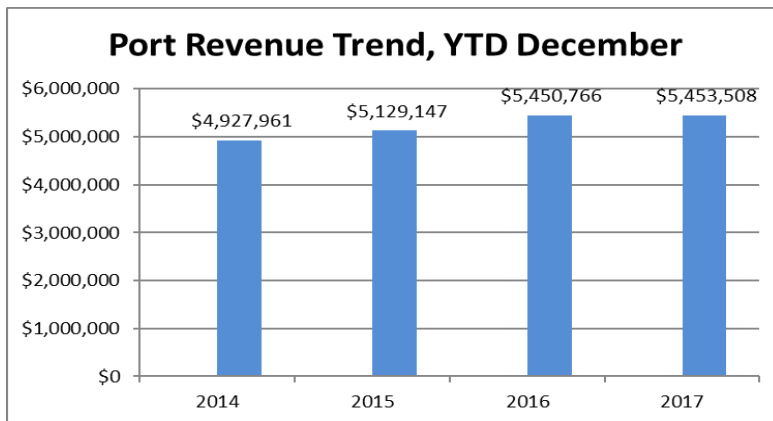


DATE: January 19, 2018
TO: Commissioners and Directors
FROM: Abigail Berg, Director of Finance & Administration
SUBJECT: Port Operating Results as of December 31, 2017 - PRELIMINARY

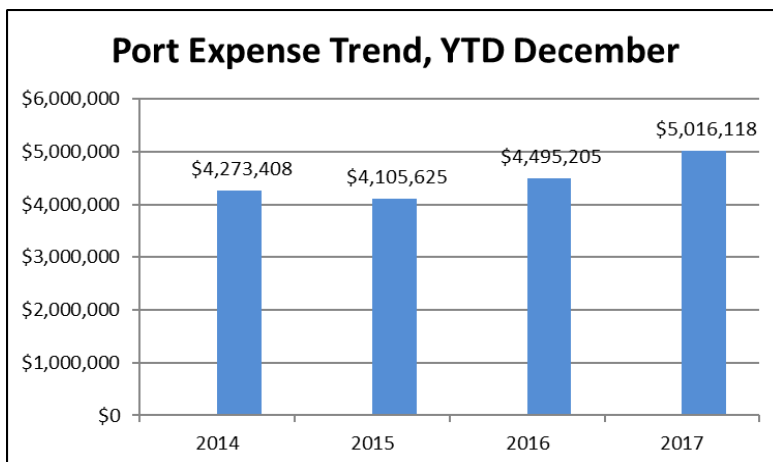
NOTE: A new Port-wide month to month actual activity with remaining budget report is included in this package to replace the prior current month YTD comparison to prior year and budget. In addition, this package includes a Major Port Operations Revenue 3 Year Trend with graphs, a Facilities & Operations Expense 3 Year Trend with graphs and the Port's current Debt Service Analysis as of January 1, 2018.

This is a preliminary report. It is preliminary because we have not completed the Annual Report which will be completed on or before May 31, 2018. For the purposes of reviewing the performance of Operations, this preliminary report is substantially accurate, however, there may be additional expenses for which we've not received invoices and are applicable to 2017 activity. I'm confident most revenues have been captured, though there will be a small amount of WSDOT grant revenues recorded to 2017 once that grant billing is complete.



Revenue Highlights:

- ✓ We ended 2017 \$80,982 below budget and more than year end 2016 by \$2,742.
- ✓ Yard Revenues were below budget by \$78,716.
- ✓ Utilities Revenue was below budget by \$7,891.
- ✓ Fuel Sales & Leases were below budget by \$4,944.
- ✓ Marinas & RV Parks exceeded budget by \$4,888.



Expense Highlights:

- ✓ We ended 2017 \$83,315 below budget and more than year end 2016 by \$520,913.

- ✓ Though Operating Expenses increased markedly over 2016, these were substantially budgeted.
- ✓ Personnel was over budget by \$6,963.
- ✓ Cost of Goods – Fuel was over budget by \$4,730.
- ✓ Outside Services was over budget by \$1,456.
- ✓ Whereas Facilities and Operations was under budget by \$60,055, the write off of Bad Debt effected this line item by being over budget by approximately \$60,000. Most of the Bad Debt write off in December, that totaled \$97,075, is attributable to prior years (93% or \$89,966).

