

PORT OF PORT TOWNSEND

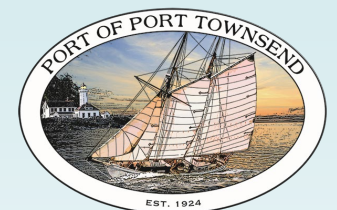
# Annual Review

**PORT OF PORT TOWNSEND**

2023 Commission Retreat - Financial review

April 19, 2023

EST. 1924



# Agenda

## 01. 2022 Operating Activity

Review of revenues, expenses, and net operating income

## 02. Trends in Cash

6-year trend of reserved and unreserved cash balances

## 03. Capital Expenditures

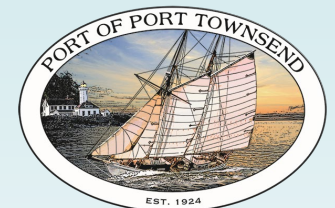
6-year trend of budgeted, and actual capital expenditures

## 04. Capital Funding

Next 3 years of capital projects' funding sources

## 05. Closing

How are we doing, and where are we headed?





# Introduction

Presented today is a high-level view of the Port's financial activity, how we're growing, and how we're accomplishing much needed capital work. Operating revenues are up, as is grant revenue. Operating expenses are increasing to address the demand for customer service, community engagement, and resources to work on capital projects, while inflation adds to the burden.

