

# *2021 Preliminary Budget Workshop*

OCTOBER 27, 2020



# *Port Budget Process*



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# *Agenda*

- Status of Strategic Plan Initiatives
- Overview of 2021 preliminary budget
- Department 2021 operating budget
- 2021 Capital program
- 2021 Cash & financing
- 2021 Tax levy



# Status of Strategic Plan Initiatives

Strategic Goal	Strategies	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
<b>Economic Development</b>											
SUPPORT LOCAL PORTS TO MAINTAIN AN ADEQUATE SUPPLY OF COMMERCIAL AND INDUSTRIAL REAL ESTATE	1. Work with the Columbia River Economic Development Council and other partners to identify and seek consensus on a maximum viable land supply to support a reasonable expansion of the job sector, and further define the port's longer-term role in maintaining that inventory.	✓									
	2. Develop an actionable plan for the development and expansion of existing industrial and commercial port property, including the permitting process for undeveloped properties.										
	3. Recommend a 20-year land use strategy that includes key properties that would help to achieve long-term port and community economic goals.		✓								
	4. Support development of shovel-ready sites within the port district with the necessary and appropriate infrastructure, including broadband and utilities.										
	5. Take an active role in participating in regional economic development efforts and be a visible stakeholder with partner organizations.	✓									
TAKE A LEADERSHIP ROLE IN SUPPORTING REGIONAL MULTI-MODAL TRANSPORTATION AND IMPROVING FREIGHT MOBILITY	1. Convene key stakeholders to address specific issues of concern regarding freight mobility that directly impact the port and its tenants, including river, road, and rail.	✓									
	2. Support and track regional discussions on issues such as the I-5 bridge, commercial surface transportation and impacts on local roads, and regional access.		✓								
	3. Work with river ports, advocacy groups, and associations to ensure continued operations and maintenance of the Columbia River channel.	✓									
	4. Work with local, state, and federal elected officials and agencies to support and promote the importance of freight mobility.	✓									
	5. Partner with local businesses, associations, and the legislature to support workforce development programs.										
SUPPORT THE DEVELOPMENT OF A SKILLED WORKFORCE TO ALIGN WITH REGIONAL NEEDS AND INCREASE JOB OPPORTUNITIES ACROSS THE PORT DISTRICT	1. Partner with local colleges, high schools, MSU centers, and vocational training programs to support education and workforce development, particularly for men of color and trade-related jobs.			✓							
	2. Support apprenticeship and vocational training opportunities for port public works projects.			✓							
	3. Partner with port tenants to discuss work force challenges, apprenticeship, and training opportunities.		✓								
	4. Establish an apprenticeship program for port trade employees.	✓									
	5. Partner with local colleges, high schools, MSU centers, and vocational training programs to support education and workforce development, particularly for men of color and trade-related jobs.				✓						

- Community
- Economic Development
- Environmental
- Financial
- Marine & Industrial Business
- Organizational

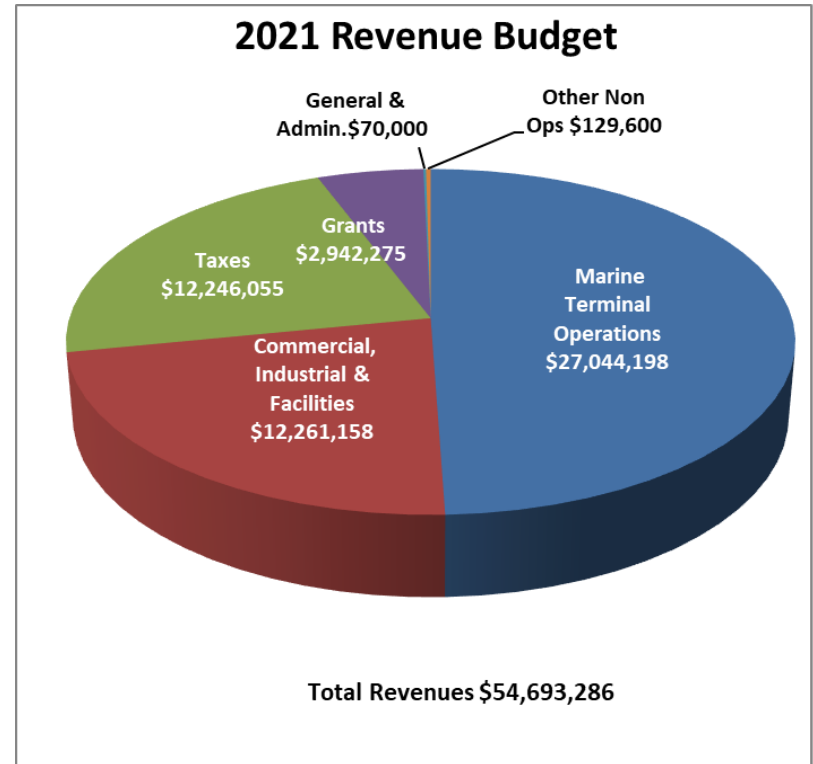
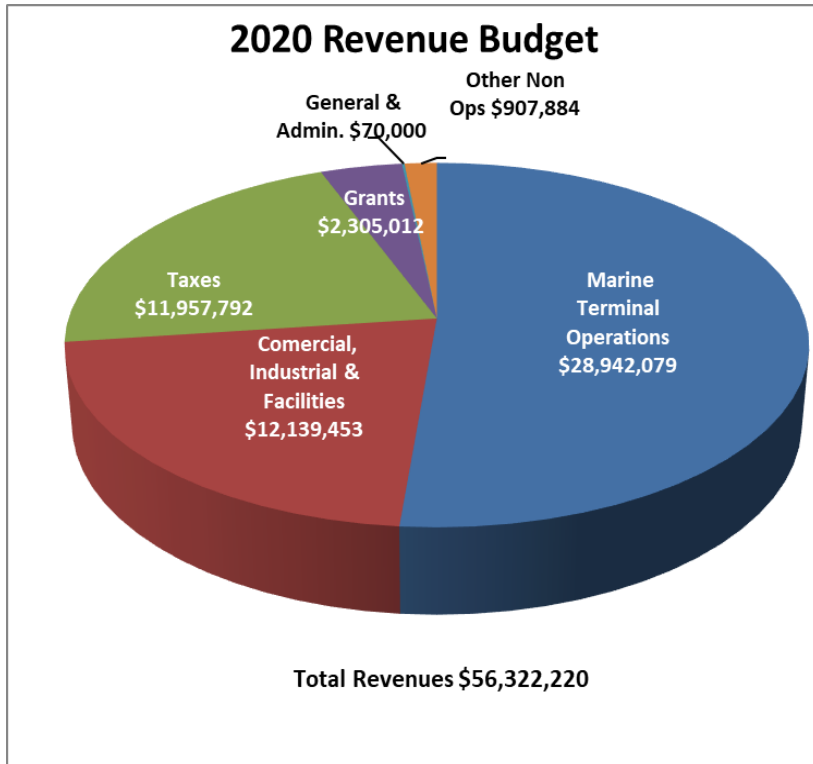