Net Operating Income is \$437,389. When including Non-Operating Revenues and Expenses, there is a Net Profit of \$1,503,858 (*Note: The November report included Depreciation in this analysis, whereas starting with this month, it is not being reported in that manner.*)

Non-Operating Highlights:

- ✓ Total Non-Operating Revenue exceeded budget by \$73,713.
- ✓ Of that total, Capital Contributions/Grants exceeded budget by \$59,297 and Property & Other Taxes exceeded budget by \$18,038.
- ✓ Total Non-Operating Expenses were below budget by \$67,388.
- ✓ Of that total, Bond Management, Issuance, Investment was below budget since the bond for the Point Hudson South Jetty project did not get issued in 2017, nor was a decision made in time to include it in the 2018 budget.
- ✓ In addition, Election Expense came in under budget by \$5,389.

This month, the Port expended \$223,806 in WIP (capital project “Work in Progress”). 68% of these expenses are for the Stormwater Rx, 20% is related to JCIA Runway Rehab Project, while 12% is related to the Point Hudson South Jetty Project.

In December, a debt service payment of \$368,819 (principle and interest) was made for the 2010 LTGO Bond.

End of month, the cash and investment balances were \$1,825,582. Reserve balances totaled \$872,234 and Unreserved Cash & Investments totaled \$953,348. Total 2017 ending Cash & Investments for the Port exceeded the 2018 Budget beginning Cash & Investments by \$95,656.

Port of Port Townsend Port-Wide
Monthly Actual Activity 2017 - YEAR END PRELIMINARY

