

# ***2019 Tax Levy & 2019 Statutory Budget***

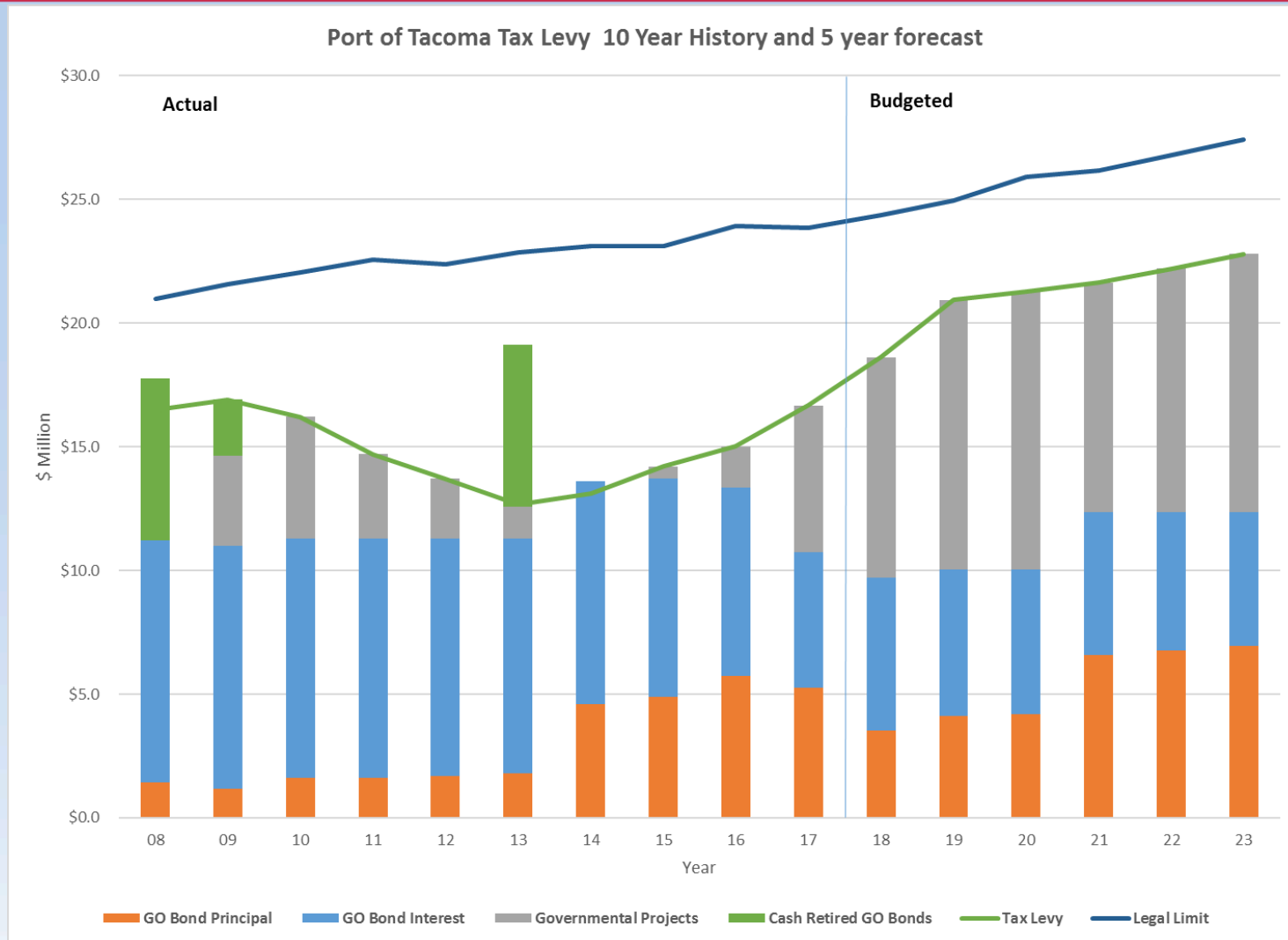
## ***NWSA-POT 2019 Inter Local Agreements***

