



May 30, 2023

Mike Folkers, Director of Finance and Administration  
Port of Grays Harbor  
111 South Wooding Street  
PO Box 660  
Aberdeen, WA 98520

Dear Mr. Folkers:

This letter confirms the Office of the State Treasurer's ("OST") receipt and review of the Port of Grays Harbor's (the "Port") tax increment financing ("TIF") project analysis, initially provided on February 28, 2023, with supplement materials provided on March 24, 2023. OST and PFM Financial Advisors LLC, the state's municipal advisor, have reviewed the provided materials. Based on our review, which is detailed in the sections to follow, we believe that the Port's project analysis, supported by the supplemental documents, generally addresses the topics listed in section 020(2) of RCW 39.114 (the "TIF Statute"). However, as we describe within this letter, certain aspects of the project analysis, such as the plan of finance and information surrounding the assumed timing on the private development within the project area are insufficiently described to provide stakeholders with a clear understanding of the project's risks and the information necessary to evaluate the project.

Please note, this review is based on the information, projections, and assumptions provided by the Port in the project analysis, or communications with the Port. OST has not independently verified the data or its accuracy or performed any feasibility analyses or projections of its own.

### **Executive Summary**

The purpose of the proposed tax increment area (the "TIA") is to fund a portion of the cost of expanding the Port's Terminal 4. The public improvements include rail upgrades, expansion of the Port's cargo yard, upgrades to the stormwater system, and replacing the current fendering system. These improvements will allow the Port to increase its export capacity. The need for the improvements is driven by an agreement with Ag Processing, Inc. ("AGP"), the largest soybean meal exporter in the United States, who has agreed in principle to the construction of a new, two-pit dump house and three-spout ship loader at the terminal, contingent on completion of the Port's infrastructure upgrades.

As described by the Port's project analysis, the cost for the public improvements is estimated to be \$46,850,000. Of this, up to \$10,000,000 is expected to be funded through the issuance of Limited Tax General Obligation ("LTGO") bonds, which will be backed by the full faith and credit of the Port. The Port did not provide a specific timeline as to when it intends to issue the bonds. The project timeline indicates work on the public improvements is expected to begin around the second quarter of 2024.

Should tax allocation revenues be insufficient to fully pay the debt service on the LTGO bonds, the full faith and credit pledge would require the Port to pay the remaining debt service due on the bonds from

the Port’s reserves and general revenues. The Port did not include a projected payment schedule for the debt, so no comparison of expected tax allocation revenues to debt service is considered in this report.

**Statutory Role and Purpose of Review**

As enacted by the 2021 Washington State Legislature, section RCW 39.114.020(7)(b) of the TIF Statute requires that prior to the adoption of an ordinance authorizing the creation of a TIA, the local government proposing the TIA must provide a project analysis to OST for review. OST is to complete its review within 90 days of receipt of the project analysis. Upon completing the review, OST must provide to the local government any comments regarding suggested revisions or enhancements to the project analysis that OST deems appropriate. OST received the first draft of the Port’s project analysis on February 28, 2023, with supplemental information provided by the Port to OST on March 24, 2023.

**Project Team**

<p><b>Jurisdiction:</b> Port of Grays Harbor</p>	<p><b>County:</b> Grays Harbor County</p>
<p><b>Project Title:</b> Terminal 4 Expansion</p>	<p><b>Redevelopment Area:</b> Port of Grays Harbor Terminal 4</p>
<p><b>Port of Grays Harbor:</b> Gary Nelson, Port Administrator Mike Folkers, Port Finance Director</p>	<p><b>Consultants:</b> Cynthia Weed, K&amp;L Gates, Bond Counsel Scott Bauer, NW Municipal Advisors, Financial Advisor Art Blauvelt, Ingram, Zelasko &amp; Goodwin, Legal Counsel Ken Albert, Grays Harbor County Treasurer</p>

**Proposed Tax Increment Area**

The boundary of the proposed TIA consists solely of the Port’s Terminal 4. Due to the land being whole owned by the Port, the current assessed valuation (“AV”) of the TIA in 2023 is \$0, so there are no concerns regarding the statutory limitation that limits a TIA to the lesser of \$200 million of AV or 20% of the Port’s total AV (\$12,050,602,701). It should be noted that HB 1527, which became effective on May 9, 2023, amended the original TIF statute to allow personal property to be included in tax increment calculations, allowing the Port, who will continue to lease the land to AGP to move forward with this project. According to the project analysis, the boundary represents a specific area that is expected to be developed by AGP as the result of the infrastructure improvements to be funded by the TIA.

