

2022 Preliminary Budget Administrative Work Session

OCTOBER 26, 2021

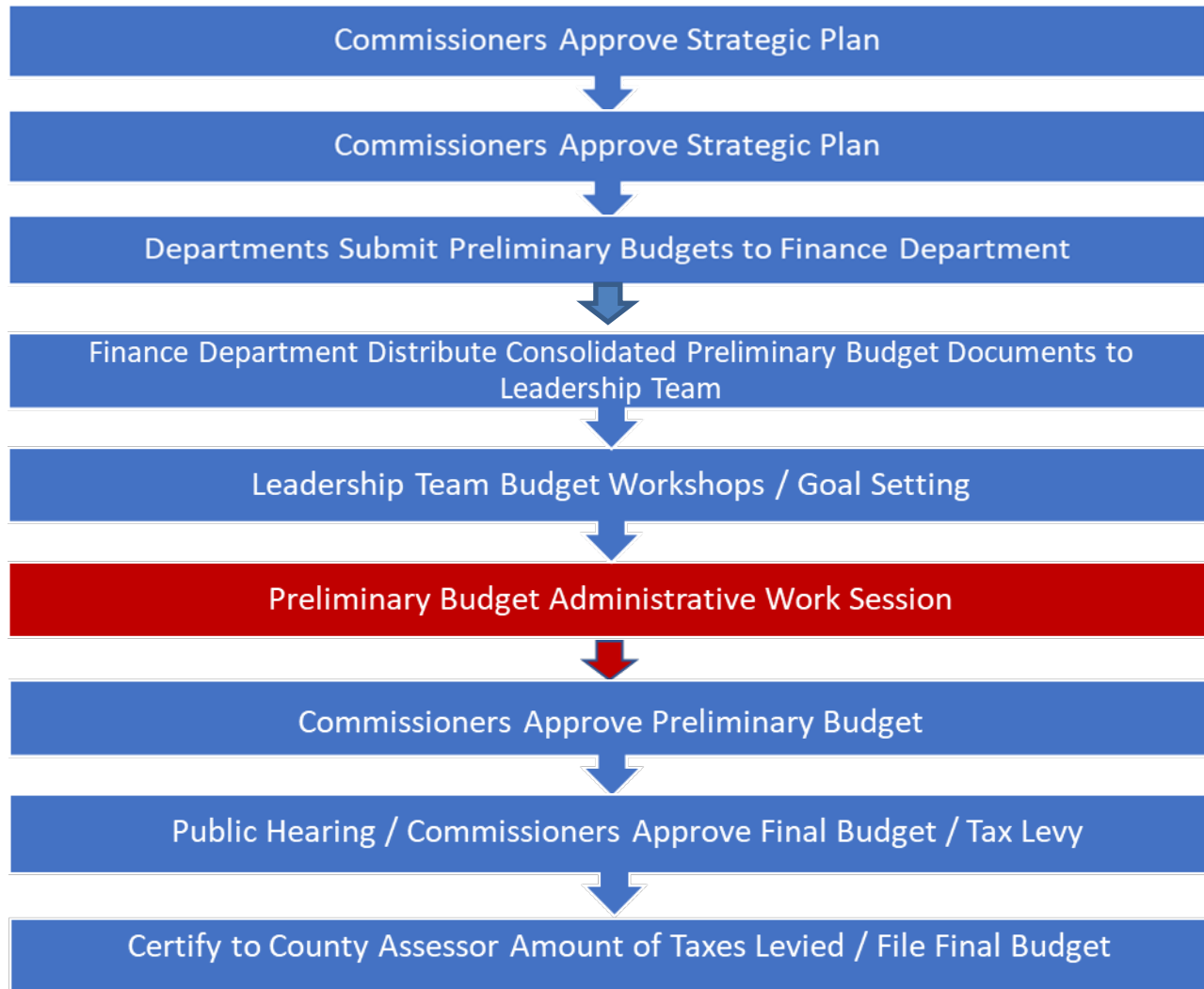


Agenda

- Status of Strategic Plan Initiatives
- Overview of 2022 Preliminary Budget
- 2022 Operating Budget Department Presentations
- 2022 Capital Program
- 2022 Cash & Financing
- 2022 Tax Levy



Port Budget Process



2022 Preliminary Budget Introduction

- The budget Administrative Work Session being held today is to review the port's recommended 2022 budget of the port district. Port of Vancouver staff will be presenting to the Board of Commissioners an overview of proposed department budgets, 2022 capital program, financing, and tax levy options. The work session is open to the public.
- Per RCW 53.35.010, the preliminary budget of the port district for the ensuing fiscal year will show the estimated expenditures and the anticipated available funds.
- The attached 2022 preliminary budget shows the estimated expenditures and the anticipated sources of funds from which all expenditures are to be paid as prepared by staff.
- Budget Highlights include information regarding Sales and Marketing, Terminal 1 Waterfront, Capital Programs and Maintenance, Financing and Taxes, and continued advancement of the Port's Strategic Plan.



Status of Strategic Plan Initiatives

Strategic Goal	Strategies	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Community											
STRENGTHEN COMMUNITY OUTREACH AND COMMUNICATION	6. Increase opportunities to engage the community in mutual discussions and provide education about port activities, including port tours and the lecture series.	✓									
	7. Use a variety of mediums, including social media, to reach a wide and diverse audience about port programs and activities.	✓									
	8. More clearly communicate the review process for new commodities and benefits to evaluate economic, financial, environmental, community, and other impacts.	✓									
BUILD PARTNERSHIPS TO ADVANCE AND COMMUNICATE SHARED GOALS	1. Create a program by which port commissioners, leaders and staff discuss opportunities, port goals, and progress with partners, including port tenants, labor organizations, municipalities, tribes, non-profit organizations, neighboring ports, educators, and the business community.				✓						
	2. Develop a program in which port employees proactively participate in environmental stewardship programs, business development activities, education and workforce development, and other volunteer activities.										
	3. Pursue opportunities to share port knowledge and resources with community partners to advance their goals.	✓									
IMPLEMENT THE VISION OF A DESTINATION WATERFRONT AT TERMINAL 1	1. Build a public marketplace on the Columbia River.										
	2. Create a financially independent business model at Terminal 1 by securing long-term partnerships to support the operating and capital costs.		✓								
	3. Support public enjoyment and tourism through activities such as river cruises and events at Terminal 1.										
	4. Explore partnerships in arts, culture, and history interpretation.										
PROVIDE TRAILS AND PUBLIC ACCESS OPPORTUNITIES ON PORT PROPERTIES	1. Create a Trails and Access Plan.										
	2. Identify opportunities and events to increase public access on port property.		✓								
	3. Seek funding opportunities to expand the Renaissance Trail as well as the portside trail system.		✓								

- Community
- Economic Development
- Environmental
- Financial
- Marine & Industrial Business
- Organizational

