

## RESOLUTION NO. 633-15

### A Resolution of the Commission of the Port of Port Townsend

#### RESOLUTION ESTABLISHING THE YEAR 2016 OPERATING BUDGET, AND AUTHORIZING CERTAIN DISBURSEMENTS TO MEET EXPENSES OF THE PORT OF PORT TOWNSEND FOR THE YEAR 2016.

**WHEREAS:** under the provisions of RCW 53.35.030 the Port Commission of the Port of Port Townsend is authorized to adopt final operating and capital budgets for the year 2016, and;

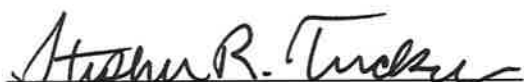
**WHEREAS:** the required filing, notice and public hearing on the preliminary operating/capital budget, as provided in RCW 53.35.020 have been met;

**NOW, THEREFORE BE IT HEREBY RESOLVED** by the Port Commission of the Port of Port Townsend, that receipts and disbursements for the Port of Port Townsend operations activities, for the year 2016 shall be as per the attached marked "Exhibit A", Port of Port Townsend Year 2016 Operating Budget.

**ADOPTED** this 9<sup>th</sup> day of November 2015, by the Commission of the Port of Port Townsend and duly authenticated in open session by the signatures of the Commissioners voting in favor thereof and the Seal of the Commission duly affixed.

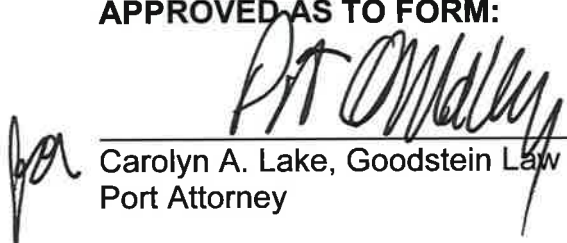
ATTEST:

  
Peter W. Hanke, Secretary

  
Stephen R. Tucker, President

  
Brad A. Clinefelter, Vice President

APPROVED AS TO FORM:

  
Carolyn A. Lake, Goodstein Law Group  
Port Attorney





2016

# Operating Budget



Adopted November 9, 2015



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The 2016 Operating Budget for the Port of Port Townsend is essentially a status quo budget. The Commission approved the implementation of modest increases to rates that will cover inflation as defined by the Consumer Price Index (CPI), plus 1.5 percent.

The Port is close to finishing a Capital Facilities Plan (CFP) that will highlight capital maintenance and some capital replacement of infrastructure at our various facilities. The plan will be finalized by the beginning of 2016 and will look out over the next 6 years.

The Port has legacy infrastructure that will require strategic thinking for future budgets in order to address CFP needs. CPI increases alone will not be sufficient. The Port needs to rebuild its cash on hand profile to provide matching funds for possible future grants and provide adequate reserves to maintain our bond rating. Port staff has done a fantastic job at keeping the Port's infrastructure together but as time passes we will not be able to do so. We will not be able to handle the ever increasing cost of maintenance without significant increases in revenue.

As I stated in last year's budget - "Prepare for tough choices". The current revenue stream is wholly inadequate to fund long term maintenance, repair, and replacement of existing infrastructure. As it is our fiduciary responsibility to carry out our legal mandate under RCW 53 we will have to do a combination of the following:

- Significantly increase rates and fees to cover costs
- Continue to implement cost cutting measures
- Surplus non-performing assets that do not contribute to our central mission
- Align expectations with fiscal realities
- Explore creative ways to provide services to our customers and community

I and my staff look forward to working with the Port Commission to make the Port of Port Townsend financially healthy and contribute to a healthy local economy.

Respectfully,



Larry Crockett  
Executive Director

**Who We Are**

The Port of Port Townsend is a municipal corporation of the State of Washington created in 1924 under provision of the Revised Code of Washington (R.C.W. Title 53 et seq.). The Port is authorized by statute of the State of Washington to provide for the development and maintenance of harbors and terminals, promote tourism and foster economic activity in its district. The Port is independent from other local or state governments and shares the same geographic boundaries as Jefferson County.

A three-member Board of Commissioners elected for four-year terms by Port District voters governs the Port. The Commission delegates administrative authority to an Executive Director and staff to conduct operations of the Port. The County levies and collects taxes on behalf of the Port as determined by the Board of Commissioners and acts as treasurer for the Port as defined under the Revised Code of Washington 53.36.010.

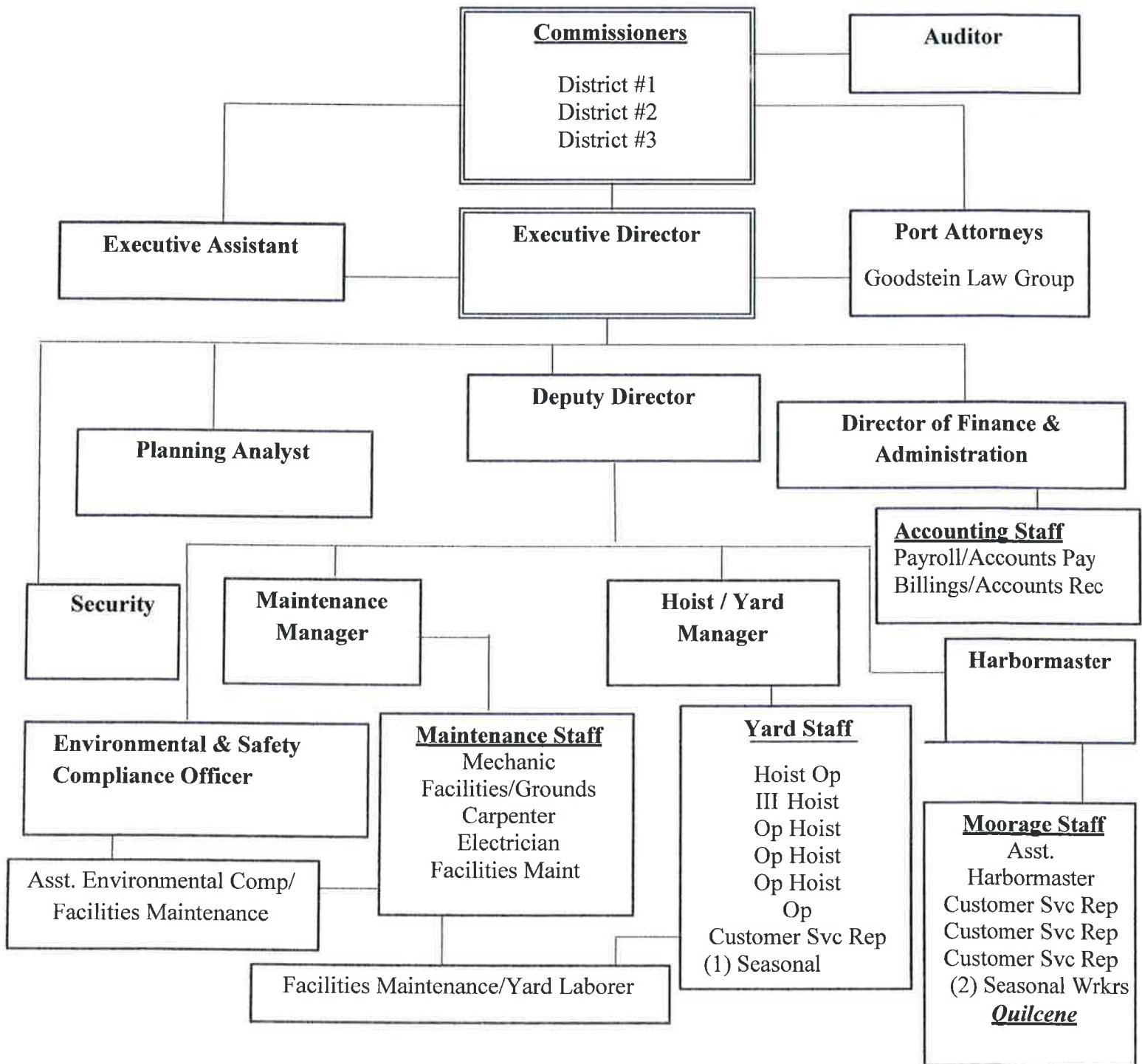
**Our Mission**

The Mission of the Port of Port Townsend is to serve the citizens of Jefferson County by responsibly maintaining and developing property and facilities, to promote sustainable economic growth, to provide community access to Port facilities and services, and to protect and maintain our community resources and maritime heritage.

**What We Do**

The Port is authorized by Washington law (R.C.W. Title 53.08) to provide and charge rentals, tariffs and other fees for docks, wharves and similar harbor facilities, including associated storage and traffic handling facilities for waterborne commerce. The Port may also provide freight and passenger terminals and transfer and storage facilities for other modes of transportation, including air, rail and motor vehicles. The Port may acquire and improve lands for sale or lease for industrial or commercial purposes, and may create industrial development districts.

## PORT OF PORT TOWNSEND



**Stephen R. Tucker**, President

District 1

Term Expires: December 31, 2019

Commissioner Tucker was elected Port Commissioner in 2011 and re-elected in 2015. Mr. Tucker is a retired business owner and an avid boater, RV enthusiast and fisherman. Over the years, through the Coast Guard Auxiliary and the Power Squadron, Steve has taught many courses in boating safety, maintenance, navigation and electronics.

**Brad A. Clinefelter**, Vice-President

District 2

Term Expires: December 31, 2017

Commissioner Clinefelter was elected Port Commissioner in 2013. Mr. Clinefelter owns and operates Mystery Bay Charters and Services, providing marine consulting and support services. He holds a U.S. Coast Guard 100-Ton Inland Masters License and is a 2009 graduate of the Northwest School of Wooden Boat Building.

