

# 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 – updated 6/13\*

---

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 <sup>(a)</sup>                  | 0                          | 15,166                     |
| JCIA – 2 <sup>nd</sup> Connector Taxiway (A2) - design       | 90,000                     | 36,152                     |
| JCIA – 2 <sup>nd</sup> 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 <sup>(b)</sup>              | 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 <sup>(c)</sup>          | 0                          | 891                        |
| Long Term Yard Rehabilitation                                | 0                          | 89,166                     |
| <u>BH Enviro/Bathrm Roofs &amp; Painting</u>                 | <u>0</u>                   | <u>7,156</u>               |
| <b>Total Capital Expenses YTD</b>                            | <b><u>\$ 8,306,000</u></b> | <b><u>\$ 2,380,558</u></b> |

Non-Capital use of funds

|                          |                  |
|--------------------------|------------------|
| DNR – Vessel Destruction | <u>\$ 19,710</u> |
|--------------------------|------------------|

2023 Capital Purchases or Contracted Capital Services

|   |                          |                          |
|---|--------------------------|--------------------------|
| <u>Equipment/Vehicle replacement (total \$175,000)</u>            |                          |                          |
| (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>                 |
| <b>Total Capital Purchases or Contracted Capital Services YTD</b> | <b><u>\$ 175,000</u></b> | <b><u>\$ 147,304</u></b> |

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>\$ 3,257,198*</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 is it 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>\$ 3,929,263*</u> |                      |

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

**2021 LTGO Line of Credit**

| <b>date</b> | <b>draw no.</b> | <b>Beginning Balance</b> | <b>Payments</b>   | <b>Ending Balance</b> | <b>Interest paid to date</b> |
|-------------|-----------------|--------------------------|-------------------|-----------------------|------------------------------|
| Nov-22      | 1st draw        | \$ 2,633,967             | \$ 290,802        | \$ 2,343,165          | \$ 12,588                    |
| Dec-22      | 2nd draw        | \$ 1,189,677             | \$ 132,932        | \$ 1,056,745          | \$ 3,893                     |
|             | <b>totals</b>   | <b>\$ 3,823,644</b>      | <b>\$ 423,734</b> | <b>\$ 3,399,910</b> * | <b>\$ 16,481</b>             |

*Note:* These are principal amounts only. Interest payments are calculated just prior to loan due dates.

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 Commission.

**FISCAL IMPACT**

NA

**RECOMMENDATIONS**

For discussion only.