	Actual Jan-17	Actual Feb-17	Actual Mar-17	Actual Apr-17	Actual May-17	Actual Jun-17	Actual Jul-17	Actual Aug-17	Actual Sep-17	Actual Oct-17	Actual Nov-17	Budget Dec-17	Actual Dec-17	Total Budget 2017	ACTUAL YTD total	Bdgt to Actual Variance
Revenues																
Marinas and RV Parks	152,782	152,116	171,046	185,589	227,879	252,290	300,140	298,660	260,479	202,271	171,786	143,342	174,849	2,545,000	2,549,888	4,888
Yard Operations	78,933	98,866	138,350	126,487	153,294	141,390	130,648	121,164	126,737	137,261	79,024	82,219	89,555	1,500,424	1,421,708	(78,716)
Property Leases & Use	91,556	91,567	90,785	97,382	95,026	94,826	94,386	100,135	118,635	93,935	92,896	94,050	93,218	1,153,990	1,154,349	359
Fuel Sales & Leases	2,857	1,828	2,996	2,847	2,833	4,244	7,155	6,206	5,273	4,463	2,787	3,348	1,568	50,000	45,056	(4,944)
Ramp Use	2,955	3,560	5,318	3,368	7,346	11,535	11,272	4,046	5,713	1,480	360	250	3,370	55,000	60,322	5,322
Utilities	21,846	20,893	21,166	19,575	19,801	16,178	17,169	18,010	17,027	17,614	13,991	20,199	18,915	230,076	222,185	(7,891)
Total Operating Revenues	350,929	368,830	429,661	435,248	506,179	520,463	560,769	548,221	533,864	457,024	360,844	343,408	381,476	5,534,490	5,453,508	(80,982)
Operating Expenses																
Personnel	129,076	345,834	297,012	237,114	233,293	250,774	253,464	262,495	254,539	257,059	253,935	251,336	246,107	3,013,738	3,020,701	6,963
Outside Services	8,172	51,540	42,769	17,632	83,238	43,865	24,866	60,080	60,619	62,526	60,608	66,368	70,798	585,256	586,712	1,456
Facilities & Operations	36,397	51,607	64,959	72,566	29,450	61,584	53,492	60,565	69,786	37,229	49,229	61,255	158,891	805,809	745,755	(60,055)
Utilities	4,104	55,118	49,447	48,035	41,749	43,817	39,539	38,911	39,304	46,005	46,081	45,887	98,800	554,180	550,909	(3,271)
Marketing	2,237	1,929	5,292	771	1,600	5,668	633	2,117	5,828	3,277	2,099	4,345	1,287	54,450	32,737	(21,713)
Economic Development	-	-	-	-	-	-	15,000	-	-	15,000	-	12,500	-	40,000	30,000	(10,000)
Travel & Training	20	3,914	531	1,062	1,087	6,302	549	2,380	1,556	251	4,706	2,508	7,606	30,000	29,964	(36)
Cost of Goods - Fuel	1,310	494	1,364	1,065	454	1,860	2,904	1,817	2,143	1,757	1,155	1,000	405	12,000	16,730	4,730
Community Relations	35	175	100	-	-	304	-	1,500	-	116	58	333	321	4,000	2,610	(1,390)
Total Operating Expenses	181,351	510,613	461,474	378,243	390,871	414,175	390,447	429,865	433,774	423,220	417,869	445,531	584,216	5,099,433	5,016,118	(83,315)
Income (Loss) from Oper w/o Depr	169,577	(141,783)	(31,813)	57,005	115,308	106,288	170,322	118,356	100,090	33,805	(57,025)	(102,123)	(202,740)	435,057	437,389	2,333
Non-Operating Revenue																
Capital Contributions/Grants	-	4,767	3,716	-	471	-	8,678	-	22,161	46,654	73,831	43,535	197,294	298,274	357,571	59,297
Interest	17,640	1,299	1,470	(14,753)	1,376	17,882	1,772	1,833	1,800	1,928	16,318	1,000	(4,727)	41,000	43,840	2,840
Property & other taxes	80,402	90,799	79,731	80,741	90,186	83,039	80,393	108,160	80,058	88,923	92,355	82,413	82,252	1,019,000	1,037,038	18,038
Miscellaneous Non-Operating Revenue	2,571	9,287	2,261	2,607	5,103	2,639	1,496	4,038	2,185	1,975	2,363	1,400	16,711	59,700	53,238	(6,462)
Total Non-Operating Revenues	100,614	106,151	87,178	68,596	97,137	103,560	92,339	114,032	106,204	139,480	184,867	128,348	291,530	1,417,974	1,491,687	73,713
Non-Operating Expenses																
Bond Interest	29,722	29,722	29,092	29,655	29,161	29,161	27,615	27,386	28,761	26,928	28,261	28,425	26,477	343,877	341,943	(1,934)
Bond Mgmt, Issuance, Investment	110	50	5,609	3,782	164	1,312	7,739	368	21,103	611	10,739	79,020	19,738	131,390	71,325	(60,065)
Election Expense	-	-	-	-	-	-	-	-	-	-	-	17,340	11,951	17,340	11,951	(5,389)
Total Non-Operating Expenses	29,832	29,772	34,702	33,436	29,326	30,473	35,354	27,754	49,864	27,539	39,000	124,785	58,166	492,607	425,219	(67,388)
Net Non-Operating Income(Expense)	70,781	76,380	52,477	35,159	67,811	73,087	56,985	86,278	56,340	111,941	145,867	3,563	233,364	925,367	1,066,468	141,101
Net Income (Loss)	240,359	(65,403)	20,663	92,164	183,119	179,374	227,307	204,633	156,430	145,746	88,841	(98,560)	30,624	1,360,424	1,503,858	143,434
Debt Service Principle	-	-	-	-	(197,267)	-	(417,000)	-	-	-	(200,226)	(260,000)	(260,000)	(1,074,493)	(1,074,493)	-
Available for Capital	240,359	(65,403)	20,663	92,164	(14,148)	179,374	(189,693)	204,633	156,430	145,746	(111,385)	(358,560)	(229,376)	285,931	429,365	143,434

Major Port Operations Revenue
Monthly as of December 31, 2017 - PRELIMINARY

MARINAS & RV PARKS

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	Total
2015	147,223	147,807	157,043	167,880	208,212	216,181	255,773	247,654	229,114	179,008	153,353	141,406	2,250,653
2016	157,265	158,331	163,963	203,332	220,872	244,026	277,638	273,082	261,784	183,088	181,166	150,375	2,474,924
2017	152,782	152,116	171,046	185,589	227,879	252,290	300,140	298,660	260,479	202,271	171,786	174,849	2,549,888

