

PORT OF PORT TOWNSEND

INFORMATIONAL MEMO

DATE: 2/3/2023
TO: Commission, Executive Staff
FROM: Abigail Berg, Director of Finance & Administration
SUBJECT: December 2022 Financial Report - PRELIMINARY

Attached is the December YTD 2022 financial report of Port activities. It is labeled “PRELIMINARY” because it precedes the 2022 Annual Report which will be completed in June. 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	\$ 4,365,364
Dock Renovations & Piling Replacement	200,000	0
BH Main Breakwater Repairs	350,000	1,512
PH Pavilion Bldg. Remodel ^(a)	148,434	174,314
FEMA – Yard Stormwater Materials Replacement ^(b)	0	2,537
FEMA – City Dock ^(b)	0	24
FEMA – JCIA Hangar Repair	80,000	105,364
Reconstruct Old Coast Guard Building	191,250	217,643
AWOS – Replace Present Weather Sensor (completed)	30,000	26,884
FEMA - BH Marina Pavement Repair ^(b)	0	98,016
NORTH Yard Expansion (Sims Way)	450,000	66,829
WEST Yard Expansion (by Shipyard)	100,000	34,176
BH Stormwater Treatment	2,650,000	13,378
Gardiner Boat Ramp Renovation	0	89,626
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	21,552
Quilcene Restoration Program ^(d)	100,000	39,417
Clean Vessel Build – WA State Parks & Recreation	0	35,000
Total Capital Expenses YTD	<u>\$ 10,389,684</u>	<u>\$ 5,322,419</u>

Non-Capital use of funds

DNR – Vessel Destruction	<u>\$ 57,915</u>
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2022 Capital Purchases or Contracted Capital Services

Equipment/Vehicle replacement (total \$818,000)		
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	<u>\$ 868,000</u>	<u>\$ 852,362</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) 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.

<u>Ending Cash Balances as of December 31</u>	<u>2022</u>	<u>2021</u>
Reserved Cash & Investments – Other*	\$ 3,259,864	\$ 2,572,964
Reserved Cash & Investments – IDD	4,448,299	2,037,678
Unreserved Cash & Investments	781,894	1,901,442
Total Cash & Investments	<u>\$ 8,490,058</u>	<u>\$ 6,512,084</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)	441,517	na
Emergency Reserve	500,000	\$500,000
Port-Wide Capital Reserve (c)	<u>1,126,631</u>	na
Total Other Reserves	\$ 3,259,864	

- (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.

Due to the increased activity of projects in the last quarter, we were not able to fund the Operating or Port-Wide Capital Reserves.

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	PAID

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>	PAID

Total Debt Service for the year \$ 1,025,338

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
December 2022	2 nd draw to pay Orion Construction	<u>1,189,677</u>
	Total 2022 Draws	\$3,823,644

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.