



2022 OPERATING & CAPITAL BUDGET



Approved by Port Commission on November 10, 2021

Resolution 758-21 Exhibit A

Contents

MESSAGE FROM THE EXECUTIVE DIRECTOR	3
INTRODUCTION	5
Port Commissioners	6
OPERATING BUDGET 2022	7
Graphic Summary of Budget	9
Consolidated Sources & Uses of Cash 2022 Budget	11
2022 DEPARTMENTAL OPERATING BUDGETS	12
Boat Haven Moorage	12
Boat Haven Yard	14
Point Hudson	16
Boat Haven Properties	18
Quilcene	19
Ramps	21
Jefferson County International Airport (JCIA)	22
Maintenance - General	23
CAPITAL BUDGET 2022	24
Jefferson County International Airport	24
Boat Haven Marina	24
Point Hudson	26
Quilcene	26
Equipment & Vehicles	26
CAPITAL PROJECTS FOR 2022	27
CAPITAL PROJECT FUNDING FOR 2022	28
5-YEAR CAPITAL IMPROVEMENT PLAN	29
Capital Funding Sources	31
5-Year Projected Cash Flow	34
PROPERTY TAX LEVY	35
DEBT SERVICE (<i>legal obligation</i>)	37
DEBT SERVICE RETIREMENT TARGET	37

MESSAGE FROM THE EXECUTIVE DIRECTOR

Introduction

2021 was another whirlwind year at the Port of Port Townsend. Pandemic impacts continued, but not entirely in the ways we might have imagined, Port staff undertook a major shift in marina management and billing software, vaulting us into the modern era with online booking for Point Hudson, we continued to advance major capital projects while ramping up maintenance to a new high, and we planned for transition both on the commission and among the staff team.

I shared the following from last year and repeat it this year because I believe it is vitally important to first focus on the Port's purpose, as expressed by the community through its elected commissioners. Three messages from the community remain completely clear: (1) people actively use and love port properties, (2) marine trades are not just vitally important for the economy but are also core elements of the fabric of this community, and (3) the community expects the Port to maintain its properties so future generations may enjoy the same or similar opportunities as exist today. The Port is here not just to manage real estate, but to provide trusted stewardship of vitally important community assets.

In thinking about those three messages, the theme of the 2022 budget is a step further down the path of generational viability. Specifically, making and implementing plans that position the Port to weather future storms through economic resilience and provide opportunities to future generations of Jefferson County residents to live, work and thrive in this remarkable place.

Economic & Financial Outlook

The pandemic hit the Port hard in 2020 as a result of a mandated shut down of operations followed by a voluntary reduction in yard activity by the marine trades. Particularly hard hit was our tourist or guest visitor-oriented properties like Point Hudson's RV Park and marina. In 2021 the ball rebounded fast with a marked increase in activities across Port properties, making 2021 a watershed year for Port revenues. Pandemic woes continued in the form of more demand than Port staff could adequately serve and challenges hiring seasonal staff to help which together resulted in an increase in customer service complaints. At the same time the boat yard was full or nearly full all year as the marine trades worked long days to keep up with the new demand and renewed interest in boating. Moorage waitlists are at an all-time high with those on the list to be placed in a 40' slip likely waiting 5+ years for their opportunity. With that as a local backdrop and the national and world economic outlook showing signs of distress and uncertainty, the 2022 budget does not assume unfettered straight-line growth in revenue. It seems more challenging today than ever to forecast the future, and the 2022 budget reflects some of that ambiguity.

Planned 2022 Capital Investments

Not ambiguous, however, is the Port's massive commitment to infrastructure in 2022. The 2022 capital budget includes a five-year program with critical projects that are funded, partially funded or unfunded at this time. 2022 projects that are 97% funded are as follows:

- Construction of the North Point Hudson jetty: \$6,000,000
- Yard Stormwater Treatment Compliance Upgrade: \$2,650,000
- Yard Expansion Northwest 25 feet & Southwest: \$550,000
- Boat Haven Breakwater Repair: \$350,000
- Boat Haven Dock Renovations & Piling Replacement: \$200,000
- Sperry Building annual rehab project at Boat Haven: \$100,000
- Moorage/Yard Office: \$191,250
- Boat Haven Linear Dock Replacement (*design*): \$107,185
- Jefferson County International Airport (JCIA) terminal: \$110,550

• Quilcene Restoration program:	\$100,000
• Point Hudson Building Restoration (including roofs):	\$100,000
• Jefferson County International Airport Unground Storage Tank Replacement:	\$100,000
• Jefferson County International Airport (JCIA) Connector Taxiway A2 (<i>design</i>):.....	\$90,000
• Jefferson County International Airport (JCIA) Hangar repair:	\$80,000
• Equipment/vehicle purchases:	\$818,000
• Automated Weather Observing System (AWOS) replace Present Weather Sensor:	\$30,000
• Small capital projects (<i>not identified, >\$10,000</i>):.....	\$50,000
• Remodel Nomura building – phase II:.....	\$40,000
• Yard Electrical Upgrades (<i>design and permitting</i>):.....	<u>\$105,000</u>

Total:..... \$11,771,985

Along with the significant projects planned for construction phase work in 2022 (Point Hudson Jetty, Phase 1, Boat Yard Stormwater upgrade, Sims Way Gateway Plan Implementation & Boat Yard Expansion Project), Port staff continue to work on future-year projects. One such project of interest is the Quilcene Plan implementation which will seek to construct facilities at the Herb Beck Marina that are consistent with the community's vision and Port mission, and that are economically viable.


2022 Budget Priorities

Key priorities in the 2022 budget remain unchanged from 2021 and include:

1. Maintaining core lines of revenue for the Port by focusing on the basics (i.e., increasing business and holding the line on costs).
2. Faithfully executing IDD Levy funded projects.
3. Continuing and expanding the trend of enhanced maintenance at all Port properties to both keep our infrastructure working and sustainable, and to improve their appearance.
4. Improving customer service throughout the Port.

With gratitude for the energy and effort shouldered by the Port community, those tenants, volunteers, and members of the community who use and love Port properties, all of us on the Port staff team look forward to working with you in 2022.

With due care and caution, we remain full speed ahead!


Eron Berg
Executive Director



INTRODUCTION

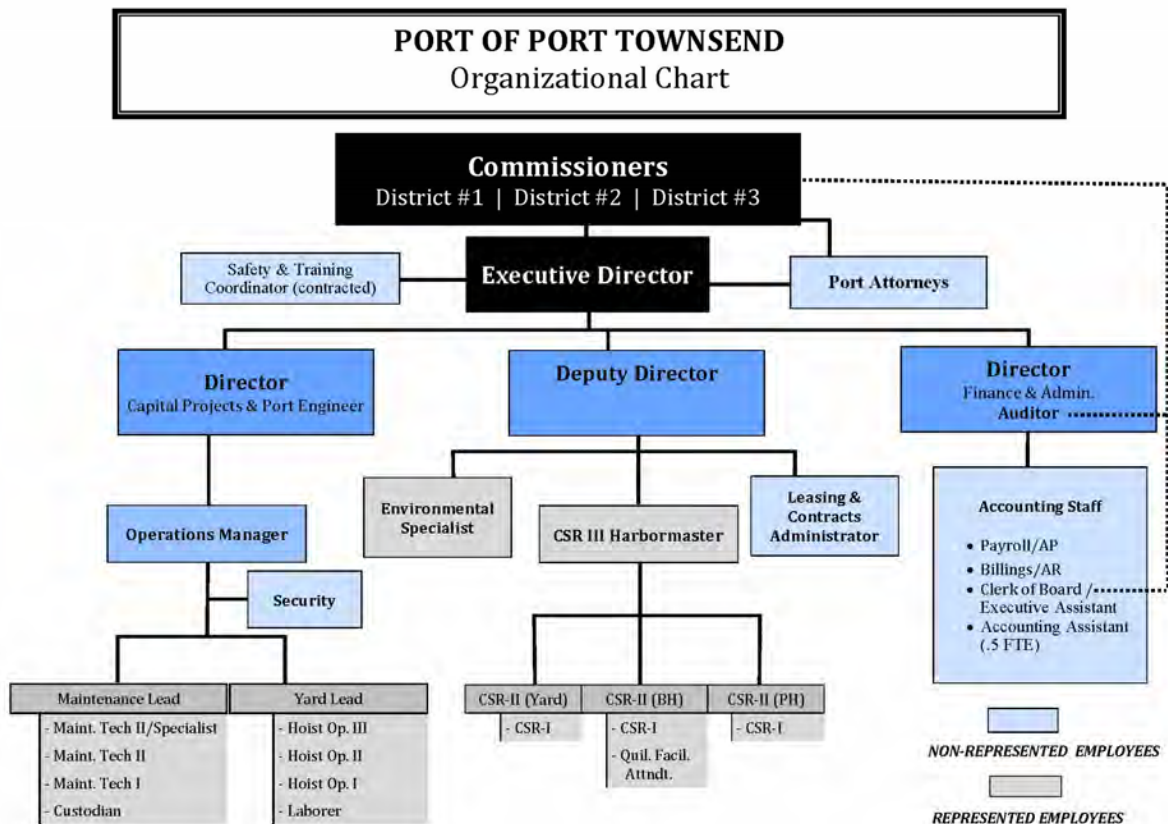
About Us

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 3-member Board of Commissioners; each elected to a 4-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.



Adopted: 11/10/2021

Port Commissioners

District 1 Commissioner: *Pamela Petranek, Vice President*

Term of Office: *January 1, 2020 – December 31, 2023*

A lifelong resident of Washington State, Commissioner Petranek settled in Port Townsend in 2006. Pam earned a BA in Education at Western Washington University and taught for 30 years, most recently as a music teacher for the Port Townsend School District. Pam earned her U.S. Coast Guard Captain's License in 2010 and teaches sailing lessons. Pam currently is a commercial fisherman with Cape Cleare Fishery; she delivers the fish by bicycle year-round to our community. In 2018, Pam was nominated for Citizen of the Year for co-leading the Jefferson County Maritime Trades Economic Study. Pam served four years on the board of the Port Townsend Marine Trades Association & has led several citizen advisory groups. She currently serves on the boards of the JC Marine Resource Committee and the JC Economic Development Council. Pam co-hosts a monthly KPTZ radio show called "Our Working Waterfront".



District 2 Commissioner: *William W. Putney III, Secretary*

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

Commissioner Putney is completing his term as Port Commissioner and will be succeeded by Carol Hasse beginning January 1, 2022. 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 PTFF, 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, President*

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

Commissioner Hanke was elected Port Commissioner in 2013 and re-elected in 2017 and again in 2021. 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 2022

Overview

The goal of the 2022 Operating Budget and 5-year Capital Improvement Plan 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 coming year, we intend to:

- Update the Strategic Plan.
- Modernize business and administrative procedures across our operations to both improve customer service and effectively utilize staff time.
- Implement our robust Capital Improvement Plan while planning for successive projects in the future.
- Directly pursue and develop business to increase the Port's revenues by utilizing capacity in the boatyard, marinas, RV park, airport, and properties in Boat Haven and Point Hudson.
- Create and maintain a communications plan regarding upcoming major capital projects and their potential timing and impact to tenants, customers, and the community.
- Develop marketing and brand strategies to better position the Port in successfully attracting businesses and customers.
- Continue to fine-tune the Port's existing pricing structures across all business operations.

Revenue from Operations

The 2022 budget reflects total revenue from operations of \$6,815,934, a 10% increase over the 2021 Budget. However, when comparing projected 2022 operating revenue to the year-to-date August 2021 with remaining budget, there's a decrease of 1%. The key aspect of Port revenue is that it had trended upward over the past several years; however, when the pandemic hit in early 2020, this trend was broken, and yet conservative estimates for 2021 were subsequently surpassed. Most rates will be increased by 5%, except for the permanent moorage tenants at Boat Haven who will receive a 3% increase with the understanding that they will receive a 3% increase each year through 2024. We are maintaining conservative projections due to the continued uncertainty of the economy with the pandemic, as well as the significant Point Hudson Jetty replacement project which is planned to begin in September of 2022. This project will require the full closure of the Point Hudson Marina and is likely to reduce our summer seasonal Point Hudson revenues by approximately \$268,000. Even with this large project impacting operating revenue, the goal is to continue to grow revenue from operations while controlling expenses to contribute to our Capital Improvement Plan. Overall, the Port's revenues are generated throughout the operating units with the Yard providing 12.4%, Boat Haven Moorage 11.2%, Point Hudson 7.3%, PTBH properties 4.7%, Quilcene 0.9%, Airport 0.9%, and Ramps 0.3% of total operating revenue.

