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**Port of Port Townsend
2nd Monthly Regular Meeting Agenda
Wednesday, May 28, 2014, 5:30 PM
Port Commission Building
333 Benedict Street, Port Townsend, WA**

- I. Call to Order / Pledge of Allegiance
- II. Approval of Agenda
- III. Consent Agenda
 - A. Approval of Public Workshop Minutes – May 12, 2014.....1-2
 - Approval of Meeting Minutes – May 12, 2014.....3-6
 - B. Approval of Warrants
- IV. Public Comments (not related to Agenda)
- V. Second Reading (Action Items)
 - A. Reid Middleton Stormwater Contract.....7-12
 - B. Port Commission Meeting in Quilcene.....13
 - C. Lease Option for Landfall Restaurant Site.....14-27
- VI. First Reading (discussion only)
 - A. Daniel Scheall JCIA Hangar Lease Extension.....28
 - B. Mariner’s Memorial.....29-32
 - C. Lease Extension for Day Boat Co.....33
 - D. April 2014 Financials.....34-56
- VII. Potential Immediate Action Items (unanimous Commission approval required)
- VIII. Staff Comments
- IX. Public Comments
- X. Commissioner Comments
- XI. **Next Meeting/Public Workshop: Wednesday, June 11, 2014. Meeting at 1:00 PM,
Public Workshop at 9:30 AM, Port Commission Building, 333 Benedict Street, Port
Townsend, WA**
- XII. Executive Session (if called):
- XIII. Adjournment

PORT COMMISSION PUBLIC WORKSHOP – May 12, 2014

The Port of Port Townsend Commission met for the Public Workshop session in the Commission Building, 333 Benedict Street, Port Townsend, WA.

Present: Commissioners – Tucker, Clinefelter and Hanke
Executive Director – Crockett
Deputy Director – Pivarnik
Auditor – Khile
Planning Analyst - Toews
Minutes – Nelson

I. CALL TO ORDER:

The Workshop was called to order at 9:30 AM.

II. AGENDA:

Refer to attached Workshop agenda for items discussed.

III. ADJOURNMENT:

The Workshop adjourned at 11:00 AM.

ATTEST:

Stephen R. Tucker, President

Peter W. Hanke, Secretary

Brad A. Clinefelter, Vice President

**Port of Port Townsend Public Workshop
MONDAY, May 12, 2014, 9:30 AM
Commission Building
333 Benedict Street
Port Townsend, WA**

AGENDA

➤ **Marina and Boat Yard Surveys**

Port staff conducted surveys of 89 marinas and 29 boat yards. The data was collected from mid-March to mid-April. In gathering the data the attempt was made to compare like services and associated costs. The spread sheet shows mean and median values and highlights the Port of Port Townsend's position. The data is presented for discussion and use as the Commission sees fit for the budget process.

➤ **Port Strategic Advisory Committee (PSAC)**

Staff will update the Commission on the current state of the PSAC. Staff is seeking Commission guidance as to how they want to move forward with the PSAC.

➤ **Commission Meeting Procedures**

Commissioner Hanke requested this topic be added to the workshop agenda. A copy of our current meeting rules will be available.

Note: This is a Public Port Commission Workshop. Workshops are for information sharing only and no decisions will be made during the session. Public input may be taken at the Commissions' discretion.

PORT COMMISSION MEETING-- May 12, 2014

The Port of Port Townsend Commission met in regular session at the Commission Building, 333 Benedict Street, Port Townsend, WA

Present: Commissioners – Tucker, Clinefelter and Hanke
Executive Director – Crockett
Deputy Director - Pivarnik
Auditor – Khile
Environmental Compliance Officer - Cairns
Attorney - Lake
Minutes – Nelson

I. CALL TO ORDER/PLEDGE OF ALLEGIANCE:

Commissioner Tucker called the meeting to order at 1:00 PM.

II. APPROVAL OF AGENDA:

Commissioner Tucker moved Second Reading, Item A – June Workshop and Meeting in Quilcene to First Reading, Item F, and to read this item at the beginning of First Reading.

Commissioner Clinefelter moved to approve the Agenda as amended.

Commissioner Hanke seconded the motion.

Motion carried by unanimous vote.

III. CONSENT AGENDA:

A. Approval of Meeting Minutes – April 23, 2014

B. Operations Reports – April 2014

C. Approval of Warrants

Warrant #052822 through #052844 in the amount of \$124,843.94 for Payroll and Benefits

Warrant # 052845 through #052909 in the amount of \$119,319.81 for Accounts Payable

Commissioner Hanke moved to approve the Consent Agenda as presented.

Commissioner Clinefelter seconded the motion.

Motion carried by unanimous vote.

IV. PUBLIC COMMENTS (Not related to agenda):

Bill Putney thanked Mr. Crockett, Mr. Pivarnik and the Commissioners for the May 3, 2014 briefing to the pilots.

V. SECOND READING (Action Items):

VI. FIRST READING (Discussion Only):

F. June Commission Meeting and Workshop in Quilcene (4:12):

Commissioner Tucker began the discussion by suggesting adding the "Quilcene Strategy" to the commission meeting agenda in Quilcene to help boost attendance. At the last commission meeting, discussion took place on holding the first daytime meeting and workshop in June in Quilcene. After hearing from audience member Linda Herzog, she suggested it be an evening meeting, around 6:00 PM, so that more people might be able to attend.

Ms. Nelson will check availability at the Quilcene Community Center for the June 25, 2014 meeting with a 6:00 PM start time.

A. Reid Middleton Contract (11:07):

Mr. Crockett explained this contract is a part of the DNR approved Level 3 Response engineering report.

Mr. Cairns discussed the high cost and complexity of the rehabilitation project of the sand filter that runs through the boatyard. It involves, reconfiguring boat placement, excavating, concrete trenches, etc. He explained the system is designed to remove zinc and copper from storm water runoff. Mr. Cairns pointed out on an aerial photo the affected areas in the yard. Different locations and scenarios were discussed for system placement, with Mr. Cairns explaining the reason for the selected location. He explained that the sand filters would be replaced with concrete ditches, and filled with Bio char. Commissioners Clinefelter and Hanke asked if the garbage dumpsters would be relocated and whether the Travelift would be able to drive over the new grating. Commissioner Clinefelter then asked about the cost. Mr. Cairns responded it would be premature to guess now, and that Reid Middleton would deliver a probable cost to the Port once determined. Mr. Cairns explained the engineering cost is 27K.

Mr. Cairns discussed the reasons for using Bio char, and its cost-effectiveness. Other items discussed were future onsite bioremediation such as a small retention pond and possible

locations, and Commissioner Clinefelter bringing up the possibility that the Port may be required to pave the yard at some point in the near future and whether the system could be designed with that in mind. Mr. Cairns then stated Level 3 requirements are to be completed within twelve months of May 31, 2014.

Mr. Crockett stated the contract would be placed on the May 28, 2014 meeting agenda for possible approval.

B. Port Management Agreement (PMA) (43:46):

Mr. Crockett explained PMAs are a legal agreement between port districts and Department of Natural Resources (DNR). He said how normally tidelands are under DNR control. The Port of PT has three PMAs, where the tidelands are still state-owned but the Port controls. Mr. Crockett explained our port is among three other ports in the Puget Sound region whose agreements are “out of sync” with the other ports. The State is updating our PMAs, which expire in September, by adding another ten years to the terms, which will bring our Port “in sync” with the others. Mr. Crockett received an email from the State asking for his signature on the PMAs, with approval from the Port Commission.

C. Lease Option for Landfall Restaurant Site (46:10):

Mr. Pivarnik explained Russ Harding, owner of The Cup restaurant and a former contractor, is looking to recreate an octagon shaped building, similar to the old Landfall, for a new restaurant on this lot. The site, zoned for a restaurant, has been vacant for three years. The lease requires a non-refundable \$500 payment upfront from Mr. Harding to secure the property for a year while he obtains permits. The property would then rent out to him at \$500/month plus tax.

D. March 2014 Financials (50:15):

Ms. Khile asked for direction from the Commission on whether they would like to have the boat yard and ship yard accounts combined or if they prefer to keep them separated. She stated operating revenues were up from the same period last year, with the biggest increases seen in the work and shipyards, environmental and Point Hudson properties. Operating expenses exceed last years, but are \$25K under budget.

E. Quilcene Strategy (55:59):

Mr. Crockett informed that Commissioner Hanke requested this for placement on the agenda. It will be a lengthy process, but one that needs to begin. Commissioner Hanke stated he would like to meet with some of Quilcene’s community leaders soon. Linda Herzog informed that one of the five goals Team Jefferson (TJ) set for the year 2014 was work on economic development in Quilcene. She would like to see TJ, the Port and the Chamber work together as partners towards this goal.

VII. POTENTIAL IMMEDIATE ACTION ITEMS (with unanimous Commission approval) (59:30):

Mr. Pivarnik reminded of the cost benefit analysis, which was completed on the AWOS and the original engineering estimate of \$150K. The engineering contract was reduced to \$98,994 because local retired engineer Bill Putney has agreed to oversee the project, and Port staff absorbing some of the administrative duties. Mr. Crockett added the FAA would pick up 90% of the cost, and the Port has submitted a grant application to WSDOT Aviation division to help with half of the Port’s 10% obligation.

Mr. Putney reminded that it is the Port’s responsibility to provide a safe airport. He stated the AWOS IIIP is one of the least expensive weather reporting stations. He questioned the chosen siting of the system and thought it might be able to be placed in a different location, but after having All Weather (one of the two companies authorized to install AWOS) investigate the site, they came up with the exact same location as did the FAA and Reid Middleton. Mr. Putney believes it would be fiscally responsible of the Port to move forward with the AWOS.

Pilot Eric Taylor thanked Port staff and the commission for the May 3 briefing to the pilots. He has heard complaints on the cost and location of the AWOS from other pilots. Mr. Taylor believes the Port needs to reach out and communicate more with the airport community, as pilots feel they have not been a part of the planning process.

Ken Kellogg, pilot from Bainbridge Island, introduced himself and stated he believes the AWOS could be located in a different area where it would not interfere with the “ambiance” of the airport. He added he would also like to see restroom facilities installed at the airport.

Lance (?), a Port Ludlow resident, explained the aesthetics of the airport attracted him. He would like to see better communication between the Port and pilots.

Mr. Pivarnik explained the FAA, Reid Middleton and an AWOS contractor all came up with the same site at the airport for AWOS installation. If there was a chance to relocate the AWOS, the entire Master Plan would need to be amended and resubmitted for FAA

approval, which is a timely process. The Port has already submitted the Master Plan Update, which is in the hands of the FAA, waiting approval. Mr. Pivarnik urged the Commission to act now on a decision. Mr. Crockett added that many areas at the airport are not an option for AWOS installation as the Master Plan Update spells out where future hangars will be located.

Commissioner Tucker explained the Port has already spent \$30K on the AWOS planning and he wants to stick with the plans.

Discussion ensued on AWOS installation in another location at the airport.

Commissioner Hanke moved to allow a vote today on the Reid Middleton AWOS contract.

Commissioner Clinefelter seconded the motion.

Motion carried by unanimous vote.

Commissioner Tucker moved to delegate authority to the Executive Director to investigate with the FAA whether alternative locations can be timely considered within the FAA's budget year and if not, to proceed with the contract and AWOS location as described.

Commissioner Hanke seconded the motion.

Motion carried by unanimous vote.

VIII. STAFF COMMENTS:

Attorney Lake announced she would be speaking at the Washington Public Ports upcoming Spring Meeting.

Ms. Nelson informed the commission she would be out of the office the week prior to the May 28, 2014 Commission Meeting, and due to the Memorial Day holiday, packets would not be available until May 27. Staff, however, will place a draft agenda on the website the Friday prior to the meeting.

Mr. Crockett informed of a recent WA Boating Alliance meeting he attended, where the derelict vessel legislation and liability insurance for moorage tenants were discussed. He stated the ODR and DNR are in the process of writing rules for insurance implementation. He also learned that State Parks are hurting financially. The Discover Pass income came in under projected figures and now they may need to close more facilities. State Parks are taking comments on how to streamline. Mr. Crockett informed them in the past the Port offered to take over Old Fort Townsend State Park as well as the boat ramp at Fort Worden. He said the Parks said "no" in the past, but they may be open to this again. Lastly, Mr. Crockett explained he would be leaving tomorrow for the WA Public Ports Spring Meeting in Vancouver.

IX. PUBLIC COMMENTS (1:53:19):

Eric Taylor thanked the commission for listening to public comments. He added that JCIA is a special airport and does not want to see that changed.

X. COMMISSIONER COMMENTS (1:54:05):

Commissioner Clinefelter asked the dates when the facilities tour was scheduled. Mr. Crockett answered the first tour will be an airport facilities tour on Tuesday, May 20, 2014 at 10:00 AM. He added the following Tuesday, May 27 at 10:00 AM, there would be a facilities tour of the Quilcene Marina. Maintenance Manager Aase and Mr. Cairns would be available for the tour.

Commissioner Hanke stated he was glad a motion was approved to move ahead with the AWOS.

Commissioner Tucker announced he attended a recent Marine Resources Committee meeting where they discussed the success of the eelgrass buoys, which the Port has been a partner. They are starting the permit process to install buoys "further on down".

Mr. Crockett added the Federal Transit Administration's "Grow Business" program has made available \$312B for various transportation projects and there is a section for ferries - something to think about.

XI. NEXT MEETING: Next regular meeting will be held Wednesday, May 28, 2014 at 5:30 PM in the Port Commission Building, 333 Benedict St, Port Townsend.

XII. EXECUTIVE SESSION:

None

XIII. ADJOURNMENT:

The meeting adjourned at 2:58 PM there being no further business to come before the Commission.

ATTEST:

Peter W. Hanke, Secretary

Stephen R. Tucker, President

Brad A. Clinefelter, Vice President

PORT OF PORT TOWNSEND

MEETING OF: **May 28, 2014**

AGENDA ITEM: **V. Second Reading (Action Items)**
 A. Reid Middleton Stormwater Contract

BACKGROUND:

Staff recommends approving the Reid Middleton contract for the Boatyard Stormwater System Design, as presented at the May 12, 2014 Port Commission meeting.

Executive Director's Recommendation:

For approval..

May 8, 2014
File No. 242014.913.008

Mr. Al Cairns
Port of Port Townsend
2771 Jefferson Street
Port Townsend, WA 98368

Subject: Agreement for Professional Services
Boatyard Stormwater System Design

Dear Mr. Cairns:

Thank you for considering Reid Middleton to provide professional engineering services for assistance with updating the stormwater system at the Port of Port Townsend's boat yard. We look forward to working with you on this project.

A. PROJECT UNDERSTANDING

The Port of Port Townsend (Port) owns and manages shipyard and boatyard facilities at the Port's Boat Haven facility in Port Townsend, Washington. As part of a major renovation in 1997, stormwater treatment systems including sand filters and stormwater vaults were installed in the boatyard and shipyard.

The Port is in the process of renovating the existing stormwater systems in response to current stringent effluent discharge limits for shipyard and boatyard operations. The Port is working with Landau Associates under a separate contract to provide assistance with the conceptual development and design of various modifications to the existing system including the addition of various new filter media. As part of the upgrade of the system, some elements such as the internal sand filter in the boatyard will be relocated.

The Port has developed a preferred alternative for the upgrade of the sand filter in the internal portion of the boatyard. The internal boatyard sand filters were labeled Section A, Section B, and Section C. Section A is approximately 200 feet long and is on the southwest side of the boatyard, Section B is also 200 feet long and is in the middle of the boatyard, and Section C is on the southeast side of the boatyard adjacent to the Fleet Building. Per the preferred alternative selected by the Port, Section A will be relocated approximately twenty feet north of its current location into the access road within the boatyard and will be replaced by a concrete trench system with new filter media and a grated cover.

Section B will be replaced in its current location with a new concrete trench, filter media, and grated cover. No modification other than minor repair is planned for Section C. Section A and Section B will be designed to support the loads of the 300 metric ton travel lift operations.

