

PORT OF PORT TOWNSEND

INFORMATIONAL MEMO

DATE: 4/7/2023
TO: Commission, Executive Staff
FROM: Abigail Berg, Director of Finance & Administration
SUBJECT: February 2023 Financial Report

Attached is the YTD February 2023 financial report of Port activities. This is a consolidated report that shows the variance between the current period as compared to the prior year and the variance to budget YTD. The following is additional information not included in the attached financial report, but key in fully understanding the Port's financial status:

<u>2023 YTD Project Expenses</u>	<u>Budget</u>	<u>Year-to-date</u>
PH Replacement of North & South Jetties	\$ 6,000,000	\$ 1,768,660
PH – Pavilion Building	0	756
JCIA – Runway Rehabilitation ^(a)	0	15,166
JCIA – 2 nd Connector Taxiway (A2) - design	90,000	0
JCIA – 2 nd Connector Taxiway (A2) - construction	556,000	0
BH Main Breakwater Repairs	400,000	0
FEMA – PH Emergency Repairs	0	27,399
FEMA – BH Marina Pavement Repair	0	620
Reconstruct Old Coast Guard Building	150,000	22,994
NORTH Yard Expansion (Sims Way)	200,000	308
WEST Yard Expansion (by Shipyard)	80,000	310
BH Stormwater Treatment	450,000	6,618
Gardiner Launch Ramp w/Seasonal Float	110,000	412
Herb Beck Dredge	20,000	614
<u>Clean Vessel Build – WA State Parks & Recreation</u>	<u>0</u>	<u>0</u>
Total Capital Expenses YTD	<u>\$ 8,146,000</u>	<u>\$ 1,843,857</u>

Non-Capital use of funds

DNR – Vessel Destruction	<u>\$ 15,687</u>
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2023 Capital Purchases or Contracted Capital Services

<u>Equipment/Vehicle replacement (total \$175,000)</u>		
(2) ½ Ton pick-up trucks	\$ 70,000	\$ 84,107
1 Ton pick-up truck	65,000	52,652
Dump trailer	25,000	0
Gator (PH)	15,000	0
Total Capital Purchases or Contracted Capital Services YTD	<u>\$ 175,000</u>	<u>\$ 0</u>

Notes to Capital Expenditures

- (a) We are currently in the process of the three (3) grant close-outs with the FAA for this project. This expenditure is the final payment to Reid Middleton for that work which should be completed within the month.

Ending Cash Balances as of February 28	2023	2022
Reserved Cash & Investments – Other*	\$ 3,259,864	\$ 2,649,994
Reserved Cash & Investments – IDD	4,471,932	2,228,749
Unreserved Cash & Investments	<u>1,618,836</u>	<u>1,491,390</u>
Total Cash & Investments	<u>\$ 9,350,632</u>	<u>\$ 6,370,133</u>

<u>*Other Reserves detail:</u>	<u>Current balance</u>	<u>Target balance</u>
Unemployment Reserve	\$ 10,000	na
Operating Reserve (a)	1,181,716	\$ 1,623,095
Boat Haven Renovation Reserve (b)	441,517	na
Emergency Reserve	500,000	\$500,000
Port-Wide Capital Reserve (c)	<u>1,126,631</u>	na
Total Other Reserves	\$ 3,259,864	

(a) The target for the Operating Reserve is 25%, or three (3) months, of operating expenses, per current budget. See resolution 692-19 for more detail.

(b) The plan for this reserve is to use it on Boat Haven Moorage projects until it is extinguished. It was replaced by the Port-Wide Capital Reserve in resolution 693-19.

(c) Resolution 693-19 did not set a target for this reserve.

Debt Service for the Year

2010 LTGO Bond – (83% paid A/B Dock Reconstruction, 17% paid 75 Ton Lift Pier)

June 1 – interest only	\$ 73,544
December 1 – principal and interest	408,544

2015 LTGO Refunding Bond- (paid for Point Hudson Marina Reconstruction – 2005 LTGO Bonds refunded in 2015)

July 1 – principal and interest	523,250
December 31 – interest only	<u>15,750</u>

Total Debt Service for the year \$ 1,021,088

Remaining Debt for years 2024-2029

2010 LTGO Bond – principal and interest	\$ 2,847,463	payoff December 2029
2015 LTGO Bond – principal and interest	<u>1,081,800</u>	payoff July 2025
Total	<u>\$ 3,929,363*</u>	

*Port staff hopes to extinguish all debt obligations two years early in 2027.

2021 LTGO Line of Credit (LOC)

November 2022	1 st draw to pay Orion Construction	\$2,633,967
December 2022	2 nd draw to pay Orion Construction	<u>1,189,677</u>
	Total 2022 Draws	\$3,823,644

There have been no additional draws since December. Dept. of Commerce grant reimbursements were used to pay the January Orion Construction bill in the amount of \$1,346,260.82, and the February bill for \$332,332.03.

The 2021 LTGO LOC's required debt redemptions are due in March, and September each year until the end of the bond term, March 1, 2027. This debt instrument serves as a bridge between project expenditure payments, grant reimbursements, and reconciliations with the IDD. As of 12/31/2022, a debt service amortization schedule was prepared by the County Treasurer, though the Port plans to re-pay prior to the schedule outlined in the bond issuance. There are no penalties for pre-payment. The interest rate on the LOC is 1.55% through March 1, 2025, and goes to 1.65% thereafter through the end of bond term.

Current balance of 2021 Line of Credit \$3,823,644

DISCUSSION

As requested by Commission.

FISCAL IMPACT

NA

RECOMMENDATIONS

For discussion only.