

# *PORT OF PORT TOWNSEND*



## **2020 OPERATING & CAPITAL BUDGET**

# CONTENTS

<b>Message from the EXECUTIVE Director</b>	<b>4</b>
<b>INTRODUCTION</b>	<b>7</b>
About Us	7
Mission	7
Organizational Chart	7
<b>Port Commissioners</b>	<b>8</b>
<b>OPERATING BUDGET 2020</b>	<b>9</b>
Overview	9
Organizational Initiatives	9
Operating Revenues	9
Operating Expenses	9
Net Operating Income	9
Non-Operating Revenue & Expenses	10
Summary of Operating Budget	11
Consolidated Operating & Non-Operating 2020 Budget	12
<b>2020 Departmental Operating Budgets</b>	<b>13</b>
Boat Haven Moorage	13
Boat Haven Yard	15
Point Hudson	17
Boat Haven Properties	19
Quilcene	20
Ramps	21
Jefferson County International Airport (JCIA)	22
Maintenance - General	23
<b>CAPITAL BUDGET 2020</b>	<b>24</b>
Overview	24
JCIA Runway Reconstruction	24
Boat Haven Workyard Resurfacing	24
Boat Haven Breakwater Repair	24
WDFW Leasehold Improvements	24

Point Hudson Jetty (South) Renovation _____	24
Point Hudson Jetty Repair – Contingency Funding _____	25
Quilcene Marina Entrance Channel Dredging _____	25
Small Capital Projects _____	25
<b>5-Year Capital Projections _____</b>	<b>26</b>
<b>Capital Funding _____</b>	<b>27</b>
<b>Cash Flow Projections _____</b>	<b>28</b>
Capital Budget & Cashflow Notes: _____	29
Cash Flow Projection Assumptions _____	30
<b>PROPERTY TAX LEVY _____</b>	<b>31</b>
Regular Tax Levy _____	31
Special Tax Levies _____	31
Industrial Development District (IDD) Tax Levy _____	31
Tax Levy Uses _____	31
Tax Levy Graph _____	31
<b>DEBT SERVICE _____</b>	<b>33</b>
Schedule and Purpose of Debt: _____	33

## MESSAGE FROM THE EXECUTIVE DIRECTOR

### Introduction

The Port of Port Townsend provides many important facilities and services to Jefferson County residents and visitors. These facilities and services provide the basis for our thriving marine trades industries, a wide variety of outdoor public recreational opportunities (from marinas to boat ramps to an RV park), as well as important air and water transportation links to the wider Puget Sound region. Maintaining and replacing the public infrastructure that supports these activities continues to be an enormous challenge. The Port's infrastructure is both extensive, and very expensive.

Port facilities encompass some 550 total acres in East Jefferson County and include three marinas, six boat ramps, two large public docks, an international airport and 30 buildings leased to private businesses. These buildings and infrastructure constantly require maintenance and repair. The marinas are hit with winter storms that batter the breakwaters protecting them. Docks, piers and floats need periodic rehabilitation. Harbor entrance channels require regular dredging. Industrial stormwater systems must be maintained and improved to treat runoff from shipbuilding and repair activities. In sum, Port facilities and operations are complex, and involve many moving parts. Planning, programming and funding the repair and replacement of this infrastructure is a constant challenge.

### Economic & Financial Outlook

Assuming that macro-economic conditions remain stable (i.e., nationally and globally), the economic outlook for Jefferson County for the year ahead appears positive. (Source: Washington State Department of Employment Security). However, federal and state funding for capital projects remains highly constrained, particularly for rehabilitating existing infrastructure, and we will need to build successful community partnerships to assist us in securing increasingly scarce funds.

The Port's operating finances continue to improve. Comparing 2018 actual operating expenses to the 2019 budget reveals that Port spending has decreased by approximately \$85,000. This has been achieved through cuts in administration, and reductions in the use of outside contractors, travel and training expenses. In addition, retirement of debt in 2018 increased cash flow in 2019 by about \$400,000.

The same 2018 to 2019 budget comparison shows the Port is generating almost \$300,000 more in operating revenues. This is a byproduct of successes in attracting new business, new tenants and incrementally raising rates toward market levels.

Despite these positive indicators, the Port remains financially challenged to repair and replace some critical infrastructure that provides the basis for many businesses and family-wage jobs in Jefferson County. At the top of the infrastructure list are the overlapping breakwaters protecting the Point Hudson Marina. The failure of either of these 85-year-old, storm-damaged structures would impact every Point Hudson business and moorage customer, and many businesses in downtown Port Townsend. Even a scaled-down plan for their repair is estimated to require about \$7.5 million.

Tallying only the near-term, infrastructure repair and renovation priorities reveals that nearly \$15 million is required Port-wide. Meanwhile, the Port's capacity to take on additional debt is presently limited to around \$6 million.

In synopsis, the Port remains financially healthy with respect to day-to-day operations: it generates more money than it spends and continues to set aside reserves. However, the Port has no ready source of funds and insufficient debt capacity to handle many high-priority capital repair and replacement projects.



### Capital Investment Needs – Present & Future

A list of high-priority capital projects has been discussed with the Commission and public for some time now. To the extent our financial capacity allows, we must begin to address these needs now. Consistent with the Port's Strategic Plan, our primary focus remains the repair and renovation of existing facilities that defend the Port's core revenue streams. The following list outlines our most immediate project priorities and provides cost estimates – the majority of which are beyond the Port's present ability to fund:

• Rehabilitate/re-build the North and South Point Hudson jetties:.....	\$7.5 million
• Repair 2018 storm damage to the Main Breakwater at Boat Haven: .....	\$300,000
• Boat Haven Boatyard resurfacing (to maintain stormwater compliance):.....	\$250,000
• Dredge the entrance to the Quilcene Marina: .....	\$250,000
• Repair buildings at the Quilcene Marina: .....	\$150,000
• Rebuild the Boat Ramp at the Quilcene Marina: .....	\$300,000
• Remediate asbestos in historic Point Hudson buildings: .....	\$125,000
• Replace and repair aging roofs and structures at Boat Haven: .....	\$275,000
• Renovate C and D and Linear Dock at Boat Haven Marina: .....	\$1.7 million
• Replace creosote pilings at all Port marinas and boat launch facilities: .....	\$510,000
• Upgrade electrical service at Boat Haven Marina and Boatyard: .....	\$275,000
• Re-pave roads at Point Hudson: .....	\$165,000
• Repair Docks at Quilcene Marina: .....	\$256,000
• Rehabilitate the Mats Mats Bay Boat Ramp: .....	\$300,000
• Replace and repair aging roofs on Point Hudson buildings: .....	\$800,000
• Renovate Jefferson County International Airport (JCIA) hangars:.....	\$600,000
• Replace fuel tanks at the JCIA: .....	\$300,000
• Dredge the entrance to the Boat Haven Marina: .....	\$550,000
Total:.....	\$14,606,000

This list is extensive and will take many years to accomplish, but further delay will only increase both the scope and cost of the projects identified.

### A Way Forward

To begin to address these mounting capital infrastructure challenges, the following step-by-step approach is recommended:

1. Build net operating revenues through a combination of growing income and reducing expenses.
2. Actively seek to lease vacant spaces in all of our port facilities.
3. Complete infrastructure upgrades at Jefferson County International Airport while federal funds remain available.
4. Continue with the Port's recently adopted business practices and leasing policy in the management of our properties and operations.
5. Diligently maintain Boat Haven stormwater infrastructure and effectively administer and enforce Best Management Practices (BMPs) to comply with state regulatory standards and keep our adjacent marine waters clean.
6. Continue to cultivate, improve and nurture relationships with all of our community partners.

### Preparing for Tough Choices

As I said last year, we need to prepare ourselves for some tough choices ahead. Adoption of the 2020 budget is only the beginning. Our current revenue streams, tax receipts and debt capacity are inadequate to fund the capital needs outlined on the previous page. Many of these projects were not included in our five-year capital plan and will need to be pushed out further in the planning cycle.

This suggests that we will be required to undertake management responses that may include a combination of the following:

1. Increasing rates and fees to recoup costs;
2. Critically evaluating expenses and reducing wherever possible;
3. Pursuing the surplus and sale of non-performing assets that do not advance our central mission of economic development; and
4. Consistently communicating in a manner that seeks to align community expectations with our financial realities.

Over time, Port users and the public should prepare for incrementally lower levels of service, and facilities that are clean and functional, but not necessarily first-class.

Port staff and I look forward to working with the Commission to ensure the continued financial stability of the Port of Port Townsend and to support a vibrant and healthy local economy.