**Peter W. Hanke**, Secretary

District 3

Term Expires: December 31, 2017

Commissioner Hanke was elected Port Commissioner in 2013. Mr. Hanke owns and operates; Puget Sound Express, a family-owned passenger ferry and whale watch operation located at the Point Hudson Marina. Besides being a boat captain and a business owner, Pete is also a pilot who has enjoyed flying out of Jefferson County International Airport since 1998.





**Revenue Accounts**

**Moorage:** Charges for use of a boat slip by either recreational boats or commercial vessels

**Electric:** Base fee plus charges for KWh usage (usage is a pass-through)

**Hoist Revenue:** Charges for lifting boats out of water or off-trailer

**Yard Revenue:** Charges for storing boats on land

**Marine Trades Contribution:** A 3% charge to all shipyard repair projects that are not completed by the boat owner and is capped at \$15,000 per project

**Clean Up Revenue:** Charges passed on to customers for environmental spill clean-up

**Lease Revenue:** Revenue from leasing buildings and land

**Hangar Revenue/Aircraft Parking:** Rental of hangar space for inside aircraft storage or outside tie down space

**Expense Accounts**

**Salaries & Wages:** Salaries associated with the operations of the departments, including commission, executive and accounting staff

**Taxes & Benefits:** Employer share of taxes and benefits associated with Port employees' pay

**Contract Services:** Payments for service contracts, including janitorial services, water testing, environmental, information technology and phone consultants

**Legal & Auditing:** Payments for legal services and the state audit

**Operating Supplies:** Cost of supplies and small tools that are essential in performing day to day operations throughout the Port



**Moorage Credit System:** The percentage of revenue associated with the rental of a slip when tenants notify us they will be gone for a week or longer and would like to have their slip rented

**Promotion:** The value of items given away including, disabled veteran boat launch passes

**Community Relations:** The cost associated with community outreach and communication

**Bad Debt:** The accounts written off as uncollectable

**Repair & Maintenance:** The operating costs associated with maintaining our facilities, not including capital maintenance

**Economic Development:** The costs associated with supporting the local Economic Development Council

**Revenue Bond:** Debt secured by the Port operating revenues

**Limited Tax General Obligation (LTGO) Debt:** Debt that is secured by property tax receipts

**Administrative & General:** The costs associated with the Commission, Executive and Accounting that are allocated to the departments. The allocation is based on the percentage of the departments operating revenues compared to the total operating revenues. These amounts are shown in the consolidated financials within the individual line item expenses. On the Departmental financials they are shown as a lump sum below operating income with depreciation expense.

## **Operating Revenues**

The 2016 budget reflects total operating revenues of \$5,417,606, an increase of 5% from the 2015 budget. Overall, the Port's revenues are spread throughout the operating units with Boat Haven providing 29%, Yard 32%, PTBH Properties 10%, Point Hudson 23%, Quilcene 2.6%, Ramps 1%, and Airport 2.4%.

## **Operating Expenses**

Port wide operating expenses are budgeted to be \$4,470,917 in 2016, a 2% increase from the 2015 budget. An overall increase of 2% for expenses is a nominal increase which was obtained by reducing various expenses (such as Contract Services, Legal & Auditing, Operating Supplies, Advertising, Utilities, etc.) even though there are increases in staffing costs with the implementation of more current salaries, as well as increased cost in benefits. Administrative and General (A & G) expenses total \$1,091,170 (without depreciation) or 24% of total operating expenses. A & G costs are allocated to each operating unit based on a percentage of that unit's operating revenues.

## **Operating Income**

The 2016 budget reflects a net operating income of \$946,689 before depreciation, an increase when compared to 2015. The majority of this increase in net operating income over prior year is primarily from projected increased revenues as well as expense reductions.

## **Non-Operating Revenues & Expenses**

The 2016 budget reflects a \$948,000 tax levy, which is an increase of 1.8%. This is based on estimates obtained from and recommended by the County Assessor. Interest income is budgeted conservatively at \$4,200 for 2015. Grant revenue is budgeted at \$223,740 in anticipation of the completing the last two thirds (2/3) of the boat ramp expansion in Boat Haven in the beginning of 2016. Non-operating expenses consist of interest expense on the debt service of \$398,273 as well as other non-operating expenses of \$2,200. After the refunding of bond debt in 2015, budgeted Non-Operating Expenses decreased by 18%.

	Operating Revenues	Operating Expenses	Depreciation	Net Operating Income/(Loss)
<b>OPERATING REVENUES</b>				
Boat Haven	1,575,100	728,141	250,000	596,959
Yard	1,713,076	1,320,590	340,116	52,370
PTBH Property	557,200	124,140	125,000	308,060
Point Hudson	1,242,153	647,893	362,400	231,860
Quilcene	141,810	86,890	66,600	(11,680)
Ramps	55,249	37,548	38,664	(20,963)
Airport	133,018	129,825	264,067	(260,874)
<b>TOTAL OPERATING REVENUES</b>	<b>5,417,606</b>	<b>3,075,027</b>	<b>1,446,847</b>	<b>895,732</b>
<b>ADDITIONAL OPERATING EXPENSES</b>				
Maintenance Shop				(240,694)
Environmental				(109,026)
Administrative & General				(1,147,470)
<b>NET OPERATING LOSS</b>				<b>(601,458)</b>
Non-Operating Revenues				1,260,940
Non-Operating Expenses				(400,473)
<b>NET INCOME</b>				<b>259,009</b>

**Budget Explanations****PTBH:**

Due to increased moorage requirements of marine trades customers, monthly guest moorage continues to increase which doesn't allow us to reach budget for regular moorage. As such, we decreased regular moorage revenues to more accurately reflect current conditions. We are implementing a 2 cent per square foot rate increase to the regular moorage which will bring in an additional \$21,000.

**Yard:**

We increased hoist rates by 5.5%, washdown revenue by 25% and bilge water revenue, the last two were increased usage for environmental reasons. Overall, yard revenues are projected to increase by 4.5%. The base electric charge for the shipyard is being incorporated in the yard fees. In addition discounts will not be given after 31 days of being in the work yard. The ship yard will continue to see a discount beginning on day 91.

**Environmental:**

The environmental fees are being incorporated into the base charges of the various departments and when there are clean up revenues, they will be recorded by the operating unit in which they occurred. There will no longer be a revenue source for the environmental department as any such environmental charges will be directly incurred at the department level.

**PTBH Property:**

While the budgeted lease revenue has decreased it is a more accurate reflection of the anticipated revenue taking into account the CPI increases.



Revenues	2012 Actual	2013 Actual	2014 Actual	2015 Budget	2016 Budget
PTBH - Permanent Moorage	914,245	910,829	915,821	1,080,000	1,032,000 *
PTBH - Ship Moorage	31,840	23,835	22,516	30,000	0
PTBH - Liveaboard Fee	19,110	18,335	15,645	18,000	18,000
Work Float/Lift Pier Usage	2,678	2,505	2,604	3,000	18,000
PTBH - Monthly Guest	98,298	123,946	136,405	95,000	159,500
PTBH - Nightly Guest	151,356	160,214	171,594	190,000	231,600
PTBH - Electric	83,067	80,949	74,802	50,000	80,000
PTBH - Miscellaneous Revenue	5,903	7,816	8,612	10,000	10,000
PTBH - Reservation Fee	105	63	0	200	0
PTBH - Showers	19,652	21,088	21,175	20,000	20,000
PTBH - Laundry	6,117	6,176	6,268	6,000	6,000
<b>Total Moorage Revenue</b>	<b>1,332,371</b>	<b>1,355,756</b>	<b>1,375,442</b>	<b>1,502,200</b>	<b>1,575,100</b>
Yard - Liveaboard Fee	2,194	1,593	1,715	1,500	500
Yard - Miscellaneous Revenue	26,903	7,749	19,385	15,000	15,000
Yard - 70/75 Ton Hoist Revenue	210,385	223,840	226,435	267,000	270,639
Yard - 300 Ton Hoist Revenue	116,150	110,389	100,237	177,000	186,735
Yard - Washdown Revenue	55,811	59,088	61,139	60,000	75,000
Yard - Bilge Water Revenue	1,992	3,025	2,292	2,800	12,000
Yard - Work Yard Revenue	508,830	529,299	572,500	600,000	600,000
Yard - Ship Yard Revenue	322,992	361,084	389,671	345,000	360,080
Yard - L/T Storage	58,811	60,921	61,254	60,000	70,322
Yard - Electric	18,095	25,049	30,076	25,000	25,000
Yard - Blocking Rent	9,149	9,437	12,795	11,000	16,000
Yard - Tarp Pool Fee	30,097	30,299	35,887	0	0
Marine Trades 3% Revenue	91,100	108,861	94,064	75,000	81,800
<b>Total Work Yard Revenue</b>	<b>1,452,509</b>	<b>1,530,634</b>	<b>1,607,450</b>	<b>1,639,300</b>	<b>1,713,076</b>
Environmental - Clean Up Revenue	0	10,109	9,868	10,000	0
<b>Total Environmental Revenue</b>	<b>0</b>	<b>10,109</b>	<b>9,868</b>	<b>10,000</b>	<b>0</b>
PTBH Prop - Lease Revenue	494,980	476,915	470,637	518,500	509,600
PTBH Prop - Storage Unit Revenue	8,860	7,075	5,850	10,000	5,000
PTBH Prop - Fuel Dock Lease	21,305	19,961	20,356	20,000	20,400
PTBH Prop - Electric	13,802	13,551	13,777	2,500	14,000
PTBH Prop - Miscellaneous	0	300	24	0	0
PTBH Prop - Stormwater Fees	0	0	8,342	0	8,200
<b>Total PTBH Property Revenue</b>	<b>538,947</b>	<b>517,802</b>	<b>518,986</b>	<b>551,000</b>	<b>557,200</b>

**Budget Explanations****Quilcene:**

Quilcene Marina and RV usage continues to decline and the budgeted revenues were adjusted accordingly. No rate increases were implemented except for Boat Ramp access.

