



REGULAR COMMISSION MEETING
Tuesday, September 24, 2024, at 9:00 am
338 W. First St, Port Angeles, WA 98363
AGENDA

The Regular Commission Meeting will be available to the public in person and remotely. For instructions on how to connect to the meeting remotely, please visit <https://portofpa.com/about-us/agenda-center/>
Time Specific Item @ 9:00 am – Audit Exit

- I. CALL TO ORDER / PLEDGE OF ALLEGIANCE**
- II. EARLY PUBLIC COMMENT SESSION (TOTAL SESSION UP TO 20 MINUTES)**
- III. APPROVAL OF AGENDA**
- IV. WORK SESSION**
 - A. Audit Exit Meeting – **Time Specific 9:00 am**
 - B. Monthly Cash & Investment Report.....1
 - C. August Financial Report.....2-3
 - D. 2024 Operating Budget Assumptions.....4-8
 - E. 2024 Capital Projects – Projected Year End Spending.....9-11
 - F. Strategic Plan Review
 - G. 2025 Draft Capital Budget.....12-23
- V. APPROVAL OF CONSENT AGENDA**
 - A. Regular Commission Meeting Minutes – September 10, 2024.....24-26
 - B. Vouchers in the amount of \$748 ,018.52.....27
- VI. COMPLETION OF RECORDS**

No items
- VII. PLANNING AND CAPITAL PROJECTS**

No items
- VIII. LOG YARD**

No items
- IX. MARINE TRADES AND MARINE TERMINALS**

No items



X. PROPERTY

- A. Lease & Property Use Policy.....28
- B. AM Holdings, Inc. Term Lease.....29-30
- C. Armstrong Consolidated LLC Term Lease of MTIB.....31-33

XI. MARINAS

No items

XII. AIRPORTS

No items

XIII. OTHER BUSINESS

- A. Resolution 24-1306 – Federal Grant Policy.....34-55
- B. IFC – Approval of 1st Amendment to Executive Director Contract.....56-57

XIV. ITEMS NOT ON THE AGENDA

XV. COMMISSIONER REPORTS

XVI. PUBLIC COMMENT SESSION (TOTAL SESSION UP TO 20 MINUTES)

XVII. FUTURE AGENDA.....58

XVIII. NEXT MEETINGS

- A. October 8, 2024 - Regular Commission Meeting
- B. October 22, 2024 - Regular Commission Meeting
- C. October 29, 2024 – Special Commission Meeting
- D. November 12, 2024 – Regular Commission Meeting
- E. November 26, 2024 – Regular Commission Meeting

XIX. UPCOMING EVENTS



- A. WPPA Environmental Seminar – September 18-20, 2024 – Walla Walla, WA
- B. International Workboat Show – November 12-14, 2024 – New Orleans, LA
- C. Pacific Marine Expo – November 20-22, 2024 – Seattle, WA
- D. WPPA Annual Meeting – December 11-13, 2024 – Bellevue, WA

BROWN BAG LUNCH AND OPEN DISCUSSION WITH THE COMMISSION *(TIME PERMITTING)*

XX. EXECUTIVE SESSION

The Board may recess into Executive Session for those purposes authorized under Chapter 42.30 RCW, The Open Public Meetings Act.

XXI. ADJOURN

RULES FOR ATTENDING COMMISSION MEETING

- Signs, placards, and noise making devices including musical instruments are prohibited.
- Disruptive behavior by audience members is inappropriate and may result in removal.
- Loud comments, clapping, and booing may be considered disruptive and result in removal at the discretion of the Chair.

RULES FOR SPEAKING AT A COMMISSION MEETING

- Members of the public wishing to address the Board on general items may do so during the designated times on the agenda or when recognized by the Chair.
- Time allotted to each speaker is determined by the Chair and, in general, is limited to 3 minutes.
- Total time planned for each public comment period is 20 minutes, subject to change by the Chair.
- All comments should be made from the speaker's rostrum and any individual making comments shall first state their name and address for the official record.
- Speakers should not comment more than once per meeting unless their comments pertain to a new topic they have not previously spoken about.
- In the event of a contentious topic with multiple speakers, the Chair will attempt to provide equal time for both sides.

Investments & Cash held as of 8/31/2024

			12/31/23	4/30/24	5/31/24	6/30/24	7/31/24	8/31/24			
Name	Type	Interest	Face	Face	Face	Face	Face	Face	Annual	Maturity	Acquisition
		Rate	Value	Value	Value	Value	Value	Value	Interest	Date	Date
FHLB 5-year step up** (LPL)	Bond	3.00%	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	60,000	3/29/2027	3/29/2022
FHLB 5-year (Piper Sandler)	Bond	5.55%	-	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	111,000	4/18/2029	4/18/2024
First Federal Invst	Cash	5.57%	4,576,212	6,722,406	6,753,420	6,781,556	6,814,867	6,845,291	381,283		
LGIP Balance	Cash	5.40%	4,743,218	10,299,669	11,349,264	11,399,675	11,452,064	11,504,543	620,728		
Umpqua Bank Account	Cash	0.30%	163,081	463,906	470,841	676,194	563,056	928,227	2,785		

Investments Called or Matured in 2024

Name	Type	Interest Rate							Maturity Date	Redemption Date	Interest Received
FNMA 1-year	Bond	5.40%	2,000,000	-	-	-	-	-	7/19/2024	1/19/2024	58,500
FHLMC 5-year	Bond	6.25%	2,000,000	-	-	-	-	-	10/26/2028	1/26/2024	31,250
FHLB 3-year doubler***	Bond	5.50%	2,000,000	-	-	-	-	-	3/28/2025	3/28/2024	82,500
FNMA 1-year	Bond	5.20%	2,000,000	-	-	-	-	-	3/30/2024	3/30/2024	134,672

Ending Investment/Cash Balance

19,482,511	21,485,981	22,573,525	22,857,425	22,829,987	23,278,061	1,175,795
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Outstanding Debt

	Rate	12/31/23	4/30/24	5/31/24	6/30/24	7/31/24	8/31/24	
		Amount	Amount	Amount	Amount	Amount	Amount	
2015 PABH 2006 refi	2.29%	707,714	707,714	707,714	707,714	707,714	707,714	10 year note, final annual payment 12/01/2025
CERB Washdown	2.00%	673,324	639,678	639,678	639,678	639,678	639,678	20 year, 1st annual payment made Jan 2021
CARB Airport Utilities	2.00%	687,480	655,362	655,362	655,362	655,362	655,362	20 year, 1st annual payment made Jan 2022
		2,068,518	2,002,754	2,002,754	2,002,754	2,002,754	2,002,754	
Ending Balance		17,413,993	19,483,227	20,570,771	20,854,671	20,827,233	21,275,307	

* Cash balances shown do not include funds held as the Harbor Group treasurer or funds reserved for K-Ply monitoring activities.

* Cash and investments do include \$517,500 received from Shell for upcoming environmental cleanup at 220 Tumwater (former longshore parking lot)

** 5-year step up rates by year are 2%, 2.5%, 3%, 4%, 5%

P&L Variance

Summary

August 31, 2024

		YTD Current Year to Previous Year			YTD Actual to YTD Budget		
Description	YTD Actual	Previous YTD Actual	CY Act vs PY Act Variance	CY Act vs PY Act Variance %	YTD Budget	CY Act vs Budget Variance	CY Act vs Budget Variance %
REVENUE							
Dockage	593,030	713,503	(120,474)	▼16.88%	586,664	6,366	▲1.09%
Wharfage	168,614	337,872	(169,258)	▼50.10%	369,408	(200,794)	▼54.36%
Service & Facilities	107,108	208,241	(101,133)	▼48.57%	220,000	(112,892)	▼51.31%
Loading & Unloading	-	-	-	-	-	-	-
MT Handling	-	-	-	-	-	-	-
Labor Services	177,706	145,609	32,097	▲22.04%	146,664	31,042	▲21.17%
Log Yard Staging	42,831	31,837	10,994	▲34.53%	30,664	12,167	▲39.68%
Log Yard Land Services	554,472	546,672	7,800	▲1.43%	500,000	54,472	▲10.89%
Log Yard Water Services	107,086	84,797	22,289	▲26.29%	63,336	43,750	▲69.08%
Moorage	2,158,099	2,022,732	135,366	▲6.69%	2,115,176	42,923	▲2.03%
Marina & Yard Fees	303,977	333,892	(29,915)	▼8.96%	321,552	(17,575)	▼5.47%
Landing/Parking Fees	20,627	13,460	7,167	▲53.24%	8,736	11,891	▲136.12%
Hangar/Tie Down	111,341	108,452	2,889	▲2.66%	113,064	(1,723)	▼1.52%
Storage	-	-	-	-	-	-	-
Other User Fees	215,763	239,970	(24,207)	▼10.09%	240,824	(25,061)	▼10.41%
Equipment Rental	160,821	213,110	(52,289)	▼24.54%	192,848	(32,027)	▼16.61%
Land Lease/Rent	413,993	481,283	(67,291)	▼13.98%	504,912	(90,919)	▼18.01%
Structure Lease/Rent	1,446,503	1,333,195	113,308	▲8.50%	1,353,968	92,535	▲6.83%
Use Agmt and Other Rent	57,639	86,426	(28,786)	▼33.31%	81,592	(23,953)	▼29.36%
Utility Pass Thru & Product Sales	674,076	533,880	140,196	▲26.26%	590,400	83,676	▲14.17%
Misc & Interdept Revenue	32,493	12,500	19,994	▲159.95%	24,400	8,093	▲33.17%
TOTAL REVENUE	7,346,182	7,447,434	(101,252)	▼1.36%	7,464,208	(118,026)	▼1.58%
OPERATING EXPENSES							
Salaries & Wages	2,016,287	1,692,195	324,092	▲19.15%	1,948,096	68,191	▲3.50%
Benefits	760,573	646,317	114,256	▲17.68%	770,024	(9,451)	▼1.23%
Non-Maint Charge-Out & Reimbursement	(6,778)	(30,154)	23,376	▼77.52%	(43,424)	36,646	▼84.39%
Supplies	263,503	321,185	(57,682)	▼17.96%	297,984	(34,481)	▼11.57%
Outside Services	839,038	705,223	133,815	▲18.97%	799,600	39,438	▲4.93%
Public Information	92,024	101,380	(9,356)	▼9.23%	86,784	5,240	▲6.04%
Marketing	24,881	12,152	12,729	▲104.74%	39,008	(14,127)	▼36.21%
Community Relations	5,370	5,785	(415)	▼7.18%	5,864	(494)	▼8.42%
Ads, Dues & Publications	37,609	26,751	10,858	▲40.59%	26,712	10,897	▲40.79%
Travel Meetings	25,675	11,948	13,727	▲114.89%	24,792	883	▲3.56%
Travel/Training	49,405	19,391	30,014	▲154.78%	20,928	28,477	▲136.07%
Promotional Hosting	1,565	3,143	(1,578)	▼50.22%	6,816	(5,251)	▼77.04%
Rent, Utilities, Insurance & Taxes	848,173	830,881	17,292	▲2.08%	877,048	(28,875)	▼3.29%
Utility (Pass Thru) & Cost of Goods Sold	459,159	388,571	70,588	▲18.17%	472,904	(13,745)	▼2.91%
Other Expenses (Misc & Interdept)	46,784	55,301	(8,516)	▼15.40%	45,912	872	▲1.90%
Maintenance Labor	596,851	542,604	54,246	▲10.00%	651,640	(54,789)	▼8.41%
Maintenance Benefits	243,118	235,342	7,776	▲3.30%	286,400	(43,282)	▼15.11%
Maintenance Charge-Out & Reimbursement	(153,364)	(119,637)	(33,727)	▲28.19%	(200,586)	47,222	▼23.54%
Maintenance (Materials & Services)	263,247	295,128	(31,881)	▼10.80%	268,384	(5,137)	▼1.91%
TOTAL OPERATING EXPENSES	6,413,119	5,743,505	669,614	▲11.66%	6,384,886	28,233	▲0.44%
Allocated Expenses	-	-	-	-	8	(8)	▼100.00%
OPERATING SURPLUS (DEFICIT) (before Depr)	933,062	1,703,929	(770,866)	▼45.24%	1,079,314	(146,252)	▼13.55%
Allocated Depreciation	-	-	-	-	-	-	-
Depreciation (includes donated assets)	2,079,894	1,790,685	289,210	▲16.15%	2,049,674	30,220	▲1.47%
OPERATING SURPLUS (DEFICIT) (after Depr)	(1,146,832)	(86,756)	(1,060,076)	▲1221.90%	(970,360)	(176,472)	▲18.19%

		YTD Current Year to Previous Year			YTD Actual to YTD Budget		
Description	YTD Actual	Previous YTD Actual	CY Act vs PY Act		YTD Budget	CY Act vs Budget	
			Variance	Variance %		Variance	Variance %
NON-OPERATING INCOME AND EXPENSES							
Interest Earnings	739,316	572,382	166,935	▲ 29.16%	566,664	172,652	▲ 30.47%
Other Tax Receipts	62,435	108,844	(46,409)	▼ 42.64%	93,336	(30,901)	▼ 33.11%
Misc Non-Op Revenues	19,263	3,198	16,066	▲ 502.41%	6,336	12,927	▲ 204.03%
Grant-Operations	21,148	77,024	(55,876)	▼ 72.54%	134,000	(112,852)	▼ 84.22%
Passenger Facility Charges	-	-	-	-	1,000	(1,000)	▼ 100.00%
Gain (Loss) & Special Items	15,585	4,893	10,692	▲ 218.51%		15,585	-
TOTAL NON-OPERATING GENERAL REVENUE	857,748	766,340	91,407	▲ 11.93%	801,336	56,412	▲ 7.04%
Environmental	63,635	66,832	(3,198)	▼ 4.78%	133,328	(69,693)	▼ 52.27%
Misc Non-Op Expense	48,235	2,195	46,039	▲ 2097.19%	242,000	(193,765)	▼ 80.07%
TOTAL NON-OPERATING GENERAL EXPENSES	111,869	69,028	42,842	▲ 62.06%	375,328	(263,459)	▼ 70.19%
NET NON-OP GENERAL SURPLUS (DEFICIT)	745,878	697,313	48,566	▲ 6.96%	426,008	319,870	▲ 75.09%
Property Tax Receipts	1,182,827	1,125,575	57,252	▲ 5.09%	1,182,928	(101)	▼ 0.01%
Grants - Capital	1,557,917	4,961,490	(3,403,574)	▼ 68.60%	2,592,063	(1,034,146)	▼ 39.90%
TOTAL NON-OPERATING CAPITAL REVENUE	2,740,744	6,087,065	(3,346,322)	▼ 54.97%	3,774,991	(1,034,247)	▼ 27.40%
Bond Costs & Interest Expense	25,634	31,722	(6,088)	▼ 19.19%	28,952	(3,318)	▼ 11.46%
TOTAL NON-OPERATING CAPITAL EXPENSE	25,634	31,722	(6,088)	▼ 19.19%	28,952	(3,318)	▼ 11.46%
NET NON-OP CAPITAL SURPLUS (DEFICIT)	2,715,110	6,055,344	(3,340,234)	▼ 55.16%	3,746,039	(1,030,929)	▼ 27.52%
NET PROFIT (LOSS)	\$ 2,314,156	\$ 6,665,900	\$ (4,351,744)	▼ 65.28%	\$ 3,201,687	\$ (887,531)	▼ 27.72%

2024 PROJECTED YEAR END - ASSUMPTIONS All Departments

Revenues - 2024 Projected

11- Marine Terminal revenues are projected to be slightly higher than the budget for 2024. Cargo operations revenues are projected to be under budget with the decrease in log exports via ship. The schedule of two additional log ships for the remainder of 2024 (total of actual 3.5 log ships compared to budget of 5 ships). This will bring 2024 actual volume to approx. 18 mbf (vs 27 mbf budget). Wood chip export volume has dropped significantly during the second half of 2024 but is over budget for 2024. Currently at 78,106 mt actual with 10,000 mt projected through year end puts us over budget revenues for 2024. Dockage is projected to be over budget as a result of three multi-month topside repairs and continued agreement with CABLE INNOVATOR.

15- Marine Trades Area revenues will be lower than the budget slightly in the equipment rental going into the winter season of 2024. A decrease in use of the travel lift piers primarily of Westport looks to be causing a decrease in revenue on our use Agreement line item. However, there will be some increases in covered storage as there are a couple of larger projects that will extend through till the end of the year. There are also some long term outside storage projects that are creating storage revenue.

21- Log Yard equipment rental revenue is down due to a lack of projected log ship activity on T-3 and stacker rental. Banding revenue is also down due to business with staging logs being lower than expected.

31- Fairchild Intl Airport revenues have remained consistent in 2024 with the exception of landing fees seeing a moderate increase in part due to efficient monitoring and billing by Vector Airport Systems/PlanePass for aircraft weight more than 4,000lbs. Hangar occupancy at FIA is just below budget due to 2 empty t-hangars. Expecting to fill 1 of 2 hangars mid-September. Land Lease/Rent is below budget but in line with the previous 3 years of revenue.

32- Sekiu Airport revenues will see a slight increase beginning in September due to 2 new boat storage tenants in Hangar B.

33- Airport Rental Properties revenue is projected to be over budget. This is due to rental rate increases and multiple new tenants in Port Structure. The lease rate for land is down due to loss of Airport Log yard lease, but this deficit was covered by the over performance of structures.

