



Port of Bremerton 2010

Preliminary Operating Budget
and
Capital Improvement Plan

Presented October 27, 2009

2010 Preliminary Budget

The Mission in the Three Year Strategic Operating Plan: The Port of Bremerton increases economic opportunity for all of Kitsap County through 1) the direct creation of sustainable family-wage jobs, 2) development of local infrastructure to support economic activity, and 3) amenities that improve local quality of life.



The Port must: 1) Increase the number of family-wage jobs created by our businesses. 2) Increase revenues in each of the Port's business areas. 3) Reduce dependence on property taxes to meet operating costs.

Purpose of the Port Budget

- A structure which presents data in categories reflecting the Port's objectives
- A continual analysis of the Port on how its plan meets these objectives
 - Shows alternative objectives and alternative plans
 - An integrated planning/budgeting process incorporates data that is meaningful for decision making
 - Allows broad planning decisions in a budget context
- Provides timely presentation of plans and financial data for action by the Port

2010 Preliminary Budget

- General Tax levy and IDD tax levy do not include 1% increase as allowed by state law
- Kitsap County Assessed Property Values decreased 9.9% for 2010 and are also impacted by negative IPD (Implicit Price Deflator).
 - Preliminary Budget assumes a Resolution of Substantial Need will be included with the Final Budget to maintain property tax levy at 2009 level.



2010 Preliminary Budget

- IDD tax revenue will be \$237,368 less than in 2009 due to the IPD.
- Total General Levy is split between general fund taxes and payment of the 2009 bond issue - shifts Port designation of use of the general obligation tax levy



Dependence on Property Taxes for Operations (from budgets for selected years)

2010:	33%	2003:	49%
2009:	51%	1998:	45%
2008:	45%	1993:	39%
2005:	47%	1988:	53%

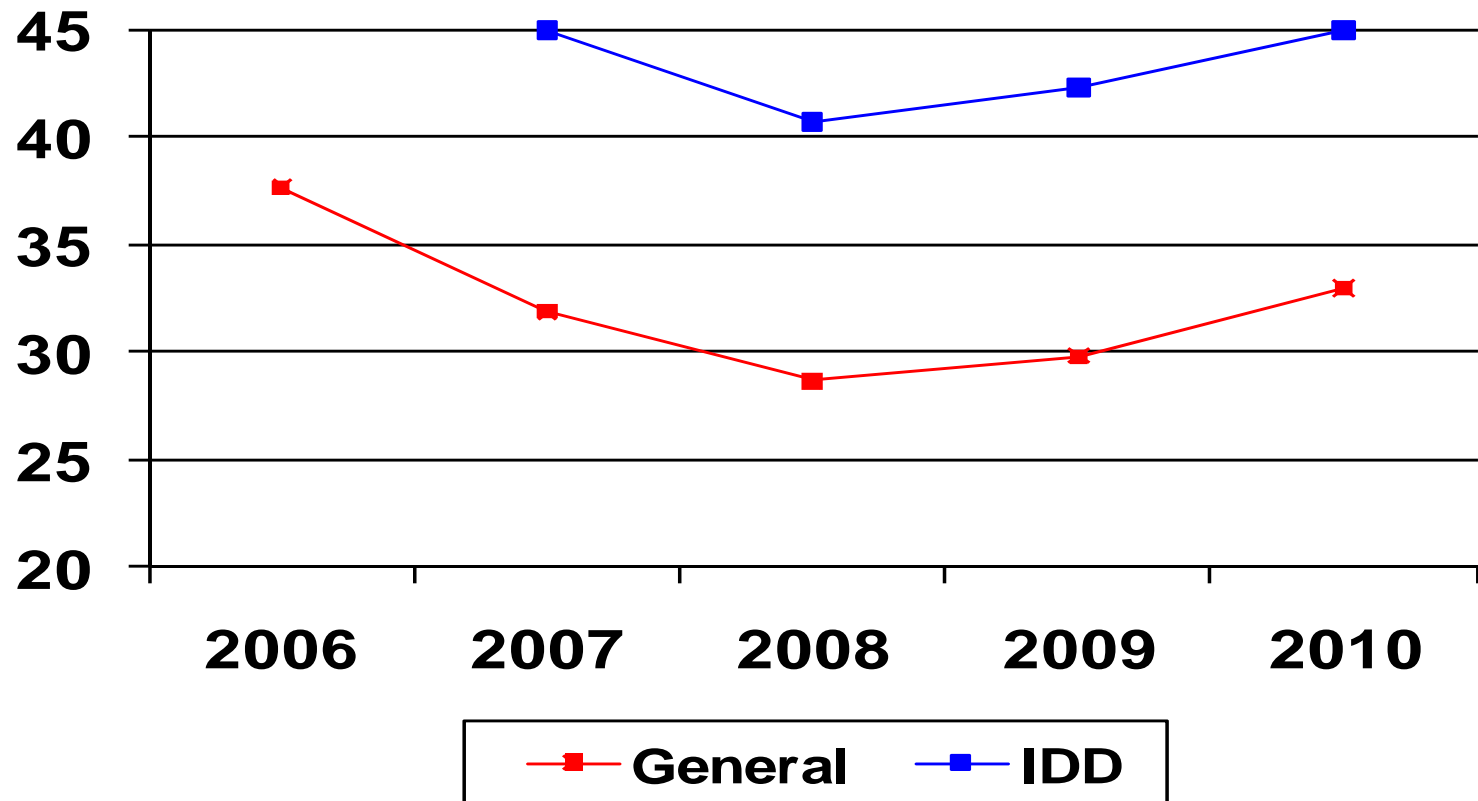
Note: The lower the percentage, the more funds will be available to construct capital infrastructure and apply to other capital projects

