

# Port of Seattle 2016 Preliminary Budget First Reading & Public Hearing

November 10, 2015

# Outline

- 2016 Budget Process Recap
- 2016 Budget Highlights
- Northwest Seaport Alliance
- Storm Water Utility
- Changes made after publishing the preliminary budget document
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# 2016 Budget Process

May 12	2016 Business Plan and Budget Process Briefing
May 26	2016 Aviation Division Business Plan Discussion
Jul. 9	2016 Maritime Division Business Plans Discussion
Sept. 8	2016 Economic Development Division Business Plan Discussion
Sept. 8	2016 Key Budget Assumptions Briefing
Sept. 22	2016 Corporate Budget Briefing
Oct. 13	2016 Operating Division Budgets Briefing
Oct. 20	Preliminary Budget Document to the Commission
Oct. 22	Preliminary Budget released to the Public
Oct. 27	Preliminary Tax Levy and Draft Plan of Finance Briefing
Nov. 10	First Reading & Public Hearing of the Preliminary Budget
Nov. 24	Second Reading & Final Passage of the Preliminary Budget
Dec. 3	File Statutory Budget with King County
Dec. 11	Release the Final Budget and Draft Plan of Finance

**A long and challenging budget process this year due to re-org and the new NWSA.**

# 2016 Budget Highlights

- Operating revenues are budgeted at \$584.6M, \$32.9M or 6.0% higher than 2015 budget
- Operating expenses are budgeted at \$335.9M, \$3.0M or 0.9% increase from 2015 budget (largely due to transfer of some expenses to the NWSA)
- Net Operating Income is budgeted at \$248.7M, \$29.9M or 13.7% above 2015 budget
- The 2016 capital budget is \$408.4M and the 5-year capital spending plan is \$2.2 billion
- The proposed tax levy for 2016 is \$73.0M, flat for 5 consecutive years

**The 2016 budget reflects strong growth and continued investments for the region.**

# Northwest Seaport Alliance

- The newly formed NWSA is a separate legal entity that functions as a joint venture between the Ports of Seattle and Tacoma
- The Ports have licensed certain cargo-related assets to the Alliance to manage on their behalf; the Alliance is governed by Managing Members consisting of the two Port Commissions
- The ports retain ownership of the underlying assets and share equally in the distribution of net revenue from the Alliance
- For 2016, operating revenues and expenses associated with the licensed assets are included in the Alliance budget; expenses include direct costs as well as those associated with administrative and other support services provided by the home ports to the Alliance under service agreements
- Capital improvement projects associated with licensed assets are jointly funded by the two ports and are also included in the Alliance budget
- Alliance revenues and expenses and capital projects are not included in the Port's budget; the Port's 50% share of net distributable revenue from the Alliance is included as a separate operating revenue line item

# NWSA Accounting Model

- The Alliance will be accounted for as a Joint Venture under GASB 14
- The Alliance will have standalone financial statements, and each port's income statement will be adjusted to reflect participation in the Alliance
- Revenues and expenses associated with Alliance assets are transferred from the home port's books to the Alliance
- The Alliance's net revenue is distributed equally to the Port's and recognized as operating revenue
- The appendix includes a simplified example using illustrative numbers as well as a diagram of Alliance cash flows

The Port's financial statements will be modified as a result of the NWSA.

# 2016 NWSA Budget

(\$ in' 000s)	2016 Budget
<b>Operating Revenues</b>	
Container	134,573
Non-Container	47,731
Real Estate	10,492
Other	95
<b>Total Revenues</b>	<b>192,891</b>
<b>Operating Expenses</b>	
<b>Direct</b>	
Container	20,378
Non-Container	23,015
Real Estate	937
Other	17,520
<b>Total Direct</b>	<b>61,850</b>
Administrative	19,707
Security	4,410
Environmental	2,694
<b>Total Operating Expenses</b>	<b>88,661</b>
<b>Net Operating Revenue Over Expense</b>	<b>104,230</b>
Depreciation	571
<b>Net Distributable Revenue</b>	<b>103,659</b>
<b>50 % Share</b>	<b>51,830</b>

<b>Port of Seattle Support Service Charges (included in NWSA expenses)</b>	
Corporate/Capital Development	5,283
Maritime	4,496
Economic Development	497
Aviation	28
Total	10,305

**Distributable Revenue is split and booked as Operating Revenue at each home port.**

# New Storm Water Utility

- Starting in 2016, the budget reflects the formation of the new Storm Water Utility
- In prior years, external fees were charged as utility expense on a proportionate basis to the Seaport and RE divisions
- Tenants on leased properties were billed for their share; these were reflected as operating revenue by the divisions

**The treatment of storm water revenues and expenses are changing with full implementation of the new utility.**



# New Storm Water Utility

- Starting in 2016, the Utility will be treated as a separate division
- The Utility will bill tenants directly and also charge Maritime, EDD and the NWSA for unleased properties—total revenues collected will match those that would have been paid externally
- The Utility will have its own O&M expense and capital expenditures
- Since a portion of the revenues reflect internal charges to Maritime and EDD, these are eliminated from the Port Wide revenue roll up