41- Port Angeles Boat Haven Marina moorage revenues at PABH have remained consistent due to higher summer occupancy. Also, we have cleared out some slip space that had been occupied by delinquent boats. Which turn around to be leased out for increased revenue. Additional moorage revenue increases also due to normal rate increases.

43- John Wayne Marina moorage revenues at JWM have remained consistent due to higher summer occupancy. Moorage revenue increases are primarily due to normal rate increases. We end the year with a back log of boaters on the waiting list for moorage. Through the month of September, we have had an increase in fuel sales. We are installing replacement fuel lines leading from the tanks to the docks, new pumps will be installed.

61- Rental Properties lease revenue, across all departments, is projected to be slightly higher than budgeted. This is due to rental rate increases and structures are currently at 96% occupancy.

2024 PROJECTED YEAR END - ASSUMPTIONS All Departments - continued

Expenses – 2024 Projected

11- Marine Terminal expenses across the majority of categories are at or below budget. Notable exceptions would include Maintenance Charge-Out over due to catching up on deferred maintenance on T1 for the cruise ship visit, Salaries & Wages over due to the addition of a Marine Terminal Manager (100% allocation to MT), and Non-Maint Charge-Out allocation change between budget and actual allocation.

15- Marine Trades Area Overall expenses have been kept lower than budgeted Non-maintenance (Admin.) We've not over asked of their services. Maintenance charge-out (FM) we are not overextending in their services, we will have some expenses finishing out the year with some labor on the Marine Travel lift.

21- Log Yard expenses are higher than projected due to hiring 1 full-time employee. Supplies is projected to be lower than budgeted due to a lack of staging logs that require the sale of banding.

31- Fairchild Intl Airport expenses are projected to be at or near budget. FIA mechanical maintenance is over budget due to repairs on equipment and unexpected legal expenses.

32- Sekiu Airport expenses are expected to be on track with budget assumptions. No major maintenance is expected for the remainder of the year.

33- Airport Rental Property expenses are projected to be under budget due to reduced maintenance and allocated expenses. After significant infrastructure improvements in 2023, the required maintenance for 2024 was far less than expected.

41- Port Angeles Boat Haven expenses are on track with budget projections. Moorage revenues at PABH and JWM have remained consistent due to higher summer transit occupancy. Revenue increases are primarily due to normal rate increases.

43- John Wayne Marina There was an uptick in wages in the hiring of a third full time employee however some expenditures were saved in outside services creating an offset. Most other categories are inline or somewhat lower. Again, some cost savings as in Maintenance charge-out may have been due to having a third full-time person on staff for the year.

61- Rental Properties- Rental Properties are likely to be over budget due to extensive legal work that was required for the southside of marine drive.

80- Administrative is projected to come in slightly under budget. Outside services, salaries & wages, and benefits are below budget.

81- Business Development expenses are projected to be right at budget. There was a small increase in funds spent on agency dues and training, but the overall budget is projected to be at budget.

90- Non-Operating is above budget due to higher interest earnings, limited environmental legal issue in the current year, and lower interest expense on outstanding debt.

91- Mechanical Maintenance (MM) expenses are projected to be slightly under budget. Mostly due to some large mechanical projects that didn't move forward. Supplies for oil & lubricants are lower than budgeted.

92- Facilities Maintenance (FM) is under budget due FM construction crew of 2 positions that will not be filled. Electrician position was not filled until October 2024. Under budget on Outside Services due to water truck due to self-performance of MM.

Port of Port Angeles
Summary by Department
2024 Projected

	2021 ACTUAL	2022 ACTUAL	2023 ACTUAL	2024 BUDGET	2024 PROJECTED	2024 Proj Over/(Under) 2024 Budget
<u>OPERATING REVENUES</u>						
	-	-	-	-	-	-
11 MARINE TERMINAL	3,572,883	2,989,919	2,846,433	2,815,750	2,906,936	91,186
15 MARINE TRADES AREA	769,838	778,212	821,015	879,830	819,115	(60,715)
21 LOG YARD	809,401	1,068,956	1,135,513	1,105,000	1,084,889	(20,111)
31 FAIRCHILD INTL AIRPORT	465,361	433,868	479,705	472,644	511,997	39,353
32 SEKIU	14,194	15,782	17,609	17,430	17,587	157
33 AIRPORT RENTAL PROPERTIES	1,389,530	1,397,664	1,606,642	1,635,000	1,642,997	7,997
41 PORT ANGELES BOAT HAVEN	1,656,064	1,747,878	1,899,803	2,014,754	1,997,680	(17,074)
43 JOHN WAYNE MARINA	1,622,428	1,827,097	1,958,326	2,051,065	2,111,254	60,189
61 RENTAL PROPERTIES	78,153	145,935	200,305	204,850	220,991	16,141
80 ADMINSTRATIVE	-	-	-	-	-	-
90 NON-OPERATING	-	-	-	-	-	-
92 FACILITIES MAINTENANCE	-	-	-	-	-	-
TOTAL OPERATING REVENUES	10,377,853	10,405,311	10,965,351	11,196,323	11,313,445	117,122
<u>OPERATING EXPENSES</u>						
	-	-	-	-	-	-
11 MARINE TERMINAL	2,128,202	960,049	1,086,055	1,270,846	1,555,483	284,637
15 MARINE TRADES AREA	362,344	366,465	406,696	420,438	332,056	(88,382)
21 LOG YARD	1,060,940	1,100,266	1,286,997	1,267,433	1,303,739	36,306
31 FAIRCHILD INTL AIRPORT	666,322	615,965	513,757	550,340	629,696	79,356
32 SEKIU	30,113	39,306	27,223	38,288	35,338	(2,950)
33 AIRPORT RENTAL PROPERTIES	508,928	417,499	641,817	564,807	398,400	(166,407)
41 PORT ANGELES BOAT HAVEN	762,445	929,786	1,000,546	917,045	719,728	(197,317)
43 JOHN WAYNE MARINA	972,365	1,007,213	972,283	1,170,258	1,093,088	(77,170)
61 RENTAL PROPERTIES	102,572	110,585	134,105	113,145	141,035	27,890
80 ADMINSTRATIVE	781,641	1,104,591	1,373,609	2,371,525	2,352,635	(18,890)
81 BUSINESS DEVELOPMENT	344,855	400,705	335,219	412,356	392,648	(19,708)
90 NON-OPERATING	-	-	-	-	-	-
91 MECH SHOP	132,945	164,703	173,928	168,353	151,228	(17,125)
92 FACILITIES MAINTENANCE	247,361	316,266	246,008	312,500	240,417	(72,083)
TOTAL DIRECT EXPENSES	8,101,035	7,533,398	8,198,243	9,577,334	9,345,491	(231,843)
ALLOCATED EXPENSES	-	-	(0)	1	(0)	(1)
NET SURPLUS (DEFICIT) - Before Depreciation	2,276,818	2,871,913	2,767,107	1,618,988	1,967,953	348,965
ALLOCATED DEPRECIATION	-	-	0	-	(0)	(0)
DEPRECIATION	2,729,045	2,735,993	2,692,500	3,074,501	3,150,702	76,201
NET SURPLUS (DEFICIT) - After Depreciation	(452,227)	135,920	74,608	(1,455,513)	(1,182,749)	272,764
<u>NON-OP (GENERAL)</u>						
NON-OP REV (General)	263,591	308,731	1,308,753	1,202,000	1,288,648	86,648
NON-OP EXP (General)	156,481	2,759,303	(529,517)	563,000	160,374	(402,626)
NON-OP (General) SURPLUS (DEFICIT)	107,110	(2,450,573)	1,838,270	639,000	1,128,273	489,273
<u>NON-OP (CAPITAL)</u>						
NON-OP REV (Capital)	2,271,529	2,583,163	8,822,521	9,550,584	9,532,156	(18,428)
NON-OP EXP (Capital)	57,773	55,329	45,228	43,426	38,452	(4,974)
NON-OP (Capital) SURPLUS (DEFICIT)	2,213,756	2,527,834	8,777,293	9,507,158	9,493,704	(13,454)
NET NON-OP SURPLUS (DEFICIT)	2,320,866	77,261	10,615,563	10,146,158	10,621,978	475,820
TOTAL NET SURPLUS (DEFICIT)	1,868,638	213,181	10,690,170	8,690,645	9,439,229	748,584

Port of Port Angeles
Summary by Type of Revenues & Expenses
2024 Projected

	2021 Actual	2022 Actual	2023 Actual	2024 Budget	2024 Projected	2024 Proj Over/(Under) 2024 Budget
OPERATING REVENUE						
Dockage	1,193,422	1,170,426	1,106,532	880,000	1,101,530	221,530
Wharfage	631,514	519,802	443,231	554,120	428,614	(125,506)
Service & Facilities	391,479	322,670	274,492	330,000	198,108	(131,892)
Loading & Unloading	-	-	-	-	-	-
MT Handling	241,326	15,279	-	-	-	-
Labor Services	314,486	304,314	266,171	220,000	292,706	72,706
Log Yard Staging	46,501	45,969	40,066	46,000	50,691	4,691
Log Yard Land Services	440,602	690,190	755,463	750,000	754,472	4,472
Log Yard Water Services	23,539	69,299	106,877	95,000	117,086	22,086
Moorage	2,574,618	2,735,213	2,979,592	3,172,759	3,187,736	14,977
Marina & Yard Fees	350,869	398,629	442,135	482,322	477,540	(4,782)
Landing/Parking Fees	9,454	12,545	20,764	13,100	32,149	19,049
Hangar/Tie Down	139,967	151,816	161,401	169,600	166,629	(2,971)
Storage	-	-	-	-	-	-
Other User Fees	294,853	180,885	364,604	361,253	302,389	(58,864)
Equipment Rental	333,547	316,972	282,444	289,273	234,103	(55,170)
Land Lease/Rent	707,193	662,546	723,171	757,381	612,937	(144,444)
Structure Lease/Rent	1,637,093	1,758,918	2,014,986	2,030,947	2,216,526	185,579
Use Agmt and Other Rent	117,707	107,278	124,356	122,388	87,811	(34,577)
Utility Pass Thru & Product Sales	918,329	929,362	840,653	885,580	998,459	112,879
Misc & Interdept Revenue	11,353	13,200	18,412	36,600	53,956	17,356
TOTAL OPERATING REVENUE	10,377,853	10,405,311	10,965,351	11,196,323	11,313,445	117,122
OPERATING EXPENSES						
Salaries & Wages	2,444,518	2,300,791	2,611,477	2,922,113	3,002,128	80,015
Benefits	(136,911)	154,441	87,997	1,155,031	1,157,388	2,357
Non-Maint Charge-Out & Reimbursement	(93,176)	(53,956)	(31,532)	(65,152)	(1,867)	63,285
Supplies	305,826	380,122	483,712	446,999	362,652	(84,347)
Outside Services	2,011,425	1,060,855	1,059,893	1,199,400	1,080,467	(118,933)
Public Information	132,439	155,889	149,013	130,170	130,124	(46)
Marketing	6,820	13,219	28,539	58,505	49,791	(8,714)
Community Relations	332	-	5,785	8,800	9,370	570
Ads, Dues & Publications	42,792	32,421	29,161	40,051	40,509	458
Travel Meetings	14,701	15,258	26,889	37,210	46,154	8,944
Travel/Training	27,580	16,104	36,124	31,400	57,260	25,860
Promotional Hosting	2,068	1,127	3,775	10,235	4,565	(5,670)
Rent, Utilities, Insurance & Taxes	1,256,668	1,283,435	1,265,838	1,315,578	1,254,380	(61,198)
Utility (Pass Thru) & Cost of Goods Sold	699,123	672,182	605,678	709,341	688,874	(20,467)
Other Expenses (Misc & Interdept)	140,198	97,292	153,594	68,888	103,334	34,446
Contingency	-	-	-	-	-	-
Maintenance Labor	736,950	749,868	857,030	977,456	908,651	(68,805)
Maintenance Benefits	315,958	330,811	345,888	429,600	362,214	(67,386)
Maintenance Charge-Out & Reimbursement	(135,682)	(127,879)	(140,614)	(300,891)	(256,386)	44,505
Maintenance (Materials & Services)	329,408	451,419	619,997	402,600	345,884	(56,716)
TOTAL OPERATING EXPENSES	8,101,035	7,533,398	8,198,243	9,577,334	9,345,491	(231,843)
Allocated Expenses	-	-	(0)	1	(0)	(1)
OPERATING SURPLUS (DEFICIT) (before Depr)	2,276,818	2,871,913	2,767,107	1,618,988	1,967,953	348,965
Allocated Depreciation	-	-	0	-	(0)	(0)
Depreciation	2,729,045	2,735,993	2,692,500	3,074,501	3,150,702	76,201
OPERATING SURPLUS (DEFICIT) (after Depr)	(452,227)	135,920	74,608	(1,455,513)	(1,182,749)	272,764
NON-OP (GENERAL)						
NON-OP REV (General)	263,591	308,731	1,308,753	1,202,000	1,288,648	86,648
NON-OP EXP (General)	156,481	2,759,303	(529,517)	563,000	160,374	(402,626)
NON-OP (General) SURPLUS (DEFICIT)	107,110	(2,450,573)	1,838,270	639,000	1,128,273	489,273
NON-OP (CAPTIAL)						
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NON-OP (Capital) SURPLUS (DEFICIT)	2,213,756	2,527,834	8,777,293	9,507,158	9,493,704	(13,454)
NET NON-OP CAPITAL SURPLUS (DEFICIT)	2,320,866	77,261	10,615,563	10,146,158	10,621,978	475,820
NET PROFIT (LOSS)						
	\$ 1,868,638	\$ 213,181	\$ 10,690,170	\$ 8,690,645	\$ 9,439,229	\$ 748,584

Projections 2024

	Direct Revenues	Direct Expenses	Contribution Margin	
Marine Terminal	2,906,936	(1,555,483)	1,351,453	26%
Marine Trades Area	819,115	(332,056)	487,059	10%
Log Yard	1,084,889	(1,303,739)	(218,850)	-4%
Fairchild Airport	511,997	(629,696)	(117,699)	-2%
Sekiu Airport	17,587	(35,338)	(17,751)	0%
Airport Rental Property	1,642,997	(398,400)	1,244,597	24%
PA Boat Haven	1,997,680	(719,728)	1,277,951	25%
John Wayne Marina	2,111,254	(1,093,088)	1,018,166	20%
Rental Properties	220,991	(141,035)	79,956	2%
	<u>11,313,446</u>	<u>(6,208,563)</u>	<u>5,104,882</u>	
		Less Overhead Dept Expenses	<u>(3,136,928)</u>	
			1,967,954	

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

September 24, 2024

Subject: 2024 CAPITAL PROJECTS – PROJECTED YEAR END SPENDING

Presented by: Chris Hartman, Director of Engineering

BACKGROUND:

The Port's 2024 Budget was adopted by the Commission on November 14, 2023, within Resolution 23-1288. The budget included \$6,420,000 in spending from the Port's Capital Fund and \$7,776,200 in state and federal grant funds for a total Capital Projects Budget of \$14,196,200. The following report, graphs and spreadsheet will show the projected capital expenditures through the end of 2024 and how they compare to the budget.

ANALYSIS:

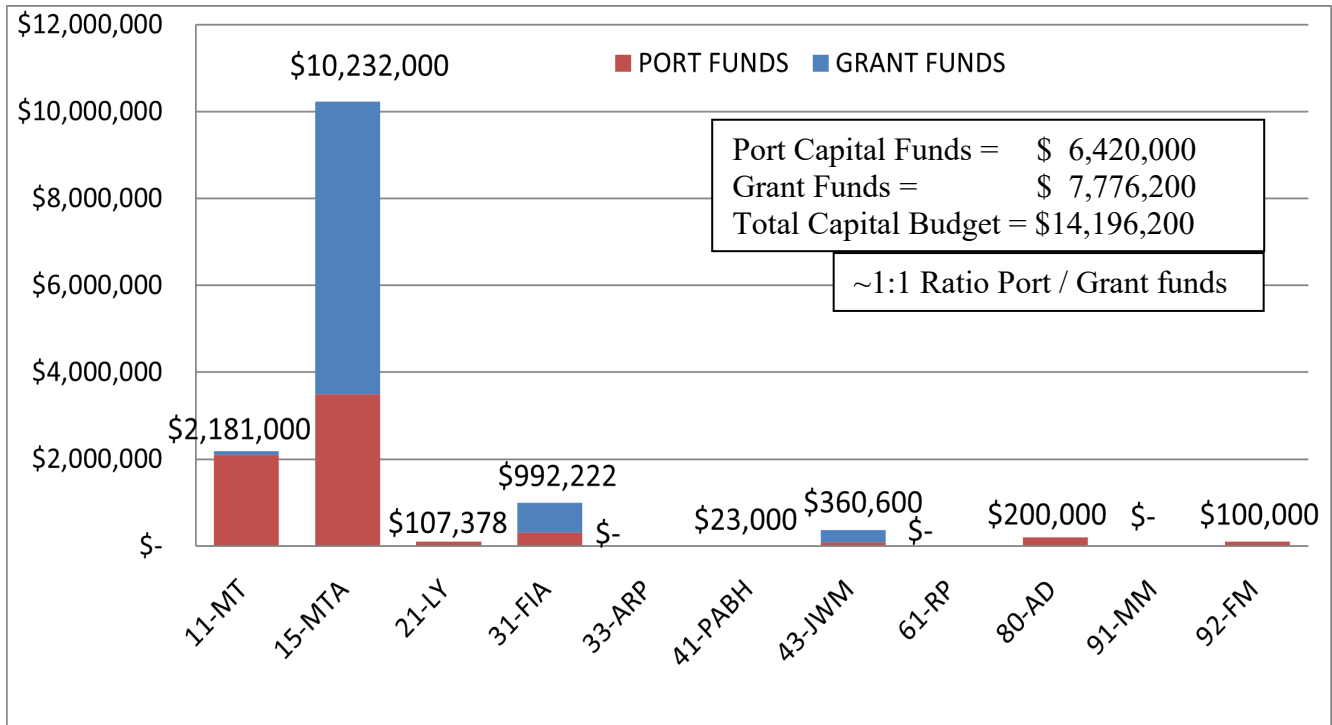
The projected total capital spending through the end of 2024 is estimated to be \$12.54 Million with \$5.76 Million in grant reimbursement resulting in a net expenditure of \$6.78 Million of Port funds (See attached spreadsheet for a breakdown of each project).

