

2015 COMMISSION BUDGET WORKSHOP

October 27, 2014

 Port of Vancouver USA

THE PORT OF / *Possibility*

2015 COMMISSION BUDGET WORKSHOP

Agenda:

- Sources and Uses Summary
- Revenue and Grants
- Tax Levy
- Expenses and Debt Service
- Capital Projects and Acquisition
- Cash Flow
- Bank Covenants

2015 SOURCES

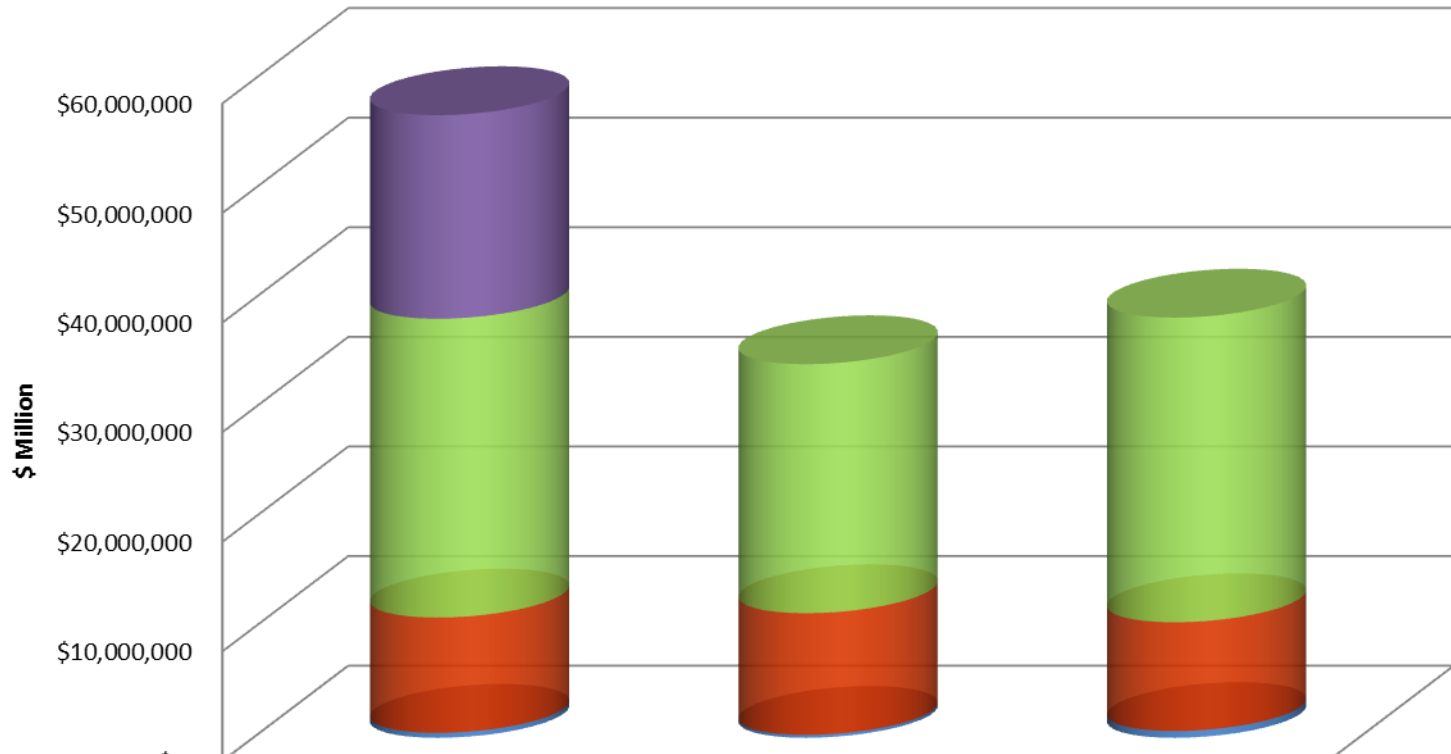
<u>SOURCES</u>			
Operating Revenues			
15-Rail		646,684	
16-Finance		60,000	
20-Facilities		9,872,580	
21-Marine Operations		17,868,012	
22-Security		389,673	
40-Marine Terminal		9,396,653	
41-Rail Services		18,579,292	
Total Operating Revenues		\$	56,812,894
Nonoperating Revenues			
Ad Valorem Taxes		9,986,858	
Interest Income		80,000	
Grants		5,055,863	
Proceeds from Sale of Property		6,274,973	
Other		3,079,000	
Total Nonoperating Revenues		\$	24,476,694
Total Revenues		\$	81,289,588
Transfer from General Fund/Financing		\$	17,323,361
TOTAL SOURCES		\$	98,612,949

