



Willamette Falls Locks AUTHORITY

Authority Meeting

Oregon City Council Chambers
625 Center Street, Oregon City, OR
Wednesday December 4, 2024 – 2:00 to 3:15 PM
or, join Virtually

attendee link: <https://us06web.zoom.us/j/89653603970>

Agenda

Authority Mission:

- *The mission of the Authority is to establish ownership, oversight, and management of the Willamette Falls Locks project, for the purposes of:*
 - *Enhancing the economic vitality of Oregon through facilitating the resiliency and navigability of the Willamette River; and*
 - *Repairing, maintaining, upgrading, and operating the Willamette Falls Locks project and associated properties and facilities for commercial, transportation, recreational, cultural, historic, heritage and tourism purposes.*

2:00 – 2:20	Welcome, Meeting Minutes and Treasurer’s Update	
	▪ Chair’s Welcome	Chair Lewis
	▪ Meeting Minutes (October 2024)	Chair Lewis
	○ Secretary comments/edits	S. Carter
	○ Approve Minutes	
	▪ Treasurer’s Report	D. McGriff/K.Hobson
	○ Financial Statements	
	▪ Budget to actuals through Sept 2024	
	○ Approve Treasurer’s Report	
2:20 – 2:50	Executive Director’s Report	
	▪ Agreed upon procedures	
	▪ Final June 30,2024 financial statement	K. Hobson
	▪ Presentation by TKW Auditors	D. Miley
	▪ Approve 2024 final financial statement	
	▪ Approve agreed upon procedures	
2:50 – 3:10	Discussions	
	• Authority Membership	Chair Lewis
	• State Legislative Agenda	D. Riggs
3:10 – 3:15	Adjourn Meeting	Chair Lewis
	▪ Next Meeting	
	○ January 22, 2025	

WILLAMETTE FALLS LOCKS AUTHORITY

Authority Meeting

October 23, 2024 – 2:00-3:30 PM

Meeting Minutes

(Minutes: Pat Vivian and Reed Wagner)

Authority Board Members Present:

Russ Axelrod [*Geologist, former West Linn Mayor*]

Sandy Carter [*Advocates for Willamette Falls Heritage*]

Robert Kentta [*Tribal Council Treasurer, Confederated Tribes of Siletz*]

Christine Lewis [*Metro Council*]

Denyse McGriff [*Mayor, Oregon City*]

Chris Mercier [*Vice Chair, Confederated Tribes of Grande Ronde*]

Mini Sharma Ogle [*PGE*]

Excused Absence:

Tootie Smith [*Chair, Clackamas County*]

Unexcused Absence:

David Penilton [*Clackamas County Tourism/MERC Commission*]

Staff:

Reed Wagner [*WFLA Executive Director*]

Nicholas Cooley [*Metro*]

Pat Vivian [*notetaker*]

Doug Riggs [*Public Affairs*]

Others Present:

Clark Balfour {*Cable Huston – WFLA Counsel*}

Bob and Donna Hansen

Rep. James Hieb

Keith Hobson [*Keith Hobson Consulting – WFLA CFO*]

Marcus Sis [*Sen. Meek*]

Dan Wilson [*PGE*]

1. Welcome, Meeting Minutes and Treasurer’s Report

1a. Chair’s Welcome. Chair Christine Lewis opened the meeting and noted a quorum was present for voting purposes. Mini Sharma Ogle shared the news that she is leaving PGE after many years of service to join Columbia Sportswear. This was her last meeting as an Authority board member. Dan Wilson of PGE will make himself available to help with island seepage questions.

1b. Approval of Meeting Minutes (September 2024). Secretary Sandy Carter made a motion to finalize the September_minutes as presented, seconded by Chris Mercier. The minutes were unanimously approved.

1c. Treasurer’s Report (July-August 2024). Copies of the July-August 2024 spreadsheet showing budgeted vs. actual expenses were distributed. Keith Hobson said he made a correction to the August 2024 budget before it was sent to the Board. We’re operating within budget, and there are no surprises, he said. Not all revenues are recognized but they will be by the end of the year.