Expenses from Operations

Port-wide expenses from operations are budgeted to be \$5,882,437 in 2022, a 11.7% increase from the 2021 Budget; when compared to the 2021 YTD actuals plus remaining budget that number reduces to 9.5%. Much of this increase is due to gaining capacity for planning and executing capital projects by establishing a new, fulltime position for a Director of Capital Projects/Port Engineer as well as adjustments made to the compensation matrix in late 2021, both these drive increases to payroll taxes and benefits. In addition, there's almost a \$100,000 increase in insurance costs, and there are some more moderate increases in other expenses

such as Repair & Maintenance, Bank Charges, and Memberships & Dues. General & Administrative (G&A) expenses total \$1,601,546 or 27% of total operating expenses. This is an increase of 1% over the 2021 Budget; the actual 2019 G&A percent of total operating expenses was also 26%. G&A costs are allocated quarterly to each operating unit based on a weighted percentage of that unit's actual YTD operating revenues.

Net Operating Income

The 2022 budget reflects a net operating income of \$933,497, this is an increase of less than 1% when compared to the 2021 budget, though when compared to the 2021 YTD actual plus remaining budget, there is a 38% decrease. As previously mentioned, we are projecting conservatively due to the uncertainty of the pandemic and its impact on the economy, as well as having significant capital projects starting in 2022.

Other Increases & Decreases in Fund Resources

The 2022 budget reflects a \$1,071,500 property tax levy, an increase of 2.2% from 2021. This is a 1% increase on the prior year plus increases due to new construction, as calculated, and recommended by the County Assessor. The IDD tax levy is estimated at \$2,634,289 for 2022, \$1,000,000 more than for 2021, both to maintain the IDD reserve for capital projects and pay for current projects while not incurring additional debt. Interest income is budgeted conservatively at \$34,530 for 2022, which also includes the American Recovery & Reinvestment Act (ARRA) Bond Interest Subsidy received semi-annually on the 2010 Limited Tax General Obligation (LTGO) bond (approximately \$32,000). Grant revenue is budgeted at \$6,672,860, including funding for the Point Hudson Jetty project (\$3,970,000), the Yard Stormwater Treatment Compliance Upgrade (\$1,988,500), the remaining FAA funds for the airport runway rehabilitation project completed in 2020, in addition to a few other smaller grants.

Other Increases in Fund Resources include Deposits & Retainage Collected (\$80,640) and Taxes Collected (\$661,623, these are collections of Leasehold, Sales and Hotel/Motel Taxes).

Other Decreases in Fund Resources include Deposits & Retainage Paid (\$33,061), Taxes Remitted (\$652,734, these are remittances of Leasehold, Sales and Hotel/Motel taxes), Bond Principal and Interest (\$1,025,338), Capital Expenses (\$11,374,800), Bond Management, Issuance & Investment (\$1,475), and Election costs (\$2,000).

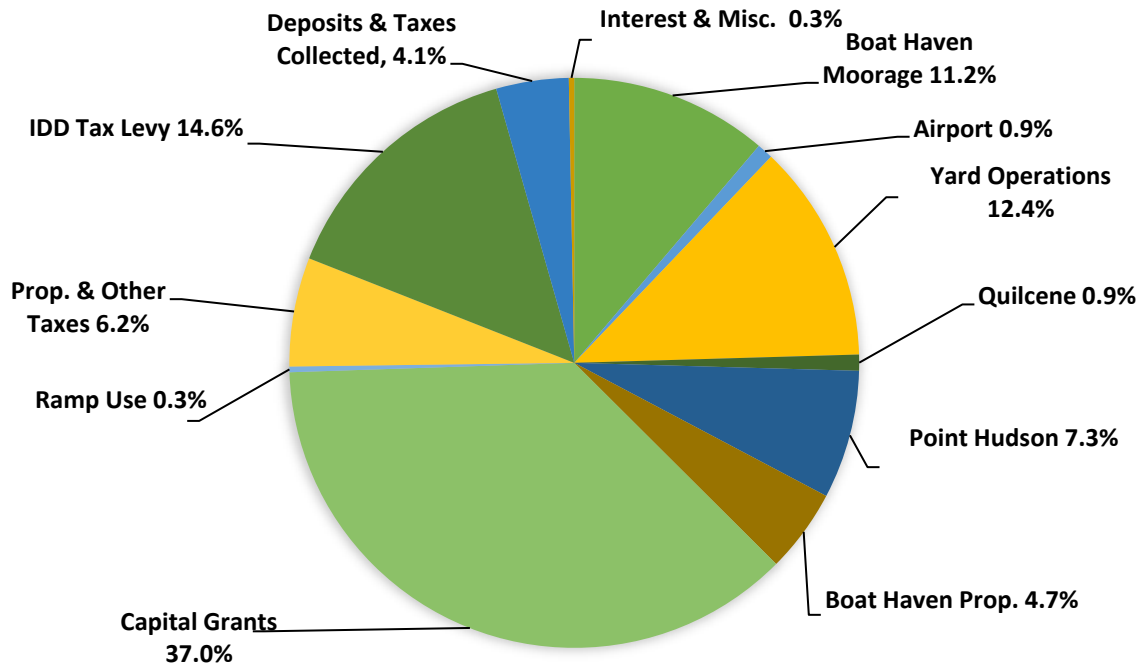
Estimated Ending Cash

The ending cash balances are estimated to total \$5,799,781 that include \$4,458,524 in Reserves and \$1,341,257 in Unreserved Cash. The estimated composition of ending reserves is as follows:

<u>Estimated Ending Cash Reserves for 2022</u>	
IDD Levy Capital Reserve	\$1,543,438
Port-Wide Capital Reserve	941,646
Boat Haven Renovation Reserve	0
Operations Reserve	1,463,440
Emergency Reserve	500,000
Unemployment Reserve	10,000
	<u>\$4,458,524</u>

Graphic Summary of Budget

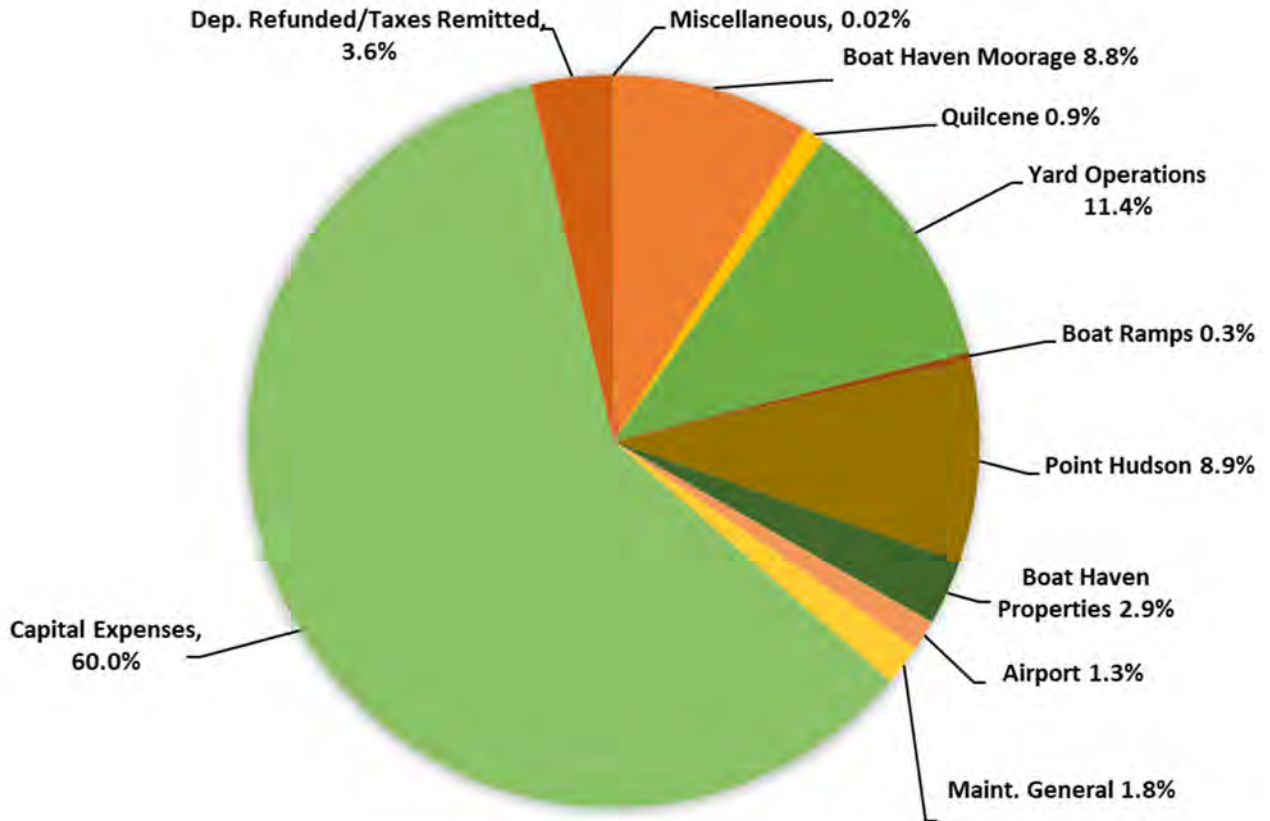
2022 "WHERE THE MONEY COMES FROM?"



2022 Budget - Revenue

Boat Haven Moorage	\$ 2,023,336	11.2%
Yard Operations	2,237,271	12.4%
Point Hudson	1,315,729	7.3%
Boat Haven Prop.	853,257	4.7%
Quilcene	163,935	0.9%
Ramp Use	58,271	0.3%
Airport	164,133	0.9%
Capital Grants	6,672,860	37.0%
Prop. & Other Taxes	1,114,572	6.2%
IDD Tax Levy	2,634,289	14.6%
Deposits & Taxes Collected	742,263	4.1%
Interest & Misc.	54,583	0.3%
	<u>\$ 18,034,499</u>	

2022 "WHERE THE MONEY GOES"



2022 Budget - Expenses

Boat Haven Moorage *	\$ 1,665,079	8.8%
Yard Operations *	2,162,102	11.4%
Point Hudson *	1,695,273	8.9%
Boat Haven Properties	546,139	2.9%
Quilcene	180,212	0.9%
Boat Ramps	61,166	0.3%
Airport	250,122	1.3%
Maint. General	347,683	1.8%
Capital Expenses	11,374,800	60.0%
Dep. Refunded/Taxes Remitted	685,795	3.6%
Miscellaneous	3,475	0.02%
	<u>\$ 18,971,846</u>	

* These include the debt services costs related to their departments which total \$1,025,338.

