



# 2019 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 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 \$200,000 split between 2019 and 2020.

## Point Hudson Jetty Repair & Maintenance

The South Jetty replacement did not move forward in 2018 as originally anticipated. Staff continue to work with contractors and engineers to determine the most cost-effective solution for this asset.

### **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 capital projects that would likely be undertaken under this line item include Boat Haven restroom renovations, JCIA ditch cleaning (to improve stormwater system performance) and other small projects are as yet unidentified. All projects 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 February 13, 2019

| PROJECT Expenses                                       | note | 2019<br>estimate | 2020<br>estimate | 2021<br>estimate | 2022<br>estimate | 2023<br>estimate | total      |
|--|------|------------------|------------------|------------------|------------------|------------------|------------|
| <b>JEFFERSON COUNTY INTERNATIONAL AIRPORT (JCIA)</b>   |      |                  |                  |                  |                  |                  |            |
| 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    |
| <b>BOAT HAVEN</b>                                      |      |                  |                  |                  |                  |                  |            |
| Workyard Resurface                                     |      | 100,000          | 100,000          |                  |                  | 100,000          | 300,000    |
| Moorage Backflow Preventers                            |      | 30,000           |                  |                  |                  |                  | 30,000     |
| Property Water Meters                                  |      | 30,000           |                  |                  |                  |                  | 30,000     |
| Boat Haven Piling Replacement                          |      |                  |                  | 300,000          |                  |                  | 300,000    |
| Boat Haven Breakwater Repair                           |      |                  |                  |                  |                  |                  |            |
| <i>Engineering/Design</i>                              |      | 5,000            |                  |                  |                  |                  | 5,000      |
| <i>Construction</i>                                    |      | 300,000          |                  |                  |                  |                  | 300,000    |
| C&D & Linear Dock Renovation                           |      |                  |                  |                  |                  |                  |            |
| <i>Engineering/Design</i>                              |      |                  |                  | 200,000          |                  |                  | 200,000    |
| <i>Construction</i>                                    |      |                  |                  | 500,000          | 1,000,000        |                  | 1,500,000  |
| <b>POINT HUDSON</b>                                    |      |                  |                  |                  |                  |                  |            |
| WDFW heat/creosote (contingent - Airhandlers)          |      | 100,000          | 100,000          |                  |                  |                  | 200,000    |
| WDFW roof  |      |                  |                  |                  |                  | 64,000           | 64,000     |
| Point Hudson South Jetty Renovation                    |      |                  |                  |                  |                  |                  |            |
| <i>Design/Permitting</i>                               |      | 150,000          |                  |                  |                  |                  | 150,000    |
| <i>Construction</i>                                    |      |                  | 3,000,000        |                  |                  |                  | 3,000,000  |
| Shanghai Roof  |      |                  | 107,000          |                  |                  |                  | 107,000    |
| <b>QUILCENE</b>  |      |                  |                  |                  |                  |                  |            |
| Marina Entrance Dredging                               |      |                  |                  | 230,000          |                  |                  | 230,000    |
| Marina Dock Repairs                                    |      |                  |                  |                  |                  | 250,000          | 250,000    |
| Ramp Upgrade   |      |                  |                  |                  |                  | 242,000          | 242,000    |
| <b>OTHER CAPITAL</b>                                   |      |                  |                  |                  |                  |                  |            |
| Small Capital projects (less than approximately \$30k) |      | 125,000          | 125,000          | 125,000          | 125,000          | 125,000          | 625,000    |
| Port Vehicle replacement                               |      | 40,000           | 30,000           | 30,000           | 30,000           | 30,000           | 160,000    |
|  |      | 5,433,364        | 3,462,000        | 1,335,000        | 1,455,000        | 811,000          | 12,496,364 |
| <b>Total Estimated Project Expenses</b>                |      |                  |                  |                  |                  |                  |            |