ACTION: Russ Axelrod made a motion to approve the July-August financial report, seconded by Mini Sharma Ogle. The report was unanimously approved.

2. Executive Director’s Report

Executive Director Reed Wagner attended the Northwest Waterways Conference at the beginning of October. Related, following, he met with District Corps of Engineers office employees, and it was agreed the Locks are not officially “decommissioned,” a misnomer that crops up often.

Keith Hobson gave a report on the 10-year operations plan. It’s directly related to the legislative agenda discussed later today (see section 3b below). The plan was developed with an assumption that details are inaccurate, but it provides an overview of how money may be spent. Unknown costs, such as legal counsel, will no doubt arise between now and when the Locks open. While planning details are necessarily in exact, the ongoing operational needs shown are based on maintenance cost projections from the updated KPFF engineering estimate. The plan includes long-term reserves for maintenance based on the current year’s budget.

According to this analysis, a deficit is projected to begin in 2027-28, but the Locks won’t start generating revenue until 2029-30, Reed noted. Current operating funds will start to run out a year before the Locks become self-supporting. When communicating with its partners and the legislature, the Board needs to focus on filling this gap.

Nicholas Cooley reported that he’s been studying the financial operations of three Locks systems (John Day on the Columbia River, Ballard in Seattle, and Fox Locks in Wisconsin). The latter was transferred from USACOE to public ownership in 2019.

There was discussion of budget timelines for partnering local governments. The numbers are based on an assumption that the real estate transfer will occur between mid-2026 and mid-2027, Reed said. However, it’s hard to be precise about that because the original easements with adjacent property owners are very old, and a transfer is dependent on the Army Corps of Engineers completing its review of the easements.

3. Discussions: Seepage Update and State Legislative Agenda

3a. Seepage Update. Mini Sharma Ogle reported that seepage in the Locks area has been happening for around 3,000 years. She introduced her PGE colleague Dan Wilson, who reported on the current situation after having spoken to owners of the paper mill.

Reed said ACOE is working with the Board for access to the Locks inspection, which will probably start in 2025. During inspection it should be possible to identify any seepage-related damage and possible remediation approaches. Reed and Dan will work together on this.

3b. State Legislative Agenda. Reed gave a Power Point presentation on the legislative agenda, which consists of six action items. The first four are requests for statutory adjustments; the last two are requests for financial support.

Clark Balfour, legal counsel, described the first four items. The legislation that created the WFLA is well crafted; these requests are for simple adjustments to simplify operations and bring them in line with other Public Corporation operations, on which the WFLA is modeled.

The four requests for **statutory changes** are:

1. *Auditing.* Simplify the requirements so they're more in line with those for smaller entities.
2. *Budget law.* Remove the requirement to comply with local budget law. With fewer requirements, the WFLA Board will still be accountable for how funds are managed. This settles issues such as creating a budget committee, which is necessary to comply with local budget law, when we do not have electors or voters necessary to create a budget committee.
3. *Contracting.* Follow WFLA procurement policies for procurements under \$500,000. Retain the practice of utilizing DAS for procurements over \$500,000.
4. *Governance.* Revise the bylaws to allow the Board to appoint additional officers as needed. Clarify that a quorum is a majority of Board members seated by the Governor, not total positions. This will accommodate delays in filling vacancies.

Russ Axelrod and Christine Lewis said the proposed changes are consistent with prior conversations about establishing the Locks as a public corporation. The Board is justified in requesting these changes, Doug Riggs said. They will make the Authority more efficient.

ACTION: Russ moved for the Authority to adopt recommendations for the four statutory changes as presented, seconded by Sandy. The motion passed unanimously.

Discussion turned to the last two items regarding **fiscal requirements**:

1. *Operational support*. The Board is asking the state to send allocations directly to the Authority now that it is able to accept them, rather than funneling funds through Portland State University. The request notes the Authority will seek additional contributions from its partners.
2. *Financial support*. The Board is asking the state to supplement the \$7.25 million already pledged with an additional \$11.415 million. This amount is primarily based on assumptions in the KPFF report.

