

The Port
OF PORT TOWNSEND
SERVING ALL OF JEFFERSON COUNTY

**Port of Port Townsend
2nd Monthly Meeting Agenda
Wednesday, March 28, 2018, 5:30 p.m.
Port Commission Building
333 Benedict Street
Port Townsend, WA**

- I. Call to Order / Pledge of Allegiance
- II. Approval of Agenda
- III. Public Comments
- IV. Consent Agenda
 - A. Approval of Regular Meeting Minutes – March 14, 2018.....1-4
 - Approval of Special Meeting Minutes – March 20, 2018.....5-10
 - B. Approval of Warrants
- V. Second Reading
- VI. First Reading
- VII. Regular Business
 - A. February Financials.....11-20
 - B. Occupancy/Operations Report.....21-28
- VIII. Staff Comments
- IX. Commissioner Comments
- X. Next Public Workshop / Regular Meeting:
Wednesday, April 11, 2018: Workshop at 9:30 am, Meeting at 1:00 pm
Port Commission Building, 333 Benedict Street, Port Townsend, WA
- XI. Executive Session
 - A. Potential Litigation, pursuant to RCW 42.30.110(i)
- XII. Adjournment

PORT COMMISSION REGULAR MEETING– March 14, 2018

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

Present: Commissioners – Tucker, Hanke and Putney
Executive Director Gibboney
Auditor Berg
Director of Operations & Business Development Englin
Director of Planning, In-house Counsel Toews
Communications Coordinator Matej
Attorney Lake
Minutes – Nelson

I. CALL TO ORDER/PLEDGE OF ALLEGIANCE:

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

II. APPROVAL OF AGENDA:

Commissioner Hanke proposed an addition to Regular Business: Calendar for Northwest Maritime Center Lease Proposal. Director Gibboney asked to postpone this until the March 20, 2018 Special Commission meeting, (which is in the planning stages) since staff is not prepared today.

Commissioner Tucker moved to approve the Agenda as presented.

Commissioner Hanke seconded the motion.

Motion carried by unanimous vote.

III. PUBLIC COMMENTS (Not related to agenda) (1:57):

Greg Englin offered an apology to anyone who may have been offended by a comment he made at a previous meeting about derelict vessels.

Ron Hayes commented on the Northwest Maritime Center proposal to lease Point Hudson.

Pam Petranek asked the Commission not to authorize the contract with Reid Middleton on the Quilcene project, due to other pressing projects and issues the Port currently faces.

IV. CONSENT AGENDA (7:33):

A. Approval of Public Workshop Minutes – February 28, 2018

Approval of Regular Meeting Minutes – February 28, 2018

B. Approval of Warrants

Warrant #058844 through #058855 in the amount of \$60,590.94 for Payroll & Benefits

Electronic Payment in the amount of \$92,852.88 for Payroll & Benefits

Warrant #058856 through #058906 in the amount of \$112,351.57 for Accounts Payable

Commissioner Hanke moved to approve the Consent Agenda as presented.

Commissioner Putney seconded the motion.

Motion carried by unanimous vote.

V. SECOND READING (Action Items):

VI. FIRST READING (Discussion Only):

VII. REGULAR BUSINESS:

A. Northwest Municipal Advisors Bond Scenario Presentation (7:49):

Scott Bauer of Northwest Municipal Advisors presented Bond Scenarios for the Point Hudson South Jetty project.

B. Authorization to Contract with Reid Middleton, Inc. for Preparation of a Development Strategy for the Quilcene Marina & Industrial Site (20:34):

Mr. Toews reminded of the \$50K grant (\$17K Port match) received from CERB for consultant work on a development strategy for the Quilcene Marina and industrial site. Three consultants applied for this project, two chose to participate in interviews, and Reid Middleton, Inc., using BST Associates as a sub-contractor, was selected as the consultant. Discussion ensued on how staff would handle this project along with current demands. Commissioners Putney and Hanke expressed concerns that the "shelf life" of projects was taking priority over policy plans. Further discussion included the policy calendar; and, Reid Middleton's commitment and their awareness of the Quilcene community and the key tenant (of the Port's Quilcene property).

Commissioner Tucker moved to approve the contract with Reid Middleton for the CERB Grant Quilcene Study.

Commissioner Hanke seconded the motion.

Motion carried by unanimous vote.

C. Rescheduling of May 9, 2018 Commission Meeting (37:48):

Ms. Nelson reported the conflict with the May 9 meeting and the WA Public Ports Association Spring Meeting in Vancouver, WA. The Commission agreed to reschedule the meeting to Tuesday, May 8, 2018 at 9:00 am.

D. Commercial Passenger Fees (39:00):

Commissioner Hanke stated he would not comment on this subject, as his company is subject to this fee.

Mr. Englin reported Puget Sound Express currently is the only commercial vessel paying passenger fees. He stated American Cruise Lines has scheduled two vessels for this season that will land at Union Wharf. He would like the Commission to consider a Passenger Fee rate, which would contribute towards Port staff support of these operations. Mr. Englin proposes a fee increase from the current \$0.60/head to \$1.00/head. He discussed a possible two-tier fee schedule (depending on type of commercial use), as a few other WA ports implement.

Commissioner Putney stated if the Commission adopts this passenger fee, he expects to see consistency.

Commissioner Hanke asked if staff has an auditing system in place.

Commissioner Tucker asked if Adventuress and Schooner Martha passengers would also pay the fee.

Mr. Englin said the new passenger fee would be added to the current rate schedule.

Commissioner Tucker suggested reexamining this rate each year.
Commissioner Tucker moved to approve the \$1.00 per person Passenger Fee.
Commissioner Putney seconded the motion.
Motion carried with two votes for and Commissioner Hanke abstaining.

VIII. STAFF COMMENTS (1:02:51):

Mr. Englin reported February and March numbers are good in the shipyard and the boatyard is filling up.

Ms. Matej sent out a notice to tenants about the upcoming staff training on FSM software scheduled for next Mon-Thurs. She reported all office will remain open, but staff will be at a minimum in the yard and moorage offices. Next, she informed of meetings set for Friday with Point Hudson tenants on the Point Hudson Jetty project.

Mr. Toews stated a Special Commission Meeting wo be scheduled for next week for a presentation on the Point Hudson Jetty final bid specs. He reported phase 2-north jetty Point Hudson, did not receive the US Fish & Wildlife/RCO grant this round. He added there was only \$10M available nation-wide. RCO encourages the Port to resubmit and by increasing the Port match, the Port would improve chances of an award. In summary, Mr. Toews said the north jetty project would be delayed, at a minimum, until 2019/2020.

Ms. Berg reported she is busy working with FSM conversions.

IX. COMMISSIONER COMMENTS (1:10:50):

Commissioner Putney reported he has been attending meetings with various constituents, including Coast Seafoods.

