

## 2023 OPERATING & CAPITAL BUDGET



Approved by Port Commission on November 9, 2022

Resolution 776-22 Exhibit A

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# MESSAGE FROM THE EXECUTIVE DIRECTOR

## Introduction

2023 is the 99<sup>th</sup> year for the Port of Port Townsend which was created by vote of the people of Jefferson County on November 4, 1924, by a vote of 690 in favor and 414 opposed. Ports were created following the passage of the Port District Act by the legislature in 1911 as a way to stave off privatization of maritime thoroughfares and marine terminal infrastructure that were so vitally important to this region's economic success. The Port's first comprehensive scheme of harbor improvements was approved by the voters in 1926 and included five priorities: (1) an Overseas Dock, (2) the Whidbey Ferry, (3) the Quilcene Dock, (4) Farmers' Cold Storage, and (5) Fisherman's Haven. Some of these priorities have been realized while others remain unfulfilled or have been replaced by other priorities. One of the projects I am excited about in 2023 is preparing for the Port's 100<sup>th</sup> year and the development of a comprehensive history of the Port to be published and available in 2024.

In 1911, the threat was privatization of waterways, today the threats may be a changing climate, rising seas and privatization of other critical resources like drinking water and productive farmland. The Port plays a vital role in maintaining the fabric of this place, particularly as it relates to the working waterfront and maritime culture, and the Port will seek to serve the community in other areas where the Port's participation could make the difference for future generations. One such area is in supporting Jefferson County's agricultural sector both for the purpose of job creation and retention and resiliency through maintaining local capability to produce and process food. In 2023, the Commission will adopt an updated Strategic Plan which was last fully developed in 2010. This will be an important step in charting the course for the Port in coming years.

The Port welcomes and encourages your participation in the development of our priorities and I encourage your engagement.

## Economic & Financial Outlook

The shape of the future remains fuzzy at best. At the time that I am writing this message, interest rates are climbing, global uncertainty is increasing, housing appears to be slowing, but remains out of reach for people participating in Jefferson County's economy (e.g., working here), inflation is rampant, and the climate is changing. Lacking any special crystal ball, my strategy is to focus on maintaining what people love about the Port's remarkable properties and how they work in the community with an emphasis on resiliency.

## Planned 2023 Capital Investments

The Port continues with its aggressive capital improvement program. The updated five-year plan is on page 32 and the 2023 projects are listed as follows:

- Construction of the North Point Hudson jetty: ..... \$6,000,000
- Jefferson County International Airport (JCIA) Connector Taxiway A2 (*design/construction*):.... \$646,000
- Yard Stormwater Treatment Compliance Upgrade: .....\$450,000
- Point Hudson Building Restoration (including roofs): .....\$450,000
- Boat Haven Breakwater Repair: .....\$400,000
- Port Wide - Dock Renovations: .....\$250,000
- Northwest Boat Yard Expansion (Sims Way):.....\$200,000
- Point Hudson RV Park Restoration: .....\$200,000
- Port Wide - Piling Replacement: .....\$150,000
- Moorage/Yard Office: .....\$150,000
- Jefferson County International Airport (JCIA) terminal: .....\$133,000

• Boat Haven Linear Dock Replacement ( <i>design</i> ): .....	\$125,000
• Gardiner Launch Ramp w/Seasonal Float: .....	\$110,000
• Jefferson County International Airport (JCIA) Fuel System Improvement: .....	\$100,000
• San Juan Property(s) Clean-up Assessment: .....	\$100,000
• Small capital projects ( <i>not yet identified, &gt;\$10,000</i> ):.....	\$100,000
• Southwest Boat Yard Expansion (near shipyard):.....	\$80,000
• Port Wide – Yard/Parking/RV Resurfacing: .....	\$75,000
• Equipment/vehicle purchases: .....	\$175,000
• Sperry Buildings Capital Maintenance: .....	\$50,000
• Mats Mats Bay Facilities & Boat Ramp Rehabilitation .....	\$30,000
• Jefferson County International Airport (JCIA) Stormwater Management.....	\$25,000
• Boat Haven Buildings/Facilities Preservation .....	\$25,000
• Boat Haven Marina Dredging.....	\$25,000
• Quilcene Ramp Upgrade .....	\$25,000
• Quilcene Marina Dredging:.....	<u>\$20,000</u>

Total:..... \$10,094,000

Capital projects generally take years between the identification of need, project development, community engagement, permitting, funding, designing, bidding and construction. This year's budget adds two new employees to support capital projects in the maintenance department and in the near future, I anticipate a need to better support the Port Engineer's position with more help.

### 2023 Budget Priorities

Our key priorities are becoming thematic 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.

This 2023 budget is again ambitious and on behalf of the staff team, we appreciate the help and support of our tenants and the community. It is truly felt as a tailwind on our mission.



# INTRODUCTION

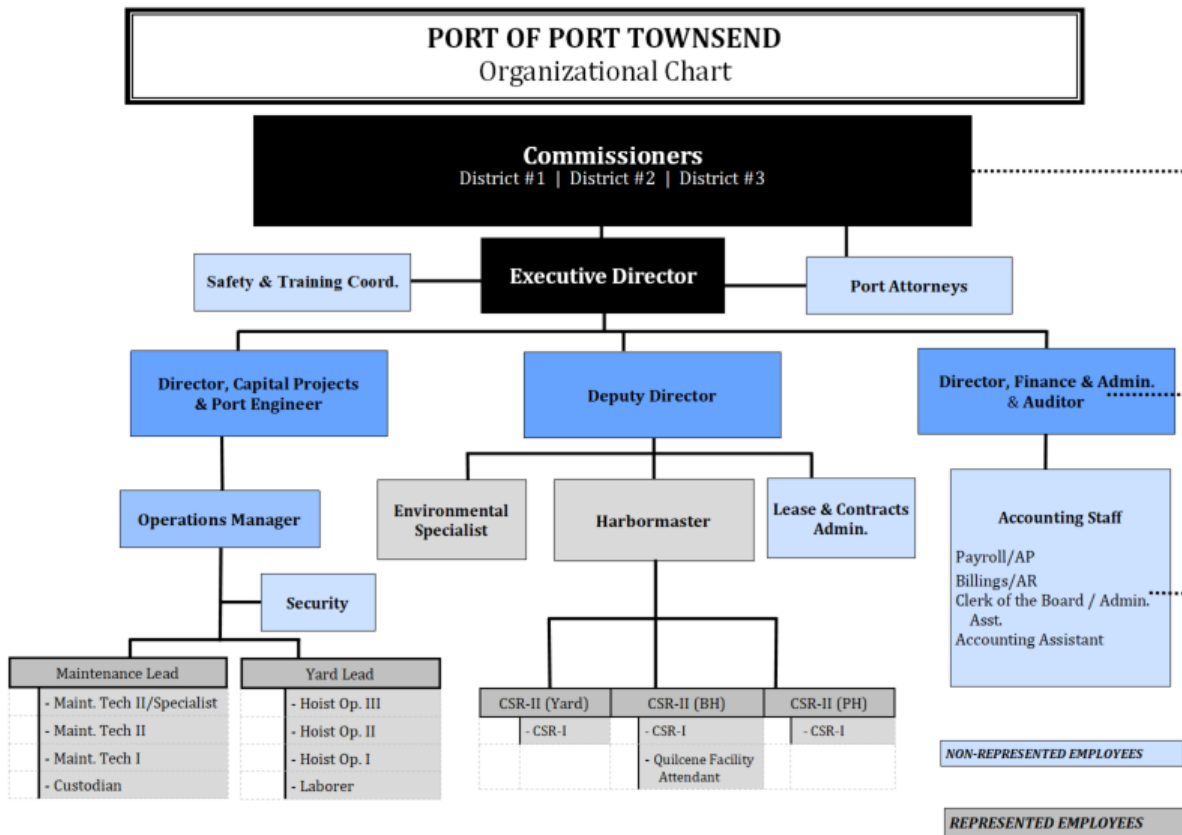
## About Us

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, 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:** *Carol Hasse, Vice President*

**Term of Office:** *January 1, 2022 – December 31, 2025*

Carol Hasse sailed into Port Townsend in 1975, helped launch the Wooden Boat Festival and opened her business, Port Townsend Sails. In the ensuing four decades, she has become a well-known educator, teaching on vessels across the Puget Sound and Pacific Ocean, while serving on multiple nonprofit boards and turning her sail loft into an internationally renowned company.

She decided to become a Port of Port Townsend Port Commissioner because she is a passionate advocate for Jefferson County. She wants to promote our unique community of small businesses and marine trades, preserve the health of our environment, and protect our maritime heritage and world-class working waterfront.

**District 3 Commissioner:** *Peter W. Hanke, Secretary*

**Term of Office:** *January 1, 2022 – December 31, 2025*

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 2023

## Overview –

The goal of the 2023 Operating Budget and 5-year Capital Improvement Program is to continue 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 or at least maintaining 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 2023 budget reflects total revenue from operations of \$7,480,101, a 9.7% increase over the 2022 Budget. Most port rates will be increased by 5% for 2023, except for the permanent moorage tenants at Boat Haven who will receive a 3% increase. The long-awaited Point Hudson Jetty replacement project commenced September 2022 and required us to close this marina during construction. Accordingly, Point Hudson operating revenues were reduced during Phase I and Phase II of the project, although we're hoping to still capture some RV customers with reduced rates during construction. Even with this significant project impacting Point Hudson operating revenue, the goal is to continue to grow all Port revenue from operations while controlling expenses to contribute to our Capital Improvement Program. Overall, the Port's revenues are generated throughout the operating units with the Yard providing 34.5%, Boat Haven Moorage 27.4%, Point Hudson 20.3%, PTBH properties 12.3%, Quilcene 2.3%, Airport 2.4%, and Ramps 0.7% of total operating revenue.

## Expenses from Operations

Port-wide expenses from operations are budgeted to be \$6,492,378 in 2023, a 10.4% increase from the 2022 Budget; however, when compared to the 2022 YTD actuals plus remaining budget that number is reduced to 6.8%. Much of this increase is due to gaining capacity for planning and executing capital projects with an increase in FTE by two (2) for maintenance staff, increasing hours for the part-time accounting assistant, and

the 5% COLA for port staff effective January 1, 2023. These personnel and compensation changes that drive an increase to payroll taxes, and benefits were reduced slightly due to more accurate projections. There's approximately \$52,000 increase in community relations, \$28,504 anticipated increase in utilities, \$35,000 increase in economic development, a \$36,964 increase in contract services, with some more moderate increases in other expenses such as repair & maintenance, bank charges, audit costs, and insurance. General & Administrative (G&A) expenses total \$1,842,395 or 28% of total operating expenses. This is an increase of 1% over the 2022 Budget. G&A costs are allocated quarterly to each operating unit based on each department's weighted average percentage of total actual YTD operating revenues.

### Net Operating Income

The 2023 budget reflects a net operating income of \$987,723, this is an increase of 5.8% when compared to the 2022 budget, though when compared to the 2022 YTD actual plus remaining budget, this is a 13.4% decrease. As previously mentioned, we are projecting conservatively due to the uncertainty of the economy, as well as having significant capital projects that started in 2022 and will continue into 2023.

### Other Increases & Decreases in Fund Resources

The 2023 budget includes \$1,100,000 in the general property tax levy, an increase of 2.6% from 2022. 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 will be \$2,634,289 for 2023, for the second consecutive year, both to maintain the IDD reserve for capital projects and pay for current projects while minimizing additional long-term debt. Due to the current economy, interest income is budgeted at almost twice the 2022 budget at \$65,161, which 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 \$4,464,322 to include funding for the Point Hudson Jetty project (\$2,925,000), the Yard Stormwater Treatment Compliance Upgrade (\$338,045), FAA funds (\$671,000) for the airport Connector Taxiway A2 and JCIA Fuel System Improvement projects, in addition to a several other smaller grant amounts.

Other Increases in Fund Resources include Deposits & Retainage Collected (\$80,254) and Taxes Collected (\$691,008). Taxes Collected include leasehold, sales, and hotel/motel taxes.

