

PORT OF PORT TOWNSEND

INFORMATIONAL MEMO

DATE: 6/6/2023
TO: Commission, Executive Staff
FROM: Abigail Berg, Director of Finance & Administration
SUBJECT: April 2023 Financial Report

Attached is the YTD 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:

2023 YTD Project Expenses	Budget	Year-to-date
PH Replacement of North & South Jetties	\$ 6,000,000	\$ 1,907,260
PH – Pavilion Building	0	756
JCIA – Runway Rehabilitation ^(a)	0	15,166
JCIA – 2 nd Connector Taxiway (A2) - design	90,000	36,152
JCIA – 2 nd Connector Taxiway (A2) - construction	556,000	0
BH Main Breakwater Repairs	400,000	3,286
Port-Wide Dock Renovations (City Dock/Union Wharf)	250,000	7,711
FEMA – PH Emergency Repairs	0	93,199
FEMA – BH Marina Pavement Repair ^(b)	0	40,340
FEMA – JCIA Storm Damaged Asbestos Roof	0	600
Reconstruct Old Coast Guard Building	150,000	82,523
NORTH Yard Expansion (Sims Way)	200,000	819
WEST Yard Expansion (by Shipyard)	80,000	7,010
BH Stormwater Treatment	450,000	21,531
Gardiner Launch Ramp w/Seasonal Float	110,000	17,979
Herb Beck Dredge	20,000	3,487
Clean Vessel Build – WA State Parks & Recreation	0	45,526
San Juan Grocery property assessment ^(c)	0	891
Long Term Yard Rehabilitation	0	89,166
<u>BH Enviro/Bathroom Roofs & Painting</u>	<u>0</u>	<u>7,156</u>
Total Capital Expenses YTD	<u>\$ 8,306,000</u>	<u>\$ 2,380,558</u>

Non-Capital use of funds

DNR – Vessel Destruction	<u>\$ 19,710</u>
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2023 Capital Purchases or Contracted Capital Services

Equipment/Vehicle replacement (total \$175,000)		
(2) ½ Ton pick-up trucks	\$ 70,000	\$ 94,652
1 Ton pick-up truck	65,000	52,652
Dump trailer	25,000	0
Gator (PH)	<u>15,000</u>	<u>0</u>
Total Capital Purchases or Contracted Capital Services YTD	<u>\$ 175,000</u>	<u>\$ 147,304</u>

Notes to Capital Expenditures

- (a) As of early June, all three (3) FAA grant close-outs were completed for this project. This expenditure is the final payment to Reid Middleton for that work.
- (b) The Port was reimbursed in March 2023 by FEMA for 90% of the costs for this emergency repair on the Boat Haven Pavement Repair in the amount of \$65,051. Repairs commenced in 2022.
- (c) Technically, the assessment of the San Juan Grocery property is not a capital expenditure; it is a feasibility study to determine the likelihood of further development. However, it is a project being tracked.

Ending Cash Balances as of April 30	2023	2022
Reserved Cash & Investments – Other*	\$ 3,257,198	\$ 2,721,541
Reserved Cash & Investments – IDD	5,718,471	3,189,128
Unreserved Cash & Investments	<u>1,597,002</u>	<u>1,714,579</u>
Total Cash & Investments	<u>\$ 10,572,671</u>	<u>\$ 7,625,248</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)	438,851	na
Emergency Reserve	500,000	\$500,000
Port-Wide Capital Reserve (c)	<u>1,126,631</u>	na
Total Other Reserves	<u>\$ 3,259,864</u>	

- (a) The target for the Operating Reserve is 25%, or three (3) months, of operating expenses, per current budget. The above target is based on the 2023 Operating 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	<u>\$ 1,021,088</u>

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

date	draw no.	Beginning Balance	Principal paid	Interest paid	Ending Balance
Nov-22	1st draw	\$ 2,633,967	\$ 290,802	\$ 12,588	\$ 2,330,577
Dec-22	2nd draw	\$ 1,189,677	\$ 132,932	\$ 3,893	\$ 1,052,852
	totals	\$ 3,823,644	\$ 423,734	\$ 16,481	\$ 3,383,429

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 Levy Reserve. The Port plans to re-pay this debt prior to the term date in March 2027. There are no penalties for pre-payment. The interest rate on the LOC is 1.55% through March 1, 2025, and increases to 1.65% thereafter through the end of bond term.

DISCUSSION

As requested by the Commission.

FISCAL IMPACT

NA

RECOMMENDATIONS

For discussion only.