**New Storm Water Utility drives a change in budgeting.**

# Storm Water Budget Comparison

(\$ in '000s)					
<b>Previous Budget Treatment</b>					
<b>2015</b>	<b>Seaport</b>	<b>Real Estate</b>	<b>Total</b>		
<b>Utility Revenues</b>	2,457	156	2,613	Direct Tenant Billings	
<b>Utility Expense</b>	3,328	836	4,164	External Fees	
<b>New Budget Treatment</b>					
<b>2016</b>	<b>Tenant Billings</b>	<b>Maritime</b>	<b>EDD</b>	<b>NWSA</b>	<b>Total</b>
<b>Utility Revenues*</b>	2,536	359	378	1,044	<b>4,317</b>
<b>O&amp;M Expense</b>					<b>2,495</b>
<b>NOI</b>					<b>1,822</b>
*recognized as expense by divisions and NWSA					
<b>Portwide Revenue Adjustment</b>					
Revenues	4,317				
Eliminations	<u>(737)</u>	Charges to Maritime and EDD			
Adjusted Revenues	3,580				

External utility fees cease but total revenues are similar.

# Storm Water Utility Budget Detail

	<b>2016</b>	
\$'s Thousands	<b>Budget</b>	<b>Assumptions</b>
<b>Revenues</b>		
Sales of Utilities - Surface Water	\$4,317.0	12 months revenue
<b>Total Revenues</b>	<b>4,317.0</b>	
<b>Expenses</b>		
Salaries & Benefits	136.0	1 FTE to be hired in Q4 2015
Supplies & Stock	1.1	
Travel & Other Employee Expenses	5.4	
Telecommunications	1.0	
Outside Services	293.0	
Wages & Benefits	854.4	Stormwater line assessments
Maintenance Materials	150.8	Stormwater line assessments
Overhead Allocations	513.2	
Utility Tax (to City)	473.1	11% of revenue
B&O Taxes	66.8	1.5% of revenue.
<b>Operating Expenses</b>	<b>2,494.7</b>	
<b>Net Operating Income Before Depr</b>	<b>\$1,822.2</b>	For use for current and future capital projects.

## Capital Budget

	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2016-20</b>
Upgrade Stormwater Lines	\$0	\$1,815	\$2,954	\$3,179	\$3,418	\$11,366
<b>Total</b>	<b>0</b>	<b>1,815</b>	<b>2,954</b>	<b>3,179</b>	<b>3,418</b>	<b>11,366</b>

# Budget Changes Since 10/22/15

- Aviation division revised the enplanement forecast for 2016
- Higher enplanement forecast resulted in higher non-aeronautical revenues, higher credit card fee & B&O taxes, and higher PFCs
- Moved a \$65K budget entry for SWU from EDD to Maritime division
- Economic Development division added one additional FTE and increased the budget for Real Estate Development and Planning (\$554K)
- Legal Department removed an duplicate outside legal expense item budgeted for the NWSA (\$102K)
- Commission Office added \$45K to the preliminary budget

**The 2016 budget reflects strong growth and continued investments for the region.**

# 2016 Operating Budget

(\$ in '000s)	2014	2015	2015	2016	Budget Change	
	Actual	Budget	Forecast	Budget	\$	%
<b>Operating Revenues</b>						
Aeronautical	228,864	242,352	232,534	261,078	18,725	7.7%
SLOA III Incentive Adj.	-3,576	-3,576	-3,576	-3,576	0	0.0%
Non-Aeronautical	180,791	188,465	194,832	208,323	19,857	10.5%
Aviation	406,079	427,242	423,790	465,824	38,583	9.0%
Maritime	43,790	47,264	44,864	49,314	2,050	4.3%
Economic Development	16,267	16,108	17,029	13,745	-2,363	-14.7%
Licensed NWSA Assets	68,413	60,812	66,712	0	-60,812	-100.0%
NWSA Distribution Revenue	0	0	0	51,829	51,829	N/A
Other	389	340	3,159	3,926	3,586	1056.0%
<b>Total</b>	<b>534,938</b>	<b>551,766</b>	<b>555,554</b>	<b>584,638</b>	<b>32,872</b>	<b>6.0%</b>
<b>Operating Expenses</b>						
Aviation	230,704	248,141	239,564	268,296	20,155	8.1%
Maritime	31,854	36,683	34,661	42,272	5,588	15.2%
Economic Development	23,546	21,188	20,078	23,114	1,925	9.1%
Licensed NWSA Assets	22,840	26,562	27,262	121	-26,441	-99.5%
Other	389	340	2,040	2,103	1,764	519.4%
<b>Total</b>	<b>309,334</b>	<b>332,914</b>	<b>323,605</b>	<b>335,905</b>	<b>2,992</b>	<b>0.9%</b>
<b>Net Operating Income</b>	<b>225,605</b>	<b>218,852</b>	<b>231,949</b>	<b>248,733</b>	<b>29,881</b>	<b>13.7%</b>

NOI in the proposed 2016 budget is \$29.9M or 13.7% higher than 2015 budget.

