RESOLUTION FOR
TRANSACTION OF BUSINESS

NOVEMBER 16, 2015
ALEX SMITH,
ENVIRONMENTAL PROGRAMS DIRECTOR

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Agenda

- Commission Meeting Rules
- Financial Policies
Transaction of Port Business
Commission Meetings Rules

Overview

- By statute, Port Commissions are required to have rules that govern how Commission business is transacted.
- These include:
  - Organization of the Commission;
  - Times and dates of meetings;
  - Organization of meetings; Guidelines for decision-making and public comment; etc.
Commission Meetings Rules

- The Port of Olympia Commission recently revised its rules Resolution to address public decorum and civility during Commission meetings.
  - Modifying sign-in procedures to require the commenter to use his or her real name.
  - Clarifying that public comment cannot be used for campaigning or advertising.
  - Defining courteous and disruptive behavior.
  - Specifying the process for enforcing the rules.
- They also added provisions for remote participation by a Commissioner unable to attend a meeting in person.
Financial Policies

The Port gratefully acknowledges the following firms and individuals for their contribution reviewing these policies:

- Goodstein Law Group
- Barclays
- Piper Jaffray (formerly Seattle-Northwest Securities)
- K&L Gates
- Phillips Burgess
Financial Policies

- Reasons for financial policies
- Explanation of proposed policies
  - Taxation
  - Financial Measures
  - User Fees & Rates
  - Debt
  - Capital Investment
Financial Policies

Define Financial Success

Move the Port toward Financial Success

Resolve issues by an agreed methodology
## Financial Policies

<table>
<thead>
<tr>
<th><strong>Formal</strong></th>
<th><strong>Informal</strong></th>
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<tbody>
<tr>
<td>▪ Outlive creators, promote stability</td>
<td>▪ Vague in application</td>
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<tr>
<td>▪ Increase efficiency &amp; standardize operations</td>
<td>▪ May change over time</td>
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<td>▪ Increase stakeholder trust</td>
<td>▪ Rely on past practice</td>
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<td>▪ Educate decision makers who don’t have financial background</td>
<td>▪ Relies more on current leadership</td>
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<td>▪ Promotes strategic thinking</td>
<td>▪ Lack explicit support of governing body</td>
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Financial Policies

Accountability vs. Flexibility

- Accountability: Investment, Debt, Reserves, Revenue & Expense, Operating Budget, Capital Budget
- Flexibility: 1 to 6
Policy or Procedure

Debt

- Purpose and Use of Debt
- Debt Limitations
- Types of Debt
- When to issue Debt
- Refunding Analysis
Policy Development

Methodology – Traditional

- Staff Define Issue
- Research Alternatives
- Draft Policy
- Recommend to Executive
- Commission Approval
Development Methodology

**Carver**

- Governance Process
- Ends
- Commission
- Means
- Executive Director • Staff
- Staff
Taxation

Purpose

- Optimize use of levy
- Reserve ability to increase levy
- Clear spending goals
Taxation

Goals

- Maximize funding from commercial operations so as to minimize the need for tax support
- The Port may levy less than its legally authorized maximum tax amount while “banking” its authority.
- The Port may resume taxing up to the full amount as opportunities emerge to pursue worthwhile capital investments.
Taxation

Tax Uses:

- General obligation bond principal and interest payments;
- Environmental costs;
- Capital asset acquisitions
  - such as Port facilities, public facilities, roads, and infrastructure
- Public facilities maintenance
- Public spaces and roads maintenance
Financial Measures

Financial Stability

Liquidity
- Current Ratio
- Cash Reserves
- Debt Coverage

Profitability
- Return on Revenue
- Operating Cash Flow
- Earnings before Tax Levy

Sustainability
- Return on Productive Assets
- Maint. Ins. & Environmental
- Financial Capacity
- Economic Value Added
Capital Investment

Project Evaluation - Timing

- Before entry into Capital Budget
- During lease negotiations
- Before Commission approval
Capital Investment

Summary

- Clear Purpose for Capital Spending
- Alignment with Funding Sources
- Agreed Methodology for Decisions
- Sets Priorities
- Agreed upon Measures
Financial Policies – Application

**Issues**
- Budget Tax Levy
- Performance
- New facility funding
- Rate changes
- Equipment replacement

**Policies**
- Taxation
- Financial Measures
- Debt
- User Fees
- Capital Investment
Policies

Summary

- Lead to success
- Resolve issues by an agreed methodology
- Outlive creators, promote stability
- Increase efficiency & standardize operations
- Increase stakeholder trust