The above expenditures of Port funds is projected to reduce the Port's cash reserves by approximately \$2.37 Million.

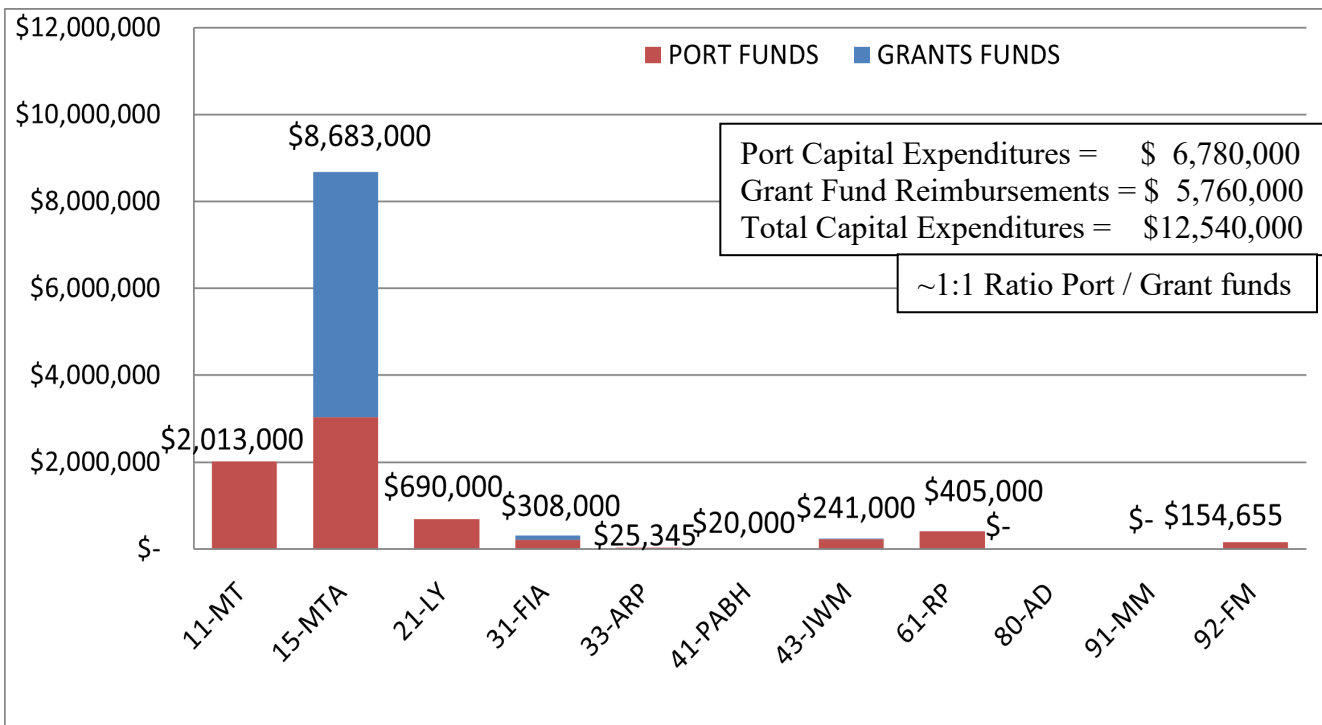
ATTACHMENTS:

- 2024 Capital Budget & Projected Year End Bar graphs
- 2024 Capital Project Table

2024 CAPITAL BUDGET



2024 CAPITAL PROJECTED YEAR END



2024 CAPITAL PROJECT TABLE –Projected Year End compared to Budget

#	DEPTS	PROJECT DESCRIPTION	BUDGET		ACTUAL		PROJECTED vs. BUDGET
			PORT BUDGET	GRANT BUDGET	PORT PROJECTED	GRANT PROJECTED	
1.1	21-LY	IHTF Site Impts (G) (P)	\$ 77,378		\$ 20,000		\$ (57,378)
2.1	15-MTA	MTC Site Development (G)	\$ 3,500,000	\$ 6,732,000	\$ 3,040,000	\$ 5,643,000	\$ (460,000)
2.2	11-MT	T1 - T3 Repairs (P)	\$ 2,000,000		\$ 2,000,000	\$ -	\$ -
2.3	31-FIA	Hangar Site Dev Design (P) (G)	\$ 10,000	\$ 90,000	\$ 10,000	\$ 90,000	\$ -
2.4		*Capital Budget Contingency	\$ 200,000		\$ 1,350,000		\$ 1,150,000
3.1	31-FIA	Terminal Roof Replace (SP)	\$ 100,000		\$ 100,000		\$ -
3.2	43-JWM	Boat Launch Float Replace (G)	\$ 85,750	\$ 257,250			\$ (85,750)
3.3	31-FIA	Asphalt Surfacing Repairs	\$ 140,000		\$ 108,000		\$ (32,000)
3.4	21-LY	Swifter Repairs (SP)	\$ 30,000		\$ -		\$ (30,000)
3.5	11-MT	MT Server Room HVAC	\$ 15,000		\$ 13,000		\$ (2,000)
4.1	31-FIA	Hangar Development (G*)	\$ 65,222	\$ 587,000			\$ (65,222)
4.2	11-MT	Surveillance and Lighting (G)	\$ 26,500	\$ 79,500			\$ (26,500)
4.3	41-PABH	Surveillance (G)	\$ 5,750	\$ 17,250	\$ 5,000	\$ 15,000	\$ (750)
4.4	43-JWM	Surveillance (G)	\$ 4,400	\$ 13,200	\$ 4,000	\$ 12,000	\$ (400)
4.5	92-FM	Pole Building (SP)	\$ 100,000		\$ 130,000		\$ 30,000
4.6	11-MT	T1 Shorepower cable	\$ 20,000		\$ -		\$ (20,000)
4.7	11-MT	T1 Shorepower Service	\$ 40,000		\$ -		\$ (40,000)
TOTALS			\$ 6,420,000	\$ 7,776,200	\$ 6,780,000	\$ 5,760,000	\$ 360,000
							\$ -
*CONTINGENCY / UNBUDGETED PROJECTS							
	21-LY	New Log Loader Purchase			\$ 470,000		\$ 470,000
	43-JWM	JWM Fuel System Upgrade			\$ 225,000		\$ 225,000
	92-FM	FM Gutter Machine Purchase			\$ 10,655		\$ 10,655
	92-FM	Boom Truck Purchase			\$ 14,000		\$ 14,000
	21-LY	LY Stormwater Treatment Impts			\$ 200,000		\$ 200,000
	61-RP	2207 Edgewood Prop. Purchase			\$ 380,000		\$ 380,000
	61-RP	820 Marine Dr. Overhead Doors			\$ 25,000		\$ 25,000
	33-ARP	Misc. Repairs			\$ 25,345		\$ 25,345
				Subtotal =	\$ 1,350,000		
TOTALS =			\$ 6,420,000	\$ 7,776,200	\$ 6,780,000	\$ 5,760,000	\$ 360,000
PORT + GRANT =			\$14,196,200		\$12,540,000		\$ (1,656,200)
G	Project awarded grant funding		P	Planning	SP	Self Perform projects w/ Port Labor	

SECTION V

DRAFT 2025 CAPITAL BUDGET

(as presented at the 9/24/2024 Commission Meeting)

CAPITAL BUDGET

The 2025 Capital Budget includes a 1-year Capital Projects Budget, a 5-year Capital Improvement Plan and a 20-year Capital Improvement Plan. The Capital Projects Budget is funded by a combination of grants, property tax surplus, operating surplus, and reserves. The surplus from property taxes is net of general tax levies in excess of debt service expenditures. Surplus from Port operations result from the cumulative excess of revenues over expenses. The operating surplus that is transferred from the General Fund to the Capital Improvement Fund is the amount that exceeds the target fund balance for the General Fund. Periodically, the Port will also issue debt to fund projects. See a breakdown below of where the funds are coming from for this year's capital budget.

Property Tax Levy	\$ 1,742,500
The property tax increase will be used to partially offset the ongoing long-term capital investments required to provide the required cash match for federally grant funded projects to develop the Marine Trade Center and to complete site improvements at the Intermodal Handling and Transfer Facility.	
Debt Service	\$ (460,000)
Misc. & Non-Op	\$ 750,000 (net of interest earning less enviro and CPP)
Net Operating Surplus	\$ 1,700,000
<u>2025 Capital Expenditures</u>	<u>\$ (3,468,000)</u>
Addition to Cash Reserves	\$ 310,500

In the 5-Year Capital Improvement Plan, investments in new infrastructure are shown separate from maintaining existing infrastructure to help staff determine if there is sufficient investment to maintain existing infrastructure. The Port has approximately \$3.12 million per year of depreciation, which is used as a long-term investment target for maintaining its assets.

A. CAPITAL PROJECTS BUDGET

The total project cost must exceed \$10,000 and the assets must have a minimum useful life of five (5) years to be included in the Capital Budget. If it is a maintenance project, then the life of the asset must be extended by at least five (5) years.

The capital projects are included in the budget based on a descending list of priorities. The four main priority categories for projects include:

1. Regulatory Required Projects: These projects are required by a regulatory agency. The Port must complete these projects to remain in compliance with established regulations.
2. Committed Projects: These projects are considered "committed" because of one or more of the following reasons:
 - a. Port agreed to complete the project within a lease or other agreement.
 - b. Port has accepted grant funding and committed the matching funds.

3. Critical Maintenance Projects: In order to prevent further damage to a Port asset, these projects are included in the Capital Budget. Delaying these projects will result in more costly repairs.
4. Strategic Investment Projects: Following regulatory, committed, and critical maintenance are the Strategic Investment projects. These projects will be prioritized based on a combination of the following factors: 1) Job Creation and Retention, 2) Return on Investment and 3) Environmental Benefit and 4) Preventative Maintenance. Preventative maintenance projects are maintenance projects that won't result in further damage to the asset if they are deferred until next year.

B. 5 YEAR CAPITAL IMPROVEMENT PLAN

The 5 Year Capital Improvement Plan (CIP) is a planning tool that identifies Capital Projects through the year 2029. The 5-year CIP aims to maintain a minimum cash reserve balance of \$10 Million. Projects shown in future years do not commit the Port for funding. Each project will go through a more stringent prioritization analysis prior to being accepted in the current year Capital Budget.

C. 20 YEAR CAPITAL IMPROVEMENT PLAN

This list represents projects that are major capital investments that the Port will likely make within the next 6 to 20 years (2030 - 2045). These projects are primarily infrastructure replacement projects, but there are a few new development projects that represent high priority strategic investments. This plan is intended to be used to help balance current capital investments and debt with the understanding of future investment needs.

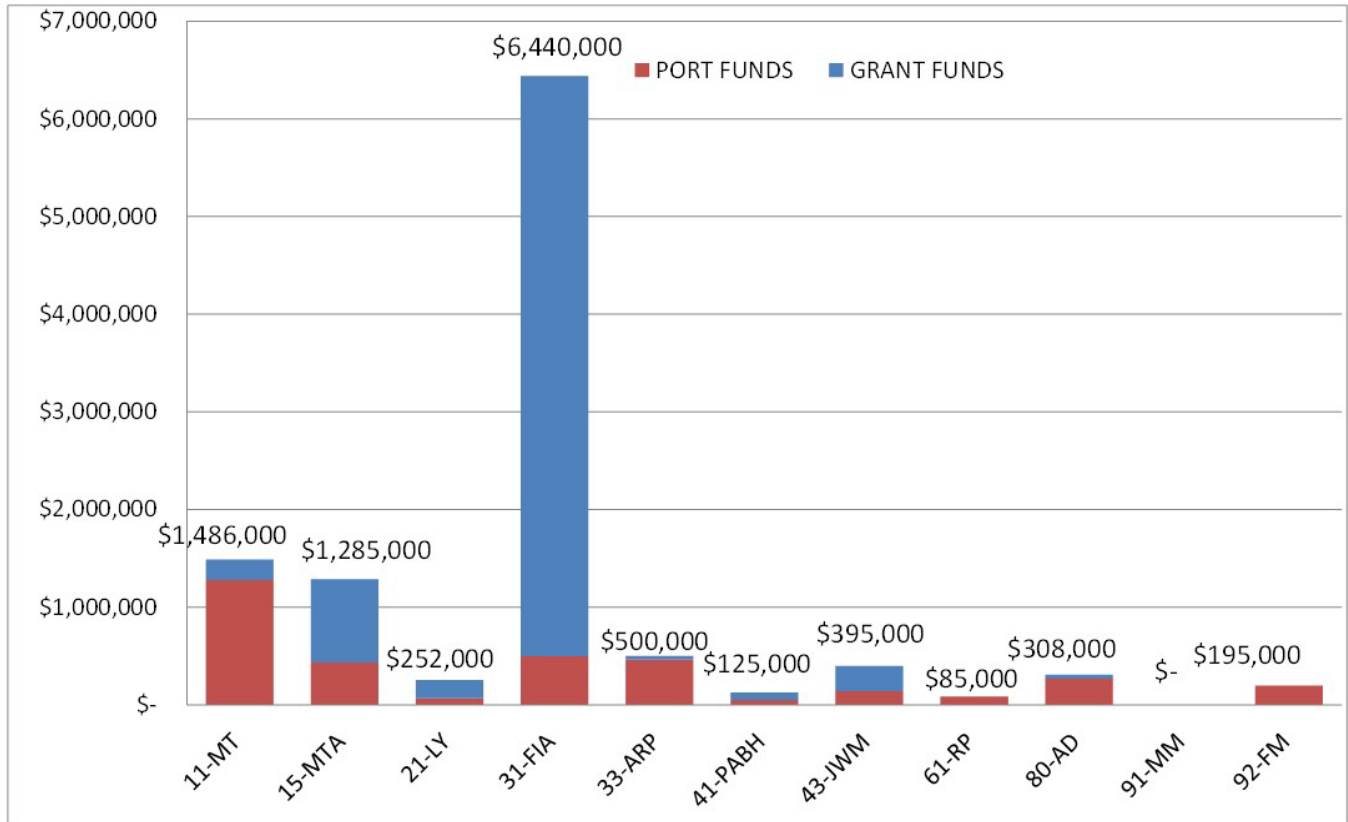
D. GRANTS

The Port has been successful in obtaining state and federal grants to help offset a portion of the cost of projects. The Port has been awarded eight (8) separate grants for 2025 and should receive determinations for two (2) more that could be utilized in 2025. Each grant carries its own unique conditions and matching fund requirements. 2025 grants include:

- Wa. St. Dept of Ecology Stormwater Facility Assistance Program Grant for **\$189,000**.
 - Intermodal Handling and Transfer Facility (Log Yard) Site Improvement Design.
- U.S. Dept. of Homeland Security Port Security Grant for **\$79,000**.
 - Surveillance System Upgrade.
- U.S. Dept. of Commerce Economic Development Administration Grant for **\$7,300,000**.
 - Marine Trade Center: Project / Grant spending over 2023, 2024 and 2025. Estimated Grant spending is \$810,000 in 2025.

- Federal Aviation Administration Airport Improvement Program Grant for **\$5,130,000**.
 - Fairchild International Airport Taxiway 'A' Rehabilitation.
- Federal Aviation Administration Airport Improvement Program Grant for **\$95,000**.
 - Planning for Taxiway Sealing in 2026.
- Federal Aviation Administration Bipartisan Infrastructure Law Grant for **\$720,000**.
 - Hangar Building Purchase.
- Wa. St. Recreation Conservation Office Boating Facility Program Grant for **\$255,000**.
 - John Wayne Marine Boat Launch Float Replacement.
- Wa. St. Dept. of Commerce Community Electric Vehicle Charge Grant for **\$160,000**.
 - Installation of (4) level 2 charging stations around Port properties.
- Wa. St. Dept. of Commerce Community Economic Revitalization Board Grant for **\$75,000**.
 - The grant application will be submitted at the end of the 3rd Quarter of 2024.
 - Master Plan for the West Port Angeles Boat Haven Reconstruction.
- Wa. St. Recreation Conservation Office Estuary & Salmon Restoration Program for **\$90,000**.
 - The grant award notification is expected in November 2024.
 - Tumwater Creek Stabilization Planning.

