



Item No.: 3A
Meeting Date: August 4, 2020

2021 Budget Targets and Preliminary CIP Review

August 4, 2020

Agenda

- **2021 Operating Financial Performance Target**
- **2021-2025 Preliminary Capitalized CIP projects**

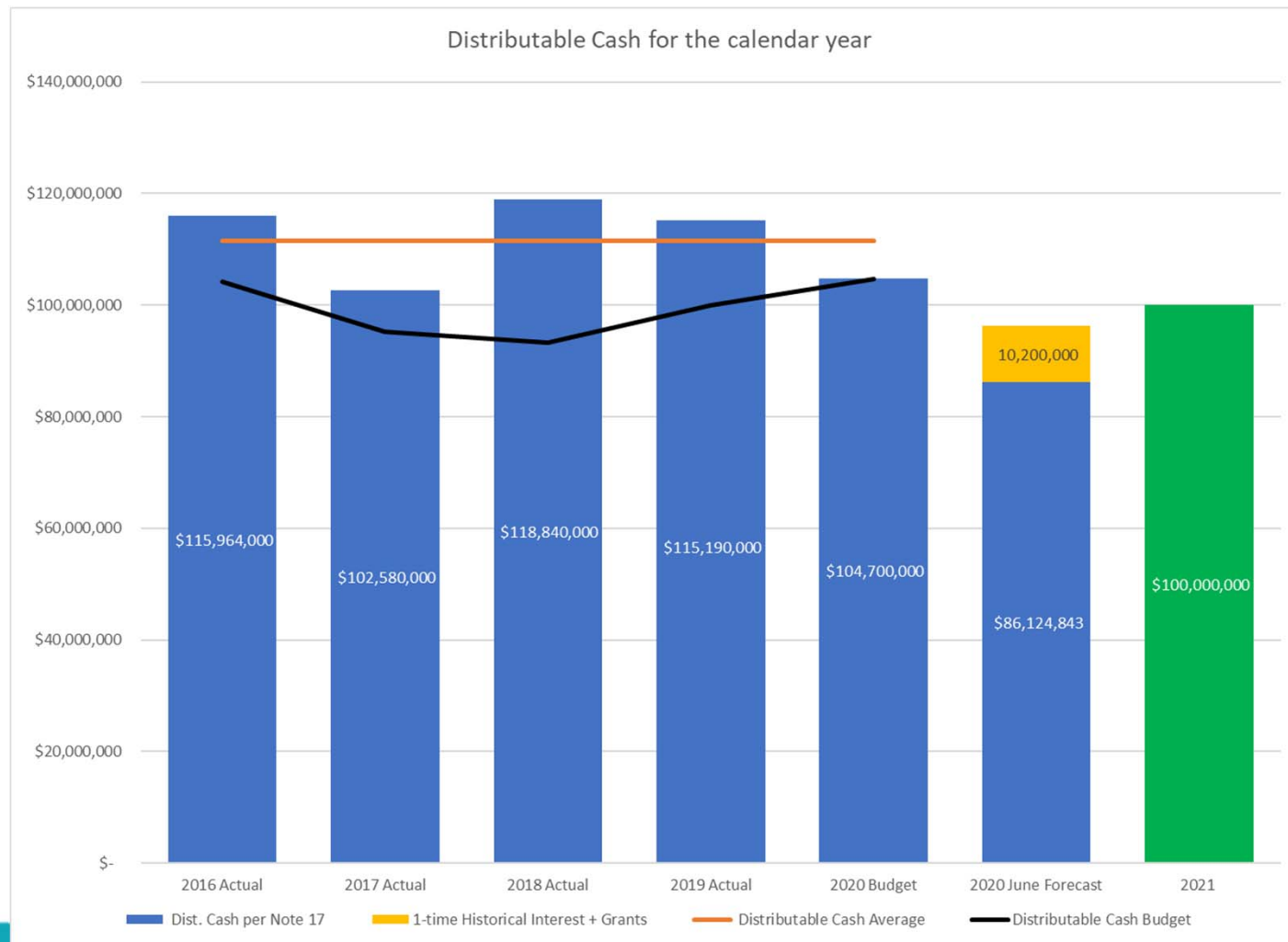


2021 Budget Philosophy

- **Provide as much operating cash as possible back to the homeports**
- **Make strategic capital investments that are aligned with NWSA goals, provide healthy rates of return and support growth & efficiency of the NWSA's business activity**