2015 USES

<u>USES</u>	
Operating Expenses	
05-Executive	1,129,062
10-Administration	1,033,386
11-External Affairs	1,523,695
12-Information Technology	912,296
13-Contracts	380,378
14-Human Resources	360,797
15-Rail	943,414
16-Finance	1,578,490
17-Sales	1,759,650
20-Facilities	5,200,738
21-Operations	884,256
22-Security	1,981,383
32-Environmental	1,060,919
40-Terminal	10,052,228
41-Rail Services	16,640,391
Total Operating Expenses	<u>\$ 45,441,082</u>
Nonoperating Expenses	
Debt Service	5,706,677
Environmental Remediation	1,124,800
Other Nonoperating Expenses	1,095,850
Total Nonoperating Expenses	<u>7,927,327</u>
Total Expenses	<u>53,368,409</u>
Capital Projects	45,244,540
TOTAL USES	<u>\$ 98,612,949</u>

2015 BUDGET REVENUE & GRANTS

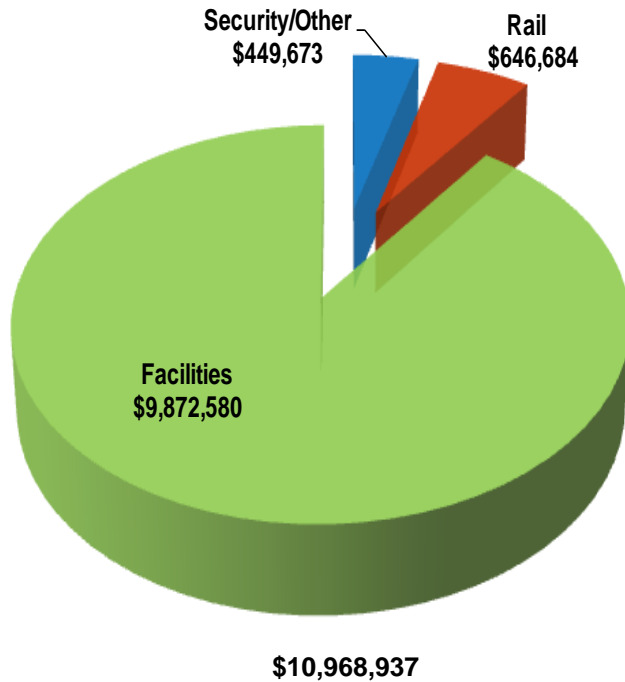
2015 & 2014 Operating Revenue



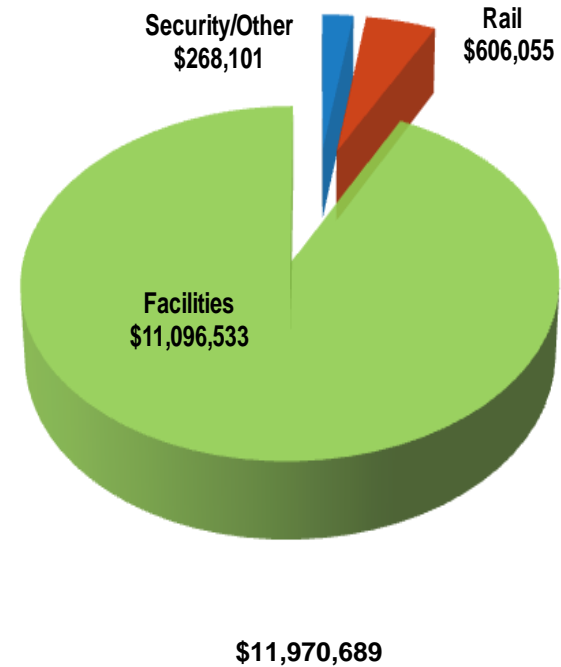
	2015 Plan	2014 Plan	2014 Fcst
■ Rail Services	\$18,579,292		
■ Marine	\$27,264,665	\$22,723,877	\$27,801,687
■ Industrial	\$10,519,264	\$11,096,533	\$9,918,683
■ Security/Other	\$449,673	\$268,101	\$619,913
Total	\$56,812,894	\$34,088,511	\$38,340,283

