

Item: 7A-7D

Date: 11/21/2023

2024 Tax Levy & 2024 Statutory Budget Public Hearing

Erin Galeno

Chief Financial & Administrative Officer

Port of Tacoma Commission Meeting

Date: November 21, 2023



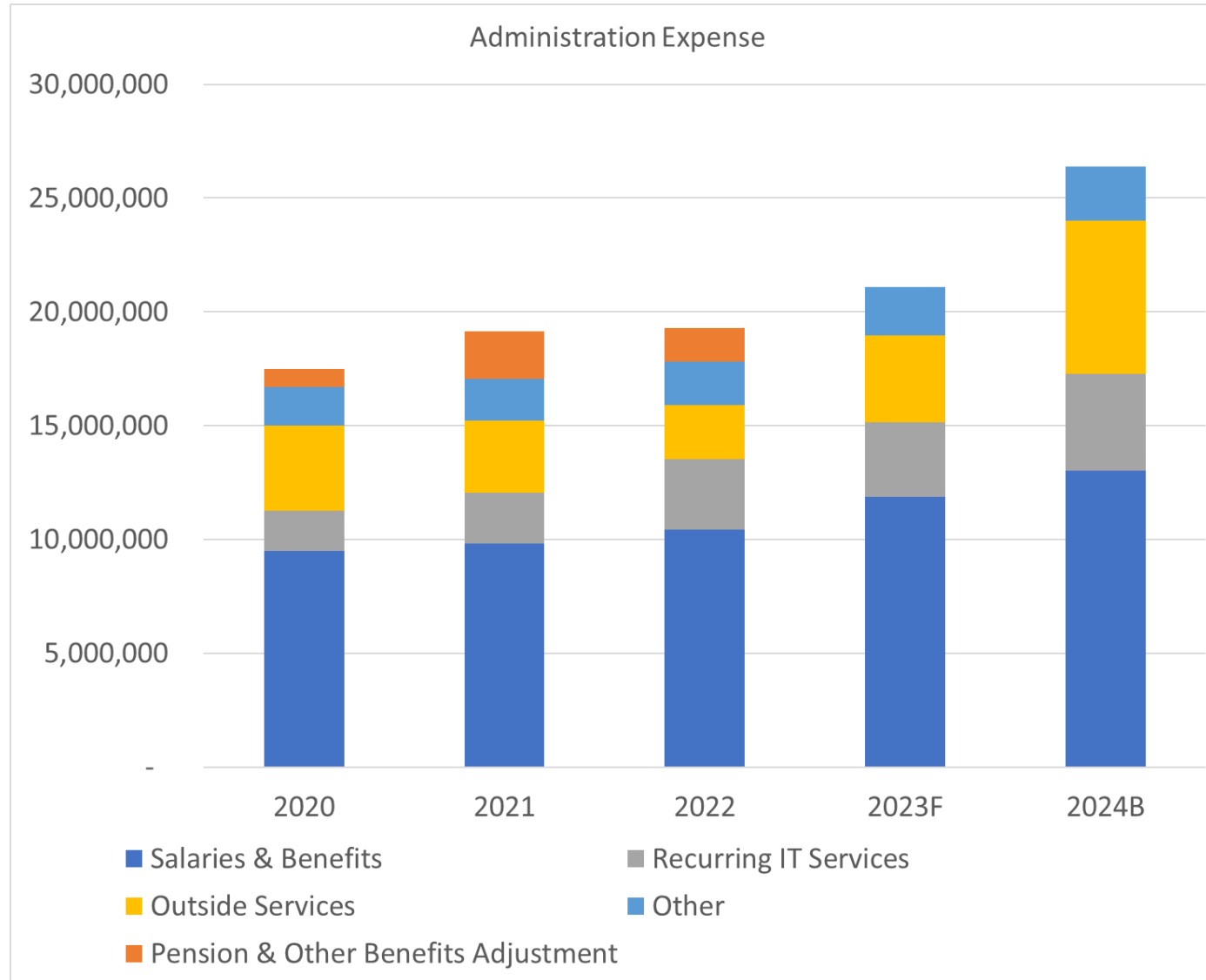
- Follow-up from Budget Study Session
- Review -
 - Proposed 2024 Port of Tacoma Tax Levy
 - Proposed 2024 Port of Tacoma Statutory Budget
 - Proposed 2024-2028 Plan of Finance / Ending Cash
- Public Hearing & Budget Adoption -
 - Request authorization of resolutions 2023-15PT and 2023-16PT
 - Request to approve the ILA for support services
 - Request authorization of resolution 2023-17PT

