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**Port of Port Townsend
Public Workshop
Wednesday, September 25, 2019, 3:00 PM
Port Commission Building
333 Benedict Street
Port Townsend, WA**

AGENDA

- First Draft of 2020 Budget
- Draft Port Newsletter / Annual Report

Note: This is a Public Port Commission Workshop. Workshops are for information sharing only and no decisions will be made during the session. Public input may be taken at the Commissions' discretion.

2019 Draft Operating Budget Assumptions – 1st DRAFT

The following details specific areas of change for the 2020 Port Operating budget when compared to the 2019 Operating budget:

Operating Revenue

1. A 3% increase was added to revenues; the August CPI rate was 3.2%.
2. Various other Operating Revenues were adjusted based on the activity YTD August 2019, prior year trend analysis and planned business strategies for 2020.

Operating Expenses

3. Personnel costs were calculated based on being fully staffed in accordance with the Organizational Chart (attached). Salaries/Wages were calculated to include a 2.3% COLA. The Port is obligated by its' Teamsters Local 589 Union contract to annually provide a CPI COLA increase, not to exceed 5% and not to be less than 2%, (CPI-All Urban Consumer Price Index for Seattle-Tacoma-Bremerton Bi-Monthly Data June to June) to the union wage table January 1 of each year (2018-2020). As such, the Port elected years ago to include this annual COLA increase to all Port employees (per the Port Policy Handbook). As of June 2019, this CPI was 2.3%.
4. For staffing, we estimated an over-lap with the replacement Executive Director and the current Executive Director of 5 months.
5. There was an increase in one (1) FTE in Operations for the Environmental Specialist. This position was filled in 2019 mid-year.
6. Review of current years Payroll Taxes led us to confidently reduce this amount for 2020.
7. The cost for the Port's unrepresented staffs' health insurance was received and used to estimate 2020 costs; it was a modest increase of less than 1%. The health insurance for represented staff hasn't been received, though we estimated a 1% increase for budget purposes. PERS increases were included in the budget.
8. A decrease is estimated for Contracting Services; a list of 2019 vs 2020 services is attached.
9. We anticipate a reduction in Consulting Services when compared to 2019 which resulted in a decrease of \$106,000.
10. Careful analysis of Utilities for the past year indicated that we needed to increase this line item. Increases in utilities are expected. However, we are hoping to capture savings here by recovery as well as some changes in the way utilities are managed.
11. A two (2) year audit is scheduled for the fall of 2020. This will be a financial statement and accountability audit.

Non-Operating Revenue

12. Capital Contributions/Grants projections were included in the 2019 budget for the JCIA Runway Rehabilitation project, Phase II Final Design & Engineering (with bid support) and Phase III Construction and construction management. However, this project has since moved to 2020.
13. The Port's budgeted Operating Tax Levy was increased to \$1,030,000 in accordance with the recommendation of the County Assessor at the September 10th Commission meeting.

Non-Operating Expenses

14. As expected, bond interest is reduced in accordance with the bond amortization schedules.

Port of Port Townsend
CONSOLIDATED OPERATING & NON-OPERATING
 2020 Budget with Comparison to Prior Years

