

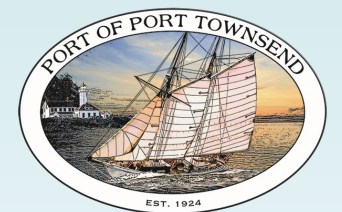
Financial Annual Review

PORT OF PORT TOWNSEND

2025 Commission Retreat - Financial review

March 26, 2025

EST. 1924



Agenda

01. Operating Activity

6-year review of revenues, expenses, and net operating income

02. Cash Reserves

Multi-year trend of reserved and unreserved cash balances

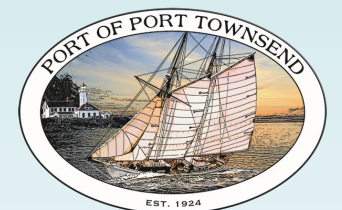
03. Capital Expenditures

6-year trend of actual capital expenditures and budgeted capital improvement plan

04. Planned Capital Funding

2025–2029 capital projects' funding sources

05. Questions or Comments



Introduction

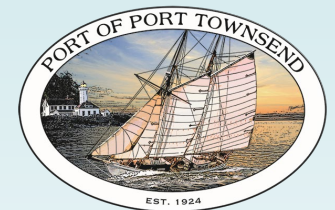
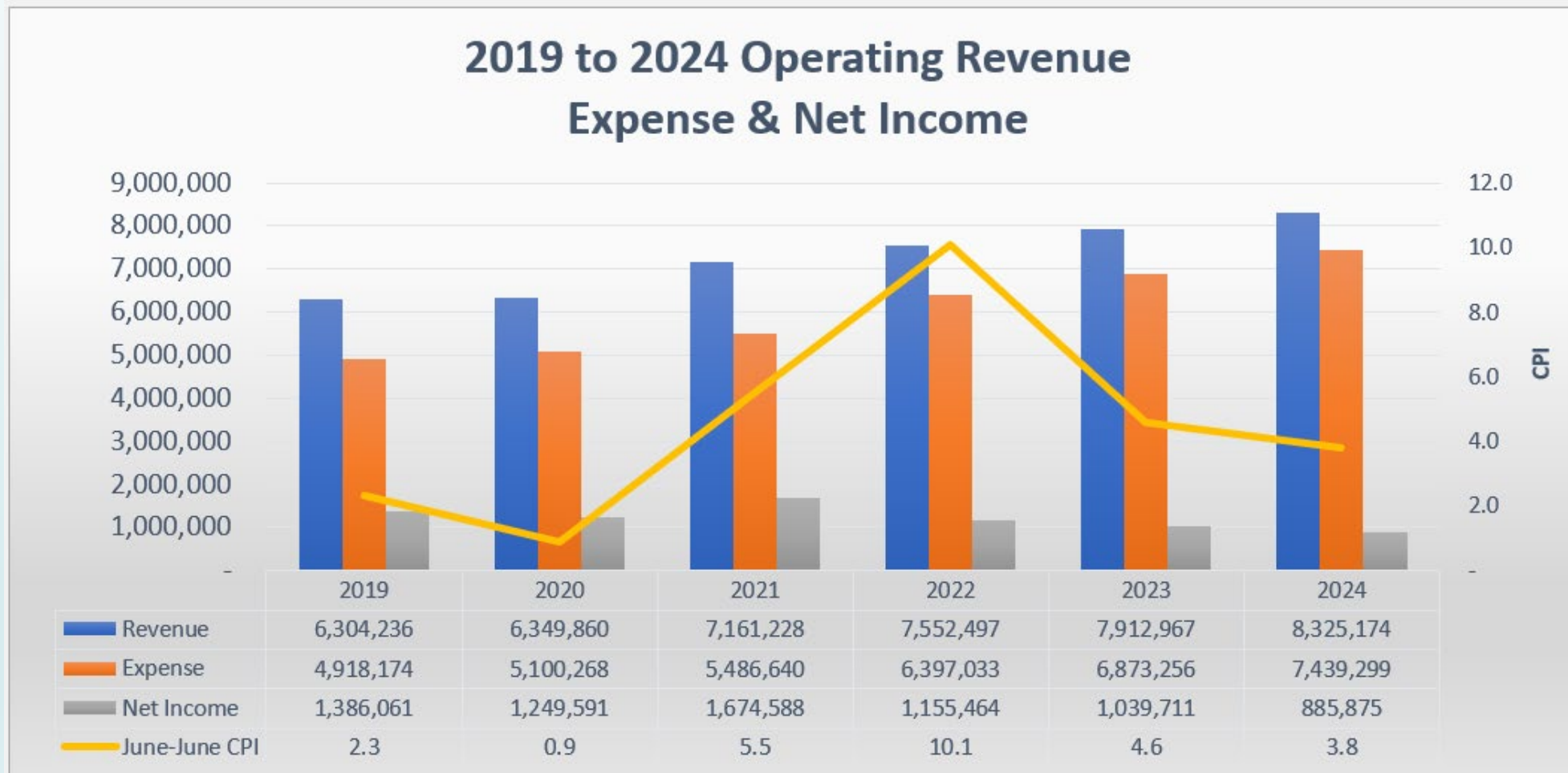
Presented today is a high-level view of the Port's financial activity, how we're growing, and how we're accomplishing much needed capital work. Operating revenues are up, as is grant revenue. Operating expenses are increasing to address the demand for customer service, community engagement, and resources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





