

Item: 10C

Date: 11/2/23

# 2024 Budget Study Session

**Erin Galeno**

Chief Financial & Administrative Officer

Port of Tacoma Commission Meeting

Date: November 2, 2023



Budget Schedule

2023 Key Messages & Forecast Update

2024 Key Messages

2024 - 2028 Budget

- Capital Investment Plan
- Tax Levy
- Operating Budget
- Plan of Finance
- Financial Measures

## **November 2 – Study Session**

- 2023 Forecast Update Summary
- 2024 – 2028 Capital Investment Plan
- 2024 Tax Levy
- 2024 Operating Budget
- 2024 Statutory Operating Budget
- 2024-2028 Plan of Finance

## **November 21 – Public Hearing**

- Adopt 2024 Statutory Operating Budget & 2024 Tax Levy
- Approve annual service agreements ILA

## 2023 Forecast

- Real estate revenues are lower than budget as the Port sees market adjustments for space with several tenants
- Direct operating expenses are below budget due to projects shifting to 2024
- Administration costs are below budget due to shifting project schedules

## 2024 Budget - Overview

- The 2024 Operating and capital budgets balance modest income growth with critical investments in Port assets
- HMT funding reflects WRRDA funding only
- Significant grant funding supports key development
- Proposed tax levy has minimal impact on taxpayers
- 5-year outlook does not anticipate additional borrowing
  - Debt to asset ratio drops to 30% by 2028

# 2023 Port Forecast

<i>(\$ millions)</i>	2022	2023	2023	Forecast vs Budget
	Actual	Budget	Forecast	Better / (Worse)
<b>Operating Revenues</b>				
NWSA	\$55.4	\$50.3	\$50.5	\$0.2
Container	3.6	3.8	3.7	(0.1)
Non Container	3.3	5.4	6.7	1.3
Real Estate	28.5	29.5	27.7	(1.8)
Other	0.0	0.1	0.0	(0.0)
<b>Total Operating Revenues</b>	<b>90.7</b>	<b>88.9</b>	<b>88.6</b>	<b>(0.3)</b>
<b>Total Direct Expenses</b>	<b>8.4</b>	<b>14.3</b>	<b>13.3</b>	<b>1.0</b>
<b>Administration</b>	6.3	10.7	9.6	1.2
<b>Security</b>	1.8	2.2	2.1	0.0
<b>Environmental</b>	1.9	6.8	4.4	2.4
<b>Total Operating Expense before Depreciation</b>	18.5	34.1	29.5	4.6
<b>Depreciation</b>	23.3	22.3	22.5	(0.2)
<b>Total Operating Expense</b>	<b>41.7</b>	<b>56.4</b>	<b>52.0</b>	<b>4.4</b>
<b>Operating Income</b>	<b>\$49.0</b>	<b>\$32.5</b>	<b>\$36.6</b>	<b>4.0</b>
<i>Return on Revenue</i>	<i>54.0%</i>	<i>36.6%</i>	<i>41.3%</i>	
Non Operating Income (Expense) - without HMT	(20.0)	(5.0)	(0.6)	4.4
<b>Income before Tax Levy and Expense</b>	<b>29.0</b>	<b>27.5</b>	<b>36.0</b>	<b>8.5</b>
<b>Ad Valorem Tax Levy</b>	24.6	25.3	25.3	0.0
GO Interest	(4.1)	(3.9)	(3.9)	(0.0)
<b>Net Tax Levy</b>	<b>\$20.5</b>	<b>\$21.3</b>	<b>\$21.4</b>	<b>\$0.0</b>
Harbor Maintenance Tax Funds	2.7	23.0	3.4	(19.6)
<b>Net Income</b>	<b>\$52.2</b>	<b>\$71.8</b>	<b>\$60.7</b>	<b>-\$11.1</b>

May not foot due to rounding.

# 2024 Budget Study Session Capital Investment Plan



# Five Year Planned CIP 2024-2028\*

\$ Million	2023 Forecast	2024 - 2028					Totals
		2024	2025	2026	2027	2028	
<b>POT Only</b>							
Capitalized	\$37.4	\$83.3	\$37.8	\$50.9	\$32.5	\$84.8	\$289.4
Operating Expense	10.3	15.2	11.2	7.7	10.9	7.3	52.4
Non-Operating Expense	0.5	2.7	1.2	1.3	1.2	1.1	7.6
<b>Grand Total - POT Only</b>	<b>\$48.2</b>	<b>\$101.3</b>	<b>\$50.2</b>	<b>\$60.0</b>	<b>\$44.6</b>	<b>\$93.2</b>	<b>\$349.3</b>

\$ Million	2023 Forecast	2024 - 2028					Totals
		2024	2025	2026	2027	2028	
<b>POT + 50% NWSA</b>							
Capitalized	\$84.0	\$155.6	\$78.3	\$80.5	\$65.9	\$119.5	\$499.8
Operating Expense	17.3	27.6	21.6	15.6	15.0	10.1	89.9
Non-Operating Expense	2.8	5.2	1.4	1.3	1.2	1.1	10.3
<b>Grand Total - POT + 50% NWSA</b>	<b>\$104.0</b>	<b>\$188.4</b>	<b>\$101.3</b>	<b>\$97.5</b>	<b>\$82.1</b>	<b>\$130.7</b>	<b>\$600.0</b>

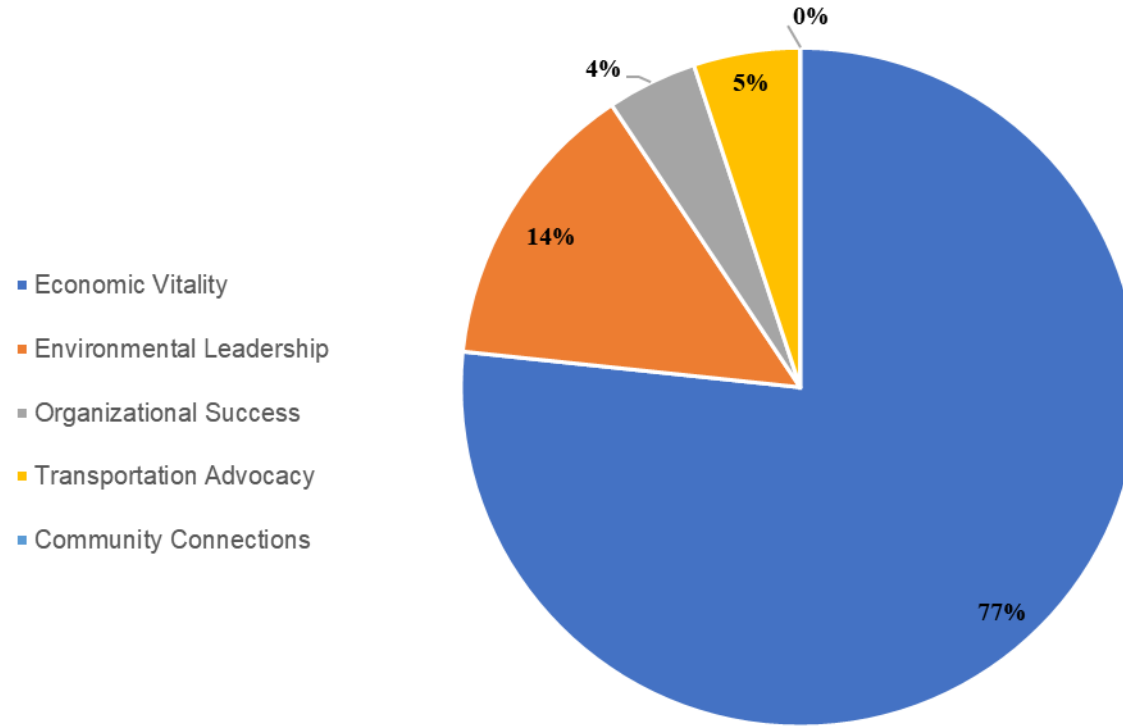
Note: May not foot due to rounding

## Notes:

- Includes \$49.3M Tribal Cutback/Dredge commitment
- Over the past 5 years actual CIP spend is averaging 51% of total CIP budget
- Capitalized: Assets that depreciate over time and non-depreciating land purchases
- Operating/Non-operating expense: Included in the budget as spending