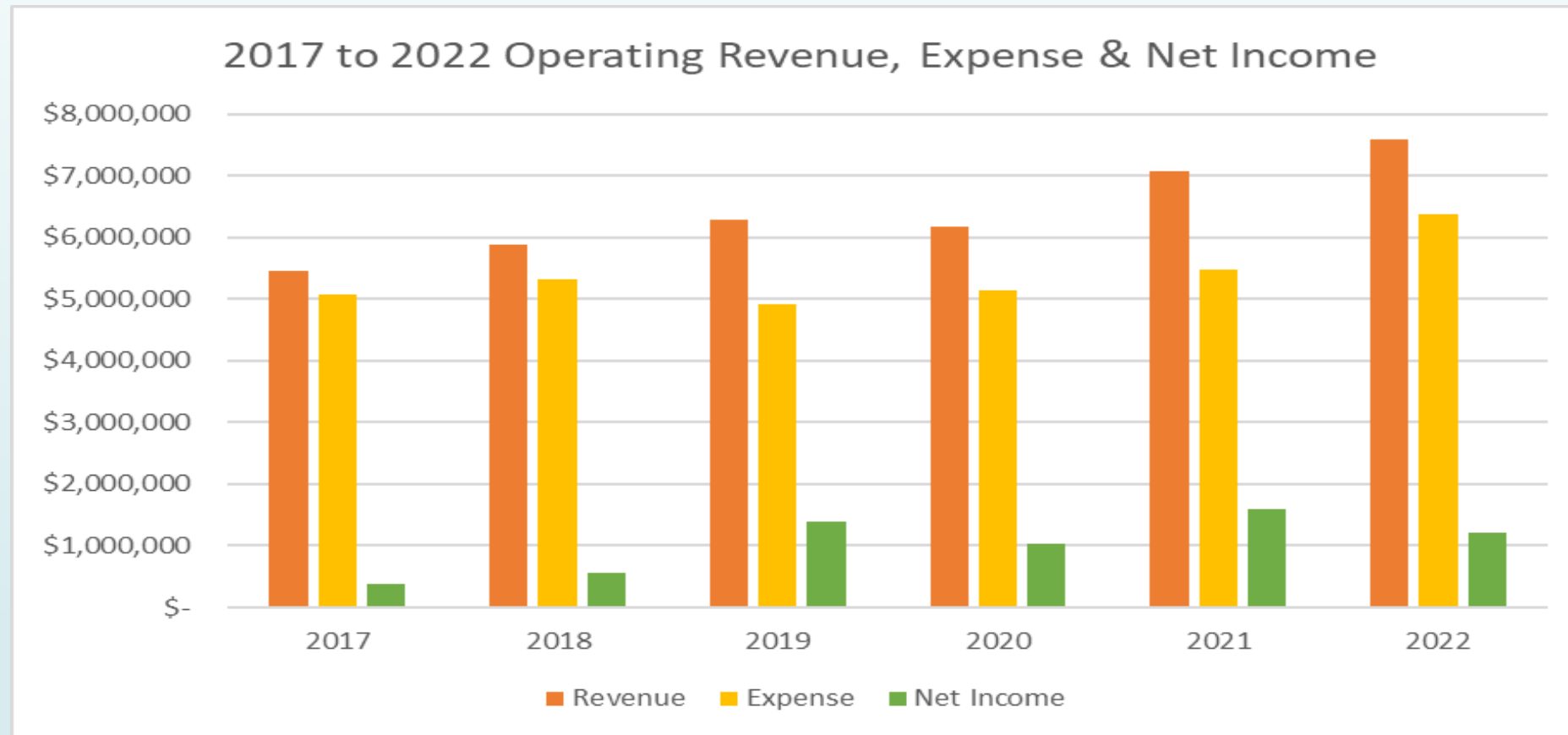




# Operating Activity

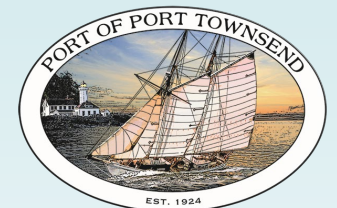


# 6-year Trend of Revenues, Expenses, and Net Operating Income



## Table of 6-year Operating Activity trend

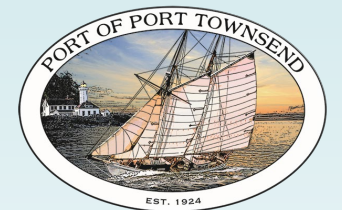
Year	Revenue	Expense	Net Income
<b>2017</b>	\$ 5,453,511	\$ 5,077,177	\$ 376,334
<b>2018</b>	\$ 5,887,379	\$ 5,323,944	\$ 563,435
<b>2019</b>	\$ 6,291,462	\$ 4,905,238	\$ 1,386,224
<b>2020</b>	\$ 6,175,544	\$ 5,148,856	\$ 1,026,688
<b>2021</b>	\$ 7,075,171	\$ 5,486,408	\$ 1,588,763
<b>2022</b>	\$ 7,590,937	\$ 6,380,103	\$ 1,210,834