Operating Activity

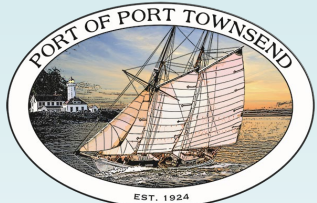
6-year Trend Revenues, Expenses, and Net Operating Income



- Net Operating Income (NOI) remained strong, reporting over \$1m annually, peaking in 2021 at \$1.6m. 2024 NOI reported at \$885k, less than prior years, though still ending the year strong.
- Peak revenue years occurred during the pandemic with Combined Yard Operations bringing in a strong lead. Point Hudson Marina saw a dip in 2022-2023 due to construction of the new PH Jetty.
- Operating Expenses have continued to rise. The increase in costs are due to increased staffing, focus on deferred maintenance projects and port-wide capital projects.
- From 2022-2024, the Port FTE count increased from 37 to 42, which accounts for much of the increase in Operating Expenses. The Port has made a significant investment in staffing related to port-wide capital and deferred maintenance. In 2023 and 2024, the Port authorized the addition of the following staff to support capital projects: 2 maintenance technicians, a yard laborer, a capital engineer and a project administrator (2024) for an increase of 5 full time staff. The positions were filled beginning in March 2023. The project administrator position was filled in March 2024.
- Retirements, staff turnover and seasonal staffing also have an impact. Staffing changes include one-time expenses of cash outs and training. To preserve continuity of operations and transfer of knowledge, key positions have included cross-over time.