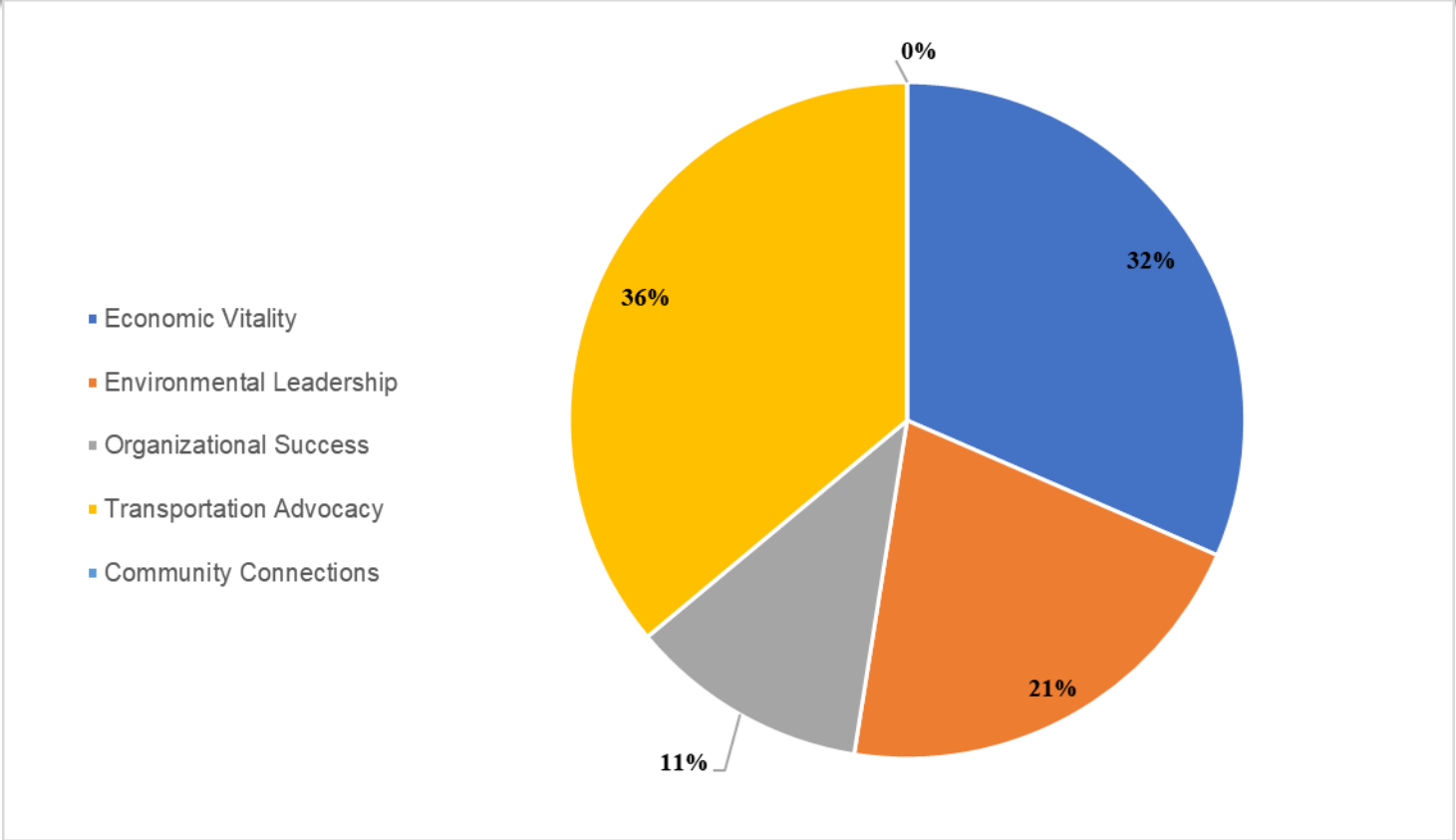


# 2024 CIP by Strategic Plan Goal



Strategic Goal	Capitalized Projects	Expensed Projects	2024 Total (\$ million)
Economic Vitality	\$ 68,952	\$ 8,091	\$ 77,043
Environmental Leadership	8,591	6,134	14,725
Organizational Success	1,665	2,690	4,355
Transportation Advocacy	4,140	1,000	5,140
Community Connections	-	-	-
<b>Total</b>	<b>\$ 83,347</b>	<b>\$ 17,915</b>	<b>\$ 101,263</b>

# 2024-2028 CIP by Strategic Plan Goal



Strategic Goal	Capitalized Projects	Expensed Projects	2024-2028 Total (\$ million)
Economic Vitality	\$ 92,319	\$ 17,799	\$ 110,118
Environmental Leadership	40,023	33,291	73,314
Organizational Success	36,115	3,840	39,955
Transportation Advocacy	120,940	5,000	125,940
Community Connections	-	-	-
<b>Total</b>	<b>\$ 289,396</b>	<b>\$ 59,930</b>	<b>\$ 349,327</b>

# 2024 Port of Tacoma CIP Spending

(Does not include NWSA CIP)

\$ millions



Type	2024 Budget	Major Projects
Building and Land (including remediation)	\$38.5	Land acquisitions, Sitcum Admin building improvements, EBC building improvements
Terminal Development & Dredging	\$33.6	Thorne Road off-dock container support facility
Other	\$9.9	Equipment, Finance & HR software systems, building demolitions
Environmental	\$6.6	Wapato Creek PCT Culvert Replacement Design, Parcel 1b (EBC) Interim Action to Support New Building, Taylor Wy & Alexander Ave Fill Area Cost Recovery (parcel 95)
Contingency for Emergent Projects	\$4.5	\$3M capitalized projects and \$1.5M operating expenses
Rail	\$4.1	Replace switches in the Banana Rail Yard
Port Maritime Building Design	\$1.7	
Habitat/Mitigation Development	\$1.4	Lower Wapato Creek (parcel 14), East Commencement (parcel 83)
Roadway Contribution	\$1.0	Roadway infrastructure funding
<b>Total</b>	<b>\$101.3</b>	

# 2024 – 2028 Port of Tacoma CIP

(Does not include NWSA CIP)

\$ millions



Type	2024-2028 Budget	Major Projects
Terminal Development & Dredging	\$150.4	Husky, WUT & PCT channel dredging, Blair Tribal dredge and Thorne Road off-dock container support facility
Building and Land (including remediation)	\$70.6	Land acquisitions, Sitcum Admin building improvements, Arkema Manufacturing interim remedial actions
Port Maritime Building Design & Construction	\$36.1	
Environmental	\$35.7	Parcel 1b (EBC) Remediation Design & Construction, Parcel 2 Petroleum remediation
Contingency for Emergent Projects	\$22.5	\$15M capitalized projects and \$7.5M operating expenses
Other	\$17.2	Equipment, Finance & HR software systems, building demolitions
Habitat/Mitigation Development	\$7.4	Lower Wapato Creek (parcel 14), East Commencement (parcel 83)
Rail	\$4.4	Replace switches in the Banana Rail Yard
Roadway Contribution	\$5.0	Roadway infrastructure funding
Rail	\$4.4	Replace switches in the Banana Rail Yard
<b>Total</b>	<b>\$349.3</b>	

# 2024 Tax Levy



- State law allows tax levy dollars to be used for paying general obligation debt and for “...general port services.”
- Port of Tacoma policy is to use remaining tax levy after paying annual GO bond debt service for “governmental” purposes.
  - GO bond debt retirement
  - Road and rail infrastructure
  - Environmental projects
  - Land purchases

# Tax Levy Eligible Uses

General Obligation Bond Principal	\$ 7,178,000
General Obligation Bond Interest	\$ 5,065,292
Arkema Mfg Area Investigation	\$ 1,130,000
Arkema Mfg Area Interim Action	\$ 2,375,000
Banana Yard Rail Switch Replacement	\$ 4,140,000
Port Administration Bldg Improvements	\$ 6,700,000
POT Maritime Center Design & Construction	\$ 1,665,000
Blair Channel Dredging Design	\$ 2,000,000
Finance & Procurement System Replacement	\$ 2,000,000
Tide Gate Replacement and Access Pad	\$ 1,000,000
Land Acquisitions	\$ 20,000,000
<b>Tax Levy Potential Uses in 2024</b>	<b>\$ 53,253,292</b>

- Propose a flat 3% increase over prior year
  - \$727,080 increase to \$26,064,031
  - Continue to bank excess tax levy capacity
- Per current maximum allowable by law, Port could increase levy by 14.5% or \$3.7M
- Assessed property values (base plus new construction) rose 0.23% in 2023 vs 2022
  - Average residential home values growth slowed in 2023 while business property values increased slightly



# 2024 Tax Levy

	2023 Forecast	2024 Budget
Assessed Valuation*	\$191,187,912,091	\$191,634,741,724
Target Millage Rate (per \$1,000 valuation)	\$0.13236	\$0.13601
Total Port Tax Levy **	\$25,304,884	\$26,064,031
Debt Service on G.O. Bonds	\$12,195,336	\$12,243,292
Remainder for Governmental Projects	\$13,109,548	\$13,820,739

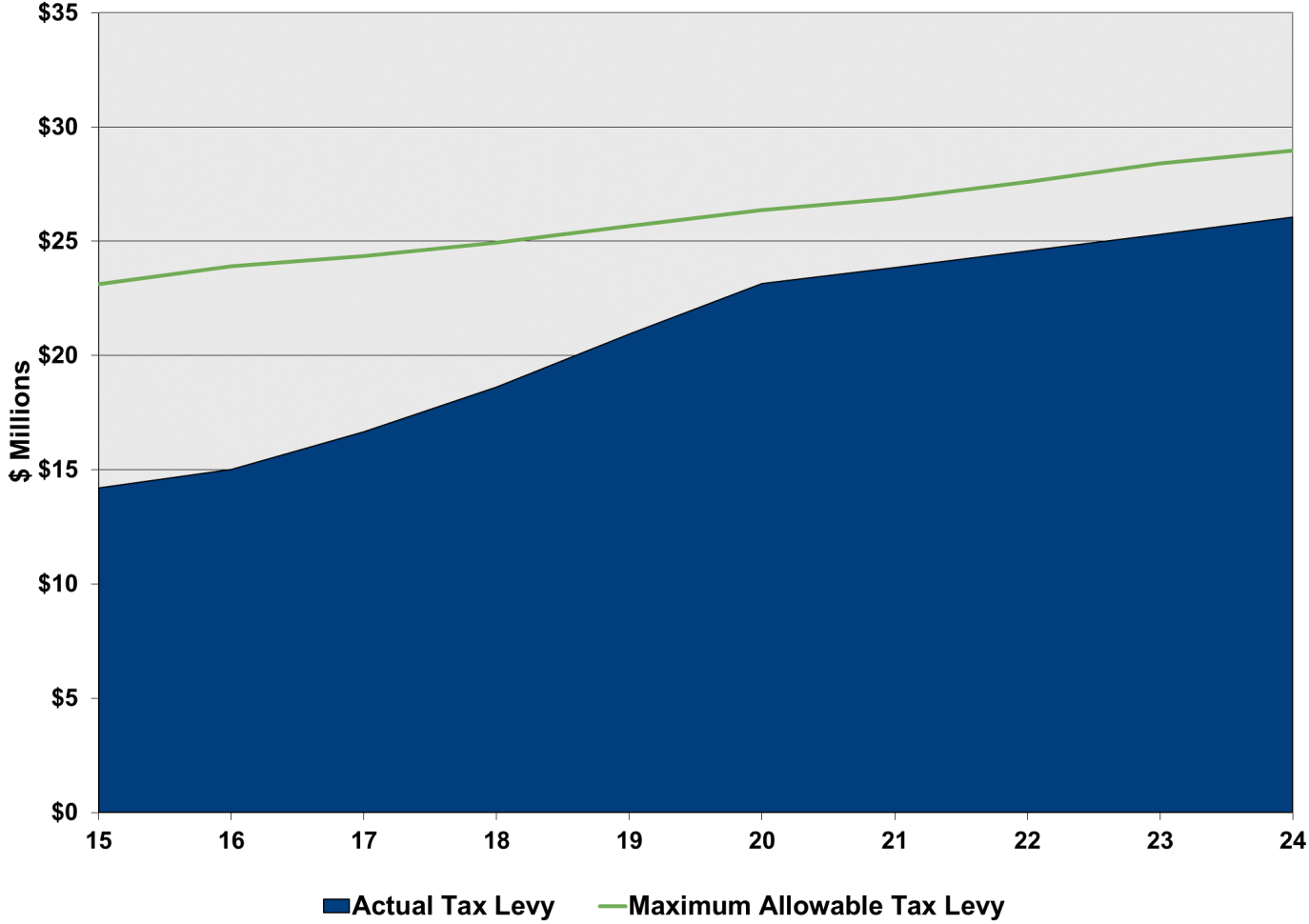
\* Will impact growth of ceiling in future years