Landau Associates under a separate contract with the Port will be selecting and designing the filter media to be placed in the concrete trenches. The replacement trenches will be designed to hold the same volume of material as the existing sand filters. Selection and analysis of filter media and construction documents for installation of the filter media is excluded from the Reid Middleton scope of work. Landau under separate contract with the Port will also provide geotechnical support for design of the foundation material for the new trenches.

The electronic base map and grading design from the original Enhanced Haulout and Stormwater Facilities design will be used as the base map for the work. It should be noted that the actual current site grades may vary and some field adjustment of grades and materials may be required during construction.

The Port has requested that Reid Middleton provide engineering services to prepare bid documents for the renovation of Section A and Section B of the sand filters in the boatyard. The following is the scope of services that will be provided by Reid Middleton.

B. SCOPE OF SERVICES

1. Review background and existing information regarding the existing system, attend a site visit to discuss the proposed system and discuss proposed goals and objectives for system modification, and review proposed concept modifications developed by Landau and the Port.
2. Perform design and prepare construction documents for the replacement of Section A and Section B filter trenches. The following items will be included in the design:
 - a. Site grading plan including revisions to side grading as required to provide positive surface drainage to the trench locations with a maximum slope of 2% to allow for continued travel lift operations

- b. Site plan and layout details for the trenches and associated piping connections to tie into the existing discharge piping system.
 - c. Structural sections and details for the concrete trenches and grated lids.
3. Prepare construction documents that are suitable for bidding for the regrading, installation of the concrete trenches and grated lids, and piping connections. The previous older survey and grading design will be used as the base map. The following submittals will be provided.
 - a. At approximately the 65 percent level of design a PDF file, two hard copy sets of 11" x 17" drawings, technical specifications in Construction Specifier Institute (CSI) format, and an Opinion of Probable Construction Costs will be provided.
 - b. Following review and comment by the Port on the 65 percent design documents, a 95 percent submittal including a PDF file and two hard copy sets of 11" x 17" drawings, general specifications and technical specifications, and an Opinion of Probable Construction Costs will be provided.
 - c. Following review and comment by the Port on the 95 percent design, a final camera-ready full-size sealed set of drawings, specifications, calculations, and an Opinion of Probable Construction Costs will be provided to the Port. The documents will also be provided to the Port in PDF format.
4. This scope of services assumes Landau under their separate contract with the Port will continue to be responsible for the overall treatment analysis and design of the system including filter media, prediction of treatment rates, and other system performance analysis. This scope also assumes that Landau will provide geotechnical input into the foundation materials that support the new trenches.
5. This scope includes one predesign meeting at the Port and one additional meeting during the design process.
6. Additional services requested by the Port. Additional services such as bid assistance and construction assistance services, agency coordination

and meetings, or other services can be prepared under negotiated supplements as requested by the Port.

C. PERIOD OF PERFORMANCE

Reid Middleton will begin services upon receipt of a signed agreement and will make every reasonable effort to complete the services in a timely manner considering the needs of the project.

D. CLIENT'S RESPONSIBILITIES

Port shall provide available pertinent data, documents, and other information to Reid Middleton as necessary to complete the services outlined in Section B above.

E. COMPENSATION

1. For services described in Section B, Items 1 through 5, Reid Middleton shall be paid on a "time-plus-expenses" basis using the rates indicated in the attached Exhibit "A," Schedule of Charges Effective July 1, 2013. We estimate the fee for this portion of the services to be \$27,000.
2. For services described in Section B, Item 6, Reid Middleton shall be paid on a "time-plus-expense" basis in accordance with provisions of the attached Exhibit "A," Schedule of Charges Effective July 1, 2013, or on the basis of such other mutually satisfactory arrangements as may be negotiated.

F. REID MIDDLETON STAFF

Shannon Kinsella will be the project manager primarily responsible for this job. However, other individuals at Reid Middleton will work on aspects of your project as required.

G. CONDITIONS OF AGREEMENT

The terms and conditions of the attached Exhibit "B," Conditions of Agreement, are included as part of this agreement.

Mr. Al Cairns
Port of Port Townsend
May 8, 2014
File No. 242014.913.008
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We appreciate the opportunity to submit this proposed agreement. The terms of this agreement will become effective when confirmed by your signature within 30 days. If you wish to pursue this project after that time, this agreement may then be renegotiated. If the terms are acceptable, please sign your acceptance below and return one executed copy to Reid Middleton.

If you have any questions or comments please call me.

Sincerely,

Reid Middleton, Inc.



Shannon Kinsella
Principal

Attachments

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ACCEPTED:

Port of Port Townsend

By _____

Title _____

Date _____

Reid Middleton

PORT OF PORT TOWNSEND

MEETING OF: May 28, 2014

AGENDA ITEM: V. Second Reading (Action Items)
B. Port Commission Meeting in Quilcene

BACKGROUND:

The Quilcene Community Center is not available for a Wednesday, June 25, 2014 meeting. We have a hold on the Community Center for Thursday, June 26. (Tuesday, June 24 was not available.) At the May 12, 2014 commission meeting, it was discussed to move the meeting to 6:00 PM, rather than 5:30 PM.

Executive Director's Recommendation:

For discussion and direction as appropriate.

PORT OF PORT TOWNSEND

MEETING OF: May 28, 2014

AGENDA ITEM: V. Second Reading
C. Lease Option for Landfall Restaurant Site

BACKGROUND:

Staff presented a draft lease at the May 12, 2014 commission meeting on a concept for the development of the "old Landfall site" at Point Hudson.

At this time, Mr. Harding would like to secure the site and start the process of substantial shoreline development, which is a very arduous process that can take up to a year to receive permits. Staff believes that his concepts are sound and that this new restaurant would be a great addition to Point Hudson.

Executive Director's Recommendation:

Approve a lease option for the Cup Restaurant.

**PORT OF PORT TOWNSEND
OPTION AGREEMENT WITH LAND LEASE**

THIS OPTION AGREEMENT WITH LAND LEASE, hereinafter referred to as the "Lease", is made this 30th day of May 2014, by and between the PORT OF PORT TOWNSEND, a municipal corporation organized and existing under the laws of the State of Washington, Lessor, hereinafter referred to as "the Port," and THE CUP LIMITED, a Washington Corporation, hereinafter referred to as "Lessee,"

WITNESSETH:

That the parties hereto do mutually agree as follows:

1. **OPTION TO LEASE:** In consideration of Lessee's payment of a non-refundable option payment of \$500.00, receipt of which is hereby acknowledged, the Port hereby grants Lessee an option to lease the premises described in paragraph 2, below, on the terms contained herein. The option must be exercised within 12 months of formal Port approval as to the final design of the restaurant, by written notice from Lessee to the Port. If the option is not exercised by that deadline, or if the Port does not approve the plans to be provided by the Lessee pursuant to paragraph 12(b), below, then this Lease shall terminate and Lessee shall have no further rights hereunder. If the option is exercised, the \$500.00 deposit shall be credited against the additional deposit required in paragraph 6, below.

2. **LEASED PREMISES:** If the Option is exercised, the Port hereby leases to Lessee, and Lessee hereby hires and leases from the Port, the following described premises situated in Jefferson County, State of Washington:

A 4,800 square foot parcel of space (50' x 96') located at 412 Water Street (commonly known as the "Landfall Site"), situated at the northwest intersection of Jackson and Water Streets within the Port's Point Hudson facility, and intended for the construction of a restaurant (plan and design to be determined)

hereinafter referred to as "the premises."

3. **TERM:** If the Option described in paragraph 2 is exercised, this Lease shall immediately be in effect and the lease term shall be fifteen (15) years, beginning June 1, 2014 and ending at midnight, May 31st, 2029 unless sooner terminated as provided herein.

4. **RENT:** Lessee agrees to pay as rental for the leased premises the sum of Five Hundred Dollars and No Cents (\$500.00) plus all applicable taxes. The rent for

each month shall be paid to the Port in advance on or before the first day of each and every month of the lease term, and shall be payable at such place as the Port may hereinafter designate. The rental rate shall be adjusted every three (3) years to the to the prevailing fair market rental rate then prevailing for comparable commercial and/or industrial property in the Western Washington area, bearing in mind all allowable uses of the property and all services and amenities available to the property by virtue of its location. In the event that the parties are unable to reach agreement on the fair market rate adjustment, the rate shall be determined by arbitration before a single arbitrator who shall be jointly selected by the parties or by the Jefferson County Superior Court. The rental rate beginning in year two (2) and annually throughout the term of the lease will be adjusted by an amount equal to the accumulative amount found on the Consumer Price Index (CPI) for Seattle and Tacoma, which is compiled by the Department of Labor, Bureau of Statistics. In no event shall any rent adjustment result in a reduction in rent from the rate paid in the prior year.

5. **LATE CHARGE:** In the event that any installment of rent remains unpaid more than twenty (20) days after it is due, then Lessee shall also be obliged to pay a "late charge" as per the Port of Port Townsend Rate Schedule then in effect.
6. **DEPOSIT:** Upon the execution of this Lease, Lessee shall deposit with the Port two month's rent in the amount of \$1,000.00 plus all applicable taxes. The deposit shall be held by the Port as security for Lessee's faithful performance of all of its obligations under this Lease. Any interest earned on amounts deposited shall be retained by the Port. The deposit shall be returned to Lessee upon termination of this Lease, less any charges owing to the Port or expenses incurred by the Port in repairing damage caused by Lessee or restoring the leased premises to the condition required upon termination of this Lease.
7. **USE OF PREMISES:** Lessee shall use the premises primarily for the construction and operation of an approximately 1,500 square foot restaurant (as conceptually depicted in Attachment "A", final plan/design to be determined), and shall not use them for any other purpose without the prior written consent of the Port.
8. **PARKING:** Parking vehicles on this Leased property will be limited to three (3) vehicles. All vehicles must be registered and in working order. This includes all personal cars, vans, and trucks.
9. **UTILITIES:** Lessee shall be liable for, and shall pay throughout the term of this Lease, all utility services furnished to the premises, including, but not limited to, light, heat, electricity, gas, water, sewerage, garbage disposal.

10. **ACCEPTANCE OF PREMISES:** Lessee has examined the leased premises and accepts them in their present condition.
11. **MAINTENANCE AND REPAIR:** At the expiration or sooner termination of this Lease, Lessee shall return the premises to the Port in the same condition in which received (or, if altered by Lessee with the Port's consent, then the premises shall be returned in such altered condition), reasonable wear and tear and damage by fire or unavoidable casualty excepted. Lessee shall, at its' own expense, and at all times:
- a. Keep the premises, and the adjoining roadways and sidewalks, neat, clean and in a safe and sanitary condition;
 - b. Maintain and keep the leased premises in a good state of repair; and
 - c. Not commit waste of any kind.
12. **PERMITTED IMPROVEMENTS AND ALTERATIONS:**
- a. Lessee may make and install, at Lessee's own expense, such improvements as are normal and customary in connection with the activity described in paragraph 7.
 - b. No such improvement, including landscaping, shall be erected, placed, or effected on the premises, and no alterations shall be made in the improvements and facilities constructed on the premises, including the installation of fixtures (other than trade fixtures which can be removed without injury to the premises), without first obtaining the written approval of the Port. Lessee agrees to submit the plans and improvement request to the Port and the Port agrees to provide a written response to such request within 30-days.
 - c. The Port shall, if necessary, at Lessee's notice or request, join with Lessee in applications and proceedings to obtain necessary permits or zoning approvals, but without cost or expense to the Port.
13. **DISPOSITION OF IMPROVEMENTS AT END OF LEASE:** Lessee shall have the right to remove all equipment, personal property and trade fixtures which may have been placed upon the premises by Lessee during the period of this Lease, PROVIDED, that the same are removed within 30-days following the termination of the Lease and that the Lease is in good standing. Title to any trade fixtures not removed from the premises within the foregoing period of time shall, at the Port's option, pass to the Port without additional consideration. All buildings installed/erected upon the premises shall become the property of the Port upon termination of this Lease.
14. **INSPECTION - "FOR RENT" SIGNS:** The Port reserves the right to inspect the leased premises at any and all reasonable times throughout the term of this Lease, PROVIDED, that it shall not interfere unduly with Lessee's operations. The right of inspection reserved to the Port hereunder shall impose no obligation on the Port to make inspections to ascertain the condition of the premises, and

shall impose no liability upon the Port for failure to make such inspections. The Port shall have the right to place and maintain "For Rent" signs in conspicuous places on the premises for thirty (30) days prior to the expiration or sooner termination of this Agreement.

- 15. INDEMNIFICATION AND HOLD HARMLESS:** The Port, its employees and agents shall not be liable for any injury (including death) to any persons or for damage to any property, regardless of how such injury or damage be caused, sustained, or alleged to have been sustained by the Lessee or by others as a result of any condition (including existing or future defects in the premises) or occurrence whatsoever related in any way to the premises and the areas adjacent thereto or related in any way to Lessee's use or occupancy of the premises and of the areas adjacent thereto. Lessee agrees to defend and to hold and save the Port harmless from all liability or expense of litigation in connection with any such items of actual or alleged injury or damage.
- 16. INSURANCE:** Lessee agrees to maintain during the lease term liability insurance as set forth below, at Lessee's sole expense. All such insurance shall name the Port of Port Townsend as an additional insured, and shall be with insurance companies acceptable to the Port.
- a. Comprehensive General Liability Insurance against claims for injury or death to persons or damage to property with minimum limits of liability of \$1,000,000.00 combined single limit for each occurrence. Such insurance shall include but not be limited to bodily injury liability, personal injury liability, property damage liability, broad form property damage liability, contractual liability, and products/completed operations liability.
 - b. Comprehensive Business Automobile Liability Insurance against claims for injury or death to persons or damage to property with minimum limits of liability of \$1,000,000.00 combined single limit for each occurrence. Such insurance shall include but not be limited to bodily injury liability, property damage liability, hired car liability, and non-owned auto liability.
 - c. Workers Compensation Insurance as will protect tenant's employees from claims under Washington Workers Compensation Act as well as all Federal Acts applicable to the tenant's operations at the site such as but not limited to U.S. Longshoremen and Harborworkers Act, Jones Act, and Federal Employers Liability section of the Washington Workers Compensation Policy and all Federal Acts Insurance shall not be less than \$1,000,000.00 for each occurrence.

The Lessee agrees to supply the Port with appropriate evidence to establish that its insurance obligations have been met, and that the insurance policy or policies are not subject to cancellation without at least thirty (30) days advance written notice to the Port. The conditions set forth in subparagraphs a, b and c of this paragraph 16 shall be met prior to occupancy.

17. **WAIVER OF SUBROGATION:** The Port and Lessee hereby mutually release each other from liability and waive all right of recovery against each other for any loss from perils insured against under their respective fire insurance contracts, including any extended coverage endorsements thereto, PROVIDED, that this paragraph 17 shall be inapplicable if it would have the effect, but only to the extent that it would have the effect, of invalidating any insurance coverage of the Port or Lessee.
18. **INCREASE IN COST OF INSURANCE:** No activity shall be conducted or permitted on the premises which shall violate any applicable law, ordinance or regulation of any governmental authority, or which might endanger life or property or increase insurance premiums on the premises. If it nevertheless does so, then, at the option of the Port, the full amount of any resulting increase in premiums paid by the Port with respect to the buildings or structures of which the leased premises are a part, and to the extent allocable to the term of this Lease, may be added to the amount of rental hereinabove specified and shall be paid by Lessee to the Port upon the monthly rental day next thereafter occurring.
19. **TAXES:** Lessee shall be liable for, and shall pay throughout the term of this Lease, all license and excise fees and occupation taxes covering the business conducted on the premises, and all taxes on property of Lessee on the leased premises and any taxes on the leased premises or leasehold interest created by this Lease Agreement.
20. **COMPLIANCE WITH PORT REGULATIONS AND WITH ALL LAWS:** Lessee agrees to comply with all applicable rules and regulations of the Port pertaining to the premises. Lessee also agrees to comply with all applicable federal, state, and municipal laws, ordinances, and regulations. Lessee further agrees that all buildings, structures or other improvements, approved by the Port, will be properly permitted by the City of Port Townsend. Any fees for any inspection of the premises during or for the lease term by any federal, state or municipal officer and the fees for any so-called "Certificate of Occupancy" shall be paid by Lessee.
21. **ASSIGNMENT OR SUBLEASE:** Lessee shall not assign or transfer this Lease or any interest therein nor sublet the whole or any part of the premises, nor shall this Lease or any interest thereunder be assignable or transferable by operation of law or by any process or proceeding of any court, otherwise, without the written consent of the Port first had and obtained. If Lessee is a corporation, Lessee further agrees that if at any time during the term of this Lease more than one-half (1/2) of the outstanding shares of any class of stock of Lessee corporation shall belong to any stockholders other than those who own more than one-half (1/2) of the outstanding shares of that class of stock at the time of the execution of this Lease or to members of their immediate families, such change in the ownership of the stock of the Lessee shall be deemed an assignment of this Lease within the meaning of this paragraph. If the Port shall give its consent to any assignment or

sublease, this paragraph shall nevertheless continue in full force and effect and no further assignment or sublease shall be made without the Port's consent. The Port's consent will not unreasonably be withheld.