2025 CAPITAL EXPENDITURES BY DEPARTMENT



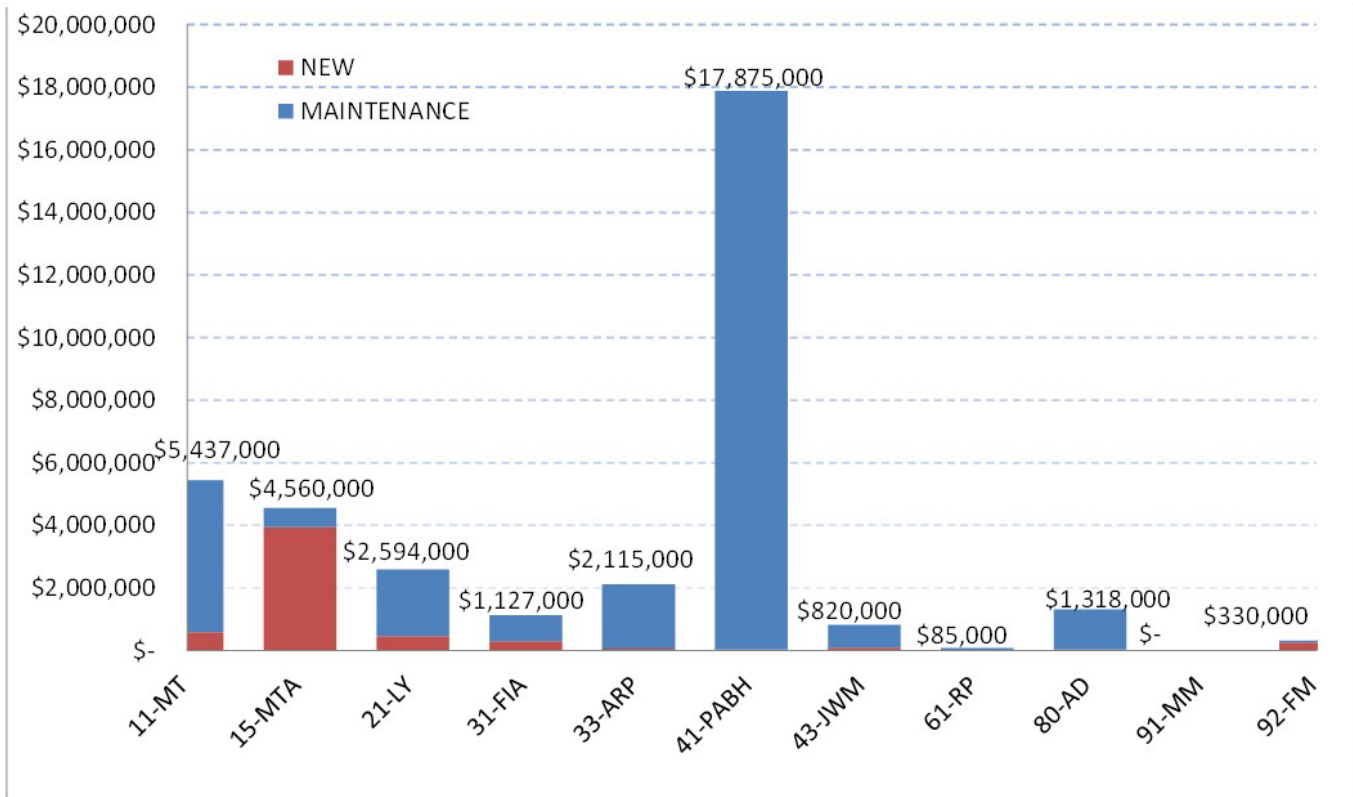
Dept.	2024 Port Projected	2024 Grant Projected	2024 Total Projected	2025 Port Budget	2025 Grant Budget	2025 Total Budget
11-MT	\$ 2,013,000	\$ -	\$ 2,013,000	\$ 1,277,000	\$ 209,000	\$ 1,486,000
15-MTA	\$ 3,040,000	\$ 5,643,000	\$ 8,683,000	\$ 435,000	\$ 850,000	\$ 1,285,000
21-LY	\$ 690,000	\$ -	\$ 690,000	\$ 63,000	\$ 189,000	\$ 252,000
31-FIA	\$ 218,000	\$ 90,000	\$ 308,000	\$ 495,000	\$ 5,945,000	\$ 6,440,000
33-ARP	\$ 25,345	\$ -	\$ 25,345	\$ 460,000	\$ 40,000	\$ 500,000
41-PABH	\$ 5,000	\$ 15,000	\$ 20,000	\$ 50,000	\$ 75,000	\$ 125,000
43-JWM	\$ 229,000	\$ 12,000	\$ 241,000	\$ 140,000	\$ 255,000	\$ 395,000
61-RP	\$ 405,000	\$ -	\$ 405,000	\$ 85,000	\$ -	\$ 85,000
80-AD	\$ -	\$ -	\$ -	\$ 268,000	\$ 40,000	\$ 308,000
91-MM	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
92-FM	\$ 154,655	\$ -	\$ 154,655	\$ 195,000	\$ -	\$ 195,000
Total	\$ 6,780,000	\$ 5,760,000	\$ 12,540,000	\$ 3,468,000	\$ 7,603,000	\$ 11,071,000

2025 CAPITAL PROJECTS

#	Dept.	Project Description	Port Funds	Grant Funds	Total
1.01	21-LY	IHTF Site Improvements (G) (P)	\$ 63,000	\$189,000	\$ 252,000
2.01	15-MTA	MTC Site Development (G)	\$ 425,000	\$810,000	\$ 1,235,000
2.02	11-MT	T1 - T3 Repairs	\$ 1,000,000		\$ 1,000,000
2.03	11-MT	Surveillance System Upgrade (G)	\$ 27,000	\$79,000	\$ 106,000
2.04	11-MT	Tumwater Creek Stabilization (G*) (P)	\$ 40,000	\$90,000	\$ 130,000
2.05	31-FIA	Taxiway 'A' Rehab (G)	\$ 270,000	\$5,130,000	\$ 5,400,000
2.06	31-FIA	Taxiway Sealing (G) (P)	\$ 5,000	\$95,000	\$ 100,000
2.07	80-AD	Capital Budget Contingency	\$ 200,000		\$ 200,000
3.01	43-JWM	Fuel Turbine & Spill Bucket	\$ 40,000		\$ 40,000
3.02	33-ARP	1050 Bldg. Roof Overlay	\$ 450,000		\$ 450,000
3.03	43-JWM	Boat Launch Float Replacement (G)	\$ 85,000	\$255,000	\$ 340,000
3.04	80-AD	I.T. Disaster Recovery	\$ 18,000		\$ 18,000
3.05	41-PABH	W. PABH Master Plan (G*) (P)	\$ 50,000	\$75,000	\$ 125,000
4.01	31-FIA	Hangar Site Prep (SP)	\$ 140,000		\$ 140,000
4.02	31-FIA	Hangar Bldg. Purchase (G)	\$ 80,000	\$720,000	\$ 800,000
4.03	11-MT	Programmatic Corp. Maint. Permit	\$ 100,000		\$ 100,000
4.04	11-MT	MT Planning & Grant Dev.	\$ 100,000		\$ 100,000
4.05	11-MT	EV Charging Station (G) (SP)	\$ 10,000	\$40,000	\$ 50,000
4.06	80-AD	EV Charging Station (G) (SP)	\$ 10,000	\$40,000	\$ 50,000
4.07	33-ARP	EV Charging Station (G) (SP)	\$ 10,000	\$40,000	\$ 50,000
4.08	15-MTA	EV Charging Station (G) (SP)	\$ 10,000	\$40,000	\$ 50,000
4.09	61-RP	2207 W. Edgewood Improvements (SP)	\$ 85,000		\$ 85,000
4.10	92-FM	Excavator Purchase	\$ 120,000		\$ 120,000
4.11	43-JWM	Beach Access Improvements (P)	\$ 15,000		\$ 15,000
4.12	92-FM	Skid Steer Purchase	\$ 75,000		\$ 75,000
4.13	80-AD	Staff Vehicle	\$ 40,000		\$ 40,000
TOTALS =			\$3,468,000	\$7,603,000	\$11,071,000

#:	Priority Ranking. The first number is the project category (see description on Page V-1) and the second number is its priority number within that category.
G:	Grant funds have been awarded.
G*:	Grant funds have not yet been awarded.
P:	Planning work such as engineering, design, permitting, bid document preparation, ect...
IHTF:	Intermodal Handling and Transfer Facility.
SP:	Self Perform. These projects will be completed with Port labor.

2025 - 2029 CAPITAL IMPROVEMENT PLAN BY DEPARTMENT



Dept.	New	Maintenance	Total
11-MT	\$ 580,000	\$ 4,857,000	\$ 5,437,000
15-MTA	\$ 3,935,000	\$ 625,000	\$ 4,560,000
21-LY	\$ 463,000	\$ 2,131,000	\$ 2,594,000
31-FIA	\$ 297,500	\$ 829,500	\$ 1,127,000
33-ARP	\$ 70,000	\$ 2,045,000	\$ 2,115,000
41-PABH	\$ 25,000	\$ 17,850,000	\$ 17,875,000
43-JWM	\$ 95,000	\$ 725,000	\$ 820,000
61-RP	\$ -	\$ 85,000	\$ 85,000
80-AD	\$ 28,000	\$ 1,290,000	\$ 1,318,000
91-MM	\$ -	\$ -	\$ -
92-FM	\$ 255,000	\$ 75,000	\$ 330,000
TOTAL =	\$ 5,748,500	\$ 30,512,500	\$ 36,261,000

2025 - 2029 CAPITAL IMPROVEMENT PLAN

Dept.	Project Description	2025	2026	2027	2028	2029
11-MT	Surveillance System Upgrade (G)	\$ 27,000				
11-MT	T1 - T3 Repairs	\$ 1,000,000				
11-MT	Shorepower Improvement (G)				\$ 235,000	
11-MT	Zero-emission Cargo Equip (G)		\$ 240,000			
11-MT	T1 Shorepower Service		\$ 40,000			
11-MT	T1 Shorepower Cable		\$ 20,000			
11-MT	EV Charging Stations (G) (SP)	\$ 10,000				
11-MT	Security Patrol Vehicle		\$ 50,000			
11-MT	T1 Asphalt Patching			\$ 150,000		
11-MT	MT Programatic Maint. Permit	\$ 100,000				
11-MT	Marine Terminal Planning	\$ 100,000				
11-MT	Access Control Upgrades (G)			\$ 25,000		
11-MT	T1 Warehouse Rehab.				\$ 1,000,000	
11-MT	Replace Forklift (G)			\$ 75,000		
11-MT	Tumwater Bank Stabilization (G)	\$ 40,000		\$ 75,000		
11-MT	Marine Terminal Rehab. (G)				\$ 2,250,000	
15-MTA	Industrial Prop. Acquisition		\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000
15-MTA	MTC Site Development (G)	\$ 425,000				
15-MTA	BY 70 MT Travelift Repairs		\$ 50,000			
15-MTA	MTC 500 MT Travelift		\$ 2,500,000			
15-MTA	EV Charging Stations (G) (SP)	\$ 10,000				
15-MTA	B.Y. Building Roof Overlay			\$ 225,000		
15-MTA	B.Y. Building Siding Repairs		\$ 50,000			
15-MTA	S.W. Conveyance Impts.			\$ 300,000		
21-LY	Cofferdam Rehab. (G)		\$ 318,000			
21-LY	IHTF Site Impts (P) (G)	\$ 63,000				
21-LY	IHTF Site Impts (G)		\$ 1,283,000			
21-LY	IHTF Stormwater Treatment (G)		\$ 300,000			
21-LY	Sweeper Truck (G)				\$ 100,000	
21-LY	Boom Boat Repairs			\$ 30,000		
21-LY	Hydraulic Loader Replace				\$ 500,000	
31-FIA	Asphalt Surface Repairs					
31-FIA	Transient Area Asphalt Repair			\$ 500,000		
31-FIA	FIA Hangar Site Prep (SP)	\$ 140,000				
31-FIA	FIA Hangar Building (G)	\$ 95,000	\$ 62,500			
31-FIA	Taxiway "A" Rehab. (G)	\$ 270,000				
31-FIA	Seal Taxilanes & GA Apron (G)	\$ 5,000	\$ 7,500			

G: Grant Funding

2025 - 2029 CAPITAL IMPROVEMENT PLAN

Dept.	Project Description	2025	2026	2027	2028	2029
31-FIA	26 Obst. Removal (G)				\$ 17,000	
31-FIA	Snow Removal Equipment (G)			\$ 30,000		
33-ARP	EV Charging Stations (G) (SP)	\$ 10,000				
33-ARP	1050 Roof Overlay	\$ 450,000				
33-ARP	18th St. Fence Extension			\$ 60,000		
33-ARP	MTIB Roof Overlay		\$ 300,000			
33-ARP	1020 Bldg. Roof Overlay		\$ 300,000			
33-ARP	1030 Bldg. Roof Overlay			\$ 315,000		
33-ARP	1040 Bldg. Roof Overlay				\$ 330,000	
33-ARP	1010 Bldg. Roof Overlay					\$ 350,000
41-PABH	Boat Launch Restroom (G)			\$ 25,000		
41-PABH	W. PABH Master Plan (P) (G)	\$ 50,000				
41-PABH	W. PABH Design (P)		\$ 250,000	\$ 150,000	\$ 400,000	
41-PABH	W. PABH Float & Breakwater Replace					\$ 17,000,000
43-JWM	Fuel Turbine & Spill Bucket	\$ 40,000				
43-JWM	Boat Launch Float Replace (G) (SP)	\$ 85,000				
43-JWM	Parking lot Rehabilitation					\$ 600,000
43-JWM	Beach Access Improvement (G)	\$ 15,000		\$ 80,000		
61-RP	2207 W Edgewood Dr. Impts	\$ 85,000				
80-AD	Capital Budget Contingency	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
80-AD	EV Charging Stations (G) (SP)	\$ 10,000				
80-AD	I.T. Disaster Recovery	\$ 18,000				
80-AD	Staff Vehicle Replacement	\$ 40,000				
80-AD	Admin Bldg Façade Impts			\$ 250,000		
92-FM	Excavator Purchase	\$ 120,000				
92-FM	Dump Truck Replacement		\$ 75,000			
92-FM	Skid Steer	\$ 75,000				
92-FM	Telehandler Forklift			\$ 60,000		
Total not including grant funds		\$ 3,483,000	\$ 6,296,000	\$ 2,800,000	\$ 5,282,000	\$ 18,400,000
Grant Funds		\$ 7,738,000	\$ 17,010,500	\$ 715,000	\$ 16,269,000	\$ -
TOTAL (including grant funds)		\$ 11,221,000	\$ 23,306,500	\$ 3,515,000	\$ 21,551,000	\$ 18,400,000

