



***2018 Tax Levy
&
2018 Statutory Budget***

***NWSA-POT 2018 Inter Local
Agreements***

***Commission Meeting
November 14th, 2017***



Agenda



- 2018 Tax Levy
- 2018 Operating Budget
- 2018 Statutory Budget
- 2018-2022 Plan of Finance
- Public Hearing and Budget Resolutions
- NWSA – POT 2018 Inter-Local Agreements

2018 Tax Levy



	2017 Forecast	2018 Budget
Assessed Valuation*	\$90,713,390,689	\$101,406,430,390
Target Millage Rate (per \$1,000 valuation)	\$0.18365	\$0.18365
Total Port Tax Levy **	\$16,659,514	\$18,623,291
Debt Service on G.O. Bonds ***	\$11,849,566	\$9,711,419
Remainder for Governmental Projects	\$4,809,948	\$8,911,872

* 2018 Preliminary assess valuations as of September 2017

** Based on 2018 preliminary valuations and targeted millage rate

*** Post September 2017 refundings.

Port Millage Rate for Single Family Residences



Tax Collection Year	2016	2017	2018
Avg. Assessed Value	\$ 232,666	\$ 260,538	\$ 291,848
Port Millage Rate (per \$1,000)	0.18365	0.18365	0.18365
Annual Tax Levy	\$ 42.73	\$ 47.85	\$ 53.60
Monthly Tax Levy	\$ 3.56	\$ 3.99	\$ 4.47
Tax Levy if at Maximum Rate	\$ 68.04	\$ 68.54	\$ 71.77
Monthly Tax Levy at Max Rate	\$ 5.67	\$ 5.71	\$ 5.98

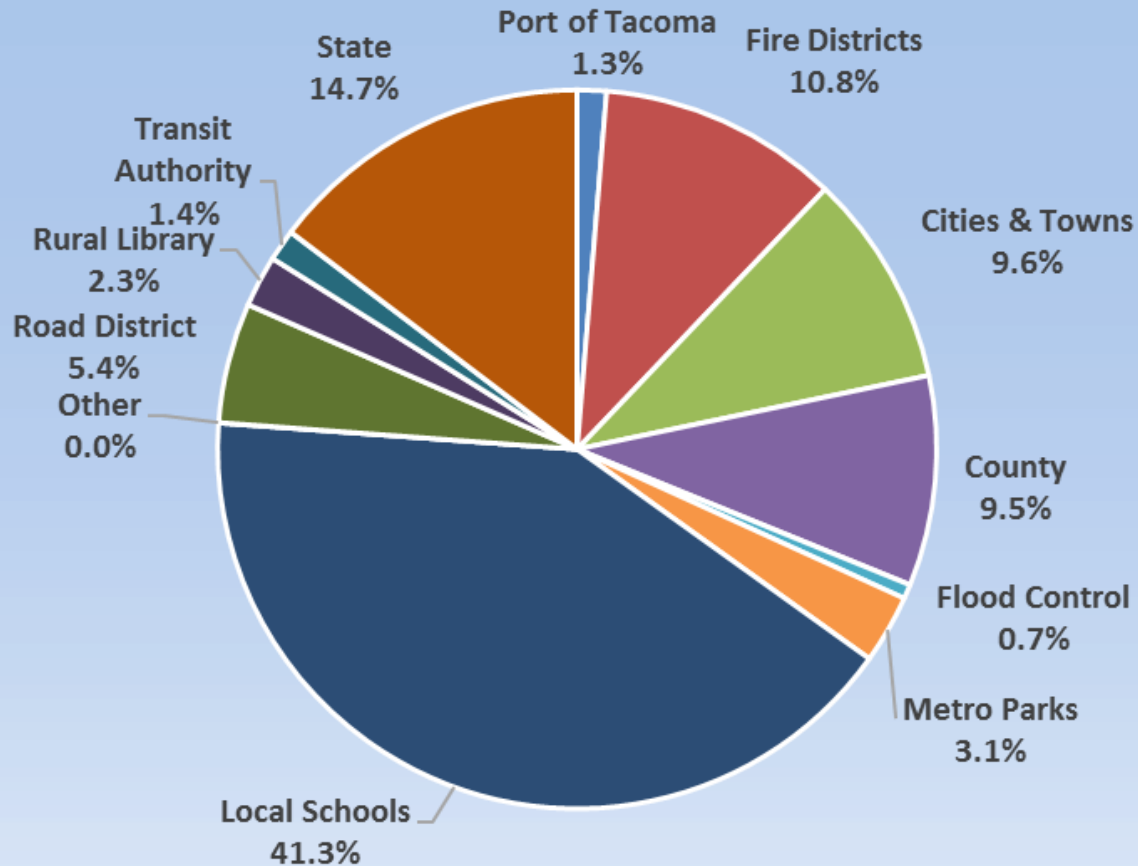
Tax Levy Eligible Projects

(\$ millions)



