



2009 BUDGET

PORT OF PORT ANGELES

2009

FINAL BUDGET

COMMISSIONER JOHN M. CALHOUN



Commissioner Calhoun has been a member of the Port Commission since January 2004 and represents the western part of the Port district. He has a Bachelor of Science degree in Forest Management from the University of California at Humboldt. With nearly three decades of experience at the State Department of Natural Resources and another decade with the University of Washington as Director of the Olympic Natural Resources Center, Mr. Calhoun has long been active in state and regional natural resource policy issues. He is especially interested in rural economic development and enjoys local volunteer work. Mr. Calhoun lives in Forks with his wife Judy.

COMMISSIONER GEORGE H. SCHOENFELDT

Commissioner George Schoenfeldt has served on the Port Commission since January 2006 and represents the central area of the Port District. George has been a lifetime resident of Clallam County and has lived in all 3 Port Districts. George had owned and operated a successful logging and land development company for over 25 years. He was also the Joint Dispatcher for the Pacific Maritime Association & International Longshore and Warehouse Union for 21 years, before retiring from that position in 2005. George resides in Port Angeles with his wife Ellen.



COMMISSIONER JAMES McENTIRE



Jim McEntire represents District 1 (east) and has served as a Port Commissioner since January 2008. He is twice retired – the first time after 32 years in the U.S. Coast Guard, retiring in the grade of Captain, and again from the Federal Senior Executive Service after an additional 6 years of civilian service in the Departments of Transportation, Labor, and Homeland Security. Jim commanded three ships and has long experience in program planning, budget preparation, agency strategic planning, and business transformation. He holds a Bachelor's of Science degree from the U.S. Coast Guard Academy, a Master's of Public Administration degree from George Washington University and was the first Coast Guard member of the Secretary of Defense Strategic Studies Group. He and his wife Sherry live in Sequim.

ROBERT E. McCHESNEY, EXECUTIVE DIRECTOR

Robert McChesney was appointed Executive Director in August 2004. Previously he worked for the Port of Everett where he served as Director of Properties and Development and Project Manager for the North Marina Redevelopment. Mr. McChesney also served as Assistant to the Executive Director at the Port of Longview. He holds a Master's Degree in Marine Affairs (MMA) and a Bachelor's Degree in Political Science, both from the University of Washington. He is a certified Professional Port Manager (PPM) from the American Association of Port Authorities and serves on the Maritime Economic Development Committee. Mr. McChesney is active in the Washington Public Ports Association.



BOARD OF PORT COMMISSIONERS

JOHN M. CALHOUN, PRESIDENT

Term Expires 2009

GEORGE H. SCHOENFELDT, VICE PRESIDENT

Term Expires 2011

JIM McENTIRE, SECRETARY

Term Expires 2013

PORT MANAGEMENT STAFF

Executive Director.....ROBERT E. McCHESNEY

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SECTION I

EXECUTIVE DIRECTOR SUMMARY

BUDGET MESSAGE

TO: BOARD OF PORT COMMISSIONERS
PORT OF PORT ANGELES

FROM: ROBERT McCHESNEY, EXECUTIVE DIRECTOR

It is with pleasure the 2009 Budget for the Port of Port Angeles is forwarded to you. This budget provides a management plan for the forthcoming year, an operating budget to meet the goals, objectives and strategies established by the Board, the strategic and capital budget for 2009, and the outline for a 5-year improvement plan.

This document provides the guidance for both the Port's short-term and long-term plans for utilization of its limited resources. The 2009 budget estimates gross revenues of \$6,597,750, expenses of \$6,592,300 and capital expenditures of \$2,275,000.

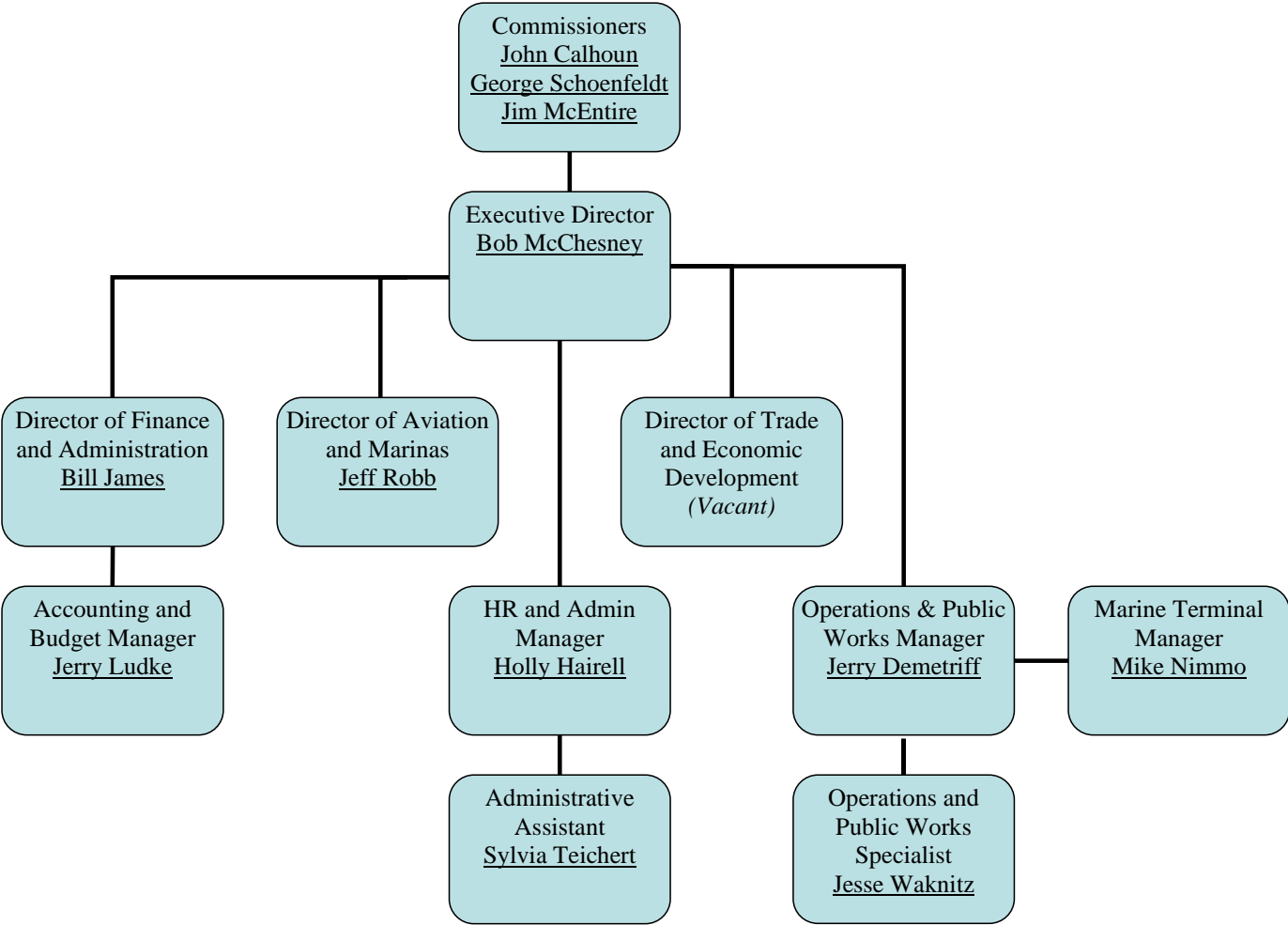
The Port by direction of the Board of Commissioners continues to maintain reserves and a good financial position. The Port continues to serve the Citizens of Clallam County by focusing on the goals and objectives established by the Board of Commissioners.

MISSION STATEMENT

The Port of Port Angeles is a public enterprise organization committed to serving the citizens of Clallam County in the following ways:

- The Port is a provider and developer of facilities and services required to support waterborne and airborne transportation and commerce.
- Port policies and management are directed to achieve a high standard of professionalism and leadership in the Community by forming partnerships for the purpose of expanding economic development opportunities and sustainable family wage jobs.
- The Port is guided by the public trust in matters of fiduciary and environmental stewardship.
- The Port will demonstrate technical proficiency in planning and promotion of industrial, commercial, and recreational opportunities in a manner that will enhance the quality of life within the Port District.

PORT OF PORT ANGELES
ORGANIZATIONAL CHART



SECTION II

STRATEGIC PLAN

STRATEGIC PLAN

2009 – 2013

Our Vision:

“To become the recognized leader of economic development in Clallam County.”

The Strategic Goals of the Port of Port Angeles

The Port has identified several strategic goals that reach beyond a single department and may require Port-wide actions and efforts for success. Work on these goals is expected to expand beyond 2013. These goals reflect our core values, support our mission and help us realize our visions:

- Promote economic growth
- Avoid duplication of effort
- Give priority to projects that are uniquely Port-related
- Recognize stewardship responsibility with respect to transportation
- Be a leader in industrial development and zoning
- Encourage public and private partnerships to develop infrastructure
- Utilize assets and financing to achieve economic development goals
- Practice sound environmental stewardship

The Strategic Projects of the Port of Port Angeles

The Port Commission has identified 22 strategic projects that are vital for future economic growth and job creation in Clallam County and flow naturally from the Port’s strategic goals.

Summarized on pages II – 2 and 3, these strategic projects compete with other desired capital and major maintenance projects for the limited funds available to the Port (based on criteria such as job growth, safety and rate of return). While many strategic projects will be funded in 2009, others will remain on the “drawing board” until funding and resources are available.

The Strategic Projects of the Port of Port Angeles

Strategic Project	Cost	Funding Source
Airport Industrial Complex West Development (Phase III)	\$365,000	
Airport Industrial Park Flex Space Building	250,000	
Bio Mass Facility Phase II	TBD	
Cargo Berth, Crane and Equipment (T5) with Access Road	1,050,000	
Edgewood Drive Industrial Park Infrastructure	20,000	
Enhance Ship Repair Facilities (T1/T3/NOAA)	250,000	
FIA Intergovernmental Public Safety Building	TBD	
FIA New Airport Passenger Terminal	TBD	
FIA Sewer Development and Corporate Hangars	450,000	
Forks Motor Sports Park	25,000	
JWM Fishing Pier	TBD	
JWM Float Improvements, Planning and Permitting	100,000	
JWM Mooring Buoys	TBD	
JWM Upland Development	TBD	
PA Harborworks	200,000	
PA Mid-Harbor Shore Power to Mooring Buoys	TBD	
PABH Upland Development (Central WF MP)	200,000	
PABH West Moorage Redevelopment (Phase III)	TBD	
Purchase Property - Waterfront or Industrial	1,000,000	
Shooting Sports Park/Sequim Performing Arts Center	TBD	
Transfer Sekiu Runway Ownership	TBD	
Workforce Housing in Carlsborg UGA	TBD	

For the complete Port capital budget, see pages V-1 through V-10

STRATEGIC PROJECTS (22) SUMMARY Total Cost: \$30 million +

Rating / Project	2009				2010				2011				2012				2013				2014+			
	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
2 AIC W. Dev. (Phase III)					—————▶																			
2 AIP Flex Space Bldg.					—————▶																			
2 Bio Mass Facility					—————▶																			
1 Cargo Berth/Eqpt (T5)	—————▶																							
3 Edgewood Dr. Ind. Park					—————▶																			
1 Enhance Ship Rep. (T3/T1)					—————▶																			
3 FIA Public Safety Bldg.					—————▶																			
4 FIA New Airport Terminal																					—————▶			
2 FIA Sewer/Corp. Hangars					—————▶																			
2 Forks Motor Sports Park					—————▶																			
2, 4 JWM Fishing Pier					—————▶																			
2, 4 JWM Float Imp.	—————▶																							
3 JWM Mooring Buoys					—————▶																			
3 JWM Upland Dev.					—————▶																			
1 PABH (Phase 1) (complete)	—————▶																							
1 PA Harborworks	—————▶																							
3 PA Power to Buoys					—————▶																			
2 PABH Upland Dev.					—————▶																			
4 PABH W. Moorage Red.																					—————▶			
3 Purchase Property					—————▶																			
3 Shoot Park/Arts Center					—————▶																			
2 Transfer Sekiu Airport					—————▶																			
3 Workforce Housing					—————▶																			

Issues: \$ come in gradually, lack of manpower, 10 yr capital projects for additional \$10.4 million not included

