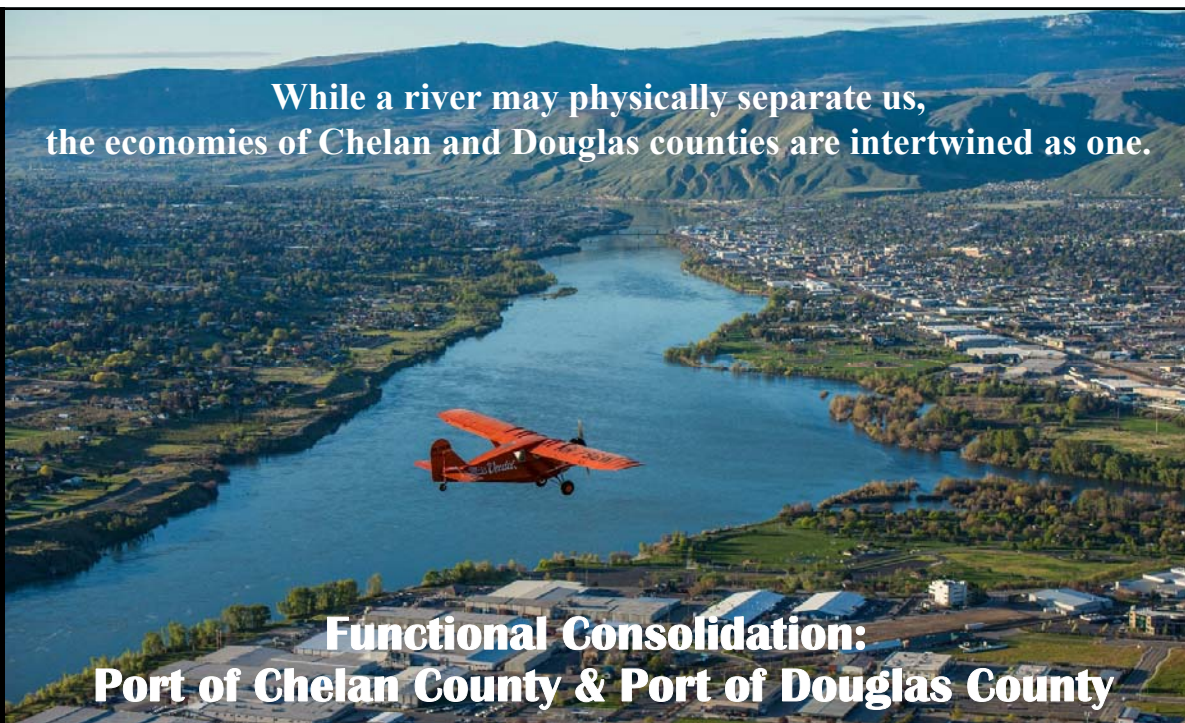


Chelan County Tri-Commission Meeting

May 29, 2019

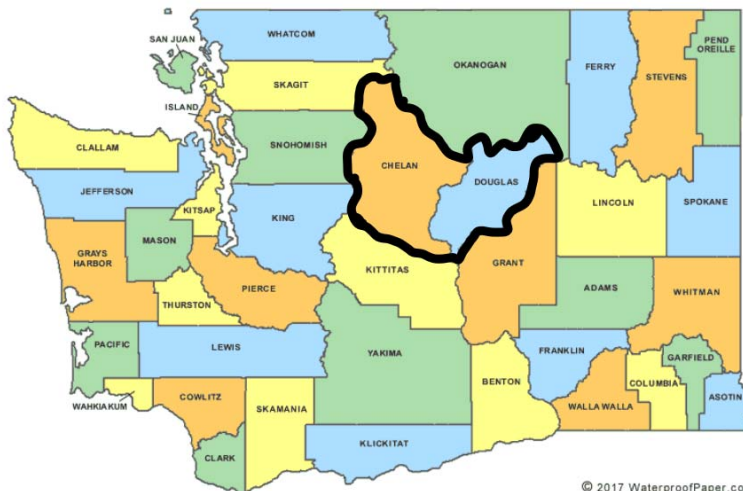


While a river may physically separate us,
the economies of Chelan and Douglas counties are intertwined as one.



**Functional Consolidation:
Port of Chelan County & Port of Douglas County**

Chelan & Douglas Counties



Proposed Functional Consolidation Model



Port of Chelan County
(Retain Authority to Approve Tax Levy)



Port of Douglas County
(Retain Authority to Approve Tax Levy)

Chelan-Douglas Regional Port Authority
Performs all the functions of both Port Districts

Chelan-Douglas Regional Port Authority

Legal Perspective

Interlocal Cooperation Act, Chapter 39.34 RCW

- Allows formation of separate entities
- Regional Port Authority can perform the functions of both port districts
- Will become a Washington non-profit corporation

Governance Model

- Six Port Commissioners
 - (3) Port of Chelan County
 - (3) Port of Douglas County
- Requires two votes from each commission

Commencement Date

- January 1, 2020



Chelan-Douglas Regional Port Authority

Why Now??

