

# PORT OF PORT TOWNSEND

## INFORMATIONAL MEMO

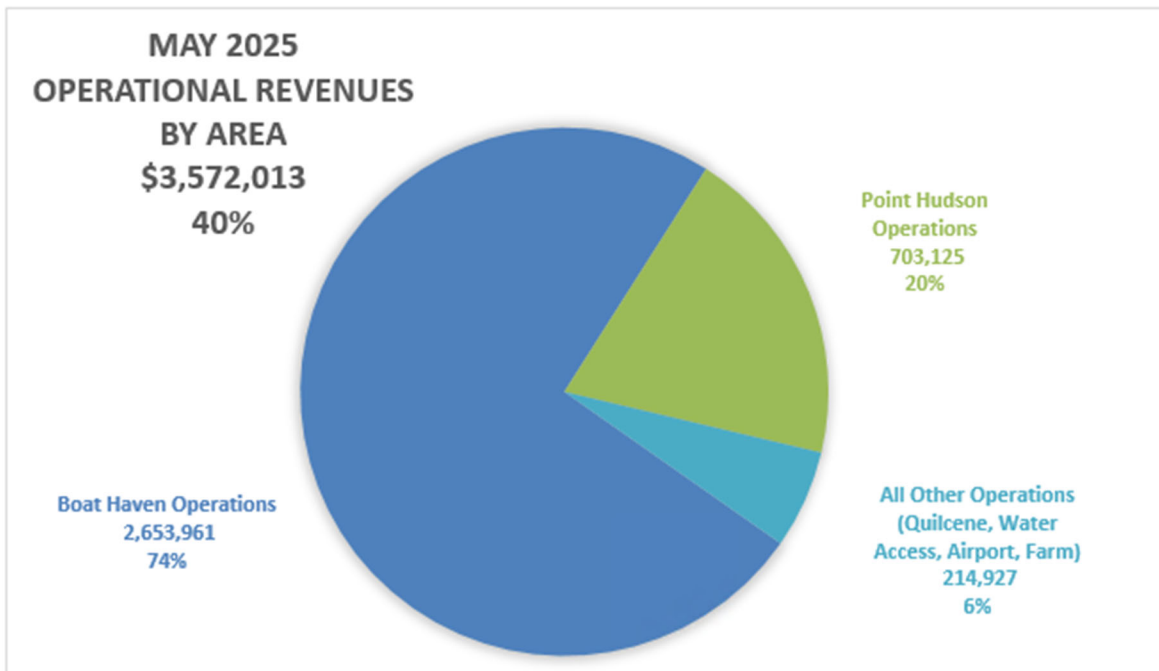
**DATE:** 7/9/2025  
**TO:** Commission, Executive Staff  
**FROM:** Connie Anderson, Director of Finance & Administration  
**SUBJECT:** May 2025 Financial Report

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Attached is the May 2025 financial report on Port activities. The consolidated report shows the variance between the current period as compared to the prior year (May 2024) and the % of budget for 2025. May 2025 represents 42% of the budget.