- 22. DEFAULTS:** Time is of the essence of this Lease Agreement, and in the event of the failure of Lessee to pay the rentals or other charges at the time and in the manner herein specified, or to keep any of the covenants or agreements herein set forth to be kept and performed, the Port may elect to terminate this Lease and reenter and take possession of the premises with or without process of law, PROVIDED, however, that Lessee shall be given fifteen (15) days' notice in writing stating the nature of the default in order to permit such default to be remedied by Lessee within said fifteen (15) day period. If upon such reentry there remains any personal property of Lessee or of any other person upon the leased premises, the Port may, but without the obligation so to do, remove said personal property and hold it for the owners thereof or may place the same in a public garage or warehouse, all at the expense and risk of the owners thereof, and Lessee shall reimburse the Port for any expense incurred by the Port in connection with such removal and storage. The Port shall have the right to sell such stored property, without notice to Lessee, after it has been stored for a period of thirty (30) days or more, the proceeds of such sale to be applied first to the cost of such sale, second to the payment of the charges for storage, and third to the payment of any other amounts which may then be due from Lessee to the Port, and the balance, if any, shall be paid to Lessee. Notwithstanding any such reentry, the liability of Lessee for the full rental provided for herein shall not be extinguished for the balance of the term of this Lease, and Lessee shall make good to the Port any deficiency arising from a re-letting of the leased premises at a lesser rental than that hereinbefore agreed upon. Lessee shall pay such deficiency each month as the amount thereof is ascertained by the Port. Any failure by the owners, officers, or principals of Lessee to pay rentals, storage fees, moorage or any other charges owed to the Port under separate contract shall constitute default under provisions of this Lease Agreement.
- 23. TERMINATION BY PORT:** In the event that the Port, at its sole discretion, shall require the use of the premises for any purpose for public or private use in connection with the operation of the business of the Port, then this Lease may be terminated by the Port by written notice delivered or mailed by the Port to the Lessee sixty (60) or more days before the termination date specified in the notice.
- a. In the event of early termination of this Lease Agreement by the Port, the parties shall use their best efforts to agree upon a reasonable compensation amount to Lessee by direct negotiations, factoring the following potential costs:
- i. Lessee's reasonable moving expenses;
 - ii. Lessee's reasonable claims for lost business;
 - iii. Reasonable value of Lessee's improvements to the premises; and
 - iv. Damage to Lessee's personal property, if any.

- b. If a compensation amount for early lease termination is not agreed upon through negotiation, the parties shall submit the dispute to mediation under the then-applicable Mediation Rules of the American Arbitration Association. The parties shall share equally the mediator's fees and any administrative fee, but shall otherwise bear their own expenses.
- c. Thereafter, any unresolved dispute arising out of or relating to the early termination of this Lease Agreement shall be decided by a court of competent jurisdiction.

- 24. **TERMINATION FOR GOVERNMENT USE:** In the event that the United States Government or any agency or instrumentality thereof shall, by condemnation or otherwise, take title, possession or the right to possession of the premises or any part thereof, the Port may, at its option, terminate this Lease as of the date of such taking, and, if Lessee is not in default under any of the provisions of this Lease on said date, any rental prepaid by Lessee shall, to the extent allocable to any period subsequent to the effective date of the termination, be promptly refunded to Lessee.
- 25. **TERMINATION BECAUSE OF COURT DECREE:** In the event that any court having jurisdiction in the matter shall render a decision which has become final and which will prevent the performance by the Port of any of its obligations under this Lease, then either party hereto may terminate this Lease by written notice, and all rights and obligations hereunder (with the exception of any undischarged rights and obligations that accrued prior to the effective date of termination) shall thereupon terminate. If Lessee is not in default under any of the provisions of this Lease on the effective date of such termination, any rental prepaid by Lessee shall, to the extent allocable to any period subsequent to the effective date of the termination, be promptly refunded to Lessee.
- 26. **SIGNS:** No signs or other advertising matter, symbols, canopies or awnings shall be attached to or painted or within the leased premises, including the windows and doors thereof, without the approval of the Executive Director of the Port first had and obtained. At the termination or sooner expiration of this Lease, all such signs, advertising matter, symbols, canopies or awnings attached to or painted by Lessee shall be removed by Lessee at its own expense, and Lessee shall repair any damage or injury to the premises, and correct any unsightly condition, caused by the maintenance and removal of said signs, etc.
- 27. **INSOLVENCY:** If Lessee shall file a petition in bankruptcy, or if Lessee shall be adjudged bankrupt or insolvent by any court, or if a receiver of the property of Lessee shall be appointed in any proceeding brought by or against Lessee, or if Lessee shall make an assignment for the benefit of creditors, or if any proceedings shall be commenced to foreclose any mortgage or any other lien on Lessee's interest in the premises or on any personal property kept or maintained on the premises by Lessee, the Port may at its option, terminate this Lease.

28. **WAIVER:** The acceptance of rental by the Port for any period or periods after a default by Lessee hereunder shall not be deemed a waiver of such default unless the Port shall so intend and shall so advise Lessee in writing. No waiver by the Port of any default hereunder by Lessee shall be construed to be or act as a waiver of any subsequent default by Lessee. After any default shall have been cured by Lessee, it shall not thereafter be used by the Port as a ground for the commencement of any action under the provisions of paragraph 25 hereof.
29. **PROMOTION OF PORT COMMERCE:** Lessee agrees that throughout the term of this Lease it will, insofar as practicable, promote and aid the movement of passengers and freight through facilities within the territorial limits of the Port. Lessee further agrees that all incoming shipments of commodities that it may be able to control or direct shall be made through facilities within the territorial limits of the Port if there will be no resulting cost or time disadvantage to Lessee.
30. **SURRENDER OF PREMISES - ATTORNEYS' FEES:** At the expiration or sooner termination of this Lease, Lessee shall promptly vacate the premises or re-negotiate a lease for the premises with the Port. In the event that the Port shall be required to bring any action to enforce any of the provisions of this Lease, or shall be required to defend any action brought by Lessee with respect to this Lease, and if the Port shall be successful in such action, Lessee shall, in addition to all other payments required herein, pay all of the Port's actual costs in connection with such action, including such sums as the court or courts may adjudge reasonable as attorney's fees in the trial court and in any appellate courts.
31. **HOLDING OVER:** If Lessee shall, with the consent of the Port, hold over after the expiration or sooner termination of the term of this Lease, the resulting tenancy shall, unless otherwise mutually agreed, be for an indefinite period of time on a month-to-month basis. During such month-to-month tenancy, Lessee shall pay to the Port the same rate of rental as set forth herein, unless a different rate shall be agreed upon, and shall be bound by all of the additional provisions of this Lease Agreement in so far as they may be pertinent.
32. **ADVANCES BY PORT FOR LESSEE:** If Lessee shall fail to do anything required to be done by it under the terms of this Lease, except to pay rent, the Port may, at its sole option, do such act or thing on behalf of Lessee, and upon notification to Lessee of the cost thereof to the Port, Lessee shall promptly pay the Port the amount of that cost.
33. **LIENS AND ENCUMBRANCES:** Lessee shall keep the leased premises free and clear of any liens and encumbrances arising or growing out of the use and occupancy of the said premises by Lessee. At the Port's request, Lessee shall furnish the Port with written proof of payment of any item which would or might constitute the basis for such a lien on the leased premises if not paid.

34. **NOTICES:** All notices hereunder may be delivered or mailed. If mailed, they shall be sent by certified or registered mail to the following respective addresses:

To Lessor:

THE PORT OF PORT TOWNSEND

P.O. Box 1180

Port Townsend, Washington 98368

To Lessee:

THE CUP LIMITED

c/o Russell Harding

4419 Haines Street

Port Townsend, WA 98368

Phone: (360) 379-6485

or to such other respective addresses as either party hereto may hereafter from time to time designate in writing. Notices sent by mail shall be deemed to have been given when properly mailed, and the postmark affixed by the United States Post Office shall be conclusive evidence of the date of mailing.

35. **JOINT AND SEVERAL LIABILITY:** Each and every party who signs this Lease, other than in a representative capacity, as Lessee, shall be jointly and severally liable hereunder.
36. **"LESSEE" INCLUDES LESSEE, ETC.:** It is understood and agreed that for convenience the word "Lessee" and verbs and pronouns in the singular number and neuter gender are uniformly used throughout this Lease, regardless of the number, gender or fact of incorporation of the party who is, or of the parties who are, the actual Lessee or Lessees under this Lease Agreement.
37. **CAPTIONS:** The captions in this Lease are for convenience only and do not in any way limit or amplify the provisions of this Lease.
38. **SEVERABILITY:** If any term or provision of this Lease Agreement or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Lease Agreement or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable shall not be affected thereby and shall continue in full force and effect.
39. **NON-DISCRIMINATION SERVICES:** The Lessee agrees that it will not discriminate by segregation or otherwise against any person or persons because of race, creed, color, sex, sexual orientation, or national origin in furnishing, or by refusing to furnish, to such person, or persons, the use of the facility herein

provided, including any and all services, privileges, accommodations, and activities provided thereby.

It is agreed that the Lessee's noncompliance with the provisions of this clause shall constitute a material breach of this Lease. In the event of such noncompliance, the Port may take appropriate action to enforce compliance, may terminate this Lease, or may pursue such other remedies as may be provided by law.

- 40. NON-DISCRIMINATION EMPLOYMENT:** The Lessee covenants and agrees that in all matters pertaining to the performance of this Lease, Lessee shall at all times conduct its business in a manner which assures fair, equal and non-discriminatory treatment of all persons without respect to race, creed or national origin and, in particular:
- a. Lessee will maintain open hiring and employment practices and will welcome applications for employment in all positions from qualified individuals who are members of racial or other minorities, and
 - b. Lessee will comply strictly with all requirements of applicable federal, state or local laws or regulations issued pursuant thereto relating to the establishment of non-discriminatory requirements in hiring and employment practices and assuring the service of all patrons or customers without discrimination as to any person's race, creed, color, sex, sexual orientation, or national origin.
- 41. EASEMENTS:** The Parties recognize that the Port facilities are continuously being modified to improve the utilities and services used and provided by the Port. The Port or its agents shall have the right to enter the demised premises of the Lessee, and to cross over, construct, move, reconstruct, rearrange, alter, maintain, repair and operate the sewer, water, and drainage lines, and the electrical service, and all other services required by the Port for its use. The Port is hereby granted a continuous easement or easements that the Port believes is necessary within the lease premises of the Lessee, without any additional cost to the Port for the purposes expressed hereinabove; PROVIDED however, that the Port by virtue of such use does not permanently deprive the Lessee from its beneficial use or occupancy of its leased area.

In the event that the Port does permanently deprive the Lessee from such beneficial use or occupancy, then an equitable adjustment in rent or in the cost required to modify its premises to allow the Lessee to operate its business, will be negotiated and paid by the Port to the Lessee. In the event that such entry by the Port is temporary in nature, then the Port shall reimburse the Lessee for the cost required to modify its premises for the temporary period that the Lessee is inconvenienced by such Port entry. The Port will not be responsible to the Lessee for any reduced efficiency, or loss of business occasioned by such entry.

Option Agreement with Lease dated this 30th day of May 2014 is hereby approved by the Port of Port Townsend, on this _____ day of May 2014 and effective upon the receipt of a deposit and liability insurance documentation from the Lessee.

LESSEE

Russell O. Harding, dba
THE CUP LIMITED

ATTEST:

PORT OF PORT TOWNSEND

APPROVED AS TO FORM

Larry Crockett, Executive Director

Port Attorney

**STATE OF WASHINGTON
COUNTY OF JEFFERSON**

I certify that I know or have satisfactory evidence that _____
signed this instrument and that he is authorized to execute the instrument and
acknowledged it to be his free and voluntary act for the uses and purposes mentioned in
the instrument.

Dated: _____

Signature of
Notary Public: _____

My Appointment Expires: _____

**STATE OF WASHINGTON
COUNTY OF JEFFERSON**

I certify that I know or have satisfactory evidence that Larry Crockett signed this instrument and that he is authorized to execute the instrument as Executive Director of the Port of Port Townsend and acknowledged it to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: _____

Signature of
Notary Public: _____

My Appointment Expires: _____

PORT OF PORT TOWNSEND

MEETING OF: May 28, 2014

AGENDA ITEM: VI. First Reading
A. Daniel Scheall JCIA Hangar Lease Extension

BACKGROUND:

Mr. Scheall owns one of the individual T-Hangars located at the west end of the airport. His lease is for the land only. He has asked for a 10-year extension to the current lease. The hangar is in good shape and is noted on the new ALP being approved by the FAA.

Executive Director's Recommendation:

Grant a 10-year lease extension to Mr. Scheall for his T-Hangar at JCIA.

PORT OF PORT TOWNSEND

MEETING OF: May 28, 2014

AGENDA ITEM: VI. First Reading
B. Mariner's Memorial

BACKGROUND:

The Port has been asked for support (political, not monetary) for the establishment of a Mariner's Memorial on the Port Townsend waterfront. The site is located (see attachment) midway between the State ferry terminal and the Bayview Restaurant. The property was donated by the Arthur family.

The Kiwanis Club will manage the project and related fund raising.

Executive Director's Recommendation:

For discussion and action as appropriate.

Mariners Memorial



The Port Townsend Kiwanis Club is making plans to build a Memorial to lost Mariners, to remember local individuals who were lost at sea.

The memorial will be located on the waterfront by the ferry dock.

If you would like to add a name to the memorial, can offer your financial support, or if you are interested in helping with the planning of this project please contact:

Melanie Bozak, Project Chairperson

(360) 531-1329 or craftscottage@cablespeed.com

SEND DONATIONS TO "P.T. KIWANIS, BOX 489, PT. 98365



Mariner's Memorial project in motion

More than a dozen community members gathered on Feb. 5 to witness Bernie Arthur and family dedicate 100 feet of shoreline property to the Port Townsend Kiwanis Club for the Kiwanis Mariners Memorial Park project.

The property is located along Water Street between the state ferry terminal and the Bayview Restaurant. The monument is intended to memorialize Jefferson County residents who perished at sea and to commemorate the area's rich maritime history, said Arthur.

Makah Tribe hereditary

Chief Walter McQuillen and his wife, Sarah, welcomed the project to the site where their ancestors dwelled and thanked the Arthur family and Kiwanis for honoring mariners lost at sea.

"It is an honor to be included in the ceremony," McQuillen said. "This great man [Arthur] is doing a wonderful thing for the people that go to the water to provide for their family."

