Port of Port Townsend
Public Workshop
Wednesday, June 14, 2023, 9:30 AM

To be held in person at the Point Hudson Pavilion Building, 355 Hudson Street, Port Townsend
and also online
Via https://zoom.us/ – or call (253) 215-8782, use Webinar ID: 862 6904 3651, Password: 911887

AGENDA

This workshop is open to Commissioners, Management, other Port staff, Consultants and the public. It is not the opportunity to give public testimony, but if Commissioners request input from individuals in the audience, those people may speak. The principal purpose of the workshop is to allow Port staff and the Board of Commissioners to communicate with each other and/or Consultants, answer Commission questions, and get the Commission's opinions and input regarding the subject topic(s).

PORT OF PORT TOWNSEND
AGENDA MEMO

DATE: 6/14/2023

TO: Commissioners

FROM: Matt Klontz

CC: Eron Berg, Eric Toews, Abigail Berg

SUBJECT: Work Session Project Update; for the Boat Haven Stormwater Improvement Project

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ISSUE: None presented. This is an informational project update on the status of the Boat Haven Stormwater Improvement project.

BACKGROUND: The Washington State Department of Ecology issued a new boatyard general permit (BYGP) effective September 1, 2022. The BYGP regulates stormwater runoff from boatyards. Boat Haven stormwater runoff discharges into Port Townsend Bay through an outfall in the marina. The BYGP includes a new pollutant benchmark for turbidity and a significantly reduced benchmark for copper (from 147 µg/L to 44 µg/L).

DISCUSSION: The Boat Haven boatyard has a stormwater system consisting of various drainage treatment elements implemented over the years to meet previous BYGP permit standards. However, to reliably and consistently meet the new BYGP benchmarks, Boat Haven's stormwater system is being improved. The Port proactively initiated the design phase late last year. The first key milestone, receiving approval for the proposed system improvements from the Washington State Department of Ecology, is on the near-term horizon.

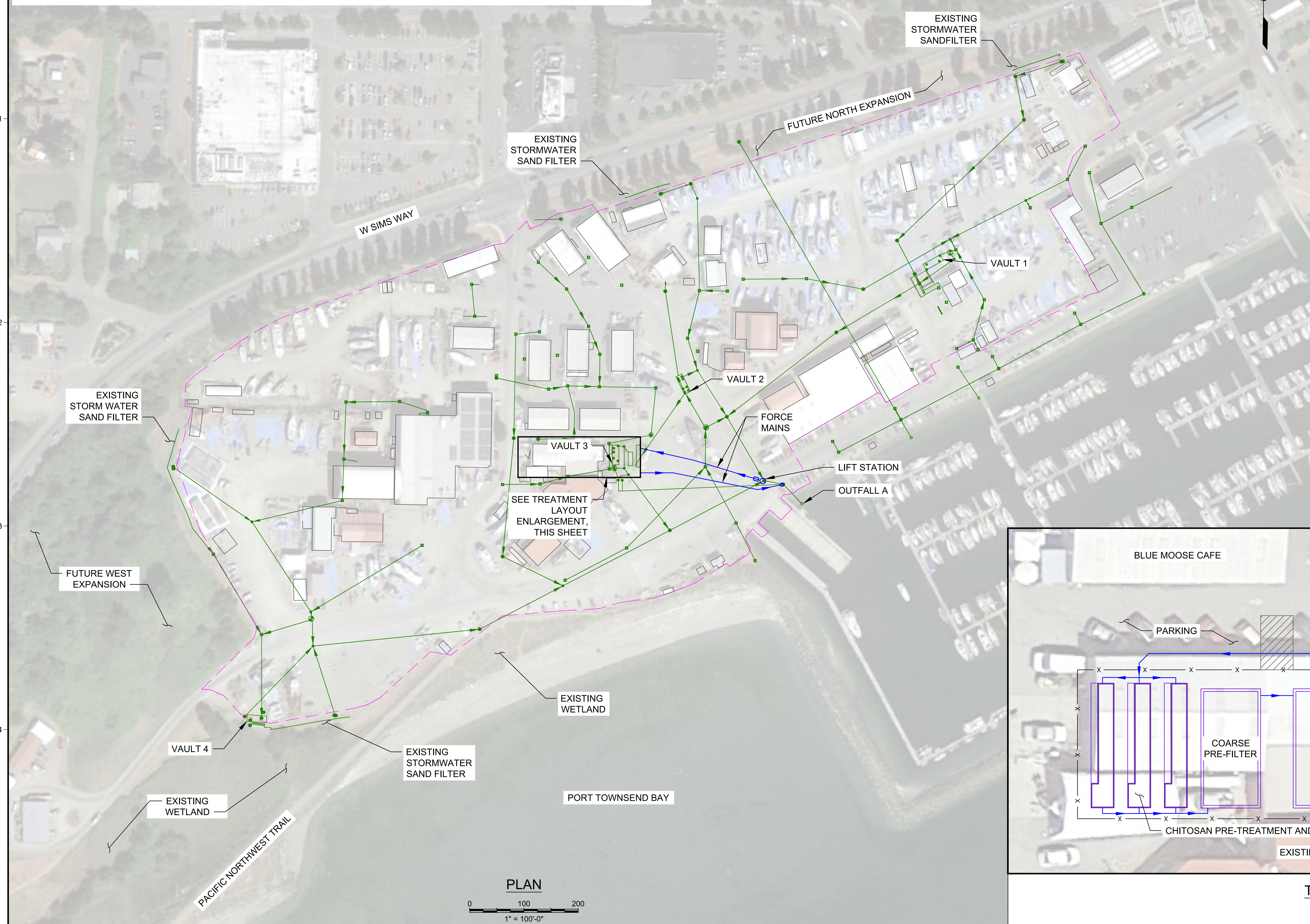
FISCAL IMPACT: The Port has budgeted $2,650,000 for this project. In 2021 the Port succeeded in securing $1,988,500 (75%) in American Rescue Plan Act State & Local Fiscal Recovery (ARPA SLFR) funding for the effort. The Port's funding match includes $661,500 (25%) in Industrial Development District (IDD) Levy monies. The Washington State Department of Commerce administers ARPA SLFR funds. However, the total estimated project costs have increased to approximately $4.8M due to construction cost escalation and design changes. In particular, a second stormwater lift station will be needed to convey stormwater from the centralized treatment system to the existing stormwater outfall.

ATTACHMENTS: Preliminary Site Layout Plans

RECOMMENDATION: This presentation is for informational purposes. Staff welcomes feedback from the Port Commission.

ALTERNATIVE 1 DESCRIPTION:

THE EXISTING PERIMETER SAND FILTERS AND TREATMENT VAULTS WILL BE TAKEN OFFLINE AND ABANDONED IN PLACE. A NEW LIFT STATION IS PROPOSED UPSTREAM OF OUTFALL A, AND WILL CAPTURE FLOWS FROM THE ENTIRE OUTFALL A DRAINAGE BASIN AND PUMP TO A CENTRAL TREATMENT LOCATION. STORMWATER WILL BE ROUTED VIA GRAVITY THROUGH A FOUR-STAGE BIOFILTRATION TREATMENT SYSTEM. A SECOND LIFT STATION IS PROPOSED DOWNSTREAM OF TREATMENT TO RETURN TREATED FLOWS TO OUTFALL A.



NOTES:

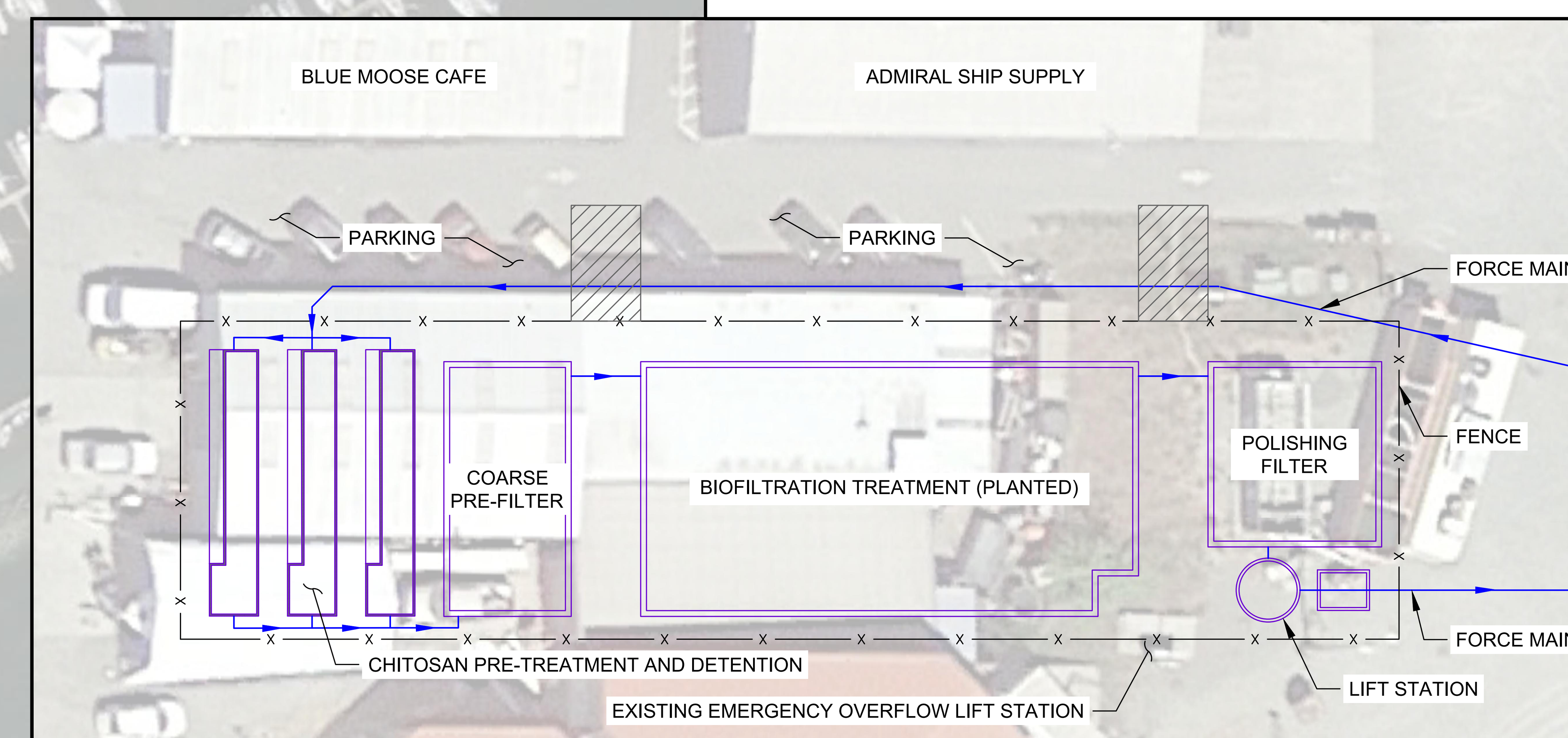
1. STORM DRAINAGE SYSTEM IS BASED ON LIMITED DATA AND SURVEY AND MAY BE INCOMPLETE OR INCORRECT. PROVIDED FOR CONCEPTUAL PURPOSES. NOT FIELD VERIFIED, NOT FOR CONSTRUCTION.
2. CONCEPTUAL HYDROLOGIC AND HYDRAULIC MODELING WAS PERFORMED TO EVALUATE CONCEPTUAL ALTERNATIVE FEASIBILITY AND IS NOT SUFFICIENT FOR DETAIL DESIGN AND CONSTRUCTION PURPOSES. CONVEYANCE AND TREATMENT SYSTEM HYDROLOGIC AND HYDRAULIC MODELING IS RECOMMENDED DURING DETAIL DESIGN OF THE SELECTED ALTERNATIVE.
3. POTENTIAL UTILITY CONFLICTS EXIST AND WILL BE FURTHER INVESTIGATED IN SUBSEQUENT PHASES OF DESIGN.
4. GEOTECHNICAL INVESTIGATION WILL BE REQUIRED FOR FINAL DESIGN INCLUDING, BUT NOT LIMITED TO, SUBSURFACE EVALUATIONS FOR SHORING, TRENCHING, DEWATERING, SUBGRADE, PREPARATION, FOUNDATION SUPPORT, AND EXCAVATION BACKFILL AND COMPACTION.

BASIS OF DESIGN:

EXISTING DRAINAGE BASIN SIZE:	23.38 ACRES
FUTURE EXPANSION:	7 ACRES
FUTURE DRAINAGE BASIN SIZE:	30.38 ACRES
WATER QUALITY FLOWRATE:	1.86 CFS
LIFT STATION SIZE:	10' ID MANHOLE X 10 FEET DEEP
PUMP HORSEPOWER:	7.5 HP
FORCE MAIN SIZE:	10 INCHES
FORCE MAIN LENGTH:	675 FEET
FORCE MAIN MATERIAL:	C900 PVC
TREATMENT SYSTEM ENCUMBERED AREA:	11,500 SQUARE FEET
BIOFILTRATION MEDIA SURFACE AREA:	3,350 SQUARE FEET
ENGINEER'S ESTIMATE OF CONCEPTUAL COST:	$3,544,100 - $7,594,500
ESTIMATED ANNUAL O&M:	$39,500

LEGEND:

- EXISTING STORMWATER PIPING
- PROPOSED STORMWATER PIPING
- PROPOSED TREATMENT SYSTEM LOCATION
- EXISTING OUTFALL A DRAINAGE BASIN BOUNDARY



TREATMENT LAYOUT

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1" = 20'-0"

CONCEPTUAL DESIGN

PRELIMINARY DESIGN PHASE
NOT FOR CONSTRUCTION

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NO	REVISION	DATE	BY

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MONTH YEAR

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PORT OF PORT TOWNSEND
PORT TOWNSEND, WASHINGTON

BOAT HAVEN MARINA
STORMWATER IMPROVEMENTS

Kennedy Jenks

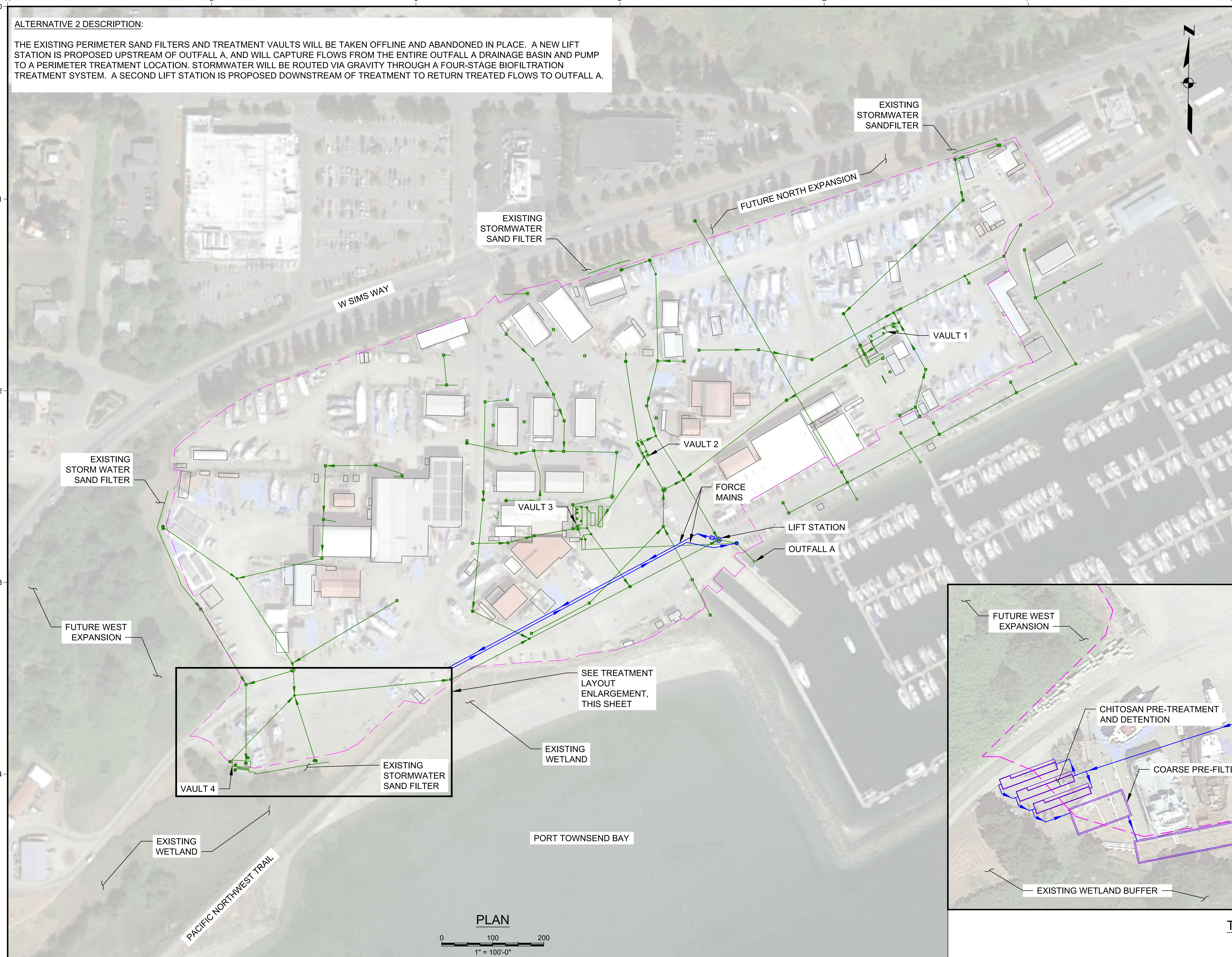
CONVEYANCE AND TREATMENT
ALTERNATIVE 1

SCALE	
JOB NO	2297020.00
DATE	MAY 2023
SHEET	OF ---

FIGURE 1

ALTERNATIVE 2 DESCRIPTION:

THE EXISTING PERIMETER SAND FILTERS AND TREATMENT VAULTS WILL BE TAKEN OFFLINE AND ABANDONED IN PLACE. A NEW LIFT STATION IS PROPOSED UPSTREAM OF OUTFALL A, AND WILL CAPTURE FLOWS FROM THE ENTIRE OUTFALL A DRAINAGE BASIN AND PUMP TO A PERIMETER TREATMENT LOCATION. STORMWATER WILL BE ROUTED VIA GRAVITY THROUGH A FOUR-STAGE BIOFILTRATION TREATMENT SYSTEM. A SECOND LIFT STATION IS PROPOSED DOWNSTREAM OF TREATMENT TO RETURN TREATED FLOWS TO OUTFALL A.