Respectfully,

Jim Pivarnik  
Executive Director



# INTRODUCTION

## About Us

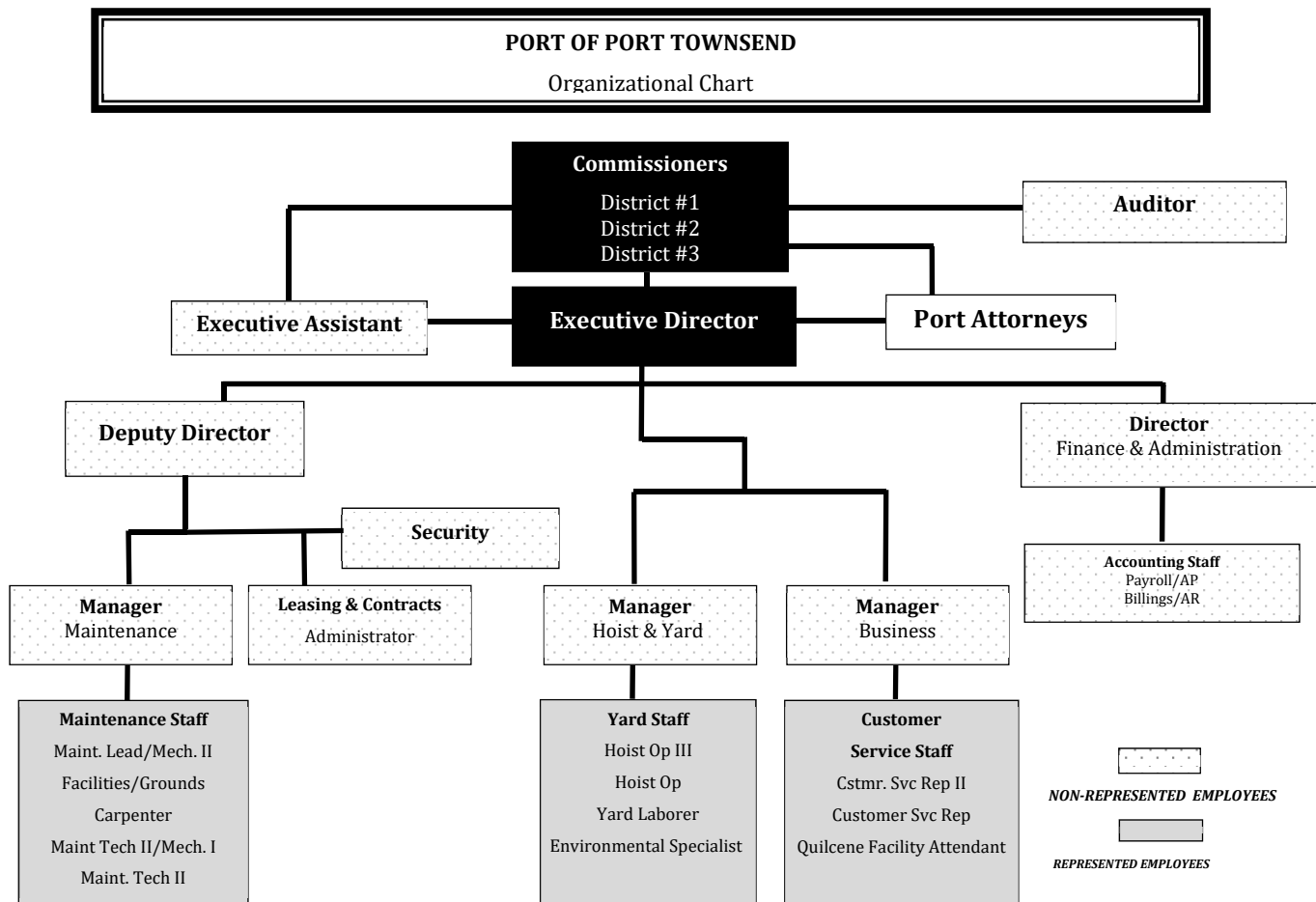
The Port of Port Townsend is a municipal corporation authorized by Washington State statute (Revised Code of Washington [RCW] Title 53) to provide for the development and maintenance of harbors and terminals and to promote tourism and foster economic activity. Created in 1924, the Port is a special purpose district independent from other local or state governments. The Port's geographical boundaries consist of all of Jefferson County, Washington.

The Port is governed by a three-member Board of Commissioners; each elected to a four-year term. The Commission delegates administrative authority to an Executive Director who manages staff to conduct operations of the Port. The County levies and collects taxes on the Port District's behalf, as determined by the Board of Commissioners, and acts as treasurer for the Port as defined under RCW 53.36.010.

## Mission

The Mission of the Port of Port Townsend is to serve the citizens of Jefferson County by responsibly maintaining and developing property and facilities to promote sustainable economic growth, to provide community access to Port facilities and services, and to protect and maintain our community resources and maritime heritage.

## Organizational Chart

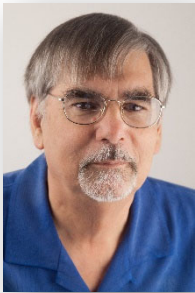


## PORT COMMISSIONERS

**District 1 Commissioner:** *Stephen R. Tucker, Secretary*

**Term of Office:** *January 1, 2015 – December 31, 2019*

Commissioner Tucker was first elected Port Commissioner in 2011 and re-elected in 2015. He is a retired business owner and an avid boater, RV enthusiast, and fisherman. Over the years, through the Coast Guard Auxiliary and the Power Squadron, Steve has taught many courses in boating safety, maintenance, navigation and electronics.



**District 2 Commissioner:** *William Putney III, President*

**Term of Office:** *January 1, 2018 – December 31, 2021*

Commissioner Putney is serving his first term as Port Commissioner. He is a retired technologist and entrepreneur. Since his retirement in 2009, he has devoted himself to volunteering. Currently, Bill serves as the Chief Engineer at KPTZ, and volunteers for PTFE, Northwind Art Center and AAUW. He has his private pilot's license and holds an FAA Airframe and Powerplant Mechanic's certificate.

**District 3 Commissioner:** *Peter W. Hanke, Vice President*

**Term of Office:** *January 1, 2018 – December 31, 2021*

Commissioner Hanke was elected Port Commissioner in 2013 and re-elected in 2018. Mr. Hanke owns and operates Puget Sound Express, a family-owned passenger ferry and whale watch operation located at the Point Hudson marina. Besides being a boat captain and a business owner, Pete is also a pilot who has enjoyed flying out of Jefferson County International Airport since 1998.



## OPERATING BUDGET 2020

### Overview

The goal of the 2020 Operating and five-year Capital Budget is to align our business practices and objectives to support both our organizational capital needs and our short and long-term financial sustainability. The Port Commission has instructed staff to prepare a budget that supports economic vitality while increasing our net cash position.

### Organizational Initiatives

As part of our efforts to improve the Port's financial position over the course of the coming year, we intend to:

- Develop a comprehensive set of planning documents that reflect Commission direction.
- Continue to develop a comprehensive review of all Port business operations, carefully examining the value proposition each provides to the Port and to our customers.
- Modernize business and administrative procedures across our operations.
- Complete the development of a robust Capital Plan and develop funding strategies for the near term.
- Directly pursue and develop business to increase the Port's Operating Revenue and Net Operating Income by utilizing capacity in the Boatyard, the Marinas, RV park, and Properties in Boat Haven and Point Hudson.
- Develop marketing and brand strategies to better position the Port in successfully attracting businesses and customers.
- Conduct a comprehensive review of existing pricing structures across all Port business operations.

### Operating Revenues

The 2020 budget reflects total operating revenues of \$6,389,249, an increase of 3% from the 2019 budget. The key aspect of Port revenue is that it is trending upward over the past two years and should continue increasing. The goal is to grow Operating Revenue and Net Operating Income by approximately \$200K or more year-over-year while controlling expenses to contribute to our Capital Improvement Program. Overall, the Port's revenues are generated throughout the operating units with Boat Haven providing 30.1%, Yard 30%, PTBH Properties 9.7%, Point Hudson 24.4%, Quilcene 2.7%, Ramps 2.4%, and Airport 0.8%.

### Operating Expenses

Port-wide operating expenses are budgeted to be \$5,114,823 in 2020, a 1.5% increase from the 2019 budget. Despite unavoidable staff cost increases (COLA, healthcare and pension contributions) and anticipating a 4-5 month overlap with the replacement Executive Director position, a moderate increase in expenses was obtained by holding other expenses down wherever possible. General & Administrative (G & A) expenses total \$1,385,903 or 27% of total operating expenses. This is reduction of 4% over 2019's Budget. Part of this was the result of a new position (Leasing & Contracts Administrator) which is primarily a front-line employee for all Port property and part was due to the elimination of the Director of Operations and Business Development position. G & A costs are allocated to each operating unit based on a percentage of that unit's operating revenues.

### Net Operating Income

The 2020 budget reflects a net operating income of \$1,274,426, an increase of 10% when compared to 2019. Much of the increase in net operating income over the prior year is from projected increased revenues of nearly \$194,000 and a moderate expense increase of \$76,554.



### Non-Operating Revenue & Expenses

The 2020 budget reflects a \$1,030,000 tax levy, which is an increase of 2.2% (which includes estimates for new construction). This was calculated and recommended by the County Assessor. Interest income is budgeted conservatively at \$54,000 for 2020, which includes the ARRA Bond Interest Subsidy received semi-annually on the 2010 Limited Tax General Obligation (LTGO) bond. Grant revenue is budgeted at \$3,396,200 in anticipation of completing the Jefferson County International Airport Runway Reconstruction and Taxiway Connector project as well as the County PIF grant for the Point Hudson South Jetty Renovation design and permitting. Non-operating expenses consist of interest expense on the debt service of \$269,588 as well as other non-operating expenses of \$1,500.

