



2019 DRAFT Capital Budget

CAPITAL BUDGET - 2019

Overview

In the 2019 Capital budget, only a limited number of projects are currently funded, as capital needs exceed available resources. Obviously there are Capital projects not listed here that need to be examined on a case-by-case basis. If a project can be funded through rents or on a reimbursable basis and also break even or better within the current fiscal year, it may be considered. Additional projects may also reallocate operating expenses categorized as "Maintenance & Repair" expenses," to capital needs as the source of funding.

JCIA Runway Rehabilitation

The Jefferson County International Airport (JCIA) runway was constructed in 1990 with an anticipated design life of 20 years. The runway has been well maintained at a serviceable level far beyond its design life. The Capital Improvement Plan calls for the replacement of the runway. The overall development objective of this project is to reconstruct the 3,000-foot by 75-foot wide runway and relocate the center taxiway consistent with FAA design standards.

Boat Haven Workyard Resurfacing

Over the last few years, the Port has installed stormwater treatment improvements to comply with federal and state water quality standards. The additional improvements will help keep metals (i.e. zinc and copper) and other pollutants from entering Port Townsend Bay. Stormwater compliance efforts will continue with the goal being achievement of discharge standards. This capital effort will involve more grading and addition of gravel to improve system performance while the Port continues to study alternative discharge options.

Boat Haven Backflow Preventer

New improved backflow preventers are being required by the City of Port Townsend in order to protect fresh water resources. This project was broken out into a separate project from the water sub-metering project. The estimated cost is \$30,000.

Boat Haven Water Meters

The Port will be installing water meters to measure usage by Port tenants. This project will isolate the different buildings in the Port Townsend Industrial Park to calculate a more accurate allocation of water usage by various businesses. Additionally, meters will be installed at the head of each dock at Boat Haven. This will allow the Port to apply for a credit from City Public Works so that the Port is not billed for sewer and stormwater charges for water distributed to vessels. This will reduce utility charges borne by the Port. The estimated cost is \$30,000.

WDFW Building Air Quality

This project involves installation of an air handling system to improve air quality, other mitigation measures may also be required such as building undercoating to reduce creosote odors. The estimated cost is \$190,000 split between 2019 and 2020.

Point Hudson Jetty Repair & Maintenance

The South Jetty replacement did not move forward in 2018 as originally anticipated. Therefore, contingency repair funding will be held for emergency work (as needed) for the next two (2) years to safeguard continued operation of the Point Hudson Marina. Contingency funds are estimated in the amount of \$250,000 for both 2019 and 2020.

Small Capital Projects

These projects will be reviewed and considered on a case-by-case basis. Each project is estimated to be less than \$25,000. This line item includes \$100,000 in expenses that were removed from the Maintenance Operating budget and an additional \$25,000 in labor costs. Small project that would likely be undertaken under this line item include Boat Haven restroom renovations, JCI ditch cleaning (to improve stormwater system performance) and other small projects as yet unidentified. All project falling under this line item are anticipated to require between \$5,000 and \$25,000 to undertake.

Port Vehicle Replacement

The Port is long overdue in replacing vehicles in its fleet. This was started in 2018 with one (1) vehicle purchase and this program is expected to continue annually over the next five (5) years.

