

Marine Stormwater Utility Rates for 2019

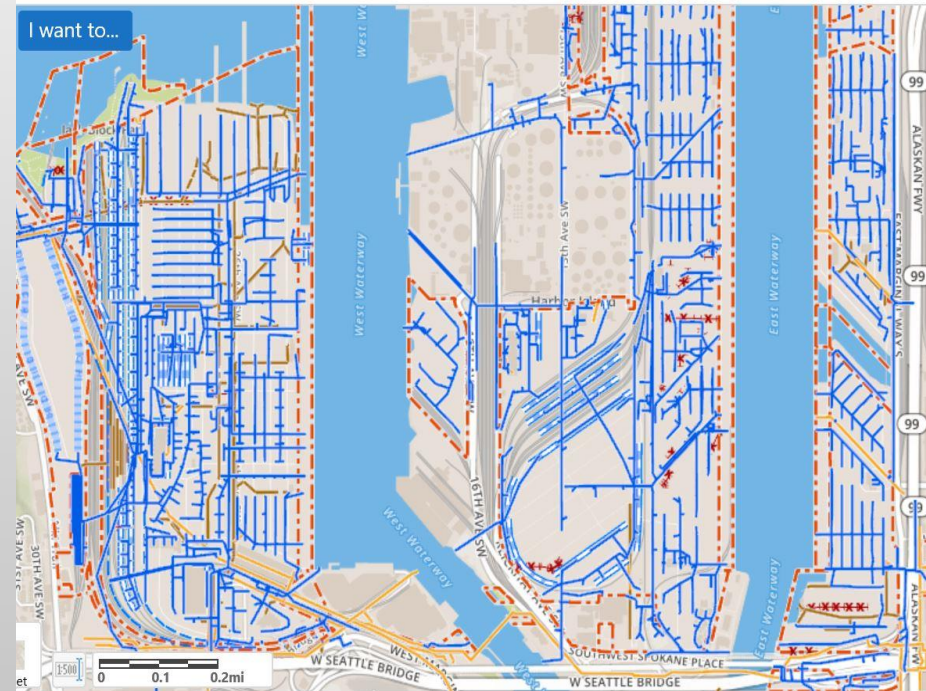
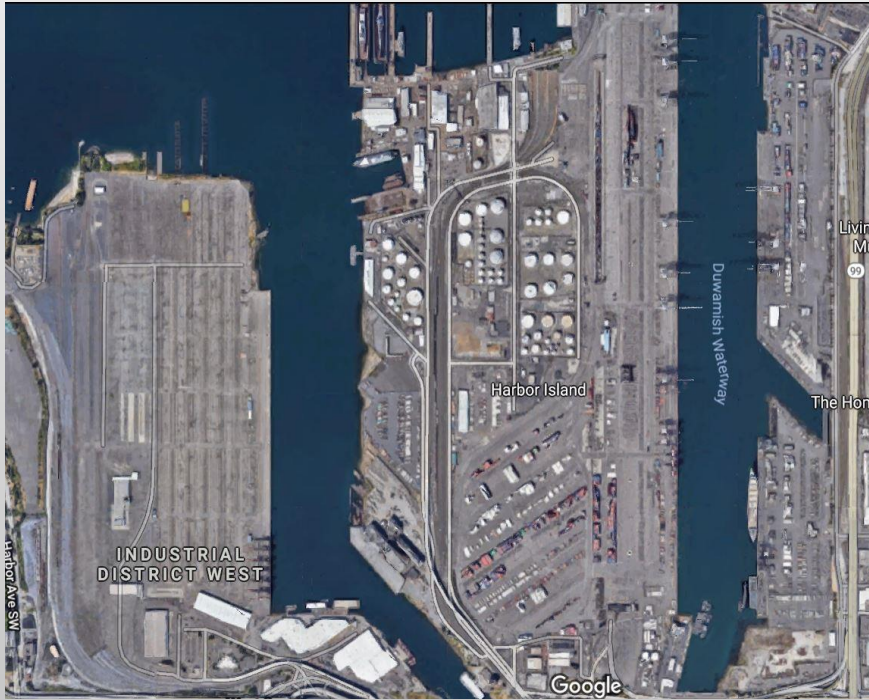
Commission Review
October 9, 2018

