



2017 Operating and
Capital Budget
Port of Port Townsend

Port of Port Townsend Operating and Capital Budget

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Message from the Executive Director

This 2017 Budget for the Port of Port Townsend represents a new direction for our Port district. We are beginning the long process of actively working to address the critical infrastructure issues identified in our Capital Repair and Replacement Plan. This year's Capital Budget includes several of these critical projects, with other projects planned to begin over the next few years.

Like many jurisdictions nationwide, the Port faces significant challenges in maintaining aging infrastructure. Our marina facilities and many of our buildings, constructed in the 1930's and 1960's, need repair and/or replacement in order to continue to serve as drivers of our local economy. Ultimately, the funds to complete this work need to come from somewhere – whether from state, federal and private grant sources (which typically require local matching funds), from increased revenues, or from cost-savings on expenditures.

Our challenge is to integrate our long-term capital projects needs and community infrastructure investment goals with our operational and business goals. Over the next few months, we will be working to comprehensively review operations, pricing structures and business practices Port-wide. We have already begun adopting “Lean” methodologies throughout our business, looking for ways to maximize customer value while minimizing waste. We will be actively marketing our properties and services, seeking to partner with our tenant businesses, and looking for new opportunities that serve to support both the needs of our community and our long-term financial sustainability. The goal throughout this process is to help align our planning with financial realities, and to make thoughtful, informed choices that will allow the Port of Port Townsend to continue its legacy as an economic development leader for all of Jefferson County.

Our planning and actions are guided by the values and directions articulated by the community in our strategic plan. The Port of Port Townsend is committed to our core purpose: to promote a vibrant and healthy Jefferson County community. I am honored to work together with the Commission, our staff and our community to build sustainable economic development, partnerships and environmental stewardship in Jefferson County.

In the spirit of service,



Sam Gibboney
Executive Director

About the Port of Port Townsend

Created in 1924, the Port of Port Townsend is a municipal corporation authorized by Washington State statute to provide for the development and maintenance of harbors and terminals and to promote tourism and foster economic activity. The Port is independent from other local or state governments, and shares the same geographic boundaries as Jefferson County, Washington.

The Port is governed by a three-member Board of Commissioners elected for four-year terms. Port operations are overseen by an Executive Director hired by the commission, who in turn manages a staff of 29. The County levies and collects taxes on the Port District's behalf, as determined by the Board of Commissioners, and acts as treasurer for the Port as defined under the Revised Code of Washington, RCW 53.36.010.

Mission and Values

Our mission:

"To serve the citizens of Jefferson County by responsibly maintaining and developing property and facilities to promote sustainable economic growth, to provide community access to Port facilities and services, and to protect and maintain our community resources and maritime heritage."

The Port of Port Townsend is guided by our strategic plan, adopted in 2010. The Port's Strategic Plan is [available on our website](#).

Port Properties

Marinas & RV's

Boat Haven Port Townsend's Boat Haven marina is home to 475 commercial and recreational vessels and provides more than 6,000 overnight guest moorage accommodations each year. Maximum vessel length is 100 feet. Floats offer electricity and water; the fuel dock has gasoline, diesel, stove oil, and a waste pump-out station. Other facilities include showers, laundry, a launch ramp, and a dump station. The adjacent full service boatyard offers a full range of marine trades.

Point Hudson Point Hudson offers 32 slips (70 foot maximum length), 800' of linear docks, and an RV park with 48 spots. Transient moorage reservations are available. The Point Hudson facility also includes meeting rooms and multi-purpose facilities for parties, classes, reunions, seminars and other activities.

Herb Beck Marina

Located on the scenic Hood Canal in Quilcene, Washington, the Herb Beck marina offers 50 slips (40 foot maximum length), and takes reservations for transient moorage. Services include fuel, ice, pump-out, showers, and restrooms. We also offer RV parking with electrical hook-ups and cable, a swimming beach, boat launch, and a day use picnic area. Dry storage is available.