Commissioner Hanke commented on Mr. Hayes earlier comment on the NWMC proposal. He also suggested the "Port Task Force" be involved with the Northwest Maritime Center proposal. After considering the lack of funding for Phase 2 of the project, Commissioner Hanke asked Ms. Berg if a bar graph for Phase 2 bonding could be added to the NW Bond Council graph.

Commissioner Tucker reported he has attended some meetings with groups who want to help the Port.

X. NEXT WORKSHOP & MEETINGS:

Special Commission Meeting scheduled for March 20, 2018 at 1:00 pm in the Point Hudson Marina Room, 103 Hudson Street, Bldg. 110, Port Townsend.

Next Public Workshop will be held at 1:00 pm, next Regular Meeting at 5:30 pm on Wednesday, March 28, 2018 in the Port Commission Building, 333 Benedict St, Port Townsend.

XI. EXECUTIVE SESSION:

XII. ADJOURNMENT:

The meeting adjourned at 2:15 pm there being no further business to come before the Commission.

ATTEST:

William W. Putney, III, Secretary

Stephen R. Tucker, President

Peter W. Hanke, Vice President

PORT COMMISSION SPECIAL MEETING– March 20, 2018

The Port of Port Townsend Commission met in special session at the Port Townsend Yacht Club, 2503 Washington Street, Port Townsend, WA

Present: Commissioners – Tucker, Hanke and Putney
Executive Director Gibboney
Auditor Berg
Director of Operations & Business Development Englin
Director of Planning, In-house Counsel Toews
Communications Coordinator Matej
Attorney Goodstein
Minutes – Nelson

I. CALL TO ORDER/PLEDGE OF ALLEGIANCE:

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

II. APPROVAL OF AGENDA:

Commissioner Hanke moved to approve the Agenda as presented.

Commissioner Putney seconded the motion.

Motion carried by unanimous vote.

Commissioner Tucker discussed some of the main points of the Point Hudson Jetty project, beginning in 2014 with the original condition assessment, through 2017, when Mott MacDonald was retained to complete project engineering and creation of the bid packet, and permitting was completed. He discussed the importance of both Point Hudson and the Wooden Boat Festival to the community and the Port. He stated bid specs have always included the requirement that the contractor would provide a careful sequencing schedule and work that would protect the marina. Commissioner Tucker discussed the two alternative schedules proposed for the bid.

Commissioner Putney also provided comment.

III. PUBLIC COMMENTS (Not related to agenda):

NW Maritime Center (NWMC) Director Jake Beattie read his letter to the Port Commissioners encouraging the Commission to make the decision to “take the summer options off the table”. Finally, the NWMC offered to donate net proceeds from this year’s Festival, which in recent years has ranged between \$80,000 and \$100,000.

Bertram Levy presented a NOAA weather chart and how winds could affect the project.

George Yount expressed appreciation to the NWMC for their donation offer, suggested financial help from the City and Main Street, and placing a retired Navy destroyer in the water for wave deflection.

Carol Hasse (Port Townsend Sails) encouraged the Commission to delay the project until September and urged them to reconsider the planned steel jetty for a rubble mound jetty.

Melinda Bryden discussed the Port’s finances and the Commission’s fiduciary responsibility to the entire community and go with less expensive option. In her opinion, the City and the NWMC are the prime financial beneficiaries of the Wooden Boat

Festival and urged folks to contact the City and NWMC and ask each to donate \$150K to the project.

John Holbert, long-time customer of the marine trades, supports the community, has been a participant in the Wooden Boat Festival. He urges the commission to find a way to make this work.

Doug Lamy agreed with Ms. Hasse's statement. City and County should help with cost. Expand marina.

Ron Hayes thanked NWMC for donation offer. Believes the City, Port and NWMC should all be involved financially and the need for all to work together, especially if the NWMC takes over Point Hudson in a lease arrangement.

Main Street Director Mari Mullen discussed the current 6-month long downtown construction project and the financial impact to the downtown businesses, who are counting on the summer to recover. She urges the Commission to delay until after the Festival.

Kris Nelson, owner of numerous downtown businesses urged the Commission to consider the financial impact to small businesses if jetty construction occurs during the summer months. She stated the current City construction project is hitting businesses hard and they are relying on summer income more so than usual.

Bob Downes commented on discrepancies in the minutes.

Ted Shoulberg echoed his support of Mr. Beattie and Ms. Hasse's statements.

Tom Aydelotte, owner of Doc's Marina Grill thanked the NWMC for donation and stated he would kick in \$20,000 towards the project.

Morgan Conrad suggested consideration of naming rights of the pier.

Chris Hanson, PT Dive Shop would like to see project delayed until after the Festival and stated he would make a financial contribution.

Gary Dutcher suggested ordering the steel now to avoid Trump's new steel tariff.

Jan Sprague suggested selling the two antique cannons that sit outside the stadium (proceeds to project cost).

Bill Curtsinger, Sunrise Coffee stated even though their business is not located downtown, they would also lose money if Wooden Boat Festival is canceled. Delay project to after Festival.

Chris Bakken, Sea Marine stated he would "pony up money" (\$4000-5000 range) if late start, and volunteered to coordinate fund raising.

Dan McRae (sp) stated he is a tenant and would contribute.

Ted Shoulberg suggested NWMC handle donations since they are a 501 3c and money is tax deductible.

Dennis Cartwright stated City should have interest in Point Hudson (clarified "financial interest").

Kaci Cronkhite (former Wooden Boat Festival director) expressed appreciation to "the spirit of the community" with their willingness to help, contributions, ideas, research and thanked everyone.

Tony Petrillo suggested Mr. Bakken integrate a "Kick Starter" campaign.

IV. POINT HUDSON SOUTH JETTY ALTERNATIVE BID SCHEDULES AND MARINA ACCESS PROVISIONS (0:59:00):

Mr. Toews briefed on the presented Bid Schedule options and discussed "time out" and marina access schedules:

Schedule "A" – begin project mid-July with a sequence plan to ensure work is done in a manner to protect marina from wave impact. Estimated cost \$3.67M. Mr. Toews reported the NWMC announced they would have to cancel the Festival if this option is chosen, or even included as an option in the bid packet, due to the inability to obtain insurance without wave protection.

Alternative-Variance to Schedule A – leaving seaward leg of south jetty in place during construction, possibly providing the wave attenuation the NWMC is seeking, or demolish and rebuild prior to Festival. Begin construction mid-July. Estimated \$200K cost in addition to Schedule "A" base cost.

Schedule B – start work after Wooden Boat Festival. Estimated cost \$4.04M. He discussed the effects of the steel tariff.

Commissioner Tucker stated his concern with a September start is that the bid may come in too high to afford the project. In his opinion, he thinks Wooden Boat Festival should have been planned for the Boat Haven location, but too late for that now. He added it would be fiscally irresponsible not to include the bid with the early start date. Commissioner Tucker stated the bid should include the alternate to Schedule "A" along with Schedule "B". He stated if construction is postponed until fall, it opens the project up to the worst storms of the year, which would cause probable construction delays, higher costs.