There was discussion of whether the Locks would be able to serve a critical need for emergency transportation in the event of a catastrophic earthquake.

There was further discussion about applying for federal grants to supplement the state funding. The Locks would be a good candidate for historic preservation and WRDA funds. We should seek support based on the national historic value of the Locks, possibly from the National Parks Service or FEMA. Reed Wagner said he's been brainstorming with the ACOE Portland District regarding opportunities for federal funding related to waterways. Other grant possibilities include Business Oregon and Travel Oregon.

The ask should include as much supporting detail as possible, Doug Riggs advised. It should include supporting statements from Sen. Mark Meek and other legislators. Several agencies such as the Oregon Health Authority are requesting emergency increases this year. The WFLA ask should be characterized as an additional \$11.415 million to supplement the \$7.25 million already granted – not for the total \$18.665 million, Doug cautioned.

Discussion continued with the specific topic of how the Locks might not be a seismically resilient critical needs facility as previously promoted with this current, limited budget. A technical assessment would clarify what's needed for seismic resiliency.

ACTION: Sandy Carter made a motion to ask the state Legislature for an additional \$11.415 million to supplement the \$7.25 million already granted for operational expenses. Denyse McGriff seconded the motion, which passed with unanimous support.

ACTION: Chris Mercier made a motion to approve the repair budget, seconded by Denyse McGriff; Russ Axelrod offered to help refine the repair budget language. The motion passed with unanimous support.

4. Adjourn Meeting

The next WFLA board meeting will be a combined November-December meeting December 4, 2024, to accommodate the holidays.

Willamette Falls Locks Authority

Budget vs. Actuals: Budget_FY25_P&L - FY25 P&L

July - September, 2024

	TOTAL			
	ACTUAL	BUDGET	REMAINING	% REMAINING
Income				
40001 Beginning Fund Balance		354,002.00	354,002.00	100.00 %
43100 Intergovernmental Revenue				
43110 Metro		40,000.00	40,000.00	100.00 %
43120 Clackamas County	40,000.00	40,000.00	0.00	0.00 %
43130 City of West Linn		10,000.00	10,000.00	100.00 %
43132 City of Oregon City		10,000.00	10,000.00	100.00 %
43133 City of Wilsonville		7,000.00	7,000.00	100.00 %
43134 City of Gladstone		2,500.00	2,500.00	100.00 %
Total 43100 Intergovernmental Revenue	40,000.00	109,500.00	69,500.00	63.47 %
43200 Interagency Revenue				
43210 PSU		85,000.00	85,000.00	100.00 %
43230 Confederated Tribes of the Grand Ronde		10,000.00	10,000.00	100.00 %
43250 PGE		20,000.00	20,000.00	100.00 %
Total 43200 Interagency Revenue		115,000.00	115,000.00	100.00 %
Total Income	\$40,000.00	\$578,502.00	\$538,502.00	93.09 %
GROSS PROFIT	\$40,000.00	\$578,502.00	\$538,502.00	93.09 %
Expenses				
53300 Contract Services				
53310 Contract Management	34,500.00	132,000.00	97,500.00	73.86 %
53320 PSU		0.00	0.00	
53330 Administrative Services	1,368.75	12,000.00	10,631.25	88.59 %
53332 Bookkeeping	775.00		-775.00	
53340 Internet / Web Design	200.00	10,000.00	9,800.00	98.00 %
53350 Communications		1,000.00	1,000.00	100.00 %
53360 Web Hosting	496.18	1,000.00	503.82	50.38 %
53370 Zoom Webinar	309.21	1,300.00	990.79	76.21 %
53390 Misc Contract Services	538.00	2,500.00	1,962.00	78.48 %
Total 53300 Contract Services	38,187.14	159,800.00	121,612.86	76.10 %
53500 Professional Services				
53510 Legal	98.00	25,000.00	24,902.00	99.61 %
53530 Financial	4,995.00	15,000.00	10,005.00	66.70 %
53540 Audit		25,000.00	25,000.00	100.00 %
53550 Engineering and Design		20,500.00	20,500.00	100.00 %
Total 53500 Professional Services	5,093.00	85,500.00	80,407.00	94.04 %
53700 Administrative Expenses				
53710 Bank Fees	0.00	120.00	120.00	100.00 %
53720 Insurance	3,958.64	3,600.00	-358.64	-9.96 %
53730 Printed Collateral	31.73	1,100.00	1,068.27	97.12 %
53740 Marketing/Fundraising		11,000.00	11,000.00	100.00 %
53750 Memberships	6,000.00	7,200.00	1,200.00	16.67 %
53760 Travel	1,737.76	3,300.00	1,562.24	47.34 %