Union Wharf & City Pier

The Port owns and manages the piers and floats at City Dock and Union Wharf and offers dinghy moorage for boats at anchor. Moorage for boats over 80 feet must be pre-arranged.

Launch Ramps



The Port operates five launch ramps at different locations throughout East Jefferson County:

- Gardiner
- Mats Mats Bay
- Port Hadlock
- Port Townsend Boat Haven
- Herb Beck Marina, Quilcene

Boatyard & Shipyard

Boat Haven A full-service yard suitable for refits of all types, Boat Haven’s three Marine Travelifts handle vessels weighing up to 330 tons. Our many marine trades businesses offer a wealth of special expertise in the maintenance and restoration of vessels of all hull materials and both traditional and modern designs. Do-it-yourself space is also available. The shipyard has a capacity of up to 200 vessels ashore.

Leased properties

The Port owns and maintains a variety of commercial properties throughout Jefferson County, including marine trades facilities in the Boat Haven Boatyard, historic buildings at Point Hudson, commercial shellfish processing facilities in Quilcene, and others.

Airport

Jefferson County International Airport offers a single 3,000 foot paved runway approximately four miles southwest of Port Townsend. The Airport business park includes a variety of airfield-support businesses, including an FBO, fuel, a restaurant, and other services.

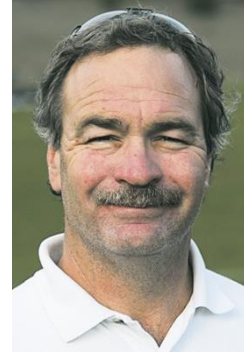
Port Commissioners

Peter W. Hanke, President

District 3

Term Expires: December 31, 2017

Commissioner Hanke was elected Port Commissioner in 2013. Mr. Hanke owns and operates Puget Sound Express, a family-owned passenger ferry and whale watch operation located at the Point Hudson marina. Besides being a boat captain and a business owner, Pete is also a pilot who has enjoyed flying out of Jefferson County International Airport since 1998.



Stephen R. Tucker, Vice President

District 1

Term Expires: December 31, 2019

Commissioner Tucker was elected Port Commissioner in 2011 and re-elected in 2015. Mr. Tucker is a retired business owner and an avid boater, RV enthusiast and fisherman. Over the years, through the Coast Guard Auxiliary and the Power Squadron, Steve has taught many courses in boating safety, maintenance, navigation and electronics.



Brad A. Clinefelter, Secretary

District 2

Term Expires: December 31, 2017

Commissioner Clinefelter was elected Port Commissioner in 2013. Mr. Clinefelter owns and operates Mystery Bay Charters and Services, providing marine consulting and support services. He holds a U.S. Coast Guard 100-Ton Inland Masters License and is a 2009 graduate of the Northwest School of Wooden Boat Building.



Capital Budget

2017 Capital Budget Summary

Capital repairs and investment are the driving forces in developing this and coming years' budgets. This year's Capital Budget is the first step in building a multi-year strategy that will allow us to effectively focus our efforts. Our capital needs are both significant and urgent. Several key projects, such as boatyard stormwater treatment, replacement of the Point Hudson jetty, and shoreline protection for the heavy haul out, are mission critical. If we do not address them, catastrophic failures could close facilities and halt business operations.

In the face of these pressing demands, we must and we can put forth a planning methodology that allows us to develop a funding strategy to adequately meet these needs. Funding for these projects will come from a combination of grants, operating revenues, cash reserves, general obligation bonds and revenue bonds. The multi-year year capital improvement plan presented in this budget report is our first step at creating this strategy.