Commissioner Hanke stated he appreciates all the comments. Key is to repair infrastructure and preserve the Festival. In his opinion, the choices are to start after Wooden Boat Festival or delay for a year. He stated if delayed a year there would be a risk of losing about 20% of the granted \$901K. He reported he has spoken with a number of people and his observations: not an option to jeopardize the Festival; the NWMC's concern of a 20% chance of wind event, which could damage the festival; pay a higher price to lessen impact on community at large. He discussed impacts of loss of revenue to Port and community, increasing the bond, no guarantee of a July 15 start. Commissioner Hanke discussed a construction easement offer from NWMC. He offered, as Puget Sound Express business owner, to donate \$50,000 if construction to begin after Festival.

Commissioner Putney expressed appreciation of the collaboration seen today and the generous pledge from the NWMC. He encourages the public to patronize businesses making pledges. After hearing of all the generous offers, he stated he is leaning towards the late (September) project start. He recognizes that if bids come back too high, the project would have to be delayed at least a year, which could jeopardize the grant, and re-start the process of permits, engineering, staff time, etc.

Commissioner Tucker said he believes if project delayed and grants and permits are lost, it would be a horrible thing to overcome. He discussed the importance of having both early and late start dates in bid.

Commissioner Hanke asked Mr. Toews consequences of delaying project to 2019. Mr. Toews replied a request to RCO/USF&WL to extend grant would need resubmitting. However, grant extension not guaranteed. Regarding permits, none would be jeopardized by a one-year delay - we can apply for extensions. If grant not awarded, the Port would be out the \$901K remaining in the grant, and would need to refund monies spent to date of \$153K.

Commissioner Tucker said, as a public servant he is required to be mindful of spending taxpayer money, and will not take the risk of losing that money. He added he is only considering the alternate to Schedule "A".

Commissioner Hanke asked for clarifications from Mr. Toews if project is delayed. Mr. Toews stated the longer the project is delayed, the greater the risk of increased construction costs, plus the steel tariff.

Commissioner Hanke discussed costs of de-mobilization in Schedule A and Alternate A. He would like to go with the late start, believes it is most predictable, other than the weather.

Mr. Beattie stated after doing some quick math, Schedule A Alternate \$4.12, no donations, grant/bond, leaves a negative variance of \$220K.

Schedule B, \$4.29 with \$250K, easement benefit of \$100K (?), donations, leaves a negative variance of \$140K.

Mr. Beattie stated granting an easement from the NWMC is a possibility with the September start.

Attorney Goodstein stated if donations are definitive with later project start date, language will need to be added to the motion. Donation matters to be addressed at another meeting.

Commissioner Putney expressed his concerns with project decision, donations, Wooden Boat Festival start.

Mr. Toews advised, if going with Schedule B, to forego a decision today and note a special meeting within the next 48 hours to find a mechanism to bind donations within that time period and then to proceed with a decision knowing that we would have those monies available for Schedule B.

Commissioner Tucker moved to call a Special Meeting in two days' time to decide on Schedule B.

Hearing no seconds, the motion died.

Commissioner Hanke moved to go out to bid for Schedule B only.

Commissioner Putney seconded the motion.

Commissioner Tucker stated he believes this motion, bidding only Schedule B, is not fiducially responsible.

Commissioner Hanke reminded that if bids come in higher than what the Port can afford, the Commission can reject all bids.

Motion carried with two for (Hanke and Putney) and one opposed (Tucker).

V. PROCESS AND TIMELINE FOR NORTHWEST MARITIME CENTER PROPOSAL (1:45:21):

Director Gibboney stated per Revised Code of WA, prior to adjourning into Executive Session to discuss minimum price of lease of public property, issues need enumerating.

She listed the factors the Commission may choose to consider in Executive Session, including agreement term, leased area, consideration, existing and future debt profile, financing and bonding implications, A&G allocation, credit worthiness, capital improvements, parking, proposed users, ability to partner and governance structure. She recommended adjourning into Executive Session for discussion of how these issues would affect an acceptable minimum price, one-hour duration. Probable decision may include authorization for the Chair & ED to offer any counter proposals to the NWMC. After allowing time for them to reply, at a near-future Commission Meeting, reconvene into an Executive Session, then deliberation in open session of said counter, in a future meeting.

VI. STAFF COMMENTS:

VII. COMMISSIONER COMMENTS (1:51:27):

Commissioner Putney thanked the community for coming, their enthusiasm, participation, and for the potential donors.

Commissioner Tucker commented that he has been spending all of his time on this issue and reading and answering emails.

Commissioner Hanke stated the NWMC leasing deal has a lot of negotiating ahead. He then discussed the \$4M cost of the marina project for a small marina that does not bring in enough revenue to cover that expense. He expressed the need for community cooperation to figure out a solution for this to make sense.

VIII. NEXT PUBLIC WORKSHOP & REGULAR MEETING:

Wednesday, March 28, 2018. Workshop at 1:00 pm, meeting at 5:30 pm in the Commission Building, 333 Benedict Street, Port Townsend, WA.

IX. EXECUTIVE SESSION:

The regular session recessed into Executive Session at 3:02 pm, pursuant to RCW 42.30.110 (c), duration of one hour with probable action. At 4:02 pm, Ms. Nelson notified the crowd outside the Executive Session is extended for thirty more minutes.

X. RECONVENING AND ADJOURNMENT:

The meeting reconvened at 4:32 pm.

Commissioner Tucker moved to have a counter offer made for two proposals; comprehensive and a phased one, with a date-certain, and have ready for April 11, 2018 meeting for Commission consideration.

Commissioner Putney seconded the motion.

Motion carried by unanimous vote.

With no further business to come before the Commission, the meeting adjourned at 4:34 pm.