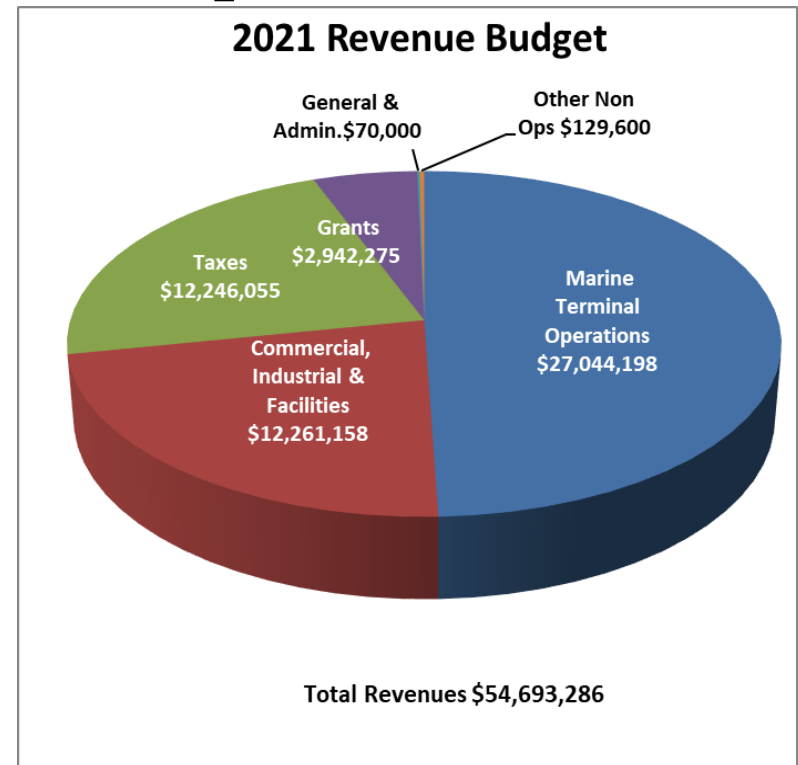
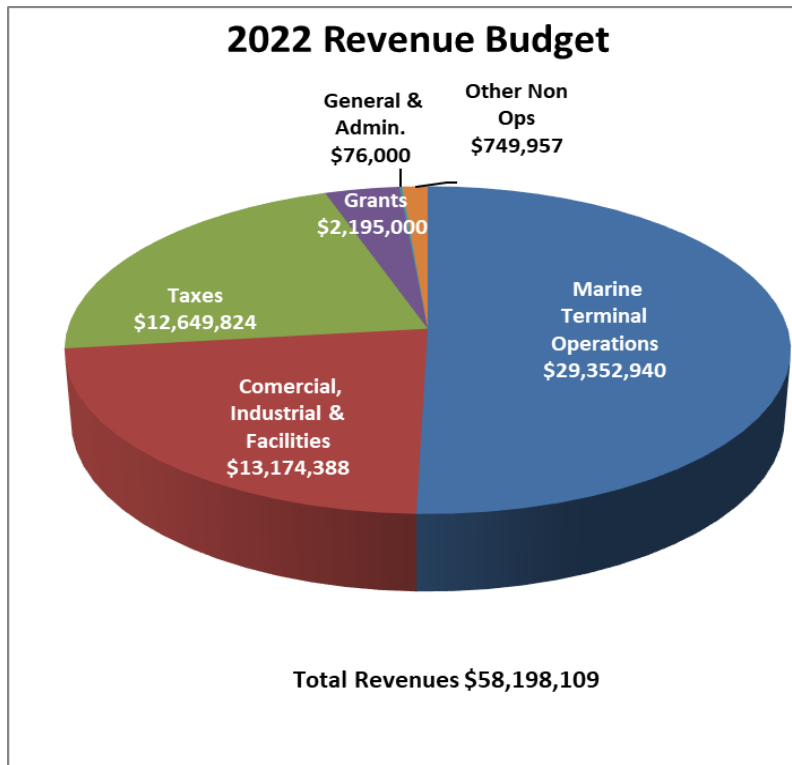


2022 Sources (Revenues) and Uses (Expenses)

SOURCES		USES	
Operating Revenues		Operating Expenses	
15-Rail	914,466	05-Executive	907,714
16-Finance & Accounting	76,000	06-Economic Development	636,218
18-Commercial	370,611	10-Administration	1,553,340
19-Industrial	11,739,311	11-External Affairs	1,852,649
20-Facilities	150,000	12-Information Technology	1,425,829
21-Marine Operations	19,975,896	13-Procurement & Contracts	535,922
22-Security	575,345	14-Human Resources	455,360
40-Marine Terminal	8,801,699	15-Rail	1,380,921
Total Operating Revenues	\$ 42,603,328	16-Finance & Accounting	2,446,514
Non-Operating Revenues		17-Sales	1,967,828
Ad Valorem Taxes	12,649,824	18-Commercial	280,479
Interest Income	661,357	19-Industrial	1,682,500
Grants & Other Contributions	2,195,000	20-Facilities	6,842,964
Proceeds from Sale of Property	10,000	21-Marine Operations	1,336,670
Other	78,600	22-Security	2,612,875
Total Non-Operating Revenues	\$ 15,594,781	32-Environmental	1,390,776
Total Revenues		40-Marine Terminal	9,561,175
		Total Operating Expenses	\$ 36,869,733
Transfer from General Fund/Financing		Non-Operating Expenses	
		Debt Service	10,743,894
		Environmental Remediation	1,225,349
		Other Nonoperating Expenses	455,000
		Total Non-Operating Expenses	\$ 12,424,243
TOTAL SOURCES		Total Expenses	\$ 49,293,976
		Capital Projects	\$ 23,373,128
		TOTAL USES	\$ 72,667,104



Year to Year Revenue Comparison



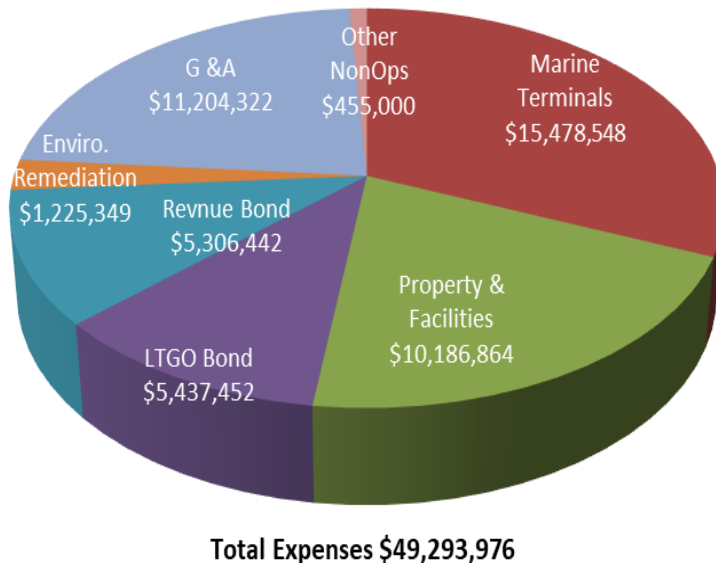
Summary

- Marine revenue increases slightly
- Properties & Facilities revenue increases slightly
- Property taxes revenue increases slightly
- Grant revenue decreases slightly
- Other Non-Operating revenue decreases

