a perpetual easement and rights-of-way to Grantee on the portion of Grantors' property hereinbefore described in attached Exhibit A for the purposes of the construction, laying, installation, operation, inspection, repair, maintenance, replacement and removal of certain sanitary sewer main transmission lines.

NOW, THEREFORE, Grantors, in consideration of the covenants herein contained and of other good and valuable consideration, convey to the Harbor Sanitary District, a domestic sanitary sewer district organized pursuant to ORS Chapter 450, Grantee, together with its heirs and assigns forever, rights-of-way and easements for the purposes of laying, constructing, installing, operating, inspecting, repairing, and replacing the sanitary sewer main over and upon a strip of land described in Exhibit "A" attached hereto and incorporated herein by this reference. The sanitary sewer mains are located within the map of the project area, identified as Exhibit "B" attached hereto and incorporated herein by this reference.

The Grantee of the rights herein granted shall have the right at all reasonable times to go upon the property under and upon which said easement right is granted by Grantors for the purposes of laying, constructing, installing, operating, inspecting, repairing, maintaining, and replacing the sanitary sewer mains, together with all the privileges necessary and incidental to the enjoyment of the rights herein granted.

Grantors agree that they will not place any structure over or upon property where the easement is hereby granted, nor cause any weight to be placed over or upon said easement area, nor change the grade of the existing sewer easement area which should cause any damage to Grantee's sewer mains, and if Grantee's sewer mains are damaged as a result of any activity by Grantors taking place upon the property where the easement is granted, Grantors will pay to Grantee upon demand the cost of the repair thereof.

By acceptance of this Grant, Grantee herein agrees as follows:

1. To lay all sewer mains below the surface of the ground at a minimum depth of 3 ft below the ground.

2. In the event that Grantee shall be required to go upon the easement area for the purpose of repair, reconstruction, or removal of such sewer mains, after any such repairs, reconstruction, or removal has been completed, Grantee shall place the property of Grantor in substantially the same condition as it was prior to any such repair or reconstruction.

The easement herein granted shall be a perpetual easement and exclusive for the use of Grantee.

The agreements by the respective Grantor and Grantee by them to be performed, shall be binding upon not only them and each of them, but upon their administrators, executors, heirs, devisees, successors, and assigns.

DATED this ____ day of _____, 2018

THE PORT OF BROOKINGS HARBOR:

By: _____
Gary Dehlinger

STATE OF OREGON)
) ss
County of Curry)

The foregoing instrument was acknowledged before me this ____ day of January, 2018, by Gary Dehlinger, General Manager of the Port of Brookings Harbor as the Port's voluntary act and deed.

NOTARY PUBLIC

PARCEL 1 - Permanent Easement for Sanitary Sewer Lines, Fixtures and Facilities and the Maintenance thereof. The center line of the 20 foot wide easement is described as follows:

Commencing at the southwesterly corner of that property described in Instrument No. 2015-04082 (T41S, R13W, Sec 05db, Tax Lot 1100) Curry County Records, said point also being on the northerly line of Lower Harbor Road; thence South 47°58'11" East, along the northerly of Lower Harbor Road, 211.42 feet to the True Point of Beginning; thence leaving said northerly line, North 40°02'12" West, 209.04 feet to a point on the northwesterly line of said Instrument and the Point of Terminus of this center line description.

Side lines of this easement shall be extended or truncated to terminate on the northerly line of Lower Harbor Road and the northwesterly line of that property described in said Instrument No. 2015-04082. (T41S, R13W, Sec 05db, Tax Lot 1100)

The area to which this description applies contains 4,180± square feet.

See Exhibit B for a graphic depiction of this description.