ATTEST:

William W. Putney, III, Secretary

Stephen R. Tucker, President

Peter W. Hanke, Vice President

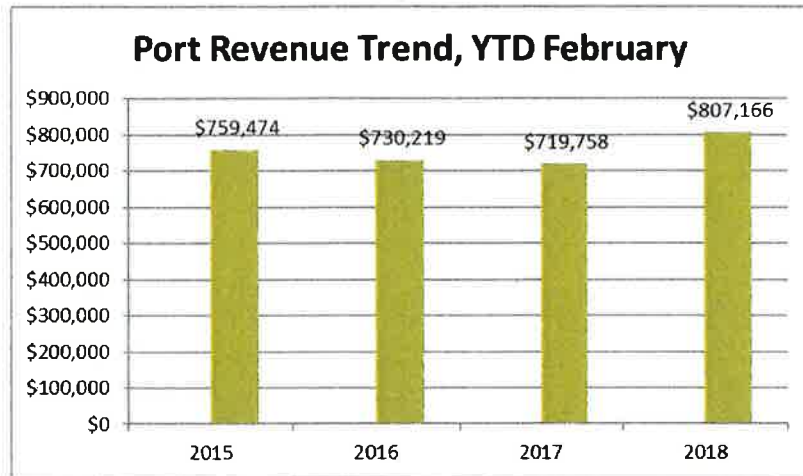
PORT OF PORT TOWNSEND

AGENDA COVER SHEET

MEETING DATE	March 28, 2018
AGENDA ITEM	<input type="checkbox"/> First Reading <input type="checkbox"/> Second Reading <input checked="" type="checkbox"/> Regular Business
AGENDA TITLE	VII. A) February 2018 Financials
STAFF LEAD	Abigail Berg, Director of Finance & Administration
REQUESTED	<input type="checkbox"/> Action <input checked="" type="checkbox"/> Discussion
ATTACHMENTS	A. Port Operating Results as of February 28, 2018 Memo

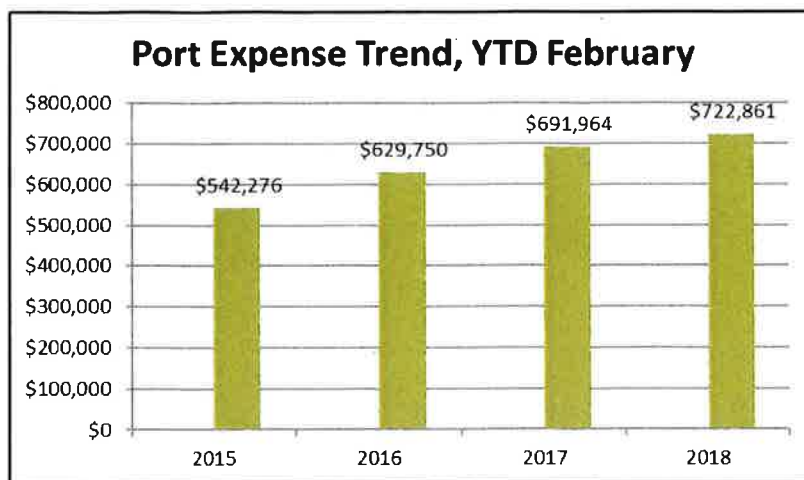
DATE: March 20, 2018
TO: Commissioners and Directors
FROM: Abigail Berg, Director of Finance & Administration
SUBJECT: Port Operating Results as of February 28, 2018

NOTE: Starting with this month, financial reports to the Commission include a Cashflow report, as requested in the January 24th Commission meeting. This new report is on page 5 of this financial memo.



Revenue Highlights:

- ✓ February YTD is still strong with 2018 Operating Revenues ahead of 2017 \$87,408 or 12%.
- ✓ Total Operating Revenues are ahead of YTD Budget by \$33,630.
- ✓ Marinas & RV Parks revenue lead prior year by \$64,075 and are ahead of budget by \$41,615.
- ✓ Yard revenues are ahead of the prior year by \$22,574, but short of budget by \$2,327.
- ✓ Ship Yard Hoist revenues are ahead of last year by \$3,672.
- ✓ Ship Yard revenues are ahead of last year by \$8,795.
- ✓ Increases in both Ship Yard revenues shows the concerted effort made by staff to bring in business.
- ✓ Work Yard Hoist revenues are ahead of last year by \$4,138 and ahead of budget by \$3,840.
- ✓ Work Yard revenues are less than last year by \$4,335, and short of budget by \$12,699.
- ✓ While staff continues to focus on maintaining the various Ship Yard revenues, they are also diligently working on increasing Work Yard revenues.
- ✓ Property Leases & Use are less than the prior year by \$3,369 and less than budget by \$5,865. This is primarily due to tenant vacancies at Point Hudson (Cupola House and Armory Building).
- ✓ Fuel Sales & Leases are below the prior year by \$1,885.
- ✓ Ramp revenues are still ahead of last year by \$1,502.
- ✓ Utilities Revenue are ahead of last year by \$4,511.



Expense Highlights:

- ✓ 2018 Operating Expenses are more than 2017 by \$30,897, though is less than budget by \$96,241.
- ✓ Most of this budget variance is related to unfilled staff positions (CSR II and Security), the projected use of Contract Services, Consulting Services, Utilities and Facilities & Operations whose timing isn't always predictable.
- ✓ Facilities & Operations expenses are more than 2017 by \$13,620, whereas when compared to budget is less by \$18,229. The bulk of this budget variance is less in Repair & Maintenance Supplies than budgeted.
- ✓ Utilities are slightly higher in 2018 than 2017, by \$2,005 and more than projected budget \$2,039. (*The timing issue with receipt of utility invoices which caused a large variance as noted in the January report has been adjusted in the budget.*)
- ✓ Cost of Goods – Fuel is less in 2018 than 2017 by \$1,483.
- ✓ Though Operating Expenses increased when comparing to 2017, these were substantially budgeted and most are below budget YTD.
- ✓

Net Operating Income is \$84,306. When including Non-Operating Revenues and Expenses, there is a Net Profit of \$262,621.

Non-Operating Revenues:

- ✓ Capital Contributions / Grants revenue is up from last year due to the increased activity on the Point Hudson South Jetty project and the JCIA Runway Rehabilitation project. Though the actual timing of grant reimbursement receipts are not in alignment with budget, this isn't unusual.
- ✓ A reduction of Miscellaneous Non-Operating Revenue from 2017 to 2018 is due to an Insurance Recovery received early in 2017.

Non-Operating Expenses:

It should be noted that the 2018 budget line item titled "Bond Management, Issuance & Misc. Expense" did not include the bond issuance cost since the decision to bond for the Point Hudson South Jetty project got pushed forward into 2018 and was too late to include in the budget in November.

Capital Projects:

This month, the Port expended \$84,810 in WIP (capital project "Work in Progress"). 47% of these expenses are for the Point Hudson South Jetty Project, 30% was for the JCIA Runway Rehab Project, 15% was for the Stormwater Rx Project, and the remainder was spent on the Yard Office Remodel and the PTBH Water Meters Projects. The Stormwater Rx Project is completed in the field and staff is working on the notification to state agencies to obtain retainage release prior to the Commission approval.

Capital Purchases:

Capital purchases made during the period total \$18,639. The down payment for new laundry equipment (Boat Haven and Point Hudson that totaled \$5,154) and heaters for the Shanghai Restaurant (\$8,486) are capital purchases that were planned for out of the Repair/Maint Operating budget. The deposit on the FSM Marina

Management software (\$5,000) is the rest of the purchases for the period, which was budgeted in the Capital Budget.

Cash & Investment balances:

End of month, the cash and investment balances were \$1,777,417. Reserve balances totaled \$892,234 and Unreserved Cash & Investments totaled \$885,183.