Figure 1 – Map of Proposed Tax Increment Area



Source: Port of Grays Harbor

**Project Description**

*Public Improvements Within the TIA*

To encourage the anticipated private development in the TIA, the project analysis identifies four infrastructure improvement projects. The total cost of the public improvements is expected to be \$46,850,000. The table below provides a summary of the expected sources of funds for the public improvements.

Planned Source of Funds	Amount	Status of Funds
Port Infrastructure Development Program Grant	\$25,500,000	Grant secured Oct 2022
LTGO Bonds	\$10,000,000	<i>Pending</i>
State Capital Budget Request	\$7,000,000	\$3,500,000 appropriation in 2023-25 capital budget
Port of Grays Harbor Funds	\$2,850,000	
Grays Harbor County Economic Development Grant	\$1,500,000	<i>Pending</i>
<b>Total</b>	<b>\$46,850,000</b>	

OST notes that \$3.5 million of the \$7 million capital budget request was appropriated in the enacted 2023-2025 capital budget (Section 1025). It is unclear, based on the project analysis, if this presents a funding shortfall, and if so, how such a funding shortfall could be resolved.

Construction of the public improvements is expected to begin in the second quarter of 2024. The specific costs for each element of the public improvements were not provided by the Port. The public improvements are expected to be completed by the third quarter of 2025.

**1) Rail Upgrades and Improvements**

Construct 50,245 feet of new rail and storage tracks for parking hopper cars, a new rail bridge over Fry Creek, extension of an existing culvert, and road-rail crossing upgrades.

## 2) Cargo Yard Expansion

Installation of a secure entry gate, filling the casting basin area that was previously excavated, and grade and resurface the cargo yard site to accommodate expected business activities.

## 3) Stormwater

Construct access roads, storm drainage systems, security facilities, and associated improvements to facilitate the other upgrades, including the construction of stormwater collection and treatment system at Terminal 4.

## 4) Fendering System

Remove the existing timber-piled fender system and replace with a modern, suspended system.

**Figure 2 – Map of Public Improvements**



Source: Port of Grays Harbor

### *Private Development Within the TIA*

The public improvements to the Port's Terminal 4 are expected to facilitate AGP's construction of a new, two-pit dump house and three-spout ship loader. According to the Project Analysis, the cost of the private investment is expected to be \$123,000,000, which was used to estimate the expected AV of the private development, for the tax allocation revenue calculations. While the Port did not specify a timeline for the construction of the private development, it did provide an estimate for AGP operations to start up as early as the second quarter of 2025.

As the project is relatively narrow in scope, there were no alternative development scenarios provided. The project analysis did include a revenue projection that discusses an alternative timeline, which is discussed in the "Tax Allocation Revenue Projections" section below.

### Tax Allocation Revenue Projections

The base TIF scenario included in the project analysis indicates that the Port will begin receiving tax allocation revenues in 2024 (\$234,895), with the project reaching the expected full value of \$123,000,000 in 2025, bringing in \$481,535 in tax revenue. The base scenario projects 3% year-over-year AV growth, with annual revenue increasing to \$950,352 by 2048. The Port considered the 3% growth rate to be conservative, as they stated in the “Additional Information” provided to OST that “property values in Grays Harbor have been increasing by double digits.” No additional private development is assumed during the life of the TIA.

In the “Additional Information” provided to OST, the Port provided three alternative revenue projections: (1) Project Delay; (2) 2% Growth Rate; and (3) 2% Growth Rate & Delay. Scenarios 1 and 3 both assume a one-year delay while scenarios 2 and 3 have AV increasing at an average of 2% a year, rather than the 3% included in the base scenario. A full table including the four revenue scenarios is included in Appendix 1.

### Financing Plan

The Port anticipates issuing \$10 million of LTGO Bonds to finance a portion of the public improvements. LTGO Bonds are secured by the full faith and credit of the Port, including its property tax levy. In the “Additional Information” provided to OST, the Port stated they used an interest rate of 4% for planning purposes and assumed an ascending debt service structure, with principal amounts that are expected to increase uniformly with projected revenues. Also in the “Additional Information” responses, the Port affirmed that it is obligated to make debt service payments with available resources regardless of the status of and revenues generated by the project. However, the Port did not provide a projected amortization schedule to be used in comparison to projected tax allocation revenues, which is a critical component of a comprehensive plan of finance, and necessary for decision makers to appropriately evaluate the project.

### Debt Capacity

Based on the Port’s total 2023 AV of \$12,050,602,701, the Port has \$30,126,507 in total non-voted debt capacity (0.25% of 2023 AV). The Port currently has \$9,853,580 of outstanding non-voted LTGO debt, leaving sufficient net non-voted debt capacity of \$20,272,972 remaining before the proposed \$10,000,000 financing.

