



**COMMISSION
AGENDA MEMORANDUM**

Item No. 7c

BRIEFING ITEM

Date of Meeting November 13, 2018

DATE: October 5, 2018

TO: Stephen Metruck, Executive Director

FROM: Elizabeth Morrison, Director Corporate Finance

SUBJECT: Briefing on the Tax Levy and Draft Plan of Finance for 2019-2023

EXECUTIVE SUMMARY

This briefing is intended to inform the Commission’s decision on the amount of the tax levy for the 2019 budget year and to inform the Commission on the Port’s funding of its 2019-2023 Capital Improvement Plan (CIP) - the Draft Plan of Finance.

BACKGROUND

Ports in Washington State have authority to levy taxes on property within the port district, within certain statutory limits; the Port may use this strategic resource for any allowable port purpose (other than the payment of revenue bond debt service). As part of the Port’s budget process, the Commission establishes the amount of taxes to be levied within the Port district for the budget year. Staff will provide information on the uses of the tax levy and will seek Commission guidance on the establishment of the 2019 tax levy amount. The Preliminary Budget referenced a 2019 tax levy of \$72 million, the same as the 2018 levy. Staff recommends that the 2019 levy be set at \$74.16 million, a three percent increase.

As part of the annual budget process, staff provides a Draft Plan of Finance that is updated each year for the subsequent five-year CIP and provides information on the funding sources available to support the CIP. The Draft Plan of Finance is intended to illustrate the Port’s capacity to fund projects based on the projected available resources and results in a recommendation to adjust funding from the tax levy. Staff has developed a Draft Plan of Finance for the Airport which is a self-funding enterprise. The Port’s non-Airport operations – Maritime, Economic Development and the Port’s participation in the Northwest Seaport Alliance - share funding resources. For the 2019-2023 periods, the full CIP exceeds available funding resources. Staff has undertaken a funding prioritization process and deferred certain capital projects. The Draft Plan of Finance illustrates that even with project deferral, the \$72 million levy in the Preliminary Budget is insufficient and leads to the recommendation to increase the tax levy to \$74.16 million.

ATTACHMENTS TO THIS BRIEFING

- (1) Presentation slides –Tax Levy and Draft Plan of Finance 2019-2023

Meeting Date: November 13, 2018

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

November 7, 2018 – The Commission held a special budget session on Maritime and EDD Capital Budgets.

October 25, 2018 – The 2019 Preliminary Budget Document was released to the public.

October 23, 2018 – The Commission received the 2019 Preliminary Budget Document.

October 10 and 23, 2018 – The Commission was briefed on 2019 Operating Division Budgets.

September 25, 2018 – The Commission was briefed on the 2019 Central Services Preliminary Budget.

July 24, 2018 – The Commission was briefed on the 2019 Economic Development Division Business Plan and Budget Development.

July 24, 2018 – The Commission held a pre-budget study session (Maritime and Economic Development CIP and Capital Funding).

July 10, 2018 – The Commission was briefed on the 2019 Maritime Business Plan and Budget Development.

June 26, 2018 – The Commission was briefed on the 2019 Aviation Business Plan and Budget Development.

May 22, 2018 – The Commission was briefed on the 2019 Budget Process and Development.