

# PORT OF SEATTLE

## 2006 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 VIII.

The Preliminary 2006 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 4, 2005, and November 10, 2005, 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 5, 2005, 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.

Note: For Final Budget, certified assessed value figures in section B and D have been updated; the figure in section C, the actual budget resolution has not been updated.

### B. STATUTORY BUDGET HIGHLIGHTS

#### 1. Tax Levy

The Port Commission has determined that the tax levy amount for 2006 is \$62,748,329.00. The following is a comparison of the tax levy detail between 2005 and 2006:

	<u>Budget 2006</u>		<u>Budget 2005</u>	
	<u>Levy Rate</u>	<u>Levy Amount</u>	<u>Levy Rate</u>	<u>Levy Amount</u>
For General Obligation Bonds	\$0.1492	\$40,137,281	\$0.1528	\$37,771,348
For General Purposes	0.0841	22,611,048	0.1011	24,976,981
Total levy	<u>\$0.2333</u>	<u>\$62,748,329</u>	<u>\$0.2539</u>	<u>\$62,748,329</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 go 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 2005 final assessed valuation is \$268,995,994,547 after omitted assessments, which are not included in the Port's levy calculation. (The 2005 assessed valuation is used for 2006 tax collection.) This is an increase from the 2004 assessed valuation, which was \$247,137,966,949 after omitted assessments. See Section IV, Tax Levy.

## **C. BUDGET RESOLUTION**

### **RESOLUTION NO. 3550**

**A RESOLUTION** of the Port Commission of the Port of Seattle adopting the final budget of the Port of Seattle for the year 2006; 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 harbor 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 2006.

**WHEREAS**, the Port of Seattle Commission, on the 15<sup>th</sup> day of November, 2005, prepared the preliminary budget of the Port of Seattle for the year 2006 and provided for the publication of Notice of Final Budget Hearing on the adoption of said budget, to be heard on the 22<sup>nd</sup> day of November, 2005, 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 22<sup>nd</sup> day of November, 2005, at 1:00 p.m., 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 2006 is \$268,124,464,063 (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 2006, as presented at the aforementioned hearing, is hereby adopted as the final budget of the Port of Seattle for the Year 2006; 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 harbor acquisitions and capital improvements and for such general purposes allowed by law which the Port deems necessary be set and deposited is \$62,748,329.00; 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 \$62,748,329.00 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 harbor 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, 2006 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 2006 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 22<sup>nd</sup> of November, 2005, and duly authenticated in open session by the signatures of the Commissioners voting in favor thereof and the seal of the Commission.

\_\_\_\_\_ Bob Edwards \_\_\_\_\_.

\_\_\_\_\_ Patricia Davis \_\_\_\_\_.

\_\_\_\_\_ Paige Miller \_\_\_\_\_.

\_\_\_\_\_

\_\_\_\_\_

Port Commission

## D. TAX LEVY CALCULATION SHEET

**TABLE XI-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 2006 regular property levy for the district and are based on figures from the King County Department of Assessments as of 12/13/05.

	<u>Actual Levy</u>	<u>Allowable Levy</u>
2001 Regular Levy	35,646,106	69,043,969
2002 Regular Levy	39,803,889	70,676,713
2003 Regular Levy	58,000,000	72,093,461
2004 Regular Levy	59,655,268	73,965,146
2005 Regular Levy	62,748,329	76,019,786
2005 Regular Levy Rate	0.25321	0.30760

**LIMITATION CALCULATION (RCW 84.55.010):**

	<b>101%</b>	<b>1.0254% IPD</b>	
	76,019,786	76,019,786	(IPD = Implicit Price Deflator)
	(272,190)	(272,190)	Maximum lawful regular levy since 1986 including lid lifts
	75,747,596	75,747,596	Less refund fund levy
x	1.01	1.0254	Maximum Statutory 2005 Levy, basis for calculation (1)
	76,505,071	77,671,584	Levy Limit Factor
			Levy
	4,964,274,608	4,964,274,608	Local New Construction
+	60,005,560	60,005,560	Increase in state-assessed public utility value (2)
	5,024,280,168	5,024,280,168	Total New Construction
x	0.25321	0.25321	2005 Regular Levy Rate
	1,272,198	1,272,198	New Construction Levy
			Levy
+	76,505,071	77,671,584	New Construction Levy
	1,272,198	1,272,198	Omitted Assessment Levy (3)
-	0	0	Levy Ceiling (Less Omitted Assessments)
	77,777,269	78,943,782	Regular levy assessed value less annexations (6)
÷	268,995,994,547	268,995,994,547	2005 Levy rate based on allowable levy
	0.28914	0.29348	Omitted Assessment Levy
	0	0	Levy Ceiling (Less Omitted Assessments)
+	77,777,269	78,943,782	Maximum 2005 Levy Based on Limit under RCW 84.55
+	287,119	287,119	Refund Fund Levy (Relevy for prior year refunds) (4)
	<b>78,064,388</b>	<b>79,230,901</b>	<b>Maximum 2005 Levy Based on Limit plus Refund Fund (5)</b>

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

	268,995,994,547	Regular levy assessed value (6)
x	0.450000	Maximum Statutory Rate
=	121,048,198	Maximum 2005 Levy (Excluding Omitted Assessment Levy)
+	0	Omitted Assessment Levy
=	<b>121,048,198</b>	<b>Maximum 2005 General Purpose Levy Based on Statutory Levy</b>

**All years indicated above are the year the tax is payable**

1. Since 1991, the Port Commission has levied less than the maximum amount allowed by law. The calculation above shows the maximum allowable 2005 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.
2. 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).
3. 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 (2005) tax roll. Omits 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.
4. Administrative refunds under RCW 84.69.020 were removed from the levy lid by the 1981 legislative session
5. 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.
6. 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.

Statlevy.xls

**E. FORECASTED CASH FLOW SUMMARY****TABLE XI-2: FORECASTED CASH FLOW SUMMARY**

	\$ in 000s	2006	Percent Of Total
Beginning balance of cash & investments		\$820,747	
<b>SOURCES OF CASH</b>			
Revenues		\$421,293	47.6%
Interest receipts		20,116	2.3%
Proceeds from bond issues		170,000	19.2%
Grants		132,629	15.0%
Tax levy		62,748	7.1%
Passenger facility charges		58,910	6.7%
Rental Car Customer Facility Charges		18,000	2.0%
Other receipts		662	0.1%
Total		<u>\$884,358</u>	<u>100%</u>
Anticipated available funds		<u>\$1,705,104</u>	
<b>USES OF CASH</b>			
Operating & maintenance expense		\$166,343	15.2%
Corporate administrative expense		32,360	3.0%
Security Costs		11,838	1.1%
Law Enforcement Costs		18,041	1.7%
Interest payments		159,010	14.6%
Other expenses		26,258	2.4%
Bond redemptions		125,170	11.5%
Committed Capital expenditures		552,046	50.6%
Total		<u>\$1,091,066</u>	<u>100%</u>
Ending balance of cash & investments		<u>\$614,038</u>	
Increase (decrease) of cash during year		(\$206,709)	
Estimated cash balances and amount of income and receipts from sources other than taxation		\$1,642,356	

cashflow.xls