# 2021 Sources (Revenues) and Uses (Expenses)

SOURCES		USES	
<b>Operating Revenues</b>		<b>Operating Expenses</b>	
15-Rail Services	939,481	05-Executive	876,725
16-Finance & Accounting	70,000	06-Economic Development	511,133
18-Commercial	272,458	10-Administration	1,374,317
19-Industrial	11,003,219	11-External Affairs	1,749,066
20-Facilities	46,000	12-Information Technology	1,288,209
21-Marine Operations	20,876,865	13-Procurement	515,049
22-Security	452,904	14-Human Resources	438,054
40-Marine Terminal	5,714,429	15-Rail Services	1,407,541
<b>Total Operating Revenues</b>	<b>\$ 39,375,356</b>	16-Finance & Accounting	2,018,444
<b>Non-Operating Revenues</b>		17-Sales	1,982,666
Ad Valorem Taxes	12,246,055	18-Commercial	105,997
Interest Income	96,000	19-Industrial	1,499,638
Grants & Other Contributions	2,942,275	20-Facilities	5,888,328
Proceeds from Sale of Property	10,000	21-Marine Operations	1,370,815
Other	23,600	22-Security	2,522,033
<b>Total Non-Operating Revenues</b>	<b>\$ 15,317,930</b>	32-Environmental	1,285,452
		40-Marine Terminal	7,825,878
		<b>Total Operating Expenses</b>	<b>\$ 32,659,344</b>
<b>Total Revenues</b>	<b>\$ 54,693,286</b>	<b>Non-Operating Expenses</b>	
<b>Transfer from General Fund/Financing</b>	<b>\$ (535,809)</b>	Debt Service	10,579,524
		Environmental Remediation	1,137,950
		Other Nonoperating Expenses	842,000
<b>TOTAL SOURCES</b>	<b>\$ 54,157,477</b>	<b>Total Non-Operating Expenses</b>	<b>\$ 12,559,474</b>
		<b>Total Expenses</b>	<b>\$ 45,218,818</b>
		<b>Capital Projects</b>	<b>\$ 8,938,659</b>
		<b>TOTAL USES</b>	<b>\$ 54,157,477</b>



# Year to Year Revenue Comparison



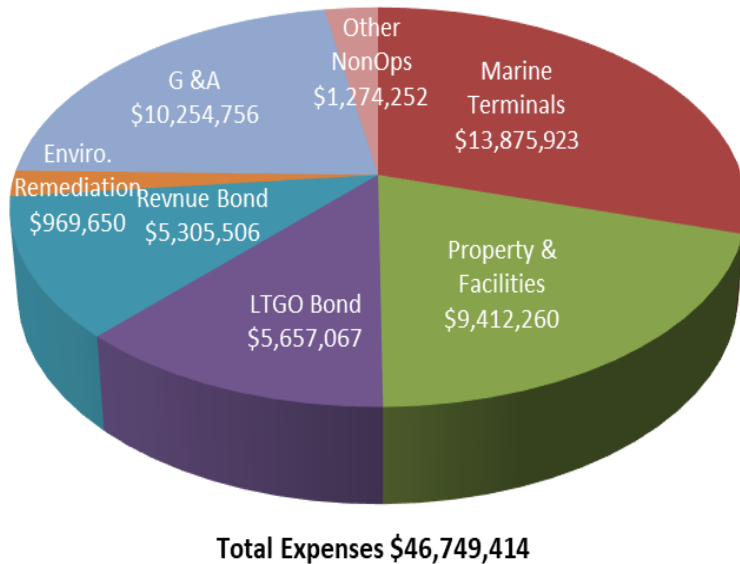
## Summary

- Marine revenue decreases slightly
- Properties & Facilities revenue increases slightly
- Property taxes revenue increases slightly
- Grant revenue increases slightly
- Other Non-Operating revenue decreases

