

PORT OF PORT TOWNSEND

INFORMATIONAL MEMO

DATE: 12/14/2022
TO: Commission, Executive Staff
FROM: Abigail Berg, Director of Finance & Administration
SUBJECT: September 2022 Financial Report

Attached is the September 2022 financial report of Port activities. This is a consolidated report that shows the variance between the current period as compared to the prior year and the variance to budget year-to-date. The following is additional information not included in the attached financial report, but key in fully understanding the Port's financial status:

<u>2022 YTD Project Expenses</u>	Budget	Year-to-date
PH Replacement of North & South Jetties	\$ 6,000,000	\$ 210,146
Dock Renovations & Piling Replacement	200,000	0
BH Main Breakwater Repairs	350,000	633
PH Pavilion Bldg. Remodel ^(a)	148,434	167,968
FEMA – Yard Stormwater Materials Replacement ^(b)	0	2,537
FEMA – City Dock ^(b)	0	24
FEMA – JCIA Hangar Repair	80,000	6,268
Reconstruct Old Coast Guard Building	191,250	210,655
AWOS – Replace Present Weather Sensor	30,000	26,884
FEMA - BH Marina Pavement Repair ^(b)	0	93,373
NORTH Yard Expansion (Sims Way)	450,000	56,415
WEST Yard Expansion (by Shipyard)	100,000	3,684
BH Stormwater Treatment	2,650,000	3,420
Gardiner Boat Ramp Renovation	0	54,832
Sperry Bldg. #4 – ACI (was Dave's Mobile Welding) ^(c)	50,000	15,061
Sperry Bldg. #6 – Pete's Marine ^(c)	50,000	15,657
JCIA – 2 nd Connector Taxiway Design	90,000	9,962
Clean Vessel Build – WA State Parks & Recreation	0	35,000
Total Capital Expenses YTD	<u>\$ 10,389,684</u>	<u>\$ 912,519</u>

Non-Capital use of funds

DNR – Vessel Destruction	\$ 43,067
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2022 Capital Purchases or Contracted Capital Services

<u>Equipment/Vehicle replacement (total \$818,000)</u>		
Kendrick Equipment, Inc. (final on 75-Ton lift)	\$ 398,000	\$ 403,338
Northsound Auto Group, LLC (3 RAM trucks)	90,000	86,704
Auxiliary Vehicles (2 Gators for the Yard)	30,000	26,573
Hydraulic Lift Trailer (transporter)	300,000	0
XPERT Jet – Sign Machine	0	18,089
Pape – Forklift for Yard ^(a)	0	83,331
Small Capital Projects	50,000	
BH Enviro Center Fob system ^(b)		21,535
PH Enviro Center Fob system ^(b)		13,356

PH RV Park 3 Phase Power ^(b)		19,626
PH Offices – Heat Pump installation	0	16,500
<u>Land Acquisition – for WEST Yard Expansion (by Shipyard) ^(d)</u>	<u>0</u>	<u>147,914</u>
Total Capital Purchases or Contracted Capital Services YTD	<u>\$ 868,000</u>	<u>\$ 836,966</u>

Notes:

- (a) Project budgeted for 2021 and carried over into 2022 due to supply chain back logs.
- (b) FEMA - Not in the 2022 budget since the event or idea either hadn't occurred, or the certainty of the grant hadn't been determined. Small Capital Projects – unidentified at the time of budget adoption November 2021.
- (c) Two (2) Sperry buildings per year were budgeted for several years and the estimated total cost was \$100,000 annually. The true cost allocated per building is subject to each particular building's capital improvement needs.
- (d) Not in the 2022 "capital" budget since it is not a capital project; Vessel Destruction is a non-operating project, and WEST Yard Expansion Land Acquisition was expected to close by 12/31/21 but was delayed.

<u>Ending Cash Balances as of September 30</u>	<u>2022</u>	<u>2021</u>
Reserved Cash & Investments – Other*	\$ 3,260,744	\$ 2,224,462
Reserved Cash & Investments – IDD	3,509,263	\$ 1,542,291
Unreserved Cash & Investments	<u>739,438</u>	<u>\$ 1,799,764</u>
Total Cash & Investments	<u>\$ 7,509,445</u>	<u>\$ 5,566,517</u>

<u>*Other Reserves detail:</u>	<u>Current balance</u>	<u>Target balance</u>
Unemployment Reserve	\$ 10,000	na
Operating Reserve (a)	1,181,716	\$ 1,470,609
Boat Haven Renovation Reserve (b)	442,397	na
Emergency Reserve	500,000	\$500,000
Port-Wide Capital Reserve (c)	<u>1,126,631</u>	na
Total Other Reserves	<u>\$ 3,260,744</u>	

- (a) The target for the Operating Reserve is 25%, or three (3) months, of operating expenses, per current budget. See resolution 692-19 for more detail.
- (b) The plan for this reserve is to use it on Boat Haven Moorage projects until it is extinguished. It was replaced by the Port-Wide Capital Reserve in resolution 693-19.
- (c) Resolution 693-19 did not set a target for this reserve.

Debt Service for the Year

2010 LTGO Bond – (83% paid A/B Dock Reconstruction, 17% paid 75 Ton Lift Pier)

June 1 – interest only	\$ 80,744	PAID
December 1 – principal and interest	400,744	

2015 LTGO Refunding Bond- (paid for Point Hudson Marina Reconstruction – 2005 LTGO Bonds refunded in 2015)

July 1 – principal and interest	520,600	PAID
December 31 – interest only	<u>23,250</u>	

Total Debt Service for the year	<u>\$ 1,025,338</u>	
<u>Remaining Debt for years 2023-2029</u>		
2010 LTGO Bond – principal and interest	\$ 3,329,550	payoff December 2029
2015 LTGO Bond – principal and interest	<u>1,620,800</u>	payoff July 2025
Total	<u>\$ 4,950,350*</u>	

**Port staff hopes to extinguish all debt obligations two years early in 2027.*

DISCUSSION

As requested by Commission.

FISCAL IMPACT

NA

RECOMMENDATIONS

For discussion only.