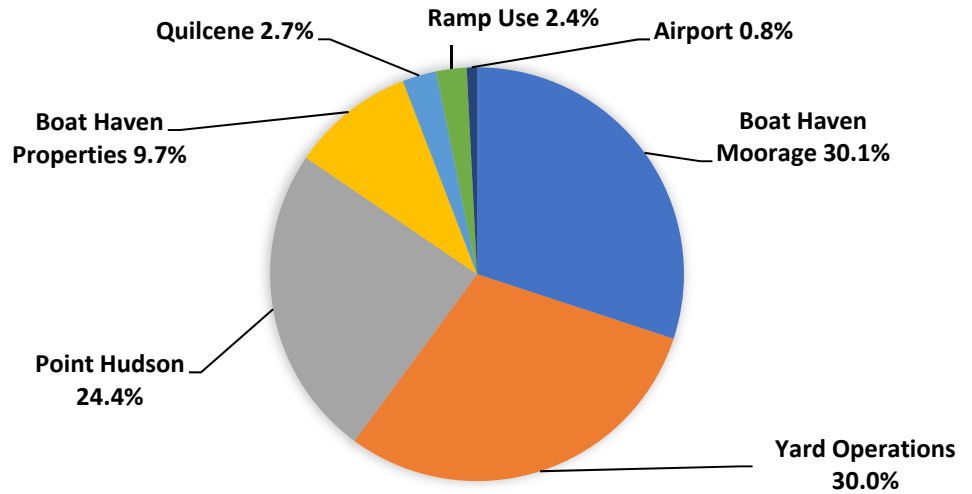


## Summary of Operating Budget

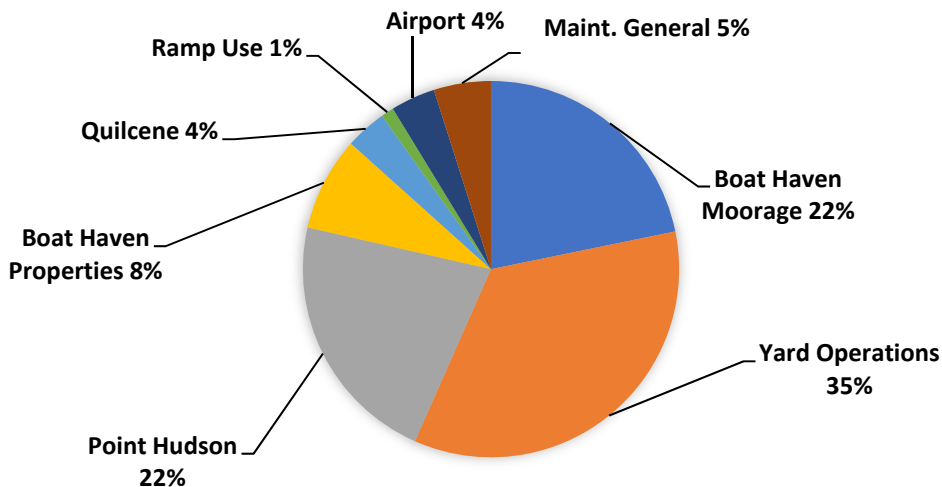
### 2020 OPERATING BUDGET REVENUES

#### 2020 Operating Budget Revenue

Boat Haven Moorage	\$ 1,920,231
Yard Operations	1,918,841
Point Hudson	1,560,446
Boat Haven Properties	616,651
Quilcene	170,045
Ramp Use	151,735
Airport	\$ 51,300
	<u>\$ 6,389,249</u>



### 2020 OPERATING BUDGET EXPENSES



#### 2020 Operating Budget Expenses

Boat Haven Moorage	\$ 1,113,728
Yard Operations	1,782,467
Point Hudson	1,121,846
Boat Haven Properties	413,289
Quilcene	180,036
Ramp Use	56,343
Airport	195,831
Maint. General	251,283
	<u>\$ 5,114,823</u>

### Consolidated Operating & Non-Operating 2020 Budget with comparison to Prior Years

	2017 Actual	2018 Actual	2019 Budget	2020 Budget	2019-2020 variance
<b>REVENUES</b>					
Boat Haven Moorage	1,680,606	1,815,115	1,894,872	1,920,231	25,359
Yard Operations	1,451,461	1,659,047	1,830,288	1,918,841	88,553
Point Hudson Marina, RV & Property	1,379,053	1,431,420	1,480,374	1,560,446	80,072
Boat Haven Properties	611,849	668,897	644,660	616,651	(28,009)
Quilcene Herb Beck Marina	147,250	156,455	159,472	170,045	10,573
JCIA Operations	134,175	134,721	138,958	151,735	12,777
Ramp Use	46,210	43,211	46,700	51,300	4,600
<b>Total Operating Revenues</b>	<b>\$ 5,450,604</b>	<b>\$ 5,908,865</b>	<b>\$ 6,195,324</b>	<b>\$ 6,389,249</b>	<b>\$ 193,925</b>
<b>OPERATING EXPENSES</b>					
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	796,650	25,412
Uniform Expense	6,736	6,853	8,426	8,650	224
Contract Services	306,052	313,540	281,185	257,016	(24,169)
Consulting Services	177,941	59,756	136,000	40,000	(96,000)
Legal fees	120,027	180,458	100,000	100,000	-
Audit	3,034	24,273	-	17,200	17,200
Insurance	202,025	237,198	236,867	298,396	61,529
Facilities & Operations	544,140	469,533	472,037	428,483	(43,554)
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	-	-	-	-
<b>Total Operating Expenses</b>	<b>\$ 5,077,041</b>	<b>\$ 5,123,193</b>	<b>\$ 5,038,269</b>	<b>\$ 5,114,823</b>	<b>\$ 76,554</b>
<b>Income (Loss) from Operations</b>	<b>\$ 373,563</b>	<b>\$ 785,672</b>	<b>\$ 1,157,055</b>	<b>\$ 1,274,426</b>	<b>\$ 117,371</b>
<b>Non-Operating Revenue</b>					
Capital Contributions/Grants	280,658	113,113	4,368,028	3,396,200	(971,828)
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
<b>Total Non-Operating Revenues</b>	<b>\$ 1,898,660</b>	<b>\$ 1,320,096</b>	<b>\$ 5,509,718</b>	<b>\$ 4,620,290</b>	<b>\$ (889,428)</b>
<b>Non-Operating Expenses</b>					
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)
<b>Total Non-Operating Expenses</b>	<b>\$ 355,352</b>	<b>\$ 292,548</b>	<b>\$ 304,838</b>	<b>\$ 271,088</b>	<b>\$ (33,750)</b>
<b>Net Non-Operating Income(Expense)</b>	<b>\$ 1,543,308</b>	<b>\$ 1,027,548</b>	<b>\$ 5,204,880</b>	<b>\$ 4,349,202</b>	<b>\$ (855,678)</b>
<b>Net Income (Loss)</b>	<b>\$ 1,916,870</b>	<b>\$ 1,813,219</b>	<b>\$ 6,361,935</b>	<b>\$ 5,623,628</b>	<b>\$ (738,307)</b>

Note: The actual ending balance of the 2019 Budget is closer to \$2,356,749 since the JCIA Runway Project construction was pushed to 2020.

## 2020 Departmental Operating Budgets

### Boat Haven Moorage

Boat Haven moorage revenues are estimated to increase \$25,359, in part due to a rate increase of CPI and in part due to occupancy utilization. The reduction in Permanent Moorage is the result of changing to a Cash Basis reporting. When a permanent moorage customer leaves their slip, it can be rented out while they're gone. With accrual basis, this was shown as an expense when the Port reimbursed the permanent tenant a portion of this additional revenue; however, with cash basis, this reimbursement reduces the permanent moorage revenue. In 2019, the main Boat Haven restroom was locked to customers only, thereby reducing Shower revenues. However, this has saved more than that amount in repair and maintenance costs. Finally, after combining Moorage and Yard customer service representatives (CSRs) to one location, the customer service overall has improved.





