



***2022 Forecast Update  
&  
2023 – 2027 Budget  
Study Session***

***Commission Meeting  
November 4, 2022***

# Agenda



2023 Budget Schedule

2022 Key Messages & Forecast Update

2023 Key Messages

2023 - 2027 Budget

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

# Budget Schedule



## **November 3 – Study Session**

- 2022 Forecast Update Summary
- 2023 – 2027 Capital Investment Plan
- 2023 Tax Levy
- 2023 Operating Budget
- 2023 Statutory Operating Budget
- 2023-2027 Plan of Finance

## **November 17 – Public Hearing**

- Adopt 2023 Statutory Operating Budget & 2023 Tax Levy
- Approve annual service agreements ILA

# Presentation Summary



## 2022 Forecast

- Operating income is anticipated to finish the year better than budget
  - Forecast anticipates increased real estate revenues as strong demand for near terminal properties continues
  - Operating expenses will end the year less than budget
  - CIP spending will be less than budgeted as several projects shift to outer years

# Presentation Summary



## 2023 Budget

- Operating income reflects the Port's significant reinvestment to deliver against the Strategic Plan
  - Additional staff to support community outreach and management of Port initiatives
  - Updates to critical technology
  - External resources to advance workforce development, DEI and other 2023 priorities
  - Investments associated with returning Port owned properties to productive use

# 2022 Port Forecast



<i>(\$ millions)</i>	2021	2022	2022 Forecast vs Budget	
	<u>Actual</u>	<u>Budget</u>	<u>Forecast</u>	<u>Better / (Worse)</u>
<b>Operating Revenues</b>				
NWSA	\$56.0	\$49.4	\$50.0	\$0.6
Container	3.5	3.6	3.5	(0.1)
Non Container	2.6	3.0	2.6	(0.3)
Real Estate	25.7	25.4	28.1	2.7
Other	0.0	0.0	0.0	0.0
<b>Total Operating Revenues</b>	<b>87.8</b>	<b>81.4</b>	<b>84.3</b>	<b>2.9</b>
<b>Total Direct Expenses</b>	<b>3.7</b>	<b>11.7</b>	<b>12.2</b>	<b>(0.5)</b>
<b>Administration</b>	4.2	8.7	8.2	0.5
<b>Security</b>	1.7	2.1	1.9	0.1
<b>Environmental</b>	1.3	3.3	3.1	0.2
<b>Total Operating Expense before Deprecia</b>	10.8	25.7	25.4	0.3
<b>Depreciation</b>	25.3	23.9	23.3	0.6
<b>Total Operating Expense</b>	<b>36.1</b>	<b>49.6</b>	<b>48.7</b>	<b>0.9</b>
<b>Operating Income</b>	<b>\$51.7</b>	<b>\$31.9</b>	<b>\$35.6</b>	<b>3.8</b>
<i>Return on Revenue</i>	58.9%	39.1%	42.3%	
Non Operating Income (Expense)	(18.6)	(11.0)	(17.5)	(6.5)
<b>Income before Tax Levy and Expense</b>	<b>33.1</b>	<b>20.8</b>	<b>18.1</b>	<b>(2.7)</b>
<b>Ad Valorem Tax Levy</b>	23.8	24.5	24.5	(0.0)
GO Interest	(4.4)	(4.1)	(4.1)	0.0
<b>Net Tax Levy</b>	<b>\$19.5</b>	<b>\$20.4</b>	<b>\$20.4</b>	<b>\$0.0</b>
<b>Net Income</b>	<b>\$52.5</b>	<b>\$41.2</b>	<b>\$38.5</b>	<b>-\$2.7</b>

## **Capital Investment Plan**

# Five-Year Planned CIP 2023 – 2027\*



\$ Million	2022 Forecast	2023 - 2027					Totals
		2023	2024	2025	2026	2027	
<b>POT Only</b>							
Capitalized	\$35.4	\$61.7	\$44.4	\$22.4	\$32.1	\$106.2	\$266.8
Operating Expense	11.5	15.0	11.0	11.8	10.1	4.9	52.8
Non-Operating Expense	4.3	1.2	1.4	1.2	1.3	1.2	6.4
<b>Grand Total - POT Only</b>	<b>\$51.2</b>	<b>\$77.9</b>	<b>\$56.7</b>	<b>\$35.5</b>	<b>\$43.6</b>	<b>\$112.4</b>	<b>\$326.0</b>

\$ Million	2022 Forecast	2023 - 2027					Totals
		2023	2024	2025	2026	2027	
<b>POT + 50% NWSA</b>							
Capitalized	\$69.8	\$136.3	\$102.9	\$49.9	\$66.8	\$187.3	\$543.2
Operating Expense	16.8	23.5	34.4	16.6	13.9	8.4	96.8
Non-Operating Expense	4.7	5.5	1.4	1.2	1.3	1.2	10.7
<b>Grand Total: POT &amp; 50% NWSA</b>	<b>\$91.3</b>	<b>\$165.3</b>	<b>\$138.6</b>	<b>\$67.7</b>	<b>\$82.0</b>	<b>\$197.0</b>	<b>\$650.7</b>

Note: May not foot due to rounding

\*Included \$45M Tribal  
Cutback/Dredge  
commitment

Capitalized:

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

Operating/Non-operating expense

- Included in the budget as spending



# 2023 Port of Tacoma CIP Spending

(Does not include NWSA CIP)

\$ millions



Type	2023 Budget	Major Projects
Building and Land (incl. remediation)	\$34.6	Bldg 532 (401 Alexander Ave) design & construction and Land Acquisitions Placeholder
Terminal Development & Dredging	\$15.6	Blair channel dredging and Thorne Road Off-dock container support facility
Others	\$10.0	Equipment, IT, Demolition, Maytown oversight
Environmental	\$8.1	Parcel 1b (EBC) Interim Action to Support New Building
Contingency for Emergent Projects	\$4.5	\$3M capitalized projects and \$1.5M operating expenses
Rail	\$2.0	Replace switches in the Banana Rail Yard
Port Maritime Building Design	\$1.7	
Habitat/ Mitigation Dev	\$1.4	Lower Wapato Creek Combined Habitat (parcel 14)
<b>Total</b>	<b>\$77.9</b>	

Note: May not foot due to rounding

# 2023 - 2027 Port of Tacoma CIP

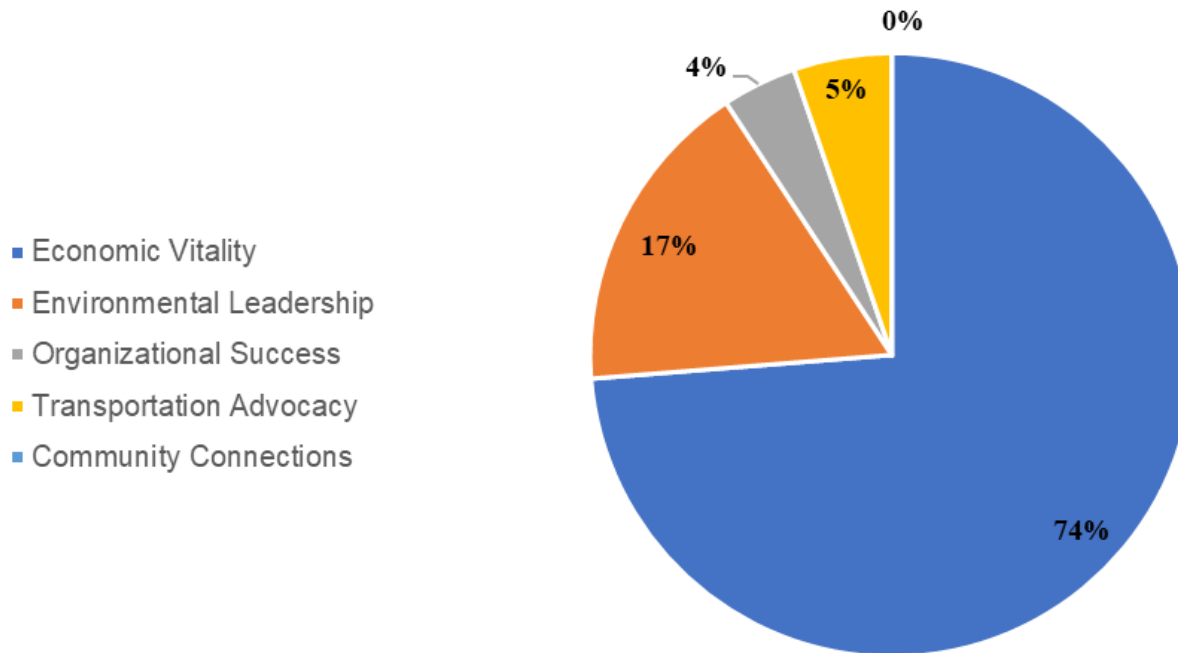
(Does not include NWSA CIP)

(\$ millions)