Historical Distributable Cash & 2021 Target



Changes to Distributable Cash by Year

- **Based on calculation of Distributable Cash per Charter. Actual cash flow timing will differ**
 - The timing of cash collection and disbursements impact Distributable Cash
- **In addition to fluctuations in normal business that impact the Profit and Loss statement and associated cash flow, the list below identifies some major change impacting cash flow:**
- **2016:**
 - 1-time maritime activity of \$6.6M revenue at T5
- **2017**
 - 1 time \$5.7M revenue at APMT (now W. Sitcum Terminal)
 - OCT terminal (Now E. Sitcum Terminal) lease terminated 7/1/2017, \$3.7M reduction in revenue
 - 2017 \$9M from APL not received in 2017 (reduction)
- **2018**
 - 2017 \$9M payments from APL received in 2018 (increase in cash) along with 2018 payment
- **2019**
 - N. Harbor T18 (3) and T46 (1) crane removal expense of \$3.3M
 - T5 permit conditions public expense \$2.5M
 - Loss of T46 and E. Sitcum revenue of \$5.5M

Changes to Distributable Cash by Year

- **2020 Budget**
 - Calculated based on charter definition
- **2020 Forecast:**
 - Distribution of investment interest earned and grants received in prior years of \$10.2M due to Charter change in definition of Distributable Cash