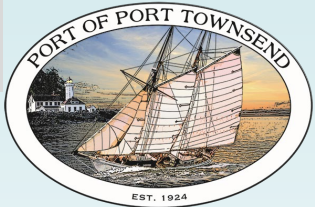
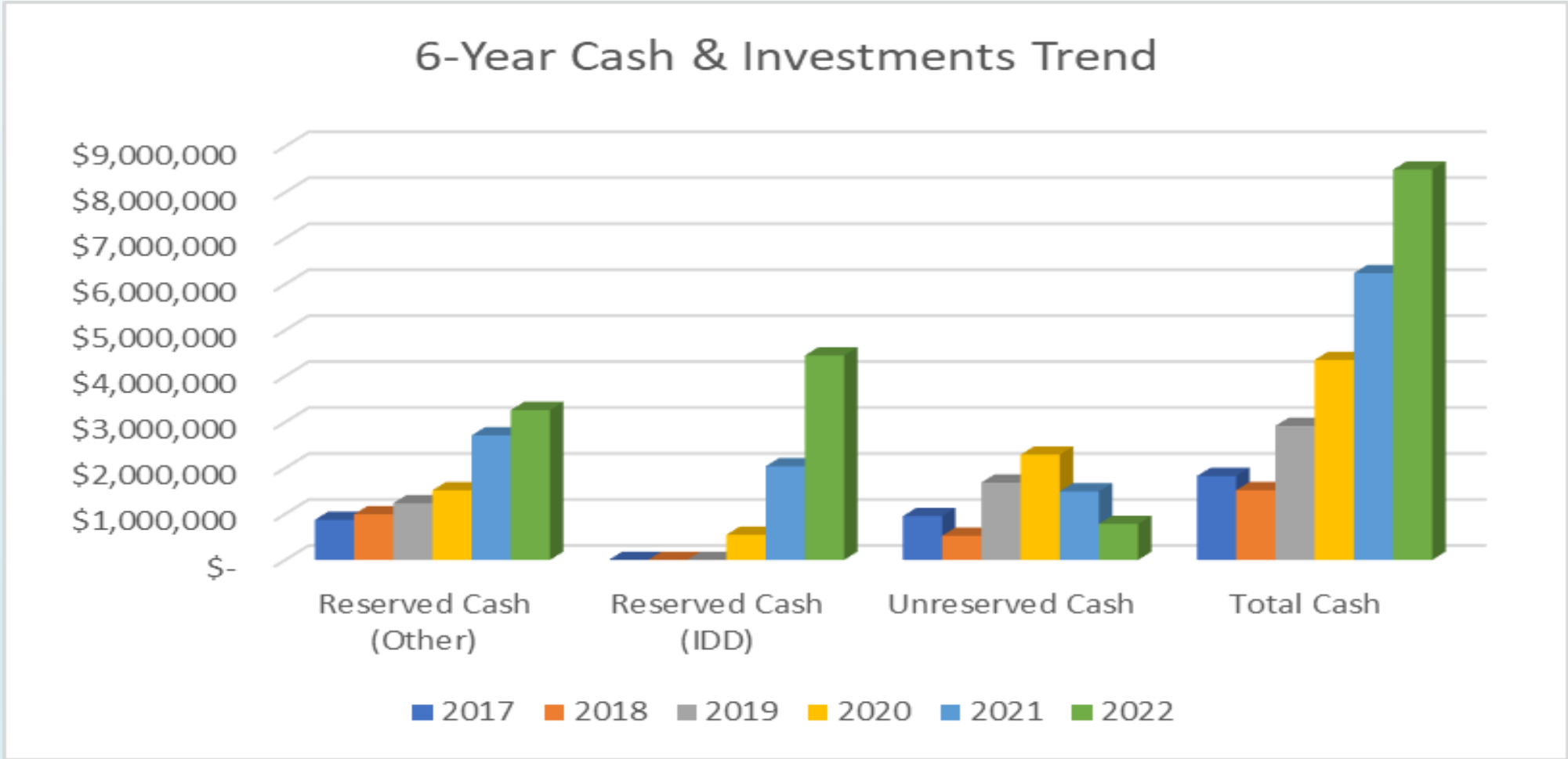
# Operating Activity

In 2019, the Port surged ahead in Net Operating Income (NOI); then the pandemic hit. While the 2020 NOI wasn't as severe as anticipated, there was a resurgence in 2021. Despite a ½ million increase in Operating Revenues, Operating Expenses increased by \$894,000 in 2022, making the NOI less than the prior year, though still strong.

