

WORKING DRAFT

Figures are preliminary and will be thoroughly reviewed before adoption.

PORT OF OLYMPIA | COMMISSION BUDGET RETREAT | DAY 1 OF 2

2027 BUDGET

Operating Budget, Capital Investment Plan and Tax Levy

Day 1 of 2 | Monday, October 5, 2026 | Alex Smith, Executive Director



MONDAY, OCTOBER 5

Non-operating budgets and Commission decision areas

5:05	Setting the Stage	Alex Smith
5:10	Overview of the 2027 Budget	Alex Smith
5:25	Tax Levy	Alex Smith
5:40	Bonds	Alex Smith
5:55	Environmental	Jon Wolf
6:10	Government Services	Mike Reid
6:30	Administrative Budget	Brent Barnes
6:40	Discussion and Next Steps	All

TUESDAY, OCTOBER 6

BUSINESS UNITS & CAPITAL

5:05	Overview	Alex Smith
5:10	Marina	Damien Egan
5:30	Marine Terminal	Afsin Yilmaz
5:50	Airport	Warren Hendrickson
6:10	Peninsula Properties	Mike Reid
6:30	Capital Budget	James Sommer
6:50	Budget & Goals Crosswalk	Alex Smith
7:00	Discussion and Next Steps	All

SETTING THE STAGE

What we want to accomplish over these two evenings



Inform

Walk through how the budget is built and what each part pays for.



Highlight Areas for Commission Strategic Input

Focus on the areas where the Commission has discretion.



Explain What Changed

Show what is different from 2026 and why.

Non-Operating Budget (Environmental, Government Services)
Operating Budget (4 Business Units)
Capital Budget (Capital Improvement Projects)

WHERE WE ARE IN THE PROCESS

Remaining 2027 budget schedule

WE ARE HERE



Working draft: these figures will be refined and fully reviewed before adoption. Our ask: share any concerns now, so we can make adjustments before the October 26 Commission meeting and the November 9 public hearing.

COMMISSION STRATEGIC DECISION POINTS



Government Services Budget (081)

\$2.20M proposed. Commission costs, public amenities, studies and community investment.



Capital Investment Plan

Which capital projects move forward and how they are funded. Tuesday.



COLA for Non-Represented Staff

3.8% recommended for 33 staff, about \$158K. ILWU rates are set by contract.



Tax Levy

Five options, from a decrease to 1% plus new construction. The draft models the maximum.

OVERVIEW OF THE BUDGET

2027 Budget Assumptions

FLAT OR REDUCED REVENUES

Revenues:

- **We are assuming a reduction in operating revenue** due to global market uncertainty.
- **An uncertain global economy**, with tariffs and rising fuel costs, makes businesses cautious about investing.
- **Swantown and the Airport** are limited until marina dock reconfiguration and an Airport HCP are in place; demand for recreational boating and general aviation is expected to stay stable.

Expenses:

- **Environmental costs** will keep rising as regulations become more stringent.
- **Administrative Expenses** continue to rise (insurance, health care, utilities, etc.)

HOW STAFF COSTS ARE ALLOCATED

Many positions serve more than one department, so their cost is split

1

Each position has a time split

Staff estimate the share of each position's time spent on each department.

2

Salaries and benefits follow the split

Payroll charges each department its percentage of the position's cost.

3

Department budgets show their share

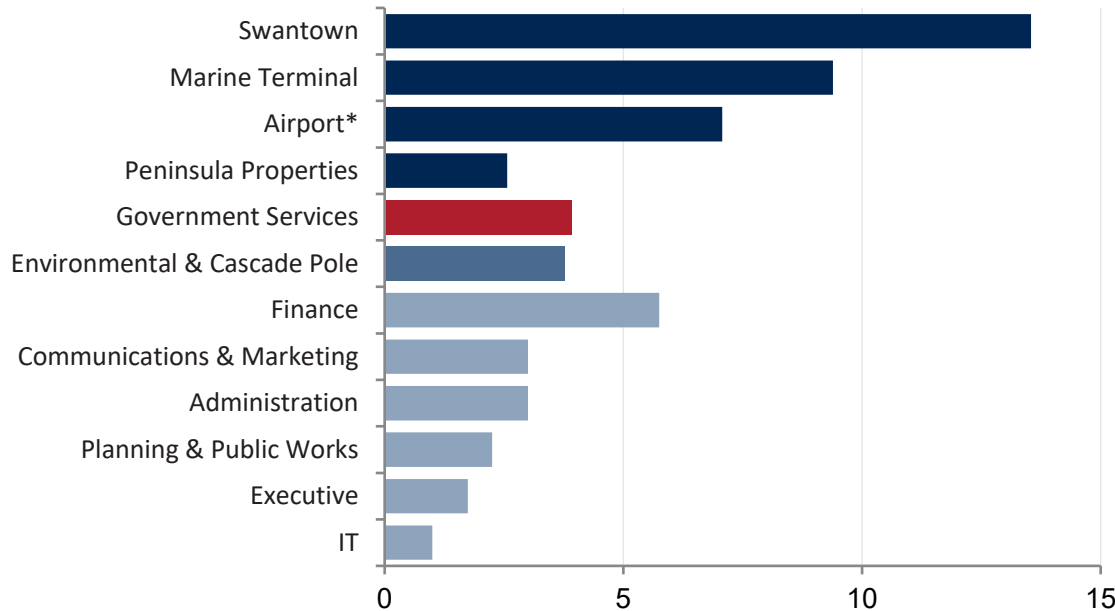
A department's staffing line is the sum of every share charged to it.

Example shared positions	2027 time split
Executive Director	Executive 75% • Government Services 25%
Director of Operations	Marine Terminal 25% • Planning & Public Works 25% • Airport 25% • Swantown 25%
Port General Counsel	Executive 33% • Government Services 33% • Airport 23% • Peninsula Properties 11%
Property Manager / Lease Administrator	Airport 48–53% • Peninsula Properties 43–48% • Marina 2% • Marine Terminal 2%
Marina/Facilities Maint. Foreperson	Swantown 48% • Peninsula Properties 32% • Government Services 20%
Director of Environmental Planning	Environmental 60% • Cascade Pole 25% • Stormwater 15%

25 of 57 staff positions are split across two or more departments. Changing a split moves cost between budgets without changing the Port's total cost.