**Ramps:**

The Ramp revenue was increased by 54% to more align with other boat ramps available and utilized in the area.

**Point Hudson:**

CPI adjustments were included in the lease revenues. We planned for a moderate 3.5% rate increase in regular moorage and 25% increase in transient moorage. There is a minor rate increase to the RV park fees of 3.5%.

**JCIA:**

The lease revenues remain fairly constant with CPI increases included. The fuel lease revenue appears to have leveled off from prior year decreases.

# Operating Budget: Consolidated Financials

2016

	2012 Actual	2013 Actual	2014 Actual	2015 Budget	2016 Budget
Quilcene - Permanent Moorage	43,439	37,506	36,496	34,000	33,150
Quilcene - Nightly Moorage	1,843	2,662	2,632	2,600	2,600
Quilcene - Nightly R.V.	1,072	1,116	1,304	1,200	1,200
Quilcene - Electric	2,577	2,079	1,799	2,000	2,000
Quilcene - Showers	2,650	2,580	2,300	2,500	2,500
Quilcene - Fuel Sales	26,458	34,491	26,683	28,000	28,000
Quilcene - Lease Revenue	52,033	55,399	56,445	58,000	59,160
Quilcene - Rental Property Revenue	6,000	6,000	6,000	6,000	6,000
Quilcene - Water	8,624	6,898	6,968	7,000	7,000
Quilcene - Miscellaneous Revenue	0	0	0	200	200
<b>Total Quilcene Revenue</b>	<b>144,697</b>	<b>148,731</b>	<b>140,627</b>	<b>141,500</b>	<b>141,810</b>
Ramp Fees	33,245	33,504	31,438	35,000	53,899
Dinghy Float Revenue	1,047	838	870	1,350	1,350
<b>Total Ramp Revenue</b>	<b>34,292</b>	<b>34,342</b>	<b>32,308</b>	<b>36,350</b>	<b>55,249</b>
Pt Hudson - Building Lease Revenue	238,983	316,458	371,863	400,000	400,000
Pt Hudson - Permanent Moorage	94,702	109,312	108,759	111,500	124,277
Pt Hudson - Liveaboard Fee	3,380	3,705	3,665	4,300	4,300
Pt Hudson - Monthly Guest	41,594	56,038	65,108	50,000	70,000
Pt Hudson - Nightly Guest	201,656	220,103	200,743	210,000	235,350
Wharf Usage	0	6,150	7,063	8,000	10,000
Pt Hudson - Monthly R.V.	29,300	21,654	23,900	35,000	27,100
Pt Hudson - Nightly R.V.	221,824	240,553	248,948	250,000	290,126
Pt Hudson - Kayak Racks	3,722	4,936	6,319	5,000	6,000
Pt Hudson - Reservation Fee	26,873	27,293	31,227	26,000	26,000
Pt Hudson - Showers	6,331	8,112	7,628	8,000	8,000
Pt Hudson - Laundry	6,591	7,022	8,748	7,500	7,500
Pt Hudson - Passenger Fee	0	4,132	4,784	4,000	4,000
Pt Hudson - Electric	20,351	22,402	18,122	22,000	22,000
Pt Hudson - Miscellaneous Revenue	3,227	1,680	2,683	2,500	2,500
Pt Hudson - Event Facility Revenue	1,007	1,946	2,826	2,000	5,000
<b>Total Pt Hudson Marina &amp; R.V Revenue</b>	<b>899,541</b>	<b>1,051,496</b>	<b>1,112,386</b>	<b>1,145,800</b>	<b>1,242,153</b>
JCIA - Miscellaneous Revenue	0	0	0	100	100
JCIA - Lease Revenue	96,823	100,950	102,733	105,000	105,264
JCIA - Hangar Revenue	23,741	22,179	23,562	23,000	22,404
JCIA - Vehicle Parking Revenue	930	720	705	750	750
JCIA - Aircraft Parking	1,555	1,229	891	1,000	1,000
JCIA - Landing Fee	53	32	0	100	0
JCIA - Fuel Lease Revenue	4,315	3,369	3,008	3,500	3,500
<b>Total JCIA Revenue</b>	<b>127,417</b>	<b>128,478</b>	<b>130,899</b>	<b>133,450</b>	<b>133,018</b>
<b>Total Operating Revenue</b>	<b>4,529,772</b>	<b>4,777,347</b>	<b>4,927,965</b>	<b>5,159,600</b>	<b>5,417,606</b>

**Budget Explanations****Salaries & Benefits:**

There is a 2% COLA increase for all staff as well as increases of 1/3 of the 2015 Salary Survey. Retirement benefits continue to increase with the Port's contribution increasing from 9.21% to 11.18% effective July 1, 2015; a state mandated increase of 23% from the Department of Retirement. This includes salaries and benefits for all departments. In addition, there was a 4% increase in union health care costs for 2016.

**Contract Services:**

The largest expense in contract services is the janitorial contract that we have with Skookum, which makes up about 33% of the total contract services category. We have the contracted services for environmental, including water testing and consultants, has appeared to have lowered and leveled off compared to prior years. In addition, we have added a regular contract for IT services.

**Legal/Auditing:**

We anticipate legal and auditing costs to be less in 2016 compared to 2015 as a result of legal claims against the Port being settled.

**Moorage Credit System:**

We will continue to offer credit to regular tenants when they are gone for a week or longer and we are asked to rent their slip.

**Membership and Dues:**

We don't anticipate significant changes in the membership and dues. The Washington Public Ports Association continues to be the largest amount accounting for approximately 61% of the total.

**Community Relations:**

We anticipated a decrease in the community relations expenses in 2015 by changing from printed community newsletters to online versions. We anticipate the same for 2016.

**Repair & Maintenance:**

We have decreased the amount budgeted for repair and maintenance as many items are being accounted for within each departments budget. We plan to reconnoiter mid-year 2016 for possible additional adjustments to this expense.

**Income from Operations:**

Income from Operations is calculated by subtracting Operating Expenses from Operating Income.



	2012 Actual	2013 Actual	2014 Actual	2015 Budget	2016 Budget
<b>Operating Expenses</b>					
Salaries & Wages	1,449,986	1,545,533	1,649,998	1,787,000	1,877,504
Payroll Taxes	164,257	171,241	177,891	226,399	221,100
Employee Benefits	411,601	478,003	537,404	586,421	670,101
Uniform Expense	9,610	6,176	8,478	9,000	9,908
Contract Services	150,070	208,082	249,713	206,585	201,310
Legal & Auditing	108,325	122,584	145,169	101,000	81,600
Operating Supplies	157,523	161,744	184,289	157,350	154,854
Cost of Fuel Sold - Quilcene	24,162	31,541	24,055	20,000	20,000
Moorage Credit System - PTBH	39,608	37,766	44,223	37,000	40,000
Travel & Training	27,279	25,041	27,025	25,400	25,100
Insurance	162,294	169,811	184,124	187,663	189,175
Claims & Damages	1,593	5,585	66,000	7,000	7,000
Advertising	58,178	51,524	38,991	54,050	48,050
Promotion	3,271	4,025	4,476	5,000	5,000
Membership & Dues	11,663	11,972	13,463	14,670	14,670
Community Relations	7,288	6,227	6,959	4,000	4,000
Bank Charges	41,505	54,896	61,296	63,800	53,320
Utilities	466,108	483,853	532,241	562,850	531,180
Excise Tax	21,380	24,514	20,844	22,925	23,125
Bad Debt	19,634	(1,857)	44,815	19,300	19,200
Miscellaneous Expense	2,539	(572)	222	4,400	4,200
Repair & Maintenance	157,912	171,134	226,734	250,000	245,520
Economic Development	36,996	25,000	25,000	25,000	25,000
Operating Expenses w/o Depreciation	3,532,782	3,793,823	4,273,408	4,376,813	4,470,917
Income from Operations w/o Depreciation	996,990	983,525	654,553	794,787	946,689
Depreciation Expense	1,317,076	1,408,315	1,487,232	1,527,500	1,548,147
Operating Income (Loss) Operations with Depreciation	(320,086)	(424,790)	(832,678)	(732,713)	(601,458)

**Budget Explanations****Grants:**

We have budgeted \$223,740 in Recreation & Conservation Office (RCO) grant revenues for the completion of the boat launch expansion project in Boat Haven. These are capital revenues, not operating revenues, however, they are included in the Port's consolidated Statement of Activities (or Profit and Loss Statement) as required by GAAP.

**Operating Tax Levy:**

The budget is based on taking the allowed amount of 1%, which is a 1.8% increase in the property tax levy over 2015, for a total of \$948,000 as recommended by the County Assessor. This is 14% of the Port's 2016 gross revenues.

**State Timber Excise Tax:**

This is an estimate from the County Assessor.

