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**Port of Port Townsend
2nd Monthly Meeting Agenda – *Special Meeting*, and
1st Public Hearing on 2018 Operating & Capital Budget
Tuesday, October 24, 2017, 1:00 p.m.
Quilcene Community Center
294952 State Highway 101
Quilcene, WA**

- I. Call to Order / Pledge of Allegiance
- II. Approval of Agenda
- III. Consent Agenda
 - A. Approval of Amended Minutes – September 27, 2017.....1-4
 - Approval of Public Workshop Minutes – October 11, 2017.....5-6
 - Approval of Meeting Minutes – October 11, 2017.....7-10
 - B. Approval of Warrants
- IV. Public Comments (not related to Agenda)
- V. Public Hearing on 2018 Operating & Capital Budget
 - A. 3rd Draft – 2018 Operating & Capital Budget.....11-16
- VI. Second Reading
- VII. First Reading
- VIII. Regular Business
 - A. September Financials.....17-20
 - B. Operations and Occupancy Report.....21
- IX. Staff Comments
- X. Public Comments
- XI. Commissioner Comments
- XII. Next Public Workshop / Regular Meeting:
Wednesday, November 8, 2017, workshop at 9:30 a.m., meeting at 1:00 p.m., Port Commission Building, 333 Benedict Street, Port Townsend, WA
- XIII. Executive Session
 - A. Discussion of Acceptable Value of 2 (two) Leases
- XIV. Adjournment

PORT COMMISSION REGULAR MEETING– September 27, 2017

The Port of Port Townsend Commission met in regular session at the Commission Building, 333 Benedict Street, Port Townsend, WA

Present: Commissioners – Hanke, Clinefelter and Tucker
Executive Director Gibboney
Auditor Berg
Director of Planning Toews
Communications Coordinator Matej
Attorney Lake
Minutes – Nelson (excused absence from meeting at 7:00 pm)

Excused: Director of Operations & Business Development Englin

I. CALL TO ORDER/PLEDGE OF ALLEGIANCE:

Commissioner Hanke called the meeting to order at 5:30 p.m.

II. APPROVAL OF AGENDA:

Ms. Gibboney deleted VII. Regular Business, Item C – Calendar-Commission Meeting Topics from the agenda and announced it would be presented at the next Commission meeting.

Commissioner Tucker moved to approve the Agenda as amended.

Commissioner Clinefelter seconded the motion.

Motion carried by unanimous vote.

III. CONSENT AGENDA (0:57):

A. Approval of Public Workshop Minutes – September 13, 2017

Approval of Meeting Minutes – September 13, 2017

B. Approval of Warrants

Warrant #058185 through #058195 in the amount of \$15,705.10 for Payroll & Benefits

Electronic Payment in the amount of \$71,607.57 for Payroll & Benefits

Warrant #058196 through #058244 in the amount of \$272,476.26 for Accounts Payable

Electronic Debit in the amount of \$12,698.06 for WA State Dept. of Revenue Combined

Excise Tax Return for August 2017

Commissioner Clinefelter moved to approve the Consent Agenda as presented.

Commissioner Tucker seconded the motion.

Motion carried by unanimous vote.

IV. PUBLIC COMMENTS (Not related to agenda):

V. SECOND READING (Action Items):

VI. FIRST READING (Discussion Only):

VII. REGULAR BUSINESS:

A. Point Hudson Strategy “Realizing the Potential” (1:31):

Ms. Gibboney explained the upcoming presentation is for Commission and community input. She reminded the Port obtained the services of consulting firm Maul Foster Alongi for the Point Hudson planning process, with the help of a CERB grant. She stated the Commission directed staff to make this a community process, and to include the public, governmental entities and stakeholders. Ms. Gibboney added that a Public Open House on Point Hudson planning is scheduled (October 19, 5:00 pm) and there would be other opportunities for the Commission to hear from their constituents. She stated to the Commission that this information is not staff's recommendation, but it is staff presenting their thinking and looking for Commission input. She summed up that planning for Point Hudson is a "Framework for Stewardship".

Next, Ms. Gibboney presented Maul Foster Alongi consultants, Jim Darling and Michael Stringer. The Power Point presentation presented by Mr. Darling and Mr. Stringer listed steps, including: planning process, what has been learned from market assessment, spectrum of use alternatives & opportunities for collaboration and an introduction of framework for analysis & alternatives. They discussed the sustainability and potentials for Point Hudson's future. Further discussion ensued along with questions from the Commission.

Ms. Gibboney stated the cash flow analysis from Heartland would soon be presented to the commissioners. She also pointed out this is a long-term strategy for Point Hudson, which would include continued meetings with the NW Maritime Center (NWMC) and the City. She asked the Commission for a decision on whether they would like to explore the option to collaborate with the NWMC and the City. She explained this is an alignment and collaboration process, with interests and concerns from all parties.

