

**INFORMATIONAL REPORT
TO THE
BOARD OF PORT COMMISSIONERS**

March 13, 2018

Subject: 2017 CAPITAL BUDGET REPORT

Presented by: Chris Hartman, Director of Engineering

BACKGROUND:

The Port's 2017 Budget was approved by the Commission on November 14, 2016 in Resolution 16-1142. The budget included \$9,401,000 in spending from the Port's Capital Fund and \$771,910 in federal grant funds for a total capital budget of \$10,172,910. The following report, and attached spreadsheet, will show the capital investments and how they compare to budget.

ANALYSIS:

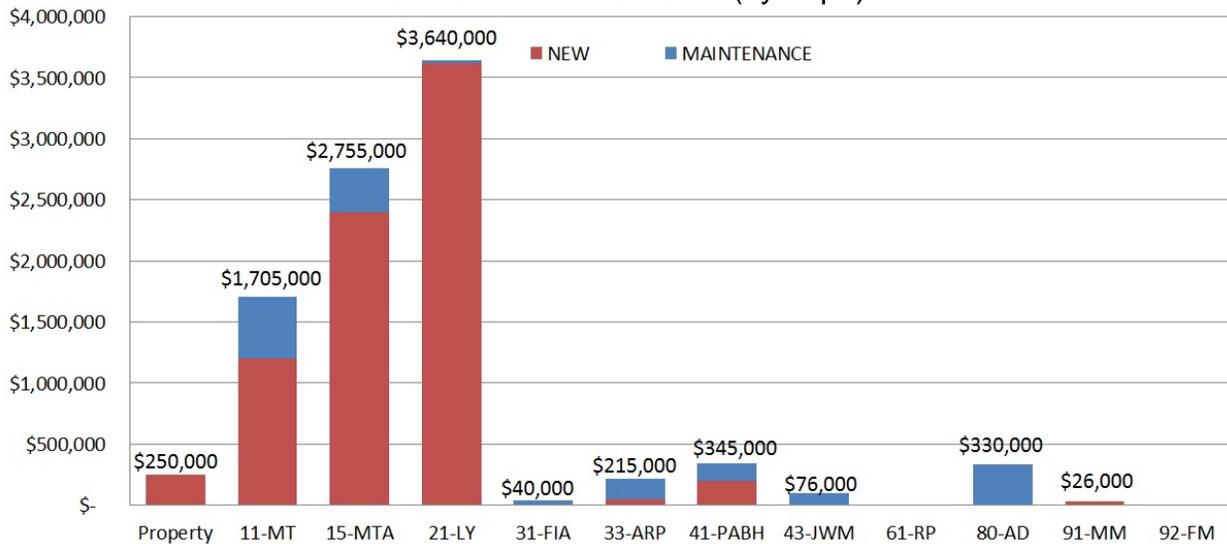
In 2017, the Port spent a total of \$5,797,888 and has received \$717,355 in grant reimbursements for a net spending from the Port's Capital Fund of \$5,080,533 (See attached breakdown of net expenditures for each project). Over the last few years the Port has been aggressively investing in deferred maintenance projects, improved stormwater infrastructure and new capital investments. Below is a table showing the growth in the Port's capital spending over the last five (5) years.