Other Decreases in Fund Resources include Deposits & Retainage Paid (\$55,164), Taxes Remitted (\$682,698) which are the remittances of leasehold, sales, and hotel/motel taxes collected, Bond Principal and Interest (\$1,021,088), Capital Expenses (\$10,069,000), Bond Management, Issuance & Investment (\$14,750), and Election costs (\$15,500).

### Net Income/(Loss)

The budgeted numbers as presented on page 12, do not include beginning and ending cash amounts, and as such, the "Net Income/(Loss)" in the amount of (\$1,729,118) reflects the change in cash due to 2023 budgeted activity for the year. This number is listed and ties to the Cashflow projections on page 37, Net Inflow/Outflow – Change in Cash Balance.

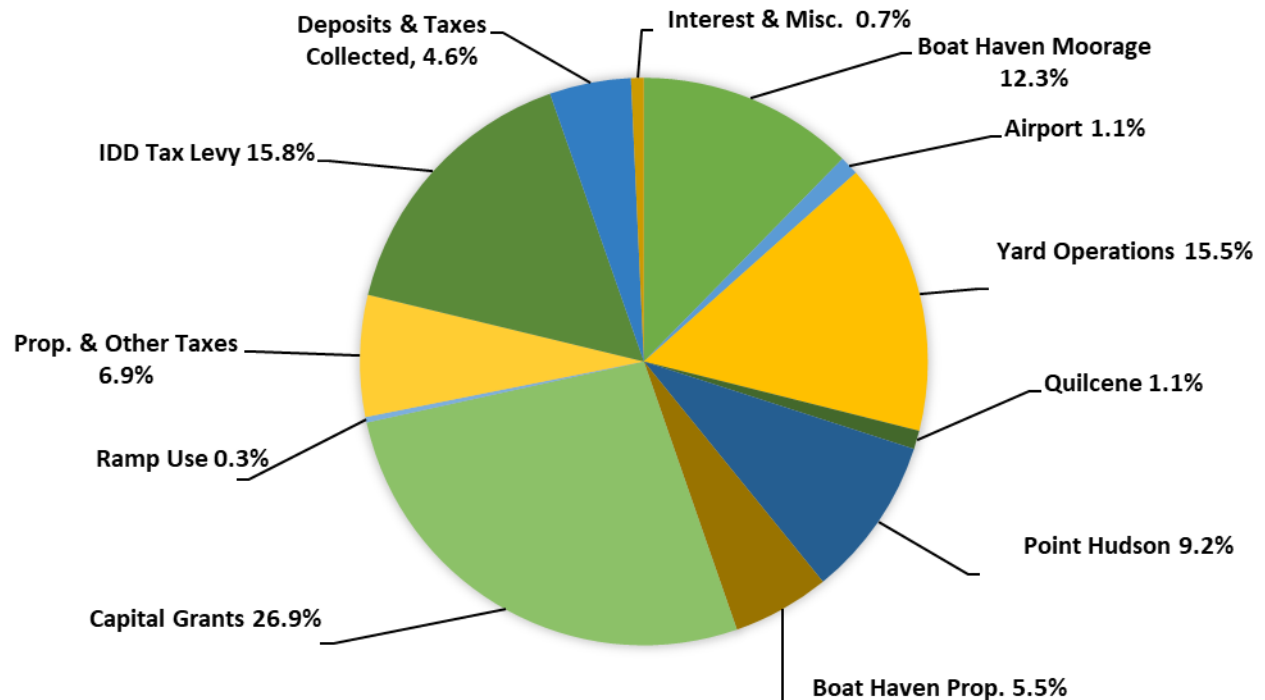


### Estimated Ending Cash

The ending cash balances are estimated to total \$7,414,932 that include \$5,779,636 in Reserves and \$1,635,296 in Unreserved Cash. The estimated composition of ending reserves is as follows:

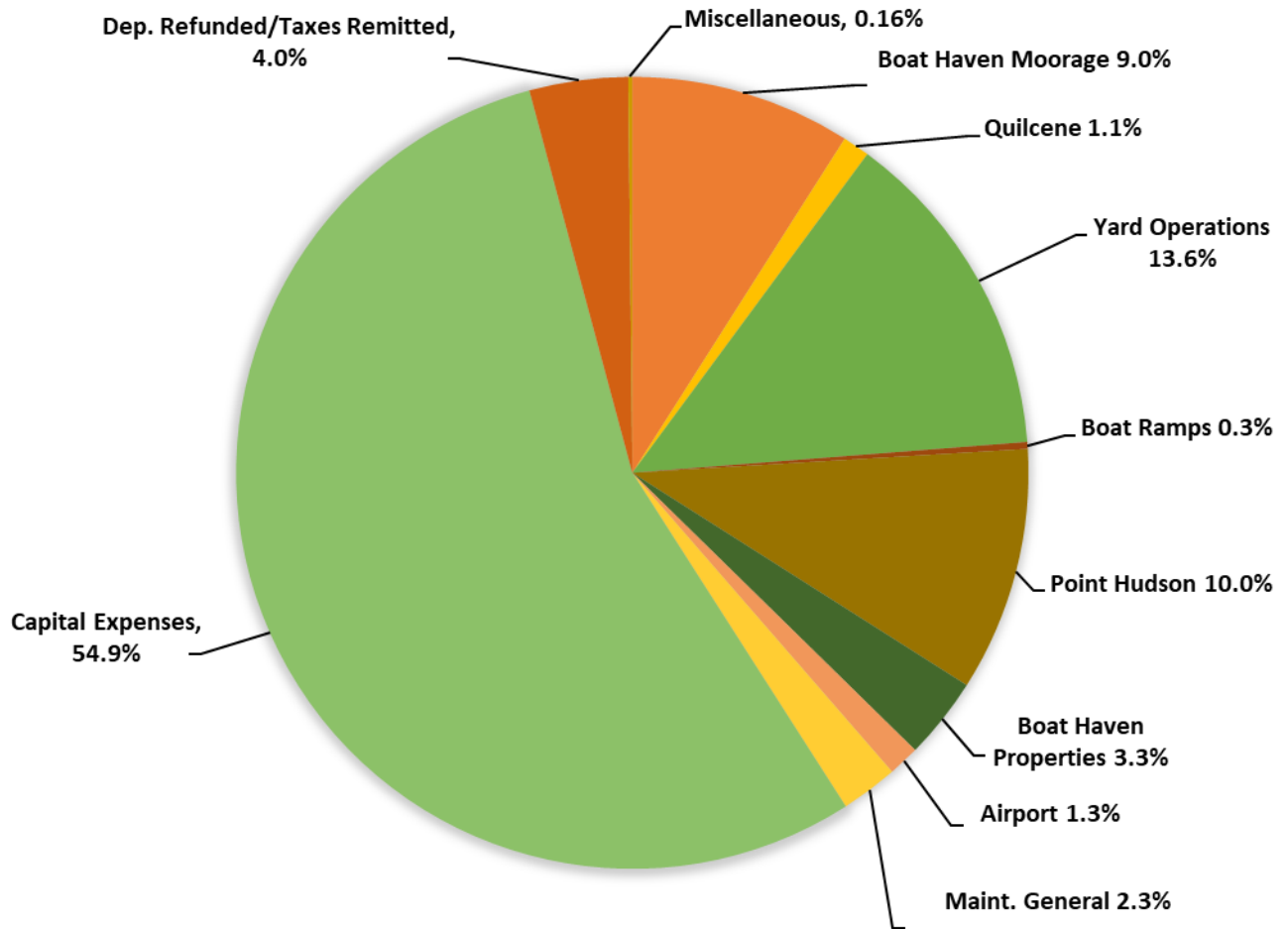
<u>Estimated Ending Cash Reserves for 2023</u>	
IDD Levy Capital Reserve	\$2,240,366
Port-Wide Capital Reserve	1,368,626
Boat Haven Renovation Reserve	42,396
Operations Reserve	1,618,248
Emergency Reserve	500,000
Unemployment Reserve	10,000
	<u>\$5,779,636</u>

## Graphic Summary of Budget

**2023 "WHERE THE MONEY COMES FROM?"****2023 Budget - Revenue**

Boat Haven Moorage	\$	2,048,710	12.3%
Yard Operations		2,578,591	15.5%
Point Hudson		1,521,485	9.2%
Boat Haven Prop.		922,134	5.5%
Quilcene		175,567	1.1%
Ramp Use		52,367	0.3%
Airport		181,246	1.1%
Capital Grants		4,464,322	26.9%
Prop. & Other Taxes		1,150,772	6.9%
IDD Tax Levy		2,634,289	15.8%
Deposits & Taxes Collected		771,262	4.6%
Interest & Misc.		120,714	0.7%
	\$	<u>16,621,459</u>	

## 2023 "WHERE THE MONEY GOES"



### 2023 Budget - Expenses

Boat Haven Moorage *	\$ 1,652,770	9.0%
Yard Operations *	2,503,816	13.6%
Point Hudson *	1,829,729	10.0%
Boat Haven Properties	612,261	3.3%
Quilcene	202,743	1.1%
Boat Ramps	51,778	0.3%
Airport	233,342	1.3%
Maint. General	427,028	2.3%
Capital Expenses	10,069,000	54.9%
Dep. Refunded/Taxes Remitted	737,862	4.0%
Miscellaneous	30,250	0.16%
	<u>\$ 18,350,579</u>	

\* These include the debt services costs related to their departments which total \$1,021,088.