Adoption of the Capital Budget authorizes Port staff to move forward and expend funds on the projects identified in 2017. It also allows staff to plan for projects in the upcoming years. It is important to note that this plan is incomplete and does not reflect the true magnitude of need. Rather, it puts forth the projects that could be accomplished within our current bonding capacity. Consequently, one might be tempted to review the presented cash flow projections and conclude that within a few short years the Port will be accumulating ample cash reserves. That optimism must be tempered with the reality that our capital improvement needs will consume any surplus or income from operations for years to come. Consequently, our investments in capital projects must also aim to aggressively improve our business margins.

The Port's Capital Improvement Plan includes a number of capital projects identified as critical and/or urgent priorities in the Port's Capital Repair and Replacement Plan. Some of these projects have already been started during 2015-16; others have been postponed pending availability of funding. Other capital projects have been identified that are necessary to maintain and advance our business objectives. It's also important to note that the plan will change over time. Priorities will evolve, projects scopes will change, and cost estimates will become more accurate as we have more information.

The projects highlighted below are all included in this year's Capital Budget.

Capital Project Highlights

The projects described below are the top capital funding priorities for 2017-2020; budget figures relating to each of these projects are noted in the Capital Improvements Budget beginning on page 11. The information here is intended as a brief summary of each project; for more detail, see the Capital Repair and Replacement Plan, [available on our website](#).

Boat Haven Stormwater Improvements



The Port has received an Administrative Order from the WA Dept. of Ecology to design and install stormwater treatment improvements to come into compliance with state water quality standards. The improvements will help keep heavy metals and other pollutants from entering Port Townsend Bay. This project has a tight timeline; improvements must be in place by September 2017. The required improvements are still being designed; improvements will likely include construction of a lift station at the current stormwater marine outfall, to pump the water back upland for treatment. Full design, costs and schedule for this project are yet to be determined.

Point Hudson Jetty



The project involves the total demolition and replacement of the Point Hudson Jetty. The jetty structure, built in 1934, has reached the end of its useful life and is at high risk of catastrophic failure if not replaced. Replacement of the breakwater ensures that the public's substantial existing investment in the Point Hudson Marina remains intact and ready to serve the public. Design and permitting will continue in 2017; construction is now scheduled to begin in 2018.

Airport Runway



In 2013, the FAA and the Washington Dept. of Transportation (WSDOT) Aviation Division completed a runway condition assessment and identified a need to resurface the main runway at Jefferson County International Airport. The runway was last fully resurfaced in September 1990. This project is non-discretionary. At least 90% of the funding for this project will be federal monies; we are applying for an additional 5% of WSDOT funds to help support the runway resurfacing project. Design and permitting will continue and construction is scheduled for 2019.

Boatyard Shoreline Stabilization



The affected area is the only portion of the Port's Boat Haven property which is not protected by a breakwater or shoreline armoring. Prior to its removal, the former railroad "Y" helped to dissipate wave energy along this beach. This beach is presently highly vulnerable to wind and wave action, and projected sea level rise over the coming decades will further increase the risk of flooding and erosion, especially during storm events. High-value Port assets, including the wash down pad and the 300-ton lift station, are located immediately behind this beach on its eastern end. The section of the Larry Scott Memorial Trail located in this area is already severely impacted and has become largely unusable. This phase of the project involves retaining the services of qualified professionals (coastal engineers and geomorphologists) to evaluate the area and recommend conceptual protective measures.

Boat Haven Restrooms



Boaters throughout Washington State consistently rank bathroom conditions and cleanliness as one of their top criteria when choosing a marina. The primary Boat Haven restrooms were originally constructed in the mid-1980s, and have sustained consistent and heavy public use over the past 30+ years. Port Maintenance staff estimate that approximately 53,000 showers are taken annually at this facility. This facility requires complete renovation in order to provide a quality experience for our moorage and boatyard customers. The project includes replacing doors, windows, exterior lighting, and all interior fixtures. It will also require improved ventilation and reconfiguration of plumbing. Improved ventilation adequate for heavy usage levels should extend building life and help prevent costly future repairs.

