

2023 Preliminary Budget Administrative Work Session

October 25, 2022

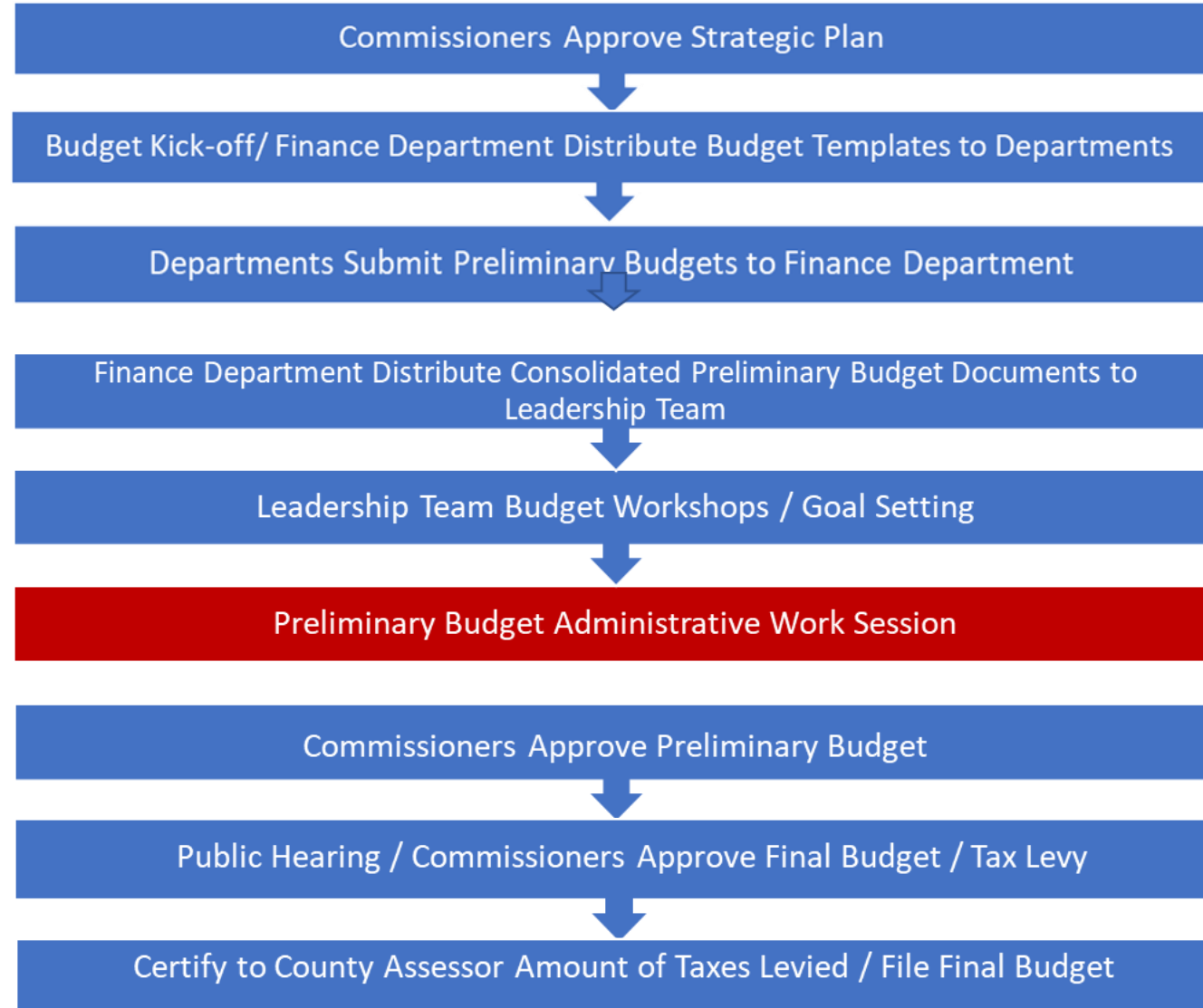


Agenda

- Strategic Plan initiatives 2023 areas of focus
- Overview of 2023 Preliminary Budget
- 2023 Operating Budget department presentations
- 2023 Capital Program
- 2023 Cash & Financing
- 2023 Tax Levy



Port Budget Process



2023 Preliminary Budget Introduction

- This budget Administrative Work Session is being held to review the port's recommended 2023 budget of the port district. Port staff will be presenting to the Board of Commissioners an overview of proposed department budgets, 2023 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 2023 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 (*choose*)

- Community
- Economic Development
- Environmental
- Financial
- Marine and Industrial Business
- Operations

Strategic Goal	Strategies	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Community											
	1. Increase opportunities to engage the community in mutual discussions and provide education about port activities, including port tours and the lecture series.	✓									
	2. Use a variety of mediums, including social media, to reach a wide and diverse audience about port programs and activities.	✓									
	3. More clearly communicate the vision/mission for new communities and benefits to evaluate economic, financial, environmental, community, and other impacts.	✓									
STRENGTHEN COMMUNITY OUTREACH AND COMMUNICATION											
	1. Create a program by which port commissioners, leaders and staff discuss opportunities, port goals, and progress with partners, including port boards, 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 ship goals.	✓									
BUILD PARTNERSHIPS TO ADVANCE AND COMMUNICATE SHARED GOALS											
	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 engagement and tourism through activities such as river cruises and events at Terminal 1.										
	4. Explore partnerships in arts, culture, and history interpretation.										
IMPLEMENT THE VISION OF A DESTINATION WATERFRONT AT TERMINAL 1											
	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.		✓								
PROVIDE TRAILS AND PUBLIC ACCESS OPPORTUNITIES ON PORT PROPERTIES											