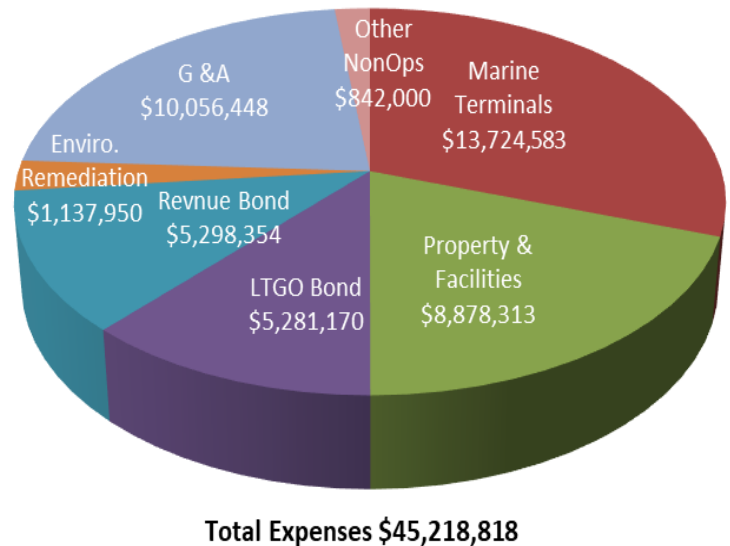


Year to Year Expense Comparison

2022 Expenses Budget



2021 Expenses Budget

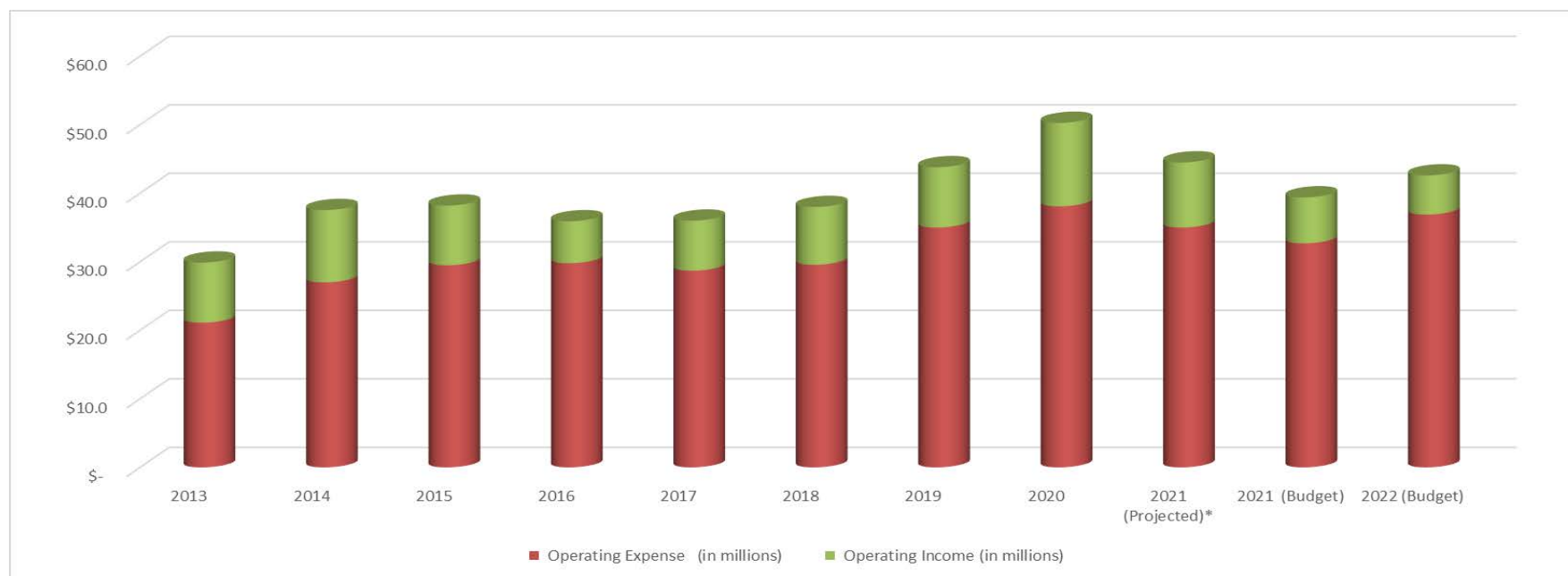


Summary

- As a result of continued investment in revenue producing infrastructure, the majority of increases to expenses between 2022 and 2021 were due to an increase in direct costs & debt service.



Operating Revenues, Expenses and Income Comparison



	2013	2014	2015	2016	2017	2018	2019	2020	2021 (Projected)*	2021 (Budget)	2022 (Budget)
Operating Revenue (in millions)	\$ 29.9	\$ 37.6	\$ 38.2	\$ 35.9	\$ 36.0	\$ 38.0	\$ 43.8	\$ 50.3	\$ 44.5	\$ 39.4	\$ 42.6
Operating Expense (in millions)	\$ 21.1	\$ 27.0	\$ 29.5	\$ 29.8	\$ 28.7	\$ 29.6	\$ 35.0	\$ 38.1	\$ 35.0	\$ 32.7	\$ 36.9
Operating Income (in millions)	\$ 8.8	\$ 10.6	\$ 8.7	\$ 6.1	\$ 7.3	\$ 8.4	\$ 8.8	\$ 12.2	\$ 9.5	\$ 6.7	\$ 5.7
Operating Margin %	29%	28%	23%	17%	20%	22%	20%	24%	21%	17%	13%

* Based on Generally Accepted Accounting Principles (GAAP) accrual basis of accounting



Department Operating Budget

MARINE TERMINAL OPERATIONS

Sales, Marine Operations, Marine Terminal, Security

INDUSTRIAL & COMMERCIAL OPERATIONS

Commercial, Industrial, Facilities, Rail

GENERAL ADMINISTRATIVE

Environmental, External Affairs, Economic Development, Human Resources, Executive, Administration, Information Technology, Procurement and Contracts, Finance and Accounting

NON-OPERATING

Non-operating Revenues & Expenses



2022 Cargo Budget Outlook



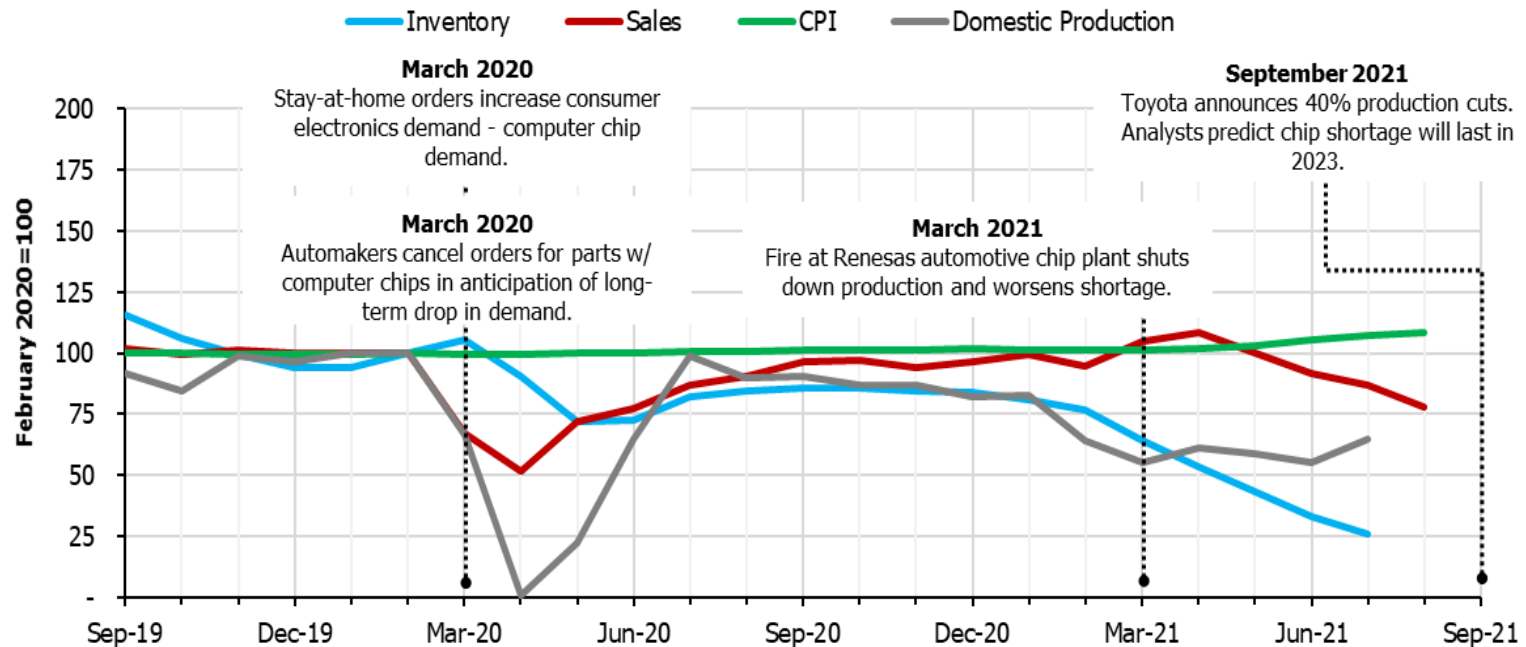
Well-positioned in the wind import market

- Vancouver continues to distinguish itself as a leading wind component gateway, handling 76M blades in 2021.
- Domestic repowering and new projects in Alberta/Saskatchewan continue to drive volumes.
- Vancouver will continue to attract wind components while demand exists for a West Coast port of import.



