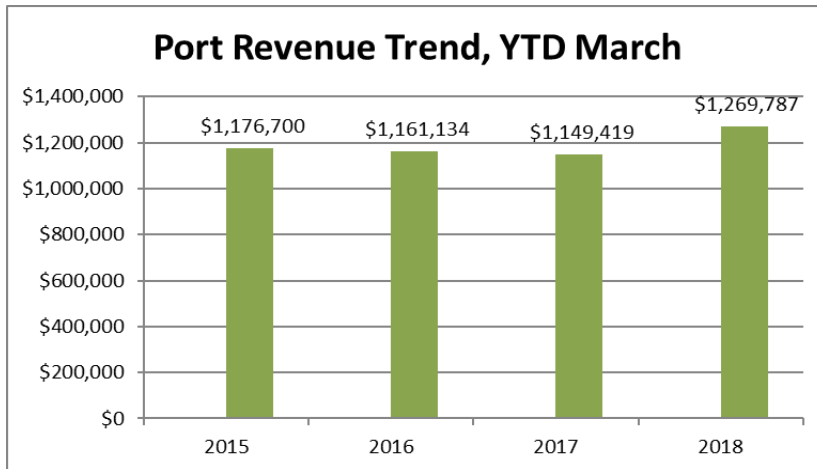


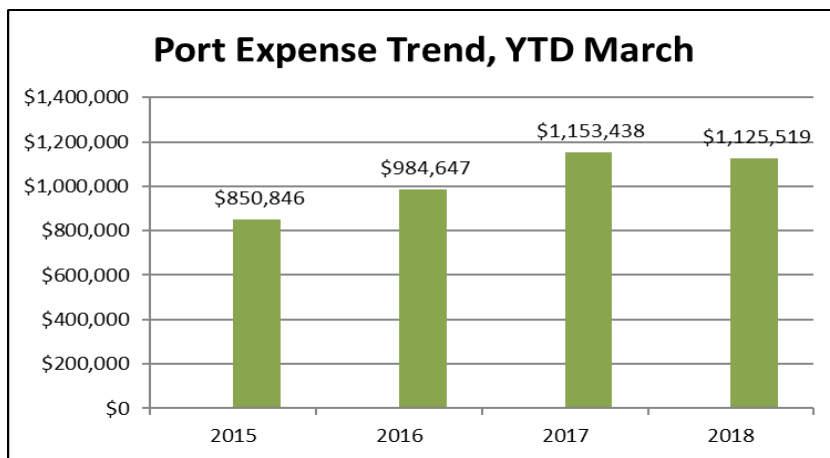
DATE: April 17, 2018
TO: Commissioners and Directors
FROM: Abigail Berg, Director of Finance & Administration
SUBJECT: Port Operating Results as of March 31, 2018

NOTE: We started reporting a Cashflow report in February, but was unable to complete it in time for this month's report. In April there will be a Cashflow report in the Commission packet.



Revenue Highlights:

- ✓ March YTD is still strong with 2018 Operating Revenues ahead of 2017 by \$120,368 or 10%.
- ✓ Total Operating Revenues are ahead of YTD Budget by \$15,581.
- ✓ Marinas & RV Parks revenue lead prior year by \$91,866 and are ahead of budget by \$54,542.
- ✓ Yard revenues are ahead of the prior year by \$26,028, but short of budget by \$34,883.
- ✓ Ship Yard Hoist revenues are ahead of last year by \$13,416, and ahead of budget by \$7,876.
- ✓ Ship Yard revenues are just barely ahead of last year by \$1,797, and below budget by \$24,707.
- ✓ Increases in the Ship Yard Hoist revenue shows the Port 300 Ton lift activity is solid, however, the Port reduction in the storage capacity from prior years is reflected in the Ship Yard revenue that is just barely ahead of 2017 and short of budget.
- ✓ Work Yard Hoist revenues are ahead of last year by \$6,645 and ahead of budget by \$7,405.
- ✓ Work Yard revenues are less than last year by \$13,290, and short of budget by \$27,612.
- ✓ Similar to the Ship Yard Hoist, the Work Yard Hoist revenue is strong, exceeding the prior year and ahead of budget, however Work Yard revenues continue to lag. Discounts for the Work Yard have been advertised and given for several months with little effect.
- ✓ Property Leases & Use are less than the prior year by \$3,898 and less than budget by \$8,608. This is primarily due to tenant vacancies at Point Hudson (Cupola House and Armory Building).
- ✓ Fuel Sales & Leases are below the prior year by \$1,462.
- ✓ Ramp revenues have leveled off to almost the same as 2017.
- ✓ Utilities Revenue are ahead of last year by \$7,716 and ahead of budget by \$4,746.