2027 STAFFING BY DEPARTMENT

Full-time equivalents (FTE) after allocation | 57 staff FTE plus 5 Commissioners



57 STAFF FTE

	Business units	32.6 FTE
	Government Services	3.9 FTE
	Environmental	3.8 FTE
	G&A departments	16.7 FTE

Plus 5 Commissioners, charged 100% to Government Services.

**Airport includes the New Market Industrial Campus and Cleanwater Centre. Includes three vacant positions (CFO, Real Estate/Business Development Manager); excludes summer temporary staff.*

2027 BUDGET SUMMARY

Port-wide operating and non-operating budget

OPERATING REVENUES

\$16.43M

Down 4.5% from 2026

OPERATING EXPENSES

\$15.91M

Down 3.0% from 2026

NON-OPERATING REVENUES

\$19.16M

Tax levy \$8.11M, grants \$10.21M
(incl. \$8.21M for capital), other
\$0.84M

NON-OPERATING EXPENSES

\$12.34M

Includes \$4.16M in debt service

CASH BALANCE, 2027

Beginning cash & investments	\$25.08M
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Operations	+\$0.51M
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Non-operations	+\$10.98M
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Debt service	-\$4.16M
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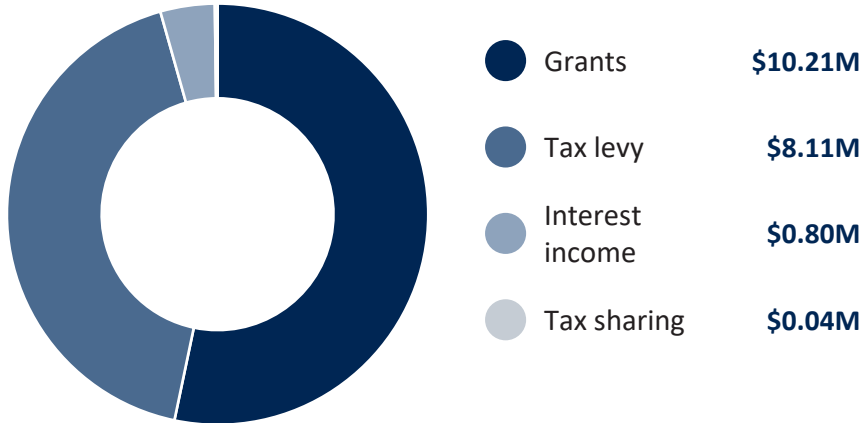
Capital investments	-\$16.32M
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Ending cash & investments	\$16.09M
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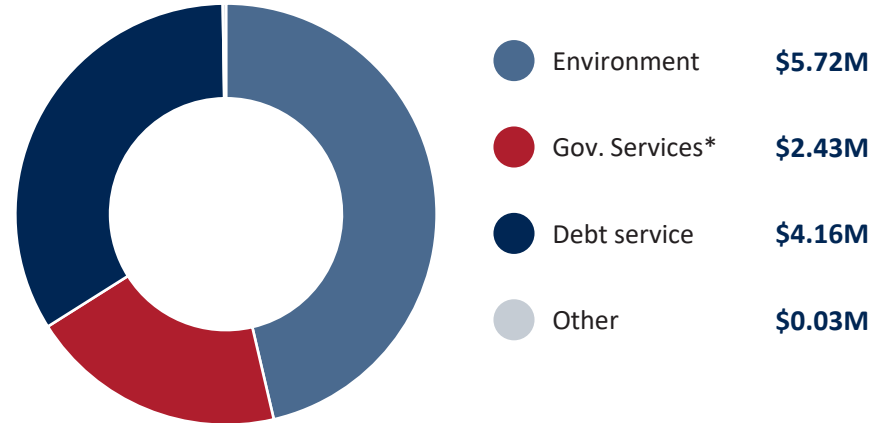
2027 NON-OPERATIONS

Non-operating revenues and expenses

REVENUE: \$19.16M



EXPENSES INCL. DEBT SERVICE: \$12.34M



Grants include \$8.21M for capital projects. Debt service is \$3.46M principal and \$0.70M interest. *Government Services is shown as in the Finance draft (\$2.43M); the reductions in the Government Services section bring it to \$2.20M.

TAX LEVY

The Port's property tax levy and how it is used

\$8.11M

2027 levy revenue (draft)

A conservative estimate

2026 adopted: \$8.33M

2025 levy rate: \$0.1262 per \$1,000

Legal maximum for ports: \$0.45 per \$1,000

USES OF THE LEVY UNDER POLICY 1201

Debt service

Principal and interest on the Port's general obligation bonds

Environmental

Cascade Pole, environmental administration and the Port's share of Budd Inlet cleanup

Government Services

Commission costs, public amenities, small cities, community events, memberships and special projects

