

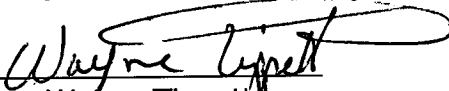
RESOLUTION 2014-11
 PORT OF CLARKSTON
2015 BUDGET

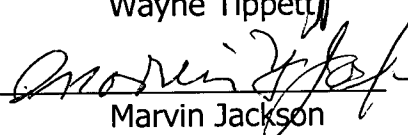
The following financial information has been designated as the final 2015 budget figures proposed by the board of commissioners of the Port of Clarkston. A public hearing was held on November 13, 2014 in accordance with RCW 53.35.030.

Revenues:	
Total Operating Revenues	\$587,094
Interest Income	\$650
Total Tax Revenue	\$337,893
Leasehold & Other Miscellaneous Taxes	\$73,006
Capital Contributions	\$14,260
Capital Asset Disposal	\$147,324
Non-Operating Non Recurring Revenues	\$20,500
Miscellaneous Non-Operating Revenues	\$1,200
Total Revenues	\$1,181,927
Expenses:	
Terminal Operating Expenses	\$16,374
Tour Boat Dock Expenses	\$44,049
Granite Park Expenses	\$65,351
Leased Property Expenses	\$109,222
G & A Operating Expenses	\$341,068
G & A Maintenance Expenses	\$24,650
Debt Redemption	\$33,235
Non-Operating Expense	\$90,718
Non-Operating-Non-Recurring	\$21,000
Capital Expense	\$436,260
Total Expenses	\$1,181,927

DONE this 11th day of December 2014.

COMMISSIONERS


 Wayne Tippett


 Marvin Jackson


 Rick Davis

November 13, 2014

To the Port of Clarkston Commission:

PREFACE

The Port of Clarkston is a municipal corporation established to enhance the economic vitality and quality of life for the citizens of Asotin County by effectively managing and promoting the development of its industrial and waterfront properties. This 2015 budget for the Port of Clarkston, 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 this community.

Three-quarters into the 2014 budget year finds the Port of Clarkston on solid ground. The Port has cash and reserves of over \$1 million as of this date. That cash balance factors in most of the payments and all of the receipts¹ for 2014's major capital improvement project, Turning Pointe. It doesn't factor in costs (and reimbursements) for Phase II of the telecommunications fiber optic cable build project. Also, it does not yet reflect the second collection this year of property tax income. Also, some outstanding payments for the cost of dredging are not reflected in the cash and reserve balance.

All of the Port's buildings are presently under lease. At least two parcels of bare ground are being considered for lease, and a third parcel of bare ground has an option to lease. Also, some parties have expressed interest in purchasing parcels within Turning Pointe, the new business park.

This budget narrative draws distinctions among:

- 1) capital projects, which may overlap budget years;
- 2) non-operating, non-recurring costs (capacity-building and/or technical assistance) that do not result in creating an asset but do sometimes overlap budget years; and,
- 3) annual on-going operations and maintenance costs.

The budget narrative provides an explanation with regard to completed and anticipated future expenditures that are non-operating or capital projects. Lastly, it provides explanations with regard to allocations of staff time as they assist on projects (operating, non-operating and capital); staff time is reimbursable under some grant awards.

¹ Federal receipts on this project are high enough that the Port will need to comply with Single Audit Act Provisions for 2014, with the audit to be performed in 2015.

A public hearing on and the adoption of the 2015 operating, non-operating, and capital budget will be held on November 13, 2014 at 1:00 p.m. at the Port office, 849 Port Way, Clarkston, Washington.

Definitions

Capital projects: “Capital projects” consist of the purchase or creation of depreciable assets that have a projected life of more than three years and whose value exceeds \$1,000 at the time of acquisition. A number of expenses can go into creating depreciable assets, including Port-purchased materials, Port staff time, fuel to pick up materials, etc. The Port’s goal in capturing these costs is to assure that the full cost of creating the asset is included. Capital assets, per the BARS² manual, are categorized under the chart of accounts beginning with 773.

