

Port of Port Angeles

Port Angeles, Washington

Commissioners' Resolution No. 13-1059

A RESOLUTION OF THE PORT OF PORT ANGELES ESTABLISHING GUIDELINES FOR CAPITAL IMPROVEMENT POLICIES

WHEREAS, the Port of Port Angeles' (Port) mission is to be the primary leader in economic development in Clallam County by marketing and developing properties for the long-term benefit of Port District stakeholders while fulfilling the Port's environmental stewardship role; and

WHEREAS, the Port Commission is committed to pursuing those capital investments which:

- A. Create Family Wage Jobs;
- B. Promote sustainable environmental practices;
- C. Generate adequate Return on Investment in the long-term.

WHEREAS, the Port Commission is charged with providing capital investment guidance sufficient to facilitate sound financial choices and to meet the objectives outlined in the Port's Strategic Plan; and

WHEREAS, the capital investment guidance will address the formulation of (a) the Port's long-term Five Year Capital Improvement Plan, (b) the yearly Capital Improvement Plan within the annual budget, and (c) Project Financing and Evaluation programs,

NOW THEREFORE, BE IT RESOLVED, that:

1. Capital Improvement Plan – This is a five-year projection of the proposed major capital expenditures, including major maintenance. This plan attempts to identify current and future needs for major construction (building and infrastructure), land acquisition and equipment to improve the economic potential within the Port district. Funding sources, such as reserves, grants or debt, will be identified as appropriate. The Port may decide to limit its investment in infrastructure projects due to funding sources.
2. Capitalization Threshold – Capital expenditures includes both capital assets and major repairs. Capital assets include expenditures for buildings, land, improvements and equipment with a value of \$5,000 or more and a useful life of at least five years. Major repairs include expenditures with a value in excess of \$10,000 and have a useful life of at least five years.

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3. Annual Capital Projects Budget – The Annual Capital Improvement Plan is an important outcome of the long-term Capital Improvement Plan. It aligns capital needs with net surplus generated by operating divisions, property taxes in excess of debt service and capital reserves. It considers the cash flows generated by capital projects with their costs and related ongoing financing requirements along with ongoing maintenance costs.
 - a. Annual Budget – The annual Capital Improvement Plan implements the current year spending plan for capital projects.
 - b. Authorization – While individual capital projects expenditures will require Commission authorization before they proceed, projects in this Plan are budgeted to be undertaken.
4. “Triple Bottom Line” Objectives – This measures how the Capital Budget and individual capital projects delivery on the Port’s Mission Statement. The following factors will be considered in prioritizing and funding projects.
 - a. Job Creation – Port projects will focus on jobs that generate enough income to support a spouse and two dependents in Clallam County. Additional considerations are community enhancement, support of a clustering effect of existing businesses, and alignment with local government goals.
 - b. Environmental Stewardship – Port projects will promote sustainable environmental practices. These projects endeavor to do no harm and curtail environmental impact. The Port will build projects that support clean technology, conserve energy and use renewable resources items whenever feasible.
 - c. Return on Investment – Port projects will provide an acceptable return on investment based on the focus of a project. Job creation, environmental stewardship and preservation of infrastructure assets that support ongoing economic activity are important considerations in determining an acceptable rate of return. There are many performance measures used to evaluate and compare investment opportunities. The appropriate measure will depend on the project.
5. Property Taxes –The Commission intends to use property tax levy proceeds for debt service incurred in the funding of capital improvements and for capital improvement projects. The Commission does not intend to use tax levy proceeds for operational purposes. If economic conditions change or other circumstances arise for an unanticipated use of the tax levy, then the project and/or use must be approved by the Commission.

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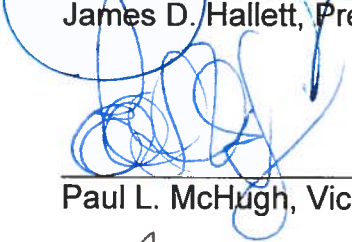
6. Use of Debt – The Port may use debt to pay for capital projects subject to the Port's Debt Management Policy (future policy). Any use of debt to fund capital projects must be approved by the Port Commissioners. In all situations, term of debt will be less than estimated project life.
7. Administration – The Executive Director, Finance Director or his/her designee shall adopt such procedures as may be necessary or desirable to implement the provisions of this resolution. This includes procedures for budgeting and planning of capital assets, determining the return on investment criteria, evaluating the return on investment, maintaining capital asset records and other monitoring and reporting procedures.

ADOPTED by the Port Commission of the Port of Port Angeles this ____ day of _____, 2013 and duly authenticated in open session by the signatures of the Commissioners voting in favor thereof and the Seal of the Commission duly affixed.

PORT OF PORT ANGELES
PORT COMMISSION



James D. Hallett, President



Paul L. McHugh, Vice President



John M. Calhoun, Secretary