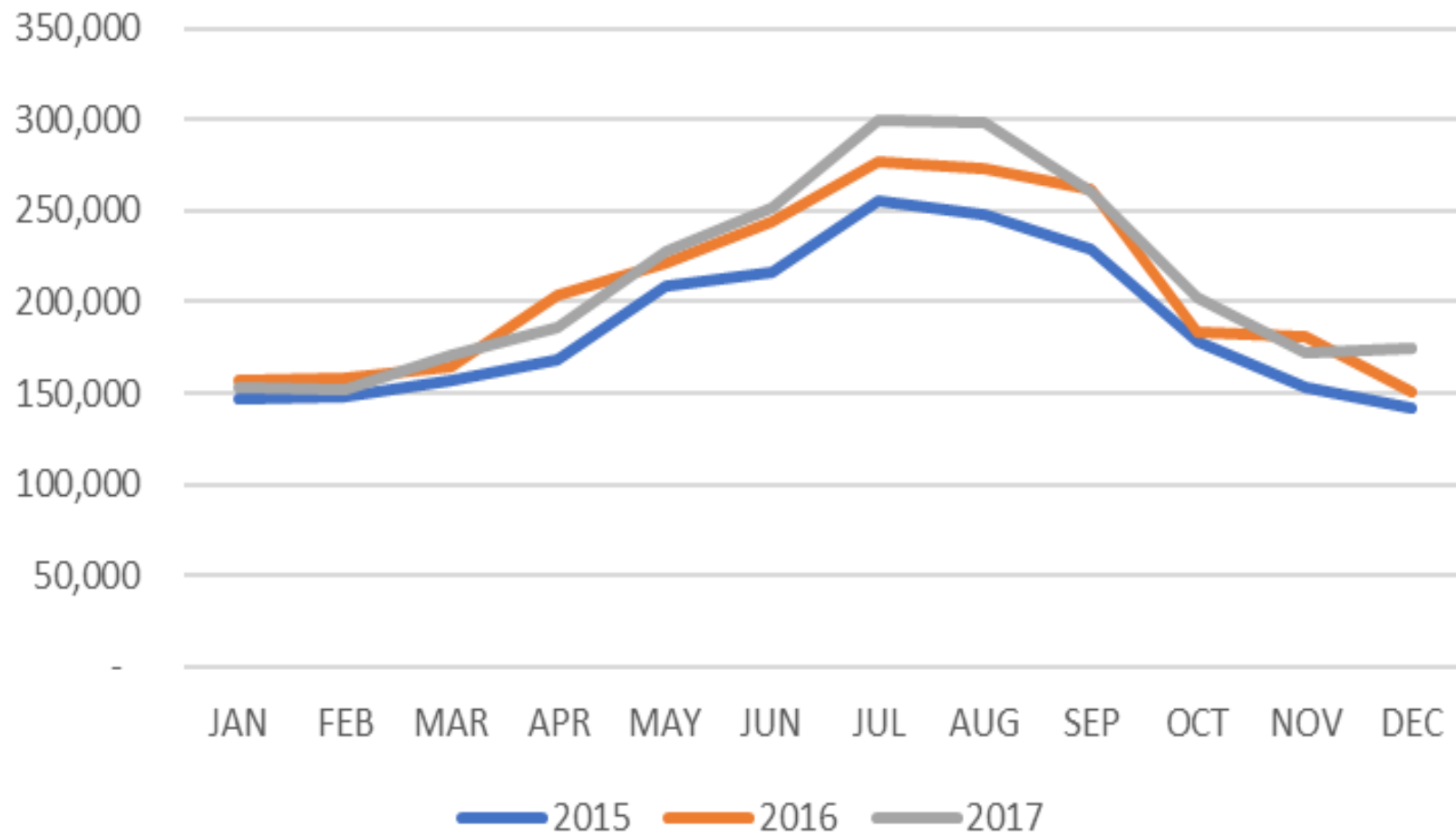
YARD OPERATIONS

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	Total
2015	127,251	117,863	152,896	143,637	165,218	159,055	127,153	113,746	146,730	111,944	106,145	101,239	1,572,877
2016	90,417	99,886	145,797	189,397	153,684	168,270	117,066	119,277	162,539	140,141	87,340	105,067	1,578,880
2017	78,933	98,866	138,350	126,487	153,294	141,390	130,648	121,164	126,737	137,261	79,024	89,555	1,421,708