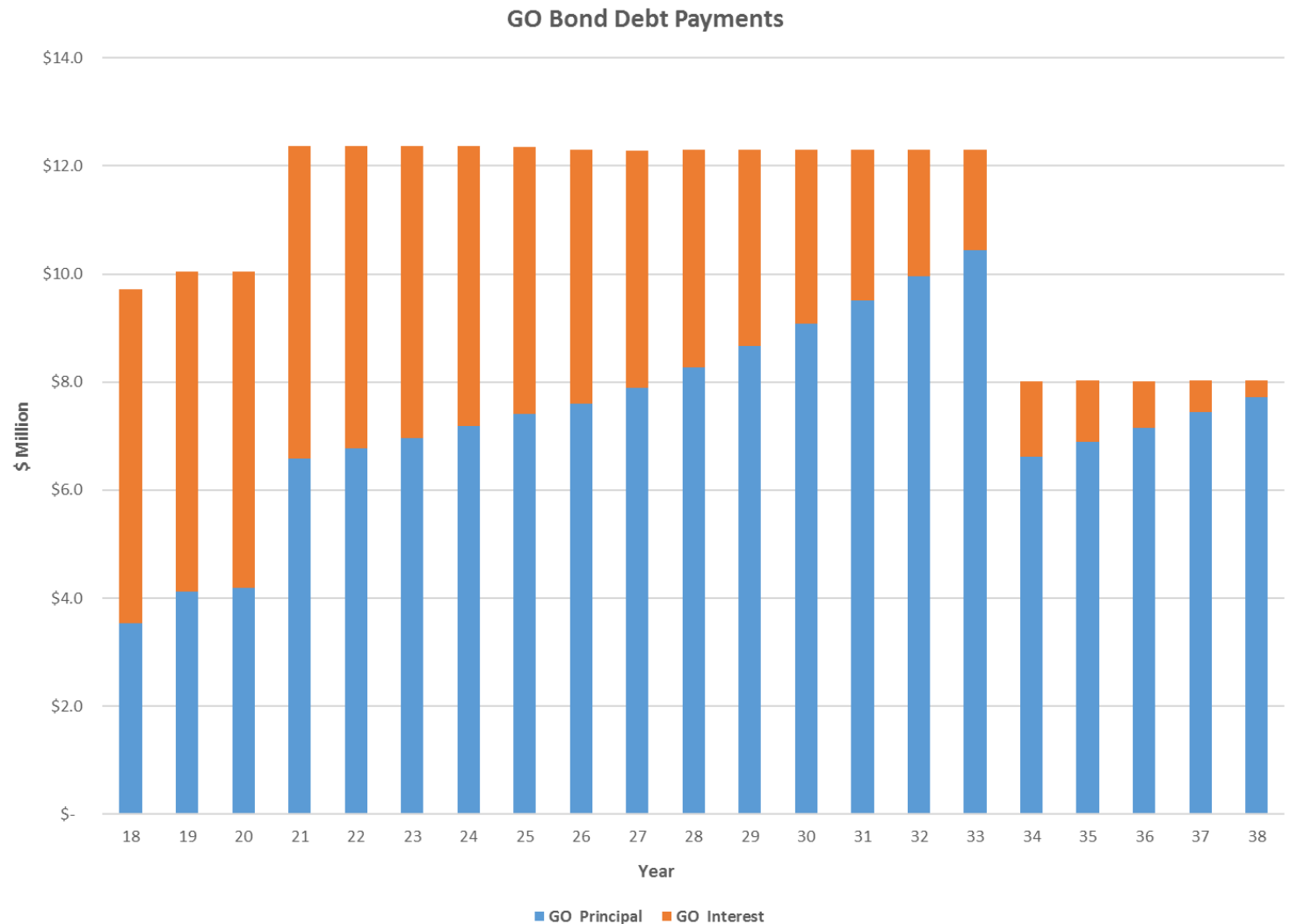
***Commission Meeting  
November 29<sup>th</sup>, 2018***