Commercial Basin Bathroom Renovation

These bathrooms are provided for the commercial basin tenants and are also available for use by patrons of an adjacent waterfront restaurant. They were last renovated over 10 years ago and have deteriorated. The project will include replacement of doors, windows, ventilation and fixtures.

Point Hudson Administration Building Ventilation



The Point Hudson Administration Building, like others at Point Hudson, rests on creosote-treated pilings and contains creosote-treated floorboards. The 2005 renovation included installation of vapor barrier sheathing and mechanical ventilation to mitigate the creosote odor. These measures have been successful to a large degree, but have not fully solved the ongoing odor issues. Resolving this issue is key to the viability of long term commercial leasing at this and other Point Hudson facilities. The project will include the design and installation of ventilation equipment.

Utility Meter Installation



This project will involve the installation of meters or sub-meters to allow better tracking and allocation of costs from both water and electrical utility use. Remote-read electrical meters, more efficient and accurate than existing equipment, will initially be installed as a pilot project, and then deployed throughout the marinas and yard. Currently, only one water meter serves the Administration building, the Moorage Office, the launch ramp wash down, all of the Boat Haven docks, the Boat Haven restrooms, and the Yard Office. Sub-meters allow us to better monitor water usage at each of these sites, ultimately resulting in better cost recovery.

Parking Improvements & Pay Stations



The objective of this project is twofold: to gain better control and use of Port-owned property, and to generate additional revenue. The Port property located at the corner of Water Street and Jackson Street is currently used almost entirely for parking by downtown visitors and employees, and by Northwest Maritime Center patrons. Parking blocks, signage and pay stations will be installed so that the lot can be used by these patrons for a small fee. At the Boat Haven, a parking plan will be developed for the "frontage" area along Washington Street. Areas will be designated for moorage tenants, yard tenants and day use. A limited number of hourly day use spots will be provided for visitors and restaurant or retail patrons. Annual and monthly passes will be available to moorage and yard tenants. Currently, parking at Boat Haven is chronically problematic, with non-tenants parking vehicles for extended periods, erratic parking that blocks Port operations, and un-permitted camping. Uncontrolled parking has presented some real safety issues and disruptions to traffic flow. It is anticipated that the plan will be developed in the first quarter of 2017 and put into effect in the second quarter of 2017.

Capital Improvements Budget 2017-2020

PORT OF PORT TOWNSEND -- CAPITAL IMPROVEMENTS 2017-2020					
	2017	2018	2019	2020	Total
Boat Yard Stormwater Improvements					
Assessment, design, permitting, administration	\$60,000				\$60,000
Construction	\$1,000,000				\$1,000,000
Point Hudson Jetty South					
Engineering, design, permitting, administration	\$50,000				\$50,000
Construction		\$1,508,500	\$1,508,500		\$3,017,000
Point Hudson Jetty North					
Engineering, design, permitting, administration			\$50,000	\$50,000	\$100,000
Construction				\$2,153,000	\$2,153,000
Jefferson County International Airport Runway					
Engineering, Permitting, Administration	\$125,000				\$125,000
Construction		\$2,000,000			\$2,000,000
Boat Yard Shoreline Stabilization					
Engineering, Permitting, Administration	\$25,000				\$25,000
Construction		\$300,000			\$300,000
Boat Haven Bathroom Renovation					
Engineering, Permitting, Administration	\$4,000				\$4,000
Construction	\$110,000				\$110,000
Point Hudson Administration Building - Ventilation					
Construction	\$110,000				\$110,000
Commercial Basin Bathroom Renovation					
Construction	\$36,000				\$36,000
Point Hudson Asbestos Remediation					
Construction		\$93,000			\$93,000
Boat Haven Electrical Remote Sub-Meters - Pilot					
Pilot Testing	\$20,000				\$20,000