Consolidated Sources & Uses of Cash 2022 Budget

with comparison to Prior Years

	2019 Actual	2020 Actual	2021 BUDGET	2021 Aug YTD Actual & Remaining Bdgt	2022 Budget	2021 YTD-2022 Bdgt Variance
OPERATING REVENUES						
Boat Haven Moorage	1,900,981	1,879,883	1,853,219	1,910,772	2,023,336	112,564
Yard Operations	1,853,163	1,944,593	1,849,605	2,224,144	2,237,271	13,127
Point Hudson Marina/RV/Prop.	1,483,776	1,397,859	1,379,021	1,583,858	1,315,729	(268,129)
Boat Haven Properties	695,788	718,251	750,817	786,238	853,257	67,019
Quilcene Herb Beck Marina	166,058	167,103	159,080	169,275	163,935	(5,340)
Jefferson County Intl Airport	150,635	148,526	155,757	162,209	164,133	1,924
Ramp Use	47,586	52,668	50,539	53,784	58,271	4,487
Total Operating Revenues	\$ 6,297,987	\$ 6,308,883	\$ 6,198,037	\$ 6,890,280	\$ 6,815,934	\$ (74,346)
OPERATING EXPENDITURES						
Salaries & Wages	2,051,190	2,233,287	2,332,936	2,309,207	2,647,856	338,649
Payroll Taxes	223,337	234,500	251,957	242,392	285,968	43,576
Employee Benefits	777,463	821,474	889,398	845,647	907,613	61,966
Uniform Expense	8,627	8,868	8,950	8,950	10,715	1,765
Contract Services	277,935	270,900	296,906	271,857	303,906	32,049
Consulting Services	49,769	23,500	-	-	-	-
Legal fees	93,541	47,475	40,000	55,716	40,000	(15,716)
Audit	-	5,598	27,750	24,634	9,580	(15,054)
Insurance	276,190	313,259	316,857	365,552	410,000	44,448
Facilities & Operations	483,795	530,260	451,751	606,375	554,781	(51,594)
Utilities	568,049	543,402	565,773	546,108	575,389	29,281
Marketing & Advertising	57,243	46,640	52,622	55,461	67,893	12,432
Economic Development	-	-	-	15,000	30,000	15,000
Travel & Training	32,184	12,174	24,939	18,841	31,771	12,930
Cost of Goods - Fuel	16,255	2,035	-	-	-	-
Community Relations	1,025	6,896	6,965	6,743	6,965	222
Total Operating Expenditures	\$ 4,916,604	\$ 5,100,268	\$ 5,266,804	\$ 5,372,483	\$ 5,882,437	\$ 509,954
NET OPERATING INCOME	\$ 1,381,384	\$ 1,208,615	\$ 927,439	\$ 1,517,797	\$ 933,497	(275,118)
OTHER INCREASES IN FUND RESOURCES						
Deposits & Retainage Collected	109,925	92,930	78,505	99,355	80,640	(18,715)
Taxes Collected	709,204	595,331	606,794	658,751	661,623	2,872
Capital Contributions/Grants	402,793	3,490,128	361,055	474,743	6,672,860	6,198,117
Interest	64,159	25,983	46,000	56,768	34,530	(22,238)
Debt Proceeds-20/21 LOC	-	1,650,000	-	-	-	(1,650,000)
Property & other taxes	1,094,866	1,992,409	2,738,879	2,742,460	3,748,861	1,006,401
Misc. Incr. in Fund Resources	255,568	130,152	18,000	23,781	20,053	(110,099)
Total Incr. in Other Fund Resources	\$ 2,636,514	\$ 7,976,933	\$ 3,849,233	\$ 4,055,858	\$ 11,218,567	\$ 3,241,634
OTHER DECREASES IN FUND RESOURCES						
Deposits & Retainage Paid	89,766	65,706	10,544	23,777	33,061	9,284
Taxes Remitted	719,151	571,092	606,794	662,125	652,734	(9,391)
Bond Principal & Interest	1,368,345	2,433,680	1,028,763	1,280,328	1,025,338	(254,990)
Bond Mgmt, Issuance, Investment	1,500	10,938	1,475	59,870	1,475	(58,395)
Capital Project Expenses	818,185	4,491,246	1,504,361	1,952,416	11,374,800	9,422,384
Election Expense	10,021	15,674	22,000	20,000	2,000	(18,000)
Total Other Decr. in Fund Resources	\$ 3,006,967	\$ 7,588,336	\$ 3,173,937	\$ 3,998,516	\$ 13,089,408	\$ 5,501,071
Net Other Incr./Decr. in Fund Resources	\$ (370,453)	\$ 388,597	\$ 675,296	\$ 57,343	\$ (1,870,840)	\$ (2,259,437)
Net Income/(Loss)	\$ 1,010,931	\$ 1,597,211	\$ 1,602,736	\$ 1,575,140	\$ (937,343)	\$ (2,534,555)

2022 DEPARTMENTAL OPERATING BUDGETS

Boat Haven Moorage

Boat Haven Moorage revenues are estimated to increase \$143,453 which is a 7.5% increase when compared to 2021 YTD August plus remaining budget. This estimate is expected as the result of increased moorage with moving Point Hudson customers during the jetty project to Boat Haven and sunseting legacy rates.

As with last year, the current debt service cost, both principal and interest, is included. For Boat Haven Moorage, this is 83% of the 2010 Limited Tax General Obligation (LTGO) Bond used for reconstruction of the A/B docks. Including this in the departmental budget allows management to see the true picture of the department's gain/loss in operations year over year. The total increase in estimated moorage expenses is \$171,530. Most of this is related to staffing, maintenance costs, utilities, and insurance.

	2019 Actual	2020 Actual	2021 BUDGET	2021 Aug YTD Actual & Remaining Bdg't	2022 Budget	2021 YTD-2022 Bdgt Variance
OPERATING REVENUES						
PTBH - Permanent Moorage	1,151,242	1,225,793	1,216,467	1,212,651	1,254,909	42,258
PTBH - Monthly Guest	318,828	271,741	302,807	257,180	302,807	45,627
PTBH - Nightly Guest	259,395	218,016	172,737	266,457	283,925	17,468
PTBH - Electric	105,105	101,228	99,023	98,606	112,075	13,469
PTBH - Liveaboard Fee	24,512	27,091	26,826	24,463	23,605	(858)
PTBH - Work Float/Lift Pier Usage	8,042	-	-	60	-	(60)
PTBH - Miscellaneous Revenue	14,565	1,996	4,942	13,023	5,189	(7,834)
PTBH - Showers	10,443	17,761	13,004	19,393	17,700	(1,693)
PTBH - Laundry	6,549	8,617	10,102	9,602	10,102	500
PTBH - Key Fobs	1,270	6,137	6,268	7,329	7,423	94
PTBH - Promotional Sales	585	-	-	54	-	(54)
PTBH - Port Labor	445	370	646	322	5,000	4,678
PTBH - Ship Moorage	-	155	329	322	329	7
PTBH - Parking	-	980	68	1,310	272	(1,038)
Total Operating Revenues \$	1,900,981	\$ 1,879,883	\$ 1,853,219	\$ 1,910,772	\$ 2,023,336	\$ 143,453
OPERATING EXPENSES						
Moorage Salaries & Wages	172,003	140,162	199,150	176,611	233,254	56,643
Moorage Payroll Taxes	20,860	17,043	21,508	18,700	25,245	6,545
Moorage Employee Benefits	60,738	51,450	75,923	65,927	82,231	16,304
Uniform Expense	822	801	1,176	643	1,200	557
Maint Salaries & Wages	39,433	48,729	46,081	31,418	32,998	1,580
Maint Payroll Taxes	4,803	5,974	4,977	3,497	3,564	67
Maint Employee Benefits	16,185	16,879	17,568	11,618	11,608	(10)
Enviro Salaries & Wages	4,158	776	1,000	1,558	1,000	(558)
Enviro Payroll Taxes	544	98	108	181	108	(73)
Enviro Employee Benefits	1,368	716	381	543	381	(162)
Contract Services	34,506	14,743	25,700	16,963	21,004	4,041
Insurance	65,277	80,436	81,500	93,338	102,672	9,334
Facilities & Operations	87,902	123,201	73,184	84,298	81,730	(2,568)
Utilities	174,707	155,265	169,020	165,486	175,326	8,814
Marketing & Advertising	12,916	9,478	13,355	12,379	17,051	4,672
Travel & Training	2,007	675	1,000	662	800	138
2010 LTGO Bond Princ & Int pmts (83%)	384,155	400,257	402,913	402,913	399,635	(3,278)
General & Administrative	398,693	395,451	412,392	406,193	475,272	69,079
Total Operating Expenses \$	1,481,078	\$ 1,462,133	\$ 1,546,936	\$ 1,492,928	\$ 1,665,079	\$ 171,125
NET OPERATING INCOME	\$ 419,904	\$ 417,751	\$ 306,283	\$ 417,844	\$ 358,258	\$ (27,672)

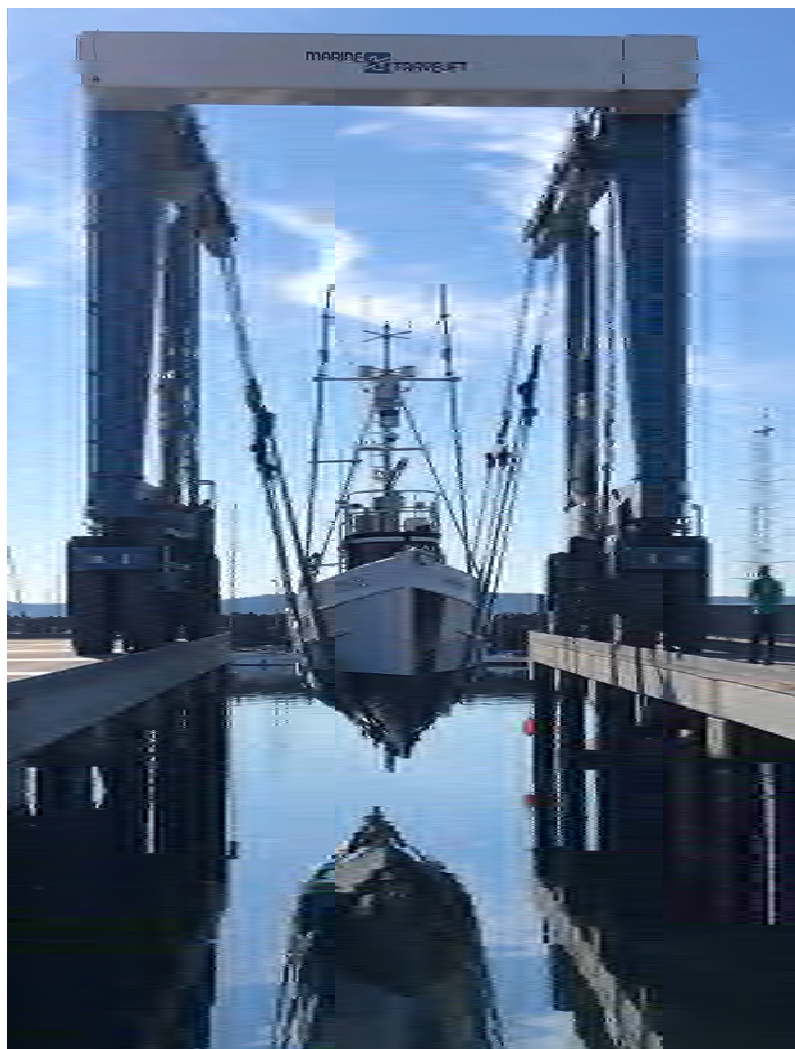


Boat Haven Yard

Overall Yard revenue is expected to increase by \$13,127 over 2021 YTD August plus remaining budget. When the pandemic hit in early 2020, there was a lull in Yard activity, but there was a solid recovery in 2021.

The 50% discount offered in the 70/75 Ton Yard will continue through March 31, 2022. At that time, the Commission will revisit this program for possible changes starting October 1, 2022.

As with last year, the current debt service cost, both principal and interest, is included. For the Yard, this is 17% of the 2010 Limited Tax General Obligation (LTGO) Bond used for the 80-ton Lift Pier. Including this in the departmental budget allows management to see the true picture of the department's gain/loss in operations year over year. An increase in operating expenses of \$168,946 is projected in the 2022 budget, and with the estimated small increase in operating revenue, the net effect is a small profit in operations of \$75,169.