Tax Collection Year	2020	2021	2022	2023	2024
Avg. Assessed Value	\$ 373,874	\$ 405,459	\$ 474,204	\$ 568,840	\$ 554,465
Port Millage Rate (per \$1,000)	0.18365	0.1730191	0.15426	0.13236	0.13601
Annual Tax Levy	\$ 68.66	\$ 70.15	\$ 73.15	\$ 75.29	\$ 75.41
Monthly Tax Levy	\$ 5.72	\$ 5.85	\$ 6.10	\$ 6.27	\$ 6.28
Tax Levy if at Maximum Rate	\$ 78.18	\$ 79.06	\$ 82.20	\$ 84.50	\$ 83.80
Monthly Tax Levy at Max Rate	\$ 6.51	\$ 6.59	\$ 6.85	\$ 7.04	\$ 6.98

\* Based on 2024 preliminary valuations (as of September 2023) and targeted millage rate

\*\* Asking for 3% increase in levy, but effect on average homeowner is flat

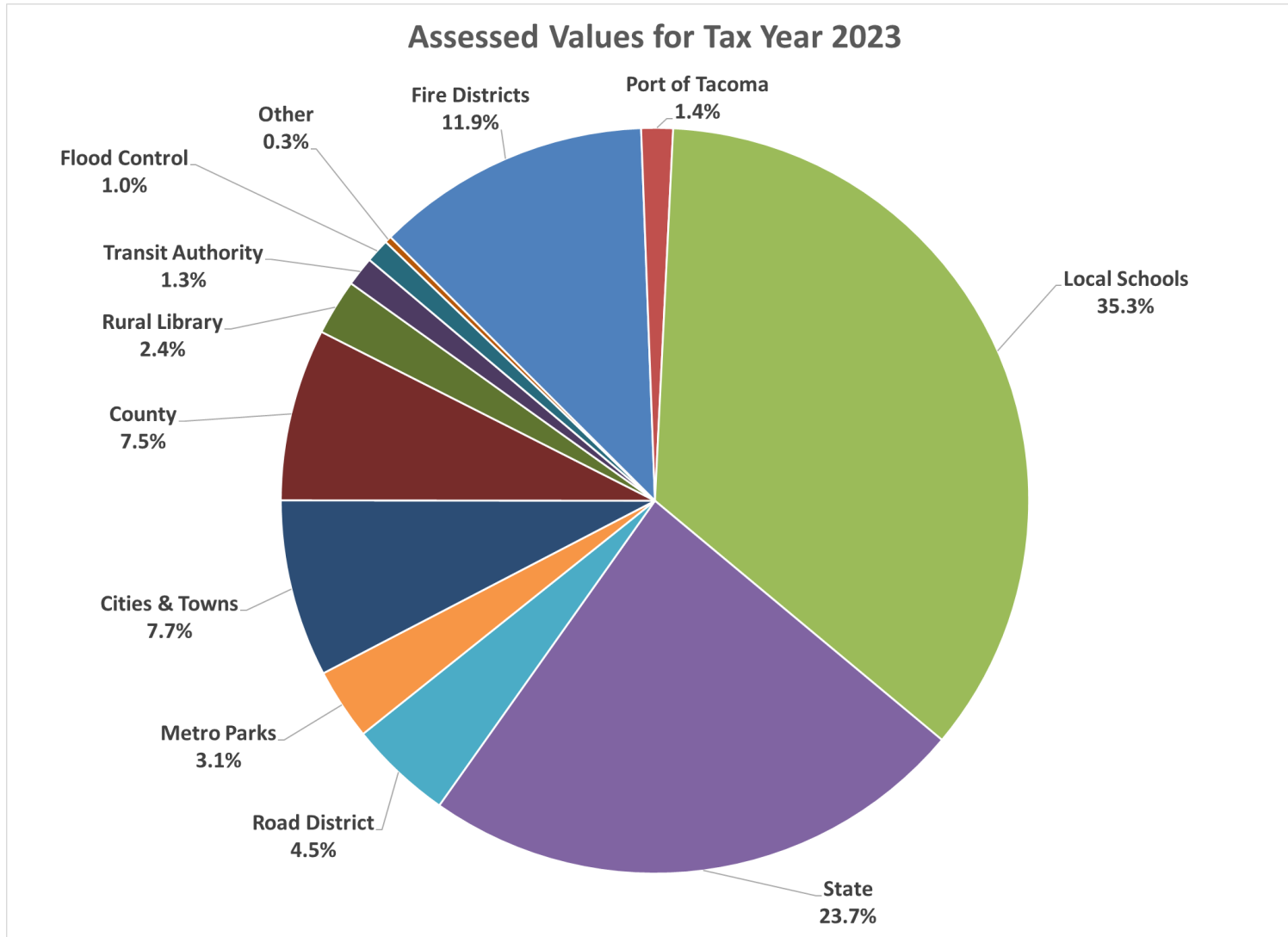
# Tax Levy History



\* 2024 Preliminary assessed valuations as of September 2023

\*\* Based on 2024 preliminary valuations and targeted millage rate

# 2024 Taxing District's % of Total



# 2024 Operational Budget



Revenues are based on NWSA, POT real estate and other POT businesses

- Split NWSA Distributable Income (Net Income) 50/50
- Real Estate, auto and Bulk based on existing leases and cargo forecast
- Intermodal revenue based on industrial rail traffic

## Operating expenses

- Demolition costs associated with putting Port properties back into productive use
- Increased operating expenses to support the growth of the Port auto business
- Increased remediation costs associated with Port properties
- Significant costs associated with reinvesting in Port technology to support critical systems

# BARS POT Net Income

(\$ millions)	2022	2023	2023	2024
	Actual	Budget	Forecast	Budget
<b>Operating Revenues</b>				
NWSA	\$55.4	\$50.3	\$50.5	\$57.2
Container	3.6	3.8	3.7	4.0
Non Container	3.3	5.4	6.7	8.0
Real Estate	28.5	29.5	27.7	30.6
Other	0.0	0.1	0.0	0.0
<b>Total Operating Revenues</b>	<b>90.7</b>	<b>88.9</b>	<b>88.6</b>	<b>99.8</b>
<b>Total Direct Expenses</b>	<b>8.4</b>	<b>14.3</b>	<b>13.3</b>	<b>19.8</b>
<b>Administration</b>	6.3	10.7	9.6	12.0
<b>Security</b>	1.8	2.2	2.1	2.4
<b>Environmental</b>	1.9	6.8	4.4	5.6
<b>Total Operating Expense before Depreciation</b>	18.5	34.1	29.5	39.8
<b>Depreciation</b>	23.3	22.3	22.5	21.4
<b>Total Operating Expense</b>	<b>41.7</b>	<b>56.4</b>	<b>52.0</b>	<b>61.2</b>
<b>Operating Income</b>	<b>\$49.0</b>	<b>\$32.5</b>	<b>\$36.6</b>	<b>\$38.6</b>
<i>Return on Revenue</i>	<i>54.0%</i>	<i>36.6%</i>	<i>41.3%</i>	<i>38.7%</i>
Non Operating Income (Expense) - without HMT	(20.0)	(5.0)	(0.6)	8.1
<b>Income before Tax Levy and Expense</b>	<b>29.0</b>	<b>27.5</b>	<b>36.0</b>	<b>46.7</b>
<b>Ad Valorem Tax Levy</b>	24.6	25.3	25.3	26.0
GO Interest	(4.1)	(3.9)	(3.9)	(3.7)
<b>Net Tax Levy</b>	<b>\$20.5</b>	<b>\$21.3</b>	<b>\$21.4</b>	<b>\$22.3</b>
Harbor Maintenance Tax Funds	2.7	23.0	3.4	3.4
<b>Net Income</b>	<b>\$52.2</b>	<b>\$71.8</b>	<b>\$60.7</b>	<b>\$72.4</b>

May not foot due to rounding.

