

Item No.: 5A rev  
Date of Meeting: April 16, 2020

# ***Financial Performance Update and Initial Response to Economic Conditions***

***April 16, 2020***



# Agenda



- 2020 Budget and February Year to Date (YTD) summary
  - Versus budget
  - Versus prior year
- Operating budget savings opportunities
- Capital Improvement Plan (CIP) savings
- Debt actions

# 2020 Budget and February YTD vs Budget



	2020 Budget	Feb '20 YTD Actual	Feb '20 YTD Budget
POT Revenue (with GASB 87 Interest Income)	\$ 26,943,943	\$ 4,420,796	\$ 4,548,293
Joint Venture Revenue	\$ 41,935,052	\$ 7,738,351	\$ 7,991,803
Revenue with Interest	\$ 68,878,995	\$ 12,159,147	\$ 12,540,096
Total Operating Expenses	\$ 48,668,316	\$ 6,941,448	\$ 6,678,139
Operating Income (with GASB 87 Interest Income)	\$ 20,210,679	\$ 5,217,699	\$ 5,861,957
Non Operating & Tax Levy (net of GASB 87 Interest Income)	\$ 1,052,936	\$ 2,708,611	\$ 712,150
Net Income	\$ 21,263,615	\$ 7,926,310	\$ 6,574,107

# 2020 Budget and Feb. YTD vs Prior year



	<b>2020 Budget</b>	<b>Feb '20 YTD Actual</b>	<b>Feb '19 YTD Actual</b>
<b>POT Revenue (with GASB 87 Interest Income)</b>	\$ 26,943,943	\$ 4,420,796	\$ 4,406,325
<b>Joint Venture Revenue</b>	\$ 41,935,052	\$ 7,738,351	\$ 9,847,362
<b>Revenue with Interest</b>	\$ 68,878,995	\$ 12,159,147	\$ 14,253,687
<b>Total Operating Expenses</b>	\$ 48,668,316	\$ 6,941,448	\$ 6,755,781
<b>Operating Income (with GASB 87 Interest Income)</b>	\$ 20,210,679	\$ 5,217,699	\$ 7,497,906
<b>Non Operating &amp; Tax Levy (net of GASB 87 Interest Income)</b>	\$ 1,052,936	\$ 2,708,611	\$ 591,918
<b>Net Income</b>	\$ 21,263,615	\$ 7,926,310	\$ 8,089,824

# Expense Reductions (net of allocations to NWSA) \$ Million



Item	Budget	Reduction	Forecast	% Reduction
POT Salary and Wages	\$11.3	\$0.5	\$10.7	4.6%
Travel & Hosting	\$0.2	\$0.1	\$0.1	50%
Training reduction	\$0.07	\$0.03	\$0.04	40%
Project reduction	\$11.6	\$1.7	\$9.9	14.9%
Total	\$23.2	\$2.3	\$20.9	10%

# Recommended expensed CIP reductions (\$M)



	2020
Original Budget	\$ 11.6
Roof scope change reduction	(0.4)
Remediation delay per Environmental	(2.0)
Parcel 86 Bank Stabilization Addition	0.2
SIM Yard UST investigation & cleanup	0.1
P105 UST Addition	0.1
P129 Demo Addition	0.3
Net Impact addition/(Reduction)	\$ (1.7)
Revised Budget	\$ 9.9

UST = underground storage tank

# Recommended Capitalized CIP Reductions (\$M)



Item	Budget	Reduction	Forecast	% Reduction
Administration building improvements	\$9.0	\$4.0	\$5.0	45%
Marc Street improvements	0.4	0.4	0	100%
Key control – delay to 2021	0.3	0.3	0	100%
Spreader bay door – delay to 2021	0.2	0.2	0	100%
	\$9.9	\$4.9	\$5.0	51%

Original budget of \$32M reduced to \$27.1M

# Headcount



	Feb-19	Feb-20	Lower / (Higher) than Prior Year)
February Actual HC	214	211	3
Year End Budget Headcount	227	222	5
Lower/(higher) Year End Budget	13	11	



# 2019 vs 2020 Expense Comparison Salaries & Benefits



	2018	2019 Budget	2019 Forecast	2020 Budget	Var from Forecast	% Var	Var from Prior Budget	%Var
Salary Wages	8,676,951	8,992,321	8,643,571	9,287,885	644,314	6.9%	295,564	3.3%
Hourly Wages	12,700,029	12,775,880	13,509,368	13,663,650	154,281	1.1%	887,769	6.9%
OT Wages	1,963,380	1,519,500	1,866,359	1,696,040	(170,319)	-10.0%	176,540	11.6%
<b>Total Wages</b>	<b>23,340,360</b>	<b>23,287,701</b>	<b>24,019,299</b>	<b>24,647,575</b>	<b>628,276</b>	<b>2.5%</b>	<b>1,359,874</b>	<b>5.8%</b>
F.I.C.A.	1,759,647	1,747,699	1,832,569	1,806,241	(26,328)	-1.5%	58,542	3.3%
S.U.I.	1,584	0	75,463	59,461	(16,002)	-26.9%	59,461	#DIV/0!
Medical Benefits	5,872,774	6,409,755	5,990,626	6,128,303	137,677	2.2%	(281,452)	-4.4%
Employee Pension	2,806,619	2,887,094	2,865,638	2,824,229	(41,409)	-1.5%	(62,865)	-2.2%
Other Benefits	(2,801,842)	1,108,847	884,274	1,131,770	247,497	21.9%	22,923	2.1%
<b>Total Benefits</b>	<b>7,638,782</b>	<b>12,153,395</b>	<b>11,648,571</b>	<b>11,950,004</b>	<b>301,434</b>	<b>2.5%</b>	<b>(203,390)</b>	<b>-1.7%</b>
<i>Benefits % of Total</i>	<i>32.7%</i>	<i>52.2%</i>	<i>48.5%</i>	<i>48.5%</i>				
<b>Port Salaries &amp; Benefits</b>	<b>30,979,141</b>	<b>35,441,096</b>	<b>35,667,870</b>	<b>36,597,580</b>	<b>929,710</b>	<b>2.5%</b>	<b>1,156,483</b>	<b>3.3%</b>

May not foot due to rounding

- **\$201,682 for annual pay increases for salaried employees starting April.**
- **\$23,727 for annual recognition paid to salaried employees in April.**
- **\$23,727 for marketplace adjustment for salaried employees during the year.**
- **Hourly employees will receive a 3% raise in April per contract.**
- **Average Salary of \$102,202.**

# Debt Actions



- Retiring remaining \$4,367,929 of the 2014A Senior Revenue bonds
  - Reduces 2020 interest by \$63,000
  - Reduces 2021 interest by \$55,000
- Preparing Official statement to refund the 2014B and 2016B Senior revenue bonds if interest rates remain favorable
- Temporarily paying off \$25,000,000 of Commercial Paper to avoid current ~ 3% interest rates
- Market forces have reduced interest rates on \$222 million of subordinate lien bonds that spiked to 6% are now down to less than 0.5%