2022 Cargo Budget Outlook Cont'd

Despite healthy demand for new vehicles semiconductor chip shortages dampen outlook for new vehicle production, sales, imports in 2022



Department Operating Budget

MARINE TERMINAL OPERATIONS

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INDUSTRIAL & COMMERCIAL OPERATIONS

Commercial, Industrial, Facilities, Rail

GENERAL ADMINISTRATIVE

Environmental, External Affairs, Economic Development, Human Resources, Executive, Administration, Information Technology, Procurement and Contracts, Finance and Accounting

NON-OPERATING

Non-operating Revenues & Expenses



2022 Capital Budget by Segment

<i>Description</i>	<i>2022</i>
Maintenance	
Maintenance: Bank Stabilization, and Permitting	20,000
Maintenance: Buildings - Bldg 2001 Roof, Gutters, Downspouts	1,100,000
Maintenance: Buildings - Bldg 2480 Roof, Gutters, Downspouts	465,000
Maintenance: Docks and Fender Pilings	50,000
Maintenance: Drainage and Utilities	10,000
Maintenance: Drainage and Utilities - T3 Checkvalve Replacement	100,000
Maintenance: Drainage and Utilities - T2 Stormwater Pond Fence Replace	20,000
Maintenance: Drainage and Utilities - T2 Stormwater Reconfiguration	20,000
Maintenance: Mechanical/HVAC - Bldg 2480 HVAC	30,000
Maintenance: Mechanical/HVAC - Bldg 2851 3 HVAC	75,000
Maintenance: Mechanical/HVAC - Bldg 2601 HVAC	30,000
Maintenance: Mechanical/HVAC - Sprinkler System Replacements	500,000
Maintenance: IT - Gateway TV Monitor	5,000
Maintenance: IT - Dell Servers	85,000
Maintenance: IT - Video Management Servers	130,000
Maintenance: Paving and Striping T2 Phase 3	1,100,000
Maintenance: Rail	50,000
Maintenance: Tenant Improvements	250,000
Maintenance: Vehicles and Equipment - Wheel Balancer	15,000
Maintenance: Vehicles and Equipment - Oil System	25,000
Maintenance: Vehicles and Equipment - Lift Truck	45,000
Maintenance: Vehicles and Equipment - Pickup	50,000
Maintenance: Vehicles and Equipment - Service Van	55,000
Maintenance: Vehicles and Equipment - Pickup	50,000
Maintenance: Vehicles and Equipment - SUV	57,000
Maintenance: Vehicles and Equipment - Reach Fork Truck	100,000
Maintenance: Vehicles and Equipment - Grader	500,000
Maintenance: Water System Improvements - Phase 4 & 5 Generator	400,000
Subtotal: Maintenance	5,337,000



2022 Capital Budget by Segment – Cont'd

<i>Description</i>	<i>2022</i>
Environmental	
Environmental: Purchase of Mitigation Credits	130,000
Subtotal: Environmental	130,000
Industrial	
Industrial: Lot 2 CIP Improvements	500,000
Industrial: Parcel 7 Entitlement	375,000
Subtotal: Industrial	875,000
Recreation	
Recreation: Trail System - Segment 4	280,000
Subtotal: Recreation	280,000
Terminal	
Terminal: Bulk Mineral Facility - Flopgate	1,800,000
Terminal: Site Improvements: Parcel 3	100,000
Terminal: Site Improvements - T4 Tenant Improvements	800,000
Subtotal: Terminal	2,700,000
Terminal Rehabilitation and Improvement Program (TRIP)	
TRIP: Bank Stabilization and Permitting - Terminal 4 Bank Stabilization	1,550,000
TRIP: Dock Improvements - Terminal 5 Berth 17	7,618,600
Subtotal: TRIP	9,168,600
T1 Waterfront	
Waterfront: Cascade Street Wall Construction	300,000
Waterfront: Renaissance Trail Phase 1	1,200,000
Waterfront: Design and Permitting for T1 Dock Replacement	500,000
Waterfront: Removal of Terminal 1 Building and Hotel	1,400,000
Waterfront: Ground Stabilization - Renaissance Trail Phase 2 - Design & Construction	50,000
Subtotal: T1 Waterfront	3,450,000
Labor Capitalization	1,432,528
Total: Capital Projects	23,373,128