## Consolidated Sources & Uses of Cash 2023 Budget

with comparison to Prior Years

	2020 Actual	2021 Actual	2022 Budget	Actual YTD Aug.	2023 Budget	2022 YTD-2023 Bdgt Variance
<b>OPERATING REVENUES</b>						
Boat Haven Moorage	1,879,943	1,867,627	2,023,336	1,967,768	2,048,710	80,942
Yard Operations	1,944,593	2,305,796	2,237,271	2,508,494	2,578,591	70,097
Point Hudson Marina/RV/Prop.	1,397,859	1,534,636	1,315,730	1,460,689	1,521,485	60,796
Boat Haven Properties	718,251	819,708	853,258	894,316	922,134	27,818
Quilcene Herb Beck Marina	167,103	172,256	163,935	167,895	175,567	7,672
Jefferson County Intl Airport	148,526	166,996	164,133	174,236	181,246	7,010
Ramp Use	52,668	52,437	58,271	47,002	52,367	5,365
<b>Total Operating Revenues</b>	<b>\$ 6,308,943</b>	<b>\$ 6,919,456</b>	<b>\$ 6,815,934</b>	<b>\$ 7,220,400</b>	<b>\$ 7,480,101</b>	<b>\$ 259,701</b>
<b>OPERATING EXPENDITURES</b>						
Salaries & Wages	2,233,287	2,339,530	2,647,856	2,620,161	2,897,790	277,629
Payroll Taxes	234,500	234,924	285,968	280,121	304,268	24,147
Employee Benefits	821,474	811,661	907,613	856,992	832,286	(24,706)
Uniform Expense	8,868	9,283	10,715	16,558	14,100	(2,458)
Contract Services	270,900	278,143	303,906	269,312	306,276	36,964
Consulting Services	23,500	-	-	-	-	-
Legal fees	47,475	51,480	40,000	50,008	42,786	(7,222)
Audit	5,598	32,403	9,580	6,798	17,838	11,040
Insurance	313,259	365,552	410,000	436,442	451,442	15,000
Facilities & Operations	530,260	671,215	554,782	815,905	768,382	(47,523)
Utilities	543,402	605,456	575,389	602,723	631,227	28,504
Marketing & Advertising	46,640	52,608	67,893	58,863	69,465	10,602
Economic Development	-	15,000	30,000	30,000	65,000	35,000
Travel & Training	12,174	15,387	31,771	31,500	35,214	3,714
Cost of Goods - Fuel	2,035	-	-	-	-	-
Community Relations	6,896	3,997	6,965	4,433	56,304	51,871
<b>Total Operating Expenditures</b>	<b>\$ 5,100,268</b>	<b>\$ 5,486,640</b>	<b>\$ 5,882,438</b>	<b>\$ 6,079,816</b>	<b>\$ 6,492,378</b>	<b>\$ 412,562</b>
<b>NET OPERATING INCOME</b>	<b>\$ 1,208,675</b>	<b>\$ 1,432,816</b>	<b>\$ 933,496</b>	<b>\$ 1,140,584</b>	<b>\$ 987,723</b>	<b>(152,861)</b>
<b>OTHER INCREASES IN FUND RESOURCES</b>						
Deposits & Retainage Collected	92,930	112,997	80,640	52,557	80,254	27,697
Taxes Collected	595,331	673,826	661,623	705,552	691,008	(14,544)
Capital Contributions/Grants	3,490,128	413,082	14,641,173	3,399,372	4,464,322	1,064,950
Interest	25,983	52,859	34,530	70,450	65,161	(5,289)
Debt Proceeds-20/21 LOC	1,650,000	-	-	-	-	-
Property & other taxes	1,992,409	2,764,518	3,748,861	3,825,021	3,785,061	(39,960)
Misc. Incr. in Fund Resources	130,152	57,215	20,053	81,490	55,553	(74,599)
<b>Total Incr. in Other Fund Resources</b>	<b>\$ 7,976,933</b>	<b>\$ 4,074,496</b>	<b>\$ 19,186,880</b>	<b>\$ 8,134,442</b>	<b>\$ 9,141,359</b>	<b>\$ 958,255</b>
<b>OTHER DECREASES IN FUND RESOURCES</b>						
Deposits & Retainage Paid	65,706	26,221	33,061	96,452	55,164	(41,288)
Taxes Remitted	571,092	675,339	652,734	699,470	682,698	(16,772)
Bond Principal & Interest	2,433,680	1,280,328	1,025,338	1,025,338	1,021,088	(4,250)
Bond Mgmt, Issuance, Investment	10,938	60,302	1,475	43,770	14,750	(29,020)
Capital Project Expenses	4,491,246	1,847,887	11,771,985	5,374,498	10,069,000	4,694,502
Election Expense	15,674	14,698	2,000	17,561	15,500	(2,061)
<b>Total Other Decr. in Fund Resources</b>	<b>\$ 7,588,336</b>	<b>\$ 3,904,774</b>	<b>\$ 13,486,593</b>	<b>\$ 7,257,089</b>	<b>\$ 11,858,200</b>	<b>\$ 4,269,864</b>
<b>Net Other Incr./Decr. in Fund Resources</b>	<b>\$ 388,597</b>	<b>\$ 169,722</b>	<b>\$ 5,700,287</b>	<b>\$ 877,353</b>	<b>\$ (2,716,841)</b>	<b>\$ (3,311,608)</b>
<b>Net Income/(Loss)</b>	<b>\$ 1,597,271</b>	<b>\$ 1,602,538</b>	<b>\$ 6,633,783</b>	<b>\$ 2,017,937</b>	<b>\$ (1,729,118)</b>	<b>\$ (3,464,469)</b>

*See comment on the bottom of page 8 regarding the "Net Income/(Loss)" presented here.*

## 2023 DEPARTMENTAL OPERATING BUDGETS

### Boat Haven Moorage

Boat Haven Moorage revenues are estimated to increase \$80,942 which is a 4.1% increase when compared to 2022 YTD August plus remaining budget. This estimate is expected as the result of increased permanent moorage due to moving Point Hudson customers during the jetty project to Boat Haven, while only increasing permanent moorage rates 3%.

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 \$79,507. Most of this is related to general & administrative, maintenance costs, utilities, and insurance.





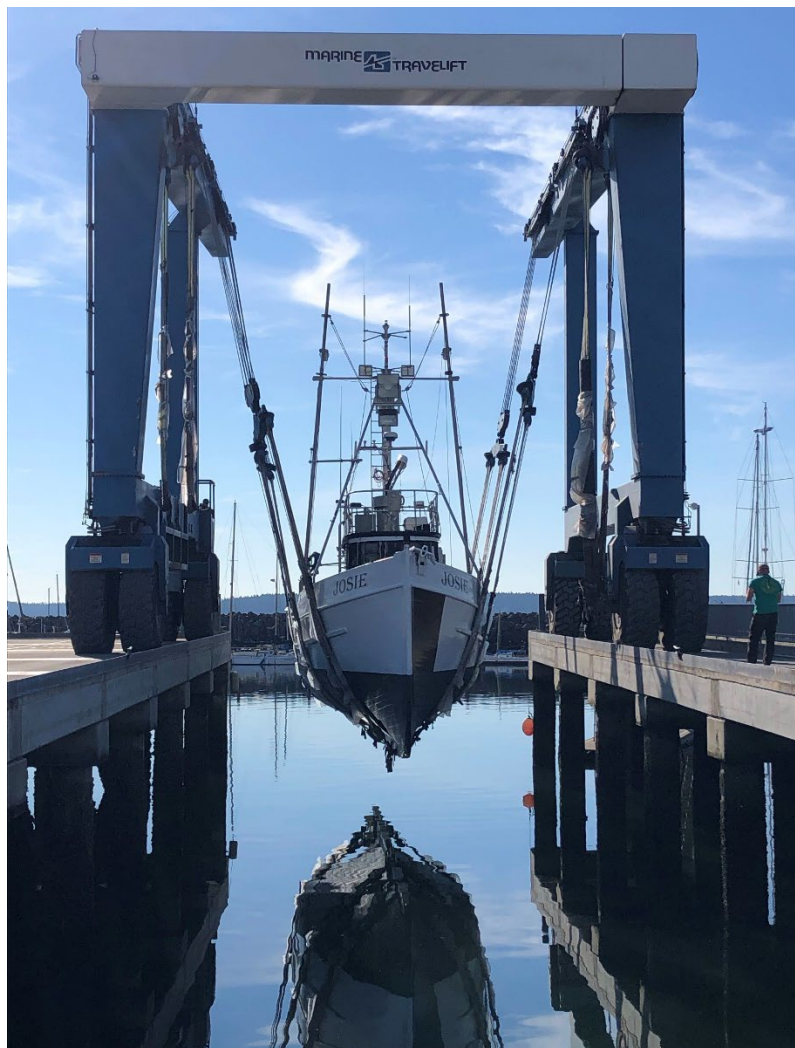
## Boat Haven Moorage

	2020 Actual	2021 Actual	2022 Budget	2022 Budget to Actual YTD Aug.	2023 Budget	2022 YTD-2023 Bdgt Variance
<b>OPERATING REVENUES</b>						
PTBH - Permanent Moorage	1,225,793	1,215,832	1,254,909	1,252,393	1,292,556	40,163
PTBH - Monthly Guest	271,741	228,447	302,807	286,998	296,951	9,953
PTBH - Nightly Guest	218,016	290,585	283,925	268,477	290,227	21,750
PTBH - Electric	101,228	51,772	112,075	101,077	105,202	4,125
PTBH - Liveaboard Fee	27,091	21,209	23,605	21,172	22,403	1,231
PTBH - Work Float/Lift Pier Usage	60	60	-	240	252	12
PTBH - Miscellaneous Revenue	1,996	15,698	5,189	7,242	7,522	280
PTBH - Showers	17,761	25,140	17,700	10,593	12,829	2,236
PTBH - Laundry	8,617	9,228	10,102	9,418	9,773	355
PTBH - Key Fobs	6,137	7,511	7,423	7,462	7,608	146
PTBH - Promotional Sales	-	54	-	369	238	(131)
PTBH - Port Labor	370	195	5,000	2,039	2,760	721
PTBH - Ship Moorage	155	257	329	276	298	22
PTBH - Parking	980	1,639	272	12	91	79
<b>Total Operating Revenues</b>	<b>\$1,879,943</b>	<b>\$1,867,627</b>	<b>\$2,023,336</b>	<b>\$ 1,967,768</b>	<b>\$2,048,710</b>	<b>\$ 80,942</b>
<b>OPERATING EXPENSES</b>						
Moorage Salaries & Wages	140,162	166,054	233,254	217,435	194,494	(22,941)
Moorage Payroll Taxes	17,043	18,247	25,245	25,764	20,422	(5,342)
Moorage Employee Benefits	51,450	57,888	82,231	73,481	55,861	(17,620)
Uniform Expense	801	668	1,200	1,096	1,200	104
Maint Salaries & Wages	48,729	28,808	32,998	29,863	34,412	4,549
Maint Payroll Taxes	5,974	3,295	3,564	3,446	3,613	167
Maint Employee Benefits	16,879	10,093	11,608	9,784	9,884	100
Enviro Salaries & Wages	776	1,939	1,000	1,244	1,000	(244)
Enviro Payroll Taxes	98	230	108	146	105	(41)
Enviro Employee Benefits	716	663	381	410	284	(126)
Contract Services	14,743	8,951	21,004	17,472	18,346	874
Insurance	80,436	93,338	102,672	102,806	109,846	7,040
Facilities & Operations	94,667	98,011	81,730	98,350	102,389	4,039
Utilities	155,265	178,494	175,326	171,369	179,226	7,857
Marketing & Advertising	9,478	12,784	17,051	13,636	16,084	2,448
Travel & Training	675	4,137	800	1,133	1,190	57
2010 LTGO Bond Princ & Int pmts (8	400,258	402,914	399,635	399,635	400,133	498
General & Administrative	395,451	403,904	475,272	406,193	504,281	98,088
<b>Total Operating Expenses</b>	<b>\$1,433,600</b>	<b>\$1,490,415</b>	<b>\$1,665,079</b>	<b>\$ 1,573,263</b>	<b>\$1,652,770</b>	<b>\$ 79,507</b>
<b>NET OPERATING INCOME</b>	<b>\$ 446,343</b>	<b>\$ 377,211</b>	<b>\$ 358,257</b>	<b>\$ 394,505</b>	<b>\$ 395,940</b>	<b>\$ 1,435</b>

### Boat Haven Yard

Overall, Yard revenue is expected to increase by \$70,097 over 2022 YTD August plus remaining budget. During the 2021-2022 working yard season (October – April), the 75 Ton yard was too full, and customers had to be turned away because too many spaces filled with customers on the low seasonal discount, some without active repair work being performed. It was clear the demand was high for these spaces, so the Port Commission eliminated the seasonal discount March 31, 2022. We anticipate a robust season ahead for 2022-2023 without the discount.

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 \$144,778 is projected in the 2023 budget, and with the estimated increase in operating revenue, the net effect is a small profit in operations of \$74,775.