Regarding cash balances, it should be noted that the proposed bond issuance for the Point Hudson South Jetty includes up to \$500,000 that can be used to re-build Port cash balances used in the Stormwater Rx Project. The Commission passed Resolution #669-17 allowing the Port to reimburse itself from bond proceeds to replenish cash reserves used for that project.

Port of Port Townsend
Summary of Operating & Non-Operating Revenues & Expenses
2018 Activity with Comparison to Prior Year and Budget

	YTD Feb. 2017	YTD Feb. 2018	Variance to prior year - 2017 v 2018	YTD Budget 2018	Variance to Budget YTD
REVENUES					
Marinas and RV Parks	304,898	368,973	64,075	327,358	41,615
Yard Operations	177,799	200,373	22,574	202,700	(2,327)
Property Leases & Use	183,123	179,754	(3,369)	185,619	(5,865)
Fuel Sales & Leases	4,685	2,800	(1,885)	4,050	(1,250)
Ramp Use	6,515	8,017	1,502	8,800	(783)
Utilities	42,739	47,250	4,511	45,010	2,240
Total Operating Revenues	719,758	807,166	87,408	773,537	33,630
OPERATING EXPENSES					
Salaries & Wages	328,796	335,295	6,499	347,840	(12,545)
Payroll Taxes	42,650	32,943	(9,707)	48,911	(15,968)
Employee Benefits	102,038	124,326	22,288	129,110	(4,784)
Uniform Expense	1,427	354	(1,072)	1,540	(1,186)
Contract Services	47,458	23,011	(24,447)	48,222	(25,211)
Consulting Services	-	15,595	15,595	27,500	(11,905)
Legal & Auditing	12,255	17,694	5,439	21,600	(3,906)
Facilities & Operations	88,004	101,624	13,620	119,853	(18,229)
Utilities	59,222	61,227	2,005	59,189	2,039
Marketing	4,166	6,557	2,391	8,169	(1,612)
Economic Development	-	-	-	-	-
Travel & Training	3,934	3,914	(21)	5,368	(1,455)
Cost of Goods - Fuel	1,805	322	(1,483)	1,800	(1,479)
Community Relations	210	-	(210)	-	-
Total Operating Expenses	691,964	722,861	30,897	819,102	(96,241)
Income from Operations w/o Depr	27,794	84,306	56,512	(45,565)	129,871
Non-Operating Revenue					
Capital Contributions/Grants	4,767	37,977	33,210	70,231	(32,254)
Interest	2,674	2,821	147	1,000	1,821
Property & other taxes	171,201	186,580	15,379	176,001	10,579
Misc Non-Operating Revenue	11,858	3,992	(7,866)	4,750	(758)
Total Non-Operating Revenues	190,499	231,370	40,871	251,982	(20,612)
Non-Operating Expenses					
Bond Interest	59,444	52,955	(6,489)	55,356	(2,401)
Bond Mgmt, Issuance & Misc Exp	160	100	(60)	80	20
Election Expense	-	-	-	-	-
Total Non-Operating Expenses	59,604	53,055	(6,549)	55,436	(2,381)
Net Non-Operating Income (Expense)	130,895	178,315	47,420	196,546	(18,231)
Net Income (Loss)	158,689	262,621	103,932	150,981	111,640

Notes: none

Port of Port Townsend Cash Flow Management Report as of February 28, 2018

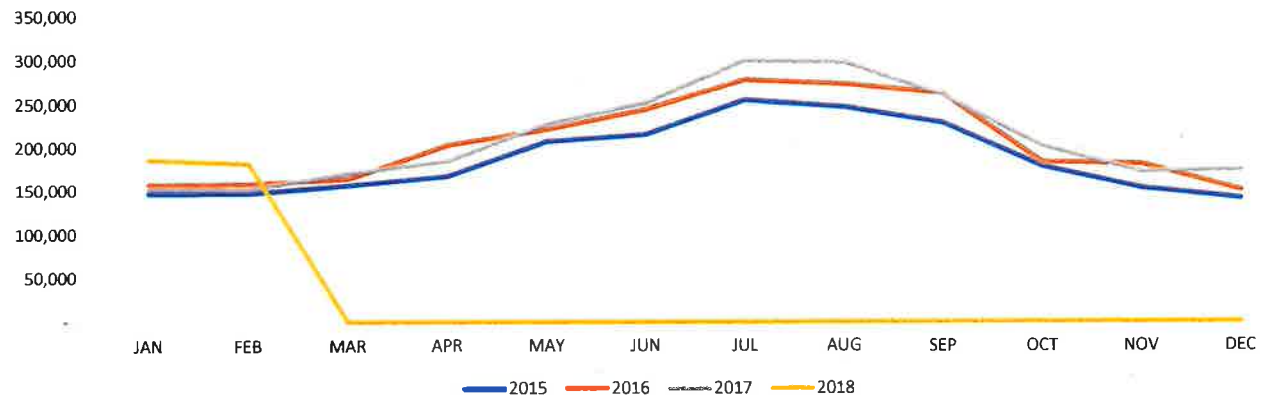
		<u>YTD February</u>
Net Income w/o Depreciation		262,621
Net change in Accruals to Cash from Balance Sheet*		(220,888)
<u>Less: Capital Expenses:</u>		
Storm-water Rx project	(15,500)	
Point Hudson South Jetty project	(22,938)	
JCIA Runway project	(25,825)	
Yard/Moorage Office Remodel project	(5,096)	
PTBH Water Meters project	(1,900)	
Equipment replacement	(18,639)	
Total Capital Expenditures		(89,898)
<u>Less: Principal Payments on Debt:</u>		
Point Hudson Refunding Bond	-	
PTBH Marina Bond	-	
Administrative Building Bond	-	
Total Bond Principle payments		-
Increase (decrease) in Cash Y-T-D		(48,165)
Beginning Cash at 12/31/17		1,825,582
Ending Cash at 2/28/18		1,777,417