YEAR OVER YEAR REVENUE COMPARISON - INDUSTRIAL

2015 Plan

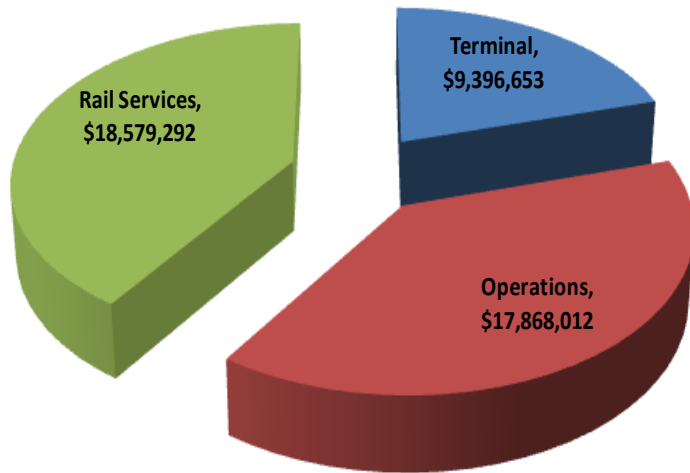


2014 Plan



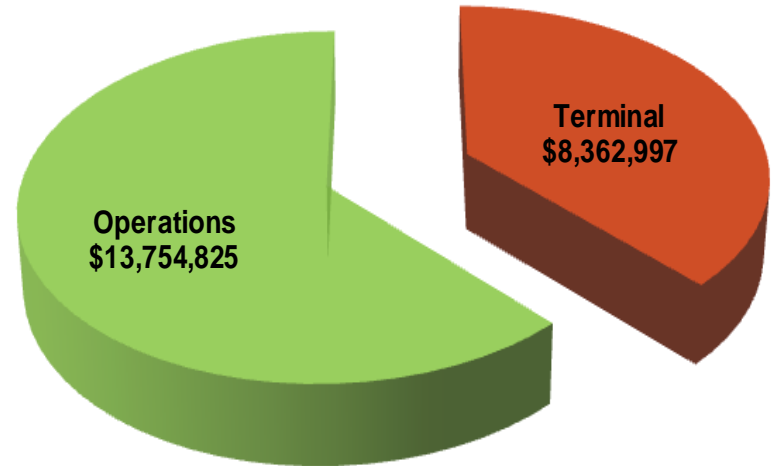
YEAR OVER YEAR REVENUE COMPARISON – MARINE & RAIL SERVICES

2015 Plan



\$45,843,957

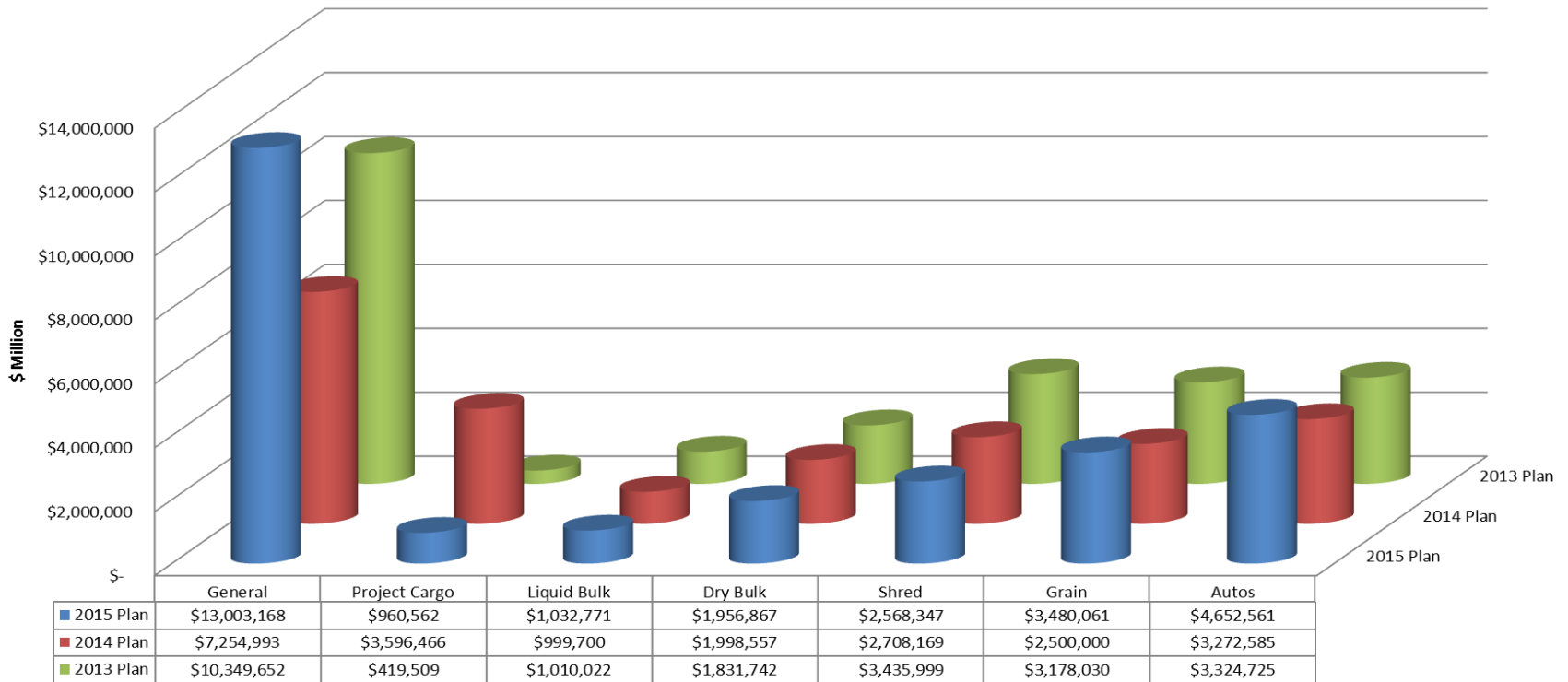
2014 Plan



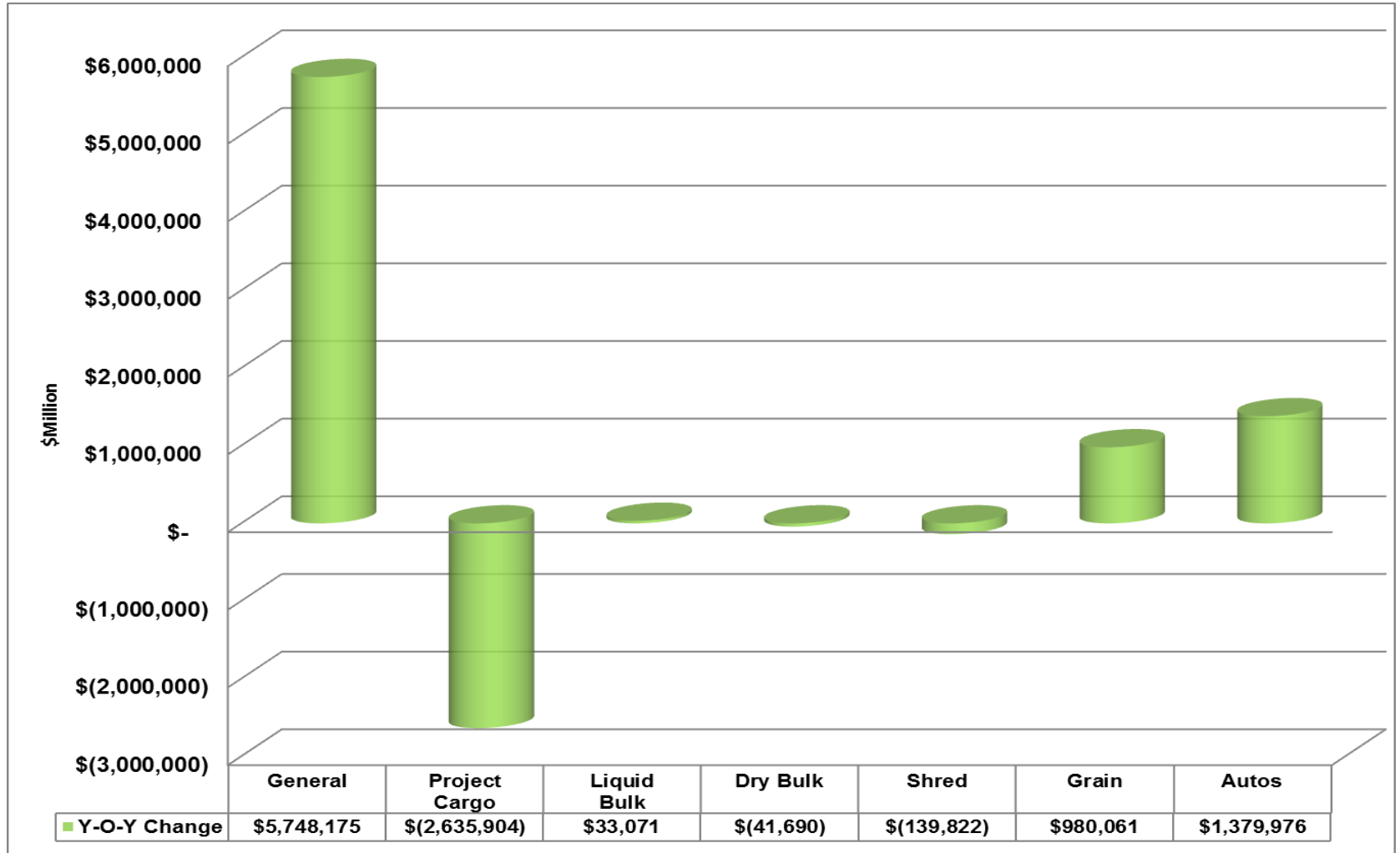
\$22,117,822

YEAR OVER YEAR REVENUE COMPARISON

Commodities Trend



YEAR OVER YEAR REVENUE COMPARISON



NON OPERATING REVENUE COMPARISON

Acct No.	Description	Detail	2015 Budget