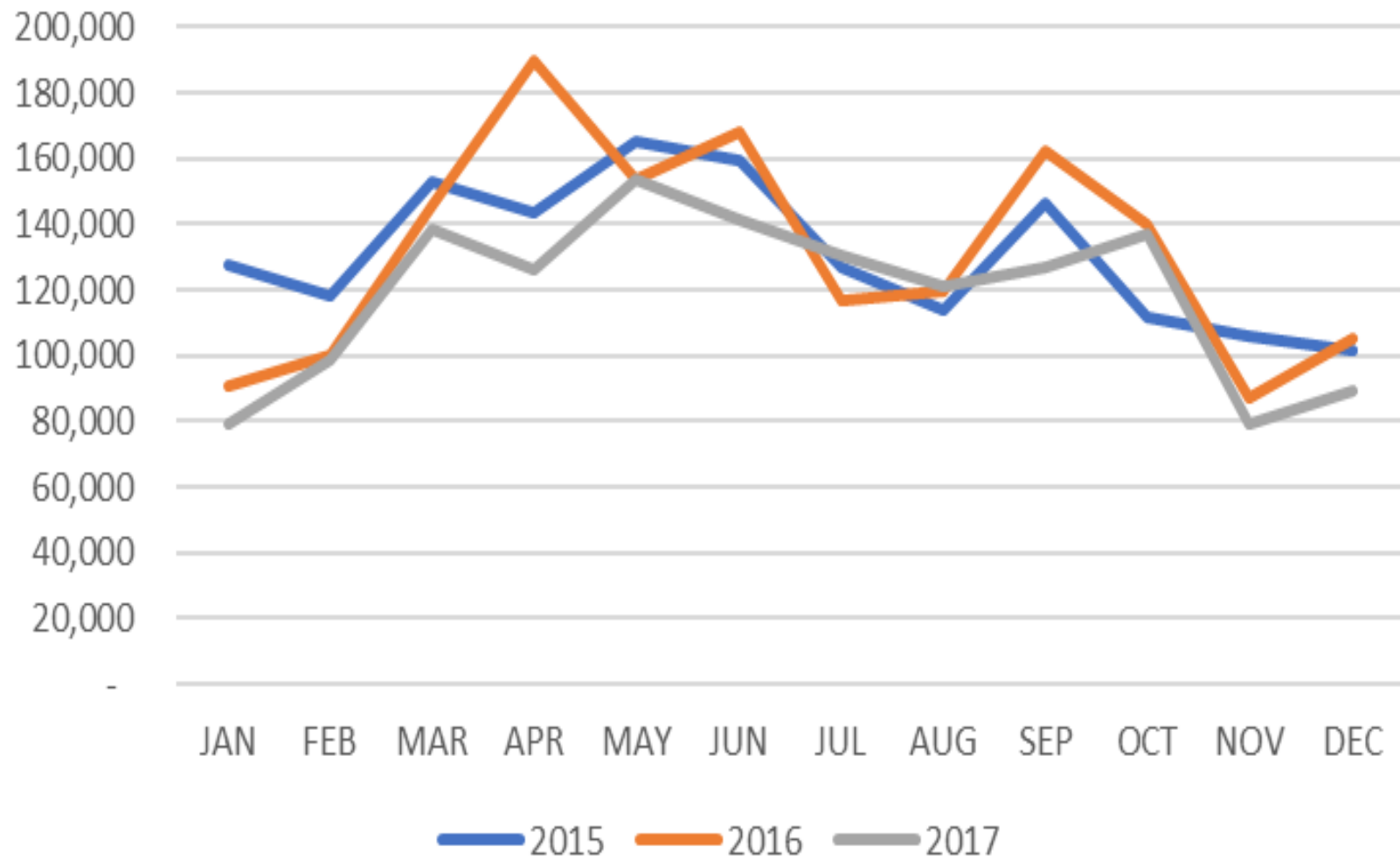
PROPERTY LEASES & USE

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	Total
2015	89,711	89,635	90,229	90,033	92,443	91,418	91,229	90,283	91,269	90,832	92,128	108,091	1,107,302
2016	87,810	88,194	88,643	89,442	91,186	88,736	99,242	89,007	89,305	90,179	90,171	69,730	1,061,642
2017	91,556	91,567	90,785	97,382	95,026	94,826	94,386	100,135	118,635	93,935	92,896	93,218	1,154,349