Expense Highlights:

- ✓ 2018 Operating Expenses are less than 2017 by \$27,919, and below budget by \$121,660.
- ✓ 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 \$2,799, whereas when compared to budget is less by \$17,060. The bulk of this budget variance is less in Repair & Maintenance Supplies than budgeted.
- ✓ Utilities are slightly higher in 2018 than 2017 (\$12,288) and more than projected budget (\$10,711).
- ✓ Marketing is on par with 2017, though below projected budget by \$6,785.
- ✓ Cost of Goods – Fuel is less in 2018 than 2017 by \$1,515.

Net Operating Income is \$144,268. When including Non-Operating Revenues and Expenses, there is a Net Profit of \$421,739.

Non-Operating Revenues:

- ✓ Capital Contributions / Grants revenue are 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.
- ✓ The significant driver in a reduction of Miscellaneous Non-Operating Revenue from 2017 to 2018 is 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.
- ✓ In addition, this line item contained Quilcene Feasibility Study expenses in 2017 (under Miscellaneous Non-Operating expense).

Capital Projects:

This month, the Port expended \$143,639 in WIP (capital project "Work in Progress"). 47% of these expenses are for the Point Hudson South Jetty Project, 32% was for the Stormwater Rx Project, 15% was for the JCIA Runway Rehab Project, and the remainder was spent on the Yard Office Remodel 6%. 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 \$20,938. This was the balance due on the new laundry equipment for both boat haven and Point Hudson.

Cash & Investment balances:

End of month, the cash and investment balances were \$1,921,942. Reserve balances totaled \$902,234 and Unreserved Cash & Investments totaled \$1,019,708.

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.

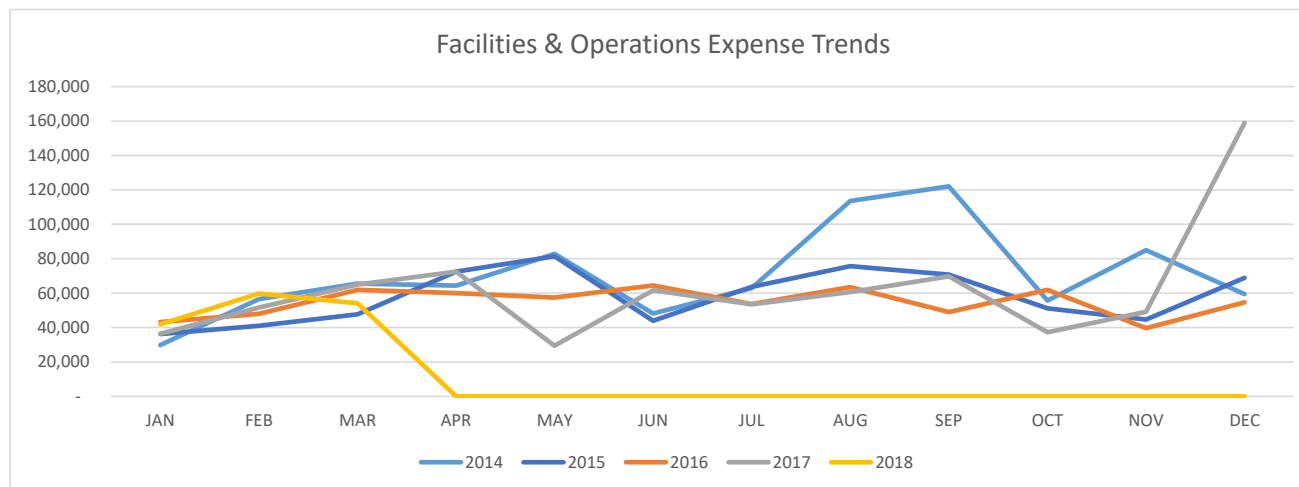
Port of Port Townsend
Summary of Operating & Non-Operating Revenues & Expenses
2018 Activity with Comparison to Prior Year and Budget