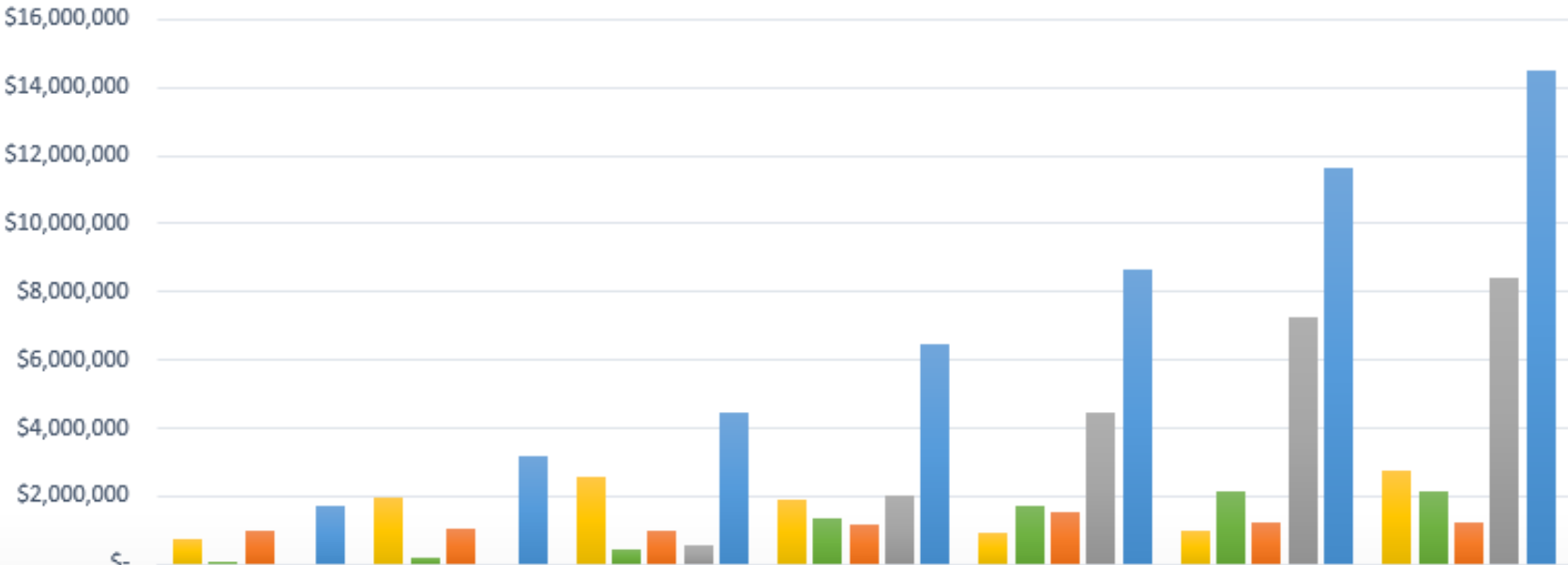


Operating Activity

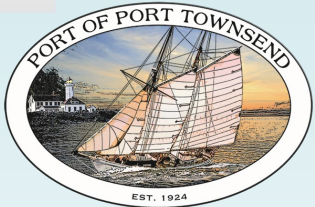


Cash Reserves

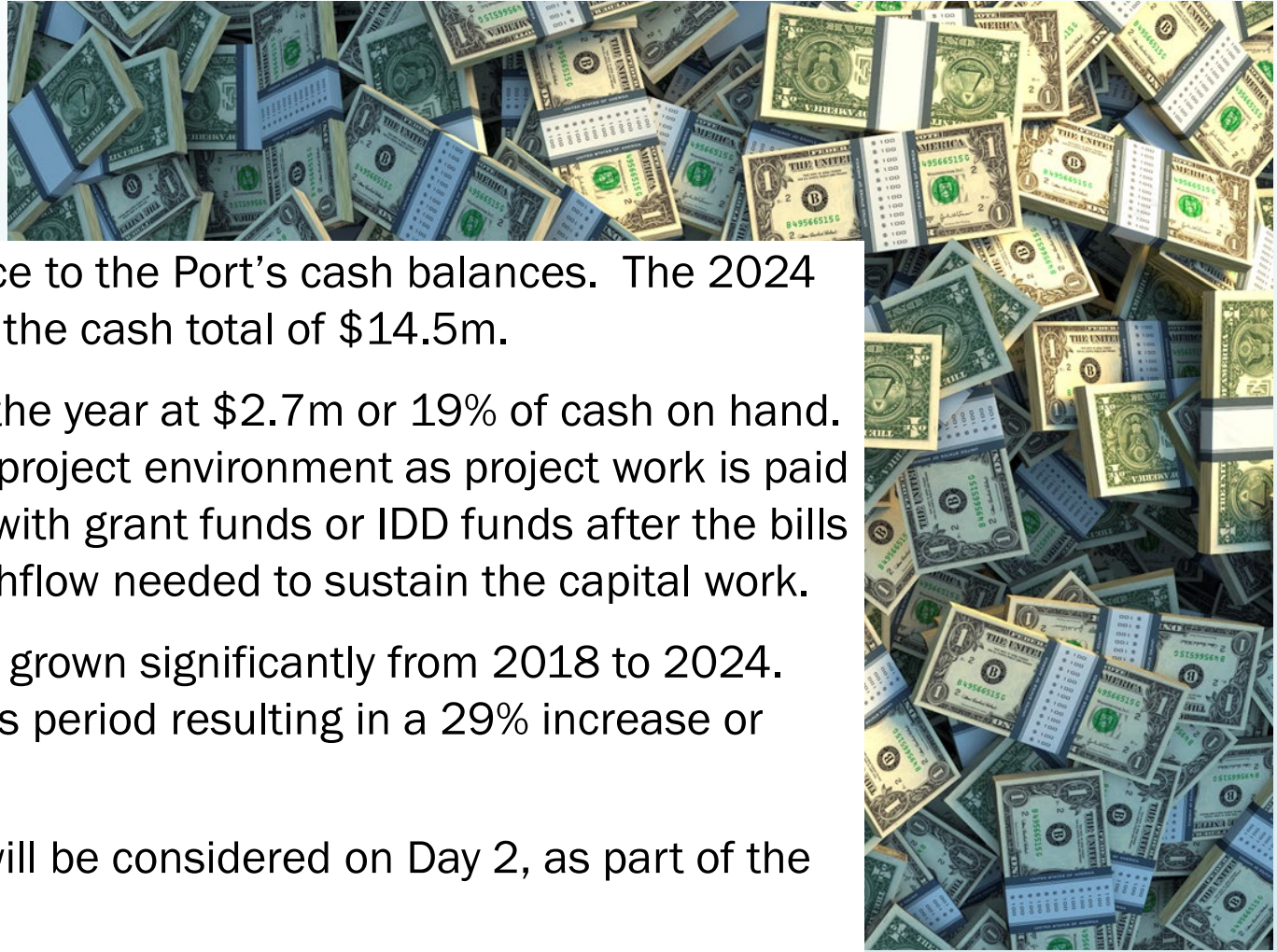
2018 - 2024 Reserved & Unreserved Cash



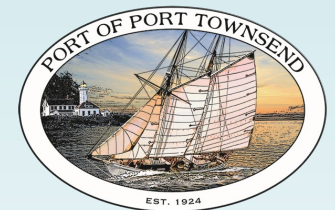
	2018	2019	2020	2021	2022	2023	2024
Unreserved Cash	734,462	1,948,915	2,542,429	1,880,759	919,738	987,953	2,742,504
Reserved Cash - Operational Reserves	10,000	190,000	425,000	1,373,440	1,691,716	2,133,405	2,133,405
Reserved Cash - Capital Reserves	982,234	1,043,195	970,090	1,199,524	1,568,148	1,242,814	1,242,814
Reserved Cash - IDD	-	-	548,531	2,037,678	4,448,299	7,252,497	8,390,244
Total Cash & Investments	\$1,726,697	\$3,182,111	\$4,486,050	\$6,491,401	\$8,627,901	\$11,616,669	\$14,508,967



Cash Reserves



- Clearly, the IDD has made a substantial difference to the Port's cash balances. The 2024 ending Reserved Cash-IDD was \$8.39m, 58% of the cash total of \$14.5m.
- 2024 Unreserved Cash and Investments ended the year at \$2.7m or 19% of cash on hand. Unreserved cash is critical in the current capital project environment as project work is paid by the Port's general fund and then reimbursed with grant funds or IDD funds after the bills are paid. Unreserved cash allows for critical cashflow needed to sustain the capital work.
- Combined operational and capital reserves have grown significantly from 2018 to 2024. New reserve policies were put in place during this period resulting in a 29% increase or \$2.3m additional cash reserves set aside.
- Reserve policies and best use of cash on hand will be considered on Day 2, as part of the Retreat Agenda.