2024 Operating Budget

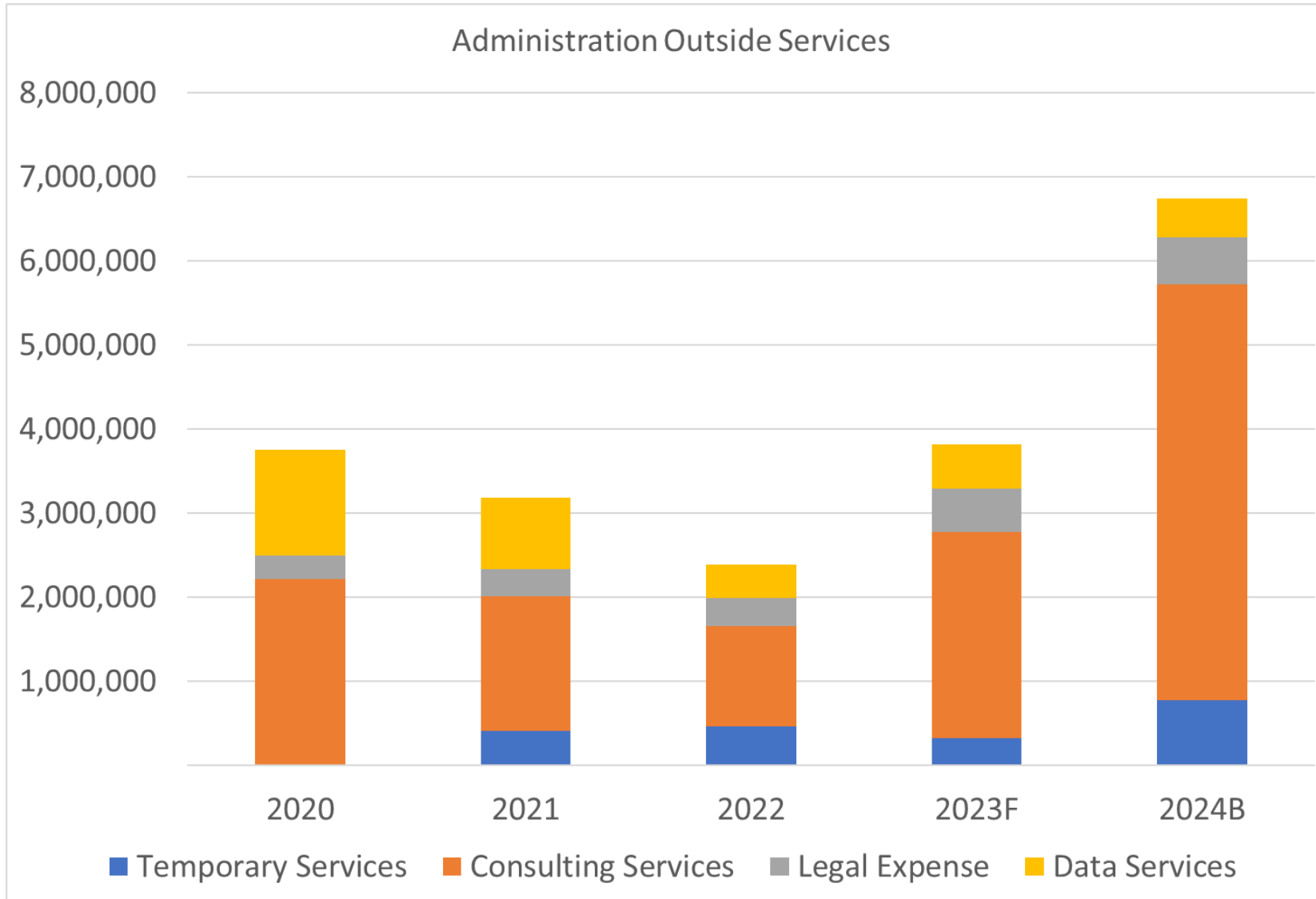
<i>(\$ millions)</i>	2022	2023	2023	2024
	Actual	Budget	Forecast	Budget
Operating Revenues	90.7	88.9	88.6	99.8
Direct Expenses	8.4	14.3	13.3	19.8
Administration	6.3	10.7	9.6	12.0
Security	1.8	2.2	2.1	2.4
Environmental	1.9	6.8	4.4	5.6
Total Operating Expense before Depreciation	18.5	34.1	29.5	39.8
Depreciation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