**Table 2 – Debt Capacity**

2023 Assessed Valuation for 2023 Collections	\$12,050,602,701
Non-Voted Debt Capacity (0.25% of AV)	30,126,507
Less: Outstanding Non-Voted Debt	(9,853,580)
Remaining Non-Voted Debt Capacity	20,272,972
Less: Proposed Financing	(10,000,000)
<b>Projected Remaining Non-Voted Capacity</b>	<b>\$10,272,972</b>
<b>Projected Remaining Non-Voted Capacity %</b>	<b>34.1%</b>

Source: Port of Grays Harbor

While the amount of proposed debt is well within the Port's legal debt limit, assuming the TIF related LTGO bonds are issued, only 34.1% of non-voted debt capacity would remain (\$10.3 million). This would limit the Port's ability to issue additional LTGO debt in the short term if an immediate capital need were to materialize.

### **Projected Debt Service Coverage**

The Port did not provide a projected debt service schedule, so OST is unable to assess the projected coverage that tax allocation revenues will provide. In the Revenue Bond Debt Service Coverage table included in Appendix F of the project analysis, the Port included a line item for TIF Debt Service in the amount of \$640,120 for FY 2023. The table did not provide projected debt service for the years after 2023. OST notes that projected tax allocation revenues do not appear to be sufficient to meet the 2023 debt service amount of \$640,120 until 2035. Given the apparent tax allocation revenue shortfall, its essential that stakeholders be provided with a projected debt service schedule to allow them to appropriately evaluate this project.

### **Port of Grays Harbor Financials**

The Port's project analysis contained a consolidated income statement that detailed revenues and expenses over a 5-year period. The operating income of the Port from 2018 through 2021 was positive, with operating income before depreciation ranging from \$2.5 million to \$4.5 million. The Port's 2022 financials show an operating loss of \$457,367. The 2023 budget indicates an expected surplus of \$1.6 million before depreciation. The Port did not provide information on its unrestricted balances in the project analysis, which is necessary information for decision makers to appropriately evaluate the project.

The Port's property tax revenues have marginally increased year-over-year from \$2.5 million in 2018 to \$2.9 million in 2022. According to the most recent 2021 audit, the Port has three outstanding series of LTGO Bonds issued through a direct bank placement. LTGO Debt Service for 2022 was indicated to be approximately \$1.5 million, well within the \$2.9 million collected in property taxes. A copy of their income statement is included in Appendix 2.

The Port has not indicated whether it has any plans to issue additional debt.

### **Risk Summary**

From our review of the project analysis, it appears that the project will provide significant benefit to the Port and region. Nonetheless, the project comes with certain risks, primarily related to the cost and timeline for the public improvements, the timeline and assessed value of the private development, and the sufficiency of tax allocation revenues to repay the LTGO bonds that the Port expects to issue to finance a portion of the public infrastructure improvements.

Further information is essential for decision makers to evaluate the costs and benefits of the project. The lack of an estimated debt service schedule in comparison to projected tax allocation revenues in the project analysis prevents stakeholders from being able to appropriately analyze the risk of projected tax allocation revenues being unable to meet debt service costs. Likewise, the project analysis does not include information on the Port's unrestricted balances, which could be an important part of remedying any shortfalls in tax allocation revenues. As the Port is obligated to make debt service payments with

available resources regardless of the status of and revenues generated by the project, it is important for stakeholders to be aware of any potential shortfalls in revenues.

Additional factors that could impact tax allocation revenues are described below:

*Project Costs:* The Port's project analysis notes that while current cost estimates for the public improvements equal \$46.85 million, costs could rise to \$55 million due to inflation. It is unclear what resources would be available for such an escalation in costs.

*Private Development Value:* The project analysis assumes the value of the private development is equal to \$123 million. Given the expected tax allocation revenues to be produced in the TIA are 100% reliant on this development, future revenues are very sensitive to the actual assessed value of AGP's leasehold development. The Port notes that changes to AGP's business plan could impact the amount of tax allocation revenues that could be collected.

*Economic Conditions:* Tax allocation revenues could be negatively impacted by a downturn in the economy. The Port identified renewable fuel standards and tariffs as outside economic influences that could impact the assumptions used in the analysis.

*Construction and Assessment Timing:* The revenue projections provided by the Port indicate that AGP's project will be fully reflected on tax rolls in 2025. However, the project timeline shows AGP operations starting in the second quarter of 2025. Given 2025 assessed value will be calculated in 2024, we are concerned that the full value of the project will not be realized if the private development is not completed at the time of assessment. This could be compounded by any delays to construction. The Port noted specifically that the supply of steel or other American made products may cause a delay in construction.

