

# PORT OF PORT TOWNSEND

## INFORMATIONAL MEMO

**DATE:** 7/1/2023  
**TO:** Commission, Executive Staff  
**FROM:** Abigail Berg, Director of Finance & Administration  
**SUBJECT:** May 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:

Jefferson County Int'l Airport	Budget/Planned		YTD
Runway Rehabilitation <sup>(a)</sup>	\$	-	\$ 15,166
2nd Connector Taxiway - design	\$	90,000	\$ 97,589
2nd Connector Taxiway - construction	\$	556,000	\$ -
FEMA - Storm Damaged Asbestos Roof <sup>(b)</sup>	\$	-	\$ 960
<b>Boat Haven</b>			
Main Breakwater Repairs	\$	400,000	\$ 3,489
Stormwater Treatment Compliance	\$	450,000	\$ 41,337
Moorage/Yard Office	\$	150,000	\$ 103,171
Northwest Yard Expansion	\$	200,000	\$ 1,125
West Yard Expansion	\$	80,000	\$ 27,817
Sperry bldg. #5 TAKU	\$	25,000	\$ 926
Sperry Bldg. #7 KEY CITY	\$	25,000	\$ 926
Bldg. Fac. Presrv - Enviro Roof/Ext. Paint-Bathrm Ext. Paint	\$	25,000	\$ 7,156
FEMA - Pavement Repairs <sup>(c)</sup>	\$	-	\$ 46,744
<b>Point Hudson</b>			
Breakwater Replacement	\$	6,000,000	\$ 1,992,936
FEMA - Emergency Repairs	\$	-	\$ 93,911
<b>Quilcene</b>			
Herb Beck Dredge	\$	20,000	\$ 3,487
<b>Other Projects</b>			
Portwide Dock Reno - (City Dock/Union Wharf)	\$	250,000	\$ 119,157
Portwide Yard/Prkg/RV Rsrfcg (Long Term Yard Rehab)	\$	75,000	\$ 122,103
Gardiner Boat Launch w/seasonal float	\$	110,000	\$ 23,134
Clean Vessel Boat build & pump outs	\$	-	\$ 121,393
San Juan Grocery Prop. Enviro Assessmt <sup>(d)</sup>	\$	100,000	\$ 12,504
Short Farm purchase <sup>(e)</sup>	\$	1,400,000	\$ -
Water Walk feasibility <sup>(e)</sup>	\$	300,000	\$ -
<b>Total</b>	<b>\$</b>	<b>10,256,000</b>	<b>\$ 2,835,031</b>

Non-projects

DNR – Vessel Destruction \$ 17,083

2023 Capital Purchases or Contracted Capital Services

Equipment/Vehicle replacement (total \$175,000)

(2) ½ Ton pick-up trucks	\$ 70,000	\$ 94,456
1 Ton pick-up truck	65,000	58,814
Dump trailer	25,000	0
Gator (PH)	15,000	0
Zodiac Pro boat <sup>(f)</sup>	0	29,106
<b>Total Capital Purchases or Contracted Capital Services YTD</b>	<b><u>\$ 175,000</u></b>	<b><u>\$ 182,376</u></b>

Notes to Expenditures listed above

- (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) Enduris has reimbursed the Port for 97%, or \$139,541, of the JCIA Storm Damaged Asbestos Roof, and FEMA will pay 90%, or \$4,500, of the insurance deductible (which was \$5,000). Costs were incurred in 2021 and 2022.
- (c) The Port was reimbursed in March 2023 by FEMA for 90% of the costs for this emergency work on the Boat Haven Pavement Repair for \$65,051. Repairs commenced in 2022.
- (d) 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.
- (e) These are projects added since the 2023 budget was adopted in November 2022.
- (f) It was determined the Zodiac would be a better purchase for Port staff use since the conversion of the Munson boat into the Pump-out Skiff.

<u>Ending Cash Balances YTD</u>	<u>2023</u>	<u>2022</u>
Reserved Cash & Investments – Other*	\$ 3,578,789	\$ 2,798,570
Reserved Cash & Investments – IDD	6,100,531	3,491,725
Unreserved Cash & Investments	1,815,449	1,949,553
<b>Total Cash &amp; Investments</b>	<b><u>\$ 11,494,769</u></b>	<b><u>\$ 8,239,848</u></b>

\*Other Reserves detail:

	<u>Current balance</u>	<u>Target balance</u>
Unemployment Reserve	\$ 10,000	na
Operating Reserve (a)	1,331,716	\$ 1,623,095
Boat Haven Renovation Reserve (b)	438,851	na
Emergency Reserve	500,000	\$500,000
Port-Wide Capital Reserve (c)	1,298,222	na
<b>Total Other Reserves</b>	<b><u>\$ 3,578,789</u></b>	

- (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 \$ 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>\$ 3,929,263*</u>	

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

**2021 LTGO Line of Credit**

date	draw no.	Beginning Balance	Payments	Ending Balance	Interest paid to date
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; the first payment listed above was made in March. Interest payments are calculated just prior to loan due dates.*

There have been no additional LOC 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.