# Questions From 2019 Budget Study Session

- How much is budgeted for Land acquisition by year
  - \$5M in 2019, no other specific amounts budgeted.
  - The budget includes \$3M/year for unanticipated capital that could be use.
  - Commercial paper or debt can be issued to purchase land
- What year did total GO bond debt exceed the tax levy
  - GO bond debt exceeded the tax levy in 2014.
  - Port operating funds were used to retire debt in 2008 and 2013
  - Outstanding GO bonds were refunded in 2015, 2016 and 2017 to reduce GO bond expense
  - See next slide





# Questions From 2019 Budget Study Session

- How much GO bond debt is outstanding
  - \$153,989,000 as of today, with \$3,531,000 to be paid December 2<sup>nd</sup>
- Master Policy requirement for approval and reporting of membership
  - POT Master Policy requires Commission approval of all memberships over \$10,000.
  - POT Master Policy is silent about reporting
  - Finance provides membership spending on a quarterly basis in the financial packet

# Questions From 2019 Budget Study Session

- How much is the Port paying Citizen's for a Healthy Bay?
  - 2018 one year contract for \$35,000 (April 2018 through March 2019)
    - 1 invoice has been paid and another is being processed for payment.
- How much have we spent in prior years in Citizen's for a Healthy Bay?
  - 2017 contract and payment for \$35,000
  - 2016 contract and payment for \$40,000
- Provide a 5 year cash balance forecast
  - See slide 22
- Calculate excess cash available if we just meet 2x debt service and use excess cash for retiring debt.
  - 2X debt service is a function of revenue. Diverting cash to pay debt does not impact debt service coverage

# Agenda



- 2019 Tax Levy
- 2019 Operating Budget
- 2019 Statutory Budget
- 2019-2023 Plan of Finance
- Public Hearing and Budget Resolutions
- NWSA – POT 2019 Inter-Local Agreements

# 2019 Tax Levy



	2018 Forecast	2019 Budget
Assessed Valuation*	\$101,406,430,390	\$114,011,707,624
Target Millage Rate (per \$1,000 valuation)	\$0.18365	\$0.18365
Total Port Tax Levy **	\$18,623,291	\$20,938,250
Debt Service on G.O. Bonds	\$9,711,419	\$10,046,522
Remainder for Governmental Projects	\$8,911,872	\$10,891,728

\* 2019 Preliminary assess valuations as of September 2018

\*\* Based on 2019 preliminary valuations and targeted millage rate



# Port Millage Rate for Single Family Residences



Tax Collection Year	2017	2018	2019
Avg. Assessed Value	\$ 260,538	\$ 293,485	\$ 326,925
Port Millage Rate (per \$1,000)	0.18365	0.18365	0.18365
Annual Tax Levy	\$ 47.85	\$ 53.90	\$ 60.04
Monthly Tax Levy	\$ 3.99	\$ 4.49	\$ 5.00
Tax Levy if at Maximum Rate	\$ 69.94	\$ 72.18	\$ 71.56
Monthly Tax Levy at Max Rate	\$ 5.83	\$ 6.01	\$ 5.96