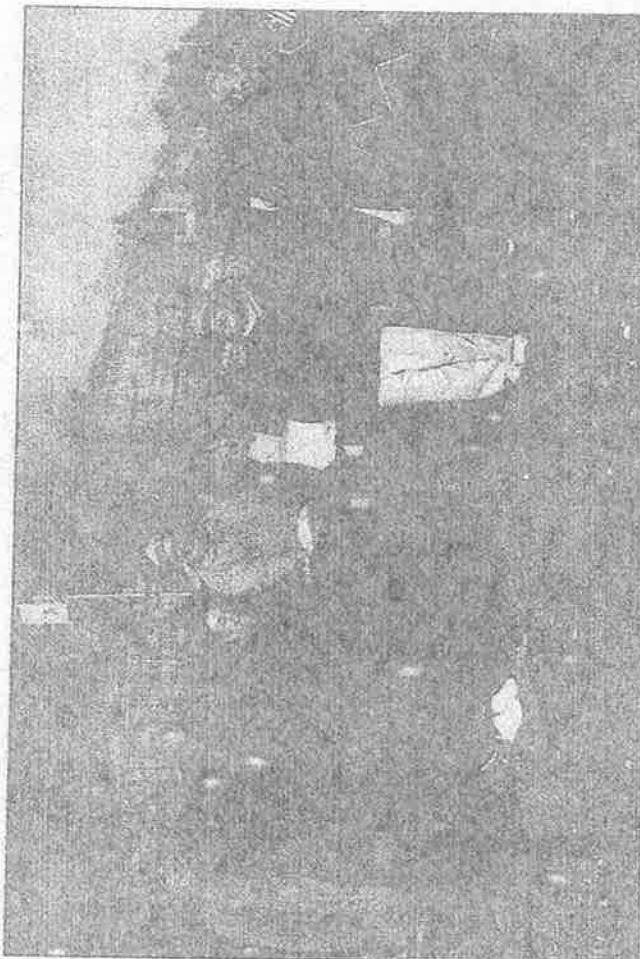
Arthur originally proposed the idea to the city and other groups in the fall of 2012. There are materials here for veterans of World War I, World War

II, the Korean War and for Coast Guard veterans, but a display honoring mariners is not currently present - a void he is eager to see filled.

"I am grateful to the Arthur family and Port Townsend Kiwanis for creating a place for people who have lost family and friends who have perished at sea to have a place to go to have a presence of their loved one," said Carol Hasse, owner of Port Townsend Sails. "With no physical remains, closure is difficult. Now they will have a way to acknowledge their loss."

The Kiwanis Club is set to manage the remainder of the project, including fundraising.

For more information, email project chairwoman Melanie Bozak at craftscottage@cablespeed.com.



Community members gather on Feb. 5 to witness the Arthur family donate land to the Kiwanis Mariners Memorial Park project. In attendance were (from left) Sue Arthur, Julian Arthur, Dave Newport, David Crozier, Germaine Arthur, Steve Enge, Tim Arthur, Kiwanis President Don Fristoe, donor Bernie Arthur, Dave O'Connor, Kiwanis Mariners' Memorial Park Chairwoman Melanie Bozak, Carol Hasse, Port Townsend Mayor David King, Mary Arroyo, Mark Royce, Jefferson County Commissioner Phil Johnson, Rowan Arroyo, Makah Tribe hereditary chief Walter McQuillen, Travis Nolleite, Sarah McQuillen and Ed Barcott. Submitted photo

MASH Free Walk-in Clinic

5-6 p.m. Thursdays

HADLOCK MEDICAL CENTER ■ 121 Oak Bay Road

Skookum Marine located in Port Townsend in 1968 and proceeded to build fiberglass boats for the commercial fishermen and yachts for world cruisers. Over the next 30 years Ben, Julian and Bernie Arthur built 450 custom made fiberglass fishing and sailing boats

The idea for a Mariners Memorial in Port Townsend to honor those lost at sea was conceived by Bernie Arthur. He recently donated the waterfront land to the Port Townsend Kiwanis for this project. Port Townsend has a long history of water related events and this memorial will give a focus to all who went to sea. The Mariners Memorial will commemorate all who were lost at sea in and around Port Townsend.

We are looking for input from those who can add to the history of those lost at sea for this Mariner's Memorial and also wish to contribute financially toward its construction. The estimated final cost with Bronze sculpture is \$200,000. The first part of the project will be construction of the foundation and fencing. The largest expense will be the final art work. (Please see the attached design)

Your help with the memorial for those who went to sea and returned and those who went to sea and never returned will also be recognized on the memorial in some way.

Donations for the Mariners Memorial should be sent to:

Port Townsend Kiwanis
P O Box 489
Port Townsend Wa 98368

For more information please contact Bernie Arthur, 360-385-2233.
E-mail germaine@olympus.net

PORT OF PORT TOWNSEND

MEETING OF: May 28, 2014

AGENDA ITEM: VI. First Reading
C. Lease Extension for Day Boat Co.

BACKGROUND:

Arren Day of Day Boat Co. has recently decided to join the Port Townsend Shipwrights Co-op. Arren has leased for the last 9 years space in our boatyard where he has placed a temporary building and a satellite shelter to do boat work in. When the lease was originally written the term was not to exceed 5 years with the promise that a building would be built at that site. After the initial 5-year term, the market had some difficulty so the Commission allowed for a 5-year extension. We are now in our 9th year with one-year remaining on the lease.

Because Mr. Day will no longer need the facility, he would like to sell his assets (two buildings) to Mike Johnson. Mr. Johnson is presently renting the old J&S building on a temporary basis for his fiberglass work. In order to make the purchase of the assets worthwhile, Mr. Johnson would like another 5-year extension.

Staff needs direction as to the fate of the two boat spaces that this operation occupies. At present the rent for Day Boat Co. is \$462 per month.

Executive Director's Recommendation:

For discussion and direction.

PORT OF PORT TOWNSEND

MEETING OF: May 28, 2014

AGENDA ITEM: VI. First Reading (Discussion Only)
D. April 2014 Financials

BACKGROUND:

To be presented.

Executive Director's Recommendation:

For discussion only.

MEMORANDUM

Date: May 16, 2014
To: Commissioners, Directors, and Managers
From: Amy Khile
Subject: April 2014 Financial Statements

Attached is our Statement of Revenue & Expense, both consolidated and by cost centers, and YTD comparison charts for April 2014.

A review of our YTD results through April reveals the following:

Total gross operating revenues were \$1,548,460, \$1,437,452, \$1,384,337 and \$1,247,787 in 2014, 2013, 2012 and 2011 respectively. 2014 revenues are \$111,008 over 2013 operating revenues and \$104,590 over projected revenues.

The Work Yard, Ship Yard, Environmental and Point Hudson Properties continue to show the largest increases over the prior year.

The Work Yard Revenues were \$284,755, \$277,097, \$251,913 and \$260,291 in 2014, 2013, 2012 and 2011 respectively. The Ship Yard Revenues were \$267,645, \$198,301, \$250,436, and \$176,912 in 2014, 2013, 2012 and 2011 respectively. The Environmental revenues were \$51,936 and \$34,421 in 2014 and 2013 respectively. The largest increase within the Environmental area is coming from the Work Yard which was \$24,361 in 2014 and \$12,005 in 2013.

Total operating expenses less depreciation were \$1,274,405, \$1,151,983, \$1,117,704 and \$1,055,222 in 2014, 2013, 2012 and 2011 respectively. 2014 expenses are \$122,423 more than 2013 and \$19,744 less than budgeted.

We have a net loss from operations of \$(219,276). However, the overall net loss is \$(50,275) which is \$145,194 better than budgeted but \$16,948 worse than last year.

Port of Port Townsend
Port Management Report
For the Period Ended April 30, 2014

| Department: | Revenue | Direct Expenses | Gross Profit | Allocated A & G Expense | Depreciation | Net Income |
|-----------------------|----------|-----------------|--------------|-------------------------|--------------|------------|
| Moorage | | | | | | |
| Actual | 409,351 | 177,230 | 232,121 | 72,666 | 83,066 | 76,389 |
| Budget | 432,183 | 207,562 | 224,622 | 70,656 | 112,001 | 41,965 |
| Variance | (22,832) | (30,331) | 7,499 | 2,010 | (28,935) | 34,424 |
| Work Yard | | | | | | |
| Actual | 284,755 | 181,431 | 103,324 | 47,899 | 41,046 | 14,379 |
| Budget | 238,867 | 191,826 | 47,041 | 43,923 | 48,879 | (45,760) |
| Variance | 45,889 | (10,394) | 56,283 | 3,976 | (7,832) | 60,139 |
| Ship Yard | | | | | | |
| Actual | 267,645 | 106,560 | 161,085 | 45,876 | 57,559 | 57,650 |
| Budget | 164,200 | 94,580 | 69,620 | 24,964 | 51,216 | (6,560) |
| Variance | 103,445 | 11,980 | 91,465 | 20,912 | 6,343 | 64,210 |
| Environmental | | | | | | |
| Actual | 51,936 | 55,188 | (3,253) | 9,204 | 10,385 | (22,842) |
| Budget | 50,833 | 74,124 | (23,291) | 7,728 | 11,687 | (42,706) |
| Variance | 1,102 | (18,935) | 20,038 | 1,476 | (1,302) | 19,864 |
| PTBH Properties | | | | | | |
| Actual | 166,079 | 32,637 | 133,442 | 29,773 | 42,120 | 61,549 |
| Budget | 183,167 | 54,800 | 128,367 | 28,101 | 48,295 | 51,971 |
| Variance | (17,088) | (22,163) | 5,075 | 1,671 | (6,174) | 9,578 |
| Quilcene | | | | | | |
| Actual | 35,721 | 22,446 | 13,274 | 6,140 | 22,106 | (14,972) |
| Budget | 41,420 | 35,657 | 5,763 | 7,541 | 24,878 | (26,656) |
| Variance | (5,699) | (13,211) | 7,512 | (1,401) | (2,772) | 11,685 |
| Boat Ramps | | | | | | |
| Actual | 10,687 | 10,570 | 117 | 1,796 | 9,596 | (11,275) |
| Budget | 12,500 | 10,236 | 2,264 | 1,865 | 5,191 | (4,792) |
| Variance | (1,813) | 334 | (2,147) | (69) | 4,405 | (6,483) |
| Pt Hudson Properties | | | | | | |
| Actual | 124,368 | 86,302 | 38,066 | 22,410 | 35,609 | (19,953) |
| Budget | 133,483 | 46,683 | 86,800 | 20,322 | 38,454 | 28,024 |
| Variance | (9,115) | 39,618 | (48,734) | 2,088 | (2,844) | (47,978) |
| Pt Hudson Marina & RV | | | | | | |
| Actual | 154,848 | 141,947 | 12,902 | 25,594 | 85,395 | (98,087) |
| Budget | 139,267 | 158,448 | (19,181) | 34,451 | 68,087 | (121,719) |
| Variance | 15,582 | (16,501) | 32,083 | (8,857) | 17,308 | 23,632 |
| JCIA | | | | | | |
| Actual | 43,070 | 27,876 | 15,194 | 7,729 | 80,182 | (72,717) |
| Budget | 44,550 | 40,412 | 4,138 | 6,839 | 90,184 | (92,885) |
| Variance | (1,480) | (12,536) | 11,056 | 890 | (10,002) | 20,168 |

| | | | | | | | |
|--------------------------------|-----------|-----------|-----------|-----------|----------|-----------|--|
| Total Profit Centers | | | | | | | |
| Actual | 1,548,460 | 842,187 | 706,274 | 269,088 | 467,065 | (29,879) | |
| Budget | 1,440,470 | 914,328 | 526,142 | 246,391 | 498,870 | (219,119) | |
| Variance | 107,990 | (72,141) | 180,131 | 22,697 | (31,806) | 189,240 | |
| Maintenance | | | | | | | |
| Actual | | 55,485 | (55,485) | 0 | 4,664 | (60,148) | |
| Budget | | 51,332 | (51,332) | 0 | 3,901 | (55,233) | |
| Variance | | 4,153 | (4,153) | 0 | 763 | (4,916) | |
| Administrative & General | | | | | | | |
| Commission | | | | | | | |
| Actual | | 101,941 | (101,941) | (74,524) | 805 | (28,222) | |
| Budget | | 99,613 | (99,613) | (74,710) | 0 | (24,903) | |
| Variance | | 2,328 | (2,328) | 186 | 805 | (3,319) | |
| Executive | | | | | | | |
| Actual | | 143,311 | (143,311) | (120,005) | 19,278 | (42,583) | |
| Budget | | 136,039 | (136,039) | (102,029) | 0 | (34,009) | |
| Variance | | 7,272 | (7,272) | (17,976) | 19,278 | (8,574) | |
| Accounting | | | | | | | |
| Actual | | 131,481 | (131,481) | (74,559) | 1,521 | (58,444) | |
| Budget | | 92,869 | (92,869) | (69,652) | 0 | (23,217) | |
| Variance | | 38,612 | (38,612) | (4,907) | 1,521 | (35,227) | |
| Total Administrative & General | | | | | | | |
| Actual | | 376,733 | (376,733) | (269,088) | 21,604 | (129,249) | |
| Budget | | 328,520 | (328,520) | (246,391) | 0 | (82,130) | |
| Variance | | 48,213 | (48,213) | (22,697) | 21,604 | (47,119) | |
| Total Operating | | | | | | | |
| Actual | 1,548,460 | 1,274,405 | 274,056 | 0 | 493,332 | (219,276) | |
| Budget | 1,440,470 | 1,294,179 | 146,290 | 0 | 502,771 | (356,481) | |
| Variance | 107,990 | (19,775) | 127,765 | (0) | (9,440) | 137,205 | |
| Non-Operating | | | | | | | |
| Actual | 350,917 | 181,915 | 169,001 | | | 169,001 | |
| Budget | 336,000 | 178,388 | 157,612 | | | 157,612 | |
| Variance | 14,917 | 3,527 | 11,389 | | | 11,389 | |
| Grand Total | | | | | | | |
| Actual | 1,899,377 | 1,456,320 | 443,057 | | 493,332 | (50,275) | |
| Budget | 1,776,470 | 1,472,567 | 303,903 | | 502,771 | (198,869) | |
| Variance | 122,907 | (16,248) | 139,155 | | (9,440) | 148,594 | |

Assets

CURRENT ASSETS

| | | | |
|-------------|--|----|--------------|
| 101-0100-00 | CASH - UNION BANK | \$ | 91,542.16 |
| 101-0125-00 | CASH - US BANK - QUILCENE REVENUE | \$ | 806.85 |
| 101-0300-00 | CASH - GENERAL FUND | \$ | 523,664.96 |
| 101-0565-00 | CASH - 2005 REV REF BD D/S FD | \$ | 32,625.00 |
| 101-0570-00 | CASH - LTGO BOND FUND 2005 | \$ | -0.01 |
| 101-1900-00 | CASH - AUDITORS REVOLVING FUND | \$ | 32,350.00 |
| 101-2000-00 | CASH - US BANK - I.D.C. CHECKING | \$ | 1,359.93 |
| 101-4350-00 | INVESTMENTS - OPER RESERVE FD - STATE POOL | \$ | 1,434,029.40 |
| 101-4600-00 | INVESTMENT - US BANK - I.D.C. - C.D. | \$ | 3,645.72 |
| 111-1000-00 | PROPERTY TAXES RECEIVABLE | \$ | 497,507.34 |
| 112-1000-00 | ACCOUNTS RECEIVABLE - TENANTS | \$ | 123,528.12 |
| 112-1001-00 | ACCOUNTS RECEIVABLE - NSF CHK | \$ | 1,584.38 |
| 113-4350-00 | INTEREST REC - OPER RES FUND - STATE POOL | \$ | 161.64 |
| 124-1000-00 | DUE FROM OTHER GOVERNMENTS | \$ | 13,803.10 |
| 131-1000-00 | INVENTORY - GAS - QUILCENE | \$ | 515.61 |
| 131-1100-00 | INVENTORY - DIESEL - QUILCENE | \$ | 3,263.14 |
| 133-1000-00 | PREPAID INSURANCE | \$ | 62,128.21 |

Total CURRENT ASSETS: \$ 2,822,515.55

RESTRICTED ASSETS

| | | | |
|-------------|--------------------------------------|----|------------|
| 141-1800-00 | CASH - LTGO BOND 2010 - CAPITAL FUND | \$ | 8,877.00 |
| 141-2100-00 | INVESTMENT - HAZAR WASTE RES | \$ | 25,000.00 |
| 141-2300-00 | INVESTMENT - CONTINGENCY RES | \$ | 75,000.00 |
| 141-2700-00 | INVESTMENT - PTBH RENOV RES | \$ | 547,849.53 |
| 142-4500-00 | INVESTMENT - REV BOND RES - CD | \$ | 470,435.73 |