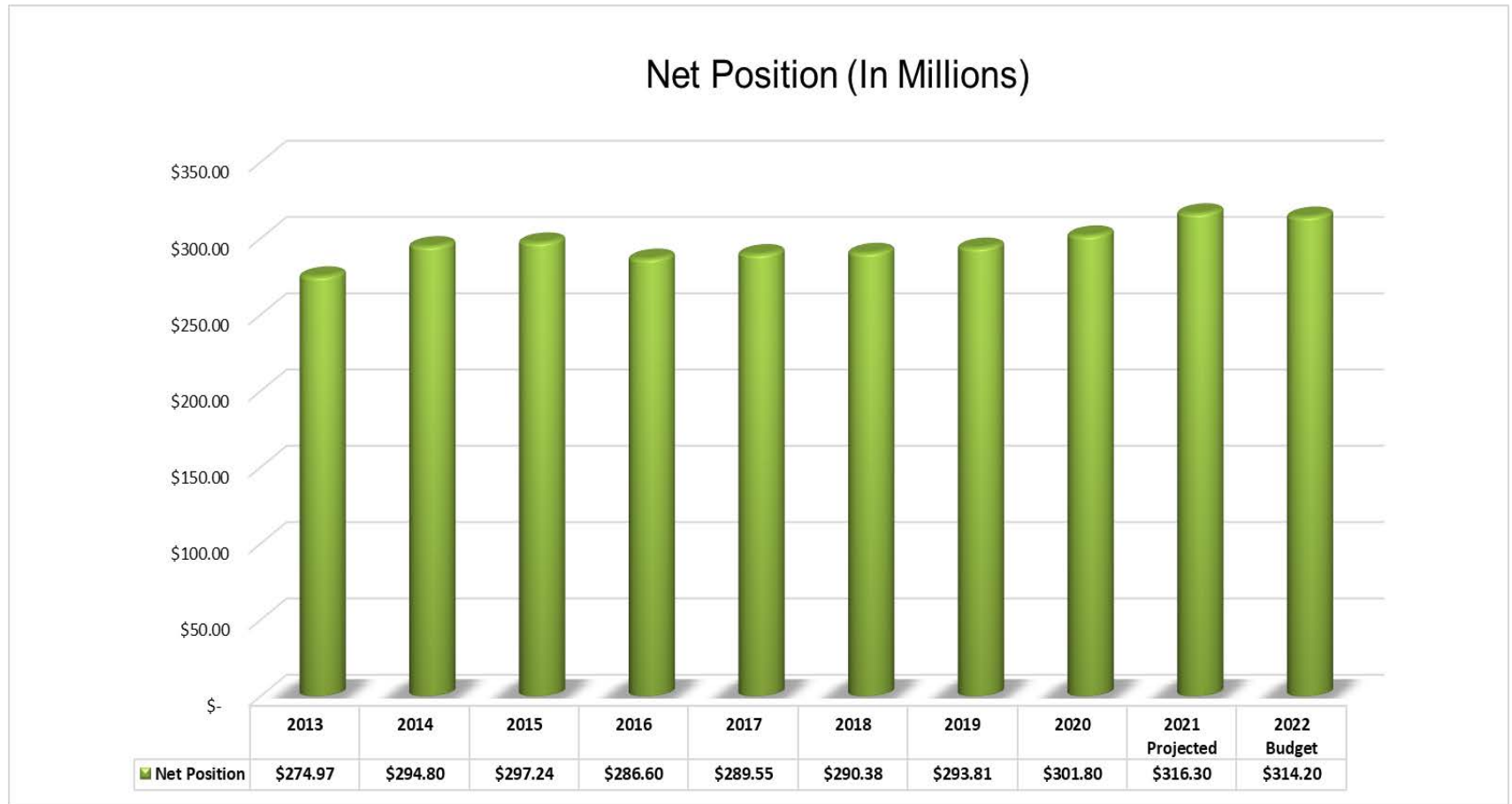


2022 Capital Budget by Segment – Cont'd

<i>Description</i>	<i>2022</i>
Grants and Other Contributions by Project	
Waterfront: Renaissance Trail Phase 1 - Grant - RTC	(485,000)
Waterfront: Renaissance Trail Phase 1 - Grant - WADOT	(500,000)
Waterfront: Removal of Terminal 1 Building and Hotel - Grant - DOC	(980,000)
Maintenance - IT: Cybersecurity - Grant - FEMA	(30,000)
Recreation: Trail System - Segment 4 - Grant - RTC	(200,000)
Subtotal: Grants and Other Contributions by Projects	(2,195,000)
Total: Capital Projects - Net	21,178,128