# POT Staffing History

Company	Department	2017	2018	2019	2020	2021	2022	2023	2024
Port of Tacoma	Real Estate	6	6	6	6	6	6	6	6
	Customer Service	9	9	9	9	9	9	10	10
	Strategic Projects, Risk & Safety	2	2	2	1	0	0	0	0
	Security	19	20	18	19	20	20	20	21
	TSO Security	12	12	12	10	10	11	12	12
	Environmental Admin	10	10	10	9	8	8	8	9
	Engineering	14	18	15	16	13	14	14	14
	Equipment Maintenance	48	49	48	50	47	47	46	45
	Facility Maintenance	38	37	41	36	36	36	36	37
	Executive	0	1	1	1	4	4	6	7
	Information Technology	21	23	23	23	22	21	22	24
	Finance	20	20	20	20	19	18	20	19
	Contracts	9	9	9	9	9	9	8	8
	Human Resources	4	4	4	3	4	4	5	5
	Government Affairs	4	4	3	3	3	3	4	4
	Communications	5	5	5	6	6	6	6	5
		<b>221</b>	<b>229</b>	<b>226</b>	<b>221</b>	<b>216</b>	<b>216</b>	<b>223</b>	<b>226</b>



# 2023 vs 2024 Expense Comparison Salaries & Benefits

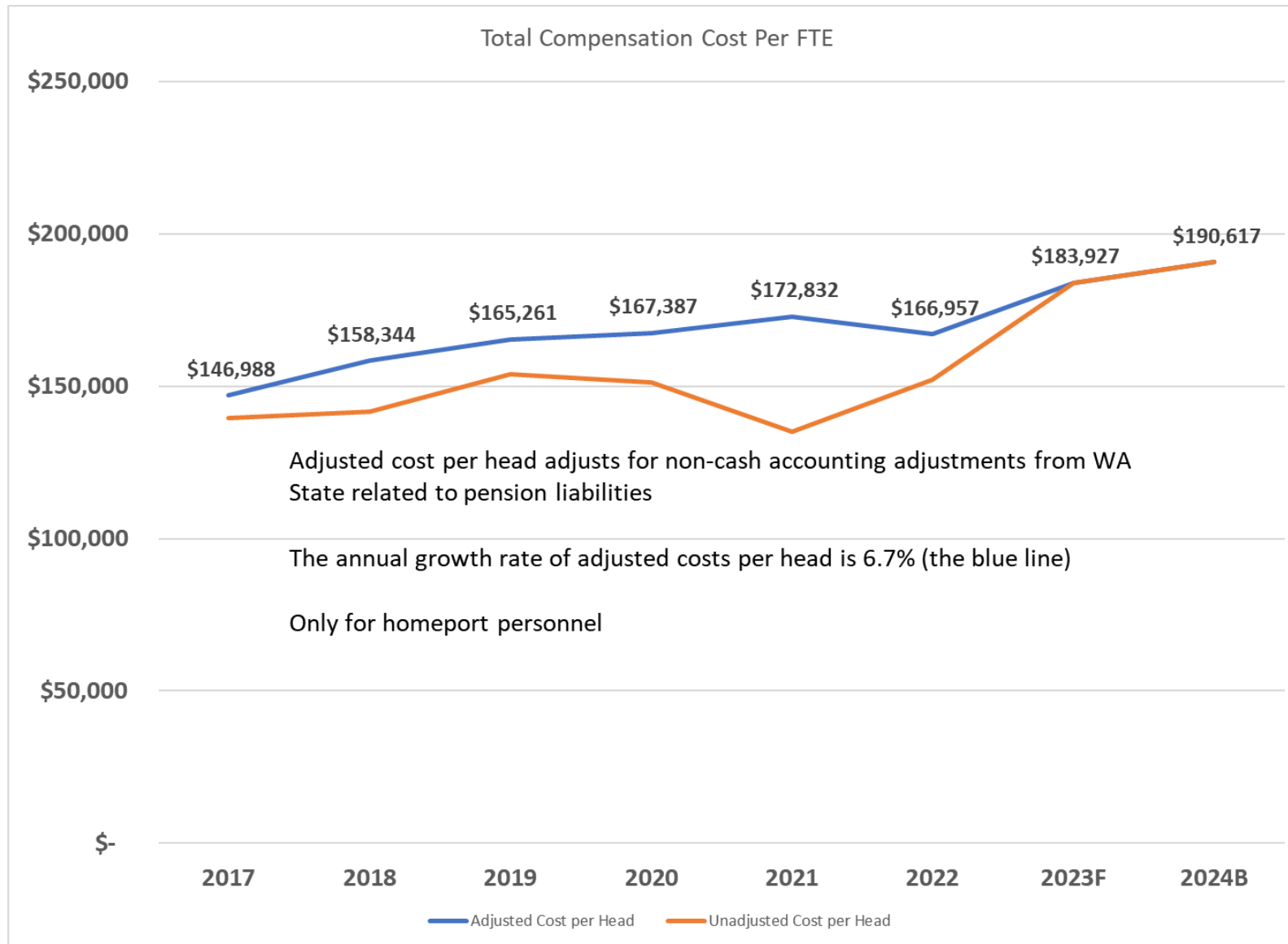
	2022	2023 Budget	2023 Forecast	2024 Budget	Var from Forecast	% Var	Var from Prior Budget	% Var
Salary Wages	9,152,379	10,456,993	10,309,836	11,038,461	728,625	7%	581,468	6%
Hourly Wages	13,704,466	14,958,115	14,995,887	16,350,104	1,354,217	9%	1,391,989	9%
OT Wages	2,057,943	1,660,949	1,795,445	1,673,848	(121,597)	-7%	12,899	1%
<b>Total Wages</b>	<b>24,914,788</b>	<b>27,076,057</b>	<b>27,101,168</b>	<b>29,062,412</b>	<b>1,961,245</b>	<b>7%</b>	<b>1,986,356</b>	<b>7%</b>
F.I.C.A.	1,858,500	2,032,305	2,056,276	2,170,195	113,918	6%	137,889	7%
S.U.I.	39,505	123,060	97,728	128,869	31,141	32%	5,808	5%
Medical Benefits	6,834,178	7,326,655	7,130,503	7,348,282	217,779	3%	21,627	0%
Employee Pension	2,406,742	2,646,216	2,480,212	2,540,172	59,961	2%	(106,044)	-4%
Other Benefits	(4,117,522)	1,018,480	939,349	1,133,366	194,017	21%	114,886	11%
<b>Total Benefits</b>	<b>7,021,403</b>	<b>13,146,717</b>	<b>12,704,068</b>	<b>13,320,884</b>	<b>616,816</b>	<b>5%</b>	<b>174,167</b>	<b>1%</b>
<i>Benefits % of Total</i>	<i>28.2%</i>	<i>48.6%</i>	<i>46.9%</i>	<i>45.8%</i>				
<b>Port Salaries &amp; Benefits</b>	<b>31,936,191</b>	<b>40,222,773</b>	<b>39,805,235</b>	<b>42,383,296</b>	<b>2,578,061</b>	<b>6%</b>	<b>2,160,523</b>	<b>5%</b>

May not foot due to rounding

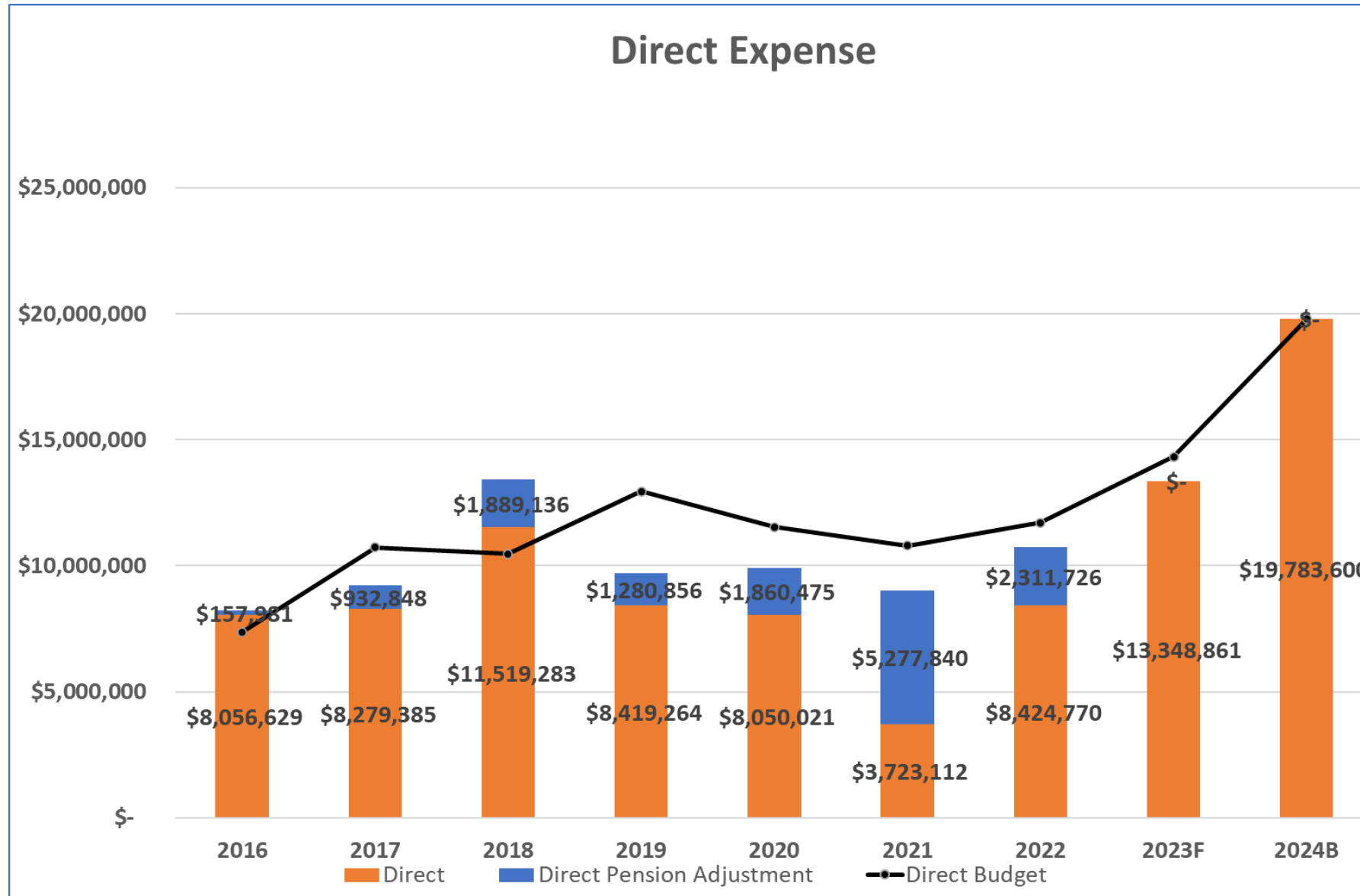
Average annualized salary is \$120,837 (includes all staff except Executive Director)