Willamette Falls Locks Authority

Budget vs. Actuals: Budget_FY25_P&L - FY25 P&L

July - September, 2024

	TOTAL			
	ACTUAL	BUDGET	REMAINING	% REMAINING
53770 Training /Conferences	1,099.00	3,300.00	2,201.00	66.70 %
Total 53700 Administrative Expenses	12,827.13	29,620.00	16,792.87	56.69 %
53800 IT / Technology				
53810 Software Licenses		1,080.00	1,080.00	100.00 %
53820 Web Hosting		300.00	300.00	100.00 %
Total 53800 IT / Technology		1,380.00	1,380.00	100.00 %
54000 Operating Expenses		1,000.00	1,000.00	100.00 %
59999 Uncategorized Expense	53.75		-53.75	
Total Expenses	\$56,161.02	\$277,300.00	\$221,138.98	79.75 %
NET OPERATING INCOME	\$ -16,161.02	\$301,202.00	\$317,363.02	105.37 %
Other Income				
48100 Interest Revenue	38.71	96.00	57.29	59.68 %
Total Other Income	\$38.71	\$96.00	\$57.29	59.68 %
Other Expenses				
81000 Operating Contingency		48,935.00	48,935.00	100.00 %
89999 Unappropriated Ending Fund Balance		252,363.00	252,363.00	100.00 %
Total Other Expenses	\$0.00	\$301,298.00	\$301,298.00	100.00 %
NET OTHER INCOME	\$38.71	\$ -301,202.00	\$ -301,240.71	100.01 %
NET INCOME	\$ -16,122.31	\$0.00	\$16,122.31	0.00%



Willamette Falls
LOCKS AUTHORITY

Unaudited Financial Statements for the Year Ended

JUNE 30, 2024

WILLAMETTE FALLS LOCKS AUTHORITY

www.willamettefallslocks.org

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Authority Officials

Authority Board Members

Chair Christine Lewis

Metro Council

Russ Axelrod

Vice Chair, Geologist and Former Mayor, West Linn

Sandy Carter

Secretary

Tootie Smith

Clackamas County Board Chair

David Penilton

Oregon Tourism Commission/MERC Commission

Mini Sharma Ogle

Portland General Electric

Robert Kentta

Confederated Tribes of Siletz Indians

Denyse McGriff

Treasurer, Oregon City Mayor

Chris Mercier

Confederated Tribes of Grand Ronde Vice Chair

Mary Baumgardner

West Linn Council President

Vacant

Maritime Industry

Ex-Officio Board Members

Rep. Jules Waters

Sen. Mark Meek

Sen. Daniel Bonham

Rep. James Hieb

Executive Director

Reed Wagner

Basic Financial Statements

Statement of Net Position – Unaudited

June 30, 2024

	<u>2024</u>
Assets:	
Current:	
Cash and Cash Equivalents	\$ 306,169
Intergovernmental Receivables	108,000
Prepaid Expenses	629
Total Current Assets	<u>414,798</u>
Total Assets	<u><u>\$ 414,798</u></u>
Liabilities:	
Current Liabilities:	
Accounts Payable	\$ 21,388
Total Current Liabilities	<u>21,388</u>
Total Liabilities	<u>21,388</u>
Net Position:	
Unrestricted	393,410
Total Net Position	<u>393,410</u>
Total Liabilities and Net Position	<u><u>\$ 414,798</u></u>

