

Pre-Budget Study Session Maritime and Economic Development CIP and Capital Funding

July 24, 2018

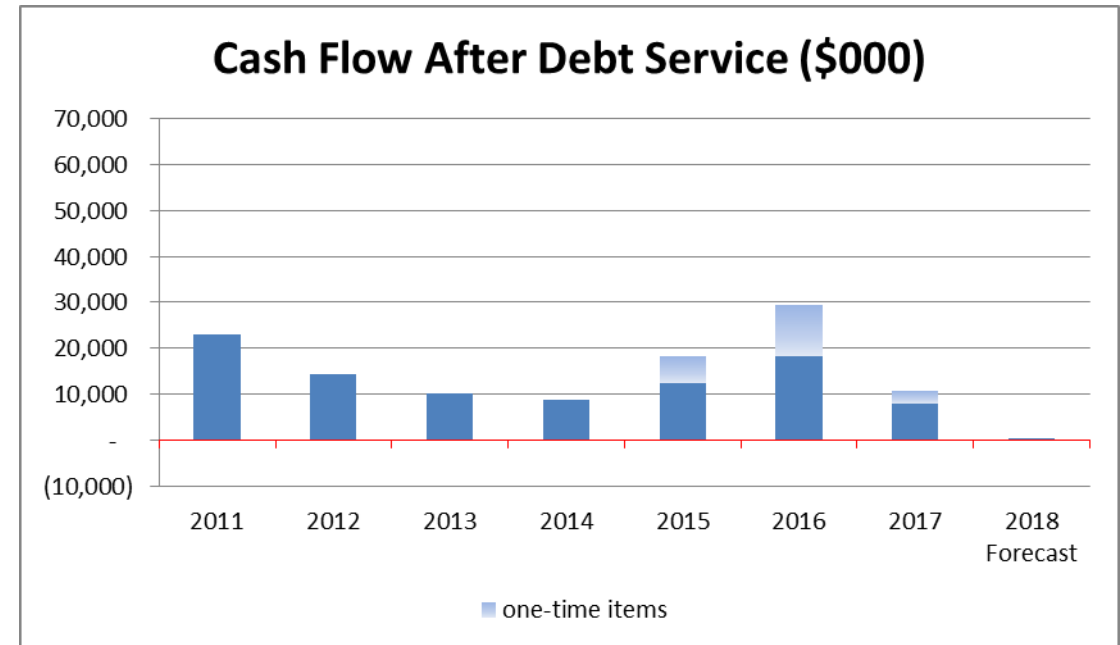
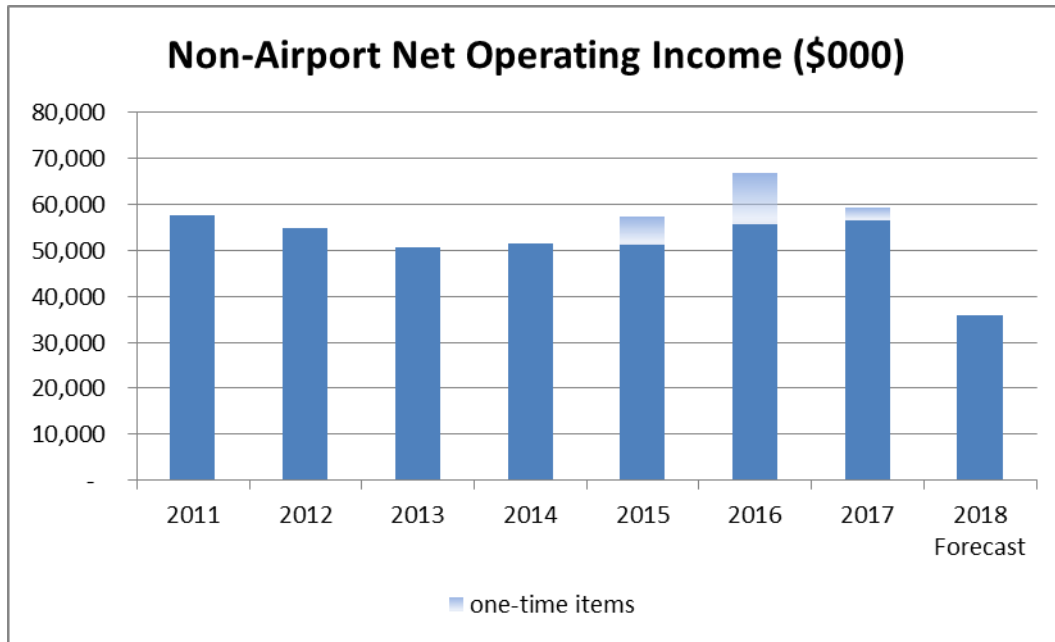