80000	Tax Levy Restricted (GO Debt Service)	5,683,133	
80010	Tax Levy Unrestricted	4,303,725	
	Total Tax Levy		\$ 9,986,858
81000	Interest Income	80,000	80,000
	<u>Federal/State Grants & Contributed Capital</u>		
	RTC (80%)	15,863	
	HSIPR Reimbursement for Port of Vancouver Rail Access - 40%	1,880,000	
	FMSIB Reimbursement for Port of Vancouver Rail Access FY 13-15	2,950,000	
	KM Unloading Facility Tenant Contribution	175,000	
	Joint Waterline Project Reimbursement	35,000	
	Total Grants		\$ 5,055,863
82000	Sale of Property	6,264,973	
82100	Sale of Scrap	10,000	
89000	Other Non-Operating Revenue	3,000,000	
	Credit Card Program	4,000	
	Mitigation Bank Credit Royalty	75,000	
	Total Other		\$ 9,353,973
	Total Nonoperating Revenue	24,476,694	\$ 24,476,694

GRANTS

GRANTS & CONTRIBUTED CAPITAL

Project Description	Reimbursement
POV Trail Segments 1A & 1B	15,863
Subaru Track Relocation /Grain Unit Train Phase B	3,450,000
Port Access Rail Improvements	1,880,000
KM Reimbursement	175,000
Joint Waterline Reliability Project Reimbursement	35,000
FMSIB reduction	(500,000)
	<u>5,055,863</u>