- Budgeted salary pool for non-represented staff positions
  - Annual increases is \$402,288
  - Employee recognition is \$28,397
  - Potential salary market adjustments is \$227,174

# POT Staffing Cost



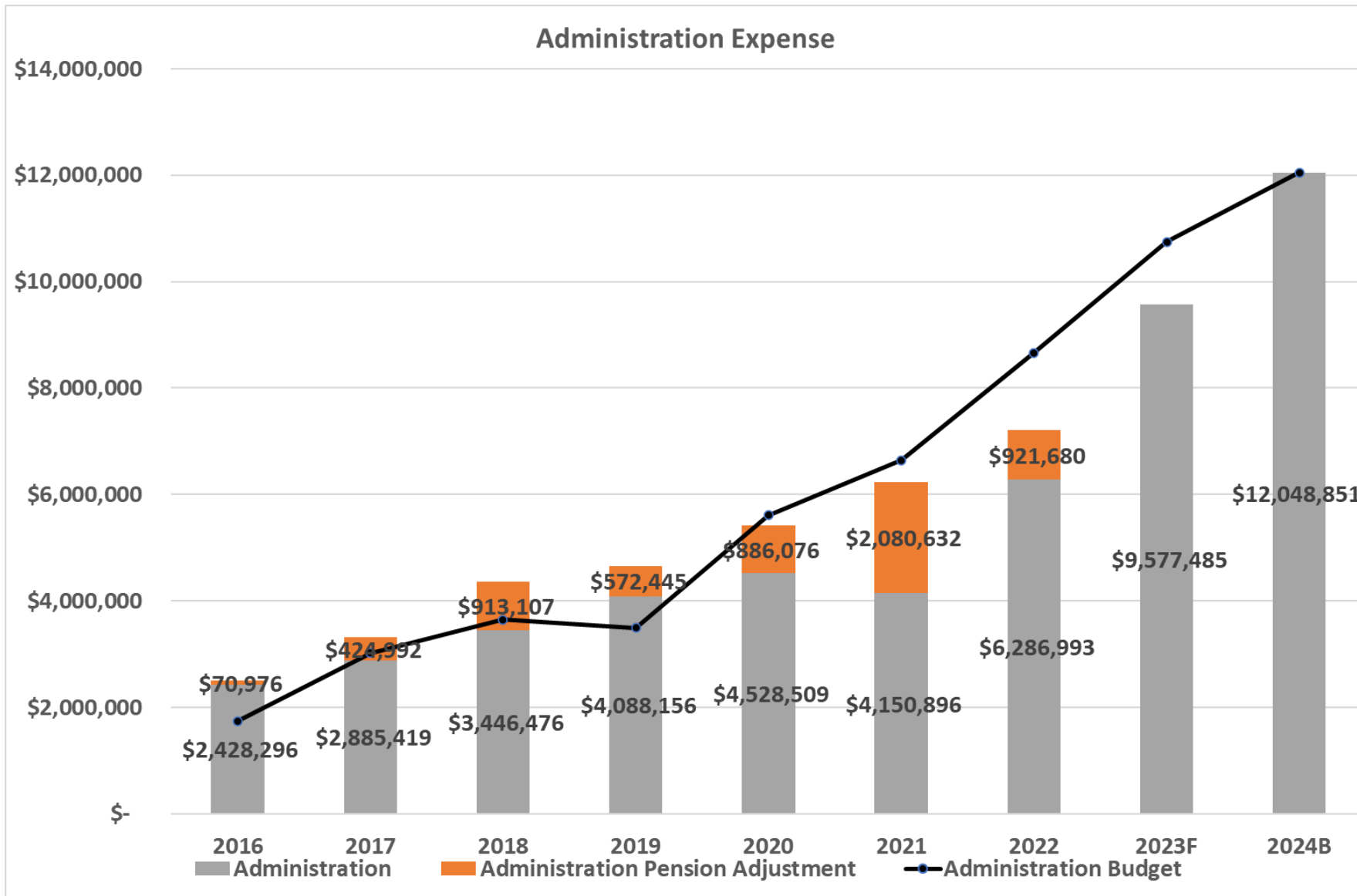
# Direct Expense



2024 budget reflects a \$6.4M increase vs. 2023 forecast

- EBC Building stabilization of \$3.0M expense
- Building demolitions of \$1.0M
  - 2202 POT Rd Building Demo
  - SR 509 Building & Rail Demo
- Property rental expense for auto storage of \$1.8M

# Administration



2024 budget reflects a \$2.4M increase vs. 2023 forecast

- Significant reinvestment to update finance, contracting and human resources systems of \$1.6M
- Temporary labor to assist during implementation of finance and contracting systems \$280K

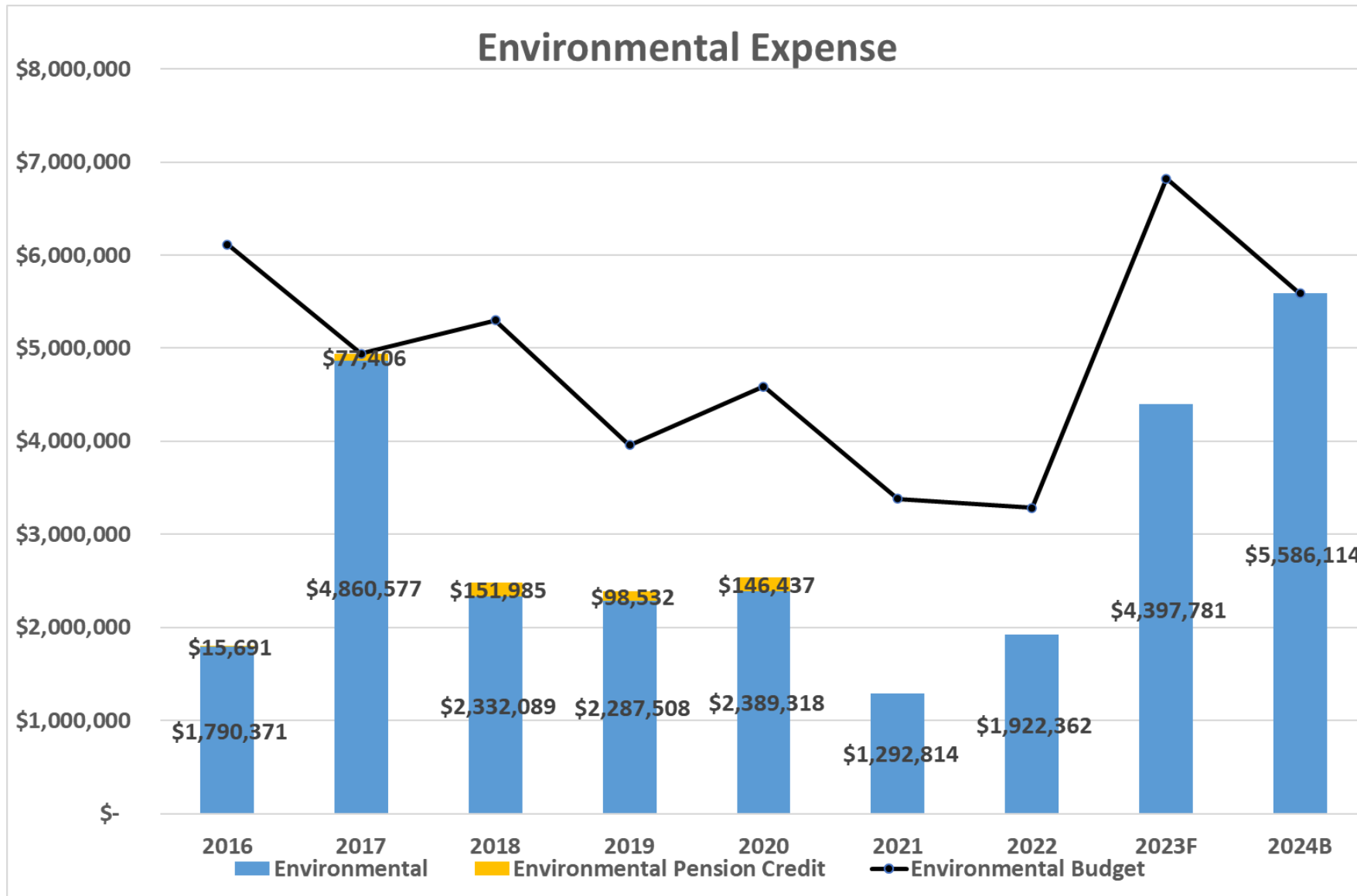
(A portion of these costs are charged to the NWSA as part of the service agreements)

2024 budget reflects a \$2.4M increase vs. 2023 forecast

- Workforce development spending of \$170K (under spent in 2023)
- External resource to advance diversity, equity and inclusion program of \$50K increase over 2023
- Fill open positions and support salary increases for administrative staff \$800K