Boat Haven Yard

	2019 Actual	2020 Actual	2021 BUDGET	2021 Aug YTD Actual & Remaining Bdgt	2022 Budget	2021 YTD-2022 Bdgt Variance
OPERATING REVENUES						
Yard - 70/75 Ton Yard Revenue	623,501	663,833	587,624	828,665	813,676	(14,989)
Yard - 70/75 Ton Hoist Revenue	340,124	296,273	293,045	325,064	325,772	708
Yard - 300 Ton Yard Revenue	397,364	408,561	410,397	469,081	463,719	(5,362)
Yard - 300 Ton Hoist Revenue	177,846	189,524	186,651	195,627	216,555	20,928
Yard - Washdown Revenue	81,756	76,018	85,707	89,692	85,707	(3,985)
Yard - Bilge Water Revenue	6,463	3,469	5,374	3,086	5,374	2,288
Yard - L/T Storage	69,857	80,219	72,334	74,592	81,005	6,413
Yard - Blocking Rent	31,977	39,163	45,917	47,978	49,507	1,529
Yard - 70/75 Ton Electric	9,652	36,263	33,976	39,490	43,694	4,204
Yard - 300 Ton Electric	41,589	45,237	46,116	48,455	51,984	3,529
Yard - Off Port Property Tarp Fee	1,980	4,160	3,104	1,961	1,476	(485)
Yard - Liveaboard Fee	1,626	2,486	1,908	2,800	3,604	804
Yard - Miscellaneous Revenue	13,692	5,873	1,629	481	1,629	1,148
Yard - 70/75 Ton Port Labor	4,753	9,323	909	5,483	4,606	(877)
Yard - 300 Ton Port Labor	6,179	4,665	3,096	2,657	3,668	1,011
Yard - Enviro Fee 70/75 Ton Yard	38,520	57,478	48,906	68,648	70,279	1,631
Yard - Enviro Fee 300 Ton Yard	6,100	18,071	19,871	18,071	14,015	(4,056)
Yard - Enviro Clean-Up Fee	185	3,977	3,040	2,313	1,000	(1,313)
Total Operating Revenues	\$ 1,853,163	\$ 1,944,593	\$ 1,849,605	\$ 2,224,144	\$ 2,237,271	\$ 13,127
OPERATING EXPENSES						
Yard Salaries & Wages	557,927	526,706	551,556	560,969	618,696	57,727
Yard Payroll Taxes	61,873	65,254	59,568	62,215	65,418	3,203
Yard Employee Benefits	191,759	202,859	210,273	204,023	203,479	(544)
Uniform Expense	4,281	4,145	3,704	3,424	4,065	641
Maint Salaries & Wages	80,266	75,167	64,514	59,592	72,266	12,674
Maint Payroll Taxes	10,250	9,467	6,967	7,113	7,805	692
Maint Employee Benefits	29,918	27,629	24,595	23,196	25,422	2,226
Enviro Salaries & Wages	22,941	21,747	24,947	24,322	27,066	2,744
Enviro Payroll Taxes	2,861	2,756	2,694	2,818	2,923	105
Enviro Employee Benefits	8,267	7,865	9,511	8,837	9,492	655
Contract Services	38,855	24,125	30,600	23,494	43,307	19,813
Insurance	74,849	74,684	75,684	86,890	95,579	8,689
Facilities & Operations	267,394	170,743	183,126	241,899	237,632	(4,267)
Utilities	121,425	121,533	110,771	119,288	121,862	2,274
Marketing & Advertising	6,974	8,690	14,713	12,231	17,713	5,482
Travel & Training	1,804	2,947	1,113	1,168	2,000	832
2010 LTGO Bond Princ & Int pmts (17%)	78,682	81,980	82,524	82,524	81,853	(671)
General & Administrative	399,074	410,659	411,588	468,853	525,524	56,671
Total Operating Expenses	\$ 1,959,400	\$ 1,838,956	\$ 1,868,448	\$ 1,992,856	\$ 2,162,102	\$ 168,946
NET OPERATING INCOME	\$ (106,237)	\$ 105,636	\$ (18,843)	\$ 231,288	\$ 75,169	\$ (124,480)

Point Hudson

Overall, Point Hudson revenue is expected to decrease by \$268,129 over the 2021 YTD August plus remaining budget. It is anticipated that Point Hudson Nightly RV Park revenue and Marina Permanent, Monthly and Nightly Guest revenues will all be greatly impacted due to the jetty projects commencing September of 2022.

Total estimated increases in operating expenses, when compared to 2021 YTD August plus remaining budget, should be nominal at \$8,031.



Point Hudson

	2019 Actual	2020 Actual	2021 BUDGET	2021 Aug YTD Actual & Remaining Bdgt	2022 Budget	2021 YTD-2022 Bdgt Variance
OPERATING REVENUES						
Pt Hudson - Building Lease Revenue	363,046	398,703	380,386	407,415	428,819	21,404
Pt Hudson - Parking	11,809	3,143	2,837	16,699	17,700	1,001
Pt Hudson - Event Facility Rev	25,479	(260)	78	1,027	3,000	1,973
Pt Hudson - Property Utility Reimb	41,839	35,030	35,938	33,616	35,938	2,322
Pt Hudson - Permanent Moorage	138,628	146,202	147,227	155,231	124,142	(31,089)
Pt Hudson - Liveaboard Fee	6,145	7,494	6,687	7,983	8,656	673
Pt Hudson - Liveaboard Backgrnd Ck Fee	-	2,700	-	120	180	60
Pt Hudson - Monthly Guest	120,550	131,248	127,923	126,693	72,954	(53,739)
Pt Hudson - Nightly Guest	215,172	200,031	196,085	241,428	172,727	(68,701)
City Pier & Union Wharf Usage	17,093	3,111	4,422	7,553	7,006	(547)
Pt Hudson - Monthly R.V.	70,559	83,365	63,283	66,488	49,041	(17,447)
Pt Hudson - Nightly R.V.	355,115	271,691	309,621	398,725	295,418	(103,307)
Pt Hudson - Kayak Racks	11,879	15,463	13,482	15,841	12,401	(3,440)
Pt Hudson - Reservation Fee	39,120	35,802	31,055	41,302	36,365	(4,937)
Pt Hudson - Showers	8,031	6,302	6,880	7,004	5,504	(1,500)
Pt Hudson - Laundry	10,561	9,948	9,659	10,651	7,727	(2,924)
Pt Hudson - Passenger Fee	14,091	2,538	3,793	10,711	13,334	2,623
Union Wharf - Cruise Ship Garbage	1,489	-	3,794	-	700	700
Pt Hudson - Promotional Sales	977	562	660	670	660	(10)
Pt Hudson - Miscellaneous Rev	1,860	5,616	672	1,997	950	(1,047)
Pt Hudson - Enviro Clean-up	-	212	214	214	214	-
Pt Hudson - Electric	30,334	38,958	34,326	32,490	22,294	(10,196)
Total Operating Revenues	\$ 1,483,776	\$ 1,397,859	\$ 1,379,021	\$ 1,583,858	\$ 1,315,729	\$ (268,129)
OPERATING EXPENSES						
Point Hudson Salaries & Wages	181,445	171,514	259,999	202,212	191,455	(10,757)
Point Hudson Payroll Taxes	23,306	19,944	28,079	23,664	20,677	(2,987)
Point Hudson Employee Benefits	60,435	60,459	99,121	72,272	67,351	(4,921)
Uniform Expense	-	421	1,160	434	800	366
Maint Salaries & Wages	88,096	117,553	96,770	99,528	125,661	26,133
Maint Payroll Taxes	10,987	15,535	10,451	12,437	13,571	1,134
Maint Employee Benefits	32,859	44,305	36,892	38,842	44,206	5,364
Enviro Salaries & Wages	1,916	2,785	4,827	2,059	5,222	3,163
Enviro Payroll Taxes	253	332	521	226	564	338
Enviro Employee Benefits	769	1,023	1,840	745	1,837	1,092
Contract Services	26,142	14,177	30,600	16,477	14,578	(1,899)
Insurance	56,647	63,761	64,890	68,793	75,672	6,879
Facilities & Operations	83,408	81,092	66,308	99,706	81,506	(18,200)
Utilities	182,498	181,382	178,120	176,015	181,545	5,130
Marketing & Advertising	23,268	17,796	14,849	14,962	17,120	2,158
Travel & Training	74	160	600	200	600	400
2015 LTGO Principal & Int pmts	546,000	542,350	543,325	543,325	543,850	525
General & Administrative	310,880	298,461	306,028	314,945	309,058	(5,887)
Total Operating Expenses	\$ 1,628,986	\$ 1,633,051	\$ 1,744,380	\$ 1,686,842	\$ 1,695,273	\$ 8,031
NET OPERATING INCOME	\$ (145,209)	\$ (235,191)	\$ (365,359)	\$ (102,984)	\$ (379,544)	\$ (276,160)

Boat Haven Properties

Properties are expected to increase by approximately \$102,440 with the increase in the number of leases and renewals, in addition to CPI increases. Most assets are marine dependent or related uses for manufacturing, warehousing, and office requirements.

Overall, operating expenses are expected to increase by \$61,549 when compared to the 2021 YTD August plus remaining budget. Most of this increase is in staffing costs, both departmental and maintenance, who regularly work to maintain the condition of these properties.

Boat Haven Properties

	2019 Actual	2020 Actual	2021 BUDGET	2021 Aug YTD Actual & Remaining Bdgt	2022 Budget	2021 YTD-2022 Bdgt Variance
OPERATING REVENUES						
PTBH Prop - Lease Revenue	626,298	647,462	686,149	715,989	778,733	62,744
PTBH Prop - Fuel Dock Lease	21,198	21,037	20,514	20,676	20,514	(162)
PTBH Prop - Water, Swr, Garbage, Other	25,878	25,545	21,148	24,672	26,340	1,668
PTBH Prop - Electric	2,002	2,897	3,905	3,864	4,833	969
PTBH Prop - Stormwater Fees	9,174	11,593	10,984	10,120	10,984	864
PTBH Prop - Storage Unit Revenue	9,143	9,020	7,706	9,893	11,443	1,550
PTBH Prop - Miscellaneous	2,095	696	411	1,024	411	(613)
Total Operating Revenues	\$ 695,788	\$ 718,251	\$ 750,817	\$ 786,238	\$ 853,257	\$ 102,440
OPERATING EXPENSES						
PTBH Property Salaries & Wages	19,927	57,623	68,675	63,085	63,836	751
PTBH Property Payroll Taxes	2,091	5,230	7,417	6,103	6,894	791
PTBH Property Employee Benefits	8,898	21,052	26,181	22,986	22,457	(529)
Maint Salaries & Wages	47,011	45,437	55,298	64,259	83,239	18,980
Maint Payroll Taxes	5,785	5,653	5,972	9,245	8,990	(255)
Maint Employee Benefits	16,428	16,225	21,082	23,623	29,282	5,659
Enviro Salaries & Wages	14,669	19,111	22,326	22,914	24,150	1,236
Enviro Payroll Taxes	1,937	2,426	2,411	2,659	2,608	(51)
Enviro Employee Benefits	5,315	7,156	8,511	8,353	8,496	143
Contract Services	4,799	3,107	5,926	2,574	10,236	7,662
Insurance	16,911	14,814	15,100	26,061	28,667	2,606
Facilities & Operations	33,622	17,775	17,775	24,273	17,560	(6,713)
Utilities	43,475	33,137	45,940	38,360	38,948	188
Marketing & Advertising	-	-	200	143	200	57
Travel/Training	-	-	250	101	150	49
General & Administrative	146,072	159,266	167,076	169,402	200,426	31,024
Total Operating Expenses	\$ 366,940	\$ 408,011	\$ 469,890	\$ 484,040	\$ 546,139	\$ 61,549
NET OPERATING INCOME	\$ 328,848	\$ 310,239	\$ 280,927	\$ 302,198	\$ 307,118	\$ 40,891

Quilcene

Quilcene revenues are projected to decrease by \$5,340, largely due to the elimination of liveaboard tenants with permanent moorage. This was implemented late 2021 as the result of the lack of daily staffing to oversee the facility.

Overall, operating expenses are budgeted to increase by \$20,432. Most of this increase is in staffing costs. In 2020 and 2021, the Quilcene Facility Attendant was frequently needed at other Port locations so there was a dip in those costs, but with adjustments to the wage matrix in October 2021, and the 5% COLA as of January 1, 2022, the projection for 2022 is understandable. Similarly, Maintenance staff costs are anticipated to increase as well as a slight increase in Contract Services for the newly installed fob and camera system for the restrooms.