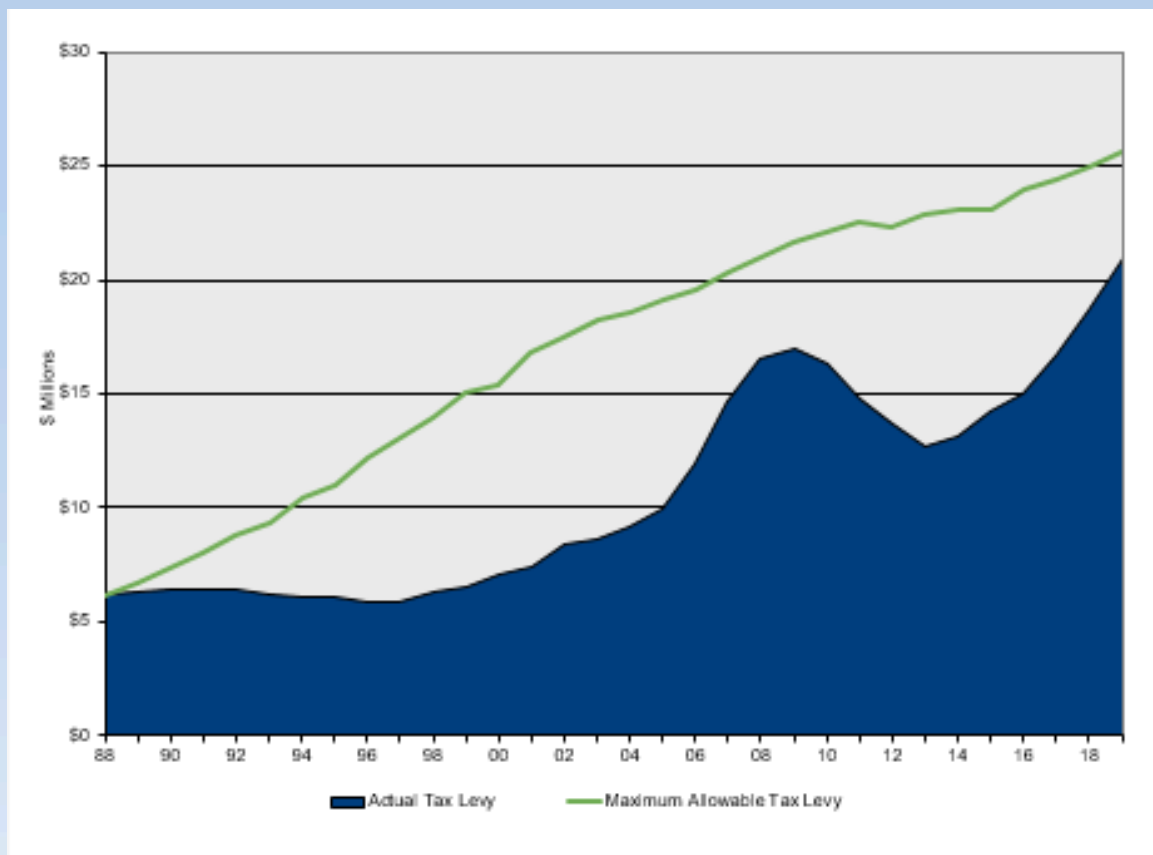
# Tax Levy Eligible Projects

*(\$ millions)*



Description	2019 Budget
Stormwater Improvement	\$7.2
Environmental Monitoring & Remediation	\$6.6
Potential Land Acquisitions	\$5.0
Rail Equipment & Existing Infrastructure Replacement	\$2.5
Roadway infrastructure funding	\$2.1
Others	\$5.4
<b>Total</b>	<b>\$28.8</b>