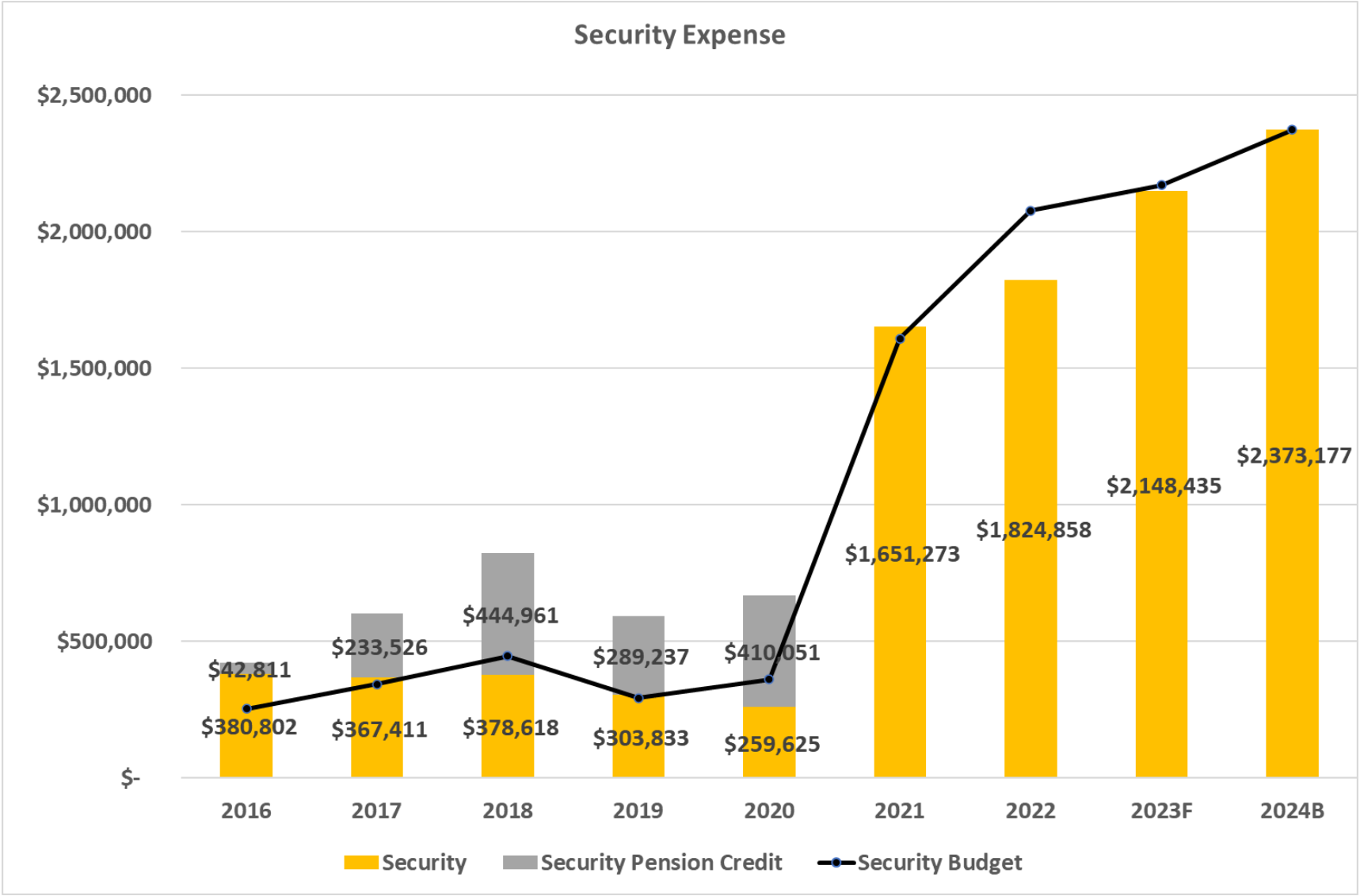
(A portion of these costs are charged to the NWSA as part of the service agreements)

# Environmental





- 2024 budget reflects a \$1.2M increase vs. 2023 forecast
- Parcel 1b (EBC) Interim Action to Support New Building of \$700K
  - Parcel 95 Taylor Wy & Alexander Ave Fill Area Cost Recovery \$660K



2024 budget reflects a \$224K increase vs. 2023 forecast

- \$279k for 2 additional full-time patrol officers which will reduce overtime costs
- Incident Command System and Drill \$60K
- Restructure of department which combined leadership positions to a Director Port Security

# Non-Operating

<i>\$ millions</i>	<b>2023 Budget</b>	<b>2023 Forecast</b>	<b>2024 Budget</b>	<b>Chg from CY Budget</b>	<b>Chg from CY Frcast</b>
Interest Income	\$6.9	\$7.2	\$8.9	\$2.0	\$1.7
Premium Discount	(\$0.6)	(\$0.4)	\$0.5	\$1.1	\$0.9
Investment Gain Loss	0.0	1.9	0.0	0.0	(1.9)
Capital Grant Income	9.5	9.4	17.4	7.9	8.0
Non-Capital Grant Income	0.2	0.2	1.5	1.3	1.3
Other Non Operating Income	21.1	1.8	1.6	(19.5)	(0.2)
<b>Non Operating Revenue</b>	<b>37.1</b>	<b>20.1</b>	<b>30.0</b>	<b>(7.1)</b>	<b>9.9</b>
Revenue Bond Interest Expense	15.9	15.6	15.4	0.5	0.2
Election Expense	1.0	1.0	0.0	1.0	1.0
Other Non Operating Expense	2.3	0.8	3.1	(0.8)	(2.3)
<b>Non Operating Expense</b>	<b>19.2</b>	<b>17.3</b>	<b>18.5</b>	<b>0.6</b>	<b>(1.2)</b>
<b>Non Operating Revenues (Expense)</b>	<b>\$17.9</b>	<b>\$2.8</b>	<b>\$11.5</b>	<b>(\$6.4)</b>	<b>\$8.7</b>
<b>Non Operating Revenue and Expenses</b>	<b>\$17.9</b>	<b>\$2.8</b>	<b>\$11.5</b>		

May not foot due to rounding

# 2024 Memberships over \$10k

Memberships	2023 Budget	2024 Budget	Comments
Washington Public Ports Association	\$ 215,000	\$ 215,000	
Puget Sound Regional Council	50,700	54,000	
Manufacturing Industrial Council	-	25,000	
Tacoma Pierce County Chamber of Commerce	24,740	24,740	
All other memberships \$10,000 or under	40,162	35,936	47 memberships
<b>Total Memberships</b>	<b>\$ 330,602</b>	<b>\$ 354,676</b>	

- Other Port memberships \$10,000 or less per year
- Membership costs subject to small variations based on fees tied to 2023 actual results

# 2024 Major Community Contracts

<b>Contract</b>	<b>2023 Contract</b>	<b>2024 Contract</b>
<b>World Trade Center</b>	<b>\$ 122,500</b>	<b>\$ 122,500</b>
<b>Economic Development Board</b>	<b>130,000</b>	<b>130,000</b>
<b>Total Contracts</b>	<b>\$ 252,500</b>	<b>\$ 252,500</b>

RCW 53.36.120 & 130 requires that Port expenditures for Industrial Development, Trade Promotion, and Promotional hosting be specific budgeted items

Promotional hosting is “Furnishing customary meals, refreshments, lodging, transportation or any combination of those items in connection with: Business meetings, social gatherings, and ceremonies honoring persons or events relating to the authorized business promotion activities of the port”

# Promotional Hosting

Organization	2022 Actual	2023 Forecast	2024 Budget
POT Promotional Hosting	\$ 5,611	\$ 18,408	\$ 20,177
50% of NWSA Promotional Hosting	38,104	76,421	96,970
Total Promotional Hosting	\$ 43,715	\$ 94,829	\$ 117,147

Statutory limit is \$274,503 based on \$99.8M in revenue



# 2024-2028 Plan of Finance



# 2024 Statutory Cash Budget

<i>(\$ Million)</i>	<u>2024</u>
<b>Beginning Cash &amp; Investments</b>	\$182.1
 <b><u>Projected Sources of Funds</u></b>	
<b>Revenues</b>	99.8
Expenses	(39.3)
Memberships	(0.4)
Promotional hosting and Items POT	(0.0)
Promotional hosting NWSA (POT share)	(0.1)
<b>Funds Provided by Operations</b>	<u>60.0</u>
Interest Income	9.5
NWSA Depreciation Cash	14.7
HMT Funds	3.4
Other Non-Op (net)	15.7
Other Contributions	0.0
Ad valorem tax revenue (net)	26.0
<b>Projected Sources of Funds</b>	<u>129.3</u>
 <b><u>Projected Uses of Funds</u></b>	
Investment in Northwest Seaport Alliance	72.3
Debt Payments (Principal and Interest) - GO Bonds	12.2
Debt Payments (Principal and Interest) - Revenue Bonds	29.7
Debt Payments (Principal and Interest) - Commercial Paper	-
Capital Spending - Planned Projects	83.3
<b>Projected Uses of Funds</b>	<u>197.6</u>
 <b><u>Projected Borrowing</u></b>	
Commercial Paper Borrowing	0.0
<b>Total Borrowing</b>	<u>0.0</u>
 <b>Projected Ending Cash &amp; Investments</b>	 <u>\$113.8</u>

# Plan of Finance Assumptions

## Operating Revenues

- Includes POT portion of NWSA net income
- Based on business forecast & existing leases

## Operating Expenses

- Inflation 4.5%
- Real Estate and operating expenses, mainly fixed costs

## Non-Operating

- Revenue and GO Bond interest expense
- Investment income
- Negative mark to market
- Grant Income
- HMT Funds
- Road and bridge contributions
- Demolition of buildings and asset disposal
- Election expenses (odd numbered years)

# Plan of Finance Assumptions

## Harbor Maintenance Tax

- Includes HMT revenue of \$3.4 million per year over five-year period

## Capital projects spending \$499.8 million

- Includes POT portion of NWSA CIP of \$210.4 million
- Includes POT specific Capitalized projects of \$289.4 million

SR 167 contribution of \$13M cash set aside in budget (expense recognized in previous years)

## Debt Management

- All eligible bonds have been refunded that can economically be refunded
- Normally scheduled GO and Revenue Bond debt payments
- No additional borrowing is required

# 2024-2028 Cash Flow Forecast

## Cashflow Forecast

(\$ Million)