2023 Sources (revenues) and Uses (expenses)

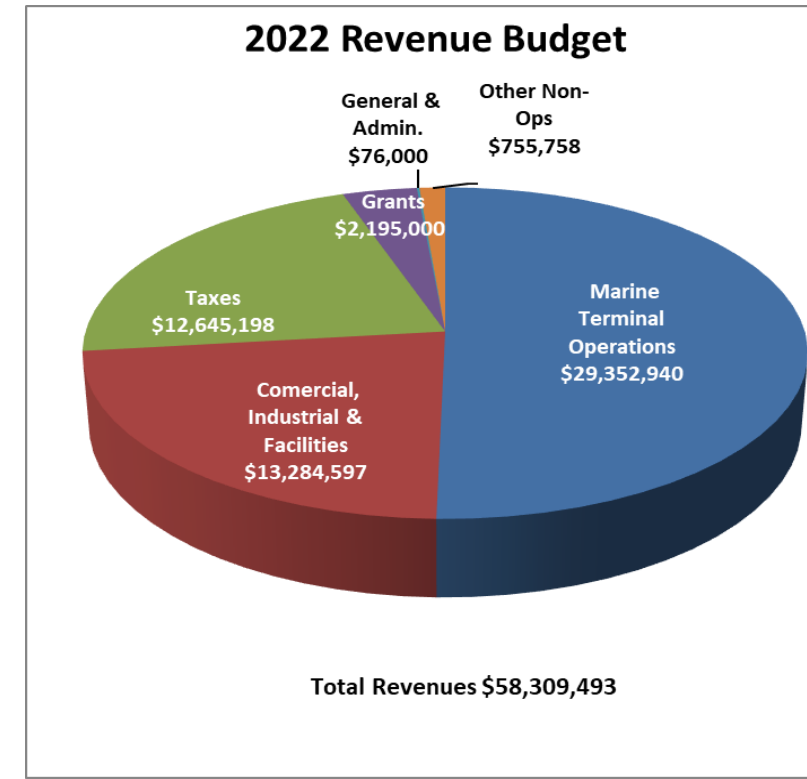
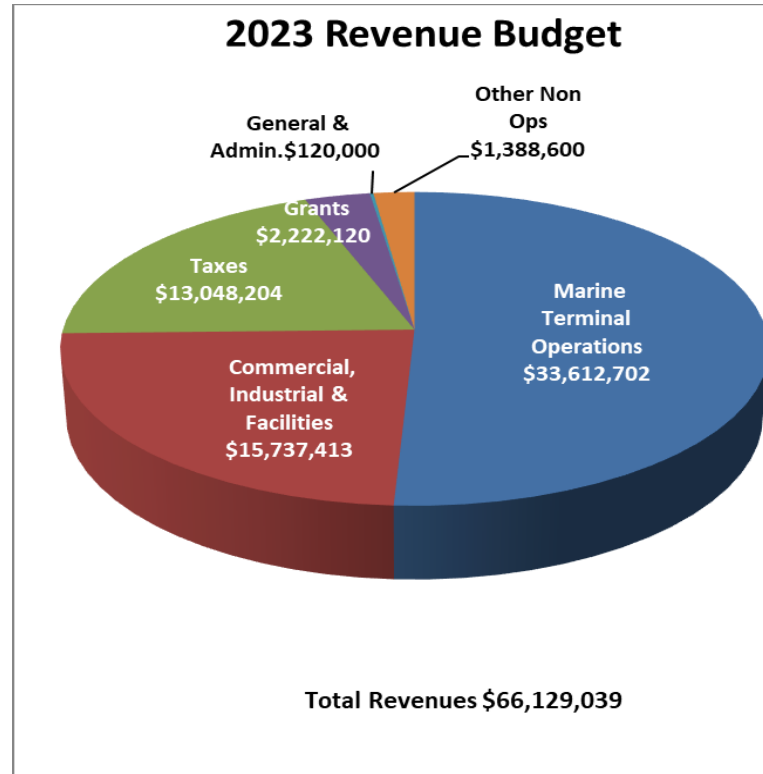
SOURCES		USES	
Operating Revenues		Operating Expenses	
15-Rail	1,420,058	05-Executive	1,004,390
16-Finance & Accounting	120,000	06-Economic Development	794,199
18-Commercial	269,629	10-Administration	1,672,952
19-Industrial	13,947,726	11-External Affairs	1,950,589
20-Facilities	100,000	12-Information Technology	1,600,126
21-Marine Operations	21,920,651	13-Procurement & Contracts	583,865
22-Security	545,634	14-Human Resources	463,885
40-Marine Terminal	11,146,417	15-Rail	1,411,920
Total Operating Revenues	\$ 49,470,115	16-Finance & Accounting	2,757,743
Non-Operating Revenues		17-Sales	2,317,901
Ad Valorem Taxes	13,048,204	18-Commercial	311,000
Interest Income	1,290,000	19-Industrial	1,890,900
Grants & Other Contributions	2,222,120	20-Facilities	7,799,937
Proceeds from Sale of Property	10,000	21-Marine Operations	2,122,248
Other	88,600	22-Security	2,795,613
Total Non-Operating Revenues	\$ 16,658,924	32-Environmental	1,624,888
		40-Marine Terminal	11,560,956
Total Revenues	\$ 66,129,039	Total Operating Expenses	\$ 42,663,112
Transfer from General Fund/Financing	\$ 11,638,400	Non-Operating Expenses	
TOTAL SOURCES	\$ 77,767,439	Debt Service	10,339,132
		Environmental Remediation	1,060,175
		Other Nonoperating Expenses	1,145,000
		Total Non-Operating Expenses	\$ 12,544,307
		Total Expenses	\$ 55,207,419
		Capital Projects	\$ 22,560,020
		TOTAL USES	\$ 77,767,439



Year to Year Revenue Comparison

Summary

- Marine revenue increases by 14.51%
- Properties & Facilities revenue increases by 18.46%
- Property taxes revenue increases by 3.18%
- Grant revenue increases by 1.23%
- Other Non-Operating revenue increases by 83.74%

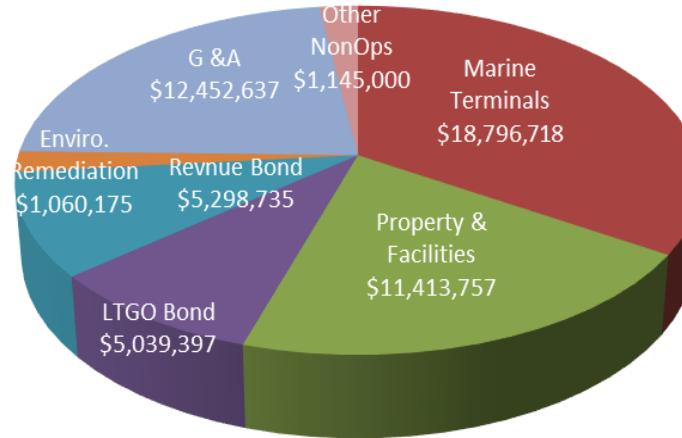


Year to Year Expense Comparison

Summary

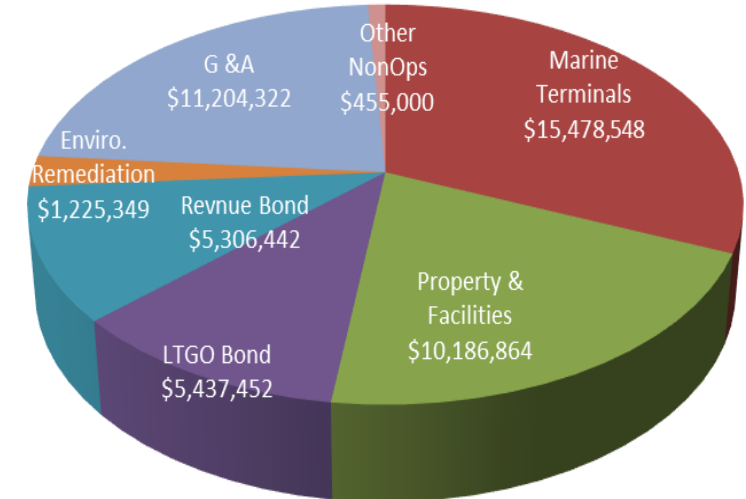
As a result of continued investment in revenue producing infrastructure, the majority of increases to expenses between 2023 and 2022 were due to an increase in direct operating costs