# Changes from the Preliminary Budget Document

(\$ in '000s)	Preliminary Budget Doc	Proposed Budget	Change \$	%	Note
<b>Operating Revenues</b>					
Aeronautical	261,446	261,078	-368	-0.1%	Due to higher non-aero revenues sharing.
SLOA III Incentive Adj.	-3,576	-3,576	0	0.0%	
Non-Aeronautical	206,744	208,323	1,579	0.8%	Due to higher enplanements forecast.
Aviation	464,614	465,824	1,211	0.3%	
Maritime	49,314	49,314	0	0.0%	
Economic Development	13,745	13,745	0	0.0%	
NWSA Distribution Revenue	51,829	51,829	0	0.0%	
Other	3,926	3,926	0	0.0%	
<b>Total</b>	<b>583,427</b>	<b>584,638</b>	<b>1,211</b>	<b>0.2%</b>	
<b>Operating Expenses</b>					
Aviation	268,229	268,296	66	0.0%	Increases in B&O taxes and Corp allocation.
Maritime	42,202	42,272	69	0.2%	Adjusted SWU costs and Corp allocation.
Economic Development	22,623	23,114	491	2.2%	One FTE and add'l budget for RE Dev & Planning.
Licensed NWSA Assets	223	121	-102	-45.9%	Removed a duplicated outside legal expense item.
Other	2,103	2,103	0	0.0%	
<b>Total</b>	<b>335,381</b>	<b>335,905</b>	<b>525</b>	<b>0.2%</b>	
<b>Net Operating Income</b>	<b>248,047</b>	<b>248,733</b>	<b>686</b>	<b>0.3%</b>	

The net change is a \$686K increase in NOI compared to the Preliminary Budget.

# 2016 Comprehensive Budget Summary

(\$ in '000s)	2014	2015	2016	Budget Change		Explanations
	Actual	Budget	Budget	\$	%	
<b>Revenues</b>						
1. Aeronautical Revenues	228,864	242,352	261,078	18,725	7.7%	Cost recovery under SLOA III.
2. SLOA III Incentive	(3,576)	(3,576)	(3,576)	( )	0.0%	
3. Other Operating Revenues	309,650	312,989	327,137	14,147	4.5%	Mainly due to higher revenues from the Airport.
4. Tax Levy	72,801	73,000	73,000	-	0.0%	Assume no change from 2015.
5. PFCs	69,803	73,752	84,650	10,898	14.8%	Higher enplanements in 2016.
6. CFC Non-Op Revenue for Debt Service	19,889	23,614	24,963	1,349	5.7%	Driven by increased debt service on 2009B bond.
7. Fuel Hydrant	6,935	7,202	7,098	(104)	-1.4%	
8. Non-Capital Grants and Donations	10,158	6,263	3,566	(2,697)	-43.1%	Lower grants for Clean Truck Program in 2016.
9. Capital Contributions	16,746	40,949	23,406	(17,543)	-42.8%	Lower due to the \$25M 16C LOI will be fully claimed in 2015.
10. Interest Income	11,202	7,094	8,537	1,443	20.3%	
<b>Total</b>	<b>742,473</b>	<b>783,639</b>	<b>809,859</b>	<b>26,220</b>	<b>3.3%</b>	
<b>Expenses</b>						
1. O&M Expense	309,334	332,914	335,905	2,992	0.9%	New initiatives and average pay increase.
2. Depreciation	166,337	162,082	162,451	370	0.2%	
3. Revenue Bond Interest Expense	108,910	133,468	121,423	(12,045)	-9.0%	2015 revenue bond interest expense budgeted conservatively.
4. GO Bond Interest Expense	9,475	14,706	14,726	20	0.1%	
5. PFC Bond Interest Expense	5,906	5,633	5,302	(331)	-5.9%	
6. Non-Op Environmental Expense	9,142	5,600	5,000	(600)	-10.7%	
7. Public Expense	6,854	9,572	8,898	(674)	-7.0%	Driven by final year of Clean Truck Program.
8. Other Non-Op Rev/Expense	(2,110)	3,657	3,319	(338)	-9.2%	
<b>Subtotal</b>	<b>613,849</b>	<b>667,632</b>	<b>657,026</b>	<b>(10,606)</b>	<b>-1.6%</b>	
9. Special Item	-	-	147,700	147,700	n/a	Second installment for AWV contribution.
<b>Total</b>	<b>613,849</b>	<b>667,632</b>	<b>804,726</b>	<b>137,094</b>	<b>20.5%</b>	
<b>Change In Net Assets</b>	<b>128,624</b>	<b>116,007</b>	<b>5,134</b>	<b>(110,874)</b>	<b>-95.6%</b>	