### Notes to the Financial Statements:

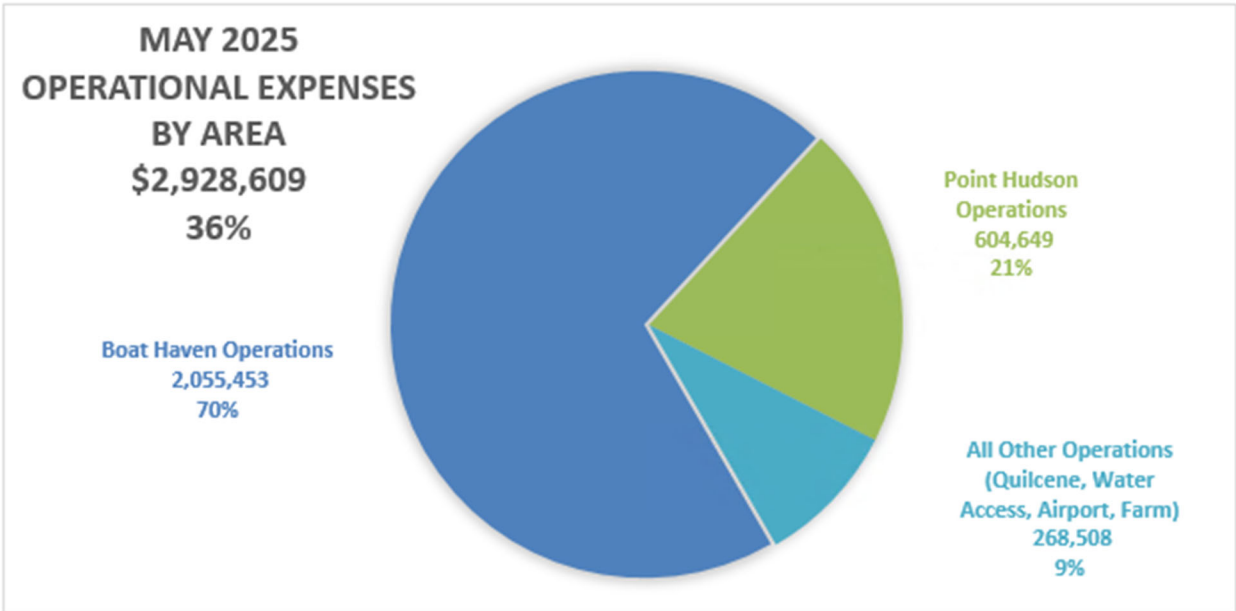
#### Operating Revenues



2025 Revenues through YTD May are reported at \$3,572,013, \$296k higher than 2024 and 40% of 2025 Budget. Overall revenues continued to improve during the Spring season and the Boat Yard is filled with vessels undergoing regular repair, maintenance and larger project work. Combined Boat Haven operations (Moorage, Yard and Properties) is the largest source of revenue for the Port, bringing in 74% of the YTD overall revenue. Combined yard operations were \$1,241,480, 35% of the overall 2025 operational revenue and 34% of the 2025 YTD Budget. Combined yard revenues were similar to 2024, with only a 1% variance to the prior year. The 70/75T Boat Yard experienced record haul out activity, which offset the 300T Boat Yard haul out activity which is down 25%. The Boat Yard storage capacity has been restricted due to the Stormwater construction project. The limited available storage space for large vessels has impacted the number of large boat haul outs into the Boat Yard. The Point

Hudson Marina remains a strong source of overall Port revenue, reporting a \$129k increase in May from the prior year. Port leased properties, a combination of Boat Haven and Point Hudson, have improved and are reporting a \$68k increase or 9% more than 2024. All properties are currently leased after experiencing some turnover early in the year.

**Operating Expenditures**



May 2025 operating expenses are \$2,925,695, \$16,416 higher than 2024 and 36% of the 2025 operating budget. Combined Boat Haven operations have the largest share of overall expenses at 70% of YTD costs.

Salaries & benefits are the largest expense, 63% of Port Operations and are reported at \$1.9m, \$93k less than 2024. The 2024 expenses included one-time expenses related to staff retirements and resignations with all 2024 budgeted positions filled. The 2025 budget includes 42 budgeted positions. All advertised positions for CSRs and the Lease/Contract Administrator position have been filled with start dates in early June. One CSR I position will remain vacant.

Utilities continue to report considerably higher than 2024. In addition to increased rates for all utility services, an adjustment is anticipated by the City of Port Townsend utility department for an abnormal sewer reading due to a faulty meter. The remaining difference is due to the timing of posting year end 2024 utility payments.

**Net Operating Income (NOI)**

May net operating income ended at 77% of the 2025 budget or \$646,318, well above anticipated YTD Net Operating Income.

## **Other Increases and Decreases in Fund Resources**

### **Other Increases**

**Account Receivables** are reported at \$210,927. This represents operational income generated but not yet recorded to revenues.

Total **Grant Reimbursements and Government Payments** YTD May 2025 are \$2,321,711. The Port received \$1,326,302 in federal, state and local grant reimbursements in April and May. Reimbursements were received for the following projects:

<b>Project</b>	<b>April /May 2025</b>	<b>Grant Type</b>
300T Travelift	425,010	Federal Dept of Commerce, EDA
BH Stormwater	86,431	Federal Dept of Treasury, ARPA
BH Stormwater	562,188	WA State Dept of Commerce
JCIA Rural Light Industrial Park	252,672	Local Jefferson County PIF grant
<b>Total Grant Reimbursements</b>	<b>\$1,326,302</b>	

Additional **Tax Receipts** of \$1.7m are recorded for the months of April & May, with a YTD total of \$2,188,890, 58% of budget. Semi-Annual property tax payments are due in April and October and provide most tax receipts for the year. **Investment Interest** for May YTD is \$233,903 with an average interest rate of 4.3737%. The interest rates are holding steady in the 4.25%-4.5% range. The continued updates from the Federal Reserve Chair emphasize a “wait-and-see” approach to monetary policy, delaying any decision on rate cuts. It is difficult to predict the direction rates will take as the year progresses, but interest earnings will follow any trends set by the Federal Reserve.

### **Other Decreases**

**Capital Project** work continues with many large projects in process. Details by project are included in the 2025 YTD Capital Project Expense report. Overall, YTD May 2025 capital project expenses are \$2.4m or 16% of the total 2025 capital budget. YTD capital expense details by project are attached. Overall, the capital project expenses can be categorized as indicated in the table below. Port salaries and benefits directly related to capital projects are charged to individual projects.