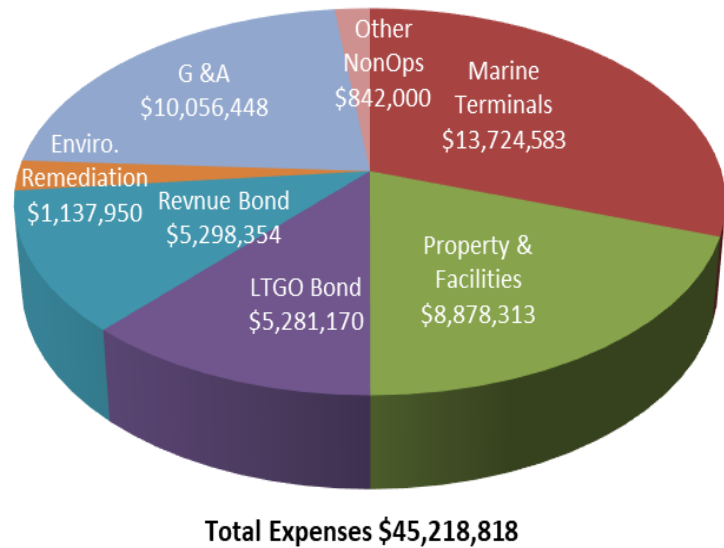


# Year to Year Expense Comparison

## 2020 Expenses Budget



## 2021 Expenses Budget

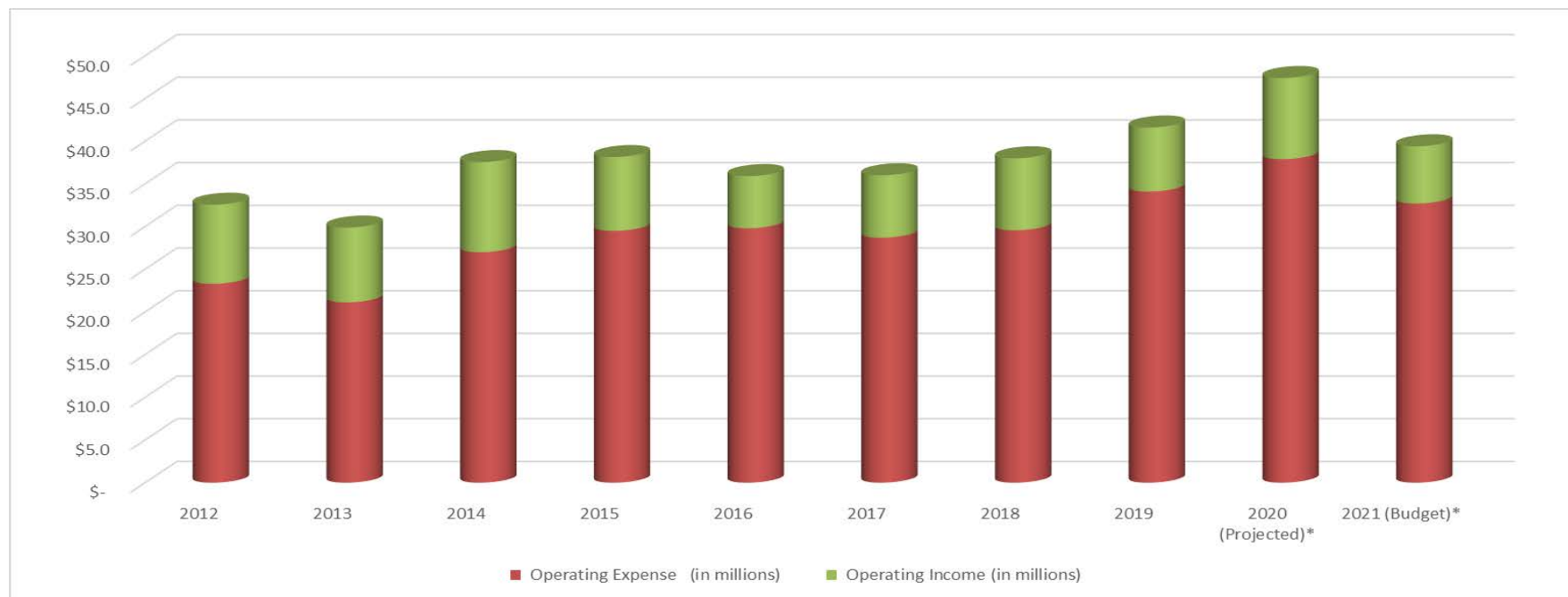


## Summary

- The majority of decreases to expenses between 2021 and 2020 are due to decrease in operating revenue and related expenses.
- Other expense reductions are related to pay off and refunding debts.



# Operating Revenues, Expenses and Income Comparison



	2012	2013	2014	2015	2016	2017	2018	2019	2020 (Projected)*	2021 (Budget)*
<b>Operating Revenue (in millions)</b>	\$ 32.6	\$ 29.9	\$ 37.6	\$ 38.1	\$ 35.9	\$ 36.0	\$ 38.0	\$ 41.6	\$ 47.4	\$ 39.4
<b>Operating Expense (in millions)</b>	\$ 23.3	\$ 21.1	\$ 27.0	\$ 29.5	\$ 29.8	\$ 28.7	\$ 29.6	\$ 34.1	\$ 37.9	\$ 32.7
<b>Operating Income (in millions)</b>	\$ 9.3	\$ 8.8	\$ 10.6	\$ 8.6	\$ 6.1	\$ 7.3	\$ 8.4	\$ 7.5	\$ 9.5	\$ 6.7
<b>Operating Margin %</b>	<b>28%</b>	<b>29%</b>	<b>28%</b>	<b>23%</b>	<b>17%</b>	<b>20%</b>	<b>22%</b>	<b>18%</b>	<b>20%</b>	<b>17%</b>

\* Based on Generally Accepted Accounting Principles (GAAP) accrual basis of accounting





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# *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, Finance and Accounting

## **NON-OPERATING**

Non-operating Revenues & Expenses



# *2021 Cargo Budget Outlook*

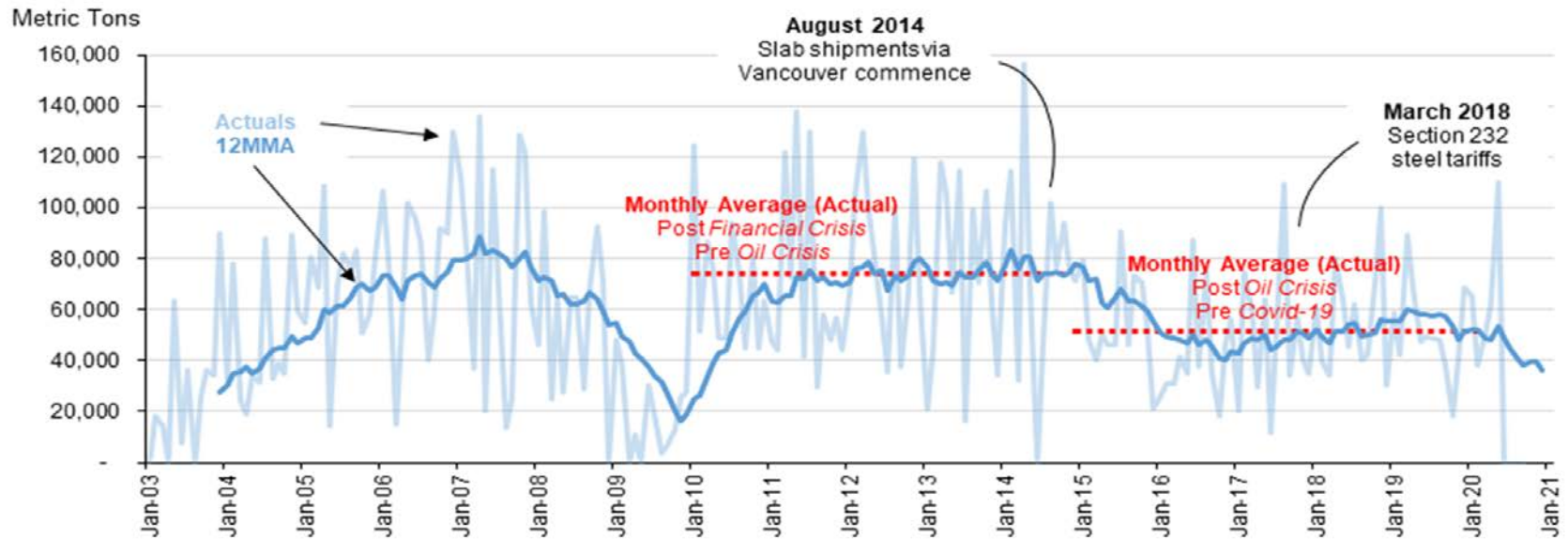


- Production Tax Credit (PTC) extended at a 100% benefit for 2021 will provide wind energy opportunities for POV in '21
- Wind energy cargoes will be significantly lower than in '20 as shippers seek alternative gateways to spread risk



# 2021 Cargo Budget Outlook Cont'd

## Steel Slab Imports via the Columbia River



Data Sources: PIERS TI, US Census Bureau, Port of Portland, Port of Vancouver USA



