



## 2017 Budget Narrative

**The Port of Kingston's proposed 2017 Budget of \$1,500,000.00 represents an overall income increase of 5%, and an overall increase in expenses of 10%.**

The Port's income is proposed to increase by 5% overall. Historically, the Port has increased Permanent Moorage rates by CPI, which is presently 2%. Open Moorage is proposed to increase from \$5.56/ft. to \$5.67/ft., and Covered Moorage is proposed to increase from \$9.08/ft. to \$9.26/ft. This will generate an additional \$13,344.00 in overall income to offset our marina expenses.

In addition to Permanent Moorage increases, we are proposing a \$7.00 fee for Launch Ramp use. This will allow us to continue to make improvements to our launch facility. Strong fuel sales and the rental of the Hill House property will also contribute to the income stream.

We will however see a temporary decrease in the Seasonal Monthly Guest Moorage income as we begin the building phase of our Covered Moorage repairs and start rotating tenants onto our guest dock during construction this winter. In addition, development of the Washington Blvd. Park site could have the potential for revenue loss at the conclusion of Diamond Parking's lease of that property from the Port. We are planning to create additional spaces for Monthly Parking within the Port to help offset that revenue loss.

**Our overall income is expected to rise in 2017 from \$1,423,000.00 to \$1,503,000.00.**

Looking at the expense side, our expenses are projected to increase by about 10%. This is due to the budgeting of a cost of living increase and the creation of a merit raise reserve for Port employees. Other expense categories that will see an increase are Repair/Maintenance and Advertising/Promotion, with budget increases of close to \$10,000.00 each.

Medical and Business Insurance continues to rise annually, and as we encourage our tenants and guests to pay by credit card, our credit card service fees will rise as well.

The Port is budgeting for debt service payments of \$7,000.00 per month starting in March for a potential \$1,000,000.00 loan to be used for our Covered Moorage Project. 2017 is also an audit year. The Port is budgeting for an audit covering the period of 2015 through 2016 from the State Auditor's Office, with expected costs at \$18,000.00.

**Overall our expense budget is expected to increase from \$1,245,000.00 to \$1,411,000.00.**

Even with these proposed changes our Port's financial position continues to be strong, with operations generating enough income to pay for all expenses. This leaves all of our non-operating income (\$212,000.00) from taxes, interest and service charges to be used for Capital Projects. Capital Projects for 2017 include roof replacement on all of our covered moorage and a list of other enhancements to the marina that includes new gates and locks at the head of each gangway and new dock ladders. Plans are being developed for expansion of the Port office building to accommodate our staff and customers with a ground level facility.

Additional projects scheduled to move forward in 2017 include the beginning of construction of Washington Blvd. Park, with grant funding provided by the State of Washington RCO (Recreation & Conservation Office), as well as a feasibility study assessing potential development options for existing Port properties, funded mostly by grant funds provided by the State of Washington Department of Commerce CERB (Community Economic Revitalization Board).

**The Port is looking to invest over \$2,000,000.00 in Capital Projects in 2017, with \$435,000.00 funded through various grant funds.**



**OPERATING EXPENSES:**

|   |                    |                    |
|---|--------------------|--------------------|
| Accounting                                | \$25,750           | \$24,450           |
| Advertising & Promotion                   | \$24,000           | \$15,000           |
| Audit                                     | \$18,000           | \$0                |
| B&O/Excise/SSWM (less 50%) ferry property | \$11,525           | \$12,448           |
| Commissioner Medical                      | \$4,244            | \$16,368           |
| Commissioner Salary                       | \$7,200            | \$7,200            |
| Commissioner Travel/Training & Education  | \$8,100            | \$9,200            |
| Commissioners Compensation                | \$5,400            | \$4,902            |
| Computer Supplies/Expenses                | \$8,575            | \$16,200           |
| Consulting                                | \$10,000           | \$20,000           |
| Credit Card Fees                          | \$26,010           | \$12,780           |
| Debt Service (\$1,000,000)                | \$70,000           | \$0                |
| Dues & Subscriptions                      | \$10,106           | \$9,252            |
| Electricity                               | \$40,240           | \$39,230           |
| Employee Medical                          | \$156,180          | \$123,840          |
| Environmental Inspections                 | \$1,275            | \$4,500            |
| Equipment Rental                          | \$2,780            | \$2,425            |
| In-Kind Advertising (KCS)                 | \$2,250            |                    |
| Insurance                                 | \$63,250           | \$54,996           |
| Landscaping                               | \$8,805            | \$12,000           |
| Legal                                     | \$100,000          | \$107,100          |
| Miscellaneous                             | \$1,500            | \$2,844            |
| Office Supplies                           | \$12,000           | \$12,260           |
| Operating Supplies                        | \$19,080           | \$14,220           |
| Parking expenses                          | \$11,520           | \$11,208           |
| Payroll Taxes                             | \$74,340           | \$58,020           |
| Pension Expense                           | \$53,484           | \$51,828           |
| Repair & Maintenance                      | \$48,000           | \$36,768           |
| Salaries & Wages                          | \$509,160          | \$489,447          |
| Soundrunner Expenses (Insurance)          | \$12,000           | \$12,000           |
| Storage Rent                              | \$1,235            | \$1,146            |
| Telephone/Internet                        | \$4,644            | \$4,644            |
| Training/Education                        | \$10,000           | \$10,000           |
| Travel                                    | \$6,000            | \$6,000            |
| Water, Sewer, Garbage                     | \$44,628           | \$43,380           |
| Total Operating Expense                   | <u>\$1,411,281</u> | <u>\$1,246,846</u> |
| <b>Income from Operation</b>              | <b>\$91,443</b>    |                    |

**NON-OPERATING REV/EXP**

|                                |                         |                         |
|--------------------------------|-------------------------|-------------------------|
| Interest Income                | \$15,601                | \$15,601                |
| Property Tax Receipts          | \$194,868               | \$188,863               |
| Service Charges                | <u>\$7,224</u>          | <u>\$7,224</u>          |
| <b>Total Non-operating rev</b> | <b><u>\$217,692</u></b> | <b><u>\$211,688</u></b> |

**Net Revenue** **\$309,135**