

Item: 6A

Date: 11/19/24

# 2025 Tax Levy & 2025 Statutory Budget Public Hearing

**Erin Galeno**

Chief Financial & Administrative Officer

Port of Tacoma Commission Meeting

Date: November 19, 2024



- Follow-up from Budget Study Session
- Review:
  - Proposed 2025 Port of Tacoma Tax Levy
  - Proposed 2025 Port of Tacoma Statutory Budget
  - Proposed 2025-2029 Plan of Finance / Ending Cash
- Public Hearing & Budget Adoption:
  - Request authorization of resolutions 2024-04PT and 2024-05PT
  - Request to approve the ILA for support services
  - Request authorization of resolution 2024-06PT

# 2025 Operating Budget

(\$ millions)	2023	2024	2024	2025
	Actual	Budget	Forecast	Budget
<b>Operating Revenues</b>	98.3	99.8	101.3	102.5
<b>Direct Expenses</b>	9.6	19.8	16.7	14.8
<b>Administration</b>	8.2	12.0	11.0	13.2
<b>Security</b>	2.3	2.4	2.5	2.8
<b>Environmental</b>	1.9	5.6	15.8	12.2
<b>Total Operating Expense before Depreciation</b>	22.0	39.8	45.9	42.9
<b>Depreciation</b>	22.0	21.4	19.3	18.7
<b>Total Operating Expense</b>	<b>44.0</b>	<b>61.2</b>	<b>65.2</b>	<b>61.6</b>
<b>Operating Income</b>	<b>\$54.3</b>	<b>\$38.6</b>	<b>\$36.1</b>	<b>\$40.9</b>
<i>Return on Revenue</i>	55.2%	38.7%	35.6%	39.9%
Non Operating Income (Expense) - without HMT	9.5	8.1	(1.7)	16.5
<b>Income before Tax Levy and Expense</b>	<b>63.8</b>	<b>46.7</b>	<b>34.4</b>	<b>57.4</b>
<b>Ad Valorem Tax Levy</b>	25.3	26.0	25.9	26.8
GO Interest	(3.9)	(3.7)	(3.7)	(3.5)
<b>Net Tax Levy</b>	<b>\$21.4</b>	<b>\$22.3</b>	<b>\$22.2</b>	<b>\$23.3</b>
<b>Net Income Before Special Item</b>	<b>\$85.2</b>	<b>\$69.0</b>	<b>\$56.6</b>	<b>\$80.6</b>
Harbor Maintenance Tax Funds	3.4	3.4	28.9	28.9
<b>Net Income</b>	<b>\$88.6</b>	<b>\$72.4</b>	<b>\$85.4</b>	<b>\$109.5</b>

May not foot due to rounding.

# 2025 Tax Levy



# 2025 Port of Tacoma Tax Levy

Propose a flat 3.0% increase over prior year

- \$737,690 increase to \$26,845,952
- Continue to bank excess tax levy capacity
- Per current maximum allowable by law, Port could increase levy by 13.7% or additional \$3.6M
- Assessed property values (base plus new construction) rose 5.8% in 2024 vs 2023
  - Average residential home values grew approximately 6.2% in 2024

# 2025 Tax Levy

	2024 Forecast	2025 Budget
Assessed Valuation*	\$191,634,741,724	\$202,825,377,377
Target Millage Rate (per \$1,000 valuation)	\$0.13601	\$0.13236
Total Port Tax Levy **	\$26,064,031	\$26,845,952
Debt Service on G.O. Bonds	\$12,243,292	\$12,294,130
Remainder for Governmental Projects	\$13,820,739	\$14,551,822