PORT OF PORT TOWNSEND -- CAPITAL IMPROVEMENTS 2017-2020

	2017	2018	2019	2020	Total
Boat Haven Water Sub-Meters					
Construction	\$65,000				\$65,000
Parking Improvements & Pay Stations					
Construction & Installation	\$63,000				\$63,000
Equipment					
	\$23,000				\$23,000
	2017	2018	2019	2020	Total
TOTALS	\$1,691,000	\$3,901,500	\$1,558,500	\$2,203,000	\$9,354,000

Planned Capital Project Funding Sources 2017-2020

PLANNED FUNDING SOURCES						
2017-2020	Unreserved Cash	Boat Haven Reserves	Capital Reserves	Grants	Gen. Oblig. Bond	Revenue Bond
Boat Yard Stormwater Improvements						
Assessment, design, permitting, administration						\$60,000
Construction						\$1,000,000
Point Hudson Jetty South						
Engineering, design, permitting, administration				\$50,000		
Construction				\$1,109,000	\$1,908,000	
Point Hudson Jetty North						
Engineering, design, permitting, administration						\$100,000
Construction						\$2,153,000
Jefferson County International Airport Runway						
Engineering, Permitting, Administration	\$6,250			\$118,750		
Construction	\$100,000			\$1,900,000		
Boat Yard Shoreline Stabilization						

PLANNED FUNDING SOURCES						
2017-2020	Unreserved Cash	Boat Haven Reserves	Capital Reserves	Grants	Gen. Oblig. Bond	Revenue Bond
Engineering, Permitting, Administration	\$25,000					
Construction		\$300,000				
Boat Haven Bathroom Renovation						
Engineering, Permitting, Administration		\$4,000				
Construction		\$110,000				
Point Hudson Administration Building - Ventilation						
Construction	\$110,000					
Commercial Basin Bathroom Renovation						
Construction		\$36,000				
Point Hudson Asbestos Remediation						
Construction	\$93,000					
Boat Haven Electrical Remote Sub-Meters - Pilot						
Pilot Testing	\$20,000					
Boat Haven Water Sub-Meters						
Construction		\$65,000				
Parking Improvements & Pay Stations						
Construction & Installation	\$63,000					
Equipment						
	\$23,000					
	Unreserved Cash	Boat Haven Reserves	Capital Reserves	Grants	Gen. Oblig. Bond	Revenue Bond
	\$440,250	\$515,000	\$0	\$3,177,750	\$1,908,000	\$3,313,000

Operating Budget

Operating Budget Goals

The goal of the 2017 Operating Budget is to begin to align our business practices and objectives to support both our organizational capital needs and our long-term financial sustainability. Specifically, the Port Commission has instructed staff to prepare a budget that supports the projects identified in the Capital Budget while avoiding a decrease in our net cash position.

The revenue and net income goals for 2017 are ambitious. We hope to achieve these goals with a focus on a high quality of service and experience, new marketing strategies and robust business management.

Organizational Initiatives

As part of our efforts to improve the Port's financial position over the course of the coming year, we intend to:

- Conduct a comprehensive review of all Port business operations, carefully examining the value proposition each provides to the Port and to our customers.
- Modernize business and administrative procedures across our operations
- Introduce "Lean Methodology" as a business practice, reducing waste while maximizing customer value.
- Develop marketing and brand strategies to better position the Port to successfully attract businesses and customers.
- Conduct a comprehensive review of existing pricing structures across all Port business operations, to better reflect the value of services provided and to optimize our operating margins. Overall, our goal is to better align our offerings with regional markets while respecting our community's values and history.

These initiatives will be addressed using a combination of Port staff and outside services. The careful use of expert professionals will allow us to accelerate needed change and build our internal capacity. For example, we will employ one of several firms who complete assessments of marina operations from a customer's point of view. Findings from this perspective can help us to be responsive to changing market conditions in order to maintain and improve our competitiveness.

For more information

Copies of the Port's Budget and Finance documents are available [on our website](#).