**2016 budget includes a \$147.7M second installment for AWV contribution.**

# FTEs Summary

	Aviation	Maritime	Econ Dev	Corporate	Total
2015 Approved FTE's	877.0	202.8	24.0	750.7	1,854.5
Mid Year Approval	16.0	4.5	1.0	5.2	26.7
Eliminated	(10.0)	(6.0)	(2.0)	(2.0)	(20.0)
Transfers	(2.0)	(17.5)	7.5	(8.0)	(20.0)
Adjusted 2015 FTE's	881.0	183.8	30.5	745.9	1,841.2
2016 Budget					
Eliminated	(2.0)	(1.0)	-	(11.0)	(14.0)
Transfer	-	-	-	-	-
New FTE's	14.0	1.0	3.3	9.5	27.8
Total 2016 Changes	12.0	-	3.3	(1.5)	13.8
Proposed 2016 FTE's	893.0	183.8	33.8	744.4	1,855.0

**Moderate FTEs growth driven mainly by the strong traffic growth at the Airport.**



# Capital Budget Summary

## Capital Budget Summary by Division

\$'s in 000's	2016	2017	2018	2019	2020	2016-20
<b>Aviation</b>	<b>360,064</b>	<b>456,890</b>	<b>453,575</b>	<b>416,085</b>	<b>363,074</b>	<b>2,049,688</b>
<b>Maritime</b>	<b>27,480</b>	<b>21,112</b>	<b>24,621</b>	<b>24,637</b>	<b>13,796</b>	<b>111,646</b>
<b>Economic Dev.</b>	<b>12,458</b>	<b>3,650</b>	<b>2,285</b>	<b>2,104</b>	<b>4,104</b>	<b>24,601</b>
<b>Corporate</b>	<b>8,443</b>	<b>8,686</b>	<b>8,707</b>	<b>8,307</b>	<b>8,230</b>	<b>42,373</b>
<b>Total</b>	<b>408,445</b>	<b>490,338</b>	<b>489,188</b>	<b>451,133</b>	<b>389,204</b>	<b>2,228,308</b>

The Port continues to invest in the region with a 5-year capital plan of \$2.2 billion.

