

PORT OF PORT TOWNSEND

INFORMATIONAL MEMO

DATE: 9/3/2020
TO: Port Commission
FROM: Abigail Berg, Director of Finance & Administration
SUBJECT: July 2020 YTD Financial Report - NOTES

ISSUE

BACKGROUND & DISCUSSION

Attached is the monthly YTD update on Port financial activity, with notes, in addition to the 2019 to 2020 month-to-month comparison of actual cash deposited.

Additional information related to Port financial activity YTD is as follows:

CASH BALANCES:

Unreserved Cash		\$1,319,083
Reserved Cash:		
IDD Tax Levy	\$491,708	
PTBH Renovation	\$561,505	
Port Wide Capital	\$419,739	
Operating	\$258,750	
Hazardous	\$ 25,000	
Contingency	\$ 75,000	
Unemployment	<u>\$ 10,000</u>	
Total Reserved Cash		<u>\$1,841,702</u>
Total Unreserved & Reserved Cash		\$3,160,785

CAPITAL EXPENSES:

Linear Dock Electrical	\$	2,425
D-dock Renovation	\$	1,969
2020 Workyard Resurfacing	\$	665
2019 Workyard Resurfacing	\$	665
JCIA Runway Rehabilitation	\$	1,987,687
BH Breakwater Repair	\$	15,752
PH Jetty	\$	120,989
PH Air Quality Improvements	\$	30,134
Equipment (Yard Jack Stands)	\$	39,937
PH DirecTV electrical	\$	<u>1,000</u>
Total YTD Capital Expenses	\$	2,201,223

**2020 Line of Credit (LOC) used for JCIA Runway Rehabilitation Project
Activity as of July 31, 2020**

Scarsella Invoices

date	progress est.	amount	paid by LOC	paid by NOI
6/2/2020	1	\$ 252,200.66		\$ 252,200.66
7/9/2020	2	1,547,496.44	400,000.00	1,147,496.44
7/13/2020	3	118,845.04		118,845.04
	totals	\$ 1,918,542.14	\$ 400,000.00	\$ 1,518,542.14

FISCAL IMPACT

NA

RECOMMENDATION

For information only.

Port of Port Townsend
2020 Summary of Fund Resources & Uses with Comparison to Prior Year and Budget