Highlights of Utility Work

- Utility formed 2014 to protect water quality of Puget Sound
- 75% system assessments will be complete by end of 2018
- 15 urgent repairs completed at Terminals 30, 46, 25, 5, 115 & 104 reducing operational hazards
- 6 tide gates installed
- Additional repairs and capital projects on the horizon to improve system
- Tenant fees average of 17% lower compared to City's fees
- Tenants expressed positive feedback on our efforts

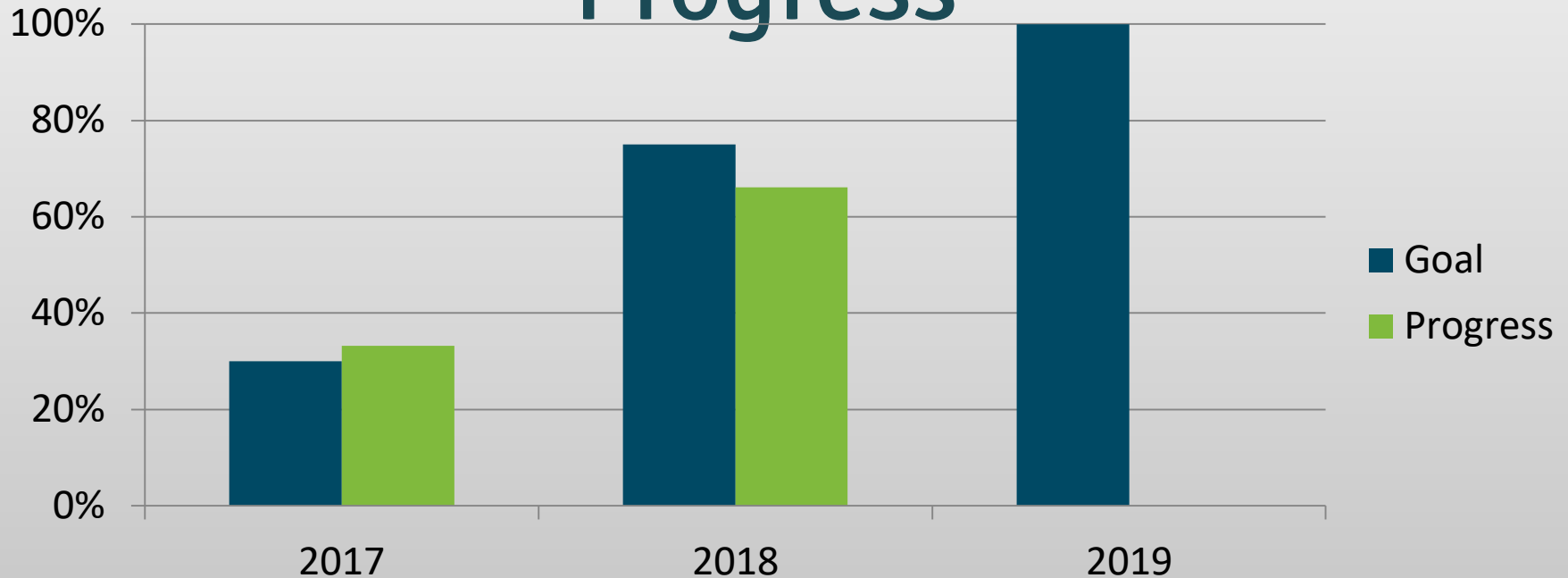
Highlights of work accomplished

Stormwater System Layout



Stormwater Pipe System

Pipe Assessment Goals & Progress

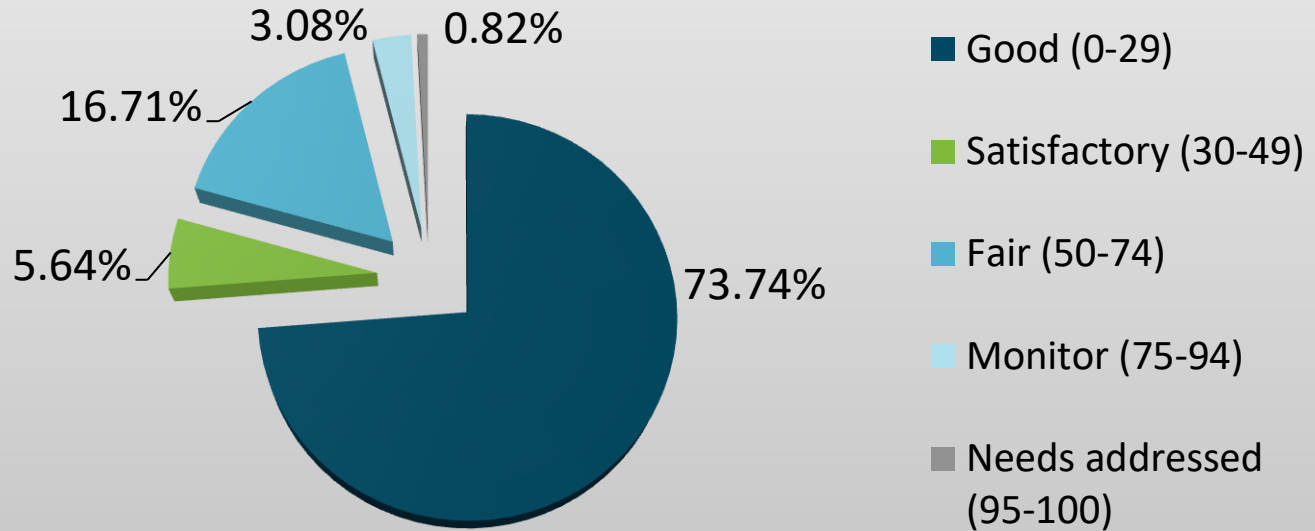


* Progress data as of 9/10/18

Progress on track to complete system assessment by end of 2019