5 year Capital Projections  
years 2019-2023  
as of February 13, 2019

| FUNDING SOURCES   | note | 2019<br>estimate | 2020<br>estimate | 2021<br>estimate | 2022<br>estimate | 2023<br>estimate |
|---|------|------------------|------------------|------------------|------------------|------------------|
| Grants  |      |                  |                  |                  |                  |                  |
| Federal Aviation Association (FAA)                      |      | (4,098,028)      |                  |                  |                  |                  |
| Washington State Dept. of Transportation (WSDOT)        |      | (220,000)        |                  |                  |                  |                  |
| Public Infrastructure Fund (County PIF) - PH Jetty      |      | (150,000)        |                  |                  |                  |                  |
| Loan/Bonding  |      |                  |                  |                  |                  |                  |
| Point Hudson South Jetty Renovation                     |      |                  | (3,000,000)      |                  |                  |                  |
| Port Wide Capital Reserve                               |      |                  |                  |                  |                  |                  |
| Workyard Resurfacing                                    |      | (100,000)        | (100,000)        |                  |                  | (100,000)        |
| Water Meters  |      | (30,000)         |                  |                  |                  |                  |
| WDFW creosote abatement                                 |      | (100,000)        |                  |                  |                  |                  |
| C&D & Linear Dock - Construction (partial funding)      |      |                  |                  | (215,766)        |                  |                  |
| WDFW Roof   |      |                  |                  |                  |                  | (64,000)         |
| Boat Haven Reserve                                      |      |                  |                  |                  |                  |                  |
| Backflow Prevention                                     |      | (30,000)         |                  |                  |                  |                  |
| Boat Haven Breakwater Repair - Engineering/Design       |      | (5,000)          |                  |                  |                  |                  |
| Boat Haven Breakwater Repair - Construction             |      | (300,000)        |                  | (247,234)        |                  |                  |
| C&D & Linear Dock - Construction (partial funding)      |      |                  |                  |                  |                  |                  |
| Net Operating Income                                    |      |                  |                  |                  |                  |                  |
| JCIA match - remaining AIP Phase II                     |      | (15,336)         |                  |                  |                  |                  |
| JCIA match - AIP Phase II (construction)                |      | (220,000)        |                  |                  | (300,000)        |                  |
| Boat Haven Piling Replacement                           |      |                  |                  | (200,000)        |                  |                  |
| C&D & Linear Dock - Engineering/Design                  |      |                  |                  | (37,000)         |                  |                  |
| C&D & Linear Dock - Construction (partial funding)      |      |                  |                  |                  |                  |                  |
| Point Hudson - WDFW heat/creosote                       |      |                  | (100,000)        |                  |                  |                  |
| Point Hudson - Shanghai Roof                            |      |                  | (107,000)        |                  |                  |                  |
| 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)        | (125,000)        |
| Vehicle replacement                                     |      | (40,000)         | (30,000)         | (30,000)         | (30,000)         | (30,000)         |
| Total Funding Sources supported by Cashflow projections | 8    | (5,433,364)      | (3,462,000)      | (1,085,000)      | (455,000)        | (811,000)        |
| Unknown Funding Source                                  |      |                  |                  |                  |                  |                  |
| Airport building (Welcome to Airport & record storage)  |      |                  |                  | (250,000)        |                  |                  |
| C&D & Linear Dock Renovation Construction               |      |                  |                  |                  | (1,000,000)      |                  |
| total Funding Sources Supported by Cashflow & Unknown   |      | (5,433,364)      | (3,462,000)      | (1,335,000)      | (1,455,000)      | (811,000)        |