*Interest Rate Risk:* The Port is exposed to interest rate risk until its bonds are sold. Per responses to OST's questions, the Port indicated that a 4.0% interest rate for the LTGO Bonds was used in their preliminary analysis, with no indication of the basis for this assumption. Changing market conditions as well as potential private activity considerations could potentially result in higher interest rates.

The general impact to the Port from any of the risk factors outlined above could be reduced tax allocation revenues and a greater reliance on its current tax levy and other available resources to pay debt service on the LTGO bonds issued to fund the public improvements in the TIA. Using general fund revenues or reserves to pay a portion of the LTGO bonds, would of course reduce the Port's ability to allocate those funds to other projects or operations. Further, the Port's proposed ascending debt service structure essentially raises the bar each year, making recovery from any structural deficit even more difficult.

### **Suggested Corrections and Considerations**

For the purpose of accurately providing information to stakeholders, we suggest the following updates to the Port's project analysis:

1. The Port should update its project analysis to include a complete amortization schedule for its proposed LTGO bonds, and a comparison of estimated debt service to projected tax allocation revenues. The comparison should clearly identify any tax allocation revenue shortfalls and include a sensitivity analysis for each of the Port's three revenue scenarios. A further explanation of the

Port's financing assumptions, including private activity implications for its bonds, if any, would be helpful to identify specific risks associated with the Port's plan of finance.

2. The Port should update its project analysis to include a discussion of its unrestricted balances and how they might be used to offset any tax allocation revenue shortfalls.
3. The Port should update its project analysis to include a discussion of how any cost increases or funding shortfalls related to the public improvements could be resolved.
4. The Port should update its project analysis to include the expected construction timeline for the private development.

### **Recommendations for the TIF Project**

The Port of Grays Harbor's Terminal 4 project is a significant investment to Port facilities, which will bring new jobs and stimulate economic growth in the region. To help ensure the financial success of the project and to minimize risk, we provide the following recommendations:

1. As the project moves forward, coordinate closely with the Grays Harbor County Assessor's Office to ensure that the Port's tax allocation revenue projections match the County's assessment process and timelines, and are as realistic as possible.
2. Clearly quantify and discuss with stakeholders how much risk exposure is appropriate for Port to take on for this project and how much potential debt service costs it is willing to cover.
3. We recommend that the Port budget for and set aside funds to cover any potential tax allocation revenue shortfalls.
4. Prior to approving the TIA, we recommend that the Port coordinate closely with other taxing districts impacted by the project, and the County Assessor's office, to ensure that all parties have an accurate understanding of how the TIA will impact each taxing district's property tax revenues.
5. The Port's interest rate assumptions may be too low, especially given current market conditions. We recommend that the Port consider using more conservative interest rate assumptions, especially if bond counsel suggests there may be associated private activity.
6. We recommend the Port revisit the public improvement cost projections frequently and utilizes a publicly recognized inflation index to inform inflation projections. We also recommend stakeholders are updated on the status of project funding and the resources available for any shortfalls.
7. We recommend the Port consider the Project delay scenario as the base tax allocation revenue scenario. Property taxes are calculated from the AV in the preceding fiscal year for taxes payable in the current year. It appears that the base scenario assumes that the private development would be completed by the time of assessment in 2024, with full revenue reflected in 2025. Given that operations of AGP are not expected to begin until the middle of 2025, it would seem more likely that the full value of the private development will not be captured until the 2025 assessment for the 2026 tax year.



Thank you for the opportunity to review the Port's TIA project analysis. Based upon the information provided to date in connection with this project, this concludes our review. If there are material changes in the project's scope, timing, cost, or plan of finance, please let us know.

We wish the Port all the best with the project.

Respectfully,

Mike Pellicciotti  
Washington State Treasurer

A handwritten signature in black ink, appearing to be 'JR' with a long horizontal line extending to the right.