## Boat Haven Yard

	2020 Actual	2021 Actual	2022 Budget	2022 Budget to Actual YTD Aug.	2023 Budget	2022 YTD-2023 Bdgt Variance
<b>OPERATING REVENUES</b>						
Yard - 70/75 Ton Yard Revenue	663,833	934,644	813,676	1,010,017	1,017,215	7,198
Yard - 70/75 Ton Hoist Revenue	296,273	337,016	325,772	353,735	362,052	8,317
Yard - 300 Ton Yard Revenue	408,561	455,530	463,719	471,957	506,702	34,745
Yard - 300 Ton Hoist Revenue	189,524	204,905	216,555	219,551	224,965	5,414
Yard - Washdown Revenue	76,018	78,798	85,707	99,880	100,070	190
Yard - Bilge Water Revenue	3,469	3,750	5,374	5,557	6,000	443
Yard - L/T Storage	80,219	75,812	81,005	78,082	84,601	6,519
Yard - Blocking Rent	39,163	46,197	49,507	56,737	56,673	(64)
Yard - 70/75 Ton Electric	36,263	36,990	43,694	45,882	47,560	1,678
Yard - 300 Ton Electric	45,237	26,589	51,984	50,615	53,840	3,225
Yard - Off Port Property Tarp Fee	4,160	1,009	1,476	576	815	239
Yard - Liveaboard Fee	2,486	2,811	3,604	1,800	2,205	405
Yard - Miscellaneous Revenue	5,873	1,200	1,629	684	701	17
Yard - 70/75 Ton Port Labor	9,323	6,769	4,606	10,280	9,577	(703)
Yard - 300 Ton Port Labor	4,665	2,486	3,668	7,180	6,931	(249)
Yard - Enviro Fee 70/75 Ton Yard	57,478	74,481	70,279	76,773	78,800	2,027
Yard - Enviro Fee 300 Ton Yard	18,071	15,909	14,016	18,880	19,472	592
Yard - Enviro Clean-Up Fee	3,977	900	1,000	308	412	104
<b>Total Operating Revenues</b>	<b>\$1,944,593</b>	<b>\$2,305,796</b>	<b>\$2,237,271</b>	<b>\$ 2,508,494</b>	<b>\$2,578,591</b>	<b>\$ 70,097</b>
<b>OPERATING EXPENSES</b>						
Yard Salaries & Wages	526,706	554,648	618,696	622,717	648,893	26,176
Yard Payroll Taxes	65,254	62,789	65,418	72,014	68,134	(3,880)
Yard Employee Benefits	202,859	197,397	203,479	204,500	186,371	(18,129)
Uniform Expense	4,145	4,281	4,065	6,333	6,650	317
Maint Salaries & Wages	75,167	60,119	72,266	86,341	103,235	16,894
Maint Payroll Taxes	9,467	6,847	7,805	10,111	10,840	729
Maint Employee Benefits	27,629	21,038	25,422	27,822	29,651	1,829
Enviro Salaries & Wages	21,747	23,444	27,066	28,370	26,188	(2,182)
Enviro Payroll Taxes	2,756	2,804	2,923	3,500	2,750	(750)
Enviro Employee Benefits	7,865	8,197	9,492	9,214	7,522	(1,692)
Contract Services	24,125	26,597	43,307	37,581	43,373	5,792
Insurance	74,684	86,891	95,579	96,743	107,480	10,737
Facilities & Operations	170,743	242,832	237,632	362,761	390,847	28,086
Utilities	121,533	130,829	121,862	133,914	138,337	4,423
Marketing & Advertising	8,690	12,048		16,943	14,979	(1,964)
Travel & Training	2,947	483	2,000	1,811	1,902	91
2010 LTGO Bond Princ & Int pmts (17%)	81,980	82,524	81,853	81,853	81,955	102
General & Administrative	410,659	493,391	525,524	556,510	634,709	78,199
<b>Total Operating Expenses</b>	<b>\$1,838,956</b>	<b>\$2,017,157</b>	<b>\$2,144,389</b>	<b>\$ 2,359,038</b>	<b>\$2,503,816</b>	<b>\$ 144,778</b>
<b>NET OPERATING INCOME</b>	<b>\$ 105,636</b>	<b>\$ 288,639</b>	<b>\$ 92,882</b>	<b>\$ 149,456</b>	<b>\$ 74,775</b>	<b>\$ (74,681)</b>

### Point Hudson

Overall, Point Hudson revenue is expected to increase by \$60,796 over the 2022 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 directly impacted due to the jetty project's Phase I (north jetty) wrapping up in early 2023, and the Phase II (south jetty) commencing September of 2023.

Total estimated increases in operating expenses, when compared to 2022 YTD August plus remaining budget, is estimated at \$92,288, most of which is due to increased general & administrative costs, staff costs, and repair & maintenance costs.



## Point Hudson

	2020 Actual	2021 Actual	2022 Budget	2022 Budget to Actual YTD Aug.	2023 Budget	2022 YTD-2023 Bdgt Variance
<b>OPERATING REVENUES</b>						
Pt Hudson - Building Lease Revenue	398,703	422,218	428,819	432,154	443,596	11,442
Pt Hudson - Parking	3,143	19,267	17,700	17,426	18,048	622
Pt Hudson - Event Facility Rev	(260)	949	3,000	26,500	30,675	4,175
Pt Hudson - Janitorial	35,030	35,643	35,938	15,118	15,781	663
Pt Hudson - Water, Sewer, Storm	-	-	-	29,876	30,602	726
Pt Hudson - Permanent Moorage	146,202	157,330	124,142	126,842	133,347	6,505
Pt Hudson - Liveaboard Fee	7,494	8,743	8,656	8,694	9,129	435
Pt Hudson - Liveaboard Backgrnd Ck Fe	2,700	2,700	180	1,080	945	(135)
Pt Hudson - Monthly Guest	131,248	126,449	72,954	96,173	97,427	1,254
Pt Hudson - Nightly Guest	200,031	247,981	172,727	192,143	198,587	6,444
City Pier & Union Wharf Usage	3,111	16,920	7,006	4,299	5,195	896
Pt Hudson - Monthly R.V.	83,365	72,824	49,041	64,249	67,461	3,212
Pt Hudson - Nightly R.V.	271,691	280,920	295,418	339,394	364,580	25,186
Pt Hudson - Kayak Racks	15,463	19,571	12,401	16,111	16,065	(46)
Pt Hudson - Reservation Fee	35,802	49,058	36,365	38,367	35,277	(3,090)
Pt Hudson - Showers	6,302	6,677	5,504	5,551	6,015	464
Pt Hudson - Laundry	9,948	10,626	7,727	7,366	7,616	250
Pt Hudson - Passenger Fee	2,538	19,544	13,334	13,168	14,568	1,400
Union Wharf - Cruise Ship Garbage	-	2,085	700	1,045	1,269	224
Pt Hudson - Promotional Sales	562	538	660	1,392	1,212	(180)
Pt Hudson - Miscellaneous Rev	5,616	2,923	950	4,128	3,188	(940)
Pt Hudson - Enviro Clean-up	212	-	214	214	-	(214)
Pt Hudson - Electric	38,958	31,673	22,294	19,399	20,902	1,503
<b>Total Operating Revenues</b>	<b>\$1,397,859</b>	<b>\$1,534,636</b>	<b>\$1,315,730</b>	<b>\$ 1,460,689</b>	<b>\$1,521,485</b>	<b>\$ 60,796</b>
<b>OPERATING EXPENSES</b>						
Point Hudson Salaries & Wages	171,514	156,701	191,455	198,745	221,585	22,840
Point Hudson Payroll Taxes	19,944	18,921	20,677	22,712	23,267	555
Point Hudson Employee Benefits	60,459	54,690	67,351	60,196	63,642	3,446
Uniform Expense	421	300	800	1,112	800	(312)
Maint Salaries & Wages	117,553	110,051	125,661	111,683	137,647	25,964
Maint Payroll Taxes	15,535	13,444	13,571	13,828	14,453	625
Maint Employee Benefits	44,305	38,533	44,206	37,449	39,534	2,085
Enviro Salaries & Wages	2,785	1,070	5,222	4,070	4,872	802
Enviro Payroll Taxes	332	127	564	496	512	16
Enviro Employee Benefits	1,023	364	1,837	1,385	1,399	14
Contract Services	14,177	31,038	14,578	14,765	15,503	738
Insurance	63,761	56,117	75,672	75,672	82,456	6,784
Facilities & Operations	78,609	104,324	81,506	98,896	85,436	(13,460)
Utilities	181,382	200,350	181,545	202,210	208,754	6,544
Marketing & Advertising	17,796	12,537	17,120	15,083	15,837	754
Travel & Training	160	389	600	500	525	25
2015 LTGO Principal & Int pmts	542,350	543,325	551,200	551,200	539,000	(12,200)
General & Administrative	298,461	355,950	309,058	327,439	374,507	47,068
<b>Total Operating Expenses</b>	<b>\$1,630,567</b>	<b>\$1,698,230</b>	<b>\$1,702,623</b>	<b>\$ 1,737,441</b>	<b>\$1,829,729</b>	<b>\$ 92,288</b>
<b>NET OPERATING INCOME</b>	<b>\$ (232,708)</b>	<b>\$ (163,594)</b>	<b>\$ (386,893)</b>	<b>\$ (276,752)</b>	<b>\$ (308,244)</b>	<b>\$ (31,492)</b>



### Boat Haven Properties

Properties at Boat Haven are expected to have an increase in revenues by \$27,818 when compared to the 2022 YTD August plus remaining budget, primarily due to the occasional leasehold step increases, market rate adjustments, and CPI increases. Most assets are marine dependent or related uses for manufacturing, warehousing, and office requirements.

Overall, operating expenses are expected to increase by \$55,349 when compared to the 2022 YTD August plus remaining budget. Most of this increase is in staffing costs, both departmental and maintenance, the latter of which regularly works to maintain the condition of these properties.

	2020 Actual	2021 Actual	2022 Budget	2022 Budget to Actual YTD Aug.	2023 Budget	2022 YTD-2023 Bdgt Variance
<b>OPERATING REVENUES</b>						
PTBH Prop - Lease Revenue	647,462	746,964	778,733	816,251	839,257	23,006
PTBH Prop - Fuel Dock Lease	21,037	20,239	20,514	20,452	20,531	79
PTBH Prop - Electric	2,897	2,819	4,833	927	1,623	696
PTBH Prop - Garbage	25,545	28,141	26,340	11,700	14,114	2,414
PTBH Prop - Water	-	-	-	22,188	23,297	1,109
PTBH Prop - Stormwater	11,593	9,727	10,984	10,056	10,667	611
PTBH Prop - Storage Unit Revenue	9,020	11,196	11,443	11,881	11,820	(61)
PTBH Prop - Miscellaneous	696	623	411	861	825	(36)
<b>Total Operating Revenues</b>	<b>\$ 718,251</b>	<b>\$ 819,708</b>	<b>\$ 853,258</b>	<b>\$ 894,316</b>	<b>\$ 922,134</b>	<b>\$ 27,818</b>
<b>OPERATING EXPENSES</b>						
PTBH Property Salaries & Wages	57,623	60,929	63,836	63,540	72,085	8,545
PTBH Property Payroll Taxes	5,230	5,399	6,894	6,104	7,569	1,465
PTBH Property Employee Benefits	21,052	21,300	22,457	20,702	20,704	2
Maint Salaries & Wages	45,437	72,403	83,239	77,731	96,353	18,622
Maint Payroll Taxes	5,653	10,574	8,990	9,899	10,117	218
Maint Employee Benefits	16,225	25,632	29,282	26,173	27,674	1,501
Enviro Salaries & Wages	19,111	22,714	24,150	23,538	22,534	(1,004)
Enviro Payroll Taxes	2,426	2,716	2,608	2,839	2,366	(473)
Enviro Employee Benefits	7,156	7,977	8,496	7,369	6,472	(897)
Contract Services	3,107	1,167	10,236	5,500	5,775	275
Insurance	14,814	26,061	28,667	28,667	33,600	4,933
Facilities & Operations	17,296	23,273	17,560	42,808	32,848	(9,960)
Utilities	33,137	43,136	38,948	46,052	45,708	(344)
Marketing & Advertising	-	43	200	148	155	7
Travel/Training	-	80	150	114	120	6
General & Administrative	159,266	172,622	200,426	195,722	228,181	32,459
<b>Total Operating Expenses</b>	<b>\$ 407,532</b>	<b>\$ 495,946</b>	<b>\$ 545,989</b>	<b>\$ 556,792</b>	<b>\$ 612,261</b>	<b>\$ 55,349</b>
<b>NET OPERATING INCOME</b>	<b>\$ 310,718</b>	<b>\$ 323,762</b>	<b>\$ 307,269</b>	<b>\$ 337,524</b>	<b>\$ 309,873</b>	<b>\$ (27,531)</b>

### Quilcene

Quilcene revenues are projected to increase by \$7,672 in 2023 when compared to the 2022 YTD August plus remaining budget estimates.

Overall, operating expenses are budgeted to increase by \$32,963. Most of this increase is in staffing costs, both departmental and maintenance, and general & administrative costs. There are no other significant increases in costs estimated for the facility, though there are several capital projects on the docket.