	YTD July 2019	YTD July 2020	Variance to prior year - 2019 v 2020	notes	YTD Budget 2020	Variance to Budget YTD
REVENUES						
Boat Haven Moorage	1,115,257	1,062,829	(52,428)	a	1,131,218	(68,389)
Yard Operations	1,116,210	1,063,910	(52,300)		1,151,424	(87,514)
Boat Haven Properties	420,626	418,296	(2,330)		358,795	59,501
Pt. Hudson Marina, RV & Prop	841,079	675,019	(166,060)		892,057	(217,038)
Quilcene	100,775	102,339	1,564		100,201	2,138
Ramps	41,318	39,732	(1,585)		40,842	(1,110)
JCIA	88,098	85,468	(2,631)		89,027	(3,560)
Total Revenues	3,723,364	3,447,594	(275,770)		3,763,564	(315,971)
EXPENSES						
Salaries & Wages	1,172,588	1,302,702	130,114	b	1,338,522	(35,820)
Payroll Taxes	129,021	137,203	8,182		135,620	1,583
Employee Benefits	380,845	486,944	106,099	c	472,042	14,902
Uniform Expense	3,962	4,654	692		5,103	(449)
Contract Services	157,014	135,883	(21,132)		151,273	(15,390)
Consulting Services	48,249	-	(48,249)		22,500	(22,500)
Legal & Auditing	75,526	12,762	(62,764)	d	58,331	(45,569)
Insurance	547	1,199	652		-	1,199
Facilities & Operations	255,310	252,730	(2,579)		254,509	(1,778)
Utilities	331,563	285,890	(45,673)	e	340,716	(54,826)
Marketing	35,660	27,622	(8,038)		32,325	(4,703)
Economic Development	-	-	-		15,000	(15,000)
Travel & Training	19,950	9,413	(10,537)	f	19,850	(10,437)
Cost of Goods - Fuel	10,113	2,035	(8,079)	g	10,900	(8,865)
Community Relations	35	3,527	3,492	h	-	3,527
Total Expenses	2,620,383	2,662,563	42,180		2,856,690	(194,127)
Net Operating Income (Loss)	1,102,981	785,031	(317,950)		906,874	(121,843)
Other Increases in Fund Resources						
Deposits & Retainage Collected	78,225	54,703	(23,522)	i	-	54,703
Taxes Collected	464,383	337,386	(126,997)	j	-	337,386
Capital Contributions/Grants	226,856	539,188	312,332	k	1,593,400	(1,054,212)
Debt Proceeds - 2020 Line of Credit	-	400,000	400,000	l	-	400,000
Interest	34,715	24,710	(10,005)	m	31,400	(6,690)
Property & other taxes	648,658	1,130,025	481,366	n	632,117	497,908
Misc Other Incr. in Fund Resources	248,680	13,473	(235,207)	o	15,625	(2,152)
Total Other Incr. in Fund Resources	1,701,517	2,499,485	397,967		2,272,542	(173,057)
Other Decr. In Fund Resources						
Deposits & Retainage Paid	15,229	11,408	(3,821)	p	-	11,408
Taxes Remitted	535,575	401,443	(134,132)	q	-	401,443
Bond Interest	600,294	642,869	42,575	r	175,969	466,900
Bond Mgmt, Issuance & Misc Exp	350	9,776	9,426		800	8,976
Election Expense	-	15,674	15,674	s	-	15,674
Total Other Decr. In Fund Resources	1,151,448	1,081,170	(70,277)		176,769	904,401
Net Other Incr./Decr. Fund Resrcs	550,070	1,418,314	468,245		2,095,773	(1,077,459)
Net Incr./Decr. All Fund Resources	1,653,050	2,203,345	550,295	t	3,002,647	(1,199,302)

Notes:

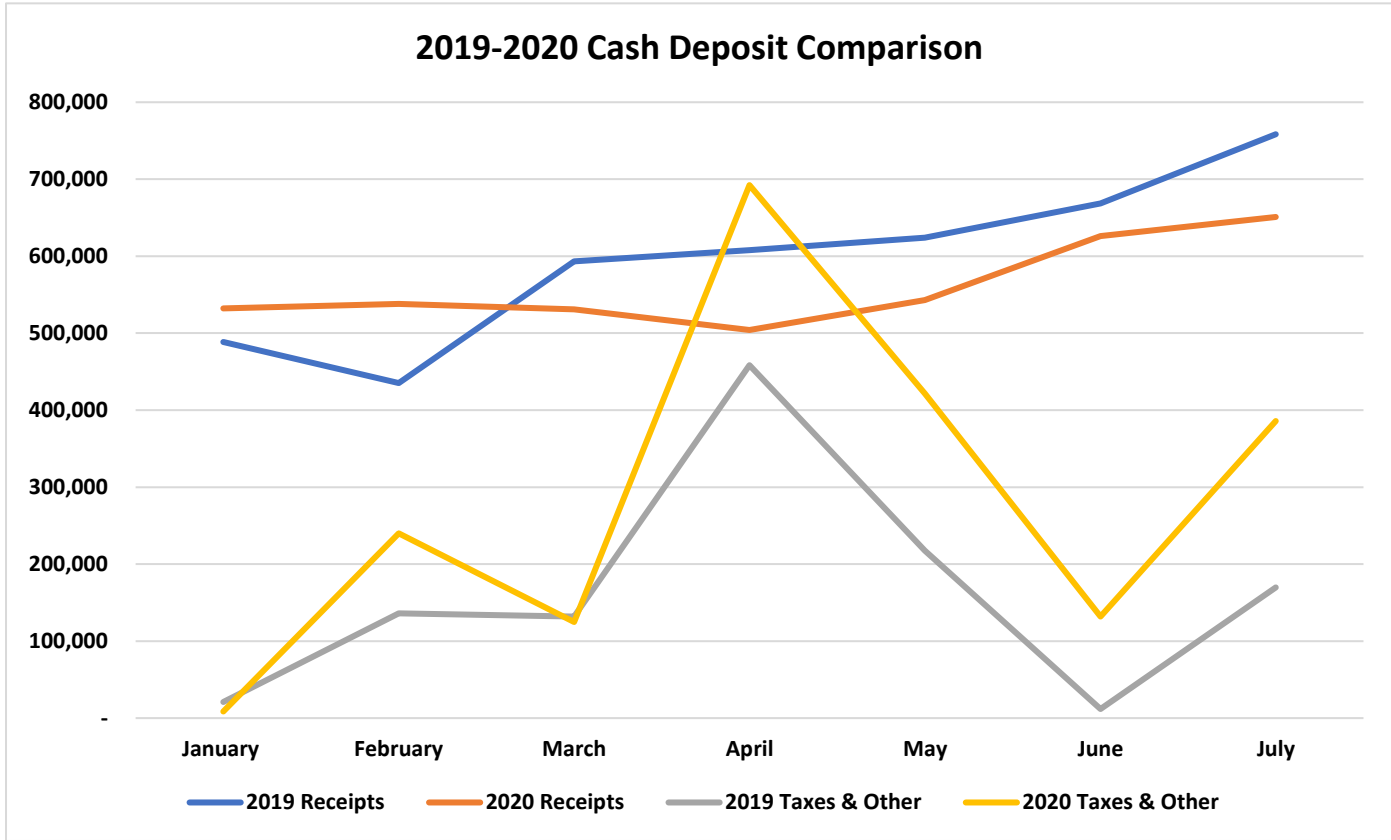
- (a) Starting in May, this report became a hybrid of Accrual/Cash. The full Cash report will be rolled out soon. Understand that when comparing 2019 to 2020 Revenues, the 2019 revenues are on an Accrual Basis, and in 2020, all months but January, are on a Cash Basis. Expenses year to year are more comparable since the Port pays its bills as they are received.
- (b) Comparing 2019 to 2020, the variance is primarily due the following: two (2) new positions implemented approximately mid-year 2019 (Lease & Contracts Admin., Enviro Spec.), the Custodian position added in Jan. 2020, and the Executive Director overlap in 2020. YTD Actual is under YTD Budget.
- (c) The comparison of 2019 to 2020 Benefits is as expected to be higher due to the added positions mentioned above, as well as, paying 2 Executive Directors through June 30. The YTD 2020 benefits budget is slightly less than actual because of the unbudgeted Custodian and Yard Laborer positions filled January 1.
- (d) In 2019, approximately \$25,000 was spent on the Seattle Maritime Academy litigation, in addition, YTD 2020 reflects less use/need of this service.
- (e) Utilities YTD compared to the prior year and budget are lower for a variety of reasons, specifically, 1.) some tenants put their utilities in their names, 2.) the telephone service transition allowed removal of additional lines and 3.) the pandemic impacted our customers' use of electricity, water, sewer, and stormwater.
- (f) YTD 2019 Travel & Training was higher than 2020 due to the timing of staff travel reimbursement submittals and payments, HAZWOPPER training (which cost ~\$4,200), and WPPA conferences attended in 2019 that have been cancelled in 2020 due to the Covid-19 pandemic.
- (g) Cost of Goods - Fuel is below YTD 2019 and budget because we have decommissioned the fuel system in Quilcene.
- (h) 2020 costs were higher for Community Relations when comparing to 2019 and Budget due to Deck the Docks event held in December, the rental deposit paid for the Executive Director candidate meet and greet held at the NWMC in January, and the sponsorship of the high school sailing team for the Race to Alaska.
- (i) "Refundable Deposits & Retainage" is new to this report and comes from the Cash Basis reporting requirements. It includes recognition of cash collected by the Port for these purposes.
- (j) "Taxes Collected" is new to this report and comes from the Cash Basis reporting requirements. It is recognition of cash collected by the Port for Sales, Leasehold and Hotel/Motel Taxes.
- (k) The variance between YTD 2019 and budget to YTD 2020 Capital Contributions/Grants is to be expected dependent on grant billing and receipt.
- (l) This is the first draw on the Line of Credit with Cashmere Valley Bank to help pay for the JCIA Runway Rehabilitation construction project until FAA grant revenue is received.
- (m) Interest rates have dropped significantly and as a result, the YTD Investment Interest Income is just below 50% of 2019 and also less than budget.
- (n) When comparing 2019 to 2020, as well as to budget, the amount of Property & Other Taxes line item increase in 2020 is primarily due to the IDD Levy.
- (o) The 2019 Misc. Other Increases in Fund Resources includes the payment to the Port for the New Day Fisheries building for \$100,000 and the \$132,402 portion of the SMA settlement for the vessel Cobb. In addition, finance charges are approximately 25% of expected as the Port temporarily waived those fees in late spring due to the effects of the pandemic on Port customers.
- (p) "Retainage & Deposits Paid" is new to this report and comes from the Cash Basis reporting requirements. It includes recognition of cash refunded by the Port for these purposes.
- (q) "Taxes Remitted" is new to this report and comes from the Cash Basis reporting requirements. It is recognition of cash remitted to the State by the Port for Sales, Leasehold and Hotel/Motel Taxes. 2020 is larger than YTD 2019 because the payment for Q4 was paid in January 2020.
- (r) Bond interest for January 2019 was paid in December 2018. In addition, the principal payment of debt paid in July was added.
- (s) These are the shared election costs for last November's elections. The direct costs were billed in 2019, December.
- (t) Most of the variance between YTD 2019 and 2020 is due to the LOC draw of \$400,000 in July as well as the IDD levy revenue which off-sets the operating revenue reductions incurred due to the pandemic.