YEAR	2013	2014	2015	2016	2017
CAPITAL(\$)	\$1,794,964	\$1,818,707	\$4,753,557	\$11,414,437	\$5,797,888

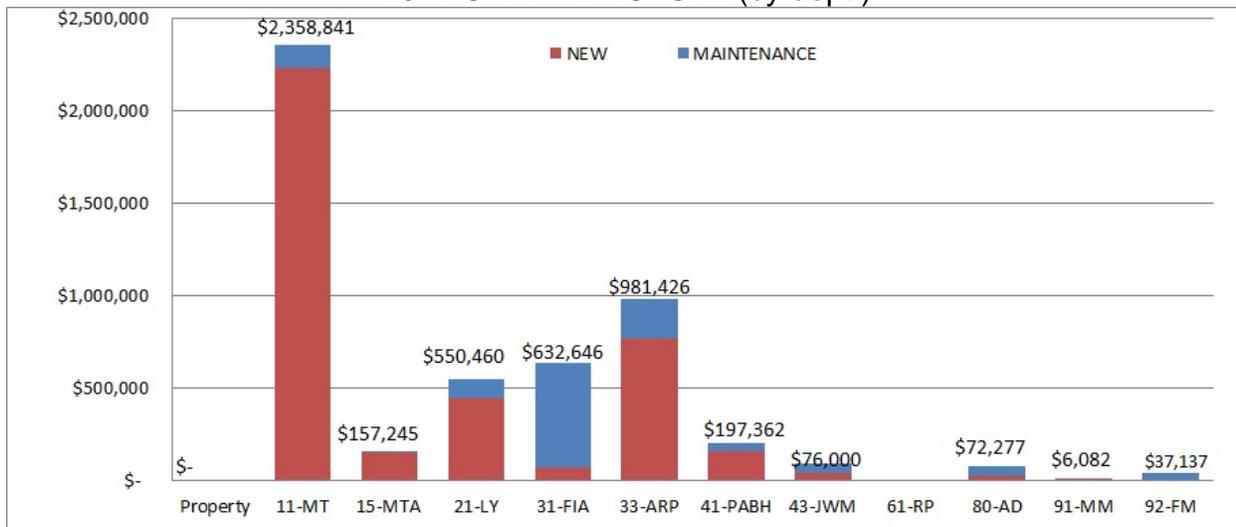
The additional funds have come from either the Port's capital reserves or grant funding. The Port has been successful in recent years in receiving grant funding from the Recreation and Conservation Office (state and federal grants), Port Security Grant Program (federal), Economic Development Administration (federal) and Washington State Department of Commerce.

Following are two graphs; the first shows the 2017 Capital Budget by department and the second shows actual spending by department. The red bar illustrates investment in new infrastructure and the blue represents maintaining existing infrastructure.

2017 CAPITAL BUDGET (by dept.)



2017 CAPITAL ACTUAL (by dept.)



In 2017, there have been a number of significant changes in capital planning since the budget was adopted last November. Projects that have a variance of \$100,000 or more are discussed below.

- “MT Stormwater Conveyance Improvements”
 - This project was delayed in 2016 due to weather and carried over into 2017. There is no budget allocation in 2017 Capital Budget. This project is now complete.

- “Security Improvements”
 - Project carried over from 2016 to 2017. This project is now complete.
- “Sprinkler Zone Replacement”
 - Project was delayed and began construction in January and is now complete.
- “MTIP Wash Down Facility”
 - Engineer’s estimate came in well above budget. Project went through a value engineering analysis and the bid documents are being revised to be put out for bid in spring 2018.
- “Platypus – Westport S.W. Conveyance Separation”
 - Project has been delayed to allow better coordination with Platypus & Westport.
- “MTIP Site Design”
 - Limited work done here because there has not yet been a tenant that has committed to the site.
- “Loy Yard Stormwater Conveyance Improvements”
 - Project delayed due to the results of the Archaeological Site Survey. Project will need to be redesigned to reduce or eliminate excavation.
- “Sign projects”
 - Sign projects have been delayed to allow for Port wide plan to be developed prior to installing new signs.
- “FIA Apron Construction”
 - Project was delayed from 2016 to 2017 due to poor weather. There was no budget allocation in the 2017 Capital Budget. This project is now complete.
- “MTIB Facility Improvements – Airborne ECS”
 - This project was not budgeted, but was made an immediate priority mid-year following Airbone ECS decision to create a new manufacturing facility within the Port’s existing Multi-Tenant Industrial Building. This project is now complete.
- “Fuel Float Design”
 - Port staff applied for a Recreation Conservation Office Boating Infrastructure Grant but was not selected to receive funding. The replacement of the Fuel Float is currently on hold so staff can look for an alternative funding program.

- “PABH Laundry Facility”
 - Bids came in well above budget. Project will be constructed using Port Labor in 2018.
- “Admin Elevator Upgrades”
 - Staff has struggled scheduling the elevator maintenance contractor to complete this work. This project is budgeted again for 2018.
- “Industrial Property Acquisition”
 - Funds are allocated here as a place holder to allow staff to pursue acquisition of industrial property if it becomes available.

CONCLUSION:

The Port has been aggressively investing in rehabilitating its facilities, upgrading stormwater infrastructure as well as constructing new facilities to spur economic growth. Significant potential still remains for future development on Port owned property at the Composite Manufacturing Campus, Airport Business Park and the Marine Trades Industrial Park. Aging infrastructure will also require on-going investment to ensure it remains operational. It is important that the Port continues to be successful in receiving State and Federal funding to continue development and infrastructure rehabilitation.

*See attached spreadsheet for a project by project financial breakdown.