2017 Summary Operating and Non-Operating Activity Budget

	2014 Actual	2015 Actual	2016 Budget	2017 Budget
REVENUES				
Marinas and RV Parks	2,101,147	2,250,653	2,349,903	2,660,000
Yard Operations	1,587,241	1,572,877	1,688,076	1,855,000
Property Leases & Use	1,041,536	1,061,642	1,114,278	1,215,000
Fuel Sales & Leases	50,047	44,539	51,900	50,000
Ramp Use	32,308	35,240	55,249	55,000
Utilities	153,885	164,195	158,200	140,000
Total Operating Revenues	4,966,164	5,129,147	5,417,606	5,975,000
OPERATING EXPENSES				
Personnel	2,373,771	2,471,235	2,778,613	3,006,270
Outside Services	394,881	349,778	282,910	443,310
Facilities & Operations	846,009	697,888	751,064	805,809
Utilities	532,241	473,673	530,347	554,180
Marketing	43,467	35,152	53,050	54,450
Economic Development	25,000	25,000	25,000	40,000
Travel & Training	27,025	33,466	25,100	30,000
Cost of Goods - Fuel	24,055	18,060	20,000	12,000
Community Relations	6,959	1,374	4,000	4,000
Total Operating Expenses	4,273,408	4,105,625	4,470,084	4,950,019
Income from Operations w/o Depreciation	692,756	1,023,522	947,522	1,024,981
Depreciation Expense	1,487,232	1,527,500	1,548,147	1,519,032
Income (Loss) from Operations with Depreciation	(794,475)	(503,978)	(600,625)	(494,051)
NON-OPERATING REVENUE				
Capital Contributions/Grants	275,220	226,355	223,740	168,750
Interest	11,357	3,327	4,200	38,000
Property & other taxes	990,006	1,033,149	1,019,000	1,020,000
Miscellaneous Non-Operating Revenue	79,260	38,047	14,000	16,200
Total Non-Operating Revenues	1,355,844	1,300,878	1,260,940	1,242,950
NON-OPERATING EXPENSES				
Bond Interest	510,297	398,506	398,273	369,339
Bond Mgmt., Issuance, Investment	1,655	72,703	2,200	154,940
Election Expense	-	6,398	-	17,340
TOTALS				
Total Non-Operating Expenses	511,952	477,608	400,473	541,619
Net Non-Operating Income (Expense)	843,892	823,270	860,467	701,332
Net Income (Loss)	49,416	319,292	259,842	207,281

Cash Flow Projections

The following cash flow projections for 2017 and the subsequent three-year period is a high level snapshot of estimated Port cash flows, based on the 2017 Capital and Operating Budgets presented in this report.

Most transactions from the Capital Budget, such as capital expenditures, are not included in the Operating and Non-Operating Budgets. In addition, transactions such as debt *principal* payments are not included in either budget, although debt *interest* payments are included in the Non-Operating Budget. This cash flow projection is intended to give a high-level “big picture” overview of the entire scope of the Port’s financial activity for the year, and the overall effect of the various items on cash flow. This is a projection based on best estimates available, and is not intended to be as detailed or exact as a traditional cash flow analysis included in the Annual Report.

It should be stressed again that these cash flow projections do not include a complete accounting for future capital project needs. Rather, the capital list was truncated to reflect the diminishment of the Port’s bonding capacity. The Commission and staff will be working in 2017 to develop other funding alternatives and strategies. A more complete capital plan will be included in next year’s budget, resulting in more accurate long-term cash flow projections.

In this Cash Flow Projection, both beginning and ending Reserved cash balances are reported separately from Unreserved balances. Operating and Non-Operating Revenue and Expense totals are taken directly from the Operating Budget shown on page 15.

Estimated Capital expenses are taken directly from the Capital Budget shown on page 12, separated by funding source.