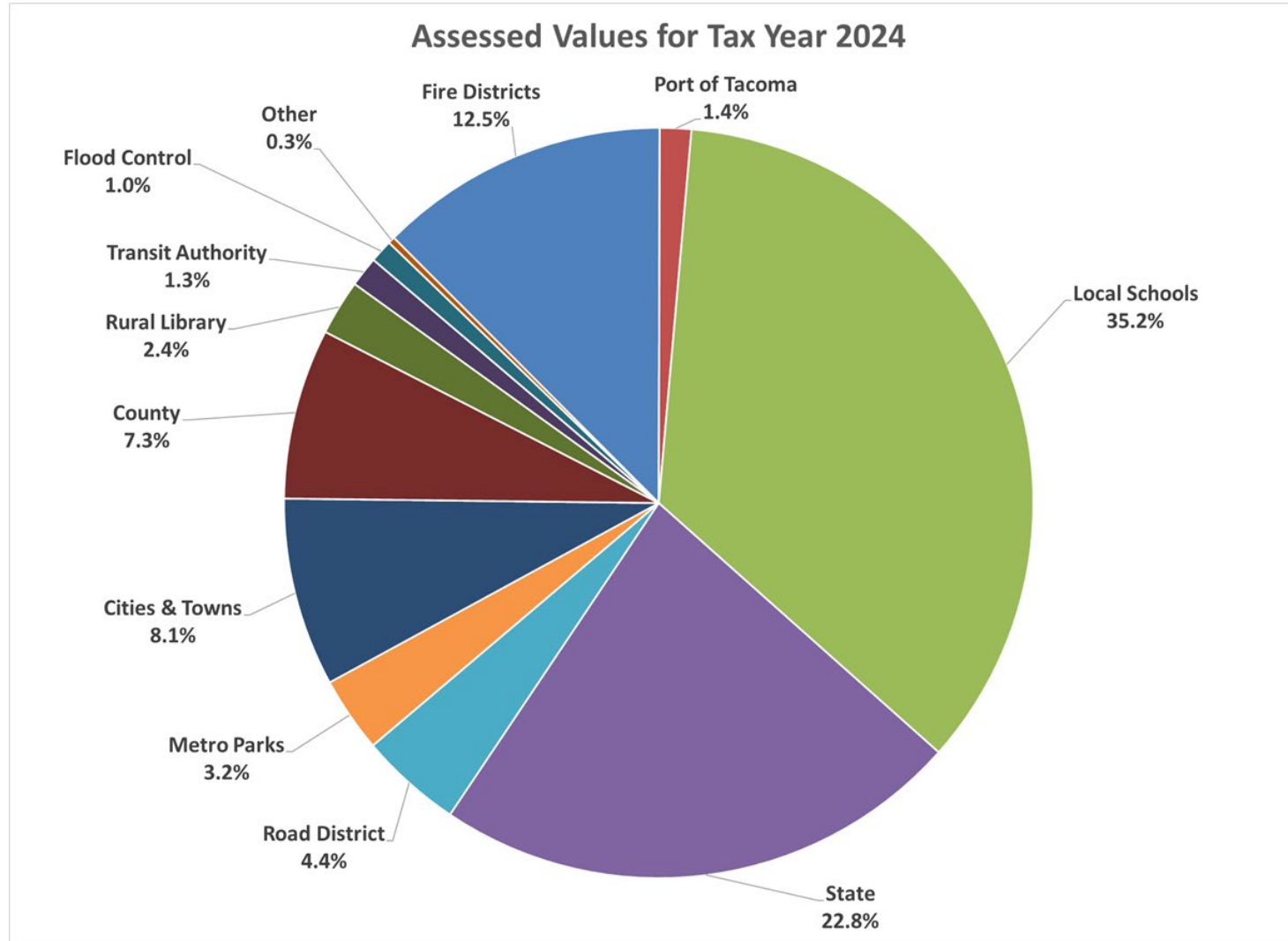
\* Will impact growth of ceiling in future years

Tax Collection Year	2021	2022	2023	2024	2025
Avg. Assessed Value	\$ 405,459	\$ 474,204	\$ 568,840	\$ 554,465	\$ 588,806
Port Millage Rate (per \$1,000)	0.17302	0.15426	0.13236	0.13601	0.13236
Annual Tax Levy	\$ 70.15	\$ 73.15	\$ 75.29	\$ 75.41	\$ 77.93
Monthly Tax Levy	\$ 5.85	\$ 6.10	\$ 6.27	\$ 6.28	\$ 6.49
Tax Levy if at Maximum Rate	\$ 79.06	\$ 82.20	\$ 84.50	\$ 83.80	\$ 86.02
Monthly Tax Levy at Max Rate	\$ 6.59	\$ 6.85	\$ 7.04	\$ 6.98	\$ 7.17

\* Based on 2025 preliminary valuations (as of September 2024) and targeted millage rate