Port of Port Townsend  
**BOAT HAVEN MOORAGE OPERATIONS**  
2020 Budget with Comparison to Prior Years

	2017 Actual	2018 Actual	2019 Budget	2020 Budget	2019-2020 variance
<b>REVENUES</b>					
PTBH - Permanent Moorage	1,050,478	1,122,610	1,185,989	1,169,496	(16,493)
PTBH - Liveaboard Fee	20,006	26,397	26,391	24,749	(1,642)
PTBH - Work Float/Lift Pier Usage	12,417	11,911	7,081	9,000	1,919
PTBH - Monthly Guest	268,583	322,147	331,931	343,803	11,872
PTBH - Nightly Guest	211,180	194,524	209,631	232,883	23,252
PTBH - Miscellaneous Revenue	13,139	13,985	11,575	14,500	2,925
PTBH - Promotional Sales	-	753	400	650	250
PTBH - Showers	21,777	21,364	21,510	11,200	(10,310)
PTBH - Laundry	687	6,252	6,864	6,350	(514)
PTBH - Restroom Fobs	-	-	-	1,000	1,000
PTBH - Electric	82,340	95,172	93,500	106,600	13,100
<b>Total Operating Revenues</b>	<b>\$ 1,680,606</b>	<b>\$ 1,815,115</b>	<b>\$ 1,894,872</b>	<b>\$ 1,920,231</b>	<b>\$ 25,359</b>
<b>OPERATING EXPENSES</b>					
Moorage Pay	217,225	161,400	216,412	173,136	(43,276)
Moorage Taxes	26,769	19,612	23,807	20,428	(3,379)
Moorage Benefits	75,195	59,279	76,336	60,873	(15,463)
Uniform Expense	122	278	1,076	1,076	-
Maint Pay	44,123	34,517	34,404	35,196	792
Maint Taxes	5,337	4,250	3,785	4,162	377
Maint Benefits	15,626	12,722	11,316	10,580	(736)
Enviro Pay	1,205	-	-	6,456	6,456
Enviro Taxes	133	-	-	816	816
Enviro Benefits	416	-	-	2,280	2,280
Contract Services	33,480	38,032	36,000	40,000	4,000
Consulting Services	1,750	-	-	-	-
Insurance	54,195	57,586	55,582	72,509	16,927
Facilities & Operations	107,942	70,113	106,270	72,286	(33,984)
Utilities	169,432	172,845	172,441	186,728	14,287
Marketing & Advertising	7,856	13,359	7,615	9,681	2,066
Travel & Training	1,361	1,791	1,000	1,000	-
General & Administrative	488,855	553,297	482,314	416,521	(65,793)
<b>Total Operating Expenses</b>	<b>\$ 1,251,021</b>	<b>\$ 1,199,081</b>	<b>\$ 1,228,358</b>	<b>\$ 1,113,728</b>	<b>\$ (114,630)</b>
<b>Net Income from Operations</b>	<b>\$ 429,585</b>	<b>\$ 616,033</b>	<b>\$ 666,514</b>	<b>\$ 806,503</b>	<b>\$ 139,989</b>



### Boat Haven Yard

Overall Yard revenue is expected to increase by \$88,553, over 2019 levels, which was an aggressive year for revenue growth. Workyard revenue is anticipated to increase due to the discounted rates, developed in collaboration with the Marine Trades, for pre-payment of over 30 day stays. New fees for Workyard Electric and Environmental fees will help boost revenues and recover expenses.

The Boatyard is expected to increase in both hoist revenue and storage with direct marketing by both the Port staff and Marine Trades. The discounted Workyard rate is anticipated to be in effect until March, 2020, at which time the two years of seasonal discounts on Workyard rates will be re-examined to determine if the rates effectively increased demand and use of the Workyard, as well as revenue, as anticipated.

As mentioned with Boat Haven Moorage, by combining the customer service staff in one location, the CSR time has shifted to a bit more in the Yard.

Overall, with the reduction in operating expenses and modest revenue increases, the net effect should be a positive net income from operations of \$136,374.



Port of Port Townsend  
**WORK & SHIP YARD OPERATIONS**  
2020 Budget with Comparison to Prior Years

	2017 Actual	2018 Actual	2019 Budget	2020 Budget	2019-2020 variance
<b>REVENUES</b>					
Yard - Work Yard Revenue	489,139	471,374	559,293	580,687	21,394
Yard - 70/75 Ton Hoist Revenue	300,863	308,865	332,758	334,479	1,721
Yard - Ship Yard Revenue	276,768	368,890	415,022	419,824	4,802
Yard - 300 Ton Hoist Revenue	148,530	217,684	196,408	200,291	3,883
Yard - Washdown Revenue	68,896	85,859	96,158	86,684	(9,474)
Yard - Bilge Water Revenue	4,162	5,869	6,971	6,480	(491)
Yard - L/T Storage	63,134	73,417	72,326	75,804	3,478
Yard - Blocking Rent	29,397	35,519	36,943	56,430	19,487
Yard - Off Port Property Tarp Fee	400	885	29,405	1,500	(27,905)
Customer Revenue Share	-	-	30,000	-	(30,000)
Yard - Liveaboard Fee	35	937	140	924	784
Yard - Miscellaneous Revenue	7,325	26,825	6,364	4,480	(1,884)
Yard - WY Port Labor	-	-	-	3,500	3,500
Yard - SY Port Labor	-	-	-	4,500	4,500
Yard - Enviro Clean-up Fee	140	610	-	-	-
Yard - WY Enviro Fee	-	18,120	-	51,306	51,306
Yard - SY Enviro Fee	-	2,900	20,000	16,932	(3,068)
Yard - Marine Trades 3% Revenue	32,919	-	-	-	-
Yard - WY electric	2,503	707	2,100	31,980	29,880
Yard - SY Electric	27,160	40,587	26,400	43,040	16,640
<b>Total Operating Revenues</b>	<b>\$ 1,451,371</b>	<b>\$ 1,659,047</b>	<b>\$ 1,830,288</b>	<b>\$ 1,918,841</b>	<b>\$ 88,553</b>
<b>OPERATING EXPENSES</b>					
Yard Pay	518,842	518,562	548,995	589,518	40,523
Yard Taxes	58,411	61,079	59,944	68,403	8,459
Yard Benefits	181,853	188,165	201,648	211,759	10,111
Uniform Expense	4,215	4,450	3,480	3,704	224
Maint Pay	56,727	39,838	42,891	48,516	5,625
Maint Taxes	6,717	4,800	4,718	5,737	1,019
Maint Benefits	20,019	14,668	14,100	15,926	1,826
Enviro Pay	5,764	-	-	24,384	24,384
Enviro Taxes	669	-	-	3,084	3,084
Enviro Benefits	1,913	-	-	8,711	8,711
Contract Services	75,011	24,131	45,440	27,900	(17,540)
Insurance	48,805	50,437	52,760	64,858	12,098
Facilities & Operations	166,918	211,806	186,459	172,329	(14,130)
Utilities	90,976	94,363	91,579	100,331	8,752
Marketing & Advertising	10,494	27,149	17,896	17,975	79
Travel & Training	2,184	2,957	3,413	3,113	(300)
General & Administrative	439,750	498,774	461,622	416,219	(45,403)
<b>Total Operating Expenses</b>	<b>\$ 1,689,270</b>	<b>\$ 1,741,180</b>	<b>\$ 1,734,945</b>	<b>\$ 1,782,467</b>	<b>\$ 47,522</b>
<b>Net Income from Operations</b>	<b>\$ (237,899)</b>	<b>\$ (82,132)</b>	<b>\$ 95,343</b>	<b>\$ 136,374</b>	<b>\$ 41,031</b>

### Point Hudson

Overall, Point Hudson revenue is expected to increase about \$80,000 over the 2019 budget. Point Hudson RV Park revenue is expected to increase approximately \$22,000 as staff promotes winter monthly stays to customers as well as nightly revenue year-round. There is an estimated \$15,565 increase in nightly marina guest business in 2020, and a nominal monthly guest increase of almost \$6,000. These revenues reflect normal operations and revenue goals. Point Hudson properties are being leased, which is reflected in an increase of approximately \$12,000 over 2019.

A new position, Leasing & Contracts Administrator, was created in 2019 and as a front-line, customer-oriented staff person, has increased the personnel cost for this and other departments that have leases and rentals. A savings in utilities is expected with a change in cable service providers to the RV Park.



Port of Port Townsend  
**POINT HUDSON OPERATIONS**  
 2020 Budget with Comparison to Prior Years