May not foot due to rounding.

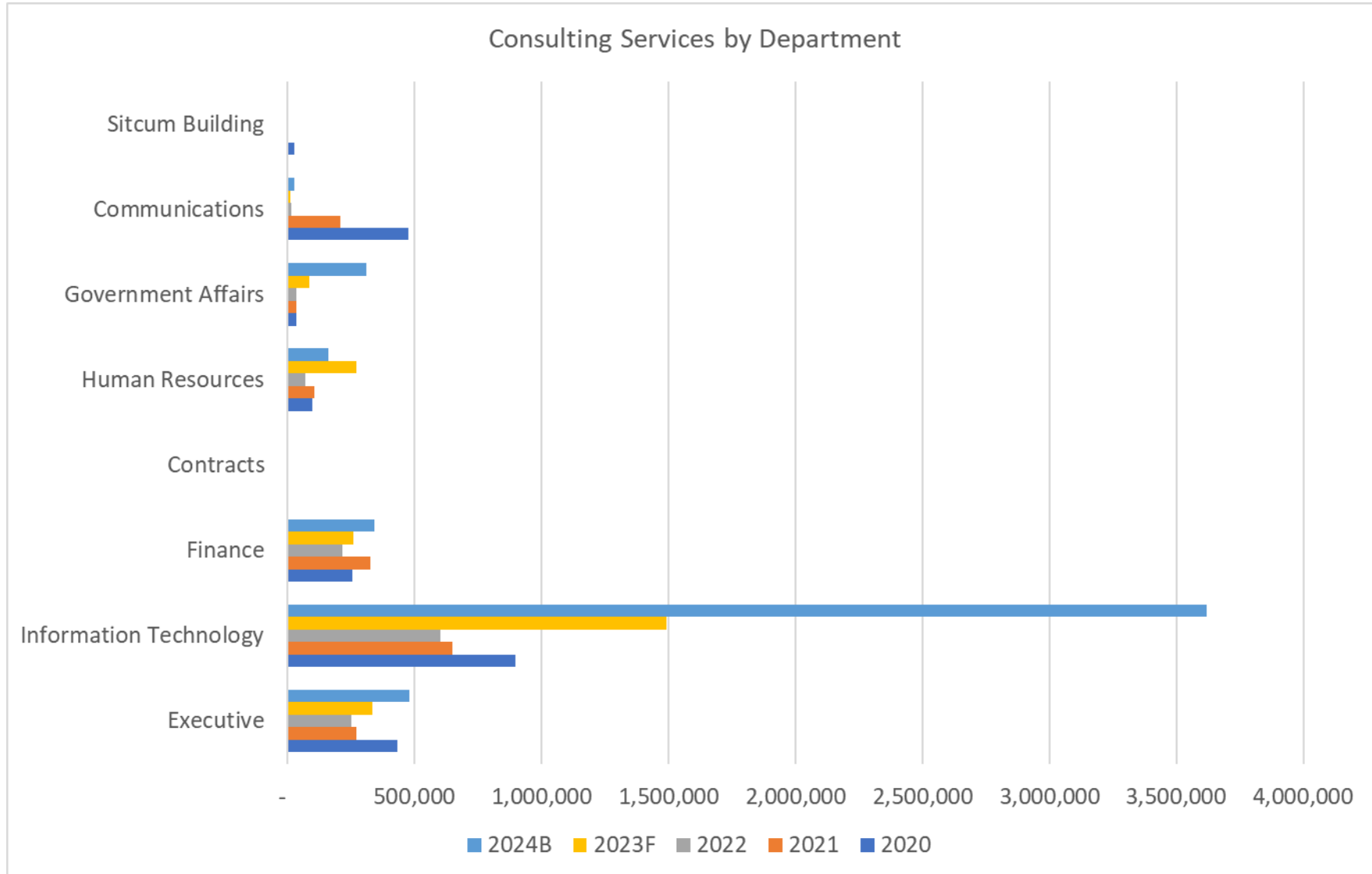
Follow Up from 2024 Budget Study Session