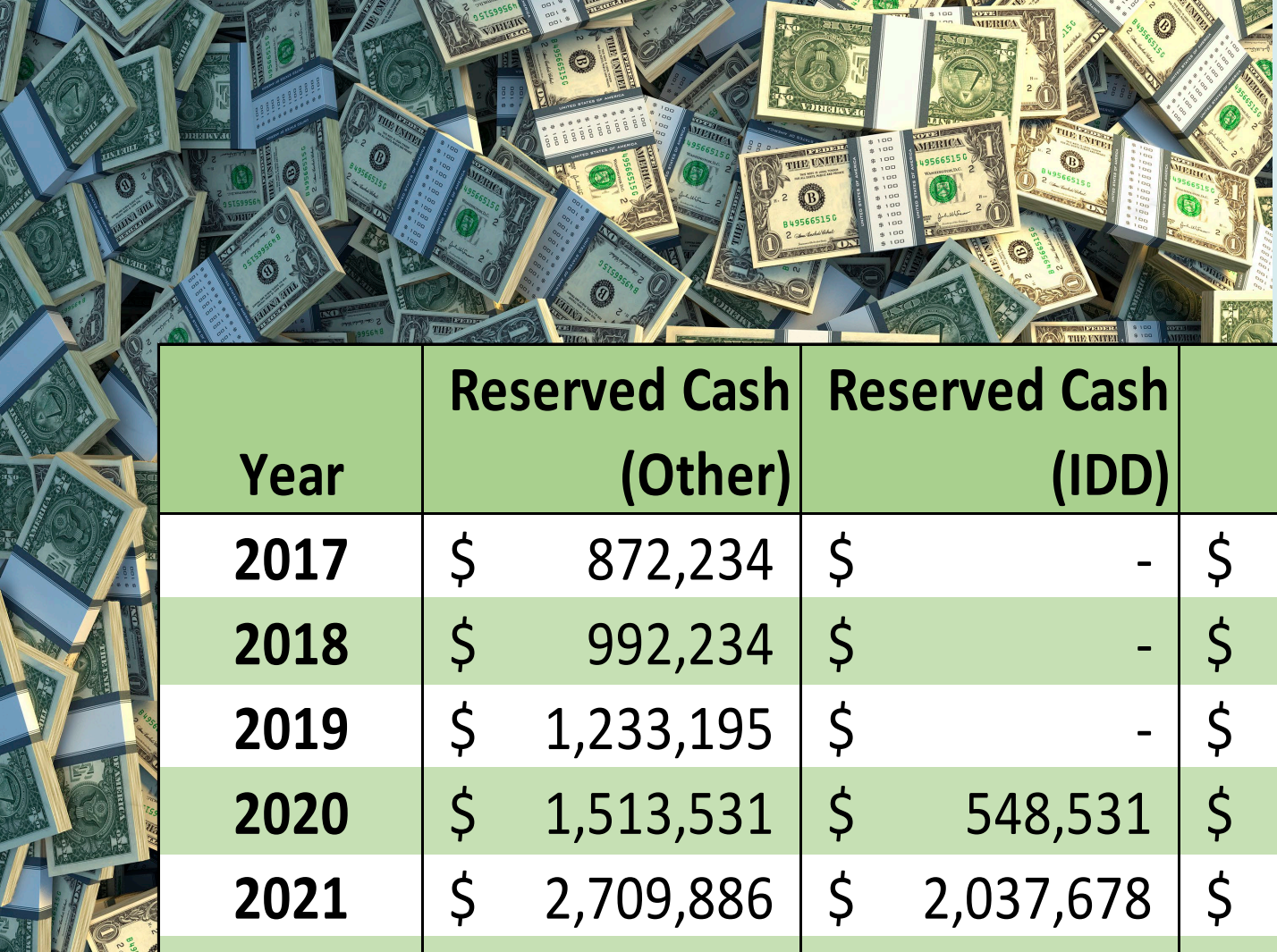
From 2019-2022, the Port FTE count has increased from 29 to 37, which accounts for much of the increase in Operating Expenses. In addition, there were 6 positions with replacements in 2022, two (2) of these were retirements (both of which include vacation and sick leave payouts; such payouts are one-time increases in Operating Expense).