Total RESTRICTED ASSETS: \$ 1,127,162.26

CAPITAL ASSETS

| | | | |
|-------------|---|----|----------------|
| 151-0000-00 | LAND | \$ | 2,559,243.69 |
| 152-0000-00 | BUILDINGS | \$ | 7,801,268.78 |
| 154-0000-00 | EQUIPMENT & VEHICLES | \$ | 3,457,614.09 |
| 159-0000-00 | FURNITURE & OFFICE EQUIPMENT | \$ | 200,459.82 |
| 164-0000-00 | IMPROVEMENTS | \$ | 34,131,215.52 |
| 168-0003-00 | W.I.P. - PTBH BOAT RAMP EXPANSION | \$ | 39,647.83 |
| 168-0033-00 | W.I.P. - PH Breakwater | \$ | 1,350.00 |
| 168-0049-53 | W.I.P.-JCIA RUNWAY REHAB-CONTRACT SVCS | \$ | 325,599.89 |
| 168-0072-00 | W.I.P.-QUILCENE MARINA REPAIR | \$ | 1,487.50 |
| 168-0093-53 | W.I.P.-JCIA MASTERPLAN UPDATE-CONTRACT SVCS | \$ | 162,158.46 |
| 170-0000-00 | ACCUMULATED DEPRECIATION | \$ | -20,382,155.24 |

Total CAPITAL ASSETS: \$ 28,297,890.34

Total Assets: \$ 32,247,568.15

Liabilities

CURRENT LIABILITIES

| | | | |
|-------------|---|----|------------|
| 211-0000-00 | WARRANTS PAYABLE | \$ | 28,268.42 |
| 212-0000-00 | ACCOUNTS PAYABLE | \$ | 131,658.28 |
| 213-5400-00 | PERS PLAN II PAYABLE | \$ | -0.03 |
| 213-5450-00 | PERS PLAN III PAYABLE | \$ | -0.01 |
| 213-5900-00 | UNION DUES PAYABLE | \$ | 2.00 |
| 213-6200-00 | EMPLOYEE DEDUCTION - INSURANCE | \$ | -4,672.14 |
| 213-6500-00 | P/R TAX PAYABLE - L & I | \$ | 5,045.03 |
| 213-7000-00 | EXCISE TAXES PAYABLE | \$ | 1,748.62 |
| 213-7100-00 | SALES TAXES PAYABLE | \$ | 4,061.60 |
| 213-7200-00 | LEASEHOLD TAXES PAYABLE | \$ | 32,541.14 |
| 213-7300-00 | HOTEL / MOTEL TAXES PAYABLE | \$ | 332.60 |
| 213-7400-00 | UNCLAIMED PROPERTY/CANCELLED WARRANTS PAYABLE | \$ | 1,319.58 |
| 214-1050-00 | ACCRUED INT PAY - 2005 L.T.G.O. BOND | \$ | 60,415.75 |
| 214-1075-00 | ACCRUED INT PAY - 2006 LTGO REFUND BOND | \$ | 11,213.52 |

CURRENT LIABILITIES

(Continued)

| | | | |
|-------------|--|----|------------|
| 214-1100-00 | ACCRUED INT PAY - 2010 L.T.G.O. BOND | \$ | 81,714.88 |
| 214-2050-00 | ACCRUED INT PAY - 2005 REV REF BOND | \$ | 32,625.00 |
| 214-2075-00 | ACCRUED INT PAY-2013 REV BOND | \$ | 8,877.31 |
| 214-2125-00 | ACCRUED INT PAY - LOCAL PROG | \$ | 368.14 |
| 214-2150-00 | ACCRUED INT PAY - CERB LOAN | \$ | 9,166.68 |
| 216-4370-00 | RETAINAGE PAYABLE - Orion Marine Contractors | \$ | 0.01 |
| 216-4390-00 | RETAINAGE PAYABLE - Metro NW | \$ | 10,317.84 |
| 217-1000-00 | DEFERRED REVENUE - PROP TAX | \$ | 597,954.14 |
| 217-2000-00 | DEFERRED REVENUE - OPERATIONS | \$ | 842.38 |
| 235-1000-00 | CURRENT PORTION - L/T DEBT | \$ | 962,763.00 |
| 239-1000-00 | CUSTOMER DEPOSITS - LEASES | \$ | 82,479.00 |
| 239-1100-00 | CUSTOMER DEPOSITS - MISCELL | \$ | 33,775.35 |

Total CURRENT LIABILITIES: \$ 2,092,818.09

LONG-TERM LIABILITIES

| | | | |
|-------------|--|----|--------------|
| 251-1050-00 | 2005 LTGO BONDS | \$ | 4,450,000.00 |
| 251-1075-00 | 2006 LTGO REFUNDING BONDS | \$ | 867,000.00 |
| 251-1100-00 | 2010 LTGO BONDS | \$ | 4,975,000.00 |
| 251-1200-00 | 1997 CERB LOAN | \$ | 200,000.00 |
| 251-1310-00 | 2005 CAPITAL ASSET LEND PROG | \$ | 21,762.93 |
| 251-3000-00 | UNAMORT DISC - 1997 L.T.G.O. BOND | \$ | -7,121.19 |
| 251-3050-00 | UNAMORT ISSUE COST - 2005 L.T.G.O. BOND | \$ | -74,135.43 |
| 251-3100-00 | UNAMORT ISSUE COSTS - 2006 LTGO REFUND BONDS | \$ | -15,210.52 |
| 251-3150-00 | UNAMORT ISSUE COST - 2010 L.T.G.O. BOND | \$ | -68,910.67 |
| 251-3175-00 | UNAMORTIZED PREMIUM - 2010 L.T.G.O. BOND | \$ | 139,554.64 |
| 252-1050-00 | REVENUE REFUND BONDS - 2005 | \$ | 1,305,000.00 |
| 252-1075-00 | 2013 REVENUE BONDS-MAIN | \$ | 807,000.00 |
| 252-2000-00 | UNAMORT PREM-2005 REV REF BOND | \$ | 14,624.35 |
| 252-4025-00 | UNAMORT ISSUE COST-2005 REV BD | \$ | -17,301.32 |
| 252-4050-00 | DEFERRED AMT ON REFUND - 2005 | \$ | -51,695.77 |
| 258-1000-00 | CURRENT PORTION - L/T DEBT | \$ | -962,763.00 |
| 259-1000-00 | EMPLOYEE LEAVE BENEFITS | \$ | 205,720.55 |

Total LONG-TERM LIABILITIES: \$ 11,788,524.57

Total Liabilities: \$ 13,881,342.66

Fund Equity

| | | | |
|-------------|--------------------------------|----|---------------|
| 281-1000-00 | INVESTED IN CAPITAL ASSETS | \$ | 16,167,908.84 |
| 282-1000-00 | RESTRICTED NET ASSETS | \$ | 465,839.42 |
| 283-1000-00 | Retained Earnings-Current Year | \$ | -50,274.58 |
| 283-1000-00 | UNRESTRICTED NET ASSETS | \$ | 1,782,751.81 |

Total Fund Equity: \$ 18,366,225.49

Total Liabilities & Fund Equity: \$ 32,247,568.15

Port of Port Townsend
Consolidated Statement of Revenue & Expense
For the Period Ended April 30, 2014

| Revenues | Actual | Budget | Prior Year | Variance | % Variance |
|------------------------------------|-------------------|-------------------|-------------------|--------------------|---------------|
| PTBH - Permanent Moorage | 294,905.53 | 316,666.68 | 296,668.20 | | |
| PTBH - Ship Moorage | 5,680.80 | 10,000.00 | 10,508.57 | | |
| PTBH - Liveaboard Fee | 5,585.00 | 6,666.68 | 5,980.00 | | |
| Work Float/Lift Pier Usage | 956.00 | 1,000.00 | 780.00 | | |
| PTBH - Monthly Guest | 38,690.51 | 31,666.68 | 32,896.13 | | |
| PTBH - Nightly Guest | 21,767.50 | 25,500.00 | 22,320.60 | | |
| PTBH - Electric | 30,468.03 | 30,000.00 | 33,671.84 | | |
| PTBH - Miscellaneous Revenue | 3,215.72 | 3,333.32 | 2,921.25 | | |
| PTBH - Reservation Fee | 0.00 | 0.00 | 63.00 | | |
| PTBH - Showers | 6,412.60 | 5,800.00 | 5,727.50 | | |
| PTBH - Laundry | 1,669.25 | 1,550.00 | 1,652.25 | | |
| Total Moorage Revenue | 409,350.94 | 432,183.36 | 413,189.34 | (22,832.42) | -5.6% |
| Work Yard - Liveaboard Fee | 630.00 | 400.00 | 260.00 | | |
| Work Yard - Miscellaneous Revenue | 5,913.95 | 3,333.32 | 9,671.41 | | |
| Work Yard - Hoist Revenue | 68,931.75 | 62,000.00 | 61,328.26 | | |
| Work Yard - Washdown Revenue | 10,844.70 | 11,300.00 | 10,448.71 | | |
| Work Yard - Yard Revenue | 166,666.62 | 130,000.00 | 165,510.22 | | |
| Work Yard - L/T Storage | 20,823.03 | 21,666.68 | 20,856.55 | | |
| Work Yard - Electric | 202.22 | 166.68 | 464.41 | | |
| Work Yard - Blocking Rent | 4,333.20 | 3,333.32 | 3,087.73 | | |
| Work Yard - Tarp Pool Fee | 6,410.00 | 6,666.68 | 5,469.27 | | |
| Total Work Yard Revenue | 284,755.47 | 238,866.68 | 277,096.56 | 45,888.79 | 16.1% |
| Ship Yard - Electric | 15,286.86 | 5,666.68 | 9,863.61 | | |
| Ship Yard - Liveaboard Fee | 0.00 | 0.00 | (130.00) | | |
| Ship Yard - Miscellaneous Revenue | 1,100.00 | 600.00 | 116.24 | | |
| Ship Yard - Hoist Revenue | 31,851.45 | 33,333.32 | 38,156.20 | | |
| Ship Yard - Washdown Revenue | 7,427.50 | 6,333.32 | 7,875.50 | | |
| Ship Yard - Bilge Water Revenue | 1,220.50 | 600.00 | 1,096.00 | | |
| Ship Yard - Yard Revenue | 154,373.87 | 95,000.00 | 116,039.62 | | |
| Ship Yard - Blocking Rent | 105.60 | 333.32 | 0.00 | | |
| Ship Yard - Tarp Pool Fee | 3,795.00 | 4,000.00 | 4,480.00 | | |
| Marine Trades 3% Revenue | 52,484.49 | 18,333.32 | 20,803.40 | | |
| Total Ship Yard Revenue | 267,645.27 | 164,199.96 | 198,300.57 | 103,445.31 | 38.7% |
| Environmental - Clean Up Revenue | 2,520.88 | 0.00 | 0.00 | | |
| Environmental - Point Hudson | 2,230.00 | 2,333.32 | 2,099.00 | | |
| Environmental - Moorage | 12,582.50 | 14,333.32 | 13,153.50 | | |
| Environmental - Quilcene | 360.00 | 833.32 | 440.00 | | |
| Environmental - Work Yard | 24,361.00 | 16,666.68 | 12,005.00 | | |
| Environmental - Ship Yard | 6,994.00 | 11,666.68 | 6,723.00 | | |
| Environmental - Stormwater Fee | 2,887.19 | 5,000.00 | 0.00 | | |
| Total Environmental Revenue | 51,935.57 | 50,833.32 | 34,420.50 | 1,102.25 | 2.1% |
| PTBH Prop - Lease Revenue | 155,064.72 | 170,000.00 | 151,886.02 | | |
| PTBH Prop - Storage Unit Revenue | 2,055.80 | 3,333.32 | 2,599.72 | | |
| PTBH Prop - Fuel Dock Lease | 4,174.82 | 5,000.00 | 4,324.30 | | |
| PTBH Prop - Electric | 4,783.71 | 4,833.32 | 3,991.13 | | |
| PTBH Prop - Miscellaneous | 0.00 | 0.00 | 0.00 | | |
| Total PTBH Property Revenue | 166,079.05 | 183,166.64 | 162,801.17 | (17,087.59) | -10.3% |

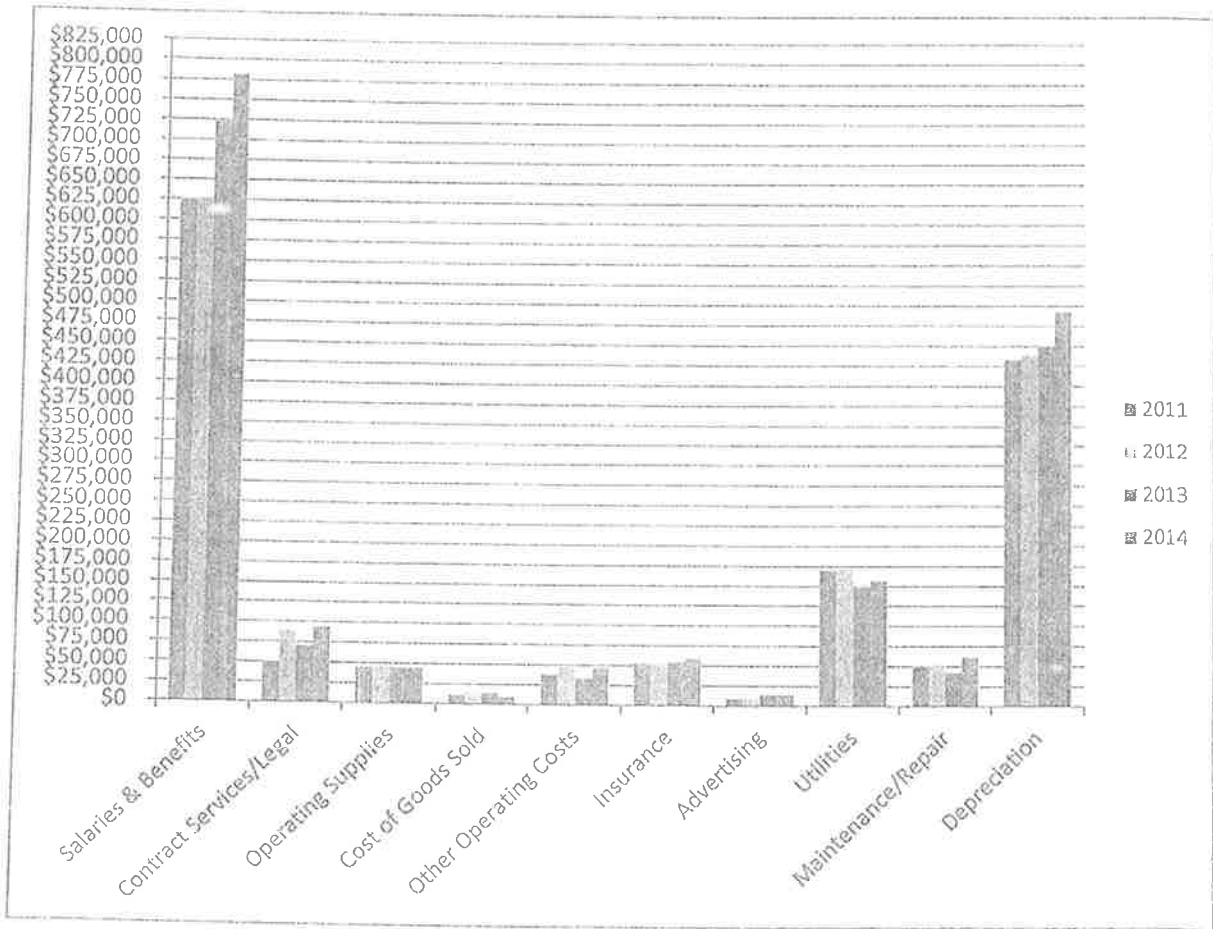
Port of Port Townsend
Consolidated Statement of Revenue & Expense
For the Period Ended April 30, 2014