5 Year Capital Projections  
years 2019-2023  
as of February 13, 2019

|  | 2019              | 2020              | 2021              | 2022              | 2023              |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
|  | <b>Budget</b>     | <b>Projection</b> | <b>Projection</b> | <b>Projection</b> | <b>Projection</b> |
| <b>note</b>  |                   |                   |                   |                   |                   |
| Revenues - Operating                                   | 6,194,924         | 6,380,772         | 6,572,195         | 6,769,361         | 6,972,442         |
| Revenues - Prop Tax Levy                               | 1,008,000         | 1,018,080         | 1,028,261         | 1,038,543         | 1,048,929         |
| Revenues - Other Non Op                                | 4,501,718         | 3,123,610         | 127,318           | 131,138           | 135,072           |
| <b>Total INFLOW</b>                                    | <b>11,704,642</b> | <b>10,522,462</b> | <b>7,727,774</b>  | <b>7,939,042</b>  | <b>8,156,442</b>  |
| Expenses - Operating                                   | 5,038,368         | 5,189,519         | 5,345,205         | 5,505,561         | 5,670,728         |
| Expenses - Loan/Bond Interest                          | 293,838           | 374,642           | 363,130           | 328,663           | 293,027           |
| Expenses - Other Non Op                                | 11,000            | 11,220            | 11,444            | 11,673            | 11,907            |
| <b>Total OUTFLOW</b>                                   | <b>5,343,206</b>  | <b>5,575,381</b>  | <b>5,719,779</b>  | <b>5,845,897</b>  | <b>5,975,661</b>  |
| <b>Net Op/NonOp Inflow/Outflow</b>                     | <b>6,361,436</b>  | <b>4,947,081</b>  | <b>2,007,995</b>  | <b>2,093,145</b>  | <b>2,180,781</b>  |
| Debt Service Principal                                 | (715,000)         | (878,750)         | (939,042)         | (970,317)         | (1,001,849)       |
| Net Capital Project Estimates Supported by Cashflow    | (5,433,364)       | (3,462,000)       | (1,085,000)       | (455,000)         | (811,000)         |
| Change in Cash balance                                 | 213,072           | 606,331           | (16,047)          | 667,828           | 367,932           |
| Beginning Year Cash                                    | 1,664,713         | 1,877,785         | 2,484,116         | 2,468,069         | 3,135,897         |
| <b>Total Ending Year Cash &amp; Investments</b>        | <b>1,877,785</b>  | <b>2,484,116</b>  | <b>2,468,069</b>  | <b>3,135,897</b>  | <b>3,503,829</b>  |
| Total Ending Cash Reserves                             | 714,134           | 869,134           | 892,384           | 1,545,822         | 2,114,165         |
| Total Unreserved Cash                                  | 1,163,651         | 1,614,982         | 1,575,685         | 1,590,075         | 1,389,663         |
| <b>RESERVES</b>  |                   |                   |                   |                   |                   |
| 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                                      | 180,000           | 315,000           | 551,250           | 964,688           | 1,447,031         |
| PTBH Renovation  | 257,234           | 257,234           | 10,000            | -                 | -                 |
| Port-wide Capital                                      | 166,900           | 186,900           | 221,134           | 471,134           | 557,134           |
| <b>Target Oper. Reserve (25% of Operating Expense)</b> | <b>1,259,592</b>  | <b>1,297,380</b>  | <b>1,336,301</b>  | <b>1,376,390</b>  | <b>1,417,682</b>  |

**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%. 2020 includes potential Loan or Bond for Point Hudson South Jetty Renovation Construction in the amount of \$3m.
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 of current debt, plus, starting in 2020, an estimated annual Loan or Bond repayment for the Point Hudson South Jetty Renovation (principal \$3m @ 4% for 15 years).
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 current debt, based on bond amortization schedules, plus starting in 2020, an estimated annual Loan or Bond repayment for the Point Hudson South Jetty Renovation (principal \$3m @ 4% for 15 years).
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. Under "Unknown Funding Sources" for 2021 and 2022 are the Airport Building and the remaining 2/3 of the C&D & Linear Dock Renovation construction.
9. Port staff has recommended 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. During this 5 year projection, these funds will be used for various projects as noted above.