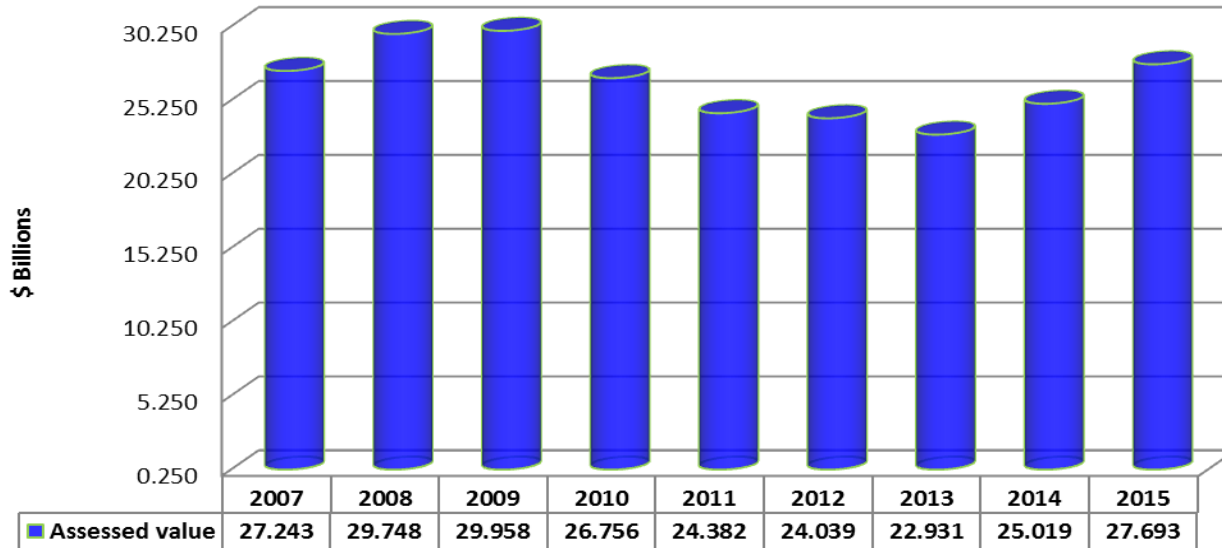
2015 BUDGET TAX LEVY

NON OPERATING REVENUE COMPARISON

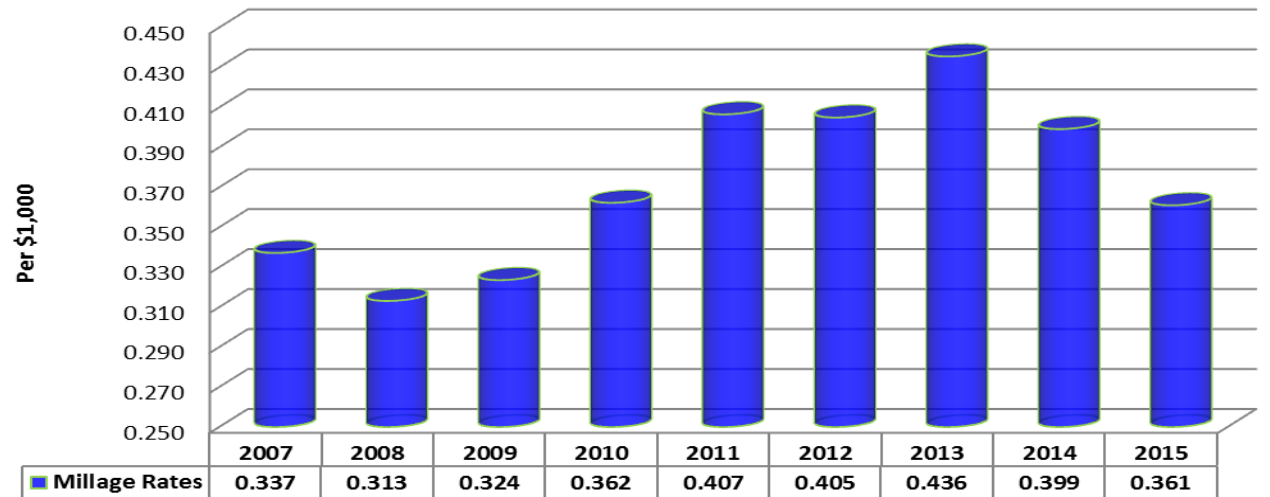
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TAX LEVY

