

PORT OF PORT TOWNSEND

INFORMATIONAL MEMO

DATE: 7/1/2023
TO: Commission, Executive Staff
FROM: Abigail Berg, Director of Finance & Administration
SUBJECT: June 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		Year-to-date
Runway Rehabilitation ^(a)	\$	-	\$ 15,166
2nd Connector Taxiway - design	\$	90,000	\$ 124,798
2nd Connector Taxiway - construction	\$	556,000	\$ -
FEMA - Storm Damaged Asbestos Roof ^(b)	\$	-	\$ 960
Boat Haven			
Main Breakwater Repairs	\$	400,000	\$ 5,450
Stormwater Treatment Compliance	\$	450,000	\$ 43,634
Moorage/Yard Office	\$	150,000	\$ 112,427
Northwest Yard Expansion	\$	200,000	\$ 1,608
West Yard Expansion	\$	80,000	\$ 29,270
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	\$ 12,888
FEMA - Pavement Repairs ^(c)	\$	-	\$ 55,898
Point Hudson			
Breakwater Replacement	\$	6,000,000	\$ 2,021,970
Bldg/Facility Preservation (Cupola Bldg. Remodel)	\$	450,000	\$ 23,683
FEMA - Emergency Repairs	\$	-	\$ 94,671
Quilcene			
Herb Beck Dredge	\$	20,000	\$ 3,487
Ramp Upgrade & Bathroom Remodel	\$	25,000	\$ 4,742
Other Projects			
Portwide Dock Reno - (City Dock/Union Wharf) ^(d)	\$	220,000	\$ 132,243
Portwide Dock Reno - (BH "D" Dock Transformer Retrofit) ^(d)	\$	30,000	\$ 10,782
Portwide Yard/Prkg/RV Rsrfcg (Long Term Yard Rehab)	\$	75,000	\$ 159,423
Gardiner Boat Launch w/seasonal float	\$	110,000	\$ 44,188
Clean Vessel Boat build & pump outs	\$	-	\$ 123,216
San Juan Grocery Prop. Enviro Assessmt ^(e)	\$	100,000	\$ 12,504
Short Farm purchase ^(f)	\$	1,400,000	\$ -
Water Walk feasibility ^(f)	\$	300,000	\$ 3,859
Total	\$	10,731,000	\$ 3,038,719

Non-projects

DNR – Vessel Destruction \$ 22,185

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 ^(g)	0	29,106
Total Capital Purchases or Contracted Capital Services YTD	<u>\$ 175,000</u>	<u>\$ 182,376</u>

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) This is a capital “program” that includes any port-wide dock renovations as needed each year. This program has \$250,000 budgeted annually for the next 5 years. Here we split the budgeted amount as the estimate for each project, though the City Dock/Union Wharf project is not likely to reach the \$220,000 threshold.
- (e) 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.
- (f) These are projects added since the 2023 budget was adopted in November 2022.
- (g) It was determined the Zodiac would be a better purchase for Port staff use (rather than the Gator) since the conversion of the Munson boat into the Pump-out Skiff.

Ending Cash Balances YTD	2023	2022
Reserved Cash & Investments – Other*	\$ 3,578,788	\$ 2,952,627
Reserved Cash & Investments – IDD	6,167,914	3,519,023
Unreserved Cash & Investments	<u>2,027,062</u>	<u>1,837,332</u>
Total Cash & Investments	<u>\$ 11,773,764</u>	<u>\$ 8,308,982</u>

<u>*Other Reserves detail:</u>	<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)	<u>1,298,222</u>	na
Total Other Reserves	<u>\$ 3,578,789</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	PAID
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	15,750
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	1,081,800	payoff July 2025
Total	\$ 3,929,263*	

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
	totals	\$ 3,823,644	\$ 423,734	\$ 3,399,910 *	\$ 16,481

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.