2023 Expenses Budget



Total Expenses \$55,207,419

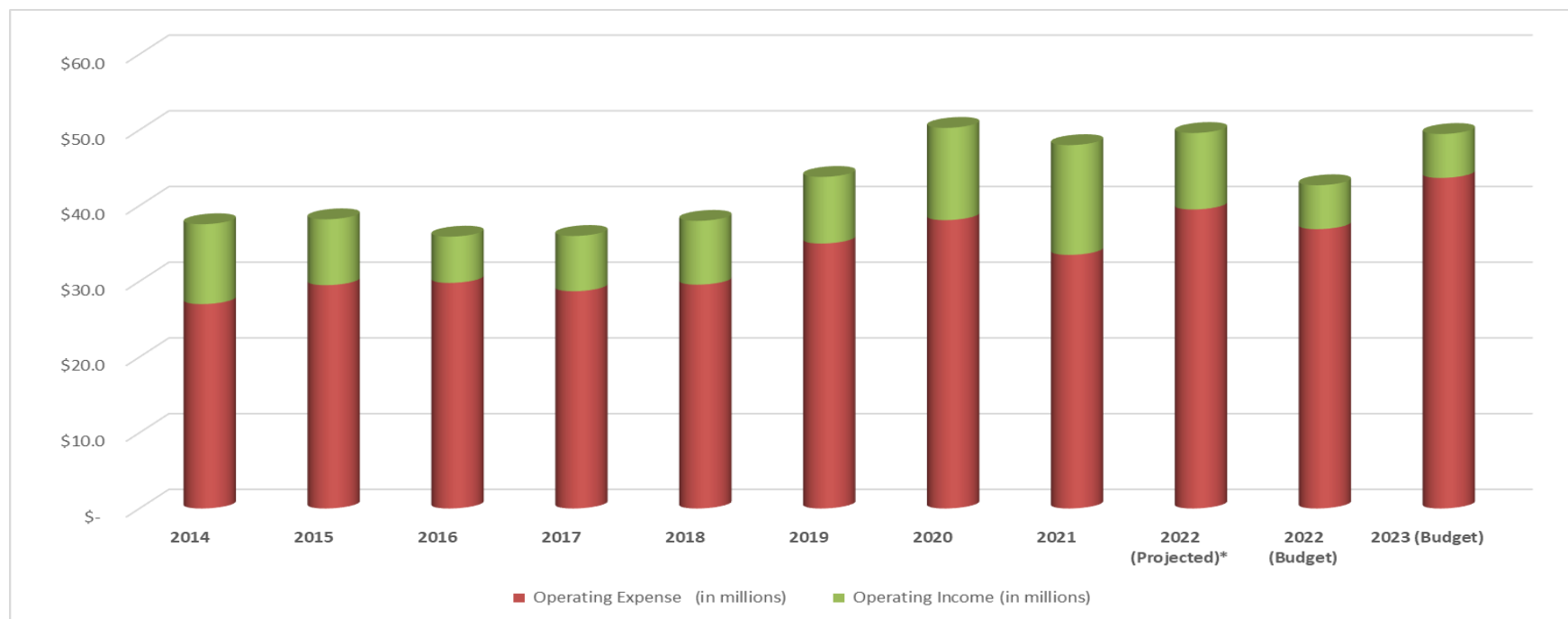
2022 Expenses Budget



Total Expenses \$49,293,976



Operating Revenues, Expenses and Income Comparison



	2014	2015	2016	2017	2018	2019	2020	2021	2022 (Projected)*	2022 (Budget)	2023 (Budget)
Revenue (in millions)	\$ 37.6	\$ 38.2	\$ 35.9	\$ 36.0	\$ 38.0	\$ 43.8	\$ 50.3	\$ 48.0	\$ 49.6	\$ 42.7	\$ 49.5
Operating Expense (in millions)	\$ 27.0	\$ 29.5	\$ 29.8	\$ 28.7	\$ 29.6	\$ 35.0	\$ 38.1	\$ 33.5	\$ 39.5	\$ 36.9	\$ 43.7
Operating Income (in millions)	\$ 10.6	\$ 8.7	\$ 6.1	\$ 7.3	\$ 8.4	\$ 8.8	\$ 12.2	\$ 14.5	\$ 10.1	\$ 5.8	\$ 5.8
Operating Margin %	28%	23%	17%	20%	22%	20%	24%	30%	20%	14%	12%

* 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 Services

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



2023 Cargo Budget Outlook

- Wind shipper bookings and market outlook... softer projection for 2023
- New wind component shipper to utilize Vancouver as import gateway... Potential clearance challenges for larger components
- Vancouver continues to provide temporary supply chain stability for once containerized cargoes
- Steel slab supply chain at potential turning point



Department Operating Budget

MARINE TERMINAL OPERATIONS

Sales, Marine Operations, Marine Terminal, Security

INDUSTRIAL & COMMERCIAL OPERATIONS

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NON-OPERATING

Non-operating Revenues & Expenses



<i>Description</i>	<i>2023</i>
Maintenance	
Maintenance: Buildings - BLDG 1501 Roof/Gutters and Paint	50,000
Maintenance: Buildings - BLDG 3209 Office Demo	150,000
Maintenance: Capital Dredging - Berth 17	450,000
Maintenance: Equipment - EV Charging Stations and Electrical Infrastructure	250,000
Maintenance: IT - Fiber and Cameras on Gateway overpass	75,000
Maintenance: IT - Vaults and Conduit for Connection to Main Duct Bank	150,000
Maintenance: Mechanical and HVAC - HVAC Building Replacements/Upgrades	200,000
Maintenance: Paving and Striping - T2 Pavement Replacement	315,000
Maintenance: Paving and Striping - T3 Pavement Mill and Fill	350,000
Maintenance: Rail - Hill Track Switch Replacement	75,000
Maintenance: Rail - Mill Plain Crossing	50,000
Maintenance: Stormwater - Kotobuki Way Storm Connection Upgrades	105,000
Maintenance: Stormwater - NW Packing Storm System Upgrades	99,750
Maintenance: Stormwater - Terminal 4 Pond and Outfall Improvements	231,000
Maintenance: Stormwater - Terminal 4 Pond Liner	750,000
Maintenance: Stormwater - Terminal 4 Pond Stormwater Pilot Project	441,000
Maintenance: Tenant Improvements	262,500
Maintenance: Vehicle and Equipment - EV Pickup-Maintenance	55,000
Maintenance: Vehicle and Equipment - EV Pickup-Operations	55,000
Maintenance: Vehicle and Equipment - EV Pickup-Security	55,000
Maintenance: Vehicle and Equipment - EV SUV - Admin	59,850
Maintenance: Vehicle and Equipment - Excavator	262,500
Maintenance: Vehicle and Equipment - Tandem Axle Vac Truck with Jetter and Came	550,000
Maintenance: Vehicle and Equipment - Zero Turn Mower	21,000
Maintenance: Wastewater Treatment Improvements	157,500
Maintenance: Water System Improvements - Well 3 with Electric Pump	115,500
Sub-total: Maintenance	5,335,601