Mr. Darling described the scope approach.

NWMC Director Jake Beattie discussed the Maritime Center's ideas on planning and the desire to work with the Port's goals.

Ms. Gibboney asked the question to the Commission again, do they want to proceed on exploring potential collaboration with the NWMC and City and if so, which Port Commissioner would they chose as the Commission representative in this process. She explained this Commissioner would attend the scheduled October 6 meeting with the NWMC and City.

After input from each Commissioner, they all agreed to move forward on the collaboration with the NWMC and chose Commissioner Tucker as the Commission rep.

Director Gibboney reported reps from NWMC are Executive Director Jake Beattie and a board member, from the City, Manager David Timmons and Mayor Deborah Stinson, and Port reps – Executive Director Gibboney and Commissioner Tucker.

Director Gibboney stated staff would bring back a schedule and timeline on decision points. At this time, she recommends the Commission receive comments from the public.

Comments were heard from:

Carol Hasse, 42-year resident of Point Hudson, long-time Point Hudson business owner (PT Sails) and has kept a boat moored in the marina.

Ted Shoulberg, 30-year Port Townsend resident.

Joe von Volkli, 15 year Port Townsend resident and "BUMS" business owner in the Boat Haven.

Jake Beattie, NWMC Executive Director.

Bob Downs, 5-year Port Townsend resident and marine trades worker at Point Hudson.

Gordon Neilson, long-time PT resident and retired business owner.

B. 2018 Operating Budget – 1st Draft:

Ms. Berg presented the draft 2018 Operating (and Capital Budget). Discussion ensued.

D. August 2017 Financials:

Ms. Berg presented August 2017 financials. Discussion ensued.

VIII. STAFF COMMENTS:

Ms. Matej informed that preparations are in process for the October 19 Point Hudson Open House. She stated results from the Point Hudson survey are available on the Port website.

Mr. Toews talked about the October 5 Airport Runway Open House at 5 pm. He stated he has a teleconference next week with Mott MacDonald in regards to the jetty design; staff anticipates 90% design by the end of the year.

IX. PUBLIC COMMENTS:

Gwendolyn Tracy expressed concerns about lease proposals and asked Commissioners to consider all aspects in the equation of lease rates.

Dave Griswold of PT Shipwrights Co-op expressed concerns in regards to lease rates and Potential loss of customers.

Gwendolyn Tracy asked the Commission if they would be willing to have a public workshop with the Port Townsend Marine Trades Association on lease rates and other issues. Commissioner Hanke replied it needs to happen sooner, rather than later.

X. COMMISSIONER COMMENTS:

Commissioner Tucker announced the Energy Lunch might be coming to an end. He stated he attended the Chamber lunch where Wave Broadband made a presentation.

Commissioner Clinefelter stated he has been in touch with the County in regards to the 40-acre parcel located off Highway 104 and Beaver Valley Road, which may have the potential for an agricultural hub.

XI. NEXT PUBLIC WORKSHOP & REGULAR MEETING:

Wednesday, October 11, 2017 at District 3 location: PORT LUDLOW FIRE & RESUCE STATION, 7650 OAK BAY ROAD, PORT LUDLOW, WA. Workshop at 9:30 am, meeting at 1:00 pm.

XII. EXECUTIVE SESSION:

XIII. ADJOURNMENT:

The meeting adjourned at 8:08 pm there being no further business to come before the Commission.

ATTEST:

Stephen R. Tucker, Secretary

Peter W. Hanke, President

Brad A. Clinefelter, Vice President

PORT COMMISSION PUBLIC WORKSHOP – October 11, 2017

The Port of Port Townsend Commission met for a Public Workshop in the Port Commission Building, 333 Benedict Street, Port Townsend, WA

Present: Commissioners Hanke, Clinefelter & Tucker
Executive Director Gibboney
Auditor Berg
Director of Operations & Business Development Englin
Communications Coordinator Matej
Recorder Nelson

I. CALL TO ORDER:

Commissioner Hanke called the Workshop to order at 9:30 a.m.

II. AGENDA:

Refer to attached workshop agenda for items discussed.

IV. ADJOURNMENT:

The Workshop adjourned at 11:36 a.m.

ATTEST:

Peter W. Hanke, President

Stephen R. Tucker, Secretary

Brad A. Clinefelter, Vice President

**Port of Port Townsend
Public Workshop
Wednesday, October 11, 2017, 9:30 a.m.
District 3 Location:
Port Ludlow Fire & Rescue Station
7650 Oak Bay Road
Port Ludlow, WA**

AGENDA

- **Point Hudson Jetty Design Guidance**
Discussion of design considerations for Point Hudson's south jetty.
- **Context for 2018 Budget**
Discussion of issues related to Budget context.