2021 Operating Financial Target

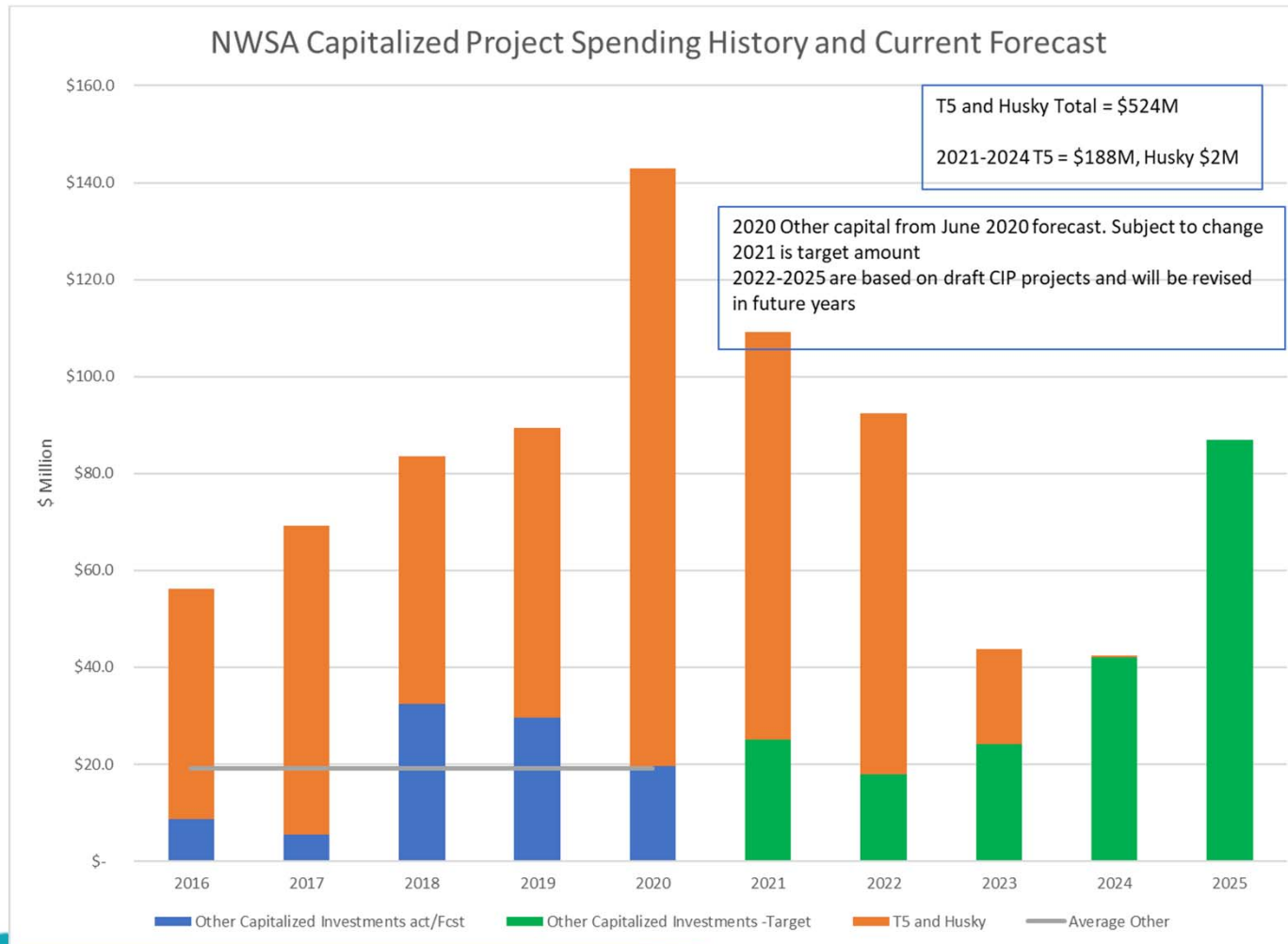
- **Distributable Cash**

- Recommending \$100 million in 2021, and additional \$400 million from 2022-2025
 - We will revisit 2022-2025 every year during budget process
 - Amount will fluctuate any given year
- **“Distributable Cash”** means (1) an amount equivalent to cash flow provided from operations as calculated pursuant to GAAP for a Calculation Period, plus (2) grant income received in arrears for a Calculation Period and may also include (3) interest earned in the prior year for which the PDA Treasurer is authorized, at the Treasurer’s discretion, to distribute once annually.
- Includes all the Capital Investment Plan (CIP) projects that are expensed (examples below):
 - Permit conditions / public expense for T5
 - Repairs / maintenance projects for existing assets
 - Stormwater and clean air projects that are expensed.

2021 Capitalized Project Target

- **Excluding the Husky and T5 Investments –**
 - Strategic improvements at Husky including wharf, cranes, and backlands and T5 Redevelopment including all permit conditions that are capitalized (\$178.5 million 2021-2024)
- **Recommend \$25 million for 2021 of Homeport funded projects**
 - In addition to the commitments at Husky and T5
 - Based on historical average to be shown
 - We will revisit 2022-2025 every year during budget process

2021 Capitalized Project Target – Non-Husky non-T5 Projects



Proposed capitalized 2021 budget

- **Total stands at \$29.6 million before proposed changes**
- **Proposed changes reduces current 2021 CIP budget to \$24.8 million**
- **Some projects proposed to be delayed are still under review and may not move to future years**