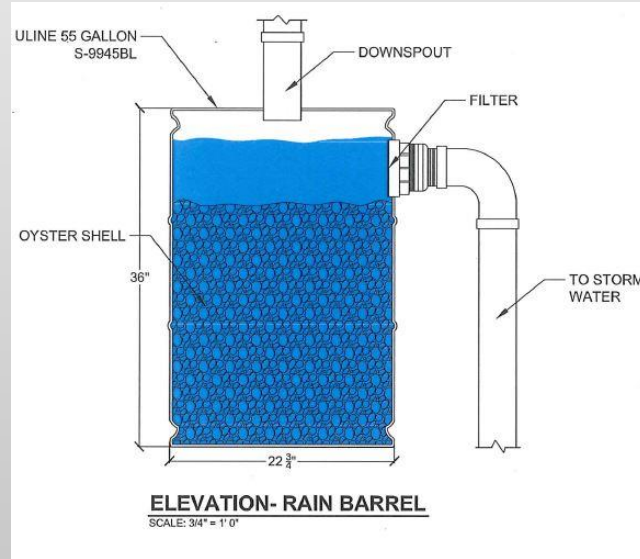
System Structural Integrity

Structural Scores from Assessments



Structural integrity of pipes of completed assessments (66% of system)

Utility Supports Innovative Water Quality Improvements



Oyster shell barrels treat stormwater roof runoff – Average 50% reduction in copper & zinc

2019 Proposed Budget Summary

Capital budget of \$1.4M (Planned and Proposed)

- T18 Outfall Renewal and Replacement
- T91 drainage improvement
- T25 Treatment
- Small pipe replacements

Maintenance budget of \$2.2M

- Assessments to 100%
 - Complete final 25% of system
 - Parks, Lower Duwamish properties, Piers 66 & 69
- Dock & plaza cleaning (SBM, FT, P66, etc.)
- Utility Inspection
- Sweeping Municipal properties