SECTION III

BUDGET OVERVIEW

TOTAL FUNDS AVAILABLE

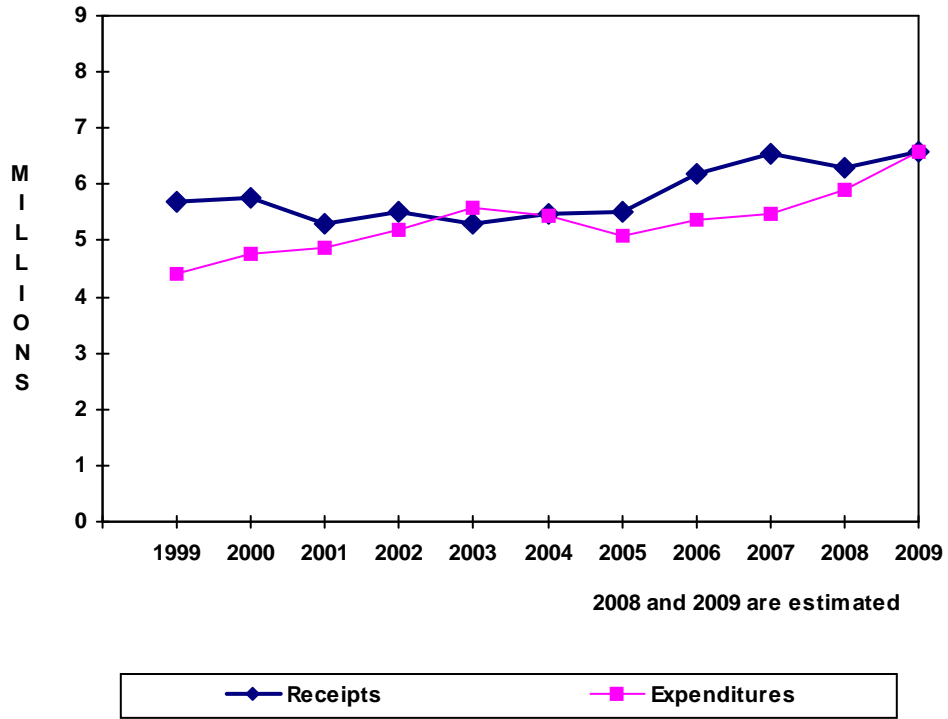
TOTAL FUNDS AVAILABLE IS A SUMMARY OF ALL CASH AND INVESTMENTS HELD BY THE PORT

	GENERAL FUND	CAPITAL IMPR.	G.O. DEBT SERVICE	TOTAL FUNDS
BALANCE, JANUARY 1, 2009	5,500,000	9,000,000	750,000	15,250,000
OPERATING RECEIPTS (1)	6,597,750			
OPERATING EXPENDITURES (2)	(6,592,300)			
OPERATING SURPLUS	5,450			5,450
OPS TRANSFER TO CAPITAL IMPROVEMENT	(5,450)	5,450		0
GENERAL TAX LEVY			1,304,813	1,304,813
TRANSFER TO CAP. IMPR. - DEBT SERVICE REDUCTION		550,000	(550,000)	0
TRANSFER TO CAP. IMPR. - GEN. TAX LEVY SURPLUS		385,570	(385,570)	0
CAPITAL PROJECT EXPENDITURES		(2,245,000)		(2,245,000)
GENERAL OBLIGATION DEBT SERVICE			(919,243)	(919,243)
BALANCE, DECEMBER 31, 2009	5,500,000	7,696,020	200,000	13,396,020

1. TOTAL RECEIPTS ON PAGE IV-2 (\$6,597,750) IS SOLELY OPERATING RECEIPTS
2. TOTAL EXPENDITURES ON PAGE IV-2 (\$6,592,300) IS SOLELY OPERATING EXPENDITURES

HISTORICAL GENERAL FUND RECEIPTS & EXPENDITURES

1999 - 2009



Expenditure Category Descriptions

1. Labor/Salaries & Wages
Includes all wages/salaries associated with full or part-time Port employees
2. Estimated Fringe Benefits
Related fringe benefits associated with Port employees
3. Outside Services
Payments made for personal services contracts, including legal services, auditing, marketing, and weather, log hauling, maintenance, etc.
4. Agents Fee
Contracted services for management of Shipyard and Boat Haven
5. Utilities
Includes cost of all utilities
6. Insurance/Taxes
Includes all insurance costs and taxes paid, such as excise taxes, by the Port
7. Supplies
Includes costs of all supplies and small tools normally expensed by the Port
8. Materials
Materials provided by the Facilities Maintenance and Mechanic Shop to operating centers
9. Miscellaneous
Includes costs which are individually too small or too infrequent to track separately; examples include irrigation district payments, compactor services, public meeting expenses, and delivery service charges
10. Harbor Area Leases
Includes payments made by the Port, and not re-billed to tenants, to the Department of Natural Resources
11. Travel & Training
Includes all normal travel expenses including mileage, airfare expenses, hotel and meal reimbursements, and conference registration expenses
12. Interdepartmental Transfers
Reflects interdepartmental transfers, such as a transfer from Rental Properties to Fairchild International Airport, offsetting revenue reflected in airport receipts
13. Promotional Hosting
Reflects expenditures made in developing Port business in conformity with RCW, Chapter 3.36

**GENERAL FUND
EXPENDITURES SUMMARIZED BY
ACCOUNT CATEGORY**

CATEGORY	ACTUAL 2007	% OF	BUDGET 2008	% OF	PROJECTED 2008	% OF	BUDGET 2009	% OF
AGENTS FEES	198,000	3.6%	203,600	3.4%	206,700	3.5%	216,900	3.3%
LABOR	759,279	13.9%	888,600	14.7%	845,900	14.3%	1,005,400	15.2%
MATERIALS	333,962	6.1%	401,000	6.7%	372,600	6.3%	378,000	5.7%
DUES & SUBSCRIPTIONS	26,116	0.5%	28,000	0.5%	32,600	0.6%	33,000	0.5%
EST FRINGE BENEFITS	1,117,134	20.4%	1,254,700	20.8%	1,158,000	19.6%	1,286,200	19.5%
INDUSTRIAL MARKETING & PUBLIC INFO	12,103	0.2%	40,000	0.7%	15,500	0.3%	125,000	1.9%
INSURANCE & TAXES	356,763	6.5%	384,700	6.4%	338,300	5.7%	322,300	4.9%
INTERDEPARTMENTAL EXPENSE	53,767	1.0%	54,000	0.9%	53,400	0.9%	54,000	0.8%
INTEREST EXPENSE	18,038	0.3%	19,600	0.3%	18,000	0.3%	17,200	0.3%
MISCELLANEOUS EXPENSE	182,493	3.3%	189,800	3.1%	271,200	4.6%	409,300	6.2%
OUTSIDE SERVICES	356,862	6.5%	360,500	6.0%	382,800	6.5%	410,000	6.2%
PRINCIPAL PAYMENTS	41,250	0.8%	46,300	0.8%	46,300	0.8%	46,300	0.7%
PROMOTIONAL HOSTING	5,389	0.1%	5,000	0.1%	4,200	0.1%	15,000	0.2%
SALARIES & WAGES	1,050,989	19.2%	1,144,500	19.0%	1,036,200	17.6%	1,069,300	16.2%
SUPPLIES	510,488	9.3%	526,200	8.7%	553,600	9.4%	578,600	8.8%
TRAVEL & TRAINING	61,340	1.1%	91,500	1.5%	91,000	1.5%	101,500	1.5%
UTILITIES	387,513	7.1%	389,600	6.5%	477,800	8.1%	530,300	8.0%
TOTAL EXPENDITURES (note 3)	5,471,487	100%	6,027,600	100%	5,904,100	100%	6,598,300	100%

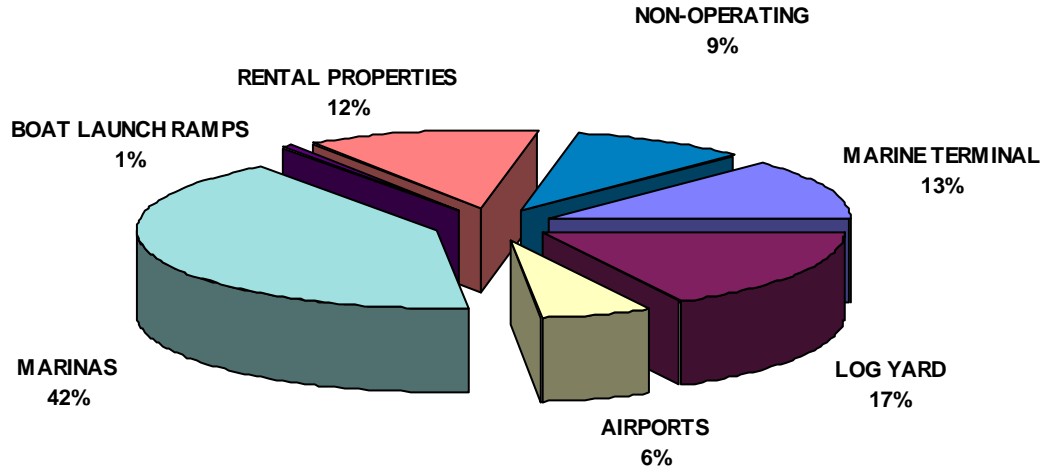
III - 4

- 1) ADDITIONAL MAINTENANCE LABOR IS CHARGED TO CAPITALIZED PROJECTS
- 2) INTERDEPARTMENTAL TRANSFER EXPENDITURES ARE OFFSET BY INTERDEPARTMENTAL TRANSFER RECEIPTS UNDER REVENUE CATEGORIES
- 3) DOES NOT INCLUDE MAINTENANCE REVENUE (\$6,000 FOR 2009 BUDGET)

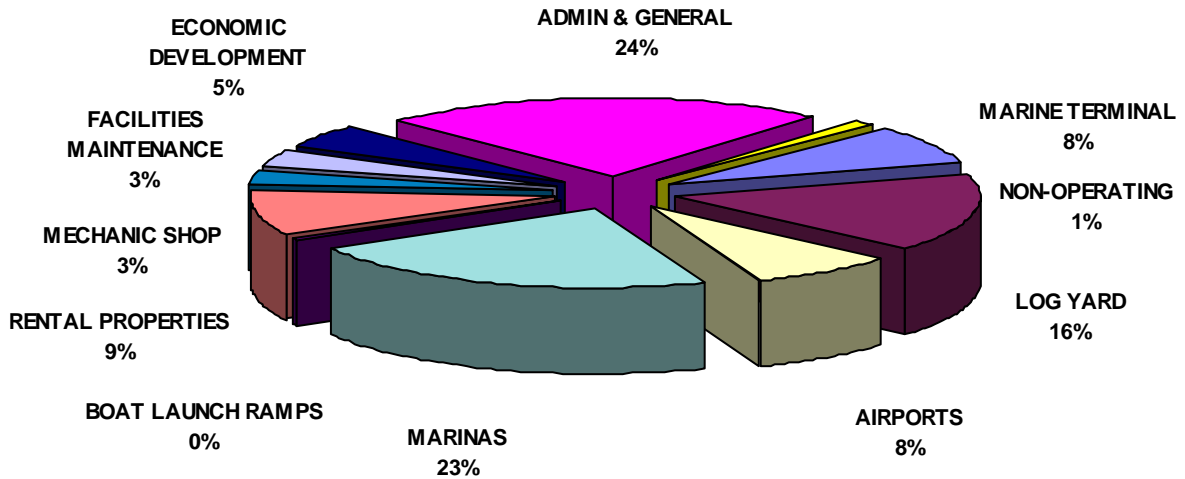
SECTION IV

OPERATING BUDGETS

2009 GENERAL FUND RECEIPTS



2009 GENERAL FUND EXPENDITURES



GENERAL FUND SUMMARY

RECEIPTS

DIVISION	ACTUAL 2007	BUDGET 2008	PROJECTED 2008	BUDGET 2009
MARINE TERMINAL	935,594	852,400	787,800	839,100
LOG YARD	900,707	1,189,900	874,200	1,145,800
AIRPORTS	367,083	430,400	368,800	377,700
MARINAS	2,432,388	2,593,500	2,607,700	2,745,800
BOAT LAUNCH RAMPS	38,069	48,000	42,000	40,050
RENTAL PROPERTIES	890,944	988,210	772,300	824,700
TOTAL OPERATIONS	5,564,785	6,102,410	5,452,800	5,973,150
NON-OPERATING AND A&G	977,959	779,000	835,100	624,600
SUB TOTAL	6,542,744	6,881,410	6,287,900	6,597,750