Description	2018 Budget
Potential Land Acquisitions	\$10.4
Rail Equipment & Existing Infrastructure Replacement	\$7.2
Stormwater Improvements	\$6.5
Environmental Monitoring & Remediation	\$3.2
Environmental – Clean Truck Program	\$1.1
Roadway Infrastructure	\$2.0
All Other	\$11.0
Total Government Projects	\$41.4

2016 Tax Levies by Taxing District



Source: Pierce County Assessor

Debt: Outstanding & Projected Principal



(\$ millions)

	Balance 12/31/2017	2018 Issues	2018 Repayments	Balance 12/31/2018
G.O. Bonds	\$ 154.0	\$ -	\$ (3.5)	\$ 150.5
Senior Rev. Bonds	178.8	-	(5.0)	173.9
Sub. Rev. Bonds	274.6	-	(5.1)	269.5
Commercial Paper	25.0	-	0.0	25.0
Total	\$ 632.4	\$ -	\$ (13.6)	\$ 618.8

2018 Budget

2018 Key Assumptions



- Revenues are based on NWSA, POT real estate and other POT businesses.
 - Split NWSA Distributable Income (Net Income) 50/50 = \$46.6 million for the Port of Tacoma
 - Real Estate and Bulk based on existing leases and cargo forecast
 - Intermodal revenue based on industrial rail traffic
- New Real Estate Revenue
 - New revenue from potential land purchases included in the budget
- 2018 environmental expenses include \$2.0 million recognition of future liabilities

2018 Key Assumptions



Non Operating

Non Operating Revenue of \$1.3 million

- Grant income of \$1.8 million
- Interest income of \$3.5 million
- Loss on disposal of assets of \$4 million

Non Operating Expenses of \$22.6 million

- Revenue bond interest expense of \$19.1 million
- Road investment budget of \$2.3 million
- Building demolition costs of \$0.5 million

2017 Budget vs 2018 Budget

(\$ millions)



<i>\$ millions</i>	2017 Budget	2018 Budget	Chg from CY Budget
Port Revenue	\$22.0	\$23.1	\$1.1
Joint Venture Revenue	46.7	46.6	(0.1)
Operating Revenue	68.7	69.8	1.1
Total Operating Expenses	48.0	47.5	0.5
Operating Income	20.7	22.3	1.6
<i>Return on Revenue</i>	30.1%	31.9%	1.8%
Non Operating Income (Expense)	(18.2)	(21.2)	(3.0)
Income Before Tax Levy & Expenses	2.5	1.1	(1.5)
Ad Valorem Tax Levy	16.6	18.6	2.0
GO Interest	(5.4)	(4.9)	0.5
Net Income	\$13.7	\$14.7	\$1.0
Debt Service Coverage Ratio	2.3	2.2	(0.1)
Return on Assets	1.8%	1.0%	-0.8%

2017 Forecast vs 2018 Budget

(\$ millions)



<i>\$ millions</i>	2017 Forecast	2018 Budget	Chg from CY Frcast
Port Revenue	\$21.3	\$23.1	\$1.8
Joint Venture Revenue	51.3	46.6	(4.6)
Operating Revenue	72.6	69.8	(2.9)
Total Operating Expenses	44.8	47.5	(2.7)
Operating Income	27.9	22.3	(5.6)
<i>Return on Revenue</i>	38.4%	31.9%	-6.4%
Non Operating Income (Expense)	(14.7)	(21.2)	(6.5)
Income Before Tax Levy & Expenses	13.2	1.1	(12.1)
Ad Valorem Tax Levy	16.6	18.6	2.0
GO Interest	(5.2)	(4.9)	0.2
Net Income	\$24.6	\$14.7	(\$9.9)
Debt Service Coverage Ratio	2.5	2.2	(0.3)
Return on Assets	2.5%	1.0%	-1.5%

2018 Memberships over \$10k



POT Memberships over \$10,000	2017	2018
WA Public Ports Assoc. (WPPA)	\$ 210,000	\$ 210,000
Puget Sound Regional Council	44,000	44,000
Tacoma/Pierce Co Chamber	25,000	25,000
Executive Council for Greater Tacoma	14,000	14,000
Total	\$ 293,000	\$ 293,000