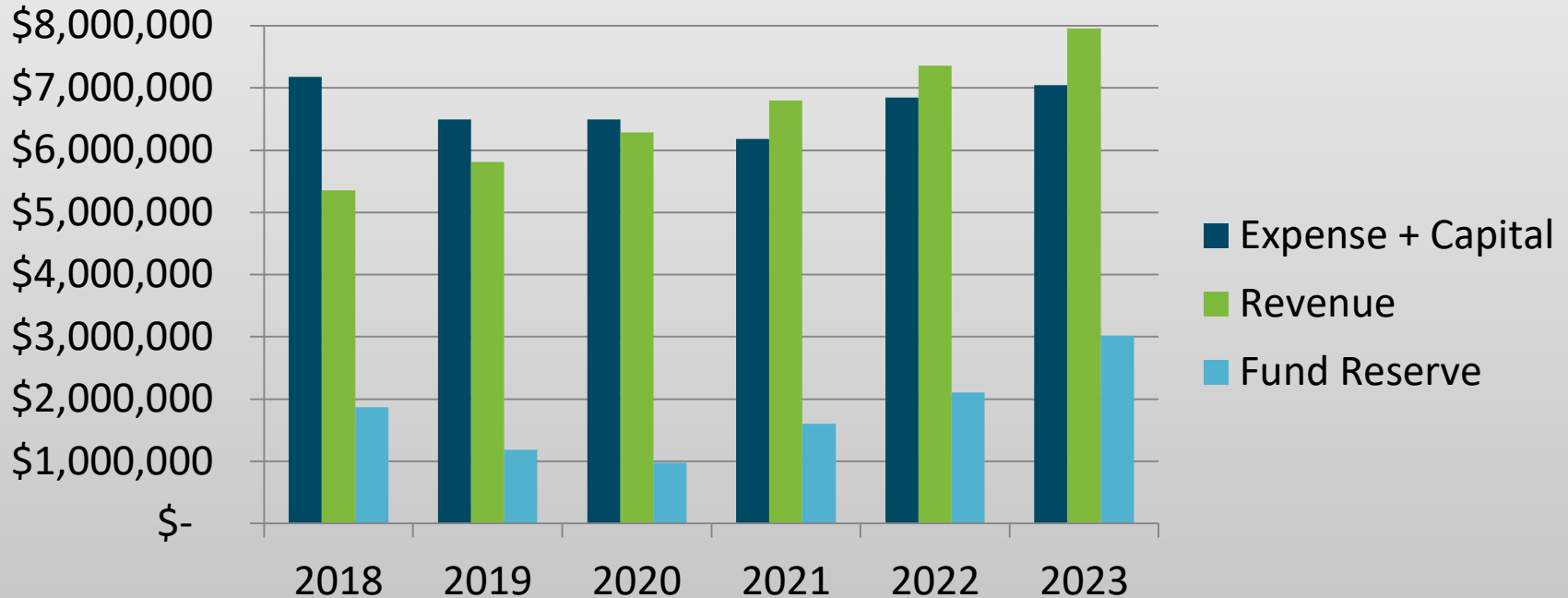
Expense and capital budget for 2019

Rate Criteria and Considerations

- Recommend 8.2% rate increase in 2019 guided by Steering Committee
- Rate criteria include:
 - Maintain adequate budget to meet Port's Long Range Plan and Utility Charter responsibilities
 - Complete progress on Century Agenda goal to complete pipe assessments
 - Continue investment to maintain and improve a high functioning stormwater system to protect water quality
 - Build toward a 6-month operations and maintenance reserve by 2023 for financial prudence consistent with Port policy and best practices
- Projected increase of 8.20% annually between 2020 to 2023