D R A F T

| | 2017 Actual | 2018 Actual | 2019 Budget | 2020 Budget | 2019-2020 variance |
|--|---------------------|---------------------|---------------------|---------------------|-----------------------|
| REVENUES | | | | | |
| Boat Haven Moorage | 1,680,606 | 1,814,362 | 1,894,472 | 1,920,231 | 25,759 |
| Yard Operations | 1,451,371 | 1,640,927 | 1,830,288 | 1,918,841 | 88,553 |
| Point Hudson Marina, RV & Property | 1,378,588 | 1,428,959 | 1,480,374 | 1,560,446 | 80,072 |
| Boat Haven Properties | 611,849 | 668,897 | 644,660 | 612,651 | (32,009) |
| Quilcene Herb Beck Marina | 147,250 | 156,455 | 159,472 | 169,745 | 10,273 |
| JCIA Operations | 134,175 | 134,721 | 138,958 | 146,936 | 7,978 |
| Ramp Use | 46,210 | 43,211 | 46,700 | 50,400 | 3,700 |
| Total Operating Revenues | \$ 5,450,049 | \$ 5,887,531 | \$ 6,194,924 | \$ 6,379,250 | \$ 184,326 |
| OPERATING EXPENSES | | | | | |
| Salaries & Wages | 2,103,069 | 2,163,134 | 2,118,526 | 2,240,037 | 121,511 |
| Payroll Taxes | 217,816 | 218,246 | 231,824 | 228,034 | (3,790) |
| Employee Benefits | 731,355 | 745,646 | 771,238 | 791,150 | 19,912 |
| Uniform Expense | 6,736 | 6,853 | 8,426 | 8,650 | 224 |
| Contract Services | 306,052 | 313,540 | 281,185 | 247,016 | (34,169) |
| Consulting Services | 177,941 | 59,756 | 136,000 | 30,000 | (106,000) |
| Legal fees | 120,027 | 180,458 | 100,000 | 100,000 | - |
| Audit | 3,034 | 24,273 | - | 17,200 | 17,200 |
| Facilities & Operations | 746,165 | 706,731 | 708,904 | 726,879 | 17,975 |
| Utilities | 552,180 | 549,970 | 553,383 | 565,100 | 11,717 |
| Marketing & Advertising | 32,737 | 80,630 | 53,805 | 53,257 | (548) |
| Economic Development | 30,000 | 30,000 | 30,000 | 30,000 | - |
| Travel & Training | 30,590 | 28,844 | 34,013 | 35,000 | 987 |
| Cost of Goods - Fuel | 16,730 | 15,112 | 10,965 | 17,000 | 6,035 |
| Community Relations | 2,610 | - | - | - | - |
| Total Operating Expenses | \$ 5,077,041 | \$ 5,123,193 | \$ 5,038,269 | \$ 5,089,323 | \$ 51,054 |
| Income (Loss) from Operations | 373,008 | 764,338 | 1,156,655 | 1,289,927 | 133,272 |
| Non-Operating Revenue | | | | | |
| Capital Contributions/Grants | 280,658 | 113,113 | 4,368,028 | 3,574,623 | (793,405) |
| Interest | 45,108 | 56,046 | 42,200 | 54,000 | 11,800 |
| Property & other taxes | 1,037,038 | 1,089,297 | 1,064,490 | 1,095,090 | 30,600 |
| Misc Non-Operating Revenue | 535,856 | 61,639 | 35,000 | 75,000 | 40,000 |
| Total Non-Operating Revenues | \$ 1,898,660 | \$ 1,320,096 | \$ 5,509,718 | \$ 4,798,713 | \$ (711,005) |
| Non-Operating Expenses | | | | | |
| Bond Interest | 341,943 | 290,990 | 293,838 | 269,588 | (24,250) |
| Bond Mgmt, Issuance, Investment | 1,458 | 1,558 | 1,500 | 1,500 | - |
| Election Expense | 11,951 | - | 9,500 | - | 9,500 |
| Total Non-Operating Expenses | \$ 355,352 | \$ 292,548 | \$ 304,838 | \$ 271,088 | \$ (14,750) |
| Net Non-Operating Income(Expense) | \$ 1,543,308 | \$ 1,027,548 | \$ 5,204,880 | \$ 4,527,625 | \$ (696,255) |
| Net Income (Loss) | \$ 1,916,316 | \$ 1,791,886 | \$ 6,361,535 | \$ 5,817,552 | \$ (562,983) |

Actual is closer to \$2,356,749 for JCIA Runway Project not completed in 2019

Contract Services - purposes

2020 Contract Services

Maint contract for AWOS
Connection to Federal communications (AWOS)
Underground Tank Compliance Testing JCIA
Airport fire protection
Pest control
Janitorial services
Shipping for washdown granuals
Background checks
Stormwater sample testing
Drug testing
Recycling oil and other hazardous waste
Annual Hearing tests
Clean out vaults - 2 x's year
Fuel testing in Quilcene
Maint of water system in Quilcene
Microsoft licensing - annual
IT contract services
SAGE acctg sys support
Cathodic Protection testing - JCIA
Stormwater waste disposal
Total Marina Package (TMP) software support
Land Survey work
Stormwater compliance assistance
Archive records storage units
Communications specialist

Additional Contract Services in 2019, not in 2020

Lease rate study
Bond Counsel
Human Resources Consultant
Stormwater Feasibility Study
Appraisals

PORT OF PORT TOWNSEND

Organizational Chart

