



**SEA THE  
FUTURE  
WITH US**

# 2022 Budget

Eric Russell | Chief Financial Officer

November 9, 2021



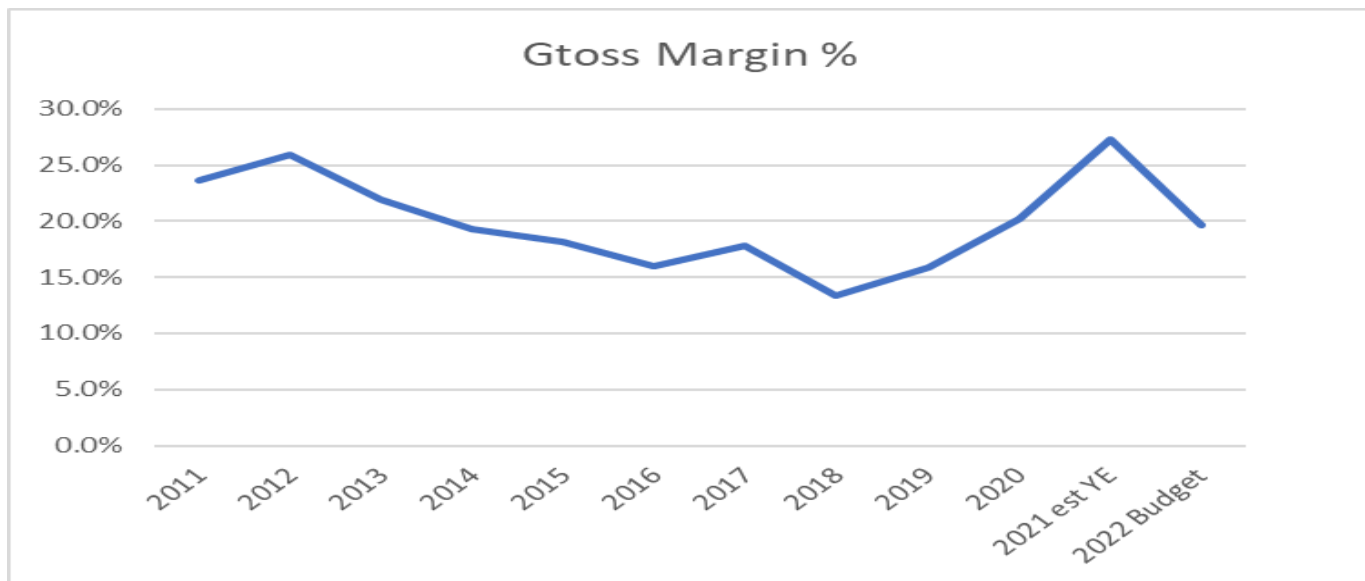
@portofeverett | #portofeverett



# 2022 BUDGET

## Operating Assumptions

- Supply chain issues recede in 2022
- No increase aerospace activity from 2021 levels
- Strong demand for moorage during peak season at Marina
- Short term rentals at Ameron property
- Other lease property remains fully occupied
- Continued tight insurance market
- Employee count increase



# 2022 BUDGET

## Operating Numbers

Revenue = \$31.5M

Expense = \$25.3M

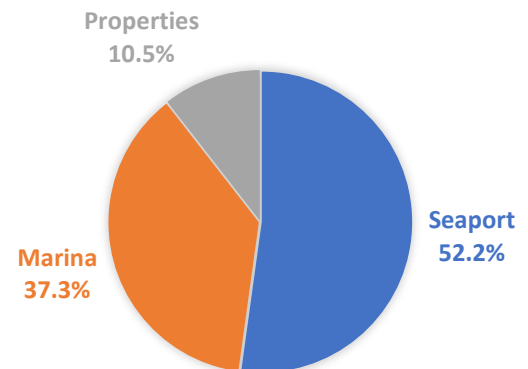
### 2021 Budget vs 2022 Budget

- 10.2% increase in revenues
- 12.3% increase in expenses
- Operating Margin decreased 11.1%

### 2021 Estimated Year End vs 2022 Budget

- 12.3% reduction in revenues
- 3.7% increase in expenses
- Operating margin decrease 34.5%