# 2021 Capital Budget by Segment

Description	2021
<b>Environmental</b>	
Environmental: Parcel 3 - Berm Construction Completion and Planting	450,000
Environmental: Purchase of Mitigation Credits	56,875
<b>Total: Environmental</b>	<b>506,875</b>
<b>Industrial</b>	
Industrial: Site Improvements - Design and Demolition	250,000
<b>Total: Industrial</b>	<b>250,000</b>
<b>Terminals</b>	
Terminals: Bulk Mineral Facility - Flopgate	800,000
<b>Total: Terminals</b>	<b>800,000</b>
<b>Terminal Rehabilitation and Improvement Program (TRIP)</b>	
TRIP: Bank Stabilization, and Permitting - Terminal 4 Bank Stabilization	300,000
<b>Total: TRIP</b>	<b>300,000</b>
<b>Waterfront</b>	
Waterfront: Renaissance Trail	1,200,000
Waterfront: Vancouver Landing	2,284,389
<b>Total: Waterfront</b>	<b>3,484,389</b>



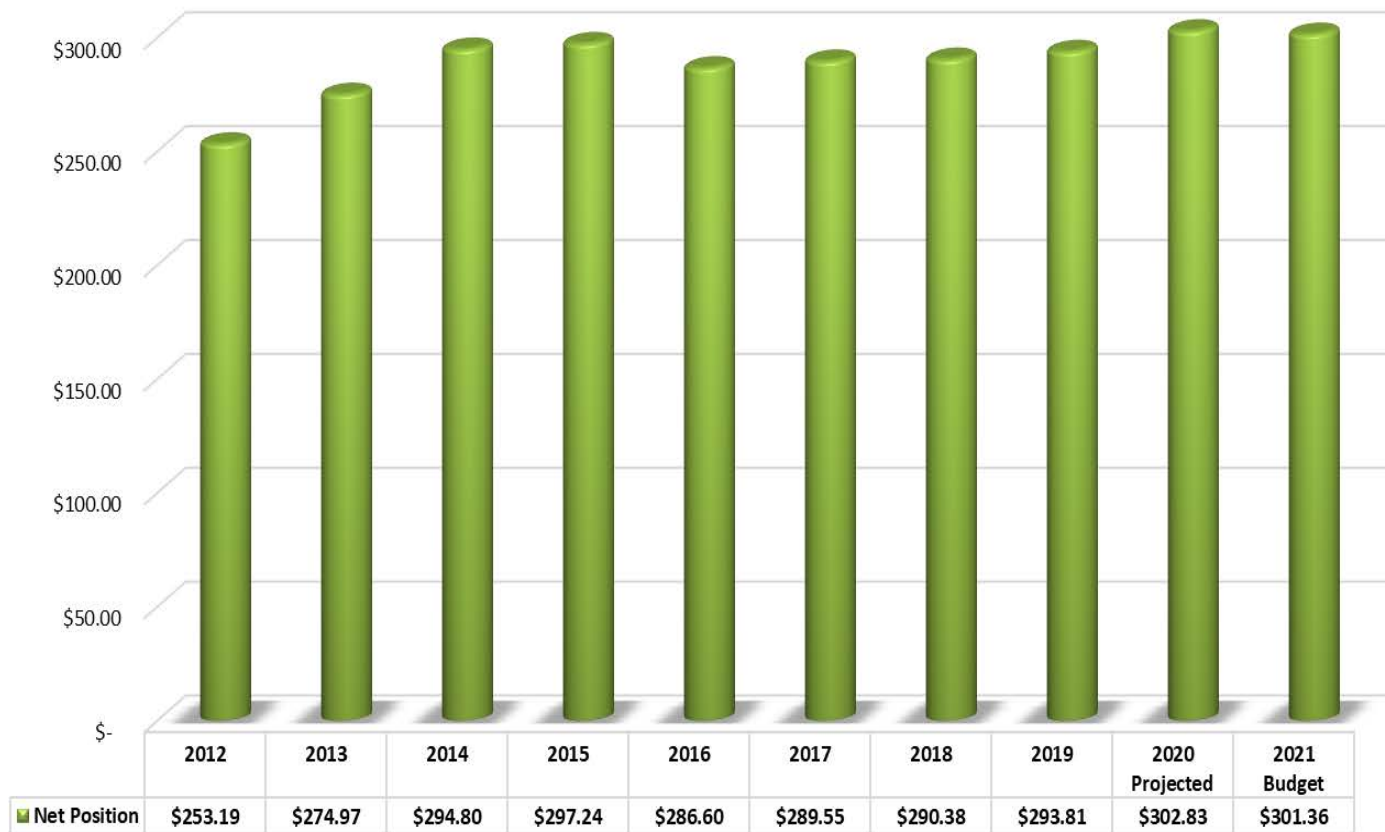
# 2021 Capital Budget by Segment

<i>Description</i>	<i>2021</i>
<b>Maintenance</b>	
Maintenance: Buildings - Bldg 3201, Section I Roof	300,000
Maintenance: Buildings: Bldg 2725 Roofing	500,000
Maintenance: Drainage and Utilities: Full replacement of Biofiltration media in Pond 2	240,570
Maintenance: Drainage and Utilities; Bulk Facility Wastewater System Upgrades	200,000
Maintenance: Equipment Terminal Fire Alarm Replacement	150,000
Maintenance: IT - Microsoft Surfaces	30,000
Maintenance: IT - Replace Leased Copiers	65,000
Maintenance: IT - HVAC Server Room Upgrades	50,000
Maintenance: Paving and Striping - T2 Phase 3 of 3 - Design	50,000
Maintenance: Rail: Railcrossing Upgrade	440,000
Maintenance: Tenant Improvements	150,000
Maintenance: Vehicles and Equipment - Gator	15,000
Maintenance: Vehicles and Equipment - Hook Truck/Water Tank	140,000
Maintenance: Vehicles and Equipment - Van	54,000
Maintenance: Vehicles and Equipment - Water Truck	87,000
<b>Total: Maintenance</b>	<b>2,471,570</b>
Labor Capitalization	1,125,825
<b>Total: Capital Projects</b>	<b>8,938,659</b>
<b>Grants and Other Contributions</b>	
WADOT Grant - Waterfront: Renaissance Trail	(500,000)
TAP Grant - Waterfront: Renaissance Trail	(485,000)
Dept of Commerce Grant - Waterfront: Vancouver Landing	(1,457,275)
Vancouver Rotary Grant - Waterfront: Vancouver Landing	(500,000)
<b>Total: Grants and Other Contributions</b>	<b>(2,942,275)</b>
<b>Total: Capital Projects - Net</b>	<b>5,996,384</b>



