

PMC Report for 2023 WACD Annual Meeting

- **Fiscal Year 2022-23:** Total operating revenues for the PMC for fiscal year 2022-23 were \$1,816,149. That exceeds the amount of revenue budgeted for the year by 23% and eclipses last year's record setting revenue amount of \$1,636,683 by \$179,466. As usual, PMC Plant Sales made up most of the revenue with \$1,608,144 which exceeded last year's record amount of \$1,431,648 by \$174,496. Out of that total, \$443,642 were sales to Conservation Districts which were 26% of the total. Sales to other customers were \$1,277,988 or 74%. The total number of plants sold were 1,840,218 out of 1,868,280 harvested, which might be the best part of the year. Only 28,000 plants never found their forever home, but 98.5 % did! That is something given that over 90% of production is speculative, planning for which begins at least 2 to 3 years in advance.

Of course, an increase in sales results in increased expenses. Total expenses for the PMC for FY 2022-23 were \$1,537,774 which were up from the previous years' total expenses of \$1,337,236 by \$200,538. Inflation was one cause for the increase as seen in the cost of staff wages, seasonal labor, packaging supplies and seeds. Inflation does not account for all the increases in expenses for the year. The PMC made advanced purchases and deposits in FY 2022-23 for seeds and packaging supplies for FY 2023-24. Those are costs typically incurred in the fiscal year they are used but since the PMC was looking at a significant income tax liability for FY 2022-23 it was decided to make those advance purchases and payments sooner than usual which is why those items are so far over budget.

The bottom line is that the PMC posted a net revenue for fiscal year 2022-23 of \$278,375. All in all, it was a good year for the PMC. More money was earned than spent and a lot of conservation plants went to their forever homes to take on their important job of improving our environment. None of this would have been possible without broad support from the association through the years, as well as others in the conservation and restoration community throughout the Pacific Northwest, and the hard work and dedication of PMC staff. Thanks to all!

- **Fiscal Year 2023-24:** The current fiscal year is starting out strong like last year.
 - **Sales:** Sales at the PMC as of October 31 were \$1,346,420 which is 79% of the way to meeting the revenue budget for the fiscal year of \$1,696,000. That revenue amount is a decrease from the same time last year when it was \$1,462,586. Part of that decrease can be attributed to a post-COVID bounce last year when planting had increased in part due to making up for lost time during the COVID shutdown. This year's sales volume is composed of 247 orders which is an increase from the same date last year when it was 239. There are still a

wide variety of species available so if anyone needs bare root conservation seedlings and live stakes check out the current availability at www.wacdpmc.org but the list is getting shorter so it is advisable to secure plant materials sooner than later.

- **Financial Report:** As of October 31, 2023 PMC current assets totaled \$831,286. These funds are held at Banner Bank in a checking and savings account, as well as at Edward Jones as CD's and a money market. These funds are separate from the Advisory Solutions portfolio and are earmarked to cover PMC operations during the negative cashflow period through the winter months. They are also meant to cover refunding customer deposits on plants in case the PMC cannot deliver preordered plants for whatever reason.

As mentioned above, cashflow is negative at the PMC during winter months. Expenses increase as harvest begins and revenue does not increase much until larger quantities of plants are shipped and paid for. As of October 31, PMC Net Income was -\$350,112 which is comparable to the same time last year.

While revenue lags expenses considerably this time of year, the PMC has been shipping and invoicing for live stake orders in October. As of October 31, PMC plant sale revenues were \$15,552, which are less than the same time last year when they were \$36,526. Apparently, the live stake orders were higher last year.

Expenses at the PMC as of October 31 were \$376,636 which is an increase from the same time last year when they were \$367,768. Expenses are up slightly for a variety of reasons. Seed costs are up from the same time last year due to earlier deposit and invoicing dates, higher prices, and increased volume. There were also increases in wages and benefits. The increases in expenses could have been even higher but some expenses are down from the same time last year such as chemicals, seasonal labor, and packaging.

The bottom line is that Net Income for the PMC is a little more negative than the same time last year. This year Net Income is -\$350,113 and last year it was -\$325,712. Fortunately, that number is projected to become positive by spring when the PMC has harvested and shipped a lot of plants.

- **Operations:** Plants are going dormant and the growing season is winding down. The current activities are:
 - Harvesting and Shipping Live Stakes – 7 seasonal employees and crew leader Maria are working on cutting and processing live stakes for orders going out in October and November. There are 3300 stakes going out this week and over

10,000 next week, many 5 and 6 feet long which take longer to process. That number will increase significantly in November.

- Propagation – Seeds are still being collected, processed, and received for fall seed planting. So far over 6 miles of 8-row seedbed have been planted this fall. As additional seed becomes available more will be planted, possibly totaling over 8 miles of seedbed.
 - Preparing for Bare Root Harvest – Bare root harvest begins when the plants are fully dormant which is around December 1st. Staff are busy getting necessary supplies, preparing equipment, scheduling orders to work on first, and finding the seasonal employees needed to do the job.
 - Watching the Weather – As mentioned in previous updates, there are species that are slow to go dormant which are susceptible to freeze damage in the event of cold weather. Once they are dormant, they are sufficiently cold hardy. The forecast for the end of this week is for nighttime temperatures to possibly drop below 30°F. That could present a potential risk to these species and the only method the PMC must protect them is running irrigation on them during the time the temperature is below freezing. The water releases latent heat which can provide enough protection. The PMC will set up the irrigation system so that all that needs to happen if it is decided to do frost protection will be to come in and turn on a pump and hope all works properly.
- **Coming Attractions:** The very large blob on the PMC's radar screen is the upcoming start of harvest, which is scheduled to begin around December 1st. The seasonal crew will increase to at least 22 people, hopefully mostly returnees. If a few of last years crew do not return there is a long list of local seasonal ag workers interested in work this winter. As that date approaches the necessary equipment will be readied as well as lists of what and how much needs to be harvested first.

I hope this helps. Please let me know if you have any questions. Thanks. Jim