PLAN

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BASIS OF DESIGN:

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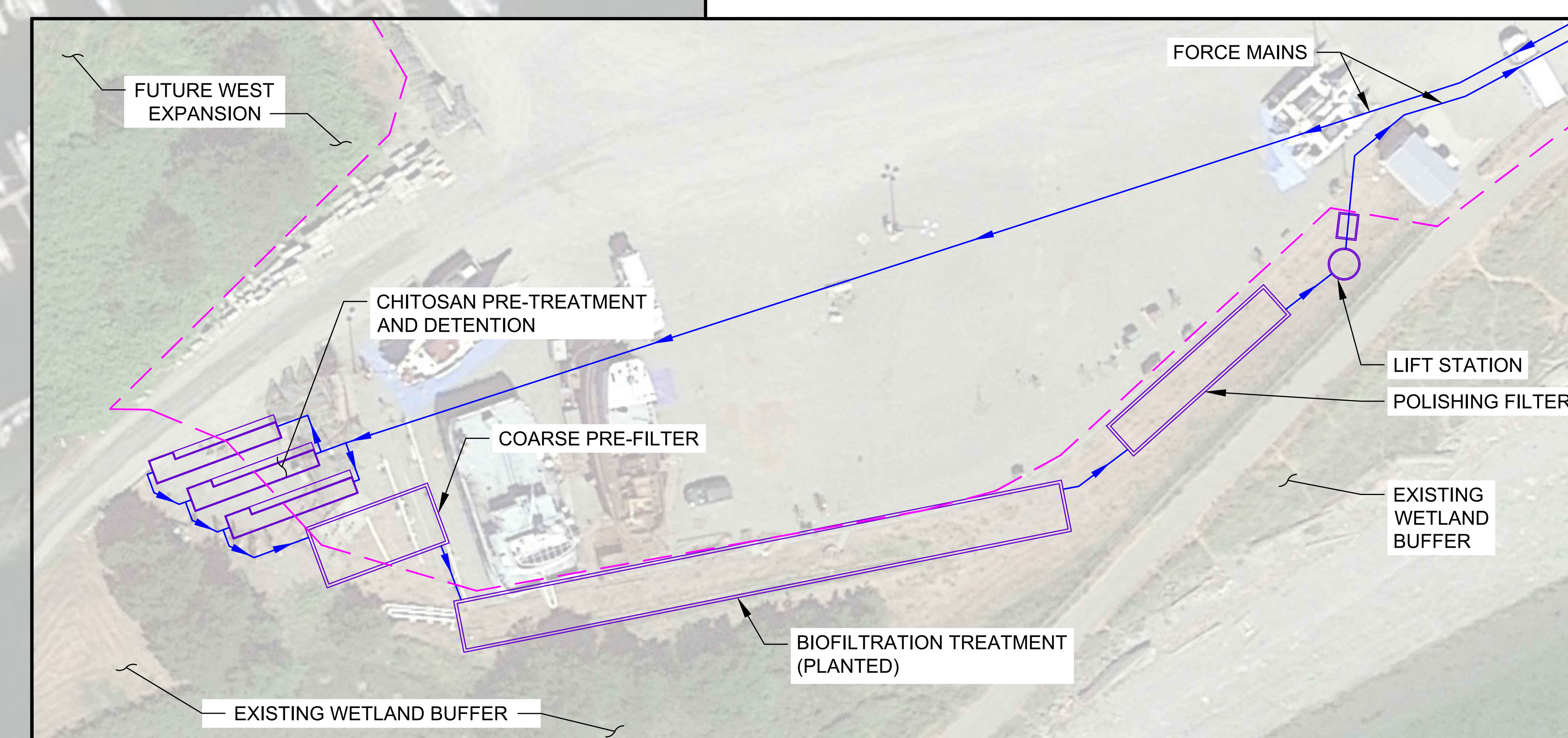
FUTURE DRAINAGE BASIN SIZE:	30.68 ACRES
WATER QUALITY FLOWRATE:	1.88 CFS
LIFT STATION SIZE:	10' ID MANHOLE X 10 FEET DEEP
PUMP HORSEPOWER:	7.5 HP
FORCE MAIN SIZE:	10 INCHES
FORCE MAIN LENGTH:	1,760 FEET
FORCE MAIN MATERIAL:	C900 PVC
TREATMENT SYSTEM ENCUMBERED AREA:	19,650 SQUARE FEET
BIOFILTRATION MEDIA SURFACE AREA:	3,400 SQUARE FEET
ENGINEER'S ESTIMATE OF CONCEPTUAL COST:	$3,617,600 - $7,752,000
ESTIMATED ANNUAL O&M:	$39,600

LEGEND:

- EXISTING STORMWATER PIPING
- PROPOSED STORMWATER PIPING
- PROPOSED TREATMENT SYSTEM LOCATION
- EXISTING OUTFALL A DRAINAGE BASIN BOUNDARY



TREATMENT LAYOUT

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1" = 40'-0"

NO	REVISION	DATE	BY	

CONCEPTUAL DESIGN

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PORT OF PORT TOWNSEND
PORT TOWNSEND, WASHINGTON

BOAT HAVEN MARINA
STORMWATER IMPROVEMENTS

Kennedy Jenks

CONVEYANCE AND TREATMENT
ALTERNATIVE 2

SCALE

JOB NO 2297020.00

DATE MAY 2023

SHEET OF ---

FIGURE 2

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pw:\\kjce-pw.bentley.com:kjce-pw\Documents\Clients\Port Townsend, Port of WA\Projects\Boat Haven Marina Stormwater Phase 1_2297020.00\10-Design\10.06-Drawings\Civil\0000000.00-C-001

WASHINGTON PUBLIC PORTS ASSOCIATION

Port Governance and Management Guide

A comprehensive, practical handbook to assist port commissioners and senior staff as they govern, manage, and operate Washington State's public ports.

TABLE OF CONTENTS

4. BUDGETING, FINANCE AND COMPLIANCE

"By failing to prepare, you are preparing to fail."
–Benjamin Franklin

BUDGETING, FINANCE AND COMPLIANCE

A budget was originally used in England in the mid 1700's as a means of understanding and controlling governmental expenditures. The Chancellor of Exchequer presented the budget each year to the British Parliament which then acted to adopt the proposed budget. The origin for the term budget is from the French word, bougette, which translates, "leather briefcase or pouch." Documents detailing expense and tax proposals in both France and England were carried to governing bodies in these leather carriers.

Further described in Chapter III, finance derives from the French word for "to settle a debt"—in other words, to make a plan to settle a debt. Today, this is most often reflected in a port's multi-year financial projections which forecast cash flow, revenues, expenses, capital outlay, and debt for the entire entity, or in a plan of finance for a particular project investment.

Compliance, manifested in port audits, is a term that comes from the Latin verb, complere, or "making sure all parts are considered and nothing is lacking." Audit originates from the Latin root, audir, or "to hear." Essentially, an audit is to hear that everything is complete and proper.

These terms are intertwined in port governance and management. Financial considerations are at the core of decision making, whether evaluating past performance, maintaining the status quo, or expanding assets and operations.

This chapter explores these topics in some detail. Resources from current federal and state grant programs and loans are also included in this chapter.

ACCOUNTING STANDARDS

Any discussion of budgeting, finance, and compliance must begin with an understanding of the accounting structure that underpins the financial management of Washington ports. The Government Accounting Standards Board (GASB, pronounced "gaz-bee") is an independent, non-political organization founded in 1984 to promote clear, consistent, transparent, and comparable financial reporting for state and local governments. It establishes and improves standards of accounting for local governments—standards which are significantly different than those used by for-profit businesses. GASB's counterpart in the federal government is the Federal Accounting Standards Advisory Board (FASB).

Legislative bodies, taxpayers, purchasers of municipal bonds, and local governments rely on the consistency and standards established by GASB. It is governed by a seven-member board of qualified and experienced government accounting and finance professionals. GASB is not a government agency; it was created by the Financial Accounting Foundation (FAF) and a collection of state and local government associations to be the independent official source of generally accepted accounting standards for local government.

The collective mission of the GASB, the FASB, and the FAF is "to establish and improve financial accounting and reporting standards to provide useful information to investors and other users of financial reports and educate stakeholders on how to most effectively understand and implement those standards."

Particularly when they are changed or modified, GASB standards can have a significant impact on Washington ports. Port financial staff and auditors should pay close attention to trends and pending changes in GASB standards. These GASB standards are the generally accepted accounting standards (GAAP) for local governments.

In Washington, the state auditor is charged by statute with formulating, prescribing, and installing a uniform system of accounting for every public institution and every public office, including port authorities (RCW43.09.200). The purpose for this uniformity across municipal governments is to allow for (a.) meaningful use and comparison of financial data, (b.) accounting and reporting resources for local government managers, and (c.) a consistent framework for financial reporting to a host of audiences including granting agencies, regulators, state Legislature, and the public.

This uniform system of accounting is developed by the state auditor and captured in the Budgeting, Accounting, and Reporting System (BARS) manual. The BARS manual is maintained by the state auditor and updated as needed after conferring with an advisory committee. The reporting standards in BARS are Washington's GAAP for local governments, consistent with national GASB standards and published by GASB as they become effective.