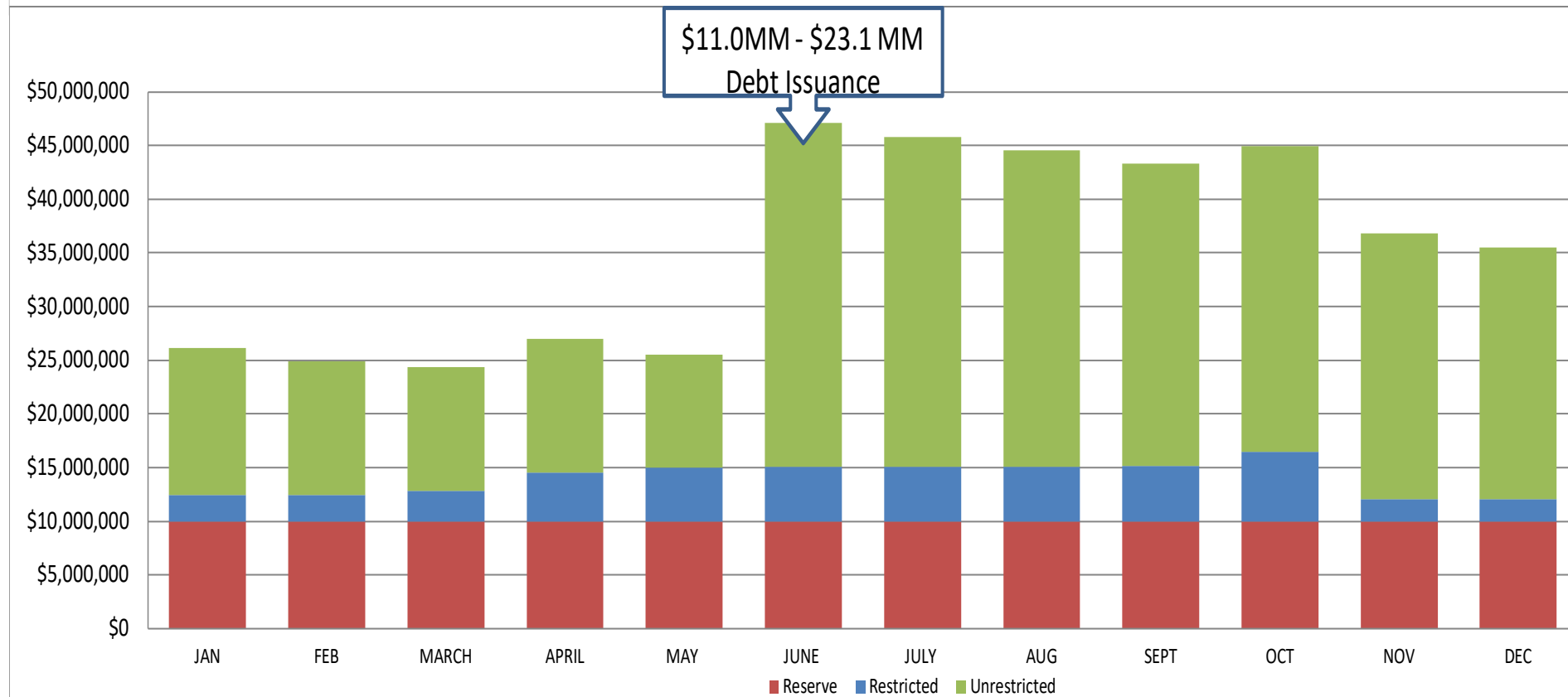


Net Position Growth



2022 Cash Plan

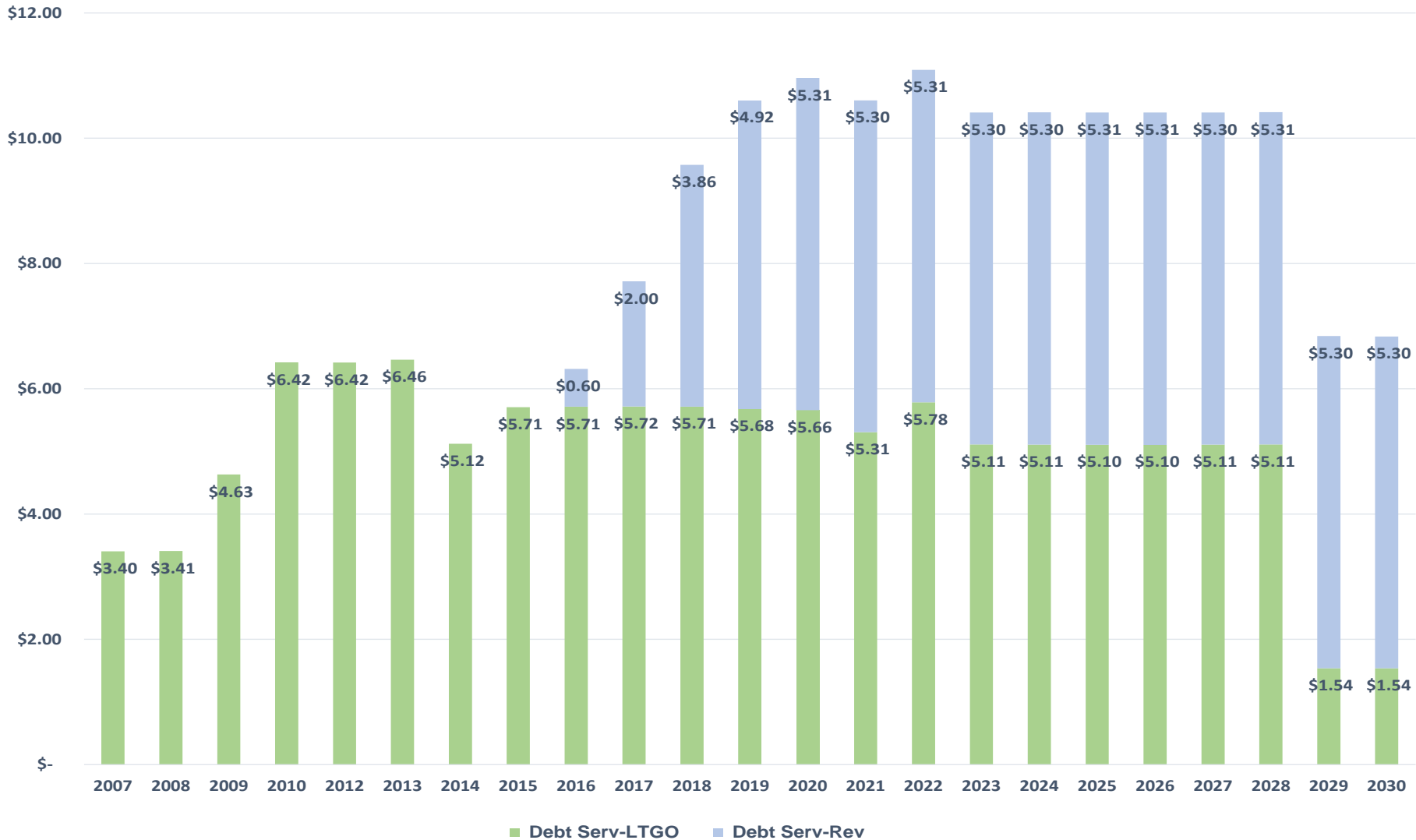
2022 BUDGETED CASH PLAN



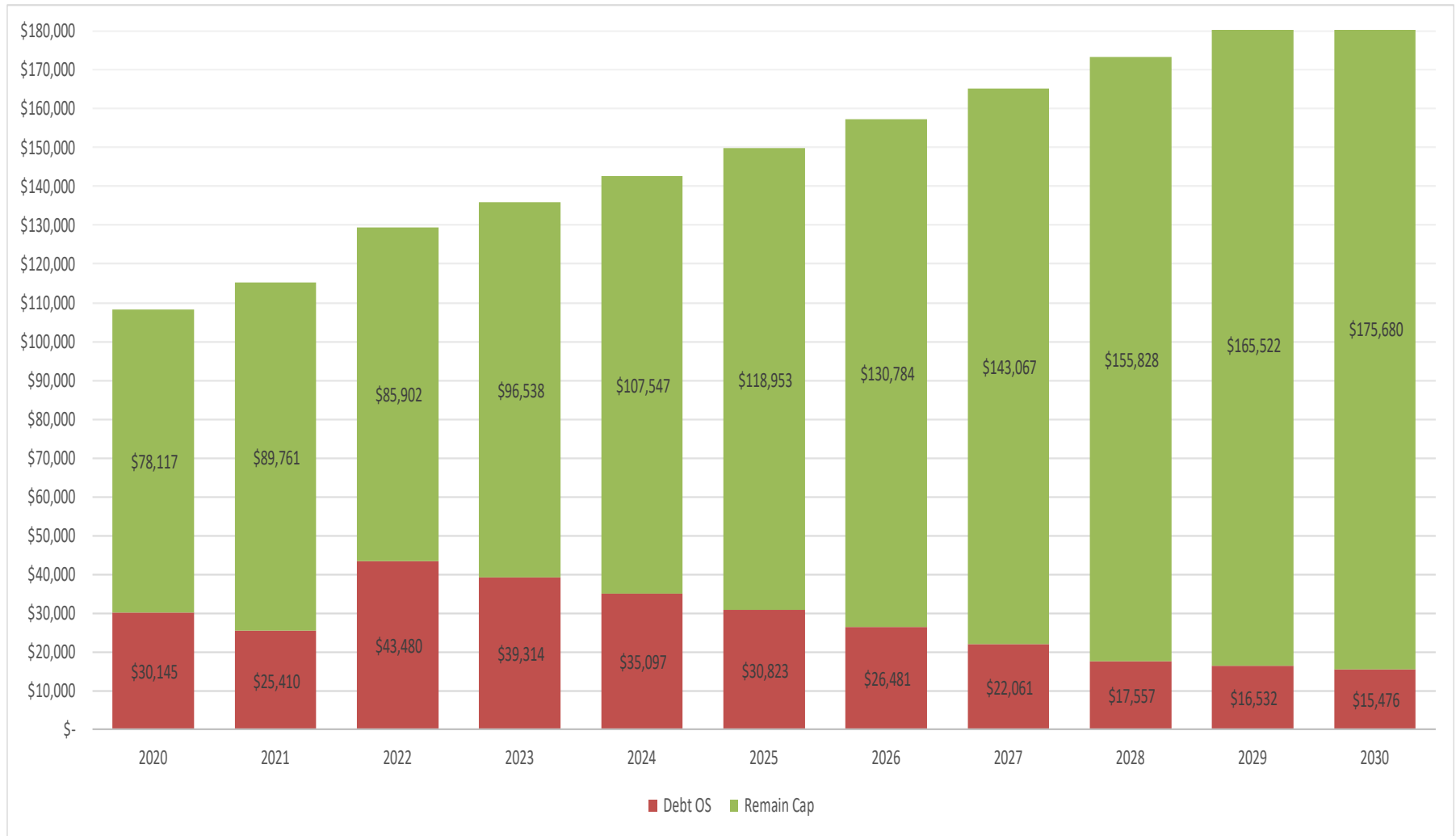
	JAN	FEB	MARCH	APRIL	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC
Restricted	\$ 2,421,879	\$ 2,459,136	\$ 2,816,161	\$ 4,544,489	\$ 4,984,957	\$ 5,040,578	\$ 5,069,941	\$ 5,094,382	\$ 5,163,184	\$ 6,450,540	\$ 2,040,480	\$ 2,059,680
Reserve	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000
Unrestricted	\$ 13,747,751	\$ 12,432,592	\$ 11,541,582	\$ 12,469,503	\$ 10,550,983	\$ 32,071,433	\$ 30,745,804	\$ 29,413,646	\$ 28,140,330	\$ 28,483,334	\$ 24,772,871	\$ 23,433,761
Total Cash	\$ 26,169,630	\$ 24,891,728	\$ 24,357,743	\$ 27,013,992	\$ 25,535,941	\$ 47,112,011	\$ 45,815,745	\$ 44,508,028	\$ 43,303,514	\$ 44,933,875	\$ 36,813,351	\$ 35,493,442