2019-2023 Capital Improvement Plan (CIP)

Process and Guidance

- Purpose
 - Inform on Maritime and EDD capacity
 - Opportunity to provide guidance
- Topics
 - Funding Capacity – Elizabeth Morrison
 - Prioritization Process – Tyler Cooley
- Summarization and feedback

Non-Airport Financial Trends



- Non-Airport NOI (before depreciation) has generally been trending downwards, leaving less cash flow available for investment after payment of revenue bond debt service
- NWSA is principal source of cash flow
- Maritime and EDD combined currently produce negative NOI

Cash Flow 2019-2023 Continues to be Challenged

Operating Income

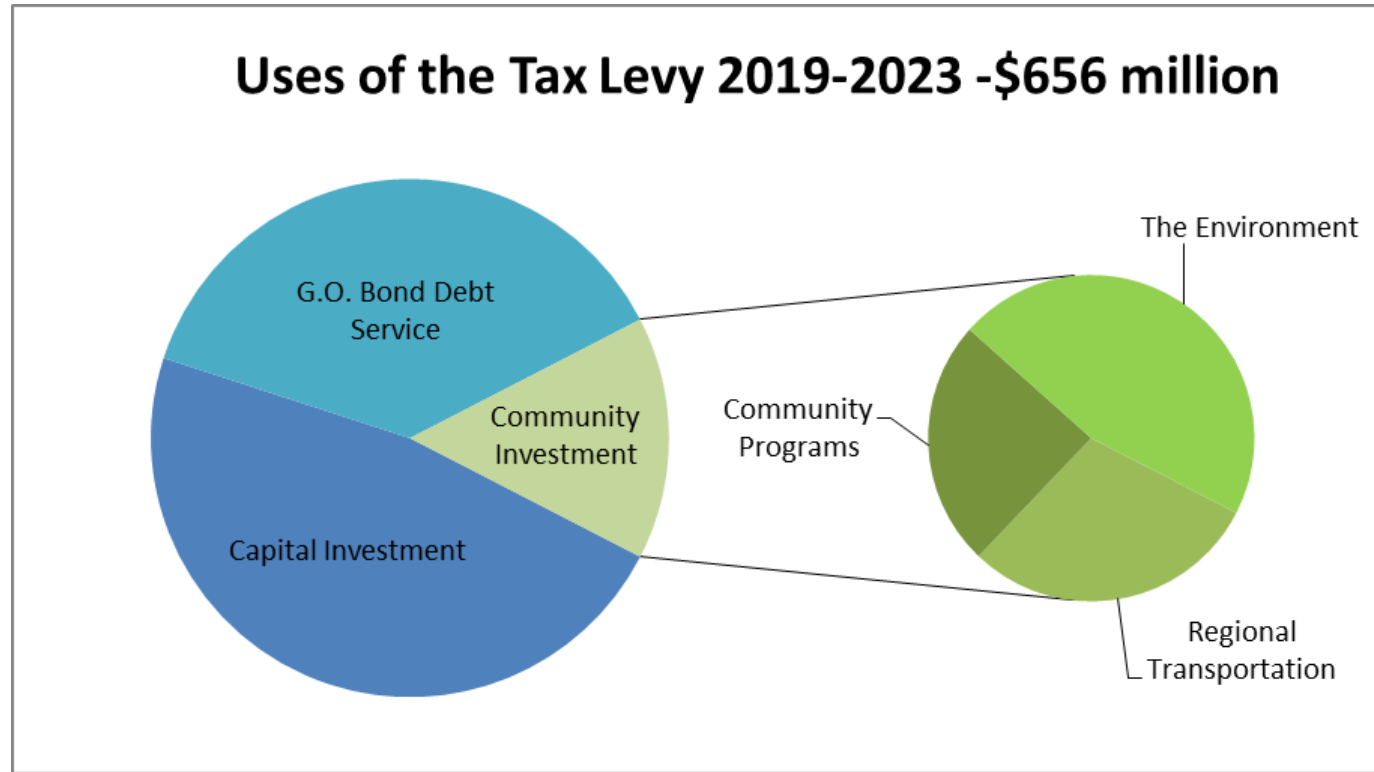
Cash Flow after Debt Service 2019-2023 (\$ mil.)