Type	2023-2027 Budget	Major Projects
Terminal Development & Dredging	\$131.1	Blair, Husky & WUT channel dredging, Blair Tribal dredge and Thorne Road Off-dock container support facility
Building and Land (incl. remediation)	\$63.7	Bldg 532 (Alexander Ave) design & construction and Land Acquisitions Placeholder
Port Maritime Building Design & Construction	\$37.8	
Environmental	\$34.5	Parcel 1b (EBC) Remediation Design & Construction & Parcel 2 Petroleum remediation
Contingency for Emergent Projects	\$22.5	\$15M capitalized projects and \$7.5M operating expenses
Others	\$19.7	Equipment, IT, Demolition, Maytown oversight
Habitat/ Mitigation Dev	\$8.6	Lower Wapato Combined Habitat (parcel 14), Saltchuk Beach design & construction (parcel 83)
Rail	\$4.2	Replace switches in the Banana Rail Yard
Roadway Contribution	\$4.0	Roadway infrastructure funding
<b>Total</b>	<b>\$326.0</b>	

# 2023 CIP by Strategic Plan

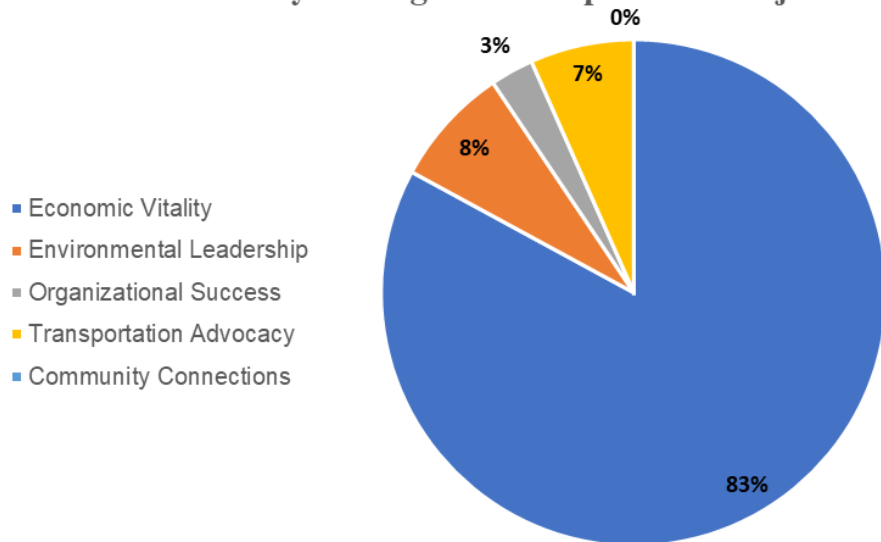


Strategic Plan	Capitalized Projects	Expensed Projects	2023 Total (\$ million)
Economic Vitality	\$ 51,115	\$ 6,317	\$ 57,433
Environmental Leadership	4,728	8,506	13,234
Organizational Success	1,710	1,400	3,110
Transportation Advocacy	4,100	0	4,100
Community Connections	0	0	0
<b>Total</b>	<b>\$ 61,653</b>	<b>\$ 16,223</b>	<b>\$ 77,877</b>

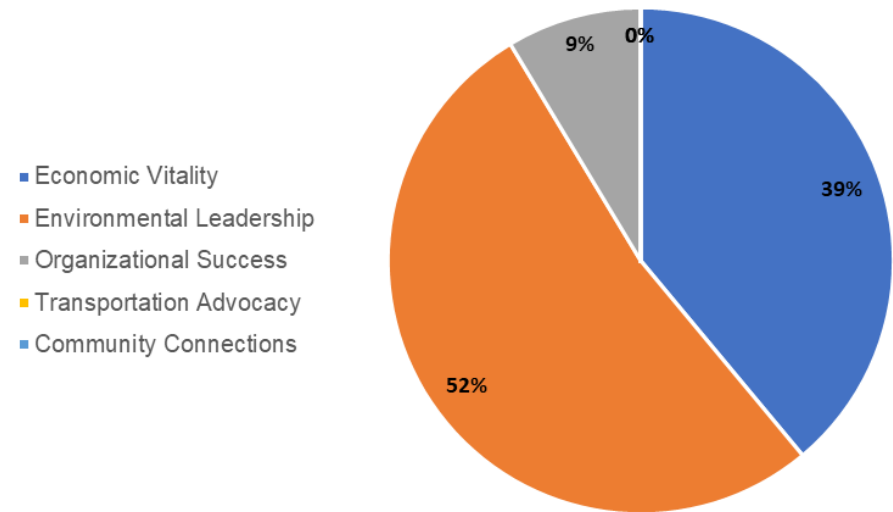
# 2023 CIP by Strategic Plan



### 2023 CIP by Strategic Plan Capitalized Projects



### 2023 CIP by Strategic Plan - Expensed Projects



Strategic Plan	Capitalized Projects	Expensed Projects	2023 Total (\$ million)
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# 2023 Tax Levy

# Tax Levy Usage



- 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

(\$ millions)



General Obligation Bond Principal	\$	6,956,000
General Obligation Bond Interest	\$	5,239,336
POT Maritime Center Design	\$	1,710,000
Blair Channel Dredging Design	\$	2,100,000
Arkema (Parcel 99) Interim Action	\$	1,181,000
Lower Wapato Creek (Parcel 14) Combined Habitat	\$	1,100,000
Banana Yard Rail Switch Replacement	\$	2,000,000
Tide Gate Replacement and Access Pad	\$	1,000,000
Land Acquisitions	\$	20,000,000
<b>Tax Levy Potential Uses in 2023</b>	<b>\$</b>	<b>41,286,336</b>

# Tax Levy Proposal



- Property values (base plus new construction) increased 20% in 2022
- Per current maximum allowable by law, Port could increase levy by 15.6% or \$3.8M
- Propose a flat 4% increase over prior year
  - \$982,714 increase to \$25,550,563
- Continue to bank excess tax levy capacity



# 2023 Tax Levy



	2022 Forecast	2023 Budget
Assessed Valuation*	\$159,259,716,623	\$191,187,912,091
Target Millage Rate (per \$1,000 valuation)	\$0.15426	\$0.13364
Total Port Tax Levy **	\$24,567,849	\$25,550,563
Debt Service on G.O. Bonds	\$12,156,238	\$12,195,337
Remainder for Governmental Projects	\$12,411,611	\$13,355,226

\* New millage rate of \$0.13364, a 13.4% decrease from 2022

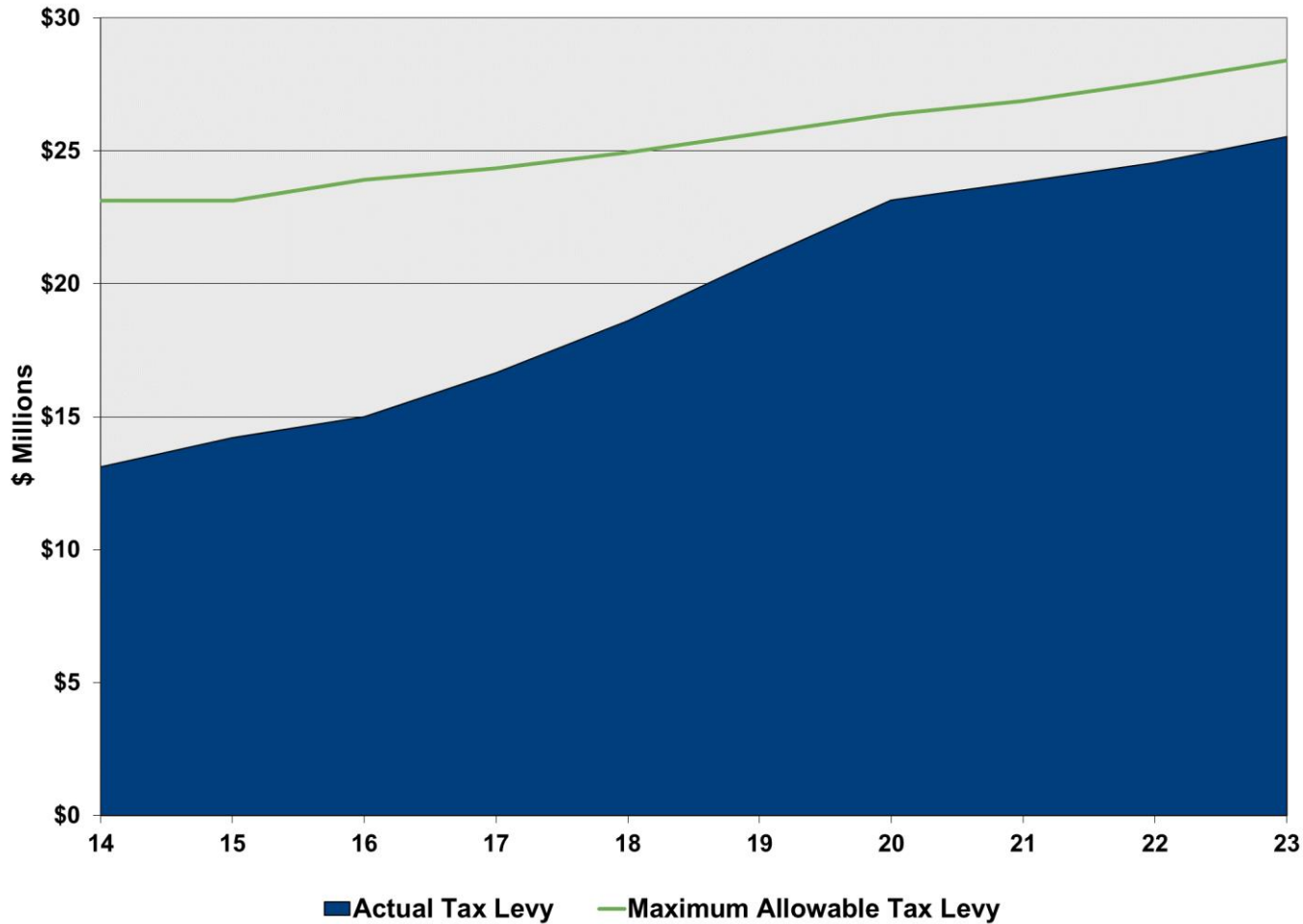
\*\* Will impact growth of ceiling in future years