- Other Port memberships all less than \$10,000 per year.
- Membership costs subject to small variations based on fees tied to 2017 actual results

2018 Promotional Hosting



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

The 2018 statutory budget includes \$152,000 for promotional hosting

- Includes POT's 50% portion of NWSA hosting
- 2018 Statutory limit based on Port revenue is \$336,131

2018 Statutory Cash Budget



<i>(\$ Million)</i>	2018
Beginning Cash & Investments	\$208.5
<u>Projected Sources of Funds</u>	
Revenues	69.8
Expenses	(19.5)
Memberships	(0.3)
Promotional hosting POT	(0.1)
Promotional hosting NWSA (POT share)	(0.1)
Funds Provided by Operations	49.7
Interest Income	3.5
NWSA Depreciation cash	3.7
Other, Net	(1.8)
Ad valorem tax revenue (net)	18.6
Projected Sources of Funds	73.7
<u>Projected Uses of Funds</u>	
Investment in Northwest Seaport Alliance	76.2
Debt Payments (Principal and Interest) - GO Bonds	9.7
Debt Payments (Principal and Interest) - Revenue Bonds	29.7
Debt Payments (Principal and Interest) - Commercial Paper	0.3
Capital Spending - Planned Projects	34.1
Projected Uses of Funds	149.9
<u>Projected Borrowing</u>	
Commercial Paper Borrowing	0.0
Total Borrowing	0.0
Projected Ending Cash & Investments	\$132.2

2018-2022 Plan of Finance



	2017	2018	2019	2020	2021	2022
Port Revenue	\$ 21.3	\$ 23.1	\$ 25.0	\$ 25.8	\$ 26.2	\$ 26.5
Joint Venture Revenue	51.3	46.6	43.1	42.3	45.8	46.5
Total Revenue	72.6	69.8	68.1	68.1	72.0	73.0
Operating Expenses	44.3	47.5	46.3	53.6	46.8	52.5
Income from Operations	28.3	22.3	21.8	14.5	25.2	20.5
<i>Return on Revenue</i>	39.0%	31.9%	32.1%	21.3%	35.0%	28.1%
Non-Operating (expense), Net	(15.1)	(21.2)	(22.6)	(19.2)	(20.0)	(16.2)
Net Income, Before Tax Levy	13.2	1.0	(0.8)	(4.7)	5.2	4.3
Tax Levy (@ constant millage)	16.6	18.6	18.9	19.2	19.7	20.2
G.O. Interest	(5.2)	(4.9)	(4.8)	(4.7)	(4.5)	(5.7)
Net Income	\$ 24.7	\$ 14.7	\$ 13.3	\$ 9.8	\$ 20.3	\$ 18.7
Debt Service Coverage	2.2	2.2	2.2	2.0	2.4	2.0
Return on Assets	1.7%	1.0%	0.9%	0.7%	1.4%	1.3%

Five Year Planned CIP 2018 - 2022 (Total View)



\$ Million	2017		2018 - 2022				
	Forecast	2018	2019	2020	2021	2022	Totals
POT Only							
Capitalized	\$23.9	\$34.1	\$9.9	\$11.3	\$38.3	\$5.8	\$99.4
Operating Expense	\$5.7	6.1	6.0	14.0	8.0	16.2	50.3
Non-Operating Expense	\$0.8	3.5	2.9	2.8	3.1	0.7	13.0
Grand Total - POT only	\$30.4	\$43.7	\$18.8	\$28.1	\$49.4	\$22.7	\$162.7

\$ Million	2017		2018 - 2022				
	Forecast	2018	2019	2020	2021	2022	Totals
POT + 50% NWSA							
Capitalized	\$67.7	\$110.3	\$83.9	\$66.1	\$81.7	\$7.4	\$349.3
Operating Expense	\$10.0	\$12.1	\$17.5	\$23.0	\$13.5	\$19.4	\$85.3
Non-Operating Expense	\$0.8	\$3.5	\$2.9	\$2.8	\$3.1	\$0.7	\$13.0
Grand Total - POT = 50% NWSA	\$78.5	\$125.9	\$104.2	\$91.9	\$98.2	\$27.5	\$447.6

Note: May not foot due to rounding

Capitalized:

- Assets that depreciate over time
- Non-depreciating land purchases

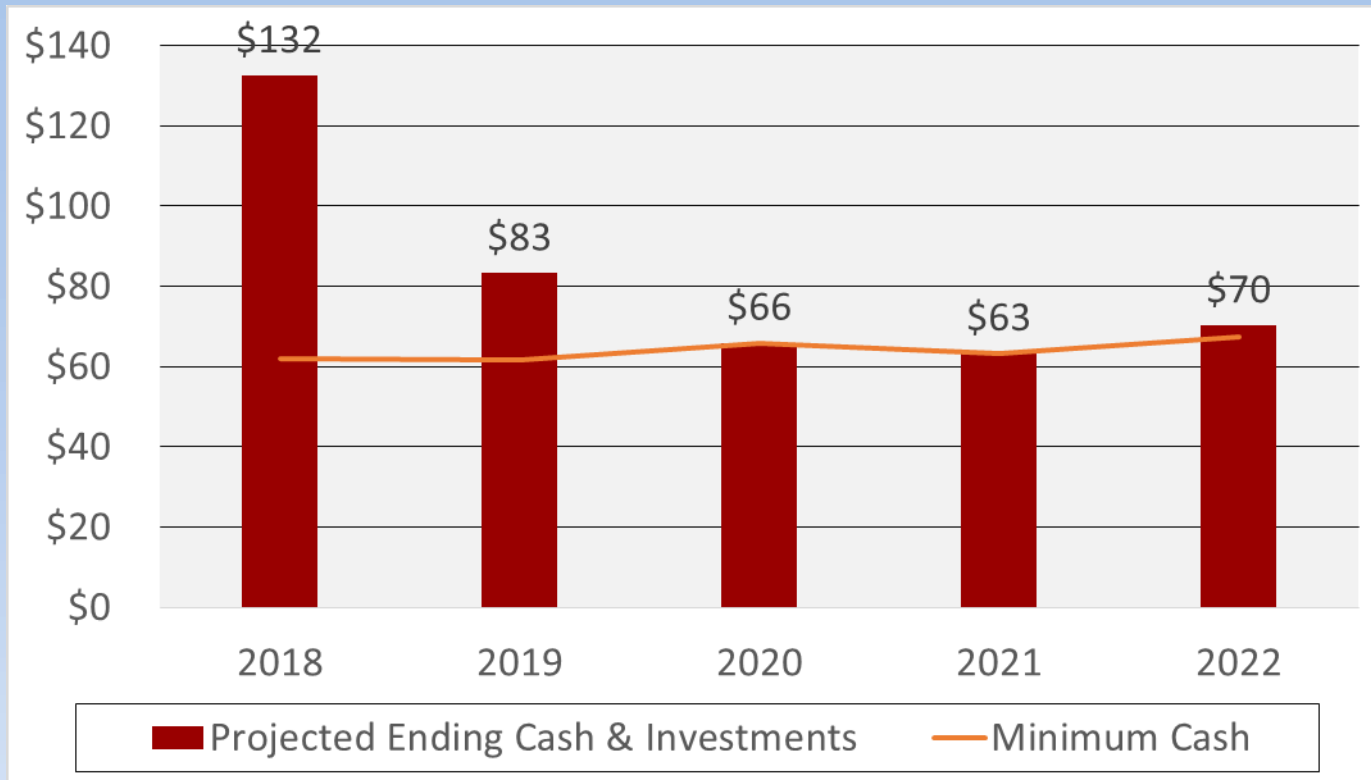
Operating/Non-operating expense

- Included in the budget as spending

2018-2022 Ending Cash



(\$ millions)



- Requires \$62.7M of new borrowing from 2020-2021
- 2022 reflects \$20M retirement of Commercial Paper

Parcel 77 Investment and Revenue

Commission requested impact of \$35 million investment on POF

- \$35 million investment in 2018
- Revenue starting 2019

Base Case	2017	2018	2019	2020	2021	2022
Debt Service Coverage	2.2	2.2	2.2	2.0	2.4	2.0
Borrowing (\$million)				20.3	42.1	
Parcel 77 Investment and Revenue						
Debt Service Coverage	2.2	2.2	2.3	2.0	2.2	1.9
Borrowing (\$million)			12.0	40.1	43.3	

Public Hearing

Resolution No. 2017-07-PT

- Consider Resolution 2017-07-PT adopting a budget for the Port of Tacoma for the year 2018

Resolution No. 2017-08-PT

- Consider Resolution 2017-08-PT to direct the Secretary to certify to the Clerk of the County Council of Pierce County, Washington, tax levy of \$18,623,291 for the year 2018

Resolution No. 2017-09-PT

- Consider Resolution 2017-09-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

2018 Inter-Local Agreements



- Continuing Inter-Local Agreement for support services
- Affirms the expected level of services and associated costs among the Homeports and NWSA
- NWSA CEO will approve the ILA's for the NWSA
- Request Commission approval of the Inter-Local Agreements for support services with The NWSA.