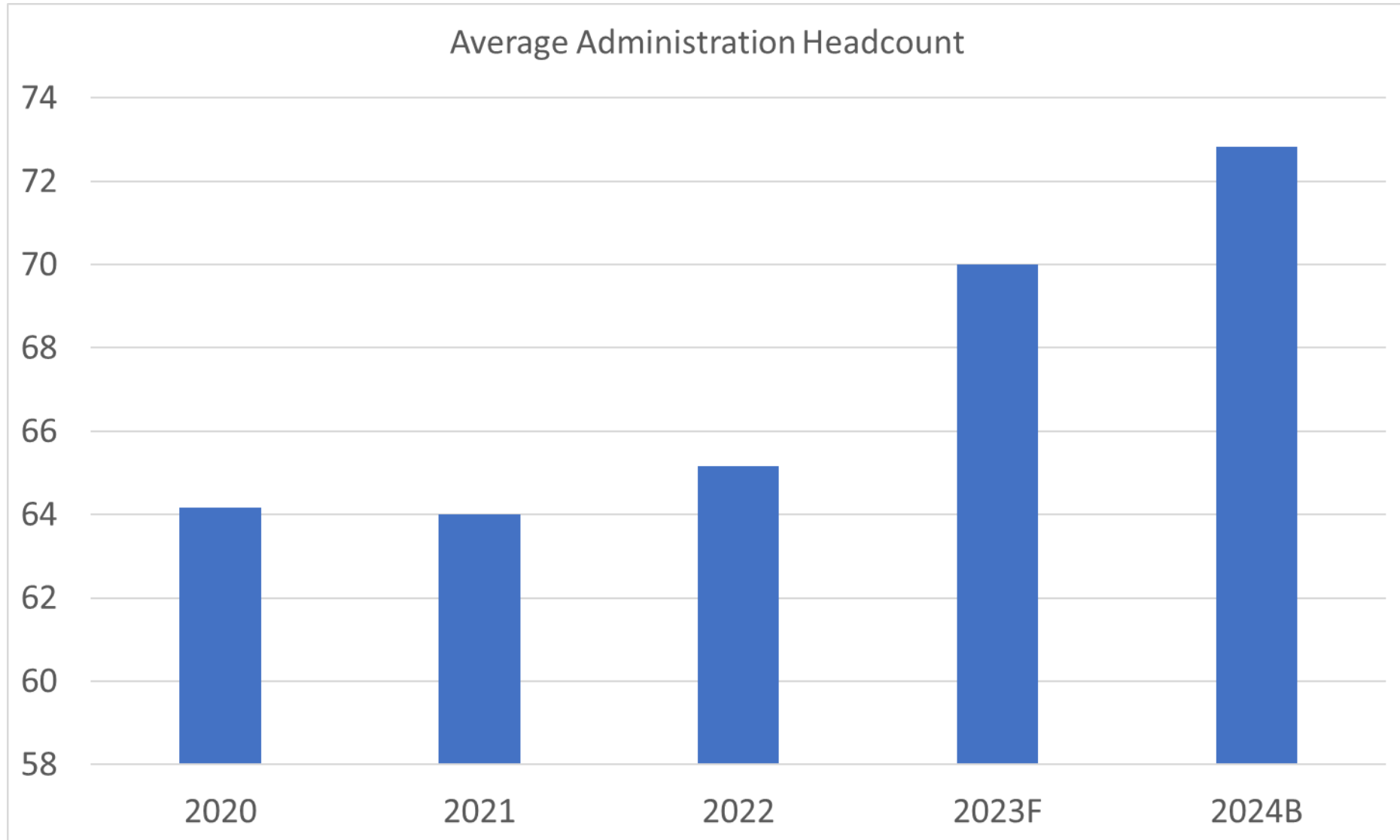
Follow Up from 2024 Budget Study Session



