



October 26, 2010

*Preliminary Budget**

To the Port of Shelton Commission:

Preface

The Port of Shelton is a municipal corporation established to enhance the economic vitality and quality of life for the citizens of Shelton and Mason County by effectively managing and promoting the development of its aviation, industrial, and waterfront properties. This 2011 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 the community. The Port has invested heavily in our properties at Sanderson Field, Johns Prairie and the Marina over the last decade. As a result we have become home to over 500 full and part time private sector employees.

For 2011, 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 2011 operating, maintenance and capital budget will be held on November 16, 2010 at 2:00 pm at the Port office.

Capital Projects

2011 Capital Budget										
Timing	Location	Project Title	Project Estimate	Spent Through 12/31/10	Cost Adjustment	2011	2011 Income	Future	Total Cost	Comments
Q1	OBM	JARPA w/consultant	\$9,000	\$0		\$9,000	\$0	\$0	\$9,000	
Q4	OBM	Dock Piling Replacement	\$70,000	\$0		\$70,000	\$35,000	\$70,000	\$70,000	Joint Funding
					Sub Total	\$79,000				
Q1	AOA	Airport Master Plan	\$87,042	\$82,042		\$5,000	\$2,300	\$0	\$87,042	FAA remaining \$2300
Q1	AOA	Airport Obstruction Survey	\$108,000	\$103,000		\$5,000	\$4,750	\$0	\$108,000	FAA @ 95%
Q1	AOA	Relcate Rotating Beacon	\$14,000	\$0		\$14,000	\$0	\$0	\$14,000	
Q3	AOA	Airport LPV / GPS Approach	\$125,000	\$0		\$25,000	\$23,750	\$100,000	\$125,000	FAA @ 95%
					Sub Total	\$49,000				
Q1	SF	Office Door 450 Business Prk Rd	\$4,000	\$0		\$4,000	\$0	\$0	\$4,000	
Q1	SF	Admin Server Room	\$12,000	\$0		\$12,000	\$0	\$0	\$12,000	
Q2	SF	Cold Storage Feasibility Study	\$15,000	\$0		\$15,000	\$0	\$0	\$15,000	
Q3	SF	Security Systems	\$40,000	\$0		\$40,000	\$0	\$0	\$40,000	
					Sub Total	\$71,000				
Q2	JP	Connect to Regional Water (Engineering)	\$25,000	\$0		\$25,000	\$0	\$0	\$25,000	
Q2	JP	Clean-up & Wood Waste Disposal	\$105,000	\$0		\$5,000	\$0	\$100,000	\$105,000	FAL 340 Millwright
Q3	JP	Stormwater Improvements	\$15,000	\$0		\$8,000	\$0	\$7,000	\$15,000	FAL JP
					Sub Total	\$38,000				
Q4	GA	Watersystem Plan	\$175,000	\$0		\$25,000	\$0	\$150,000	\$175,000	DOH Driven
					TOTAL	\$262,000	\$65,800	\$427,000		
					NET =	\$196,200				

*Based on Current Level with Three Commissioners

Our Capital Projects will focus on a wide variety of short term projects across all five areas of responsibility . . . \$79,000 at the Marina, \$49,000 for AOA, \$71,000 at SF Industrial and \$38,000 at John's Prairie. Although not listed as a capital project, Port staff hopes to Increase the number and length of pathways and trails to help Sanderson Field create the look of an industrial "campus".

In the past the airport has received substantial investment monies through FAA grants. Although such funding cannot be assured until the completion of the Airport Master Plan, the 2011 proposed projects include completion of the Obstruction Survey, relocation of the Rotating Beacon and preliminary work on the GPS / LPV Instrument Approach. Other work to be completed at Sanderson Field includes Security Camera Systems and the Feasibility Study of a Cold Storage facility.

The new 2011 Oakland Bay Marina Patron Guide has been sent to all marina tenants. We have established a new "Piling and Dock" replacement fund requesting matching fund contributions from the tenants totaling \$76,000 per year. A marina tenants committee will advise on repair / replacement priorities. A new JARPA (Joint Aquatic Resource Permit Application) will also help boathouse owners upgrade to the new standards.