Note: This is a Public Port Commission Workshop. Workshops are for information sharing only and no decisions will be made during the session. Public input may be taken at the Commissions' discretion.

PORT COMMISSION REGULAR MEETING– October 11, 2017

The Port of Port Townsend Commission met in regular session at District 3 Location: Port Ludlow Fire & Rescue, 7650 Oak Bay Road, Port Ludlow, WA

Present: Commissioners – Hanke, Clinefelter and Tucker
Executive Director Gibboney
Auditor Berg
Director of Operations & Business Development Englin
Communications Coordinator Matej
Attorney Lake
Minutes – Nelson

I. CALL TO ORDER/PLEDGE OF ALLEGIANCE:

Commissioner Hanke called the meeting to order at 1:00 p.m.

II. APPROVAL OF AGENDA:

Ms. Gibboney proposed an addition to Regular Business, Item E – Point Hudson Jetty Economic Impact Study.

Commissioner Hanke proposed a change to the September 27, 2017 minutes, adding to Item IX, Public Comments – to the effect of Gwendolyn Tracy asking if the commission was willing to hold a workshop with the marine trades on rates, yard activity and the future of marine trades.

Commissioner Clinefelter moved to approve the Agenda as amended.

Commissioner Tucker seconded the motion.

Motion carried by unanimous vote.

III. CONSENT AGENDA (2:09):

Commissioner Hanke proposed a change to the September 27, 2017 minutes, adding to Item IX, Public Comments – to the effect of Gwendolyn Tracy asking if the commission was willing to hold a workshop with the marine trades on rates, yard activity and the future of marine trades.

A. Approval of Meeting Minutes – September 27, 2017

B. Approval of Warrants

Warrant #058245 through #058258 in the amount of \$63,079.95 for Payroll & Benefits

Electronic Payment in the amount of \$103,615.24 for Payroll & Benefits

Warrant #058259 through #058327 in the amount of \$143,195.13 for Accounts Payable

Electronic Debit in the amount of \$21,178.58 for WA State Dept. of Labor & Industries

3rd Quarter Tax Return for July – September 2017

IV. PUBLIC COMMENTS (Not related to agenda):

V. SECOND READING (Action Items):

VI. FIRST READING (Discussion Only):

VII. REGULAR BUSINESS:

A. Bond Reimbursement Resolution No. 669-17 (3:42):

Ms. Berg stated this resolution is simply a placeholder that allows the Port to reimburse itself for a large portion of the Stormwater RX project that is now underway. In a previous Commission meeting, bonding for the south jetty at Point Hudson had been discussed in the amount of approximately \$2.7 million and that an additional \$500,000 could be added to the bond (totaling \$3.2 million), which would assist in payment of the Stormwater RX project. She added this does not obligate the Commission or Port in any way, it simply allows an option for use of the bond proceeds and needs to be in place within 60-90 days of the project occurrence when the bonding occurs at a later date.

Commissioner Tucker moved to adopt Bond Reimbursement Resolution No. 669-17, as presented.

Commissioner Clinefelter seconded the motion.

Motion carried by unanimous vote.

B. Calendar – Commission Meeting Topics (5:16):

Ms. Gibboney stated the calendar is to be used as a tool, with future changes to the calendar likely. She briefed over the calendar, including bonding for the jetty, bid date, decision points, etc. Discussion ensued on the jetty schedule.

C. Contract Amendment – Washington Project Consultants, PLLC (12:40):

Ms. Gibboney stated this is a contract amendment increasing the contracted amount with WA Project Consultants (Marc Horton), which exceeds the ED's authorized amount. Commissioner Clinefelter asked what the biggest item is attributing to this increase. Ms. Gibboney answered, stormwater is the bulk. She also discussed other projects involving WA Project Consultants.

Commissioner Hanke moved to approve the WA Project Consultants Contract Amendment, as presented.

Commissioner Tucker seconded the motion.

Motion carried by unanimous vote.

D. 2018 Operating & Capital Budget – 2nd Draft (17:35):

Presentation and discussion on the second draft of the 2018 Operating and Capital Budget resulted in requests from the Commission to make the following changes to the draft:

- Remove Restroom/Laundryroom renovation project from Capital Budget.
- Increase the Capital Budget by \$50,000 for software.
- Increase the Operating Budget by \$25,000 for marketing.

The Commission also requested to keep in the budget the moorage rate increase of CPI + 1%, and to also split out the differences (no increase, CPI only, and the 1%).