Non-operating non-recurring projects: “Non-operating non-recurring projects” consist of one-time planning, technical assistance, capacity building or other projects that are not expected to be part of recurring operations costs or result in an asset. Examples include: DACUM development for manufacturing workforce training and specific downtown revitalization initiatives that are not capital projects. Typically, these projects occur with some outside funding assistance, with the exception of technical assistance provided on the Asotin marina project. These types of projects could start and conclude within the same fiscal year, or could span over two or more fiscal years.

Using the BARS manual for guidance, we have placed non-operating “pass-through” revenues into the non-revenue category within the chart of accounts that begins with 670 and non-expenses in 779. If Port staff is actively involved and the project is more than simply passing funds through for a specific purpose, non-operating revenues are recorded under 699 and non-operating expenses under 799.

GENERAL OVERVIEW

Port staff have acted as the project manager--and once even as the general contractor—for constructing new Port assets. In other instances, Port staff time may be either reimbursed under grant awards or dedicated as “in-kind” donations, as approved by funders to assure that the recipient has sufficient commitment to the project. In order to assure appropriate matching of income and outflows, staff time directly dedicated to creating assets or time reimbursable under non-operating projects has been transferred from operating expenses to either capital or non-operating cost categories (i.e., BARS accounts 773 or 799), as

² The Washington State Auditor’s Office prescribes budgeting, accounting and reporting (BARS) requirements for all local governments. BARS Manuals include the prescribed uniform charts of accounts, accounting and budgeting policies, guidance for preparing financial statements and instructions for preparing supplemental schedules required as part of the annual report to the state.

appropriate. The detailed budget attached to this narrative anticipates the need to do the same in 2015.

In addition to staff time, where costs are directly connected to creating assets, such as use of pre-purchased materials, fuel to pick up materials, etc., these costs are also expected to be billed to 773 or 799.

The detailed budget (attached) supports the following overview of anticipated revenues.

BARS Revenue Account No.	Description	2015 Budget
631.00	Marine Terminal User Charges	\$ -
630.00	<i>Total Marine Terminal Revenues</i>	-
641.10	Cruise Boat Dockage	10,200
641.80	Cruise Boat Utilities	2,336
640.00	<i>Total Cruise Ship Revenues</i>	<i>12,536</i>
661.80	Property Lease Utilities	3,405
662.90	Property Lease Late Fees	400
664.00	Real Property Rentals	566,243
669.00	Property Lease/Rentals Other	4,510
660.00	<i>Total Property Lease/Rental Revenues</i>	<i>574,558</i>
	Total Operating Revenues	587,094
651.00	Capital Contributions	14,260
672.10	Proceeds from Sale of Investments	0
699.10	Interest Income	650
699.20	Ad Valorem & Excise Taxes	337,893
699.30	Leasehold & Other Miscellaneous Taxes	73,006
699.80	Proceeds of Capital Asset Disposal	500
699.90	Other Non-operating Revenues	21,700
650/690	Total Non-operating Revenues	448,009
600.00	Total Revenues	\$ 1,035,103

The detailed budget also supports the following schedule of anticipated expenses for 2015.

BARS Revenue Account No.	Expense Account Description	2015 Budget
731.00	Marine Terminal Operations	\$ 15,100
733.00	Marine Terminal Maintenance	1,274
730.00	<i>Total Marine Terminal Expenses</i>	<i>16,374</i>
741.00	Cruise Boat Dock Operations	23,720
743.00	Cruise Boat Dock Maintenance	20,329
740.00	<i>Total Cruise Boat Dock Expenses</i>	<i>44,049</i>
751.00	Granite Park Operations	11,961
753.00	Granite Park Maintenance	53,390
750.00	<i>Total Granite Park Expenses</i>	<i>65,351</i>
761.00	Property Lease/Rental Operations	17,550
763.00	Property Lease/Rental Maintenance	86,372
764.00	Telecommunications Maintenance/Expenses	5,300
760.00	<i>Total Property Lease/Rental Expenses</i>	<i>109,222</i>
771.00	Debt Redemption (Principal)	33,235
773.00	Capital Assets Disbursements	436,260
779.00	Non-Operating Non-Recurring Obligations	21,000
770.00	<i>Total Other Obligations</i>	<i>490,495</i>
781.00	General & Administrative Operating Expenses	341,068
783.00	General & Administrative Maintenance Expenses	24,650
780.00	<i>Total General & Administrative Expenses</i>	<i>365,718</i>
799.90	Leasehold Tax & Other Non-operating Expenses	71,306
799.91	Interest Expense	15,512
799.92	Election Expense	3,900
790.00	<i>Total Non-operating Expenses</i>	<i>90,718</i>
700.00	Total Expenses	\$1,181,927

