

RESOLUTION 2022-19
PORT OF CLARKSTON
2023 BUDGET

WHEREAS, the Port Commission held a public hearing November 9, 2022 in accordance with RCW 53.35.030, on its revenue sources, operating, maintenance, and capital needs for the year 2023, and having considered budget proposals to meet said needs, due notice of said hearing having been published in a newspaper of general circulation in Asotin County.

NOW, THEREFORE BE IT RESOLVED that the Port Commission of the Port of Clarkston does hereby approve and adopt as the final Port Budget for Port of Clarkston for the year 2023, as follows:


Revenues:	
Total Operating Revenues	\$ 860,142
Interest Income	10,800
Property Tax Revenue	381,339
Leasehold & Other Misc Taxes	93,485
Capital Contributions	1,983,793
Proceeds from Sale of Investments	82,909
Total Revenues	\$ 3,412,468
Expenses:	
Marine Terminal Expenses	\$ 112,417
Marina Expenses	44,652
Cruise Boat Line of Business Expenses	21,141
Granite & T.P. Park Expenses	87,281
Leased Property Expenses	273,101
G & A Expenses	438,382
Debt Redemption (P & I)	72,009
Non-Operating Expense	98,485
Capital Expense	2,265,000
Total Expenses	\$ 3,412,468


ADOPTED IN OPEN SESSION this 9th day of November 2022.

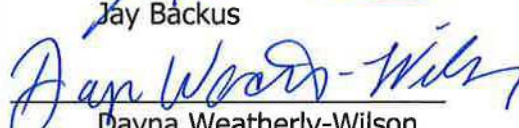
ATTEST


Wanda Keefer, Port Auditor

COMMISSIONERS


Mark Brigham


Jay Backus


Dayna Weatherly-Wilson



Budget Narrative 2023

November 9, 2022

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 2023 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.

Nearly at the end of the 2022 budget year finds the Port of Clarkston on solid ground. The Port has cash and reserves of over \$2,300,000 as of this date. This balance does not include the second collection of property tax income for 2022.

All of the Port's buildings available for lease are presently under lease. Several capital, partially grant-funded, projects are underway, and berth maintenance dredging is scheduled to begin December 15, 2022.

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 on allocations of staff time as they assist on projects (operating, non-operating and capital); staff time is reimbursable under some grant awards.

A public hearing on and the adoption of the 2023 operating, non-operating, and capital budget was held on November 9, 2022, at 1:05 p.m. at the Port office, 849 Port Way, Clarkston, Washington. Public comments offered will be considered by the Commission.

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 \$5,000 at the time of acquisition. Several 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 2014 BARS¹ manual, are categorized under the chart of accounts beginning with 773.

¹ The Washington State Auditor's Office prescribes budgeting, accounting and reporting (BARS) requirements for all local governments. The Port of Clarkston developed its managerial accounting system based upon the 2014 BARS Manual which include the prescribed uniform charts of accounts, accounting and budgeting policies, guidance for preparing financial

Commissioners seek to apply property taxes to long-term investments, usually capital projects, and not day-to-day operations/staffing; this is determined on a revolving average basis as there may be anomalies in a given year, particularly in years in which dredging occurs. In this way, constituents are investing in the future. If the funds are well-invested, they will generate operating income sufficient to cover operating costs going forward.

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 creation of an asset. Examples include: workforce training and specific downtown revitalization initiatives that are not capital projects. Typically, these projects occur with some outside funding assistance. These types of projects could start and conclude within the same fiscal year or could span over two or more fiscal years.

Using the 2014 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 frequently 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 appropriate. This budget anticipates the need to do the same in 2023.

In addition to staff time, where costs are directly connected to creating assets with a life of more than 3 years, such as use of pre-purchased fiber optic cable, staff completion of building expansions, these costs are also expected to be billed to 773 or 799.

statements and instructions for preparing supplemental schedules required as part of the annual report to the state. An accounting system based upon the current BARS Manual does not work as a Port management tool as it fails to allow cost accounting for lines of business; therefore, the old system is translated into current prescribed accounting only for annual reporting to the state.

The anticipated revenues have been identified for 2023:

<i>BARS Revenue Account No.</i>	<i>Description</i>	<i>2023 Budget</i>
630.00	Total Marine Terminal Revenues	\$ 0
632.00	Total Marina Revenues	0
640.00	Total Cruise Ship Revenues	67,000
645.00	Total Granite Lake Park Revenues	150
662 & 664	Property Lease Revenues, excluding broadband	652,642
669.9	Broadband Lease Revenues	140,350
	Total Operating Revenues	860,142
651.00	Capital Contributions	1,983,793
672.10	Proceeds from Sale of Investments	82,909
699.10	Interest Income	10,800
699.20	Ad Valorem & Excise Taxes	381,339
699.30	Leasehold & Other Miscellaneous Taxes	93,485
699.80	Proceeds of Capital Asset Disposal	0
699.90	Other Non-operating Revenues	0
650/690	Total Non-operating Revenues	2,552,326
600.00	Total Revenues	\$ 3,412,468