	YTD Mar. 2017	YTD Mar. 2018	Variance to prior year - 2017 v 2018		YTD Budget 2018	Variance to Budget YTD
REVENUES						
Marinas and RV Parks	475,944	567,810	91,866		513,268	54,542
Yard Operations	316,149	342,177	26,028		377,060	(34,883)
Property Leases & Use	273,908	270,010	(3,898)		278,618	(8,608)
Fuel Sales & Leases	7,681	6,219	(1,462)		6,085	134
Ramp Use	11,833	11,951	118		12,300	(349)
Utilities	63,905	71,621	7,716		66,875	4,746
Total Operating Revenues	1,149,419	1,269,787	120,368		1,254,206	15,581
OPERATING EXPENSES						
Salaries & Wages	533,931	498,312	(35,618)		523,180	(24,868)
Payroll Taxes	69,489	51,426	(18,063)		73,488	(22,062)
Employee Benefits	166,510	183,015	16,505		193,665	(10,650)
Uniform Expense	1,993	594	(1,399)		2,336	(1,742)
Contract Services	78,317	45,939	(32,378)		71,588	(25,649)
Consulting Services	1,568	18,683	17,115		41,250	(22,568)
Legal & Auditing	22,597	34,490	11,893		32,400	2,090
Facilities & Operations	152,963	155,762	2,799		172,822	(17,060)
Utilities	108,669	120,956	12,288		110,245	10,711
Marketing	9,458	9,468	10		16,253	(6,785)
Economic Development	-	-	-		-	-
Travel & Training	4,465	5,221	756		6,752	(1,531)
Cost of Goods - Fuel	3,168	1,654	(1,515)		3,200	(1,546)
Community Relations	310	-	(310)		-	-
Total Operating Expenses	1,153,438	1,125,519	(27,919)		1,247,179	(121,660)
Income from Operations w/o Depr	(4,019)	144,268	148,287		7,027	137,241
Non-Operating Revenue						
Capital Contributions/Grants	8,482	73,287	64,804		101,436	(28,149)
Interest	4,144	4,665	521		1,500	3,165
Property & other taxes	250,931	268,164	17,233		259,668	8,496
Misc Non-Operating Revenue	14,120	10,937	(3,182)		6,955	3,982
Total Non-Operating Revenues	277,677	357,053	79,376		369,559	(12,506)
Non-Operating Expenses						
Bond Interest	88,536	79,432	(9,104)		83,034	(3,602)
Bond Mgmt, Issuance & Misc Exp	5,770	150	(5,620)		370	(220)
Election Expense	-	-	-		-	-
Total Non-Operating Expenses	94,306	79,582	(14,724)		83,404	(3,822)
Net Non-Operating Income (Expense)	183,371	277,471	94,099		286,155	(8,684)
Net Income (Loss)	179,352	421,739	242,386		293,182	128,557

Notes: none

5 Year Trend of Facilities & Operations Expenses
Monthly as of March 31, 2018

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	Total
2014	29,839	56,517	65,559	64,363	82,858	48,211	62,921	113,527	122,041	55,721	84,978	59,474	846,009
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	54,138	-	-	-	-	-	-	-	-	-	155,762



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

2. Spike in August 2014 was the settlement payment to Caicos Construction.

3. Spike in September 2014 was an adjustment for expenses erroneously charged to the Point Hudson Breakwater project. These were minor repairs to the breakwater as the result of an accident (paid to Orion Marine Group).