



Commission Special Meeting / Work Session
October 31, 2022
2:30 p.m.

Percival Plaza – Olympics Room
626 Columbia Street NW, Suite 1B
Olympia, Washington 98501

The meeting agenda is available on the Port of Olympia website as of October 27, 2022.
<http://www.portolympia.com/commission>

The public may join the meeting from computer, tablet or smartphone at:

<https://us02web.zoom.us/j/81541486502>

Or Telephone: 1 253 215 8782

Webinar ID: 815 4148 6502

Please note that the Zoom link changes for each meeting

NOTE: *No public comment or commission action will be taken at this Work Session.*

AGENDA

1. Call to Order
2. Approval of Agenda
3. Advisory Calendar: Budget Presentation – Matt Peach, Finance Director
 - a) Commission Discussion
4. Upcoming Topics – Sam Gibboney, Executive Director

Executive Session: *The Commission will hold an executive session on Monday, October 31, 2022 at 4:00 p.m. to discuss potential litigation (RCW 42.30.110(1)(i)). The executive session is expected to last approximately 60 minutes.*

5. Adjourn



COMMISSION MEETING

<u>BRIEFING DATE/TIME:</u>	October 31, 2022
<u>DEPARTMENT:</u>	Executive
<u>STAFF CONTACT:</u>	Matt Peach, Finance Director Telephone: 360.528.8004 Email: mattp@portolympia.com
<u>TOPIC:</u>	2023 Draft Preliminary Operating Budget and Capital Investment Plan
<u>PURPOSE:</u> <i>Check all that apply</i>	<input checked="" type="checkbox"/> Information only <input type="checkbox"/> Decision needed <input type="checkbox"/> Follow up from previous briefing
<u>BACKGROUND & OVERVIEW:</u>	
<p>Staff and Commission discussion regarding the 2023 Draft Preliminary Operating Budget and the Capital Investment Plan. In the review, we will cover the following:</p> <ul style="list-style-type: none">• Review Budget Timeline• 2023 Budget Assumptions• Capital Investment Plan• 2023 Budget Overview• 2023 Operating Budget by Business• Non Operations (Commission & Other Non-Ops)• Questions & Comments	
<u>DOCUMENTS ATTACHED:</u>	
<ul style="list-style-type: none">• PowerPoint Presentation	
<u>AFFECTED PARTIES:</u>	
Thurston County Citizens	
<u>COMMISSION RECOMMENDATION:</u> <i>Commission Discussion, Deliberation and Direction</i>	
Advisory Only	



2023 BUDGET AND CAPITAL INVESTMENT PLAN

October 31, 2022

Sam Gibboney, Executive Director
Matt Peach, Finance Director

Agenda

- Review Schedule
- 2023 Budget Assumptions
- Capital Investment Plan
- 2023 Budget Overview
- 2023 Operating Budget by Business
- Tax Levy & Non Operations (including Environmental, Commission & Other Non-Ops)
- Questions & Comments

2023 BUDGET TIMELINE

SEPTEMBER 23, 2022

Work Session – First Review of Draft 2023 Proposed Operating Budget & Capital Investment Plan

OCTOBER 3, 2022

Work Session – First Review of Draft 2023 Proposed Operating Budget & Capital Investment Plan

OCTOBER 10, 2022

Advisory on 2023 Budget Process

OCTOBER 17, 2022

Work Session – Review Tax Levy Uses, Environmental Uses and Capital Investment Plan

OCTOBER 24, 2022

Advisory on Draft 2023 Proposed Operating Budget, Capital Investment Plan, & Tax Levy



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2023 BUDGET TIMELINE (CONT.)