EXPENDITURES

DIVISION	ACTUAL 2007	BUDGET 2008	PROJECTED 2008	BUDGET 2009
MARINE TERMINAL	448,665	520,400	584,600	516,300
LOG YARD	1,009,716	962,700	916,000	1,049,400
AIRPORTS	446,434	540,600	555,100	514,100
MARINAS	1,383,903	1,375,700	1,373,700	1,497,300
BOAT LAUNCH RAMPS	14,954	28,400	7,000	23,700
RENTAL PROPERTIES	358,237	523,900	459,500	614,200
MECHANICAL MAINTENANCE	76,801	183,400	139,300	180,000
FACILITIES MAINTENANCE	136,594	193,000	187,800	229,000
TOTAL - OPERATIONS	3,875,305	4,328,100	4,223,000	4,624,000
ECONOMIC DEVELOPMENT	134,181	172,300	110,800	327,300
ADMIN & GENERAL	1,396,279	1,454,300	1,499,600	1,576,500
NON-OPERATING	59,704	66,900	64,700	64,500
SUB TOTAL	5,465,469	6,021,600	5,898,100	6,592,300

NET SURPLUS

	ACTUAL 2007	BUDGET 2008	PROJECTED 2008	BUDGET 2009
NET SURPLUS (DEFICIT)	1,077,275	859,810	389,800	5,450

NOTES: NO DEPRECIATION INCLUDED IN THESE CALCULATIONS
 PROJECTED 2008 EXPENSES INCLUDE MAJOR MAINTENANCE PROJECTS OF \$248,000
 BUDGET 2009 EXPENSES INCLUDE MAJOR MAINTENANCE PROJECTS OF \$430,290

MARINE TERMINAL

Marine terminals provide five deep water berths - three dockside and two dolphin berths and related equipment. The marine terminals have limited warehouse and cargo staging areas.

The objectives of the marine terminals are:

- To provide the service and facilities for the efficient handling and loading of marine cargo, topside repairs and lay berthing
- To operate in a manner that will provide an excess of revenues over expenses to fund Port activities and projects
- To obtain a competitive return on the public investment in these facilities

REVENUE ASSUMPTIONS

2008 Projected:

1. Tankers for topside repair – 127 days (revised from budgeted 150 days)
2. No log ships projected
3. Rate increase of 5% on dockage, 3% on equipment rental, wharfage, service and facilities charge, passenger fee and security fee
4. 48 Marine Travel-Lift haulouts; no cruise vessels (revised from one budgeted)

2009 Budget:

1. Tankers for topside repair – 110 days
2. No log ships projected
3. CPI + 2.5% rate increase on dockage and repair dockage; CPI increase on equipment rental, wharfage, service and facilities charge, passenger fee and security fee
4. 50 Marine Travel-Lift haulouts and one cruise vessel
5. Electrical service infrastructure fee recognized in Miscellaneous Income

EXPENSE ASSUMPTIONS

2008 Projected:

1. CPI increase on all labor, estimated fringe benefits and salaries and wages
2. No increase budgeted for insurance or taxes
3. 6% increase budgeted for utilities

2009 Budget:

1. 2.8% CPI increase on all salaries, labor and fringe benefits
2. 10% decrease budgeted for insurance expense and reallocation of total Port insurance expenses
3. No increase budgeted for taxes
4. CPI increase budgeted for utilities
5. Major maintenance costs of \$165,000 for Dock Repairs and \$10,000 for Walking Sticks are included in Labor, Materials and Outside Services categories. Also refer to page V - 10

MARINE TERMINAL

RECEIPTS

CATEGORY	ACTUAL 2007	BUDGET 2008	PROJECTED 2008	BUDGET 2009
DOCKAGE	732,881	655,600	561,700	564,000
EQUIPMENT RENTAL	34,608	34,000	30,000	32,000
HANDLING	599	5,000	100	2,500
LEASE/RENTAL INCOME	23,036	25,000	23,100	31,000
MISCELLANEOUS INCOME	2,734	3,000	14,000	37,800
SECURITY FEE	122,198	100,000	78,400	77,000
SERVICE CHARGE	0	500	0	0
STORAGE	3,780	3,800	3,800	3,800
UTILITY SALES	15,758	15,000	72,000	80,500
WHARFAGE	0	10,500	4,700	10,500
TOTAL RECEIPTS	935,594	852,400	787,800	839,100

EXPENDITURES

CATEGORY	ACTUAL 2007	BUDGET 2008	PROJECTED 2008	BUDGET 2009
LABOR	49,808	67,000	67,000	70,600
MATERIALS	34,400	69,000	120,500	52,000
DUES & SUBSCRIPTIONS	589	1,500	1,700	1,500
EST FRINGE BENEFITS	85,191	94,900	89,800	112,500
INSURANCE & TAXES	124,876	132,000	117,700	39,800
MISCELLANEOUS EXPENSE	7,107	12,000	9,000	12,000
OUTSIDE SERVICES	6,942	15,000	10,900	12,000
SALARIES & WAGES	88,240	86,000	77,800	110,900
SUPPLIES	13,877	10,000	8,000	10,000
TRAVEL & TRAINING	1,946	5,000	3,200	5,000
UTILITIES	35,688	28,000	79,000	90,000
TOTAL EXPENDITURES	448,665	520,400	584,600	516,300

	ACTUAL 2007	BUDGET 2008	PROJECTED 2008	BUDGET 2009
SUB TOTAL SURPLUS (DEFICIT)	486,929	332,000	203,200	322,800

LOG YARD

The LY provides facilities for the efficient movement of logs from land to water for loading from the water into vessels, and for rafting of logs for towing to other locations.

The objectives of the LY are:

- To provide log handling facilities and services at cost effective rates
- To operate in a manner that will provide an excess of revenues over expenses to fund Port activities and projects
- To obtain a competitive return on the public investment in these facilities

Some log handling activities occur at Terminal 5 located at the west end of the harbor.

REVENUE ASSUMPTIONS

2008 Projected:

1. Rafting volume – 31.4 million board feet (revised from budgeted 43.8 million b.f.)
2. Round Boom volume – none (a function of barging surcharges + other factors)
3. Decked volume – 4 million board feet (revised from budgeted 13.1 million b.f.)
4. Revenue for handling includes inbound log volume of 1.2 million board feet via barge/raft or drop ramp barge (revised from budgeted 14.6 million b.f.)
5. CPI increase for rafting, round boom and banding
6. Containers– 447 @ \$150 per container (1.8 million b.f., revised from 0 budgeted)

2009 Budget:

1. Rafting volume - 40.2 million board feet
2. Round Boom volume - none
3. Decked volume – 12 million board feet
4. Revenue for handling includes 2.4 million b.f. inbound log volume via barge/raft
5. Containers – 1,050 @ \$150 per container (4.2 million board feet)
6. DNR harbor area lease for log storage recognized in Lease Rental Income

EXPENSE ASSUMPTIONS

2008 Projected:

1. CPI increase added to all labor, estimated fringe benefits, salaries and wages
2. 6% increase budgeted for utilities; no increase budgeted for insurance or taxes
3. Shovel lease rental expense included in Miscellaneous Expense

2009 Budget:

1. 2.8% CPI increase added to all labor, est. fringe benefits, salaries and wages
2. CPI increase budgeted for utilities; no increase budgeted for taxes
3. Insurance expense recognizes reallocation of total Port insurance expenses
4. DNR harbor area lease for log storage recognized in Miscellaneous Expense
5. Major maintenance costs of \$100,000 for Dredging and Woodwaste Remediation and \$35,000 for Piling Replacement and Boom Sidesticks are included in Labor, Materials and Outside Services categories. Also refer to page V - 10

LOG YARD

RECEIPTS

CATEGORY	ACTUAL 2007	BUDGET 2008	PROJECTED 2008	BUDGET 2009
BANDING REVENUE	128,600	182,900	123,700	183,200
EQUIPMENT RENTAL	289	1,000	300	800
HANDLING	215,363	237,700	94,500	226,300
LEASE/RENTAL INCOME	63,000	93,000	63,000	93,000
MISCELLANEOUS INCOME	57,054	45,000	128,200	59,000
RAFTING REVENUE	436,401	630,300	464,500	583,500
ROUND BOOM REVENUE	0	0	0	0
TOTAL RECEIPTS	900,707	1,189,900	874,200	1,145,800

EXPENDITURES

CATEGORY	ACTUAL 2007	BUDGET 2008	PROJECTED 2008	BUDGET 2009
LABOR	317,494	285,000	272,000	329,800
MATERIALS	92,554	93,000	75,000	93,000
EST FRINGE BENEFITS	232,730	218,600	209,100	234,600
INSURANCE & TAXES	37,587	40,000	30,400	59,500
INTERDEPARTMENTAL EXPENSE	256	500	200	500
MISCELLANEOUS EXPENSE	13,212	30,000	26,600	30,000
OUTSIDE SERVICES	23,037	10,000	2,700	10,000
SALARIES & WAGES	59,635	67,600	65,200	48,600
SUPPLIES	201,352	193,600	196,200	219,000
UTILITIES	31,857	24,400	38,600	24,400
TOTAL EXPENDITURES	1,009,716	962,700	916,000	1,049,400

	ACTUAL 2007	BUDGET 2008	PROJECTED 2008	BUDGET 2009
NET SURPLUS (DEFICIT)	(109,009)	227,200	(41,800)	96,400

WILLIAM R. FAIRCHILD INTERNATIONAL AIRPORT

Provides aviation support facilities for general aviation and commercial aviation activities.

The objectives of FIA are:

- To provide safe and efficient support to aviation activities
- To provide support facilities for economic activity generated by aviation
- To generate sufficient aviation revenues to cover expenses of providing aviation facilities for the convenience of the Port District constituency

REVENUE ASSUMPTIONS

2008 Projected:

1. CPI increase on hangars rentals
2. No increase in landing fees
3. PFC revenues transferred to Capital Improvement Budget
4. Miscellaneous income includes timber revenue
5. Reduced revenue due to unbudgeted landing fee waiver for commercial passenger service
6. Timber Harvest anticipated \$75,000 not undertaken due to poor timber market

2009 Budget:

1. CPI increase on hangars rentals
2. No increase in landing fees
3. Obstruction removal assumes revenue neutral (contracted services)
4. Assumes continued landing fee waiver for commercial passenger service
5. PFC revenues transferred to capital budget

EXPENSE ASSUMPTIONS

2008 Projected:

1. CPI added to all labor, estimated fringe benefits and salaries and wages
2. No increase budgeted for insurance
3. 6% increase budgeted for utilities
4. Higher labor due to timber removal project

2009 Budget:

1. 2.8% CPI added to all labor, estimated fringe benefits and salaries and wages
2. Insurance and taxes based on new allocations
3. CPI increase budgeted for utilities

WILLIAM R. FAIRCHILD INTERNATIONAL AIRPORT

RECEIPTS

CATEGORY	ACTUAL 2007	BUDGET 2008	PROJECTED 2008	BUDGET 2009
EQUIPMENT RENTAL	0	5,000	5,000	5,000
FUEL SALES & HANDLING	17,688	16,000	16,000	16,000
HANGARS & TIE DOWNS	97,449	98,000	108,000	114,000
INTERDEPARTMENTAL REVENUE	45,011	45,000	44,700	45,000
LANDING FEES/ETC	35,352	28,000	16,500	16,500
LEASE/RENTAL INCOME	114,404	112,000	125,500	127,000
MISCELLANEOUS INCOME	7,224	80,000	6,700	7,000
PARKING CHARGES	34,159	30,000	30,000	30,000
TOTAL RECEIPTS	351,287	414,000	352,400	360,500

EXPENDITURES

CATEGORY	ACTUAL 2007	BUDGET 2008	PROJECTED 2008	BUDGET 2009
LABOR	69,107	90,000	102,000	88,200
MATERIALS	8,557	17,000	20,000	17,000
DUES & SUBSCRIPTIONS	971	1,500	900	1,500
EST FRINGE BENEFITS	98,193	120,000	123,100	103,600
INSURANCE & TAXES	44,903	46,000	42,000	69,500
INTERDEPARTMENTAL EXPENSE	3,500	3,500	3,500	3,500
MISCELLANEOUS EXPENSE	11,959	15,000	6,000	10,000
OUTSIDE SERVICES	30,238	25,000	24,000	25,000
SALARIES & WAGES	90,010	109,000	96,500	78,900
SUPPLIES	9,461	10,000	12,000	12,000
TRAVEL & TRAINING	2,673	5,000	4,300	5,000
UTILITIES	57,759	63,500	61,000	64,000
TOTAL EXPENDITURES	427,332	505,500	495,300	478,200

	ACTUAL 2007	BUDGET 2008	PROJECTED 2008	BUDGET 2009
NET SURPLUS (DEFICIT)	(76,046)	(91,500)	(142,900)	(117,700)

SEKIU AIRPORT

Provides a general aviation link for the Neah Bay, Clallam Bay and Sekiu area.