Statement of Revenues, Expenses, and Changes in Net Position – Unaudited
For the Year Ended June 30, 2024

	<u>2024</u>
Operating Revenue:	
Intergovernmental Revenue	\$ 149,500
Interagency Revenue	<u>253,000</u>
Total Operating Revenues	<u>402,500</u>
Operating Expenses:	
Contract and Professional Services	166,055
Administrative Expenses	<u>9,849</u>
Total Operating Expenses	<u>175,904</u>
Net Income From Operations	<u>226,596</u>
Non-operating Revenues (Expenses)	
Interest Earnings	<u>106</u>
Total Non-operating Revenues (Expenses)	<u>106</u>
Change in Net Position	226,702
Net Position - Beginning	<u>166,708</u>
Net Position - Ending	<u>\$ 393,410</u>

Statement of Cash Flows – Unaudited

For the Year Ended June 30, 2024

	<u>2024</u>
Cash Flows From Operating Activities:	
Received from Customers	\$ 294,500
Payments to Suppliers	(165,145)
Net Cash Provided By (Used For) Operating Activities	<u>129,355</u>
Cash Flows From Investing Activities:	
Interest Earnings	106
Net Cash Provided By Investing Activities	<u>106</u>
Net Increase in Cash and Cash Equivalents	129,461
Cash and Cash Equivalents - Beginning	<u>176,708</u>
Cash and Cash Equivalents - Ending	<u>\$ 306,169</u>
Reconciliation of Operating Income to Net Cash Provided By (Used For) Operating Activities	
Operating Income (Loss)	\$ 226,596
Adjustments to Reconcile Operating Income to Net Cash Provided By (Used For) Operating Activities:	
(Increase) Decrease in Intergovernmental Receivables	(108,000)
(Increase) Decrease in Prepaid Expenses	(629)
Increase (Decrease) in Accounts Payable	11,388
Net Cash Provided By (Used For) Operating Activities	<u>\$ 129,355</u>

Notes to the Financial Statements

1. Summary of Significant Accounting Policies

Reporting Entity

Willamette Falls Locks Authority (the Authority) is an Oregon municipal corporation that was established by House Bill 2564 in 2021. As laid out in this founding legislation, the mission of the Authority is to establish ownership, oversight, and management of the Willamette Falls Locks project, for the purposes of:

- Enhancing the economic vitality of Oregon through facilitating the resiliency and navigability of the Willamette River;
- Repairing, maintaining, upgrading and operating the Willamette Falls Locks project and associated properties and facilities for commercial, transportation, recreational, cultural, historic, heritage and tourism purposes; and
- Returning operational Locks to the community.

The Willamette Falls Locks (the Locks) were originally constructed by Portland Railway, Light and Power, a public entity, in 1873, but were transferred to public ownership in 1915 when the canal and locks were purchased by United States Army Corps of Engineers (USACE) for \$375,000. In 2011, a federal inspection of the Locks identified seepage, seismic, and safety issues, forcing the Locks, as well as the adjoining park and museum, to be closed under an emergency authorization. Subsequent Senate Bills 131(2015) and 256 (2017) created a task force and commission responsible for developing strategies for the future repair, reopening and transfer of the Locks out of federal ownership. In 2021, the Authority was established and the governing body, the Authority Board Members (the Board), were appointed by the Oregon Governor's office.

The Board subsequently established the bylaws, policies, and procedures under which the Authority operates. The following is a summary of the significant accounting policies utilized by the Authority in the preparation of the accompanying financial statements.

Measurement Focus and Basis of Accounting

The Authority operates a single enterprise fund using the accrual basis of accounting, in accordance with generally accepted accounting principles (GAAP). In this basis of accounting, revenues and expenses, and their related assets and liabilities, are recorded when goods or services are used or provided, regardless of the timing of the associated payment. The full accrual basis of accounting is used for all the accompanying basic financial statements.

Similar to a commercial entity, enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating revenues of the Authority are fees charged to the Authority's partner organization. Operating expenses of the Authority include the cost of contracted services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Budget Policy

The Authority does adopt a budget for its own management purposes. This budgetary information is included in the other supplementary information, following these notes to the basic financial statements.