Tax Collection Year	2019	2020	2021	2022	2023
Avg. Assessed Value	\$ 373,347	\$ 373,874	\$ 405,459	\$ 474,204	\$ 568,840
Port Millage Rate (per \$1,000)	0.18365	0.18365	0.17302	0.15426	0.13364
Annual Tax Levy	\$ 68.57	\$ 68.66	\$ 70.15	\$ 73.15	\$ 76.02
Monthly Tax Levy	\$ 5.71	\$ 5.72	\$ 5.85	\$ 6.10	\$ 6.34
Tax Levy if at Maximum Rate	\$ 84.01	\$ 78.18	\$ 79.06	\$ 82.20	\$ 84.50
Monthly Tax Levy at Max Rate	\$ 7.00	\$ 6.51	\$ 6.59	\$ 6.85	\$ 7.04

\* 2023 Preliminary assessed valuations as of September 2022

\*\* Based on 2023 preliminary valuations and targeted millage rate

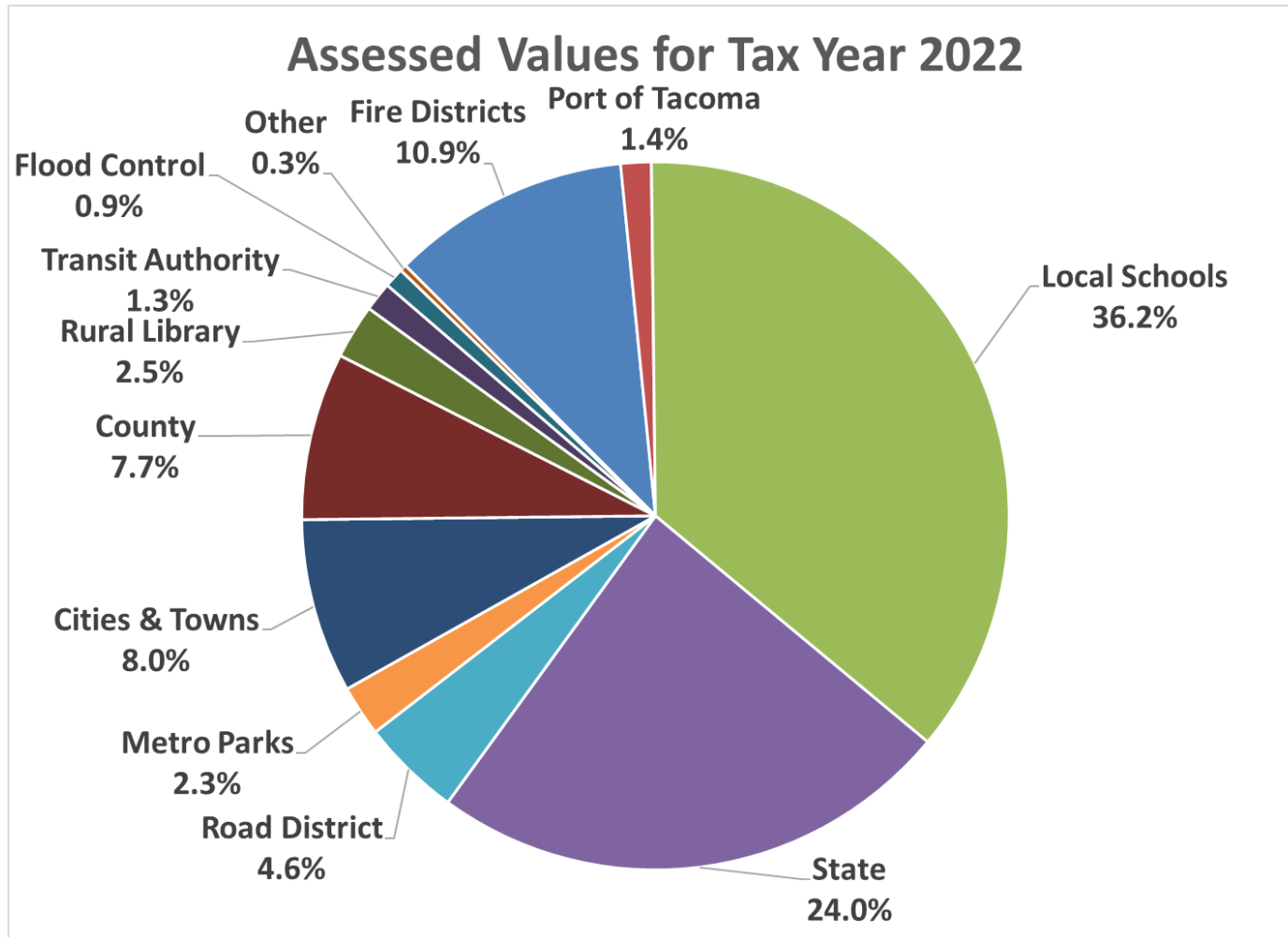
# Tax Levy History



\* 2023 Preliminary assessed valuations as of September 2022

\*\* Based on 2023 preliminary valuations and targeted millage rate

# Tax Levy by District



## **2023 Operational Budget**

# 2023 Key Assumptions



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

# 2023 Key Assumptions



## Operating expenses

- Increased costs to demolish structures at multiple Port properties
- Staffing increases to support business activities and implementation of the strategic plan
- Increased Environmental expenses
- Continued reduction in depreciation as terminal related investments are made by the NWSA

# BARS POT Net Income



(\$ millions)	2021	2022	2022	2023
	Actual	Budget	Forecast	Budget
<b>Operating Revenues</b>				
NWSA	\$56.0	\$49.4	\$50.0	\$50.3
Container	3.5	3.6	3.5	3.8
Non Container	2.6	3.0	2.6	5.4
Real Estate	25.7	25.4	28.1	29.5
Other	0.0	0.0	0.0	0.1
<b>Total Operating Revenues</b>	<b>87.8</b>	<b>81.4</b>	<b>84.3</b>	<b>88.9</b>
<b>Total Direct Expenses</b>	<b>3.7</b>	<b>11.7</b>	<b>12.2</b>	<b>14.3</b>
<b>Administration</b>	4.2	8.7	8.2	10.7
<b>Security</b>	1.7	2.1	1.9	2.2
<b>Environmental</b>	1.3	3.3	3.1	6.8
<b>Total Operating Expense before Deprecia</b>	10.8	25.7	25.4	33.9
<b>Depreciation</b>	25.3	23.9	23.3	22.3
<b>Total Operating Expense</b>	<b>36.1</b>	<b>49.6</b>	<b>48.7</b>	<b>56.3</b>
<b>Operating Income</b>	<b>\$51.7</b>	<b>\$31.9</b>	<b>\$35.6</b>	<b>\$32.6</b>
<i>Return on Revenue</i>	58.9%	39.1%	42.3%	36.7%
<b>Non Operating Income (Expense)</b>	<b>(18.6)</b>	<b>(11.0)</b>	<b>(17.5)</b>	<b>17.9</b>
<b>Income before Tax Levy and Expense</b>	<b>33.1</b>	<b>20.8</b>	<b>18.1</b>	<b>50.5</b>
<b>Ad Valorem Tax Levy</b>	23.8	24.5	24.5	25.5
<b>GO Interest</b>	(4.4)	(4.1)	(4.1)	(3.9)
<b>Net Tax Levy</b>	<b>\$19.5</b>	<b>\$20.4</b>	<b>\$20.4</b>	<b>\$21.6</b>
<b>Net Income</b>	<b>\$52.5</b>	<b>\$41.2</b>	<b>\$38.5</b>	<b>\$72.1</b>