5 YEAR TOTAL =
(not including grant funds) \$ 36,261,000
5 YEAR TOTAL =
(including grant funds) \$ 77,993,500

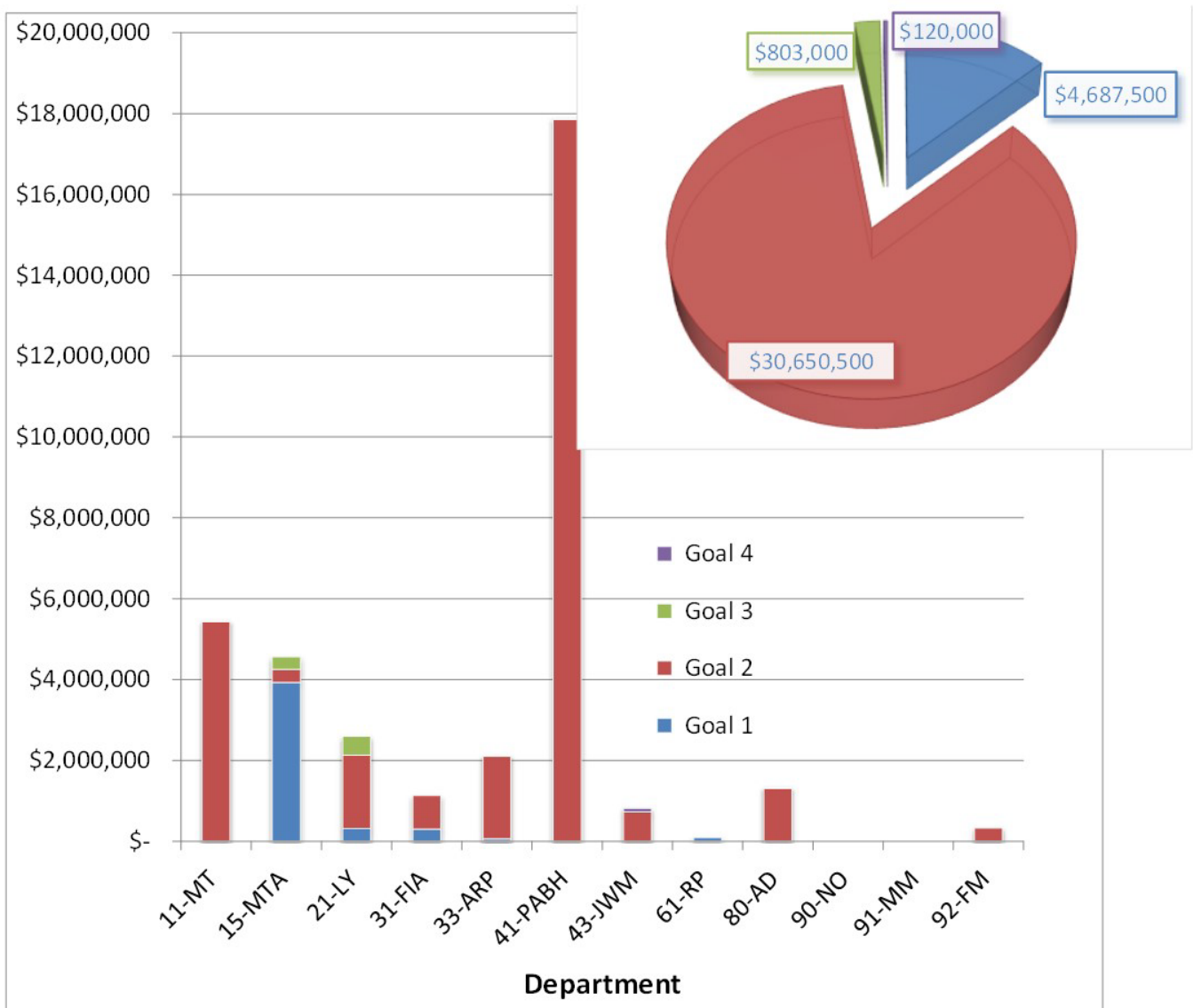
G: Grant Funding

2025 - 2029 CAPITAL IMPROVEMENT PLAN

Dept.	Project Description	2025	2026	2027	2028	2029
Cleanup Expenditures for Active Cleanup Sites 2025 - 2029						
90-NO	KPLY Monitoring (Total)	\$ 46,000	\$ 46,000	\$ 48,000	\$ 48,000	\$ 48,000
	KPLY Monitoring (Port)	\$ -	\$ -			
90-NO	MTA (Total)	\$ 310,000	\$ 1,000,000	\$ 115,000	\$ 115,000	\$ 115,000
	MTA (Port)	\$ -	\$ -	\$ -	\$ -	\$ -
90-NO	Fmr Shell Oil Bulk Plant - 220 Tumwater Truck Rt (Total)	\$ 101,000	\$ 675,500	\$ 7,000	\$ 7,000	\$ 7,000
	Fmr Shell Oil Bulk Plant - 220 Tumwater Truck Rt (Port)	\$ 12,625	\$ 52,250	\$ 7,000	\$ 7,000	\$ 7,000
90-NO	Fmr Pettit Oil - 220 Tumwater Truck Rt (Total)	\$ 32,000	\$ 300,000	\$ 7,000	\$ 7,000	\$ 7,000
	Fmr Pettit Oil - 220 Tumwater Truck Rt (Port)	\$ 11,375	\$ 75,000	\$ 7,000	\$ 7,000	\$ 7,000
90-NO	T5, T6, T7 Upland (Total)	\$ 150,000	\$ 6,000	\$ 6,000	\$ -	\$ -
	T5, T6, T7 Upland (Port)	\$ -	\$ -	\$ -	\$ -	\$ -
90-NO	Harbor (Total)	\$ 2,450,000	\$ 2,450,000	\$ 1,300,000	\$ 20,000,000	\$ 20,000,000
	Harbor (Port)	\$ -	\$ -	\$ -	\$ -	\$ -
5 Year Total = \$ 49,403,500						
** 5 Year Port Total = \$ 193,250						

** Estimated Port funds after reimbursements received from other Potential Liabile Parties.

2025 - 2029 CAPITAL EXPENDITURES BY STRATEGIC GOAL AND DEPARTMENT



PORT OF PORT ANGELES STRATEGIC PLAN GOALS

- Goal 1 Market and invest in strategic infrastructure to foster prosperity wage jobs
- Goal 2 Assure Sound Financial and Economic Return on Port Assets
- Goal 3 Improve Environmental Performance
- Goal 4 Enhance Stakeholder Engagement and Outreach Efforts

2030 - 2045 CAPITAL IMPROVEMENT PLAN

DEPT.	Project Description	2024 \$	Project Year	Project Year \$	Purpose
21-LY	Equip. Replace 1	\$ 1,650,000	2030	\$ 2,008,364	Maint/New
33-ARP	Site Preparation for Building	\$ 1,800,000	2030	\$ 2,190,943	Jobs / ROI
33-ARP	Industrial Bldg. (25,000 s.f.)	\$ 8,800,000	2031	\$ 11,067,962	Jobs / ROI
15-MTA	Replace B.Y. Travel Lift	\$ 570,000	2031	\$ 716,902	Maint.
91-MM	Mech. Shop Maint. / Impts	\$ 130,000	2031	\$ 163,504	Maint.
15-MTA	Marine Dr. Intersection	\$ 1,550,000	2032	\$ 2,014,388	Maint.
15-MTA	MTC Boat Lift Pier	\$ 8,250,000	2032	\$ 10,721,743	Jobs
21-LY	Equip. Replace 2	\$ 520,000	2032	\$ 675,795	Maint.
92-FM	Equip. / Vehicle Replace 2	\$ 130,000	2033	\$ 174,575	Maint.
43-JWM	Admin. Building Maint.	\$ 360,000	2033	\$ 483,438	Maint.
11-MT	Terminal 1 / 3 Repairs	\$ 5,200,000	2034	\$ 7,215,520	Maint.
43-JWM	Float / Pile Replacement	\$ 16,500,000	2035	\$ 23,657,817	Maint/New
43-JWM	Connect to Sequim Sewer	\$ 880,000	2036	\$ 1,303,767	Maint/New
43-JWM	Electrical & Lighting Replace	\$ 1,450,000	2039	\$ 2,370,088	Maint.
43-JWM	Shoreline & Breakwater	\$ 1,300,000	2040	\$ 2,195,666	Maint.
21-LY	General Equip. Replace 3	\$ 1,550,000	2041	\$ 2,705,086	Maint.
92-FM	Equip. / Vehicle Replace 3	\$ 225,000	2042	\$ 405,750	Maint.
41-PABH	E. PABH Jetty Stabilization	\$ 2,500,000	2043	\$ 4,658,458	Maint.
31-FIA	New Terminal Building	\$ 3,100,000	2044	\$ 5,968,845	Jobs / ROI

TOTAL = \$ 56,465,000

\$ 80,698,609

R.O.I. = Return on Investment

Inflation Rate = 3.33% (per Wa. St. Office of Financial Management)



REGULAR COMMISSION MEETING
Tuesday, September 10, 2024, at 9:00 am
338 W. First St, Port Angeles, WA 98363
MINUTES

The Regular Commission Meeting will be available to the public in person and remotely. For instructions on how to connect to the meeting remotely, please visit <https://portofpa.com/about-us/agenda-center/>

Connie Beauvais Commissioner
Colleen McAleer, Commissioner
Steve Burke, Commissioner
Paul Jarkiewicz, Executive Director
Scott Hough, Marine Terminal Manager

Jennifer Baker, Interim Dir. of Finance & Admin.
Braedi Joutsen, Clerk to the Board
Caleb McMahon, Director of Economic Development
Katharine Fraizer, Grants & Contracts Manager
Wilson Easton, Facilities Maintenance Supervisors

I. CALL TO ORDER / PLEDGE OF ALLEGIANCE (0:00-0:25)

Comm. Beauvais called the meeting to order at 9:00 am.

II. EARLY PUBLIC COMMENT SESSION (TOTAL SESSION UP TO 20 MINUTES) (0:26-0:49)

None

III. APPROVAL OF AGENDA (0:50-0:58)

- Motion to approve the agenda as presented: Comm. McAleer
- 2nd: Comm. Beauvais
- Vote: 3-0 (Unanimous)

IV. WORK SESSION (0:59-13:54)

- A. City of Port Angeles Comprehensive Plan Update
- Presentation: Ben Braudrick
 - Discussion
 - No Action

V. APPROVAL OF CONSENT AGENDA (13:55-14:28)

- A. Regular Commission Meeting Minutes – August 27, 2024
- B. Vouchers in the amount of \$1,290,875.20
- Discussion
 - Motion to approve the consent agenda: Comm. Beauvais
 - 2nd: Comm. McAleer
 - Vote: 3-0 (Unanimous)

VI. COMPLETION OF RECORDS (14:29-17:03)

- A. Monthly Delegation of Authority Report
- Presentation: Paul Jarkiewicz
 - Discussion
 - No Action

VII. PLANNING AND CAPITAL PROJECTS

No items

VIII. LOG YARD

No items

IX. MARINE TRADES AND MARINE TERMINALS (17:04-19:54)

No items

X. PROPERTY

No items



XI. MARINAS

No items

XII. AIRPORTS

No items

XIII. OTHER BUSINESS (19:55-40:30)

A. Resolution 24-1306 - Federal Grant Policy

- Presentation: Katharine Fraizer
- Discussion
- Motion to introduce Resolution 24-1306, a resolution of the Port of Port Angeles, Washington authorizing a new Federal Grant Policy governing the management and uses of federal financial assistance: Comm. Burke
- 2nd: Comm. McAleer
- Vote: 3-0 (Unanimous)

B. Letter of Support – Chehalis-Centralia Airport Grant Application

- Presentation: Katharine Fraizer
- Discussion
- Motion to sign the letter as presented: Comm. McAleer
- 2nd: Comm. Burke
- Vote: 3-0 (Unanimous)

XIV. ITEMS NOT ON THE AGENDA

XV. COMMISSIONER REPORTS

XVI. PUBLIC COMMENT SESSION (TOTAL SESSION UP TO 20 MINUTES) (40:31-42:40), (45:05-51:53)

Executive Director Paul Jarkiewicz shared with the Commission that Mr. Alton and himself had a good meeting this week with the FAA when they came for a site visit. It was a good and informative meeting.

Executive Director Paul Jarkiewicz gave special recognition to Wilson Easton for his diligent work getting the lighting updated at the John Wayne Marina.

Comm. Burke wanted to give a special thanks to the Port's Facilities Maintenance department for their work on clearing the brush along 18th Street.

XVII. FUTURE AGENDA

XVIII. NEXT MEETINGS (42:41-42:52)

- A. September 24, 2024 - Regular Commission Meeting
- B. October 8, 2024 - Regular Commission Meeting
- C. October 22, 2024 – Regular Commission Meeting
- D. November 12, 2024 – Regular Commission Meeting

XIX. UPCOMING EVENTS (42:53-45:04)

- A. WPPA Environmental Seminar – September 18-20, 2024 – Walla Walla, WA
- B. International Workboat Show – November 12-14, 2024 – New Orleans, LA
- C. Pacific Marine Expo – November 20-22, 2024 – Seattle, WA



D. WPPA Annual Meeting – December 11-13, 2024 – Bellevue, WA

BROWN BAG LUNCH AND OPEN DISCUSSION WITH THE COMMISSION *(TIME PERMITTING)*

XX. EXECUTIVE SESSION (51:54-54:08)

The Board may recess into Executive Session for those purposes authorized under Chapter 42.30 RCW, The Open Public Meetings Act.

- Comm. Beauvais recessed the meeting to convene an executive session. The anticipated length of the executive session is 2 hours. Following the executive session, the Commission is expected to take action in public session.
- Discussion:
 - One (1) item concerning the performance of a public employee, discussing such matters in executive session is appropriate pursuant to RCW 42.30.110(1)(g).
 - Six (6) items concerning legal and financial risk, discussing such matters in executive session is appropriate pursuant to RCW 42.30.110(1)(i).
- Recess: 7 minutes
- Start Time: 10:00 am
- Extended: 30 minutes
- End Time: 12:30 pm

Public Session of Commission Meeting Reconvened: 12:30 pm

Commissioner Beauvais noted that as a result of the executive session no action will be taken.

XXI. ADJOURN (54:09-54:19)

Comm. Beauvais adjourned the meeting at 12:31 pm.

PORT OF PORT ANGELES
BOARD OF COMMISSIONERS

Connie Beauvais, President

Steven Burke, Secretary

**PORT OF PORT ANGELES
GENERAL FUND – LETTER OF TRANSMITTAL
VOUCHER APPROVAL**

We, the undersigned, do hereby certify under penalty of perjury that the materials have been furnished, the services rendered, or the labor performed as described herein, that any advance payment is due and payable pursuant to a contract or is available as an option for full or partial fulfillment of a contractual obligation, and that the claim is a just, due, and unpaid obligation against the Port of Port Angeles, and that we are authorized to authenticate and certify to said claim.

This process is in compliance with the applicable RCWs and the State Auditor's Budget Accounting and Reporting System (BARS) requirements. Further, the Port maintains effective internal controls to ensure that all disbursements are valid obligations authorized in accordance with the Delegation of Authority Policy.

SUMMARY TRANSMITTAL September 5, 2024 – September 18, 2024

Accounts Payable

	Begin	End		
For General Expenses and Construction	Check #	Check #		
Accts Payable Checks (computer)	418550	418589	\$	60,616.58
VOIDED/ZERO PAYABLE CHECKS			\$	-
Accts Payable ACH	003413	003453	\$	101,073.23
Accts Payable ACH			\$	-
VOIDED/ZERO PAYABLE ACH			\$	-
Wire Transfer			\$	485,445.00
Wire Transfer - Leasehold Tax			\$	-
Total General Expenses and Construction			\$	647,134.81
Payroll				
Employee Payroll – Draws (Direct Deposit)			\$	42,975.00
Voided Payroll Check			\$	-
Employee Payroll Checks PPD (Direct Dep)	003411	003412	\$	2,727.64
Wire Transfer – (Payroll Taxes, Retirement, Deferred Comp, L&I, PMFL)			\$	55,181.07
Total Payroll			\$	100,883.71
Total General Exp & Payroll			\$	748,018.52

Date: September 24, 2024

CERTIFICATION

I, the Port Auditor or Deputy Auditor, do hereby clarify that the claims listed above are true and valid obligations and that appropriate and effective internal controls are in place to ensure that the outstanding obligations have been processed in accordance with the Port of Port Angeles procurement / payment policies and delegation of authority.

Auditor / Deputy Auditor

Commissioner, Connie Beauvais

Commissioner, Steven D. Burke

Commissioner, Colleen McAleer

**ITEM FOR CONSIDERATION
BY THE
BOARD OF PORT COMMISSIONERS**

Date: September 24, 2024

Subject: Lease and Property Use Policy

Presented by: Caleb McMahon, Director of Economic Development

RCW & POLICY REQUIREMENTS:

Per RCW 53.08.08, a district may lease all lands, wharves, docks and real and personal property upon such terms as the port commission deems proper. No lease shall be for a period longer than 50 years with option up to an additional 30 years.

Per RCW 53.08.085, security for rent is required for every lease of more than one year. Rent may be secured by rental insurance, bond, or other security satisfactory to the port commission, in an amount equal to one-sixth the total rent, but in no case shall such security be less than one year's rent or more three years' rent. If the security is not maintained the lease shall be considered in default. The port commission may in its discretion waive the rent security requirement or lower the amount of such requirement on the lease of real and/or personal port property.

Per Section II of the Ports Delegation of Authority, all term lease agreements of real property shall be leased only under an appropriate written lease instrument executed by the Commission. Per Section II.A.2, Commission approval is required for any lease that contains any material non-standard terms or conditions.

BACKGROUND:

At Commission direction, Port Staff drafted a new leasing policy, which was adopted by the Port Commission on August 23, 2022, via Commission Resolution 22-1261.

ANALYSIS:

The lease templates have been working well, with the exception of the CPI renewal section. Adjusting CPI for all tenants once per year is extremely burdensome for accounting and other staff.

ENVIRONMENTAL IMPACT: None.

FISCAL IMPACT: None.

RECOMMENDED ACTION:

Staff has requested to return CPI updates language to revert to "The Base Rent shall be adjusted on the anniversary date" vs "The Base Rent shall be adjusted each January for years 1-4 to compensate for the effect of inflation on the rental rate."

**ITEM FOR CONSIDERATION
BY THE
BOARD OF PORT COMMISSIONERS**

Date: September 24, 2024

Subject: New Term Lease – AM Holdings, Inc.

Presented by: Caleb McMahon, Director of Economic Development

RCW & POLICY REQUIREMENTS

Per RCW 53.08.080 Lease of Property, a district may lease all lands, wharves, docks and real and personal property upon such terms as the port commission deems proper. No lease shall be for a period longer than fifty years with option up to an additional thirty years.

Per RCW 53.08.085, rent security is required for every lease of more than one year. Rent may be secured by rental insurance, bond, or other security satisfactory to the Port Commission in an amount equal to one-sixth the total rent, but in no case shall such security be less than one year's rent or more than three years' rent. The lease shall be considered in default if the security is not maintained. The Port Commission may, in its discretion, waive the rent security requirement or lower the amount of such requirement on the lease of real and/or personal port property.

Per Section I of the Port's Delegation of Administrative Authority to the Executive Director, all term lease agreements or use agreements of real or personal property shall be leased only under an appropriate written lease instrument executed by the Commission. Per Section 1.B.1, Commission Approval is required for any lease with a term in excess of one year, and per Section 1.B.4, Commission approval is required for any lease that contains any material non-standard terms or conditions.

BACKGROUND:

This current Port tenant AM Holdings, Inc. (dba Platypus Marine), desires a lease on Terminal 1 for staging of equipment and access to vessels berthed along the south side of Terminal 1.