Public Comments on budget from: Gordon Neilson, Gwendolyn Tracy, Bob Frank, Arren Day, Ron Hayes and George Yount.

E. Point Hudson Economic Impact Study:

Ms. Gibboney stated that as a carry-over from the morning workshop, it is her understanding that the commission is seeking a better understanding of the impact to

current tenants and downtown businesses during the jetty project, as well as impacts to Port revenues. She would provide a report at the next meeting. She added that potentially, we might work with the EDC to look at impacts to tenants who are indirectly affected by the project, strategies, NW Maritime Center potential impacts. Ms. Gibboney suggested allocating a few more dollars (\$2K) to the EDC/Chamber for project outreach. Commissioner Hanke stated the summer months are critical months to tenants and the town. He would like to see how much more the cost would increase if changing project start date.

VIII. STAFF COMMENTS (1:31:00):

Ms. Gibboney reported out on the recent joint meeting, also attended by Commissioner Tucker, with the City and the Maritime Center. She said it was a very productive meeting, and they have scheduled one additional meeting, tentatively for October 19, which she would provide a report out to the commission.

Ms. Gibboney reported she is also working on the budget, cash flow and jetty design.

Mr. Englin reported he continues work on the budget, Union negotiations, leases - PYR and a few tenants starting up in the yard, maintenance plan with Larry Aase and Marc Horton, stormwater work. He discussed the recent meeting with the pilots, WSDOT Aviation and the FAA on the airport runway project. Ms. Gibboney thanked Mr. Toews and Ms. Matej for putting together an exceptional forum. Mr. Englin reported washers and dryers have finally been ordered.

Ms. Matej reminded of the Point Hudson Open House next week. She added she has been working on preparations for Ms. Gibboney's upcoming talks at the North Hood Canal Chamber (5:30 pm) and Jefferson County Chamber (noon) meetings on October 16, where she will provide a preview of the Point Hudson Open House. Ms. Matej has been working on adding dedicated pages to the Port website on the jetty and airport projects. She reported she met with Keven Elliff on Google search engine optimization. Ms. Matej is updating her email list with Mail Chimp for better communications to our customers and tenants. Ms. Matej reported on a recent Jefferson County Emergency Management meeting she attended, a new "splash marketing" for return haulout customers and assisting with the Pacific Marine Expo and Seattle Boat Show planning.

Attorney Lake announced an Executive Session for two litigation updates, pursuant to RCW 42.30.110 (i).

Ms. Berg continues work on the budget and Union negotiations.

Ms. Nelson reported she continues work on Public Records Requests.

Commissioner Hanke asked about a workshop to be scheduled for Point Hudson.

Commissioner Clinefelter suggested it take place on a Saturday.

Ms. Gibboney added to Executive Session and update on personnel, pursuant to RCW 42.30.110 (g). Total duration of Executive Session - twenty minutes, with no action.

IX. PUBLIC COMMENTS (1:43:40):

Keith Beck suggested the possible workshop on Point Hudson be held in Quilcene.

Jake Beattie expressed his gratitude for the development of an Economic Impact Study for Point Hudson. He added it shows the Port as a good steward of the public.

X. COMMISSIONER COMMENTS (1:44:37):

Commissioner Tucker commented that the airport runway meeting was wonderful and well done. He stated he is excited for Point Hudson talks.

Commissioner Hanke stated he would like to see Point Hudson tenants at a Point Hudson dedicated workshop (similar to the airport workshop). He expressed his appreciation that staff “sharpened their pencils” and reduced personnel costs. He emphasized (focusing on) “boatyard, boatyard, boatyard and market, market, market”.

XI. NEXT (SPECIAL) MEETING:

Commissioner Hanke provided a reminder of the meeting being held tonight at 5:30 pm in the Commission Building with the Port Townsend Marine Trades.

Next Special meeting will be held Tuesday, October 24, 2017 at 1:00 pm at the Quilcene Community Center, 294952 State Hwy 101, Quilcene, WA.

XII. EXECUTIVE SESSION:

The regular session recessed into Executive Session at 2:47 pm to discuss two litigation issues, pursuant to RCW 42.30.110 (i) and a personnel matter, pursuant to RCW 42.30.110 (g), duration of twenty minutes with no action. The Executive Session was extended (announced by Ms. Nelson to the public outside) ten minutes at 3:17. At 3:27 it was extended another five minutes. At 3:32 the session was extended another five minutes.

XIII. ADJOURNMENT:

The meeting reconvened and adjourned at 3:37 pm there being no further business to come before the Commission.