The BARS manual provides a chart of accounts for ports. This chart is used to organize accounts and entries in port financial reporting and budgeting.

BUDGETING

The most significant keystone document that a port will utilize is its budget.

Washington State law requires every port to prepare an annual operating and capital budget for the upcoming fiscal year, defined as the calendar year (RCW 53.35). The development and adoption of a port budget is only the beginning of the budget's utility and critical function. After adoption, a budget is a legal document that gives port officials the authority to incur obligations and pay expenses. When done properly, a budget (a.) allocates resources and expectations of generating income to lines of businesses, (b.) funds traditional governmental activities, and (c.) applies resources to administrative and overhead functions.
As a primary governance and management tool, a budget serves several critical uses for the port beyond the apparent allocation of resources:

- It provides a measurable platform to describe in reasonable detail internal alignment within a port on future priorities and goals.
- It communicates a port's view of its near and midterm priorities to external audiences, including tenants, customers, other governments, the bond market, and the community.
- In concert with other keystone documents, it maps a clear route for a port's immediate and longer-term direction.

Port budgets (a.) contain the forecasted and approved expenditures and revenues for operations, (b.) schedule planned capital acquisitions and projects, (c.) provide an explanation for the use of property taxes, and (d.) give a general orientation to the port's strategic mission and vision.

To consider the budget a governmental formality, independent of strategic direction, is to invite misalignment and inefficiency.

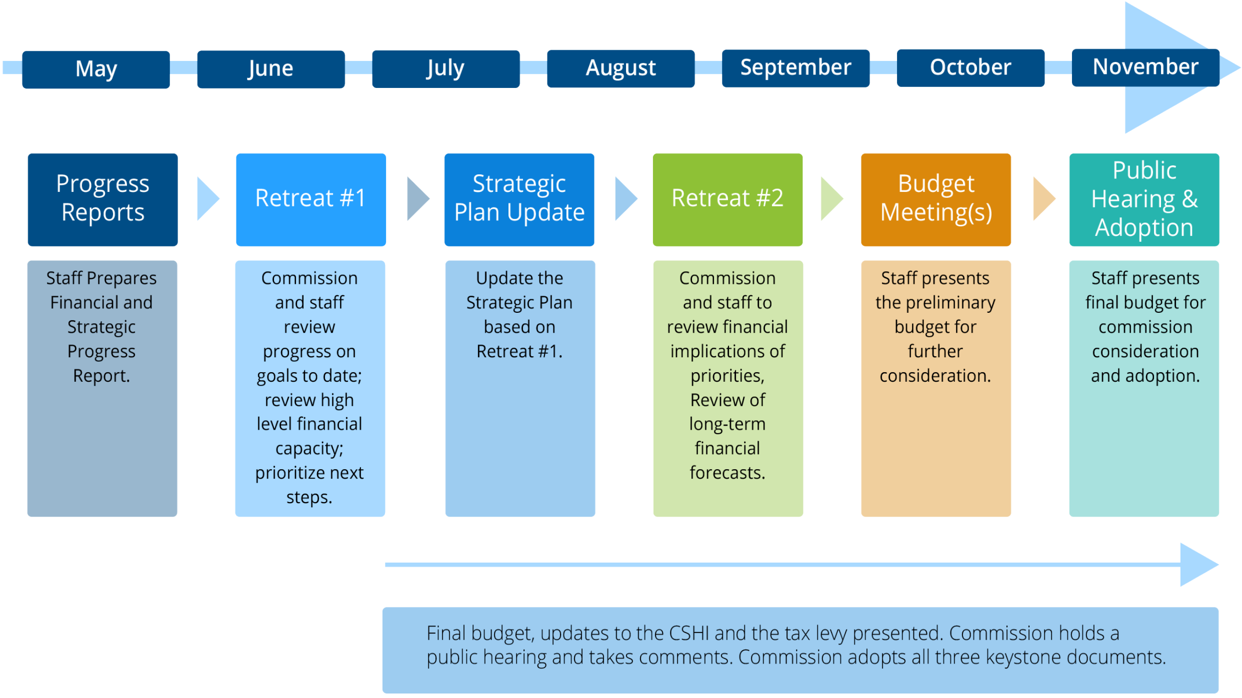
Schedule and Budget Adoption

Legal requirements for the timing of budget adoption are contained in the RCWs, but there are alternative adoption opportunities for ports. The prescribed schedule is as follows, unless a port opts for an alternative schedule.

September 15:	The preliminary budget is approved by the commission and filed for public review at the port's offices. The tax levy rate is proposed within levy limits.
After adoption of the preliminary budget and proposed tax levy:	Notice is published that the preliminary budget is ready for review by the public. The preliminary budget is published once a week for two consecutive weeks. The first publication may be no less than nine days and no more than 20 days prior to the hearing date.
No earlier than October 31 and no later than the first Tuesday following the first Monday in November:	Public hearing on the preliminary budget and tax levy rate.
November 30:	Firm deadline to file the final budget with the county and to certify the upcoming tax levy rate.

Ports may adopt an alternate schedule that still requires the approved budget to be filed with the county legislative authority no later than the first Monday in December (RCW 53.35.045). However, the tax levy must be certified no later than November 30. This alternate schedule can also set alternate dates for preparing the preliminary budget. Requirements for public hearings with appropriate notice are still required under the alternative schedule (RCW53.35.020).

Beyond the legal requirements for budget and tax adoption, best port management practices suggest a more strategic approach to budget consideration and adoption. Specifically, budget preparation should be undertaken in concert with a review of the port's strategic priorities. Budget adoption should also be coordinated with an annual update of the Comprehensive Scheme of Harbor Improvements (CSHI).



This strategic approach builds on a port's foundational strategic direction and links the budget forecast with the update of the CSHI. Development of a budget that is linked to the port's strategic plan is undoubtedly one of the most significant governance and management collaborations of a successful port.

Budget Structure

Port budgets have evolved over time; they are guided by accounting and finance standards that are constantly being revised. There is a generally accepted core template that reflects those industry standards and best management practices. Once a template is established, the annual effort to create subsequent budgets can focus less on formatting and more on strategic content and direction.

These are the components of a strategic budget. They are designed to encourage alignment within a port and to provide a clear and articulated understanding of the port's intentions to its partners, customers, regulators, grantors, finance community, and most importantly, to the public.

I. Introduction

- » An introduction, written in letter format by the executive director or the commission, that sets the stage and tone of the budget that follows.

II. The Port

- » Description of the port and its operations, the breadth of its assets and facilities, its geographic boundaries, the state of the local economy, and the community setting.
- » A port organizational chart.

III. Strategic Direction

- » Inputs from the port's strategic plan, including its mission statement, vision, values, goals, and strategies. This provides a solid and functional link between the strategic planning process and budget adoption.

IV. Summary Budget

- » A summary of the budget with explanatory graphics that tell the port's financial story at a glance.

V. Annual Budget

- » Summary description of revenues and other sources of cash flow, organized by lines of business. Summary description of expenses and other cash uses, organized by lines of business and traditional governmental activities.
- » Summary description of capital expenditures, organized by lines of business and traditional governmental activities (net value of grants).
- » Detailed text description of lines of business and traditional governmental activities.

VI. Port Tax

- » Explanation of tax levy use, in context with other entities' taxing levies to put the port tax in perspective.

VII. Cash Flow Projection with Metrics

- » A multiyear, port-wide summary of cash flows, organized by lines of business and traditional governmental activities, to include overhead and administrative services or departments. Data should be included from the past five years, minimum, in addition to the current year's budget, and projected end-of-year performance.

Budgets are built around a chart of accounts that define the granular detail of the budget. As mentioned earlier, BARS provides a chart of accounts.

Ports Subject to FAA Grant Assurances

Airports that accept Federal Aviation Administration (FAA) grants must agree to certain grant assurances—this is covered in more detail in Chapter V: Operations. These grant assurances prescribe the eligible uses for net port revenues from a federally funded airport:

"All revenues generated by the airport, if it is a public airport, will be expended for the capital or operating costs of the airport, the local airport system, or other local facilities which are owned or operated by the owner or operator of the airport and directly related to the actual transportation of passengers or property."

This condition may require that a port take a more surgical approach to forecasting and accounting for revenues and expenses associated with a FAA grant assurance.

FINANCE

Rigorous oversight of a port's financial resources underpins the port's ability to deliver on commitments and reach new milestones. There are many financial tools that have been well tested and are considered best management practices for Washington ports.

Financial Tools

Financial Guidelines (Policies)

While a port's budget gives a detailed roadmap for achieving near- and long-term goals consistent with the port's strategic plan and CSHI, financial guidelines (policies) provide a template for making decisions along the way. Specifically, financial guidelines provide a financial platform for evaluating current activities and proposals for future programs, projects, and activities. Financial guidelines should be adopted by commission resolution and reviewed and updated periodically as necessary. They provide continuity, bridging staff and commission changes to uphold financial stability over time.

The benefits of adopting financial policies include (a.) full transparency on how the port is managing its financial affairs, (b.) supporting desired bond ratings and reducing the cost of borrowing, (c.) managing and reducing risk, (d.) providing a reference during annual state audits, and (e.) assisting in compliance with established industry best practices.