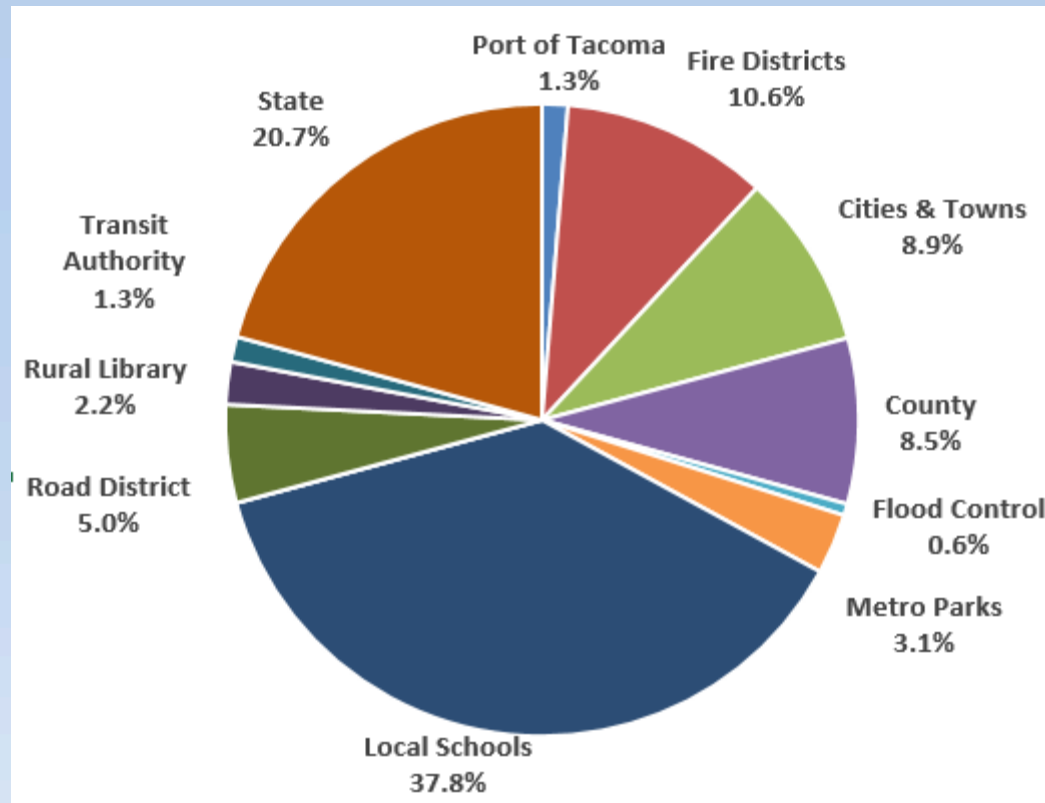
# Tax Levy history



\* 2019 Preliminary assess valuations as of September 2018

\*\* Based on 2019 preliminary valuations and targeted millage rate

# 2017 Tax Levies by Taxing District



Source: Pierce County Assessor

# 2019 Budget

# 2019 Key Assumptions



- Revenues are based on NWSA, POT real estate and other POT businesses.
  - Split NWSA Distributable Income (Net Income) 50/50
  - Real Estate and Bulk based on existing leases and cargo forecast
  - Intermodal revenue based on industrial rail traffic

# 2018 Budget vs 2019 Budget

(\$ millions)



\$ millions	2017 Actual	2018 Budget	2018 Forecast	2019 Budget	Chg from CY Budget	Chg from CY Frcast
Port Revenue	\$21.7	\$22.8	\$23.2	\$25.2	\$2.4	\$2.0
Joint Venture Revenue	54.9	46.6	47.8	43.9	(2.7)	(3.9)
<b>Operating Revenue</b>	<b>76.6</b>	<b>69.4</b>	<b>71.0</b>	<b>69.1</b>	<b>(0.3)</b>	<b>(1.9)</b>
<b>Total Operating Expenses</b>	<b>44.9</b>	<b>47.5</b>	<b>42.6</b>	<b>49.0</b>	<b>(1.5)</b>	<b>(6.4)</b>
<b>Operating Income</b>	<b>31.7</b>	<b>21.9</b>	<b>28.3</b>	<b>20.1</b>	<b>(1.8)</b>	<b>(8.3)</b>
<i>Return on Revenue</i>	41.4%	31.5%	39.9%	29.0%	-2.5%	-10.9%
<b>Non Operating Income (Expense)</b>	<b>(15.8)</b>	<b>(21.2)</b>	<b>(4.3)</b>	<b>(14.2)</b>	<b>7.0</b>	<b>(9.9)</b>
<b>Income Before Tax Levy &amp; Expenses</b>	<b>15.9</b>	<b>0.6</b>	<b>24.0</b>	<b>5.9</b>	<b>5.2</b>	<b>(18.2)</b>
Ad Valorem Tax Levy	16.6	18.6	18.6	20.9	2.3	2.3
GO Interest	(5.5)	(4.9)	(4.9)	(4.8)	0.1	0.1
<b>Net Income</b>	<b>\$27.1</b>	<b>\$14.3</b>	<b>\$37.7</b>	<b>\$21.9</b>	<b>\$7.6</b>	<b>(\$15.7)</b>
Debt Service Coverage Ratio	2.3	2.2	2.3	2.3	0.1	0.0
Return on Assets	2.0%	1.1%	2.8%	1.0%	-0.1%	-1.8%