ATTEST:

Stephen R. Tucker, Secretary

Peter W. Hanke, President

Brad A. Clinefelter, Vice President

PORT OF PORT TOWNSEND

MEETING OF: **October 24, 2017**

AGENDA ITEM: **V. Public Hearing**
 A. 3rd Draft – 2018 Operating & Capital Budget

BACKGROUND:

Third Draft for Commission discussion and Public Comment.

Executive Director's Recommendation:

2018 Draft Operating Budget Assumptions – 3rd DRAFT

As has been discussed at the prior Commissioners' meeting, we implemented the following changes for the 2018 Port Operating budget (blue font are updates from 2nd Draft):

Operating Revenue – *no changes to revenues in 3rd Draft*

1. No rate increases have been determined yet, however, these have been rigorously reviewed for performance in 2018; there is revenue recovery included (i.e. garbage costs).
2. Current CPI is at 3%. Some Moorage Revenues were increased by 3% + 1%.
3. There are several Point Hudson Moorage Revenues that included the above adjustment while also reducing them by a conservative 50%. This reduction is in anticipation of the South Jetty construction scheduled for 2018.
4. Various other Operating Revenues were adjusted by nominal amounts based on the activity YTD August 2017 and the expectation there would be similar activity in 2018.

Operating Expenses

5. Personnel costs were refined as more data has been received for the 2018 budget period. This still includes current staffing plus one vacant FTE, keeping seasonal staff to two (2), planning for a 2 month over-lap for a retirement (in plan before, but not detailed here), and adjusting the estimated capital work performed by Port staff. There was a slight decrease (\$3,640) in Personnel expenses due to the confirmation of no medical cost increases and the completion of some staff evaluations.
6. A careful analysis of Contracting Services for the past two (2) years, and a reduction in Consulting Services allowed us to lower the total Outside Services line item by \$24,900.
7. Again, a careful analysis of Utilities for the past year allowed us to confidently reduce this expense line item to \$525,000. We believe this to be a conservative savings estimate while not being too ambitious.
8. As agreed at the 10/11/17 Commission Meeting, Marketing was increased by \$25,000.

Non-Operating Revenue

9. Capital Contributions/Grants were reduced by \$13,100 as this is Port match to be paid out of Port Wide Capital Reserves for the JCIA Runway Rehabilitation Project.

Port of Port Townsend
 Summary Operations & Non-Operating Activity Budget
 2018 Budget with Comparison to Prior Years

2018 3rd DRAFT BUDGET 10/24/17

	2014 Actual	2015 Actual	2016 Actual	2017 Revised Budget	2018 Budget
REVENUES					
Marinas and RV Parks	2,101,147	2,242,335	2,474,924	2,545,000	2,604,539
Yard Operations	1,587,241	1,572,877	1,578,180	1,500,424	1,768,384
Property Leases & Use	1,041,536	1,061,642	1,107,302	1,153,990	1,166,522
Fuel Sales & Leases	50,047	44,539	40,015	50,000	47,100
Ramp Use	32,308	35,240	39,260	55,000	60,900
Utilities	153,885	164,195	184,275	230,076	227,630
Total Operating Revenues	4,966,164	5,120,829	5,423,956	5,534,490	5,875,075
OPERATING EXPENSES					
Personnel	2,373,771	2,471,235	2,724,120	3,013,738	3,224,359
Outside Services	394,881	349,778	438,913	585,256	597,500
Facilities & Operations	846,009	697,888	655,994	805,809	761,710
Utilities	532,241	473,673	543,545	554,180	525,000
Marketing	43,467	35,152	57,658	54,450	81,450
Economic Development	25,000	25,000	25,000	40,000	30,000
Travel & Training	27,025	33,466	30,059	30,000	35,000
Cost of Goods - Fuel	24,055	18,060	15,571	12,000	18,000
Community Relations	6,959	1,374	-	4,000	4,000
Total Operating Expenses	4,273,408	4,105,625	4,490,859	5,099,433	5,277,019
Income from Operations w/o Depr	692,756	1,015,203	933,097	435,057	598,056
Depreciation Expense	1,487,232	1,527,500	1,542,983	1,585,632	1,605,300
Income (Loss) from Operations with Depr	(794,475)	(512,297)	(609,886)	(1,150,575)	(1,007,244)
Non-Operating Revenue					
Capital Contributions/Grants	275,220	226,355	239,549	242,274	1,187,727
Interest	11,357	3,327	40,564	41,000	41,000
Property & other taxes	990,006	1,033,149	1,009,330	1,019,000	1,041,000
Misc Non-Operating Revenue	79,260	38,047	32,314	59,700	35,000
Total Non-Operating Revenues	1,355,844	1,300,878	1,321,757	1,361,974	2,304,727
Non-Operating Expenses					
Bond Interest	510,297	398,506	364,257	343,877	445,807
Bond Mgmt, Issuance, Investment	1,655	72,703	1,294	75,390	1,500
Election Expense	-	6,398	-	17,340	-
Total Non-Operating Expenses	511,952	477,608	365,551	436,607	447,307
Net Non-Operating Income(Expense)	843,892	823,270	956,206	925,367	1,857,420
Net Income (Loss)	49,416	310,973	346,320	(225,208)	850,176