Jason Richter  
Deputy Treasurer

**Appendix 1 –Tax Allocation Revenue Projections**

Base TIF Revenue				Project Delay		2% Growth Rate		2% Growth Rate & Delay	
No.	Year	AV	Revenue	AV	Revenue	AV	Revenue	AV	Revenue
1	2024	\$60,000,000	\$234,895	0	\$0	\$60,000,000	\$234,895	\$0	\$0
2	2025	\$123,000,000	\$481,535	\$60,000,000	\$234,895	\$123,000,000	\$481,535	\$60,000,000	\$234,895
3	2026	\$126,690,000	\$495,981	\$123,000,000	\$481,535	\$125,460,000	\$491,166	\$123,000,000	\$481,535
4	2027	\$130,490,700	\$510,861	\$126,690,000	\$495,981	\$127,969,200	\$500,989	\$125,460,000	\$491,166
5	2028	\$134,405,421	\$526,187	\$130,490,700	\$510,861	\$130,528,584	\$511,009	\$127,969,200	\$500,989
6	2029	\$138,437,584	\$541,972	\$134,405,421	\$526,187	\$133,139,156	\$521,229	\$130,528,584	\$511,009
7	2030	\$142,590,711	\$558,232	\$138,437,584	\$541,972	\$135,801,939	\$531,654	\$133,139,156	\$521,229
8	2031	\$146,868,432	\$574,978	\$142,590,711	\$558,232	\$138,517,978	\$542,287	\$135,801,939	\$531,654
9	2032	\$151,274,485	\$592,228	\$146,868,432	\$574,978	\$141,288,337	\$553,133	\$138,517,978	\$542,287
10	2033	\$155,812,720	\$609,995	\$151,274,485	\$592,228	\$144,114,104	\$564,195	\$141,288,337	\$553,133
11	2034	\$160,487,102	\$628,295	\$155,812,720	\$609,995	\$146,996,386	\$575,479	\$144,114,104	\$564,195
12	2035	\$165,301,715	\$647,143	\$160,487,102	\$628,295	\$149,936,314	\$586,989	\$146,996,386	\$575,479
13	2036	\$170,260,766	\$666,558	\$165,301,715	\$647,143	\$152,935,040	\$598,729	\$149,936,314	\$586,989
14	2037	\$175,368,589	\$686,554	\$170,260,766	\$666,558	\$155,993,741	\$610,703	\$152,935,040	\$598,729
15	2038	\$180,629,647	\$707,151	\$175,368,589	\$686,554	\$159,113,616	\$622,917	\$155,993,741	\$610,703
16	2039	\$186,048,536	\$728,366	\$180,629,647	\$707,151	\$162,295,888	\$635,376	\$159,113,616	\$622,917
17	2040	\$191,629,992	\$750,216	\$186,048,536	\$728,366	\$165,541,806	\$648,083	\$162,295,888	\$635,376
18	2041	\$197,378,892	\$772,723	\$191,629,992	\$750,216	\$168,852,642	\$661,045	\$165,541,806	\$648,083
19	2042	\$203,300,259	\$795,905	\$197,378,892	\$772,723	\$172,229,695	\$674,266	\$168,852,642	\$661,045
20	2043	\$209,399,267	\$819,782	\$203,300,259	\$795,905	\$175,674,288	\$687,751	\$172,229,695	\$674,266
21	2044	\$215,681,245	\$844,375	\$209,399,267	\$819,782	\$179,187,774	\$701,506	\$175,674,288	\$687,751
22	2045	\$222,151,682	\$869,707	\$215,681,245	\$844,375	\$182,771,530	\$715,536	\$179,187,774	\$701,506
23	2046	\$228,816,232	\$895,798	\$222,151,682	\$869,707	\$186,426,960	\$729,847	\$182,771,530	\$715,536
24	2047	\$235,680,719	\$922,672	\$228,816,232	\$895,798	\$190,155,500	\$744,444	\$186,426,960	\$729,847
25	2048	\$242,751,141	\$950,352	\$235,680,719	\$922,672	\$193,958,609	\$759,333	\$190,155,500	\$744,444
		Total	\$16,812,460	Total	\$15,862,108	Total	\$14,884,100	Total	\$14,124,767