# Cash Trends

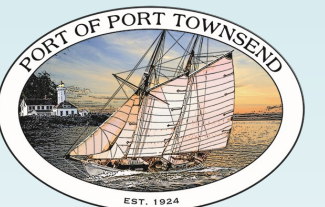




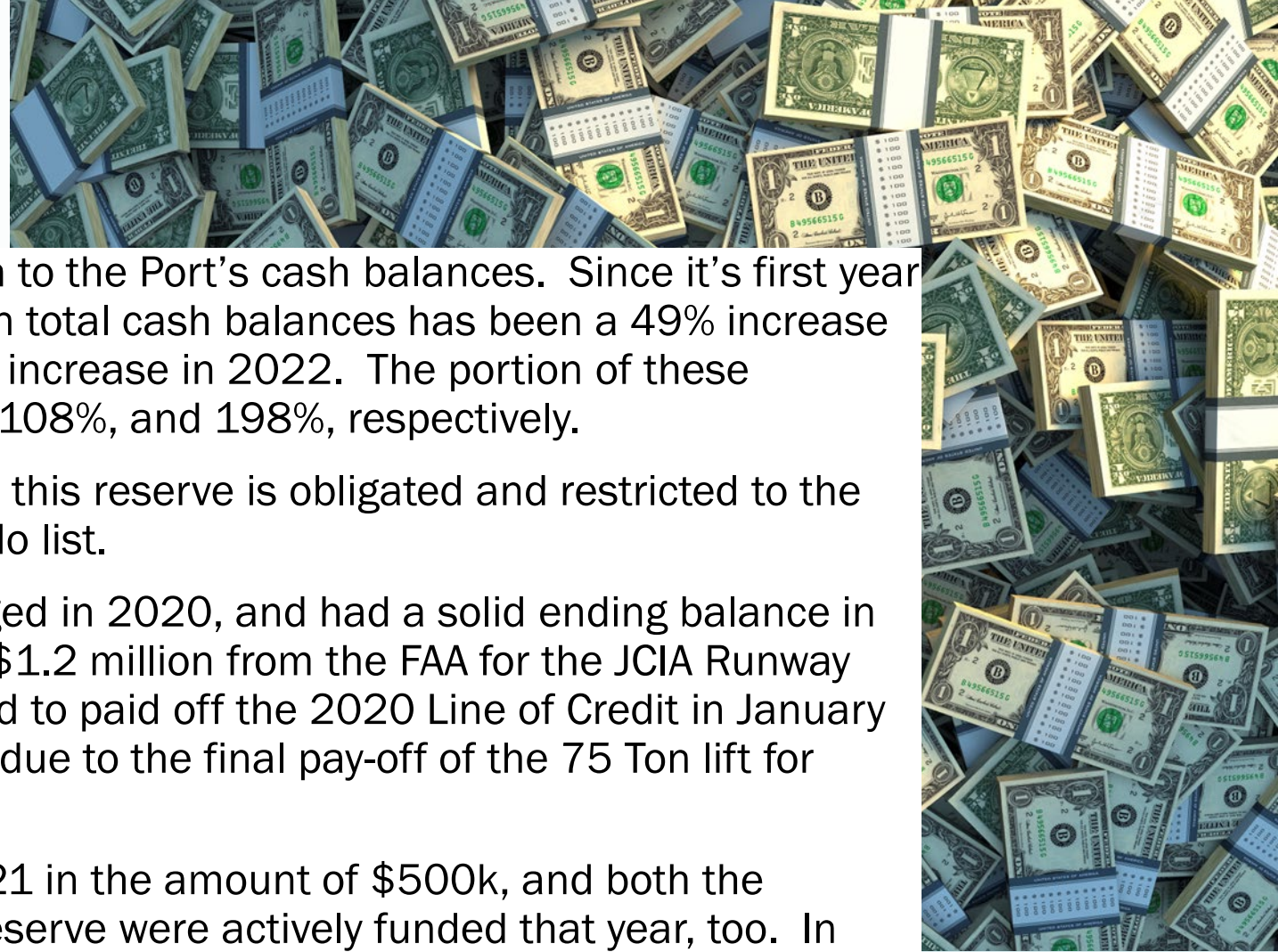


# Table of 6-year Cash Trends

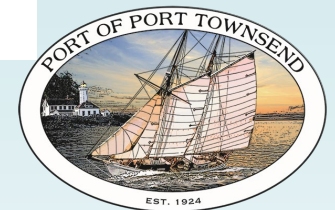
Year	Reserved Cash (Other)	Reserved Cash (IDD)	Unreserved Cash	Total Cash
2017	\$ 872,234	\$ -	\$ 953,348	\$ 1,825,582
2018	\$ 992,234	\$ -	\$ 524,267	\$ 1,516,501
2019	\$ 1,233,195	\$ -	\$ 1,683,435	\$ 2,916,630
2020	\$ 1,513,531	\$ 548,531	\$ 2,288,877	\$ 4,350,939
2021	\$ 2,709,886	\$ 2,037,678	\$ 1,491,339	\$ 6,238,903
2022	\$ 3,259,864	\$ 4,448,299	\$ 781,894	\$ 8,490,057