2027 TAX LEVY OPTIONS

The Commission sets the levy; the draft budget models Option 1

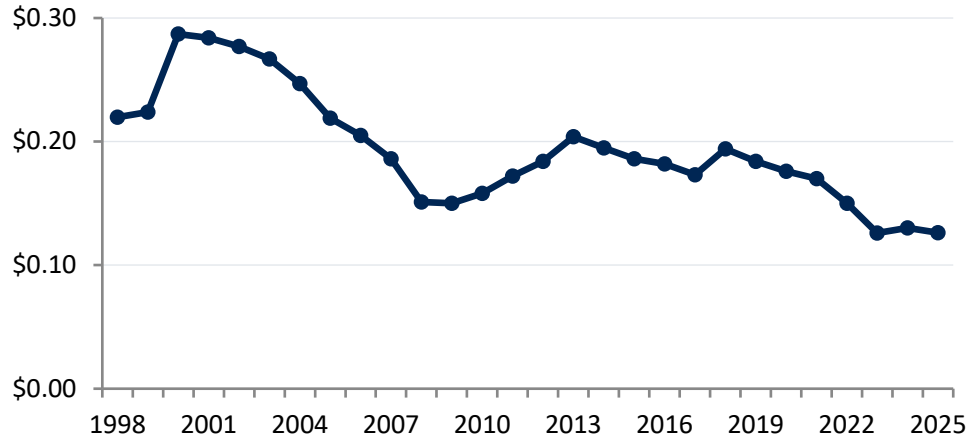
1	1% plus new construction	The maximum allowed without a vote. Taken in 2026 and modeled in the draft budget.	IN DRAFT BUDGET
2	1% only	Increase the existing levy by 1% without collecting the added new-construction amount.	<i>Estimate if requested</i>
3	New construction only	No increase on existing property; added revenue comes only from newly built property.	<i>Estimate if requested</i>
4	No increase	Collect the same total as 2026. Existing owners pay slightly less as new construction shares the levy.	<i>Estimate if requested</i>
5	Decrease	Levy less than the 2026 amount.	<i>Estimate if requested</i>

Good to know: unused levy capacity can generally be banked for future years. Voter-approved levy lid lifts and Industrial Development District levies are separate tools outside the 2027 budget decision.

HOW OUR LEVY RATE COMPARES

Port district levy rate per \$1,000 of assessed value

THURSTON COUNTY PORT LEVY RATE, 1998–2025



\$0.2197

in 1998

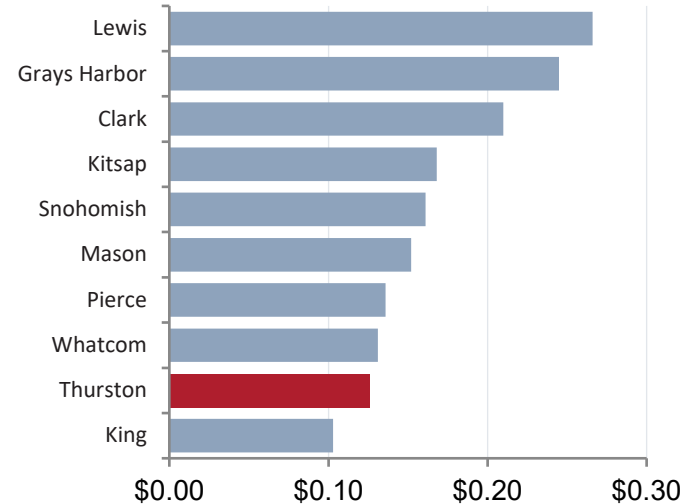
\$0.1262

in 2025

−43%

since 1998

2025 RATE, SELECTED COUNTIES

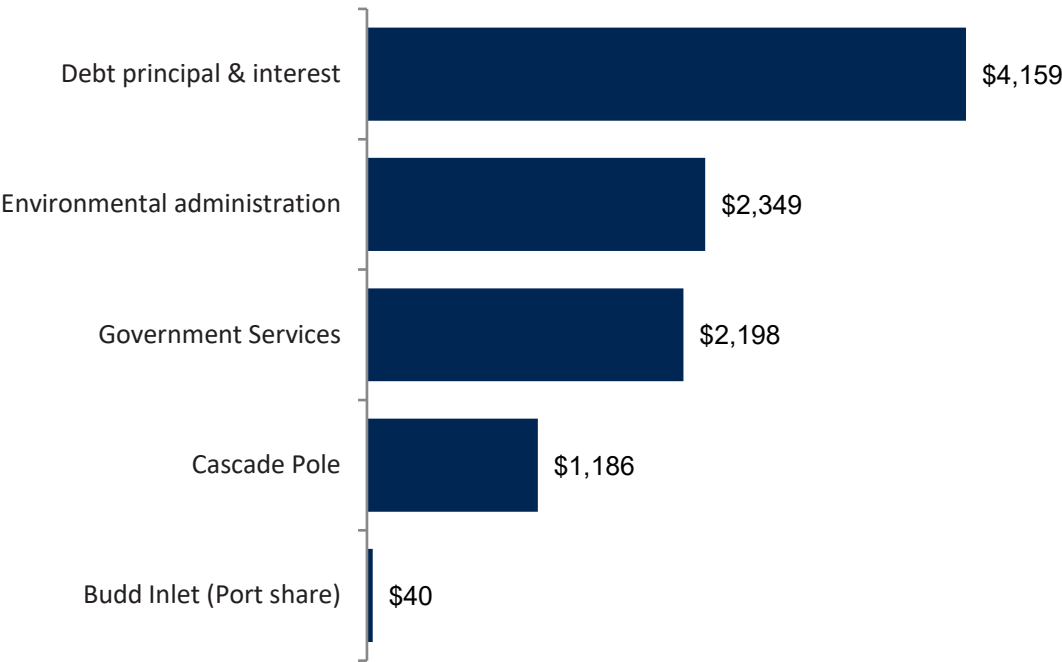


27th of 32 counties with a port levy, from highest to lowest rate. Seven counties have no port levy.

Source: WA Department of Revenue, Assessed Values, Levies and Rates by Major Taxing Districts (updated March 25, 2026).

TAX LEVY USES: POLICY 1201

How the 2027 levy is used | in thousands



2027 LEVY

\$8.11M

USES OF LEVY

\$9.93M

FROM OPERATIONS AND RESERVES

\$1.82M

BOND DEBT

What our bonds paid for, and when they retire

Bond	What It Funded	Paid Off
2013B LTGO	Mobile harbor crane, East Bay dredging, taxiway and hangars	2027
2015 Refunding	East Bay, berth dredge, marina docks, Cascade Pole capping	2027
2016A LTGO & Refunding	East Bay, berth dredge, marina docks, Cascade Pole capping	2028
2018A LTGO & Refunding	Marina fuel dock, stormwater facility, Cascade Pole	Remaining
2018B LTGO & Refunding	Marine Terminal equipment	Remaining