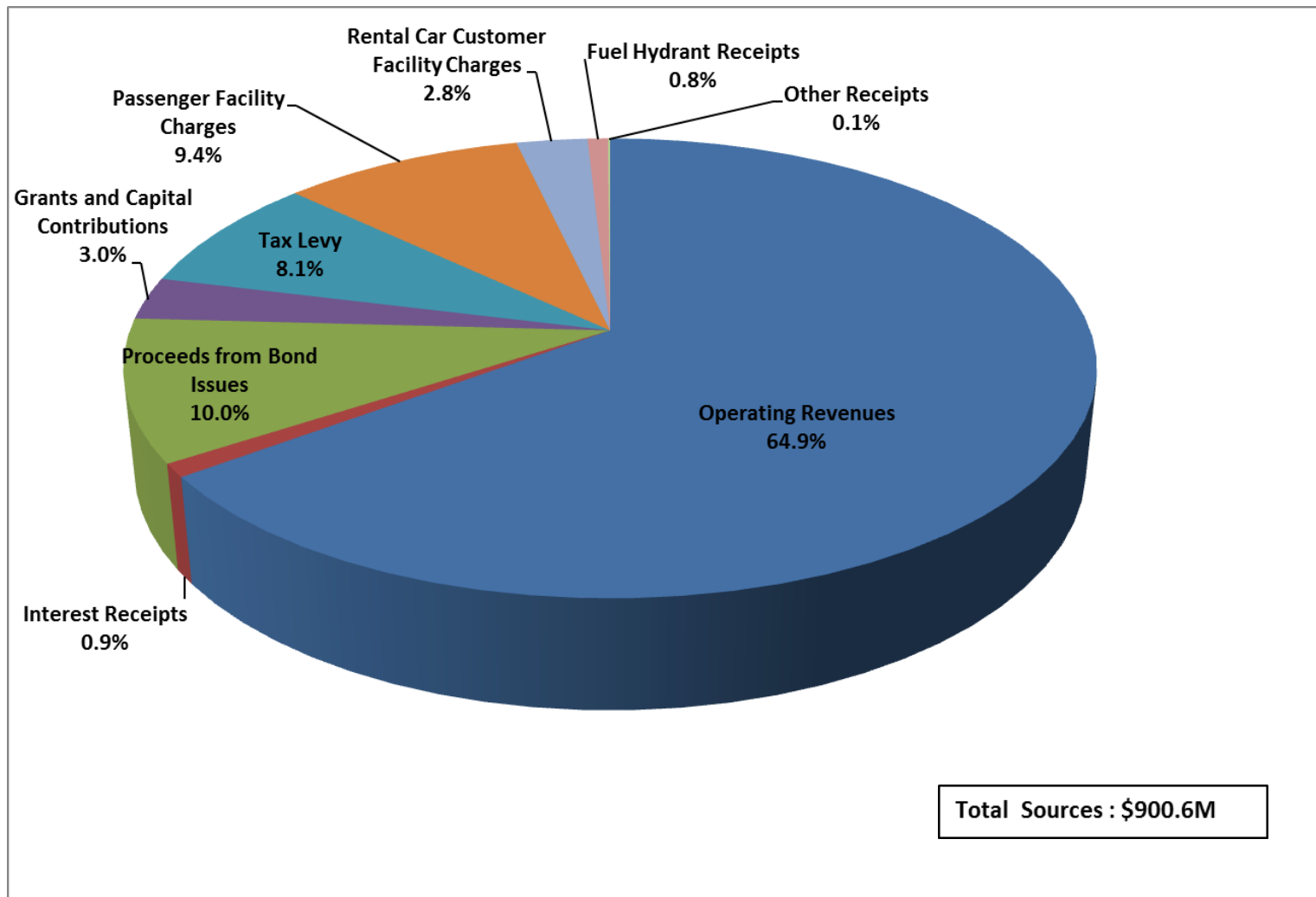
# Capital Budget Summary

## Capital Budget Summary by Category

\$'s in 000's	2016	2017	2018	2019	2020	2016-20
<b>Commission Authorized/Underway</b>	<b>319,638</b>	<b>382,542</b>	<b>396,504</b>	<b>334,148</b>	<b>182,714</b>	<b>1,615,546</b>
<b>Pending 2015/2016 Authorization</b>	<b>28,017</b>	<b>17,669</b>	<b>8,030</b>	<b>250</b>	<b>-</b>	<b>53,966</b>
<b>Pending Future Authorization</b>	<b>4,956</b>	<b>13,148</b>	<b>24,358</b>	<b>28,343</b>	<b>18,880</b>	<b>89,685</b>
<b>Small Capital Projects</b>	<b>15,062</b>	<b>13,753</b>	<b>11,997</b>	<b>11,662</b>	<b>12,650</b>	<b>65,124</b>
<b>Total</b>	<b>367,673</b>	<b>427,112</b>	<b>440,889</b>	<b>374,403</b>	<b>214,244</b>	<b>1,824,321</b>
<b>Allowance CIPs and Other*</b>	<b>40,772</b>	<b>63,226</b>	<b>48,299</b>	<b>76,730</b>	<b>174,960</b>	<b>403,987</b>
<b>Total</b>	<b>408,445</b>	<b>490,338</b>	<b>489,188</b>	<b>451,133</b>	<b>389,204</b>	<b>2,228,308</b>

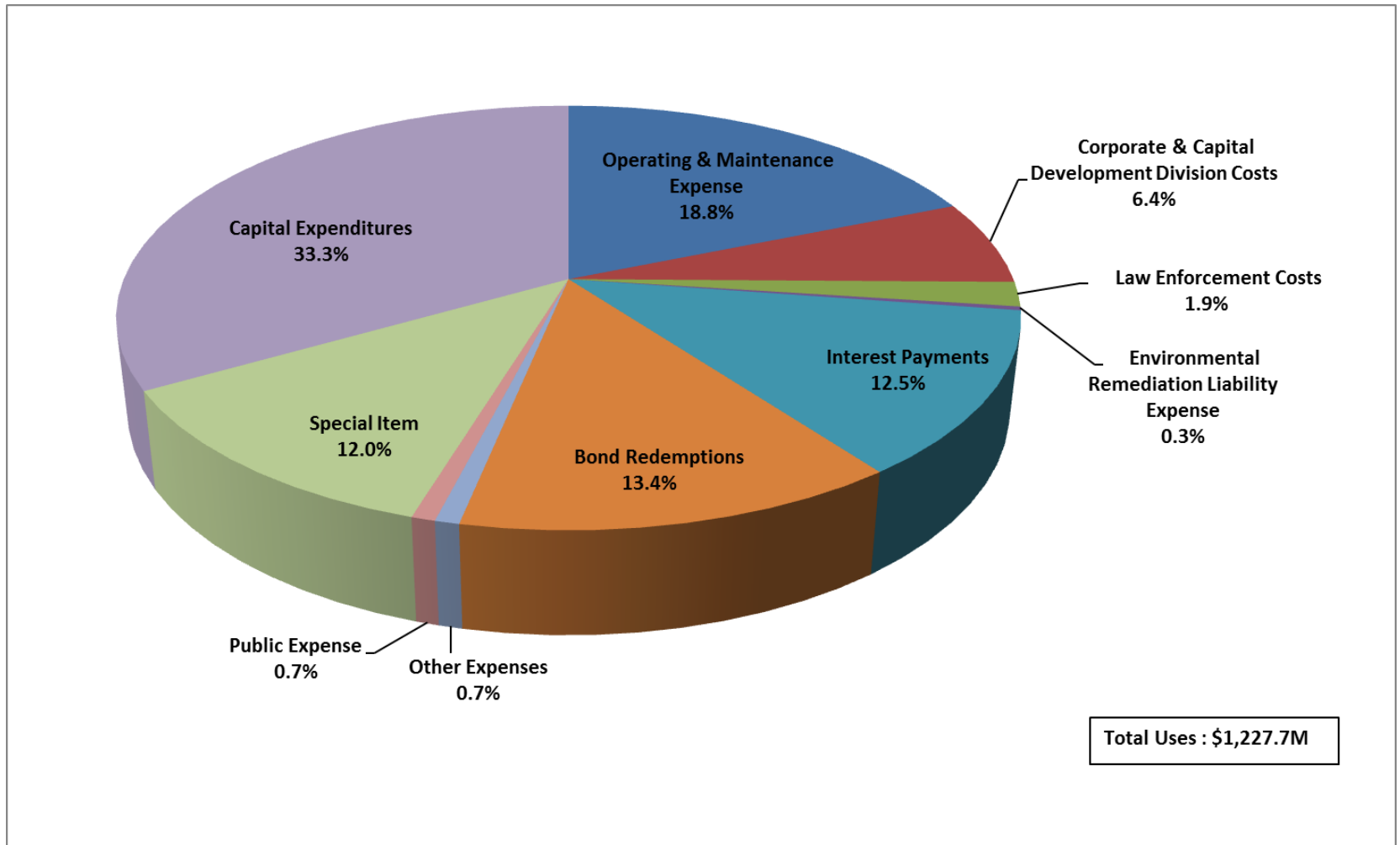
\* Allowance CIPs represent undesignated future spending for future new projects and potential budget increases for existing projects in Aviation division.