	2012 Actual	2013 Actual	2014 Actual	2015 Budget	2016 Budget
<b>Non-Operating Revenue</b>					
Grant - FAA	120,200	337,626	209,681	25,000	0
Other Capital Grants	166,596	2,268,257	65,539	339,000	223,740
Investment Interest	14,542	13,377	11,357	15,000	4,200
Operating Tax Levy	877,783	884,622	900,279	930,900	948,000
State Forest Revenues	24,831	9,196	37,644	23,000	25,000
State Timber Excise Tax	35,357	37,593	47,048	36,500	39,000
Insurance Recovery	0	0	58,930	0	0
Leasehold Excise Tax	6,979	6,912	5,035	7,000	7,000
Finance Charges	18,433	16,584	18,393	20,000	14,000
Other Non-Operating Revenues	0	1,500	1,937	0	0
<b>Total Non-Operating Revenue</b>	<b>1,264,721</b>	<b>3,575,668</b>	<b>1,355,844</b>	<b>1,396,400</b>	<b>1,260,940</b>
<b>Non-Operating Expenses</b>					
Interest Expense - Local Fund	2,278	1,451	591	0	0
Interest Expense - CERB Loan	15,125	12,375	9,625	7,104	5,500 1
Interest Expense - 2005 Rev Ref Bond	118,232	101,812	76,703	57,974	0
Interest Expense - 2005 LTGO Bond	193,059	189,559	179,246	175,329	0
Interest Expense - 2006 LTGO Ref Bond	51,924	44,456	31,989	24,630	17,532 2
Interest Expense - 2010 LTGO Bond	202,428	200,910	194,389	190,735	226,836 3
Interest Expense - 2013 Revenue Bond	0	11,250	17,754	17,754	17,754 4
Interest Expense - 2015 Rev Ref Bond	0	0	0	0	130,651 5
Bond Management Fees	1,506	1,872	1,553	1,200	1,200
Bond Issue Costs	0	6,896	0	0	0
Investment Fees	211	220	102	1,000	1,000
Election Expense	0	16,438	0	16,000	0
<b>Total Non-Operating Expenses</b>	<b>584,763</b>	<b>587,239</b>	<b>511,952</b>	<b>491,726</b>	<b>400,473</b>
<b>Net Non-Operating Income(Expense)</b>	<b>679,958</b>	<b>2,988,429</b>	<b>843,892</b>	<b>904,674</b>	<b>860,467</b>
<b>Total Net Income(Loss)</b>	<b>359,872</b>	<b>2,563,639</b>	<b>11,213</b>	<b>159,961</b>	<b>259,009</b>

1 – Purchase of 300 Ton Travel Lift

2 – Advance refunding of the 1997 bonds for Shipyard development

3 – Reconstruction of A/B Dock and the 75 Ton Travel Lift Pier

4 – Construction of the new Administration Building

5 – Refunding to extinguish the 2005 Revenue Bond and Refund the 2005 LTGO Bond



**Overview:** This full-service marina provides permanent and transient moorage year-round. It is home to 475 commercial and recreational vessels and each year provides more than 6,000 overnight guest moorage accommodations for visiting vessels. Boat Haven amenities include a fuel dock, pump-out station, restrooms with showers and a laundry facility. In addition, there is a net float for fishermen, a seafood loading dock and a crane support for the fishing fleet in the commercial basin. The U.S. Coast Guard Cutter Osprey is stationed here as well. The Port's first developed property, Boat Haven is a 19-acre rectangle protected by a riprap breakwater. In 2010 and 2011 the entire A/B Dock system with its 175 slips was replaced in its entirety.

The total debt service related to the boat haven for 2016 is \$379,176, which includes interest and principal.



Revenues	2012 Actual	2013 Actual	2014 Actual	2015 Budget	2016 Budget
Regular Moorage	914,245	910,829	915,821	1,080,000	1,032,000
PTBH - Ship Moorage	31,840	23,835	22,516	30,000	0
Liveaboard Fee	19,110	18,335	15,645	18,000	18,000
Work Float/Lift Pier Usage	2,678	2,505	2,604	3,000	18,000
Monthly Guest	98,298	123,946	136,405	95,000	159,500
Nightly Guest	151,356	160,214	171,594	190,000	231,600
Electric	83,067	80,949	74,802	50,000	80,000
Miscellaneous Revenue	6,008	7,879	8,612	10,200	10,000
Showers	19,652	21,088	21,175	20,000	20,000
Laundry	6,117	6,176	6,268	6,000	6,000
Total Revenues	1,332,371	1,355,756	1,375,442	1,502,200	1,575,100
Operating Expenses					
Salaries & Wages	200,783	194,974	191,196	211,000	176,661
Payroll Taxes	27,441	23,523	23,661	31,141	22,153
Employee Benefits	57,624	60,464	62,604	69,979	60,462
Uniform Expense	664	622	797	830	830
Maintenance Salaries & Wages	0	0	0	0	35,076
Maintenance Payroll Taxes	0	0	0	0	3,313
Maintenance Payroll Benefits	0	0	0	0	12,672
Environmental Salaries & Wages	0	0	0	0	9,468
Environmental Payroll Taxes	0	0	0	0	1,104
Environmental Payroll Benefits	0	0	0	0	2,964
Contract Services	35,451	36,907	41,635	35,000	35,000
Operating Supplies	27,884	25,571	30,282	25,000	18,604
Travel	0	0	39	500	500
Training	110	0	0	600	600
Insurance	34,913	37,784	46,357	47,827	47,784
Claims & Damages	1,545	0	0	500	500
Advertising	9,911	9,932	5,239	10,600	7,600
Promotion	0	345	634	250	250
Bank Charges	6,929	10,148	11,695	11,000	11,000
Utilities	149,219	147,967	178,759	172,000	172,000
Excise Tax	4,766	4,762	3,972	5,000	5,000
Bad Debt Expense	1,002	(1,746)	3,454	2,000	2,000
Miscellaneous Expense	(100)	(917)	0	100	100
Credit System	39,608	37,766	44,223	37,000	40,000
Repair & Maintenance	30,506	56,432	16,400	62,500	62,500
Operating Expenses	628,257	644,532	660,947	722,827	728,141

	2012 Actual	2013 Actual	2014 Actual	2015 Budget	2016 Budget
Operating Income/(Loss)	704,114	711,224	714,495	779,374	846,959
Allocated Administrative & General	258,382	269,869	334,473	335,911	334,856
Depreciation Expense	285,357	271,237	249,198	255,000	250,000
Net Operating Income/(Loss)	160,375	170,118	130,824	188,463	262,103



**Overview:** Featuring a heavy boat haul-out facility, the Port Townsend Yard has a regional reputation for quality and economy and is a destination of choice for vessel maintenance, refits and new construction of all types. It provides access to more than 100 marine trades businesses in the Port Townsend area. The Port operates three travel lifts; the largest one can lift vessels up to 150 feet long and weighing up to 330 tons. The Yard's 17-acre dry-land storage area can hold up to 200 vessels "on the hard," and owners are allowed to work on their own boats (something many work-yards prohibit). Constructed in 1997, the Shipyard portion of the Yard provides a variety of spaces and buildings for the marine trades. It supports over 450 people working in approximately 100 marine trades businesses, comprising the third-largest employment sector in Jefferson County. The security of long-term leases has encouraged many marine boat-building and repair businesses to construct specialized facilities for their operations. Other Yard tenants include marine supply and equipment retailers, several eateries, and the County's hazardous waste collection facility.

Total debt service related to the yard for 2016 is \$133,162, which includes interest and principal.

	2012 Actual	2013 Actual	2014 Actual	2015 Budget	2016 Budget
<b>Operating Revenues</b>					
Electric	18,095	25,049	30,076	25,000	25,000
Liveaboard Fee	2,194	1,593	1,715	1,500	500
Miscellaneous Revenue	26,903	7,749	19,385	15,000	15,000
300 Ton Hoist Revenue	116,150	110,389	100,237	177,000	186,735
70/75 Ton Hoist Revenue	210,385	223,840	226,435	267,000	270,639
Washdown Revenue	55,811	59,088	61,139	60,000	75,000
Bilge Water Revenue	1,992	3,025	2,292	2,800	12,000
Ship Yard Revenue	322,992	361,084	389,671	345,000	360,080
Work Yard Revenue	508,830	529,299	572,500	600,000	600,000
Blocking Rent	9,149	9,437	12,795	11,000	16,000
Tarp Pool Revenue	30,097	30,299	35,887	0	0
Long Term Storage Yard	58,811	60,921	61,254	60,000	70,322
Marine Trades Contribution	91,100	108,861	94,064	75,000	81,800
<b>Total Revenues</b>	<b>1,452,509</b>	<b>1,530,634</b>	<b>1,607,450</b>	<b>1,639,300</b>	<b>1,713,076</b>
<b>Operating Expenses</b>					
Salaries & Wages	427,500	387,032	408,634	440,000	498,168
Payroll Taxes	53,860	50,314	49,644	64,061	63,900
Employee Benefits	123,742	120,973	132,818	143,955	183,432
Uniform Expense	3,979	2,113	3,270	3,500	3,500
Maintenance Salaries & Wages	0	0	0	0	75,528
Maintenance Payroll Taxes	0	0	0	0	7,163
Maintenance Payroll Benefits	0	0	0	0	26,724
Environmental Salaries & Wages	0	0	0	0	56,784
Environmental Payroll Taxes	0	0	0	0	6,636
Environmental Payroll Benefits	0	0	0	0	17,760
Contract Services	16,625	4,162	29,367	25,000	25,000
Operating Supplies	21,838	16,034	21,846	18,000	25,000
Tarp Pool Expense	16,508	16,402	22,534	20,000	20,000
Postage	1,043	615	840	1,025	1,025
Janitorial Supplies	2,583	2,903	3,067	2,600	2,600
Fuel & Lubricants	20,052	11,934	15,702	20,000	20,000
Shipyards Permit	707	0	171	700	700
Travel	953	0	0	800	800
Training	406	0	0	1,000	1,000
Insurance	35,060	34,920	33,780	34,325	35,670
Claims & Damages	48	5,585	0	5,000	5,000
Advertising	20,783	11,812	9,857	13,000	10,000
Promotion	804	1,129	2,034	2,500	2,500
Bank Charges	18,161	25,928	23,573	30,000	20,000



	2012 Actual	2013 Actual	2014 Actual	2015 Budget	2016 Budget
Operating Expenses, cont.					
Utilities	107,816	110,759	133,760	148,050	118,600
Excise Tax	8,921	8,347	7,470	8,500	8,500
Bad Debt Expense	9,068	(624)	38,383	15,000	15,000
Miscellaneous Expense	0	0	0	600	600
Repair & Maintenance - Lifts	19,060	25,957	37,914	30,000	30,000
Repair & Maintenance	29,569	5,174	16,845	39,000	39,000
Operating Expenses	939,086	841,469	991,509	1,066,616	1,320,590
Operating Income/(Loss)	513,423	689,165	615,941	572,684	392,486
Allocated Administrative & General	283,616	317,283	376,277	339,734	360,277
Depreciation Expense	264,121	277,472	292,230	305,000	340,116
Net Operating Income (Loss)	<u>(34,314)</u>	<u>94,410</u>	<u>(52,566)</u>	<u>(72,050)</u>	<u>(307,907)</u>

**Overview:** The diverse upland development and land uses at Boat Haven include many marine-related and non-marine related structures and uses. Marine-related uses include the following: boat storage, boat building, repair, sales and service, fish processing, a yacht club, a U.S. Coast Guard station, and marine related offices and manufacturing. Non-marine related uses include the following: several restaurants, offices, manufacturing, a moderate risk waste disposal facility, and other assorted commercial and retail businesses. There are approximately 60+ structures on site, ranging from small sheds to large marine trade buildings.