2018 3rd Draft Capital Budget
10/24/17 Commission Meeting

CAPITAL BUDGET 2018		PLANNED FUNDING SOURCES						Total
		Operating REVENUE	Boat Haven RESERVES	Capital RESERVES	GRANTS	GO BOND	Revenue BOND	
Point Hudson Jetty South								
Engineering, design, permitting, administration	\$91,327				\$91,327			\$91,327
Construction	\$3,512,500				\$797,500	\$2,715,000		\$3,512,500
Jefferson County International Airport Runway								
Engineering, Permitting, Administration	\$262,000			\$13,100	\$248,900			\$262,000
Construction								
Equipment	\$150,000	\$150,000						\$150,000
	2018	Operating REVENUE	Boat Haven RESERVES	Capital RESERVES	GRANTS	GO BOND	Revenue BOND	Total
TOTALS	\$4,015,827	\$150,000	\$0	\$13,100	\$1,137,727	\$2,715,000	\$0	\$4,015,827

Projected Cashflow for 2018 through 2021

3rd DRAFT Budgeted Cashflow 10-24-17

	2018 Budgeted Cashflow	2019 Budgeted Cashflow	2020 Budgeted Cashflow	2021 Budgeted Cashflow
Estimated Beginning Year Cash				
Unreserved Cash	847,692	1,315,937	1,588,765	1,958,154
Reserved Cash	882,234	979,134	1,000,152	1,120,152
Operating Revenues	5,875,075	6,051,327	6,232,867	6,419,853
Operating Expenses (w/o depreciation)	(5,277,019)	(5,435,330)	(5,598,389)	(5,766,341)
Non-Operating Revenues	2,304,727	4,922,180	1,065,900	1,065,900
Non-Operating Expenses	(447,307)	(450,088)	(425,988)	(400,388)
Debt service - principle	(1,074,504)	(715,000)	(755,000)	(785,000)
Issuance of Bond Debt	3,200,000	-	-	-
Capital expenses (from Grants)	(1,137,727)	(3,856,280)	-	-
Capital expenses (from Unreserved Cash)	(150,000)	(123,982)	(30,000)	(60,000)
Capital expenses (from Bonds)	(2,715,000)	-	-	-
Capital expenses (from Reserves)	(13,100)	(98,982)	-	-
Increase/(Decrease) in cash	565,145	293,846	489,390	474,024
Total Estimated Ending Cash	2,295,071	2,588,917	3,078,306	3,552,330
Unreserved Cash	1,315,937	1,588,765	1,958,154	2,432,178
Reserved Cash	979,134	1,000,152	1,120,152	1,120,152
TOTAL	2,295,071	2,588,917	3,078,306	3,552,330

Notes & Assumptions:

1. The Estimated Ending Cash for 2017 was calculated based on September 2017 month end cash and the budgeted revenues and expenses for the remainder of 2017. At month end August, 75% through the year, revenues were at 76.9% of budget and expenses were at 70.4% of budget. In addition, we included known contract increases (primarily capital related) and capital costs estimated through December 31.
2. For years 2019-2021, we projected annual increases in revenue and expense both by 3% which is approximately the historical increase over the years at the Port.
5. Non-Operating Revenues & Expenses are based on 2018 known and anticipated projections (such as property tax levy or debt service interest), with adjustments made in accordance with projections made for the Capital Expenses in the 2018 Capital Budget, such as issuance of new bond debt.
6. Capital Expenses are based on the Capital Budget for currently planned projects and purchases. These include the Point Hudson South Jetty, the JCIA Runway Rehabilitation, vehicles and software.
7. Issuance of new Bond debt (a GO bond) is the principle amount projected from the Capital Budget for 2018.
8. Debt Service principle was estimated on the new debt assumption of wrapping all current debt into a new issue of \$3.2 million for the Point Hudson South Jetty, plus the final debt service in 2018 for the 2013 Revenue Bond.
9. Updates were made to more recently obtained capital estimates for the JCIA runway rehab and the WSDOT 5% grant that will help fund the project. In addition, we found the project may all occur in 2019.
10. Vehicle purchases were included in the line for "Capital expenses (from Unreserved Cash)" through 2021.