	2017 Actual	2018 Actual	2019 Budget	2020 Budget	2019-2020 variance
<b>REVENUES</b>					
Pt Hudson - Permanent Moorage	136,068	134,070	141,562	145,557	3,995
Pt Hudson - Liveaboard Fee	4,720	5,504	4,750	6,084	1,334
Pt Hudson - Monthly Guest	100,122	124,680	108,983	114,876	5,893
Pt Hudson - Nightly Guest	214,362	218,480	207,343	222,908	15,565
City Pier & Union Wharf Usage	9,262	14,608	20,494	19,975	(519)
Pt Hudson - Monthly R.V.	41,249	66,632	64,990	68,604	3,614
Pt Hudson - Nightly R.V.	325,204	343,354	364,509	382,726	18,217
Pt Hudson - Kayak Racks	9,271	10,548	9,304	11,869	2,565
Pt Hudson - Reservation Fee	38,696	41,970	44,240	43,150	(1,090)
Pt Hudson - Showers	7,087	8,267	8,428	8,740	312
Pt Hudson - Laundry	9,218	12,580	12,201	11,302	(899)
Pt Hudson - Passenger Fee	6,110	8,972	14,324	17,002	2,678
Pt Hudson - Promotional Sales	-	1,323	327	950	623
Pt Hudson - Miscellaneous Rev	3,814	1,160	2,420	1,700	(720)
Pt Hudson - Building Lease Revenue	379,917	336,763	374,464	386,843	12,379
Pt Hudson - Parking	587	2,465	3,760	10,150	6,390
Pt Hudson - Event Facility Rev	24,974	30,756	28,415	30,700	2,285
Pt Hudson - Electric	32,987	31,951	31,850	34,810	2,960
Pt Hudson - Property Utility Reimb	35,406	37,338	38,010	42,500	4,490
<b>Total Operating Revenues</b>	<b>\$ 1,379,053</b>	<b>\$ 1,431,420</b>	<b>\$ 1,480,374</b>	<b>\$ 1,560,446</b>	<b>\$ 80,072</b>
<b>OPERATING EXPENSES</b>					
Point Hudson Pay	125,237	140,837	152,674	177,552	24,878
Point Hudson Taxes	16,997	18,229	16,073	20,466	4,393
Point Hudson Benefits	41,575	46,376	52,027	61,943	9,916
Uniform Expense	164	260	960	960	-
Maint Pay	108,459	104,923	120,660	110,020	(10,640)
Maint Taxes	13,218	13,144	13,273	13,073	(200)
Maint Benefits	38,850	38,376	39,660	35,939	(3,721)
Enviro Pay	108	-	-	2,844	2,844
Enviro Taxes	(377)	-	-	300	300
Enviro Benefits	14	-	-	876	876
Contract Services	41,588	36,928	46,989	37,260	(9,729)
Insurance	27,264	46,901	47,710	64,571	16,861
Facilities & Operations	63,071	61,231	68,212	66,252	(1,960)
Utilities	184,839	180,953	188,481	175,670	(12,811)
Marketing & Advertising	6,399	19,170	9,355	15,041	5,686
Travel & Training	274	824	600	600	-
General & Administrative	387,524	430,118	375,576	338,479	(37,097)
<b>Total Operating Expenses</b>	<b>\$ 1,055,203</b>	<b>\$ 1,138,271</b>	<b>\$ 1,132,250</b>	<b>\$ 1,121,846</b>	<b>\$ (10,404)</b>
<b>Net Income from Operations</b>	<b>\$ 323,850</b>	<b>\$ 293,148</b>	<b>\$ 348,124</b>	<b>\$ 438,600</b>	<b>\$ 90,476</b>



## Boat Haven Properties

Properties are expected to decrease by approximately \$28,000, due to the loss of three (3) tenants in 2019. However, staff is focused on alternative leasing options at the Boat Haven. All assets are marine dependent or related uses for manufacturing, warehousing and related office requirements.

A new position, Leasing & Contracts Administrator, was created in 2019 and as a front line, customer-oriented staff person, has increased the personnel cost for this and other departments that have leases and rentals. This position enhances and supports the Port's drive to lease and rent all of its available property. In addition, an environmental position was filled and particularly in Boat Haven, works regularly with tenants to understand and comply with environmental standards that support a healthy boat yard.

Port of Port Townsend  
**BOAT HAVEN PROPERTIES OPERATIONS**  
 2020 Budget with Comparison to Prior Years

	2017 Actual	2018 Actual	2019 Budget	2020 Budget	2019-2020 variance
<b>REVENUES</b>					
PTBH Prop - Lease Revenue	549,067	599,747	584,918	552,371	(32,547)
PTBH Prop - Water, Swr, Garbage, Other	21,308	27,405	20,300	25,400	5,100
PTBH Prop - Stormwater Fees	7,493	7,196	7,500	7,800	300
PTBH Prop - Electric	1,802	3,151	2,662	2,800	138
PTBH Prop - Fuel Dock Lease	21,158	20,788	21,000	20,000	(1,000)
PTBH Prop - Storage Unit Revenue	6,334	9,005	8,280	8,280	-
PTBH Prop - Miscellaneous	4,688	1,605	-	-	-
<b>Total Operating Revenues</b>	<b>\$ 611,849</b>	<b>\$ 668,897</b>	<b>\$ 644,660</b>	<b>\$ 616,651</b>	<b>\$ (28,009)</b>
<b>OPERATING EXPENSES</b>					
PTBH Property Pay	2,708	4,192	6,188	59,057	52,869
PTBH Property Taxes	368	484	681	4,693	4,012
PTBH Property Benefits	969	1,690	2,730	21,268	18,538
Maint Pay	44,446	50,026	49,018	52,920	3,902
Maint Taxes	5,454	6,215	5,392	6,258	866
Maint Benefits	15,782	18,312	16,116	17,386	1,270
Enviro Pay	214	485	-	20,585	20,585
Enviro Taxes	25	-	-	2,786	2,786
Enviro Benefits	96	157	-	7,487	7,487
Contract Services	13,164	6,990	9,000	3,500	(5,500)
Insurance	9,330	12,079	13,420	18,565	5,145
Facilities & Operations	67,753	17,315	23,546	19,174	(4,372)
Utilities	38,203	41,871	43,724	45,612	1,888
Marketing & Advertising	-	639	639	239	(400)
General & Administrative	180,640	199,886	162,592	133,759	(28,833)
<b>Total Operating Expenses</b>	<b>\$ 379,153</b>	<b>\$ 360,343</b>	<b>\$ 333,046</b>	<b>\$ 413,289</b>	<b>\$ 80,243</b>
<b>Net Income from Operations</b>	<b>\$ 232,695</b>	<b>\$ 308,554</b>	<b>\$ 311,614</b>	<b>\$ 203,362</b>	<b>\$ (108,252)</b>



## Quilcene

Quilcene revenues are projected to increase by approximately \$10,000 which is largely due to having a dedicated staff member onsite year around. With this committed staff position comes increased cost, however, over time we anticipate a steady shift from the nominal loss in net operating income of \$10,000 to a positive net income within about a year. In addition, some of the projected 2020 net loss is due to the elimination of RV use which is against County zoning.

Port of Port Townsend  
**QUILCENE OPERATIONS**  
 2020 Budget with Comparison to Prior Years

	2017 Actual	2018 Actual	2019 Budget	2020 Budget	2019-2020 variance
<b>REVENUES</b>					
Quilcene - Permanent Moorage	38,028	46,875	48,117	49,222	1,105
Quilcene - Liveaboard Fee	-	377	225	936	711
Quilcene - Nightly Moorage	4,397	3,356	3,645	3,645	-
Quilcene - Monthly R.V.	-	3,545	2,985	-	(2,985)
Quilcene - Nightly R.V.	1,209	1,007	1,208	-	(1,208)
Quilcene - Showers	2,451	3,412	3,074	3,074	-
Quilcene - Miscellaneous Revenue	-	247	215	215	-
Quilcene - Reservations	345	330	400	700	300
Quilcene - Rental Property Revenue	1,000	-	-	-	-
Quilcene - Lease Revenue	58,760	60,055	62,028	63,694	1,666
Quilcene - Fuel Sales	20,629	16,498	14,700	19,500	4,800
Quilcene - Recreational Ramp Fees	9,512	7,719	9,600	10,470	870
Quilcene - Commercial Use Fees	4,600	3,000	4,600	3,000	(1,600)
Quilcene - Water	5,431	8,679	7,486	14,400	6,914
Quilcene - Electric	888	1,355	1,189	1,189	-
<b>Total Operating Revenues</b>	<b>\$ 147,250</b>	<b>\$ 156,455</b>	<b>\$ 159,472</b>	<b>\$ 170,045</b>	<b>\$ 10,573</b>
<b>OPERATING EXPENSES</b>					
Quilcene Pay	24,166	19,755	22,282	37,419	15,137
Quilcene Taxes	4,061	2,784	2,451	4,923	2,472
Quilcene Benefits	3,755	3,808	5,444	13,666	8,222
Maint Pay	29,942	22,263	23,566	22,051	(1,515)
Maint Taxes	3,589	2,740	2,592	2,608	16
Maint Benefits	10,913	8,173	7,752	7,216	(536)
Enviro Pay	-	-	-	360	360
Enviro Taxes	-	-	-	48	48
Enviro Benefits	-	-	-	120	120
Contract Services	24,127	5,415	9,120	7,220	(1,900)
Insurance	5,919	4,783	4,943	6,232	1,289
Facilities & Operations	38,811	20,721	15,830	10,313	(5,517)
Utilities	14,386	11,539	12,015	13,175	1,160
Marketing & Advertising	72	-	700	700	-
Travel & Training	-	28	200	100	(100)
Cost of Fuel Sold	16,730	15,112	10,965	17,000	6,035
General & Administrative	41,712	46,771	40,222	36,885	(3,337)
<b>Total Operating Expenses</b>	<b>\$ 218,185</b>	<b>\$ 163,892</b>	<b>\$ 158,082</b>	<b>\$ 180,036</b>	<b>\$ 21,954</b>
<b>Net Income from Operations</b>	<b>\$ (70,935)</b>	<b>\$ (7,437)</b>	<b>\$ 1,390</b>	<b>\$ (9,991)</b>	<b>\$ (11,381)</b>

## Ramps

The Port has boat launch ramps located in Port Townsend, Port Hadlock, Gardiner and Mats Mats in Port Ludlow. All these boat ramps are single ramps, except for the one in Port Townsend which is a double ramp. There's a slight increase in Ramp revenues of approximately 10%, or \$4,600, largely from increases in Ramp fees, and some due to increased Dinghy Float use. Port staff will work in 2020 with tribal leaders to establish a commercial rate structure for tribal fisheries.