# Cash Trends

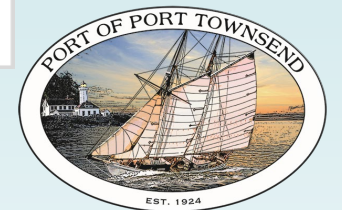
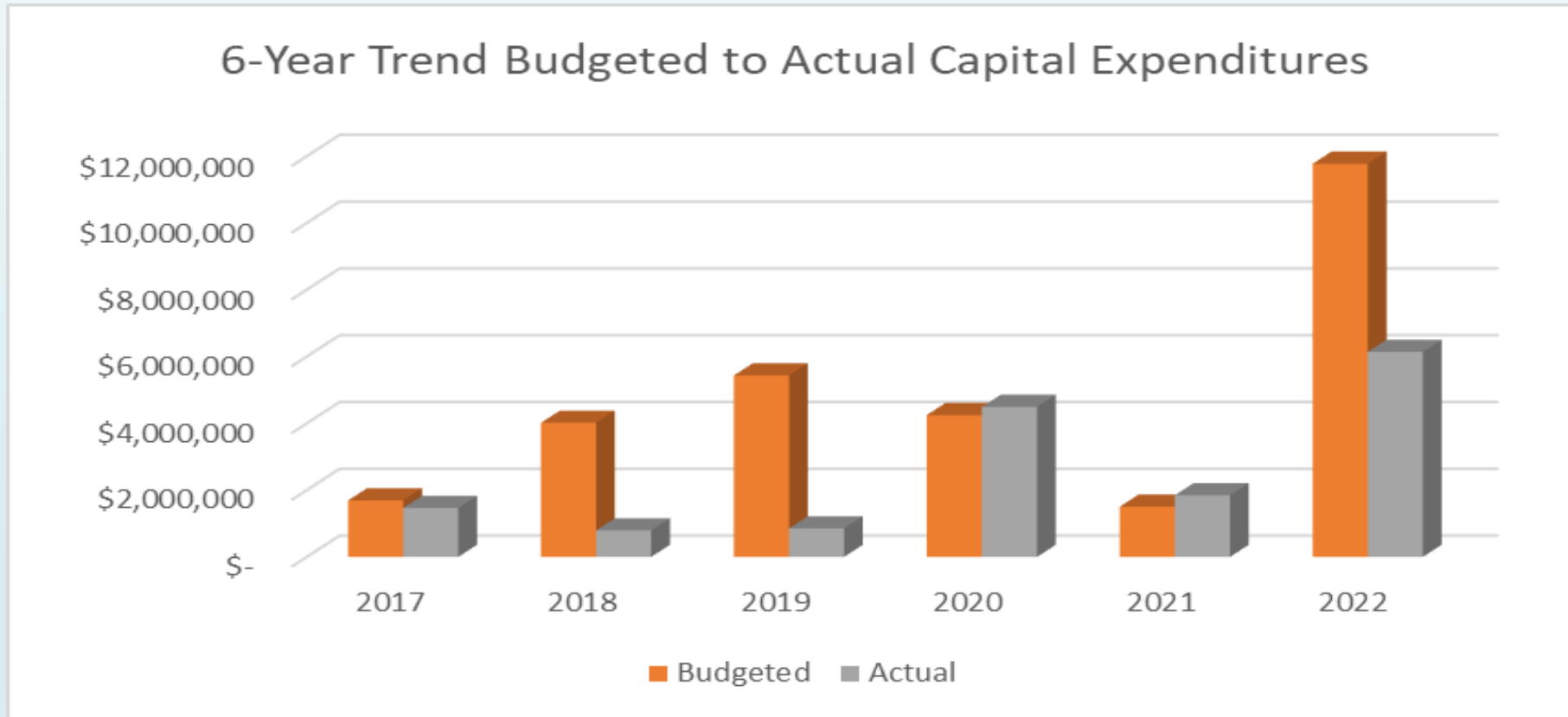


- Clearly, the IDD is a substantial contribution to the Port's cash balances. Since it's first year of collection in 2020, the annual increase in total cash balances has been a 49% increase in 2020, 43% increase in 2021, and a 36% increase in 2022. The portion of these increases that is related to the IDD is 38%, 108%, and 198%, respectively.
- While it's wonderful to see these increases, this reserve is obligated and restricted to the numerous capital projects on the Port's to do list.
- Unreserved Cash had a boost in 2019, surged in 2020, and had a solid ending balance in 2021. The 2020 ending balance included \$1.2 million from the FAA for the JCIA Runway Rehab project, and \$265,000 that was used to paid off the 2020 Line of Credit in January 2021. In 2022, this balance dipped by half due to the final pay-off of the 75 Ton lift for \$403k.
- The Emergency Reserve was created in 2021 in the amount of \$500k, and both the Operating Reserve and Port-wide Capital Reserve were actively funded that year, too. In 2022, funding for the Operating Reserve, and Port-wide Capital Reserves were ceased after the September monthly funding due to lack of available funds. We hope to resume funding these reserves in 2023.