# Sources of Funds



Tax Levy is 8.1% of the \$900.6 million total sources of funds in 2016 budget.

# Uses of Funds



The Port continues to invest in capital projects and infrastructures for the region.

# 2016 Tax Levy

- **Tax Levy Amount:**
  - Levy amount established by the Commission each year as part of the budget process
  - The maximum allowable levy for 2016 is estimated to be \$96.4 million
  - The levy for 2016 is proposed to be \$73.0 million
  - Projected rate change (from \$0.1891 to \$0.1728)

**Tax levy remains flat at \$73.0 million for 5 consecutive years.**

# 2016 Tax Levy

- Proposed 2016 Tax Levy Uses:

- General Obligation (G.O.) Bonds Debt Service
- Legacy Environmental Remediation
- Highline School NOISE Mitigation
- Pier 66 Redevelopment for cruise growth
- Capital projects in support of the fishing industry

*Per Commission Direction*

- Additional Deposit to the Transportation & Infrastructure Fund for Regional Transportation & Freight Mobility projects - \$21.3 million
  - Heavy Haul Corridor projects
  - Other regional transportation initiatives (FAST II, E. Marginal Way, Argo Access)
- Workforce Development funding - \$1.5 million in 2016

Tax levy uses include strategic initiatives

# Levy Funded Capital Projects

\$ million	2016 Budget
<b><u>Cruise:</u></b> Redevelop P66 to accommodate cruise growth	12.0
<b><u>Fishermen's Terminal:</u></b> renewal and replacement of portions of the sewer and drainage system, pavement and sidewalks	1.6
<b><u>Fishermen's Terminal:</u></b> building renewal projects including roof and ventilation systems	0.2
<b><u>Terminal 91:</u></b> Electrical substation upgrades, slope stabilization and fender replacement	2.1
Total	15.9

- Local jobs supported by Port facilities total:
  - 16,000 – Fishing Industry
  - 3,400 – Cruise Industry

2013 Economic Impact of the Port of Seattle, Prepared by Martin & Associates

**Tax levy will support job generating industries of fishing and cruise**

# Sources and Uses of the Tax Levy

<b>2016 Tax Levy Sources &amp; Uses (\$ mil.)</b>		
Sources	<u>2016 Budget</u>	<u>2016-2020</u>
Beginning Balance	57.7	57.7
Annual Levy	73.0	365.0
Tsubota Sale	8.0	8.0
Total	138.7	430.7
Uses		
G.O. Debt Service - existing	34.5	169.0
G.O. Debt Service - SR99 Tunnel	3.6	32.4
Environmental Remediation	7.0	42.9
Transportation & Infrastructure Contribution	21.3	21.3
Workforce Development	1.5	7.3
Highline Schools Noise Mitigation	-	3.5
Approved CIP - P66 Cruise	12.0	13.5
Proposed CIP - Fishing Industry	4.0	36.5
Total	83.9	326.4
Ending Fund Balance	54.8	104.3

Fund balance is available for other uses



# Sources and Uses of the Transportation and Infrastructure Fund

## Transportation & Infrastructure Fund (\$ mil.)

Sources:	<u>2016 Budget</u>	<u>2016-2020</u>
Beginning Balance	62.5	62.5
Annual Contributions	21.3	21.3
Total	83.8	83.8
Uses		
Regional Transportation	1.6	10.2
SR99	62.5	62.5
Total	64.1	72.7
Ending Fund Balance	19.7	11.1