DEBT PAYMENTS

\$4.16M

in 2027

\$0.83M

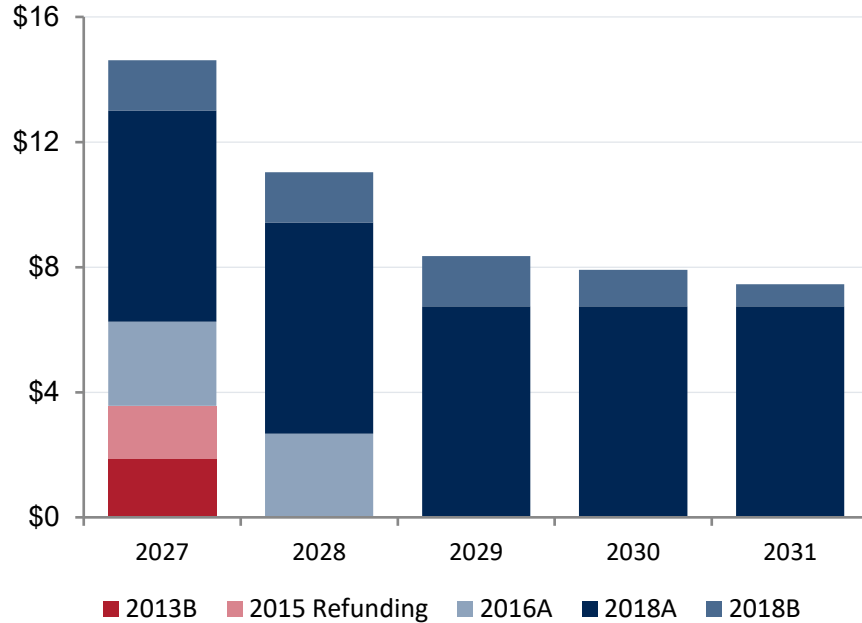
per year from 2029, once three bonds are retired

2027 bond interest: \$700K (draft)

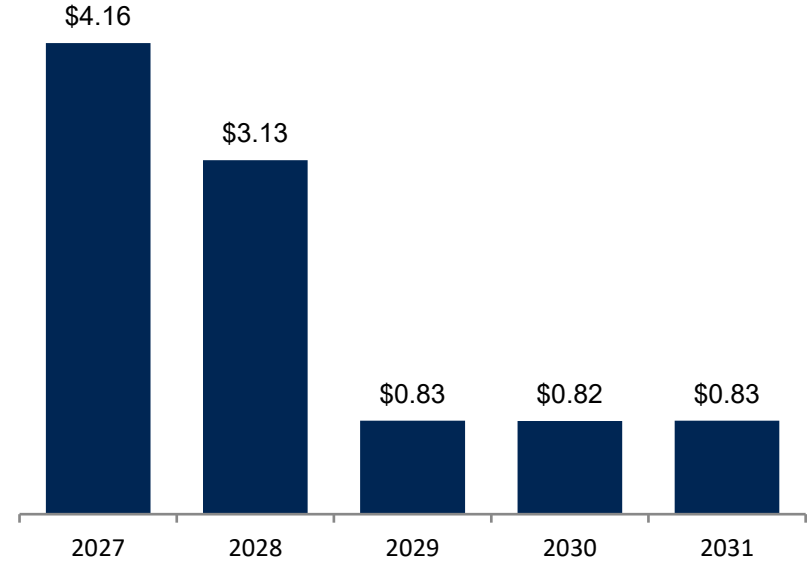
BOND DEBT

Outstanding principal and annual payments, 2027–2031

OUTSTANDING PRINCIPAL (\$M)



ANNUAL DEBT PAYMENTS (\$M)



MONDAY | SECTION

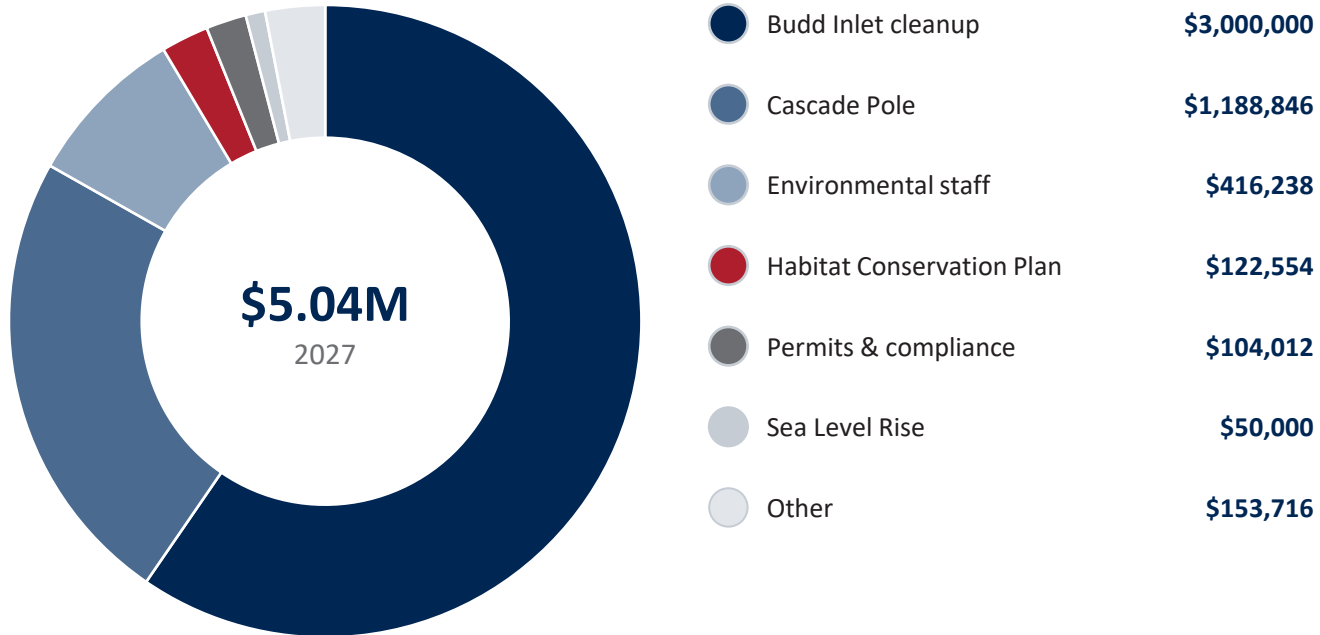
ENVIRONMENTAL

Jon Wolf | 5:55 – 6:10

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ENVIRONMENTAL BUDGET OVERVIEW