# 2019 Memberships over \$10k



POT Memberships over \$10,000	2018	2019
WA Public Ports Assoc. (WPPA)	\$ 210,000	\$ 210,000
Puget Sound Regional Council	44,000	50,000
Tacoma/Pierce County Chamber of Commerce	25,000	25,000
Executive Council for Greater Tacoma	14,000	14,000
Total	\$ 293,000	\$ 299,000

- Other Port memberships all less than \$10,000 per year.
- Membership costs subject to small variations based on fees tied to 2018 actual results
- POT Master policy requires POT Commission approval of all memberships over \$10,000. POT finance reports all membership spending on a quarterly basis



# 2019 Promotional Hosting



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

The 2019 statutory budget includes \$180,650 for promotional hosting

- Includes POT's 50% portion of NWSA hosting
- 2019 Statutory limit based on Port revenue is \$447,015

# 2019 Statutory Cash Budget



(\$ Million)	
<b>Beginning Cash &amp; Investments</b>	<b>2019</b> \$199.8
<b><u>Projected Sources of Funds</u></b>	
Revenues	69.1
Expenses	(20.5)
Memberships	(0.3)
Promotional hosting POT	(0.1)
Promotional hosting NWSA (POT share)	(0.1)
<b>Funds Provided by Operations</b>	<b>48.1</b>
Interest Income	5.0
NWSA Depreciation cash	6.7
Other, Net	0.5
Ad valorem tax revenue (net)	20.9
<b>Projected Sources of Funds</b>	<b>81.2</b>
<b><u>Projected Uses of Funds</u></b>	
Investment in Northwest Seaport Alliance	81.4
Debt Payments (Principal and Interest) - GO Bonds	10.0
Debt Payments (Principal and Interest) - Revenue Bonds	30.5
Debt Payments (Principal and Interest) - Commercial Paper	0.6
Capital Spending - Planned Projects	40.4
<b>Projected Uses of Funds</b>	<b>162.9</b>
<b><u>Projected Borrowing</u></b>	
Commercial Paper Borrowing	0.0
<b>Total Borrowing</b>	<b>0.0</b>
<b>Projected Ending Cash &amp; Investments</b>	<b>\$118.2</b>

# 2019-2023 Plan of Finance



<i>\$ millions</i>	2017 Actual	2018 Forecast	2019 Budget	2020 Budget	2021 Budget	2022 Budget	2023 Budget
Port Revenue	\$21.7	\$23.2	\$25.2	\$26.1	\$27.3	\$28.1	\$28.6
Joint Venture Revenue	54.9	47.8	43.9	39.1	42.7	48.0	51.0
<b>Operating Revenue</b>	<b>76.6</b>	<b>71.0</b>	<b>69.1</b>	<b>65.2</b>	<b>70.0</b>	<b>76.1</b>	<b>79.6</b>
<b>Total Operating Expenses</b>	<b>44.9</b>	<b>42.6</b>	<b>49.0</b>	<b>46.3</b>	<b>45.6</b>	<b>45.5</b>	<b>55.9</b>
<b>Operating Income</b>	<b>31.7</b>	<b>28.3</b>	<b>20.1</b>	<b>18.9</b>	<b>24.5</b>	<b>30.6</b>	<b>23.7</b>
<i>Return on Revenue</i>	<i>41.4%</i>	<i>39.9%</i>	<i>29.0%</i>	<i>28.9%</i>	<i>34.9%</i>	<i>40.2%</i>	<i>29.8%</i>
<b>Non Operating Income (Expense)</b>	<b>(15.8)</b>	<b>(4.3)</b>	<b>(14.2)</b>	<b>(17.1)</b>	<b>(18.1)</b>	<b>(15.6)</b>	<b>(15.8)</b>
<b>Income Before Tax Levy &amp; Expenses</b>	<b>15.9</b>	<b>24.0</b>	<b>5.9</b>	<b>1.7</b>	<b>6.3</b>	<b>15.0</b>	<b>8.0</b>
Ad Valorem Tax Levy	16.6	18.6	20.9	21.2	21.6	22.1	22.7
GO Interest	(5.5)	(4.9)	(4.8)	(4.7)	(4.5)	(4.3)	(4.1)
<b>Net Income</b>	<b>\$27.1</b>	<b>\$37.7</b>	<b>\$21.9</b>	<b>\$18.3</b>	<b>\$23.4</b>	<b>\$32.8</b>	<b>\$26.6</b>
Debt Service Coverage Ratio	2.3	2.3	2.3	2.3	2.5	2.7	2.5
Return on Assets	2.0%	2.8%	1.6%	1.3%	1.7%	2.4%	1.9%

