

PORT OF SEATTLE
2010 STATUTORY BUDGET

A. INTRODUCTION

The "statutory" budget as defined in RCW 53.35.010 is to portray "the estimated expenditures and the anticipated available funds from which all expenditures are to be paid." As a cash budget, the Statutory Budget establishes the need for the tax levy and sets upper limits on expenditures, and is not used as an operating budget. The function of controlling and managing the operations of the Port is accomplished with the Operating Budget, which is provided in Sections V through IX.

The Preliminary 2010 Statutory Budget was provided to the Port Commissioners and made available to the general public as required by law (RCW 53.35.010 and RCW 53.35.045). Notice of the Public Hearing, with an announcement that copies of the preliminary budget were available for distribution to any interested persons, was published on November 10, 2009, and November 24, 2009, in the DAILY JOURNAL OF COMMERCE, as required by law (RCW 53.35.020 and RCW 53.35.045). The final statutory budget will be filed with the King County Council on December 1st, 2009, as allowed by RCW 53.35.045. The intent for filing on this date is primarily to enable us to obtain public input and certified assessed valuations from the King County Assessor prior to filing the final budget.

B. STATUTORY BUDGET HIGHLIGHTS

1. Tax Levy

For 2010, the tax levy amount is assumed to be \$75,899,369. The following is a comparison of the tax levy detail between 2009 and 2010:

	<u>Budget 2009</u>		<u>Budget 2010</u>	
	<u>Levy Rate</u>	<u>Levy Amount</u>	<u>Levy Rate</u>	<u>Levy Amount</u>
For General Obligation Bonds	\$0.1500	\$57,772,000	\$0.1186	\$40,425,845
For General Purposes	0.0470	18,127,369	0.1041	35,473,524
Total levy	<u>\$0.1970</u>	<u>\$75,899,369</u>	<u>\$0.2227</u>	<u>\$75,899,369</u>

LEVY.XLS

2. Tax Levy Rate

The tax levy rate is a product of dividing the tax levy dollars by the assessed valuation of personal and real properties within the Port District. Therefore, if assessed valuation increases at a greater amount than the dollars the Port would be allowed under the 101% lid law, the tax millage rate would down even though the Port's levy dollars may have increased. The exact levy rate is determined by the County Assessor after all taxing agencies have requested their levy dollars, and the assessed valuation dollars are certified. The 2009 preliminary assessed valuation is \$340,781,337,521 after omitted assessments, which are not included in the Port's levy calculation. (The 2009 assessed valuation is used for 2010 tax collection.) This is a decrease from the 2008 assessed valuation, which was \$385,223,145,074 after omitted assessment - See Section IV, Tax Levy.

C. RESOLUTIONS

RESOLUTION NO. 3631

A RESOLUTION of the Port Commission of the Port of Seattle adopting the final budget of the Port of Seattle for the year 2010; making, determining, and deciding the amount of taxes to be levied upon the current assessment roll; providing payment of bond redemptions and interest, cost of future capital improvements and acquisitions, and for such general purposes allowed by law which the Port deems necessary; and directing the King County Council as to the specific sums to be levied on all of the assessed property of the Port of Seattle District in the Year 2010.

WHEREAS, the Port of Seattle Commission, on the 10th day of November, 2009, prepared the preliminary budget of the Port of Seattle for the year 2010 and provided for the publication of Notice of Final Budget Hearing on the adoption of said budget, to be heard on the 24th day of November, 2009, when taxpayers might appear and present objections to said preliminary budget; and

WHEREAS, a public hearing on said preliminary budget was held in the office of the Port Commission, pursuant to notice duly given, in the City of Seattle, County of King, State of Washington, on the 10th and 24th day of November, 2009, at 2:00 p.m. and 1:00 p.m. respectively; and

WHEREAS, all parties present were afforded a full opportunity to present objections to the preliminary budget, and the Port Commission being duly advised in the premises; and

WHEREAS, the King County Assessor has notified the Commissioners of the Port of Seattle that the preliminary assessed valuation of the property lying within the boundaries of said district for the year 2009 is \$340,781,337,521 (after omitted assessments).