The objectives of the Sekiu Airport are:

- To continue to provide light aviation support for the West end
- To maximize revenue opportunities to help defray operating costs

REVENUE ASSUMPTIONS

2008 Projected:

1. CPI rate increase on hangars and other fees

2009 Budget:

1. CPI rate increase on hangars and other fees
2. Assumes timber revenue neutral (contracted services)

EXPENSE ASSUMPTIONS

2008 Projected:

1. CPI added to all labor, estimated fringe benefits and salaries and wages
2. No increase budgeted for insurance
3. 7% increase budgeted for utilities
4. Increase cost for Port labor and material for runway pavement repairs and storm damage to hangar buildings

2009 Budget:

1. 2.8% CPI added to all labor, estimated fringe benefits and salaries and wages
2. Insurance and taxes adjusted to new allocation tables

SEKIU AIRPORT

RECEIPTS

CATEGORY	ACTUAL 2007	BUDGET 2008	PROJECTED 2008	BUDGET 2009
HANGARS & TIE DOWNS	15,746	16,300	16,300	17,100
LEASE/RENTAL INCOME	50	100	100	100
TOTAL RECEIPTS	15,796	16,400	16,400	17,200

EXPENDITURES

CATEGORY	ACTUAL 2007	BUDGET 2008	PROJECTED 2008	BUDGET 2009
LABOR	919	5,000	21,000	4,900
MATERIALS	351	2,000	14,000	2,000
EST FRINGE BENEFITS	5,372	5,800	9,000	8,400
INSURANCE & TAXES	1,479	1,800	1,400	3,000
MISCELLANEOUS EXPENSE	0	1,000	500	1,000
OUTSIDE SERVICES	0	7,500	3,000	5,000
SALARIES & WAGES	7,785	8,500	8,000	8,600
SUPPLIES	8	100	100	100
UTILITIES	3,187	3,400	2,800	2,900
TOTAL EXPENDITURES	19,102	35,100	59,800	35,900

	ACTUAL 2007	BUDGET 2008	PROJECTED 2008	BUDGET 2009
NET SURPLUS (DEFICIT)	(3,305)	(18,700)	(43,400)	(18,700)

PORT ANGELES BOAT HAVEN

Provides moorage facilities for the commercial fishermen and the recreational boater.

The objectives of the PABH are:

- To provide moorage facilities and to upgrade and enhance the quality of the facility
- To generate revenues in excess of expenses to assist in funding Port activities and projects
- To obtain a competitive return on the public investment in these facilities

REVENUE ASSUMPTIONS

2008 Projected:

1. Moorage and liveaboard rate increases effective January 1, 2008 as approved by Port Commission
2. Moorage down due to some vessels in dry storage (boat yard) for construction period
3. Economic climate may contribute to lower than projected revenues

2009 Budget:

1. Moorage and liveaboard rate increase as approved by Port Commission (fourth year of five year rate plan)
2. Assumes occupancy at 72% percentage due to current economic climate and high fuel costs

EXPENSE ASSUMPTIONS

2008 Projected:

1. CPI added to all labor, estimated fringe benefits and salaries and wages
2. No increase budgeted for insurance
3. 6% increase budgeted for utilities

2009 Budget:

1. 2.8% CPI added to all labor, estimated fringe benefits and salaries and wages
2. Insurance and taxes adjusted to new allocation tables
3. CPI increase budgeted for utilities
4. Increased salaries and wages cost with reallocation of security and operational personnel to department
5. Major maintenance costs of \$10,000 for Repair Work Float Pier is included in Labor and Materials categories. Also refer to page V - 10

PORT ANGELES BOAT HAVEN

RECEIPTS

CATEGORY	ACTUAL 2007	BUDGET 2008	PROJECTED 2008	BUDGET 2009
FUEL SALES & HANDLING	1,455	1,600	300	0
LEASE/RENTAL INCOME	2,508	2,500	3,500	3,500
MISCELLANEOUS INCOME	25,956	20,000	23,000	24,000
MOORAGE	1,003,417	1,065,200	1,025,000	1,098,800
UTILITY SALES	134,760	146,300	136,200	142,800
WHARFAGE	2,904	3,000	3,500	3,500
TOTAL RECEIPTS	1,171,000	1,238,600	1,191,500	1,272,600

EXPENDITURES

CATEGORY	ACTUAL 2007	BUDGET 2008	PROJECTED 2008	BUDGET 2009
AGENTS FEES	138,600	142,500	144,700	151,800
LABOR	58,941	68,000	48,500	51,900
MATERIALS	44,587	32,000	23,500	26,000
EST FRINGE BENEFITS	48,973	55,200	44,000	62,700
INSURANCE & TAXES	25,180	26,600	24,400	22,800
MISCELLANEOUS EXPENSE	18,830	10,000	4,500	10,000
OUTSIDE SERVICES	11,325	10,000	17,500	15,000
SALARIES & WAGES	20,417	21,000	22,500	49,300
SUPPLIES	13,471	14,500	15,000	15,000
UTILITIES	148,534	157,700	157,700	165,400
TOTAL EXPENDITURES	528,859	537,500	502,300	569,900

	ACTUAL 2007	BUDGET 2008	PROJECTED 2008	BUDGET 2009
NET SURPLUS (DEFICIT)	642,142	701,100	689,200	702,700

JOHN WAYNE MARINA

Provide moorage facilities for the East end of the Port district for the recreational boater, for charter fishing activities, and commercial fishing vessels.

The objectives of the JWM are:

- To provide public facilities (i.e. park, boat launch and meeting rooms) for area residents
- To continue to provide quality moorage facilities
- To increase the number of slips to maximum capacity when feasible
- To continue increasing revenue opportunities and to generate revenues to cover expenses and eventually have an excess of revenues over expenses to help fund Port activities and projects
- To obtain a competitive return on the public investment in these facilities

REVENUE ASSUMPTIONS

2008 Projected:

1. Rate increase in permanent moorage per previous Port Commission action
2. Full year lease rental from restaurant

2009 Budget:

1. Rate increase as approved by Port Commission (fourth year of five year rate plan)
2. No change in occupancy of 95% annual average
3. CPI increase budgeted for utilities

EXPENSE ASSUMPTIONS

2008 Projected:

1. CPI added to all labor, estimated fringe benefits and salaries and wages
2. No increase budgeted for insurance
3. 7% increase budgeted for utilities
4. Utilities increased with unanticipated additional tax by City of Sequim

2009 Budget:

1. 2.8% CPI added to all labor, estimated fringe benefits and salaries and wages
2. Insurance and taxes adjusted to new allocation tables
3. Increased labor cost with reallocation of security and operational personnel to department
4. CPI increase budgeted for utilities

JOHN WAYNE MARINA

RECEIPTS

CATEGORY	ACTUAL 2007	BUDGET 2008	PROJECTED 2008	BUDGET 2009
FUEL SALES & HANDLING	195,605	215,000	226,000	225,000
LEASE/RENTAL INCOME	18,093	28,600	32,500	32,500
MISCELLANEOUS INCOME	64,798	56,000	66,000	65,000
MOORAGE	785,762	858,900	860,000	953,700
UTILITY SALES	1,497	2,000	1,300	1,400
TOTAL RECEIPTS	1,065,756	1,160,500	1,185,800	1,277,600

EXPENDITURES

CATEGORY	ACTUAL 2007	BUDGET 2008	PROJECTED 2008	BUDGET 2009
LABOR	156,627	177,600	165,000	223,900
MATERIALS	89,747	32,000	20,000	32,000
EST FRINGE BENEFITS	126,811	136,500	116,300	152,800
INSURANCE & TAXES	30,059	32,500	30,000	43,300
MISCELLANEOUS EXPENSE	8,221	5,500	4,500	5,500
OUTSIDE SERVICES	17,897	20,000	22,000	22,000
SALARIES & WAGES	48,865	42,500	22,500	22,500
SUPPLIES	196,944	215,000	235,000	235,000
TRAVEL & TRAINING	0	1,000	500	1,000
UTILITIES	27,306	29,500	34,000	35,700
TOTAL EXPENDITURES	702,475	692,100	649,800	773,700

	ACTUAL 2007	BUDGET 2008	PROJECTED 2008	BUDGET 2009
NET SURPLUS (DEFICIT)	363,281	468,400	536,000	503,900

BOAT YARD

Provides haulout facilities and a dry storage area for maintenance of commercial and recreational boats.

The objectives of the boatyard are:

- To continue to provide quality haulout service for maintenance and dry storage
- To generate revenues in excess of expenses to permit funding Port activities and projects
- To provide facilities for tenants of the Port Angeles Boat Haven
- To obtain a competitive return on the public investment in these facilities

REVENUE ASSUMPTIONS

2008 Projected:

1. CPI rate increase effective January 1, 2008
2. Dry storage revenue higher resulting from Boat Haven construction

2009 Budget:

1. Reduced dry storage due to Boat Haven completion and available slips

EXPENSE ASSUMPTIONS

2008 Projected:

1. Agents Fee - per contract with agent
2. No increase budgeted for insurance
3. 6% increase budgeted for utilities

2009 Budget:

1. CPI added to Agent fees per contract
2. 2.8% CPI added to all labor, estimated fringe benefits and salaries and wages
3. Insurance and taxes adjusted to new allocation tables
4. CPI increase for utilities
5. Major maintenance costs of \$10,000 for Seal Coat of Boat Yard is included in Labor and Materials categories. Also refer to page V - 10

BOAT YARD

RECEIPTS

CATEGORY	ACTUAL 2007	BUDGET 2008	PROJECTED 2008	BUDGET 2009
INTERDEPARTMENTAL REVENUE	0	0	0	0
LEASE/RENTAL INCOME	12,918	13,000	13,000	13,000
MISCELLANEOUS INCOME	181,307	180,000	215,000	180,000
UTILITY SALES	1,407	1,400	2,400	2,600
TOTAL RECEIPTS	195,631	194,400	230,400	195,600

EXPENDITURES

CATEGORY	ACTUAL 2007	BUDGET 2008	PROJECTED 2008	BUDGET 2009
AGENTS FEES	59,400	61,100	62,000	65,100
LABOR	20,499	20,000	20,000	19,600
MATERIALS	18,134	10,000	11,500	10,000
EST FRINGE BENEFITS	14,863	14,900	14,800	17,800
INSURANCE & TAXES	5,154	5,700	5,500	3,600
MISCELLANEOUS EXPENSE	2,164	5,000	80,000	5,000
OUTSIDE SERVICES	12,011	8,000	4,500	5,000
SALARIES & WAGES	3,585	4,000	3,800	9,100
SUPPLIES	2,617	2,000	5,000	2,500
UTILITIES	14,141	15,400	14,500	16,000
TOTAL EXPENDITURES	152,569	146,100	221,600	153,700

	ACTUAL 2007	BUDGET 2008	PROJECTED 2008	BUDGET 2009
NET SURPLUS (DEFICIT)	43,062	48,300	8,800	41,900

PUBLIC BOAT RAMPS

Provides and maintains three launching facilities for use by the public at John Wayne Marina and Port Angeles Boat Haven.