**5 year Capital Projections
years 2019-2023
as of November 9, 2018**

PROJECT Expenses	note	2019 estimate	2020 estimate	2021 estimate	2022 estimate	2023 estimate	total
JEFFERSON COUNTY INTERNATIONAL AIRPORT (JCIA)							
JCIA Runway Rehab - remainder of Phase II Engineering		153,364					153,364
JCIA Runway Rehab - Phase III Construction		4,400,000					4,400,000
Airport Bldg (Welcome to Airport & records storage)				250,000			250,000
BOAT HAVEN							
Workyard Surface - 2019		100,000	100,000				300,000
Moorage Backflow Preventers		30,000				100,000	30,000
Property Water Meters		30,000					30,000
Programmatic Permitting for Piling Replacement (good 7 yrs)			50,000				50,000
Boat Haven Piling Replacement					300,000		300,000
Boat Haven Shoreline Stabilization							-
Engineering/Design			28,000				28,000
Construction					300,000		300,000
C&D & Linear Dock Renovation				200,000			200,000
Engineering/Design				500,000			500,000
Construction					1,000,000		1,500,000
POINT HUDSON							
WDFW heat/cresosote (contingent - Airhandlers)		95,000	95,000				190,000
WDFW roof						64,000	64,000
Point Hudson South Jetty repairs (contingency funds)		250,000	250,000				500,000
Point Hudson South Jetty Replacement				5,500,000			5,500,000
Cupola House/Annex			118,000				118,000
Shanghai Roof			107,000				107,000
QUILCENE							
Quilcene Marina Fuel System Upgrade			20,000				20,000
Marina Entrance Dredging					230,000		230,000
Marina Dock Repairs						250,000	250,000
Ramp Upgrade						242,000	242,000
OTHER CAPITAL							
Small Capital projects (less than approximately \$30k)		125,000	125,000	125,000	125,000	125,000	625,000
Port Vehicle replacement		50,000	30,000	30,000	30,000	30,000	170,000
Total Estimated Project Expenses		5,233,364	923,000	6,605,000	1,985,000	811,000	15,557,364

Port of Port Townsend
2019-2023 Capital Project Plan 2019 related Cashflow Projection

FUNDING SOURCES	note	2019 estimate	2020 estimate	2021 estimate	2022 estimate	2023 estimate
Grants						
Federal Aviation Association (FAA)		(4,098,028)				
Washington State Dept. of Transportation (WSDOT)		(220,000)				
Port Wide Capital Reserve						
Workyard Resurfacing		(100,000)	(100,000)			(100,000)
Water Meters		(30,000)				
WDFW creosote abatement		(95,000)				
C&D & Linear Dock - Construction (partial funding)				(215,766)		(64,000)
WDFW Roof						
Boat Haven Reserve						
Backflow Prevention		(30,000)				
Programatic Permit for Piling Replacement			(50,000)			
Shoreline Stabilization - Engineering/Design			(28,000)			
C&D & Linear Dock - Engineering/Design				(200,000)		
C&D & Linear Dock - Construction (partial funding)				(284,234)		
Net Operating Income						
JCIA match - remaining AIP Phase II		(15,336)				
JCIA match - AIP Phase II (construction)		(220,000)				
Boat Haven Piling Replacement					(300,000)	
Boat Haven Shoreline Stabilization Construction					(300,000)	
Point Hudson - WDFW heat/creosote			(95,000)			
Point Hudson - Cupola House Annex			(118,000)			
Point Hudson - Shanghai Roof			(107,000)			
Quilcene Marina Fuel System Upgrade			(20,000)			
Quilcene Marina Entrance Dredging					(230,000)	
Quilcene Dock Repairs						(250,000)
Quilcene Ramp Upgrade						(242,000)
Small Capital projects			(125,000)	(125,000)	(125,000)	(125,000)
Vehicle replacement		(50,000)	(30,000)	(30,000)	(30,000)	(30,000)
Point Hudson Emergency Jetty Repairs (contingency)		(250,000)	(250,000)			
Total Funding Sources supported by Cashflow projections	8	(5,233,364)	(923,000)	(855,000)	(985,000)	(811,000)
Unknown Funding Source						
Airport building (Welcome to Airport & record storage)				(250,000)		
Point Hudson South Jetty Replacement				(5,500,000)		
C&D & Linear Dock Renovation Construction					(1,000,000)	
total Funding Sources Supported by Cashflow & Unknown		(5,233,364)	(923,000)	(6,605,000)	(1,985,000)	(811,000)