| | Actual | Budget | Prior Year | Variance | % Variance |
|---|---------------------|---------------------|---------------------|-------------------|---------------|
| Quilcene - Permanent Moorage | 7,066.15 | 12,400.00 | 8,893.75 | | |
| Quilcene - Nightly Moorage | 164.00 | 0.00 | 140.00 | | |
| Quilcene - Electric | 889.41 | 1,000.00 | 1,125.80 | | |
| Quilcene - Showers | 670.00 | 620.00 | 690.00 | | |
| Quilcene - Fuel Sales | 4,172.84 | 4,000.00 | 8,011.47 | | |
| Quilcene - Lease Revenue | 18,743.88 | 19,333.32 | 18,413.36 | | |
| Quilcene - Rental Property Revenue | 2,000.00 | 2,000.00 | 2,000.00 | | |
| Quilcene - Water | 2,014.29 | 2,000.00 | 2,137.66 | | |
| Quilcene - Miscellaneous Revenue | 0.00 | 66.68 | 0.00 | | |
| Total Quilcene Revenue | 35,720.57 | 41,420.00 | 41,448.07 | (5,699.43) | -16.0% |
| Ramps - Ramp/Parking Fee | 10,062.00 | 11,500.00 | 9,016.00 | | |
| Dinghy Float Revenue | 625.00 | 1,000.00 | 250.00 | | |
| Total Ramp Revenue | 10,687.00 | 12,500.00 | 9,266.00 | (1,813.00) | -17.0% |
| Pt Hudson - Building Lease Revenue | 123,618.06 | 133,333.32 | 102,613.70 | | |
| PT Hudson - Event Facility Revenue | 750.00 | 150.00 | 200.00 | | |
| Total Pt Hudson Property Revenue | 124,368.06 | 133,483.32 | 102,813.70 | (9,115.26) | -7.3% |
| Pt Hudson - Permanent Moorage | 34,810.31 | 35,000.00 | 36,732.56 | | |
| Pt Hudson - Liveaboard Fee | 2,400.00 | 2,200.00 | 2,210.00 | | |
| Pt Hudson - Monthly Guest | 32,713.03 | 18,400.00 | 22,419.23 | | |
| Pt Hudson - Nightly Guest | 15,777.00 | 18,500.00 | 18,795.00 | | |
| Wharf Usage | 0.00 | 1,666.68 | 0.00 | | |
| Pt Hudson - Monthly R.V. | 7,800.00 | 14,400.00 | 11,600.00 | | |
| Pt Hudson - Nightly R.V. | 35,707.95 | 27,000.00 | 37,531.49 | | |
| Pt Hudson - Kayak Racks | 1,710.00 | 1,333.32 | 1,230.00 | | |
| Pt Hudson - Reservation Fee | 10,815.00 | 9,200.00 | 9,821.00 | | |
| Pt Hudson - Showers | 1,699.75 | 1,700.00 | 1,418.44 | | |
| Pt Hudson - Laundry | 1,979.25 | 1,700.00 | 1,424.00 | | |
| Pt Hudson - Passenger Fee | 3,770.00 | 0.00 | 5,286.53 | | |
| Pt Hudson - Electric | 5,011.16 | 7,333.32 | 7,089.70 | | |
| Pt Hudson - Miscellaneous Revenue | 255.00 | 833.32 | 362.45 | | |
| Pt Hudson - Event Facility Revenue | 400.00 | 0.00 | 0.00 | | |
| Total Pt Hudson Marina & R.V Revenue | 154,848.45 | 139,266.64 | 155,920.40 | 15,581.81 | 10.1% |
| JCIA - Miscellaneous Revenue | 0.00 | 33.32 | 0.00 | | |
| JCIA - Lease Revenue | 34,404.80 | 35,000.00 | 33,800.30 | | |
| JCIA - Hangar Revenue | 7,854.00 | 7,666.68 | 7,006.13 | | |
| JCIA - Vehicle Parking Revenue | 180.00 | 250.00 | 180.00 | | |
| JCIA - Aircraft Parking | 133.75 | 666.68 | 306.00 | | |
| JCIA - Landing Fee | 0.00 | 33.32 | 32.40 | | |
| JCIA - Fuel Lease Revenue | 497.46 | 900.00 | 870.37 | | |
| Total JCIA Revenue | 43,070.01 | 44,550.00 | 42,195.20 | (1,479.99) | -3.4% |
| Total Operating Revenue | 1,548,460.39 | 1,440,469.92 | 1,437,451.51 | 107,990.47 | 7.0% |

Port of Port Townsend
Consolidated Statement of Revenue & Expense
For the Period Ended April 30, 2014

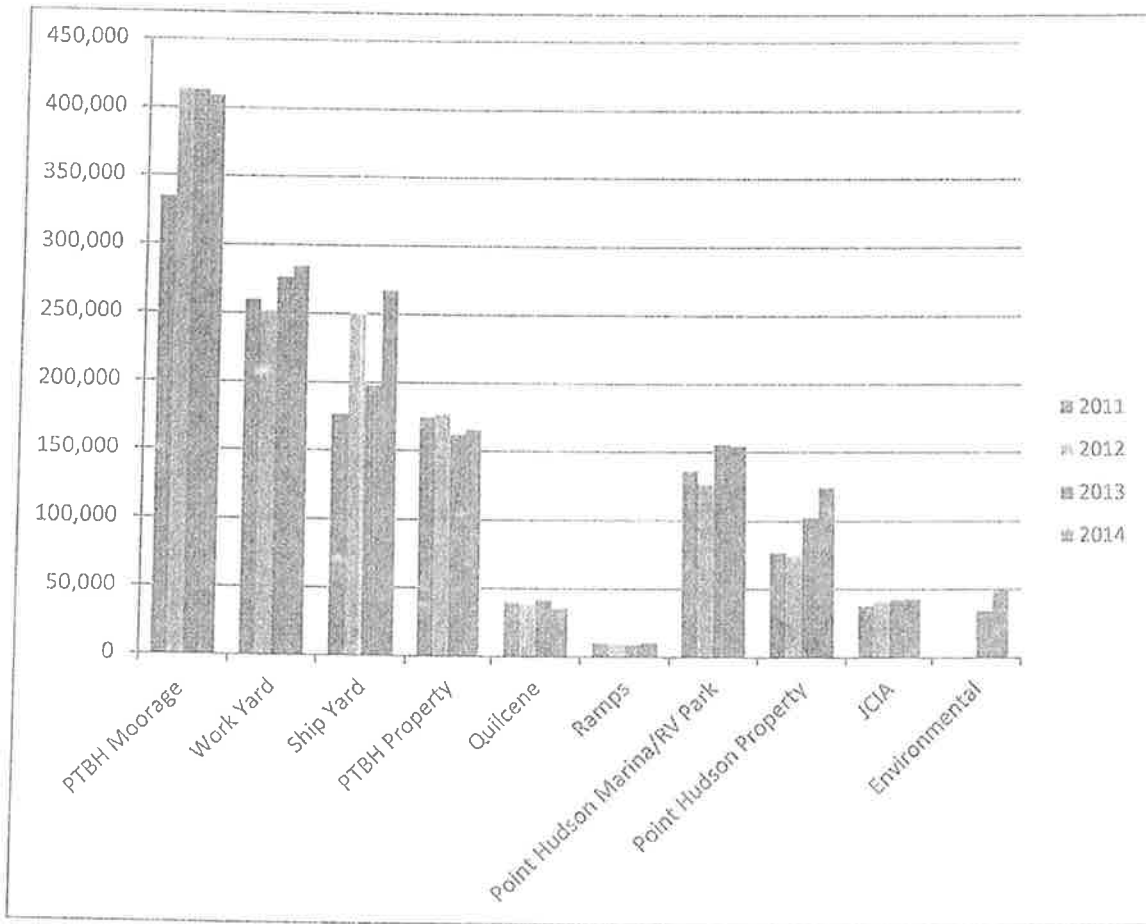
| | Actual | Budget | Prior Year | Variance | % Variance |
|---|--------------|--------------|--------------|-------------|------------|
| Operating Expenses | | | | | |
| Salaries & Wages | 519,767.26 | 528,681.72 | 489,217.59 | | |
| Payroll Taxes | 54,879.58 | 64,265.92 | 54,694.68 | | |
| Employee Benefits | 205,613.06 | 164,427.84 | 177,302.04 | | |
| Uniform Expense | 1,929.26 | 2,666.68 | 2,340.04 | | |
| Contract Services | 61,946.60 | 45,666.68 | 56,490.18 | | |
| Legal & Auditing | 31,955.51 | 40,000.00 | 14,642.96 | | |
| Operating Supplies | 45,226.27 | 46,850.08 | 45,551.12 | | |
| Cost of Fuel Sold - Quilcene | 3,945.51 | 8,000.00 | 7,241.33 | | |
| Moorage Credit System - PTBH | 6,326.73 | 11,666.68 | 7,597.97 | | |
| Travel | 2,395.21 | 5,666.64 | 2,650.90 | | |
| Training | 701.37 | 2,666.64 | 330.00 | | |
| Insurance | 60,274.73 | 57,389.12 | 55,104.32 | | |
| Claims & Damages | 0.00 | 1,666.72 | 0.00 | | |
| Advertising | 15,004.38 | 13,333.32 | 15,107.25 | | |
| Promotion | 2,432.02 | 1,666.60 | 363.00 | | |
| Membership & Dues | 11,668.00 | 7,189.96 | 9,638.68 | | |
| Community Relations | 18.99 | 2,666.64 | 2,000.00 | | |
| Bank Charges | 19,522.80 | 12,999.96 | 13,259.11 | | |
| Utilities | 157,538.10 | 162,766.72 | 149,730.71 | | |
| Excise Tax | 5,166.35 | 5,941.64 | 5,367.51 | | |
| Bad Debt | 5,578.74 | 6,666.76 | (414.61) | | |
| Miscellaneous Expense | 36.39 | 1,333.20 | 570.01 | | |
| Repair & Maintenance | 62,477.65 | 91,666.64 | 43,198.15 | | |
| Economic Development | 0.00 | 8,333.32 | 0.00 | | |
| Operating Expenses w/o Depreciation | 1,274,404.51 | 1,294,179.48 | 1,151,982.94 | (19,774.97) | -1.6% |
| Income from Operations w/o Depreciation | 274,055.88 | 146,290.44 | 285,468.57 | | |
| Depreciation Expense | 493,331.87 | 502,771.51 | 450,169.48 | (9,439.64) | -1.9% |
| Income (Loss) from Operations with Depreciation | (219,275.99) | (356,481.07) | (164,700.91) | | |
| Non-Operating Revenue | | | | | |
| Grant - FAA | 0.00 | 8,333.32 | 0.00 | | |
| Capital Contributions - Non-Operating | 0.00 | 0.00 | 0.00 | | |
| Investment Interest | 3,665.29 | 5,000.00 | 4,416.56 | | |
| Operating Tax Levy | 299,672.88 | 302,000.00 | 294,931.20 | | |
| State Forest Revenues | 20,571.10 | 6,666.68 | 692.31 | | |
| State Timber Excise Tax | 18,721.52 | 5,000.00 | 11,621.31 | | |
| Leasehold Excise Tax | 827.65 | 2,333.34 | 1,762.09 | | |
| Finance Charges | 7,458.30 | 6,666.68 | 5,319.47 | | |
| Other Non-Operating Revenues | 0.00 | 0.00 | 0.00 | | |
| Total Non-Operating Revenue | 350,916.74 | 336,000.02 | 318,742.94 | 14,916.72 | 4.3% |
| Non-Operating Expenses | | | | | |
| Interest Expense - Local Fund | 294.68 | 221.68 | 577.44 | | |
| Interest Expense - CERB Loan | 3,666.68 | 3,208.32 | 4,583.32 | | |
| Interest Expense - 2005 Rev Ref Bond | 28,999.68 | 27,875.00 | 34,924.68 | | |
| Interest Expense - 2005 LTGO Bond | 62,519.96 | 61,853.32 | 63,852.96 | | |
| Interest Expense - 2006 LTGO Refund Bond | 13,564.04 | 12,264.00 | 16,073.00 | | |
| Interest Expense - 2010 LTGO Bond | 66,314.64 | 66,314.32 | 67,029.64 | | |
| Interest Expense - 2013 Revenue Bond | 5,918.00 | 5,918.00 | 0.00 | | |
| Bond Management Fees | 605.00 | 400.00 | 250.00 | | |
| Investment Fees | 32.65 | 333.32 | 77.50 | | |
| Election Expense | 0.00 | 0.00 | 0.00 | | |
| Total Non-Operating Expenses | 181,915.33 | 178,387.96 | 187,368.54 | 3,527.37 | 1.9% |
| Net Non-Operating Income(Expense) | 169,001.41 | 157,612.06 | 131,374.40 | 11,389.35 | 6.7% |
| Net Income(Loss) | (50,274.58) | (198,869.01) | (33,326.51) | 148,594.43 | -295.6% |

April 2014 YTD Operating Expenses
 Total = \$1,767,736



April 2014 Operating Revenues

Total = \$1,548,460



Port of Port Townsend
PTBH Moorage
For the Period Ended April 30, 2014

| Revenues | Actual Year to Date | Budget | Prior Year | Variance | % Variance |
|--|------------------------|------------|---------------|-------------|------------|
| Permanent Moorage | 294,905.53 | 316,666.68 | 296,668.20 | | |
| PTBH - Ship Moorage | 5,680.80 | 10,000.00 | 10,508.57 | | |
| Liveaboard Fee | 5,585.00 | 6,666.68 | 5,980.00 | | |
| Work Float/Lift Pier Usage | 956.00 | 1,000.00 | 780.00 | | |
| Monthly Guest | 38,690.51 | 31,666.68 | 32,896.13 | | |
| Nightly Guest | 21,767.50 | 25,500.00 | 22,320.60 | | |
| Electric | 30,468.03 | 30,000.00 | 33,671.84 | | |
| Miscellaneous Revenue | 3,215.72 | 3,333.32 | 2,921.25 | | |
| Reservation Fee | 0.00 | 0.00 | 63.00 | | |
| Showers | 6,412.60 | 5,800.00 | 5,727.50 | | |
| Laundry | 1,669.25 | 1,550.00 | 1,652.25 | | |
| Total Revenues | 409,350.94 | 432,183.36 | 413,189.34 | (22,832.42) | -5.6% |
| | | | | | |
| Expenses | | | | | |
| Salaries & Wages | 52,742.24 | 54,809.96 | 59,338.75 | | |
| Payroll Taxes | 6,277.19 | 7,673.84 | 7,618.74 | | |
| Employee Benefits | 17,493.42 | 17,046.72 | 18,240.90 | | |
| Uniform Expense | 222.95 | 200.00 | 180.19 | | |
| Contract Services | 10,249.12 | 9,700.00 | 8,091.36 | | |
| Operating Supplies | 6,572.45 | 7,800.00 | 7,238.53 | | |
| Travel | 0.00 | 166.68 | 0.00 | | |
| Training | 0.00 | 200.00 | 0.00 | | |
| Insurance | 15,207.16 | 15,214.44 | 11,287.32 | | |
| Claims & Damages | 0.00 | 166.68 | 0.00 | | |
| Advertising | 3,237.78 | 3,533.32 | 2,453.25 | | |
| Promotion | 183.34 | 83.32 | 0.00 | | |
| Bank Charges | 3,568.62 | 2,300.00 | 2,094.07 | | |
| Utilities | 49,644.70 | 48,300.04 | 46,565.53 | | |
| Excise Tax | 734.44 | 1,333.32 | 1,067.02 | | |
| Bad Debt Expense | 2,689.98 | 666.68 | (362.50) | | |
| Miscellaneous Expense | (0.60) | 33.32 | (110.64) | | |
| Credit System | 6,326.73 | 11,666.68 | 7,597.97 | | |
| Repair & Maintenance | 2,080.67 | 26,666.68 | 3,860.54 | | |
| Allocated A & G | 72,665.70 | 70,655.82 | 62,661.33 | | |
| Direct Operating Expenses | 249,895.89 | 278,217.50 | 237,822.36 | (28,321.61) | -11.3% |
| | | | | | |
| Net Income (Loss) Without Depreciation | 159,455.05 | 153,965.86 | 175,366.98 | 5,489.19 | 3.4% |
| | | | | | |
| Depreciation Expense | 83,065.91 | 112,001.04 | 90,816.92 | (28,935.13) | -34.8% |
| | | | | | |
| Net Income (Loss) | 76,389.14 | 41,964.82 | 84,550.06 | 34,424.32 | 45.1% |