Financial guidelines contained in a keystone document typically include these components:

1. **Responsibilities of Executive Director:** Define the responsibility of the port's executive director in ensuring that operating revenues are sufficient to cover all operating expenses, capital outlays, and debt covenants (bonds) on an annual basis. The executive director works from a position of oversight and may need to present the commission with recommended actions to address financial concerns.
2. **Financial Updates:** The executive director should be required to provide periodic (quarterly) financial updates to the commission with plans to address pending expense exceedances or revenue shortfalls that would jeopardize the port's financial stability, including drops in targeted cash reserve capacity.

3. **Staff Salaries:** A policy reflecting the commission's philosophy on staff salaries. This is applicable to situations in which the management of employee costs and benefits is either the responsibility of the executive director, as reflected in a delegation of powers, or reserved to the commission.
4. **Port Assets:** A policy reflecting the commission's approach to maintaining fixed assets and avoiding deferred maintenance. This policy may have references to the need and value of inventorying these assets. The policy should consider determining the value thresholds for capitalizing specific classes of assets.
5. **Property Taxes:** The commission policy regarding the intended use of property taxes or other special levies.
6. **Revenue Portfolio Target:** A statement on the need to secure a stabilizing and diversified revenue portfolio. This is, in essence, a statement of risk tolerance.
7. **Securities:** A definition of acceptable tenant securities (bonds, retainers, or deposits) for leases, etc.
8. **Rents and Fees:** The process and philosophy for establishing rents, tariffs, and user fees. Ports often have a leasing policy that addresses this issue. The policy should be aligned with the delegation of powers, as there may be instances within this policy statement in which the executive director can execute leases and fees.
9. **Debt Financing:** A policy regarding the circumstances in which the port would utilize debt financing. Details should include the type of debt and market conditions that would be acceptable for incurring debt.
10. **Investing:** The process and expectations regarding the investment of idle cash. It should be noted that most ports utilize the treasury services of their county government unless they have opted out.
11. **Uncollectible Receivables:** A policy and approach to the treatment of uncollectible receivables. This policy should define the steps, thresholds, and processes for collecting default payments.
12. **Cash Reserves:** Determination of sufficient cash reserves to meet unexpected and emergency expenses, provide debt coverage, and account for dips in net revenue.
13. **Travel/Expense Reimbursement:** In the absence of a travel policy, the port should establish a process for reimbursing employees, including commissioners, for travel and incidental costs. The policy should give commissioners and staff a clear sense of the expected limits, to avoid confusion on such matters as hotel rates, meals, and other travel costs (RCW 53.08.175). Note that ports are required to have an independent promotional hosting policy.

Like with all keystone documents, it is essential that a port's financial guidelines are coordinated with the powers, responsibilities, and limits of the executive director, as articulated in the port's delegation of powers. In some cases, ports have incorporated lease policies and rates into their financial policies, or they treat them independently.

Multiyear Financial Forecasts

Multiyear financial forecasts (cash flows) are predictions or knowledgeable estimates of future events and occurrences that are regularly updated and used as planning tools to inform decisions surrounding annual budgeting efforts. These forecasts are guidance tools, not accountability tools. In contrast, the annual budget can be used to assess performance, in which case it can be an accountability tool—one that supports accountability both within the port and to the community it serves.

When used as a planning document, a multiyear forecast is invaluable to a port, as it prepares annual budgets and plans of finance for specific projects, makes investment decisions, and evaluates the impact of external trends and events on the port. The construct of a multiyear port-wide forecast generally includes the following entries for a specific period that ranges from five to ten years or more:

- Beginning cash balance
- Conglomerated revenues from operations
- Conglomerated expenses from operations
- Net earned revenues
- Unearned revenues including taxes and interest income
- Net cash flow from operations
- Proceeds from borrowings (loans and bonds) and grants
- Debt payments
- Capital cash expenses
- Ending cash balance (capital)
- Net cash flow
- Reserves for operations and debt covenants
- Available cash

These projections should include metrics that facilitate the port's assessment of its future projected financial performance. Common metrics to be considered include:

- **Reserves:** The amount of projected operating reserves against a targeted amount. The traditional standard is three months operating income in available cash or other extremely liquid assets. These are contingency funds in the event of a catastrophe, an unanticipated downturn in a market, or failure of a major tenant, or to weather seasonal fluctuations in expenses and revenues. These reserves should be kept in addition to any needed debt reserves mandated by bond covenants.
- **Debt Service Coverage:** The ratio of available, uncommitted cash flow to the amount of

total debt payments against both principal and interest. Typical bond covenants require that the port maintain a minimum ratio of 1.35 in available cash to debt service payments. Some ports have opted to target a higher ratio to insure the financial stability of the district. It is not unusual to see internal debt coverage ratios ranging from 1.5 to 2.0 as a financial metric of that stability.

- **Debt to Equity:** The amount of total debt (liabilities) to equity (value of all port assets). It is a measurement to determine to what level a port is leveraged. The higher the number, the higher the port is leveraged.

Plan of Finance: Project Specific

A plan of finance is a comprehensive financial forecast reflecting the cost and revenue structure of a specific project or initiative, including estimated capital and operating project costs, sources and uses of funds, and a cash flow pro-forma. It is most often used as the basis for securing debt financing or advancing a commitment to a project or initiative. Plans of finance should be used to assess the opportunity and risks associated with a project investment. They are typically used for brick and mortar facility construction. Examples include construction of a new cargo terminal, extension to a marina, or development of a new commercial building.

FINANCING PROJECTS AND OPERATIONS: SOURCES OF CASH

Financing capital projects and operating costs is a strategic element that is at the core of a port's feasibility as an ongoing municipal entity. Sources of funds for port uses generally fall into two categories: earned and unearned revenues.

Traditionally, earned revenues are those that are generated from a port's lines of business. Unearned revenues are those that are generated from other sources, such as property taxes; they are used to underwrite the costs of lines of business, port overhead, and traditional government activities such as parks and open space. This is not always the case, as some ports fund their overhead and traditional governmental activities through net positive revenues from their lines of business.

Sources of Earned Revenue

As a source of cash, earned revenues are derived from operations, specifically asset/facility rents, fees, and the like. The more common types of rents and fees include:

- **Boat Launch:** The fees associated with launching smaller boats from trailers across a ramp.
- **Concession:** The fees and charges for operating a concession (food and retail) on port property.
- **Dockage:** The charge to use a fixed or floating dock, usually on a mid- or short-term basis. Dockage is typically charged in cargo operations.

- **Fiber:** Fees associated with the use of dark (inactive) fiber optic cables. In the future, ports may construct and operate last-mile fiber, which will be accompanied by user (retail) fees for internet connection.
- **Fuel:** Fees based on gallonage, for refueling at a marina or airport.
- **Landing:** Fees assessed per landing against recreational and commercial aircraft.
- **Moorage Fees for Slip Rentals:** Essentially, these are rents for the use of an in-water moorage within a marina. These moorage rates are often based on both length and width of a slip.
- **Parking:** Connected to a host of port facilities, fees for auto parking are often a considerable revenue earner.
- **Real Property Rents:** Rents for real property assets captured in a lease document. The lease conveys the right of control and occupancy of the underlying asset. While leases can be applied to a host of assets such as software licenses, mining rights, etc., in ports it is generally accepted to cover commercial and industrial real property assets.
- **Storage:** Use fees for laydown or warehouse storage facilities.
- **Utility:** Typically charged on pass-through fees of utility costs for tenants, slip holders, and the like.
- **Wharfage:** The charge for moving cargo across a dock or wharf.

From the 2020 WPPA Port Survey

- Funding is the number one challenge to responding ports.
- Two-thirds of Washington ports want to know more about securing grants.
- Ports primarily use state-administered grants, such as those from the Community Economic Revitalization Board or Model Toxics Control Act.
- Many innovative and challenging investment projects are on the horizon for ports across Washington.

Sources of Unearned Revenue

Unearned revenues include those sources of cash that are not directly attributable to a port's lines of business. They generally include taxes, interest on investments, grants, and the like.

PROPERTY TAXES

General Property Tax Levy

"I like to pay taxes. With them, I buy civilization." –Oliver Wendell Holmes, Jr.

Philosophy on ports' use of property taxes can be controversial and is often the source of great internal debate and discussion with the community.

The 1911 Washington State law that first authorized citizens to form port districts also authorized ports to levy an annual property tax levy of $2 per $1,000 on the assessed value of taxable property within the district. These taxes were to be used for general port purposes. These funds provided start-up money for facilities and for the operation of new ports, and they built a dependable reservoir of funds for construction of public assets. Since 1911, the Washington State Legislature has reduced the port property tax authorization to $0.45 per $1,000.

In addition to the limit on the overall levy rate, there is a 1% limit on the amount an individual taxing district can increase the property tax levy (the total amount of taxes that will be collected) each year. Property tax increases are not based on the increasing value of properties; they are based on the amount of the property taxes assessed in the prior year. The cash that a levy generates cannot increase by more than 1% per year, but that excludes taxes generated from new construction, state assessed utility property, or annexations to the district.

Ports can bank unused tax capacity; if after proper notice and a public hearing, a port elects not to use its full 1% allowed tax levy, it can adopt a resolution to bank that unused capacity for a future date (RCW 84.55).

A Note on Tax Levies

Most ports do not use their maximum allowable general tax levy. WPPA's 2019 Tax Levy and Compensation Survey revealed that the average tax levy was $0.262 per $1,000 of assessed value, for the 49 ports that responded. The lowest was $0.03 and the highest was $0.45. This analysis only applies to the general tax levy, not to special levies such as dredge and industrial development levies.