Source: Port of Grays Harbor

## Appendix 2 –Port Income Statement

**Port of Grays Harbor  
Consolidated Income Statement**

	Actual YTD 2022	Actual YTD 2021	Actual YTD 2020	Actual YTD 2019	Actual YTD 2018
<b>OPERATING REVENUES</b>					
<b>INDUSTRIAL PROPERTIES</b>					
Lease Revenue	3,044,033	2,951,900	3,313,564	2,984,629	2,856,831
Utilities Billed	-	40	10	0	0
Misc Revenues	5,385	5,216	2,971	2,249	4,643
Total Industrial Properties Revenues	3,049,418	2,957,155	3,316,545	2,986,878	2,861,474
<b>BOWERMAN AIRPORT</b>					
Lease Revenue	48,537	50,877	50,155	49,544	48,041
Jet Fuel	160,696	148,710	75,293	39,796	60,381
Operating Grants	59,000	25,267	66,733	0	229
Misc Revenues	14	14	0	55	
Total Bowerman Airport Revenues	268,247	224,868	192,181	89,395	108,651
<b>SATSOP BUSINESS PARK</b>					
Lease Revenue	1,090,857	889,319	790,946	863,504	1,566,074
Facility Use Fees (Short Term)	1,200	750	94,600	109,910	102,390
Industrial Water Rights	574,397	539,340	528,246	516,875	501,334
Telecom	117,016	109,164	108,120	230,011	237,182
Equipment Rentals	-	-	0	0	0
Potable Water Sales & Services	26,076	21,303	18,645	16,838	16,859
Wastewater Sales & Services	17,974	14,515	11,744	11,518	12,470
Utilities Billed	7,139	6,048	9,322	14,709	19,827
Operating Grants	14,000	-	0	0	0
Asset Sales	66,302	87,374	20,590	10,139	67,298
Timber Sales	206,058	213,912	145,490	209,299	176,932
Misc Revenues	163	609,072	422	1,970	4,497
Total Satsop Park Revenues	2,121,181	2,490,797	1,728,125	1,984,773	2,704,863
<b>WESTPORT MARINA</b>					
Lease Revenue	65,984	57,187	55,683	54,403	50,691
Moorage-Annual	669,410	666,602	644,038	626,644	605,514
Moorage-Transient	485,768	410,179	315,087	266,500	261,405
Equipment Rentals	747	747	1,245	75	0
Ramp Use Fees	46,985	43,094	37,660	30,915	30,965
Utilities Billed	210,483	204,992	183,887	164,911	157,643
Operating Grants	59,940	1,873	0	23,011	141,255
Misc Revenues	14,571	13,091	26,611	8,430	2,520
Total Westport Marina Revenues	1,553,887	1,397,764	1,264,211	1,174,889	1,249,993
<b>MARINE TERMINALS</b>					
Dockage	3,074,352	3,047,070	3,277,066	3,251,179	3,092,820
Handling	6,597,337	6,980,780	8,570,146	7,779,767	7,215,605
Man-Hour Labor	4,850,298	2,593,674	1,633,300	1,832,025	1,518,591
Standby/OT Labor	491,735	333,080	287,938	50,968	52,082
Lease Revenue	32,687	134,829	46,592	32,773	31,668
Service/Facility	3,957,486	4,196,747	5,611,561	5,232,661	4,954,555
Gate	-	834	14,489	3,701	0
Storage	-	-	142,405	1,030,891	2,017,396
Wharfage	2,463,688	2,538,797	3,370,876	3,381,531	3,224,046
Security	313,100	283,800	314,160	376,660	391,680
Bark Disposal	8,511	8,849	9,883	15,856	43,102
Equipment Rentals	9,207	72,387	2,658	8,371	1,008
Utilities Billed	2,772	1,955	2,874	1,923	2,063

**Port of Grays Harbor  
Consolidated Income Statement**

	Actual YTD 2022	Actual YTD 2021	Actual YTD 2020	Actual YTD 2019	Actual YTD 2018
Operating Grants	-	48,064	1,749	0	0
Misc Revenues	1,344,482	1,064,481	1,133,802	1,100,906	893,362
Total Marine Terminal Revenues	23,145,656	21,305,344	24,419,499	24,099,212	23,437,978
<b>PILOTAGE &amp; SHIP ASSIST SERVICES</b>					
Pilotage Services	1,108,096	1,147,911	1,419,552	1,375,183	1,761,915
Pilot Boat Surcharge	57,150	55,350	48,600	0	0
Ship Assist Services	2,397,975	1,807,983	1,942,533	1,960,080	2,732,416
Equipment Rentals	-	-	20	0	0
Misc Revenues	280	292	120	1,216	2,343
Total Pilotage & Ship Assist Revenues	3,563,501	3,011,535	3,410,825	3,336,479	4,496,674
<b>FRIENDS LANDING</b>					
Ramp Use Fees	740	314	551	620	358
Campground Use Fees	115,554	132,996	87,814	82,612	72,594
Operating Grants	5,000	4,000	4,000	3,000	3,000
Misc Revenues	62	77	0	24	91
Total Friends Landing Revenues	121,355	137,387	92,365	86,256	76,043
<b>OTHER OPERATING REVENUE</b>					
Operating Grants	23,354	53,882	0	0	0
Total Other Operating Revenues	23,354	53,882	0	0	0
<b>TOTAL OPERATING REVENUES</b>	<b>33,846,598</b>	<b>31,578,733</b>	<b>34,423,751</b>	<b>33,757,882</b>	<b>34,935,676</b>
<b>OPERATING EXPENSES</b>					
<b>Personnel</b>					
PGH Regular Wages	3,403,353	2,972,049	3,198,260	3,327,309	3,232,205
PGH Overtime Wages	114,634	96,452	54,079	87,530	91,466
PGH Benefits	1,951,505	213,712	2,379,944	1,623,726	2,159,812
Total Personnel	5,469,492	3,282,214	5,632,283	5,038,565	5,483,483
<b>Facilities Maintenance Labor</b>					
PGH Regular Wages	729,276	757,045	855,749	765,969	607,415
PGH Overtime Wages	377,339	361,157	347,331	324,476	255,844
PGH Benefits	476,358	510,576	849,427	591,705	541,293
Maint Dept OH Alloc	-	-	-	-	-
Total Maintenance Personnel	1,582,973	1,628,779	2,052,507	1,682,150	1,404,552
<b>Contract Labor</b>					
ILWU Regular Wages	3,331,217	3,060,553	3,732,547	3,404,117	3,300,121
ILWU Overtime Wages	2,298,199	1,982,245	2,513,221	2,230,740	2,028,074
ILWU Benefits	3,048,577	2,905,633	3,493,177	3,317,860	3,074,930
Total Contract Labor	8,677,993	7,948,430	9,738,945	8,952,717	8,403,125
<b>Purchased Services</b>					
Acctg/Audit/Fnancial Servs.	66,202	34,870	59,457	55,400	40,882
Advertising	40,140	35,273	42,130	57,711	62,412
Appraisals/Surveys	24,637	12,488	36,331	35,844	34,385
Computer Services	30,575	44,950	18,225	17,156	22,976
Contract Cleaning	20,727	3,960	0	0	-
Dredging	889,683	575,633	805,347	478,065	1,492,539
Economic Development	42,506	42,506	42,362	37,392	46,269
Engineering Services	175,948	271,459	161,988	69,155	100,486
Field Mowing	60,560	55,659	58,926	13,414	30,017
Fire Protection Services	137,867	153,101	121,749	123,150	118,986
Freight/Transportation	-	1,546	0	0	515