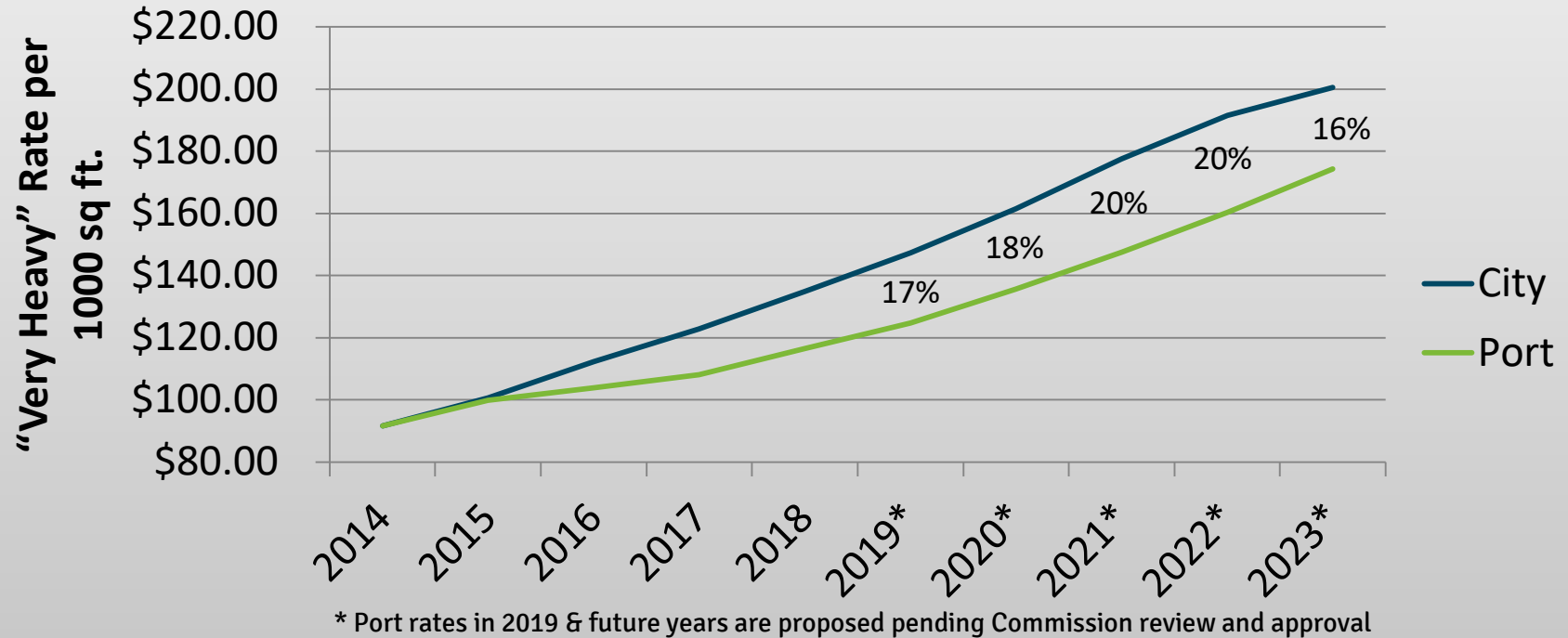
Build financially independent program

Revenue Growth



Invest in water quality

Port Rates Continue Below City Rates



Rate comparison between City & Port

Tenant Monthly Impact examples

- Commercial Tenant
 - Suite within FT Center Building (2,260 sq. ft.)
 - Increase of \$1.80 per month on a \$22 bill
- Industrial Tenant
 - Majority of facility (2 million sq. ft.)
 - Increase of \$1,625 per month on a \$19,825 bill

Increases vary by size of tenant and stormwater rate category

2019 Proposed Annual Rates

Stormwater Rate Category	City 2019 Rates are shown	Port 2019 as \$ per 1000 sq. ft.	Port rate % lower than City
Undeveloped (0 - 15% Impervious)			
Regular Impact	\$42.35	\$34.98	19.73%
Low Impact	\$25.18	\$20.48	21.59%
Light (16 - 35% Impervious)			
Regular Impact	\$64.69	\$54.09	18.27%
Low Impact	\$51.04	\$42.54	18.64%
Medium (36 - 65% Impervious)			
Regular Impact	\$93.31	\$78.56	17.46%
Low Impact	\$75.65	\$63.19	18.39%
Heavy (66 - 85% Impervious)	\$122.93	\$105.41	15.33%
Very Heavy (86 - 100% Impervious)	\$147.26	\$124.68	16.80%