The Authority's primary program is listed as "Transportation" for the budget statements.

Cash and Equivalents

For purposes of the statements of cash flows, cash and cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally, only investments with original maturities of three months or less meet this definition.

Willamette Falls Locks Authority

Unaudited Financial Statements for the Year Ended June 30, 2024

Notes to the Financial Statements

Capital Assets

The Authority does not currently have any capital assets, though it anticipates having them in the future when the USACE transfers ownership of the Locks and related capital assets to the Authority.

Net Position

Net position comprises the various net earnings from operations, non-operating revenues, expenses, and contributions of capital. Net position is made up of the following three categories:

- Net Investment in Capital Assets consists of all capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds or other borrowings attributable to the acquisition, construction, or improvement of those assets.
- Restricted net position consists of external constraints placed on net position use by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted net position consists of net position items that are not included in the other categories previously mentioned.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as needed.

2. Cash and Equivalents

As of June 30, 2024, the Authority maintained two bank accounts – a check account and a savings account – which collectively comprise all the cash and cash equivalents reported by the Authority.

Balances as of June 30, 2024	Book Balance	Bank Balance
Checking Account	\$ 306,164	\$ 306,164
Savings Account	5	5
Total Cash and Equivalents	\$ 306,169	\$ 306,169

Disclosure Relating to Custodial Credit Risk

Per ORS 295.002, deposited public funds must be insured by Federal Deposit Insurance Corporation (FDIC) or the National Credit Union Administration (NCUA). Public funds deposits that exceed these insurance limits, currently set at \$250,000, must be held in a qualified depository that participates in the Oregon Public Funds Collateralization Program (PFCP). As of June 30, 2024, the Authority's bank was listed as a qualified depository by the Oregon State Treasury.

While the Board has adopted a formal investment policy and may choose to invest their funds accordingly in the future, the Authority did not have any investments as of the end of the fiscal year.

3. Accounts Receivable

Accounts receivable consist of amounts due to the Authority for services provided that have not yet been received. As all accounts receivable are intergovernmental revenues and within 120 days of billing, no allowance for doubtful accounts has been calculated.

4. Commitments and Contingencies

In June of 2023, the Board entered into a long-term contract with RRW, LLC for the services of providing an Executive Director for the Authority from June 1, 2023 to June 30, 2026 for a monthly fee of \$10,000, which increased to \$11,500 after the first ten months.

Willamette Falls Locks Authority

Unaudited Financial Statements for the Year Ended June 30, 2024

Notes to the Financial Statements

The Authority also has a service contract from October 2023 through September 2026 with Keith Hobson Consulting, LLC for financial, budget, and accounting consulting services, with service fees not to exceed \$25,000. A similar contract with a \$25,000 cap is also in place between the Authority and Cabel Huston for legal counsel, though there is no set term on that contract.

The Authority has several other contracts, but as they are cancelable, have no set cap or term, or are immaterial, they do not require disclosure.

5. Subsequent Events

The Authority has evaluated subsequent events through October 1, 2024 and determined there are no material subsequent events that required disclosure in these financial statements.

Supplementary Information

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Unaudited

For the Year Ended June 30, 2024

	<u>General Fund</u>		
	Original and Final Budget	Actual	Variance with Budget
Revenues:			
Intergovernmental Revenue	\$ 114,500	\$ 149,500	\$ 35,000
Interagency Revenue	105,600	253,000	147,400
Interest Revenue	86	106	20
Total Revenues	220,186	402,606	182,420
Expenditures:			
Transportation - Locks Operation	227,439	175,904	(51,535)
Operating Contingency	40,136	-	(40,136)
Total Expenditures	267,575	175,904	(91,671)
Excess of Revenues Over (Under) Expenditures	(47,389)	226,702	274,091
Net Change in Fund Balance	(47,389)	226,702	274,091
Fund Balance - Beginning	356,703	166,708	(189,995)
Fund Balance - Ending	\$ 309,314	\$ 393,410	\$ 84,096