### 2022 BUDGET REVENUE BY BUSINESS LINE



# 2022 OPERATING BUDGET

	2020 Actual	2021 Budget	2021 Est YE	2022 Budget	2022 DRAFT Budget to 2021 Est YE		2022 DRAFT Budget to 2021 Budget	
					Variance	% Diff	Variance	% Diff
<b>Operating Revenue</b>								
Marine Terminals	17.0M	15.3M	21.5M	16,415,100	(5.0M)	-23.5%	1.2M	7.6%
Marina	10.4M	10.5M	11.1M	11.7M	.6M	5.7%	1.3M	12.3%
Property Management	3.2M	2.8M	3.3M	3.3M	(.0M)	-0.5%	.5M	16.8%
<b>Total Operating Revenue</b>	<b>30.6M</b>	<b>28.5M</b>	<b>35.9M</b>	<b>31.5M</b>	<b>(4.4M)</b>	<b>-12.3%</b>	<b>2.9M</b>	<b>10.2%</b>
<b>Operating Expenses</b>								
Marine Terminals	13.3M	11.5M	14.5M	12.7M	1.7M	15.1%	(1.2M)	-9.2%
Marina	5.6M	5.5M	5.8M	6.4M	(.6M)	-10.7%	(.9M)	-16.5%
Property Management	1.4M	1.6M	1.9M	1.7M	.2M	15.1%	(.1M)	-9.6%
Admin	3.9M	3.8M	3.9M	4.5M	(.6M)	-15.1%	(.7M)	-18.0%
<b>Total Operating Expense</b>	<b>24.3M</b>	<b>22.3M</b>	<b>26.1M</b>	<b>25.3M</b>	<b>.8M</b>	<b>3.7%</b>	<b>(3.0M)</b>	<b>-12.3%</b>
<b>Income before Depreciation</b>	<b>6.4M</b>	<b>6.3M</b>	<b>9.8M</b>	<b>6.2M</b>	<b>(5.3M)</b>	<b>-53.7%</b>	<b>(.1M)</b>	<b>-1.3%</b>
Depreciation	13.3M	13.0M	13.7M	14.0M	(.3M)	-2.1%	(1.0M)	-7.4%
<b>Operating Income</b>	<b>(6.9M)</b>	<b>(6.7M)</b>	<b>(3.9M)</b>	<b>(7.8M)</b>	<b>(5.0M)</b>	<b>126.4%</b>	<b>(1.1M)</b>	<b>15.7%</b>
<b>Nonoperating Income and Expense</b>								
Total Nonoperating Revenue	6.0M	5.2M	5.1M	5.2M	.1M	2.2%	.1M	1.2%
Total Nonoperating Expense	33.6M	4.7M	4.5M	4.6M	(.1M)	-2.9%	.1M	0.3%
<b>Net Nonoperating Income</b>	<b>(27.6M)</b>	<b>.5M</b>	<b>.7M</b>	<b>.6M</b>	<b>.3M</b>	<b>53.3%</b>	<b>(.2M)</b>	<b>0.6%</b>
<b>Net Income</b>	<b>(34.5M)</b>	<b>(6.3M)</b>	<b>(3.3M)</b>	<b>(7.2M)</b>	<b>(4.7M)</b>	<b>75.5%</b>	<b>.9M</b>	<b>-2.6%</b>

In millions

# 2022 CIP Budget

## Project Assumptions

- Seaport (\$29.1M)
  - Complete construction of Norton Terminal
  - Mill A
  - Wind Energy
- Waterfront Community (\$9.3M)
  - Traffic signal WMVD & 13<sup>th</sup> St
  - A8, A17 completed
  - Ground lease retail projects move forward
  - Millwright district planning underway
- Facilities (\$3.7M)
  - Seaport bulkhead renovations
  - South Marina ADA gate improvements
  - Security access system