## Quilcene

	2020 Actual	2021 Actual	2022 Budget	2022 Budget to Actual YTD Aug.	2023 Budget	2022 YTD-2023 Bdgt Variance
<b>OPERATING REVENUES</b>						
Quilcene - Lease Revenue	63,896	65,936	69,400	69,802	72,192	2,390
Quilcene - Permanent Moorage	59,882	67,051	56,684	61,357	63,443	2,086
Quilcene - Liveaboard Fee	3,667	2,590	-	-	-	-
Quilcene - Liveaboard Background Ck I	120	-	-	-	-	-
Quilcene - Nightly Moorage	2,473	1,876	2,678	1,575	1,687	112
Quilcene - Showers	3,125	2,521	3,126	2,482	2,812	330
Quilcene - Fobs	-	-	-	300	315	15
Quilcene - Reservations	182	352	495	242	277	35
Quilcene - Miscellaneous Revenue	32	240	77	625	673	48
Quilcene - Water	13,378	12,835	12,830	11,601	12,922	1,321
Quilcene - Electric	4,061	3,971	3,955	3,098	3,680	582
Quilcene - Recreational Ramp Fees	10,379	11,300	11,518	10,858	10,913	55
Quilcene - Commercial Use Fees	1,616	2,200	2,200	5,430	5,702	272
Quilcene - Empty Trailer Parking	-	1,196	972	300	744	444
Quilcene - Kayak Racks	-	189	-	225	207	(18)
Quilcene - Fuel Sales	4,291	-	-	-	-	-
<b>Total Operating Revenues</b>	<b>\$ 167,103</b>	<b>\$ 172,256</b>	<b>\$ 163,935</b>	<b>\$ 167,895</b>	<b>\$ 175,567</b>	<b>\$ 7,672</b>
<b>OPERATING EXPENSES</b>						
Quilcene Salaries & Wages	33,991	29,327	43,136	38,844	56,742	17,898
Quilcene Payroll Taxes	4,029	3,267	4,659	4,287	5,958	1,671
Quilcene Employee Benefits	13,143	10,284	15,175	12,803	16,297	3,494
Quilcene Uniforms	-	66	300	150	300	150
Maint Salaries & Wages	20,309	16,743	21,220	15,538	20,647	5,109
Maint Payroll Taxes	2,427	1,961	2,292	1,956	2,168	212
Maint Employee Benefits	7,322	5,819	7,465	5,070	5,930	860
Enviro Salaries & Wages	283	743	-	560	-	(560)
Enviro Payroll Taxes	36	89	-	75	-	(75)
Enviro Employee Benefits	96	263	-	171	-	(171)
Contract Services	6,657	8,843	10,300	8,492	8,917	425
Insurance	6,980	8,309	9,141	8,852	10,295	1,443
Facilities & Operations	26,617	30,304	12,961	20,632	16,808	(3,824)
Utilities	11,291	14,512	13,189	12,900	13,741	841
Marketing & Advertising	-	1,425	1,200	3,574	1,400	(2,174)
Travel & Training	481	400	150	136	325	189
Cost of Fuel Sold	2,035	-	-	-	-	-
General & Administrative	38,104	36,275	39,024	35,544	43,215	7,671
<b>Total Operating Expenses</b>	<b>\$ 173,800</b>	<b>\$ 168,630</b>	<b>\$ 180,212</b>	<b>\$ 169,584</b>	<b>\$ 202,743</b>	<b>\$ 33,159</b>
<b>NET OPERATING INCOME</b>	<b>\$ (6,697)</b>	<b>\$ 3,626</b>	<b>\$ (16,277)</b>	<b>\$ (1,689)</b>	<b>\$ (27,176)</b>	<b>\$ (25,487)</b>

## 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 at the Boat Haven, which is a double. Ramp revenues are expected to increase by \$5,365 when compared to 2022 YTD August plus remaining budget.

Increased operating expenses are expected for Ramps in the amount of \$2,404. Most of that increase is in departmental staff costs.



	2020 Actual	2021 Actual	2022 budget	2022 Budget to Actual YTD Aug.	2023 Budget	2022 YTD-2023 Bdgt Variance
<b>OPERATING REVENUES</b>						
Ramp Fees	47,069	42,901	51,594	40,134	45,229	5,095
PTBH - Commercial Use Fees	4,383	8,682	5,500	5,515	5,581	66
Dinghy Float Revenue	1,216	854	1,177	1,353	1,557	204
<b>Total Operating Revenues</b>	<b>\$ 52,668</b>	<b>\$ 52,437</b>	<b>\$ 58,271</b>	<b>\$ 47,002</b>	<b>\$ 52,367</b>	<b>\$ 5,365</b>
<b>OPERATING EXPENSES</b>						
Ramps Salaries & Wages	3,560	2,767	4,500	2,310	4,500	2,190
Ramps Payroll Taxes	497	363	486	266	473	207
Ramps Employee Benefits	1,416	984	1,583	796	1,292	496
Maint Salaries & Wages	7,648	9,545	12,403	8,240	6,882	(1,358)
Maint Payroll Taxes	958	1,107	1,339	954	723	(231)
Maint Employee Benefits	2,704	3,341	4,363	2,764	1,977	(787)
Enviro Salaries & Wages	3,058	610	3,916	2,728	2,654	(74)
Enviro Payroll Taxes	388	73	423	326	279	(47)
Enviro Employee Benefits	1,185	210	1,378	899	766	(133)
Contract Services	1,534	3,241	1,545	2,390	2,510	120
Insurance	3,082	5,705	6,276	6,276	7,290	1,014
Facilities & Operations	4,077	10,456	5,249	3,687	4,071	384
Utilities	3,146	2,448	4,017	5,057	5,261	204
Marketing & Advertising	1,960	1,700	-	200	210	10
General & Administrative	11,071	11,043	13,688	12,481	12,890	409
<b>Total Operating Expenses</b>	<b>\$ 46,283</b>	<b>\$ 53,592</b>	<b>\$ 61,166</b>	<b>\$ 49,374</b>	<b>\$ 51,778</b>	<b>\$ 2,404</b>
<b>NET OPERATING INCOME</b>	<b>\$ 6,385</b>	<b>\$ (1,155)</b>	<b>\$ (2,895)</b>	<b>\$ (2,372)</b>	<b>\$ 589</b>	<b>\$ 2,961</b>

### Jefferson County International Airport (JCIA)

JCIA revenues are estimated to increase by \$7,010 when compared to 2022 YTD August plus remaining budget. The largest increase is with Lease revenue due to CPI adjustments.

Expenses are estimated to be more by \$21,249, when compared to the 2022 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.



	2020 Actual	2021 Actual	2022 Budget	2022 Budget to Actual YTD Aug.	2023 Budget	2022 YTD-2023 Bdg Variance
<b>OPERATING REVENUES</b>						
JCIA - Lease Revenue	110,365	120,582	122,934	130,471	135,560	5,089
JCIA - Hangar Revenue	32,176	34,414	35,780	37,831	39,449	1,618
JCIA - Fuel Lease Revenue	1,622	2,159	1,725	1,745	1,699	(46)
JCIA - Electric	1,587	1,570	1,378	1,557	1,746	189
JCIA - Vehicle Parking Revenue	856	736	434	953	1,062	109
JCIA - Aircraft Parking	1,919	1,402	882	1,079	1,100	21
JCIA - Miscellaneous Revenue	-	6,133	1,000	600	630	30
<b>Total Operating Revenues</b>	<b>\$ 148,526</b>	<b>\$ 166,996</b>	<b>\$ 164,133</b>	<b>\$ 174,236</b>	<b>\$ 181,246</b>	<b>\$ 7,010</b>
<b>OPERATING EXPENSES</b>						
JCIA Salaries & Wages	9,843	9,603	6,993	10,487	8,565	(1,922)
JCIA Payroll Taxes	1,169	1,228	755	1,207	899	(308)
JCIA Employee Benefits	3,512	3,356	2,460	3,351	2,460	(891)
Maint Salaries & Wages	71,629	47,294	66,422	47,548	55,059	7,511
Maint Payroll Taxes	8,748	5,381	7,174	4,782	5,781	999
Maint Employee Benefits	27,439	16,517	23,366	15,414	15,815	401
Enviro Salaries & Wages	3,176	1,538	3,916	3,444	3,654	210
Enviro Payroll Taxes	403	183	423	421	384	(37)
Enviro Employee Benefits	1,227	529	1,378	1,131	1,050	(81)
Contract Services	11,926	19,084	21,368	19,698	20,683	985
Insurance	41,993	34,164	37,580	37,580	41,459	3,879
Facilities & Operations	21,208	18,743	15,245	12,139	11,875	(264)
Utilities	18,829	16,414	19,600	17,593	18,472	879
Marketing & Advertising	64	-	2,888	2,450	2,573	123
General & Administrative	33,156	35,168	38,554	34,823	44,613	9,790
<b>Total Operating Expenses</b>	<b>\$ 254,321</b>	<b>\$ 209,201</b>	<b>\$ 248,122</b>	<b>\$ 212,068</b>	<b>\$ 233,342</b>	<b>\$ 21,274</b>
<b>NET OPERATING INCOME</b>	<b>\$ (105,795)</b>	<b>\$ (42,206)</b>	<b>\$ (83,989)</b>	<b>\$ (37,832)</b>	<b>\$ (52,096)</b>	<b>\$ (14,264)</b>



### Maintenance - General

The Port's Maintenance department activity is typically recorded to the Port department in which the maintenance work is performed. Maintenance costs not tied to a specific department are included here under Maintenance - General. Variances between 2023 budget and 2022 YTD August plus remaining budget show year-to-year activity variances for non-specific departmental maintenance activity, however the most significant increase is in staffing as we anticipate adding two (2) FTE to this department; the expectation is that they will work a large portion of the time on capital work.



	2020 Actual	2021 Actual	2022 Budget	2022 Budget to Actual YTD Aug.	2023 Budget	2022 YTD-2023 Bdgt Variance
<b>OPERATING EXPENSES</b>						
Salaries & Wages	165,523	187,865	178,943	190,341	234,000	43,659
Payroll Taxes	15,309	17,370	19,326	19,740	24,070	4,330
Employee Benefits	59,201	57,706	62,949	64,087	67,208	3,121
Uniform Expense	3,365	3,968	4,350	8,589	5,150	(3,439)
Contract Services	448	909	859	1,690	859	(831)
Insurance	11,598	26,565	29,876	30,412	33,435	3,023
Facilities & Operations	44,654	75,729	43,630	89,500	52,572	(36,928)
Utilities	6,553	6,661	7,050	7,381	9,034	1,857
Advertising (legal)	-	544	300	300	300	-
Travel & Training	-	162	400	815	400	(415)
<b>Total Operating Expenses</b>	<b>306,651</b>	<b>377,478</b>	<b>347,683</b>	<b>412,855</b>	<b>427,028</b>	<b>14,377</b>

# CAPITAL BUDGET 2023

## 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 24 planned projects in various stages of development, and \$100,000 available for ad hoc repair and maintenance projects as they are identified. The budget for 2023 Capital projects is approximately \$10,000,000 with \$5,604,678 in local funding used to leverage \$4,464,322 in funding from Federal, State, and Local 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 2023 budgeted projects.

## Jefferson County International Airport

### Airport Terminal

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 \$133,000 with most of the work to be performed by Port staff.

### Fuel System Improvement

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 Federal Aviation Administration (FAA) Bipartisan Infrastructure Law (BIL) funding to design the replacement fueling system, and construct in 2024. The design cost estimate is \$100,000 and replacement work is estimated to cost \$561,000.

### Connector Taxiway A2

Available funding from the 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 done in 2020. Both design and construction are scheduled for 2023 at a cost estimate of \$646,000.

### Stormwater Management

The Stormwater system at JCIA requires regular maintenance. This program budgets funding to repair damaged facilities, replace existing failed infrastructure, or install new facilities necessary to maintain proper airfield drainage. The cost over the next 5 years is estimated as \$25,000 annually.

## Boat Haven Marina

### 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. The permitting process took much longer to complete than anticipated but was finally issued in 2022. Repair construction is planned for 2023 and estimated to be \$400,000, funded by the Boat Haven Renovation Reserve.

### 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 is planned in 2023 for \$450,000 with construction in 2024, estimated at \$2.2m. Funding was obtained in the amount of \$1,988,500 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 has almost completed the remodel of the Old Coast Guard building to be used as the moorage office which will increase the moorage/yard office space. Once permitting is obtained, a foundation will be laid, and the Old Coast Guard building will be moved to the yard side of the Boat Haven restrooms. The existing Moorage/Yard office will later be relocated to the Airport for a terminal building in 2024. The cost to complete this project in 2023 is estimated at \$150,000; most of the work will be performed by Port staff.