Maximum Property Tax Rate

- The Port is permitted by law to levy up to 45 center per \$1,000 of assessed valuation for general Port purposes.
- Washington State Law in Revised Code of Washington 84.55.010 has limited growth of regular property taxes to 1% per year, after adjustments for new construction.
- Assessed valuation decreased in 2010 by 9.9%. When the Port is collecting the maximum certified tax levy rate allowed by law and the assessed valuation for the entire Port district is reduced by the Assessor's office, the tax levy rate automatically adjusts upward.

■ Assessed Valuation	General Tax Rates	IDD Tax Rates
□ 2006 \$ 7,829,291,586	\$.3767	
□ 2007 \$ 9,636,966,004	\$.3187	\$.4500
□ 2008 \$11,152,989,919	\$.2871	\$.4070
□ 2009 \$11,039,383,691	\$.2980	\$.4232
□ 2010 \$10,183,324,803	\$.3295	\$.4500

Maximum Property Tax Rate





**PORT OF BREMERTON
EXECUTIVE SUMMARY
2010 Preliminary Budget**

INCOME

Tax Levy - General	\$ 2,930,985
Tax Levy - Industrial Development District	\$ 4,527,970
Tax Levy - 1999 Bond Payment	\$ 326,963
Facility Revenues	\$ 3,471,790
Interest Revenues	\$ 52,550
Miscellaneous Income	\$ 50,000
Non-Operating Income	\$ 18,750
Cash Reserves	
Bonds/Grants	\$ 5,205,336
Total Income	\$ 16,584,344

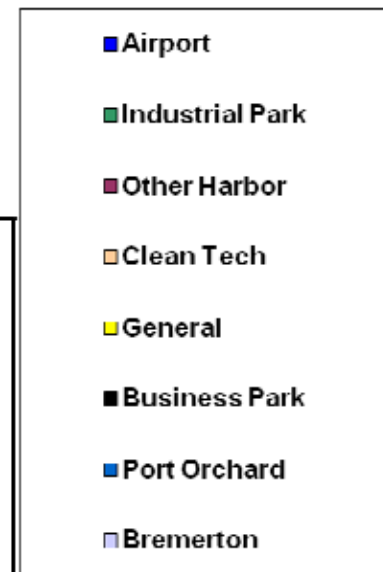
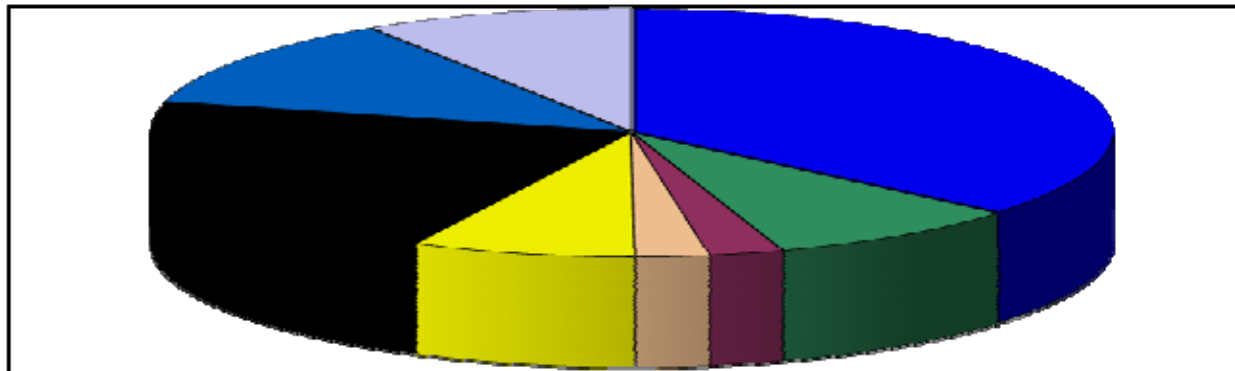
EXPENSES*