084 and 086 combined | direct costs, before overhead and depreciation



ENVIRONMENTAL: ALLOCATED COSTS

From direct cost to allocated cost, including G&A overhead and depreciation

ENVIRONMENTAL (084)		
\$5.23M → \$4.35M		

Budget line	2026	2027
Salaries	\$332,466	\$326,940
Outside professional services	\$268,250	\$262,412
Supplies	\$410	\$250
Travel	\$10,000	\$10,500
Environmental initiatives	\$4,038,375	\$3,147,554
Benefits & other	\$106,671	\$98,864
Direct cost	\$4,756,172	\$3,846,520
G&A overhead	\$471,446	\$502,815
Allocated cost	\$5,227,618	\$4,349,335

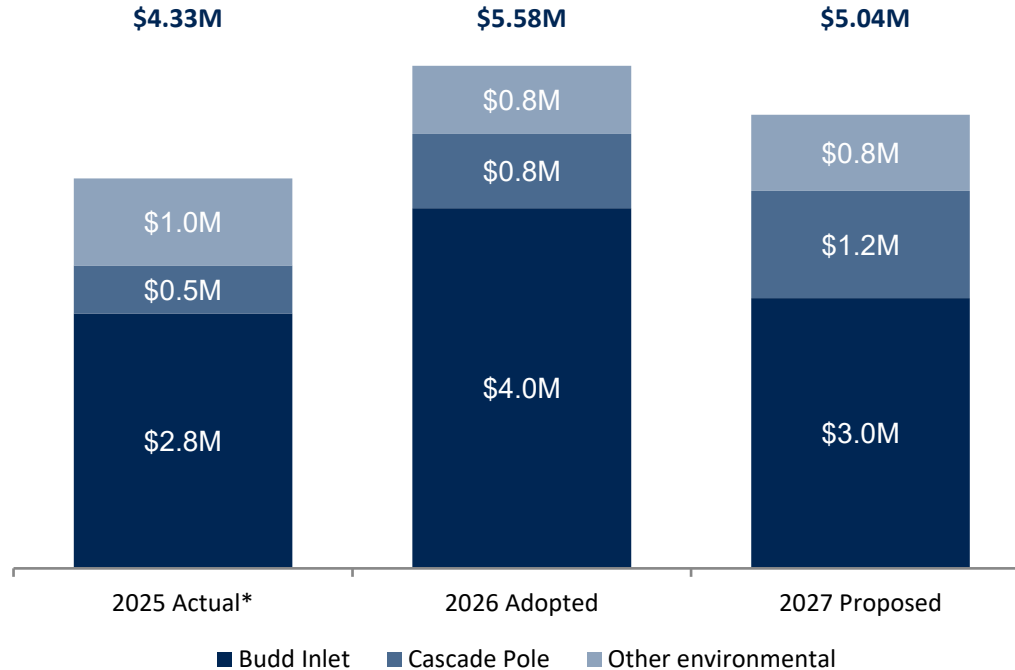
CASCADE POLE (086)		
\$1.01M → \$1.19M*		

Budget line	2026	2027
Salaries	\$183,581	\$214,397
Outside professional services	\$162,200	\$229,700
Supplies	\$2,450	\$2,450
Utilities	\$21,000	\$25,500
Maintenance and repairs	\$343,500	\$588,500
Benefits & other	\$111,727	\$128,299
Direct cost	\$824,458	\$1,188,846
Depreciation	\$187,855	Not in draft*
Allocated cost	\$1,012,313	\$1,188,846*

*2027 Cascade Pole depreciation is not yet in the draft. At the 2026 level (about \$188K), the 2027 allocated cost would be about \$1.38M.

ENVIRONMENTAL SPENDING OVER TIME

Budd Inlet drives the totals; other costs are rising



*2025 unaudited

ENVIRONMENTAL: KEY CHANGES

Significant contributors and increases, 2026 to 2027

Item	2026	2027	Change
Budd Inlet cleanup Engineering design and PLP work; \$2.7M projected for 2026	\$4,000,000	\$3,000,000	-\$1,000,000
Habitat Conservation Plan Consultant fees	\$20,000	\$122,554	+\$102,554
Pearson Air Additional monitoring likely required	\$18,375	\$25,000	+\$6,625
Green Marine (voluntary) Cost to participate is increasing	\$8,000	\$8,400	+\$400

Largest increase: Habitat Conservation Plan consultant fees rise about \$103K, the biggest increase after Cascade Pole monitoring.

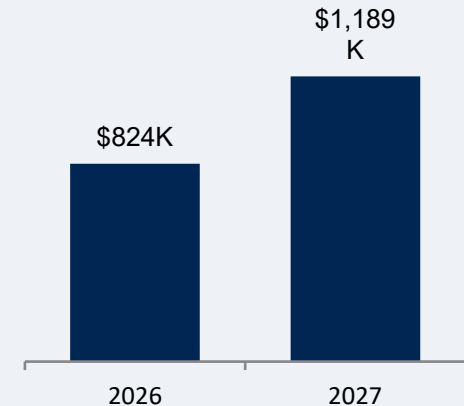
CASCADE POLE

Significant contributors to the 2027 increase

Item	2026	2027	Change
Marine sediment monitoring	\$5,000	\$195,000	+\$190,000
Groundwater monitoring	\$130,000	\$190,000	+\$60,000
Legal services Updated Ecology requirements	\$7,500	\$15,000	+\$7,500
Electricity Installing additional pumps	\$15,000	\$19,000	+\$4,000
Professional services Managing updated Ecology requirements	\$150,000	\$150,000	No change

\$1.19M

2027 budget, up \$364K (+44%) from \$824K in 2026



MONDAY | SECTION

GOVERNMENT SERVICES

Mike Reid | 6:10 – 6:30

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WHAT IS GOVERNMENT SERVICES?