Details on Estimated Capital Expenses for 2018

1. Both Capital Expenses (from Grants) and Capital Expenses (from Unreserved Cash) agree to the Capital Budget.
2. Capital Expenses (from Bonds) is the current estimated on bond proceeds needed for the South Jetty at Point Hudson.
3. Capital Expenses (from Reserves) is the Port's match portion estimated for engineering work JCIA Runway Rehab project.

Details on Esimated Capital Expenses for 2019

1. Capital Expenses (from Grants) is comprised of the current estimated cost of the JCIA Runway Rehab final engineering (~\$95,000) and construction (~\$3,761,280).
2. Capital Expenses (from Unreserved Cash) contains half (1/2) match for the FAA grant (~\$98,982) and \$25,000 for a vehicle).
3. Capital Expenses (from Reserves) contains the other half (1/2) match for the FAA grant (~\$98,982).

PORT OF PORT TOWNSEND

MEETING OF: **October 24, 2017**

AGENDA ITEM: **VIII. Regular Business**
 A. September 2017 Financials

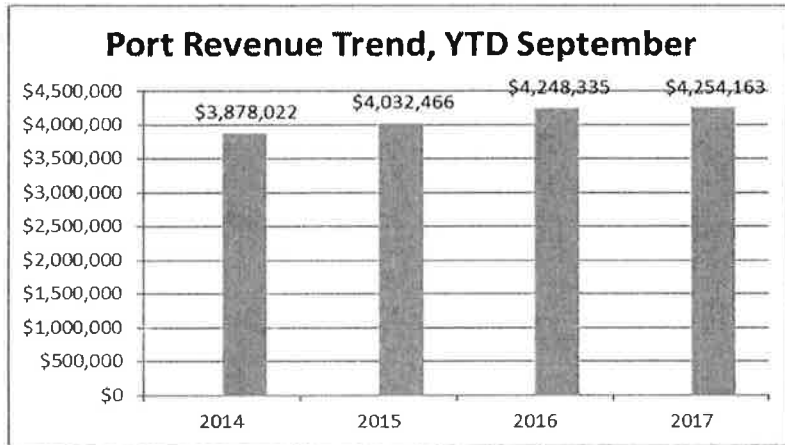
BACKGROUND:

In the Commission meeting packet for their review, is the year-to-date operating results of the Port. This is measured against the same period of the prior year and compares the budget to actual percentage of activity. The highlights of activity results are included in the narrative.

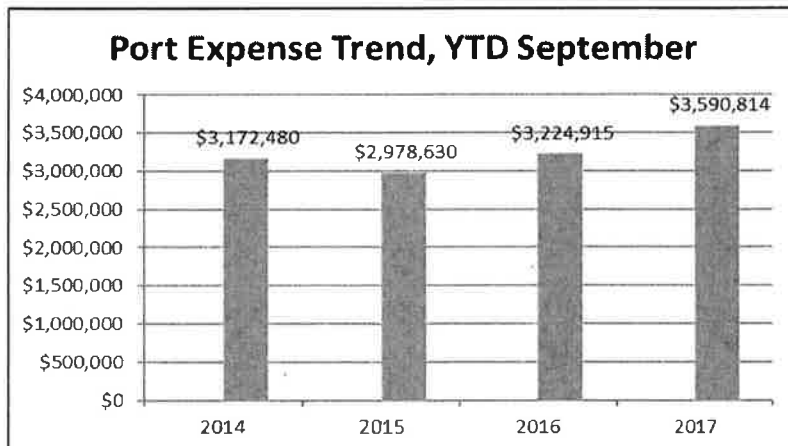
Executive Director's Recommendation:

For review.

DATE: October 19, 2017
TO: Commissioners and Directors
FROM: Abigail Berg, Director of Finance & Administration
SUBJECT: Port Operating Results as of September 30, 2017



YTD Operating Revenues are \$5,828 more than the previous year, and slightly ahead of budget at 76.9% when we're 75% through the year. All revenue line items increased when comparing to 2016, except the Yard which continues to be down (\$130,464). The Yard revenue decline was primarily Ship Yard Revenues (\$63,335), the 3% Marine Trades Contribution Revenue (\$34,717 – this agreement ceased July 2017), Miscellaneous Revenue (\$23,450 – in 2016 the bulk of this “revenue” was due to a Port tenant issue), and Environmental Clean-up Revenue (\$7,474 – again, in 2016 there was one or two incidents that totaled \$7,614). The two latter revenues are not the type of revenue the Port can plan or would like to rely upon and the 3% Marine Trade Revenue is now gone. Ramp Use revenues have exceeded the annual budget and Marinas & RVs are ahead of budget by 3.6% and over last year's revenues by \$40,687.



