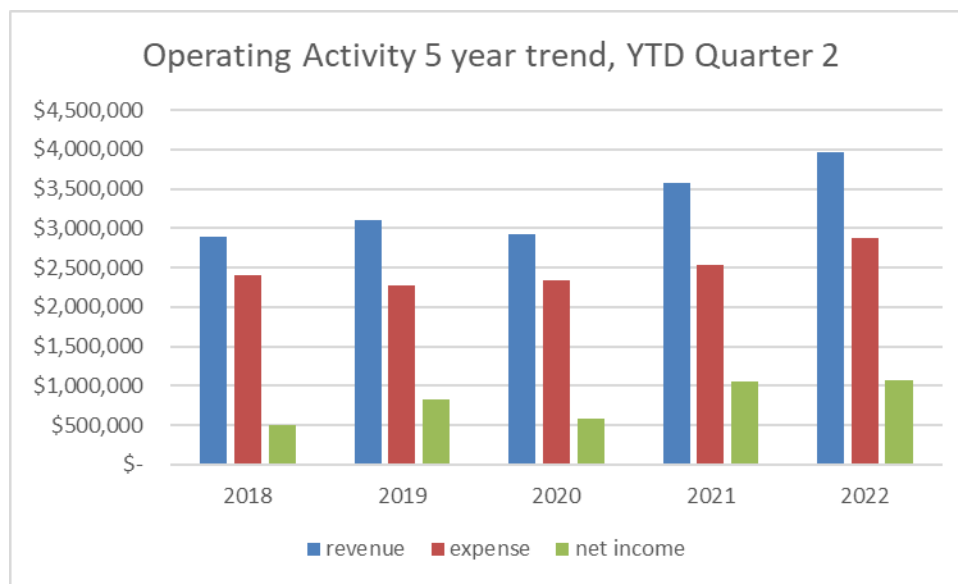


# PORT OF PORT TOWNSEND INFORMATIONAL MEMO

**DATE:** 8/10/2022  
**TO:** Commission  
**FROM:** Abigail Berg, Director of Finance & Administration  
**SUBJECT:** June YTD (Qtr. 2) 2022 Financial Report

As requested by the Commission when reviewing the Quarter 1, 2022 operating results of Port activity, presented below is a graph summarizing the operating revenue and expense together with the net operating income/loss year by year in a five-year trend. This clearly depicts the year-to-year comparison of operating revenue and expense and the resulting net operating income/loss in the last five (5) years.



During the last five (5) years, the Port has been fairly steady with increasing operating revenue, expense, and net income. The operating revenue and expense amounts that increased year-to-year and those percentage changes are in the table below.

year	Operating Revenues	Incr./ (Decr.) year to year	Percentage change	Operating Expenses	Incr./ (Decr.) year to year	Percentage change
2018	\$ 2,892,732			\$ 2,398,936		
2019	\$ 3,109,493	\$ 216,761	7.49%	\$ 2,279,052	\$ (119,884)	-5.00%
2020	\$ 2,920,307	\$ (189,186)	-6.08%	\$ 2,339,942	\$ 60,890	2.67%
2021	\$ 3,580,071	\$ 659,764	22.59%	\$ 2,529,378	\$ 189,436	8.10%
2022	\$ 3,956,559	\$ 376,488	10.52%	\$ 2,879,866	\$ 350,488	13.86%

Average Change

8.63%

Average Change

4.91%

Whereas both operating revenue and expense have been increasing during this five-year period, the average rate of increase for revenue has been just under 50% than the average increase in expense. However, when looking at just this year, even though operating revenues appear strong when compared to 2021, a \$376,488 increase, the expenses appear to be almost keeping pace at an increase of \$350,488. Part of that expense increase is directly related to increased prices.