Port of Port Townsend  
**BOAT RAMP OPERATIONS**  
2020 Budget with Comparison to Prior Years

	2017 Actual	2018 Actual	2019 Budget	2020 Budget	2019-2020 variance
<b>REVENUES</b>					
Ramp Fees	37,868	37,112	40,000	43,700	3,700
PTBH - Commercial Use Fees	7,200	5,800	5,600	5,600	-
Dinghy Float Revenue	1,142	299	1,100	2,000	900
<b>Total Operating Revenues</b>	<b>\$ 46,210</b>	<b>\$ 43,211</b>	<b>\$ 46,700</b>	<b>\$ 51,300</b>	<b>\$ 4,600</b>
<b>OPERATING EXPENSES</b>					
Ramps Pay	4,849	3,861	4,800	5,596	796
Ramps Taxes	551	547	480	736	256
Ramps Benefits	1,199	879	1,752	2,016	264
Maint Pay	10,504	6,705	7,070	13,236	6,166
Maint Taxes	1,268	822	778	1,564	786
Maint Benefits	3,742	2,459	2,328	2,328	-
Enviro Pay	72	-	-	1,800	1,800
Enviro Taxes	8	-	-	180	180
Enviro Benefits	25	-	-	636	636
Contract Services	-	-	-	1,500	1,500
Insurance	2,304	3,435	3,050	4,084	1,034
Facilities & Operations	3,608	3,234	4,408	4,735	327
Utilities	3,726	3,557	3,750	4,104	354
Marketing & Advertising	2,350	2,000	2,900	2,700	(200)
General & Administrative	15,230	13,246	11,778	11,128	(650)
<b>Total Operating Expenses</b>	<b>\$ 49,437</b>	<b>\$ 40,745</b>	<b>\$ 43,094</b>	<b>\$ 56,343</b>	<b>\$ 13,249</b>
<b>Net Income from Operations</b>	<b>\$ (3,227)</b>	<b>\$ 2,466</b>	<b>\$ 3,606</b>	<b>\$ (5,043)</b>	<b>\$ (8,649)</b>



### Jefferson County International Airport (JCIA)

JCIA revenues are estimated to increase by approximately 9% primarily due to applying CPI to leases and increased hangar rentals. Expenses will be more, approximately 20%, than the previous year. These increases are primarily due to the new Leasing & Contracts Administrator and Environmental specialist positions as well as increases in maintenance staff work. In addition, the insurance cost for the underground fuel storage tank and the cost to mow contribute to expense increases.

Port of Port Townsend  
**JEFFERSON COUNTY INTERNATIONAL AIRPORT OPERATIONS**  
 2020 Budget with Comparison to Prior Years

	2017 Actual	2018 Actual	2019 Budget	2020 Budget	2019-2020 variance
<b>REVENUES</b>					
JCIA - Lease Revenue	106,350	106,897	110,287	112,452	2,165
JCIA - Hangar Revenue	20,362	21,713	22,424	32,175	9,751
JCIA - Vehicle Parking Revenue	540	604	720	720	-
JCIA - Aircraft Parking	1,471	223	615	1,476	861
JCIA - Fuel Lease Revenue	3,270	3,313	3,165	3,165	-
JCIA - Electric	1,883	1,821	1,647	1,647	-
JCIA - Miscellaneous Revenue	300	150	100	100	-
<b>Total Operating Revenues</b>	<b>\$ 134,175</b>	<b>\$ 134,721</b>	<b>\$ 138,958</b>	<b>\$ 151,735</b>	<b>\$ 12,777</b>
<b>OPERATING EXPENSES</b>					
JCIA Pay	3,278	1,380	6,188	9,530	3,342
JCIA Taxes	445	202	681	1,287	606
JCIA Benefits	1,172	512	2,730	3,583	853
Maint Pay	29,424	35,278	34,878	39,691	4,813
Maint Taxes	3,731	4,625	3,837	4,694	857
Maint Benefits	10,587	12,906	11,360	13,031	1,671
Enviro Pay	324	1,562	-	2,304	2,304
Enviro Taxes	37	180	-	216	216
Enviro Benefits	108	568	-	816	816
Contract Services	21,272	16,003	19,680	18,080	(1,600)
Insurance	21,766	25,091	24,258	31,686	7,428
Facilities & Operations	11,501	6,579	5,772	13,700	7,928
Utilities	19,362	17,310	18,693	22,800	4,107
Marketing & Advertising	-	-	-	1,500	1,500
General & Administrative	40,909	40,274	35,048	32,913	(2,135)
<b>Total Operating Expenses</b>	<b>\$ 163,915</b>	<b>\$ 162,470</b>	<b>\$ 163,125</b>	<b>\$ 195,831</b>	<b>\$ 32,706</b>
<b>Net Income from Operations</b>	<b>\$ (29,739)</b>	<b>\$ (27,749)</b>	<b>\$ (24,167)</b>	<b>\$ (44,096)</b>	<b>\$ (19,929)</b>



### Maintenance - General

The Port's Maintenance department activity is typically recorded in the Port department in which it occurs. Maintenance costs not specific to any particular department are included here under Maintenance-General. Variances between 2019 and 2020 simply show year-to-year activity variances for non-specific departmental maintenance activity.

Port of Port Townsend  
**MAINTENANCE - GENERAL OPERATIONS**  
 2020 Budget with Comparison to Prior Years

	2017 Actual	2018 Actual	2019 Budget	2020 Budget	2019-2020 variance
<b>OPERATING EXPENSES</b>					
Salaries & Wages	126,330	168,681	137,157	134,731	(2,426)
Payroll Taxes	11,445	15,726	15,087	13,962	(1,125)
Employee Benefits	43,080	56,650	45,084	40,817	(4,267)
Uniform Expense	2,235	1,728	2,910	2,910	-
Contract Services	-	1,711	-	600	600
Insurance	7,552	12,282	16,910	15,070	(1,840)
Facilities & Operations	27,906	26,707	20,520	34,893	14,374
Utilities	8,223	7,585	6,800	7,400	600
Advertising (legal)	-	2,289	500	500	-
Travel & Training	266	265	400	400	-
<b>Total Operating Expenses</b>	<b>227,036</b>	<b>293,623</b>	<b>245,368</b>	<b>251,283</b>	<b>5,916</b>





## CAPITAL BUDGET 2020

### Overview

A limited number of capital projects are currently funded, as capital needs far exceed available resources. Capital projects not identified in this budget will be examined on a case by case basis. If a project can be funded through rents or on a reimbursable basis and will break even or better within the current fiscal year, it may be considered. Capital projects may also be funded by reallocating operating expenses currently categorized as “Maintenance & Repair” expenses to capital projects as needs warrant.

### JCIA Runway Reconstruction

The Jefferson County International Airport (JCIA) runway was constructed in 1990 with an anticipated design life of 20 years. Although the runway has been well-maintained, it is now beyond its anticipated design life. The Capital Improvement Plan anticipates the completion of this multi-year, FAA supported, effort with construction work commencing as soon as weather conditions permit in the spring. The bidding process has been completed and a Notice of Award letter issued for this project.

### Boat Haven Workyard Resurfacing

Although the Port is in compliance with the Boatyard General Stormwater Permit administered by the Washington State Department of Ecology, on-going maintenance of the Workyard surface is necessary both to improve the working conditions for customers, and to remove and/or cap soils and sediments containing high concentrations of regulated substances (e.g., copper and zinc). The work will involve scarification of the existing surface, excavation to transition and blend existing edges and establish a new gravel surface grade. The effort is anticipated to maintain or improve stormwater system performance and compliance.

### Boat Haven Breakwater Repair

The eastern 600 feet of the main breakwater at Boat Haven was originally constructed in 1935. This portion of the breakwater suffered considerable damage during a storm on December 20, 2018. The damage is similar in nature to storm damage that occurred in 2016. Permitting for this project is not yet complete, which will necessitate formal consultation with the National Marine Fisheries Service (NMFS). Due to the length of the permitting process, the repair work is not anticipated to occur until the in-water work window re-opens in July of 2020. Ongoing maintenance and repair of the breakwater is critical to all operations and activities at Boat Haven.

### WDFW Leasehold Improvements

A majority of the “Hospital Building” at Point Hudson is occupied by the Washington State Department of Fish and Wildlife (WDFW) under a five-year lease with the Port. The lease agreement commits the Port to undertake capital improvements to mitigate creosote odors within the premises. In 2019, the Port undertook the installation of an air-to-air exchange system to increase fresh air circulation within the building. The project for 2020 anticipates the replacement of floor coverings within the premises to remove carpets that retain creosote odors with laminate surfaces less prone to odor absorption. This phase should complete the Port’s agreement to capital improvements outlined in the lease.

### Point Hudson Jetty (South) Renovation

The comprehensive renovation of the Point Hudson Jetty, particularly the 258-foot long South Jetty, is among the Port’s highest capital priorities due to the importance of Point Hudson to the community’s economic vitality and character. The existing structure is severely compromised and in need of complete renovation (i.e., either progressive reconstruction or replacement) in the near-term in order to maintain



uninterrupted use of the historic marina. The work for 2020 involves continuing to advance the engineering design and permitting process for renovation of the South Jetty arm. The preliminary design anticipates the construction of a steel batter-pile and stainless-steel mesh lagging system that would encapsulate the existing deteriorated structure. At present, considerable uncertainty exists with regard to the time that will be required to complete formal consultation with the National Marine Fisheries Service (NMFS) to ensure Endangered Species Act compliance. Both the duration of this process, as well as the off-site mitigation that may be required by NMFS and the US Army Corps of Engineers are unknown at this time.