**Port of Grays Harbor  
Consolidated Income Statement**

	Actual YTD 2022	Actual YTD 2021	Actual YTD 2020	Actual YTD 2019	Actual YTD 2018
Groundskeeping	168,399	152,936	177,723	145,789	136,256
Insurance	1,322,794	1,108,244	970,938	844,161	750,325
Janitorial	103,607	107,624	106,544	82,421	77,175
Laundry	5,389	4,962	5,751	5,808	5,530
Legal	171,404	145,328	135,075	189,531	196,633
Consulting Services	267,814	173,128	111,889	344,510	678,067
Personnel Services	136,378	116,766	129,650	117,372	101,574
Management Services	-	-	2,625	0	-
Printing/Maps/Photos	16,674	16,238	10,384	17,702	26,006
Promotional Items	1,581	3,476	6,074	7,360	23,615
Equipment Rentals	72,803	101,298	132,477	28,366	36,679
Facility Rentals	28,044	25,710	9,915	6,428	117,136
Outside Repair/Maint. - Equipment	301,395	632,487	236,726	264,993	367,926
Outside Repair/Maint. - Facilities	1,654,430	698,551	708,520	1,053,459	496,032
Outside Security Services	148,387	99,503	92,910	91,327	87,608
Sounding	-	-	0	0	-
Yardwaste Disposal	101,102	44,235	19,333	37,831	24,965
Pilot Launch Services	401,991	414,252	465,056	404,227	460,905
Ship Assist Services	2,326,719	1,918,349	1,804,973	1,916,513	2,664,102
Rail Services	740,127	685,941	940,055	950,282	821,145
Stevedoring Services	6,334,914	5,014,484	4,470,368	4,785,042	4,476,703
Other Purchased Services	234,421	230,179	183,018	250,020	366,007
Total Purchased Services	16,027,218	12,925,136	12,066,519	12,431,083	13,866,358
<b>Utilities</b>					
Electricity	863,633	941,002	799,268	932,934	833,153
Garbage/Sanitation	142,766	156,175	132,970	156,889	160,157
Heating Fuels	42,846	31,059	24,785	21,539	23,381
Telephone	57,604	59,473	62,119	67,218	71,402
Water/Sewer/Animal Control	178,565	159,716	155,727	156,008	112,383
Other Utilities	660	656	660	660	660
Total Utilities	1,286,074	1,348,080	1,175,527	1,335,247	1,201,136
<b>Supplies</b>					
Office Supplies	42,725	37,843	59,324	47,042	69,528
Operating Supplies	404,167	236,974	194,199	202,102	310,094
Aircraft Fuel	139,364	132,547	65,562	36,987	46,967
Repair/Maint. Supplies	509,379	570,247	541,175	467,835	559,023
Small Tools/Equipment	134,488	90,800	84,925	112,256	71,951
Retail Sales Items	1,741	855	1,166	2,377	932
Total Supplies	1,231,864	1,069,265	946,351	868,599	1,058,495
<b>General / Administration</b>					
Bad Debts	(13,318)	20,707	59,497	(16,026)	18,396
Cash (Over)/Short	262	24	(8)	(13)	4
Dues/Memberships	94,988	97,476	101,678	110,018	87,271
Miscellaneous	59,559	41,073	32,178	33,318	26,681
Operational Permits	19,862	30,376	48,300	41,556	31,981
Promotional Hosting	200	164	1,683	3,009	4,180
Subscriptions	2,067	2,629	1,118	2,887	3,995
Taxes	145,178	146,381	148,539	147,854	170,484
Travel, Lodging, Meals	110,286	57,993	48,461	141,627	107,093
Seminars/Confs./Training	37,226	26,544	18,998	52,496	23,395