OCTOBER 31, 2022 –

Work Session Review & Discussion

NOVEMBER 7, 2022 –

Work Session for Final Review (If Needed)

NOVEMBER 14, 2022 –

Public Hearing on Draft 2023 Proposed Operating Budget, Capital Investment Plan, & Tax Levy

NOVEMBER 21, 2022 –

Work Session for Final Review (If Needed)

NOVEMBER 28, 2022 –

Final Adoption of 2023 Operating Budget, Capital Investment Plan, & Tax Levy



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2023 BUDGET ASSUMPTIONS

OPERATING BUDGET

- Focus: *Vision 2050 & Strategic Action*
 - Overall Revenues Increase of 10.7%
 - Gross Operating Income Decrease of 15.6%
 - Staffing 7.0% for Salary Adjustment (total/combined);
1 Additional FTE

CONTINUED WIDE SCALE ECONOMIC DISRUPTION

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2023 STRATEGIC INITIATIVES & GOALS

OPERATING BUDGET

- Annual Action Plan
- Focus on Workplace Culture
- Prepare for Increase in Commissioners
- Update Financial Measures
- Budd Inlet Cleanup & Collaboration
- Destination Waterfront Implementation & Funding Strategy
- Launch Refreshed Communication Strategy

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2023 PORT WIDE INITIATIVES & GOALS

CAPITAL INVESTMENT PLAN HIGHLIGHTED PROJECTS

- Runway 8/26-Reconstruction Design
- Marine Terminal
 - Berth 1 Assessment
 - Paving
 - Maintenance Facility
- Boatworks Stormwater Treatment System
- Marina Electrical – B/C Docks (Carryover)
- Marine Center Building Design – Schematic
- IT Cyber Security & Infrastructure Project
- Lacey Commercial Business Center Roof Replacement

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CAPITAL BUDGET

2023 Capital Budget					
Business Unit	Project Name	Capital Budget	PORT Funds	Grant Funds	Notes, Comments, Assumptions
Airport	Hangar Expansion Pilot Project**	\$50,000	\$50,000		Planning, design and permitting
	Airport Maintenance Shop**	\$20,000	\$20,000		Planning, conceptual design and cost estimate
	Airport Runway 8/26 Reconstruction**	\$250,000	\$250,000		Planning, design and permitting
	Subtotal Airport	\$320,000	\$320,000	\$0	
Marina & Boatworks	Marina/Admin Offices - Development**	\$425,000	\$175,000	\$250,000	Planning, design and permitting
	Marina Electrical B/C Docks**	\$253,000	\$253,000		Design, engineering, permitting, construction
	BW-Stormwater Unit/Treatment	\$200,000	\$200,000		2022 Stormwater Permit Changes
	Manlift-Towable/Electric	\$35,000	\$35,000		Equipment - potential WSDOT and DOE Grants
	Port-wide Piling Replacement Plan**	\$85,000	\$85,000		Engineer Assessment
	Subtotal Marina & Boatworks	\$998,000	\$748,000	\$250,000	
Marine Terminal	Asphalt/Repairs-Berth 1**	\$50,000	\$12,500	\$37,500	PIDP submitted May 2022 - Design, engineering, permitting
	Maintenance Facility**	\$50,000	\$12,500	\$37,500	PIDP submitted May 2022 - Design, engineering, permitting
	Marine Terminal Paving**	\$110,000	\$27,500	\$82,500	PIDP submitted May 2022 - Design, engineering, permitting
	Warehouse-Fire System **	\$150,000	\$150,000		Construction
	Dock Ramps	\$40,000	\$40,000		Equipment: Need (6) - (2) per budget year
	Water Truck	\$55,000	\$55,000		Equipment: End of Life - Replace
	Forks for Supersacks	\$28,000	\$28,000		Equipment
	Subtotal Marine Terminal	\$483,000	\$325,500	\$157,500	
Properties	CBC Bldg #2 - Roof Replace	\$275,800	\$275,800		Design, engineering, permitting, construction
	Shell Gas Station - HVAC Replace	\$22,000	\$22,000		Equipment: End of Life - Replace
	Subtotal Properties	\$297,800	\$297,800	\$0	
Non-Ops / Admin	IT: Doors/Gates (Portwide)**	\$75,000	\$75,000		Equipment purchase/Software Integration
	IT: Fiber to Port Cyber Security Infrastructure**	\$222,776	\$55,694	\$167,082	Equipment purchase; Grant
	IT: Network & PC Upgrades - Annual	\$75,000	\$75,000		Equipment purchase
	Commission Room Upgrades	\$75,000	\$75,000		Equipment purchase Room Upgrade
	Billy Frank Trail Signs**	\$25,000	\$25,000		Centennial
	Centennial Legacy Project**	\$50,000	\$50,000		Plan, design, engineering, permits
	Sustainability Infrastructure (Port-Wide)	\$100,000	\$100,000		Zero-Emissions De-Carbonization Solar Grant Capital Initiatives
	Subtotal Non Ops & Admin	\$622,776	\$455,694	\$167,082	
	Capital Total			Grants Total	
Total		\$2,721,576	\$2,146,994	\$574,582	