Exhibit B: Sketch Map

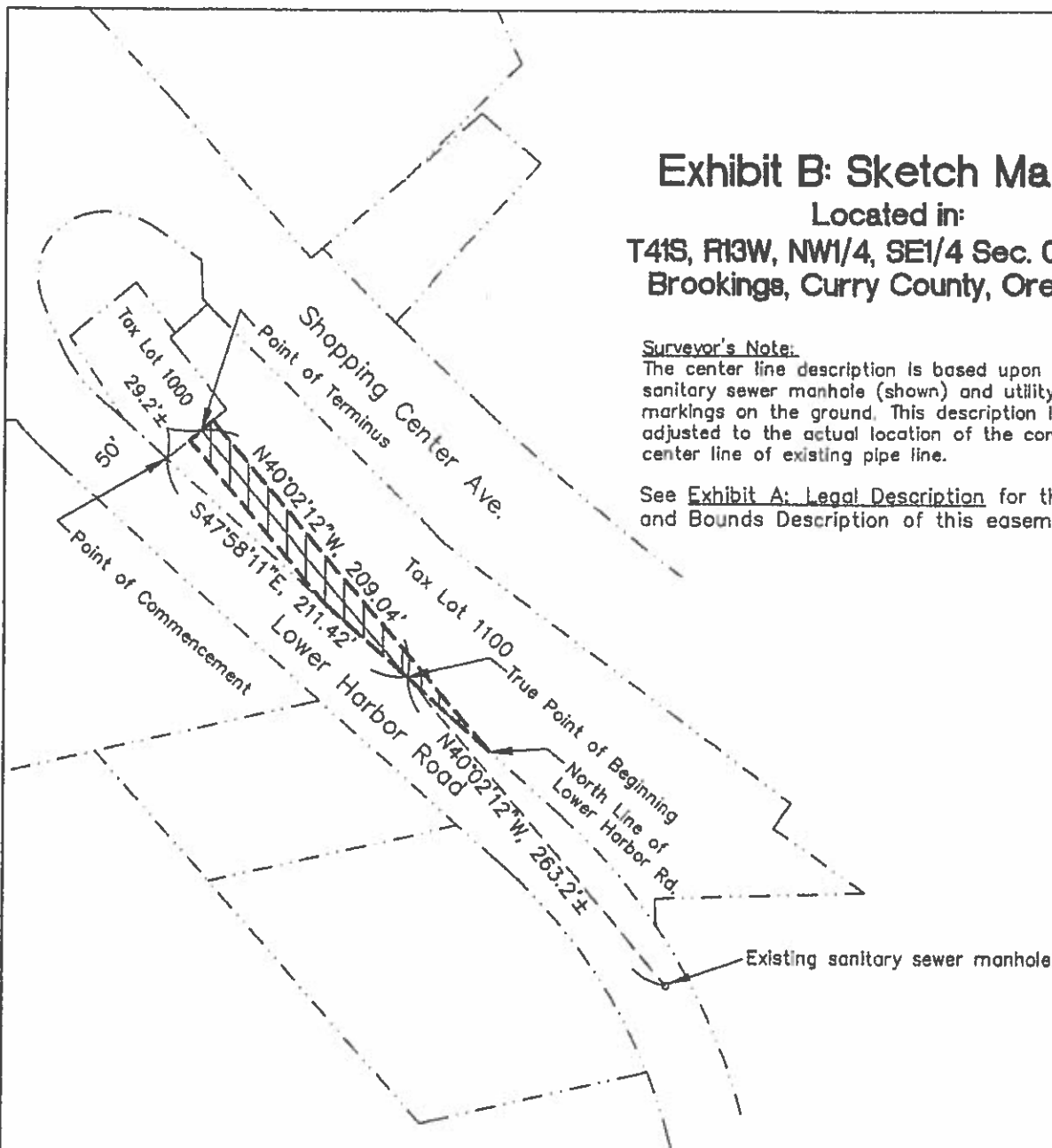
Located in:

T41S, R13W, NW1/4, SE1/4 Sec. 05, W.M.
Brookings, Curry County, Oregon,

Surveyor's Note:

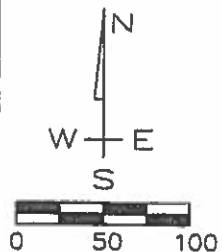
The center line description is based upon the existing sanitary sewer manhole (shown) and utility locate markings on the ground. This description is to be adjusted to the actual location of the constructed center line of existing pipe line.

See Exhibit A: Legal Description for the metes and Bounds Description of this easement.



Legend:

- Tax Lot Lines
[Hatched Box] Permanent Easement Area



REGISTERED
PROFESSIONAL
LAND SURVEYOR

John R. Pariani
OREGON
July 13, 1999
JOHN R. PARIANI
#51382

Renews: December 31, 2018

T41S, R13W, Sec 05db, Tax Lot 1100

Permanent Easement Sketch Map

Pariani Land Surveying

10558 Crater Lake Hwy, Suite B-1
Eagle Point, Oregon
541-890-1131

Date: Nov. 28, 2017	Scale: 1" = 100'	Job No.: 2017-373	Sheet: 1 of 1
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