Fund balance is available for future Heavy Haul Corridor projects

# Sources and Uses of the Tax Levy - Full CIP

<b>2016 Tax Levy Sources &amp; Uses (\$ mil.)</b>		
	<b>2016 Budget</b>	<b>2016-2020</b>
<b>Sources</b>		
Beginning Balance	57.7	57.7
Annual Levy	73.0	365.0
Tsubota Sale	8.0	8.0
Additional G.O. bond proceeds	-	115.0
<b>Total</b>	<b>138.7</b>	<b>545.7</b>
<b>Uses</b>		
G.O. Debt Service - existing	34.5	169.0
G.O. Debt Service - SR99 Tunnel	3.6	32.4
G.O. Debt Service - additional CIP	-	36.3
Environmental Remediation	7.0	42.9
Transportation & Infrastructure Contribution	21.3	21.3
Workforce Development	1.5	7.3
Highline Schools Noise Mitigation	-	3.5
Approved CIP - P66 Cruise	12.0	13.5
Proposed CIP - Fishing Industry	4.0	36.5
Additional CIP - NWSA	24.0	202.0
<b>Total</b>	<b>107.9</b>	<b>564.7</b>
Ending Fund Balance	30.8	(19.1)

Negative ending balance in 2020 based on current forecast

# Remaining Budget Schedule

- Second Budget Reading Nov. 24, 2015
- Statutory Budget Filed with King County Dec. 3, 2015
- Release the Final Budget Document Dec. 11, 2015

# Port of Seattle 2016 Preliminary Budget First Reading & Public Hearing

November 10, 2015



Port of Seattle®

# Appendix 1

## NWSA Accounting Treatment & Cash Flow

(simplified example using illustrative numbers)

# Revenues and expenses contributed to the Alliance will be transferred from each port's Income Statement and combined to form the Alliance's

	<u>Pre-Alliance</u>	<u>Alliance Contributions</u>	
<b>Port of Tacoma</b>			
Revenue	125,000	(100,000)	
Expense	70,000	(60,000)	
NOI Before Depreciation	55,000		
<b>Port of Seattle</b>			
Revenue	550,000	(80,000)	
Expense	300,000	(40,000)	
NOI Before Depreciation	250,000		
<b>Alliance</b>	<u>From POT</u>	<u>From POS</u>	<u>Alliance Total</u>
Revenue	100,000	80,000	180,000
Expense	60,000	40,000	100,000
Net Income	40,000	40,000	80,000

Numbers are illustrative only

# Alliance net income is split 50/50 as distributable revenue to the home ports

<b>Port of Tacoma</b>	<u>Pre-Alliance</u>	<u>Alliance Contributions</u>	
Revenue	125,000	(100,000)	
Expense	<u>70,000</u>	(60,000)	
NOI Before Depreciation	55,000		
<b>Port of Seattle</b>			
Revenue	550,000	(80,000)	
Expense	<u>300,000</u>	(40,000)	
NOI Before Depreciation	250,000		
<b>Alliance</b>			
	<u>From POT</u>	<u>From POS</u>	<u>Alliance Total</u>
Revenue	100,000	80,000	180,000
Expense	<u>60,000</u>	<u>40,000</u>	<u>100,000</u>
Net Income	40,000	40,000	80,000
<b>Distributable Revenue</b>			
	<u>To POT</u>	<u>To POS</u>	
	40,000	40,000	

Numbers are illustrative only

# Each port's share will be recognized as operating revenue

	<u>Pre-Alliance</u>	<u>Alliance Contributions</u>	<u>Distributable Revenue</u>
<b>Port of Tacoma</b>			
Revenue	125,000	(100,000)	40,000
Expense	70,000	(60,000)	
NOI Before Depreciation	55,000		
<b>Port of Seattle</b>			
Revenue	550,000	(80,000)	40,000
Expense	300,000	(40,000)	
NOI Before Depreciation	250,000		
<b>Alliance</b>	<u>From POT</u>	<u>From POS</u>	<u>Alliance Total</u>
Revenue	100,000	80,000	180,000
Expense	60,000	40,000	100,000
Net Income	40,000	40,000	80,000
<b>Distributable Revenue</b>	<u>To POT</u>	<u>To POS</u>	
	40,000	40,000	

Numbers are illustrative only



## Adjusted Income Statements will show lower revenues and expenses, similar net income compared to Pre-Alliance

<b>Port of Tacoma</b>	<u>Pre-Alliance</u>	<u>Alliance Contributions</u>	<u>Distributable Revenue</u>	<u>Post-Alliance</u>
Revenue	125,000	(100,000)	40,000	65,000
Expense	70,000	(60,000)		10,000
NOI Before Depreciation	55,000			55,000

<b>Port of Seattle</b>	<u>Pre-Alliance</u>	<u>Alliance Contributions</u>	<u>Distributable Revenue</u>	<u>Post-Alliance</u>
Revenue	550,000	(80,000)	40,000	510,000
Expense	300,000	(40,000)		260,000
NOI Before Depreciation	250,000			250,000