Costs we carry because we are a public agency — not charged to the Port's business lines



Being a Public Agency

Commission and its support, legal counsel, public meetings and broadcasting, governmental memberships and partnerships.

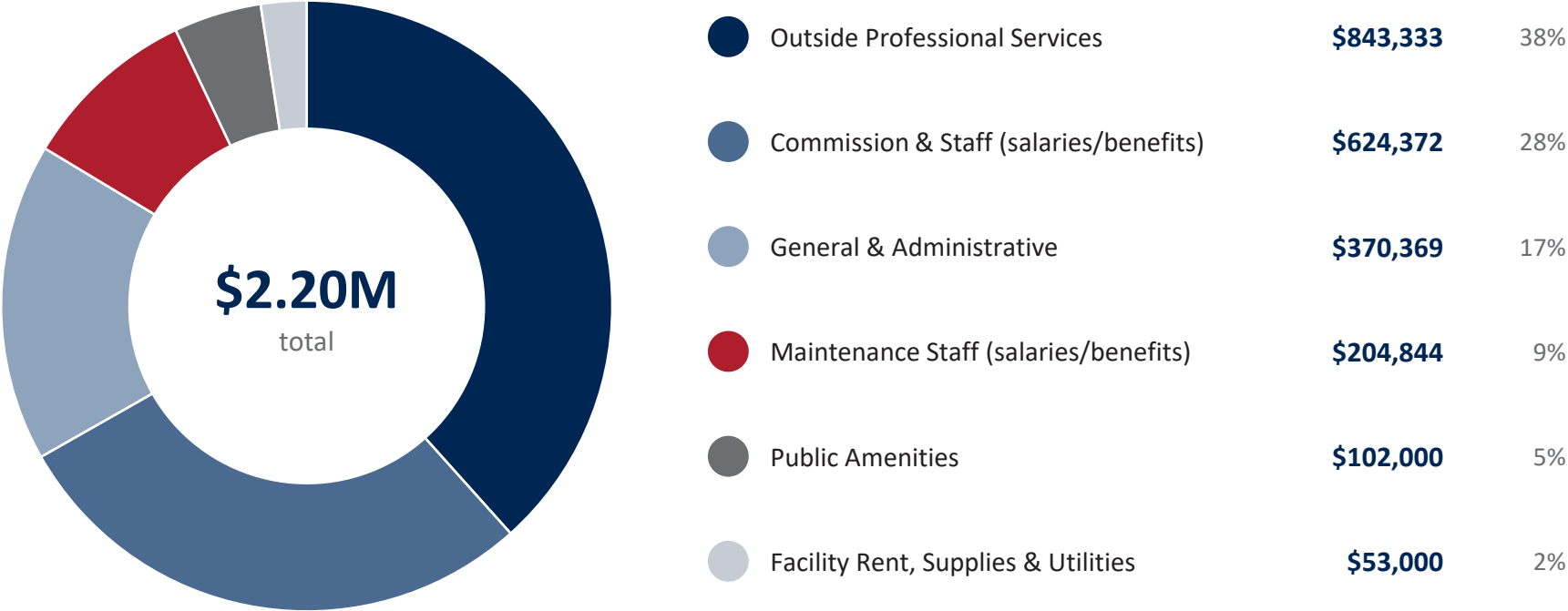


Community & Economic Development

Maintaining public amenities, regional planning and studies, small-cities support, and other non-revenue efforts and public projects.

WHAT MAKES UP THE 2027 BUDGET

\$2,197,918 by type of expense



HOW 2027 COMPARES

Up \$322,868 (+17%) over the 2026 adopted budget

Expense Type	2026 Adopted	2027 Proposed	Change
Outside Professional Services	\$750,000*	\$843,333	+ \$93,333
Commission & Staff	\$481,842	\$624,372	+ \$142,530
General & Administrative	\$418,000	\$370,369	-\$47,631
Maintenance Staff	\$56,824	\$204,844	+ \$148,020
Public Amenities	\$137,000	\$102,000	-\$35,000
Rent, Supplies & Utilities	\$31,384	\$53,000	+ \$21,616
Total	\$1,875,050	\$2,197,918	+ \$322,868

*Outside professional services spending in 2026 is currently under \$200K, compared with \$750K budgeted, because the Peninsula Master Plan launched later than planned.

What drives the change

+\$289K

Staffing: 1.87 FTE added — amenity maintenance (1.3), CFO (0.25), Port Counsel (0.33)

+\$93K

Professional services: grant help, Commission room A/V, new studies; Peninsula Master Plan rescope

-\$48K

G&A: Small Cities no longer double-funded

-\$35K

Harbor Patrol costs end after transfer to Sheriff's Office

GOVERNMENT SERVICES STAFFING

Who is charged to Department 081, and why

Position	Share to 081	FTE
COMMISSION		5.00
Commissioners (5)	100% each	5.00
COMMISSION SUPPORT, LEGAL AND LEADERSHIP		2.17
Commission Coordinator	99%	0.99
Director of Community & Economic Development	35%	0.35
Port General Counsel	33%	0.33
Executive Director	25%	0.25
CFO (vacant)	25%	0.25
PUBLIC AMENITY MAINTENANCE		1.75
Maintenance Technicians (3)	80%, 50%, 15%	1.45
Marina/Facilities Maint. Foreperson	20%	0.20
Harbor Sr. Manager	10%	0.10