The objectives of the Public Boat Ramps are:

- To provide facilities for Clallam County's recreational boaters and an amenity to attract tourist boaters into the area
- To continue to maintain and upgrade existing facilities

REVENUE ASSUMPTIONS

2008 Projected:

1. Rate increases of approximately 2.8% (rounded to next highest dollar) effective January 1, 2008
2. Miscellaneous Income reflects continued fishing seasons and the Port's continued commitment and support of community functions through launch ramp fee reductions and waivers
3. Economic climate likely affecting boating traffic

2009 Budget:

1. Assumes economic climate to remain constant with 2008

EXPENSE ASSUMPTIONS

2008 Projected:

1. No increase budgeted for insurance

2009 Budget:

1. 2.8% CPI added to all labor, estimated fringe benefits and salaries and wages
2. Insurance and taxes adjusted to new allocation tables

PUBLIC BOAT RAMPS

RECEIPTS

CATEGORY	ACTUAL 2007	BUDGET 2008	PROJECTED 2008	BUDGET 2009
MISCELLANEOUS INCOME	38,069	48,000	42,000	40,050
TOTAL RECEIPTS	38,069	48,000	42,000	40,050

EXPENDITURES

CATEGORY	ACTUAL 2007	BUDGET 2008	PROJECTED 2008	BUDGET 2009
LABOR	5,660	10,000	2,000	7,800
MATERIALS	1,684	5,000	2,000	5,000
EST FRINGE BENEFITS	3,493	6,200	1,200	4,800
INSURANCE & TAXES	990	1,200	1,100	1,100
MISCELLANEOUS EXPENSE	544	2,000	500	1,000
OUTSIDE SERVICES	720	2,000	0	2,000
SUPPLIES	1,863	2,000	200	2,000
TOTAL EXPENDITURES	14,954	28,400	7,000	23,700

	ACTUAL 2007	BUDGET 2008	PROJECTED 2008	BUDGET 2009
NET SURPLUS (DEFICIT)	23,115	19,600	35,000	16,350

RENTAL PROPERTY

Provides a wide range of industrial and commercial property to support various economic activities of the private sector. Examples of these properties are: Land and buildings located at Fairchild International Airport Industrial Park; land and facilities along the Port Angeles waterfront such as the Ferry Terminal; land leased to K-Ply Mill; and buildings and land along Marine Drive.

The objectives of the Rental Property activity are:

- To provide land and facilities to accommodate a wide range of industrial and commercial activity
- To maximize utilization of Port assets
- To provide facilities for the creation of family wage jobs

REVENUE ASSUMPTIONS

2008 Projected:

1. ACTI rent increase per existing lease
2. Assumes February PA city light occupancy of multi-tenant 10,000 sq ft (\$42,000)
3. Assumes "O" Street building vacant for entire year
4. K Ply decrease of \$156,000; assumed outstanding billings will not be received

2009 Budget:

1. ACTI increase to reflect amortization of HVAC system (\$27,500)
2. K Ply decrease of \$156,000

EXPENSE ASSUMPTIONS

2008 Projected:

1. Additional cost for utilities at "O" Street for 12 months
2. K Ply maintenance expense of \$53,000 included in Labor (\$16,000), Materials (\$2,000), Outside Services (\$15,000) and Utilities (\$20,000)

2009 Budget:

1. Increased salaries and wages to reflect new employee and 2.8% CPI increase
2. K Ply redevelopment costs are in the capital budget
3. K Ply maintenance expense of \$150,000 for the first six months of 2009 included in Labor (\$42,000), Outside Services (\$48,000) and Utilities (\$60,000)
4. Refer to page V - 3 for K Ply Redevelopment costs in the Capital Budget

RENTAL PROPERTY

RECEIPTS

CATEGORY	ACTUAL 2007	BUDGET 2008	PROJECTED 2008	BUDGET 2009
LEASE/RENTAL INCOME	857,019	948,210	761,100	791,500
MISCELLANEOUS INCOME	33,925	40,000	11,200	33,200
TOTAL RECEIPTS	890,944	988,210	772,300	824,700

EXPENDITURES

CATEGORY	ACTUAL 2007	BUDGET 2008	PROJECTED 2008	BUDGET 2009
LABOR	33,713	78,000	60,000	117,600
MATERIALS	28,786	36,000	30,800	36,000
EST FRINGE BENEFITS	59,956	100,300	76,300	103,700
INSURANCE & TAXES	58,435	65,900	56,600	52,000
INTERDEPARTMENTAL EXPENSE	45,011	45,000	44,700	45,000
MISCELLANEOUS EXPENSE	12,675	57,000	38,600	40,000
OUTSIDE SERVICES	32,673	35,000	47,200	83,000
SALARIES & WAGES	63,443	83,700	63,100	49,700
TRAVEL & TRAINING	245	6,000	0	5,000
UTILITIES	23,300	17,000	42,200	82,200
TOTAL EXPENDITURES	358,237	523,900	459,500	614,200

	ACTUAL 2007	BUDGET 2008	PROJECTED 2008	BUDGET 2009
NET SURPLUS (DEFICIT)	532,707	464,310	312,800	210,500

MECHANICAL MAINTENANCE

The Port Mechanical Maintenance department is responsible for the maintenance and upkeep of the Port's equipment and vehicles. This equipment includes rolling stock and boom boats for log handling and cargo operations, maintenance related equipment, airport fire fighting and snow removal equipment, marina and boatyard equipment and the Port's fleet of vehicles.

The Port also operates a welding shop with certified welders for maintenance and fabrication.

EXPENSE ASSUMPTIONS

2008 Projected:

1. CPI added to all labor, estimated fringe benefits and salaries and wages
2. No increase budgeted for insurance
3. 6% increase budgeted for utilities
4. Continued updating and fixing of T-7 Truck Shop

2009 Budget:

1. 2.8% CPI added to all labor, estimated fringe benefits and salaries and wages
2. 10% decrease budgeted for insurance
3. CPI increase budgeted for utilities
4. One programmed replacement fleet vehicle (change in budgeting philosophy)

MECHANICAL MAINTENANCE

EXPENDITURES

OVERHEAD COSTS	ACTUAL 2007	BUDGET 2008	PROJECTED 2008	BUDGET 2009
LABOR	11,336	45,000	37,400	39,200
MATERIALS	2,173	50,000	17,500	40,000
EST FRINGE BENEFITS	19,367	40,300	37,000	33,400
INSURANCE & TAXES	2,295	2,000	2,100	2,000
MISCELLANEOUS EXPENSE	1,001	3,000	1,000	28,000
OUTSIDE SERVICES	3,899	4,000	4,300	4,000
SALARIES & WAGES	20,047	20,000	22,300	14,700
SUPPLIES	8,449	8,000	10,800	11,000
TRAVEL & TRAINING	0	500	0	500
UTILITIES	8,232	10,600	6,900	7,200
TOTAL OVERHEAD COSTS	76,801	183,400	139,300	180,000
MECH SHOP REVENUES	0	0	0	0
NET OVERHEAD COSTS	(76,801)	(183,400)	(139,300)	(180,000)

FACILITIES MAINTENANCE

The Facilities Maintenance department provides for the maintenance and upkeep of numerous Port buildings and facilities as well as the Marine Terminals, William R. Fairchild International Airport, John Wayne Marina, Port Angeles Boat Haven, Port Angeles Boatyard, Launch Ramps, Port Log Yard and other improvements.

The primary services provided by the Facilities Maintenance department include carpentry, electrical, plumbing, machine operations and other general maintenance functions. In addition, the department undertakes a wide variety of capital improvement projects.

REVENUE ASSUMPTIONS

2008 Projected:

1. Forklift Training

2009 Budget:

1. Forklift Training

EXPENSE ASSUMPTIONS

2008 Projected:

1. CPI added to all labor, estimated fringe benefits and salaries and wages
2. No increase budgeted for insurance
3. 6% increase budgeted for utilities

2009 Budget:

1. 2.8% CPI added to all labor, estimated fringe benefits and salaries and wages
2. 10% decrease budgeted for insurance
3. CPI added budgeted for utilities
4. Two programmed replacement fleet vehicles (change in budgeting philosophy)

FACILITIES MAINTENANCE

EXPENDITURES

OVERHEAD COSTS	ACTUAL 2007	BUDGET 2008	PROJECTED 2008	BUDGET 2009
LABOR	24,432	30,000	38,000	39,200
MATERIALS	7,401	30,000	24,200	40,000
EST FRINGE BENEFITS	33,348	44,600	42,500	33,400
INSURANCE & TAXES	7,524	8,000	6,700	6,700
INTERDEPARTMENTAL EXPENSE	5,000	5,000	5,000	5,000
MISCELLANEOUS EXPENSE	4,596	5,300	5,000	55,000
OUTSIDE SERVICES	3,035	4,000	1,700	2,000
SALARIES & WAGES	29,607	42,000	30,600	14,700
SUPPLIES	17,193	18,000	26,000	25,000
TRAVEL & TRAINING	70	1,000	3,000	3,000
UTILITIES	10,406	11,100	11,100	11,000
TOTAL OVERHEAD COSTS	(142,612)	(199,000)	(193,800)	(235,000)
FACILITY MAINT REVENUES	6,017	6,000	6,000	6,000
NET OVERHEAD COSTS	(136,594)	(193,000)	(187,800)	(229,000)

ECONOMIC DEVELOPMENT & MARKETING

Provides resources to support activities promoting the economic growth, diversification and promotion of new industry throughout the county.

The objectives of economic development activity are:

- To increase industrial and commercial activity
- To create new family wage jobs
- To continue economic development and marketing activities

EXPENSE ASSUMPTIONS

2008 Projected:

1. Outside services includes \$25,000 for Clallam County EDC
2. Anticipate OPVB in-kind services of \$5,000 and NOTAC in-kind services of \$2,500. OPVB provides marketing support and NOTAC provides support for the timber community
3. Create long term Strategic Plan

2009 Budget:

1. Outside services includes \$25,000 for Clallam County EDC
2. Anticipate OPVB in-kind services of \$5,000 and NOTAC in-kind services of \$2,500. OPVB provides marketing support and NOTAC provides support for the timber community
3. Increase in Industrial Marketing for NOAA project
4. Increase in Promotional Hosting for recruitment of industrial tenants in fulfillment of strategic plan development objectives

PROMOTIONAL HOSTING

These are marketing activities which are designed to promote and enhance the Port's revenue generating business activities.

The objectives of the Trade Development and Promotional Hosting efforts are:

- To continue to maintain and improve relations between the Port and its customers and to promote new business. The proposed budget for this activity is in conformance with R.C.W. 53.36.130.

ECONOMIC DEVELOPMENT & MARKETING

EXPENDITURES

CATEGORY	ACTUAL 2007	BUDGET 2008	PROJECTED 2008	BUDGET 2009
EST FRINGE BENEFITS	24,983	31,100	25,200	60,600
INDUSTRIAL MARKETING	500	10,000	0	100,000
OUTSIDE SERVICES	48,807	40,000	25,000	25,000
PROMOTIONAL HOSTING*	5,389	5,000	4,200	15,000
PUBLIC INFORMATION	11,603	30,000	15,500	25,000
SALARIES & WAGES	40,483	50,200	40,600	97,700
SUPPLIES	1,978	3,000	300	2,000
TRAVEL & TRAINING	438	3,000	0	2,000
TOTAL EXPENDITURES	(134,181)	(172,300)	(110,800)	(327,300)

* Promotional Hosting Legal Limit Under RCW 53.36.130:
 $(\$2,500,000 \times 0.01) + (\$2,500,000 \times 0.005) + (\$1,597,750 \times 0.0025) = \mathbf{\$41,494}$

ADMINISTRATIVE AND GENERAL

Provides administrative and general services to the Port Commission, staff and operating divisions of the Port.

The objectives of the A&G Section of the Port are:

- To provide superior support to the Commission, Staff and operating divisions
- To improve the quality and responsiveness to requirements of the Commission, Staff and operating divisions

EXPENSE ASSUMPTIONS

2008 Projected:

1. CPI added to all labor and estimated fringe benefits; Salaries and Wages reflect step adjustments
2. No increase budgeted for insurance
3. Dues and Subscriptions remain unchanged
4. Travel reflects costs of outreach and marketing efforts
5. 6% increase budgeted for utilities
6. Miscellaneous Expense includes \$29,170 for severance pay

2009 Budget:

1. 2.8% CPI added to all labor, salaries and estimated fringe benefits; Salaries and Wages reflect step adjustments
2. 10% decrease budgeted for insurance
3. Dues and Subscriptions remain unchanged
4. Travel reflects increased cost of outreach and marketing efforts
5. CPI increase budgeted for utilities
6. Miscellaneous Expense includes \$145,830 for severance pay
7. Major maintenance costs of \$103,500 for Network Equipment, Office Equipment, Seal Coat Parking Lot, Software and System Support are included in Labor, Materials and Outside Services categories. Also refer to page V - 10

ADMINISTRATION AND GENERAL

EXPENDITURES

CATEGORY	ACTUAL 2007	BUDGET 2008	PROJECTED 2008	BUDGET 2009
LABOR	10,742	13,000	13,000	12,700
MATERIALS	5,586	25,000	13,600	25,000
DUES & SUBSCRIPTIONS	24,556	25,000	30,000	30,000
EST FRINGE BENEFITS	363,856	386,300	369,700	357,900
INSURANCE & TAXES	17,864	22,000	20,000	18,000
MISCELLANEOUS EXPENSE	102,182	44,000	95,000	211,800
OUTSIDE SERVICES	166,277	180,000	220,000	200,000
SALARIES & WAGES	578,871	610,000	583,300	564,600
SUPPLIES	43,273	50,000	45,000	45,000
TRAVEL & TRAINING	55,968	70,000	80,000	80,000
UTILITIES	27,104	29,000	30,000	31,500
TOTAL EXPENDITURES	(1,396,279)	(1,454,300)	(1,499,600)	(1,576,500)

NON-OPERATING

These activities generate revenue and require expenditures that are outside normal Port operating activities. Revenues consist of interest income on investments, distribution of funds from the county such as Port share of sales of county property and Port share of leasehold tax collected by the state. The expenditures are debt service payments on revenue bonds and other classes of debt excluding General Obligation Bonds.