NOTE: The Port of Clarkston expects to expend sufficient federal funds to trigger the requirement for Single Audit Act examination requirement for the 2014 calendar (fiscal) year.

CAPITAL PROJECTS

773 - Capital Projects completed in 2014

- FY2011 Port Security Grant (FEMA)
- FEMA Port Security award (FY2013)
- Avista's buried power lines at Granite Lake Park
- Port's new sustainable business park west of Evans Road
- Phase 2—Telecommunications (fiber) construction

773 - New Capital Projects in 2015

- Build a new building for lease

Capital Projects on the horizon

- The Port's buildings are fully leased at the time of the creation of this budget. Current tenants, at various times, have offered to the Port for purchase buildings constructed on Port ground. In addition, other buildings being offered for sale in 2014 may present opportunities for the Port to expand its inventory of buildings.
- The Port desires to acquire one parcel of property that is bounded on three sides by Port property. While terms for acquisition are not favorable today, those circumstances could change and the Port may wish to acquire that specific parcel, or potentially other parcels, to help advance economic development objectives.

NON-OPERATING NON-RECURRING PROJECTS

779/799.9 - Non-operating non-recurring projects wrapped up in 2014

- Snake River Boat Builders Export Initiative tapping CERB funds
- A third project not accounted for under non-operating non-recurring projects that is complete is assisting the City of Asotin to expand the term of their lease with the U.S. Army Corps of Engineers and transfer title of some properties from the Corps to the City under the Water Resources Reform and Development Act (WRRDA) legislation.
- Assist with North Clarkston Circulation Study funded through Lewis-Clark Valley MPO

779/799.9 - Non-operating non-recurring projects carried over to 2014

- On-going support to American Manufacturing Network and NIMA by assisting with securing match for PTAC funding
- On-going support to the newly funded Metal Supercluster (through CEDA)

779/799.9 - New non-operating, non-recurring projects in 2014

- Assist, as necessary, with strategic planning downtown revitalization projects
- Assist, as necessary, with the Asotin boat launch restoration

New non-operating, non-recurring projects on the horizon

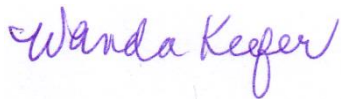
- Downtown revitalization opportunities, as yet not well defined

OTHER

Significant Maintenance Project -- Dredging: Because it does not add to the life of an existing asset, the Port considers dredging a maintenance cost. This cost is expected to reoccur every 5 – 7 years. At the time of writing this document, dredging is anticipated to begin in December 2014. Because the portion representing Port costs needs to be prepaid, the Port has anticipates that all dredging costs will be incurred in 2014. In the event that dredging is delayed until 2015, it is not anticipated to have a significant impact on the budget because of the prepayment requirement. Much of the prepayment has already occurred.

PROPERTY TAX LEVY

The property tax levy rate for 2015, even with an increase in 2015 tax revenues, is expected to be lower than the 2014 rate. (This is because investments in the community and valuations are increasing at a faster level than the 1% increase over last year.) The 2015 tax levy rate will not be available until December 2014 or January 2015. For reference purposes, it is helpful to know that the rate for 2014 was \$0.22047604 per \$1,000 of assessed property value within the Port District, which equates to a total tax of \$44.00 per year for a home valued at \$200,000. The maximum levy rate applicable to a Washington Public Port without special assessments is \$0.45 per \$1,000 of assessed value. The Port of Clarkston's levy rate will be less than half of the maximum rate.



Wanda Keefer
Port Manager



Jennifer Bly
Port Auditor