Debt Service

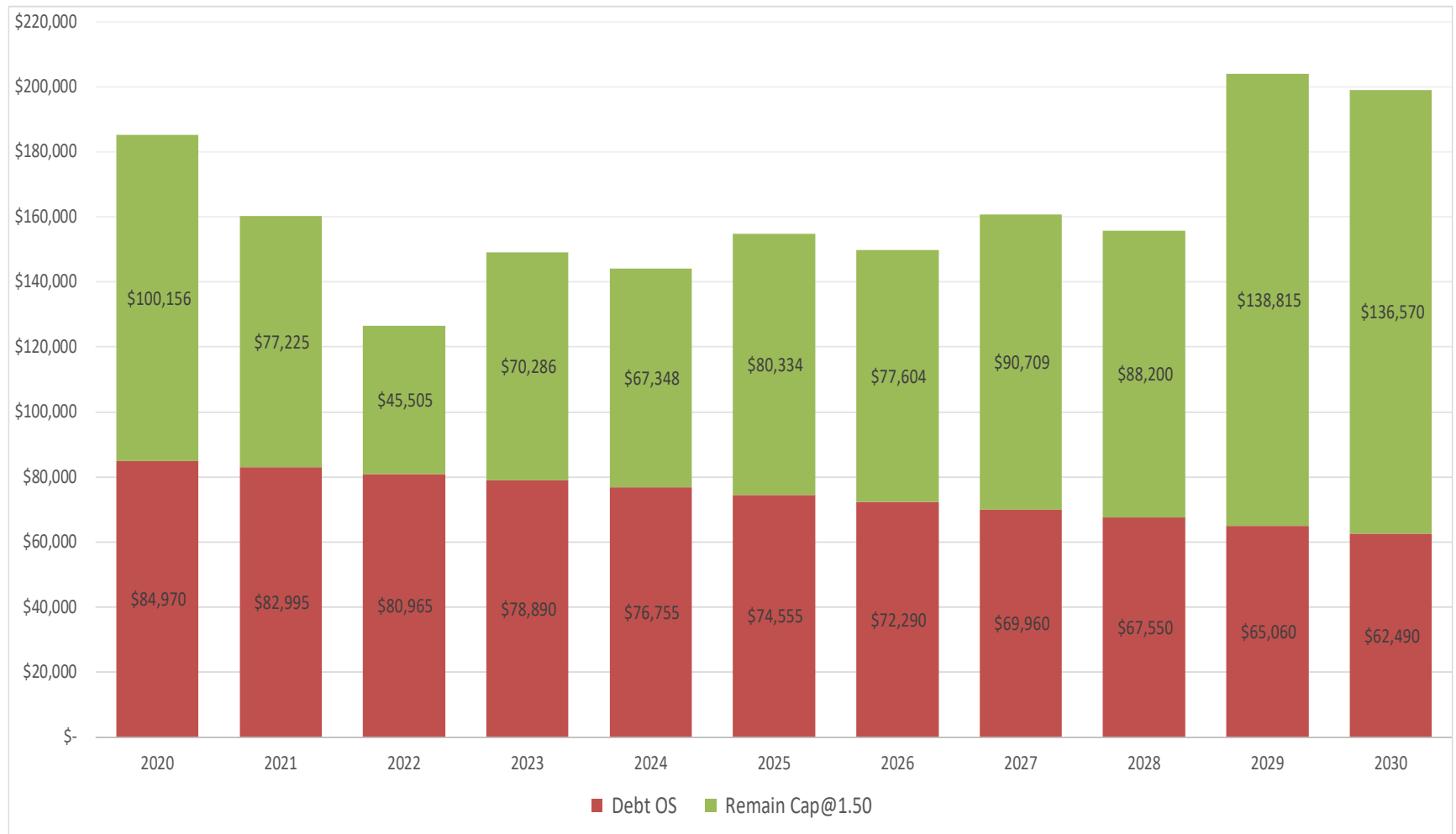
Debt Service (In Millions)



2022 General Obligation Bond Debt Capacity



2022 Revenue Bond Debt Capacity



2018 Economic Impact Study

24,068

REGIONAL JOBS
GENERATED BY POV

a **16.6% INCREASE**
Since 2014

3,910
DIRECT JOBS AT PORT AND
TENANT FACILITIES

2nd largest employee base
in Clark County

\$56,415 = AVERAGE ANNUAL SALARY

3,220
INDIRECT JOBS
supported by
port industries

3,209
INDUCED JOBS
tied to purchases
by port employees

13,729
RELATED JOBS
tied to users
of the port

\$3.8
BILLION

ECONOMIC VALUE TO
THE REGION

a **\$900 million**
INCREASE OVER 2014

driven by steel and ag products

\$753.3
MILLION

in personal wages and local
consumption related to jobs
generated by the port

\$132.4
MILLION

state and local taxes, which support
public services such as schools, police
and fire protection

\$386.2
MILLION

in local purchases by port and
tenant employees

Tax Levy Summary

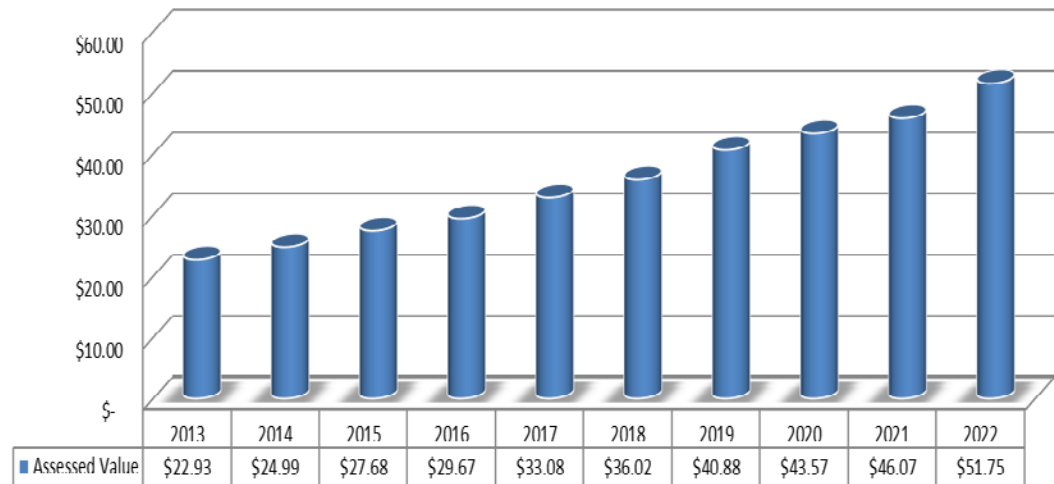
- **POV Tax Levy proceeds, by Resolution can only be used for:**
 - **GO Bond Debt Service**
 - **Environmental Remediation**
 - **Capital Projects**
- **2022 levy will be used for the following:**

	Amount
Debt Service (GO Bonds)	\$ 5,437,452
Environmental Remediation	\$ 1,225,349
Capital Projects	\$ 5,987,023
Total	<u>\$ 12,649,824</u>

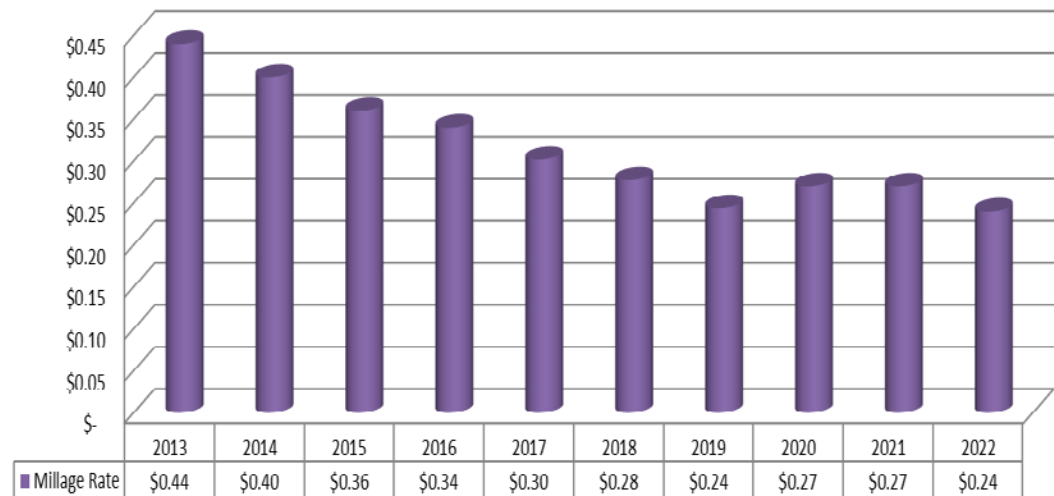
- **2022 Tax Levy:**
 - **\$12,649,824 - 1% increase + new construction + banked capacity**
 - **The levy limit is based on the lower of the implicit price deflator (IPD) of 3.860 percent or 1 percent per Initiative I-747.**

Property Tax Levy

Port District Assessed Value (In Billions)