REVENUE ASSUMPTIONS

2008 Projected:

1. Budgeted interest income reflects lower investment balances after expenditures on major projects, e.g. T-1 and PABH Renovations
2. Miscellaneous income reflects slight increase in timber related collections
3. Lower Contract Sales receipts reflect prepayment on a Carlsborg contract

2009 Budget:

1. Budgeted interest income reflects lower investment balances
2. Miscellaneous income reflects lower timber-related collections
3. Lower Contract Sales receipts reflect payments on two remaining Carlsborg contracts

EXPENSE ASSUMPTIONS

2008 Projected:

1. Interest and principal expenditures are contractual obligations on RTA and CERB III loans
 - RTA loan financed Marine Facilities study
 - CERB III loan financed portion of cost of Multi-Tenant building

2009 Budget:

1. Interest and principal expenditures are contractual obligations on RTA and CERB III loans
 - RTA loan financed Marine Facilities study
 - CERB III loan financed portion of cost of Multi-Tenant building
 - Note: Interest and principal payments on LTGO bonds reflected in Capital Projects budget

NON-OPERATING

RECEIPTS

CATEGORY	ACTUAL 2007	BUDGET 2008	PROJECTED 2008	BUDGET 2009
CONTRACT SALES	6,832	4,000	5,100	4,600
INTEREST INCOME	765,045	645,000	610,000	450,000
MISCELLANEOUS REVENUE	206,082	130,000	220,000	170,000
TOTAL RECEIPTS	977,959	779,000	835,100	624,600

EXPENDITURES

CATEGORY	ACTUAL 2007	BUDGET 2008	PROJECTED 2008	BUDGET 2009
INSURANCE & TAXES	416	1,000	400	1,000
INTEREST EXPENSE	18,038	19,600	18,000	17,200
PRINCIPAL PAYMENTS	41,250	46,300	46,300	46,300
TOTAL EXPENDITURES	59,704	66,900	64,700	64,500

	ACTUAL 2007	BUDGET 2008	PROJECTED 2008	BUDGET 2009
NET SURPLUS (DEFICIT)	918,255	712,100	770,400	560,100

SECTION V

CAPITAL PROJECTS BUDGET

CAPITAL PROJECTS BUDGET

The Capital Projects Budget includes a 2009 Capital Improvement Budget, Five Year Improvement Plan, 2009 Capital Project Prioritization Chart and a Major Maintenance Chart. The Capital Improvement Budget identifies balances at the beginning of the budget year and recognizes transfers of money from the Debt Service Fund to the Capital Improvement Fund. These funds are from existing balances and expenditure of these funds without replenishment from new revenue sources will diminish the Port's reserves. New revenues are identified under "Estimated Sources – 2009", and the Capital Improvement Budget estimates approximately \$9,941,020 of funds available for capital projects in 2009 (see page V-3).

A. 2009 CAPITAL IMPROVEMENT BUDGET

The Capital Improvement Budget includes new construction projects planned for completion in 2009. Outside funding sources include grants from the federal Airport Improvement Program (AIP) which are 95% FAA Grant funded.

B. FIVE YEAR CAPITAL IMPROVEMENT PLAN

The Five Year Capital Improvement Plan identifies new construction and major maintenance projects through the year 2013 and forward which are anticipated at this time. Project costs will be separately tracked to assure compliance with budget estimates.

The estimated costs in the Five Year Capital Improvement plan are net of any projected outside funding sources. Each year's projects are independent of one another, and funding for a specific year's projects does not obligate or commit the Port to funding later years' projects.

C. 2009 CAPITAL PROJECT PRIORITIZATION CHART

In accordance with the Port's Strategic Plan, staff annually ranks traditional, strategic, and major maintenance projects according to four criteria: 1) return on investment; 2) safety; 3) job growth; and 4) strategic planning importance.

The highest ranking projects are added to the Capital Improvement Budget one by one until all available funds are expended (see page V-8).

D. 2009 MAJOR MAINTENANCE CHART

The Major Maintenance Chart summarizes projects to be carried out in 2009. They are organized as expenses in various divisional budgets.

Each funded projects achieves at least one of the following Port Strategic Plan Guiding Principles:

1. Promote economic growth
2. Avoid duplication of effort
3. Give priority to projects that are uniquely Port-related
4. Recognize stewardship responsibility with respect to transportation
5. Be a leader in industrial development and zoning
6. Encourage public and private partnerships to develop infrastructure
7. Utilize assets and financing to achieve economic development goals
8. Practice sound environmental stewardship

2009 CAPITAL IMPROVEMENT BUDGET

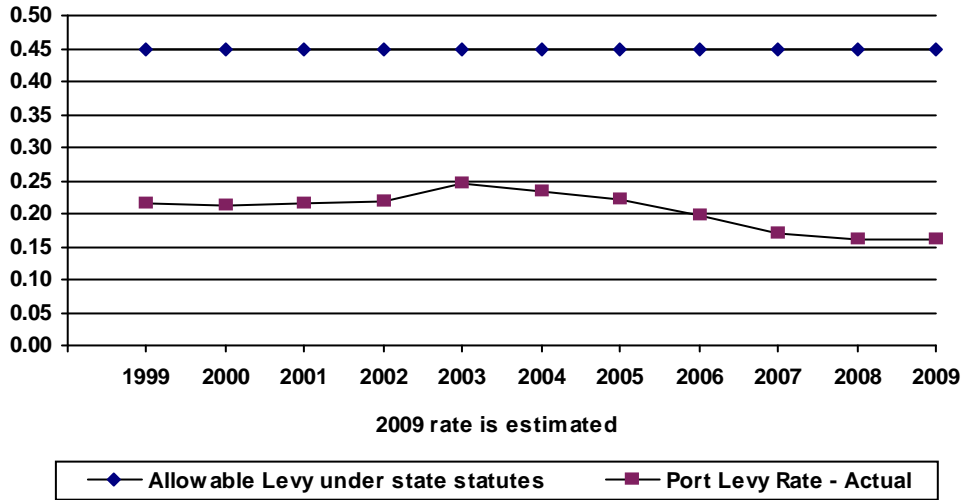
ACCOUNTS/PROJECTS	TOTAL COST 2009	NET COST 2009	2009 CAPITAL BUDGET
ESTIMATED BALANCE, 1/1/2009			\$9,000,000
FUND TRANSFERS (Reserve Reductions):			
Transfer from Debt Service Fund			550,000
CAPITAL IMPROVEMENT FUND BALANCES			\$9,550,000
ESTIMATED SOURCES - 2009			
Available from Operating Divisions			\$5,450
General Tax Levy (net of GO debt service)			385,570
SOURCES AVAILABLE FOR USE - 2009			\$9,941,020
ESTIMATED CAPITAL EXPENDITURES:			
STRATEGIC PROJECTS			
Cargo Berth, Crane & Eqpt. (T5) w/ Acc. Rd	\$1,050,000	\$1,050,000	
JWM Float Imp., Planning and Permitting	100,000	100,000	
PA Harbor works	200,000	200,000	
OTHER PROJECTS			
FIA - Master Plan (AIP)	\$15,000	\$15,000	
FIA - Passenger Facility Charges	-30,000	-30,000	
FIA - Taxiway A Reconstruct Phase II & III (AIP)	80,000	80,000	
PABH - Pave Parking West	280,000	280,000	
BY - Travel Lift Sheet Pile/ Yard Imp/ Wash Pad	200,000	200,000	
RP - K Ply Redevelopment	150,000	150,000	
Flexible Projects	200,000	200,000	
ESTIMATED CAPITAL EXPENDITURES	\$2,245,000	\$2,245,000	(\$2,245,000)
ESTIMATED BALANCE, 12/31/2009 CAPITAL IMPROVEMENT FUND			\$7,696,020

SECTION VI

TAX LEVY

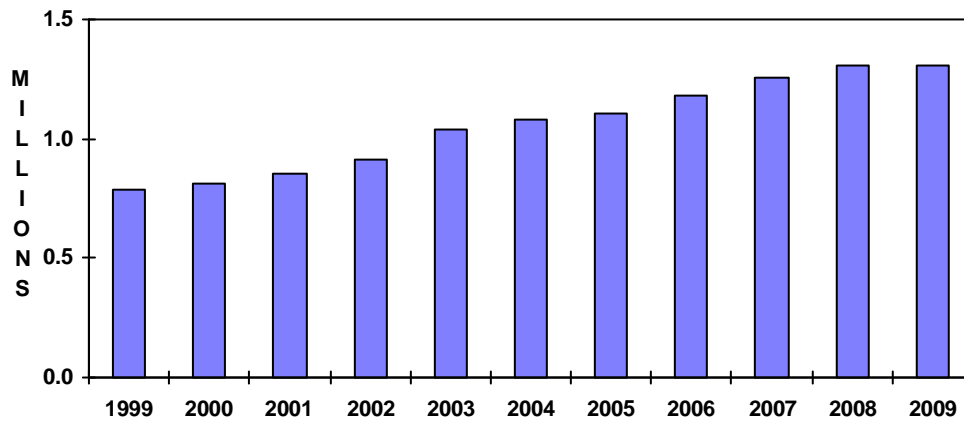
Port General Tax Levy Rate

1999 - 2009



Port's General Tax Levy Collections

1999 - 2009



PROPOSED 2009 TAX LEVY

LEVY RATES:

Estimated 2009 levy rate: **\$.156**/\$1,000

2008 levy rate: \$.16/\$1,000

Clallam County Total Assessed Valuation:

- 2000	\$3,989,690,362
- 2001	\$4,162,059,263
- 2002	\$4,255,534,426
- 2003	\$4,633,750,176
- 2004	\$5,125,832,006
- 2005	\$6,053,545,616
- 2006	\$7,477,997,284
- 2007	\$8,196,577,906
- 2008	Preliminary Estimate: \$8,371,577,906

TAX LEVY COLLECTIONS:

The Port will collect approximately **\$1,304,813** in 2009.

The Port will collect **\$1,304,813** in 2008.

TAX LEVY USES:

The 2009 levy will be used for:

Debt Service - Prior Capital Construction Uses	\$919,243
Capital Construction	385,570
Operations	<u>0</u>
Total	<u>\$1,304,813</u>

The 2009 levy allocation will be:

Debt Service Fund	\$919,243
Capital Improvement Fund	<u>385,570</u>
Total	<u>\$1,304,813</u>

TAX LEVY SOURCES/USES

A. Tax Levy Sources:

1. General Tax Levy

The County Treasurer acts as an agent to collect property taxes levied in the County for all taxing authorities. Taxes are levied annually on January 1 on property value listed as of the prior year. Assessed values are established by the County Assessor at 100% of fair market value. A revaluation of all property is required every six years.

The Port is permitted by law to levy up to 45 cents per \$1,000 of assessed valuation for general port purposes. The levy may go beyond the 45 cent limit to provide for G.O. bond debt service. The rate may be reduced for either of the following reasons:

Passage of Initiative 747 in November 2001 limits the growth to 1% per year, after adjustments for new construction.

If the assessed valuation increases by more than 1% due to revaluation, the levy rate will be decreased.

Over the period, 1999 to 2009, the Port general levy rate has trended downward to its 2009 projection of 16¢ per \$1,000. The upper graph on page VI - I shows the maximum levy permitted by law compared to the actual general levy of the Port from 1999 to 2009.