** asterisks: 2022 Capital Carryover

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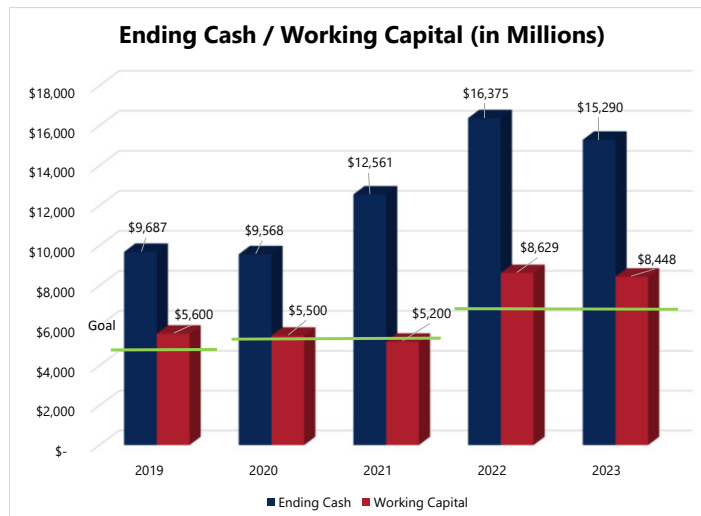
CASH 2023 STATUTORY BUDGET IN \$,000s

	2022 Adopted Budget	2022 Projected	2023 Budget
Beginning Cash & Investments	\$ 12,461	\$ 14,121	\$ 16,375
<i>Projected Sources of Funds</i>			
Operating Revenues	14,352	17,861	15,889
Operating Expense	(12,114)	(14,665)	(14,001)
Funds Provided by Operations	2,238	3,196	1,888
Ad valorem tax revenue	7,124	7,117	7,593
Projected Borrowing for Capital Projects	-	-	-
Other, Net	(2,265)	(1,967)	(3,814)
Projected Sources of Funds	7,097	8,346	5,667
<i>Projected Uses of Funds</i>			
Debt Service Payments (Bond & Bank)	(4,611)	(4,613)	(4,605)
Capital Investments - Planned Projects	(2,010)	(1,479)	(2,147)
Projected Uses of Funds	(6,621)	(6,092)	(6,752)
Ending Cash & Investments	\$ 12,937	\$ 16,375	\$ 15,290

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ENDING CASH / WORKING CAPITAL HISTORY



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Total Cash:	\$15.3 Million
Reserved Cash:	\$6.9 Million
Bond Funding	
Bond Payment Fund	
Real Estate Investment Fund	
Working Capital:	\$8.4 Million