NOW, THEREFORE, BE IT RESOLVED, by the Port Commission of the Port of Seattle that the preliminary budget of the Port of Seattle for the year 2010, as presented at the aforementioned hearing, is hereby adopted as the final budget of the Port of Seattle for the Year 2010; and

BE IT FURTHER RESOLVED, that the amount of taxes to be levied by the Port of Seattle on the current assessment rolls to provide for payment of bond redemption and interest on the Port of Seattle General Obligation Bonds, for future expenditures for acquisitions and capital improvements and for such general purposes allowed by law which the Port deems necessary be set and deposited is \$75,899,369; and

BE IT FURTHER RESOLVED, that the King County Council, State of Washington, be notified that the specific sum herein mentioned being a total of \$75,899,369 is necessary to be raised by taxation to meet the payment of bond redemption and interest on Port of Seattle General Obligation Bonds, of future expenditures for acquisitions and capital improvements, and of costs for such general purposes allowed by law which the Port deems necessary, as set forth for the period January 1, 2010 and thereafter; that said King County Council be respectfully requested to make a levy in said amount for the aforesaid purposes; and

BE IT FURTHER RESOLVED, that the above is a true and complete listing of levies for said District for collection in the year 2010 and they are within the maximums established by law.

ADOPTED by the Port Commission of the Port of Seattle at a regular meeting held this 24th day of November, 2009, and duly authenticated in open session by the signatures of the Commissioners voting in favor thereof and the seal of the Commission.

Port Commission

LEVY RESOLUTION

RESOLUTION NO. 3632

A RESOLUTION of the Port Commission of the Port of Seattle authorizing an increase in limit factor for maximum levy capacity pursuant to RCW 84.55.0101.

WHEREAS, increases in regular property taxes imposed by the Port are limited by Chapter 84.55 RCW; and

WHEREAS, pursuant to RCW 84.55.005, the limit factor based on inflation for 2010 is equal to 0.9915 (“Inflationary Limit Factor”); and

WHEREAS, the Port has outstanding general obligation bonds and a capital budget and future anticipated funding needs, which demonstrate the need for substantial expenditures by the Port in future years that cannot be met solely from operating revenues; and

WHEREAS, a public hearing on the revenue sources for the Port’s 2010 current expense budget has been held by this Commission; and

WHEREAS, the highest regular property tax which could have been lawfully levied by the Port occurs in the year 2009 and is equal to \$85,363,322 (“Highest Levy Available”); and

WHEREAS, the Highest Levy Available multiplied by the Inflationary Limit Factor is equal to \$84.381,225 (“Initial Maximum Levy”); and

WHEREAS, the Initial Maximum Levy may be increased by the 2010 permitted dollar increases in new construction and improvements, increases in state assessed property and reclassified reforestation, annexations and refunds multiplied by the 2009’s levy rate.

NOW THEREFORE, BE IT RESOLVED by the Port Commission of the Port of Seattle as follows:

1. Pursuant to RCW 84.55.0101, the Port Commission hereby finds that there is a substantial need to protect the Port’s future levy capacity to meet substantial future needs in accordance with the Port’s budget and forecasts. Accordingly, this Port Commission hereby establishes a limit factor of 101% for purposes of establishing the maximum levy permitted to the Port pursuant to RCW 84.55.092.

ADOPTED by the Port Commission of the Port of Seattle at a regular meeting held this 24th day of November, 2009, and duly authenticated in open session by the signatures of the Commissioners voting in favor thereof and the seal of the Commission.

Port Commission

D. TAX LEVY CALCULATION SHEET

TABLE XII-1: TAX LEVY CALCULATION SHEET

TAXING DISTRICT PORT OF SEATTLE

The following calculations are offered as an aid in the determination of the dollar limitation imposed by statute on the 2009 regular property levy for the district and are based on figures from the King County Department of Assessments as of 12/02/2008.

	<u>Actual Levy</u>	<u>Allowable Levy</u>
2004 Regular Levy	59,655,268	73,965,146
2005 Regular Levy	62,748,329	76,019,786
2006 Regular Levy	62,748,329	78,064,389
2007 Regular Levy	68,813,857	80,414,188
2008 Regular Levy	75,899,369	82,628,783
2009 Regular Levy	75,899,369	85,363,322
2009 Regular Levy Rate	0.22359	0.22159

LIMITATION CALCULATION (RCW 84.55.010):