\*\* Asking for 3% increase in levy

# 2025 Taxing Districts % of Total



# 2025 Statutory Budget





# 2025 Statutory Budget

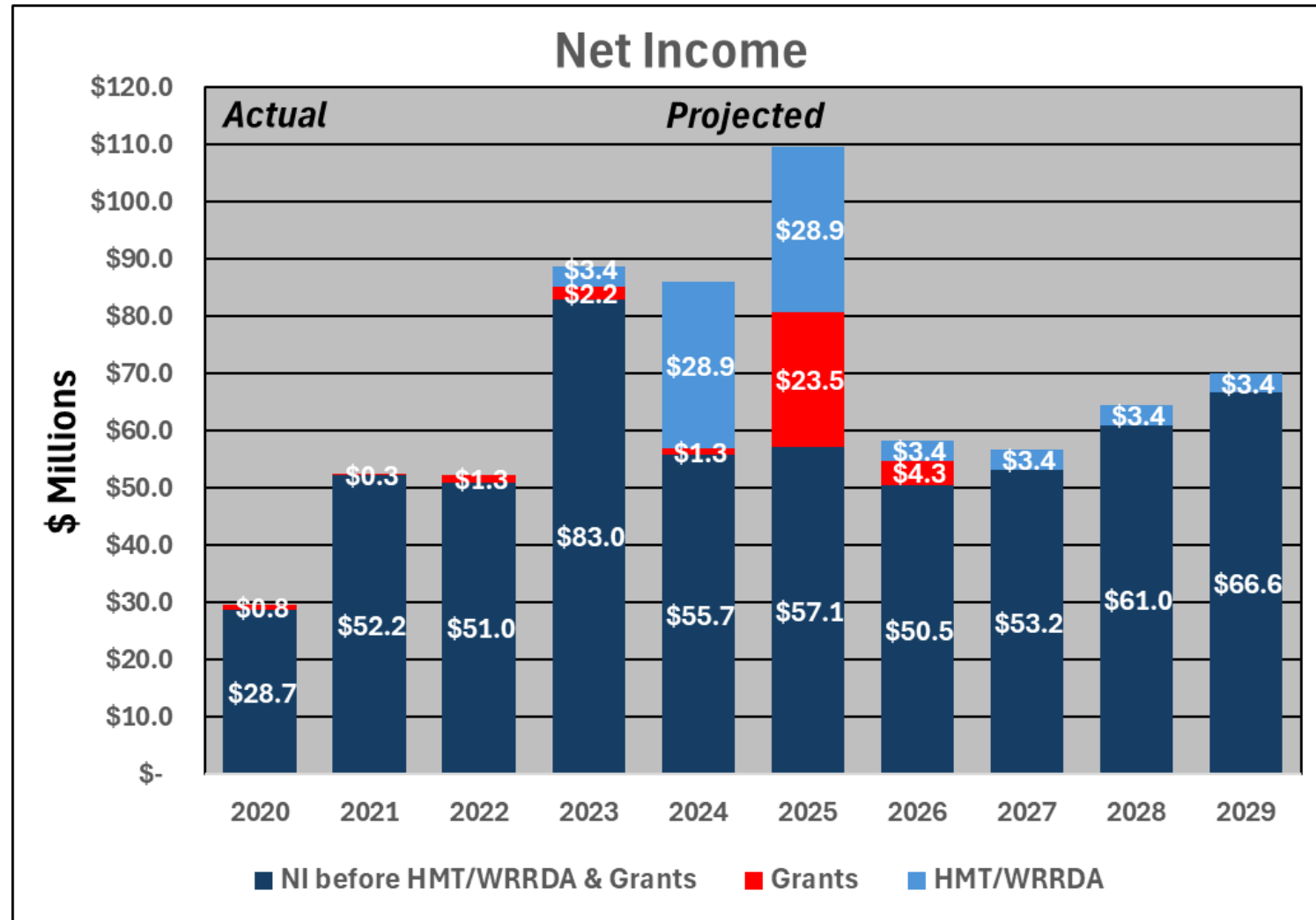


<i>(\$ Million)</i>	<u>2025</u>
<b>Beginning Cash &amp; Investments</b>	\$285.0
<b><u>Projected Sources of Funds</u></b>	
<b>Revenues</b>	102.5
Expenses	(42.4)
Memberships	(0.4)
Promotional hosting and Items POT	(0.0)
Promotional hosting NWSA (POT share)	(0.1)
<b>Funds Provided by Operations</b>	<u>59.6</u>
Interest Income	12.8
NWSA Depreciation Cash	14.5
HMT Funds	28.9
Other Non-Op (net)	20.4
Other Contributions	0.0
Ad valorem tax revenue (net)	26.8
<b>Projected Sources of Funds</b>	<u>162.9</u>
<b><u>Projected Uses of Funds</u></b>	
Investment in Northwest Seaport Alliance	75.0
Debt Payments (Principal and Interest) - GO Bonds	12.3
Debt Payments (Principal and Interest) - Revenue Bonds	29.6
Debt Payments (Principal and Interest) - Commercial Paper	-
Capital Spending - Planned Projects	140.3
<b>Projected Uses of Funds</b>	<u>257.2</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>\$190.7</u>

# Plan of Finance and Ending Cash Position



# Net Income



# 2025-2029 Cash Sources and Uses



## Cashflow Forecast

(\$ Million)

	2025	2026	2027	2028	2029
<b>Beginning Cash &amp; Investments</b>	\$285.0	\$190.7	\$101.8	\$91.4	\$98.8
<b><u>Projected Sources of Funds</u></b>					
<b>Revenues</b>	102.5	106.3	109.1	110.9	110.6
Expenses	(42.9)	(50.0)	(41.4)	(35.5)	(33.9)
<b>Funds Provided by Operations</b>	59.6	56.2	67.7	75.4	76.6
Interest Income	12.8	6.1	3.3	2.5	2.1
NWSA Depreciation Cash Add back	14.5	21.9	23.9	26.0	27.3
HMT Funds	28.9	3.4	3.4	3.4	3.4
Other Non-Op (net)	20.4	2.4	(2.8)	(1.9)	(2.7)
Ad valorem tax revenue (net)	26.8	27.6	28.4	29.3	30.1
<b>Projected Sources of Funds</b>	162.9	143.1	124.0	134.7	136.7
