



Budget Narrative | 2010

October 30, 2009

APPROVED
 SIG. *[Signature]*
 DATE 11/17/09

To the Port of Shelton Commission:

Preface

This 2010 budget for the Port of Shelton, prepared by staff, at the will of the Commission, identifies the spending priorities necessary to maintain the existing infrastructure and to advance our mission within our community. The Port has invested heavily in its properties at Sanderson Field, Johns Prairie and the Marina over the last decade. As a result we have become home to over 450 private sector family wage jobs.

2010 holds all manner of promise for our community even in tough economic times. ADAGE, should they select our Johns Prairie location, will not only impact our employment contribution but the entire area with the anticipated resolution of water. Sanderson Field will continue as the center of our economic engine. The Oakland Bay Marina will begin to show signs of what could be the future of downtown Shelton. And the return of the Sanderson Field County Fairgrounds property may provide Port Management an opportunity to market our strength to the community.

For 2010, we are not proposing any additional debt and our current debt payments will be made using our current revenue.

A public hearing on, and adoption of, the 2010 operating, maintenance and capital budget will be held on November 17, 2009 at 2:00 pm at the Port office.

Capital Projects

| Project # | Location | Project Title | Project Estimate | Spent Through 12/31/09 | Cost Adjustment | 2010 | 2010 Income | Future | Total Cost | Comments |
|-----------|----------|---------------------------------------|------------------|------------------------|-----------------|---------|-------------|-----------|------------|---------------------------------|
| 07.04 | MA | Marina Parking Lots | 543,950 | | | 0 | | 543,950 | 543,950 | Opportunity Driven |
| 07.05 | ma | Marina Bulkhead | 1,103,000 | | | 0 | | 1,103,000 | 1,103,000 | Opportunity Driven |
| 08.04 | SF | Bldg 1 Remove Additions & Reconfigure | 323,015 | 26,488 | 0 | 40,000 | | 233,512 | 300,000 | |
| 08.07 | SF | Multi-Building Roof Repair | 375,368 | 185,425 | 0 | 74,000 | | 0 | 259,425 | |
| 09.02 | SF | Airport Obstruction Survey | 108,000 | 77,119 | 11,951 | 42,951 | 41,877 | 0 | 132,021 | Reimbursed at 97.5% |
| 09.04 | SF | Slurry Seal & Beacon Replacement | 410,000 | 11,861 | | 382,951 | 360,672 | | 394,812 | Slurry Seal Reimbursed at 97.5% |
| 09.07 | All | International Dump Truck Snow Plow | 10,000 | | | 0 | | 10,000 | 10,000 | |
| | All | Routine Capital | 51,500 | | | 51,500 | | | 51,500 | |
| | SF | 410 Business Park Rd - Septic | 10,000 | | | 3,000 | | | 3,000 | |
| | SF/JP | Water System Plan Update | 100,000 | | | 35,000 | | 65,000 | 100,000 | |
| | SF | 21 W Sanderson Office Upgrade | 35,000 | | | 35,000 | | | 35,000 | |
| | MA | New Restroom Float relocate | 16,000 | | | 16,000 | 12,000 | | 16,000 | Reimbursed at 75% |
| | MA | Pier Bracing | 12,500 | | | 12,500 | | | 12,500 | |
| | MA | Old Smith Brothers Float | 6,500 | | | 6,500 | | | 6,500 | |
| | SF | Electrical to Inactive R/W | 50,000 | | | 50,000 | | | 50,000 | |
| | SF | Inactive R/W Core Sample Testing | 5,000 | | | 5,000 | | | 5,000 | |
| | All | Security Cameras | 10,000 | | | 10,000 | | | 10,000 | |
| | | | | | | 764,402 | 414,549 | | 3,964,322 | |

Net Expense 349,853

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Our Capital Projects will focus on preserving existing buildings by completing several roofing projects as well as reconfiguring Building number 1.

The airport will receive substantial monies, primarily through FAA grants to enhance the airport. These projects include a runway "slurry seal" protective coating; relocation of the rotating beacon, and completion of the Obstruction Survey which will determine the extent to which we can use onboard GPS technology to lower approach minimums.