**Port of Grays Harbor  
Consolidated Income Statement**

	Actual YTD 2022	Actual YTD 2021	Actual YTD 2020	Actual YTD 2019	Actual YTD 2018
Uninsured Loss/Damages	(2,533)	(1,202,940)	183,596	32,479	(147,923)
Total General/Admin.	453,777	(779,572)	644,040	549,205	325,557
Allocated G&A / Public Fac.					
Allocate G&A	(335,977)	(293,295)	(272,835)	(351,840)	(234,931)
Allocate Public Facilities	(89,450)	(79,034)	(94,983)	(94,399)	(90,572)
Total alloc. GA/Public Fac.	(425,427)	(372,329)	(367,818)	(446,238)	(325,504)
TOTAL GENL/ADMIN	28,350	(1,151,901)	276,222	102,966	53
<b>TOTAL OPERATING EXPENSES</b>	<b>34,303,964</b>	<b>27,050,004</b>	<b>31,888,355</b>	<b>30,411,328</b>	<b>31,417,201</b>
<b>OPERATING INCOME (LOSS) BEFORE DEPRECIATION</b>	<b>(457,367)</b>	<b>4,528,729</b>	<b>2,535,396</b>	<b>3,346,554</b>	<b>3,518,475</b>
<b>DEPRECIATION EXPENSE</b>					
Direct Depreciation	(5,921,259)	(5,834,071)	(5,923,244)	(6,134,434)	(6,423,450)
Allocated Depreciation	190,143	190,141	190,181	190,138	105,287
<b>TOTAL DEPRECIATION EXPENSE</b>	<b>(5,731,116)</b>	<b>(5,643,931)</b>	<b>(5,733,063)</b>	<b>(5,944,296)</b>	<b>(6,318,163)</b>
<b>OPERATING INCOME (LOSS) AFTER DEPRECIATION</b>	<b>(6,188,483)</b>	<b>(1,115,201)</b>	<b>(3,197,667)</b>	<b>(2,597,742)</b>	<b>(2,799,688)</b>
<b>NON-OPERATING REVENUES &amp; EXPENSES</b>					
Non-Operating Revenues					
Property Tax Revenues	2,884,722	2,796,854	2,746,165	2,669,453	2,531,939
Timber Taxes	838,183	547,274	547,160	608,896	568,026
Leasehold Excise Taxes	18,833	17,920	16,476	17,253	16,781
Other Taxes	3,330	3,712	5,869	4,707	2,370
Investment Interest	487,010	39,052	182,906	559,484	428,166
Other Interest	44,139	47,970	53,254	58,638	66,047
Scrap Sales	6,991	14,247	876	1,661	7,394
Gain (Loss) on Fixed Asset Dispos.	17,932	454	19,982	(513,502)	969
Collection Fees/Penalties	835	350	(739)	2,789	2,260
Other Non-Operating Revenues	108,403	235,029	157,918	205,425	79,770
Grants for Construction	1,702,672	656,640	1,397,441	5,549,984	1,761,628
Total Non-Operating Revenues	6,113,049	4,359,502	5,127,307	9,164,789	5,465,349
Non-Operating Expenses					
Amortization of Bond Debt Cost	-	35,477	4,674	4,674	4,674
Election Costs	-	23,809	-	12,978	-
Fisheries/Public Facilities	279,594	269,175	285,164	284,536	196,410
Interest Expense	224,378	408,635	598,207	742,275	529,354
Investment Expense	1,696	46,614	33,776	1,501	1,551
Other Non-Operating Expenses	111,462	1,938,921	181,919	810,424	549,438
Total Non-Operating Expenses	617,129	2,722,632	1,103,741	1,856,388	1,281,427
<b>NON-OPERATING INCOME</b>	<b>5,495,920</b>	<b>1,636,871</b>	<b>4,023,567</b>	<b>7,308,401</b>	<b>4,183,922</b>
<b>NET INCOME (LOSS)</b>	<b>(692,563)</b>	<b>521,669</b>	<b>825,900</b>	<b>4,710,659</b>	<b>1,384,233</b>

Source: Port of Grays Harbor