- Ports formed an Airport Community Task Force to look at governing & funding models for Pangborn Memorial Airport. The Task Force suggested the Ports look at some type of consolidation to save money.
- Key senior-level Port employees are planning to leave.
- Initial cost savings of consolidation projected at \$510,000.
- Frank Chmelik's concept of "Functional Consolidation" of the Ports was a model we did not know existed.
- Port of Chelan County has financial resources, yet very little land supply - 85% of Chelan County is owned by Federal or State agencies.
- Douglas County has available land.



What is becoming consolidated?

Port of Douglas

- Operates and manages
 - Pangborn Airport Business Park
 - Mansfield and Waterville airports
 - Orondo River Park
- Developing interests in Rock Island and other industrial properties
- ADO for Douglas County
- Funding from Leases, ADO contract, Grants and tax levy
- Property tax levy \$1.026 million
- Levy millage rate at \$.1755 per thousand
- Port property tax is 1.72% of total collected for county
- Total debt outstanding \$ 7,752,480

Port of Chelan

- Operates and manages
 - Pangborn Airport
 - 4 separate business parks
 - Cashmere Mill district, Confluence Technology Center, Old Station Business Park, Pybus incubator
- Jointly owns and operates Lake Chelan airport
- ADO for Chelan County
- Funding from Leases, ADO contract and tax levy
- Property tax levy \$2.856 million
- Levy millage rate at \$.2348 per thousand
- Port property tax is 2.41% of total collected for county
- Total debt outstanding \$5,897,460

Chelan-Douglas Regional Port Authority

Consolidated Budget

Business Park Leases	\$4,383,232
Airport Revenues	\$2,021,793
ADO Contracts	\$ 91,834
Interest Income	\$ 220,850
Tax Receipts	<u>\$3,883,533</u>
 Total Projected Revenue:	 \$10,601,242



*Bonding capacity will likely increase due to higher operating revenues.

Chelan-Douglas Regional Port Authority

Interesting facts

- Largest Port District in Washington State (Geographically)
 - Covers 4,843 square miles
 - Larger than the State of Rhode Island
- Population served: 119,920
- Assessed value: \$16.5 billion



Chelan-Douglas Regional Port Authority

Why Not Utilize Voter Approved Model in RCW 53.46.010?

1. Commissioner Districts would be weighted toward Chelan County:

Populations

Chelan County	77,800	=	64.9%
Douglas County	42,120	=	35.1%

“Chelan County's first step in taking over Douglas County”

2. Tax Levy Issue:

Port of Chelan	\$0.2348 per thousand = \$2.856 million
Port of Douglas	\$0.1755 per thousand = \$1.026 million

3. Functional Consolidation allows us to date before we get married.



It takes Leadership, Vision, & Risk Taking

- Six Port Commissioners

- Douglas County

- Jim Huffman, District #1
 - Alan Loeb sack, District #2
 - Mark Spurgeon, District #3



- Chelan County

- Donn Etherington, District #1
 - JC Baldwin, District #2
 - Rory Turner, District #3



It takes Leadership, Vision, & Risk Taking

- Lisa Parks

- Executive Director, Port of Douglas County



- Smart Consultants

- Frank J. Chmelik - Chmelik Sitkin & Davis P.S.
 - John Carter - CFO of Port of Everett (Retired)





Functional consolidation helps, but does not solve Pangborn Memorial Airport's funding challenges

Pangborn 10 year Aviation Related Financial forecast

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Operating Revenues	2,095,318	2,185,698	2,232,702	2,330,806	2,483,303	2,776,894	2,829,534	2,888,902	2,952,393	3,011,155
Operating Expenses	2,594,624	2,620,820	2,664,547	2,728,487	2,777,549	2,850,833	2,889,178	2,955,559	3,002,821	3,075,814
Operating Income bef. Depr	(499,306)	(435,122)	(431,845)	(397,681)	(294,246)	(73,939)	(59,644)	(66,657)	(50,428)	(64,659)
Capital Expenditures	(3,550,662)	(2,109,928)	(13,800,000)	(10,750,000)	(2,021,111)	(14,917,700)	(8,285,000)	(2,734,750)	(3,235,000)	(1,111,640)
Funding Shortfall	(4,049,968)	(2,545,050)	(14,231,845)	(11,147,681)	(2,315,357)	(14,991,639)	(8,344,644)	(2,801,407)	(3,285,428)	(1,176,299)
Total 3rd party funding	3,555,236	1,429,500	5,839,903	6,970,000	1,427,000	14,137,183	7,552,000	1,372,000	1,372,000	2,572,000
Debt Service	(267,154)	(297,000)	(297,000)	(297,000)	(297,000)	(297,000)	(297,000)	(297,000)	(297,000)	(297,000)
Net Cash surplus (shortfall)	(760,243)	(1,412,550)	(8,688,942)	(4,474,681)	(1,185,357)	(1,151,456)	(1,089,644)	(1,726,407)	(2,210,428)	1,098,701
Starting funds	870,633	110,390	(1,302,160)	(9,991,102)	(14,465,783)	(15,651,140)	(16,802,596)	(17,892,240)	(19,618,647)	(21,829,075)
Net Cumulative Cash	110,390	(1,302,160)	(9,991,102)	(14,465,783)	(15,651,140)	(16,802,596)	(17,892,240)	(19,618,647)	(21,829,075)	(20,730,374)

Note: Shown without direct subsidy from Ports but does include lease payments from Port of Douglas.