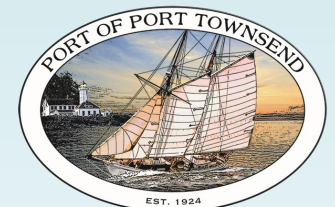
Capital Expenditures

2019 - 2025 YTD Capital

2025 - 2029 Capital Project Plan

Port of Port Townsend Capital Project Expenses												
	2019 - 2025 YTD Actual Capital Expense							2025 - 2029 Capital Project Plan				
	2019	2020	2021	2022	2023	2024	2025 YTD	2025	2026	2027	2028	2029
	Actual							Budget				
Boat Haven	9,912	26,056	76,907	336,075	670,147	1,256,793	352,468	9,075,000	3,550,000	8,925,000	5,450,000	61,133,000
Point Hudson	122,787	301,319	396,812	4,365,364	5,418,549	3,519,356	96,546	1,770,000	3,199,000	1,742,000	1,755,000	4,419,000
Jefferson County International Airport (JCIA)	391,700	3,604,902	836,785	126,915	891,126	547,978	122,707	2,134,555	1,239,333	4,073,889	6,775,000	3,075,000
Quilcene	-	-	-	39,417	26,241	121,173	3,380	575,000	2,301,000	2,977,000	-	-
Short's Family Farm	-	-	-	-	1,476,094	96,370	125,190	150,000	150,000	150,000	150,000	150,000
Water Access	-	-	-	89,626	64,893	57,928	1,140	953,000	364,000	978,000	637,000	212,000
Other	44,653	162,289	8,622	-	16,103	69,099	110,086	1,228,000	145,000	125,000	435,000	375,000
Emergency	-	-	2,689	98,039	192,461	14,339	3,327	682,000	1,000,000	5,200,000	2,300,000	100,000
Grand Total	569,052	4,094,565	1,321,815	5,055,436	8,755,614	5,683,036	814,844	16,567,555	11,948,333	24,170,889	17,502,000	69,464,000

2019 - 2029 Detail Capital Project list attached



Capital Expenditures

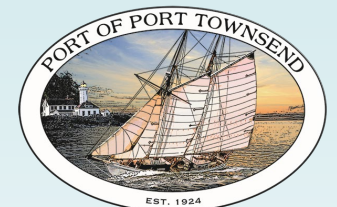
Capital project work has seen significant increase since the IDD was implemented. In 2019, the grand total of capital project work was \$569k.

In comparison, the Port has completed almost \$25m in capital project work from 2020-2024, averaging \$5m per year.

IDD cash reserves have allowed the Port to obtain significant federal, state and local grants while the IDD reserves have been utilized as required match for the grants.

Major projects include:

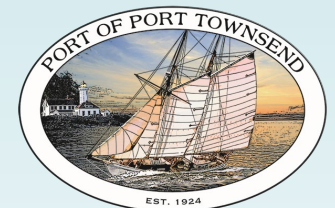
- **2019 – 2020** - JCIA Runway Rehab project
- **2021** - Project planning & design work for the PH Jetty replacement and completion of JCIA Runway Rehab.
- **2022** - PH Jetty replacement, BH Stormwater Compliance, and other BH Yard projects
- **2023** - PH Jetty replacement, Short Farm purchase, and JCIA 2nd Connector Taxiway
- **2024** - completion of the PH Jetty replacement, design of the BH Stormwater Compliance, and other BH Yard projects.
- **2025** - Year 1 of the Capital Improvement Plan includes construction work on BH Stormwater, continued work on Sims Way/North Boatyard expansion, PH building renovations, Gardiner Boat Launch and other port-wide projects



Planned Capital Funding

Funding	2025	2026	2027	2028	2029	5 Year Total
Anticipated Grant	1,205,900	322,216	331,444	2,897,500	2,897,500	7,654,560
Secured Grant	7,637,692	1,812,900	-	-	-	9,450,592
Port Wide Capital Reserve	400,000	-	-	-	-	400,000
Boat Haven Capital Reserve	367,061	-	-	-	-	367,061
Industrial Development District Levy	4,748,802	3,861,000	807,445	600,000	1,600,000	11,617,247
Unreserved Cash (Projected NOI)	1,092,100	492,217	490,000	962,500	902,500	3,939,317
Mitigation Credits	400,000	400,000	-	-	-	800,000
Unsecured Funding	716,000	5,060,000	22,542,000	13,042,000	64,064,000	105,424,000
Funded Total	15,851,555	6,888,333	1,628,889	4,460,000	5,400,000	34,228,777
Grand Total	16,567,555	11,948,333	24,170,889	17,502,000	69,464,000	139,652,777

- (a) The Unreserved Cash (Projected NOI) funding source identified in the 2025-2029 Capital Budget is anticipated net operating income for the given year. These funds could also come from future capital reserves set aside as determined by commission.
- (b) Projects with Anticipated Grants or Unsecured Funding will be deferred and undertaken in later years if a secured funding source is not identified in the planned year.





Questions or Comments?

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.