Income from NWSA	269
Maritime net income	46
EDD net income	(56)
Debt service and adjustments	<u>(167)</u>
Available for capital	92

- NWSA is the primary source of net income
- Revenue bond debt service is paid prior to capital investments

Preliminary based on the 2018 budget forecast

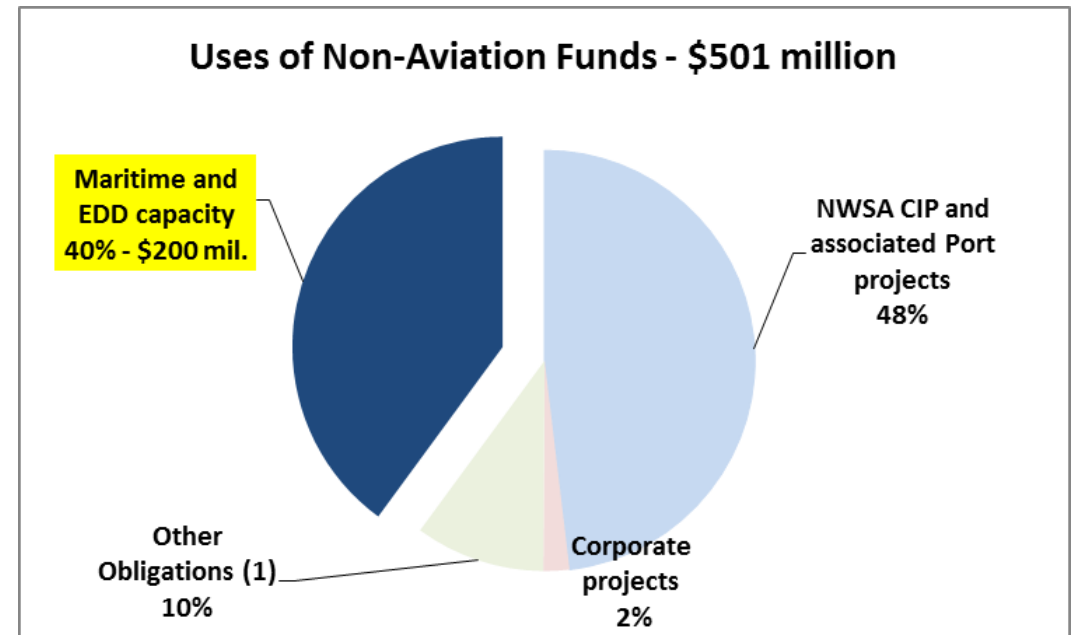
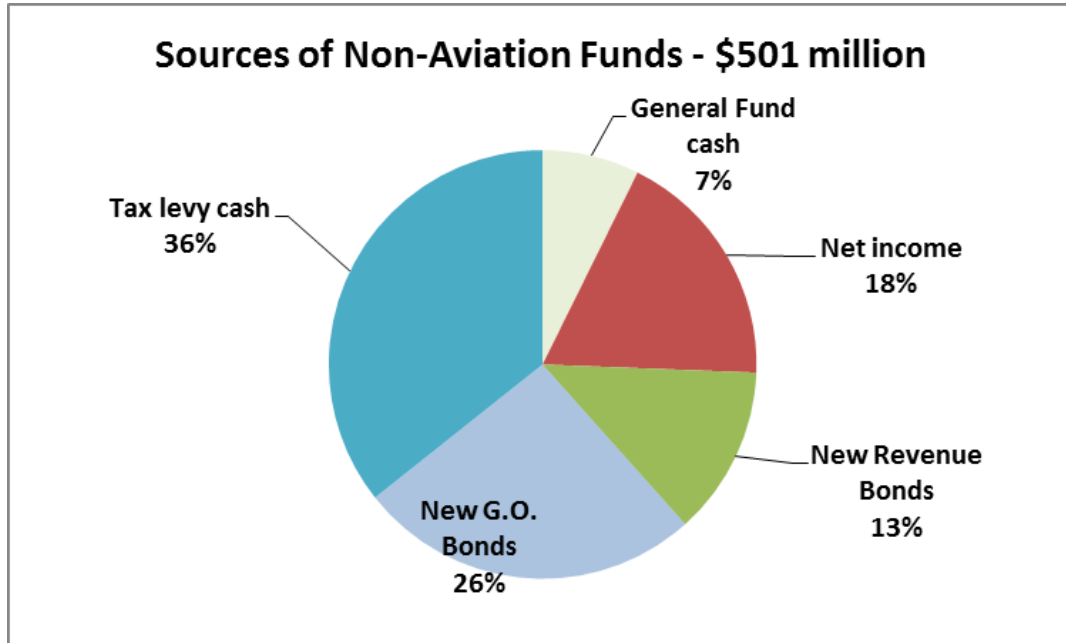
Forecast Tax Levy* Uses 2019-2023