Port of Port Townsend
Yard
For the Period Ended April 30, 2014

| | Actual Year to Date | Budget | Prior Year | Variance | % Variance |
|---|------------------------|--------------------|-------------------|-------------------|---------------|
| Revenues | | | | | |
| Electric | 15,489.08 | 5,833.36 | 10,328.02 | | |
| Liveaboard Fee | 630.00 | 400.00 | 130.00 | | |
| Miscellaneous Revenue | 7,013.95 | 3,933.32 | 9,787.65 | | |
| 300 Ton Hoist Revenue | 31,851.45 | 33,333.32 | 38,156.20 | | |
| 70/75 Ton Hoist Revenue | 68,931.75 | 62,000.00 | 61,328.26 | | |
| Washdown Revenue | 18,272.20 | 17,633.32 | 18,324.21 | | |
| Bilge Water Revenue | 1,220.50 | 600.00 | 1,096.00 | | |
| Ship Yard Revenue | 154,373.87 | 95,000.00 | 116,039.62 | | |
| Work Yard Revenue | 166,666.62 | 130,000.00 | 165,510.22 | | |
| Blocking Rent | 4,438.80 | 3,666.64 | 3,087.73 | | |
| Tarp Pool Revenue | 10,205.00 | 10,666.68 | 9,949.27 | | |
| Long Term Storage Yard | 20,823.03 | 21,666.68 | 20,856.55 | | |
| Marine Trades Contribution | 52,484.49 | 18,333.32 | 20,803.40 | | |
| Total Revenues | 552,400.74 | 403,066.64 | 475,397.13 | 149,334.10 | 27.0% |
| Operating Expenses | | | | | |
| Salaries & Wages | 120,613.67 | 120,923.12 | 129,475.52 | | |
| Payroll Taxes | 14,371.35 | 16,930.24 | 16,662.27 | | |
| Employee Benefits | 40,373.90 | 37,608.88 | 39,763.58 | | |
| Uniform Expense | 1,194.03 | 1,046.68 | 1,450.01 | | |
| Contract Services | 169.56 | 3,566.68 | 5,982.87 | | |
| Operating Supplies | 11,531.29 | 5,500.00 | 3,974.54 | | |
| Tarp Pool Expense | 6,403.79 | 4,000.00 | 6,254.27 | | |
| Postage | 221.89 | 341.68 | 41.89 | | |
| Janitorial Supplies | 608.09 | 866.68 | 929.36 | | |
| Fuel & Lubricants | 2,975.94 | 5,333.36 | 6,011.76 | | |
| Shipyards Permit | - | 233.32 | - | | |
| Travel | - | 266.68 | - | | |
| Training | - | 333.32 | - | | |
| Insurance | 11,169.04 | 11,121.64 | 11,881.32 | | |
| Claims & Damages | - | 1,000.00 | - | | |
| Advertising | 4,179.95 | 4,400.00 | 4,133.95 | | |
| Promotion | 1,564.89 | 833.32 | - | | |
| Bank Charges | 11,308.49 | 5,666.68 | 7,028.29 | | |
| Utilities | 42,446.52 | 35,966.64 | 38,428.70 | | |
| Excise Tax | 2,592.29 | 2,166.64 | 2,649.32 | | |
| Bad Debt Expense | 737.90 | 5,233.36 | (624.16) | | |
| Miscellaneous Expense | - | 66.64 | - | | |
| Repair & Maintenance - 300 Ton Hoist | 3,928.76 | 4,666.68 | 4,917.75 | | |
| Repair & Maintenance - 70 Ton Hoist | 6,773.83 | 2,333.32 | 1,460.94 | | |
| Repair & Maintenance - 75 Ton Hoist | 2,770.88 | 3,000.00 | 1,550.58 | | |
| Repair & Maintenance | 2,055.29 | 13,000.00 | 1,790.41 | | |
| Allocated A & G | 93,775.53 | 68,887.15 | 67,805.82 | | |
| Direct Operating Expenses | 381,766.88 | 355,292.71 | 351,568.99 | 26,474.17 | 6.9% |
| Net Income (Loss) without Depreciation | 170,633.86 | 47,773.93 | 123,828.14 | 122,859.93 | 72.0% |
| Depreciation Expense | 98,605.36 | 100,094.48 | 91,006.36 | (1,489.12) | -1.5% |
| Net Income (Loss) | 72,028.50 | (52,320.55) | 32,821.78 | 124,349.05 | 172.6% |

Port of Port Townsend
Environmental
For the Period Ended April 30, 2014

| | Actual Year to Date | Budget | Prior Year | Variance | % Variance |
|---|------------------------|--------------------|-------------------|--------------------|---------------|
| Revenues | | | | | |
| Clean Up Revenue | 2,520.88 | - | - | | |
| Point Hudson - Hazardous Waste Fee | 2,230.00 | 2,333.32 | 2,099.00 | | |
| Moorage - Hazardous Waste Fee | 12,582.50 | 14,333.32 | 13,153.50 | | |
| Quilcene - Hazardous Waste Fee | 360.00 | 833.32 | 440.00 | | |
| Work Yard - Hazardous Waste Fee | 24,361.00 | 16,666.68 | 12,005.00 | | |
| Ship Yard - Hazardous Waste Fee | 6,994.00 | 11,666.68 | 6,723.00 | | |
| PTBH Properties - Stormwater Fee | 2,887.19 | 5,000.00 | - | | |
| Total Revenues | 51,935.57 | 50,833.32 | 34,420.50 | 1,102.25 | 2.1% |
| Expenses | | | | | |
| Salaries & Wages | 25,667.20 | 43,306.48 | 14,674.79 | | |
| Payroll Taxes | 3,067.46 | 6,063.24 | 1,779.83 | | |
| Employee Benefits | 8,502.41 | 13,468.96 | 4,497.76 | | |
| Uniform Expense | - | 50.00 | 119.45 | | |
| Contract Services | 12,075.57 | 5,716.68 | 1,736.50 | | |
| Operating Supplies | 1,866.09 | 3,333.32 | 2,206.30 | | |
| Postage | 10.38 | - | - | | |
| Permits | 756.00 | - | 1,018.50 | | |
| Travel & Training | 352.33 | 333.32 | 363.96 | | |
| Insurance | 1,192.04 | 1,185.20 | 816.00 | | |
| Advertising | 39.25 | - | 37.25 | | |
| Utilities | 358.16 | 666.68 | - | | |
| Excise Tax | 613.44 | - | - | | |
| Bad Debt Expense | - | - | - | | |
| Repair & Maintenance | 688.07 | - | 17.01 | | |
| Allocated A & G Expense | 9,204.06 | 7,728.46 | 4,949.24 | | |
| Direct Operating Expenses | 64,392.46 | 81,852.34 | 32,216.59 | (17,459.88) | -27.1% |
| Net Income (Loss) Without Depreciation | (12,456.89) | (31,019.02) | 2,203.91 | | |
| Depreciation Expense | 10,384.80 | 11,686.96 | 10,625.80 | | |
| Net Income (Loss) | (22,841.69) | (42,705.98) | (8,421.89) | | |

Port of Port Townsend
PTBH Properties
For the Period Ended April 30, 2014

| | Actual Year to Date | Budget | Prior Year | Variance | % Variance |
|--|------------------------|-------------------|-------------------|--------------------|---------------|
| Revenues | | | | | |
| PTBH Prop - Lease Revenue | 155,064.72 | 170,000.00 | 151,886.02 | | |
| PTBH Prop - Storage Unit Revenue | 2,055.80 | 3,333.32 | 2,599.72 | | |
| PTBH Prop - Fuel Dock Lease | 4,174.82 | 5,000.00 | 4,324.30 | | |
| PTBH Prop - Electric | 4,783.71 | 4,833.32 | 3,991.13 | | |
| Total Revenues | 166,079.05 | 183,166.64 | 162,801.17 | (17,087.59) | -10.3% |
| Expenses | | | | | |
| Salaries & Benefits | 11,747.35 | 14,879.00 | 18,036.69 | | |
| Payroll Taxes | 1,409.29 | 2,083.20 | 2,175.33 | | |
| Employee Benefits | 3,896.53 | 4,627.60 | 5,531.06 | | |
| Uniform Expense | 0.00 | 30.00 | 0.00 | | |
| Contract Services | 339.12 | 443.32 | 646.88 | | |
| Operating Supplies | 0.00 | 333.32 | 124.91 | | |
| Postage | 191.89 | 250.00 | 41.89 | | |
| Travel | 0.00 | 33.32 | 0.00 | | |
| Insurance | 3,920.36 | 3,936.48 | 5,405.80 | | |
| Bank Charges | 254.29 | 83.32 | 255.07 | | |
| Utilities | 10,127.93 | 10,833.32 | 8,702.88 | | |
| Excise Tax | 20.28 | 66.68 | 28.87 | | |
| Bad Debt Expense | 0.00 | 166.68 | 352.13 | | |
| Miscellaneous Expense | 0.00 | 33.32 | 0.00 | | |
| Repair & Maintenance | 729.72 | 17,000.00 | 2,855.92 | | |
| Allocated A & G | 29,772.61 | 28,101.17 | 25,424.49 | | |
| Direct Operating Expenses | 62,409.37 | 82,900.73 | 69,581.92 | (20,491.36) | -32.8% |
| Net Income (Loss) Before Depreciation | 103,669.68 | 100,265.91 | 93,219.25 | 3,403.77 | 3.3% |
| Depreciation Expense | 42,120.49 | 48,294.76 | 46,209.64 | (6,174.27) | -14.7% |
| Net Income (Loss) | 61,549.19 | 51,971.15 | 47,009.61 | 9,578.04 | 15.6% |

Port of Port Townsend
 Quilcene
 For the Period Ended April 30, 2014

| | Actual Year to Date | Budget | Prior Year | Variance | % Variance |
|---------------------------------------|------------------------|-------------|---------------|-------------|------------|
| Revenues | | | | | |
| Quilcene - Permanent Moorage | 7,066.15 | 12,400.00 | 8,893.75 | | |
| Quilcene - Nightly Moorage | 164.00 | 0.00 | 140.00 | | |
| Quilcene - Nightly R.V. | 0.00 | 0.00 | 36.03 | | |
| Quilcene - Electric | 889.41 | 1,000.00 | 1,125.80 | | |
| Quilcene - Showers | 670.00 | 620.00 | 690.00 | | |
| Quilcene - Fuel Sales | 4,172.84 | 4,000.00 | 8,011.47 | | |
| Quilcene - Lease Revenue | 18,743.88 | 19,333.32 | 18,413.36 | | |
| Quilcene - Rental Property Revenue | 2,000.00 | 2,000.00 | 2,000.00 | | |
| Quilcene - Water | 2,014.29 | 2,000.00 | 2,137.66 | | |
| Quilcene - Miscellaneous Revenue | 0.00 | 66.68 | 0.00 | | |
| Total Revenues | 35,720.57 | 41,420.00 | 41,448.07 | (5,699.43) | -16.0% |
| Expenses | | | | | |
| Salaries & Wages | 4,353.07 | 5,085.08 | 3,613.08 | | |
| Payroll Taxes | 538.18 | 711.96 | 433.57 | | |
| Employee Benefits | 1,424.59 | 1,581.52 | 1,103.39 | | |
| Uniform Expense | 0.00 | 30.00 | 0.00 | | |
| Contract Services | 5,273.98 | 6,091.68 | 5,606.80 | | |
| Fire Protection | 0.00 | 333.32 | 0.00 | | |
| Operating Supplies | 573.07 | 166.68 | 260.74 | | |
| Postage | 75.00 | 100.00 | 0.00 | | |
| Janitorial Supplies | 0.00 | 266.68 | 500.41 | | |
| Cost of Fuel Sold | 3,945.51 | 8,000.00 | 7,241.33 | | |
| Travel | 0.00 | 100.00 | 0.00 | | |
| Training | 0.00 | 66.68 | 0.00 | | |
| Insurance | 1,905.45 | 2,073.80 | 2,267.00 | | |
| Claims & Damages | 0.00 | 166.68 | 0.00 | | |
| Advertising | 0.00 | 100.00 | 0.00 | | |
| Bank Charges | 161.60 | 83.32 | 276.08 | | |
| Utilities | 3,660.62 | 3,666.64 | 3,920.96 | | |
| Excise Tax | 136.02 | 166.68 | 170.46 | | |
| Bad Debt Expense | 0.00 | 166.68 | 18.54 | | |
| Miscellaneous Expense | 0.00 | 33.32 | 0.00 | | |
| Repair & Maintenance | 399.07 | 6,666.68 | 1,222.99 | | |
| Allocated A & G | 6,140.14 | 7,540.95 | 6,100.62 | | |
| Direct Operating Expenses | 28,586.30 | 43,198.35 | 32,735.97 | (14,612.05) | -51.1% |
| Net Income (Loss) Before Depreciation | 7,134.27 | (1,778.35) | 8,712.10 | 8,912.62 | 124.9% |
| Depreciation Expense | 22,105.82 | 24,877.76 | 23,077.12 | (2,771.94) | -12.5% |
| Net Income (Loss) | (14,971.55) | (26,656.11) | (14,365.02) | 11,684.56 | -78.0% |

Port of Port Townsend
Ramps
For the Period Ended April 30, 2014

| | Actual Year to Date | Budget | Prior Year | Variance | % Variance |
|---------------------------------------|------------------------|------------------|------------------|------------|------------|
| Revenues | | | | | |
| Ramps - Ramp/Parking Fee | 10,062.00 | 11,500.00 | 9,016.00 | | |
| Dinghy Float Revenue | 625.00 | 1,000.00 | 250.00 | | |
| Total Revenues | <u>10,687.00</u> | <u>12,500.00</u> | <u>9,266.00</u> | (1,813.00) | -17.0% |
| Expenses | | | | | |
| Salaries & Wages | 5,553.52 | 3,868.04 | 4,802.94 | | |
| Payroll Taxes | 660.35 | 541.56 | 572.53 | | |
| Employee Benefits | 1,843.64 | 1,203.00 | 1,483.19 | | |
| Uniform Expense | 0.00 | 30.00 | 0.00 | | |
| Operating Supplies | 37.34 | 266.68 | 0.00 | | |
| Insurance | 426.60 | 427.08 | 410.72 | | |
| Promotion | 495.00 | 500.00 | 270.00 | | |
| Bank Charges | 239.29 | 100.00 | 109.75 | | |
| Utilities | 1,033.85 | 1,416.64 | 1,188.25 | | |
| Excise Tax | 160.32 | 175.00 | 166.79 | | |
| Bad Debt Expense | 0.00 | 33.32 | 0.00 | | |
| Miscellaneous Expense | 0.00 | 8.32 | 0.00 | | |
| Repair & Maintenance | 119.90 | 1,666.64 | 41.41 | | |
| Allocated A & G | 1,796.29 | 1,864.97 | 1,342.36 | | |
| Direct Operating Expenses | <u>12,366.10</u> | <u>12,101.25</u> | <u>10,387.94</u> | 264.85 | 2.1% |
| Net Income (Loss) Before Depreciation | (1,679.10) | 398.75 | (1,121.94) | (2,077.85) | 123.7% |
| Depreciation Expense | <u>9,595.76</u> | <u>5,190.80</u> | <u>4,762.00</u> | 4,404.96 | 45.9% |
| Net Income (Loss) | (11,274.86) | (4,792.05) | (5,883.94) | (6,482.81) | 57.5% |