8.92

FTE charged to Government Services: 5
Commissioners and 3.92 staff

\$829K

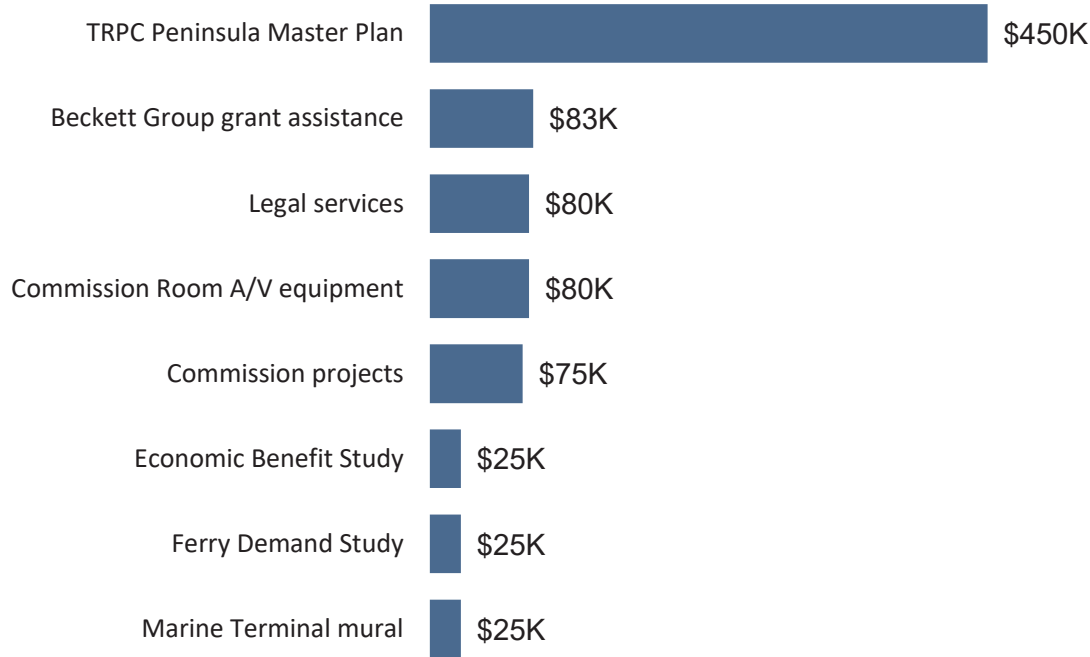
2027 salaries and benefits: \$624K
Commission and staff, \$205K
maintenance

+1.87 FTE

vs. 2026: amenity maintenance 1.3, Port
Counsel 0.33, CFO 0.25

OUTSIDE PROFESSIONAL SERVICES

\$843,333 proposed for 2027 (2026 adopted: \$750,000)



53%

is the Peninsula Master Plan, carried from 2026 and rescoped to \$450K

CHANGE FROM 2026: +\$93K

Beckett Group (new)	+\$83K
Commission room A/V (new)	+\$80K
Econ. benefit study (finish)	+\$25K
Ferry demand study (new)	+\$25K
Marine Terminal mural (new)	+\$25K
Commission projects	+\$25K
Legal services	-\$20K
Peninsula Master Plan	-\$150K

OTHER KEY COMPONENTS

Where the remaining \$1.35M goes



People

\$829K

- Five elected commissioners
- Share of staff time: 3.9 FTE, including the vacant CFO position, up 1.87 FTE from 2026
- Maintenance staff caring for public amenities (\$205K)



General & Admin

\$370K

- Memberships & partnerships \$175K (TRPC, Thurston EDC, WPPA, Lacey MakerSpace, chambers)
- Community events & sponsorships \$56K
- Small Cities Program \$50K
- Commission travel \$41K



Public Amenities

\$102K

- Roads \$50K
- Plaza \$25K
- Trail \$20K
- Street lights \$7K
- Harbor Patrol \$0 — transferred to Sheriff's Office

MONDAY | SECTION

ADMINISTRATIVE BUDGET

Brent Barnes | 6:30 – 6:40

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WHAT IS GENERAL & ADMINISTRATIVE?

Indirect costs that support the whole organization, allocated across operating departments