We also have planned the relocation of the floating restroom at the Oakland Bay Marina as well as rebuilding some of the docks in conjunction with needed pier bracing. We will also begin the update to our water system plan, a requirement of the Washington State Department of Health. This project will be completed in 2011.

The 2010 Operating Budget

The Port projects 2009 actual operating revenues will be within 5% of budgeted amounts at \$1,772,000. This estimate reflects a cash basis analysis using only money actually received to date and projecting anticipated rents and user fees to be received during the remainder of 2009. The Port, anticipates our expenses for 2009 will be at the budgeted amount of \$1,456,000 resulting in an operating cash flow of approximately \$316,000. We expect the Port will continue to meet its budget and financial goals in 2010.

The Port projects operating revenue of \$1,932,367 in 2010, for an increase of 9% over 2009 actuals. This projection is based on lease revenue from current operating leases, existing moorage agreements, and existing hangar agreements. In November 2009, Mason County will terminate their lease of the fairgrounds, accounting for a small portion of the 2010 budgeted revenues based on the port leasing the fairgrounds for specific events.

The 2010 operating expenses are budgeted at 22% higher than the 2009 budget, resulting in an operating cash flow of \$143,750. This decrease in operating cash flow reflects the addition of one maintenance employee and one employee at the fairgrounds and includes some "inflationary" increases such as health insurance. This budget fully funds critical maintenance programs, operations and the capital budget as identified.

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Highlights of the 2010 operating budget are:

| 2010 Budget | |
|---|---------------------|
| Ordinary Income/Expense | |
| Total 610.00 · Sanderson Field Revenue | 1,196,121.37 |
| Total 620.00 · Marina Revenue | 168,892.89 |
| Total 640.00 · Johns Prairie Revenues | 452,353.34 |
| 670.00 · Fairgrounds | 115,000.00 |
| Total Income | 1,932,367.60 |
| Total 710.00 · Sanderson Field - Expenses | 249,615.32 |
| Total 720.00 · Marina Expenses | 83,407.57 |
| Total 740.00 · John's Prairie Expenses | 152,925.13 |
| Total 770.00 · Fairgrounds Expense | 84,985.60 |
| Total 780.00 · General & Administration | 1,217,674.90 |
| Total Expense | 1,788,608.52 |
| Net Ordinary Income | 143,759.08 |
| Other Income/Expense | |
| 693.00 · Grants/Loans/Easements | 414,549.00 |
| 699.21 · Property Taxes | 662,519.02 |
| Total 699.30 · Misc Taxes | 9,000.00 |
| Total 699.92 · Other | 1,500.00 |
| Total 690.00 · Non-Operating - Revenue | 1,095,568.02 |
| Other Expense | |
| Total 799.91 · Interest Expense | 125,203.45 |
| Total 799.90 · Non Operating Misc Other | 11,300.00 |
| Total 790.00 · Non-Operating - Expense | 136,653.45 |
| Net Other Income | 958,914.57 |
| Net Income | 1,102,673.65 |

2010 Non-Operating Revenue and Expense Budget

The property tax levy in 2010 is a continuation of the 2009 level, approximately \$0.26 per \$1,000.00 of assessed property value within the Port District. Our levy reflects the maximum annual increase allowed under State law, which limits the levy to 1% of the amount levied the previous year, plus taxes applicable to new construction. However, \$0.45 per \$1,000.00 of assessed value is the maximum levy rate applicable to a Washington Public Port.

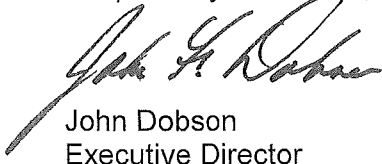
Federal and State grants associated with our planned airport improvements are reflected as other income, as shown above.

Other non-operating income includes interest earned on our invested money, late charges and timber taxes.

Non-operating expenses include interest expenses on two CERB loans initiated in the 1990's, bond proceeds transacted in 2003 and 2005, a DWSRF loan that funded the SF and JP waterline replacement projects in 2005 and a CERB loan that funded a JP water main extended West on Johns Prairie Road in 2006.

Other non-operating expenses include State Audit fees, an audit that is required by law, election expense and some miscellaneous banking charges.

Respectfully Submitted,



John Dobson
Executive Director



Debbi Hufana
Finance Manager