The Port anticipates investing nearly \$100 million in a number of community investments and more than \$300 million in capital investments for facilities that support the maritime industries

* Based on \$72 million annual tax levy

Preliminary* Estimate of \$200 million for Maritime and EDD Capital Investment 2019-2023

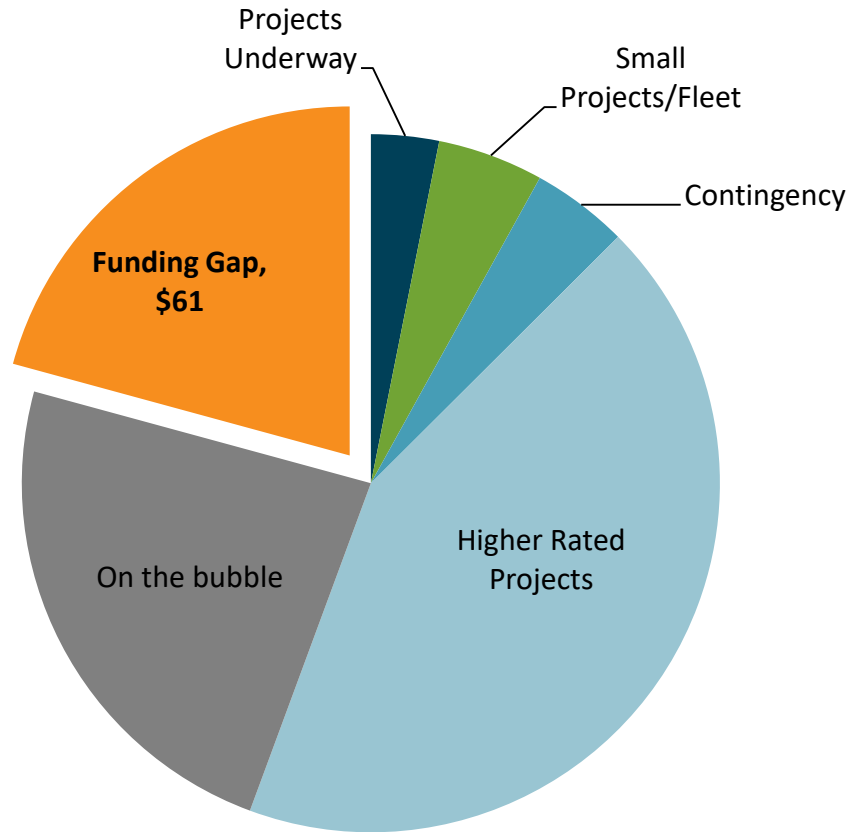


(1) Includes potential Airport obligations not eligible for Airport Funds

* Preliminary based on 2018 budget forecast

Capital Prioritization Process

EDD and Maritime (\$ in millions)