OPERATING BUDGET

INCOME STATEMENT IN \$,000s

	Airport & New Market	Swantown Marina	Marine Terminal	Properties	General Admin.	2023 Budget
Operating Revenues	3,295	4,633	6,301	1,661		\$ 15,890
Operations & Maintenance Expenses	(1,626)	(3,430)	(4,835)	(1,023)		(10,914)
Contribution Margin	1,669	1,203	1,466	638	-	4,976
Administration Expenses	(828)	(828)	(892)	(540)	-	(3,088)
Operating Expenses	(2,454)	(4,258)	(5,727)	(1,563)	-	(14,002)
Operating Income before depreciation	841	375	574	98		1,888
Depreciation	(963)	(653)	(1,778)	(358)	(127)	(3,879)
Operating Income (loss)	(122)	(278)	(1,204)	(260)	(127)	(1,991)

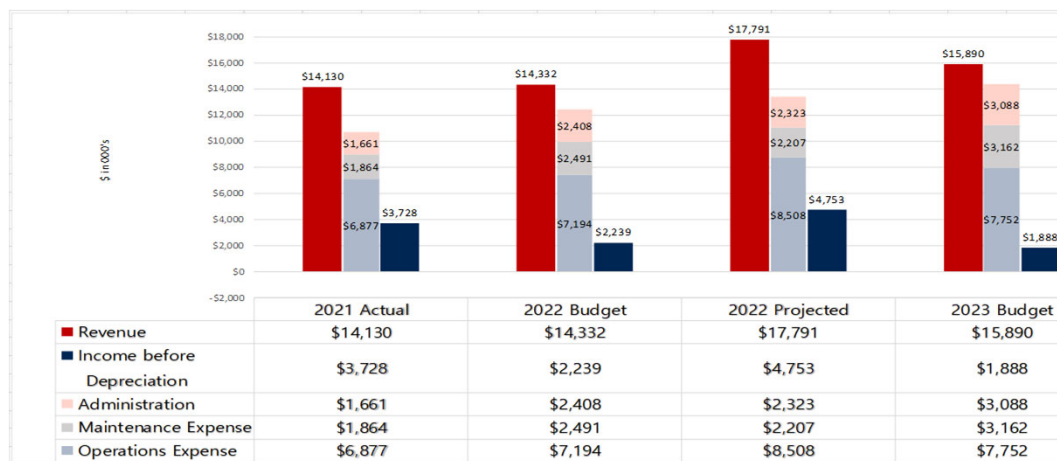
Expected Cash Earnings
from Operations

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TOTAL PORT OPERATING BUDGET

HISTORY



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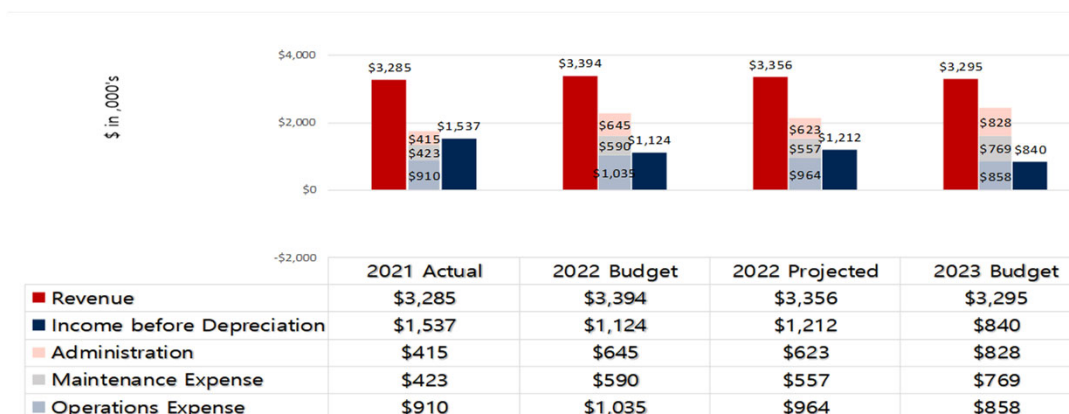
2023 BUDGET OVERVIEW