2023 Capital Budget by Segment



<i>Description</i>	<i>2023</i>
Environmental	
Environmental: Purchase of In-water Mitigation Credits	162,500
Sub-total: Industrial	162,500
Industrial	
Industrial: Parcel 10 Phase 1 - Stockpile	466,200
Industrial: Parcel 10 Phase 2 - Drainage Improvements and 20K sf Building	1,837,500
Sub-total: Industrial	2,303,700
Recreation	
Recreation: Trail Segment 4	280,000
Recreation: Trail Segment 5	315,000
Sub-total: Recreation	595,000
Terminal Rehabilitation and Improvement Program (TRIP)	
TRIP: T4 Bank Stabilization	1,029,000
TRIP: Temporary Electrical Equipment at Berth 17	383,250
TRIP: Power Infrastructure Improvements at Berth 17	600,000
TRIP: Berth 17 Phase 2-3: Demolition of Crane and Dock Rehabilitation	5,751,038
Sub-total: TRIP	7,763,288

2023 Capital Budget by Segment

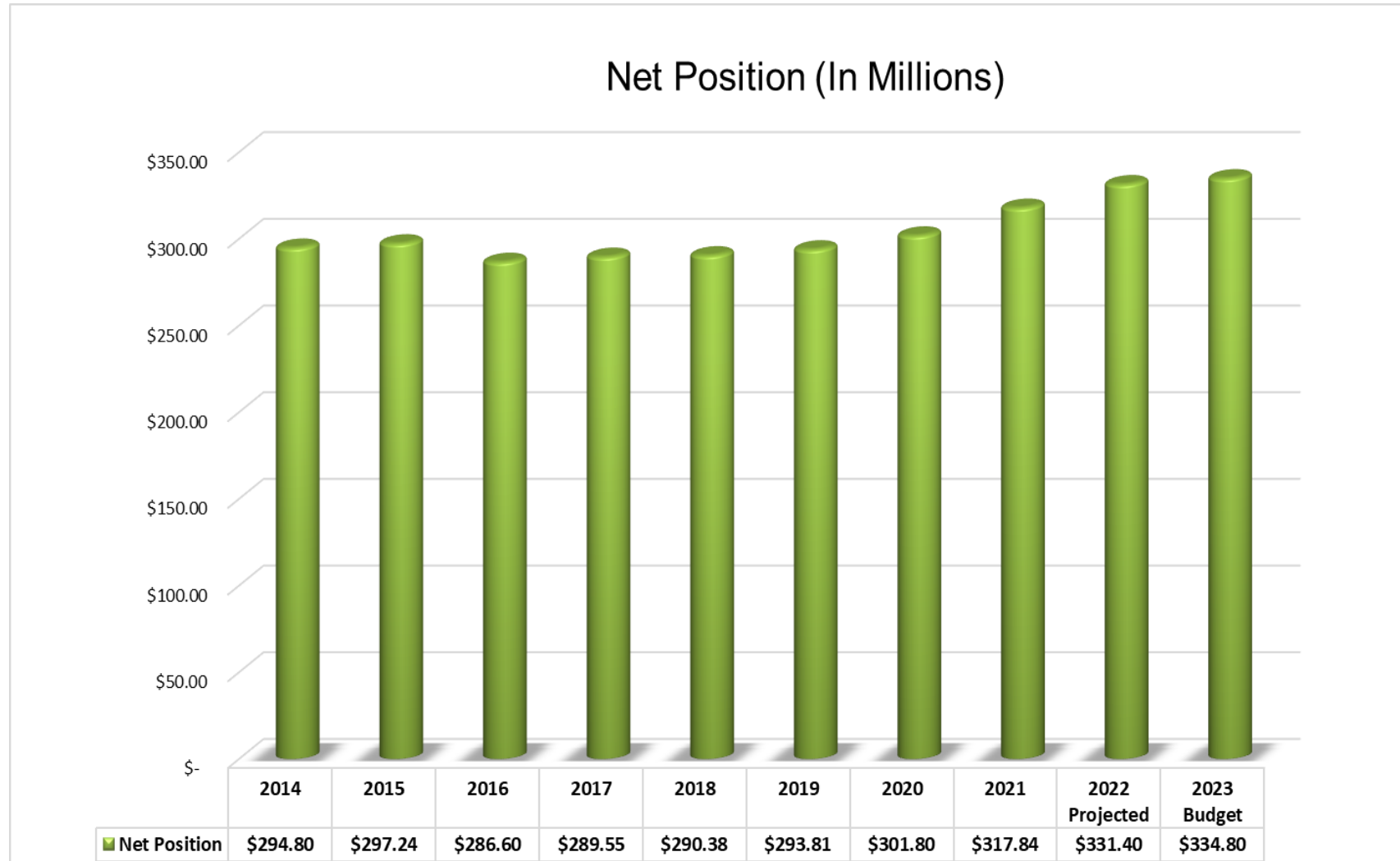


<i>Description</i>	<i>2023</i>
Waterfront	
Waterfront: T1 Marketplace and Brewlab - Preliminary Design	85,000
Waterfront: T1 Dock Ground Improvements and Wall - Design	133,333
Waterfront: T1 Dock Removal - Design	3,885,000
Waterfront: T1 Dock Replacement - Design	1,071,000
Sub-total: Waterfront	5,089,333
Labor Capitalization	1,310,598
Total: Capital Projects	22,560,020
Grants and Other Contributions	
Grants: Waterfront: DOC - T1 Dock Design	(1,548,120)
Grants: Recreation: RTC - Trail System Segment #4	(280,000)
Grants: Recreation: RTC - Trail System Segment #5	(315,000)
Grants: Operations: FEMA - Cyber Security	(79,000)
Sub-total: Grants and Other Contributions	(2,222,120)
Total: Capital Projects - Net	20,337,900