Ports use taxes to invest in brick and mortar projects that stimulate and grow the economy, and to fund traditional government activities that are not capable of generating sufficient earned revenue. When using taxes to stimulate and grow the economy, ports should be thoughtful in articulating the often "invisible" economic development benefits. Attention should be paid to defining the expected and specific visible outcomes of a tax-supported investment in economic development. Ports should clearly understand how this investment of publicly paid taxes grows the economy and builds real community wealth.

Washington State Property Tax Structure

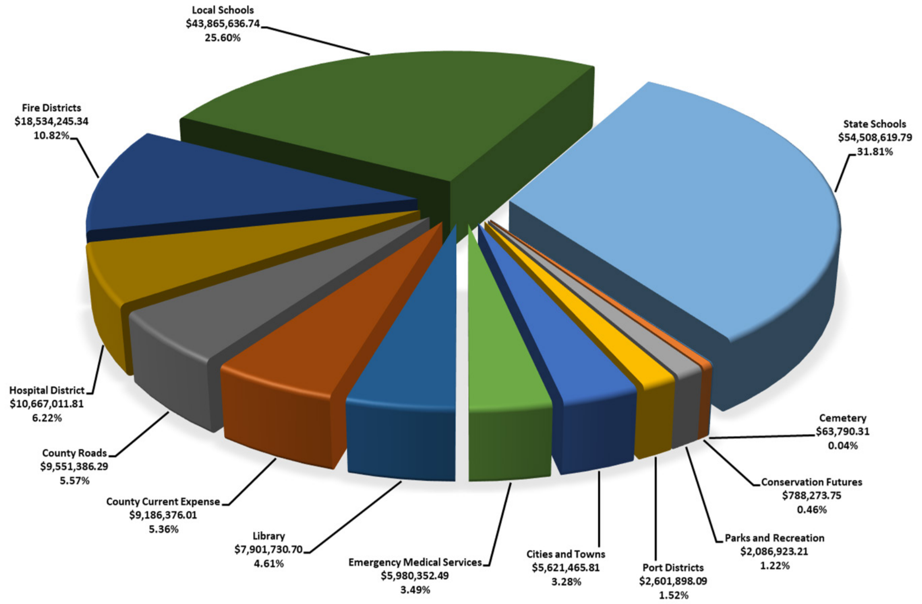
In general, property taxes account for about 30% of total state and local taxes across Washington. State law requires that county assessors assess property at 100% of its true and fair market value.

Real property includes land, improvements, structures, and certain equipment affixed to structures. Property is assessed using one of three approaches: market sales comparison, cost approach, or income approach. Personal property that is mobile is assessed as well, if it is used for business or commercial purposes. Assessors are required to physically inspect each property every six years.

Property tax rates are expressed in dollars per thousand dollars of assessed property value. Assessors set the levy rate based on the taxing district's budget request, the total assessed value of the taxing district, and any applicable levy limitations.

Property taxes can be appealed to the county's tax assessor; if a resolution is not reached, it can be formally appealed to the county's Board of Equalization. Property taxes are billed and payable by April 30 and October 31 of each year.

The illustration that follows represents a typical tax bill in Washington state. It clearly reveals that ports are a minor taxing entity, compared to other agencies such as school districts.



Example of property tax levy percentages by agency. Pierce County 2020.

Industrial Development Districts – Industrial Development Tax Levy

One of the unique tools Washington ports have to their avail is the creation of industrial development districts (IDD) and the levying of an IDD tax levy.

A port may create one or more IDDs within their political boundaries, with the intent of developing marginal lands within those geographic areas. The public policy reasoning for a port's establishment of an IDD (RCW 53.25.010) is that the economic security of the community is dependent on the proper development, or redevelopment, of these marginal and typically underperforming lands that the private sector alone cannot successfully address.

Washington statutes define these marginal lands as being characterized by one or more of these conditions:

1. An economic dislocation, deterioration, or disuse resulting from faulty planning.
2. The subdividing and sale of lots of irregular form and shape and inadequate size for proper usefulness and development.
3. The laying out of lots in disregard of the contours and other physical characteristics of the ground and surrounding conditions.
4. The existence of inadequate streets, open spaces, and utilities.
5. The existence of lots or other areas which are subject to being submerged by water.
6. By a prevalence of depreciated values, impaired investments, and social and economic maladjustment to such an extent that the capacity to pay taxes is reduced and tax receipts are inadequate for the cost of public services rendered.
7. In some parts of marginal lands, a growing or total lack of proper utilization of areas, resulting in a stagnant and unproductive condition of land potentially useful and valuable for contributing to the public health, safety, and welfare.
8. In other parts of marginal lands, a loss of population and reduction of proper utilization of the area, resulting in its further deterioration and added costs to the taxpayer for the creation of new public facilities and services elsewhere.
9. Property of an assessed valuation of insufficient amount to permit the establishment of a local improvement district for the construction and installation of streets, walks, sewers, water, and other utilities.
10. Lands within an industrial area which are not devoted to industrial use, but which are necessary to industrial development within the industrial area.

Along with the very name of this authority, these statutes imply that the actions authorized are targeted toward industrial property. Washington statutes do not define the term industrial, just as they do not define harbor improvements. However, it is broadly accepted that commercial development is the new industrial development in today's evolving economy. A classic definition of industry broadly includes productive enterprises or organizations that produce or supply goods or services and are further classified as heavy and light. In the end, this is a determination reserved to the commission's judgement after evaluating all the circumstances.

The process for creating one or more IDDs, while not defined in Washington statutes beyond the need for a public hearing, should consider the following steps:

- Preliminarily identify potential property to be included in the district(s).
- Assess the property to determine if it is marginal property under the statutory definition. That assessment should be captured in a findings memorandum or similar document.

- Develop a communications strategy to inform the public.
- Conduct a public hearing(s) on the creation of the district(s) to take public input.
- By commission resolution, form the district(s).

District boundaries can be further adjusted, and Washington statutes provide additional clarification on that process.

Within the district, a port can exercise all its authorities, including condemnation and the creation of special levy assessments on private property for improvements such as needed infrastructure. These assessments are distinct and independent of an industrial development district tax levy, which is discussed below. It should be noted that any improvements beyond feasibility and planning studies must be articulated in a port's CSHI.

A port may assess an industrial development tax levy to fund improvements and activities associated with industrial development districts. This levy is in addition to its general operating levy and does not require a vote of the public. Similar to ports' general levy limit of $0.45 per $1,000 of assessed value, a port can levy up to an additional $0.45 per $1,000 of assessed value as an industrial development levy.

This additional levy can be collected for a limited time. Established by statute in 1957, the original construct limited a port to two six-year levy periods over the life of the port (RCW 53.36.100). Statutory changes in 2015 now permit collection of the same levy amount over two 20-year periods (RCW 53.36.160).

Both constructs are available to today's port authorities; however, the six-year construct expires in 2026 and will no longer be available to ports. Ports may still use it but are limited to a shrinking collection period as 2026 approaches. The Washington State Department of Revenue has issued an opinion that it is no longer available. Ports are advised not to pursue the six-year levy under RCW 53.36.100 because of this uncertainty. And in any case, the new construct is much more flexible.

The benefit of the 20-year model adopted in 2015 is its flexibility. The total amount of the tax can be collected from six to 20 years with varying collection rates, and a port can skip years of collection. This flexibility on the collection rate is determined by a port commission on an annual basis. However, the total amount of the levy remains the same as the total that could be collected under the original 1957 construct.

The 2015 statute calculation:
$0.45 per $1,000 of assessed valuation times six years or a total that can be collected over 20 years of $2.70 per $1,000 of assessed value in the baseline year ($0.45 X 6 = $2.70).

The new construct assumes a fixed assessed value base within the port district, excepting an increase for new construction value and annexations, but not for inflationary growth in the overall assessed value base. The annual tax levy can vary up to a maximum of $0.45 per $1,0000 of assessed value per year; it can be timed with the need for project and improvement funds, with the total over 20 years not to exceed $2.70 per $1,000 of assessed value.

An example calculation:

1. **Port's total assessed value: $4,000,000,000.**
2. **Total $1,000 of assessed value: $4,000,000.**
3. **Total tax available to be collected over 20 years: $1,000 of assessed value X $2.70 = $10,800,000.**
4. **Maximum available in any one year: $1,000 of assessed value X $0.45 = $1,800,000.**

Like the original 1957 construct, the 20-year levy can be implemented for a second 20-year period. This action is subject to a petition of 8% of registered voters to require a public election. The process for implementing an IDD tax levy, while not specifically defined in Washington statutes beyond the need for a public hearing, should consider the following steps:

- Create a capital finance plan (CFP) as a best management practice to forecast the need for the additional revenues, in both amount and timing.
- Develop a communication strategy to explain the need to the community.
- As required by statute, hold at least one public hearing to receive public comments.
- Adopt a resolution by November 30 of each year, setting the amount of the IDD tax levy expressed as a dollar figure that will be assessed in the upcoming fiscal year. This is done each year until the $2.70 per $1,000 of assessed value in the base year is used.

Dredge Levy

Ports have the authority to collect a dredge levy for purposes of dredging, canal construction, or land leveling and filing purposes, up to a total amount of $0.45 per $1,000 of assessed value. This levy can only be implemented following the approval of a majority of electors. The process used must be consistent with the levy process utilized by first-class school districts, as described in RCW 29A.04.330.