# POT Staffing History



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



# 2022 vs 2023 Expense Comparison Salaries & Benefits



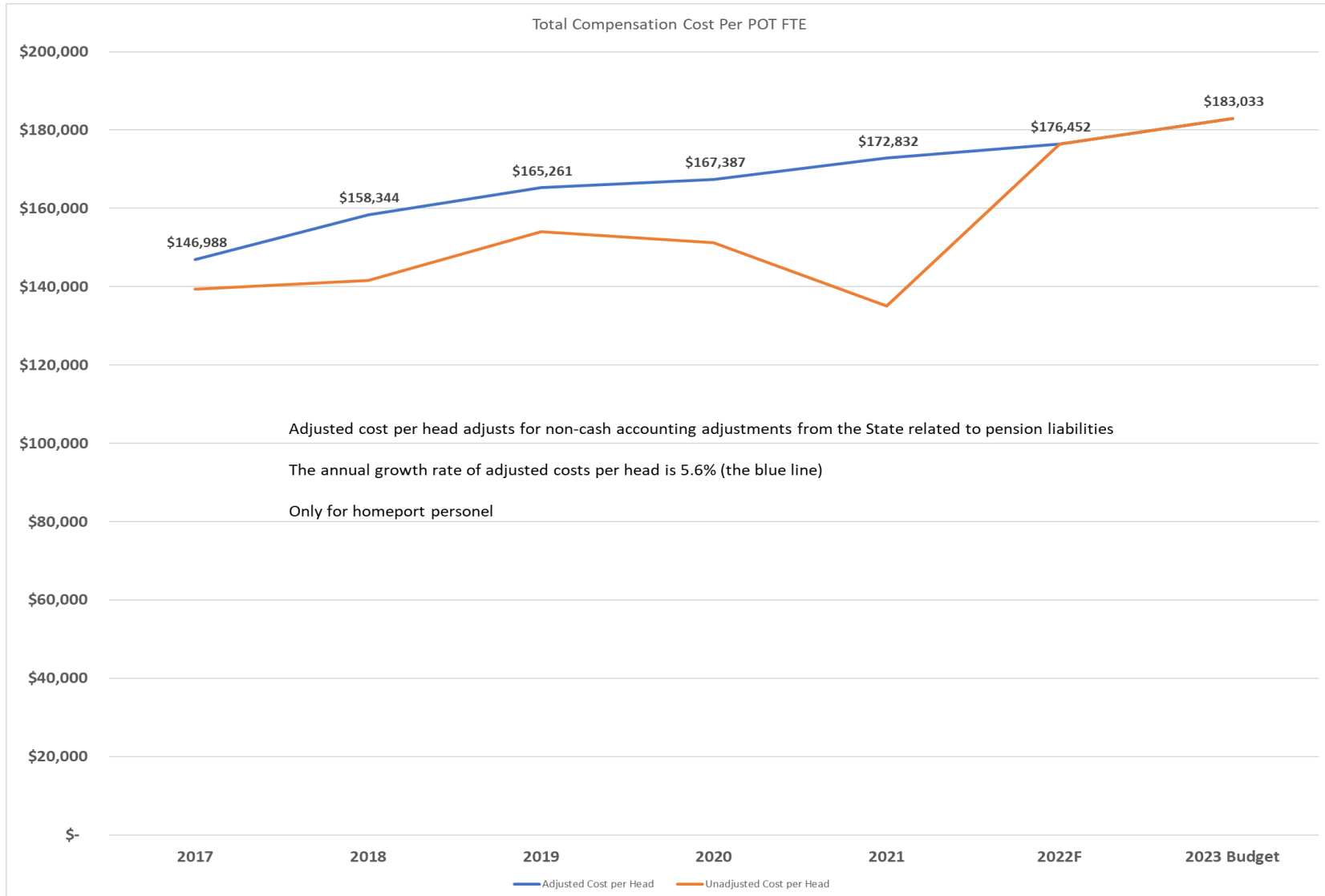
	2021	2022 Budget	2022 Forecast	2023 Budget	Var from Forecast	% Var	Var from Prior Budget	%Var
Salary Wages	8,596,432	9,201,693	9,357,419	10,456,993	1,099,574	12%	1,255,300	14%
Hourly Wages	13,412,026	14,743,671	13,935,771	14,958,115	1,022,344	7%	214,444	1%
OT Wages	1,656,078	1,606,046	1,733,594	1,660,949	(72,645)	-4%	54,903	3%
<b>Total Wages</b>	<b>23,664,536</b>	<b>25,551,410</b>	<b>25,026,785</b>	<b>27,076,057</b>	<b>2,049,272</b>	<b>8%</b>	<b>1,524,647</b>	<b>6%</b>
F.I.C.A.	1,786,357	1,919,206	1,923,180	2,032,305	109,125	6%	113,099	6%
S.U.I.	52,161	116,445	83,860	123,060	39,200	47%	6,615	6%
Medical Benefits	5,812,912	6,782,628	6,951,843	7,326,655	374,813	5%	544,027	8%
Employee Pension	2,584,753	2,447,659	2,438,064	2,646,216	208,152	9%	198,558	8%
Other Benefits	(6,392,018)	1,034,194	865,317	1,018,480	153,163	18%	(15,714)	-2%
<b>Total Benefits</b>	<b>3,844,164</b>	<b>12,300,132</b>	<b>12,262,264</b>	<b>13,146,717</b>	<b>884,453</b>	<b>7%</b>	<b>846,585</b>	<b>7%</b>
<i>Benefits % of Total</i>	<i>16.2%</i>	<i>48.1%</i>	<i>49.0%</i>	<i>48.6%</i>				
<b>Port Salaries &amp; Benefits</b>	<b>27,508,700</b>	<b>37,851,542</b>	<b>37,289,049</b>	<b>40,222,773</b>	<b>2,933,725</b>	<b>8%</b>	<b>2,371,232</b>	<b>6%</b>

May not foot due to rounding

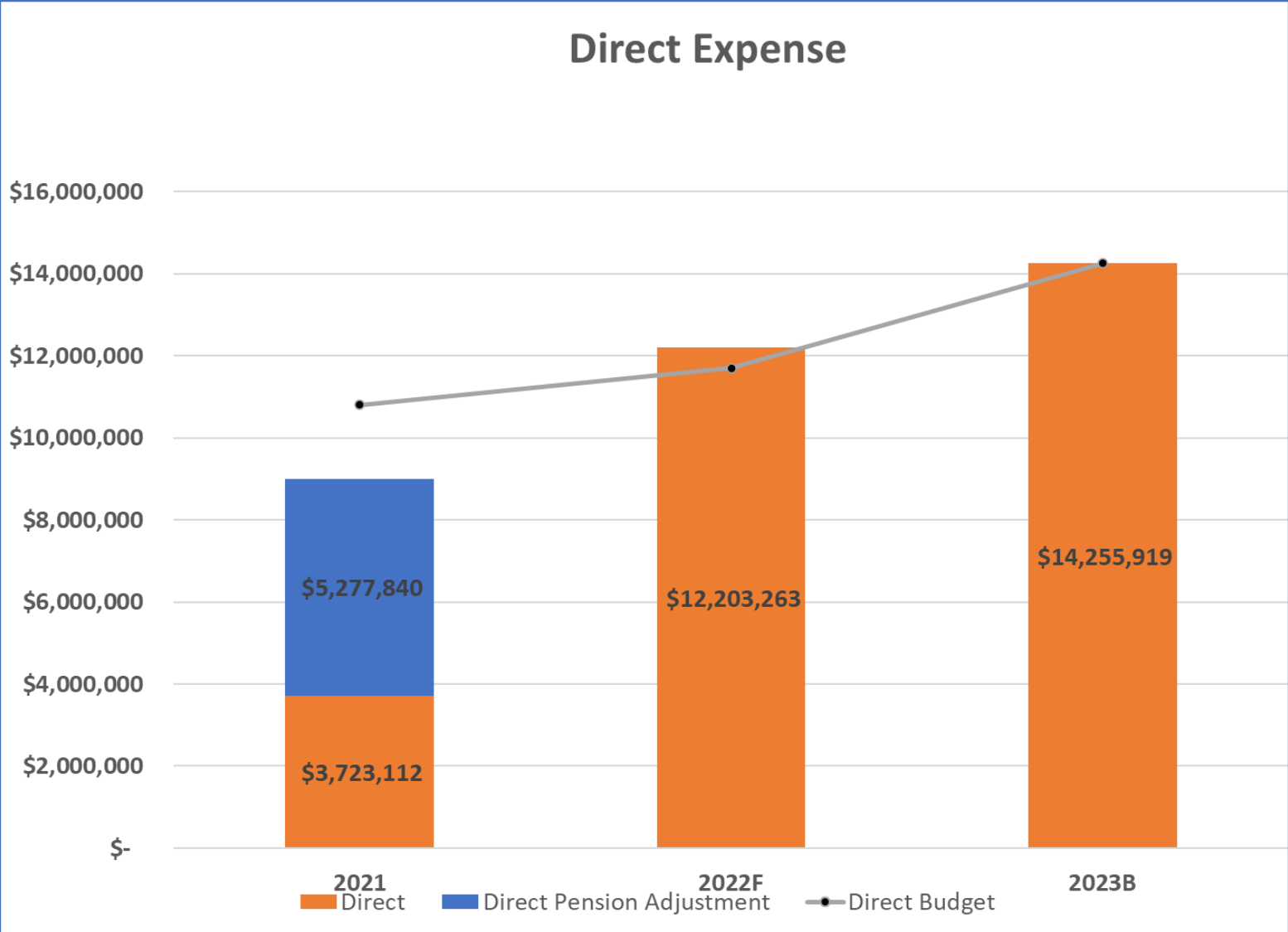
Average annualized salary is \$114,157

- Budgeted pool for salary increases is \$456,055 for salaried staff effective April
- Budgeted pool for employee recognition is \$26,827
- Budgeted pool for salary marketplace adjustments is \$107,307 for 2023