AIRPORT, NEW MARKET & CLEANWATER CENTRE

Operating Revenues	\$3.3 Million	<i>Decrease of 3%</i>
Operating Expenses	\$858 Thousand	<i>Decrease of 17%</i>
Maintenance Expenses	\$769 Thousand	<i>Increase of 30%</i>
Airport Capital Investment Plan	\$320 Thousand	
Net Income (Before Depreciation)	\$840 Thousand	
Net Income (After Depreciation)	(\$122) Thousand	

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AIRPORT, NEW MARKET & CLEANWATER CENTRE



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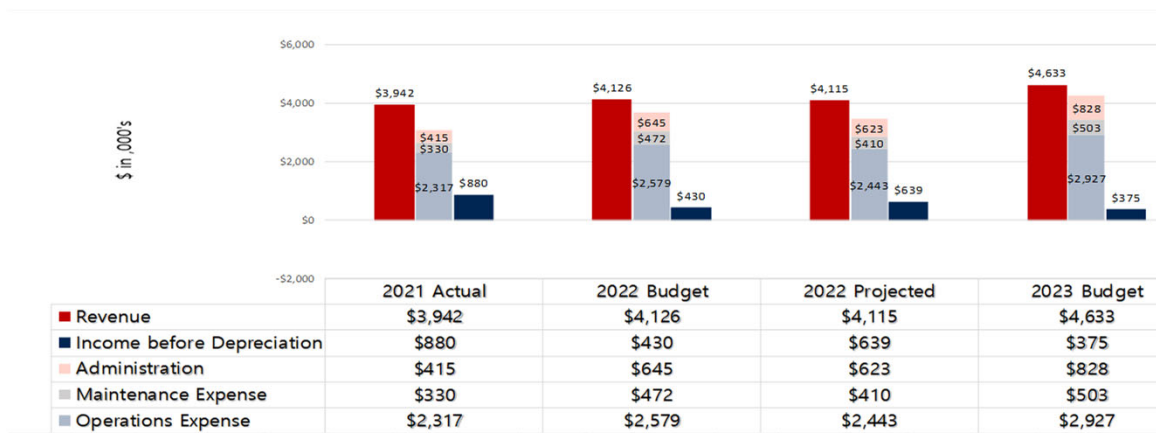
2023 BUDGET OVERVIEW

MARINA, BOATWORKS & FUEL DOCK

Operating Revenues	\$4.6 Million	<i>Increased by 12%</i>
Operating Expenses	\$2.9 Million	<i>Increased by 13%</i>
Maintenance Expenses	\$503 Thousand	<i>Increased by 6%</i>
Swantown Capital Investment Plan	\$748 Thousand	
Net Income (Before Depreciation)	\$375 Thousand	
Net Income (After Depreciation)	(\$278) Thousand	

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MARINA & BOATWORKS & FUEL DOCK