Like any proposed tax increase, the levy must ultimately be approved following a public hearing. All improvements of this nature must be included in a port's CSHI. Similar to implementing an industrial development tax levy, the dredge levy process should include a clear assessment of need and a vigorous plan to reach out and communicate with the public.

INTEREST INCOME

Interest income is simply the interest earned on investments of idle cash in a port's portfolio. This is likely a limited source of funds, as ports typically use all idle cash for capital projects.

BORROWING

To Borrow or Use Cash Reserves?

The question of whether a port should borrow is very much dependent on an individual port's financial circumstances and the philosophy of its board of commissioners. The following table highlights the general pros and cons of borrowing vs. using cash and pay as you go. Evaluating the need for borrowed funds should be reflected in a port's multiyear financial forecast.

	CASH FUNDING "PAY AS YOU GO"	DEBT FUNDING "PAY AS YOU USE"
ADVANTAGES	• Port avoids interest costs. • Port avoids continuing disclosure, calculating arbitrage, and other compliance requirements.	• Future users share in the cost. • Build when it's needed. • Cash is on hand for other opportunities.
DISADVANTAGES	• Can require a long wait, causing a port to miss the window of opportunity. • Less financial cushion. • May miss opportunities.	• Debt payments may limit future budgetary flexibility. • Impact to credit ratings. • Issuance and compliance requirements can be burdensome.

Types of Borrowing: Bonds and More

Ports can borrow money in several different ways and retire the debt with revenues and fees, taxes, or special assessments.

There are four basic types of borrowing for ports:

- **Commercial loans** that are negotiated with a lending institution. These typically carry higher interest rates and are limited to smaller loans or shorter amortization periods. They are not used often by municipal governments, but they are available. Included in this category are tax anticipation notes and lines of credit.
- **Leasing** with the right to ownership is not a loan per se, but it functions as the same. These have higher interest rates built into lease rates and are not frequently used outside of funding a large fleet (equipment lease) or real property assets (lease to own).
- **Governmental program loans** such as those offered by the Washington State Department of Commerce or the U.S. Department of Agriculture. These are very focused as to uses and

offer limited amounts of loans, and terms can be challenging.

- **Municipal bonds** are the traditional borrowing mechanism for ports.

Municipal bonds (also referred to as munis) are the primary instruments that ports use to borrow. Municipal bonds are tax-exempt, meaning that there is no federal income tax levied against the bond holder that receives net interest income for the debt payments made by the port. The result is that these tax-exempt instruments usually carry lower interest rates, as investors have no federal tax liability and will accept lower returns.

Municipal bonds can be refunded or recalled unless the issuing terms prevent the debt balance from being paid off early. In addition, some bonds or borrowings can have balloon payments. Ports should be very cautious about balloon payments or the lack of ability to retire or refinance the debt before the term expires. There are taxable bonds that are used in a number of applications by the private and public sector, but they are generally not issued by ports.
There are two basic types of tax-exempt bonds:

General Obligation (GO) bonds which are not secured against any specific asset or revenue stream but are backed by the “full faith and credit” of the port, which has the power to tax residents to pay bondholders. There are two types of GO bonds:

- **Limited tax general obligation (LTGO) bonds** can be approved by the commission but are limited to debt service payments using the port’s general tax levy. This creates a mathematical limitation (debt capacity) for borrowings of this type. These bonds are often referred to as non-voted debt.
- **Unlimited tax general obligation (UTGO) bonds,** also called voted debt, must be approved by at least 60% of voters, with a voter turnout that is equal to at least 40% of the voter turnout for the last general election. Voters must also approve an increase in property taxes beyond the authority of the commission.

Revenue bonds, which are not backed by the port’s taxing power but by revenues from a specific project or source. Some revenue bonds are non-recourse, meaning that if the identified revenue stream fades, the bondholder does not have any claim on port revenues. On the other hand, there are see through revenue bonds that primarily rely on identified project revenues but have a provision that the bondholder can rely on other port revenues, even taxes, for debt payments.

Security pledges are often required to backstop bonds, and the strength of the required security reflects the risk potential of the revenue stream used to retire a debt. The following table describes the various security pledges that may be required for various bond types.

TYPE OF PLEDGE	SECURITY PLEDGE	CONSIDERATIONS
GENERAL OBLIGATION	• Secured by property taxes. • Full faith and credit of port.	• Higher credit rating and lower issuance and interest costs. • Commission- or voter-approved.
GENERAL REVENUE	• Secured by a port's overall and total net revenue.	• Lower credit rating and higher issuance and interest costs. • Commission approved. • Larger debt coverage ratio.
SPECIAL REVENUE	• Secured by a specific bond-funded project (e.g., tenant lease).	• Interest rates significantly higher due to narrower revenue commitment. • Time consuming and costly to secure.

Key Roles in Debt Financing

There are several key roles in the process of borrowing or issuing bonds for a municipal government. These include:

- **Port CFO or Financial Lead:** Solicits other key positions through personal service contracts and oversees improvements to financial systems to support the port's good credit rating.
- **Bond Counsel:** Out of house attorney specializing in public debt matters who provides a written opinion on the port's authority to issue debt and ensures the port has met all state constitutional and statutory requirements.
- **Financial Advisor:** Provides advice to the port on market conditions, structuring and pricing debt, preparing official disclosure statements, and supporting credit rating presentations.
- **Bond Underwriters:** Manages the formal selling of debt instruments (bonds) or negotiation on a privately placed market. This role is often combined with the financial advisor.

Credit Ratings

To secure bond debt, a port will typically engage bond counsel, a financial advisor, and underwriters to manage the process of selling bonds on the market. The bond market will price the bond, essentially determining the interest rate a port will pay, based on the market's volatility and strong consideration for the risk associated with the source of funds the port will use to retire the debt. This risk is offset by the security pledges mentioned above, but it is also a function of the market's evaluation of the port's financial capacity, history of managing risk, and overall ability to manage its affairs. This evaluation is commonly known as a credit rating.

Credit ratings are issued by bond rating agencies such as Standard & Poor's, Moody's, Fitch Ratings, and the like. These agencies determine a port's credit rating based on a bond rating presentation by the port or similar analysis. Ports are encouraged to consider establishing a credit rating if they anticipate borrowing.

The keys to maintaining a good bond rating include:

- Regular **communication** with the bond rating market.
- Continuous **improvement** of financial policies, budgets, and forecasts.
- Utilization of **best management practices** for ports, including maintaining up to date keystone documents.
- Taking immediate **action** if financial metrics change negatively.

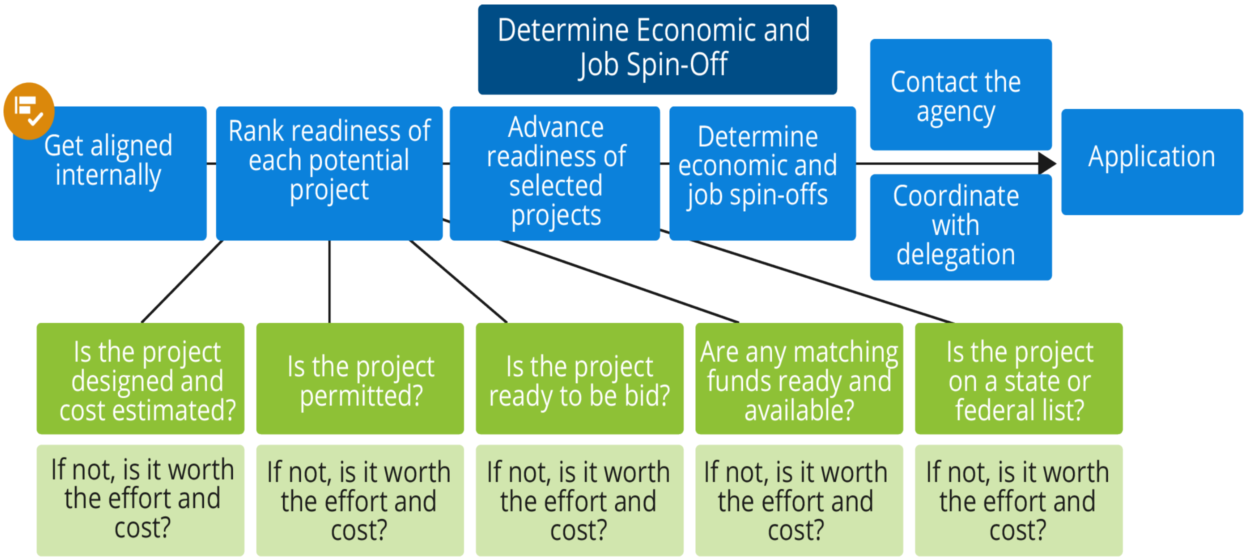
There are several other bond instruments available to ports. These include private activity bonds to finance non-governmental activities that have a substantial public purpose component, such as private industry expansion. These are designed to not afford any recourse against the port. The determination of these bonds' tax status is based on the type of activity being financed.

GRANTS

Grants from federal, state, and local programs represent a significant source of funds for both capital projects and innovative programs. However, there are three primary criteria used to determine the success of a grant application:

1. Is the project **shovel ready,** meaning that all permits are or can readily be acquired, and the applicant (the port) has the local match available and the capacity to undertake the work?
2. Does the project or program have general **community support**, or is there significant opposition?
3. Does the project or program **advance economic, community, or environmental progress**?

