

# PORT OF PORT TOWNSEND

## INFORMATIONAL MEMO

**DATE:** 2/29/2024  
**TO:** Commission, Executive Staff  
**FROM:** Connie Anderson, Director of Finance & Administration  
**SUBJECT:** YTD December 2023 Financial Report

Attached is the YTD December 2023 financial report of Port activities. This consolidated report shows the variance between the current period as compared to the prior year and the variance to budget YTD. The following is additional detailed 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 <sup>(a)</sup>	\$ -	\$ 15,166
2nd Connector Taxiway - design	\$ 90,000	\$ 136,359
2nd Connector Taxiway - construction	\$ 556,000	\$ 748,452
Pilot Terminal	\$ 133,000	\$ 5,279
FEMA - Storm Damaged Asbestos Roof <sup>(b)</sup>	\$ -	\$ 1,036
<b>Boat Haven</b>		
Main Breakwater Repairs	\$ 400,000	\$ 55,424
Stormwater Treatment Compliance	\$ 450,000	\$ 156,649
Moorage/Yard Office/Yard Shack	\$ 150,000	\$ 280,598
Northwest Yard Expansion	\$ 200,000	\$ 15,739
West Yard Expansion	\$ 80,000	\$ 42,265
Sperry bldg. #5 TAKU	\$ 25,000	\$ 4,567
Sperry Bldg. #7 KEY CITY	\$ 25,000	\$ 926
Bldg. Fac. Presrv - Enviro Roof/Ext. Paint-Bathrm Ext.	\$ 25,000	\$ 26,790
FEMA - Pavement Repairs <sup>(c)</sup>	\$ -	\$ 84,535
<b>Point Hudson</b>		
Breakwater Replacement	\$ 6,000,000	\$ 5,298,867
Bldg/Facility Preservation (Cupola Bldg. Remodel)	\$ 450,000	\$ 54,341
Bldg/Facility Preservation (Restroom Repair)	\$ -	\$ 10,567
FEMA - PH Emergency Repairs	\$ -	\$ 107,926
<b>Quilcene</b>		
Herb Beck Dredge	\$ 20,000	\$ 9,816
Ramp Upgrade & Bathroom Remodel	\$ 25,000	\$ 16,425
Well Pump Electrical Repair	\$ -	\$ 24,548
<b>Other Projects</b>		
Portwide Dock Reno - (City Dock/Union Wharf) <sup>(d)</sup>	\$ 142,000	\$ 141,566
Portwide Dock Reno - (BH "D" Dock Transformer Retrofit)	\$ 17,000	\$ 16,103
Portwide Dock Reno - (PH Linear Dock Repair) <sup>(d)</sup>	\$ 91,000	\$ 54,773
Portwide Yard/Prkg/RV Rsrfcg (Long Term Yard Rehab)	\$ 75,000	\$ 163,064
Gardiner Boat Launch w/seasonal float	\$ 110,000	\$ 64,893
Clean Vessel Boat build & pump outs	\$ -	\$ 130,850
San Juan Grocery Prop. Enviro Assessmt <sup>(e)</sup>	\$ 100,000	\$ 106,424
Short Farm purchase <sup>(f)</sup>	\$ 1,400,000	\$ 1,476,094
Water Walk feasibility <sup>(f)</sup>	\$ 300,000	\$ 87,189
DNR Vessel Destruction <sup>(g)</sup>	\$ -	\$ 5,133
<b>Total</b>	<b>\$ 10,864,000</b>	<b>\$ 9,342,364</b>

### 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>(h)</sup>	0	29,106

Total Capital Purchases or Contracted Capital Services YTD    \$ 175,000                      \$ 182,376

#### 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 was estimated for each project.
- (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 expense that was tracked.
- (f) These are projects added since the 2023 budget was adopted in November 2022.
- (g) The DNR vessel destruction is not budgeted, nor is it a capital project. However, it is included here since it is tracked as a WIP until vessels are destroyed and reported to DNR for reimbursement, as applicable.
- (h) 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.

<u>Ending Cash Balances YTD</u>	<u>2023</u>	<u>2022</u>
Reserved Cash & Investments – Other*	\$ 3,376,218	\$ 3,259,864
Reserved Cash & Investments – IDD	7,252,497	4,448,300
Unreserved Cash & Investments	644,427	781,891
Total Cash & Investments	<u>\$ 11,273,142</u>	<u>\$ 8,490,055</u>

#### \*Other Reserves detail:

	<u>Current balance</u>	<u>Target balance</u>
Unemployment Reserve	\$ 10,000	na
Operating Reserve (a)	1,623,405	\$ 1,623,095
Boat Haven Renovation Reserve (b)	436,068	na
Emergency Reserve	500,000	\$500,000
Port-Wide Capital Reserve (c)	806,746	na
Total Other Reserves	<u>\$ 3,376,218</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) This reserve is for use 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; however, in 2024 a long-term projection will be developed for funding future projects by location.

#### 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	PAID

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

July 1 – principal and interest	523,250	PAID
December 31 – interest only	15,750	PAID

Total Debt Service for the year	<u>\$ 1,021,088</u>
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#### 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 plans to extinguish all the above debt obligations two years earlier in 2027, rather than the legal obligation of 2029.