Port District Assessed Value

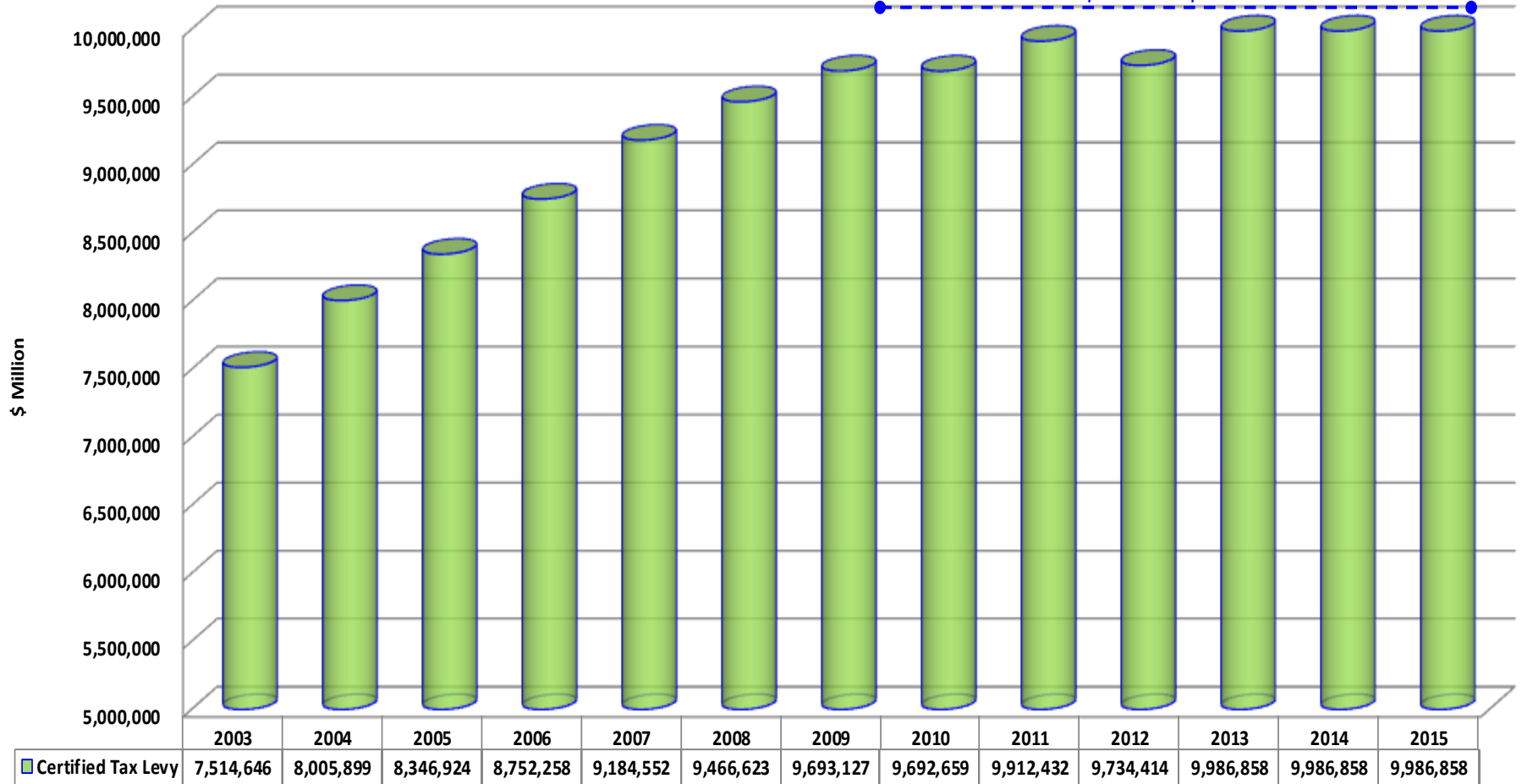


Millage Rate



Certified Tax Levy

Maintained Levy between
\$9.7MM to \$10.0Million



2015 BUDGET OPERATING EXPENSES AND DEBT SERVICE

2015 BUDGET OPERATING EXPENSES

	<i>Proposed</i>		
	<u>2015</u>	<u>2014</u>	<u>Increase/(Decrease)</u>
05-Executive	1,129,062		1,129,062
10-Administration	1,033,386	1,878,292	(844,906)
11-External Affairs	1,523,695	1,478,512	45,183
12-Information			
Technology	912,296	980,650	(68,354)
13-Contracts	380,378	319,550	60,828
14-Human Resources	360,797	334,515	26,282
15-Rail	943,414	1,244,263	(300,849)
16-Finance	1,578,490	1,521,133	57,357
17-Sales	1,759,650		1,759,650
20-Facilities	5,200,738	5,077,690	123,048
21-Operations	884,256	1,660,387	(776,131)
22-Security	1,981,383	1,915,194	66,189
32-Environmental	1,060,919	797,129	263,790
40-Terminal	10,052,228	8,127,978	1,924,250
41-Rail Services	16,640,391		16,640,391
Total Expenses \$	<u>45,441,082</u>	<u>25,335,293</u>	<u>20,105,790</u>

Budget Assumptions:

- Anticipated Legal Projects
- System Infrastructure Investment
- Investment in Business Development
- Potential for 5.5 FTEs
- Cost of Living and Health Care Changes
- Additional Interest Expense
- New Departments for Executive, Sales, and Rail Services