LEASE DETAILS:

Leased Space: 11,000 square feet of land.

Address: Terminal 1 dock, Port Angeles, WA 98363.

Port Area: Marine Terminal.

Proposed Use: Staging of equipment related to boat maintenance and repair and related services, with no actual repair or maintenance work at premises.

Lease Term: Five-year term.

Options to Renew: None.

Commencement Date: September 10, 2024

Escalation: By annual CPI

Common Area Maintenance (CAM): N/A

Utilities: Tenant's responsibility.

Financial Security: Three months rent or Bond in the amount of \$3,300.00

ENVIRONMENTAL IMPACT: None

FISCAL IMPACT OF THE LEASE:

11,000 SF @ \$0.10/SF = \$1,100/month or \$13,200/year plus leasehold tax.

RECOMMENDED ACTION:

Staff recommends that the Commissioners authorize the Executive Director to sign the lease as proposed.



**ITEM FOR CONSIDERATION
BY THE
BOARD OF PORT COMMISSIONERS**

Date: September 24, 2024

Subject: New Term Lease – Armstrong Consolidated, LLC

Presented by: Caleb McMahon, Director of Economic Development

RCW & POLICY REQUIREMENTS

Per RCW 53.08.080 Lease of Property, a district may lease all lands, wharves, docks and real and personal property upon such terms as the port commission deems proper. No lease shall be for a period longer than fifty years with option up to an additional thirty years.

Per RCW 53.08.085, rent security is required for every lease of more than one year. Rent may be secured by rental insurance, bond, or other security satisfactory to the Port Commission in an amount equal to one-sixth the total rent, but in no case shall such security be less than one year's rent or more than three years' rent. The lease shall be considered in default if the security is not maintained. The Port Commission may, in its discretion, waive the rent security requirement or lower the amount of such requirement on the lease of real and/or personal port property.

Per Section I of the Port's Delegation of Administrative Authority to the Executive Director, all term lease agreements or use agreements of real or personal property shall be leased only under an appropriate written lease instrument executed by the Commission. Per Section 1.B.1 Commission Approval is required for any lease with a term in excess of one year and per section 1.B.4 Commission approval is required for any lease that contains any material non-standard terms or conditions.

BACKGROUND:

This potential tenant desires to lease the warehouse and office at 2007 S. O Street, Suites C, D, and E of the Multi-Tenant Industrial Building. The tenant has an aluminum boat building and maintenance business, ACI Boats in Port Townsend, and desires to open a manufacturing shop in Port Angeles.

LEASE DETAILS:

Leased Space: 16,800 square feet warehouse and office building, with adjacent parking area.

Address: 2007 S. O Street, Suites C, D, & E, Port Angeles, WA 98363.

Port Area: North Airport Industrial Park.

Current Use: Boat manufacturing and office use. The current tenant will exit and Armstrong will begin their lease October 1st.

Proposed Use: Boat manufacturing and office use.

Lease Term: Two-year initial term.

Options to Renew: Two x five-year options to renew with the Port's consent.

Commencement Date: October 1, 2024

Escalation: By annual CPI

Common Area Maintenance (CAM): N/A

Utilities: Tenant's responsibility.

Financial Security: Three months rent or Bond in the amount of \$36,792.00

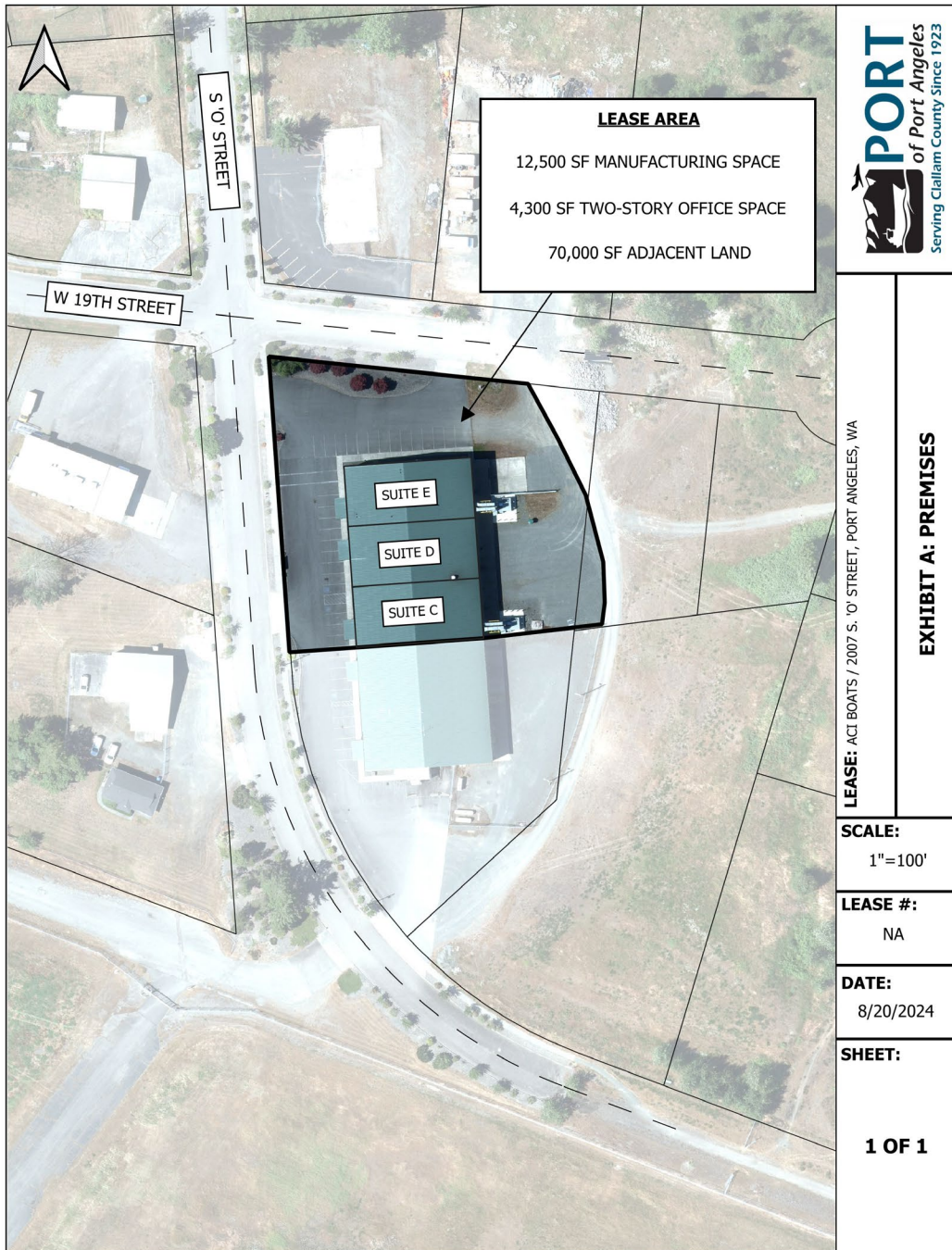
ENVIRONMENTAL IMPACT: None

FISCAL IMPACT OF THE LEASE:

16,800 SF @ \$0.73/SF = \$12,264.00/month or \$147,168/year plus leasehold tax.

RECOMMENDED ACTION:

Staff recommends that the Commissioners authorize the Executive Director to sign the lease as proposed.



**ITEM FOR CONSIDERATION
BY THE
BOARD OF PORT COMMISSIONERS**

September 24, 2024

SUBJECT: Resolution 24-1306: Federal Grant Policy

STAFF LEAD: Katharine Frazier, Grants & Contracts Manager

RCW & POLICY REQUIREMENTS:

Under the Single Audit Act of 1984 and the Single Audit Act Amendments of 1996, a Single Audit is required annually for non-Federal entities that expend more than \$750,000 of federal financial assistance (grants or loans) in one year. Due to recent funding agreements, the Port is subject to a Single Audit in 2024 and will need to complete Single Audits for the next several years. As part of the audit process, the Port needs to have an approved Federal Grants Policy that outlines our processes and procedures for internal controls and accounting with regards to federal funds.

BACKGROUND:

The Port receives federal funds from various federal agencies, including the Federal Aviation Administration (FAA), the Economic Development Administration (EDA), the Department of Transportation (DOT), and the Maritime Administration (MARAD).

While each agency has specific requirements for how their funding assistance must be spent and managed, the federal government has established a broad set of principles governing the management of grant funds. This includes procurement requirements, allowable cost principles, financial management procedures, and reporting processes. These principles are established by Chapter 2 of the Code of Federal Regulation, Part 200 (2 CFR 200).

While the Port actively maintains compliance with 2 CFR 200 for each of its federal grants, there has not been an official policy recognizing these compliance procedures. Resolution 24-1306: Federal Grant Policy seeks to establish an official policy outlining the Port's responsibilities for following 2 CFR 200.

Since the last Commission meeting on September 10th, 2024, staff have enacted edits to the proposed policy based on Commission feedback.

ANALYSIS:

The proposed Federal Grant Policy includes sections on:

- Allowable Costs and Activities
- Cost Reimbursements and Cash Advances
- Equipment and Real Property Management
- Matching, Level of Effort, and Earmarking
- Period of Performance
- Procurement, Suspension, and Debarment
- Use of Small, Minority-Owned, and Women-Owned Businesses
- Sub-Recipient Monitoring
- Special Tests and Provisions
- Conflicts of Interest and Mandatory Disclosures
- Single Audit Requirements
- Financial Management

Each section references the legal requirements under 2 CFR 200 and the Port's processes for following these requirements.

FISCAL IMPACT:

The Federal Grant Policy has no direct fiscal impact, but it establishes and standardizes internal controls that the Finance Department and Port Staff involved in grant management must follow to maintain compliance with 2 CFR 200.

RECOMMENDED ACTION:

Staff recommends the Commission introduce Resolution 24-1306: Federal Grant Policy. If the introduction of the resolution is unanimous, make a motion to adopt Resolution 24-1306.

ATTACHMENTS:

- Federal Grant Policy (19 pages)

**A RESOLUTION OF THE PORT OF PORT ANGELES, WASHINGTON,
AUTHORIZING A NEW FEDERAL GRANT POLICY GOVERNING THE
MANAGEMENT AND USES OF FEDERAL FINANCIAL ASSISTANCE.**

WHEREAS, the Port of Port Angeles desires to pursue federal financial assistance (Grants and Loans) to fund its capital projects; and

WHEREAS, the Port is currently managing several federal grants from agencies including the Maritime Administration (MARAD), the Federal Aviation Administration (FAA), the Economic Development Administrative (EDA), and others; and

WHEREAS, while it has active grants and is pursuing additional awards, the Port must maintain compliance with the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR 200); and

WHEREAS, the Port is subject to a Federal Single Audit each year it expends more than \$750,000 in federal funds; and

WHEREAS, it is in the best interest of the Port to formally establish a policy governing the internal controls, management, and uses of grant funding in accordance with 2 CFR 200; and

WHEREAS, the Federal Grant Policy is made pursuant to 2 CFR 200 and applicable state laws.

NOW, THEREFORE, BE IT RESOLVED that the Federal Grant Policy set forth on the attached Exhibit A is hereby approved and adopted as the Port of Port Angeles Federal Grant Policy and is effective as of today's date.

ADOPTED this 24th day of September 2024.

PORT OF PORT ANGELES
PORT COMMISSION

Connie Beauvais, President

Colleen McAleer, Vice President

Steven Burke, Secretary

Exhibit A

PORT OF PORT ANGELES FEDERAL GRANT POLICY

PURPOSE

This policy establishes and maintains internal controls that provide assurance that Federal awards are managed in compliance with Federal regulations and award conditions. The Port of Port Angeles will follow standards set in the Uniform Guidance (2 CFR Part 200) and the Standards for Internal Control in the Federal Government (Green Book).

GRANT & LOAN APPLICATIONS

Policy

The Port of Port Angeles (Port) shall, to the extent advisable from time to time, apply for grant and subsidized loan funding to construct capital and infrastructure assets for the benefit of the Port and its tenants. If a grant or subsidized loan is advisable, the Executive Director, the Director of Finance, other authorized Port Staff, and if necessary, the Port Legal Counsel shall work together to gather the data needed to support the application, and appropriate Port Staff shall prepare and submit the application, after approval by the Port Commission.

Procedures

If a grant or subsidized loan is obtained by the Port, a separate account shall be kept in the accounting records of the Port showing all disbursements of obligated funds. The account shall be kept separate for the life of the grant or subsidized loan repayment plus the applicable period required by any rules or regulations of the granting agency.

No separate fund of money is required to be maintained by the Port unless such a separate fund is required by the terms of the grant or subsidized loan.

Grant applications shall be submitted in the English language and in the terms of U.S. dollars.

The acceptance of a grant or subsidized loan application shall be approved by the Port Commission in public session, and appropriate Port Staff shall sign all grant and subsidized loan request documents after the Commission has adopted the appropriate resolutions.

Limitations on Authority Delegated

The Port Commission must approve all final grant or subsidized loan applications that obligate the Port to more than the authorized amount in the Delegation of Authority before they are submitted to the granting agency.

FEDERAL GRANTS

The purpose of this document is to ensure fiscal accountability of Federal funds, property and other assets awarded to the Port of Port Angeles.

The Uniform Guidance (UG) must be applied in conjunction with federal and state laws and regulations. Federal laws and regulations would include, but are not limited to, the enabling legislation and

implementing regulations of the federal grant program. State laws and regulations would include, but are not limited to, state enabling legislation and regulations, state procurement and audit requirements, travel regulations, etc. If a conflict exists between the UG and relevant federal and/or state laws and/or regulations, the more restrictive law and/or regulation takes precedence.

It is important to maintain effective internal controls over federal awards. The focus of these policies and procedures is to ensure the proper framework for internal control is in place so:

- These resources are being utilized effectively and efficiently
- Assets purchased or developed with them are being safeguarded properly
- Financial reporting required by these grants is accurate and timely; and
- Grant resources are being utilized in compliance with appropriate laws and regulations

The Port is awarded many grants and different departments may handle the claiming process as part of their responsibility under the Executive Director's direction depending on the complexity and nature of the grant. The Finance Department shall receive notification of these grants and copies of any required paperwork for reporting purposes.

Goals & Objectives:

The Port's Finance Department and responsible staff involved in grant applications and management will:

- Ensure proper disbursement of and accounting for Federal funds, property and assets by:
 - Establishing written accounting policies and procedures
 - Establishing internal controls to safeguard assets and ensure their proper use
 - Maintaining source documentation to support accounting records.
 - Monitoring proper charging of costs and cost allocation (if applicable).
- Serve as a liaison to funding agencies and project managers responsible for grants by:
 - Preparing claims for reimbursement and reports as required by the funding agency in conjunction with the responsible requesting representative and/or the project manager and approved by the responsible requesting representative and/or the project manager and the Director of Finance.
 - Compiling and reviewing information required for the Single Audit (Federal Receipts) approved by the Director of Finance.
 - Taking prompt action when instances of noncompliance are identified including identified in audit findings.

Policy

For Federal grants and agreements, the Port will comply with all State & Federal laws and regulations and the conditions set in the grant or agreement and all the requirements in the following:

2 CFR Part 200 Subpart A, Acronyms and
Definitions 2 CFR Part 200 Subpart B, General
Provision

- 2 CFR Part 200 Subpart C, Pre-Federal Award Requirements and Contents of Federal Awards
- 2 CFR Part 200 Subpart D, Post Federal Award Requirements
- 2 CFR Part 200 Subpart E, Cost Principles
- 2 CFR Part 200 Subpart F, Audit Requirements
- 2 CFR Part 200 Appendix XI, Compliance Supplement 3.2
 - A. Activities Allowed or Unallowed
 - B. Allowable Costs/Cost Principles
 - C. Cash Management
 - E. Eligibility
 - F. Equipment/Real Property Management
 - G. Matching, Level of Effort, Earmarking
 - H. Period of Performance
 - I. Procurement/Suspension and Debarment
 - J. Program Income
 - L. Reporting
 - M. Sub-recipient Monitoring
 - N. Special Tests and Provisions

Applicable OMB or Uniform Guidance, agency program regulations, and the terms of direct and indirect grant agreements will be followed. The specific requirements unique to each Federal program are found in the laws, regulations and provisions of the contract or grant agreement.

ACTIVITIES ALLOWED AND ALLOWABLE COST PRINCIPLES

Legal Requirements: [2 CFR 200 Subpart E – Cost Principles](#), [2 CFR 200 Appendix XI, Compliance Supplement, Part 3-A: Activities Allowed or Unallowed](#), and [2 CFR 200 Appendix XI, Compliance Supplement, Part 3-B: Allowable Costs/Cost Principles](#).

Grant funds shall be expended only for allowable activities and costs charged shall be allocable in accordance with applicable cost principles. Applicable OMB cost principles or Uniform Guidance, agency program regulations, and the terms of direct and indirect grant agreements will be followed in determining the reasonableness, allowability, and allocability of costs. The specific requirements for activities allowed or unallowed are unique to each Federal program and are found in the laws, regulations, and provisions of the contract or grant agreement.

Procedures

Responsibility: The Director of Finance, the responsible Port Staff and/or the project manager authorizing the charges, and the designated reviewers of each will share responsibility for understanding and adhering to Activities Allowed and Allowable Cost Principles.

The Director of Finance, the responsible Port Staff, and/or the project manager shall determine that all expenditures claimed for payment are accurate, allowable, and allocable to the grant.