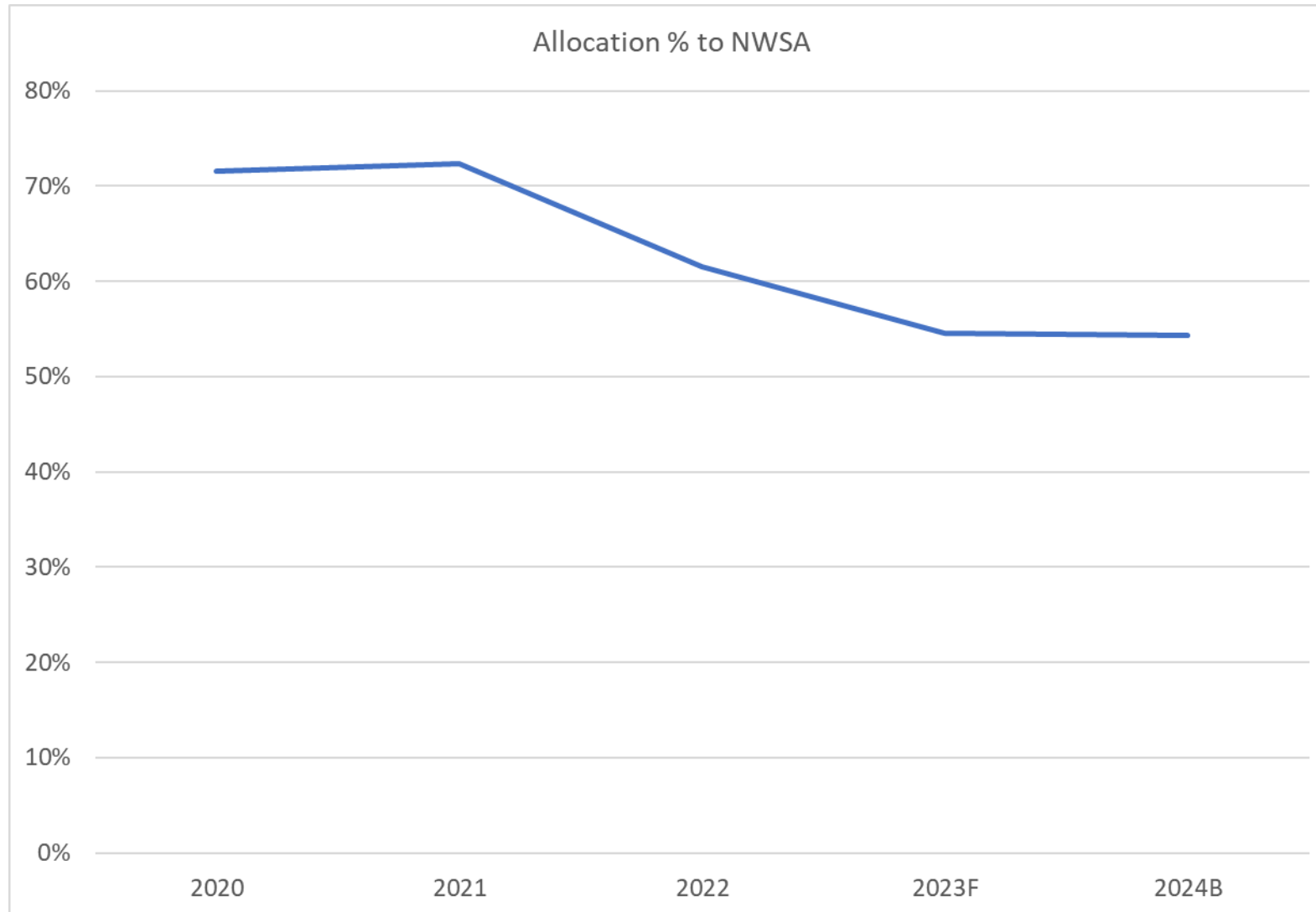
Follow Up from 2024 Budget Study Session