			2021 Aug YTD				2021 YTD-2022
	2019 Actual	2020 Actual	2021 BUDGET	Actual & Remaining Bdgt	2022 Budget		Bdgt Variance
OPERATING REVENUES							
Quilcene - Lease Revenue	61,917	63,896	69,400	66,791	69,400		2,609
Quilcene - Permanent Moorage	47,547	59,882	53,813	62,726	56,684		(6,042)
Quilcene - Liveaboard Fee	743	3,667	2,683	3,244	-		(3,244)
Quilcene - Liveaboard Background Ck Fee	-	120	-	-	-		-
Quilcene - Nightly Moorage	3,532	2,473	2,111	1,816	2,678		862
Quilcene - Showers	3,671	3,125	3,126	2,631	3,126		495
Quilcene - Reservations	770	182	387	285	495		210
Quilcene - Miscellaneous Revenue	20	32	77	32	77		45
Quilcene - Water	13,695	13,378	12,830	13,171	12,830		(341)
Quilcene - Electric	1,788	4,061	2,582	3,730	3,955		225
Quilcene - Recreational Ramp Fees	10,232	10,379	10,254	11,353	11,518		165
Quilcene - Commercial Use Fees	2,400	1,616	1,818	2,300	2,200		(100)
Quilcene - Empty Trailer Parking	-	-	-	1,196	972		(224)
Quilcene - Fuel Sales	19,744	4,291	-	-	-		-
Total Operating Revenues	\$ 166,058	\$ 167,103	\$ 159,080	\$ 169,275	\$ 163,935	\$	(5,340)
OPERATING EXPENSES							
Quilcene Salaries & Wages	35,386	33,991	31,907	30,655	43,136		12,481
Quilcene Payroll Taxes	4,678	4,029	3,446	3,472	4,659		1,187
Quilcene Employee Benefits	12,857	13,143	12,164	10,869	15,175		4,306
Quilcene Uniforms	240	-	-	-	300		300
Maint Salaries & Wages	15,444	20,309	18,433	17,375	21,220		3,845
Maint Payroll Taxes	1,907	2,427	1,991	2,076	2,292		216
Maint Employee Benefits	6,280	7,322	7,027	6,620	7,465		845
Enviro Salaries & Wages	251	283	-	594	-		(594)
Enviro Payroll Taxes	31	36	-	71	-		(71)
Enviro Employee Benefits	57	96	-	212	-		(212)
Contract Services	5,608	6,657	8,000	8,141	10,300		2,159
Insurance	5,686	6,980	7,080	8,310	9,141		831
Facilities & Operations	13,897	26,991	11,343	21,328	12,961		(8,367)
Utilities	12,155	11,291	11,890	13,152	13,189		37
Marketing & Advertising	131	-	700	1,225	1,200		(25)
Travel & Training	16	481	100	136	150		14
Cost of Fuel Sold	16,255	2,035	-	-	-		-
General & Administrative	34,894	38,104	35,400	35,544	39,024		3,480
Total Operating Expenses	\$ 165,772	\$ 174,175	\$ 149,481	\$ 159,780	\$ 180,212	\$	20,432
NET OPERATING INCOME	\$ 286	\$ (7,072)	\$ 9,599	\$ 9,495	\$ (16,277)	\$	(25,772)

Ramps

The Port has boat launch ramps located in Port Townsend, Port Hadlock, Gardiner, Quilcene* and Mats Mats in Port Ludlow. (*The Quilcene ramp is listed under the Quilcene facility.) All these boat ramps are single ramps, except for the one in Port Townsend which is a double. Ramp revenues are expected to increase by \$4,487 when compared to 2021 YTD August plus remaining budget.

Increased operating expenses are expected for Ramps in the amount of \$4,908. Most of that increase is in Maintenance and Environmental staff costs, and a small increase of \$1,413 for additional sanitation stations due to the pandemic.



	2019 Actual	2020 Actual	2021 BUDGET	2021 Aug YTD Actual & Remaining Bdgt	2022 Budget	2021 YTD-2022 Bdgt Variance
OPERATING REVENUES						
Ramp Fees	39,976	47,069	44,936	45,388	51,594	6,206
PTBH - Commercial Use Fees	5,500	4,383	4,427	7,282	5,500	(1,782)
Dinghy Float Revenue	2,110	1,216	1,177	1,114	1,177	63
Total Operating Revenues	\$ 47,586	\$ 52,668	\$ 50,539	\$ 53,784	\$ 58,271	\$ 4,487
OPERATING EXPENSES						
Ramps Salaries & Wages	3,392	3,560	4,000	3,859	4,500	641
Ramps Payroll Taxes	487	497	432	476	486	10
Ramps Employee Benefits	1,060	1,416	1,525	1,410	1,583	173
Maint Salaries & Wages	14,194	7,648	9,216	10,024	12,403	2,379
Maint Payroll Taxes	1,767	958	995	1,127	1,339	212
Maint Employee Benefits	6,339	2,704	3,513	3,635	4,363	728
Enviro Salaries & Wages	1,431	3,058	3,620	1,642	3,916	2,274
Enviro Payroll Taxes	189	388	391	178	423	245
Enviro Employee Benefits	574	1,185	1,380	608	1,378	770
Contract Services	905	1,534	2,200	2,304	1,545	(759)
Insurance	3,742	3,082	3,302	5,705	6,276	571
Facilities & Operations	4,863	4,077	4,749	10,205	5,249	(4,956)
Utilities	3,585	3,146	4,167	2,604	4,017	1,413
Marketing & Advertising	-	1,960	-	-	-	-
General & Administrative	10,626	11,071	11,248	12,481	13,688	1,207
Total Operating Expenses	\$ 53,153	\$ 46,283	\$ 50,388	\$ 56,258	\$ 61,166	\$ 4,908
NET OPERATING INCOME	\$ (5,567)	\$ 6,385	\$ (199)	\$ (2,474)	\$ (2,895)	\$ (421)

Jefferson County International Airport (JCIA)

JCIA revenues are estimated to increase nominally by approximately \$2,000 when compared to 2021 YTD August plus remaining budget. The largest increase is with Lease revenue due to CPI.

Expenses are estimated to be approximately 18% more, \$35,941, than for 2021 YTD August plus remaining budget. There continues to be an anticipated increase in maintenance staff work at the airport related to a more consistent mowing schedule and other maintenance related tasks.



	2019 Actual	2020 Actual	2021 BUDGET	2021 Aug YTD Actual & Remaining Bdgt	2022 Budget	2021 YTD-2022 Bdgt Variance
OPERATING REVENUES						
JCIA - Lease Revenue	114,924	110,365	116,691	117,475	122,934	5,459
JCIA - Hangar Revenue	29,175	32,176	33,152	33,879	35,780	1,901
JCIA - Fuel Lease Revenue	2,605	1,622	1,725	1,857	1,725	(132)
JCIA - Electric	1,303	1,587	1,280	1,160	1,378	218
JCIA - Vehicle Parking Revenue	342	856	842	604	434	(170)
JCIA - Aircraft Parking	1,736	1,919	1,932	1,457	882	(575)
JCIA - Miscellaneous Revenue	550	-	134	5,777	1,000	(4,777)
Total Operating Revenues	\$ 150,635	\$ 148,526	\$ 155,757	\$ 162,209	\$ 164,133	\$ 1,924
OPERATING EXPENSES						
JCIA Salaries & Wages	6,681	9,843	9,240	8,556	6,993	(1,563)
JCIA Payroll Taxes	893	1,169	998	1,149	755	(394)
JCIA Employee Benefits	2,739	3,512	3,523	3,169	2,460	(709)
Maint Salaries & Wages	42,536	71,629	41,473	50,380	66,422	16,042
Maint Payroll Taxes	5,502	8,748	4,479	5,516	7,174	1,658
Maint Employee Benefits	16,891	27,439	15,811	17,612	23,366	5,754
Enviro Salaries & Wages	1,430	3,176	3,620	2,180	3,916	1,736
Enviro Payroll Taxes	189	403	391	244	423	179
Enviro Employee Benefits	564	1,227	1,380	798	1,378	580
Contract Services	18,821	11,926	18,280	20,686	21,368	682
Insurance	28,515	41,993	38,479	34,164	37,580	3,416
Facilities & Operations	14,787	21,208	14,030	14,417	15,245	828
Utilities	20,260	18,829	22,800	17,287	19,600	2,313
Marketing & Advertising	1,446	64	2,750	1,200	4,888	1,688
General & Administrative	31,593	33,156	34,661	34,823	38,554	3,731
Total Operating Expenses	\$ 192,847	\$ 254,321	\$ 211,915	\$ 212,181	\$ 250,122	\$ 35,941
NET OPERATING INCOME	\$ (42,213)	\$ (105,795)	\$ (56,158)	\$ (49,972)	\$ (85,989)	\$ (34,017)

Maintenance - General

The Port's Maintenance department activity is typically recorded to the Port department in which it occurs. Maintenance costs not tied to a specific department are included here under Maintenance - General. Variances between 2022 and 2021 YTD August plus remaining budget simply show year-to-year activity variances for non-specific departmental maintenance activity.



	2019 Actual	2020 Actual	2021 BUDGET	2021 Aug YTD Actual & Remaining Bdgt	2022 Budget	2021 YTD-2022 Bdgt Variance
OPERATING EXPENSES						
Salaries & Wages	134,267	165,523	128,028	138,826	178,943	40,117
Payroll Taxes	13,290	15,309	13,935	14,660	19,326	4,666
Employee Benefits	51,973	59,201	49,190	52,429	62,949	10,520
Uniform Expense	3,321	3,365	2,910	2,300	4,350	2,050
Contract Services	1,000	448	1,100	542	859	317
Insurance	20,187	11,598	12,100	27,160	29,876	2,716
Facilities & Operations	46,052	44,654	34,799	61,433	43,630	(17,803)
Utilities	7,343	6,553	10,870	7,381	7,050	(870)
Advertising (legal)	87	-	196	498	300	(198)
Travel & Training	2,063	-	400	212	400	188
Total Operating Expenses	279,583	306,651	253,528	305,441	347,683	41,703

CAPITAL BUDGET 2022

Overview

Capital projects maintain, improve, and create new infrastructure within the Port. In 2021, the Port was successful in obtaining grant funding for several projects and we will continue to look for funding assistance whenever feasible. We have 18 planned projects and \$50,000 available for ad hoc repair and maintenance projects as they are identified. The budget for 2022 Capital projects is approximately \$11,000,000 with \$4,800,000 local funding used to leverage \$6,200,000 funding from Federal and State Grants. If a project can be funded through rents or on a reimbursement basis and will break even or better with the current fiscal year, it may be considered. Below is a summary of the 2022 budgeted projects.

Jefferson County International Airport

Airport Terminal Building

The airport is a precious, under-utilized asset of the Port. Although there are many private pilots who utilize this facility, those more transient pilots are unable to do more than a simple, one-day fly-in because there are no facilities where they can rest, make flight plans, use the bathroom and or wait for transportation to take them to local restaurants, hotels, or shops. The Port is planning to relocate the moorage office currently in use at Boat Haven Yard/Marina to the Airport for use as a terminal building. The cost estimate is \$110,550 with most of the work to be performed by Port staff.

Fuel Tank Replacement

The underground fuel tank is approaching the end of its useful life and becoming more difficult to meet current insurance standards. The Port plans to use IDD funding to replace the fueling system. The design of a new system will be prepared in 2022 with a cost estimate of \$100,000 and replacement work planned for 2023, estimated to cost \$400,000.

Airport - Connector Taxiway A2 - Design

Available funding from the Federal Aviation Administration (FAA) and WA State Department of Transportation (WSDOT) will be applied toward the addition of a taxiway connector made necessary by the FAA mandated removal of the center taxiway connector in 2020. Design is scheduled to begin in 2022 at a cost estimate of \$90,000 with construction planned for 2023.

Airport Hangar Repair

December 2020 thru January 2021 severe weather caused damage to the roof of a Port-owned hangar building. With funding assistance from the Federal Emergency Management Agency (FEMA), the Port was able to stabilize the roof in 2021 and plans to apply a foam roof system over the top of the existing roof to extend the useful life of the building. The cost estimate is \$80,000.

Automated Weather Observing System (AWOS) Present Weather Sensor replacement

The Port has a Federal Aviation Administration (FAA) certified inspector that visits JCIA twice/year to inspect the AWOS equipment to ensure proper operation. Recently the contractor notified the Port that the Present Weather Sensory system is very close to requiring replacement and he advised we plan on it in the next year. The cost including installation is estimated as \$30,000.

Boat Haven Marina

Dock Renovations and Piling Replacement

In 2022 we plan to remove 20 creosote pilings and replace them with 12 steel pilings as part of the environmental mitigation requirement for the Boat Haven Main Breakwater Repair project. The piles identified for replacement include the New Day fisheries dock and piles supporting the Commercial Net Float dock in the Commercial marina. The cost estimate for construction is \$200,000.

Boat Haven Main Breakwater Repairs

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. Ongoing maintenance and repair of the breakwater is critical to all operations and activities at Boat Haven. The cost estimate for construction is \$350,000.