	Maintenance & Operation	Capital	Total
Airport	\$ 954,831	\$ 3,182,389	\$ 4,137,220
Airport-Industrial Park	\$ 859,299	\$ 130,000	\$ 989,299
Business Park	\$ 399,061	\$ 2,061,000	\$ 2,460,061
Harbor	\$2,367,404	\$ 320,500	\$ 2,687,904
Clean Tech	\$ 280,000	\$ -	\$ 280,000
General	\$ 771,124	\$ 84,000	\$ 855,123
Non-Operating			\$ 50,000
Funds Transfer to Reserves			\$ 222,307
Bonds/Loans			\$ 4,902,429
	\$5,631,719	\$ 5,777,889	\$ 16,584,344

* Expenses do not include depreciation expense.

2010 Expenses & Capital by Location

	Maintenance & Operations	Capital	Total
Airport	\$ 954,831	\$3,182,389	\$ 4,137,220
Industrial Park	859,299	130,000	989,299
Business Park	399,061	2,061,000	2,460,061
Port Orchard Marina	1,218,075	145,500	1,363,575
Bremerton Marina	940,652	100,000	1,040,652
Other Marina Locations	208,677	75,000	283,677
Clean Tech	280,000	0	280,000
General	771,124	84,000	855,124





Key Changes from Budget Workshop

- Removed \$235,000 of Capital Projects
 - Restaurant Remodel
 - Painting of Viking Fence Building
 - Multi-Recreational Field and Restrooms/Visitor Seating
 - RV Park Land Preparation
- Marketing Staff Position reduced to mid manager level
- Increased KEDA funding back to 2009 level

2010 Preliminary Budget

- Zero Based Budgeting Philosophy – justify the need
- A balanced budget which provides:
 - a transfer of funds into the general reserve
 - Continuation of current maintenance and operations activities
- Selected Capital Projects
- Minimal inflationary factor for general and routine costs
- Addition of Manager Marketing / Communications position



2010 Preliminary Budget

Maintenance and Repair - As a steward of public property, the Port has the obligation not only to safeguard assets from loss but also to ensure they are not neglected or wasted.

2010 Preliminary Budget

- Basic requirements for demonstrating stewardship in maintaining public property are:
 - The Port knows what maintenance is required to preserve its assets
 - That it schedules that maintenance, and
 - that needed repairs are promptly identified and performed

2010 Preliminary Budget

■ Snapshot of Major Capital Projects

- Airport Master Plan Update – 95% funded by FAA
- Cross SKIA Connector – ARRA Stimulus Package funding for entire project
- Facility Energy Efficiency Upgrades – More than 50% grant funded
- Purchase of two Pickups with Snowplow attachments
- OVBP Main Arterial Road, Water and Sewer – Grant Funding and Bond Proceeds

2010 Preliminary Budget

- Snapshot of Major Capital Projects (cont)
 - Harper Fishing Pier Piling Work
 - Marina restrooms – 75% grant funded
 - Various Port signage, security system upgrades
 - Administrative Equipment (purchase and replacement)

Capital Project Funding

- Of the \$5,777,889 in planned capital projects –
 - \$4,256,439 (74%) comes from Port grants
 - \$800,000 (14%) from 2009 General Obligation Bond Proceeds
 - \$721,450 (12%) from 2010 Port Cash



2010 Budget Risk

- Revenue Projections for Property Rentals and/or Marinas not achieved
- Unexpected/major M & O or other expense requirements not known during budget process
- Higher concentration of rental income from one major tenant



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