Our John's Prairie properties will also see some improvements as the new Regional Water system is completed. After we complete some basic stormwater Improvements we will begin the engineering to connect the 32 acres being leased by Simpson Lumber Company. We will also begin the update to our water system plan later in the year; a requirement of the Washington State Department of Health.

2010 Operating Recap

For 2010 Port tenants were not immune to the downturn in the economy. Although Brothers United and Lynch Creek Floral are expanding, several other companies reduced the number of employees as well as the square footage of leased property. Genesis, All "D" Foods, and Noble Valley are no longer in business. At the John's Prairie property, Mason County Forest products sold to Simpson Lumber Company. This was good news for potential employees but the building and property requirements for Simpson are just under 50% of the previous tenant. The total operating revenues for 2010 will be down approximately 12.8% of budget (\$1,932,367 to \$1,684,000). This estimate reflects a cash basis analysis received to date and projecting for the remainder of 2010.

As the revenue picture changed so did the Port in terms of expenses. Net Operating Expenses for 2010 will be down approximately \$153,042 or 9% of budget (\$1,788,049 to \$1,635,007). By reducing the funds allocated for capital projects the net income before depreciation will be \$289,928 which is actually up from the projected \$132,626.

2011 Operating Budget

For 2011 the Port is projecting operating revenue of \$1,676,082 for a nominal decrease of 1% under 2010 actual. This projection is based on lease revenue from current tenants including moorage and hangar agreements. The port will again lease the fairgrounds, now called the Port of Shelton Events Center, for specific events.

*Based on Current Level with Three Commissioners

Budget Narrative | 2011

The 2011 operating expenses are budgeted at \$1,648,947 or 8% less than in 2010 resulting in a Net Operating Income of \$27,134.92. This decrease in operating cash flow reflects the reduction in operating revenues and includes some "inflationary" increases such as health insurance. This budget funds critical maintenance programs and the Port's operations budget.

Highlights of the 2011 operating budget are:

2011 Budget	
Ordinary Income/Expense	2011
Total 610.00 · Sanderson Field Revenue	1,075,461.97
Total 620.00 · Marina Revenue	207,391.48
Total 640.00 · Johns Prairie Revenues	346,192.60
670.00 · Fairgrounds	47,036.00
Total Income	1,676,082.05
Total 710.00 · Sanderson Field - Expenses	260,027.22
Total 720.00 · Marina Expenses	88,094.71
Total 740.00 · John's Prairie Expenses	80,242.62
Total 770.00 · Fairgrounds Expense	42,319.65
Total 780.00 · General & Administration	1,178,262.93
Total Expense	1,648,947.13
Net Ordinary Income	27,134.92
Other Income/Expense	
693.00 · Grants/Loans/Easements	0.00
699.21 · Property Taxes	675,800.00
Total 699.30 · Misc Taxes	9,000.00
Total 699.92 · Other	7,500.00
Total 690.00 · Non-Operating - Revenue	692,300.00
Other Expense	
Total 799.91 · Interest Expense	121,477.06
Total 799.90 · Non Operating Misc Other	11,600.00
Total 790.00 · Non-Operating - Expense	133,077.06
Net Other Income	556,796.38
Net Income	586,931.30
Principal Debt Payments	(\$246,702.91)
Piling Replacement Fund	(\$38,000.00)
NET INCOME	\$299,228.39

*Based on Current Level with Three Commissioners

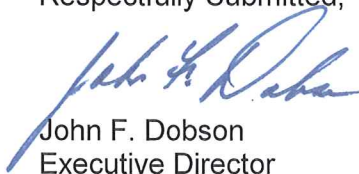
2011 Non-Operating Revenue and Expense Budget

The property tax levy in 2011 is a continuation of the 2010 level, approximately \$0.268 per \$1,000.00 of assessed property value within the Port District. That equates to total tax of \$80.40 for a home value at \$300,000. It should be noted that the maximum levy rate applicable to a Washington Public Port is \$0.45 per \$1,000.00 of assessed value.

Non-operating expenses include interest expenses on two CERB (Community Economic Revitalization Board) loans initiated in the 1990's, bond proceeds transacted in 2003 and 2005, a DWSRF (Drinking Water State Revolving Fund) loan that funded the Sanderson Field (SF) and John's Prairie (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 F. Dobson
Executive Director


Debbi Hufana
Finance Manager

*Based on Current Level with Three Commissioners