Port of Port Townsend
Pt Hudson Properties
For the Period Ended April 30, 2014

| | Actual Year to Date | Budget | Prior Year | Variance | % Variance |
|---------------------------------------|------------------------|-------------------|-------------------|-------------|------------|
| Revenues | | | | | |
| Pt Hudson - Building Lease Revenue | 123,618.06 | 133,333.32 | 102,613.70 | | |
| PT Hudson - Event Facility Revenue | 750.00 | 150.00 | 200.00 | | |
| Total Revenues | <u>124,368.06</u> | <u>133,483.32</u> | <u>102,813.70</u> | (9,115.26) | -7.3% |
| Expenses | | | | | |
| Salaries & Wages | 32,888.88 | 19,092.20 | 21,045.54 | | |
| Payroll Taxes | 3,894.40 | 2,673.08 | 2,514.32 | | |
| Employee Benefits | 10,937.87 | 5,937.96 | 6,452.66 | | |
| Uniform Expense | 0.00 | 30.00 | 0.00 | | |
| Contract Services | (953.93) | 610.00 | 1,216.11 | | |
| Operating Supplies | 0.00 | 333.32 | 779.87 | | |
| Postage | 50.00 | 83.32 | 0.00 | | |
| Travel | 0.00 | 33.32 | 0.00 | | |
| Insurance | 3,362.80 | 3,373.40 | 2,932.28 | | |
| Bank Charges | 0.00 | 33.32 | 0.00 | | |
| Utilities | 12,818.49 | 9,283.36 | 17,338.12 | | |
| Excise Tax | 0.00 | 0.00 | 0.00 | | |
| Bad Debt Expense | 1,908.86 | 166.68 | 0.00 | | |
| Miscellaneous Expense | 0.00 | 33.32 | 0.00 | | |
| Repair & Maintenance | 21,394.31 | 5,000.00 | 16,247.02 | | |
| Allocated A & G | 22,410.40 | 20,322.04 | 15,436.52 | | |
| Direct Operating Expenses | <u>108,712.08</u> | <u>67,005.32</u> | <u>83,962.44</u> | 41,706.76 | 38.4% |
| Net Income (Loss) Before Depreciation | 15,655.98 | 66,478.00 | 18,851.26 | (50,822.02) | -324.6% |
| Depreciation Expense | <u>35,609.42</u> | <u>38,453.88</u> | <u>35,787.16</u> | (2,844.46) | -8.0% |
| Net Income (Loss) | (19,953.44) | 28,024.12 | (16,935.90) | (47,977.56) | 240.4% |

Port of Port Townsend
Pt Hudson Marina & R.V
For the Period Ended April 30, 2014

| Revenues | Actual Year to Date | Budget | Prior Year | Variance | % Variance |
|---------------------------------------|------------------------|--------------|---------------|-------------|------------|
| Pt Hudson - Permanent Moorage | 34,810.31 | 35,000.00 | 36,732.56 | | |
| Pt Hudson - Electric | 0.00 | 0.00 | 0.00 | | |
| Pt Hudson - Liveaboard Fee | 2,400.00 | 2,200.00 | 2,210.00 | | |
| Pt Hudson - Monthly Guest | 32,713.03 | 18,400.00 | 22,419.23 | | |
| PT HUDSON - UTILITY REIMBURSE | 0.00 | 0.00 | 0.00 | | |
| Pt Hudson - Nightly Guest | 15,777.00 | 18,500.00 | 18,795.00 | | |
| Wharf Usage | 0.00 | 1,666.68 | 0.00 | | |
| Pt Hudson - Monthly R.V. | 7,800.00 | 14,400.00 | 11,600.00 | | |
| Pt Hudson - Nightly R.V. | 35,707.95 | 27,000.00 | 37,531.49 | | |
| Pt Hudson - Kayak Racks | 1,710.00 | 1,333.32 | 1,230.00 | | |
| Pt Hudson - Reservation Fee | 10,815.00 | 9,200.00 | 9,821.00 | | |
| Pt Hudson - Showers | 1,699.75 | 1,700.00 | 1,418.44 | | |
| Pt Hudson - Laundry | 1,979.25 | 1,700.00 | 1,424.00 | | |
| Pt Hudson - Passenger Fee | 3,770.00 | 0.00 | 5,286.53 | | |
| Pt Hudson - Electric | 5,011.16 | 7,333.32 | 7,089.70 | | |
| Pt Hudson - Miscellaneous Revenue | 255.00 | 833.32 | 362.45 | | |
| Pt Hudson - Event Facility Revenue | 400.00 | 0.00 | 0.00 | | |
| Total Revenues | 154,848.45 | 139,266.64 | 155,920.40 | 15,581.81 | 10.1% |
| | | | | | |
| Expenses | | | | | |
| Salaries & Wages | 43,845.94 | 56,102.36 | 48,740.56 | | |
| Payroll Taxes | 5,252.53 | 7,854.80 | 5,938.53 | | |
| Employee Benefits | 14,497.88 | 17,448.68 | 12,317.75 | | |
| Uniform Expense | 286.60 | 200.00 | 131.94 | | |
| Contract Services | 7,993.79 | 9,550.00 | 7,236.39 | | |
| Operating Supplies | 1,891.69 | 2,666.68 | 2,889.76 | | |
| Postage | 141.89 | 200.00 | 41.89 | | |
| Janitorial Supplies | 1,215.71 | 2,333.32 | 2,250.01 | | |
| Travel | 0.00 | 66.68 | 0.00 | | |
| Training | 0.00 | 100.00 | 0.00 | | |
| Insurance | 8,558.48 | 6,475.32 | 6,210.80 | | |
| Claims and Damages | 0.00 | 166.68 | 0.00 | | |
| Advertising | 7,249.57 | 5,000.00 | 6,519.60 | | |
| Promotion | 188.79 | 83.32 | 93.00 | | |
| Bank Charges | 3,946.26 | 4,666.68 | 3,409.72 | | |
| Utilities | 24,852.47 | 41,000.04 | 23,311.48 | | |
| Excise Tax | 813.48 | 2,000.00 | 1,217.66 | | |
| Bad Debt Expense | 242.00 | 166.68 | 96.00 | | |
| Miscellaneous Expense | 36.99 | 33.32 | 10.00 | | |
| Repair & Maintenance | 20,932.77 | 2,333.32 | 2,661.43 | | |
| Allocated A & G | 25,593.74 | 34,451.17 | 22,158.28 | | |
| Direct Operating Expenses | 167,540.58 | 192,899.05 | 145,234.80 | (25,358.47) | -15.1% |
| | | | | | |
| Net Income (Loss) Before Depreciation | (12,692.13) | (53,632.41) | 10,685.60 | 40,940.28 | -322.6% |
| | | | | | |
| Depreciation Expense | 85,394.86 | 68,086.76 | 61,904.64 | 17,308.10 | 20.3% |
| | | | | | |
| Net Income (Loss) | (98,086.99) | (121,719.17) | (51,219.04) | 23,632.18 | -24.1% |

Port of Port Townsend
 Airport
 For the Period Ended April 30, 2014

| Revenues | Actual Year to Date | Budget | Prior Year | Variance | % Variance |
|--|------------------------|------------------|------------------|-------------|------------|
| Miscellaneous Revenue | 0.00 | 33.32 | 0.00 | | |
| Lease Revenue | 34,404.80 | 35,000.00 | 33,800.30 | | |
| Hangar Revenue | 7,854.00 | 7,666.68 | 7,006.13 | | |
| Vehicle Parking Revenue | 180.00 | 250.00 | 180.00 | | |
| Aircraft Parking | 133.75 | 666.68 | 306.00 | | |
| Landing Fee | 0.00 | 33.32 | 32.40 | | |
| Fuel Lease Revenue | 497.46 | 900.00 | 870.37 | | |
| | <u>43,070.01</u> | <u>44,550.00</u> | <u>42,195.20</u> | (1,479.99) | -3.4% |
| Expenses | | | | | |
| Salaries & Wages | 7,991.54 | 14,814.84 | 11,497.50 | | |
| Payroll Taxes | 950.24 | 2,074.20 | 1,367.95 | | |
| Employee Benefits | 2,650.07 | 4,607.64 | 3,544.76 | | |
| Uniform Expense | 0.00 | 30.00 | 0.00 | | |
| Contract Services | 0.00 | 145.00 | 2,881.00 | | |
| Fire Protection | 4,692.84 | 3,060.00 | 0.00 | | |
| Operating Supplies | 0.00 | 66.68 | 13.57 | | |
| Postage | 76.76 | 100.00 | 16.76 | | |
| Fuel & Lubricants | 0.00 | 400.00 | 0.00 | | |
| Permits | 1,374.00 | 0.00 | 0.00 | | |
| Travel & Training | 0.00 | 66.68 | 0.00 | | |
| Insurance | 6,286.20 | 6,290.40 | 6,384.04 | | |
| Claims & Damages | 0.00 | 166.68 | 0.00 | | |
| Membership & Dues | 0.00 | 23.32 | 150.00 | | |
| Bank Charges | 44.25 | 33.32 | 86.13 | | |
| Utilities | 3,527.16 | 3,766.68 | 2,444.05 | | |
| Excise Tax | 96.08 | 33.32 | 67.39 | | |
| Bad Debt Expense | 0.00 | 66.68 | 105.38 | | |
| Miscellaneous Expense | 0.00 | 333.32 | 0.00 | | |
| Repair & Maintenance | 186.47 | 4,333.32 | 4,837.00 | | |
| Allocated A & G | 7,729.38 | 6,839.05 | 6,324.34 | | |
| Direct Operating Expenses | <u>35,604.99</u> | <u>47,251.13</u> | <u>39,719.87</u> | (11,646.14) | -32.7% |
| Net Income (Loss) Without Depreciation | 7,465.02 | (2,701.13) | 2,475.33 | 10,166.15 | 136.2% |
| Depreciation Expense | <u>80,182.14</u> | <u>90,184.04</u> | <u>82,299.92</u> | (10,001.90) | -12.5% |
| Net Income (Loss) | (72,717.12) | (92,885.17) | (79,824.59) | 20,168.05 | -27.7% |

Port of Port Townsend
Maintenance
For the Period Ended April 30, 2014

| | Actual Year to Date | Budget | Prior Year | Variance | % Variance |
|-----------------------|------------------------|-----------|---------------|----------|------------|
| Salaries & Wages | 33,123.01 | 24,668.64 | 33,339.56 | | |
| Payroll Taxes | 3,992.68 | 3,453.80 | 4,024.89 | | |
| Employee Benefits | 10,938.82 | 7,672.32 | 10,235.95 | | |
| Uniform Expense | 122.82 | 870.00 | 458.45 | | |
| Contract Services | - | 100.00 | 0.00 | | |
| Operating Supplies | 574.31 | 1,566.68 | 1,069.63 | | |
| Janitorial Supplies | 202.74 | 266.68 | 309.77 | | |
| Fuel & Lubricants | 52.97 | 4,000.00 | 4,333.09 | | |
| Repair & Maintenance | 417.91 | 5,000.00 | 1,718.70 | | |
| Travel | - | 33.32 | 0.00 | | |
| Training | - | 200.00 | 330.00 | | |
| Insurance | 1,441.36 | 1,433.48 | 1,310.64 | | |
| Advertising | - | 0.00 | 170.00 | | |
| Membership & Dues | - | 0.00 | 0.00 | | |
| Utilities | 4,618.15 | 2,033.32 | 2,072.48 | | |
| Miscellaneous Expense | - | 33.32 | 0.00 | | |
| Depreciation Expense | 4,663.68 | 3,901.00 | 3,679.92 | | |
| | 60,148.45 | 55,232.56 | 63,053.08 | 4,915.89 | 8.9% |

Port of Port Townsend
Administration
For the Period Ended April 30, 2014

| | Actual Year to Date | Budget | Prior Year |
|---------------------------------------|------------------------|------------------|------------------|
| Salaries & Wages | 181,240.84 | 171,132.00 | 144,652.66 |
| Payroll Taxes | 14,465.91 | 14,206.00 | 11,606.72 |
| Employee Benefits | 60,269.07 | 53,224.56 | 44,437.78 |
| Employee Benefits (to be distributed) | 32,784.86 | 0.00 | 29,693.26 |
| Uniform Expense | 102.86 | 150.00 | 0.00 |
| Contract Services | 22,106.55 | 6,350.00 | 23,092.27 |
| Legal Expense | 31,955.51 | 33,333.32 | 14,433.96 |
| Audit Expense | 0.00 | 6,666.68 | 209.00 |
| Operating Supplies | 7,005.07 | 5,375.00 | 5,161.10 |
| Community Relations | 18.99 | 2,666.64 | 2,000.00 |
| Publications | 0.00 | 66.68 | 0.00 |
| Postage | 412.55 | 600.00 | 82.57 |
| Janitorial Supplies | 405.36 | 0.00 | 0.00 |
| Repair & Maintenance | 0.00 | 0.00 | 16.45 |
| Promotional Hosting | 0.00 | 166.64 | 0.00 |
| Travel | 2,042.88 | 4,566.64 | 2,286.94 |
| Training | 701.37 | 1,766.64 | 0.00 |
| Insurance | 6,805.24 | 5,857.88 | 6,198.40 |
| Advertising | 297.83 | 300.00 | 1,793.20 |
| Membership & Dues | 11,668.00 | 7,166.64 | 9,488.68 |
| Bank Charges | - | 33.32 | - |
| Economic Development | 0.00 | 8,333.32 | 0.00 |
| Utilities | 4,450.05 | 5,833.36 | 5,758.26 |
| Miscellaneous Expense | 0.00 | 725.00 | 670.65 |
| Allocated A & G | (269,087.85) | (246,390.75) | (212,203.00) |
| Depreciation Expense | 21,603.63 | 0.00 | 0.00 |
| Total Expenses | 129,248.72 | 82,129.57 | 89,378.90 |

Port of Port Townsend
Non-Operating
For the Period Ended April 30, 2014

| | Actual Year to Date | Budget | Prior Year | Variance | % Variance |
|---------------------------------------|------------------------|-------------------|-------------------|------------------|-------------|
| Revenues | | | | | |
| Grants - FAA | 0.00 | 8,333.32 | 0.00 | | |
| Contributed Capital | 0.00 | 0.00 | 0.00 | | |
| Investment Interest | 3,665.29 | 5,000.00 | 4,416.56 | | |
| Operating Tax Levy | 299,672.88 | 302,000.00 | 294,931.20 | | |
| State Forest Revenue | 20,571.10 | 6,666.68 | 692.31 | | |
| State Timber Excise Tax | 18,721.52 | 5,000.00 | 11,621.31 | | |
| Leasehold Excise Tax | 827.65 | 2,333.34 | 1,762.09 | | |
| Finance Charges | 7,458.30 | 6,666.68 | 5,319.47 | | |
| Other Non-Operating Revenues | 0.00 | 0.00 | 0.00 | | |
| Total Non- Operating Revenue | 350,916.74 | 336,000.02 | 318,742.94 | 14,916.72 | 4.3% |
| Expenses | | | | | |
| Interest Exp - Local Fund | 294.68 | 221.68 | 577.44 | | |
| Interest Exp - CERB | 3,666.68 | 3,208.32 | 4,583.32 | | |
| Interest Exp - 2005 Rev Ref Bond | 28,999.68 | 27,875.00 | 34,924.68 | | |
| Interest Exp - 2005 LTGO Bond | 62,519.96 | 61,853.32 | 63,852.96 | | |
| Interest Exp - 2006 LTGO Ref Bond | 13,564.04 | 12,264.00 | 16,073.00 | | |
| Interest Exp - 2010 LTGO Bond | 66,314.64 | 66,314.32 | 67,029.64 | | |
| Interest Exp - 2013 REV Bond | 5,918.00 | 5,918.00 | 0.00 | | |
| Bond Management Fees | 605.00 | 400.00 | 250.00 | | |
| Investment Fees | 32.65 | 333.32 | 77.50 | | |
| Election Expense | 0.00 | 0.00 | 0.00 | | |
| Total Non- Operating Expenses | 181,915.33 | 178,387.96 | 187,368.54 | 3,527.37 | 1.9% |
| Net Non-Operating Income(Loss) | 169,001.41 | 157,612.06 | 131,374.40 | 11,389.35 | 6.7% |