**These are current assets and current liabilities.*

4 Year Trend of Marinas & RV Parks Revenue
Monthly as of February 28, 2018

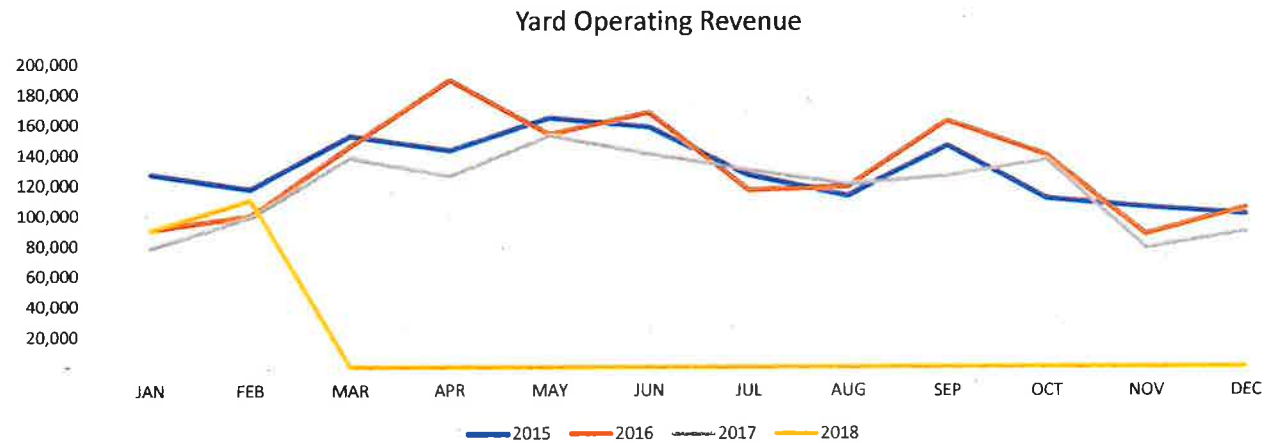
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	Total
2015	147,223	147,807	157,043	167,880	208,212	216,181	255,773	247,654	229,114	179,008	153,353	141,406	2,250,653
2016	157,265	158,331	163,963	203,332	220,872	244,026	277,638	273,082	261,784	183,088	181,166	150,375	2,474,924
2017	152,782	152,116	171,046	185,589	227,879	252,290	300,140	298,660	260,479	202,271	171,786	174,849	2,549,888
2018	186,647	182,326	-	-	-	-	-	-	-	-	-	-	368,973

Marinas & RV Parks Revenue



4 Year Trend of Yard Operations Revenue
Monthly as of February 28, 2018

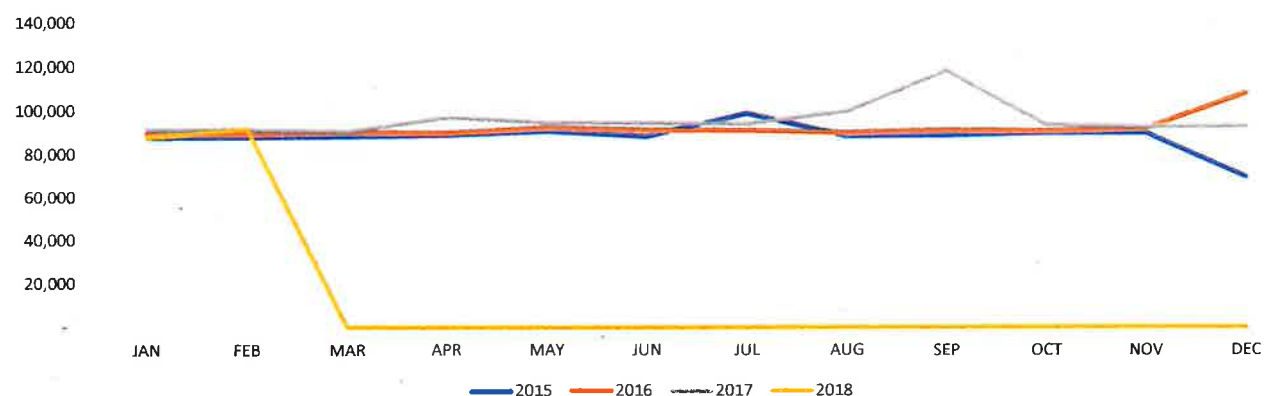
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	Total
2015	127,251	117,863	152,896	143,637	165,218	159,055	127,153	113,746	146,730	111,944	106,145	101,239	1,572,877
2016	90,417	99,886	145,797	189,397	153,684	168,270	117,066	119,277	162,539	140,141	87,340	105,067	1,578,880
2017	78,933	98,866	138,350	126,487	153,294	141,390	130,648	121,164	126,737	137,261	79,024	89,555	1,421,708
2018	89,837	110,536	-	-	-	-	-	-	-	-	-	-	200,373



4 Year Trend of Property Lease & Use Revenue
Monthly as of February 28, 2018

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	Total
2015	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
2016	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
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
2018	88,048	91,706	-	-	-	-	-	-	-	-	-	-	179,754

Property Leases & Use Revenue



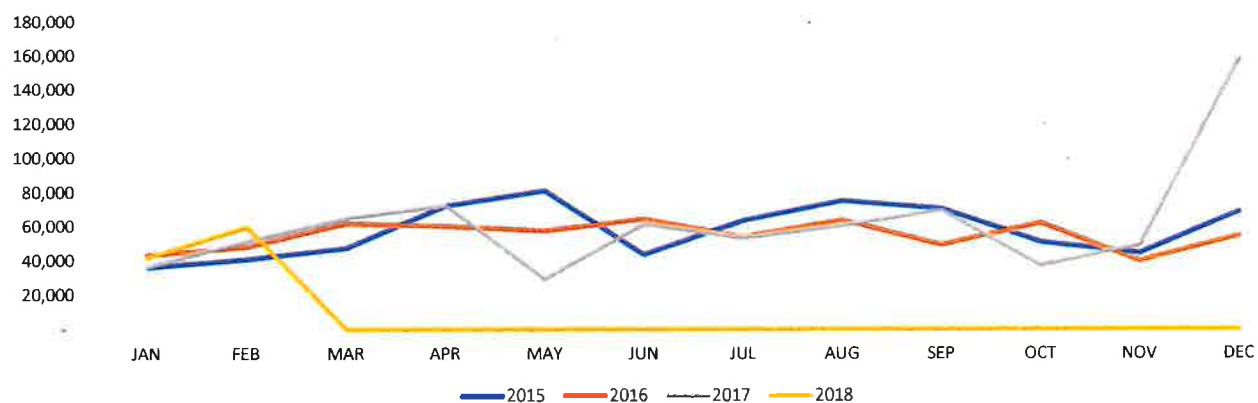
Notes:

1. The spike in September 2017 is related to use of Port property for the Wooden Boat Festival.
2. The December decrease in 2015 is related to the bankruptcy of Goldstar Marine.
3. The December increase in 2016 is related to the signing of the US Coast Guard lease renewal (three months were accrued in Dec.)