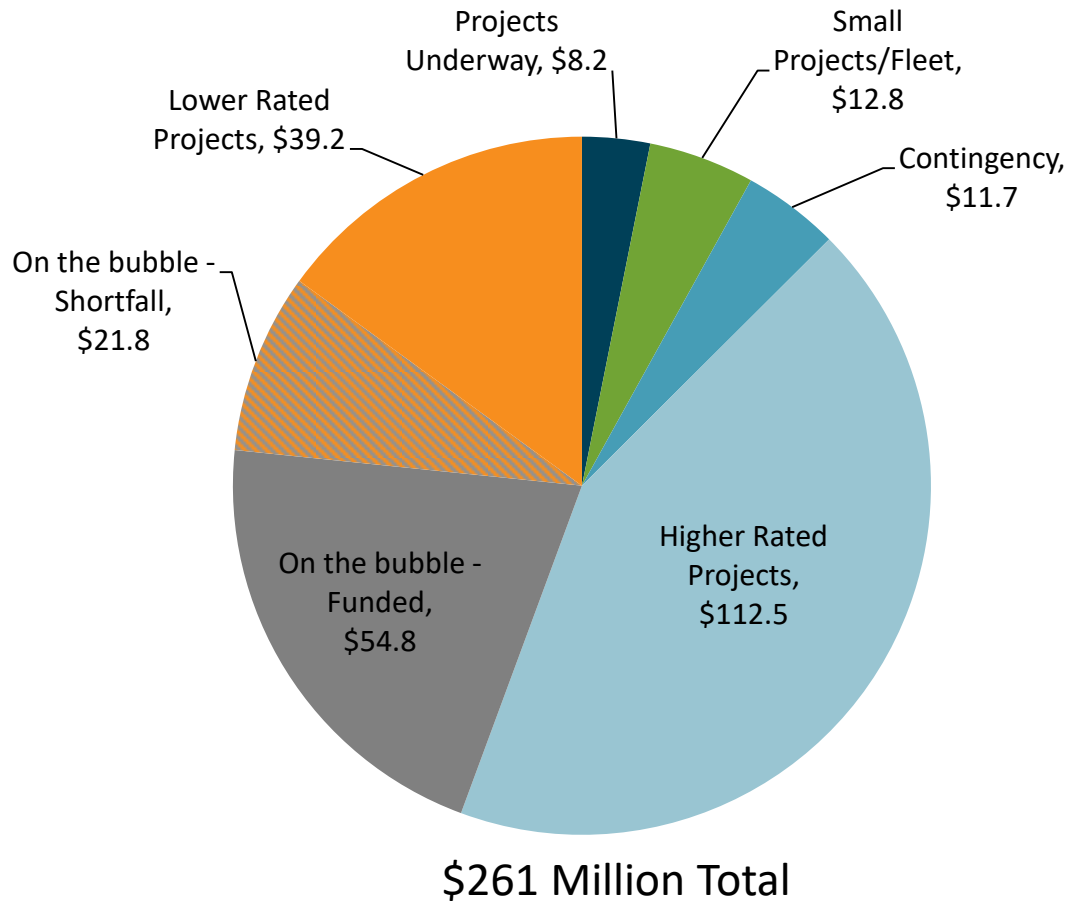
\$261 Million Total

Note: Assumes current revenue and levy projections

- \$261M of projects considered
 - Does not include other prospective projects
- **Prioritization Process**
 - Projects Scored
 - Century Agenda
 - Renewal/Replacement
 - Potential for New Revenue
 - Following Initial Assessment
 - Assumes \$200M funding capacity
 - Leaves \$61M of projects unfunded

2019 to 2023 Capital: Initial Assessment

EDD and Maritime (\$ in millions)



Higher Rated Projects (\$112.5M):

- T91 Uplands Development
- T91 Berths 6 and 8
- T117 Restoration
- FT Docks 3,4,5 Upgrade
- New T91 Cruise Gangway

“On the bubble” (\$76.6M Total)

(\$54.8M Funded + \$21.8 Shortfall)

- FT Redevelopment Phase I
- BHICC Interior Modernization
- SaBM Docks D&E Replacement
- P66 Shore Power

Lower Rated Projects (\$39.2M):