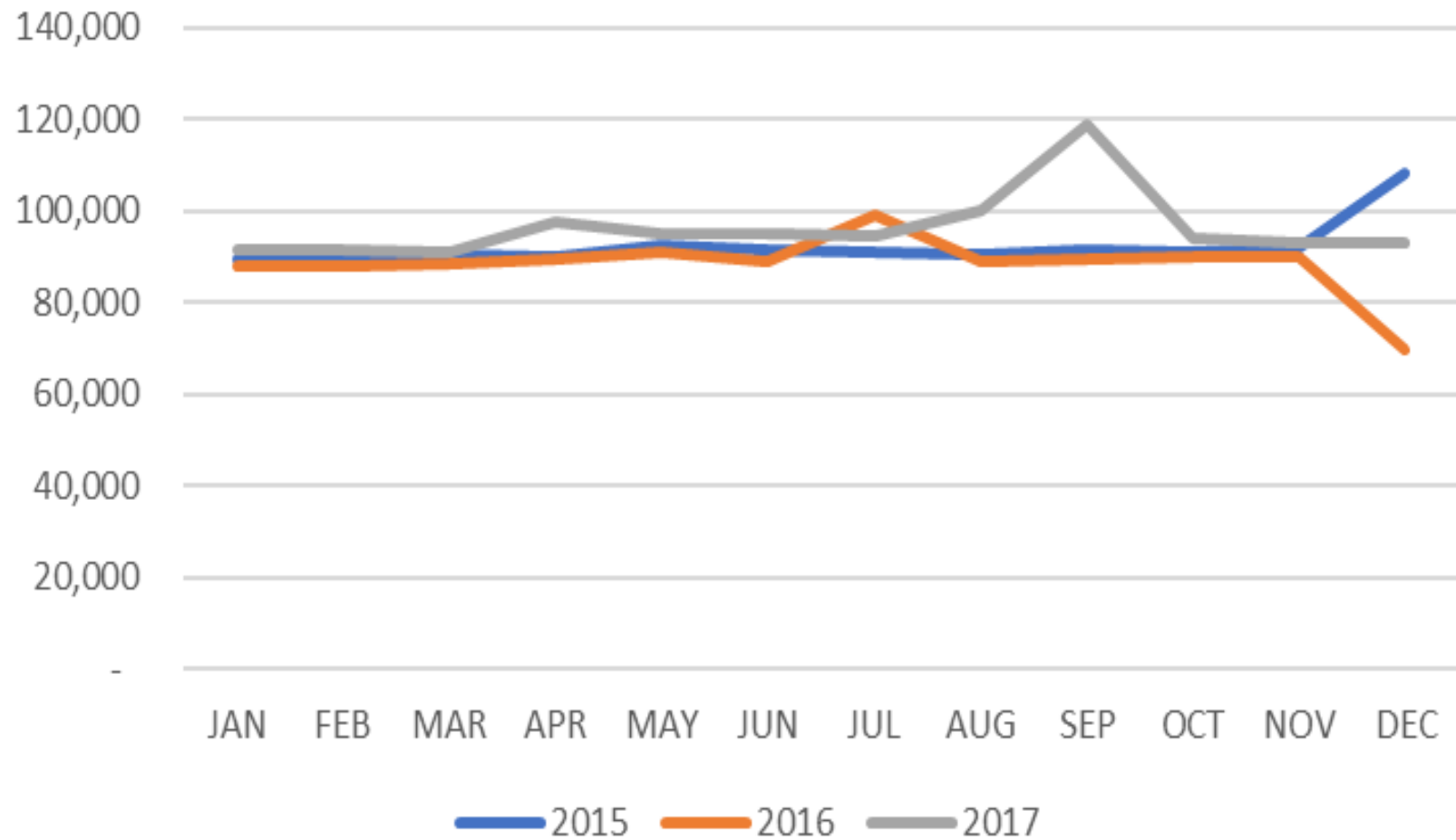
Marinas & RV Parks Revenue



Yard Operating Revenue



Property Leases & Use Revenue

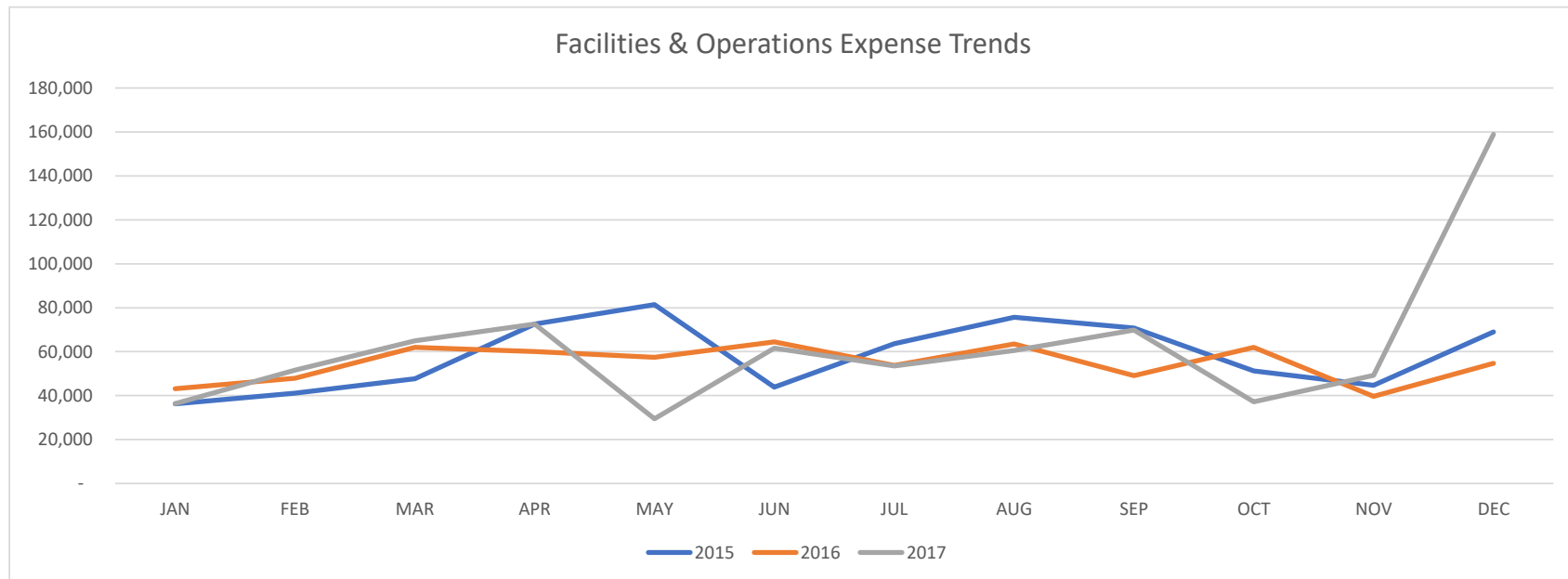


Facilities and Operations Expenses
Monthly as of December 31, 2017 - PRELIMINARY

FACILITIES & OPERATIONS

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	Total
2015	36,245	41,069	47,666	72,576	81,413	43,890	63,676	75,664	70,823	51,195	44,727	68,942	697,886
2016	43,158	47,960	61,900	60,036	57,397	64,456	53,711	63,541	49,065	61,925	39,658	54,646	657,453
2017	36,397	51,607	64,959	72,566	29,450	61,584	53,492	60,565	69,786	37,229	49,229	158,891	745,755