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2023 BUDGET OVERVIEW

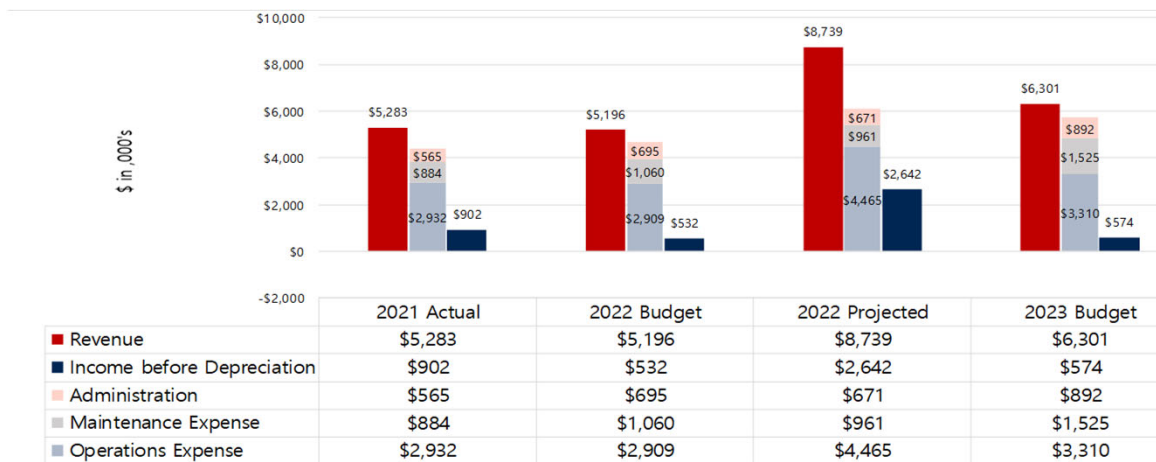
MARINE TERMINAL

Operating Revenues	\$6.3 Million	<i>Increased by 21%</i>
Operating Expenses	\$3.3 Million	<i>Increased by 14%</i>
Maintenance Expenses	\$1.5 Million	<i>Increased by 44%</i>
Marine Terminal Capital Investment Plan	\$325 Thousand	
Net Income (Before Depreciation)	\$574 Thousand	
Net Income (After Depreciation)	(\$1.2) Million	

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MARINE TERMINAL



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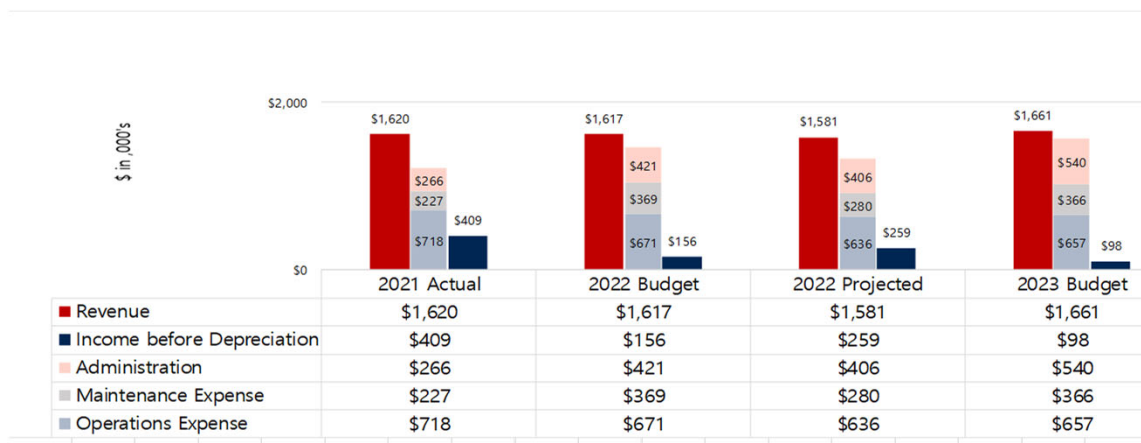
2023 BUDGET OVERVIEW

REAL ESTATE AND BUSINESS DEVELOPMENT

Operating Revenues	\$1.6 Million	<i>Increase of 3%</i>
Operating Expenses	\$656 Thousand	<i>Decrease of 2%</i>
Maintenance Expenses	\$366 Thousand	<i>Decrease of 1%</i>
Real Estate Capital Investment Plan	\$298 Thousand	
Net Income (Before Depreciation)	\$98 Thousand	
Net Income (After Depreciation)	(\$260) Thousand	