### **Point Hudson Jetty Repair – Contingency Funding**

Because the time frame for obtaining permits for the Jetty (South) renovation project outlined above is uncertain, contingency funding is budgeted for potential emergency repair work that may be necessary to safeguard continued operation of the Point Hudson Marina until the more comprehensive structural rehabilitation can be completed.

### **Quilcene Marina Entrance Channel Dredging**

The entrance channel to the Quilcene Marina requires periodic maintenance dredging to ensure safe navigation and continued recreational and commercial use of this important south Jefferson County facility. The work on this project anticipated for 2020 involves retaining a consultant to scope the extent of dredging needed and obtain necessary permits; the actual dredging work is not planned to take place until 2021.

### **Small Capital Projects**

These projects will be reviewed and considered on a case by case basis and each is estimated to be less than \$30,000.



## 5-YEAR CAPITAL PROJECTIONS

5 Year Capital Projections  
years 2020-2024  
as of October 23, 2019

		2020	2021	2022	2023	2024	total
		estimate	estimate	estimate	estimate	estimate	
		note					
<b>JEFFERSON COUNTY INTERNATIONAL AIRPORT (JCIA)</b>							
JCIA Runway Reconstruction - Phase III (Runway & Taxiway Connector)							
Construction		2,964,000					2,964,000
Construction Administration		340,000					340,000
<b>BOAT HAVEN</b>							
Workyard Resurfacing		90,000			95,000	95,000	280,000
Piling Replacement				300,000			300,000
Breakwater Repair - Construction		300,000					300,000
Yard Transformers Upgrade (PUD)	1	5,000					5,000
C&D & Linear Dock Renovation							-
Engineering/Design			200,000				200,000
Construction			500,000	1,000,000			1,500,000
<b>POINT HUDSON</b>							
WDFW roof					64,000		64,000
WDFW Leasehold Improvements		35,000					35,000
Point Hudson South Jetty Renovation							-
Design/Permitting	2	100,000					100,000
Construction			5,000,000				5,000,000
Shanghai Roof			107,000				107,000
CONTINGENCY - Jetty Repair		250,000					250,000
<b>QUILCENE</b>							
Marina Entrance Dredging							-
Permitting		40,000					40,000
Dredging			250,000				250,000
Marina Dock Repairs					256,000		256,000
Ramp Upgrade					300,000		300,000
<b>OTHER CAPITAL</b>							
Small Capital projects (< ~\$30k)		125,000	125,000	125,000	125,000	125,000	625,000
Port Vehicle replacement		-	-	30,000	30,000	30,000	90,000
<b>Total Estimated Project Expenses</b>		<b>4,249,000</b>	<b>6,182,000</b>	<b>1,455,000</b>	<b>870,000</b>	<b>250,000</b>	<b>13,006,000</b>

## CAPITAL FUNDING

FUNDING SOURCES					
	note	2020 estimate	2021 estimate	2022 estimate	2023 estimate
<b>GRANTS</b>					
FAA - JCIA Runway Reconstruction & Taxiway Connector		(3,288,400)			
WSDOT - JCIA Taxiway Connector		(7,800)			
County PIF - PH South Jetty -Design/Permitting	2	(100,000)			
<b>NEW DEBT</b>					
PH South Jetty Renovation - Construction			(5,000,000)		
<b>INSURANCE RECOVERY</b>					
Boat Haven Breakwater Repair - Construction		(50,000)			
<b>PORT WIDE CAPITAL RESERVE</b>					
Workyard Resurfacing		(90,000)			(95,000)
C&D & Linear Dock - Construction (partial funding)			(285,766)		(95,000)
WDFW Leasehold Improvements		(35,000)			
WDFW Roof					(64,000)
<b>BOAT HAVEN RESERVE</b>					
Boat Haven Breakwater Repair - Construction		(250,000)			
C&D & Linear Dock - Construction (partial funding)			(307,234)		
<b>NET OPERATING INCOME</b>					
JCIA match - Construction & Construction Administration		(7,800)			
Boat Haven Piling Replacement				(300,000)	
Yard Transformers Upgrade (PUD)		(5,000)			
C&D & Linear Dock - Engineering/Design			(105,000)		
C&D & Linear Dock - Construction (partial funding)			(2,000)		
Point Hudson - Shanghai Roof			(107,000)		
CONTINGENCY - Jetty Repair		(250,000)			
Quilcene Marina Entrance Dredging - Permitting		(40,000)			
Quilcene Marina Entrance Dredging - Construction			(250,000)		
Quilcene Dock Repairs				(256,000)	
Quilcene Ramp Upgrade				(300,000)	
Small Capital projects		(125,000)	(125,000)	(125,000)	(125,000)
Vehicle replacement		-	-	(30,000)	(30,000)
<b>Total Funding Sources supported by Cashflow projections</b>	3	(4,249,000)	(6,182,000)	(455,000)	(870,000)
<b>Unknown Funding Source</b>					
<b>C&amp;D &amp; Linear Dock Renovation Construction</b>				(1,000,000)	
<b>Total Funding Sources Supported by Cashflow &amp; Unknown</b>		(4,249,000)	(6,182,000)	(1,455,000)	(870,000)
					(250,000)

Port of Port Townsend  
2020-2024 Capital Project Plan related Cashflow Projection

## CASH FLOW PROJECTIONS

5 YEAR PROJECTED CASHFLOW						
	note	2020 Budget	2021 Projection	2022 Projection	2023 Projection	2024 Projection
Revenues - Operating	4	6,389,249	6,580,926	6,778,354	6,981,705	7,191,156
Revenues - Prop Tax Levy	5	1,030,000	1,040,300	1,050,703	1,061,210	1,071,822
Revenues - Other Non Op	6	3,590,290	5,183,790	148,320	152,770	157,353
Total INFLOW		11,009,539	12,805,016	7,977,377	8,195,685	8,420,331
Expenses - Operating	7	5,114,823	5,268,268	5,426,316	5,589,105	5,756,778
Expenses - Loan/Bond Interest	8	269,587	443,763	415,338	386,088	355,788
Expenses - Other Non Op	9	1,500	22,530	2,581	13,632	13,905
Total OUTFLOW		5,385,910	5,734,561	5,844,234	5,988,825	6,126,471
Net Op/NonOp Inflow/Outflow		5,623,629	7,070,456	2,133,143	2,206,859	2,293,860
Debt Service Principal	10	(715,000)	(1,005,000)	(1,035,000)	(1,060,000)	(1,085,000)
Net Capital Project Estimates Supported by Cashflow		(4,249,000)	(6,182,000)	(455,000)	(870,000)	(250,000)
Change in Cash balance		659,629	(116,544)	643,143	276,859	958,860
Beginning Year Cash		2,232,785	2,892,414	2,775,870	3,419,013	3,695,872
Total Ending Year Cash & Investments		2,892,414	2,775,870	3,419,013	3,695,872	4,654,731
Total Ending Cash Reserves		1,062,234	955,484	1,618,922	1,892,265	2,400,234
Total Unreserved Cash		1,830,180	1,820,386	1,800,091	1,803,607	2,254,497
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	315,000	551,250	964,688	1,147,031	1,500,000
	PTBH Renovation	307,234	-	-	-	-
Port-wide Capital		330,000	294,234	544,234	635,234	790,234
Target Oper. Reserve (25% of Operating Expense)		1,278,706	1,317,067	1,356,579	1,397,276	1,439,195



**Capital Budget & Cashflow Notes:**

1. Project total is \$10,000 and estimated to be half way done by end of 2019 with the remainder in 2020.
2. Design/Permitting on the South Jetty Reconstruction project started in 2019, partially funded by the Jefferson County PIF grant in the amount of \$150,000.
3. 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 is the remaining 2/3 of the C&D & Linear Dock Renovation construction.
4. Revenues - Operating were increased conservatively each year by 3.0% after 2020, based on averaging 8-year historical results.
5. Revenues - Prop Tax Levy was increased annually by 1.0% as allowed by statute (actual may vary by AV and new construction estimates calculated annually by County Assessor).
6. Revenues - Other Non-Operating in all periods, are based on an 8-year historical average for 2021 and subsequently increased annually at 3%. 2020 includes the FAA and WSDOT grants for the JCIA Runway Rehabilitation project. 2021 includes estimates for new debt for Point Hudson South Jetty Renovation Construction. The jetty project estimates are preliminary.
7. Expenses - Operating is increased annually at 3% after 2020, based on averaging 8-year historical results.
8. Expenses - Bond Interest is based on bond amortization schedules of current debt, plus, starting in 2021, an estimated annual Loan or Bond repayment for the Point Hudson South Jetty Renovation (principal \$5m @ 3% for 20 years).
9. Expenses - Other Non-Operating start with 2020 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. Future election years are in 2021, district 2 and 3, and 2023 for district 1.
10. Debt principle is current debt, based on bond amortization schedules, plus starting in 2021, an estimated annual Loan or Bond repayment for the Point Hudson South Jetty Renovation (principal \$5m @ 3% for 20 years).
11. In January 2019, the Port commission approved a minimum cash reserve for operations to ensure the long-term sustainability of the Port. The target is 25% of annual operating expenses. With progressive savings, this reserve should be fully funded by 2024, estimated to total approximately \$1.5m (25% of Operating Expenses).
12. The Port Townsend Boat Haven Reserve is anticipated to be spent down by the end of 2021 with various Boat Haven capital projects.
13. The Port-Wide Capital Reserve will be used for projects and grant match, as applicable. In August 2016, the Commission established this reserve to be funded at \$120,000/year and, starting in 2021, the plan is to increase this reserve funding to \$250,000/year. Throughout this 5-year projection, these funds will be used for various projects as noted above.