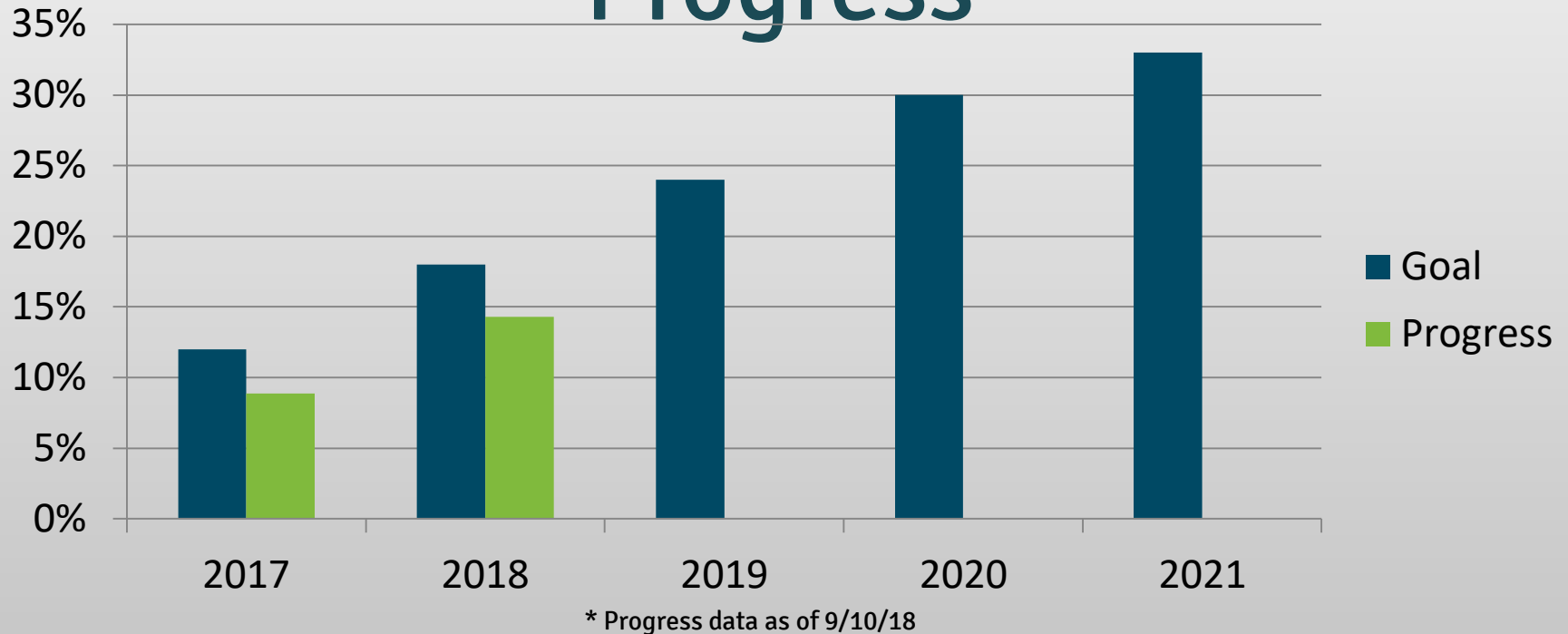
Rate proposal based on Steering Committee recommendation of 8.2%

Marine Stormwater Utility 2019 Rates Appendix

Additional 2019 rate
materials



System Rehabilitation Goals & Progress



Century Agenda goal of 75% rehabilitation by 2035

Current Annual Rates

Stormwater Rate Category	City Rates (\$ per 1000 sq. ft.)		Port Rates (\$ per 1000 sq. ft.)	
	2017	2018	2017	2018
Undeveloped (0 - 15% Impervious)				
Regular Impact	\$34.76	\$38.78	\$30.34	\$32.69
Low Impact	\$20.67	\$23.06	\$17.76	\$19.14
Light (16 - 35% Impervious)				
Regular Impact	\$53.54	\$59.24	\$46.91	\$50.55
Low Impact	\$42.26	\$46.74	\$36.90	\$39.76
Medium (36 - 65% Impervious)				
Regular Impact	\$77.60	\$85.45	\$68.14	\$73.42
Low Impact	\$62.86	\$69.28	\$54.81	\$59.06
Heavy (66 - 85% Impervious)	\$102.48	\$112.57	\$91.42	\$98.51
Very Heavy (86 - 100% Impervious)	\$122.94	\$134.85	\$108.14	\$116.52