Port of Port Townsend
2019-2023 Capital Project Plan 2019 related Cashflow Projection

	note	2019	2020	2021	2022	2023
		Budget	Projection	Projection	Projection	Projection
Revenues - Operating	1	6,194,924	6,380,772	6,572,195	6,769,361	6,972,442
Revenues - Prop Tax Levy	2	1,008,000	1,018,080	1,028,261	1,038,543	1,048,929
Revenues - Other Non Op	3	4,501,718	123,610	127,318	131,138	135,072
Total INFLOW		11,704,642	7,522,462	7,727,774	7,939,042	8,156,442
Expenses - Operating	4	5,038,368	5,189,519	5,345,205	5,505,561	5,670,728
Expenses - Bond Interest	5	293,838	276,488	250,888	222,688	193,588
Expenses - Other Non Op	6	11,000	11,220	11,444	11,673	11,907
Total OUTFLOW		5,343,206	5,477,227	5,607,537	5,739,922	5,876,222
Net Op/NonOp Inflow/Outflow		6,361,436	2,045,235	2,120,237	2,199,120	2,280,220
Debt Service Principal	7	(715,000)	(755,000)	(785,000)	(810,000)	(835,000)
Net Capital Project Estimates Supported by Cashflow	8	(5,233,364)	(923,000)	(855,000)	(985,000)	(811,000)
Change in Cash balance		413,072	367,235	480,237	404,120	634,220
Beginning Year Cash		1,664,713	2,077,785	2,445,020	2,925,257	3,329,377
Total Ending Year Cash & Investments		2,077,785	2,445,020	2,925,257	3,329,377	3,963,597
Total Ending Cash Reserves		1,149,134	1,226,134	1,012,384	1,675,822	2,244,165
Total Unreserved Cash		928,651	1,218,886	1,912,873	1,653,555	1,719,431
RESERVES						
Contingency		75,000	75,000	75,000	75,000	75,000
Hazardous Waste		25,000	25,000	25,000	25,000	25,000
Unemployment		10,000	10,000	10,000	10,000	10,000
Operating Reserve	9	180,000	315,000	551,250	964,688	1,447,031
PTBH Renovation	10	562,234	484,234	-	-	-
Port-wide Capital	11	296,900	316,900	351,134	601,134	687,134
Target Oper. Reserve (25% of Operating Expense)	9	1,259,592	1,297,380	1,336,301	1,376,390	1,417,682

Port of Port Townsend
2019-2023 Capital Project Plan 2019 related Cashflow Projection

Notes:

1. Revenues - Operating were increased conservatively each year by 3.0%.
2. Revenues - Prop Tax Levy were increased annually by 1.0% as allowed by statute (actual may vary by AV calculated annually by County Assessor).
3. Revenues - Other Non Op, after 2019 budget, are based on an 8 year historical average for 2020 and subsequently increased annually at 3%.
4. Expenses - Operating start with 2019 budget and is increased annually at 3%, as calculated from averaging 8 year historical results.
5. Expenses - Bond Interest is based on bond amortization schedules with current debt only. No new debt is included.
6. Expenses - Other Non Op start with 2019 budget and increased annually by 2%, based on an 8 year historical average. This line item has historically varied quite a lot, but the amount is not significant to this analysis.
7. Debt principle is only current debt only, based on bond amortization schedules.
8. This line item is the total capital projects that are supported by the Cashflow projections, which include awarded grants, various capital reserves and net operating income.
9. Port staff will recommend the Port Commission establish a baseline minimum cash reserve for operations to ensure the sustainability of the Port. The target is estimated to be 25% of annual operating expenses. 2019 starts with a \$180,000 target and grows in years 2020-2022 by 1.75 and 1.5 in 2023. At year end 2023, the Port will have reached this target.
10. The Port Townsend Boat Haven Reserve is anticipated to be spent down by the end of 2020 with various Boat Haven projects.
11. The Port-Wide Capital Reserves will be use for projects and grant match, as applicable. In August 2016, the Commission established this reserve to be funded at \$120,000/year, and in this projection, this is increased to \$250,000/year as of 2021.