Proposed capitalized 2021 budget

\$ Thousand

Project Name	Asset Ty	2021 Budget	Project Description
Terminal 3/4 Shorepower	CapEx	5,200	Installation of shorepower at Husky
T18 Stormwater Utility Upgrade	CapEx	4,000	Lease commitment with SSA. NWSA splitting cost 50% with SSA
WUT Fender System Replacement	CapEx	3,502	Replace WUT fender system to support larger container ships. WUT Provides \$7.2 million in annual revenue
NWSA Unallocated Capital Improvements (placeholder)	Land	3,000	Budget for unplanned capital projects. Based on historical amounts
PCT Fender Replacement	CapEx	2,578	Replace entire fender system for bigger ships
T46 N. Substation #1 Replacement	CapEx	2,300	Substation in poor condition. Potential need for additional power pending cruise terminal design. Will need to be replaced regardless. Timing may be discretionary. Potential impact to revenue of \$500,000.
EB1 Yard Reconfiguration	CapEx	2,179	Potential for additional revenue if the Breakbulk yard is fully paved and gate moved. Subject to financial analysis. Alternate to leasing tribal property. Supports 10 year agreement with WWL by adding additional capacity.
T7 Berth B-D Ship Service Water Line Replacement	CapEx	1,098	Water line used to provide water to ships is failing. Lease requirement.
Wapato Creek Bridge & Culvert Removal	CapEx	800	Temporary bridge to PCT truck que & then installation of new bridge & removal of failing culvert. Area also used by Auto LOB to access auto parking. Risk is if culvert fails, trucks may back up onto SR 509 and additional auto LOB expense.

Proposed capitalized 2021 budact

\$ Thousand		2021	
Project Name	Asset Ty	Budget	Project Description
Clean Drayage System Domestic Terminals - NWSA SH	CapEx	776	SH domestic terminal RFID project to meet MM policy for emissions reduction
Electric Forklift	CapEx	575	Replace tier 1 forklift with tier 4 electric forklift, so far \$35k grant awarded & others are being pursued.
T-46 Stormwater Improvements - Basin 2	CapEx	400	Stormwater improvements. Partially funded by TIGER grant
T46 Dock Rehabilitation	CapEx	400	T46 wharf improvements. Partially funded by TIGER grant
WUT Utility Vault Upgrades	CapEx	364	Install new rings imbedded in concrete collars
WUT Roof Replacements (Admin & Marine Bldg)	CapEx	350	Replace failing roofs
WUT Crane Power Relocation	CapEx	320	Relocate power for smaller cranes at south end of berth
Blair Dock Fender Replacement	CapEx	300	Replace 100% of existing fender system
T46 S Timber Apron Sprinkler Replacement	CapEx	300	Fire code requirement. Less than 10 acres timber dock. Discretionary. Part of the RFI. Part of S. yard. Used for chassis storage
EB1 Lighting Upgrade	CapEx	251	Upgrade yard lighting
CBP Booth & Utilities (WUT)	CapEx	248	Replace old smaller booth with upgraded booth from PCT
Main Gate Portable Restroom	CapEx	145	Replace port-a-potty's with portable restroom, similar to one at EB1
NIM Lighting Upgrade	CapEx	122	Upgrade yard lighting
HIM Lighting Upgrade	CapEx	122	Upgrade yard lighting
Parcel 1A (TOTE) Inbound Canopy Roof Replacement	CapEx	100	Replace 16,000 sq ft metal roof, safety issue
T18 Shore Power	CapEx	100	Install shore power to help meet NWSA air quality & climate goals. Pursuing grant opportunities
GCP Project Oversight & Coordination	CapEx	40	Project oversight of Husky managed, NWSA funded improvements per lease agreement
T18 Water Main & Valve Replacement	CapEx	30	Replace 50 yr old water main & vaults
T5 Hydrant Replacement (<i>small project</i>)	CapEx	25	Safety issue to replace defective fire hydrants
Bldg 900, 700 & Guard Shack Roof Replacements (W. Sitcum)	CapEx	12	Replace failing roofs per lease agreement

Proposed projects to Delay

\$ Thousand

Project Name	Asset Ty	2021 Budget
T7 Berth B-D Ship Service Water Line Replacement		(1,098)
EB1 Yard Reconfiguration		(2,179)
Clean Drayage System Domestic Terminals - NWSA SH		(776)
Main Gate Portable Restroom		(145)
Electric Forklift		(575)
T18 Shore Power		(100)