	2012 Actual	2013 Actual	2014 Actual	2015 Budget	2016 Budget
<b>Operating Revenues</b>					
PTBH Prop - Lease Revenue	494,980	476,915	470,637	518,500	509,600
PTBH Prop - Storage Units	8,860	7,075	5,850	10,000	5,000
PTBH Prop - Fuel Dock Lease	21,305	19,961	20,356	20,000	20,400
PTBH Prop - Stormwater Fees	0	0	8,342	0	8,200
PTBH Prop - Electric	13,802	13,551	13,777	14,500	14,000
Total Revenues	538,947	517,502	518,986	563,000	557,200
<b>Operating Expenses</b>					
Salaries & Benefits	39,795	39,448	40,292	45,000	0
Payroll Taxes	5,014	4,906	4,966	6,615	0
Employee Benefits	11,480	12,253	13,082	14,866	0
Maintenance Salaries & Benefits	0	0	0	0	23,784
Maintenance Payroll Taxes	0	0	0	0	3,072
Maintenance Payroll Benefits	0	0	0	0	7,188
Contract Services	963	3,615	8,643	4,000	4,000
Operating Supplies	400	534	177	1,000	200
Postage	835	494	618	750	750
Insurance	17,279	14,736	11,613	11,316	11,226
Bank Charges	503	722	1,092	1,000	520
Utilities	33,330	33,344	36,035	32,500	32,500
Excise Tax	249	240	184	300	300
Bad Debt Expense	1,730	312	0	500	500
Miscellaneous Expense	99	29	31	100	100
Repair & Maintenance	21,666	9,152	9,822	40,000	40,000
Operating Expenses	133,330	119,786	126,555	157,947	124,140
Operating Income/(Loss)	405,617	397,717	384,065	405,053	433,060
Allocated Administrative & General	106,075	97,657	128,445	125,894	119,594
Depreciation Expense	138,637	138,832	125,608	125,000	125,000
Net Operating Income/(Loss)	<u>160,904</u>	<u>161,228</u>	<u>130,012</u>	<u>154,159</u>	<u>188,466</u>



**Overview:** Constructed in the early 1930s as a federal quarantine station, but soon repurposed as a U.S. Coast Guard station, the property was deeded to the Port in 1956. The 4-acre marina has 44 slips and 700 feet of linear docks dedicated to transient guest moorage. The 24 upland acres owned by the Port accommodates a RV park with 48 spaces. The marina's dock system was completely replaced in 2007.

In addition to the regional offices of the Washington State Department of Fish and Wildlife, Washington State University Extension offices as well as U.S. Customs, Point Hudson is home to the Wooden Boat Foundation, the Northwest Maritime Center and the annual Wooden Boat Festival. Point Hudson is also home to three restaurants as well as several maritime related businesses.

Total debt service related to Point Hudson for 2016 is \$255,651, which is interest and principal.



	2012 Actual	2013 Actual	2014 Actual	2015 Budget	2016 Budget
<b>Operating Revenues</b>					
Pt Hudson - Building Lease Rev	238,983	316,458	371,863	400,000	400,000
Pt Hudson - Permanent Moorage	94,702	109,312	108,759	111,500	124,277
Pt Hudson - Liveaboard Fee	3,380	3,705	3,665	4,300	4,300
Pt Hudson - Monthly Guest	41,594	56,038	65,108	50,000	70,000
Pt Hudson - Nightly Guest	201,656	220,103	200,743	210,000	235,350
Wharf Usage	0	6,150	7,063	8,000	10,000
Pt Hudson - Monthly R.V.	29,300	21,654	23,900	35,000	27,100
Pt Hudson - Nightly R.V.	221,824	240,553	248,948	250,000	290,126
Pt Hudson - Kayak Racks	3,722	4,936	6,319	5,000	6,000
Pt Hudson - Reservation Fee	26,873	27,293	31,227	26,000	26,000
Pt Hudson - Showers	6,331	8,112	7,628	8,000	8,000
Pt Hudson - Laundry	6,591	7,022	8,748	7,500	7,500
Pt Hudson - Passenger Fee	0	4,132	4,784	4,000	4,000
Pt Hudson - Electric	20,351	22,402	18,122	22,000	22,000
Pt Hudson - Miscellaneous Rev	3,227	1,680	2,683	2,500	2,500
Pt Hudson - Event Facility Rev	1,007	1,946	2,826	2,000	5,000
<b>Total Revenues</b>	<b>899,541</b>	<b>1,051,496</b>	<b>1,112,386</b>	<b>1,145,800</b>	<b>1,242,153</b>
<b>Operating Expenses</b>					
Salaries & Wages	172,163	218,945	232,353	252,000	141,635
Payroll Taxes	23,812	27,946	28,517	37,050	18,262
Employee Benefits	48,947	67,530	75,810	83,256	52,184
Uniform Expense	797	229	837	675	700
Maintenance Salaries & Wages	0	0	0	0	31,830
Maintenance Payroll Taxes	0	0	0	0	63,300
Maintenance Payroll Benefits	0	0	0	0	10,715
Environmental Salaries & Wages	0	0	0	0	21,816
Environmental Payroll Taxes	0	0	0	0	9,468
Environmental Payroll Benefits	0	0	0	0	1,104
Contract Services	34,171	36,310	29,389	31,830	31,830
Operating Supplies	7,363	8,528	6,703	9,000	6,000
Postage	904	501	684	850	850
Janitorial Supplies	7,051	7,660	7,395	7,000	7,000
Travel	0	0	0	300	200
Training	110	0	0	300	300
Insurance	26,381	29,716	36,379	37,609	37,965
Claims and Damages	0	0	0	500	500
Advertising	22,569	23,562	19,777	25,000	25,000
Promotion	508	1,321	863	250	250
Bank Charges	14,922	16,583	23,552	20,000	20,000

	2012 Actual	2013 Actual	2014 Actual	2015 Budget	2016 Budget
Operating Expenses, cont.					
Utilities	128,043	132,284	133,118	158,850	158,850
Excise Tax	5,942	7,661	5,655	6,000	6,000
Bad Debt Expense	7,605	96	2,151	1,000	1,000
Miscellaneous Expense	(89)	(1,583)	0	200	0
Repair & Maintenance	28,281	40,839	126,158	30,000	30,000
Operating Expenses	529,480	618,127	729,342	701,570	647,893
Operating Income/(Loss)	370,061	433,369	383,044	444,030	594,260
Allocated Administrative & General	167,145	215,100	274,599	253,979	262,999
Depreciation Expense	281,839	317,337	361,789	385,000	362,400
Net Operating Income/(Loss)	<u>(78,923)</u>	<u>(99,068)</u>	<u>(253,344)</u>	<u>(194,749)</u>	<u>(31,139)</u>

**Overview:** At the south end of Linger Longer Road on the west shore of Quilcene Bay, the Port owns about 50 acres of waterfront and uplands. The major tenant is Coast Seafoods, which operates a large shellfish hatchery and processing facility. A mix of transient, permanent and commercial moorage is provided at Herb Beck Marina (formerly the Quilcene Boat Haven Marina, renamed in 2005 to honor the long-serving former Port Commissioner, a Quilcene resident). The marina's small manmade harbor has floating docks to accommodate about 50 boats, plus a boat launch ramp and fuel and water service. In 2008 the Port rebuilt 80 feet of docks that were damaged in a storm, and replaced the sites failing septic system with one that has an extra capacity for future industry and possible expanded RV use. Parking and a public restroom are provided next to the only warm-water swimming beach in the county.

	2012 Actual	2013 Actual	2014 Actual	2015 Budget	2016 Budget
<b>Operating Revenues</b>					
Quilcene - Permanent Moorage	43,439	37,506	36,496	34,000	33,150
Quilcene - Nightly Moorage	1,843	2,662	2,632	2,600	2,600
Quilcene - Nightly R.V.	1,072	1,116	1,304	1,200	1,200
Quilcene - Electric	2,577	2,079	1,799	2,000	2,000
Quilcene - Showers	2,650	2,580	2,300	2,500	2,500
Quilcene - Fuel Sales	26,458	34,491	26,683	28,000	28,000
Quilcene - Lease Revenue	52,033	55,399	56,445	58,000	59,160
Quilcene - Rental Property Rev	6,000	6,000	6,000	6,000	6,000
Quilcene - Water	8,624	6,898	6,968	7,000	7,000
Quilcene - Miscellaneous Rev	0	0	0	200	200
Total Revenues	144,697	148,731	140,627	141,500	141,810
<b>Operating Expenses</b>					
Salaries & Wages	16,001	11,059	18,216	16,000	0
Payroll Taxes	2,022	1,358	2,211	2,358	0
Employee Benefits	4,560	3,462	5,888	5,299	0
Uniform Expense	13	0	0	0	0
Maintenance Salaries & Wages	0	0	0	0	10,284
Maintenance Payroll Taxes	0	0	0	0	1,316
Maintenance Payroll Benefits	0	0	0	0	3,216
Contract Services	18,386	19,110	14,375	18,275	17,000
Fire Protection	1,000	1,000	1,000	1,000	1,000
Operating Supplies	1,088	625	1,777	500	500
Postage	300	150	225	300	300
Janitorial Supplies	881	1,356	871	800	800
Cost of Fuel Sold	24,162	31,541	24,055	20,000	20,000
Travel	0	0	0	300	300
Training	110	0	0	200	200
Insurance	6,684	6,606	6,016	6,115	5,294
Claims & Damages	0	0	0	500	500
Advertising	281	0	0	300	300
Bank Charges	321	911	848	1,000	1,000
Utilities	11,198	14,357	11,630	11,000	8,780
Excise Tax	688	646	562	500	500
Bad Debt Expense	0	0	827	500	500
Miscellaneous Expense	18	0	0	100	100
Repair & Maintenance	2,927	6,702	6,083	15,000	15,000



