

PORT OF PORT TOWNSEND

INFORMATIONAL MEMO

DATE: 11/21/2023
TO: Commission, Executive Staff
FROM: Abigail Berg, Director of Finance & Administration
SUBJECT: Quarter 3, 2023 Financial Report

UPDATE: This report is slightly modified from prior financial reports. In an effort to more accurately reflect the changes in cash that have occurred during the reporting period, I've added a "Capital Expenses" line item under the "Other Increases in Fund Resources" which is just over halfway down the page. By adding this significant element to the outflow of cash, the report more clearly shows the changes in cash. As such, I've changed the bottom-line title from "Net Income/Loss" to "Change in Cash – Increase/(Decrease)".

Attached is the quarter 3 YTD 2023 financial report of Port activities. This consolidated report shows the variance between the current period as compared to the prior year and the variance to budget YTD. The following is additional detailed information not included in the attached financial report, but key in fully understanding the Port's financial status:

Jefferson County Int'l Airport	Budget/Planned		Year-to-date	
Runway Rehabilitation ^(a)	\$	-	\$	15,166
2nd Connector Taxiway - design	\$	90,000	\$	134,498
2nd Connector Taxiway - construction	\$	556,000	\$	-
Pilot Terminal	\$	133,000	\$	1,820
FEMA - Storm Damaged Asbestos Roof ^(b)	\$	-	\$	1,036
Boat Haven				
Main Breakwater Repairs	\$	400,000	\$	54,444
Stormwater Treatment Compliance	\$	450,000	\$	150,751
Moorage/Yard Office	\$	150,000	\$	175,877
Northwest Yard Expansion	\$	200,000	\$	11,217
West Yard Expansion	\$	80,000	\$	34,320
Sperry bldg. #5 TAKU	\$	25,000	\$	3,483
Sperry Bldg. #7 KEY CITY	\$	25,000	\$	926
Bldg. Fac. Presrv - Enviro Roof/Ext. Paint-Bathrm Ext. Paint	\$	25,000	\$	24,693
FEMA - Pavement Repairs ^(c)	\$	-	\$	78,735
Point Hudson				
Breakwater Replacement	\$	6,000,000	\$	2,324,765
Bldg/Facility Preservation (Cupola Bldg. Remodel)	\$	450,000	\$	32,567
FEMA - PH Emergency Repairs	\$	-	\$	101,482
Quilcene				
Herb Beck Dredge	\$	20,000	\$	5,239
Ramp Upgrade & Bathroom Remodel	\$	25,000	\$	14,294
Other Projects				
Portwide Dock Reno - (City Dock/Union Wharf) ^(d)	\$	220,000	\$	141,586
Portwide Dock Reno - (BH "D" Dock Transformer Retrofit) ^(d)	\$	30,000	\$	15,330
Portwide Yard/Prkg/RV Rsrfcg (Long Term Yard Rehab)	\$	75,000	\$	162,232
Gardiner Boat Launch w/seasonal float	\$	110,000	\$	58,385
Clean Vessel Boat build & pump outs	\$	-	\$	128,467
San Juan Grocery Prop. Enviro Assessmt ^(e)	\$	100,000	\$	106,424
Short Farm purchase ^(f)	\$	1,400,000	\$	1,474,796
Water Walk feasibility ^(f)	\$	300,000	\$	14,821
Total	\$	10,864,000	\$	5,267,354

2023 Capital Purchases or Contracted Capital Services

Equipment/Vehicle replacement (total \$175,000)

(2) ½ Ton pick-up trucks	\$ 70,000	\$ 94,456
1 Ton pick-up truck	65,000	58,814
Dump trailer	25,000	0
Gator (PH)	15,000	0
Zodiac Pro boat ^(g)	0	29,106
Total Capital Purchases or Contracted Capital Services YTD	\$ 175,000	\$ 182,376

Notes to Expenditures listed above:

- (a) As of early June, all three (3) FAA grant close-outs were completed for this project. This expenditure is the final payment to Reid Middleton for that work.
- (b) Enduris has reimbursed the Port for 97%, or \$139,541, of the JCIA Storm Damaged Asbestos Roof, and FEMA will pay 90%, or \$4,500, of the insurance deductible (which was \$5,000). Costs were incurred in 2021 and 2022.
- (c) The Port was reimbursed in March 2023 by FEMA for 90% of the costs for this emergency work on the Boat Haven Pavement Repair for \$65,051. Repairs commenced in 2022.
- (d) This is a capital “program” that includes any port-wide dock renovations as needed each year. This program has \$250,000 budgeted annually for the next 5 years. Here we split the budgeted amount as was estimated for each project, though both projects did not reach those amounts.
- (e) Technically, the assessment of the San Juan Grocery property is not a capital expenditure; it is a feasibility study to determine the likelihood of further development. However, it is a project being tracked.
- (f) These are projects added since the 2023 budget was adopted in November 2022.
- (g) It was determined the Zodiac would be a better purchase for Port staff use (rather than the Gator) since the conversion of the Munson boat into the Pump-out Skiff.

Ending Cash Balances YTD	2023	2022
Reserved Cash & Investments – Other*	\$ 1,863,886	\$ 3,260,744
Reserved Cash & Investments – IDD	6,317,940	3,509,263
Unreserved Cash & Investments	1,320,298	739,438
Total Cash & Investments	\$ 9,502,123	\$ 7,509,445

*Other Reserves detail:

	<u>Current balance</u>	<u>Target balance</u>
Unemployment Reserve	\$ 10,000	na
Operating Reserve (a)	641,216	\$ 1,623,095
Boat Haven Renovation Reserve (b)	436,068	na
Emergency Reserve	500,000	\$500,000
Port-Wide Capital Reserve (c)	276,602	na
Total Other Reserves	\$ 1,863,886	

- (a) The target for the Operating Reserve is 25%, or three (3) months, of operating expenses, per current budget. The above target is based on the 2023 Operating Budget. See resolution 692-19 for more detail.

- (b) This reserve is for use on Boat Haven Moorage projects until it is extinguished. It was replaced by the Port-Wide Capital Reserve in resolution 693-19.
- (c) Resolution 693-19 did not set a target for this reserve; however, in 2024 a long-term projection will be developed for funding future projects.

Debt Service for the Year

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

June 1 – interest only	\$ 73,544	PAID
December 1 – principal and interest	408,544	

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

July 1 – principal and interest	523,250	PAID
December 31 – interest only	<u>15,750</u>	

Total Debt Service for the year \$ 1,021,088

Remaining Debt for years 2024-2029

2010 LTGO Bond – principal and interest	\$ 2,847,463	payoff December 2029
2015 LTGO Bond – principal and interest	<u>1,081,800</u>	payoff July 2025
Total	<u>\$ 3,929,263*</u>	

Port staff plans to extinguish all debt obligations two years earlier than the legal obligation, in 2027.

2021 LTGO Line of Credit

date	draw no.	Beginning Balance	Draw	Redemption Principal	Redemption Interest	Ending Principal Balance
Nov-22	1st draw	\$ -	\$ 2,633,967	\$ -	\$ -	\$ 2,633,967
Dec-22	2nd draw	2,633,967	1,189,677	-	-	3,823,644
Mar-23	na	3,823,644	-	423,734	16,481	3,399,910
Aug-23	na	3,399,910	-	3,399,910	26,057	-
	totals		\$ 3,823,644	\$ 3,823,644	\$ 42,538	- *

Note: Interest payments are calculated just prior to loan due dates.

The 2021 LTGO LOC’s required debt redemptions are due in March, and September each year until the end of the bond term, March 1, 2027. This debt instrument serves as a bridge between project expenditure payments, grant reimbursements, and reconciliations with the IDD Levy Reserve, as applicable. The Port plans to re-pay this debt prior to the term date in March 2027. There are no penalties for pre-payment. The interest rate on the LOC is 1.55% through March 1, 2025, and increases to 1.65% thereafter through the end of bond term.

DISCUSSION

As requested by the Commission.

FISCAL IMPACT

NA

RECOMMENDATIONS

For discussion only.