

# PORT OF PORT TOWNSEND

## AGENDA MEMO

**DATE:** 9/8/2021  
**TO:** Commission  
**FROM:** Eron Berg, Executive Director & Abigail Berg, Finance Director  
**SUBJECT:** 2022 Budget

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### ISSUES

1. Provide the Commission with preliminary recommendations for property tax and IDD levy rates for the 2022 budget.
2. Meet with and hear from the Jefferson County Assessor regarding the same.

### BACKGROUND

2022 levy rate recommendations will be included as underlying assumptions in the development of the 2022 budget. Today's workshop is intended to provide the commission with more detail on those recommendations and an opportunity to discuss in advance of the presentation of the first draft 2022 budget on September 22<sup>nd</sup>.

### DISCUSSION

#### Regular Property Tax levy

Staff recommends that the current property tax levy be increased by 1%, plus new construction, for 2022. This supports the plan to continue to pay off Port debt. As discussed in past meetings, the goal of Port staff is to retire existing long-term debt in 2027 (currently scheduled to be retired in 2029) and to not take on new debt other than a line of credit for cash flow purposes or revenue bonds on the basis of specific projects that wholly support that debt.

#### IDD Tax levy

Staff has reviewed the current balance of the IDD reserve funds, and the projected IDD receipts and IDD project expenditures for the remainder of 2021. Based on those projections, we estimate the ending balance in the IDD reserve at year end will be approximately \$1.6M.

Based on the 5-year capital plan for 2012-2025, the IDD-related capital project costs are estimated as follows:

2021	\$ 560,000
2022	\$3,171,250
2023	\$4,590,800
2024	\$1,943,700
2025	\$1,706,000

Of significant note here is the Point Hudson Jetty project which is currently scheduled to be constructed over two seasons beginning in 2022.

Using these estimates, the following is a high-level projection of IDD levy receipts and expenses:

12/31/20 Bal.	\$ 548,531				
	2021	2022	2023	2024	2025
<b>budgeted levy</b>	1,634,289	2,634,289	2,634,289	2,634,289	2,634,289
<b>budgeted uses</b>	(560,000)	(3,171,250)	(4,590,800)	(1,943,700)	(1,706,000)
	<b>1,622,820</b>	<b>1,085,859</b>	<b>(870,652)</b>	<b>(180,063)</b>	<b>748,226</b>

These projections include increasing the IDD levy to approximately \$2.6M and holding that amount for the next 4 years. If expenses are incurred in the timeline outlined in the CIP, we could expect to draw from the Line of Credit by 2023, or earlier depending on the turn-around time to get reimbursed by the EDA grant for the Point Hudson Jetty project starting in 2022. This analysis does not include certain projects that will require grant matching funds in the same time period (i.e., yard expansion both to the north and west), but would be critical to maintaining generational viability of the boat yard as a primary element of Jefferson County’s economy.

The proposed increase in the IDD levy amount for the time period 2022-2025 allows for the completion of the planned projects without additional long-term debt. At this rate, the IDD levy will be exhausted in 2027, the same year that existing debt would be retired.

**FISCAL IMPACT**

As discussed herein.

**ATTACHMENTS**

None

**RECOMMENDATIONS**

1. Provide direction, if any, related to the preliminary recommendations regarding tax levies for 2022.