

PORT OF PORT TOWNSEND

INFORMATIONAL MEMO

DATE: 1/18/2023
TO: Commission, Executive Staff
FROM: Abigail Berg, Director of Finance & Administration
SUBJECT: November 2022 Financial Report

Attached is the November YTD 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:

2022 YTD Project Expenses	Budget	Year-to-date
PH Replacement of North & South Jetties	\$ 6,000,000	\$ 3,645,454
Dock Renovations & Piling Replacement	200,000	0
BH Main Breakwater Repairs	350,000	1,512
PH Pavilion Bldg. Remodel ^(a)	148,434	173,339
FEMA – Yard Stormwater Materials Replacement ^(b)	0	2,537
FEMA – City Dock ^(b)	0	24
FEMA – JCIA Hangar Repair	80,000	104,284
Reconstruct Old Coast Guard Building	191,250	215,082
AWOS – Replace Present Weather Sensor	30,000	26,884
FEMA - BH Marina Pavement Repair ^(b)	0	96,052
NORTH Yard Expansion (Sims Way)	450,000	66,435
WEST Yard Expansion (by Shipyard)	100,000	28,001
BH Stormwater Treatment	2,650,000	6,183
Gardiner Boat Ramp Renovation	0	73,669
Sperry Bldg. #4 – ACI (was Dave's Mobile Welding) ^(c) (completed)	50,000	15,061
Sperry Bldg. #6 – Pete's Marine ^(c) (completed)	50,000	15,722
JCIA – 2 nd Connector Taxiway Design	90,000	11,200
Quilcene Restoration Program ^(d)	100,000	5,821
Clean Vessel Build – WA State Parks & Recreation	0	35,000
Total Capital Expenses YTD	<u>\$ 10,389,684</u>	<u>\$ 4,522,260</u>

Non-Capital use of funds

DNR – Vessel Destruction	<u>\$ 47,072</u>
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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
Auxiliary vehicle cabs (2)	0	15,396
Small Capital Projects	50,000	

BH Enviro Center Fob system ^(b)	0	21,535
PH Enviro Center Fob system ^(b)	0	13,356
PH RV Park 3 Phase Power ^(b)	0	19,626
PH Offices – Heat Pump installation	0	16,500
Land Acquisition – for WEST Yard Expansion (by Shipyard) ^(e)	0	147,914
Total Capital Purchases or Contracted Capital Services YTD	\$ 868,000	\$ 852,362

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) This changed to a more specific project, Herb Beck Marina Dredge, during the 2023 budget process. The amounts spent in 2022 are towards that project which is also included in the 2023 capital budget.
- (e) Not in the 2022 "capital" budget since it is not a capital project, nor is it an operating expense, and WEST Yard Expansion Land Acquisition was expected to close by 12/31/21 but was delayed.

Ending Cash Balances as of November 30	2022	2021
Reserved Cash & Investments – Other*	\$ 3,260,744	\$ 2,368,799
Reserved Cash & Investments – IDD	4,529,571	\$ 2,123,227
Unreserved Cash & Investments	972,730	\$ 2,424,152
Total Cash & Investments	\$ 8,763,045	\$ 6,916,178

*Other Reserves detail:

	<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	\$ 3,260,744	

- (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>	

Remaining Debt for years 2023-2029

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.*

2021 LTGO Line of Credit (LOC)

November 2022	1 st draw to pay Orion Construction	\$2,633,967
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The 2021 LTGO has debt repayments due in March, and September each year until the end of the bond term, March 1, 2027. This debt instrument serves as a bridge between project expenditure payments, grant reimbursements, and reconciliations with the IDD. As of 12/31/2022, a debt service amortization schedule was prepared by the County Treasurer, though the Port plans to re-pay prior to the schedule outlined in the bond issuance. There are no penalties for pre-payment. The interest rate on the LOC is 1.55% through March 1, 2025, and goes to 1.65% thereafter through the end of bond term.

DISCUSSION

As requested by Commission.

FISCAL IMPACT

NA

RECOMMENDATIONS

For discussion only.