- Salmon Bay Uplands Development
- T10 Dolphins

Smaller projects not listed

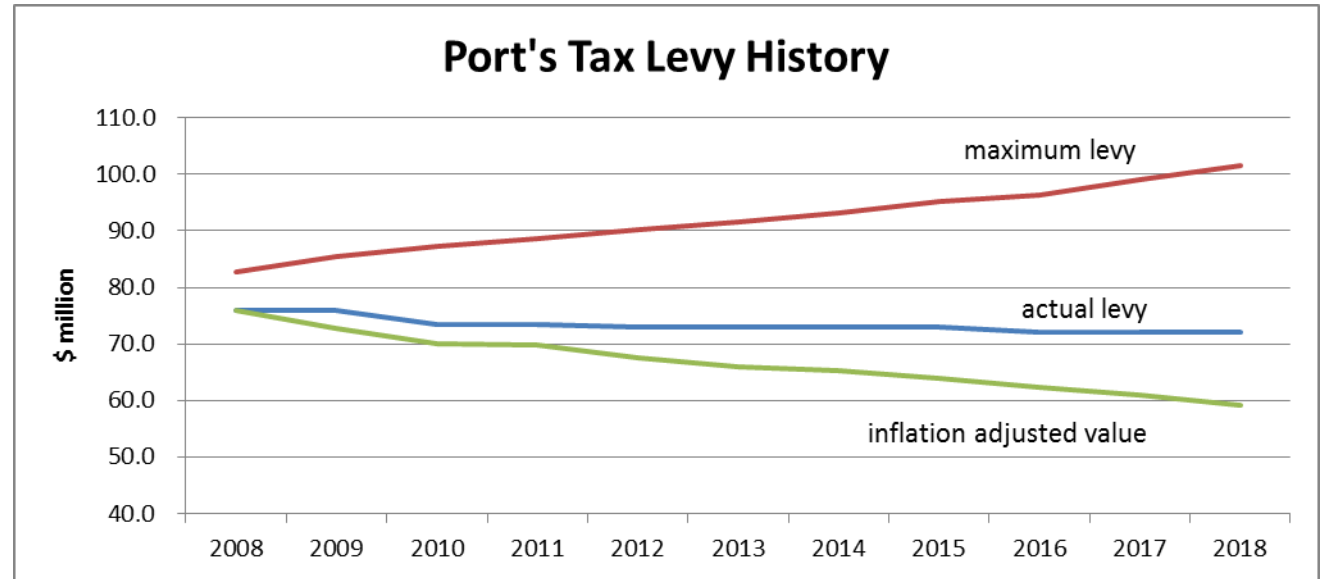
Note: Assumes current revenue and levy projections

2019 to 2023 CIP: Project Matrix

Project Name	Cost (\$m)	Initial Assessment Criteria			Additional Considerations		
		Century Agenda	Renew/ Replace	Potential New Revenue	Community & Environment	Waterfront Strategy	Innovation District
T91 Uplands Development	\$45.6	X		X		X	X
T-91 Berth 6 & 8 Redev	\$35.0	X	X			X	
FT Redevelopment Phase 1	\$33.5	X		X		X	X
Salmon Bay Marina Uplands	\$20.5			X			X
T117 Restoration	\$17.9	X	X	X	X	X	
P66 Shore Power	\$15.0	X			X	X	
BHICC Interior Modernization	\$9.9		X	X			
SaBM Docks DE Replacement	\$5.9		X			X	
FT Docks 3,4 5 Fixed Pier Imp	\$4.9	X	X			X	
New Cruise Gangway at T91	\$4.5	X		X		X	
Projects under \$4M	\$35.6						
Contingency/Fleet/Small Cap	\$32.7						
Total	\$261						