#### Northwest Boat Yard Expansion (along Sims Way)

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 \$1m over the next two (2) years. The Port, PUD, and City obtained a grant through the County Public Infrastructure Fund (PIF) to assist in funding this project; the Port's portion of the \$1m grant is \$450,000.

#### Southwest Boat Yard Expansion and Structures

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. With the help of a Community Economic Revitalization Board (CERB) grant, the preliminary design/planning can be completed in 2023 estimated at \$80,000. Subsequently, we'll work towards permitting wetland impact, and possible mitigation, through the federal government which is time consuming. During that time, we'll seek funding for construction.

#### Sperry Buildings Capital Maintenance

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 2023, the planned work is estimated to cost \$50,000 with most of the work to be performed by Port staff.

### Boat Haven Building/Facility Preservation

The buildings and facilities at Boat Haven require regular upkeep to ensure they are safe and suitable for continued use, and viable assets for the Port's operation. This program budgets funding to renovate and refresh facilities periodically (once every ten years). The cost for 2023 – 2025 is estimated at \$25,000 per year to be funded through Net Operating Income (NOI).

### 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. Project design is planned for 2023 in the amount of \$125,000. The Port has been awarded 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 in the amount of \$872,487.

### Boat Haven Marina Dredging

The marina's water areas require periodic dredging to ensure vessel access during the full range of tide cycles. This project plans for a future dredge at the Boat Haven. The cost for 2023 – 2025 is estimated at \$25,000 per year to be funded through the IDD Levy Reserve.

## Point Hudson

### Building/Facility Preservation (incl. roof replacements)

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 2023, this project is estimated to cost \$450,000.

### 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 jetty was originally built in the 1930s with subsequent repairs in the 1960s and 1990s. Permits were obtained in 2022 and construction commenced September 2022. Funding in 2023 and 2024 includes grants from the Economic Development Administration (EDA), and Recreational Conservation Office (RCO). The 2023 budget for the project construction is \$6,000,000 with an overall project construction cost estimated at of \$14,100,000.

### RV Park Restoration

The RV Park Restoration project aims to upsize the campsite electrical to 50-amp services. The project would also replace water and sewer services as regular asset maintenance and management. Also under consideration is reorienting sites along the "point" to improve the accommodation of today's larger RVs. Costs are estimated in 2023 for \$200,000, and for \$250,000 in 2024. Funding is planned from NOI.

## Quilcene

### Marina Dredging

The marina channel requires periodic dredging to ensure vessel access during the full range of tide cycles. This project plans for a future dredge at the Herb Beck Marina. In 2023, we plan to spend \$20,000 for this project, and will fund it through the IDD Levy Reserve.

### Ramp Upgrade

The boat launch replacement project at Herb-Beck marina aims to construct a wider and slightly less steep boat launch that includes a handling float. The improved facility will provide ADA access and improve the ease of launching a boat at that facility. The goal is to secure an RCO boating facility grant; at this point, this project is not funded. In 2023, we plan to spend \$20,000 for this project.

## Other Capital

### San Juan Property(s) Clean-up Assessment

As part of a feasibility study and due diligence before a property acquisition, the Port, in partnership with WA State Department of Ecology, is performing a site assessment to discover and characterize contamination at that site and determine the cost of remediation. We anticipate this project will cost \$100,000 in 2023 and will largely be funded by a grant from the Department of Ecology (DOE).

### Gardiner Launch Ramp with Seasonal Float

The boat launch replacement project in Gardiner aims to replace the deteriorated boat launch with a new launch that includes a handling float. The new facility will provide ADA access and improve the ease of launching a boat at that location. The cost estimated for 2023 is \$110,000, and the total RCO grant award is for \$539,877.

### Mats Mats Bay Facilities & Boat Ramp Rehab

This project aims to repurpose an existing outbuilding for kayak storage. The building is currently in need of refreshing and renovation. Estimated cost in 2023 is \$30,000, with funding from the IDD Levy Reserve. In later years, the plan is to rehabilitate the existing boat ramp and to secure an RCO grant as funding.

### Port-wide Piling Program

This program aims to replace piles at Port-owned marina properties nearing the end of their service life as part of ongoing asset management. The estimated cost starting in 2023 is \$150,000 per year for next 5 years; funding is planned from the IDD Levy Reserve.

### Port-wide Dock Renovations

This is an ongoing capital program that aims to replace marina piles at Port-owned properties nearing the end of their service life as part of ongoing asset management. The estimated cost starting in 2025 is \$250,000 per year for next 5 years with funding from NOI.



### Port-wide – Yard/Parking/RV Resurfacing

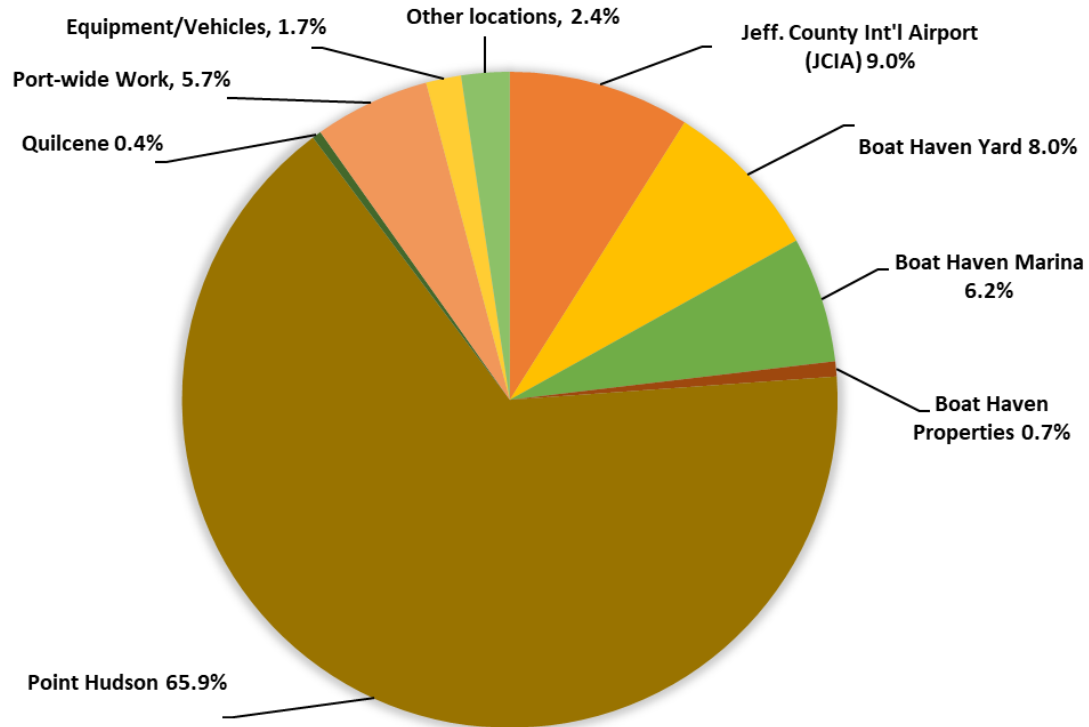
Another ongoing capital program that aims to grade, resurface with gravel, or repave with asphalt various Port-owned properties as part of continued asset management. The estimated cost starting in 2023 is \$75,000 per year for next 5 years with funding from NOI.

### Equipment & Vehicles

In 2023, we plan to continue to update the Port fleet with two (2) more ½ ton pick-up trucks, a 1-ton pick-up truck, a dump trailer, and another gator with an enclosed cab for Point Hudson Moorage staff. In addition, we are researching the possibility of moving to card-based access system for showers, and laundry thereby eliminating the use of quarters which is time consuming to manage (and uses antiquated equipment that is increasingly a challenge to maintain). Estimates for 2023 total \$175,000.

## CAPITAL PROJECTS FOR 2023

### 2023 "WHERE ARE THE PROJECTS WE ARE DOING?"



#### 2023 Capital Project estimates

Jeff. County Int'l Airport (JCIA)	\$	904,000	9.0%
Boat Haven Yard		805,000	8.0%
Boat Haven Marina		625,000	6.2%
Boat Haven Properties		75,000	0.7%
Point Hudson		6,650,000	65.9%
Quilcene <sup>1</sup>		45,000	0.4%
Port-wide Work <sup>2</sup>		575,000	5.7%
Equipment/Vehicles <sup>3</sup>		175,000	1.7%
Other locations <sup>4</sup>		240,000	2.4%
		<u>\$ 10,094,000</u>	

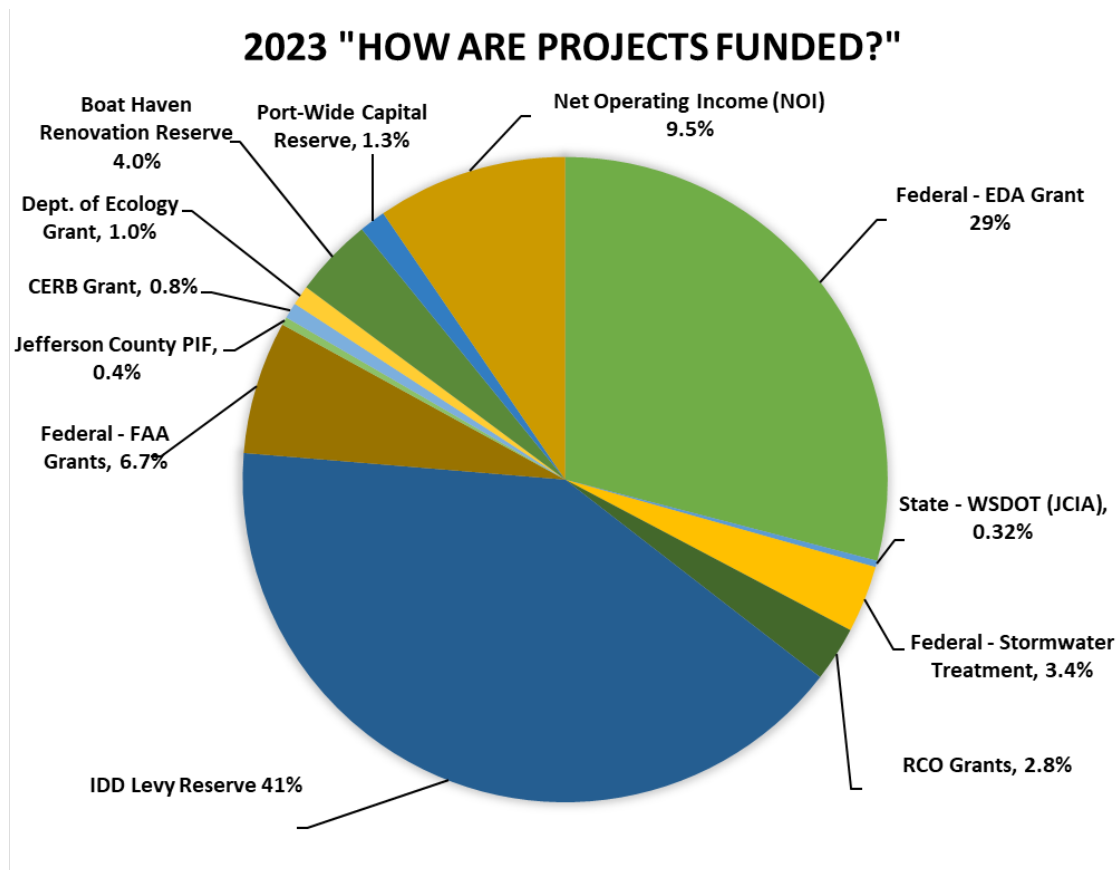
<sup>1</sup> Includes an unsecured RCO Boating Infrastructure Program grant being pursued.

<sup>2</sup> Includes piling replacement, dock renovations, and yard, parking and RV resurfacing.

<sup>3</sup> Includes 2 pick-up trucks, a 1 ton truck, dump trailer, and auxiliary vehicle.

<sup>4</sup> Includes Gardiner, Mats Mats, small capital projects not yet identified, and the San Juan property (see narrative).