2017 Port rates approved by Commission in 2014; 2018 rates approved in 2017

Steering Committee Guides Utility Rate Development

- **Members:**
 - CFO
 - Managing Directors of Maritime and EDD
 - Deputy CEO of Northwest Seaport Alliance
 - Senior Director Environment and Sustainability
 - Directors of Corporate and Maritime Finance
- **Met 8/20 and 9/6 to discuss rate scenarios and recommend rate**

Steering Committee provides guidance on Utility policies and rates

2019 Proposed Rate and 5-year Forecast

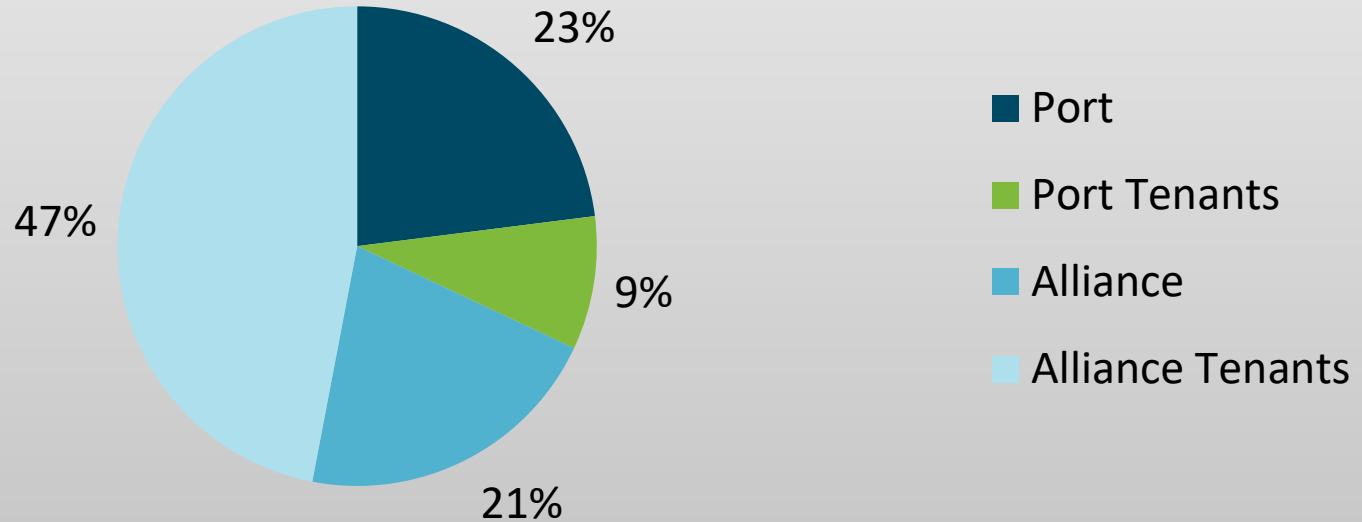
REVENUE REQUIREMENT	2018	2019	2020	2021	2022	2023
REVENUE						
% Increase		8.20%	8.20%	8.20%	8.20%	8.20%
TOTAL REVENUE	\$ 5,357,843	\$ 5,809,105	\$ 6,285,452	\$ 6,800,859	\$ 7,358,529	\$ 7,961,929
EXPENSES						
Operating & Maintenance						
Subtotal: Operating & Maintenance	\$ 5,376,407	\$ 5,090,791	\$ 5,090,790	\$ 5,362,729	\$ 5,850,434	\$ 6,046,488
Capital Program						
Subtotal: Capital Program	\$ 1,800,000	\$ 1,400,000	\$ 1,400,000	\$ 819,000	\$ 1,000,000	\$ 1,000,000
TOTAL EXPENSES	\$ 7,176,407	\$ 6,490,791	\$ 6,490,790	\$ 6,181,729	\$ 6,850,434	\$ 7,046,488

Budget forecast through 2023

Revenue Summary

Revenue Breakdown

Total Projected Revenue in 2019: \$5,809,105



Total revenue breakdown for all facilities