<b>Capital Project Expense</b>	<b>YTD May 2025</b>	<b>% of Capital Expense</b>
Port Labor	213,033	9%
Port Benefits	55,577	2%
Materials	386,499	16%
Contract Services	1,782,027	73%
<b>Total Capital Project Expenses</b>	<b>\$2,437,136</b>	<b>100%</b>

### **Year to Date Cash Balances**

The overall change in cash position compared to 2024 has increased by \$1.4m. The increase is primarily due to higher receipt of grant reimbursements (\$946K) as well as higher YTD net operating income (\$280k).

<b>Ending Cash Balances</b>		<b>2024 Actuals</b>	<b>2025 YTD</b>
Reserved Cash & Investments – IDD		8,390,244	7,690,894
Reserved Cash & Investments – Other, see detail below*		3,376,219	3,376,219
Unreserved Cash & Investments		2,744,491	4,849,098
Total Cash & Investments		14,510,954	15,916,211
<b>*Other Reserves detail:</b>			
	<b>Target balance</b>	<b>2024 Actuals</b>	<b>2025 YTD</b>
Unemployment Reserve	NA	10,000	10,000
Operating Reserve (a)	1,773,274	1,623,405	1,623,405
Emergency Reserve	500,000	500,000	500,000
Boat Haven Renovation Reserve (b)	NA	436,068	436,068
Port-Wide Capital Reserve (c)	NA	806,746	806,746
Total Other Reserves		\$3,376,219	\$3,376,219

#### 2025 Cash Balance Notes:

Reserved cash and investments are invested in the WA State Local Government Investment Pool (LGIP). Year-to-date interest, May 2025, earned \$233,903. The average YTD interest rate earned was 4.3737% before investment fees. Interest rates remain strong. Future interest rates will be impacted by economic circumstances and Federal Reserve decisions through the coming year.

#### Other Reserves detail:

- (a) The target for the Operating Reserve is 25%, or three (3) months, of operating expenses, per the current budget. The above target is based on the 2024 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)

6.125% Interest Rate; Build America Bonds Subsidy, 3.98% effective rate

June 1 – interest only \$ 58,131

December 1 – principal and interest 423,131

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

3.00% Interest

July 1 – principal and interest 543,025

December 31 – interest only 8,025

Total Debt Service for the year \$ 1,032,313

Remaining Debt for years 2025-2029

2010 LTGO Bond – principal and interest	\$ 2,365,450	payoff December 2029
2015 LTGO Bond – principal and interest	<u>551,050</u>	payoff December 2025
Total	<u>\$ 2,916,500 *</u>	

As an alternative to paying off currently obligated debt in accordance with the amortization schedules, staff propose the Port move more quickly to extinguish that debt. Port staff proposes to use annual property tax levy to extinguish all the above debt obligations two years earlier in 2027, rather than the legal obligation of 2029. Further analysis will be brought to the commission for further consideration.

## 2021 LTGO Line of Credit

### 2021 LTGO Line of Credit

Issue	Draw Date	Maturity Date	Interest Rate	Balance	Draw Amount	Redemption Principal	Redemption Interest	Ending Principal Balance	Available Credit	Notes
LOC 2021		Mar-27	1.55%						7,000,000	Line of Credit
1st draw	Nov-22			-	2,633,967	-	-	2,633,967	4,366,033	
2nd draw	Dec-22			2,633,967	1,189,677	-	-	3,823,644	3,176,356	
LOC payment	Mar-23			3,823,644	-	423,734	16,481	3,399,910	3,600,090	
Pay Down	Aug-23			3,399,910	-	3,399,910	26,057	-	7,000,000	
3rd draw	Oct-23			-	335,000	-	-	335,000	6,665,000	
4th draw	Nov-23			335,000	1,000,000			1,335,000	5,665,000	
5th draw	Dec-23			1,335,000	1,317,000			2,652,000	4,348,000	
6th draw	Jan-24			2,652,000	888,000			3,540,000	3,460,000	
7th draw	Feb-24			3,540,000	849,000			4,389,000	2,611,000	
LOC payment	Feb-24			4,389,000		506,705	13,071	3,882,295	3,117,705	
LOC payment	Sep-24			3,882,295		635,079	30,197	3,247,216	3,752,784	
LOC payment	Mar-25			3,247,216		640,110	25,166	2,607,106	4,392,894	
LOC payment	Sep-25			2,607,106		600,000	20,000	2,007,106	4,992,894	estimated
Interest Adjustment			1.65%							
LOC payment	Mar-26			2,007,106		575,000	15,000	1,432,106	5,567,894	estimated
LOC payment	Sep-26			1,432,106		575,000	13,000	857,106	6,142,894	estimated
LOC payment	Mar-27			857,106		575,000	13,000	282,106	6,717,894	estimated
LOC payment	Mar-27			282,106		282,106	5,000	(0)	7,000,000	estimated
<b>2021 LTGO Line of Credit Available Balance as of March 2025</b>								<b>\$4,392,894</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. An estimated repayment schedule has been included, based on no additional cash draws during the remaining term. The LOC can be paid in full at any time; 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.