## CAPITAL PROJECT FUNDING FOR 2023



### **2023 Budget - Capital Project Funding**

Federal - EDA Grant	\$	2,925,000	29.0%
State - WSDOT (JCIA)		32,277	0.32%
Federal - Stormwater Treatment		338,045	3.4%
RCO Grants		278,000	2.8%
IDD Levy Reserve		4,110,955	40.8%
Federal - FAA Grants		671,000	6.7%
Jefferson County PIF		40,000	0.4%
CERB Grant		80,000	0.8%
Dept. of Ecology Grant		100,000	1.0%
Boat Haven Renovation Reserve		400,000	4.0%
Port-Wide Capital Reserve		133,000	1.3%
Net Operating Income (NOI)		960,723	9.5%
	\$	<u>10,069,000</u>	

\* Not in this list is \$25,000 in an unsecured grant (pursuing BFP RCO grant) for Quilcene.

## 5-YEAR CAPITAL IMPROVEMENT PROGRAM

	note	2023 estimate	2024 estimate	2025 estimate	2026 estimate	2027 estimate	Total 5 year estimate
<b>JEFFERSON COUNTY INTERNATIONAL AIRPORT (JCIA)</b>							
Airport Terminal	a	133,000	-	-	-	-	133,000
Fuel System Improvement							
<i>Phase 1 Design</i>		100,000	-	-	-	-	100,000
<i>Phase 2 Construction</i>		-	561,000	-	-	-	561,000
Renovate Port Owned Hangars	a	-	-	-	-	222,000	222,000
Connector Taxiway A2 and Sign Improvements							
<i>Phase 1 Design</i>		90,000	-	-	-	-	90,000
<i>Phase 2 Construction</i>		556,000	-	-	-	-	556,000
Airport Master Plan Update		-	333,000	-	-	-	333,000
Airport Wide Rehabilitate Apron, Taxiways, and Taxilanes (Crack/Slurry Seal)		-	-	556,000	-	-	556,000
Shift/Widen Parallel Taxiway							
<i>Phase 1 Enviromental Assessment</i>		-	-	-	333,000	-	333,000
<i>Phase 2 Design</i>		-	-	-	-	167,000	167,000
<i>Phase 3 Construction (2028 - \$6.1M)</i>		-	-	-	-	-	-
Maintenance Storage Building/County Building relocate	a	-	200,000	-	-	-	200,000
JCIA Stormwater Management	a	25,000	25,000	25,000	25,000	25,000	125,000
<b>BOAT HAVEN</b>							
BH Main Breakwater Repairs - Construction		400,000	-	-	-	-	400,000
BH Stormwater Treatment Compliance Upgrade		450,000	2,200,000	-	-	-	2,650,000
Moorage/Yard Office	a	150,000	-	-	-	-	150,000
70/75 Ton & 300 Ton Yard Electrical Upgrades		-	-	100,000	100,000	100,000	300,000
Northwest Boat Yard Expansion (along Sims Way)		200,000	800,000	-	-	-	1,000,000
Southwest Boat Yard Expansion and Structures (near shipyard)		80,000	50,000	50,000	400,000	10,000,000	10,580,000
Sperry Buildings Capital Maintenance (estimated 2 buildings/year)	a	50,000	50,000	75,000	-	-	175,000
BH Building/Facility Preservation	a	25,000	25,000	25,000	100,000	100,000	275,000
BH Linear Dock Replacement							
<i>Design</i>		125,000	275,000	125,000	-	-	525,000
<i>Construction</i>		-	-	1,000,000	1,200,000	-	2,200,000
BH Navigation Channel Marina Dredging		25,000	25,000	25,000	550,000	-	625,000

## 5 Year Capital Improvement Program, years 2023-2027 as of November 9, 2023

	note	2023 estimate	2024 estimate	2025 estimate	2026 estimate	2027 estimate	Total 5 year estimate
<b>POINT HUDSON</b>							
PH Building/Facility Preservation (incl. roof replacements)		450,000	450,000	450,000	450,000	450,000	2,250,000
Replacement of North & South Jetties							
<i>Construction</i>		6,000,000	3,000,000	-	-	-	9,000,000
PH-RV Park Restoration	a	200,000	250,000	-	-	-	450,000
PH Cantilevered Esplanade		-	-	-	350,000	3,000,000	3,350,000
PH Pavement Preservation (Grind & Overlay)		-	-	-	500,000	-	500,000
<b>QUILCENE</b>							
Quilcene Marina Dredging		20,000	80,000	650,000	-	-	750,000
Quilcene Ramp Upgrade		25,000	275,000	950,000	-	-	1,250,000
Quilcene Bathroom Remodel	a	-	20,000	180,000	-	-	200,000
<b>OTHER CAPITAL</b>							
San Juan Property(s) Clean-up Assessment		100,000	-	-	-	-	100,000
Gardiner Launch Ramp w/Seasonal Float		110,000	800,000	-	-	-	910,000
Mats Mats Bay Facilities & Boat Ramp Rehab		30,000	-	-	-	300,000	330,000
Port Wide - Piling Replacement		150,000	150,000	150,000	150,000	150,000	750,000
Port Wide - Dock Rennovations	a	250,000	250,000	250,000	250,000	250,000	1,250,000
Port Wide - Yard/Parking/RV Resurfacing	a	75,000	75,000	75,000	75,000	75,000	375,000
Port Wide - Small Capital Projects	a	100,000	100,000	100,000	100,000	100,000	500,000
Port Equipment/Vehicle Replacement		175,000	200,000	170,000	175,000	2,680,000	3,400,000
<b>Total Estimated Project Expenses</b>		<b>10,094,000</b>	<b>10,194,000</b>	<b>4,956,000</b>	<b>4,758,000</b>	<b>17,619,000</b>	<b>47,621,000</b>



## Capital Funding Sources

FUNDING SOURCES	note	2023 estimate	2024 estimate	2025 estimate	2026 estimate	2027 estimate	Total 5 year estimate
<b>GRANTS -- Secured</b>							
US Fish/RCO - PH North & South Jetties Replacement - Construction		(150,000)	(100,000)	-	-	-	(250,000)
Fed EDA - PH North & South Jetties Replacement - Construction		(2,925,000)	(1,450,000)	-	-	-	(4,375,000)
State Commerce - PH North & South Jetties Replcmt - Construction - <b>ALL 2022</b>		-	-	-	-	-	-
Fed/State - Stormwater Treatment Compliance Upgrade		(338,045)	(1,650,455)	-	-	-	(1,988,500)
FAA NPE - Connector Taxiway A2 and Sign Improvement							
<i>Phase 1 Design (FAA NPE fund)</i>		(81,000)	-	-	-	-	(81,000)
<i>Phase 1 Design (WSDOT funds)</i>		(4,500)	-	-	-	-	(4,500)
<i>Phase 2 Construction (FAA NPE fund)</i>		(150,000)	-	-	-	-	(150,000)
<i>Phase 2 Construction (FAA ST/DI fund)</i>		(350,000)	-	-	-	-	(350,000)
<i>Phase 2 Construction (WSDOT fund)</i>		(27,777)	-	-	-	-	(27,777)
Fuel System Improvement							
<i>Phase 1 Design (FAA BIL Funds)</i>		(90,000)	-	-	-	-	(90,000)
<i>Phase 2 Construction (FAA BIL Funds)</i>		-	(505,000)	-	-	-	(505,000)
FAA NPE - Airport Master Plan Update		-	(300,000)	-	-	-	(300,000)
FAA NPE - Airport Wide Rehabilitate Apron, Taxiways, and Taxilanes (Crack/Slurry Seal)		-	-	(528,200)	-	-	(528,200)
Shift/Widen Parallel Taxiway							
<i>Phase 1 Enviromental Assessment (FAA NPE funds)</i>		-	-	-	(300,000)	-	(300,000)
<i>Phase 2 Design (FAA NPE funds)</i>		-	-	-	-	(150,000)	(150,000)
<i>Phase 3 Construction (2028 - \$5.5M)</i>		-	-	-	-	-	-
Jefferson County PIF Grant - Northwest Boat Yard Expansion (along Sims Way)		(40,000)	(350,000)				(390,000)
CERB grant - Southwest Boat Yard Expansion and Structures		(80,000)	-	-	-	-	(80,000)
Ecology - San Juan Property(s) Clean-up Assessment		(100,000)					(100,000)
RCO - Gardiner Launch Ramp		(88,000)	(451,877)	-	-	-	(539,877)
RCO - BH Linear Dock Replacement		(40,000)	(88,000)	(360,000)	(384,487)		(872,487)
Renovate Port Owned Hangars (FAA BIL Funds)		-	-	-	-	(200,000)	(200,000)
<b>TOTAL PROJECTED GRANT FUNDS USE</b>		<b>(4,464,322)</b>	<b>(4,895,332)</b>	<b>(888,200)</b>	<b>(684,487)</b>	<b>(350,000)</b>	<b>(11,282,341)</b>
<b>PORT WIDE CAPITAL RESERVE</b>							
Airport Terminal		(133,000)	-	-	-		(133,000)
<b>BOAT HAVEN RESERVE</b>							
BH Main Breakwater Repairs - Construction		(400,000)	-	-	-		(400,000)
BH Linear Dock Replacement		-	(42,396)	-	-	-	(42,396)

## Capital Funding Sources, page 2

FUNDING SOURCES	note	2023 estimate	2024 estimate	2025 estimate	2026 estimate	2027 estimate	Total 5 year estimate
<b>IDD LEVY RESERVE</b>							
PH North & South Jetties Replacement							-
<i>Construction</i>		(2,925,000)	(1,450,000)	-	-		(4,375,000)
Fuel System Improvement							
<i>Phase 1 Design (match to FAA BIL funds)</i>		(10,000)	-	-	-	-	(10,000)
<i>Phase 2 Construction (Match to FAA BIL funds)</i>		-	(56,000)		-	-	(56,000)
Port Wide - Piling Replacement		(150,000)	(150,000)	(150,000)	(150,000)	(150,000)	(750,000)
Sperry Buildings Capital Maintenance (estimated 2 buildings/year)		(50,000)	(50,000)	(75,000)	-	-	(175,000)
70/75 Ton & 300 Ton Yard Electrical Upgrades		-	-	(100,000)	(100,000)	(100,000)	(300,000)
Northwest Boat Yard Expansion (along Sims Way)		(104,000)	(450,000)	-	-	-	(554,000)
BH Stormwater Treatment Compliance Upgrade		(111,955)	(549,545)	-	-	-	(661,500)
BH Linear Dock Replacement		(85,000)	(144,604)	(765,000)	(815,513)	-	(1,810,117)
BH Navigation Channel Marina Dredging		(25,000)	(25,000)	(25,000)	(550,000)	-	(625,000)
Moorage/Yard Office		(150,000)	-	-	-	-	(150,000)
Maintenance Storage Building/County Building relocate		-	(200,000)	-	-	-	(200,000)
Mats Mats Bay Facilities & Boat Ramp Rehab		(30,000)	-	-	-	(300,000)	(330,000)
Quilcene Ramp Upgrade (match to unsecured RCO funds)		-	-	(250,000)	-	-	(250,000)
Quilcene Bathroom Remodel (match to unsecured RCO funds)		-	(20,000)	(180,000)	-	-	(200,000)
Quilcene Marina Dredging (match to unsecured RCO funds)		(20,000)	(80,000)	(650,000)	-	-	(750,000)
PH Building Preservation (including roofs)		(450,000)	(450,000)	(450,000)	(450,000)	(450,000)	(2,250,000)
PH Pavement Preservation (Grind & Overlay)		-	-	-	(500,000)	-	(500,000)
Renovate Port Owned Hangars (match to FAA BIL Funds)		-	-	-	-	(22,000)	(22,000)
<b>TOTAL PROJECTED IDD LEVY FUNDS USE</b>		<b>(4,110,955)</b>	<b>(3,625,149)</b>	<b>(2,645,000)</b>	<b>(2,565,513)</b>	<b>(1,022,000)</b>	<b>(13,968,617)</b>