# 2022 CIP BUDGET

## Project Assumptions (continued)

- Sustainable Marina Operations (\$3.6M)
  - Begin Fuel Dock reconstruction
  - Pay unamortized grant for Guest Dock 6
- Economic Development (\$2.2M)
  - Blue Heron Slough completed
  - NOAA site master planning
  - Environmental cleanup projects
- Other (\$5.9M)
  - Cargo handling equipment and rolling stock
  - Jetty Landing restroom rebuild

## Capital Investments

\$53.7m gross in 2022

\$103.2m from 2022 – 2026

# 2022 CIP BUDGET

## Financing Plan

- \$12.6m decrease in cash during 2022
- Assumption:
  - Receive final payment of sale of land for apartments
  - Grants for economic recovery flowing from federal government
  - Use of line of credit as shortterm financing

## Risks

- Loss of discipline on spending
- Aggressive assumptions on grant funding

Opportunity projects for further review and Commission approval prior to on-ramp

# FINANCING PLAN

	2022	2023	2024	2025	2026
Beginning Cash Balance 1/1/XX (net of reserves)	14.0	2.4	12.8	4.6	6.8
Operating Cash	5.6	6.2	6.8	7.5	8.4
Non-Operating Cash	5.2	5.3	5.3	5.4	5.4
Additional Cash Receipts (property sales, grants)	9.5	1.0	1.0	1.0	1.0
Net Debt Transactions	(7.8)	5.2	(9.5)	(8.7)	(9.2)
Cash Available for Projects	26.5	20.1	16.5	9.8	12.3
Project related Grants / Loans / Contributions	28.6	13.8	12.8	(.8)	(.8)
Capital Projects	(53.7)	(21.3)	(24.8)	(2.2)	(1.2)
Ending Cash Balance 12/31/xx (net of reserves)	1.4	12.6	4.5	6.8	10.4

in millions



# 2022 – 2026 **FINANCING PLAN**

## Grants

- Norton Terminal
  - BUILD - \$17.5M
  - MTCA - \$7.7M
  - Port Security Grant - \$.6M
- DCIP (Fuel Dock) - \$5.3M
- Other MTCA - \$3.5M
- PSRC (Segment E) - \$1.5M
- RCO (Jetty Landing Restroom) - \$.7M

## Loans

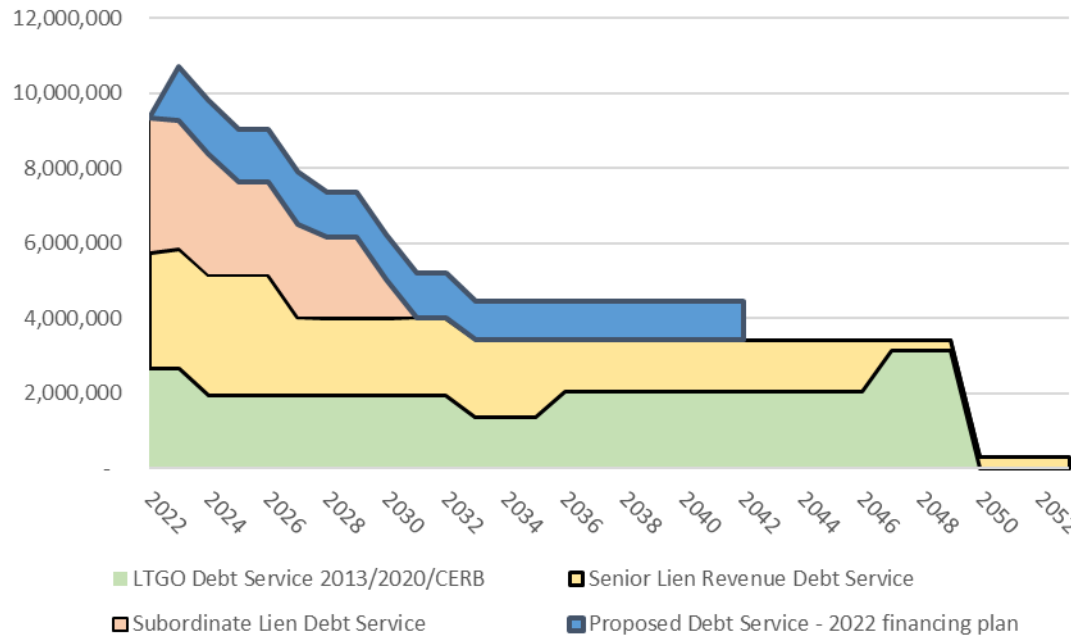
Equipment Purchases and Infrastructure Construction  
LTGO refunding and issuance in 2023