Cash Flow Projection Assumptions

Estimated Ending Cash for 2016 was calculated based on actual 2015 ending cash, YTD operational results through August 31, 2016 and adjusted for known and budgeted revenues and expenses through the 2016 year end.

We reviewed Port operating revenues and expenses from 2009 to 2016 and found an average year-over year revenue increase of 3.96%, and an average year-over year expense increase of 4.4%. These trends are obviously not sustainable. Thus, moving forward we have set high-level goals of bolstering revenues while actively containing costs. For projection purposes, we are estimating 2018-2020 annual revenue growth of 5%, and annual expense increases of 3.25%.

Projected revenue growth is based on capturing revenues through optimizing current operations, robust business development, and a comprehensive review of the current pricing structure across all Port businesses.

2017 Operating revenues reflect the effects of the Port-wide price restructuring planned for 2017. Rate adjustments for all Port business units will be presented throughout the year, as further analysis is performed and program changes are implemented.

Operating revenues budgeted for 2016 have been reduced to 95% of budget, based on Year-to-Date current activity, and expected performance through year end.

Non-Operating Revenues & Expenses are based on 2017 known and anticipated projections (such as property tax levy or debt service interest), with adjustments made in accordance with projections for the Capital Expenses in the 2017 Capital Budget, including issuance of new bond debt.

Capital expense estimates are based on the Capital Budget and projected funding sources, as shown on page 12. Project costs continue to be refined as design progresses and engineering estimates are completed.

Issuance of new bond debt (both Revenue and General Obligation bonds) are the principal amounts projected from figures used in the 2017 Capital Budget shown on page 11.

Debt Service principal was estimated on the new debt assuming 20-year amortization at 3% interest with semi-annual payments. Those interest payments were included in the Non-Operating (net) figures for each year.

Anticipated Tax Revenue

Projected revenue from the Port District's tax levy for 2017 is budgeted at \$965,000, based on estimates from the Jefferson County Assessor's office.

2017 Budgeted Cash Flow Summary

	2017 Budgeted Cash Flow	2018 Budgeted Cash Flow	2019 Budgeted Cash Flow	2020 Budgeted Cash Flow
Estimated Beginning Year Cash				
Unreserved Cash	1,744,551	1,840,837	1,891,961	2,595,552
Reserved Cash	977,850	882,850	702,850	822,850
Operating Revenues	5,975,000	6,043,515	6,345,691	6,662,976
Operating Expenses (w/o depreciation)	(4,950,019)	(5,095,407)	(5,261,008)	(5,431,991)
Non-Operating Revenues	1,242,950	3,561,650	1,671,397	1,101,740
Non-Operating Expenses	(541,619)	(499,082)	(463,130)	(423,489)
Debt service - principal	(1,094,026)	(1,192,052)	(914,859)	(960,899)
Issuance of Bond Debt	1,060,000	954,000	1,004,000	2,203,000
Capital expenses (from Grants)	(168,750)	(2,454,500)	(554,500)	-
Capital expenses (from Unreserved Cash)	(247,250)	(193,000)	*(XXX,XXX)	*(XXX,XXX)
Capital expenses (from Bonds)	(1,060,000)	(954,000)	(1,004,000)	(2,203,000)
Capital expenses (from Reserves)	(215,000)	(300,000)	-	-
Increase/(Decrease) in cash	1,286	(128,876)	823,591	948,337
Estimated Year End Cash				
Unreserved Cash	1,840,837	1,891,961	2,595,552	3,423,889
Reserved Cash	882,850	702,850	822,850	942,850
TOTAL	2,723,687	2,594,811	**3,418,402	**4,366,739

**In 2019 and 2020, cash balances appear to increase. However, we anticipate that some of this increase will be used to pay for capital repair, replacement and infrastructure investments whose costs we cannot yet accurately estimate. \$XXX,XXX is used here to represent future capital expenditures for projects from our Capital Improvement Plan. Exact project amounts will be refined as design progresses and engineering estimates are completed.*