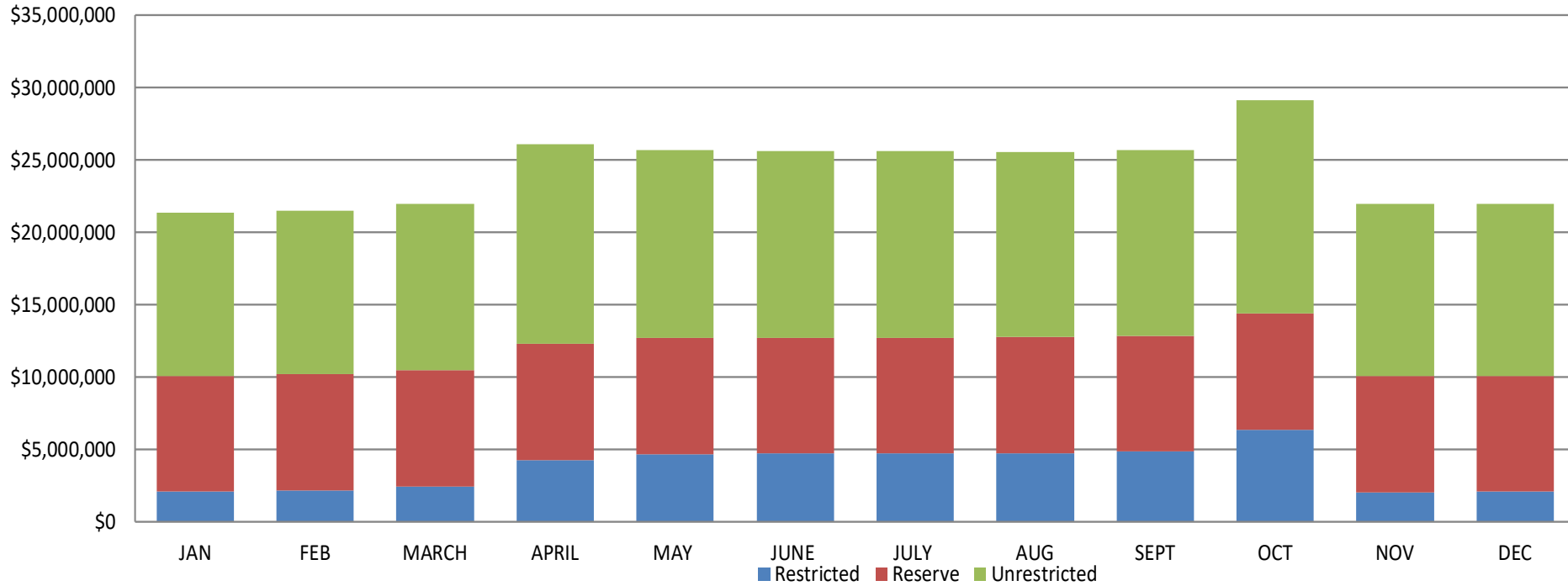
# Net Position Growth

Net Position (In Millions)