# POT Staffing Cost



# Direct Expense



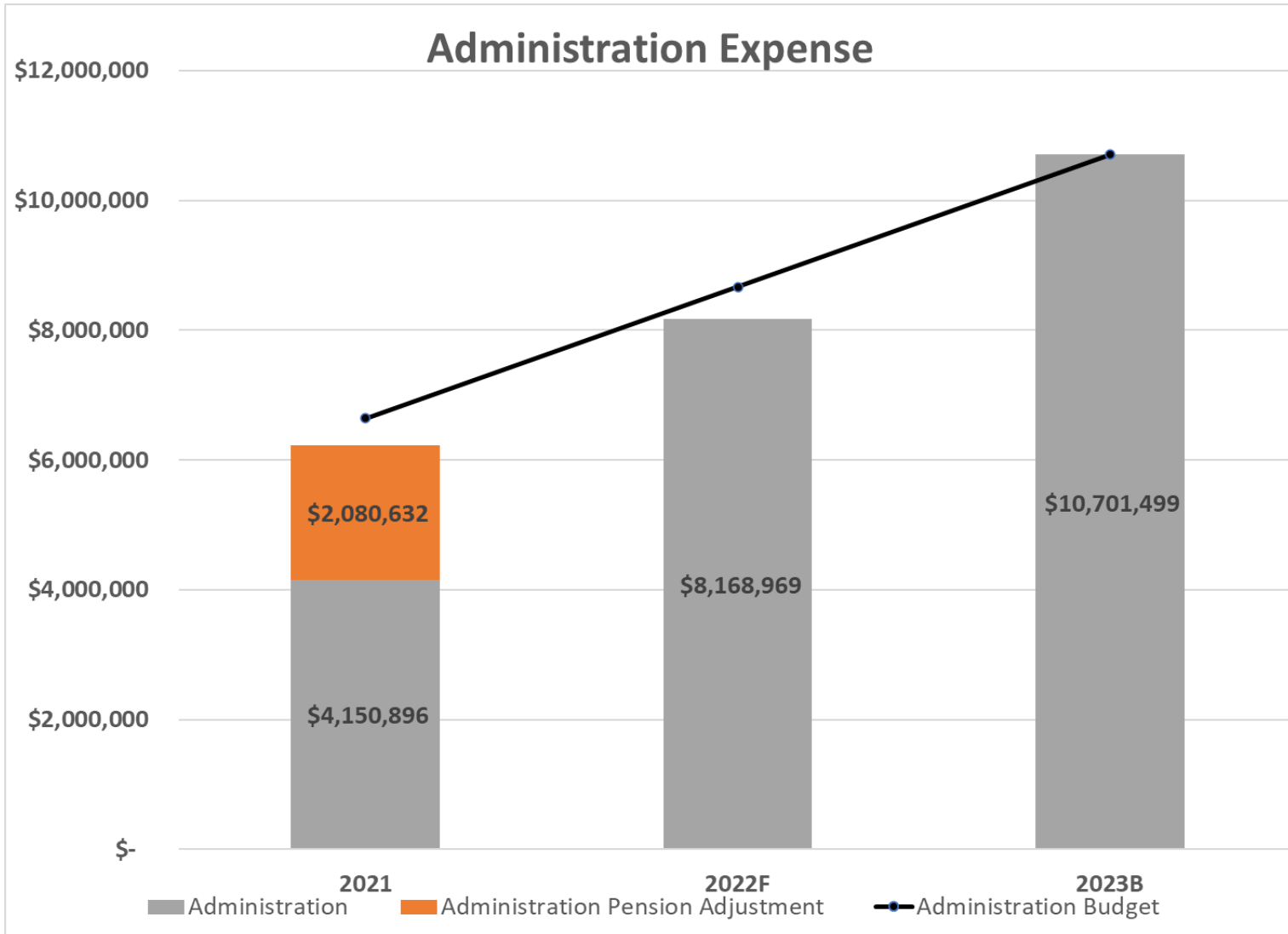
# Direct Expense



The 2023 budget reflects a \$2 million increase over the 2022 forecast

- Building demolitions of \$3.1 million
  - E. 15<sup>th</sup> St Building Demo
  - 2202 POT Rd Building Demo
  - SR 509 Building & Rail Demo
- Partially off-set by a reduction in other major maintenance and repair projects over 2022

# Administration



# Administration

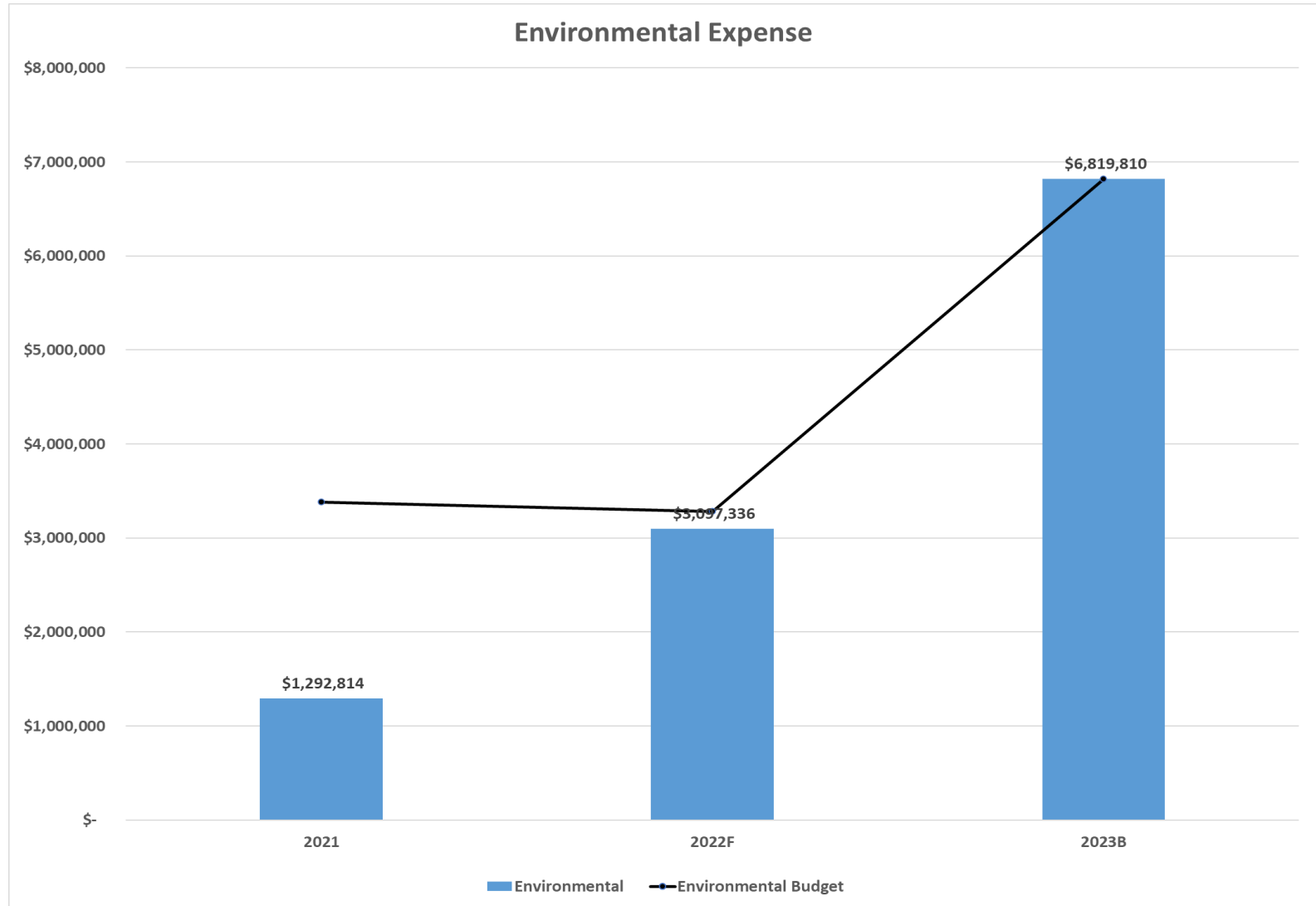


The 2023 budget reflects a \$2.5 million increase over the 2022 forecast

- \$1.2 million in reinvestments to update finance, contracting and human resources systems
- \$1.2 million in additional staffing to support increased business activities and implementation of strategic plan
- \$100 thousand to retain an external resource to advance diversity, equity and inclusion program
- \$170 thousand in incremental spending to resource to support workforce development
- \$430 thousand in salary increases for administrative staff