Boat Haven Stormwater Treatment Compliance Upgrade

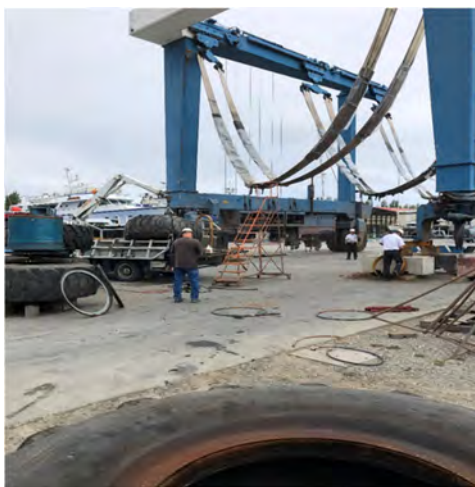
Boat Haven Yard stormwater is regulated by the Department of Ecology (DOE) under a Boatyard General Permit. The existing permit under which we operate was issued July 6, 2016, and expired July 31, 2021. We are operating under a temporary permit extension and a new permit is under consideration by DOE. The proposed permit reduces the allowable discharge limits for copper and adds new testing and reporting requirements for pH, turbidity, and oil. The proposed copper maximum benchmark is 15 ppb reduced from a seasonal benchmark of 50 ppb. Project design and construction is planned for 2022. The cost estimate for design and construction is \$2,650,000 with \$1,988,500 available in federal grant funds appropriated through the Washington State Capital Budget.

Moorage/Yard Office

In December 2018, Port Moorage staff were moved into the Yard office to increase efficiencies and customer service to Port tenants and customers. While this has increased customer satisfaction, it has proven to be too small of a space for staff which was amplified by the onset of the pandemic in early 2020. The Port plans to remodel and relocate the Old Coast Guard building to be used as the moorage office. The Old Coast Guard building will increase the moorage/yard office space. The existing Moorage/Yard office will be relocated to the Airport for a terminal building. The cost estimate is \$191,250; most of the work will be performed by Port staff.

70/75 Ton & 300 Ton Yard Electrical Upgrades - Design

Design work is required for the upgrade of the Yard's electrical conduits, wiring, transformers, pedestals and meters. This project will include industrial-grade lighting in certain key areas for improved security and safety. Design is scheduled in 2022 for an estimated \$30,000 and starting construction for \$75,000. The remaining construction scheduled for completion in 2023 for \$325,000. This work will most likely coincide with the Northwest Yard expansion.



75-Ton and 300-Ton Yard Expansion Northwest 25-feet

The Yard expansion to the northwest adjacent to Sims Way (SR 20) is a partnership project with the PUD and City to remove the hazardous trees, underground the power and expand the Yard to fully utilize Port property. The Port's portion of the project is estimated at \$900,000 over the next two (2) years. The Port is

currently seeking a grant through the County Public Infrastructure Fund (PIF) to assist in funding this project.

75-ton and 300-ton Yard Expansion Southwest

The boat yard would fill the low land area north of the maintenance yard access road to allow for an additional 4.16 acres of usable Yard area. The cost for preliminary design is estimated at \$100,000.

Sperry Building Improvements

The Sperry buildings are the original Port Townsend Industrial Park buildings constructed in the early 1970's. Many have moderate to substantial condition issues and require repair. This is an annual repair program scheduled over several years. We plan to repair two (2) buildings per year. In 2022, the planned work is estimated to cost \$100,000 with most of the work to be performed by Port staff.

Boat Haven Linear Dock Replacement

The Linear Dock was constructed in the 1970's and is in need of replacement. The floats are at the end of their useful life. The Port has applied for a federal Boating Infrastructure Grant (BIG) Tier II grant, administered by the Washington State Recreation & Conservation Office (RCO) to help fund replacement of this dock.

Remodel Nomura Building – Phase II

Phase 1 of building improvements were made in 2021 and Phase 2 additional structural changes to the building are being considered. The planned work would remove a structural wall to create a larger continuous space on the ground floor and add a restroom. The cost estimate is \$40,000 with most of the work to be performed by Port staff.

Point Hudson

Building Preservation Program

The historic buildings that occupy Point Hudson were built in the 1930's. Repair work is needed to extend their useful life and protect this historic property. This is an annual repair program scheduled over several years to address building repair. This program will be funded by the IDD reserve. Replacement of the original roofing, which was made with asbestos-laden materials, is a high priority for preservation of these buildings. In 2022, this project is estimated to cost \$100,000.

North & South Jetties Replacement

The replacement of the Point Hudson Jetty is among the Port's highest capital priorities due to the importance of Point Hudson to the community's economic vitality and maritime character. The existing structure is severely compromised and in need of replacement; the jetty was originally built in the 1930s with subsequent repairs in the 1960s and 1990s. We anticipate obtaining the required permits for this project in late 2021/early 2022 and authorization to proceed to bid from our federal funding partners early 2022 (the Economic Development Administration [EDA] and Department of Commerce). The 2022 budget for the project construction is \$6,000,000 with a total project cost for construction of \$14,100,000 over the next three years.

Quilcene

Quilcene Restoration Program

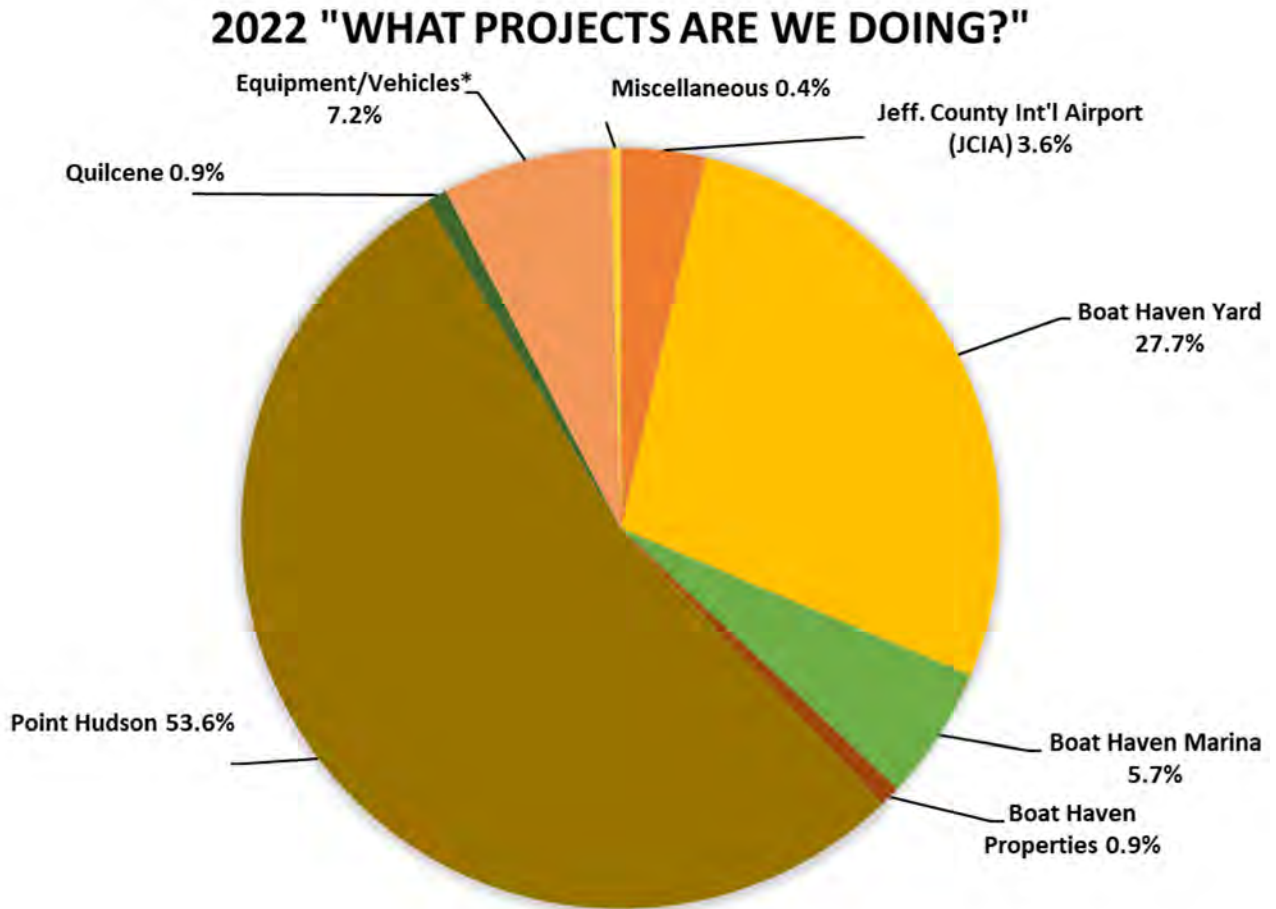
This is an annual repair program scheduled over several years to improve the Herb Beck Marina, launch ramp, and Port-owned property at Quilcene. We are currently working with the local community to assess the current needs and future vision for this facility. In 2022, the program improvements are estimated to cost \$100,000 and planned funding is from the IDD levy.

Equipment & Vehicles

In 2022 we plan to replace two (2) pickup trucks (a 1987 Toyota, and a 1997 Ford Ranger), purchase a new hydraulic trailer for the Yard, and replace the 1984 70-Ton lift with a new 75-Ton lift. It is becoming difficult to find replacement parts for repair of the critical 70-Ton lift. The 75-Ton replacement lift was preordered at

the end of 2021 arriving in early 2022. We also plan to add three (3) new vehicles to the fleet, specifically (1) truck and (2) auxiliary vehicles for security and custodial services.

CAPITAL PROJECTS FOR 2022

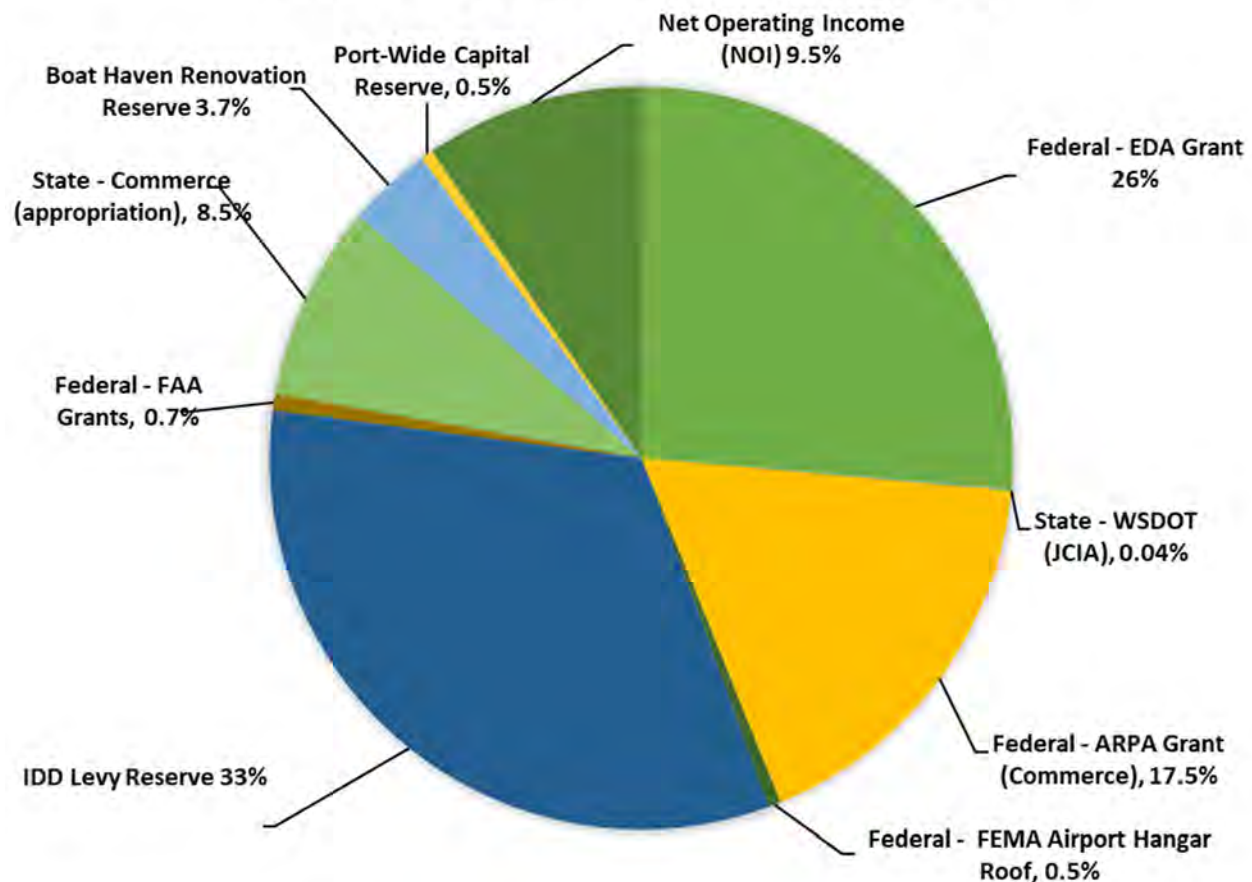


2022 Capital Projects funded

Jeff. County Int'l Airport (JCIA)	\$ 410,550	3.6%
Boat Haven Yard	3,150,625	27.7%
Boat Haven Marina	645,625	5.7%
Boat Haven Properties	100,000	0.9%
Point Hudson	6,100,000	53.6%
Quilcene	100,000	0.9%
Equipment/Vehicles	818,000	7.2%
Miscellaneous	50,000	0.4%
	<u>\$ 11,374,800</u>	

CAPITAL PROJECT FUNDING FOR 2022

2022 "HOW ARE PROJECTS FUNDED?"