Follow Up from 2024 Budget Study Session



Follow Up from 2024 Budget Study Session



2024 Tax Levy



- 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

Tax levy Assessed Valuation and Millage Rate

	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

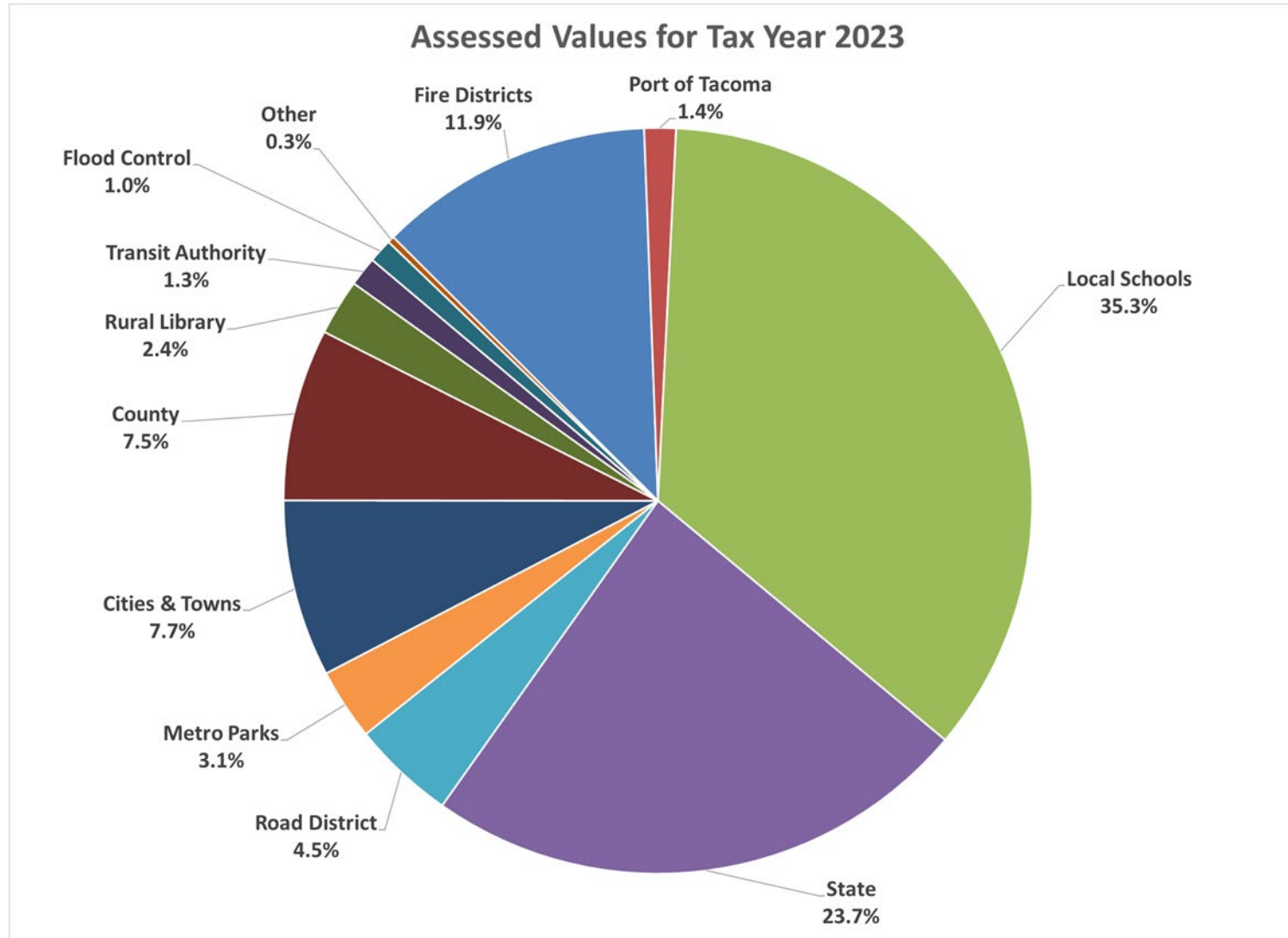
* Will impact growth of ceiling in future years