***Projected cash balances will ultimately be lower than depicted here, as cash is used to fund capital projects.*

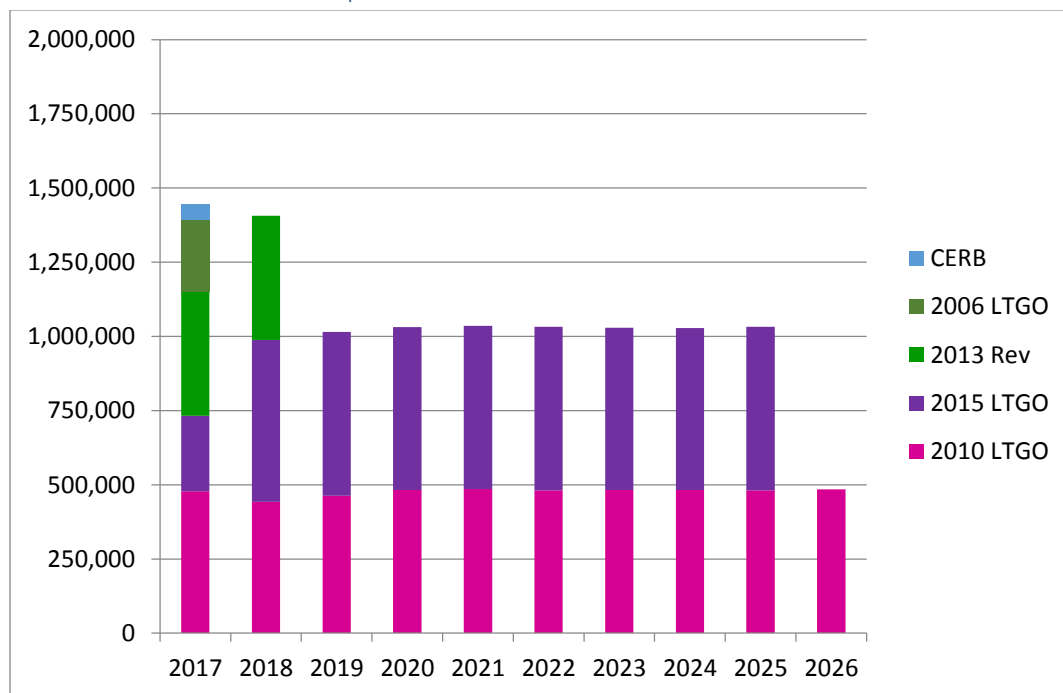
Debt Service

Debt service principal payment details are drawn from known Port debt obligations (amortization schedules), as well as estimated additional debt projected in the Capital Budget. Debt principal payments for 2017 will be \$1,074,493, and interest payments will be \$370,340. When comparing these numbers to the cash flow projections on page 18, amounts in excess of the current known debt are based on added debt projections derived from the Capital Budget. The Debt Service Analysis information on page 19 provides detail about the Port’s annual debt service requirements for current debt, not any projected additional debt.

Debt Service Analysis as of January 1, 2017

Debt	Principal Balance	Interest Balance	Pay-Off Date
CERB Loan	\$ 50,000	\$ 2,750	July 2017
2006 LTGO	\$ 232,000	\$ 4,501	July 2017
2013 Revenue Bond	\$ 807,000	\$ 30,488	Nov. 2018
2015 LTGO Refunding Bond	\$3,990,000	\$ 598,200	Dec. 2025
2010 LTGO Bond	<u>\$4,365,000</u>	<u>\$1,796,425</u>	Dec. 2029
Total	\$9,444,000	\$ 2,432,364	
Principal + Interest			\$11,876,364

Total Annual Debt Service Requirements



Legend

LTGO Limited-Tax General Obligation Bond

CERB Community Economic Revitalization Board