Through September 2017, Operating Expenses are at 70.4% of total budget while we are through 75% of the year (this includes some budget adjustments made at the Mid-Year Review in July). Compared to the previous year, total Operating Expenses are up by \$365,899, an improvement over August by \$41,395. Of this amount, Personnel is right on budget at 75.1% and Fuel is over budget at 111.8%. The increase in Fuel cost is directly related to increases fuel sales at Quilcene. All other expense line items are below budget to date.

Before depreciation, Net Operating Income is \$663,350. After depreciation, there is a loss of \$536,879. When including Non-Operating Revenues and Expenses, there is a Net Profit of \$38,418.

This month, the Port expended \$301,239 in WIP (capital project "Work in Progress"). 80% of these expenses were for the Stormwater Rx Project, while 20% was related to the JCIA Runway Rehab Project.

In September, the Port made no debt service payments. For the remainder of 2017, the following Debt Service payments are due:

- November 1st - \$209,372 principle and interest on the 2013 Jr. Lien Revenue Bond.
- December 1st - \$368,819 principle and interest on the 2010 LTGO Bond.

Together these remaining debt service payments for 2017 total \$578,191.

End of month, the cash and investment balances were \$2,329,621, a decrease of \$348,249 from August (*most of that decrease was a combination of the Stormwater Rx Project contractor payment and the Port insurance renewals*). Reserve balances totaled \$842,234 and Unreserved Cash & Investments totaled \$1,487,387.

Port of Port Townsend
Summary of Operating & Non-Operating Revenues & Expenses
2017 Activity with Comparison to Prior Year and Budget

	Actual thru Sep. 30, 2016	Actual thru Sep. 30, 2017	Variance year to year	Revised 2017 Budget	% Actual to Budget at 75% of year
REVENUES					
Marinas and RV Parks	1,960,294	2,000,981	40,687	2,545,000	78.6%
Yard Operations	1,246,333	1,115,868	(130,464)	1,500,424	74.4%
Property Leases & Use	816,252	874,299	58,047	1,153,990	75.8%
Fuel Sales & Leases	30,708	36,238	5,530	50,000	72.5%
Ramp Use	36,971	55,112	18,141	55,000	100.2%
Utilities	157,777	171,664	13,887	230,076	74.6%
Total Operating Revenues	4,248,335	4,254,163	5,828	5,534,490	76.9%
OPERATING EXPENSES					
Personnel	1,974,308	2,263,601	289,293	3,013,738	75.1%
Outside Services	285,674	392,780	107,107	585,256	67.1%
Facilities & Operations	501,223	500,405	(817)	805,809	62.1%
Utilities	355,849	360,023	4,174	554,180	65.0%
Marketing	54,150	26,074	(28,076)	54,450	47.9%
Economic Development	25,000	15,000	(10,000)	40,000	37.5%
Travel & Training	17,683	17,401	(281)	30,000	58.0%
Cost of Goods - Fuel	11,028	13,413	2,385	12,000	111.8%
Community Relations	-	2,115	2,115	4,000	52.9%
Total Operating Expenses	3,224,915	3,590,814	365,899	5,099,433	70.4%
Income from Operations w/o Depr	1,023,420	663,350	(360,071)	435,057	152.5%
Depreciation Expense	1,148,334	1,200,229	51,895	1,585,632	75.7%
Income (Loss) from Operations w/Depr	(124,914)	(536,879)	(411,966)	(1,150,575)	46.7%
Non-Operating Revenue					
Capital Contributions/Grants	142,100	39,793	(102,308)	298,274	13.3%
Interest	21,646	30,320	8,674	41,000	74.0%
Property & other taxes	767,142	773,508	6,367	1,019,000	75.9%
Miscellaneous Non-Operating Revenue	20,973	32,189	11,216	59,700	53.9%
Total Non-Operating Revenues	951,861	875,810	(76,050)	1,417,974	61.8%
Non-Operating Expenses					
Bond Interest	279,113	260,277	(18,836)	343,877	75.7%
Bond Mgmt, Issuance & Misc. Exp.	23,777	40,237	16,460	131,390	30.6%
Election Expense	-	-	-	17,340	0.0%
Total Non-Operating Expenses	302,889	300,513	(2,376)	492,607	61.0%
Net Non-Operating Income(Expense)	648,972	575,297	(73,675)	925,367	62.2%
Net Income (Loss)	524,058	38,418	(485,641)	(225,208)	-17.1%

CERB, Quil WW, RCO, FAA
inc. in invstmt interest

Quil WW expense

PORT OF PORT TOWNSEND

MEETING OF: **October 24, 2017, 2017**

AGENDA ITEM: **VIII. Regular Business**
 B. Operations and Occupancy Report

BACKGROUND:

To be presented.

Executive Director's Recommendation:

For discussion.