#### 2021 LTGO Line of Credit

date	draw no.	Beginning Balance	Draw	Redemption - Principal	Redemption - Interest	Ending Principal Balance
Nov-22	1st draw	-	2,633,967	-	-	2,633,967
Dec-22	2nd draw	2,633,967	1,189,677	-	-	3,823,644
Mar-23	na	3,823,644	-	423,734	16,481	3,399,910
Aug-23	na	3,399,910	-	3,399,910	26,057	-
Oct-23	3rd draw	-	335,000	-	-	335,000
Nov-23	4th draw	-	1,000,000	-	-	1,335,000
Dec-23	5th draw	-	1,317,000	-	-	2,652,000
	<b>totals</b>		<b>\$ 6,475,644</b>	<b>\$ 3,823,644</b>	<b>\$ 42,538</b>	<b>\$ 2,652,000</b>

Note: Interest payments are calculated just prior to loan due dates.

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, as applicable. 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.

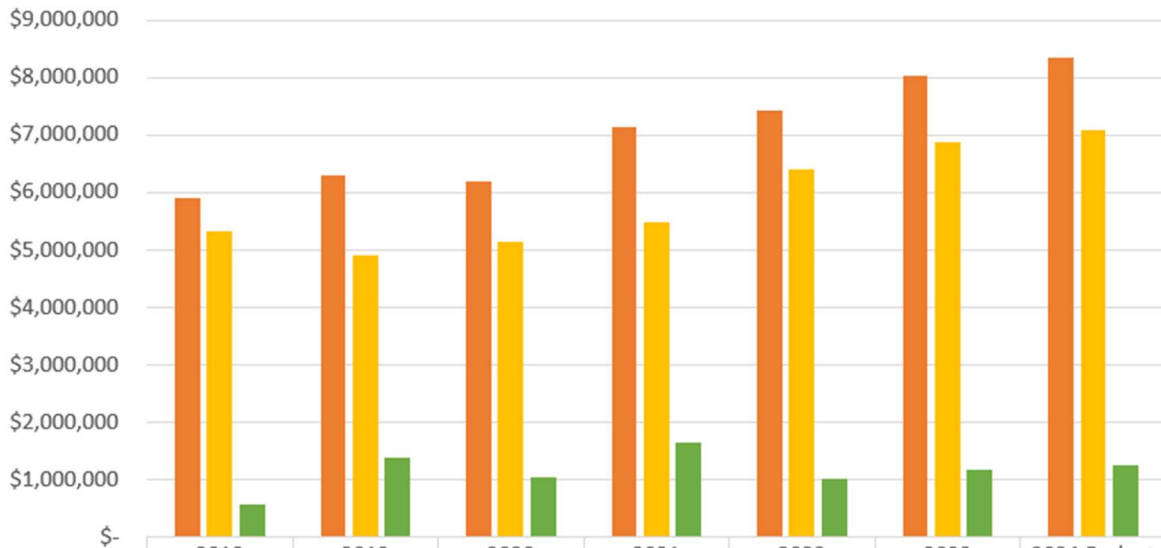
#### FISCAL IMPACT

NA

#### RECOMMENDATIONS

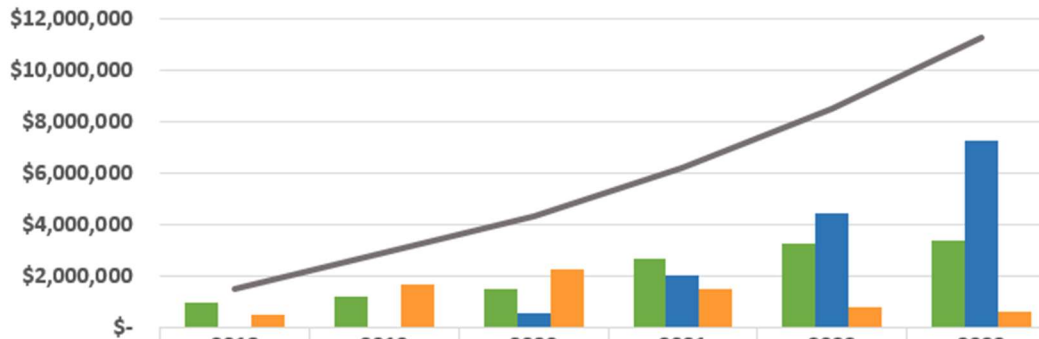
For discussion only.

### 2018 to 2024 Operating Revenue, Expense & Net Income



Revenue	\$5,887,379	\$6,291,462	\$6,175,544	\$7,125,815	\$7,410,955	\$8,023,164	\$8,335,132
Expense	\$5,323,944	\$4,905,238	\$5,148,856	\$5,486,640	\$6,397,033	\$6,867,131	\$7,093,094
Net Income	\$563,435	\$1,386,224	\$1,026,688	\$1,639,175	\$1,013,922	\$1,156,033	\$1,242,038

### 6-Year Cash & Investments Trend



Reserved Cash (Other)	\$992,234	\$1,233,195	\$1,513,531	\$2,709,886	\$3,259,864	\$3,376,218
Reserved Cash (IDD)	\$-	\$-	\$548,531	\$2,037,678	\$4,448,299	\$7,252,497
Unreserved Cash	\$524,267	\$1,683,435	\$2,288,877	\$1,491,339	\$781,894	\$644,427
Total Cash	\$1,516,501	\$2,916,630	\$4,350,939	\$6,238,903	\$8,490,057	\$11,273,142