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

Ad-Valorem Tax Levy – Taxing Districts % of Total



2024 Statutory Budget



2024 Statutory Budget

<i>(\$ Million)</i>	<u>2024</u>
Beginning Cash & Investments	\$182.1
 <u>Projected Sources of Funds</u>	
Revenues	99.8
Expenses	(39.3)
Memberships	(0.4)
Promotional hosting and Items POT	(0.0)
Promotional hosting NWSA (POT share)	(0.1)
Funds Provided by Operations	<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
Projected Sources of Funds	<u>129.3</u>
 <u>Projected Uses of Funds</u>	
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
Projected Uses of Funds	<u>197.6</u>
 <u>Projected Borrowing</u>	
Commercial Paper Borrowing	0.0
Total Borrowing	<u>0.0</u>
 Projected Ending Cash & Investments	 <u>\$113.8</u>

Plan of Finance and Ending Cash Position



2024-2028 Cash Sources and Uses

Cashflow Forecast

(\$ Million)

	2024	2025	2026	2027	2028
Beginning Cash & Investments	\$182.1	\$113.8	\$115.8	\$119.2	\$137.5
<u>Projected Sources of Funds</u>					
Revenues	99.8	103.9	105.7	110.0	113.9
Expenses	(39.8)	(33.8)	(33.8)	(38.1)	(35.5)
Funds Provided by Operations	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
Projected Sources of Funds	129.3	122.1	124.7	124.9	133.3
<u>Projected Uses of Funds</u>					
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
Projected Uses of Funds	197.6	120.0	121.3	106.6	160.2
<u>Projected Borrowing</u>					
Commercial Paper Borrowing	0.0	0.0	0.0	0.0	0.0
Total Borrowing	0.0	\$0.0	\$0.0	\$0.0	\$0.0
<u>Projected Ending Cash & Investments</u>					
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

Public Hearing – Tax Levy and Budget Resolutions



Resolution No. 2023-15-PT

- Request authorization for Resolution 2023-15-PT to direct the Secretary to certify to the Clerk of the County Council of Pierce County, Washington, a tax levy of \$26,064,031 for the year 2024

Resolution No. 2023-16-PT

- Request authorization for Resolution 2023-16-PT addressing the tax levy requirements pursuant to RCW 84.55.120 and RCW 84.55.092; and preserving the opportunity for future increase in the limit factor for maximum levy capacity pursuant to RCW 84.55.0101

- Request authorization for the Executive Director to sign the Interlocal Agreement for the 2024 service directives between the Port of Tacoma and the Northwest Seaport Alliance

Resolution No. 2023-17-PT

- Request approval of Resolution 2023-17-PT adopting the statutory cash budget for 2024 including the memberships over \$10,000 and hosting



Thank You

Questions & Discussion



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