4 Year Trend of Facilities & Operations Expenses
Monthly as of February 28, 2018

	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
2018	41,842	59,782	-	-	-	-	-	-	-	-	-	-	101,624

Facilities & Operations Expense Trends



Notes:

1. 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. Without this write off, the total line item would be \$648,680 for 2017. The 2017 Bad Debt write-off relates to Revenues recognized in previous years that was identified as uncollectible. The breakdown by year is as follows:

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

PORT OF PORT TOWNSEND

AGENDA COVER SHEET

MEETING DATE	March 28, 2018
AGENDA ITEM	<input type="checkbox"/> First Reading <input type="checkbox"/> Second Reading <input checked="" type="checkbox"/> Regular Business
AGENDA TITLE	VII. B) Operations/Occupancy Report
STAFF LEAD	Greg Englin
REQUESTED	<input type="checkbox"/> Motion <input type="checkbox"/> Action <input checked="" type="checkbox"/> Discussion
ATTACHMENTS	A. Info Memo B. Operations & Occupancy Report Briefing C. Operations & Occupancy Report D. 5-year Comparison E. Moorage & Haulouts Graph F. 2018 Monthly Counts

PORT OF PORT TOWNSEND

INFORMATIONAL MEMO

DATE: 3/28/2018
TO: Commissioners, Executive Director
FROM: Greg Englin, Director Operations & Business Development
SUBJECT: Performance & Operations Report - February, 2018

RECREATIONAL VEHICLES

RV's. We hired a new Camp Host at Point Hudson RV park, Krisanne Meyer. She has done a great job and we appreciate her oversight as do the customers. Occupancy for the Point Hudson RV Park has been very strong and continues to contribute to the Port's bottom line. The reforms that staff began implementing after the late 2016 and early 2017 are directly contributing to the financial performance.

MOORAGE

Point Hudson. Moorage has been stronger across the board including Point Hudson. We have been focusing on guest monthly (and management of permanent moorage). Weather has been better than last year which has helped though most of the improved financial performance is due to focusing on promoting guest monthly. Next year may depend on impacts from the jetty project.

Boat Haven. The improved financial performance reflects a few different factors including adjusted pricing and supplementing permanent with guest moorage. As we roll out the new FSM software we expect that it will assist in increasing daily moorage numbers by enabling better (i.e. real time) response times. Lack of tribal crab openers also has an impact on daily numbers as well. Ramp fees were up in part due to favorable weather and a much larger turnout for the Olympic Salmon Derby.

Quilcene. The challenge with staffing remote locations need to be recognized here. The permanent moorage numbers are up because of increased use by customers and tenants. Employing a temp hire that provided higher customer service is key.

Derelict Vessels. We have not taken any additional derelict vessels into the yard. However, we still have an inventory of derelict vessels that we are systematically dealing with including a recent auction for five (5) more vessels.

BOAT YARD

The Shipyard has outperformed most of the previous years. Certainly, from a financial standpoint, we are strengthening and active outreach to customers has proven effective. We are trying to preschedule them for Q4 of this year and have a couple clients already committed for this fall/winter season. We need to implement the same strategy for the Workyard. Also, we are working with marine trades and tenants to develop a shared understanding and approach to pricing and attracting business to the Port.

PROPERTIES

Revenue is down for Point Hudson as a cohesive strategy and vision for those assets is developed. Renegotiation of leases should generate stronger revenues though we will be confronted with expenses and capital needs that may offset any gains in the short run. Also, we have contracted with Kidder Mathews to undertake another rate study that should help establish an independent basis for new market rates.

I am confident in our current staff. They are doing a great job and are committed. We will continue to build more business and customer loyalty through improved service and providing greater value. Lastly, the significant decrease in new derelict vessels is a serious improvement over past years and directly leads to a reduction in operational expenses and bad debt. Thanks to everyone for the current performance including our tenants.

Sincerely,

Greg Englin
Director, Operations & Business Development

OPERATIONS & OCCUPANCY REPORT

March 28, 2018

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Sincerely,

Greg Englin
Director, Operations & Business Development

OPERATIONS & OCCUPANCY REPORT

MOORAGE & RV'S

	JAN		FEB		MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC	Total Units	Units
PTBH - SLIPS	94%	281	95%	284											299	SLIPS
PTBH - LINEAL	78%	2097	68%	1828											2,688	FT
PTBH - CONSTRAINED	14%	96	16%	109											683	FT
PTBH - LIMITED	87%	26	84%	25											30	SLIPS
PTBH - COM. RAFTING	94%	432	91%	419											460	FT
PH- SLIPS 1-12	65%	546	69%	580											840	FT
PH - SLIPS 13-32	87%	17	93%	19											20	SLIPS
PH - LINEAL	84%	716	83%	706											848	FT
PH - LIMITED	55%	637	63%	736											1,169	FT
PH - KAYAK	48%	19	53%	21											40	SLIPS
PH - RV	61%	28	71%	33											46	SITES
QUIL - SLIPS	25%	8	22%	7											32	SLIPS
QUIL - LINEAL	54%	113	57%	120											210	FT
QUIL - LIMITED	0%	0	0%	0											190	FT
WORKYARD	37%	44	30%	36											120	SLIPS
SHIPYARD	56%	12	76%	17											22	SLIPS
LONGTERM	90%	32	88%	31											35	SLIPS

*Percentages reflect monthly averages. Averages are calculated from a combination of lineal feet or slips/spaces occupied compared to the overall capacity of feet/space.

Port of Port Townsend

5 year Comparisons

POINT HUDSON RV PARK - Nightly Count

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
2014	285	150	249	546	706	1015	1169	1228	1120	796	432	269	7965
2015	304	291	244	652	955	1036	1202	1287	1072	771	403	269	8486
2016	286	281	392	634	806	963	1256	1276	1137	645	492	293	8461
2017	211	253	349	491	833	1015	1368	1314	1022	770	312	243	8181
2018	204	294											498

POINT HUDSON MARINA - Nightly Count

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
2014	53	57	77	209	585	520	993	996	778	120	114	52	4554
2015	83	104	101	163	619	537	1018	1033	958	221	73	60	4970
2016	70	92	56	235	594	706	1015	1026	950	122	51	44	4961
2017	25	60	65	138	540	729	1131	990	839	99	48	45	4709
2018	27	28											55

BOAT HAVEN MARINA - Nightly Count

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
2014	81	149	207	229	539	547	790	1064	805	389	156	87	5043
2015	132	188	271	249	605	497	799	795	920	206	287	87	5036
2016	100	251	196	251	261	548	759	623	927	211	156	129	4412
2017	64	141	420	190	479	511	757	704	757	202	61	150	4436
2018	86	103											189

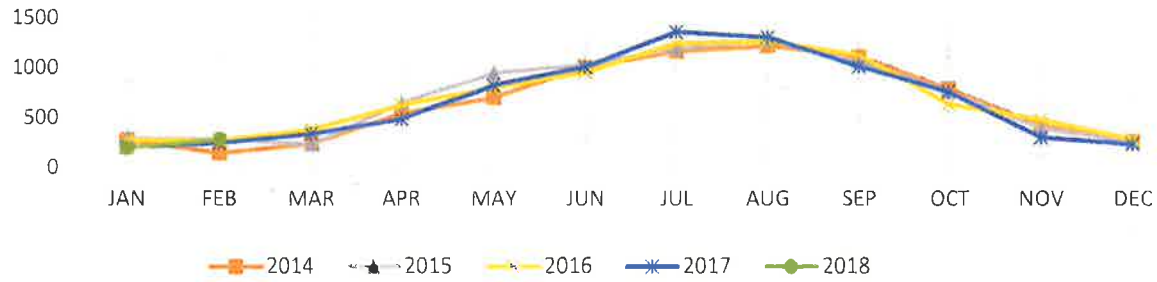
WORKYARD - 75T Haul Outs

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC	YTD
2014	28	42	62	74	92	91	90	82	74	70	25	27	757
2015	26	37	81	84	95	93	78	74	71	41	34	24	738
2016	19	34	62	76	87	86	78	82	65	61	32	21	703
2017	24	32	61	75	78	100	73	74	62	57	24	16	676
2018	25	29											54