Getting a project or program ready to successfully apply for grant funding requires focus and alignment within the port. The following chart illustrates the internal process, with special relevance for when ports seek federal funding.



It is a port's responsibility to determine if it is ready for a successful grant application. The following questions can help to guide this determination:

- Are you aligned internally?
- Are you willing to undertake the risk and cost of preparation?
- Is the project designed and the cost estimated?
- Can you clearly articulate the economic and job benefits?
- Is the project publicly supported?
- Is the project permitted?
- Is the project ready to be bid?
- Are the required matching funds ready and available?
- Have you coordinated with the granting agency?
- Is the project on a state or federal list?
- Have you connected with your state or federal delegation?

See Appendix A for grant programs organized by port line of business or traditional governmental activity.

COMPLIANCE

The Office of the Washington State Auditor (SAO) is responsible for auditing Washington's more than 2,000 local governments, including port authorities. The SAO is a statewide elected office that is fourth in line of succession to the Governor (behind the Lieutenant Governor, the Secretary of State, and the Treasurer).

A port authority is required to provide an independent review of its financial statements alongside the results of its operations and cash flows, to determine if its financial statements present a reliable and accurate picture of the port's finances.

Like all local governments, a port is required to receive an audit of its financial statements if it (a.) receives over $2 million in annual revenues, (b.) spends more than $750,000 in federal financial assistance, which triggers a Federal Single Audit, or (c.) is specified in financing arrangements, such as bonds, loans, or grant agreements.

The auditor also conducts accountability reviews to determine if a port has adhered to applicable state laws, regulations, and its own policies and procedures.

With the passage of Citizen Initiative 900 in 2005, the SAO was authorized and funded to implement performance audits to determine if a state or local entity is operating according to statutory requirements and consistent with best industry practices that result in improved service delivery or financial effectiveness. As a practical matter, the SAO has focused on state agencies and programs. To support the intent of the Citizens Initiative the SAO has created the Center for Government Innovation.

Ports are required to submit end of year financial statements to the SAO within 150 days of the close of each fiscal year.

A typical SAO port audit consists of (a.) a title page that describes the frequency and purpose of the audit, (b.) a transmittal letter, signed by the auditor, that describes the process and communications to the port, and (c.) the actual audit results that confirm compliance. Any areas of concern identified by the auditor are captured as recommendations or findings. The auditor will make recommendations in the report on how to correct areas of concern or any other findings from the audit. These findings represent areas in which the auditors have significant concerns about the port's control of public resources.

GLOSSARY: FINANCE, ACCOUNTING, AND BUDGET TERMS

Account: A record of additions, deletions, and balances of individual assets, liabilities, equity, revenues, and expenses.

Accountability: A government's responsibility to justify to its citizenry the raising of public revenues and to account for the use of those public resources.

Accounts Payable: Amounts owed to others for goods and services received and assets acquired.

Accounting Period: A period at the end of which financial statements are prepared.

Accounts Receivable: Amounts due from others for goods furnished and services rendered. Such amounts include reimbursements earned and refunds receivable.

Accrual Basis: A method of accounting in which revenue is recorded in the period in which it is earned (whether it is collected in that period or not), and expenses are reported in the period when they are incurred (not matter when the disbursements are made). This method differs from the cash basis of accounting, in which income is considered earned when received and expenses are recorded when paid. All funds except governmental funds are accounted on the accrual basis, and governmental funds are accounted on a modified accrual basis.

Assessed Valuation: The value assigned to properties within a port district and used in computing the property taxes to be paid by property owners.

Assets: Any item of economic value owned by a governmental unit. The item may be physical in nature (tangible) or comprise a right to ownership (intangible) that is expressed in terms of cost or some other value.

Audit: The examination of some or all of the following items: documents, records, reports, systems of internal control, accounting procedures, and other evidence, for one or more of the following purposes: (a.) determining the propriety, legality, and mathematical accuracy of proposed or consummated transactions, (b.) ascertaining whether all transactions have been recorded, and (c.) determining whether transactions are accurately reflected in the accounts and statements drawn therefrom in accordance with accepted accounting principles.

Available Funds: Balances in the various fund types that represent non-recurring revenue sources. As a matter of sound practice, these funds are frequently appropriated to meet unforeseen expenses, for capital expenditures, or for other onetime costs.

Balance Sheet: A statement that discloses the assets, liabilities, reserves, and equities of a fund or government unit at a specified date.

Balanced Budget: A budget in which receipts are equal to or greater than outlays.

Bond: A means to raise money through the issuance of debt. A bond issuer/borrower promises in writing to repay a specified sum of money, alternately referred to as face value, par value, or bond principal, to the buyer of the bond on a specified future date (maturity date), together with periodic interest at a specified rate.

Bond Rating (Municipal): A credit rating assigned to a municipality, such as a port, to help investors assess the future ability, legal obligation, and willingness of the municipality (bond issuer) to make timely debt service payments. Essentially, a credit rating helps prospective investors determine the level of risk associated with a given fixed-income investment. Rating agencies such as Moody's and Standard & Poor's use rating systems which designate a letter or a combination of letters and numerals to a particular credit rating. In this system, AAA is the highest rating and C1 is a very low rating.

Capital Outlay: A budget category that may be a part of a capital improvement program

Capital Project: A single project within the Capital Improvements Program.

Carry Forward: A portion or total of the unspent balance of an appropriation that is made available for expenditure in the succeeding year.

Cash: Any cash equivalent that can be readily converted into cash.

Cash Basis of Accounting: The basis of accounting whereby revenues are recorded when received in cash and expenditures (outlays) are recorded when paid, without regard to the accounting period to which the transactions apply.

Cash Reserves: The net cash that will be available for use in a rolling 12-month period. Ports traditionally target three months of operating costs in cash reserves, plus any additional need for debt covenants.

Chart of Accounts: A listing of the accounts available in the accounting system in which to record entries.

Consumer Price Index: A measure of the average change in prices over time in a fixed market basket of goods and services typically purchased by consumers.

Cost Center: A unit or organization for which costs are accumulated or computed. In Washington this may take several forms: (1) a significant activity within a department for which administrative control is desirable and/or necessary, (2) a designated area within a department with costs that are significant to the department's financing and budgeting, (3) an area or activity under a single supervisor with costs that can be controlled by direct budgeting to that supervisor. For ports this can be a business unit or line of business, or an individual asset or collection of like assets.

Debt Service: Interest and principal payments on debt.

Depreciation: The systematic and rational allocation of the costs of equipment and buildings (having a life of more than one year) over their useful lives. To match costs with related revenues in measuring income or determining the costs of carrying out program activities, depreciation reflects the use of the asset(s) during specific operating periods.

Expenditure: The spending of money by ports for the programs or projects within the approved budget.

Fiscal Year (FY): Any yearly accounting period. In Washington, ports are on a July 1 to June 30 fiscal year.

Freight Mobility Strategic Investment Board (FMSIB): A crucial funding tool for port infrastructure projects. Founded over 20 years ago, FMSIB has funded many port projects through the years and is a primary funding source for transportation related infrastructure.

Fund: A self-balancing group of accounts that includes revenues and expenditures.

Full Faith and Credit Debt: Debt for which the credit of the port implying the power of taxation is unconditionally pledged.

Generally Accepted Accounting Principles (GAAP): Mostly determined by the GASB for governments.

Governmental Accounting Standards Board (GASB): Determines the underlying principles to be used in accounting for governmental activities.

General Obligations: Bonds or other indebtedness of the city for which the pledge made for repayment is the full faith and credit of the port

Inflation: A rise in the general price level that results in a decline in the purchasing power of money.

Internal Controls: A system of controls established by the port that are designed to safeguard the port's assets and provide reasonable assurances as to the accuracy of financial data.

Levy Rate: The property tax rate used in computing the property tax amount to be paid.

Liabilities: Amounts owed for items received, services rendered, expenses incurred, assets acquired, construction performed (regardless of whether invoices have been received), and amounts received but not yet earned.

Liquidity: The ease with which an asset can be converted to cash at prevailing prices. For example, demand deposits (checking accounts) are more liquid than time deposits (savings accounts), but both are more liquid than real estate, plants, and equipment.

Non-Operating Revenues: Those revenues generated from sources other than operating activities (lines of business) such as tax receipts, interest earnings, and finance charges.

Operating Budget: The annual appropriation to maintain the provision of port services to the public.

Operating Expenditures: All charges incurred during a fiscal period for supplies, materials, services, and debt service.

Operating Revenues: Revenues generated from a port's activities (lines of business), such as aviation, real estate, marinas, marine terminals, waste water treatment, and broadband.

Personnel Services: The cost of salaries, wages, and related employment benefits.

Preliminary Budget: A budget which is proposed by staff to the commission and has not yet been adopted by the commission.

Revenue Bonds: Bonds sold by the port that are secured only by the revenues of a particular asset such as an industrial building, marina or cargo facility.

Warrant: An authorization for an action. A treasury warrant authorizes the treasurer to pay specific bills.

Zero Base Budgeting: A process emphasizing management's responsibility to plan, budget, and evaluate. Zero-base budgeting provides for analysis of alternative methods of operation and various levels of effort. It places new programs on an equal footing with existing programs by requiring that program priorities be ranked, thereby providing a systematic basis for allocating resources.

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