Comparison of YTD Cash Deposits to the Port - month to month - for 2019 and 2020

Month	2019 Receipts	2020 Receipts	Increase (Decrease)	2019 Taxes & Other	2020 Taxes & Other	Increase (Decrease)	Grand total 2019	Grand Total 2020	Increase (Decrease)
January	488,411	532,252	43,841	20,998	8,603	(12,395)	509,409	540,855	31,446
February	435,227	538,034	102,807	136,179	239,933	103,754	571,406	777,967	206,561
March	593,496	530,782	(62,714)	131,979	124,818	(7,161)	725,475	655,600	(69,875)
April	608,011	504,154	(103,857)	458,435	692,342	233,907	1,066,446	1,196,496	130,050
May	624,224	543,219	(81,005)	217,737	421,455	203,718	841,961	964,674	122,713
June	668,413	626,105	(42,308)	11,840	131,847	120,007	680,253	757,952	77,699
July	758,395	650,956	(107,439)	169,635	386,093	216,458	928,030	1,037,049	109,019
YTD totals	\$ 4,176,177	\$ 3,925,502	\$ (250,675)	\$ 1,146,803	\$ 2,005,091	\$ 858,288	\$ 5,322,980	\$ 5,930,593	\$ 607,613

Notes:

- 1.) "Receipts" are charges and fees paid to the Port from tenants, and other Port customers for the use of Port facilities.
- 2.) "Taxes & Other" are taxes, deposits, finance charges, grants, etc. received by the Port that are not part of Operations.
- 3.) As of July 31, 2020, the IDD Taxes received are \$491,708, which is included in the \$2,005,091 total for "2020 Taxes & Other" above.



Notes:

1. The spike in April for Non-Operating cash deposits is related to Property Tax payments that are due each April 30 and October 30.