	2012 Actual	2013 Actual	2014 Actual	2015 Budget	2016 Budget
Operating Expenses	90,641	98,884	94,585	100,046	86,890
Operating Income/(Loss)	54,056	49,847	46,042	41,454	54,920
Allocated Administrative & General	27,871	29,192	34,422	31,216	29,964
Depreciation Expense	69,506	68,746	66,318	75,000	66,600
Net Operating Income/(Loss)	<u>(43,321)</u>	<u>(48,091)</u>	<u>(54,698)</u>	<u>(64,763)</u>	<u>(41,644)</u>



**Overview:** The Port owns and operates five ramps within its properties. The ramps are located at the Boat Haven and Quilcene marinas as well as Gardiner, Mats Mats Bay and Port Hadlock. These facilities were constructed for the benefit of the public as a whole, and are intended to provide waterfront access and recreational opportunities for a wide variety of persons.

In 2016, with the help of an RCO grant, the Port will double the size of the Boat Haven launch ramp to better serve the increase in small craft users.

	2012 Actual	2013 Actual	2014 Actual	2015 Budget	2016 Budget
Operating Revenues					
Ramp Fees	33,245	33,504	31,438	35,000	53,899
Dinghy Float Revenue	1,047	838	870	1,350	1,350
Total Revenues	34,292	34,342	32,308	36,350	55,249
Operating Expenses					
Salaries & Wages	13,373	15,495	14,396	16,000	7,524
Payroll Taxes	1,661	1,910	1,747	2,354	3,217
Employee Benefits	3,858	4,838	4,694	5,291	2,604
Uniform Expense	34	0	0	0	0
Maintenance Salaries & Wages	0	0	0	0	9,108
Maintenance Payroll Taxes	0	0	0	0	1,160
Maintenance Payroll Benefits	0	0	0	0	2,856
Operating Supplies	1,070	1,396	37	800	200
Insurance	768	1,248	1,307	1,362	1,459
Promotion	1,959	630	945	1,500	1,500
Bank Charges	273	364	409	600	600
Utilities	3,946	3,885	3,929	4,250	4,250
Excise Tax	598	567	478	525	525
Bad Debt Expense	0	0	0	100	0
Miscellaneous Expense	18	0	0	25	25
Repair & Maintenance	1,278	200	404	5,000	2,520
Total Expenses	28,836	30,534	28,346	37,807	37,548
Operating Income/(Loss)	5,456	3,808	3,962	(1,457)	17,701
Allocated Administrative & General	6,148	6,314	7,712	8,128	11,674
Depreciation Expense	15,935	14,357	24,149	25,000	38,664
Net Operating Income/(Loss)	<u>(16,627)</u>	<u>(16,862)</u>	<u>(27,899)</u>	<u>(34,585)</u>	<u>(32,637)</u>





**Overview:** Jefferson County's only general aviation airport is located four (4) miles southwest of Port Townsend, between State Routes 19 and 20. It was originally developed as an auxiliary military training facility prior to World War II, and was transferred first to Jefferson County, and then to the Port of Port Townsend in 1959. The Port has more than doubled the initial landholding to 316 acres and in 1990 constructed a single 3,000-foot east-west paved runway.

Airport tenants offer a wide range of aviation support services, including passenger, cargo and scenic flights, aircraft rentals, flight instruction, aviation fuel, airframe and power plant maintenance and repair, and a restaurant. The Airport is both home to and a popular destination for recreational pilots, and is an international airport of entry used frequently by Canadian pilots. More than 100 aircraft are presently based at the JCIA. Private developers began construction in 2008 on 65 new airplane hangars, 23 of which have now been completed and are for sale. A significant addition at the Airport is the nonprofit Port Townsend Aero Museum, which opened in 2009 and is dedicated to historic aviation in the Pacific Northwest.



	2012 Actual	2013 Actual	2014 Actual	2015 Budget	2016 Budget
<b>Operating Revenues</b>					
Miscellaneous Revenue	0	0	0	100	100
Lease Revenue	96,823	100,950	102,733	105,000	105,264
Hangar Revenue	23,741	22,179	23,562	23,000	22,404
Vehicle Parking Revenue	930	720	705	750	750
Aircraft Parking	1,555	1,229	891	1,000	1,000
Landing Fee	53	32	0	100	0
Fuel Lease Revenue	4,315	3,369	3,008	3,500	3,500
Total Revenue	127,417	128,478	130,899	133,450	133,018
<b>Operating Expenses</b>					
Salaries & Wages	31,892	38,795	31,644	44,000	0
Payroll Taxes	3,982	4,820	3,865	6,165	0
Employee Benefits	9,125	12,233	10,273	13,853	0
Uniform Expense	40	0	0	0	0
Maintenance Salaries & Wages	0	0	0	0	46,416
Maintenance Payroll Taxes	0	0	0	0	5,990
Maintenance Payroll Benefits	0	0	0	0	14,736
Contract Services	450	12,215	4,905	12,000	8,000
Fire Protection	9,255	9,289	9,283	9,180	9,180
Operating Supplies	1,138	23	0	200	0
Postage	334	198	321	300	300
Fuel & Lubricants	2,400	85	1,103	1,200	1,200
Permits	657	0	2,093	0	1,500
Travel & Training	0	0	0	200	0
Insurance	17,584	19,037	19,267	20,083	20,333
Claims & Damages	0	0	0	500	500
Membership & Dues	225	150	0	70	70
Bank Charges	239	241	87	100	100
Utilities	11,244	12,138	10,201	12,000	12,000
Excise Tax	216	2,291	398	100	300
Bad Debt Expense	230	105	0	200	200
Miscellaneous Expense	817	615	191	1,000	1,000
Repair & Maintenance	21,397	12,227	2,196	10,000	8,000
Total Expenses	111,476	128,954	95,961	131,151	129,825

	2012 Actual	2013 Actual	2014 Actual	2015 Budget	2016 Budget
Operating Income/(Loss)	15,941	(475)	34,938	2,299	1,867
Allocated Administrative & General	24,965	26,681	32,919	29,785	28,106
Depreciation Expense	250,644	260,260	258,711	250,000	264,067
Net Operating Income/(Loss)	<u>(259,668)</u>	<u>(287,416)</u>	<u>(256,692)</u>	<u>(277,486)</u>	<u>(288,980)</u>

**Overview:** The Maintenance Shop includes all of the expenses for the Maintenance Staff that are not allocated to the various departments. The majority of the staff time is charged out to the various departments as can be seen in their budgets, however there is also staff time as well as materials associated with running the maintenance shop. Those expenses are shown on the next page.

The total cost of Maintenance included within this budget is \$240,694. This includes the total cost of salaries and benefits of the Maintenance staff as well as the other expenses included within the maintenance shop, repair and maintenance, and operating supplies.

	2012 Actual	2013 Actual	2014 Actual	2015 Budget	2016 Budget
Salaries & Wages	113,833	113,413	106,756	115,000	125,436
Payroll Taxes	13,635	12,705	12,727	16,809	17,194
Employee Benefits	31,817	32,275	34,615	37,773	40,200
Uniform Expense	3,167	2,594	3,015	3,045	3,780
Contract Services	880	385	68	300	300
Operating Supplies	2,542	3,982	5,451	4,700	4,700
Janitorial Supplies	861	968	1,022	800	800
Fuel & Lubricants	13,878	11,732	15,363	12,000	12,000
Repair & Maintenance	2,879	8,090	4,246	11,000	11,000
Travel	12	0	168	100	100
Training	331	330	60	600	600
Insurance	5,544	4,061	4,329	4,338	4,884
Advertising	174	339	412	0	0
Membership & Dues	100	170	100	0	0
Utilities	7,166	9,759	7,505	6,600	6,600
Miscellaneous Expense	0	0	0	100	100
Depreciation Expense	11,038	11,582	13,905	15,000	13,000
Total Expenses	<u>207,858</u>	<u>212,385</u>	<u>209,744</u>	<u>228,166</u>	<u>240,694</u>



**Overview:** The Environmental department includes all of the expenses for Environmental Staff that are not allocated to other departments. The majority of the staff time is charged out to other departments as can be seen in their budgets, however there is also staff time as well as materials associated with running the environmental department. Those expenses are shown on the next page.

For budgeting purposes, we allocated environmental time to the following departments: Yard (40%), Boat Haven (20%) and Point Hudson (20%). The remaining 20% of environmental staff time is estimated as environmental compliance administrative work as well as safety compliance. Actual time spent will be charged to each department during the year.