## Capital Funding Sources, page 3

	note	2023 estimate	2024 estimate	2025 estimate	2026 estimate	2027 estimate	Total 5 year estimate
<b>FUNDING SOURCES</b>							
<b>NET OPERATING INCOME (NOI)</b>							
FAA NPE - Connector Taxiway A2 and Sign Improvement							-
<i>Phase 1 Design (match to FAA NPE fund)</i>		(4,500)	-	-	-	-	(4,500)
<i>Phase 2 Construction (match to FAA NPE fund)</i>		(28,223)	-	-	-	-	(28,223)
Airport Master Plan Update ( <i>match to FAA NPE funds</i> )		-	(33,000)	-	-	-	(33,000)
Airport Wide Rehabilitate Apron, Taxiways, and Taxilanes ( <i>match to FAA NPE funds</i> )		-	-	(27,800)	-	-	(27,800)
Shift/Widen Parallel Taxiway							-
<i>Phase 1 Environmental Assessment (match to FAA NPE funds)</i>		-	-	-	(33,000)	-	(33,000)
<i>Phase 2 Design (match to FAA NPE funds)</i>		-	-	-	-	(17,000)	(17,000)
<i>Phase 3 Construction (2028 - \$610K)</i>		-	-	-	-	-	-
Port Wide - Dock Renovations		(250,000)	(250,000)	(250,000)	(250,000)	(250,000)	(1,250,000)
Port Wide - Yard/Parking/RV Resurfacing		(75,000)	(75,000)	(75,000)	(75,000)	(75,000)	(375,000)
70/75 Ton & 300 Ton Yard Expansion Southwest		-	-	-	-	-	-
PH-RV Park Restoration		(200,000)	(250,000)	-	-	-	(450,000)
BH Building/Facility Preservation		(25,000)	(25,000)	(25,000)	(100,000)	(100,000)	(275,000)
Northwest Boat Yard Expansion (along Sims Way)		(56,000)	-	-	-	-	(56,000)
Gardiner Launch Ramp w/Seasonal Float		(22,000)	(348,123)	-	-	-	(370,123)
Southwest Boat Yard Expansion and Structures (near shipyard)		-	(50,000)	(50,000)	-	-	(100,000)
JCIA Stormwater Management		(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(125,000)
Port Wide Small Capital Projects		(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(500,000)
Port Equipment/Vehicle Replacement		(175,000)	(200,000)	(170,000)	(175,000)	(2,680,000)	(3,400,000)
<b>TOTAL PROJECTED NOI FUNDS USE</b>		<b>(960,723)</b>	<b>(1,356,123)</b>	<b>(722,800)</b>	<b>(758,000)</b>	<b>(3,247,000)</b>	<b>(7,044,646)</b>
<b>Total Funding Sources Secured</b>		<b>(10,069,000)</b>	<b>(9,919,000)</b>	<b>(4,256,000)</b>	<b>(4,008,000)</b>	<b>(4,619,000)</b>	<b>(32,871,000)</b>
<b>Unsecured Anticipated Grants and other funding</b>							
Quilcene Ramp Upgrade ( <i>pursuing BFP RCO funds</i> )		(25,000)	(275,000)	(700,000)	-	-	(1,000,000)
PH Cantilevered Esplanade		-	-	-	(350,000)	(3,000,000)	(3,350,000)
Southwest Boat Yard Expansion and Structures (near shipyard)		-	-	-	(400,000)	(10,000,000)	(10,400,000)
<b>Total Unsecured Anticipated Grants</b>		<b>(25,000)</b>	<b>(275,000)</b>	<b>(700,000)</b>	<b>(750,000)</b>	<b>(13,000,000)</b>	<b>(14,750,000)</b>
<b>Total Funding Sources Secured &amp; Unsecured</b>		<b>(10,094,000)</b>	<b>(10,194,000)</b>	<b>(4,956,000)</b>	<b>(4,758,000)</b>	<b>(17,619,000)</b>	<b>(47,621,000)</b>

## 5-Year Projected Cash Flow

5 YEAR PROJECTED CASHFLOW		2023	2024	2025	2026	2027	
	note	Projection	Projection	Projection	Projection	Projection	
Revenues - Operations	a	7,453,101	7,855,568	8,279,769	8,726,877	9,198,128	
Revenues - General Property Tax Levy	b	1,100,000	1,111,000	1,122,110	1,133,331	1,144,664	
Revenues - IDD Tax Levy	b	2,634,289	2,634,289	2,634,289	2,634,289	1,263,879	
Revenues - Other Increases in Fund Resources	c	5,407,070	8,490,346	1,754,186	1,550,473	1,215,986	
Total INFLOW		16,594,460	20,091,203	13,790,354	14,044,970	12,822,657	
Expenses - Operations	d	6,492,378	6,901,398	7,336,186	7,798,366	8,289,663	
Expenses - Bond Principal & Interest	e	1,021,088	1,020,788	1,024,288	484,838	476,256	
Expenses - Capital Projects (secured funding)	f	10,069,000	9,919,000	4,256,000	4,008,000	4,619,000	
Expenses - Other Decreases in Fund Resources	g	768,112	783,474	799,144	815,127	831,429	
Total OUTFLOW		18,350,578	18,624,660	13,415,618	13,106,330	14,216,348	
Net INFLOW / OUTFLOW -- Change in Cash Balance		(1,756,118)	1,466,543	374,737	938,640	(1,393,690)	
Projected Beginning Year Cash		9,144,050	7,387,932	8,854,475	9,229,212	10,167,852	
Total Ending Year Cash & Investments		7,387,932	8,854,475	9,229,212	10,167,852	8,774,161	
Total Ending Cash Reserves		5,779,636	5,098,330	5,445,991	5,879,967	6,494,304	
Total Unreserved Cash		1,608,296	3,756,146	3,783,221	4,287,884	2,279,857	
RESERVE BALANCES	IDD Levy Reserve	h	2,240,366	1,249,506	1,238,795	1,307,571	1,549,450
	Port Wide Capital Reserve	i	1,368,626	1,618,626	1,868,626	2,118,626	2,368,626
	Boat Haven Renovation	j	42,396	-	-	-	-
	Operating Reserve	k	1,618,248	1,720,198	1,828,570	1,943,770	2,066,228
	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 each year by 5.4% after 2023, based on averaging the Port's most recent 10 year historical activity.
- 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 significant capital projects over the next several years.
- c.) Revenues - Other Increases in Fund Resources in all periods, are based on the previous years similar regular recurring revenues less prior year projected grants and adding the current year's projected grants, per the 5 Year Capital Improvement Program.
- d.) Expenses - Operating is increased annually at 6.3% after 2023, based on averaging the Port's most recent 10 year historical activity. 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 that may be utilized.
- f.) Expenses - Capital Projects are shown separately from the "Other" category so as to be easily identified to match the 5 Year Capital Improvement Program, as projected.
- g.) Expenses - Other Decreases in Fund Resources start with 2023 budget. Subsequent years are based on non-capital costs that are known, regular and recurring increased annually by 2%, based on the Port's most recent 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 2027, however, an update or revision to the resolution would be required.
- j.) With the Boat Haven centric projects planned for 2023, this reserve will be close to being 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 the end of 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 resolution 730-20 to fund an Emergency Fund for \$500,000.



## PROPERTY TAX LEVY

### Regular Tax Levy

The preliminary total assessed value (AV) for the Port District for 2023, as of this budget version, is \$8,614,420,337. Per the County Assessor, the total recommended general tax levy to budget for 2023 is projected to be approximately \$0.13 per \$1,000 of AV, which calculates to \$1,100,000, including estimations for new construction, utilities, and refunds.

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 2<sup>nd</sup> 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. The total IDD levies to date are:

Year 1 (2020)	\$809,054
Year 2 (2021)	\$1,634,289
Year 3 (2022)	\$2,634,289

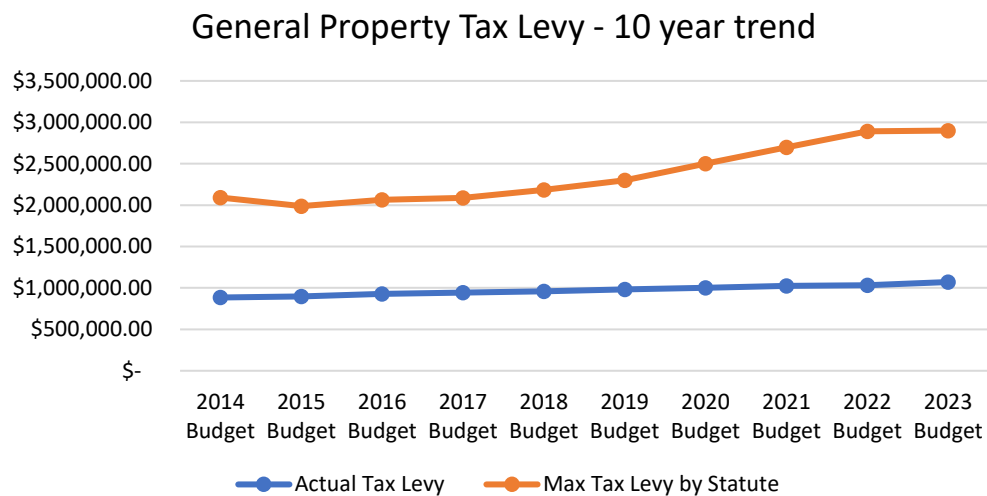
The Port Commission has decided to levy the same amount in 2023 as in 2022 - \$2,634,289. The same AV is used for purposes of calculating the IDD levy; the levy rate is estimated to be \$0.31 per \$1,000 of AV.

### 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

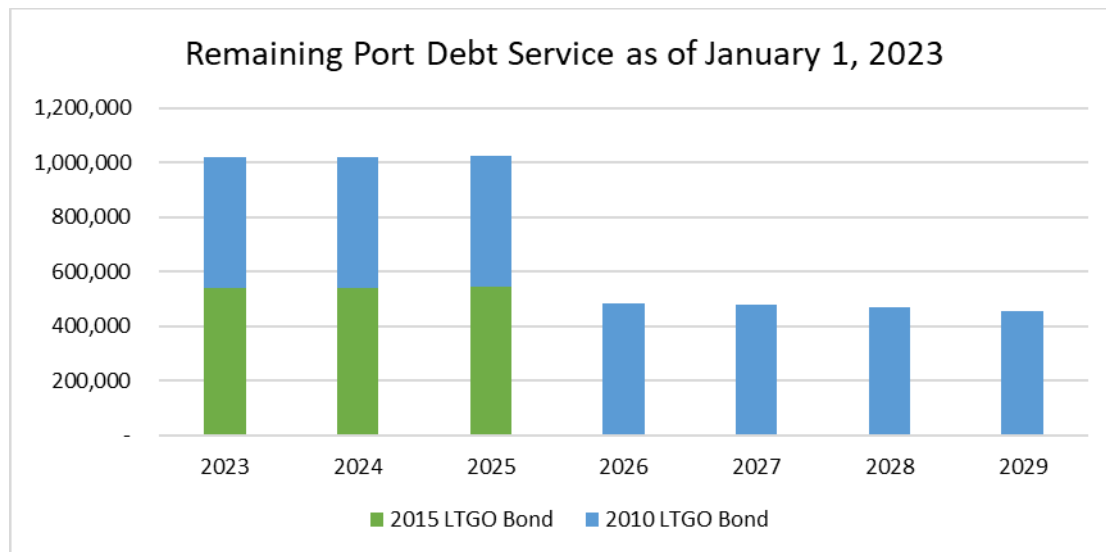
The following graph depicts the actual regular property tax levy for the last 10 years (blue line) as compared to the statutory maximum rate for the same period. This maximum by statute depicted by the graph's orange line, would require approval of the Port District's voters, as discussed above. Annually, 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*)

Balances remaining as of January 1, 2023

Name of Debt	Principal balance	Interest balance	Retirement
2015 LTGO Refunding Bond	\$ 1,550,000	\$ 70,800	December 2025
2010 LTGO Bond	2,680,000	649,550	December 2029
<b>totals</b>	<b>\$ 4,230,000</b>	<b>\$ 720,350</b>	
<b>collective total</b>		<b>\$ 4,950,350</b>	



### 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 move more quickly to 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.