	101%	1.0453% IPD	
	82,628,783	82,628,783	(IPD = Implicit Price Deflator)
	(164,148)	(164,148)	Maximum lawful regular levy since 1986 including lid lifts
	82,464,635	82,464,635	Less refund fund levy
x	1.01	1.0453	Maximum Statutory 2008 Levy, basis for calculation (1)
	83,289,281	86,197,808	Levy Limit Factor
			Levy
	7,974,687,460	7,974,687,460	Local New Construction
+	106,106,593	106,106,593	Increase in state-assessed public utility value (2)
	8,080,794,053	8,080,794,053	Total New Construction
x	0.22359	0.22359	2008 Regular Levy Rate
	1,806,785	1,806,785	New Construction Levy
			Levy
+	83,289,281	86,197,808	Levy
	1,806,785	1,806,785	New Construction Levy
-	0	0	Omitted Assessment Levy (3)
	85,096,066	88,004,593	Total RCW 84.55 Levy
	267,256	267,256	Refund Fund Levy (Relevy for prior year refunds) (4)
	0	0	Levy Correction: Year of Error YYYY
	85,363,322	88,271,849	Maximum 2009 Levy Based on Limit plus Refund Fund (5)
÷	385,223,145,074	385,223,145,074	Regular levy assessed value less annexations (6)
	0.22159	0.22914	Levy rate based on allowable levy

STATUTORY LEVY CALCULATION (RCW 84.52.043): Limits only general purpose levy.

	385,223,145,074	Regular levy assessed value (6)
x	0.450000	Maximum Statutory Rate
=	173,350,415	Maximum 2008 Levy (Excluding Omitted Assessment Levy)
+	0	Omitted Assessment Levy (3)
=	173,350,415	Maximum 2009 General Purpose Levy Based on Statutory Levy

All years indicated above are the year the tax is payable

- Since 1991, the Port Commission has levied less than the maximum amount allowed by law. The calculation above shows the maximum allowable 2008 levy pursuant to RCW 84.55.092, which allows Port districts to "set the levy at the amount which would be allowed otherwise under" the chapter of State Law (RCW 84.55) which provides taxing authority.
- Any increase in value in state-assessed property is considered to be new construction value for purposes of calculating the respective limits. State-assessed property is property belonging to inter-county utility and transportation companies (telephone, railroad, airline companies and the like).
- An omitted assessment is property value that should have been included on a prior year's tax roll but will be included on the current (2009) tax roll. Omitted assessments are assessed and taxed at the rate in effect for the year omitted (RCW 84.40.080 - 84.40.085). Omitted assessments tax is deducted from the levy maximum before calculating the levy rate for current assessments and added back in as current year's receivable.
- Administrative refunds under RCW 84.69.020 were removed from the levy lid by the 1981 legislative session.
- District is entitled to the lesser of maximum levies determined by application of the limit under RCW 84.55 and the statutory rate limit. Levies may be subject to further proration if aggregate rate limits set in Article VII of the state constitution and in RCW 84.52.043 are exceeded.
- Assessed valuations shown are subject to change from error corrections and appeal board decisions recorded between the date of this worksheet and final levy rate determination.

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E. FORECASTED CASH FLOW SUMMARY

TABLE XII-2: FORECASTED CASH FLOW SUMMARY

	\$ in 000s	<u>2010</u>	<u>Percent Of Total</u>
Beginning balance of cash & investments		\$783,626	
SOURCES OF CASH			
Revenues		\$478,059	52.0%
Interest receipts		24,372	2.7%
Proceeds from bond issues		200,000	21.8%
Grants		50,152	5.5%
Tax levy		75,899	8.3%
Passenger Facility Charges		61,273	6.7%
Rental Car Customer Facility Charges		28,438	3.1%
Other receipts		932	0.1%
Total		\$919,127	100%
Anticipated available funds		\$1,702,752	
USES OF CASH			
Operating & maintenance expense		\$180,222	18.3%
Corporate administrative expense		57,009	5.8%
Law Enforcement Costs		19,830	2.0%
Environmental Reserve		24,471	2.5%
Interest payments		192,818	19.6%
Other expenses		23,706	2.4%
Bond redemptions		107,715	10.9%
Public Expense		45,864	4.7%
Committed Capital expenditures		332,310	33.8%
Total		\$983,945	100%
Ending balance of cash & investments		\$718,807	
Increase (decrease) of cash during year		(\$64,818)	
Estimated cash balances and amount of income and receipts from sources other than taxation		\$1,626,853	

cashflow.xls