The Director of Finance, along with the responsible Port Staff and/or the project manager, shall ensure that costs charged to federal grants are:

- Necessary and reasonable for the performance of the federal award (and be allocated to that use).

- A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision to incur the cost was made. The following will be considered in determining the reasonableness of a given cost:
 - It is ordinary and necessary based on the needs of the program – the expenditure must be necessary to achieve an important program objective.
 - It follows the terms and conditions of the Federal award.
 - It is within Federal, State, and other laws and regulations.
 - It is within the market price for comparable goods and services.
 - The authorizing individual acted prudently as a public employee.
 - It is within the established practices and policies regarding the incurrence of costs.
- A cost is allocable to the federal award if the goods or services involved are chargeable or assignable to the federal award in accordance with the relative benefit received. This standard is met if the cost:
 - Incurred specifically for the Federal award.
 - Benefits both the Federal award and other work of the non-Federal entity and can be distributed in proportions.
- Necessary to the overall operation of the non-Federal entity and is assignable in part to the Federal award.
- Conform to limitations or exclusions regarding type of cost (direct or indirect).
- Consistent with the policies and procedures the organization would apply to non-federally financed work.
- Treated consistently with other comparable costs- for example, a cost may not be treated as a direct cost if a cost incurred for the same purpose in similar circumstances was allocated as an indirect cost.
- Determined in accordance with US generally accepted accounting principles except as otherwise provided in 2 CFR 200.
- Not be used to meet cost-sharing or matching requirements of any other federally financed program (see also 2 CFR § 200.300(b)), **unless explicitly allowed in writing by the granting agency.**
- Adequately documented (see also 2 CFR § 200.300 through 2 CFR § 200.309).

The responsible Port Staff and/or the project manager who obtained the grant are responsible will prepare and submit the request for reimbursement to the granting agency. Staff will ensure compliance with grant requirements prior to submitting grant claims (reimbursement) on contract(s) and provide certification.

Process

The Finance Department shall:

- Review invoices to ascertain the charges are within the scope of grant agreement and an allocatable expenditure working in conjunction with the responsible Port Staff and/or the project manager.

- Maintain adequate documentation to support accounting records and documents that permit the tracking of funds to a level of expenditure adequate to establish that funds have not been used in violation of the applicable restrictions of the uses of such funds.
- Review the invoice to ensure there is adequate support provided and that the support agrees with the invoice.
- Review the invoice for accuracy.
- If Payments have been made for unallowable costs, the Finance Department will refund the Federal awarding agency.
- Have the financial management system provide for the following:
 - Identification, in its accounts, of all Federal awards received and expended and the Federal programs under which they were received.
 - Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements (see 2 CFR § 200.327 and 2 CFR § 200.328).
 - Maintain a spreadsheet that identifies adequately the source and application of funds for federally funded activities and comparison of expenditures with budget amounts for each Federal award. The spreadsheet will also include income and interest, obligations and unobligated balance for contracts. (See Matching, Level of Effort, Earmarking/ Period of Performance Process)

COST REIMBURSEMENT

Legal Requirements: [2 CFR § 200.305 \(Federal Payment\)](#) and [2 CFR 200 Appendix XI, Compliance Supplement, Part 3-C: Cash Management](#).

A majority of federal awarding agencies distribute funds via reimbursement payment methods. Cost reimbursement shall be made after actual costs have been incurred in accordance with the requirements of reimbursement-based grant agreements.

Procedures

Responsibility: For federal grants, Port Staff responsible for managing the grant will prepare the required documentation for the reimbursement request to the grantor agency. After review by the Finance Department, the Port Staff responsible for managing the grant will submit the request for reimbursement to the grantor agency.

The responsible Port Staff and/or the project manager who obtained the grant are responsible for ensuring compliance with grant requirements prior to submitting grant claims (reimbursement requests) on contract(s).

Process

The responsible Port Staff shall:

- Prepare supporting documentation (spreadsheets, copies of invoices paid, and general ledger/project cost reports).
- Prepare reimbursement requests as prescribed by the grantor.

The Management Accountant shall:

- Assist Port Staff with preparing supporting documentation for reimbursement requests, such as copies of invoices paid and general ledger reports.
- Retain the documentation that supports the amount of the reimbursement request to claim (refer to state retention requirements).
- Accrue a receivable (as necessary) at the end of each month.
- Coding to Accounts Receivable, Electronic Fund Transfers (EFTs) are received by the Finance Department.
- Monthly, reconcile all grant receivables and grant revenue accounts.

The Finance Director shall:

- Review prepared documents, invoices, and general ledger.
- Verify that program income, such as rebates, refunds, contract settlements, audit recovers, or interest earned, has been disbursed.
- Approve reimbursement.

Providers should recognize liabilities (or a decrease in assets) and expenses from government-mandated or voluntary non-exchange transactions, and recipients should recognize receivables (or a decrease in liabilities) and revenues (net of estimated uncollectible amounts), when all applicable eligibility requirements, including time requirements, are met.

CASH ADVANCES

Legal Requirements: [2 CFR § 200.305 \(Federal Payment\)](#) and [2 CFR 200 Appendix XI, Compliance Supplement, Part 3-C: Cash Management](#).

Cash advances shall be limited to the minimum amount needed, and shall be requested only to meet actual, immediate cash needs. In the case of a cash advance, the Port will minimize the time elapsed between the transfer of funds from the granting agency and the disbursement of funds for project costs.

Procedures

Responsibility: For federal grants, the Finance Department, in conjunction with the responsible Port Staff and/or the project manager, shall follow procedures to minimize the time elapsing between the transfer of funds from the US Treasury or pass-through entity and disbursement. The Finance Department will monitor interest earned for remitting back to the agency. Note that the Port strongly discourages cash advances unless absolutely necessary. If a cash advance occurs, unless otherwise specified in the grant agreement, interest earned shall be remitted annually to the U.S. Department of Health and Human Services, Payment Management System, P.O. Box 6021, Rockville, MD 20852. Up to \$500 per year may be kept for administrative expenses.

Process

The Finance Department shall:

- Set up an authorized fund to record the advance funds so that interest can be segregated, tracked, and remitted annually unless the exceptions in 2 CFR § 200.305(b)(8) exist.
- Monitor the balance of the authorized fund.

- Ensure the project has fund coding so expenditures are made to that fund.
- Advise the responsible Port Staff and/or the project manager if the funds are not used expediently with the goal of minimizing the time elapsing between the transfer of funds from the agency and disbursement.
- Report any unused fund balances as restricted cash (in investments and equity) at year-end.

EQUIPMENT AND REAL PROPERTY MANAGEMENT

Legal Requirements: [2 CFR Part 200 Subpart D - Property Standards](#) and [2 CFR 200 Appendix XI, Compliance Supplement, Part 3-F: Equipment and Real Property Management](#).

Equipment means tangible personal property, including information technology systems, having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the non-Federal entity for financial statement purposes or \$5,000 (2 CFR §200.1: Definitions). Title to equipment and supplies acquired by a non-Federal entity under grants and cooperative agreements vests in the non-Federal entity subject to certain obligations and conditions (2 CFR § 200.313(a)).

Real property means land (including land improvements) and structures but does not include moveable machinery and equipment (2 CFR § 200.1.). Real property acquired or improved under a federal award will be used only for the authorized purpose. When no longer needed for the authorized purpose, the Port must obtain disposition instructions from the Federal awarding agency or pass-through entity in compliance with 2 CFR § 200.311.

Procedures

Responsibility: The Management Accountant will compile the required documentation for Real Property and Capital assets with acquisition costs of \$5,000 or greater. The Management Accountant shall be responsible for:

- Verifying federally funded assets and update the annual fixed asset system.
- Maintaining the documentation for assets with acquisition costs over \$5,000.

If capital assets will be constructed/acquired (in accordance with the Capitalization Policy), have the responsible Port Staff and/or the project manager sign off on the addition into the accounting system.

The Port will not encumber property purchased from grant proceeds without the approval of the Federal awarding agency or pass-through entity. Equipment must be used in the program or project for which it was acquired as long as needed. If needed, the Port will make the equipment available to other projects supported by the granting Federal agency as required in 2 CFR §200.313(c). If the Federal government retains an interest in equipment purchased by a Federal award, the Port will not use the equipment to provide services for a fee less than what a private company would charge unless specifically authorized by the Federal statute.

The Finance Department will maintain the required property records for federally funded assets with acquisition costs of \$5,000 or more in the Port's Fixed Asset Module. Property records must include identification of the title holder, a description of the equipment (use, location, and condition), a serial or

other identification number, the funding source, the acquisition date, and – if applicable – disposition data.

Process

The Finance Department shall:

- Prepare and distribute the annual inventory listing of federally funded assets for Departmental Staff to confirm. The inventory listings will stagger the federally funded assets over \$5,000 so inventory will confirm each on an annual basis.
- Receive the inventory confirmations from departmental staff and update the asset records as necessary.
- Confirm with Departmental Staff that a physical inventory of Equipment is taken and reconciled with property records at least once every two years.
- Prepare federal reports for Real Property and Equipment owned by the Federal entity.
- Verify Property and Equipment purchased with Federal funds is insured to the equivalent of other Port Property and Equipment.

MATCHING, LEVEL OF EFFORT, EARMARKING

Legal Requirements: Uniform Administrative Requirements for Grants and Cooperative Agreements determined by individual federal awarding agencies, [2 CFR § 200.306 \(Cost Sharing or Matching\)](#), and [2 CFR Part 200 Appendix XI, Compliance Supplement, Part 3-G: Matching, Level of Effort, Earmarking](#).

Matching (or “cost sharing”) refers to a portion of project costs not paid by Federal funds or contributions. Under many Federal programs, the Port is required to provide non-Federal contributions of a specified percentage to match Federal awards. Matching requirements vary per award program. The Port will comply with specific requirements unique to each Federal program which are found in the laws, regulations, and provisions of the contract or grant agreement.

Level of effort refers to requirements for specified levels of service provided from period to period, specified levels of expenditures from Federal or non-Federal sources to be maintained from period to period, and Federal funds that supplement but do not supplant non-Federal funding for services.

Earmarking refers to requirements specifying the minimum and/or maximum amount or percentage of Federal funding that must be used for certain activities.

Procedures

Responsibility: For federal grants, the responsibility for understanding and adhering to Matching, Level of Effort, Earmarking, and Period of Performance requirements of the awards, will be shared between the Director of Finance, the responsible Port Staff, and/or the project manager, and the designated reviewers of each.

Process

The Finance Department, the responsible Port Staff and/or the project manager, and the designated reviewers of each shall:

- Compare expenditures to claimed amounts to ensure that matching, level of effort requirements, and / or earmarking requirements, are met. Verify the costs are necessary and reasonable for accomplishment of the project.
- Verify costs have not been used under another federal award or the proceeds are not included as contributions for another federal award unless otherwise approved by the Federal agency.
- Prepare a Grant Summary for each grant claim providing total awards, budget, and expenditures to date, which is used to track the availability of funds, matching or cost-sharing requirements.
- Report any deviations from the budget or project scope or objective and request prior approval from the Federal awarding agency for budget and program plan revisions.
- Request prior approval from the Federal awarding agency for the following program or budget-related reasons for non-construction Federal awards, unless waived by the Federal awarding agency:
 - Change in scope or objective of the project or program.
 - Change in a key person specified in the application.
 - The disengagement from the project for more than three months or a 25% reduction in time devoted to the project if other than for weather reasons.
 - Any Subpart E costs that require prior approval.
 - Change in participant support costs.
 - The sub-awarding, transferring, or contracting out of any work under the Federal award unless described in the application and funded in the approval of the Federal award.
 - Changes in the amount of approved cost-sharing or matching provided by the non-Federal entity.
- Request prior approval from the Federal awarding agency for the following budget revisions for construction Federal awards, unless waived by the Federal awarding agency:
 - Changes in the scope or the objective of the project or program.
 - The need for additional Federal funds to complete the project.
 - Changes for specific costs.
- Requests for prior approvals will use the same format for budget information that was used in the application unless the Federal awarding agency indicates a letter of request suffices.

PERIOD OF PERFORMANCE

Legal Requirements: Uniform Administrative Requirements for Grants and Cooperative Agreements determined by individual federal awarding agencies, [2 CFR § 200.309 \(Modifications to Period of Performance\)](#), and specific requirements and award conditions set forth in Federal grant agreements and contracts.

Period of Performance means the total estimated time interval between the start of a Federal award and the planned end date. The period of performance may include one or more funded portions or budget periods, such as fiscal years. Periods of performance are identified in Federal award agreements per 2 CFR § 200.211(b)(5).

Procedures

The Port may only charge allowable costs that are incurred during the approved period of performance, unless the Federal agency explicitly authorizes prior costs incurred before the period began.

Process

The Finance Department, the responsible Port Staff and/or the project manager, and the designated reviewers of each shall:

- Review all award documents and program regulations to determine any specific requirements related to the period of performance.
- Review the date of service on all invoices to make sure activities occurred within the grant period of performance, and, if not, get approval from the awarding agency for costs incurred before the grant period of performance.
- At closeout, liquidate all obligations incurred and submit all financial, performance, and other reports as required by the Federal award within 90 days after the end date of the period of performance as specified in the terms and conditions of the Federal award unless the Federal awarding agency approved an extension.

PROCUREMENT, SUSPENSION AND DEBARMENT

Legal Requirements: Uniform Administrative Requirements for Grants and Cooperative Agreements determined by individual federal awarding agencies, and [2 CFR Part 200 Subpart D - Procurement Standards](#).

Procedures

Procurement procedures shall reflect applicable State and Local laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in 2 CFR § 200.318-326 including the five types of procurement: micro-purchases, small purchases, sealed bids, competitive proposals and non-competitive proposals (sole source items) as described below:

Procurement by micro-purchases (2 CFR § 200.320(a)(1)): This applies to the acquisition of supplies or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold established by 48 CFR § 2.101. Purchases must be distributed among qualified suppliers and may be awarded without competitive quotations if the non-federal entity considers the price to be reasonable.

Procurement under small purchase procedures (2 CFR § 200.320(a)(2)): This applies to the purchase of goods or services with an aggregate cost that does not exceed the 'small purchase procedures' Simplified Acquisition Threshold set by 48 CFR § 2.101 (currently \$250,000). If this methodology is used, price or rate quotations must be obtained from an adequate number of sources (generally 3 to 5).

Procurement by sealed bids (2 CFR § 200.320 (b)(1)): This is applied to purchases or contracts exceeding the Simplified Acquisition Threshold, usually construction projects.

Procurement by competitive proposals (2 CFR § 200.320 (b)(2)): This is usually applied when conditions are not appropriate for the use of sealed bids. RFP documents must be prepared and publicized, and proposals must be solicited from an adequate number of qualified sources (general 3 to 5). To meet RCW Chapters 39.80 and per 2 CFR § 200.320 (b)(2)(iv) competitive proposal for architectural/engineering (A&E) professional services are evaluated and selected on qualifications only, not price. This method, where price is not used as a selection factor, can only be used in procurement of A/E professional services.

Procurement by non-competitive proposals (2 CFR § 200.320(c)): This is otherwise known as 'sole source' purchasing.

General standards that apply to all five types of procurement:

- The policies surrounding procurement must be documented.
- The procurement must be necessary.
- The procurement must award the contract only to responsible contractors possessing the ability to perform successfully under the terms and conditions of the proposed procurement.
- The procurement must be subject to full and open competition among vendors except in the cases of sole source purchasing and micro-purchases where the price is based on research, experience, or purchase history.
- The procurement cannot present a conflict of interest.

The procurement documents (for example, the Request for Proposals or Request for Quotes) must identify all requirements that the offerors must fulfill and all other factors to be used in evaluating bids or proposals without unduly restricting competition.

Responsibility: The responsible Port Staff and/or the project manager shall follow procedures prescribed in policy to ensure the Port complies with federal requirements for Procurement, Suspension and Debarment and implements the Contract Provisions listed in Appendix II to 2 CFR Part 200, Title 2.

Process

The responsible Port Staff and/or Project Manager shall:

- Ensure that requests for public works contracts, consulting services, and requisitions identify whether the procurement is, or may be potentially, subject to federal requirements.
- Provide the Finance Department with a copy of the grant application and grant award document and any special conditions of the grant.
- Maintain oversight to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders.
- Avoid purchases of unnecessary or duplicative items.
- Provide to the Federal awarding agency or pass-through entity the procurement documents stated in 2 CFR § 200.324(a), and 200.324(b) when such situations exist in 2 CFR § 200.325(b)(1)-(5).

SMALL AND MINORITY BUSINESSES, WOMEN’S BUSINESS ENTERPRISES

Legal Requirements: [2 CFR § 200.321 \(Contracting with small and minority businesses, women's business enterprises, and labor surplus area firms\)](#).

Procedures

The Port takes all affirmative steps to use minority businesses and women’s business enterprises when possible. The Port places qualified small, minority businesses, and women-owned business enterprises onto its solicitation lists and solicits these firms when they are potential sources of appropriate goods or services.

In determining certified firms in our area, the certified directory on the Office of Minority and Women’s Business Enterprises (OMWBE) website is consulted. This directory lists all of the certified disadvantaged, women-owned, minority-owned, and Small Business Enterprise (SBE) firms in our area and is searchable based on business name, business type, location, etc. In addition, all of our concessions agreements require concessionaires to use disadvantaged business enterprises (DBE) firms in good faith, when available.