## Other

Boat Launch Partner contributions  
Blue Heron Slough Natural Resource Damages settlement

# DEBT FORECAST

Proposed Debt Service



**2020 Balance**

2013 LTGO	11.42
2020 LTGO	26.33
CERB	1.81
RRIF	5.73
2007 Rev Bond	.01
2015 Rev Bond	7.55
2016 Rev Bond	22.97
Rail Bank Loans	12.91
Leases	12.64
<b>Total O/S</b>	<b>101.35</b>

**2021 Balance**

2013 LTGO	10.17
2020 LTGO	26.33
CERB	1.73
RRIF	5.73
2007 Rev Bond	.01
2015 Rev Bond	7.18
2016 Rev Bond	21.71
Rail Bank Loans	11.42
Leases	10.76
<b>Total O/S</b>	<b>95.01</b>

In millions

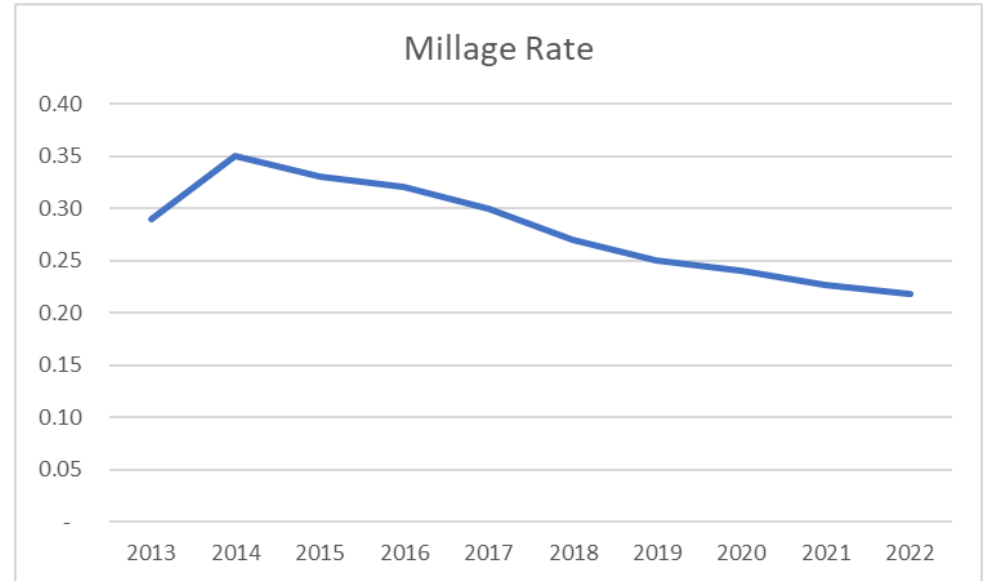
# PROPERTY TAX

Ports authorized to levy up to \$.45 per thousand

Used for:

- Debt Service
- Environmental Remediation
- Public Access

General Obligation Bonds  
have lien on tax levy



Estimate levy at \$5.2m (increase \$50,358 over 2020) plus new construction and other adjustments

Levy rate estimated at \$.218/1000, down from \$.227/1000  
(tax on \$450,000 house would be \$98.10, approximately \$4 less than 2021)

# BUDGET **APPROVAL**

October 31

- Advertised for Public Hearing

November 8

- Posted draft budget on website

November 9

- Open Public Hearing for comments

November 16

- Close public hearing
- Consider adoption of budget resolutions
  - Resolution 1179 (2021) – 2022 Property Tax Levy
  - Resolution 1180 (2021) – Substantial Need for Property Tax Levy
  - Resolution 1181 (2021) – 2022 Operating Budget and 2022-2026 Capital Improvement Plan

December 1 deadline to file budget with Snohomish County