# Budgeted to Actual Capital Expenditures



# Capital Expenditures – the dollars

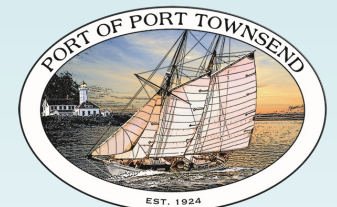
Year	Budgeted	Actual
2017	\$ 1,691,000	\$ 1,466,684
2018	\$ 4,015,827	\$ 795,026
2019	\$ 5,433,364	\$ 852,905
2020	\$ 4,249,000	\$ 4,491,247
2021	\$ 1,504,361	\$ 1,847,887
2022	\$ 11,771,895	\$ 6,139,781

**2018** – budget included the Point Hudson Jetty project.

**2019** – budget included the JCIA Runway Rehab project, later done in 2020.

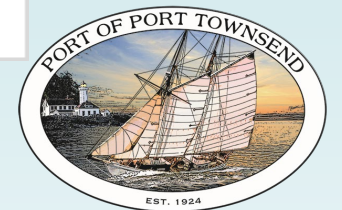
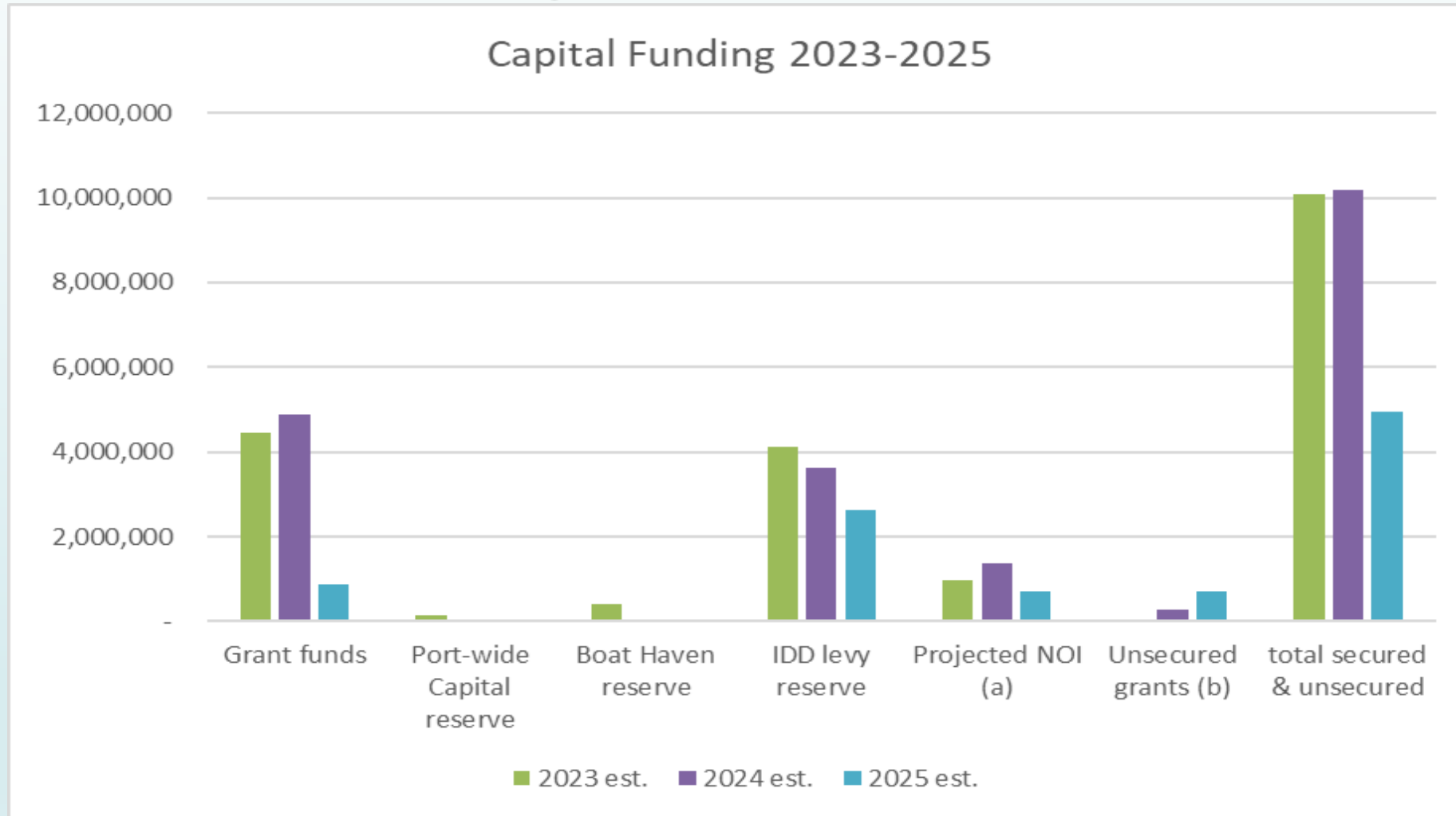
**2021** – budget was small due to the uncertainty of the impact of the pandemic.

