

CASH RESERVES POLICY

1. Operating Reserve: To mitigate current and future revenue shortfalls, unanticipated expenditures, and maintain the Port's credit rating, the Port will maintain sufficient cash reserves to pay an average of 3 months of operating and general administrative expenses, equating to the Port maintaining approximately 25% of total budgeted operating expenses in its cash reserves. Initial funding targets are \$180,000 for 2019 (approximately \$15,000/month), increasing by 1.75% annually from 2020-2022, and a 1.5% increase in 2023. These projections are based on the 2019 Draft Capital Plan and Cashflow and are subject to change depending on Commission direction, and/or business activity and performance. Should cash reserves fall to levels insufficient to meet these obligations, the Executive Director will immediately take action to raise the level of cash through operations and /or reduction of expenses.
2. Port-Wide Capital Reserve: To fund capital projects and capital maintenance work as well as for grant match, when applicable. In the August 10, 2016 Commission meeting, the Commission authorized staff to cease funding the Boat Haven Reserve Fund immediately and redirect those monthly reserve payments to a Port-Wide Capital Reserve. The reserve was to be funded annually in the amount of \$120,000. In the 2019 Draft Capital Plan and Cashflow, this amount is continued for 2019 and 2020 and increases to \$250,000 annually from 2021 to 2023 while throughout those periods, using some of the reserve for targeted capital projects.