	2024	2025	2026	2027	2028
<b>Beginning Cash &amp; Investments</b>	\$182.1	\$113.8	\$115.8	\$119.2	\$137.5
<b><u>Projected Sources of Funds</u></b>					
Revenues	99.8	103.9	105.7	110.0	113.9
Expenses	(39.8)	(33.8)	(33.8)	(38.1)	(35.5)
<b>Funds Provided by Operations</b>	60.0	70.2	71.9	71.9	78.4
Interest Income	9.5	3.1	2.8	2.5	2.4
NWSA Depreciation Cash Add back	14.7	17.8	20.3	21.3	21.3
HMT Funds	3.4	3.4	3.4	3.4	3.4
Other Non-Op (net)	15.7	0.8	(1.4)	(2.6)	(1.6)
Other Contributions	0.0	0.0	0.0	0.0	0.0
Ad valorem tax revenue (net)	26.0	26.8	27.6	28.4	29.3
<b>Projected Sources of Funds</b>	129.3	122.1	124.7	124.9	133.3
<b><u>Projected Uses of Funds</u></b>					
Investment in Northwest Seaport Alliance	72.3	40.4	29.6	33.5	34.7
Debt Payments (Principal and Interest) - GO Bonds	12.2	12.3	12.3	12.3	12.3
Debt Payments (Principal and Interest) - Revenue Bonds	29.7	29.4	28.5	28.4	28.4
Debt Payments (Principal and Interest) - Commercial Paper	0.0	0.0	0.0	0.0	0.0
Capital Spending - Planned Projects	83.3	37.8	50.9	32.5	84.8
<b>Projected Uses of Funds</b>	197.6	120.0	121.3	106.6	160.2
<b><u>Projected Borrowing</u></b>					
Commercial Paper Borrowing	0.0	0.0	0.0	0.0	0.0
<b>Total Borrowing</b>	0.0	\$0.0	\$0.0	\$0.0	\$0.0
<b><u>Projected Ending Cash &amp; Investments</u></b>					
Minimum Cash	\$84.6	\$81.6	\$81.5	\$83.7	\$82.4
Sr. Lien Rev. Bond Debt Service Coverage	5.95	6.38	6.66	6.74	7.16
Fully Diluted Revenue Bond Debt Service	3.30	3.59	3.87	3.93	4.20

# 2024 Minimum Cash Calculation

Does not include \$25.5 million in working capital contribution to the NWSA

<u>Minimum Port of Tacoma Cash &amp; Investments</u>	<u>(\$ Millions)</u>
Port cash and investments to cover 6 months operating expenses	\$19.9
Prorated revenue bond payments	2.5
Prorated G.O. bond payments	1.0
Revenue bond reserves	59.9
Industrial insurance reserve	0.4
Self insurance reserve	1.0
Minimum Port of Tacoma cash & investment balance	<u>\$84.7</u>

# 2024 Debt Outstanding at Year End

*(\$ Million)*

**Debt Outstanding at year end**

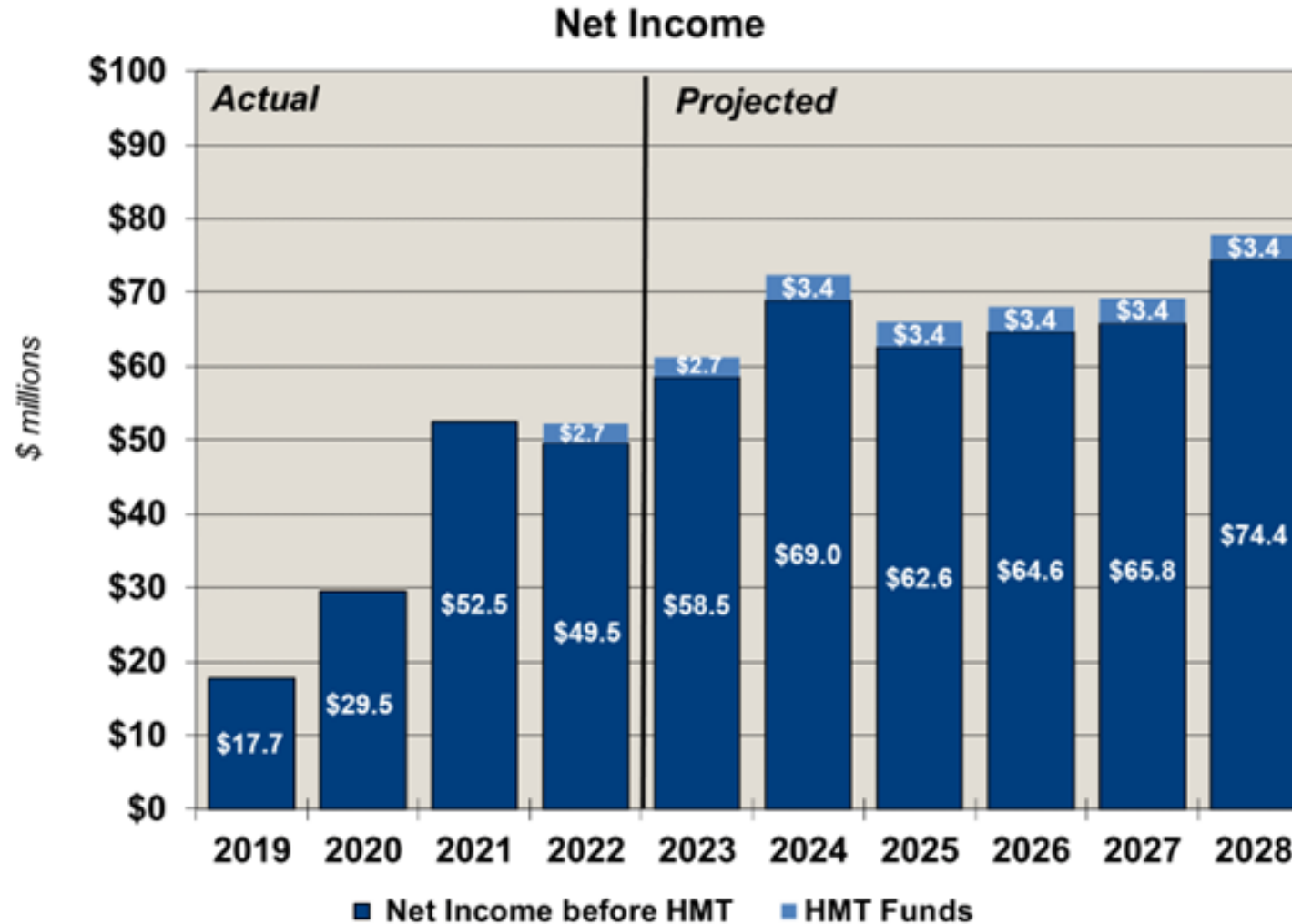
	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>
Un-voted <u>G.O. Bond</u> , Fixed Rate	\$121.8	\$114.7	\$107.2	\$99.6	\$91.8	\$83.5
<u>Senior Revenue Bond</u> , <u>Fixed Rate</u>	171.9	163.3	154.3	145.0	135.3	125.2
<u>Subordinate Rev Bond</u> , <u>Variable Rate</u>	209.4	205.8	202.1	198.2	194.1	189.9
Commercial Paper, Variable Rate	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total Debt Outstanding</b>	<b>\$503.1</b>	<b>\$483.8</b>	<b>\$463.7</b>	<b>\$442.9</b>	<b>\$421.2</b>	<b>\$398.6</b>

# 2024 Summary of Financial Capacity

(\$ Million)	2024	2025	2026	2027	2028	5-Year Change
Unvoted G.O. Bond Capacity	\$364.4	\$379.6	\$395.0	\$415.9	\$437.6	
Revenue Bond Capacity	310.9	397.0	449.0	462.8	547.2	
Less: TECP Program Debt Outstanding	0.0	0.0	0.0	0.0	0.0	
<b>Total Non-voted Debt Capacity</b> <i>(Capacity cannot be less than zero)</i>	<b>\$675.3</b>	<b>\$776.6</b>	<b>\$844.0</b>	<b>\$878.7</b>	<b>\$984.7</b>	<b>\$309.4</b>
Remaining G.O. Bond Capacity - <u>Voted</u>	958.2	973.6	989.4	1,015.4	1,042.1	
<b>Total Voted Debt Capacity</b>	<b>\$1,633.5</b>	<b>\$1,750.2</b>	<b>\$1,833.4</b>	<b>\$1,894.1</b>	<b>\$2,026.8</b>	<b>\$393.3</b>