# Five Year Planned CIP 2018 - 2023 (Total View)



<i>\$ Million</i>	<b>2018</b>						<b>2019 - 2023</b>
<b>POT Only</b>	<b>Forecast</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>Totals</b>
Capitalized	\$36.3	\$40.4	\$14.3	\$13.1	\$8.8	\$51.3	\$127.9
Operating Expense	5.0	7.9	6.7	6.8	9.7	18.6	49.6
Non-Operating Expense	3.4	2.0	1.2	1.5	1.2	1.2	7.1
<b>Grand Total - POT Only</b>	<b>\$44.7</b>	<b>\$50.3</b>	<b>\$22.2</b>	<b>\$21.3</b>	<b>\$19.6</b>	<b>\$71.1</b>	<b>\$184.7</b>
<i>\$ Million</i>	<b>2018</b>						<b>2019 - 2023</b>
<b>POT + 50% NWSA</b>	<b>Forecast</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>Totals</b>
Capitalized	\$89.8	\$121.8	\$70.4	\$59.6	\$28.8	\$62.9	\$343.4
Operating Expense	10.7	15.5	16.4	13.2	13.2	21.9	80.3
Non-Operating Expense	4.7	4.3	6.6	1.6	1.2	1.2	14.8
<b>Grand Total: POT &amp; 50% NWSA</b>	<b>\$105.1</b>	<b>\$141.5</b>	<b>\$93.3</b>	<b>\$74.4</b>	<b>\$43.1</b>	<b>\$86.1</b>	<b>\$438.5</b>