2023 Capital Budget by Segment

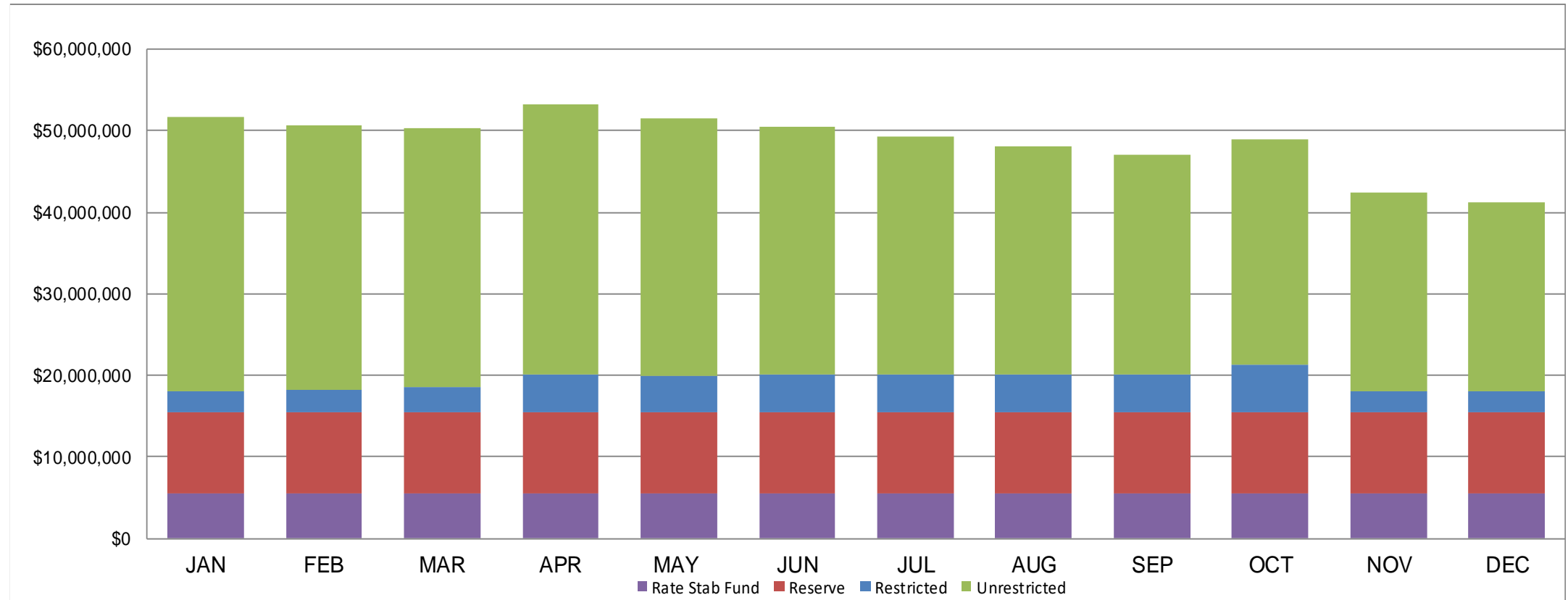


Net Position Growth



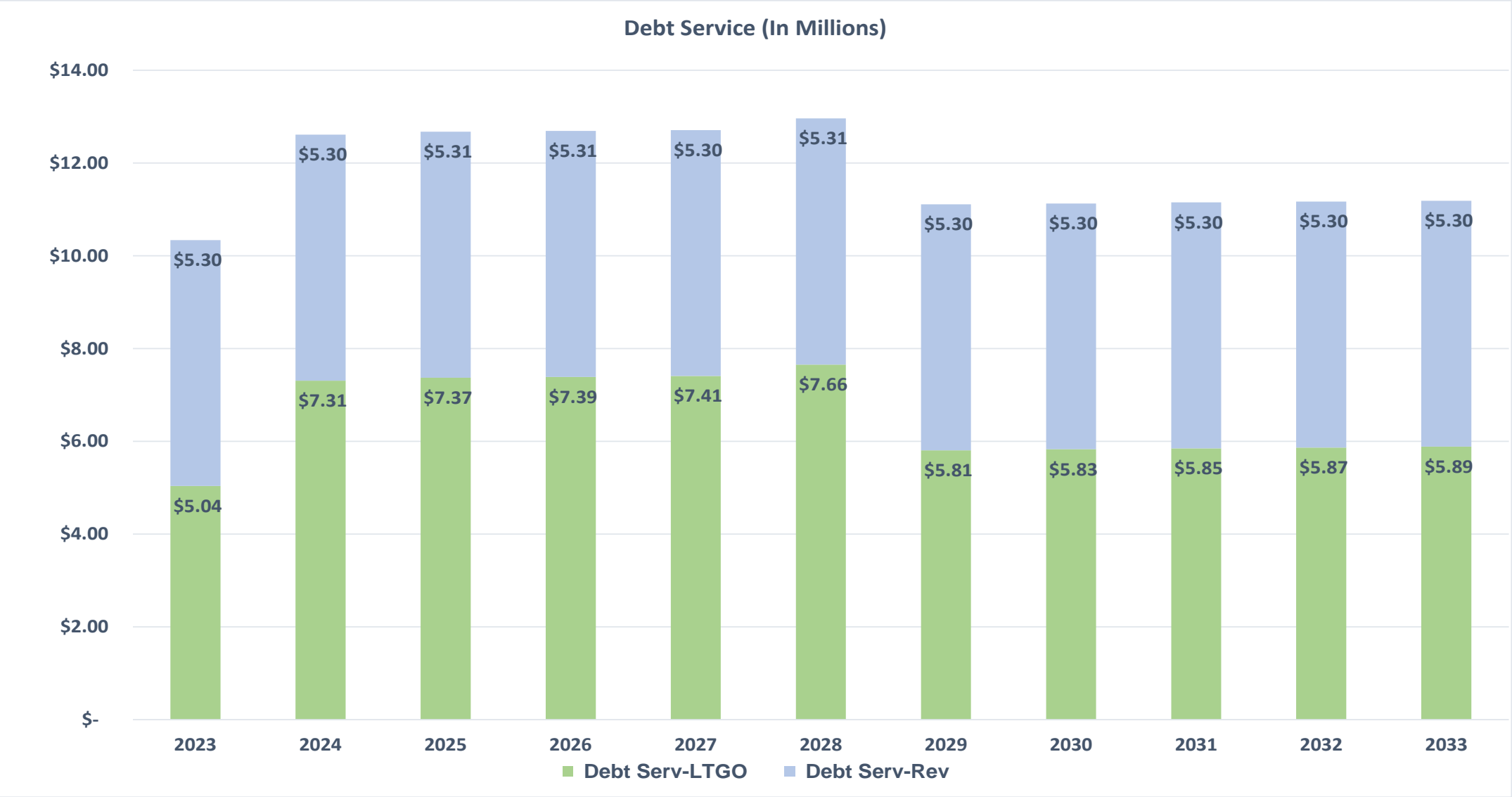
2023 Cash Plan

2023 BUDGETED CASH PLAN

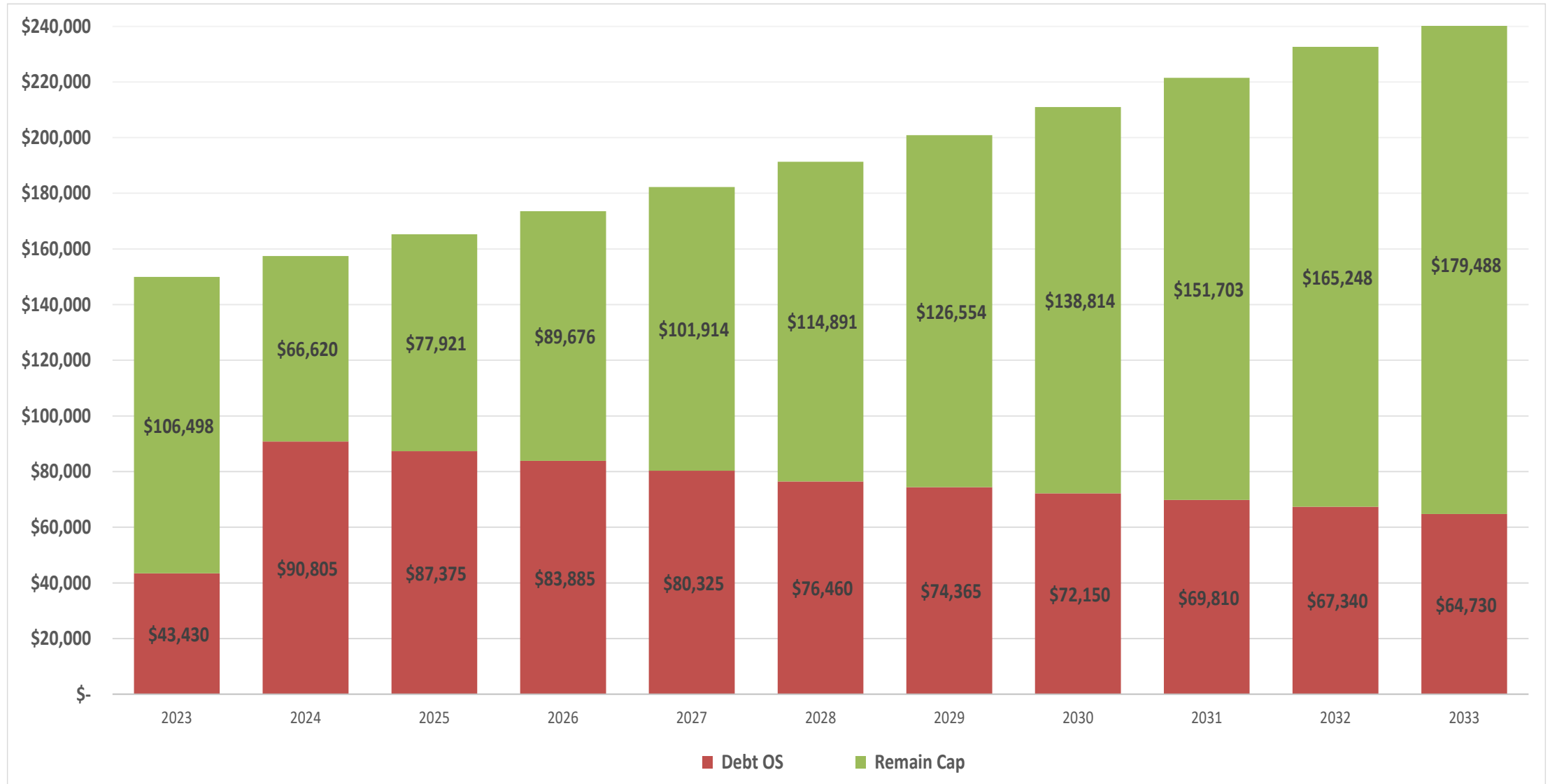


	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Restricted	\$ 2,615,723	\$ 2,650,253	\$ 2,981,141	\$ 4,582,945	\$ 4,475,849	\$ 4,527,398	\$ 4,554,612	\$ 4,577,263	\$ 4,641,028	\$ 5,834,142	\$ 2,583,379	\$ 2,601,174
Rate Stab Fund	\$ 5,500,000	\$ 5,500,000	\$ 5,500,000	\$ 5,500,000	\$ 5,500,000	\$ 5,500,000	\$ 5,500,000	\$ 5,500,000	\$ 5,500,000	\$ 5,500,000	\$ 5,500,000	\$ 5,500,000