<b><u>Projected Uses of Funds</u></b>					
Investment in Northwest Seaport Alliance	75.0	64.6	47.7	19.5	3.2
Debt Payments (Principal and Interest) - GO Bonds	12.3	12.3	12.3	12.3	12.3
Debt Payments (Principal and Interest) - Revenue Bonds	29.6	29.5	29.3	29.2	27.8
Debt Payments (Principal and Interest) - Commercial Paper	0.0	0.0	0.6	1.2	0.6
Additional Retirement of Commercial Paper	0.0	0.0	0.0	30.0	29.0
Capital Spending - Planned Projects	140.3	125.6	103.6	35.1	22.9
<b>Projected Uses of Funds</b>	257.2	232.0	193.4	127.3	95.8
<b><u>Projected Borrowing</u></b>					
Commercial Paper Borrowing	0.0	0.0	59.0	0.0	0.0
<b>Total Borrowing</b>	0.0	\$0.0	\$59.0	\$0.0	\$0.0
<b><u>Projected Ending Cash &amp; Investments</u></b>					
<b>Projected Ending Cash &amp; Investments</b>	\$190.7	\$101.8	\$91.4	\$98.8	\$139.8
Minimum Cash	\$91.9	\$95.5	\$91.2	\$88.2	\$87.3
Sr. Lien Rev. Bond Debt Service Coverage	6.14	6.01	6.69	7.26	8.07
Fully Diluted Revenue Bond Debt Service	3.43	3.37	3.72	3.98	4.37

# Public Hearing – Tax Levy and Budget Resolutions



## Resolution No. 2024-04-PT

- Request authorization for Resolution 2024-04-PT to direct the Secretary to certify to the Clerk of the County Council of Pierce County, Washington, a tax levy of \$26,845,952 for the year 2025

## Resolution No. 2024-05-PT

- Request authorization for Resolution 2024-05-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 2025 service directives between the Port of Tacoma and the Northwest Seaport Alliance



## Resolution No. 2024-06-PT

- Request approval of Resolution 2024-06-PT adopting the statutory cash budget for 2025 including the memberships over \$10,000 and hosting



# Thank You

## Questions & Discussion



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