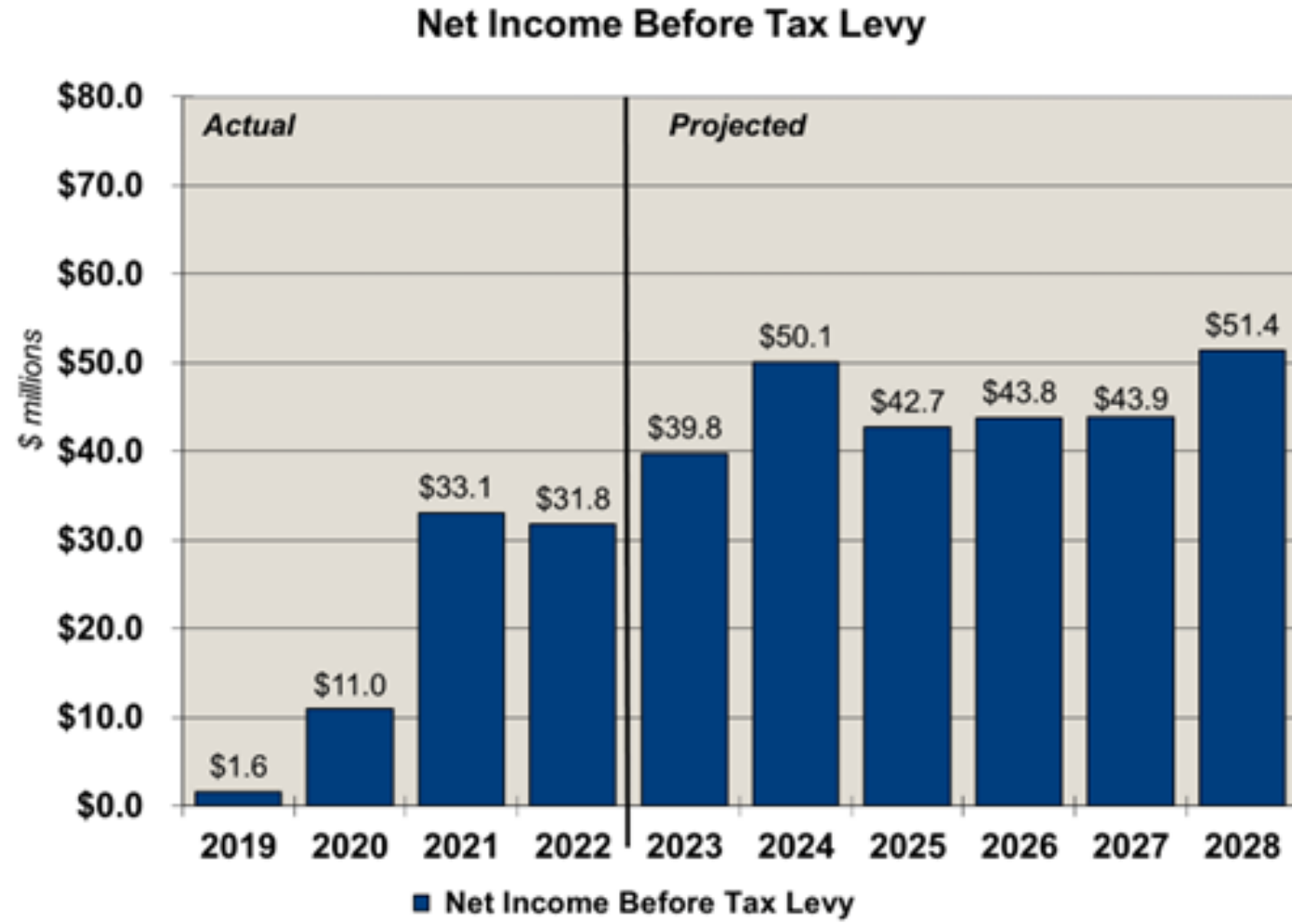


# Financial Measure: Net Income



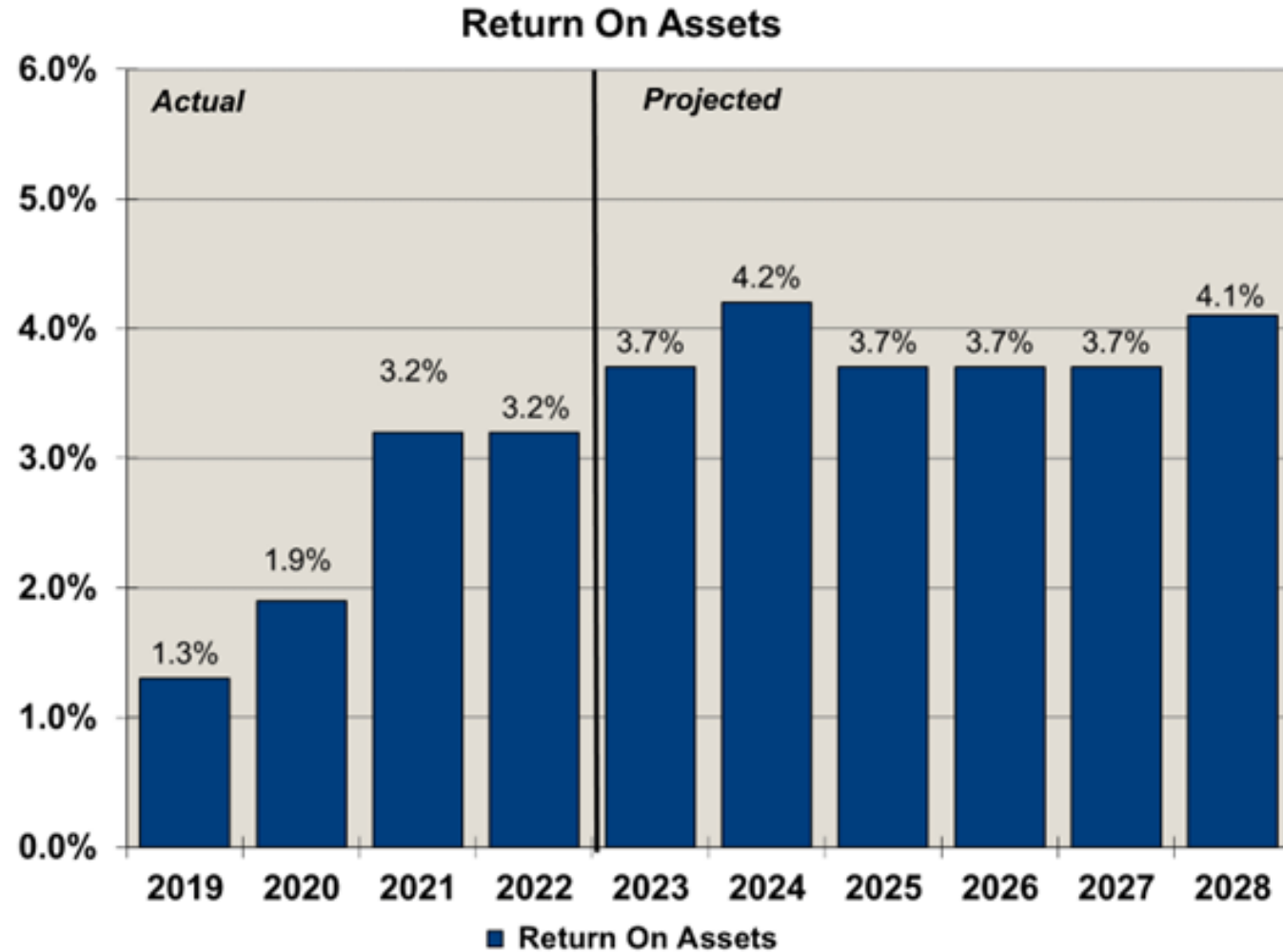
10-year average of \$56.7 M

# Financial Measure: Net Income before Tax Levy



10-year average of \$34.9 M

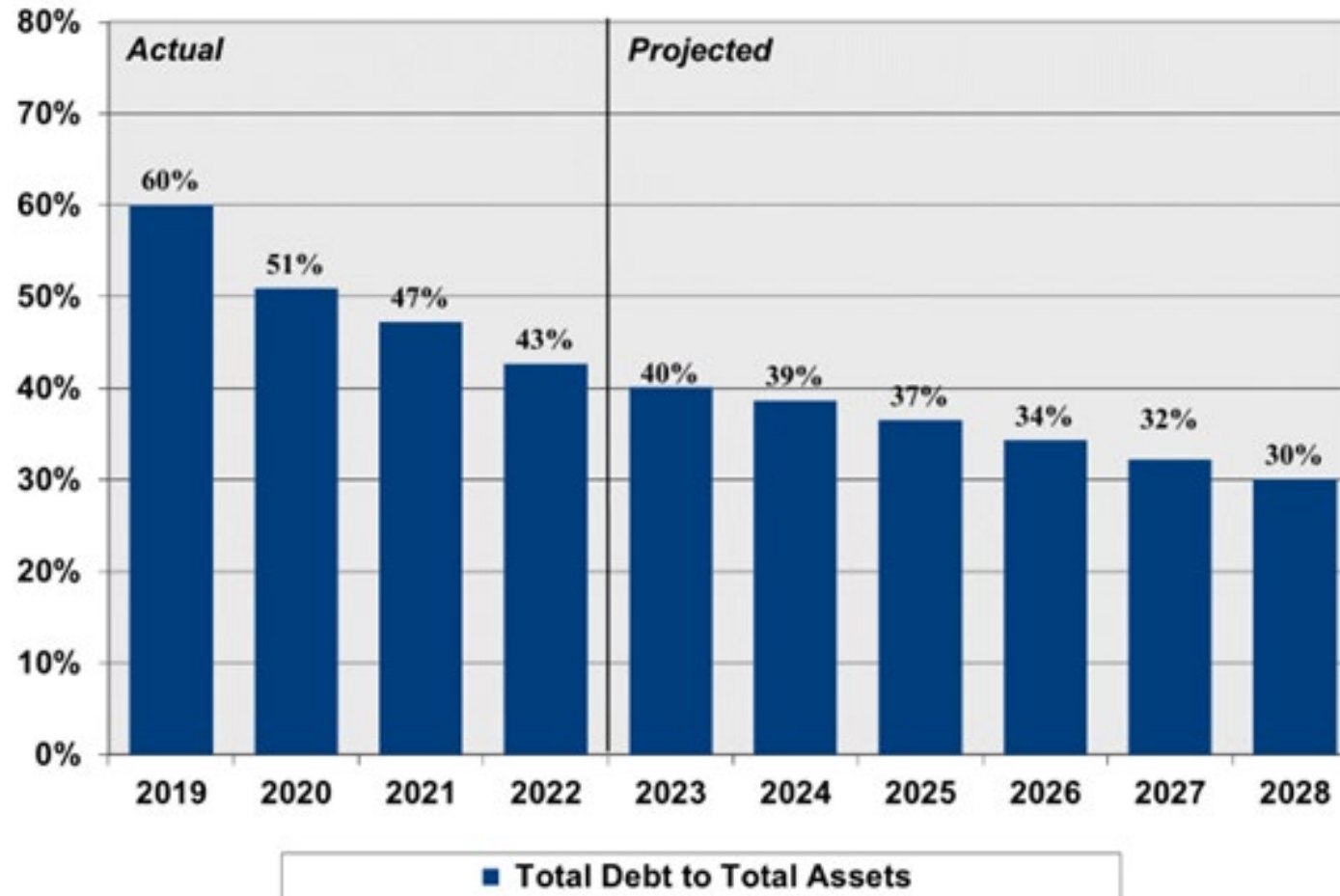
# Financial Measure: Return on Assets



10-year average of 3.3%

# Financial Measure: Debt to Asset Ratio

Projected - Total Debt to Total Assets Ratio



## Overall solid financial position for the Port

- Revenue growth in real estate and auto business
- Direct operating and administration expenses include significant reinvestment in Port physical and technology assets
- Includes resources to support key Port strategic goals (workforce development, DEI, community outreach)
- Significant grant income will offset portion of the costs to place property back into productive use
- Current plan provides capacity to borrow if strategic land acquisitions emerge

# Questions







# Thank You

## Questions & Discussion



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