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	\$ 33,567,492	\$ 32,426,744	\$ 31,756,983	\$ 33,107,010	\$ 31,503,031	\$ 30,389,332	\$ 29,236,958	\$ 28,077,334	\$ 26,983,050	\$ 27,683,571	\$ 24,268,935	\$ 23,101,593
Total Cash	\$ 51,683,215	\$ 50,576,997	\$ 50,238,124	\$ 53,189,955	\$ 51,478,880	\$ 50,416,729	\$ 49,291,570	\$ 48,154,597	\$ 47,124,078	\$ 49,017,713	\$ 42,352,315	\$ 41,202,767

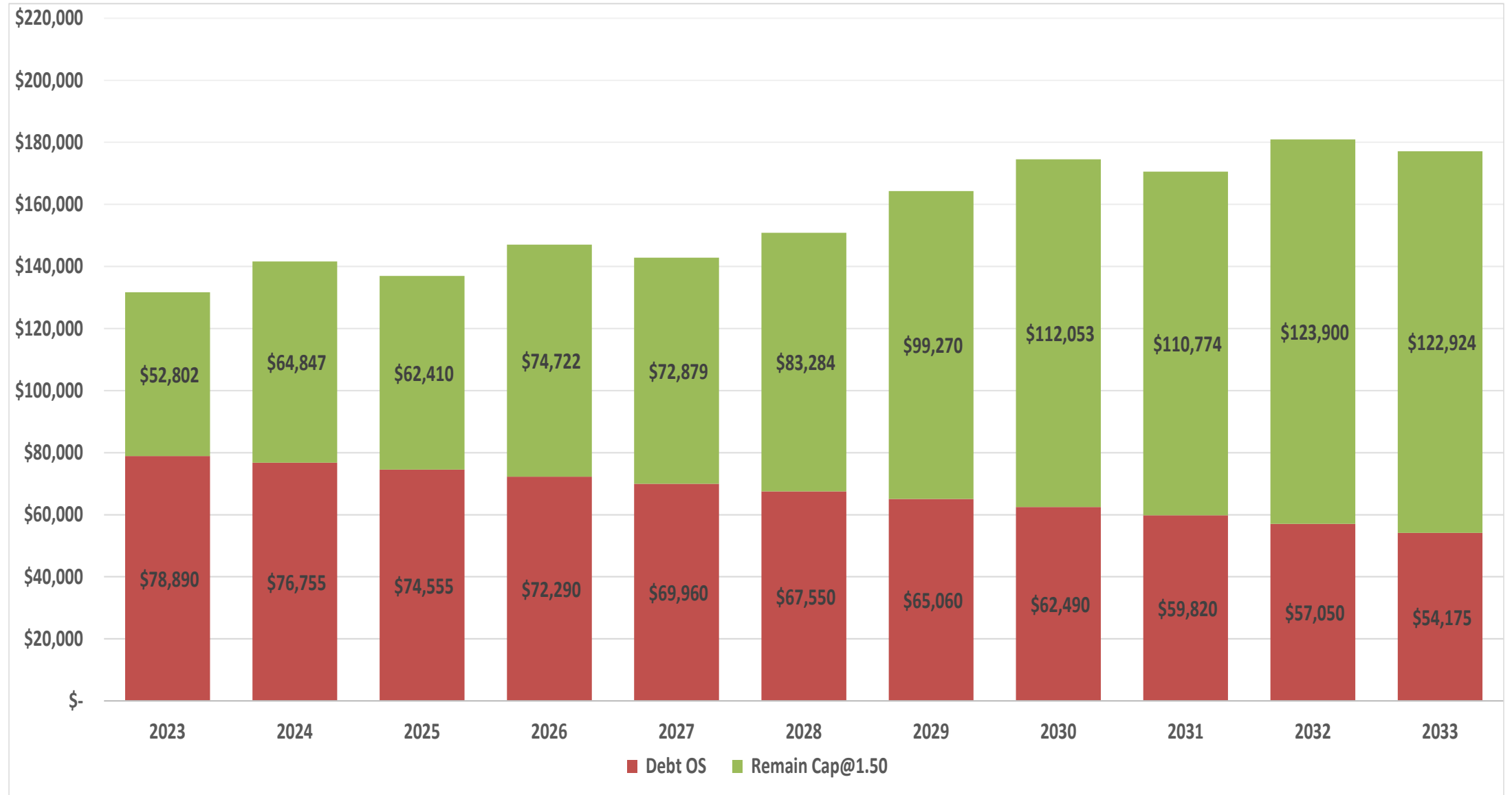
Debt Service



2023 General Obligation Bond Debt Capacity



2023 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

Tax Levy proceeds, by resolution can only be used for:

- GO Bond Debt Service
- Environmental Remediation
- Capital Projects

2023 Tax Levy

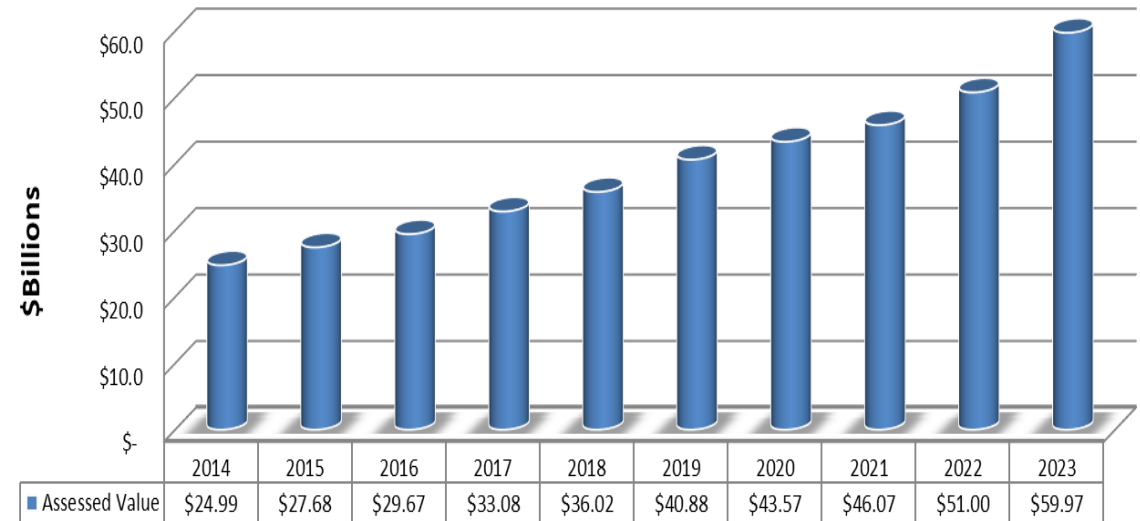
- \$13,048,914 - 1% increase + new construction + banked capacity
- The levy limit is based on the lower of the implicit price deflator (IPD) of 6.457 percent or 1 percent per Initiative I-747.

2023 levy will be used for the following:

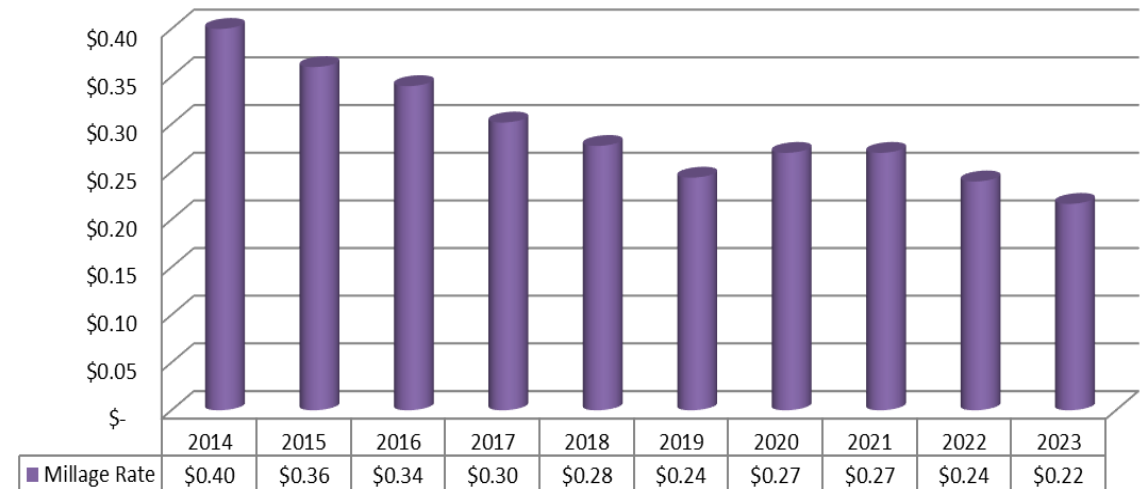
Debt service (GO Bonds)	\$5,039,397	38.6%
Environmental Remediation	1,060,175	8.1%
Capital Projects	6,949,342	53.3%
Total	\$13,048,914	100%