	2012 Actual	2013 Actual	2014 Actual	2015 Budget	2016 Budget
Operating Revenues					
Clean Up Revenue	0	10,109	9,868	10,000	0
Total Revenues	0	10,109	9,868	10,000	0
Operating Expenses					
Salaries & Wages	0	52,051	67,537	88,000	18,912
Payroll Taxes	0	6,368	8,220	12,963	3,060
Employee Benefits	0	16,250	21,799	29,130	5,928
Uniform Expense	0	618	456	500	648
Contract Services	0	36,951	30,194	20,000	20,000
Operating Supplies	0	16,200	19,751	10,000	10,000
Postage	0	55	10	100	100
Permits	0	1,067	1,152	1,600	1,600
Travel & Training	0	1,284	1,580	1,500	1,500
Insurance	0	2,822	3,636	3,757	3,628
Claims & Damages	0	0	16,000	0	0
Advertising	0	187	39	150	150
Utilities	0	4,427	1,888	2,000	2,000
Excise Tax	0	0	2,125	2,000	2,000
Bad Debt Expense	0	0	0	0	0
Repair & Maintenance	0	2,731	6,499	7,500	7,500
Operating Expenses	0	141,012	180,887	179,200	77,026
Operating Income/(Loss)	0	(130,903)	(171,019)	(169,200)	(77,026)
Allocated Administrative & General	0	24,364	39,230	2,236	0
Depreciation Expense	0	31,757	31,154	32,000	32,000
Net Operating Income/(Loss)	0	(187,024)	(241,403)	(203,436)	(109,026)

*Note: In 2015, we determined the Environmental department is truly not a profit center, but a cost only center. "Clean-up Revenues" received by various Port departments belong with that department as the activity occurred there. As such, we categorized the Environmental department similarly to the Maintenance department starting in the 2016 budget.*

**Overview:** The Administration includes expenses for the Commission, Executive Staff and Accounting Staff. Overall expenses have increased 31% since 2012, however a significant reason for this is the way in which salaries are being allocated. There are 3.5 FTEs in Executive staff. Prior to mid-2013 Executive Staff salaries were allocated to the various departments. Beginning in mid-2013 all Administrative salaries were charged to Administration. In addition, there were increased legal costs for several years due to an outstanding claim during that time period, as well as recognition of depreciation for Administration. The Administrative & General (A & G) costs are distributed through a quarterly A & G allocation process. The A & G allocation is calculated based on each department's revenues. In addition there has been a 75% increase in health care and retirement costs since 2012.

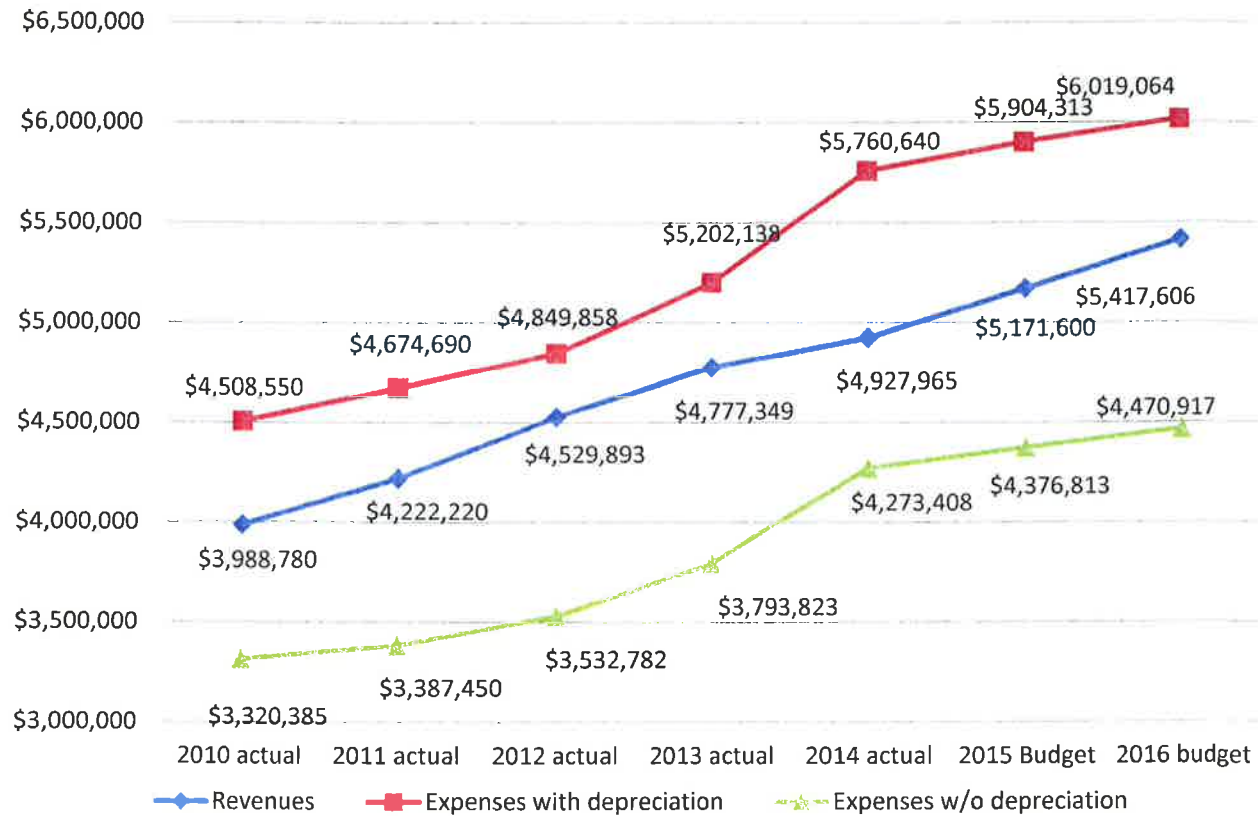
Total debt service related to administration for 2016 is \$17,754, which is interest only as principal payments do not commence until 2017.

	2012 Actual	2013 Actual	2014 Actual	2015 Budget	2016 Budget
Salaries & Wages	434,646	474,320	442,454	560,000	569,952
Payroll Taxes	32,829	37,390	34,612	46,883	51,741
Employee Benefits	120,449	147,725	144,907	183,020	212,395
Uniform Expense	855	0	103	450	450
Contract Services	32,890	48,137	37,581	50,000	50,000
Legal Expense	92,719	122,375	124,752	100,000	75,000
Audit Expense	15,606	209	20,417	1,000	6,600
Operating Supplies	22,638	31,398	13,683	16,125	16,125
Community Relations	7,288	6,227	6,959	4,000	4,000
Publications	174	135	135	200	200
Postage	1,949	1,197	1,348	1,800	1,800
Repair & Maintenance	349	602	22	0	0
Promotional Hosting	0	600	0	500	500
Travel	19,725	18,278	19,138	13,700	13,700
Training	5,270	5,150	5,418	5,300	5,300
Insurance	18,081	18,881	19,617	20,932	20,932
Advertising	4,252	4,230	3,667	900	5,000
Membership & Dues	11,338	11,652	13,363	14,600	14,600
Bank Charges	158	0	0	100	100
Economic Development	36,996	25,000	25,000	25,000	25,000
Utilities	14,146	14,934	13,698	15,600	15,600
Miscellaneous Expense	1,846	1,284	0	2,175	2,175
Allocated Administrative & General	(874,201)	(986,459)	(990,229)	(1,126,885)	(1,147,470)
Depreciation Expense	0	16,736	61,955	60,500	56,300
Total	0	0	0	0	0

**Overview:** We opted for an increase of 1% on the property tax levy as allowed by the Washington State Constitution, rather than banking that capacity for future use. In addition, we anticipate receiving \$223,740 in RCO grant funds for the boat ramp expansion project that was started in late 2015. All other non-operating revenues are budgeted rather conservatively. The non-operating expenses include interest expense for debt service throughout the year.



	2012 Actual	2013 Actual	2014 Actual	2015 Budget	2016 Budget
<b>Non-Operating Revenue</b>					
Grants - FAA	120,200	337,626	209,681	25,000	0
Other Capital Grants	0	0	0	339,000	223,740
Contributed Capital	166,596	2,268,257	65,539	0	0
Investment Interest	14,542	13,377	11,357	15,000	4,200
Operating Tax Levy	877,783	884,622	900,279	930,900	948,000
State Forest Revenue	24,831	9,196	37,644	23,000	25,000
State Timber Excise Tax	35,357	37,593	47,048	36,500	39,000
Leasehold Excise Tax	6,979	6,912	5,035	7,000	7,000
Insurance Recovery	0	0	58,930	0	0
Finance Charges	18,433	16,584	18,393	20,000	14,000
Other Non-Operating Revenues	0	1,500	2,500	0	0
<b>Total Non- Operating Revenue</b>	<b>1,264,721</b>	<b>3,575,668</b>	<b>1,355,906</b>	<b>1,396,400</b>	<b>1,260,940</b>
<b>Non-Operating Expenses</b>					
Interest Exp - Local Fund	2,278	1,451	591	0	0
Interest Exp - CERB	15,125	12,375	9,625	7,104	5,500
Interest Exp - 2005 Rev Ref Bond	118,232	101,812	76,703	57,974	0
Interest Exp - 2005 LTGO Bond	193,059	189,559	179,246	175,329	0
Interest Exp - 2006 LTGO Ref Bond	51,924	44,456	31,989	24,630	17,532
Interest Exp - 2010 LTGO Bond	202,428	200,910	194,389	190,735	226,836
Interest Exp - 2013 Rev Bond	0	11,250	17,754	17,754	17,754
Interest Exp - 2015 LTGO Ref Bond	0	0	0	0	130,651
Bond Management Fees	1,506	1,872	1,553	1,200	1,200
Investment Fees	211	220	102	1,000	1,000
Election Expense	0	16,438	0	16,000	0
<b>Total Non- Operating Expenses</b>	<b>584,763</b>	<b>587,239</b>	<b>511,952</b>	<b>491,726</b>	<b>400,473</b>
<b>Net Non-Operating Income/(Loss)</b>	<b>679,958</b>	<b>2,988,429</b>	<b>843,954</b>	<b>904,674</b>	<b>860,467</b>



### Estimated Beginning Cash/Investment Balance

**\$2,008,720 \*\***

### INCOME

Property Tax Levy	\$948,000
Facility Revenues	\$5,438,142
Interest Income	\$4,200
Other Non-Operating Income	\$85,000
Grant - RCO	\$223,740