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

# Environmental

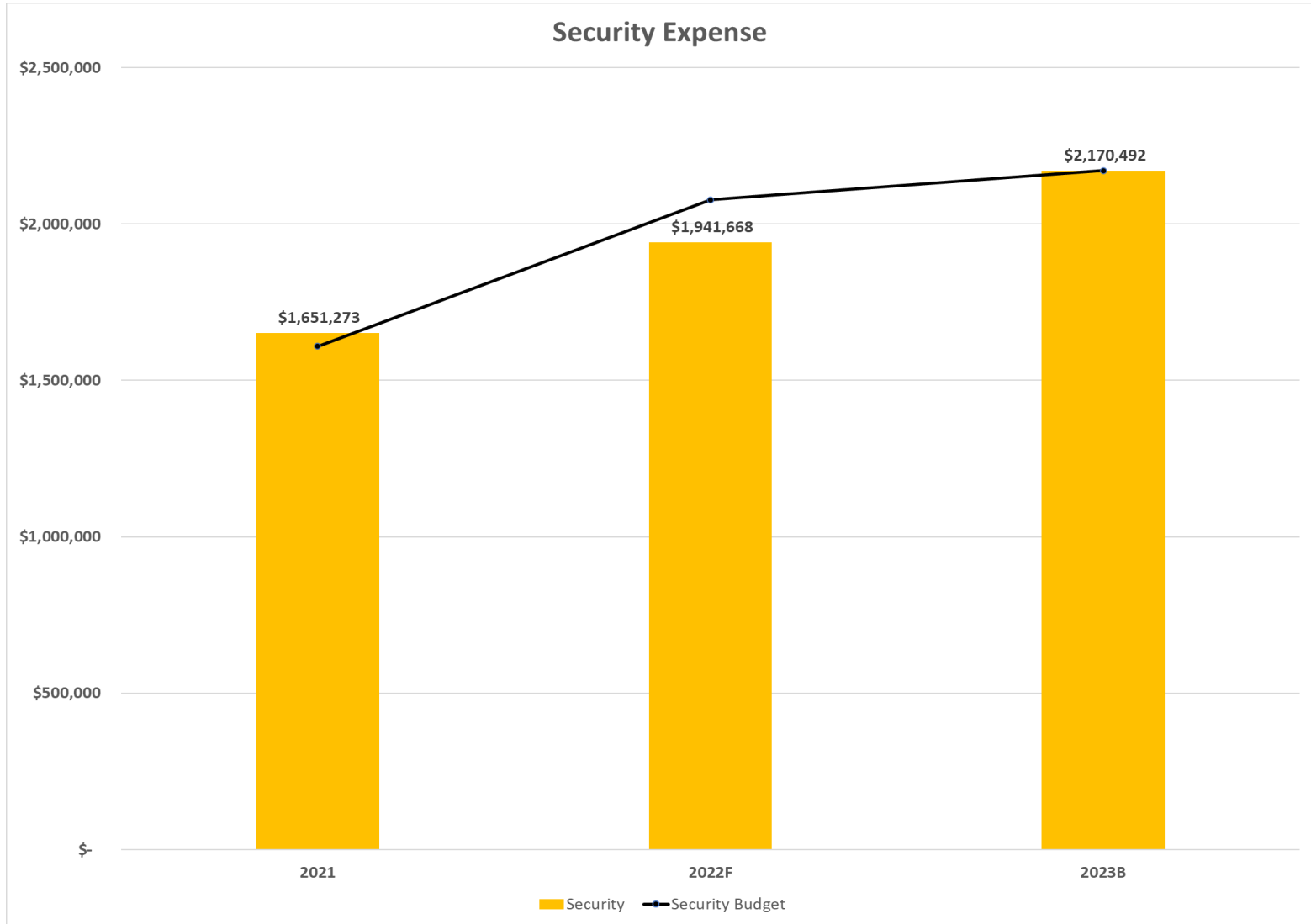


The 2023 budget reflects a \$3.7 million increase over the 2022 forecast

- \$2.7 million for Parcel 1b (EBC) Interim Action to Support New Building
- \$570 thousand for Environmental Property Acquisition Support at Strategic Properties
- \$250 thousand for work on POT Municipal Stormwater Permit Program
- \$250 thousand for Parcel 115 Remediation Sampling, Permitting & Design



# Security



# Non-Operating



<i>\$ millions</i>	<b>2022 Budget</b>	<b>2022 Forecast</b>	<b>2023 Budget</b>	<b>Chg from CY Budget</b>	<b>Chg from CY Frcast</b>
Interest Income	\$2.7	\$4.2	\$6.9	\$4.2	\$2.7
Premium Discount	(\$0.9)	(\$0.7)	(\$0.6)	\$0.3	\$0.1
Investment Gain Loss	0.0	(11.3)	0.0	0.0	11.3
Capital Grant Income	0.7	0.7	9.5	8.8	8.8
Non-Capital Grant Income	1.7	1.5	0.2	(1.5)	(1.3)
Other Non Operating Income	2.8	2.9	21.1	18.3	18.2
<b>Non Operating Revenue</b>	<b>6.9</b>	<b>(2.7)</b>	<b>37.1</b>	<b>30.1</b>	<b>39.8</b>
Revenue Bond Interest Expense	16.4	15.8	15.9	0.5	(0.1)
Election Expense	0.0	0.3	1.0	(1.0)	(0.7)
Other Non Operating Expense	1.6	(1.3)	2.3	(0.7)	(3.6)
<b>Non Operating Expense</b>	<b>18.0</b>	<b>14.8</b>	<b>19.2</b>	<b>(1.2)</b>	<b>(4.3)</b>
<b>Non Operating Revenues (Expense)</b>	<b>(\$11.0)</b>	<b>(\$17.5)</b>	<b>\$17.9</b>	<b>\$28.9</b>	<b>\$35.4</b>
<b>Non Operating Revenue and Expenses</b>	<b>(\$11.0)</b>	<b>(\$17.5)</b>	<b>\$17.9</b>		

May not foot due to rounding

# 2023 Memberships over \$10k



Memberships	2022 Budget	2023 budget	Comments
<b>Washington Public Ports Association</b>	\$215,000	\$215,000	
<b>Puget Sound Regional Council</b>	50,700	50,700	
<b>Tacoma Pierce County Chamber</b>	24,740	24,740	
<b>All other memberships \$10,000 or under</b>	35,793	40,162	50 memberships
<b>Total Memberships</b>	<b>\$326,233</b>	<b>\$330,602</b>	

- Other Port memberships all less than \$10,000 per year.
- Membership costs subject to small variations based on fees tied to 2022 actual results

# 2023 Major Community Contracts



<b>Contract</b>	<b>2022 Contract</b>	<b>2023 Contract</b>
<b>World Trade Center</b>	<b>\$ 126,587</b>	<b>\$ 133,832</b>
<b>Economic Development Board</b>	<b>130,000</b>	<b>130,000</b>
<b>Total Contracts</b>	<b>\$ 256,587</b>	<b>\$ 263,832</b>

# Promotional Hosting



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	2021	2022	2023
POT Promotional Hosting	\$ 20,017	\$ 43,450	\$ 30,120
50% of NWSA Promotional Hosting	112,447	104,705	97,300
<b>Total Promotional Hosting</b>	<b>\$ 132,464</b>	<b>\$ 148,155</b>	<b>\$ 127,420</b>

Statutory limit is \$247,250 based on \$88.9M in revenue

## **2023-2027 Plan of Finance**

# 2023 Statutory Cash Budget



<i>(\$ Million)</i>	<u>2023</u>
<b>Beginning Cash &amp; Investments</b>	\$162.8
 <b><u>Projected Sources of Funds</u></b>	
Revenues	88.9
Expenses	(33.6)
Memberships	(0.3)
Promotional hosting and Items POT	(0.0)
Promotional hosting NWSA (POT share)	(0.0)
<b>Funds Provided by Operations</b>	<u>55.0</u>
Interest Income	6.3
NWSA Depreciation cash	12.0
Other, Net	29.4
Other Contributions	5.0
Ad valorem tax revenue (net)	25.5
<b>Projected Sources of Funds</b>	<u>133.1</u>
 <b><u>Projected Uses of Funds</u></b>	
Investment in Northwest Seaport Alliance	69.8
Debt Payments (Principal and Interest) - GO Bonds	12.2
Debt Payments (Principal and Interest) - Revenue Bonds	29.6
Debt Payments (Principal and Interest) - Commercial Paper	-
Capital Spending - Planned Projects	61.7
<b>Projected Uses of Funds</b>	<u>173.3</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><u>\$122.6</u></u>



# Plan of Finance Assumptions



## Operating Revenues

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

## Operating Expenses

- Inflation 6%
- 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



## NWSA Membership Affirmation

- Includes impact of Port of Seattle capital contribution of \$10M for final payment on T5 revaluation

## Capital projects spending \$535.7 million

- Includes POT portion of NWSA CIP of \$268.9 million
- Includes POT specific Capitalized projects of \$266.8 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

# 2023-2027 Budget Forecast - Cash Flow



## Cashflow Forecast

(\$ Million)

	2023	2024	2025	2026	2027
<b>Beginning Cash &amp; Investments</b>	\$162.8	\$122.6	\$119.7	\$177.1	\$230.7
<b>Projected Sources of Funds</b>					
Revenues	88.9	81.4	100.7	109.6	111.9
Expenses	(33.9)	(29.9)	(31.9)	(31.4)	(27.3)
<b>Funds Provided by Operations</b>	55.0	51.5	68.8	78.2	84.6
Interest Income	6.3	3.9	3.4	4.8	5.6
NWSA Depreciation Cash Add back	12.0	15.8	19.6	21.0	22.1
Other, Net	29.4	41.3	29.6	29.5	27.5
Other Contributions	5.0	0.0	0.0	0.0	0.0
Ad valorem tax revenue (net)	25.5	26.6	27.6	28.7	29.9
<b>Projected Sources of Funds</b>	133.1	139.0	148.9	162.2	169.7
<b>Projected Uses of Funds</b>					
Investment in Northwest Seaport Alliance	69.8	55.8	27.4	34.7	81.2
Debt Payments (Principal and Interest) - GO Bonds	12.2	12.2	12.3	12.3	12.3
Debt Payments (Principal and Interest) - Revenue Bonds	29.6	29.5	29.5	29.4	29.4
Debt Payments (Principal and Interest) - Commercial Paper	0.0	0.0	0.0	0.0	0.0
Capital Spending - Planned Projects	61.7	44.4	22.4	32.1	106.2
<b>Projected Uses of Funds</b>	173.3	141.9	91.6	108.5	229.0
<b>Projected Borrowing</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>Projected Ending Cash &amp; Investments</b>					
Minimum Cash	\$122.6	\$119.7	\$177.1	\$230.7	\$171.4
	\$80.1	\$78.1	\$79.1	\$78.8	\$76.8