2022 Budget - Capital Project Funding

Federal - EDA Grant	\$ 3,000,000	26.4%
State - WSDOT (JCIA)	4,500	0.04%
Federal - ARPA Grant (Commerce)	1,988,500	17.5%
Federal - FEMA Airport Hangar Roof	60,000	0.5%
IDD Levy Reserve	3,710,941	32.6%
Federal - FAA Grants	81,000	0.7%
State - Commerce (appropriation)	970,000	8.5%
Boat Haven Renovation Reserve	416,809	3.7%
Port-Wide Capital Reserve	60,000	0.5%
Net Operating Income (NOI)	1,083,050	9.5%
	<u>\$ 11,374,800</u>	

5-YEAR CAPITAL IMPROVEMENT PLAN

5 Year Capital Improvement Program years 2022-2026 as of November 10, 2021

	note	2022 estimate	2023 estimate	2024 estimate	2025 estimate	2026 estimate	Total 5 year estimate
JEFFERSON COUNTY INTERNATIONAL AIRPORT (JCIA)							
Airport Terminal	a	110,550	-	-	-	-	110,550
Underground Storage Tank Replacement		100,000	400,000	-	-	-	500,000
Renovate Hangars		-	-	-	100,000	500,000	600,000
Connector Taxiway A2, Install Sign		-	-	-	-	-	-
Phase 1 Design		90,000	-	-	-	-	90,000
Phase 2 Construction			555,556	-	-	-	555,556
Rehabilitate Apron and Parallel Taxiway (Crack/Slurry Seal)		-	-	-	333,333	-	333,333
FEMA-Airport Hangar repair	a	80,000	-	-	-	-	80,000
Automated Weather Observing System (AWOS) - replace Present Weather Sensor		30,000					30,000
Maintenance Storage Building/County Building relocate		-	140,800	-	-	-	140,800
BOAT HAVEN							
70/75 Ton & 300 Ton Yard Resurfacing		-	100,000	100,000	100,000	50,000	350,000
Dock Renovations & Piling Replacement	a	200,000	150,000	150,000	150,000	1,625,000	2,275,000
BH Main Breakwater Repairs - Construction		350,000	-	-	-	-	350,000
Stormwater Treatment Compliance Upgrade		2,650,000	-	-	-	-	2,650,000
Moorage/Yard Office	a	191,250	-	-	-	-	191,250
70/75 Ton & 300 Ton Yard Electrical Upgrades							-
Design & Permitting		30,000	-	-	-	-	30,000
Construction		75,000	325,000	-	-	-	400,000
70/75 Ton & 300 Ton Yard Expansion Northwest 25-feet - UNFUNDED \$200K		450,000	450,000				900,000
70/75 Ton & 300 Ton Yard Expansion Southwest - UNFUNDED \$50K		100,000				2,600,000	2,700,000
Sperry Buildings Capital Maintenance (estimated 2 buildings/year)	a	100,000	100,000	40,000	-		240,000
Building Maintenance					100,000	100,000	200,000
BH-Linear Dock Replacement							-
Design		107,185	428,740	-	-	-	535,925
Construction		-	-	1,886,515	257,185	-	2,143,700
Remodel Nomura Building - Phase II	a	40,000	-	-	-	-	40,000
Marina Dredging		-	-	-	-	550,000	550,000

5 Year Capital Improvement Program, years 2022-2026 as of November 10, 2022

Page 2

	note	2022 estimate	2023 estimate	2024 estimate	2025 estimate	2026 estimate	Total 5 year estimate
POINT HUDSON							-
Building Preservation (incl. roof replacements)		100,000	100,000	100,000	100,000	525,000	925,000
Point Hudson Landscaping		-	-	-	-	40,000	40,000
Replacement of North & South Jetties							-
<i>Construction</i>		6,000,000	6,000,000	2,100,000	-	-	14,100,000
PH-RV Park Reconstruction		-	-	-	-	500,000	500,000
Cantilevered Esplanade		-	-	-	-	2,000,000	2,000,000
Roadway Resurfacing		-	-	-	-	165,000	165,000
QUILCENE							-
Quilcene Restoration Program	b	100,000	100,000	100,000	100,000	-	400,000
Marina Dock Repairs		-	-	-	-	256,000	256,000
Ramp Upgrade		-	-	-	-	400,000	400,000
Building Maintenance		-	-	-	-	150,000	150,000
Marina Dredging		-	-	-	-	250,000	250,000
OTHER CAPITAL							-
Gardiner Launch Ramp w/Seasonal Float		-	625,000	-	-	-	625,000
Mats Mats Bay Boat Ramp Rehabilitate		-	-	-	-	300,000	300,000
FEMA-City Dock Repair		-	2,000,000	-	-	-	2,000,000
Small Capital projects		50,000	105,000	50,000	50,000	50,000	305,000
Port Equipment/Vehicle replacement		818,000	100,000	100,000	100,000	1,200,000	2,318,000
Total Estimated Project Expenses		11,771,985	11,680,096	4,626,515	1,390,518	11,261,000	40,730,114

Capital Funding Sources

FUNDING SOURCES	note	2022 estimate	2023 estimate	2024 estimate	2025 estimate	2026 estimate	Total 5 year estimate
GRANTS -- Secured							
RCO - PH North & South Jetties Replacement - Construction	c	-	-	-	-	-	-
Fed EDA - PH North & South Jetties Replacement - Construction		(3,000,000)	(3,000,000)	(1,031,300)	-	-	(7,031,300)
State - PH North & South Jetties Replacement - Construction		(970,000)	-	-	-	-	(970,000)
Fed/State - Stormwater Treatment Compliance Upgrade		(1,988,500)	-	-	-	-	(1,988,500)
FAA NPE -New Connector Taxiway A2, Install Sign		-	-	-	-	-	-
Phase 1 Design (FAA NPE fund)		(81,000)	-	-	-	-	(81,000)
Phase 1 Design (WSDOT funds)		(4,500)	-	-	-	-	(4,500)
Phase 2 Construction (FAA NPE fund)			(150,000)	-	-	-	(150,000)
Phase 2 Construction (FAA ST/DI fund)			(350,000)	-	-	-	(350,000)
Phase 2 Construction (FAA ST/DI fund)			(27,777)	-	-	-	(27,777)
Rehabilitate Apron and Parallel Taxiway (Crack/Slurry Seal)		-	-	-	(300,000)	-	(300,000)
Rehabilitate Apron and Parallel Taxiway (Crack/Slurry Seal)		-	-	-	(16,666)	-	(16,666)
FEMA-City Dock Repair		-	(1,500,000)	-	-	-	(1,500,000)
FEMA-Airport Hangar repair		(60,000)	-	-	-	-	(60,000)
RCO -Gardiner Launch Ramp		-	(500,000)	-	-	-	(500,000)
TOTAL PROJECTED GRANT FUNDS USE		(6,104,000)	(5,527,777)	(1,031,300)	(316,666)	-	(12,979,743)
PORT WIDE CAPITAL RESERVE							
PH Building Preservation (including roofs)		(60,000)	-	-	-	-	(60,000)
PH North & South Jetties Replacement							
Construction		-	(700,000)	-	-	-	(700,000)
BOAT HAVEN RESERVE							
BH Main Breakwater Repairs - Construction		(350,000)	-	-	-	-	(350,000)
BH Dock Renovation & Piling Replacement		(66,809)	-	-	-	-	(66,809)

Capital Funding Sources, page 2

FUNDING SOURCES	note	2022 estimate	2023 estimate	2024 estimate	2025 estimate	2026 estimate	Total 5 year estimate
IDD LEVY RESERVE							-
PH North & South Jetties Replacement							-
<i>Construction</i>		(2,030,000)	(2,300,000)	(1,068,700)	-	-	(5,398,700)
70/75 Ton & 300 Ton Yard Resurfacing		-	(50,000)	(100,000)	(100,000)	(50,000)	(300,000)
JCIA Underground Storage Tank Replacement		(100,000)	(400,000)	-	-	-	(500,000)
BH Dock Renovation & Piling Replacement		(133,191)	(150,000)	(150,000)	(150,000)	(1,625,000)	(2,208,191)
Sperry Buildings Capital Maintenance (estimated 2 buildings/year)		(100,000)	(100,000)	(40,000)	-	-	(240,000)
70/75 Ton & 300 Ton Yard Electrical Design		(30,000)	-	-	-	-	(30,000)
70/75 Ton & 300 Ton Yard Electrical Construction		(75,000)	(325,000)	-	-	-	(400,000)
70/75 Ton & 300 Ton Yard Expansion Northwest 25-feet		(250,000)	-	-	-	-	(250,000)
BH-Stormwater Treatment Compliance Upgrade		(661,500)	-	-	-	-	(661,500)
BH-Marina Dredging		-	-	-	-	(550,000)	(550,000)
FEMA-City Dock Repair		-	(500,000)	-	-	-	(500,000)
Moorage/Yard Office		(191,250)	-	-	-	-	(191,250)
Maintenance Storage Building/County Building relocate		-	(140,800)	-	-	-	(140,800)
Mats Mats Bay Boat Ramp Rehabilitate		-	-	-	-	(300,000)	(300,000)
Quilcene Restoration Program	b	(100,000)	(100,000)	(100,000)	(100,000)	-	(400,000)
Quilcene Marina Dock Repairs		-	-	-	-	(256,000)	(256,000)
Quilcene Ramp Upgrade		-	-	-	-	(400,000)	(400,000)
Quilcene Building Maintenance		-	-	-	-	(150,000)	(150,000)
Quilcene Marina Dredging		-	-	-	-	(250,000)	(250,000)
PH Building Preservation (including roofs)		(40,000)	(100,000)	(100,000)	(100,000)	(525,000)	(865,000)
PH Roadway Resurfacing		-	-	-	-	(165,000)	(165,000)
JCIA Renovate Hangars		-	-	-	(100,000)	(500,000)	(600,000)
TOTAL PROJECTED IDD LEVY FUNDS USE		(3,710,941)	(4,165,800)	(1,558,700)	(550,000)	(4,771,000)	(14,756,441)