<u>2022 YTD Project Expenses</u>	<u>Budget</u>	<u>Year-to-date</u>
PH Replacement of North & South Jetties	\$ 6,000,000	\$ 128,233
Dock Renovations & Piling Replacement	200,000	0
BH Main Breakwater Repairs	350,000	633
PH Pavilion Bldg. Remodel (a)	148,434	56,315
FEMA – Yard Stormwater Materials Replacement (b)	0	2,482
FEMA – City Dock (b)	0	0
FEMA – JCIA Hangar Repair	80,000	2,482
Reconstruct Old Coast Guard Building	191,250	167,132
AWOS – Replace Present Weather Sensor	30,000	26,884
FEMA - BH Marina Pavement Repair (b)	0	3,696
<b>NORTH</b> west Yard Expansion (25-feet)	450,000	376
BH Stormwater Treatment	2,650,000	559
Gardiner Boat Ramp Renovation	0	3,500
PH Offices – Heat Pump installation	0	16,500
<b>Total Capital Expenses YTD</b>	<u><u>\$ 10,099,684</u></u>	<u><u>\$ 408,792</u></u>

Non-Capital use of funds

DNR – Vessel Destruction		\$ 40,672
--------------------------	--	-----------

2022 Capital Purchases or Contracted Capital Services

<u>Equipment/Vehicle replacement (total \$818,000)</u>		
Kendrick Equipment, Inc. (final on 75-Ton lift)	\$ 398,000	\$ 403,337
Northsound Auto Group, LLC (3 RAM trucks)	90,000	86,704
Auxiliary Vehicles (2 Gators for the Yard)	30,000	26,573
Hydraulic Lift Trailer (transporter)	300,000	0
Boat Haven Environmental Center Fob system (b)	0	21,535
Point Hudson Environmental Center Fob system (b)	0	13,356
Point Hudson RV Park 3 Phase Power (b)	0	19,626
<u>Land Acquisition – for South<b>WEST</b> Yard Expansion (c)</u>	<u>0</u>	<u>147,914</u>
<b>Total Capital Purchases or Contracted Capital Services YTD</b>	<u><u>\$ 818,000</u></u>	<u><u>\$ 719,045</u></u>

Notes:

- (a) *Project budgeted for 2021 and carried over into 2022 due to supply chain back logs.*
- (b) *Not in the 2022 budget since the event or idea either hadn't occurred, or the certainty of the grant hadn't been determined.*
- (c) *Not in the 2022 "capital" budget since it is not a capital project; Vessel Destruction is a non-operating project, and South**WEST** Yard Expansion Land Acquisition was expected to close by 12/31/21 but was delayed.*

<b>Ending Cash Balances as of June 30</b>	<b>2022</b>	<b>2021</b>
Reserved Cash & Investments – Other*	\$2,952,627	\$2,235,200
Reserved Cash & Investments – IDD	3,519,023	1,552,916
Unreserved Cash & Investments	<u>1,837,332</u>	<u>2,473,091</u>
Total Cash & Investments	<u>\$8,308,982</u>	<u>\$6,261,207</u>

<b>*Other Reserves detail:</b>	<b>Current balance</b>	<b>Target balance</b>
Operating Reserve (a)	\$ 1,040,260	\$ 1,470,609
Boat Haven Renovation Reserve (b)	442,397	na
Emergency Reserve	500,000	500,000
Port-Wide Capital Reserve (c)	959,970	na
Unemployment Reserve	<u>10,000</u>	10,000
Total Other Reserves	<u>\$ 2,952,627</u>	

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

#### Debt Service for the Year

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

June 1 – interest only	\$ 80,744	<b>PAID</b>
December 1 – principal and interest	400,744	

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

July 1 – principal and interest	520,600
December 31 – interest only	<u>23,250</u>
Total Debt Service for the year	<u>\$ 1,025,338</u>

#### Remaining Debt for years 2023-2029

2010 LTGO Bond – principal and interest	\$ 3,329,550	payoff December 2029
2015 LTGO Bond – principal and interest	<u>1,620,800</u>	payoff July 2025
Total	<u>\$ 4,950,350*</u>	

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

**DISCUSSION:** As requested by Commission.

**FISCAL IMPACT:** NA

**RECOMMENDATIONS:** For discussion only.