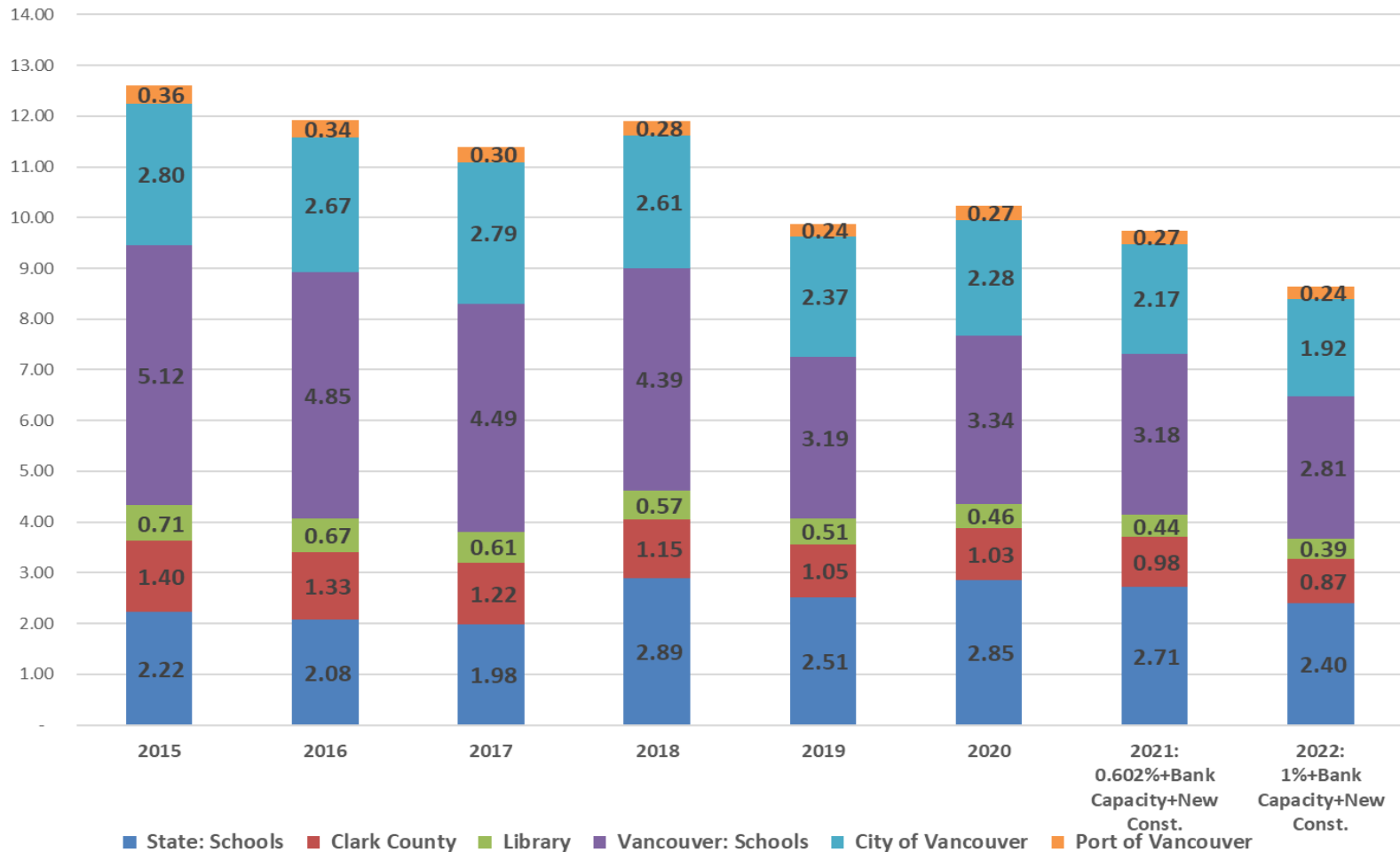


Millage Rate (Per Thousand)

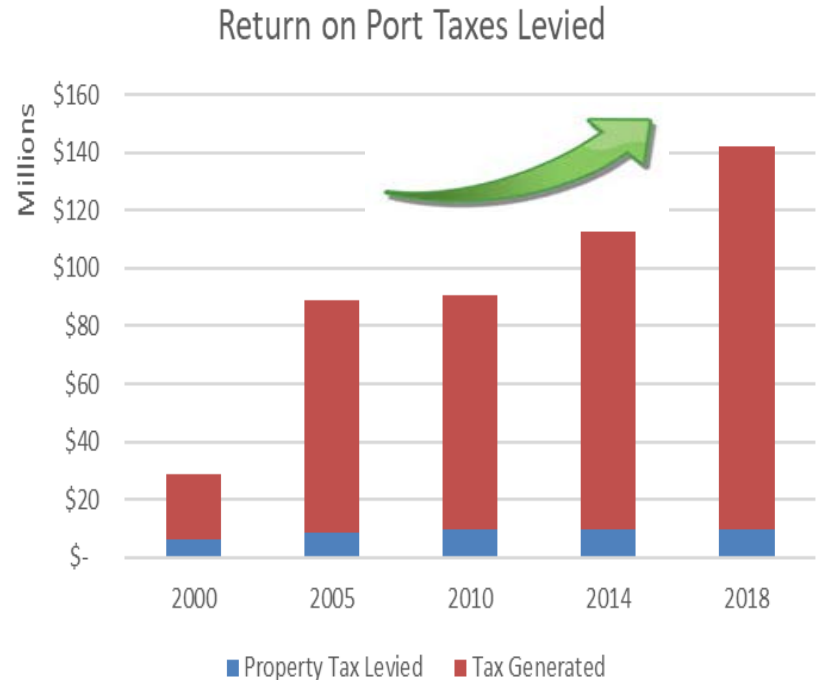
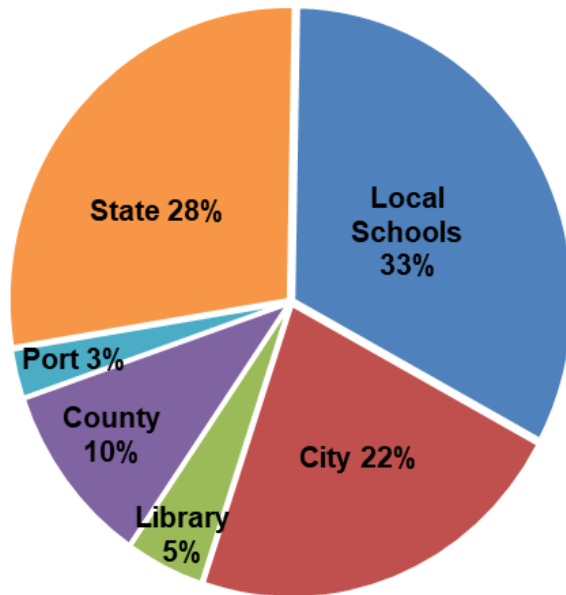


Millage Rate by Municipality

Millage Rates by Municipality for Tax Area 037000



2022 Property Tax Allocation



Source: Clark County Assessor website
<https://clark.wa.gov/assessor/annual-reports>

	2000	2005	2010	2014	2018
Property Tax Levied	\$ 6,512,800	\$ 8,347,000	\$ 9,692,659	\$ 9,986,858	\$ 9,986,858
Tax Generated	\$22,500,000	\$80,800,000	\$80,800,000	\$ 102,666,900	\$ 132,400,000

Source: John Martin Associates Economic Impact Study

Highlights

- Despite the challenging realities of today's global economy, the Port of Vancouver demonstrates advancement of its vision and mission.
- Implementation of more than 50 strategies identified in the port's strategic plan.
- 2022 volumes are forecasted at 5.9 million tons. Despite the global pandemic and economic uncertainty, the port remains a strong economic engine for Southwest Washington by diversifying its business lines and stabilizing operating revenues.



Highlights

- The 2022 capital budget reflects the port's continuing commitment to promoting regional economic activity through the investment of over \$23.37 million in the development, expansion and renewal of port facilities.
- The capital budget allocates investment for maintaining port infrastructure, IT systems, waterfront projects, environmental, facility, and terminal improvements, and commercial and industrial development.



Thank You

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