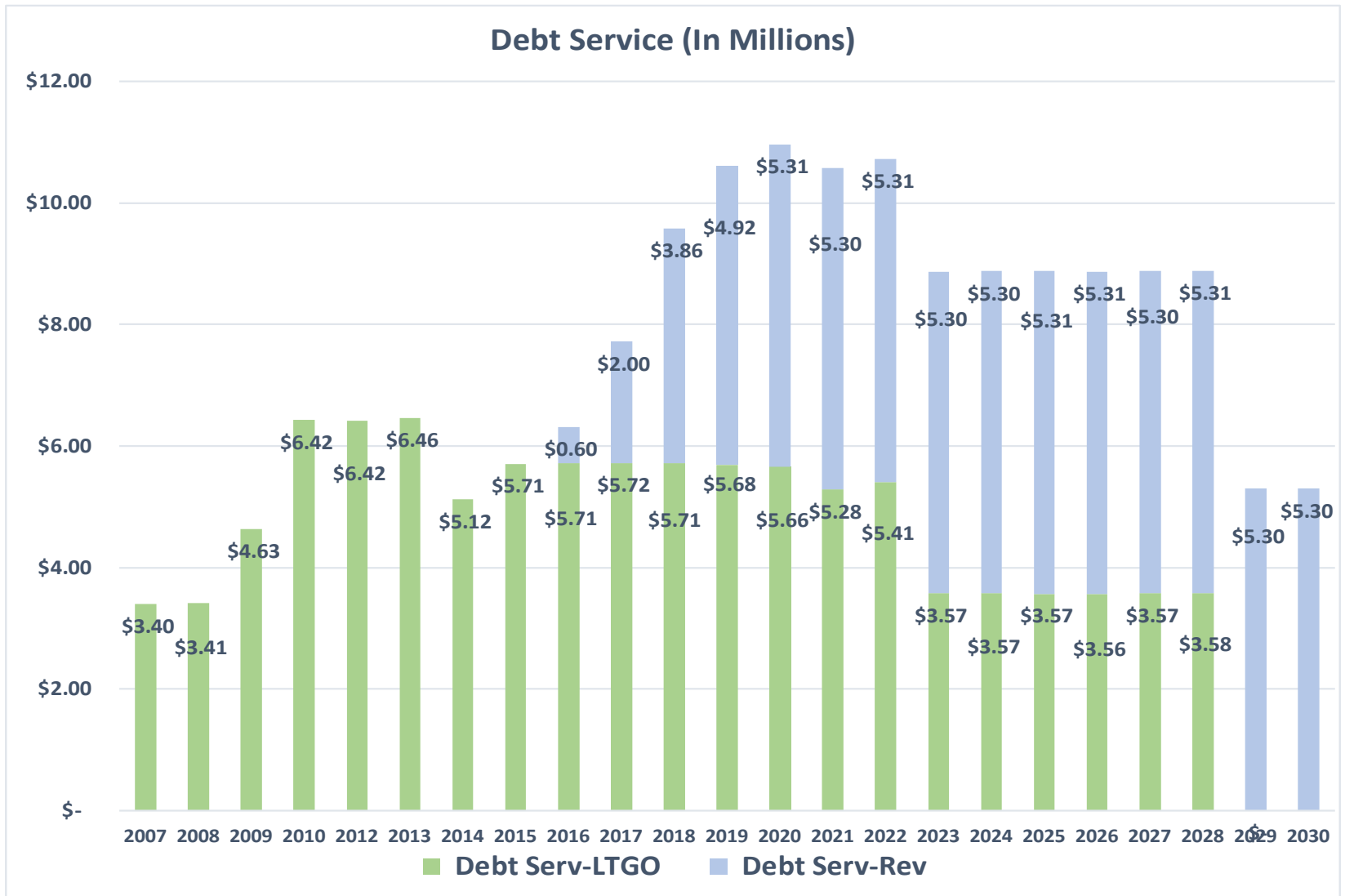
# 2021 Cash Plan

## 2021 BUDGETED CASH PLAN



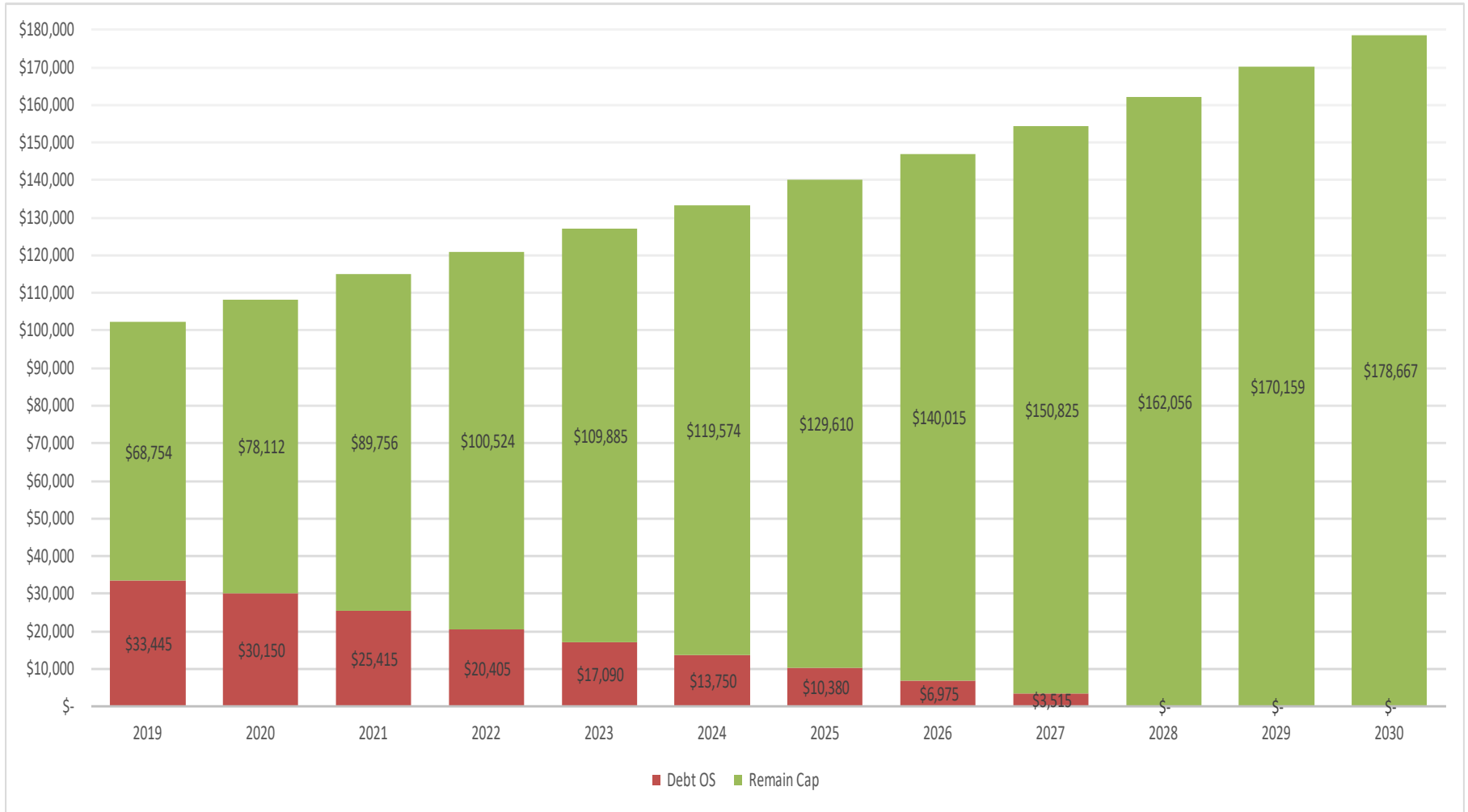
	JAN	FEB	MARCH	APRIL	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC
Restricted	\$ 2,107,694	\$ 2,204,339	\$ 2,467,870	\$ 4,291,986	\$ 4,696,475	\$ 4,721,825	\$ 4,747,174	\$ 4,762,490	\$ 4,854,910	\$ 6,405,990	\$ 2,078,119	\$ 2,093,435
Reserve	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000
Unrestricted	\$ 11,240,760	\$ 11,273,990	\$ 11,527,311	\$ 13,838,755	\$ 12,976,447	\$ 12,915,651	\$ 12,854,856	\$ 12,780,827	\$ 12,808,485	\$ 14,759,845	\$ 11,926,019	\$ 11,851,990
Total Cash	\$ 21,348,454	\$ 21,478,330	\$ 21,995,181	\$ 26,130,741	\$ 25,672,922	\$ 25,637,476	\$ 25,602,030	\$ 25,543,316	\$ 25,663,395	\$ 29,165,835	\$ 22,004,138	\$ 21,945,425