Tax Levy History Since 2008

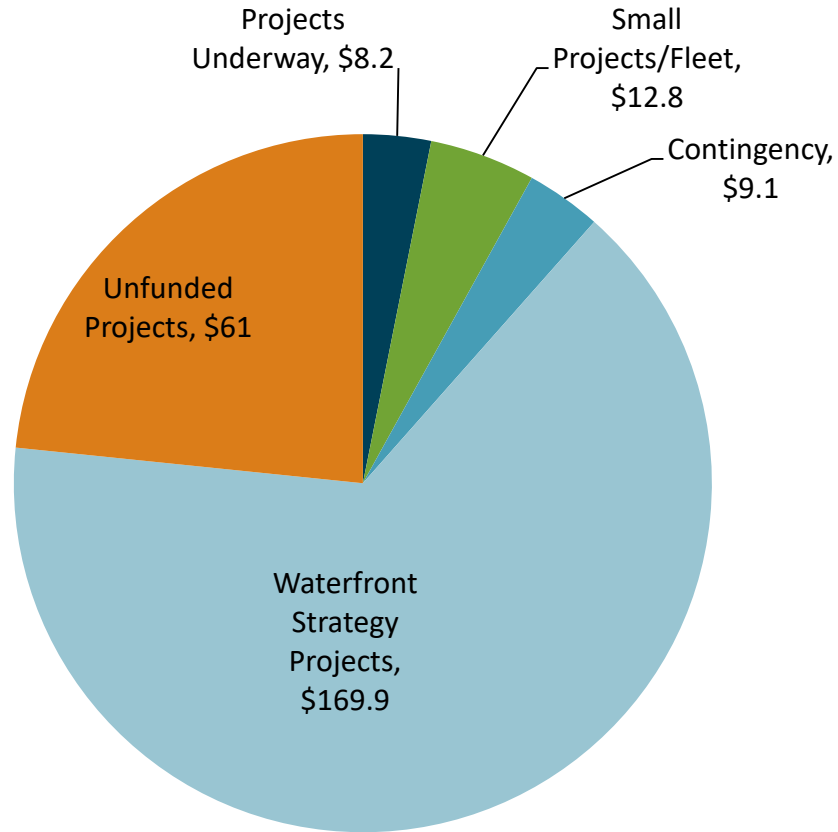
- 2018 tax levy is \$72 million – flat or declining since 2008
- Due to inflation since 2008, the real value of the tax levy is now worth \$59 million
- Levy decreases and inflation reduced purchasing power since 2008 by \$100 million
- Local inflation in 2017 was 3%



Discussion

2019 to 2023 Capital: Waterfront Strategy

EDD and Maritime (\$ in millions)



\$261 Million Total

Note: Assumes current revenue and levy projections

Waterfront Strategy Projects

(\$169.9M):

- T91 Uplands Development
- T91 Berths 6 and 8
- FT Redevelopment Phase I
- T117 Restoration
- P66 Shore Power
- FT Docks 3,4,5 Upgrade
- SaBM Docks D&E Replacement
- P66 Shore Power
- New T91 Cruise Gangway

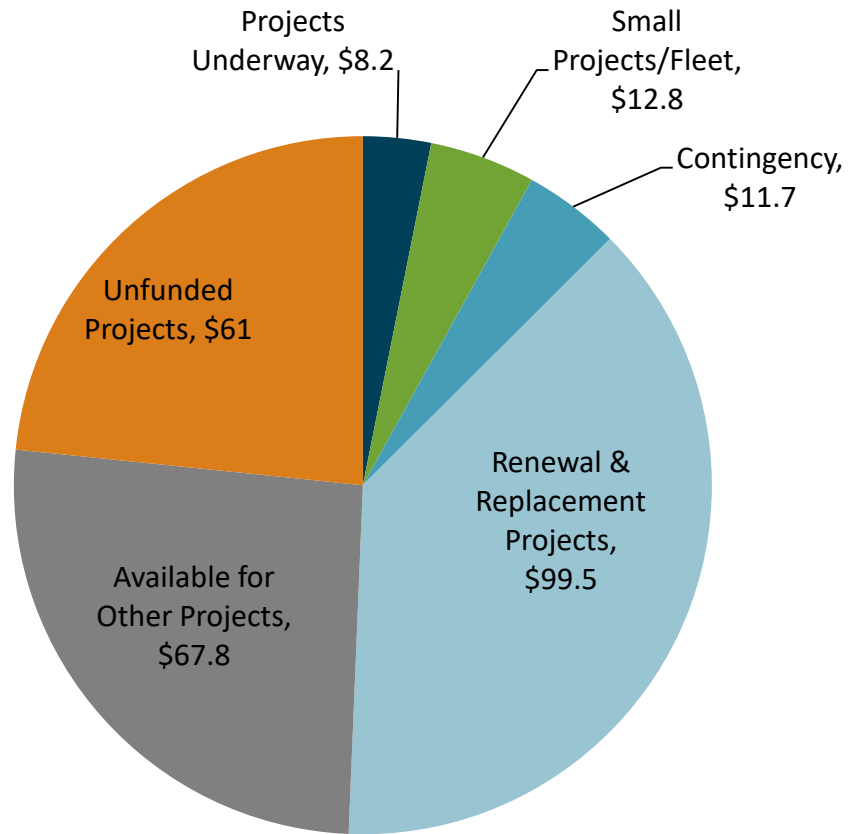
Unfunded Projects (\$61M):