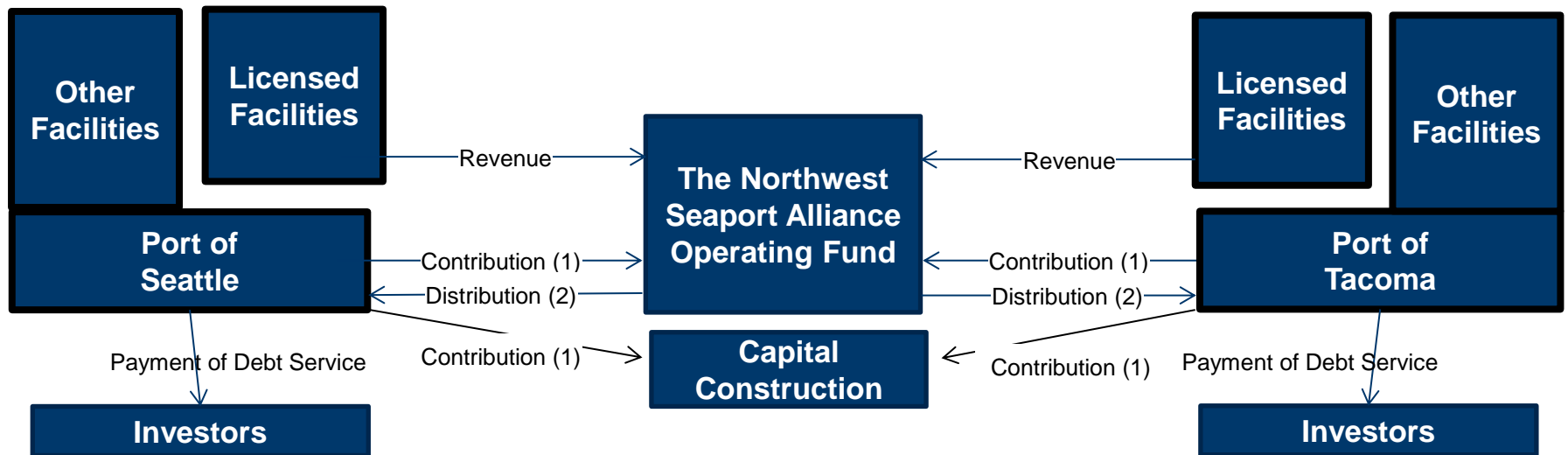
<b>Alliance</b>	<u>From POT</u>	<u>From POS</u>	<u>Alliance Total</u>
Revenue	100,000	80,000	180,000
Expense	60,000	40,000	100,000
Net Income	40,000	40,000	80,000

	<u>To POT</u>	<u>To POS</u>
Distributable Revenue	40,000	40,000

Numbers are illustrative only

# The Northwest Seaport Alliance Cash Flow

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- (1) Initial contribution plus any future contributions approved by the Ports
- (2) Automatic distribution of cash flow from operations at least quarterly plus any additional distributions approved by the members

## Appendix 2

# Projects Recommended for Tax Levy Funding

## **Projects Recommended for Levy Funding (\$'000)**

<b>CIP Number</b>	<b>Project Description</b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>	<b>TOTAL</b>
C800307	MIC West & Central Piers Resur		70	638			708
C800592	Cruise Terminal Tenant Improv	12,000	1,500	-			13,500
C800439	T91 Substation Upgrades	1,073	26	-			1,099
C800137	FT C15 HVAC Improvements	30					30
C800344	FT C-2 (Nordby) Roof & HVAC	54	-				54
C800527	FT Net Shed 9 Roof Replacement	21	-				21
C800005	FT Paving/Storm Upgrades	800	50	-	-		850
C800191	FT C14 (Downie) Roof & HVAC	105	1,015	72	-		1,192
C800526	FT Net Shed 3,4,5 &6 Roof Rpl	105	2,515	91	-		2,711
C800750	C15 Building Tunnel Improvmt	700	-				700
C800675	P91 South End Fender	950	1,127				2,077
C800821	T91 P91W Slope Stabilization	120	404				524
C800525	FT Strategic Plan		1,000	5,000	4,000		10,000
C800528	FT W Wall N Fender Replacement		10	190	2,750		2,950
C800529	FT W Wall N Sht Pile Crsn Prtn		10	190	2,575		2,775
C800530	FT S Wall Wt End Improvements		174	970	530		1,674
C800531	FT Dock 3 Fixed Pier Improvmt	10	190	800	2,000		3,000
C800532	FT Dock 4 Fixed Pier Corr Prot	10	190	1,000	2,300		3,500
C800533	FT W Wall S Sht Pile Cor Protn				10	190	200
C800534	FT S Wall Cl Fndr Rp & Cor Prt				10	190	200
C800567	FT Net Shed 10 Roof Overlay						-
C800568	FT Net Shed 11 Roof Overlay						-
C800569	FT Net Shed Electrical System			70	2,168		2,238
<b>TOTAL</b>		<b>15,978</b>	<b>8,281</b>	<b>9,021</b>	<b>16,343</b>	<b>380</b>	<b>50,003</b>