The following schedule of anticipated expenses has been identified for 2023:

<i>BARS Revenue Account No.</i>	<i>Expense Account Description</i>	<i>2023 Budget</i>
730.00	Total Marine Terminal Expenses	112,417
732.00	Marina Expenses	44,652
740.00	Total Cruise Boat Line of Business Expenses	21,141
750.00	Total Granite Park Expenses	80,281
760.00	Total Property Lease/Rental Expenses	273,101
765.00	Turning Pointe Business Park – Park Expenses	7,000
771.00	Debt Redemption (Principal + Interest)	72,009
773.00	Capital Assets Disbursements	2,265,000
780.00	General & Administrative Operating Expenses	438,382
799.00	Leasehold Tax & Other Non-operating Expenses	98,485
700.00	Total Expenses	\$ 3,412,468

CAPITAL PROJECTS

773 – Capital Projects wrapped up in 2022

- Auxiliary dock at 14th Street to assist in cruise boat passenger transition

773 - Capital Projects in 2022 carried over into 2023

- Broadband fiber-to-the-home projects for: a) northwest Clarkston Heights; b) Grantham Elementary School Service Area; and c) Census Tract 9604.

773 - New Capital Projects in 2023

- Expand telecommunications infrastructure incrementally where business case can be made for expansion
- Slurry Seal, crack seal and stripe parking lots adjacent to Administration Building
- Develop grading plan set for Turning Pointe Business Park to make more parcels “shovel ready”
- Purchase equipment trailer for maintenance department
- Plant 100 trees/year
- Create park-like feel to Turning Pointe Business Park along Dry Gulch

Capital Projects on the horizon

- Explore the feasibility of a new cruise dock facility on West end of riverfront near Red Wolf Bridge
- Reinforce west end of 14th Street dock for future heavy freight movement (Conditions assessment to occur in 2023)
- Expand telecommunications infrastructure to cell tower south of Asotin
- Expand shovel ready land for sale or lease at Turning Pointe Business Park through a series of grading projects
- Update port security equipment and explore need for expansion
- Potential to purchase existing buildings: Buildings being offered for sale in 2023 may present opportunities for the Port to expand its inventory of buildings.
- Construct a multi-tenant or incubator building to further economic development objectives.

OPERATING NON-RECURRING PROJECTS

730/740/750/760 – Operating Non-recurring projects carried over to 2023

- Dredge berthing areas at 7th Street cruise boat dock and 14th Street freight dock

NON-OPERATING NON-RECURRING PROJECTS

779/799.9 - Non-Operating non-recurring projects wrapped up in 2022

- Annex several riverfront parcels into City limits
- Create and record a subdivision of all Port owned property in north Clarkston, showing all utility easements and reconciling various surveyed parcels within that area and on the boundaries
- Gain property for economic benefit along the east side of 14th Street and north side of Port Drive from 13th Street to nearly 15th Street
- Turn roadways over to City of Clarkston
 - 9th Street between Port Drive and Port Way
 - Port Way between 9th Street and 13th Street
 - Port Drive between 13th Street and nearly 15th Street

779/799.9 - Non-Operating non-recurring projects carried over to 2023

- Explore alternatives for improvements to accommodate growing cruise industry (concrete docks, electricity)
- Study Port infrastructure for maintenance efficiency
- Dispose of crane at 14th Street freight dock
- Update/improve/expand port security system to cover marina and area west of 14th Street dock and elsewhere as needed
- Help facilitate City of Clarkston grant opportunity with the Department of Ecology for stormwater project on Port Drive from 13th to 15th Street
- On-going support to the American Manufacturing Network and Northwest Intermountain Manufacturing Association
- On-going support to the Metal Supercluster—work being done through the Clearwater Economic Development Association
- On-going support to the Lewis-Clark Valley Wine Alliance and viticulture area

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

- Market lease rate study Port properties
- Advocacy for changes to Water Resources Development Act language for its next iteration in 2024 to assure that turning basins are well defined in front of the Port of Clarkston
- Downtown revitalization opportunities, as yet not well defined
- Manufacturing cluster development projects

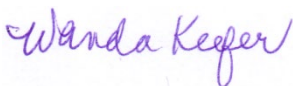
PROPERTY TAX LEVY

The property tax levy rate applicable for 2023 is expected to be lower than the 2022 rate due to new construction and the fact that property tax refunds relating to Tri-State Hospital are no longer inflating the Port's property tax levy rate.

The 2023 tax levy rate will not be available until December 2022 or January 2023, so we are unable to predict the revised rate applicable to 2023. For reference purposes, it is helpful to know that the rate for 2022 was \$0.196482 per \$1,000 of assessed property value within the Port District, which equates to a total tax of \$39.40 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 is expected to continue to be well under half of the maximum rate.



Chris Rasmussen, Executive Director



Wanda Keefer, Director of Special Projects, and Port Auditor