Sr. Lien Rev. Bond Debt Service Coverage	5.26	5.18	6.48	7.27	7.82
Fully Diluted Revenue Bond Debt Service	2.93	2.90	3.64	4.10	4.43

# 2023 Minimum Cash Calculation



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

## Minimum Port of Tacoma Cash & Investments

	<u>(\$ Millions)</u>
Port cash and investments to cover 6 months operating expenses	\$17.0
Prorated revenue bond payments	2.5
Prorated G.O. bond payments	1.0
Revenue bond reserves	58.3
Industrial insurance reserve	0.4
Self insurance reserve	<u>1.0</u>
Minimum Port of Tacoma cash & investment balance	<u><u>\$80.2</u></u>

# 2023 Debt Outstanding at Year End



*(\$ Million)*

<b>Debt Outstanding at year end</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>
Un-voted <u>G.O. Bond</u> , <u>Fixed Rate</u>	\$121.8	\$114.7	\$107.2	\$99.6	\$91.8
<u>Senior Revenue Bond</u> , <u>Fixed Rate</u>	171.9	163.3	154.3	145.0	135.3
<u>Subordinate Rev Bond</u> , <u>Variable Rate</u>	209.4	205.8	202.1	198.2	194.1
Commercial Paper, Variable Rate	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>

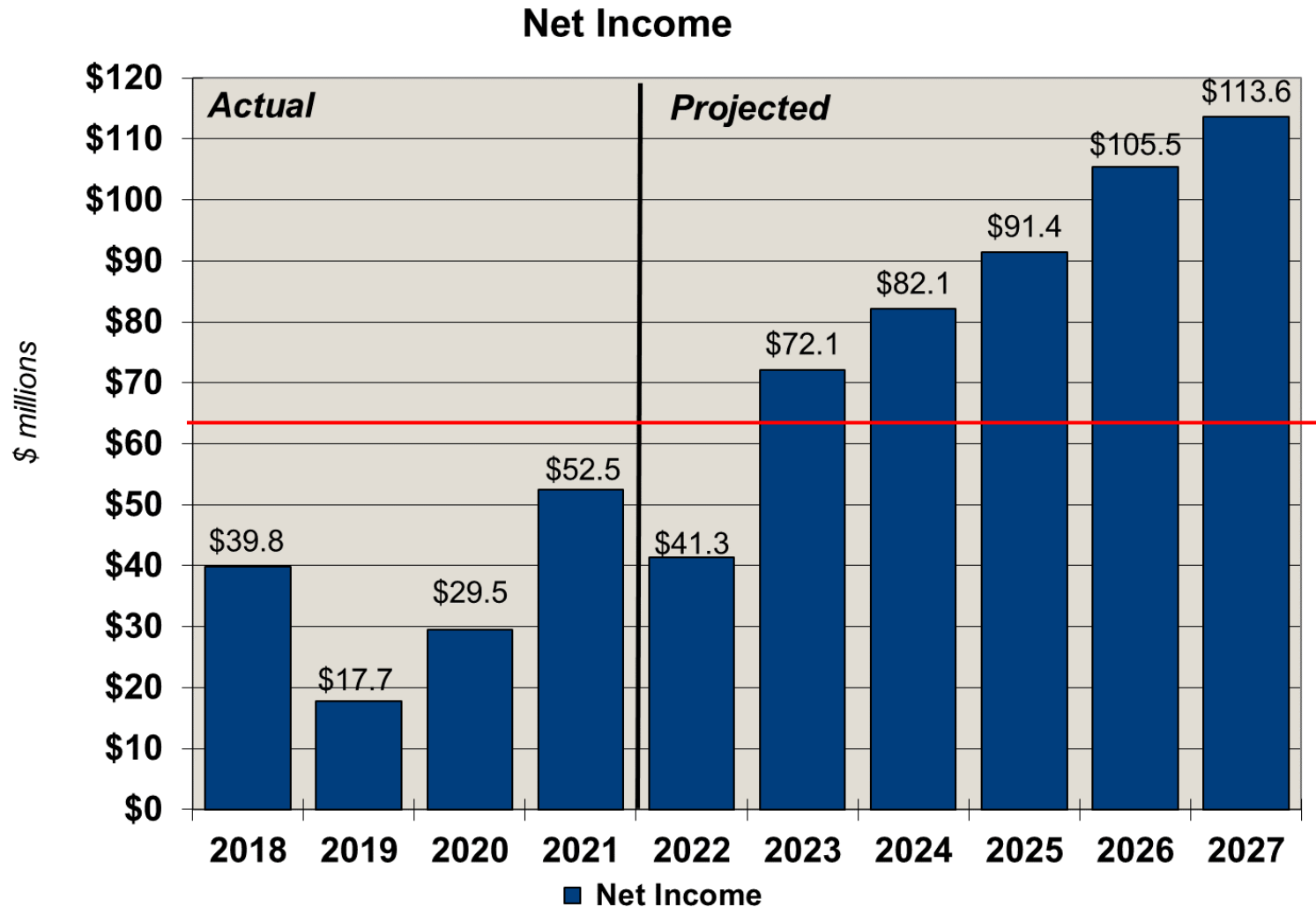
# 2023 Summary of Financial Capacity



## Summary of Financial Capacity

(\$ Million)	2023	2024	2025	2026	2027
Unvoted G.O. Bond Capacity	\$356.1	\$371.6	\$387.4	\$408.7	\$430.5
Revenue Bond Capacity	226.3	220.0	402.3	514.4	594.4
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>\$582.4</b>	<b>\$591.6</b>	<b>\$789.8</b>	<b>\$923.1</b>	<b>\$1,024.9</b>
Remaining G.O. Bond Capacity - <u>Voted</u>	955.9	972.5	989.4	1,016.6	1,044.6
<b>Total Voted Debt Capacity</b>	<b>\$1,538.4</b>	<b>\$1,564.2</b>	<b>\$1,779.2</b>	<b>\$1,939.7</b>	<b>\$2,069.5</b>