- BHICC Interior Modernization
- Salmon Bay Uplands Development

Smaller projects not listed

2019 to 2023 Capital: Renew & Replace

EDD and Maritime (\$ in millions)



\$261 Million Total

Renew & Replacement Projects (\$99.5M):

- T91 Berths 6 and 8
- T117 Restoration
- BHICC Interior Modernization
- FT Docks 3,4,5 Upgrade
- SaBM Docks D&E Replacement

Potentially Unfunded:

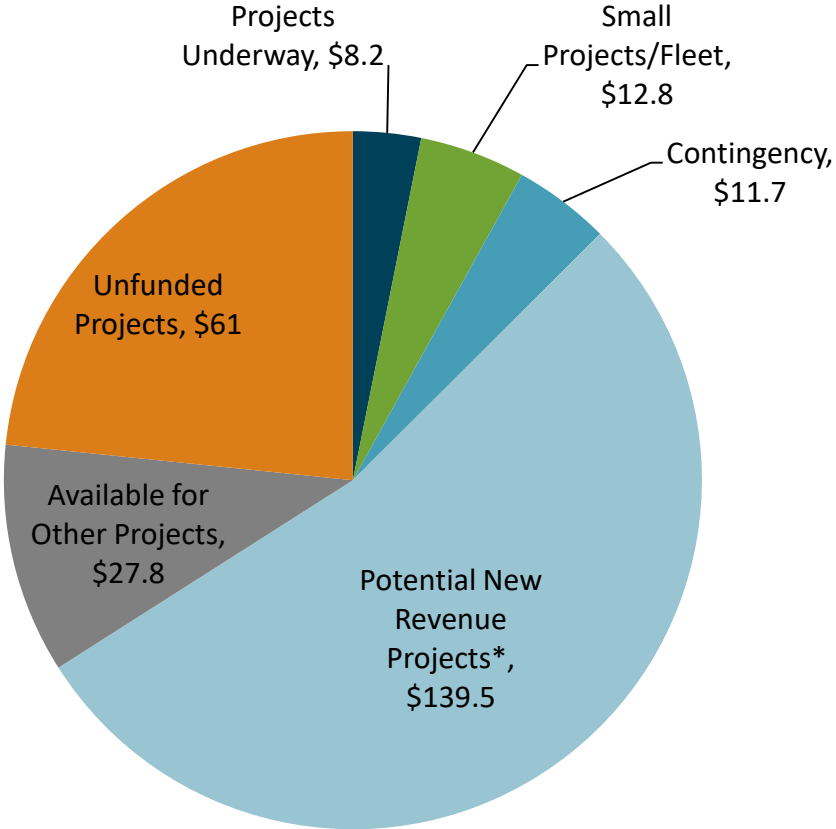
- T91 Uplands Development
- FT Redevelopment Phase I
- Salmon Bay Uplands Development
- P66 Shore Power
- New T91 Cruise Gangway

Note: Assumes current revenue and levy projections

Smaller projects not listed

2019 to 2023 Capital: Potential New Revenue*

EDD and Maritime (\$ in millions)



\$261 Million Total

Note: Assumes current revenue and levy projections

Potential New Revenue* (\$139.5M):

- T91 Uplands Development
- FT Redevelopment Phase I
- Salmon Bay Uplands Development
- T117 Restoration
- BHICC Interior Modernization
- New T91 Cruise Gangway

Potentially Unfunded:

- T91 Berths 6 and 8
- FT Docks 3,4,5 Upgrade
- SaBM Docks D&E Replacement
- P66 Shore Power

*Financial returns dependent on strategy and are not expected to have a material impact on funding capacity in the next 10 years.

**Smaller projects not listed

2019 to 2023 Capital: Scoring Criteria