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

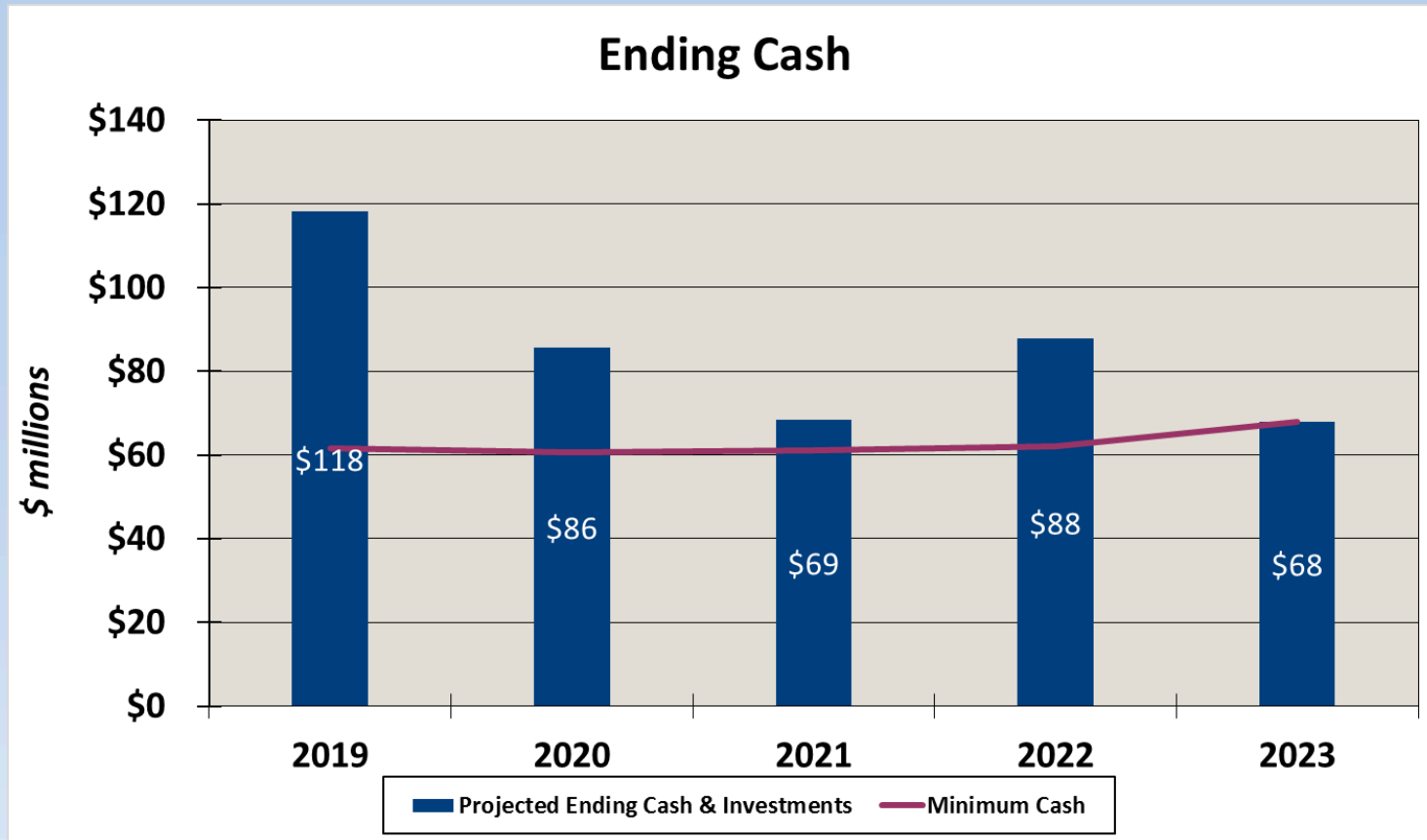
# Debt: Outstanding & Projected Principal



(\$ millions)

	Balance 12/31/2018	2019 Issues	2019 Repayments	Balance 12/31/2019
G.O. Bonds	\$ 150.5	\$ -	\$ (4.1)	\$ 146.3
Senior Rev. Bonds	173.9	-	(5.1)	168.8
Sub. Rev. Bonds	269.5	-	(5.3)	264.2
Commercial Paper	25.0	-	-	25.0
Total	\$ 618.8	\$ -	\$ (14.6)	\$ 604.3

# 2018-2023 Ending Cash



- 2019 Beginning cash of \$199.8M
- Requires \$1.3M of new borrowing from 2023
- 2023 does not include desired \$20M retirement of Commercial Paper

# Public Hearing

## **Resolution No. 2018-07-PT**

- Consider Resolution 2018-07-PT to direct the Secretary to certify to the Clerk of the County Council of Pierce County, Washington, tax levy of \$20,938,250 for the year 2019



## **Resolution No. 2018-06-PT**

- Consider Resolution 2018-06-PT adopting a budget for the Port of Tacoma for the year 2019

## **Resolution No. 2018-08-PT**

- Consider Resolution 2018-08-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

# 2019 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
- POT Commission President is asked to approve the ILA's for POT
- Request Commission approval of the Inter-Local Agreements for support services with The NWSA.