# Debt Service

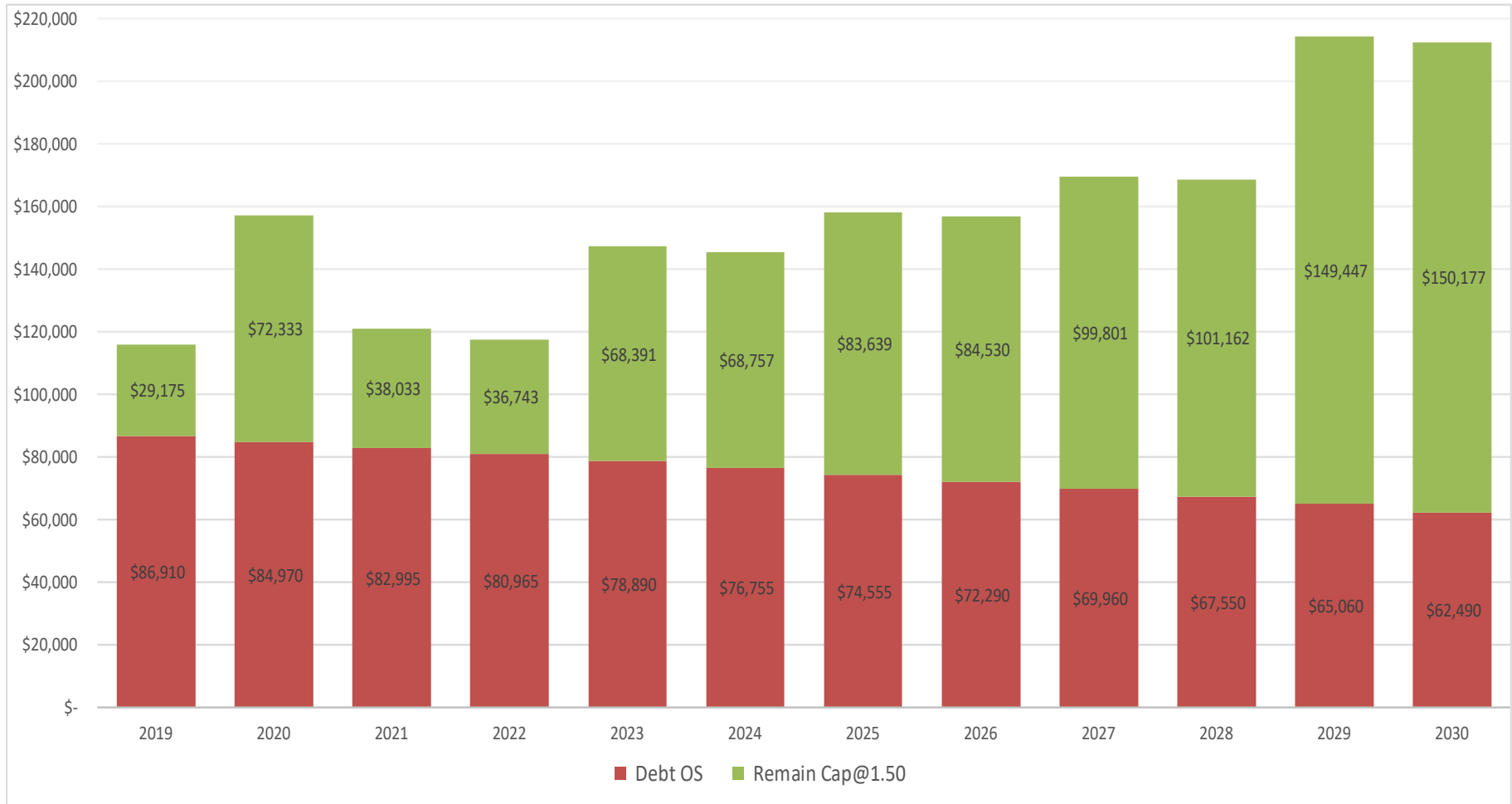




# 2021 General Obligation Bond Debt Capacity



# 2021 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*

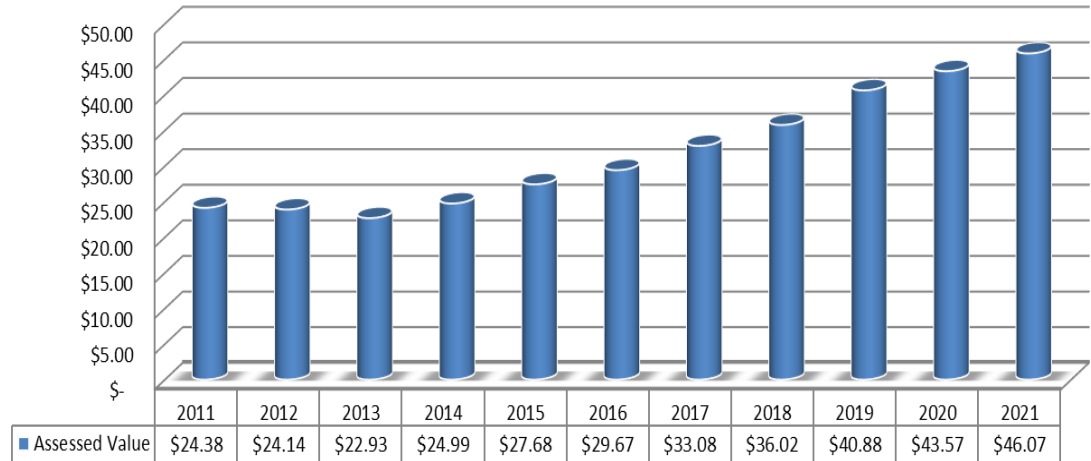
- **POV Tax Levy proceeds, by Resolution can only be used for:**
  - **GO Bond Debt Service**
  - **Environmental Remediation**
  - **Capital Projects**
- **2021 levy will be used for the following:**

	Amount
Debt Service (GO Bonds)	\$ 5,281,170
Environmental Remediation	\$ 1,137,950
Capital Projects	\$ 5,826,935
Total	\$ 12,246,055

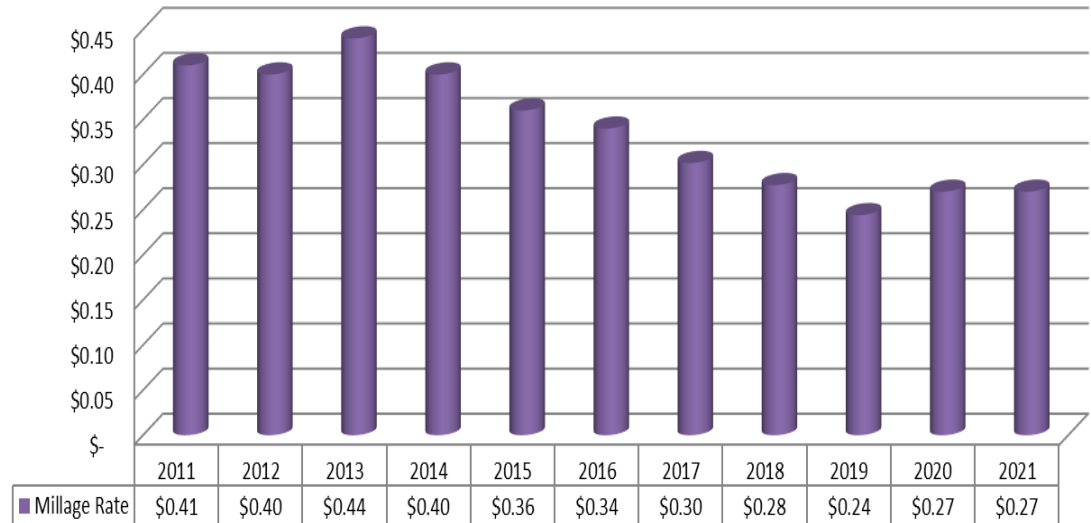
- **2021 Tax Levy:**
  - **\$12,246,055 - 0.602% increase + new construction + banked capacity**
  - **The levy limit is based on the lower of the implicit price deflator (IPD) of 0.602 percent or 1 percent per Initiative I-747.**
  - **A substantial need resolution will be presented, declaring “substantial need” to increase the levy up to the full 101% over the prior year’s levy. This extra levy capacity will be banked for future use.**