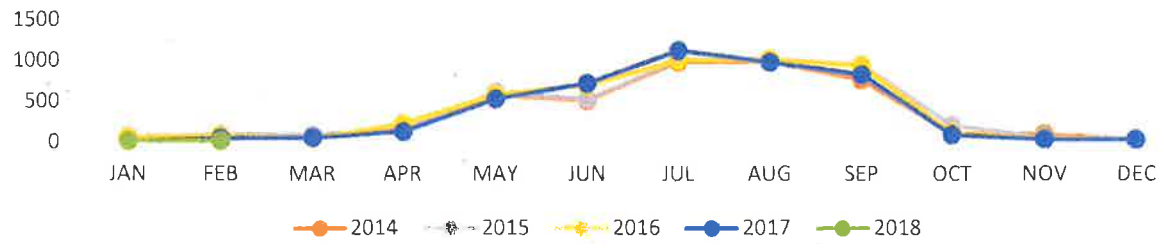
SHIPYARD - 300T - Haul Outs

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC	YTD
2014	9	7	12	17	18	13	11	6	12	12	7	5	129
2015	10	2	13	14	16	18	5	10	13	12	6	2	121
2016	9	6	21	12	16	14	6	10	13	19	3	8	137
2017	11	12	7	15	16	13	7	9	11	13	6	6	126
2018	9	10											19

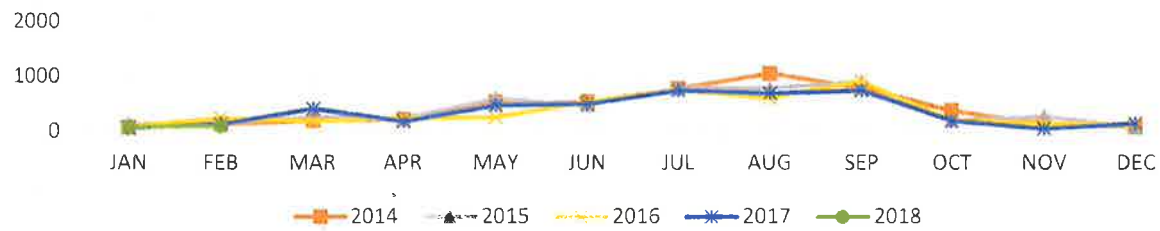
Point Hudson RV Nightly



Point Hudson Moorage Nightly



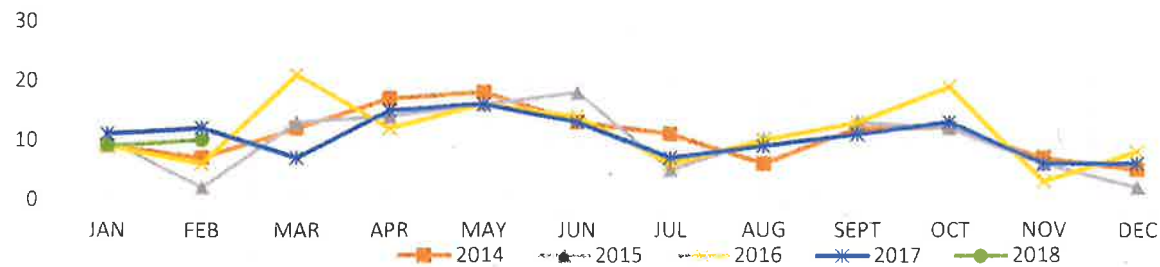
Boat Haven Moorage Nightly



Workyard 75T Haul Outs



Shipyard 300T Haul Outs



Port of Port Townsend Monthly Counts - 2018

POINT HUDSON

	LIMITED	RV MONTHLY	BUSINESS/ PERMANENT	MOORAGE MONTHLY	RES. FEES
JAN	24	22	11	29	235
FEB	27	21	10	32	202
MAR					
APRIL					
MAY					
JUNE					
JULY					
AUG					
SEPT					
OCT					
NOV					
DEC					

BOAT HAVEN

	PERMANENT	MOORAGE MONTHLY	CREDIT SYSTEM	A - RAMP	D - RAMP
JAN	311	44	8	44	23
FEB	308	41	7	21	21
MAR					
APRIL					
MAY					
JUNE					
JULY					
AUG					
SEPT					
OCT					
NOV					
DEC					

QUILCENE

	BUSINESS/ PERMANENT	MOORAGE NIGHTLY	A - RAMP	DAILY RAMP
JAN	8	0	1	5
FEB	11	6	1	4
MAR				
APRIL				
MAY				
JUNE				
JULY				
AUG				
SEPT				
OCT				
NOV				
DEC				

2017

POINT HUDSON

	LIMITED	RV MONTHLY	BUSINESS/ PERMANENT	MOORAGE MONTHLY	RES. FEES
JAN	28	9	10	27	197
FEB	26	9	10	28	219
MAR	27	8	10	28	288
APRIL	38	8	10	19	284
MAY	40	3	11	1	515
JUNE	40	2	11	1	568
JULY	42	0	11	1	686
AUG	41	0	11	1	556
SEPT	36	0	11	1	328
OCT	28	6	11	26	253
NOV	26	13	11	30	157
DEC	24	17	11	28	86

BOAT HAVEN

	PERMANENT	MOORAGE MONTHLY	CREDIT SYSTEM	A - RAMP	D - RAMP
JAN	298	33	15	31	7
FEB	309	37	11	37	20
MAR	307	41	20	55	100
APRIL	306	38	17	22	62
MAY	312	47	31	41	202
JUNE	309	67	30	41	97
JULY	305	80	40	45	357
AUG	309	78	41	8	123
SEPT	309	73	35	3	137
OCT	308	55	11	1	28
NOV	309	47	7	1	26
DEC	312	41	8	26	15

QUILCENE

	BUSINESS/ PERMANENT	MOORAGE NIGHTLY	A - RAMP	DAILY RAMP
JAN	6	1	2	2
FEB	6	1	1	1
MAR	8	4	5	1
APRIL	10	12	3	0
MAY	26	54	9	126
JUNE	29	52	10	94
JULY	32	49	7	100
AUG	34	41	3	90
SEPT	32	18	0	145
OCT	19	4	0	6
NOV	11	1	0	2
DEC	10	0	0	1