Capital Funding Sources, page 3

FUNDING SOURCES	note	2022 estimate	2023 estimate	2024 estimate	2025 estimate	2026 estimate	Total 5 year estimate
NET OPERATING INCOME (NOI)							-
FAA NPE -New Connector Taxiway A2, Install Sign							-
<i>Phase 1 Design (match to FAA NPE fund)</i>		(4,500)	-	-	-	-	(4,500)
<i>Phase 2 Construction (FAA NPE fund)</i>			(8,334)	-	-	-	(8,334)
<i>Phase 2 Construction (FAA ST/DI fund)</i>			(19,445)	-	-	-	(19,445)
Rehabilitate Apron and Parallel Taxiway (Crack/Slurry Seal)		-	-	-	(16,667)	-	(16,667)
JCIA Airport Terminal		(110,550)	-	-	-	-	(110,550)
JCIA AWOS replace Present Weather Sensor		(30,000)					(30,000)
70/75 Ton & 300 Ton Yard Resurfacing		-	(50,000)	-	-	-	(50,000)
70/75 Ton & 300 Ton Yard Expansion Southwest		(50,000)					(50,000)
70/75 Ton & 300 Ton Yard Expansion Northwest 25-feet		-	(250,000)				(250,000)
PH-RV Park Reconstruction		-	-	-	-	(500,000)	(500,000)
Point Hudson Landscaping		-	-	-	-	(40,000)	(40,000)
BH Building Maintenance					(100,000)	(100,000)	(200,000)
Gardiner Launch Ramp w/Seasonal Float		-	(125,000)	-	-	-	(125,000)
FEMA-Airport Hangar repair		(20,000)	-	-	-	-	(20,000)
Small Capital projects - unidentified		(50,000)	(105,000)	(50,000)	(50,000)	(50,000)	(305,000)
Port Equipment/Vehicle replacement		(818,000)	(100,000)	(100,000)	(100,000)	(1,200,000)	(2,318,000)
TOTAL PROJECTED NOI FUNDS USE		(1,083,050)	(657,779)	(150,000)	(266,667)	(1,890,000)	(4,047,496)
Total Funding Sources Secured		(11,374,800)	(11,051,356)	(2,740,000)	(1,133,333)	(6,661,000)	(32,960,489)
Unsecured Anticipated Grants							-
PH Cantilevered Esplanade		-	-	-	-	(2,000,000)	(2,000,000)
Remodel Skookum/Nomura Building funded by Tenant		(40,000)	-	-	-	-	(40,000)
BH-Linear Dock Replacement		(107,185)	(428,740)	(1,886,515)	(257,185)	-	(2,679,625)
70/75 Ton & 300 Ton Yard Expansion Northwest 25-feet		(200,000)	(200,000)	-	-	-	(400,000)
70/75 Ton & 300 Ton Yard Expansion Southwest		(50,000)	-	-	-	(2,600,000)	(2,650,000)
Total Unsecured Anticipated Grants		(397,185)	(628,740)	(1,886,515)	(257,185)	(4,600,000)	(7,769,625)
Total Funding Sources Secured & Unsecured		(11,771,985)	(11,680,096)	(4,626,515)	(1,390,518)	(11,261,000)	(40,730,114)

5 Year Capital Improvement Plan Notes:

- a.) Port maintenance staff will be involved in the project.
- b.) The Quilcene Facility Planning and Preliminary Engineering is budgeted for 2021 which will be initiated once the 2021 Quilcene Outreach is completed.
These projects may cause Quilcene capital work to occur sooner than this projection.
- c.) RCO Boating Infrastructure Grant (BIG) agreement term extended, however scope amendment not yet approved to reflect redesigned project.

5-Year Projected Cash Flow

	note	2022 Budget	2023 Projection	2024 Projection	2025 Projection	2026 Projection
Revenues - Operating	a	6,815,934	7,020,412	7,231,024	7,447,955	7,671,394
Revenues - General Property Tax Levy	b	1,071,500	1,082,215	1,093,037	1,103,968	1,115,007
Revenues - IDD Tax Levy	b	2,634,289	2,634,289	2,634,289	2,634,289	2,634,289
Revenues - Other Increases in Fund Resources	c	7,512,778	6,925,840	1,828,146	1,113,512	796,846
Total INFLOW		18,034,501	17,662,756	12,786,497	12,299,724	12,217,536
Expenses - Operating	d	5,882,437	6,117,734	6,362,444	6,616,942	6,881,619
Expenses - Bond Principal & Interest	e	1,025,338	1,021,088	1,020,788	1,024,288	484,838
Expenses - Capital Projects (secured funding)	f	11,374,800	11,051,356	2,740,000	1,133,333	6,661,000
Expenses - Other Decreases in Fund Resources	g	689,270	721,055	717,117	756,459	771,588
Total OUTFLOW		18,971,845	18,911,234	10,840,348	9,531,021	14,799,045
Net INFLOW / OUTFLOW -- Change in Cash Balance		(937,344)	(1,248,478)	1,946,148	2,768,702	(2,581,509)
Projected Beginning Year Cash		6,737,125	5,799,781	4,551,303	6,497,451	9,266,153
Total Ending Year Cash & Investments		5,799,781	4,551,303	6,497,451	9,266,153	6,684,644
Total Ending Cash Reserves		4,458,524	2,520,576	3,891,375	6,272,230	4,433,482
Total Unreserved Cash		1,341,257	2,030,727	2,606,076	2,993,923	2,251,162
RESERVE BALANCES						
IDD Levy Reserve	h	1,543,438	11,927	1,087,516	3,171,805	1,035,094
Port Wide Capital Reserve	i	941,646	491,646	741,646	991,646	1,241,646
Boat Haven Renovation	j	-	-	-	-	-
Operating Reserve	k	1,463,440	1,507,003	1,552,213	1,598,779	1,646,742
Emergency Reserve	l	500,000	500,000	500,000	500,000	500,000
Unemployment Reserve		10,000	10,000	10,000	10,000	10,000

5 Year Projected Cashflow Notes:

- a.) Revenues - Operating were increased conservatively each year by 3.0% after 2022, based on averaging 10 year historical results.
- b.) Revenues - General Property Tax Levy was increased annually by 1.0% as allowed by statute (actual may vary due to changes in the AV and new construction estimates calculated annually by County Assessor). The IDD levy is held at the proposed 2022 level to support the significant capital projects in the next several years.
- c.) Revenues - Other Increases in Fund Resources in all periods, are based on the previous years regular recurring such revenues less prior year projected grants and adding the current year's projected grants, per the 5 Year Capital Improvement Plan.
- d.) Expenses - Operating is increased annually at 4% after 2022, based on averaging 10 year historical results. Given the current economic uncertainty, these numbers may increase.
- e.) Expenses - Bond Principal & Interest is based on bond amortization schedules of current debt. Due to the uncertainty of grant reimbursement timing, the Port obtained a \$7 million Line of Credit in 2021 as a bridge.
- f.) Expenses - Capital Projects was pulled out of the "Other" category so it can be easily identified to match the 5 Year Capital Improvement Plan as projected.
- g.) Expenses - Other Decreases in Fund Resources start with 2022 budget. Subsequent years are based on non-capital costs that are known, regular and recurring increased annually by 2%, based on an 10 year historical average, in addition to projected capital costs for that year.
- h.) In November 2019, Jefferson County voters approved the Industrial Development District Levy for the Port's use in county wide Port projects. This reserve is a restricted reserve.
- i.) In January 2019, the Commission passed Res. 693-19, establishing the Port-Wide Capital Reserve. It currently extends only through 2023 to be funded \$250,000 per year. Here we have extended that through 2026, however, an update or revision to the resolution would be required.
- j.) With the Boat Haven centric projects planned for 2022, this reserve is expected to be exhausted.
- k.) 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, we anticipate that this reserve will be fully funded by 2022, instead of 2024, with small annual increases to keep up with the target as operations expenses increase.
- l.) In November 2020, the Port commission passed a resolution to fund an Emergency Fund for \$500,000, and should be fully funded by January 2022.

PROPERTY TAX LEVY

Regular Tax Levy

The preliminary total assessed value (AV) for the Port District for 2022, as of this budget version, is \$6,445,175,673. Per the County Assessor, the total recommended general tax levy to budget for 2022 is projected to be approximately \$0.17 per \$1,000 of AV, which calculates to \$1,071,500, including new construction.

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 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 majority voter approval within the Port District, not to exceed \$0.45 per \$1,000 of AV of taxable property. The Port currently has no such levies.

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 2 multiyear levy periods only. (A third multiyear levy is allowed for counties bordering the Pacific Ocean, such as Jefferson County, 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 20 years from the date of the initial levy, and the levy rate in any year may not exceed \$0.45 per \$1,000 of AV.

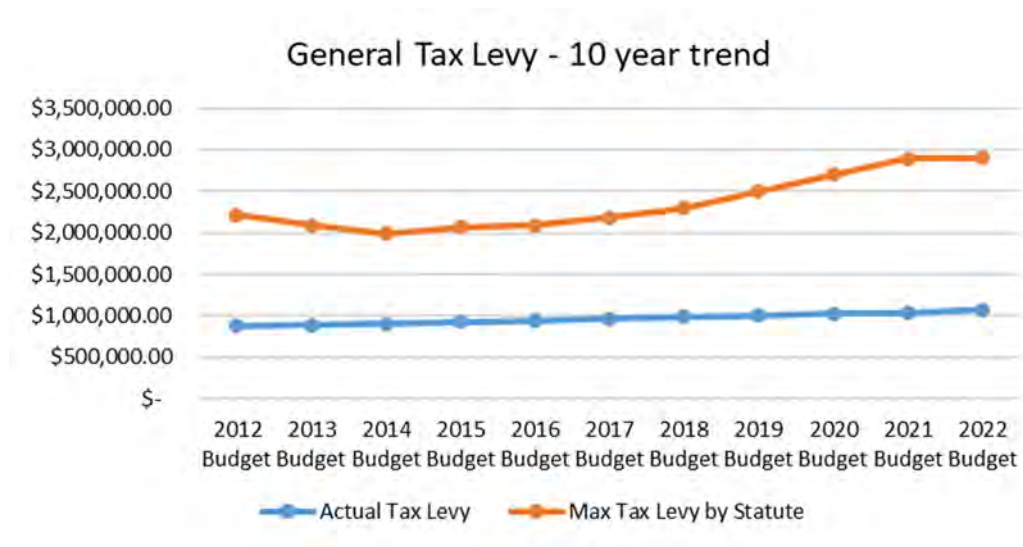
Jefferson County voters authorized the Port's 2nd IDD levy by a 53% to 47% margin in November of 2019. In consequence, 2019 is the base year from which the total permissible levy amount is calculated and is anticipated to generate up to \$16,167,993 in revenue during the allowable levy period (i.e., up to 20 years). Each year during the budget process, the Commission determines the amount to be levied (if any) during the following year. During the first year (2020), the Port levied \$809,054 in IDD tax; in 2021 the Port levied \$1,634,289 in IDD tax, and in 2022 the Port will levy \$2,634,289.

Tax Levy Uses

The Port Commission has directed that the funds collected by the regular tax levy will be used for debt service for general obligation bonds. It is anticipated that this use will result in zero long-term debt by the end of 2027, freeing these dollars for reinvestment in capital improvements, economic development, or other commission-approved Port purposes.

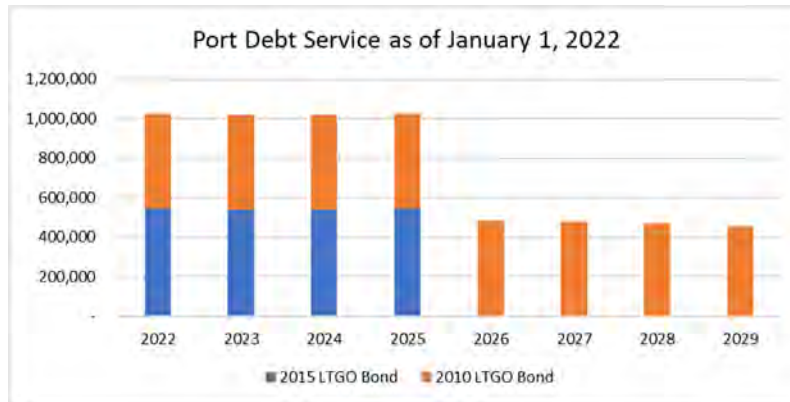
Tax Levy Graph

The following graph depicts the actual regular property 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 does not have any banked capacity.



DEBT SERVICE (*legal obligation*)

Name of Debt	Principal balance	Interest balance	Retirement
2015 LTGO Refunding Bond	\$ 2,040,000	\$ 124,650	December 2025
2010 LTGO Bond	3,000,000	811,038	December 2029
totals	\$ 5,040,000	\$ 935,688	
collective total		\$ 5,975,688	



Schedule and Purpose of Debt:

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

2010 LTGO Bond – Reconstruction of Boat Haven A/B Dock (83%) and 80-Ton Lift Pier (17%)

DEBT SERVICE RETIREMENT TARGET

As an alternative to paying off currently obligated debt in accordance with the amortization schedules, staff recommends the Port more quickly extinguish that debt. Starting in 2026, if the Port were to continue to use the general property tax levy receipts received annually (which will be just over \$1 million) to pay down current debt, it could be paid off by the end of 2027. Starting in 2028, this would free up those tax dollars to use on capital projects, community economic development, etc. to better serve the community and maintain or increase the Port's infrastructure.