2. Special Tax Levies

Special levies approved by the voters are not subject to the above limitations. The Port can levy property taxes for dredging, canal construction, leveling or filling upon approval of the majority of voters within the Port District, not to exceed \$0.45 per \$1,000 of assessed value of taxable property within the Port District. The Port District has never levied this tax.

3. Industrial Development District (IDD) Tax Levies

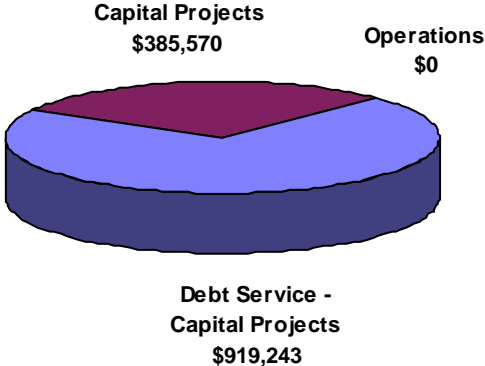
The Port may also levy property taxes for Industrial Development Districts (under a comprehensive scheme of harbor improvements); for twelve years only, not to exceed \$0.45 per \$1,000 of assessed value of taxable property within the Port District. If a Port District intends to levy this tax for one or more years after the first six years, the Port must publish notice of intent to impose such a levy and if signatures of at least eight percent (8%) of the voters protest the levy, a special election must be held with majority approval required.

The Industrial Development Levy, however, is not subject to the 106% limitation. The Port levied this tax from 1986-1992 and does not intend, at this time, to request a continuance.

B. Tax Levy Uses

The general tax levy will be used for 2009's debt service on G.O. Bonds which relates to prior years' capital construction uses and to fund capital projects. This tax levy could also be used for Port operating expenses or maintenance expenses, but Port Commission directives have determined that tax levy proceeds will not be used for operating expenses.

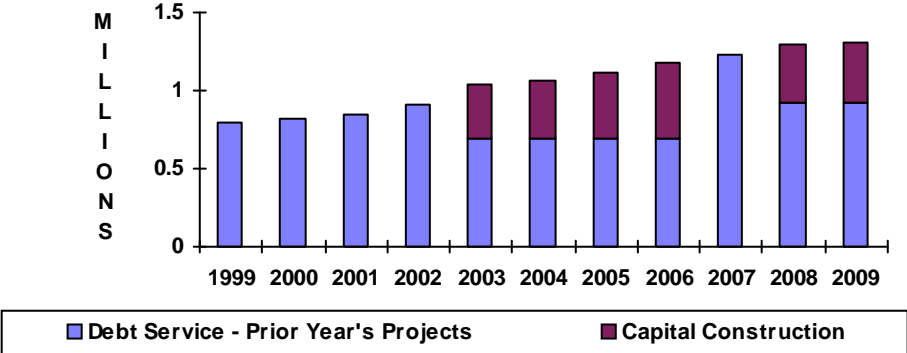
Proposed Use of 2009 Tax Levy



Over the last ten years, the Port has used the tax levy to pay for debt service on prior years' capital construction uses and capital construction. The levy has not been used for operations.

Historical Use of General Tax Levy

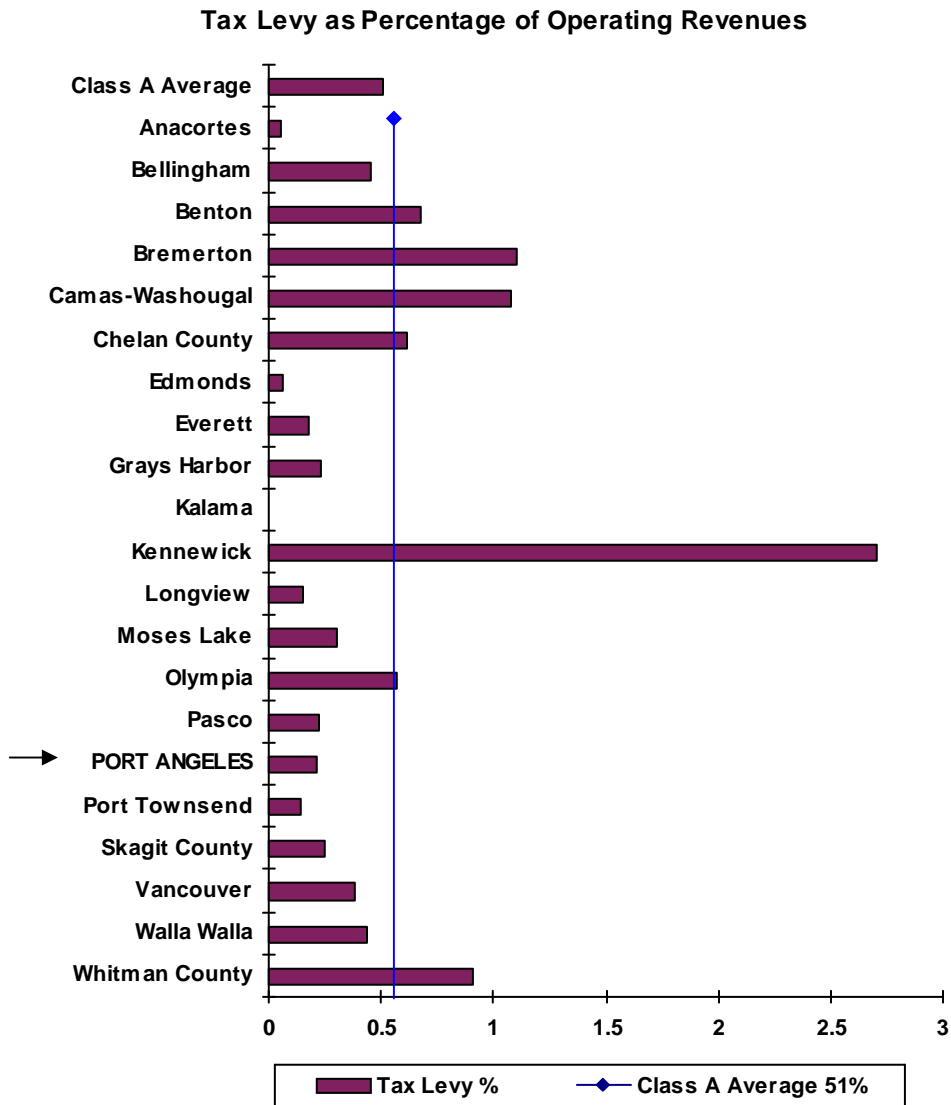
1999 - 2009



C. Tax Levy Comparison with Operating Receipts

The following graph shows the relationship of tax levies to operating receipts for 21 class A Ports in Washington. Based on a simple average, tax levies are 51% of operating receipts; Port Angeles estimates its levy proceeds to be 21% of operating receipts. **Lower ratios** indicate **less reliance** on tax levy proceeds.

2008 Tax Levy Comparison



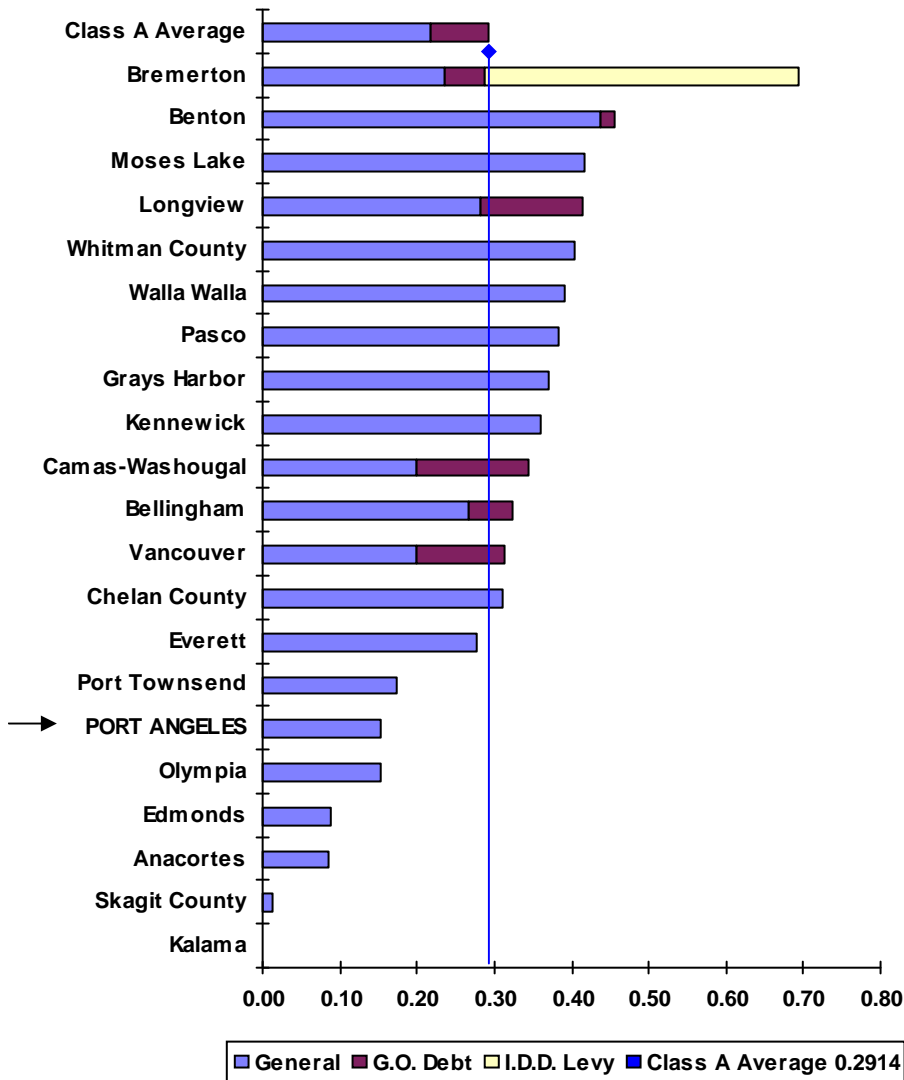
D. Comparable Tax Levies

1. Port Districts' Comparisons

The Washington Public Ports Association survey of port districts' tax levies for 2008 indicates an average levy rate of **\$.2914/\$1,000** for the 21 Class A Ports which levied property taxes. Of these ports, the Port of Port Angeles had the sixth lowest levy rate at **\$.1519**. Presented below are the effective levy rates for the 21 ports.

2008 Tax Levy Rates

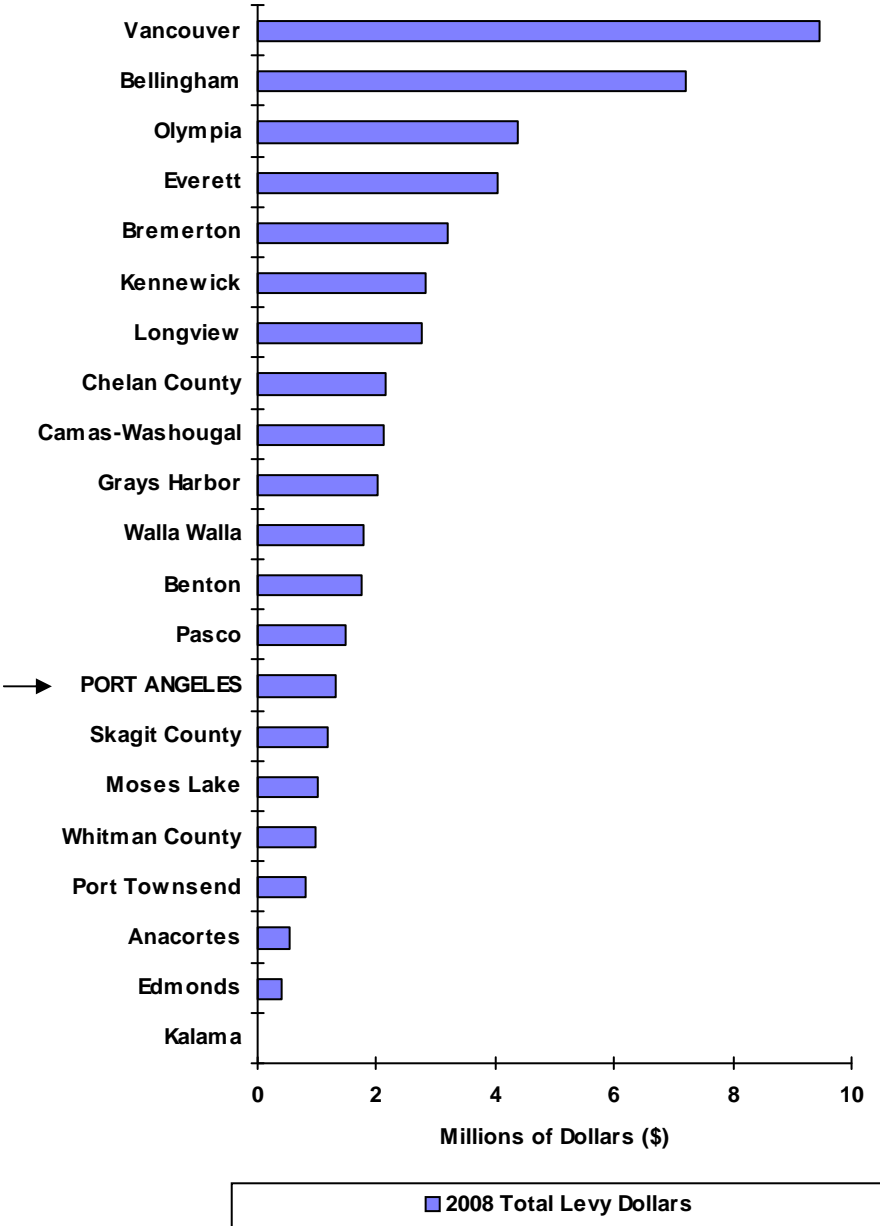
Washington Class A Ports



The same survey for 2008 indicates the average levy collection in dollars for Class A ports is \$2,448,882. The Port of Port Angeles expects to collect \$1,304,813 in 2008.