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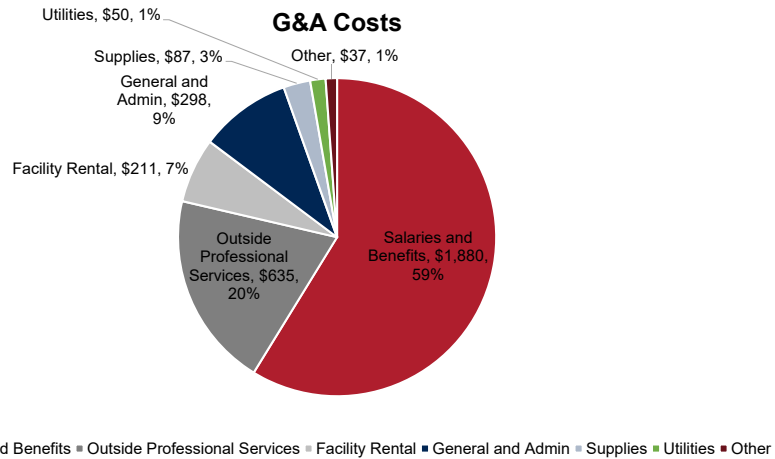
REAL ESTATE



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BUDGET OVERVIEW

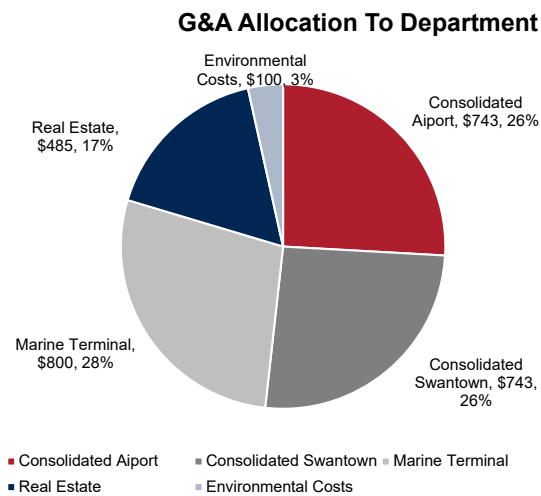
GENERAL & ADMINISTRATIVE IN \$,000s



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BUDGET OVERVIEW

GENERAL & ADMINISTRATIVE IN \$,000s



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TAX LEVY

CALCULATED PROPOSED AMOUNT

		1% + Const. Incr.
2022 levy amount		\$ 7,124,012
Increase on prior year levy	1%	71,240
Levy increase for new construction		135,347
Administrative Refund Re-Levy		7,945
Increase in value of State Assessed Property		-
Banked Capacity		255,000
Proposed 2023 tax levy		\$ 7,593,544
Increase (Decrease)		\$ 469,532
2023 Preliminary Assessed Valuation	\$60,377,557,540	
2023 Millage Rate (calculated)		\$ 0.1258
2022 Millage Rate		\$ 0.1507

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TAX LEVY USES

USES, IN ,000s

2023 BUDGET

Tax Levy	\$	7,339
Banked Tax Levy	\$	255
Grant Revenue	\$	1,424
Total Revenues	\$	9,018
Uses of Taxes:		
Principle & Interest Expense, Debt		(4,605)
Environmental Expense:		
Cascade Pole		(606)
Environmental Administration		(1,375)
Budd Inlet Remediation		(2,158)
Community Events		(56)
Public Amenities		(290)
Harbor Patrol		(33)
Small Cities		(40)
Capital Project Funding		-
Special Projects:		
Election Costs		(300)
Commission Expense		(568)
Membership and Partner Costs		(137)
Total Use of Taxes	\$	(10,168)
Net Levy Funds	\$	(1,150)
Additional Cash Required	\$	1,150

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2023 BUDGET FTE OVERVIEW

	2023 Budget	2022 Budget
Airport, New Market, Cleanwater Centre	6.07	5.85
Swantown Marina	13.43	13.15
Marine Terminal	9	9.04
Properties	3.35	4.08
Administration	13.45	11.95
Environmental Admin/Cascade Pole	1.75	1.98
Public Amenities	1.7	1.7
Total FTEs	48.75	47.75

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Next Steps

October 31, 2022 –

Work Session on Draft 2023 Proposed Operating Budget,
Capital Investment Plan, & Tax Levy

November 14, 2022 –

Public Hearing on Draft 2023 Proposed Operating Budget,
Capital Investment Plan, & Tax Levy

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Questions & Comments

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