### Total Income

**\$6,699,082**

### EXPENSES

Total

PTBH Marina	\$728,141
Work/Ship Yard	\$1,320,590
PTBH Property	\$124,140
Point Hudson	\$647,893
Quilcene	\$86,890
Boat Ramps	\$37,548
Airport	\$129,825
Maintenance Shop	\$227,694
Environmental	\$77,026
Administrative & General	\$1,091,170
Other Non-Operating	\$2,200
Funds Transfers to Reserves	\$120,000
Bond Interest	\$398,723
Bond Principal	\$625,000

### Total Expenses

**\$5,616,390**

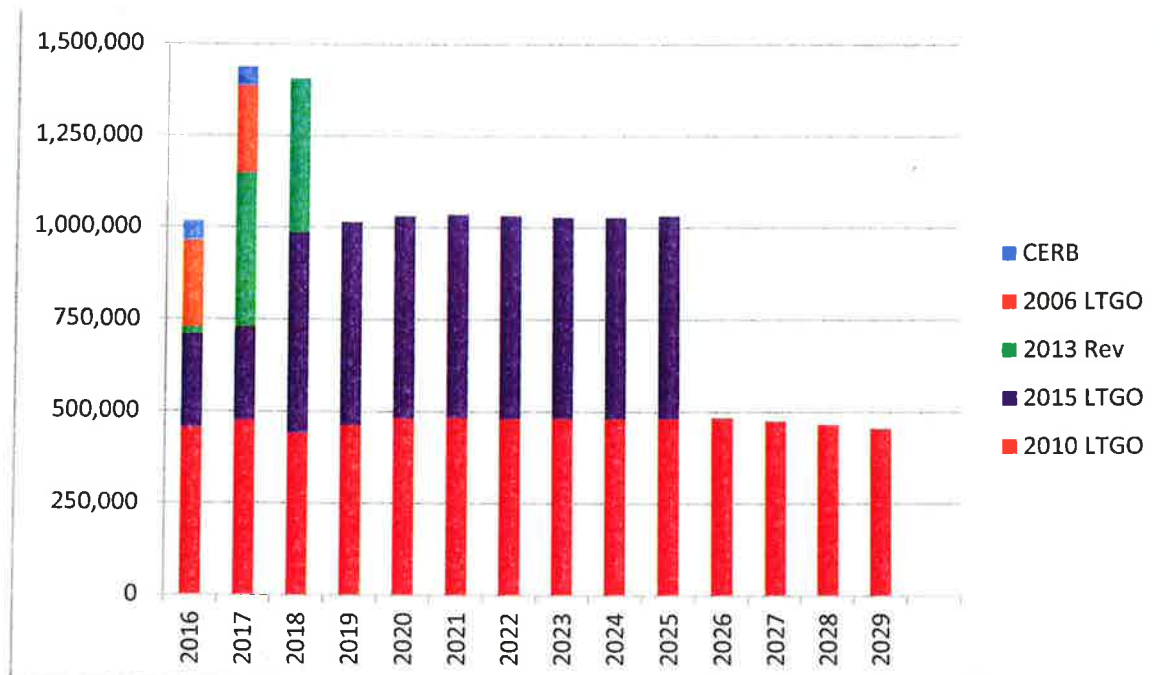
### Estimated Ending Cash/Investment Balance

**\$3,091,412**

\*\* Cash Balance consists of:

Operating Reserve	\$1,150,870
PTBH Renovation Res	\$747,850
Hazardous Waste Res	\$25,000
Contingency Res	\$75,000
Unemployment Res	\$10,000
Total Cash/Investment	<u>\$2,008,720</u>

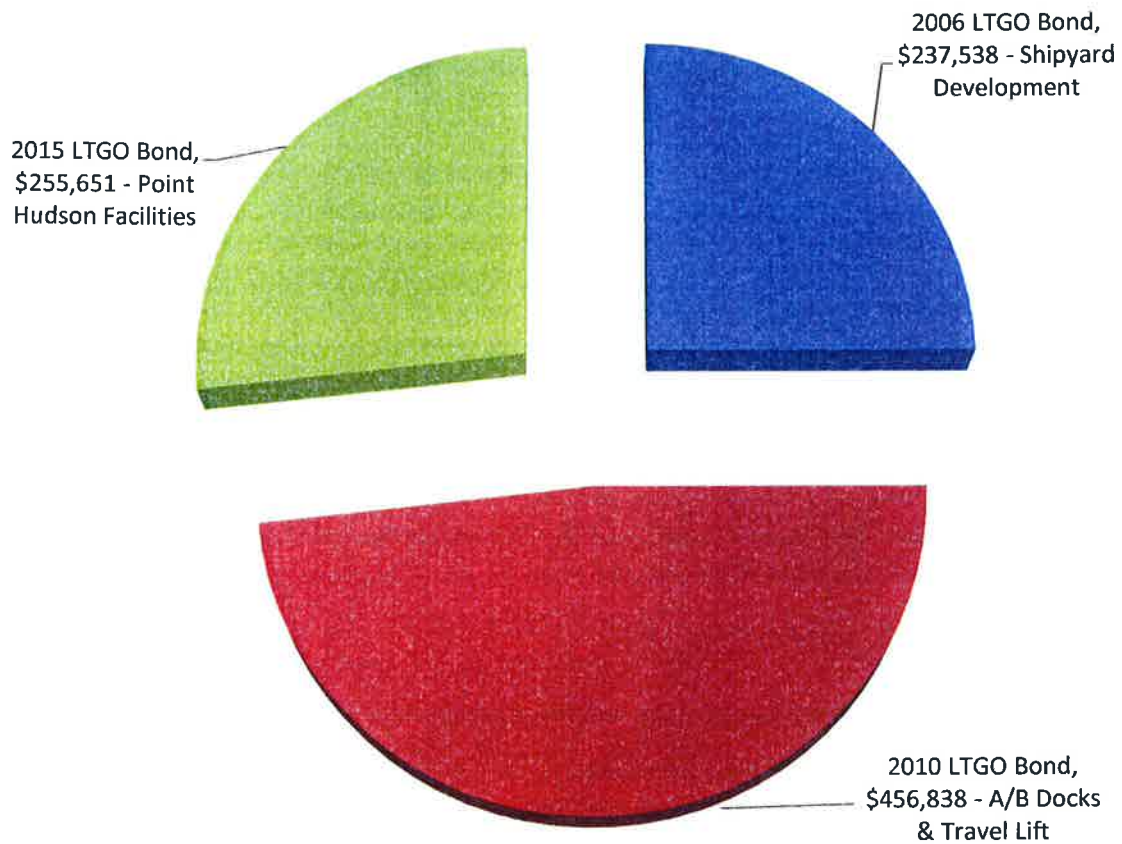
Debt	Principal Balance	Interest Balance	Pay-Off Date
CERB Loan (1)	\$ 100,000	\$ 8,250	July 2017
2006 LTGO (2)	\$ 452,000	\$ 26,539	July 2017
2013 Revenue Bond (3)	\$ 807,000	\$ 48,242	November 2018
2015 LTGO Refunding Bond (4)	\$4,115,000	\$ 788,701	December 2025
2010 LTGO Bond (5)	\$4,595,000	\$2,023,263	December 2029
Total	\$10,069,000	\$ 2,894,995	
		\$12,963,995	



- 1- Purchase of 300 ton Travel Lift
- 2- Advance refunding of 1997 bonds for shipyard development
- 3- Construction of a new Administration building
- 4- This refunding extinguished 2005 Revenue Bonds and Refunded the 2005 LTGO bonds used for the Point Hudson Marina Reconstruction
- 5- Reconstruction of A/B Dock and 75 ton Travel Lift pier



Total Tax = \$948,000  
Total G.O. Debt Service = \$950,026



## Tax Levy Sources

### General Tax Levy

The County Treasurer acts as an agent to collect property taxes levied in the County for all taxing authorities. Taxes are levied annually on January 1 on the property value listed as of the prior year. Assessed values are established by the County Assessor at 100% of fair market value. A revaluation of all property is required annually, which includes physical inspections every six years while the remainder is done statistically.

The Port is permitted by law to levy up to 45 cents per \$1,000 of assessed valuation for general port purposes. The levy may go beyond the 45 cent limit to provide for G.O. bond debt service. The rate may be reduced for either of the following reasons:

Passage of Initiate 747 in November 2001 limits the growth to 1% per year, plus adjustments for new construction.

If the assessed valuation increases due to revaluation, the levy rate will be decreased, and vice versa.

Over the period, 2005 to 2015, the Port general levy rate has ranged from \$0.15836 to \$0.22038 per \$1,000. The graph on page 51 shows the maximum levy permitted by law compared to the actual general levy of the Port from 2005 to 2016.

### Special Tax Levies

Special tax levies approved by the voters are not subject to the above limitations. The Port can levy property taxes for dredging, canal construction, leveling or filling upon approval of the majority of voters with the Port District, not to exceed \$0.45 per \$1,000 of assessed value of taxable property with the Port District. The Port District has never levied this tax.

### Industrial Development District (IDD) Tax Levies

The Port may also levy property taxes for Industrial Development Districts (under a comprehensive scheme of harbor improvements); for twelve years only, not to exceed \$0.45 per \$1,000 of assessed value of taxable property within the Port District. If a Port District intends to levy this tax for one or more years after the first six years, the Port must publish notice of intent to impose such a levy and if signatures of at least eight percent (8%) of the voters protest the levy, a special election must be held with majority approval required. The Industrial Development Levy, however, is not subject to the 101% limitation. The Port has never levied this tax.

## Tax Levy Uses

In the last ten years the Port has used the tax levy to pay for debt service on Limited Tax General Obligation Bonds, which related to prior years' capital construction.

Total proposed general levy rate for 2016 is \$0.20218 based on the preliminary assessed value for the Port District of \$4,639,984,525.

**Port of Port Townsend  
General Tax Levy Rate  
2005 – 2016**