# Financial Measure: Net Income

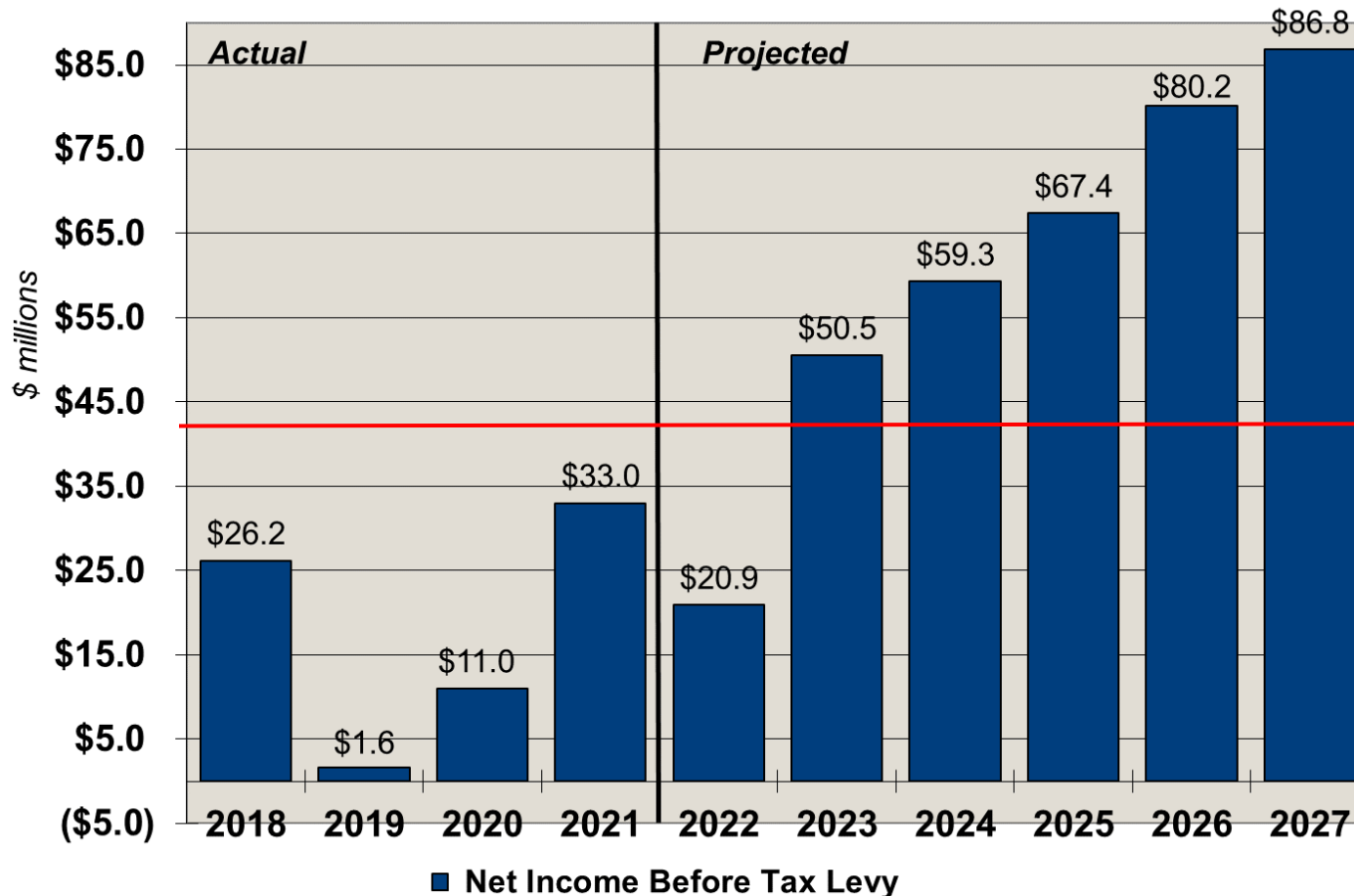


**10 year average of \$64.6 M**

# Financial Measure: Net Income before Tax levy



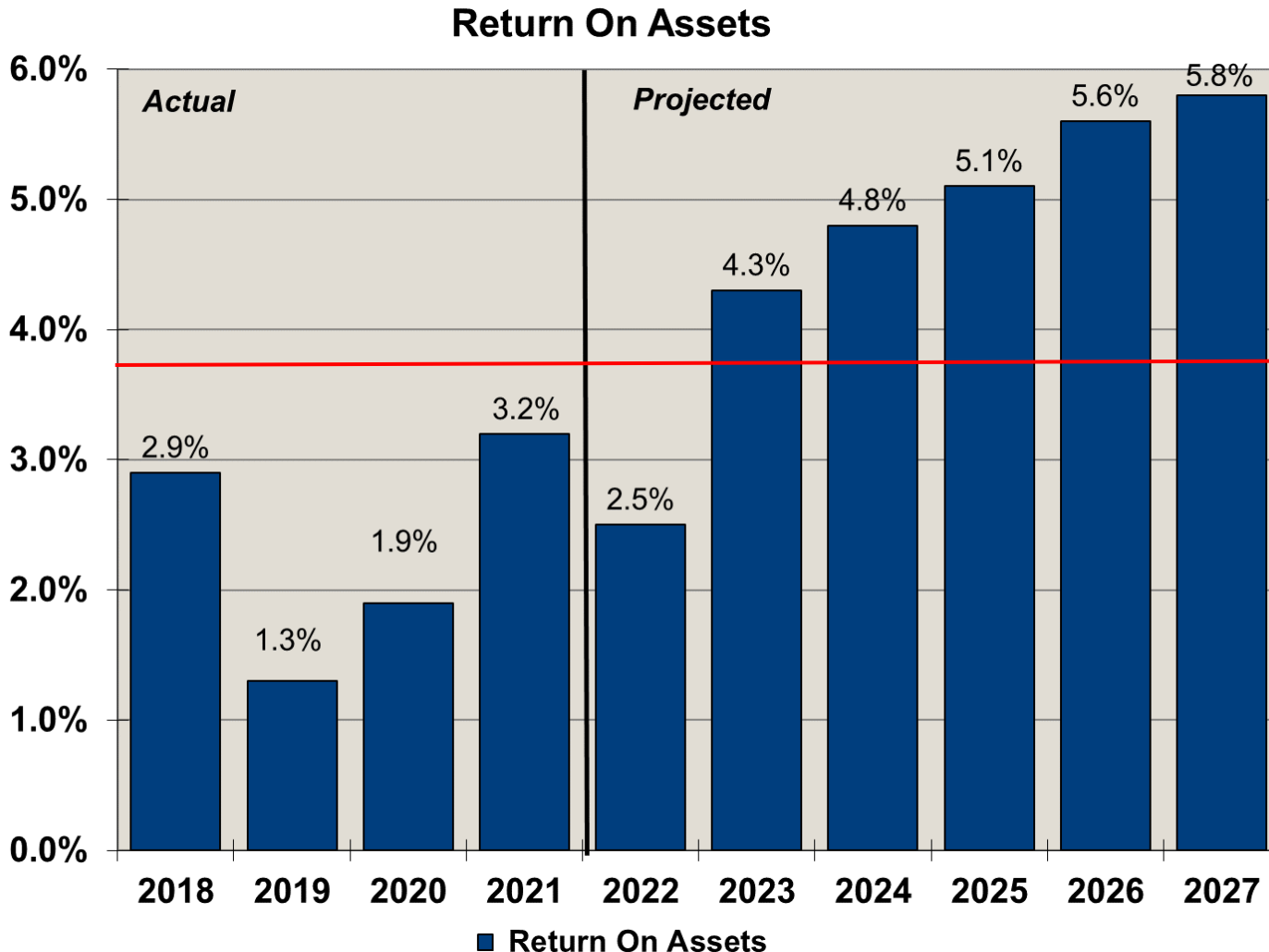
## Net Income Before Tax Levy



**10 year average of \$43.7 M**



# Financial Measure: Return on Assets

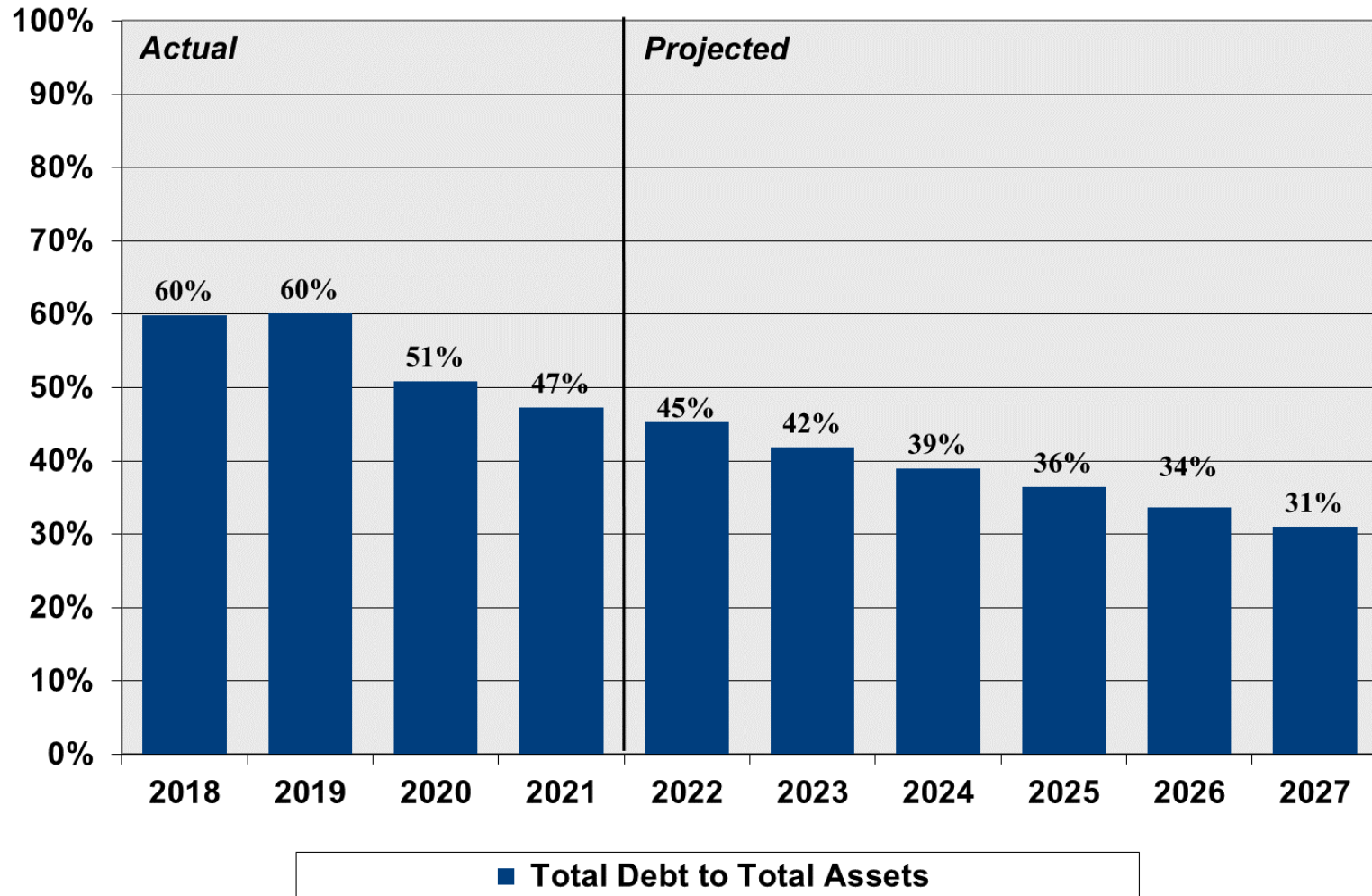


**10 year average of 3.7%**

# Financial Measure: Debt to Asset Ratio



## Projected - Total Debt to Total Assets Ratio



# 2023 Key Budget Messages



## The overall financial outlook is strong

- Real Estate revenue growth continues
- Operating budget includes costs that will provide necessary resources to implement Strategic Plan key initiatives
- CIP is focused on reinvestment and growth opportunities
- Five-year plan does not anticipate additional borrowing

## Questions