**2022** - budget included large projects such as the PH Jetty replacement, BH Stormwater Compliance, and other BH Yard projects.





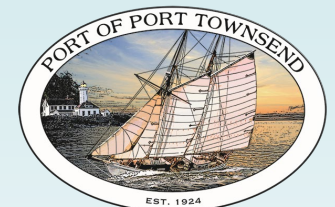
# Capital Funding



# Capital Funding dollars and notes

FUNDING SOURCES	2023 est.	2024 est.	2025 est.
Grant funds	4,464,322	4,895,332	888,200
Port-wide Capital reserve	133,000	-	-
Boat Haven reserve	400,000	42,396	-
IDD levy reserve	4,110,955	3,625,149	2,645,000
Projected NOI <sup>(a)</sup>	960,723	1,356,123	722,800
Unsecured grants <sup>(b)</sup>	25,000	275,000	700,000
<b>total secured &amp; unsecured</b>	<b>10,094,000</b>	<b>10,194,000</b>	<b>4,956,000</b>

- (a) The NOI funding source identified in the 2023 Capital Budget agrees to projected NOI for that year only, subsequent years do not. There are a variety of approaches to this reconciliation that is likely be addressed in the 2024 budget process.
- (b) Funding for the Herb Beck Marina Boat Launch Replacement project, which includes restroom renovations, and parking lot improvements, was in the 2023 Capital budget under Unsecured grants in the amount of \$1 million. The rest of the project is included under the IDD funding for \$1.2 million. This grant is slated for award within the next few weeks.

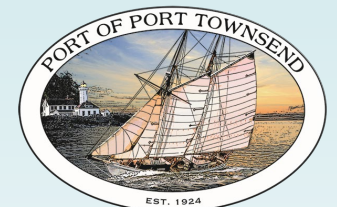




# More projects!

The funding source list from the 2023 Capital budget adopted November 9, 2022, does not include the following:

1. The purchase of the Short Farm for \$1.4 million, with \$1 million funded by the State, the Port will net \$970k, and pay the remaining estimate of \$430k from the Port-wide Capital reserve.
2. ARPA grant from Jefferson County for \$50,000, Port match \$100,000 from NOI, for initial Water Walk High Point to High Point project planning. A project estimated to cost \$30 million, other funding sources are yet to be identified. After initial planning, the estimated timeline is dependent on obtaining the funds from these other sources; the source of Port match is yet to be identified since it is dependent on the acquisition of other funding sources.
3. Boat Haven Breakwater repair included in the 2023 Capital budget for \$400k, has shifted to a rehabilitation project estimated at \$7.7 million with an estimated 80% of non-Port funding. The timeframe for this project is yet to be identified.
4. MARAD grant application for 300 Ton Lift replacement estimated to cost \$2.3 million, with a 50% match to the Port (\$1.153 million). Notification of application approval or denial should be by end of April. This is in the 5-year Capital budget for 2027 with NOI as the funding source, though this is unlikely.





# Summary

There's a lot of work happening at the Port, both in operations and capital, and we're utilizing resources to reach the goals and objectives set by the commission, the community, and to ensure the sustainability of the port district.

Questions? Comments?