2015 DEBT SERVICE

Acct No.	Description	Detail	2015 Budget
90800	Bond Interest Expense 2008/12	860,302	
90900	Bond Interest Expense 2009-A	614,425	
90950	Bond Interest Expense 2009-Refunding	121,250	
90650	Bond Interest Expense 2011	147,050	
90750	Bond Interest Expense 2012	183,650	1,926,677
27180	GO Bond Principle 2008		
27190	GO Bond Principle 2009-A	1,675,000	
27195	GO Bond Principle 2009 Refunding	620,000	
27165	GO Bond Principle 2011	525,000	
27175	GO Bond Principle 2012	595,000	
27185	GO Bond Principle 2012-B	365,000	3,780,000
		GO Debt Service \$ 5,706,677	\$ 5,706,677
93200	LOC Interest Expense	500,000	500,000

- Continued Savings from 2012 and 2013 GO Bond Refunding of approximately \$700K
- Debt Service on anticipated draw on Line of Credit of \$17mm is approximately \$500K

2015 CAPITAL PROJECTS AND ACQUISITION

2015 Capital Investment Program Budget

First Tier Projects - Obligated and/or Critical Path

CP0144	Schedule 2-4 Engineering	1,950,000
CP0144-05	Right of Way Acquisition	5,048,000
CP014407	KM Unloading Facility Construction	7,900,000
CP014407	KM Unloading Facility Rail	2,000,000
CP014410	Subaru Track Early Relocation Project	12,300,000
CP014416	Design Package #2B -- Includes Safety Features	4,810,000
CP0295	Schedule 1C Rail Connector -- includes Safety Features	1,070,000
CP0290	CMMS	178,800
	Total Without Grants & Reimbursements	35,256,800
	Grants & Reimbursements	(5,555,863)
	FMSIB Grant Funding Reduction	500,000
	NET	30,200,937

Second Tier Projects - High Priority, Not Obligated

CP0247	Maintenance Docks, Bank Stabilization and Permitting	140,000
CP0280	Construction for Trail Segments 1A and 1B	45,340
TBD	Pole Shed Replacement and Rail	5,400,000
TBD	Spill Containment Sheds	35,000
TBD	Drinking Water Improvements - SWSMP	114,900
TBD	Large Woody Debris	190,000
TBD	Fiber to Maintenance Building	15,000
TBD	2015 Vehicle & Equipment Purchase	1,605,000
TBD	2015 Capital Maintenance projects	1,350,000
TBD	Future Wetland Credit Purchase	100,000
TBD	Tree Mitigation	100,000
TBD	South Access Road and East Landfill Completion Project Ph 1 & 2	400,000
TBD	Capital Dredging	452,500
TBD	Joint Waterline Reliability Project	40,000
	Total Without Grants & Reimbursements	9,987,740
	Net Capital Projects	40,188,677
	LESS:	
	Sale of Property	(6,264,973)
	2015 CapEx Budget less Cash Proceeds from sale of property	\$ 33,923,704

2015 ANTICIPATED CASH MANAGEMENT

FUNDING FOR 2015

SOURCES

Operating Revenues

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Nonoperating Revenues

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Total Nonoperating Revenues	\$ 24,476,694

Total Revenues \$ **81,289,588**

Transfer from General Fund/Financing \$ **17,323,361**

TOTAL SOURCES \$ **98,612,949**

Line of Credit
Cash Balance
Debt Structure



\$ 17,323,361 **Debt Service Management**
(17,000,000) \$350,000
(323,361)

Annual Interest @ 2.5%

Do NOT drop below \$10M in General Acct.



2015 ANNUAL COVENANT

Debt Service Covenant		
Requirement of 1.25X		
Operating Revenue	56,812,894	
Operating Expenses	45,441,082	
Net Revenues	11,371,812	Rolling 12 Months
Debt Service*	4,597,045	
Debt Service Ratio	2.47	
* Principle and Interest on any debt obligation excluding GO and Special Revenue Bonds		
GWM	4,086,668	
LOC	500,000	
WADOT Rail	10,377	
Property Acquisition		
	4,597,045	

2015 BUDGET SUMMARY

- Enhancing Key Initiatives
- Focused on Continuously Growing Revenue
- Supporting Customers and Creating Jobs
- Delivering a Safe and Welcoming Workplace for Employees
- Being Good Stewards of Limited Resources
- Managing Capital and Acquisition Spending
- Protecting the Environment
- Reaffirming Our Commitment to Our Stakeholders