Property Tax Levy

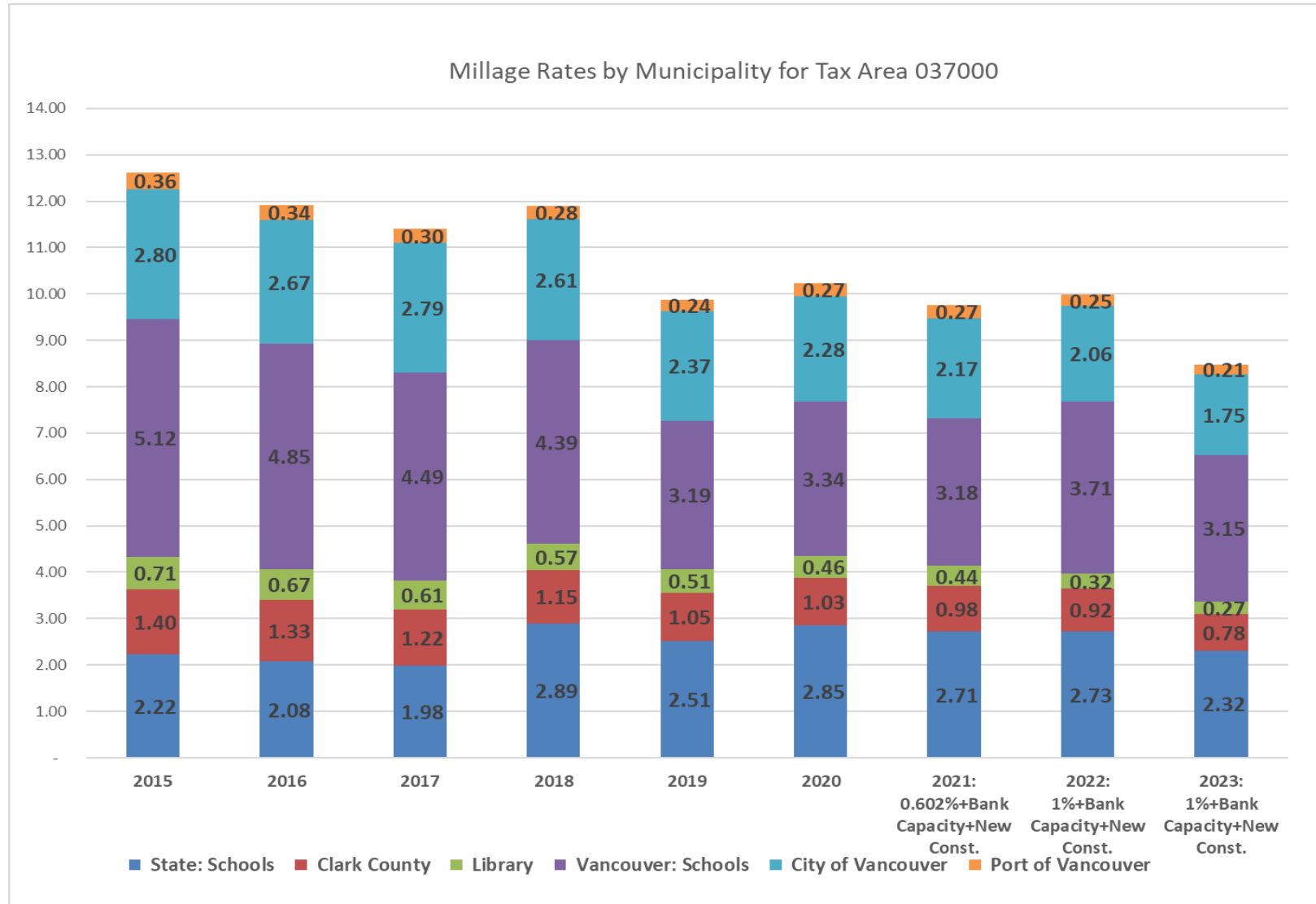
Port District Assessed Value



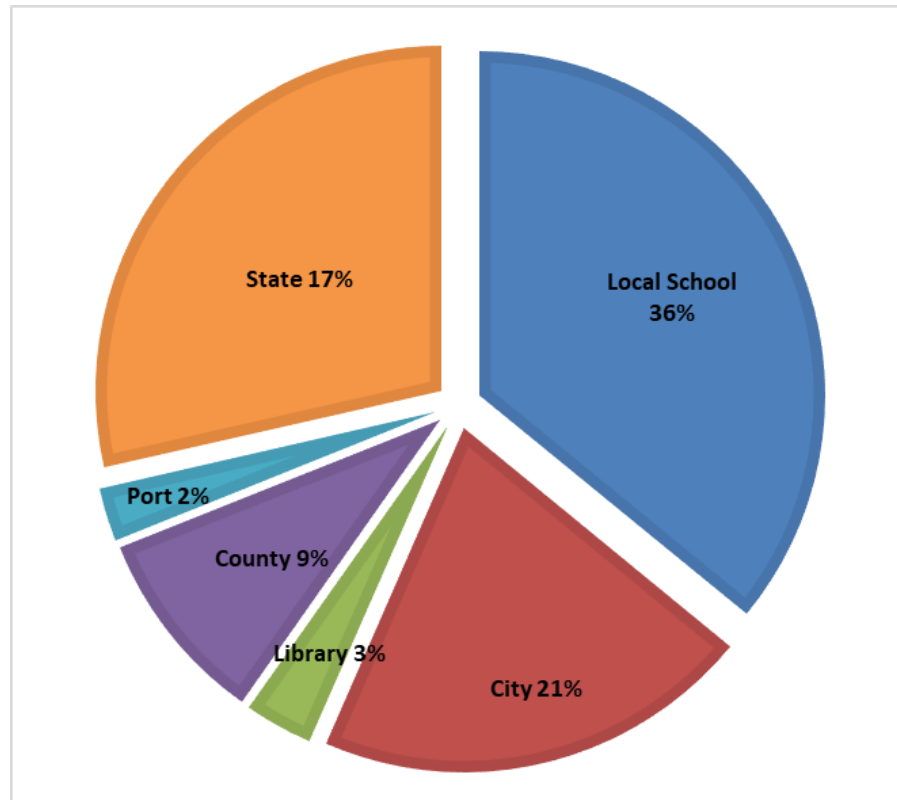
Millage Rate (Per Thousand)



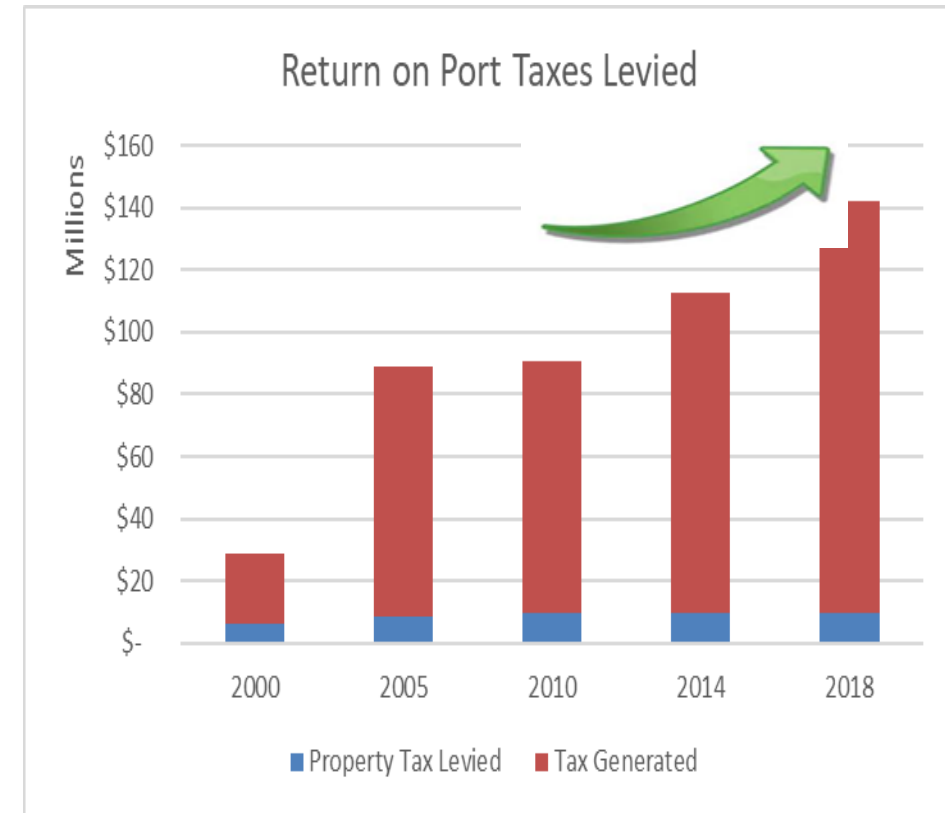
Millage Rate by Municipality



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 demonstrates advancement of its vision and mission.
- The port has substantially completed many strategic plan components and continues to advance many of these initiatives as you heard about throughout today's presentation.
- 2023 volumes are forecasted at 6.68 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 2023 capital budget reflects the port's continuing commitment to promoting regional economic activity through the investment of over \$22.56 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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