The Port of Port Angeles has a resolution for a Small Works Roster Procedure. This is pursuant to RCW Chapter 39.04.151-154. The Port also has a resolution for a Professional Services and Personal Services contracts Roster in accordance with RCW Chapters 39.80 and 53.19.

Process

The responsible Port Staff and/or Project Manager shall:

- Solicit small businesses, minority businesses, and women’s businesses whenever they are potential sources of goods or services;
- Utilize the statewide Small Works Roster, which includes small businesses, minority businesses, and women’s businesses, to advertise contract opportunities;
- Where possible and economically feasible, divide projects into smaller tasks or quantities to encourage maximum participation by small businesses, minority businesses, and women’s businesses;
- Require prime contractors, where subcontracts are to be let, to take the above steps to encourage participation by small businesses, minority businesses, and women’s businesses.

PROGRAM INCOME

Legal Requirements: [2 CFR § 200.307 \(Program Income\)](#) and [2 CFR 200 Appendix XI, Compliance Supplement, Part 3-J: Program Income](#).

Program Income shall be recorded and used in accordance with program requirements, Uniform Administrative Requirements for Grants (codified in the CFRs for each Federal Department), program regulations, and the provisions of the contract or grant agreement pertaining to the program.

Procedures

Responsibility: For federal grants, the Finance Department, in conjunction with the responsible requesting representative and/or the project manager, shall account for program income in accordance with regulations and agreements.

The responsible Port Staff and/or the project manager who obtained the grant is responsible for ensuring compliance with grant requirements prior to submitting grant claims (reimbursement) on contract(s).

Requirements: Program Income means gross income received by the grantee generated by the grant-supported project activity during the grant period. Except as otherwise provided in the regulations of the federal agency, program income does not include interest on grant funds, rebates, credits, discounts, refunds, etc., and interest earned on any of these. Nor does it include the sale of real property or equipment.

Program income may be used in one of three methods (consult with the granting agency):

- Deduction: Ordinarily, program income shall be deducted from total allowable costs to determine the net allowable cost. Program Income shall be used for current costs.
- Addition: When authorized by the Federal awarding agency, add program income to the funds committed to the grant agreement. Program income shall be used for the purposes of the grant and under the conditions of the grant agreement.
- Cost Sharing: With prior approval from the Federal awarding agency, program income may be used to meet the cost sharing or matching requirement of the grant agreement. The amount of the Federal award remains the same.

Process

The Finance Department and/or the Port Attorney shall:

- Upon receipt of program income or applicable credits, review the laws, regulations, and provisions of the grant agreement applicable to the program and ascertain and apply the requirements for recording and using program income. Consult with the granting agency and the responsible project manager for confirmation, as needed.
- Regularly review accounting records to determine if program income was received during an award's period of performance.

REPORTING

Legal Requirements: [2 CFR Part 200 Subpart D - Performance and Financial Monitoring and Reporting](#) and [2 CFR 200, Appendix XI, Compliance Supplement, Part 3-L: Reporting](#).

Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with reporting requirements of the grant or sub-grant.

Procedures

Responsibility: For designated grants, the Director of Finance shall provide accurate, current and complete disclosure of financial results of each grant program in accordance to reporting requirements established in the grant.

For other grants, the responsible Port Staff and/or the project manager who obtained the grant are responsible for ensuring compliance with grant requirements prior to submitting grant claims (reimbursement) on contract(s).

Process

For federal grants, the Finance Department shall assist responsible Port staff with:

- Preparing financial reports as required by the terms of the grant agreement including but not limited to the SF425, SF270, SF271, etc.
- Reviewing all financial reports for compliance with the terms of the grant agreement and alignment with accounting records.
 - Obtaining Grant Recipients Department's signature/approval.
 - Sending Report to Awarding Agency.
 - Filing copy of the completed report and supporting documents.

The responsible Port Staff and/or the project manager shall:

- Submit performance reports to the Federal agency in compliance with the grant requirements using the OMB approved government-wide standard information collections, unless otherwise specified in the grant, in accordance with 2 CFR § 200.328.
- File all other reports related to the grant that are not financial.
- File copy of the report and supporting documents

SUB-RECIPIENT MONITORING

Legal Requirements: [2 CFR Part 200 Subpart D - Performance and Financial Monitoring and Reporting](#) and [2 CFR 200, Appendix XI, Compliance Supplement, Part 3-M: Sub-recipient Monitoring](#).

"Sub-recipient" refers to an entity, usually non-Federal, that receives a sub-award to carry out part of a Federal award. A "sub-award" is an award provided by a pass-through entity to a sub-recipient and does not include payments to a contractor.

The activities of all sub-recipients will be monitored, as necessary, to ensure that federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.

Procedures

Responsibility: The responsible Port Staff and/or the project manager shall provide reasonable assurance that grants are monitored and that funds are expended in ways that meet provisions of pertinent statutes, regulations, agency administrative requirements, relevant OMB circulars (or 2 CFR Part 200 as applicable) and the terms of the award notice, sub-award or agreement.

As part of the monitoring process, the Finance Department (a) evaluate the sub-recipient risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the sub-award to determine the appropriate sub-recipient monitoring (b) ascertain that the sub-recipient has received a Single Audit as required, and obtain a copy of the report from the Federal Clearing House and (c) follow-up to ensure the sub-recipient takes appropriate and timely corrective action to any audit findings (d) issue a management decision for audit findings pertaining to the Federal award (e) provide the non-federal entity an opportunity to object and provide information and documentation challenging any suspension or termination action and (f) if terminated, the Finance Department will issue a notice of termination to the non-federal entity and the FFATA.

Requirements: In accordance with GASB No. 24, paragraph 5, all cash ***pass-through grants*** received by the Port should be recognized as revenue and expenditures or expenses in its financial statements. Unless the recipient government serves only as a cash conduit, the grant receipts should then be reported in an agency fund.

The Port, as a recipient of funds, serves as a cash conduit if it merely transmits grantor-supplied money without having administrative or direct financial involvement in the program.

The following are examples of administrative involvement.

- Monitors secondary recipients for compliance with program-specific requirements,
- Determines eligible secondary recipients or projects, even if using grantor-established criteria, or
- Has the ability to exercise discretion in how the funds are allocated.

The following are examples of direct financial involvement.

- Finances some direct program costs due to a grantor-imposed matching requirement or
- Is liable for disallowed costs.

Unless the Port serves as a cash conduit in its pass-through federal grants-in-aid funds according to the grant agreement, the Port records cash pass-through grants received as revenue and expenses in its financial statements.

Process

The Finance Manager, in conjunction with the Director of Finance and/or Project Manager, will ensure that sub-awards over \$25K are entered into the Federal Funding and Accountability Transparency Act (FFATA) Sub-award Reporting System (FSRS).

The Finance Manager, in conjunction with the Director of Finance, will ensure that the time elapsing between the transfer of Federal funds to the sub-recipient and the disbursements of such funds for program purposes by the sub-recipient is minimized.

The Finance Manager will verify that the sub-recipients are awarded amounts within the funding limits, and the Director of Finance will approve the awarded amounts.

For sub-recipient grants, the responsibility for verifying the approved application will be shared between the Director of Finance, the responsible Port Staff and/or the project manager and the designated reviewers of each.

The responsible Port Staff and/or the project manager will review the programmatic reports required by the pass-through entity, and the Director of Finance will review the financial reports required by the pass-through entity.

The Finance Manager in conjunction with the Director of Finance and/or Project Manager will, in compliance with 2 CFR § 200.332, ensure that every sub-award is clearly identified to the sub-recipient as a sub-award and includes:

- Federal Award Identification.
 - a. Sub-recipient name (which must match the registered name associated with its unique entity identifier (UEI));
 - b. Sub-recipient's UEI number
 - c. Federal Award Identification Number (FAIN);
 - d. Federal Award Date (see 2 CFR § 200.39 Federal award date);
 - e. Sub-award Period of Performance Start and End Date;
 - f. Amount of Federal Funds Obligated by this action;
 - g. Total Amount of Federal Funds Obligated to the sub-recipient;
 - h. Total Amount of the Federal Award;
 - i. Federal award project description, as required to be responsive to the Federal Funding Accountability and Transparency Act (FFATA);
 - j. Name of Federal awarding agency, pass-through entity, and contact information for awarding official,
 - k. CFDA Number and Name; the pass-through entity must identify the dollar amount made available under each Federal award and the CFDA number at the time of disbursement;
 - l. Indirect cost rate for the Federal award (including if the de Minimis rate is charged per §200.414 Indirect (F&A) costs).
- All requirements imposed by the pass-through entity on the sub-recipient.
- Additional requirements that the pass-through entity imposes on the sub-recipient in order for the pass-through entity to meet its own responsibility to the Federal awarding agency.
- Approved federally recognized indirect rate, if any.
- Appropriate terms and conditions concerning the closeout of the award.
- Requirement that the sub-recipient permit the pass-through entity and auditors to have access to the sub-recipient's records and financial statements as necessary to meet reporting and monitoring requirements.
- Any additional requirement that the pass-through entity imposes.

SPECIAL TESTS AND PROVISIONS

Legal Requirements: [2 CFR 200, Appendix XI, Compliance Supplement, Part 3-N: Special Tests and Provisions](#).

Applicable OMB or Uniform Guidance, agency program regulations, and the terms of direct and indirect grant agreements will be followed. The specific requirements unique to each Federal program are found in the laws, regulations, and provisions of the contract or grant agreement.

Procedures

Responsibility: For designated grants, the responsibility for understanding and adhering to Special Tests and Provisions of the awards will be shared between the Director of Finance, the responsible Port Staff, and/or the project manager and the designated reviewers of each.

Process

The Finance Department shall maintain adequate documentation to support accounting records and documents that permit the tracking of funds to a level of expenditure adequate to establish that funds have not been used in violation of the applicable restrictions of the uses of such funds.

CONFLICT OF INTEREST AND MANDATORY DISCLOSURES

Legal Requirement: [2 CFR § 200.112: Conflict of Interest](#) and [2 § CFR 200.113: Mandatory Disclosures](#).

Procedures

Under 2 CFR § 200.318, recipient organizations are required to address conflicts of interest through written policies that govern the actions of employees who advertise for, select, award, and administer contracts.

Refer to Port of Port Angeles Personnel Policies Document 220 Conflict of Interest Policy and Port of Port Angeles Personnel Policies Document Gifts and Gratuities Policy.

Process

The responsible Port Staff will:

- Disclose, in writing to the Federal awarding agency or pass-through entity, any potential conflict of interest.
- Disclose, in writing to the Federal awarding agency or pass-through entity, any and all violations of Federal criminal law including fraud, bribery, or gratuity violations that potentially affect the Federal award.
- Report civil, criminal, or administrative proceedings to the System for Award Management (SAM).

SINGLE AUDIT REQUIREMENTS

Legal Requirements: Single Audit Act of 1984 and [2 CFR § 200.501: Audit Requirements](#).

An audit, performed in accordance with the Single Audit Act, will be obtained when the Port spends more than \$750,000 in Federal Financial Assistance in a fiscal year.

Procedures

Responsibility: The Finance Department will compile the required documentation for the Single Audit of the Port. The Federal awarding agency or any authorized representative has the right to access any documents, papers, or other records which are pertinent to the Federal award, along with access to the Port's personnel.

Process

The Finance Department shall:

- Prepare the SEFA with notes and grant claims/agreements as supporting documentation.

- List individual Federal programs by Federal agency and the total expended with the CFDA number and any Federal program loans and interest received. Includes endowment funds, free rent, and non-cash assistance.
- List Federal awards received as a sub-recipient, the name and identifying number of the pass-through entity, and the total amount provided to sub-recipients.
- Include Notes that describe the significant accounting policies used in preparing the schedule, any loan proceeds outstanding from a loan program, and whether or not the Port has elected to use the 10% de minimis cost rate.
- Reconcile the annual financial statements and general ledger.
- Provide a completed schedule to the responsible requesting representative and/or the project manager for review.
- Procure or arrange for an audit if required.
- Submit the Data Collection Form to FAC within 30 days of the Single Audit being published and/or before September 30th of the following year, whichever is earlier.
- Ensure that the reporting package does not include protected personally identifiable information and take reasonable measures to safeguard protected personally identifiable information and other information the Federal awarding agency or pass-through entity designates as sensitive or the non-Federal entity considers sensitive consistent with applicable Federal, state, and local laws regarding privacy and obligations of confidentiality. The reporting package includes the financial statements and schedule of expenditures of Federal awards, a summary schedule of prior audit findings, an Auditor's report, a corrective action plan, and a management letter issued by the auditor.

FINANCIAL MANAGEMENT

Legal Requirements: Uniform Administrative Requirements for Grants and Cooperative Agreements determined by individual federal awarding agencies, and [2 CFR Part 200 Subpart D – Post Federal Award Requirements](#).

Procedures

Responsibility: The responsibility for understanding and adhering to Financial Management Requirements for federal grants will be shared between the Director of Finance, the responsible requesting representative and/or the project manager and the designated reviewers of each.

The Financial Management System shall contain sufficient detailed information to accurately account for sub-grants and grant awards. Financial transactions must be adequately supported with pertinent documents available for audit.

Process

The Director of Finance shall:

- Review contract or grant agreement for designated grants.
- Upon request, meet with the responsible requesting representative and/or the project manager to determine reporting and cost-tracking needs. All transactions must be recorded

in a way that readily permits them to be traced from originating documents through summary records and financial reports.

- Determine if the revenue stream will be operating, non-operating, or capital.
- If capital and Port assets will be constructed/acquired (in accordance with the Capitalization Policy), have the finance department set up the General Ledger for proper tracking of assets. This is in compliance with 2 CFR § 200.501 Subpart F – Audit Requirements.

All responsible parties, including responsible Port Staff and the Finance Department, will maintain a spreadsheet that lists what has been done with the grant agreement, when, and where the documentation is located.

LINKS TO DOCUMENTS

Uniform Administrative Requirements (Uniform Guidance) Chapter 2 of the Code of Federal Regulations (2 CFR 200) Subparts A through F.

<https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200>

2 CFR 200 Appendix XI, Compliance Supplement

<https://www.whitehouse.gov/omb/office-federal-financial-management/current-compliance-supplement/>

**ITEM FOR CONSIDERATION
BY THE
BOARD OF PORT COMMISSIONERS**

September 24, 2024

Subject: Approval of 1st Amendment to Executive Director Contract

Presented by: Constance Beauvais, Commission President

RCW & POLICY REQUIREMENTS:

Per RCW 53.08.170, the Port Commission has authority to create and fill positions of employment and to fix wages, salaries and benefits.

Further, the Executive Director's Contract requires that the Commission and Executive Director mutually review and confer on the performance of the Executive Director not less than annually at or near the anniversary date of July 25, 2023, and may address salary and other adjustments as described below.

BACKGROUND:

The Port's Executive Director was hired via contract on July 25, 2023. The Executive Director's Contract requires that the Commission and Executive Director mutually review and confer on the performance of the Executive Director not less than annually at or near the anniversary date of July 25, 2023.

The Executive Director shall be eligible for salary increases and/or bonus compensation based on the Commission's evaluation of Executive Director's performance. The Contract provides that any future annual adjustment to salary and bonus compensation, if any, shall be effective on the established July 25th anniversary date for that year. Any performance-based increases and/or bonus compensation, if any, shall be set by the Commission in public session.

DISCUSSION:

The Commission and Executive Director have carried out that mutual review and have conferred on the Executive's performance.

The proposed amendments to the contract between the Port and Executive Director Paul Jarkiewicz are as follows:

- The salary shall be adjusted.
- The Contract shall be clarified to provide that any annual cost-of-living adjustments which may be made available to port employees shall also be available to the Executive Director effective the same date as all other Port employees.
- Any cap on annual vacation carry-over hours is eliminated.

- The Executive Director shall be provided with an additional 5% deferred compensation contribution.

RECOMMENDED ACTION:

The Commission President offers the first Amendment to the Executive Director's Contract as described above between the Port of Port Angeles and Paul Jarkiewicz for Commission approval.

Future Agenda Items –Commission Meeting

9/24/2024

October 8, 2024 (Regular Commission Meeting)

- Monthly DofA Report
- Operating Budget Highlights
- Organizational Chart

October 22, 2024 (Regular Commission Meeting)

- September Financial Report
- Monthly Cash & Investment Report
- Strategic Plan Review
- 3rd Quarter Operations Report
- Introduce Operating Budget
- IFC Dockside Grill Lease Renewal

October 29, 2024 (Special Commission Meeting)

- 2025 Budget & Tax Levy

November 12, 2024 (Regular Commission Meeting)

- Monthly DofA Report

November 26, 2024 (Regular Commission Meeting)

- October Financial Report
- Monthly Cash & Investment Report
- Strategic Plan Review
- Treasurer Resolution Update

Upcoming Events/Announcements

- Sep. 18-20 – WPPA Environmental Seminar (Walla Walla, WA)
- Nov. 12-14 – International Workboat Show (New Orleans, LA)
- Nov. 20-22 - Pacific Marine Expo (Seattle, WA)
- Dec. 11-13 – WPPA Annual Meeting (Bellevue, WA)

Future

- Boatyard and Marina Rules & Regulations
- Port Emergency Response Plans and Activities
- Employee Handbook Update and Resolutions