2017 w/o Bad Debt write off 648,680

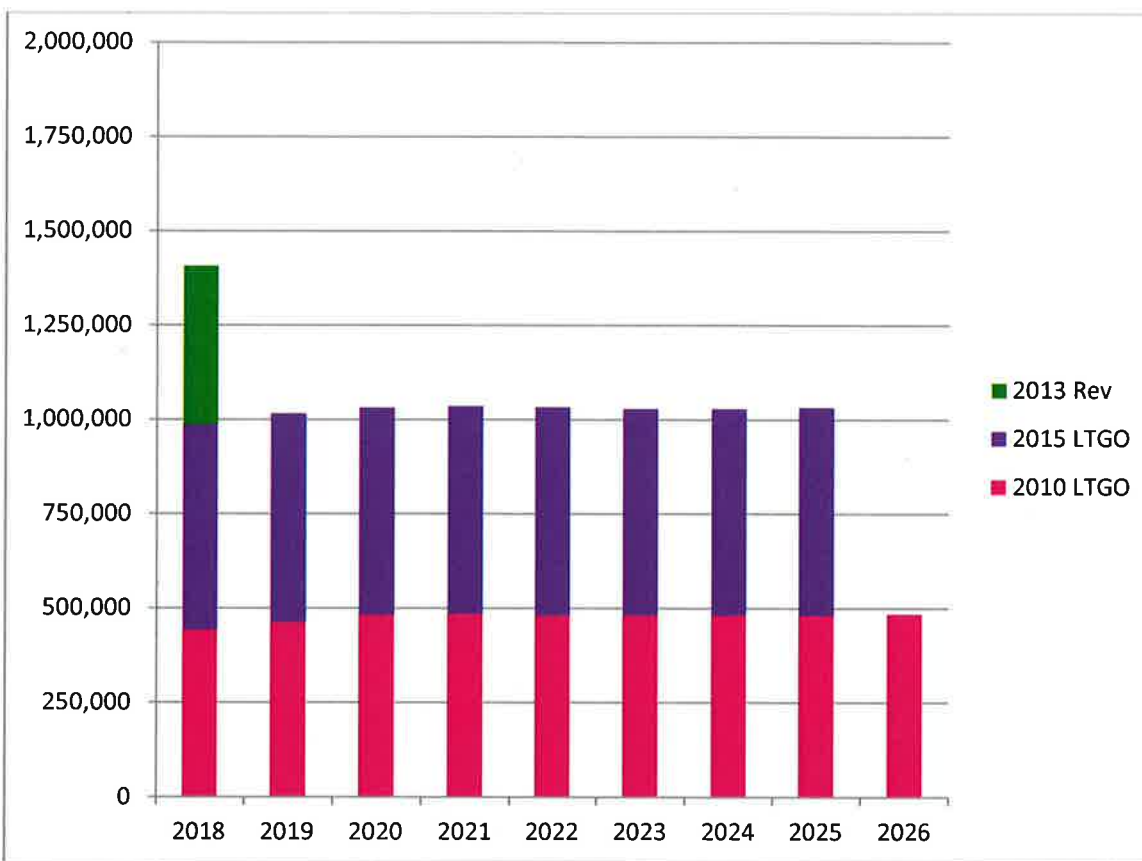


NOTE: December 2017 has a sharp increase in this expense line item as the result of the Bad Debt written off by the Commission in December in the amount of \$97,075. This line item relates to Revenues recognized in previous years that was identified as uncollectible. The breakdown by year is as follows:

2014	\$ 16,568
2015	\$ 67,315
2016	\$ 6,083
2017	\$ 7,109
	<u>\$ 97,075</u>

Port of Port Townsend Debt Service Analysis As of January 1, 2018

Debt	Principal Balance	Interest Balance	Pay-Off Date
2013 Revenue Bond (2.2 - 3%)	\$ 409,507	\$ 9,237	November 2018
2015 LTGO Refunding Bond (3%)	\$3,855,000	\$ 538,350	December 2025
2010 LTGO Bond (0.85 – 6.125%)	<u>\$4,105,000</u>	<u>\$1,578,788</u>	December 2029
Total	\$8,369,507	<u>\$2,126,375</u> \$10,495,882	



Legend:

2013 Revenue Bond – construction of current Administrative building

2015 LTGO Refunding Bond – refunded 2005 LTGO bonds used for Point Hudson Marina Reconstruction

2010 LTGO Bond – reconstruction of A/B dock (83%) and 75 Ton Travelift pier (17%)