2008 Tax Levy Receipts

Washington Class A Ports

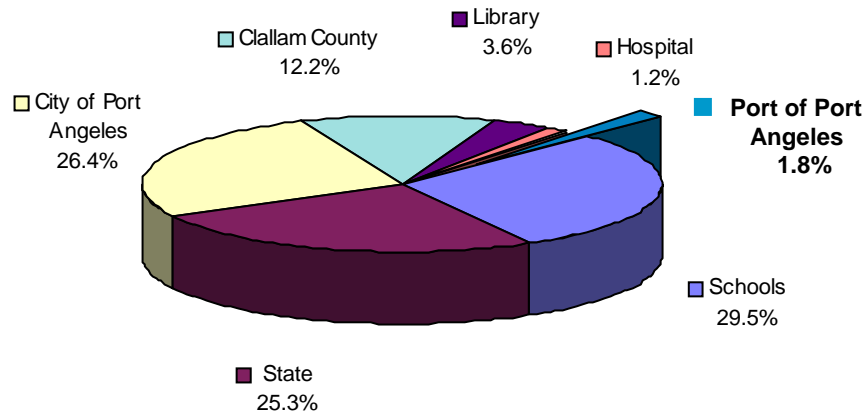


2. Clallam County Comparison

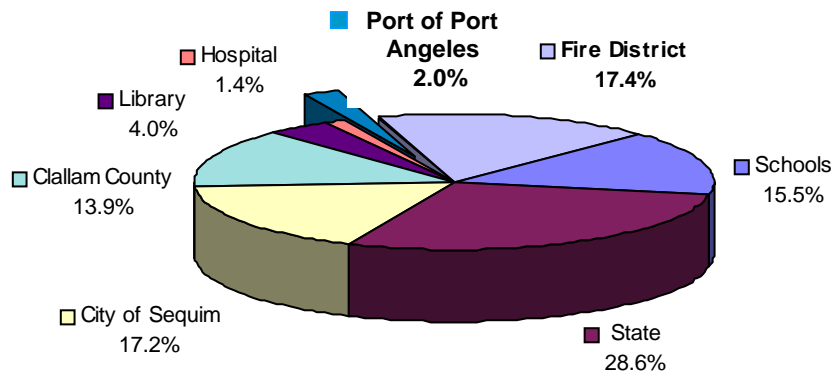
The graphs below show the Port's general tax levy as it compares to total taxes paid in 2008 by a typical resident in Port Angeles, Sequim and Forks. Taxing districts have not submitted their levy rates for 2009 yet; therefore, 2008 rates are the most current. The total 2008 levy for all Port Angeles taxing districts was \$8.90/\$1,000. The Port's levy for Port Angeles was \$.16/\$1,000 which is less than 2% of the total levy rate.

2008 Property Tax Levy Distribution

Port Angeles Taxing Districts
(Total Levy Rate per \$1,000 A.V. = \$8.90)

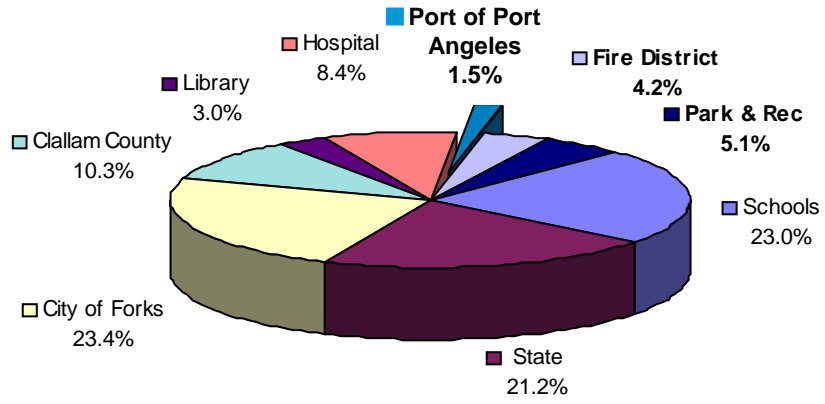


Sequim Taxing Districts
(Total Levy Rate per \$1,000 A.V. = \$7.86)



2008 Property Tax Levy Distribution

Forks Taxing Districts
(Total Levy Rate per \$1,000 A.V. = \$10.62)



SECTION VII

OTHER FUNDS:

DEBT SERVICE AND BOND FUNDS

G.O. DEBT SERVICE FUND

ESTIMATED BALANCE, JANUARY 1, 2009		\$750,000
ESTIMATED RECEIPTS:		
GENERAL TAX LEVY		\$1,304,813
		\$2,054,813
ESTIMATED EXPENDITURES:		
2002B PRINCIPAL & INTEREST	517,025	
2006 PRINCIPAL & INTEREST	402,218	
TRANSFER TO CAP. IMPR. FUND FROM DEBT SERVICE FUND	550,000	
TRANSFER TO CAP. IMPR. FUND FROM GEN. TAX LEVY SURPLUS	385,570	(\$1,854,813)
ESTIMATED BALANCE, DECEMBER 31, 2009		\$200,000

**SUMMARY OF DEBT SERVICE
AND BOND FUNDS**

	01/01/2009 BALANCE	ADDITIONS	PAYMENTS	12/31/2009 BALANCE
G.O. DEBT SERVICE FUND	750,000	1,304,813	(1,854,813)	200,000
TOTAL	\$750,000	\$1,304,813	(\$1,854,813)	\$200,000

**GENERAL FUND PAYMENTS
OTHER BONDS/LOANS**

ESTIMATED BALANCE, JANUARY 1, 2009		\$0
ESTIMATED RECEIPTS:		
TRANSFER FROM GENERAL FUND		\$63,459
ESTIMATED EXPENDITURES:		
CERB III	\$47,784	
RTA (Revolving Technical Assistance Loan)	\$15,675	(\$63,459)
ESTIMATED BALANCE, DECEMBER 31, 2009		\$0

SEE PAGE IV - 29, NON-OPERATING SECTION OF GENERAL FUND

**SUMMARY OF OUTSTANDING LONG-TERM
DEBT PRINCIPAL
AS OF JANUARY 1, 2009**

DEBT CATEGORY	PURPOSE	ORIGINAL PRINCIPAL	01/01/2009 BALANCE	FINAL MATURITY
GENERAL OBLIGATION BONDS:				
2002B BOND FUND	CAPITAL CONSTRUCTION	915,000	915,000	2016
2002B BOND FUND	REFUND OF 1992	2,460,000	2,460,000	2016
2006 BOND FUND	CAPITAL CONSTRUCTION	4,995,000	<u>4,805,000</u>	2025
TOTAL - G.O. BONDS:			\$8,180,000	
OTHER BONDS/LOANS:				
CERB III	MULTI-TENANT INDUSTRIAL BUILDING	\$500,000	\$343,750	2019
RTA	MARINE FACILITY UTILIZATION STUDY	75,000	<u>30,000</u>	2010
TOTAL-OTHER DEBT			\$373,750	
TOTAL PRINCIPAL-PORT DEBT:			\$8,553,750	

**LONG TERM DEBT SERVICE
PRINCIPAL AND INTEREST**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018+	TOTAL
G.O. DEBT SERVICE (1)	919,243	921,503	918,103	921,903	924,863	920,310	922,758	923,085	401,243	3,225,998	10,999,009
OTHER DEBT SERVICE (2)	63,459	61,619	44,778	43,275	41,772	40,269	38,766	37,263	35,759	67,009	473,969
TOTAL	982,702	983,122	962,881	965,178	966,635	960,579	961,524	960,348	437,002	3,293,007	11,472,978

(1) SEE PAGE VII - 1, DEBT SERVICE FUND

(2) SEE PAGE IV - 29, NON-OPERATING SECTION OF GENERAL FUND

SECTION VIII

SUPPLEMENTAL INFORMATION

**TRAVEL AND TRAINING BUDGET
SUMMARIZED BY REVENUE/EXPENSE CENTER**

TRAVEL/TRAINING PURPOSE	2008 BUDGET	2008 PROJECTED	2009 BUDGET
Training	\$16,900	\$30,100	\$33,500
Travel – Public Meetings	6,600	2,500	2,700
Travel – Business Meetings	28,900	16,300	18,200
Travel - Conventions	15,600	25,900	29,000
Travel – Contract Reimbursement	11,500	11,600	13,000
Other Travel & Training	12,000	4,600	5,100
TOTAL	\$91,500	\$91,000	\$101,500

MEMBERSHIPS BUDGET

PROFESSIONAL ORGANIZATION	2008 BUDGET	2008 PROJECTED	2009 BUDGET
American Association of Airport Executives	\$225	\$225	\$225
American Association of Port Authorities	1,040	5,886	6,000
Government Finance Officers Association	145	150	150
Northwest Marine Terminal Association	1,302	989	1,000
Pacific NW Waterways Association	545	560	575
Washington Airport Managers Association	371	35	371
Washington Finance Officers Association	50	50	50
WPPA (including estimated assessments)	14,306	14,306	12,474
Resource Conservation & Development District	500	500	500
Miscellaneous Memberships (w/ Propeller Club)	436	545	550
TOTAL PROFESSIONAL ORGANIZATIONS	\$18,920	\$23,246	\$21,895

COMMUNITY SUPPORT BUDGET

COMMUNITY SUPPORT	2008 BUDGET	2008 PROJECTED	2009 BUDGET
Clallam County EDC Contract*	\$25,000	\$25,000	\$25,000
Sekiu Chamber of Commerce	100	100	100
Sequim Chamber of Commerce	450	450	450
Forks Chamber of Commerce	100	100	100
Port Angeles Chamber of Commerce	670	550	550
Port Angeles Association of Realtors	100	100	100
NOTAC	44	45	45
PABA	65	65	65
TOTAL COMMUNITY SUPPORT	\$26,529	\$26,410	\$26,410

*Total 2009 Clallam County EDC Contract is \$25,000.

Only cash contributions shown in budget. Anticipate NOPVCB in-kind services of \$5,000 and NOTAC in-kind services of \$2,500.

The Port also includes individual memberships in organizations such as the Chamber of Commerce, Rotary, Soroptimist and Port Angeles Business Association (see Port Commissioners' Resolution No. 05-923).

ESTIMATED PORT DEPRECIATION, YEAR OF 2008

Division	Estimated 2008 Depreciation
Marine Terminal	\$268,536
Log Yard	93,235
FIA	188,100
Sekiu Airport	5,837
Port Angeles Boat Haven	45,060
John Wayne Marina	217,982
Boat Yard	3,471
Public Boat Ramps	2,707
Rental Property	189,385
Administration & General	60,797
Mechanical Maintenance	643
Facilities Maintenance	14,655
Total	\$1,090,408

Note: Total depreciation excludes \$350,000 depreciation on donated assets