# Property Tax Levy

### Port District Assessed Value (In Billions)

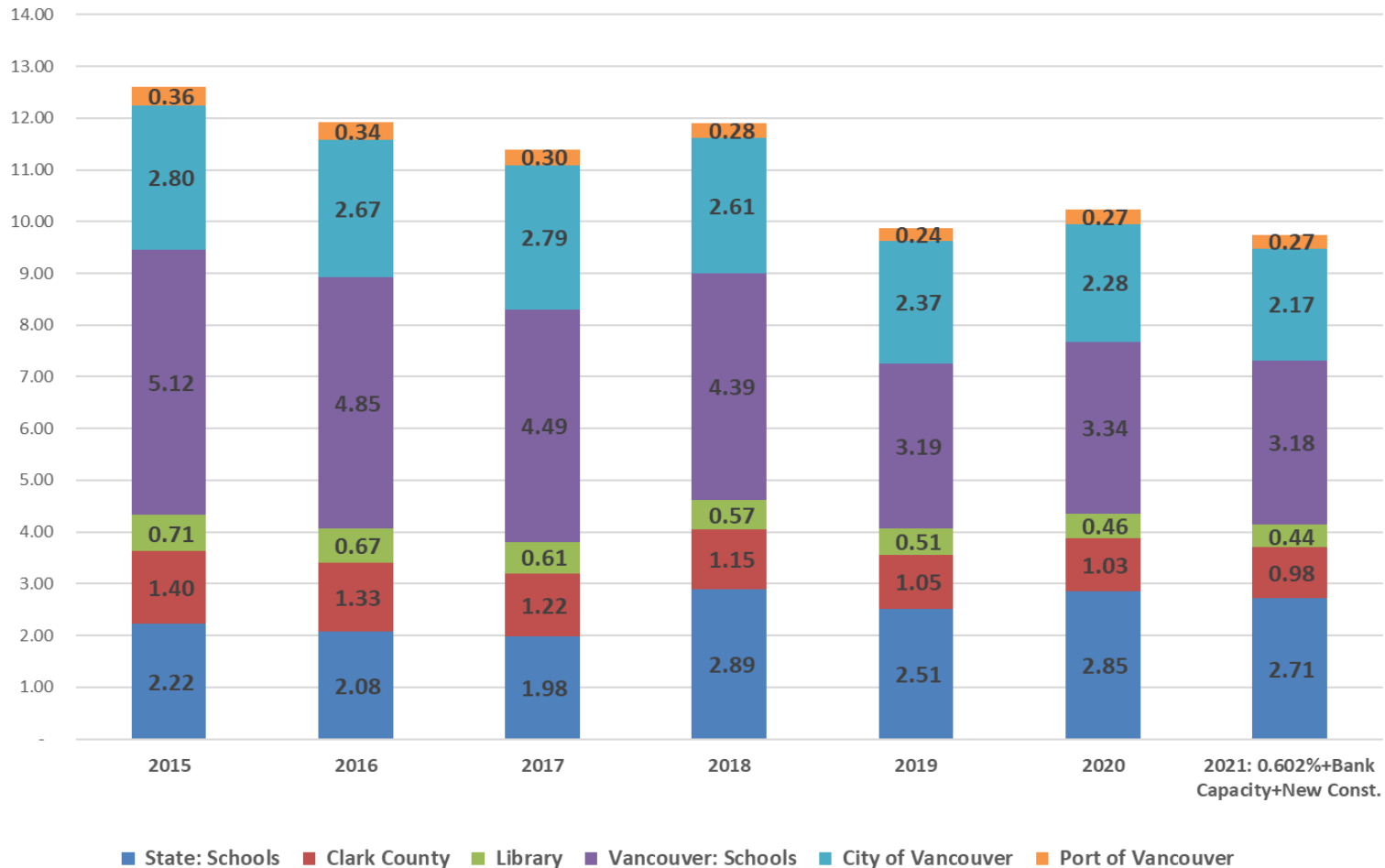


### Millage Rate (Per Thousand)

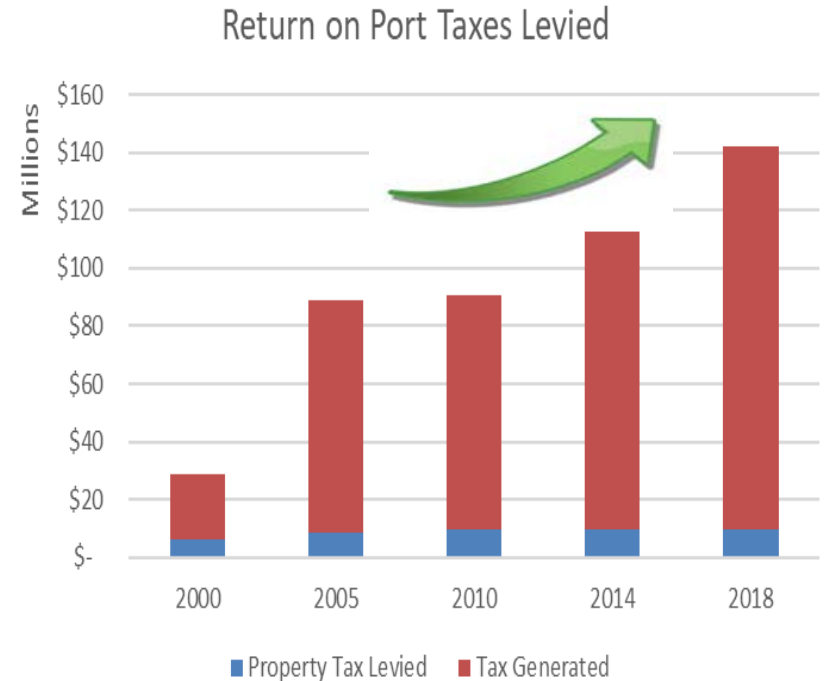
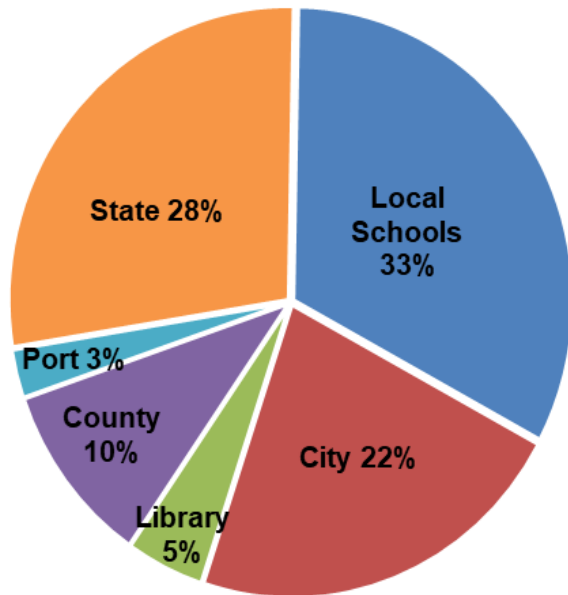


# Millage Rate by Municipality

Millage Rates by Municipality for Tax Area 037000



# 2021 Property Tax Allocation



Source: Clark County Assessor website  
<https://clark.wa.gov/assessor/annual-reports>

	2000	2005	2010	2014	2018
<b>Property Tax Levied</b>	\$ 6,512,800	\$ 8,347,000	\$ 9,692,659	\$ 9,986,858	\$ 9,986,858
<b>Tax Generated</b>	\$22,500,000	\$80,800,000	\$80,800,000	\$ 102,666,900	\$ 132,400,000

Source: John Martin Associates Economic Impact Study

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# *Highlights*

- Despite the challenging realities of today's global economy, the Port of Vancouver demonstrates advancement of its vision and mission.
- Implementation of more than 30 strategies identified in the port's strategic plan.
- 2021 volumes are forecasted at 7.3 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.





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# *Highlights*

- The 2021 capital budget reflects the port's continuing commitment to promoting regional economic activity through the investment of over \$8.94 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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