### Cash Flow Projection Assumptions

Year-to-date August is 67% through the year, and yet revenues were at 70% of budget and expenses were at 61% of budget.

For years 2020-2024, we projected annual increases in revenue and expense both by 3%. These are based on an 8-year historical average of Port increases.

Non-Operating Revenues and Expenses are based on 2020 known and anticipated projections such as grants, the property tax levy, debt service interest, and both the JCIA Runway Reconstruction and Point Hudson South Jetty Reconstruction project grant revenues. Projections after 2020 are based on known and anticipated inflows and outflows, to include future elections.

Capital Expenses in 2020 include the JCIA Runway Reconstruction project, the Point Hudson South Jetty Reconstruction design and permitting, the Boat Haven Breakwater Repair project and a contingency for an emergency repair of the Point Hudson South Jetty. Some smaller capital projects in various stages are included, as well. For years 2021-2024, there is a capital expense placeholder for small capital projects (not yet unidentified) and in 2022 vehicles are placed back on the schedule annually. This is very early in the project stage, however, we're estimating approximately \$5,000,000 in bond debt will be necessary in 2021 to fund the Point Hudson South Jetty Reconstruction, if the Commission so chooses. In 2022, there is \$1,000,000 in unfunded project costs for the C&D Dock Renovation and in subsequent years, the ability to fund projects dwindles.

Debt Service principle is in accordance with the bond amortization schedules. New debt is anticipated to occur in 2021 for the Point Hudson South Jetty Reconstruction.



## PROPERTY TAX LEVY

### Regular Tax Levy

The preliminary total assessed value (AV) for the Port District for 2020, as of budget adoption, is \$5,980,649,107. Per the County Assessor, the total recommended general tax levy to budget for 2020 is projected to be approximately \$0.17 per \$1,000 of AV, which calculates to \$1,030,000, including new construction estimates.

The Jefferson County Treasurer acts as an agent to collect property taxes levied in the County for all taxing authorities. Taxes are levied annually on January 1 on the property value listed as of the prior year. Assessed values are established by the County Assessor at 100% of fair market value. A revaluation of all property is required annually, which includes physical inspections every six (6) years while the remainder is performed with a combination of statistics, sales studies and inspections.

The Port is permitted by law to levy up to 45 cents per \$1,000 of assessed valuation for general port purposes. The rate may be reduced for either of the following reasons:

1. Washington State Law in Revised Code (RCW) 84.55.010 limits tax growth to 1% per year, plus adjustments for new construction,
2. If the assessed valuation increases by more than the tax limitations due to revaluation, the levy rate is decreased accordingly so that no more than the tax limit is collected.

### Special Tax Levies

Special levies approved by the voters are not subject to the above limitation. The Port can levy property taxes for dredging, canal construction, leveling or filling upon approval of the majority of voters within the Port District, not to exceed \$0.45 per \$1,000 of AV of taxable property.

### Industrial Development District (IDD) Tax Levy

The Port may also levy property taxes for Industrial Development Districts (under a comprehensive scheme of harbor improvements), for two (2) multiyear levy periods only. (A third multiyear levy is allowed for counties bordering the Pacific Ocean, but first must be brought to the voters for approval.) The IDD levy may not exceed the sum of \$2.70 per \$1,000 of AV for taxable property in the Port District for taxes collected in the base year and the maximum allowable amount that could have been collected under RCW 84.55.010 for the first six (6) collection years of the levy period. The levy period may not exceed twenty years from the date the initial levy is made, and the levy rate in any year may not exceed \$0.45 per \$1,000 of AV. If a Port District intends to levy this tax over a second multiyear levy period, the Port must publish notice of intent to impose such a levy, and if signatures of at least eight (8) percent of the voters protest the levy a special election must be held with a majority approval required.

### Tax Levy Uses

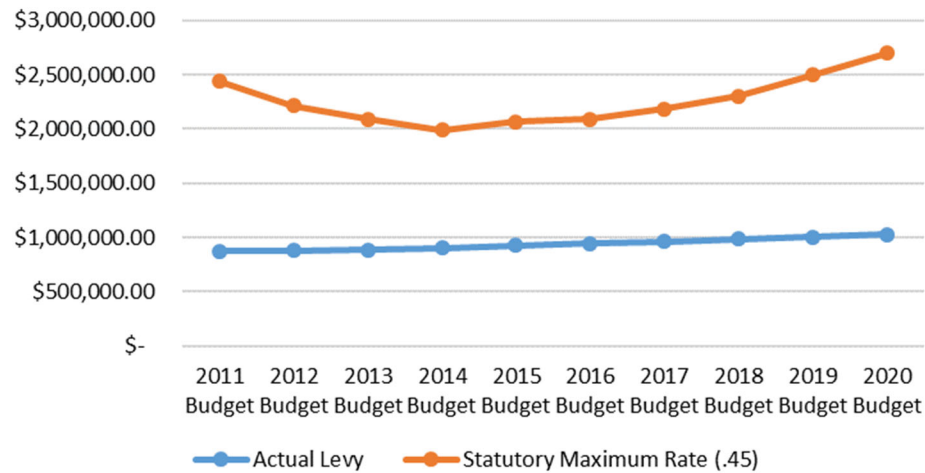
The Port Commission has directed that the funds collected by the tax levy will be used for debt service for general obligation bonds.

### Tax Levy Graph

The following graph depicts the actual tax levy for the last 10 years (blue line) as compared to the statutory maximum rate for the same period. This maximum by statute depicted by the graph's orange line, would require approval of the Port District's voters, as discussed above. Annually, the Port is restricted to increases in the levy by 1% (RCW 84.55.010) or more if there is banked capacity. A banked capacity can only occur

when a taxing district opts not to take an increase in any given tax year. The Port currently does not have any banked capacity.

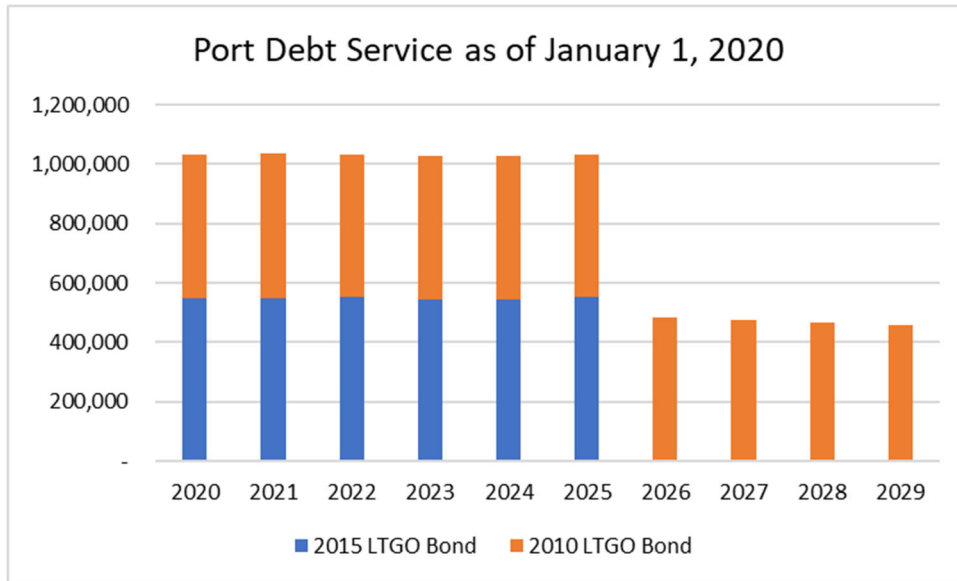
Property Tax Levy - 10 year trend





## DEBT SERVICE

	Principal	Interest	
Debt	Balance	Balance	Pay-Off Date
2015 LTGO Refunding Bond	\$3,294,950	\$ 275,325	December 2025
2010 LTGO Bond	\$3,605,000	\$1,173,713	December 2029
<b>Total</b>	\$6,899,950	\$ 1,449,038	
		\$ 8,348,988	



### Schedule and Purpose of Debt:

2015 LTGO Bond – Refunding of 2005 LTGO Bond used for Point Hudson Marina Construction

2010 LTGO Bond – Reconstruction of Boat Haven A/B Dock (83%) and 75 Ton Lift Pier (17%)