Executive



Communications &
Marketing



Finance



Planning & Public Works



Information Technology



Administrative

\$4.74M

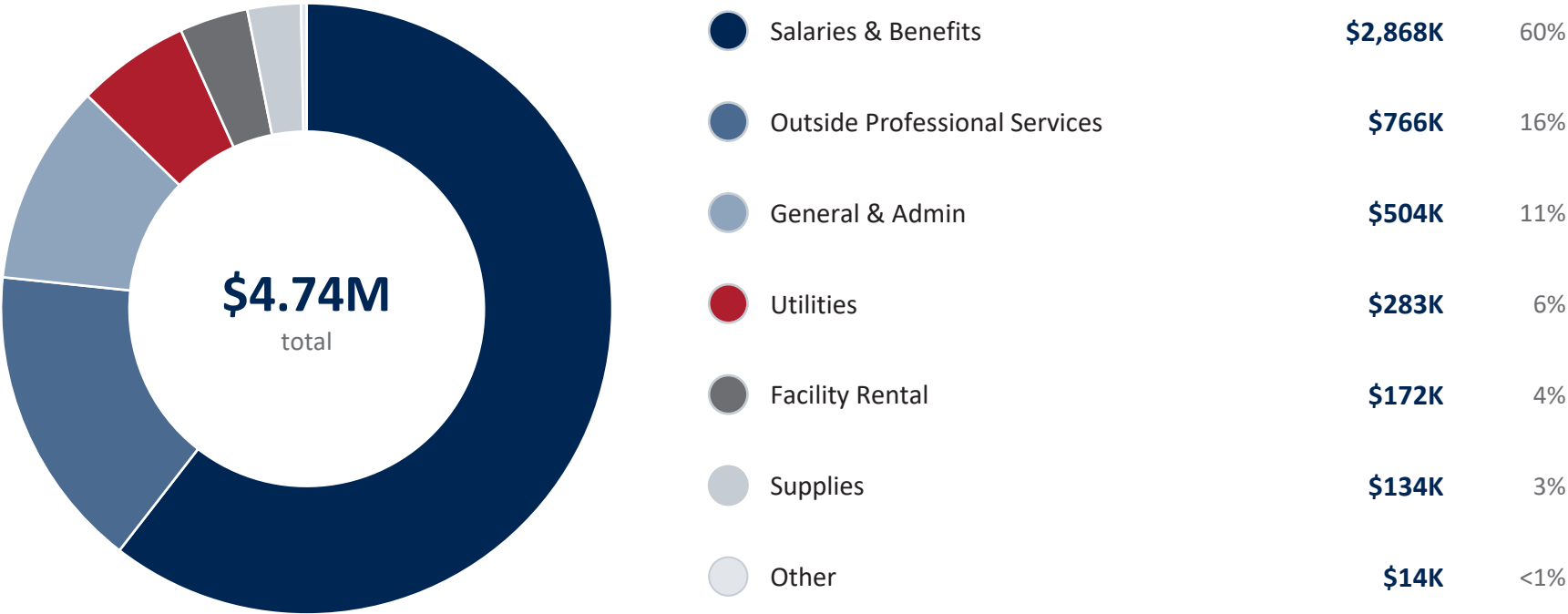
2027 proposed

≈17 FTE
across 25 staff members

*Recovered through allocation to
operations*

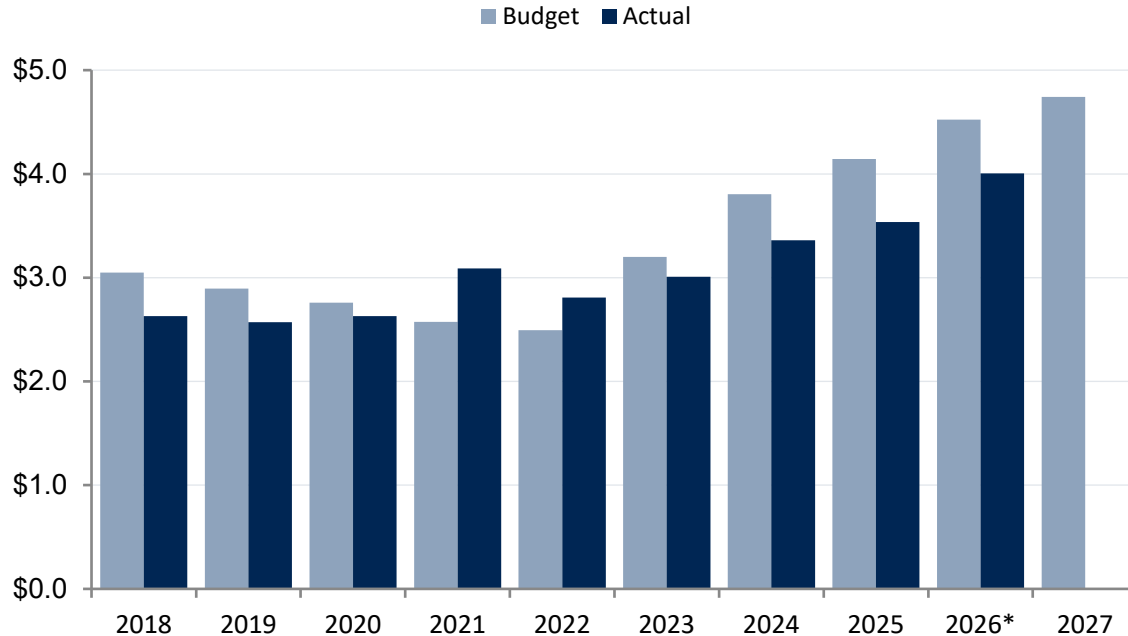
WHAT MAKES UP THE 2027 BUDGET

\$4,741,000 by type of expense



G&A BUDGET VS. ACTUAL, 2018–2026

Consolidated G&A expenses | in millions



**2026 projected. 2027 is the proposed budget.*

7 of 9

years under budget, 2018–2026

\$1.81M

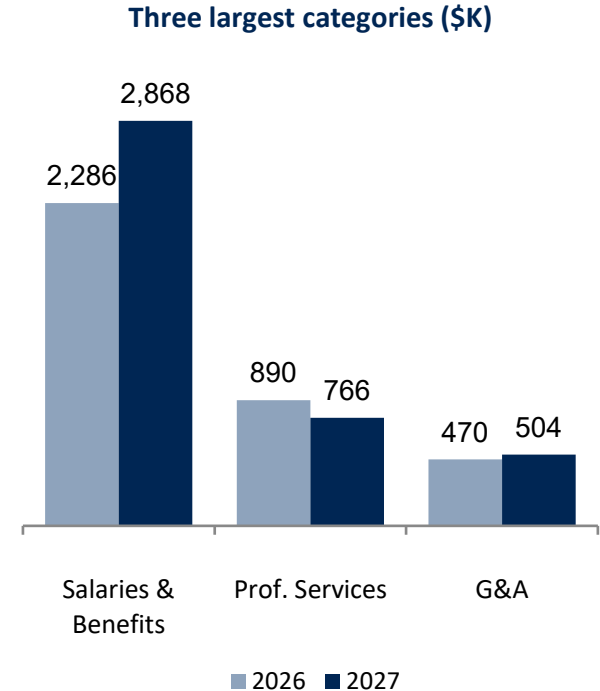
net under budget over nine years

2026 projected \$519K under budget

HOW 2027 COMPARES

Up \$352K (+8.0%) over 2026 | in thousands

Expense Type	2026	2027	Change	% Change
Salaries & Benefits	\$2,286	\$2,868	+\$582	+ 25.5%
Outside Professional Services	\$890	\$766	-\$124	-13.9%
General & Admin	\$470	\$504	+\$34	+ 7.2%
Utilities	\$305	\$283	-\$22	-7.2%
Facility Rental	\$283	\$172	-\$111	-39.2%
Supplies	\$138	\$134	-\$4	-2.9%
Other	\$17	\$14	-\$3	-17.6%
Total	\$4,389	\$4,741	+\$352	+ 8.0%



WHAT DRIVES THE CHANGE

Key cost drivers from 2026 to 2027



Salaries & Benefits

+\$388K

- Adding 1.08 FTE for Port General General Counsel and CFO
- Higher benefit costs
- COLA salary increases
- Tenure-based salary increases



New Port HQ

-\$70K net

- Facility rental down \$111K
- Facility maintenance moves from Properties to Admin (+\$30K)
- Utilities for the new HQ (+\$11K)



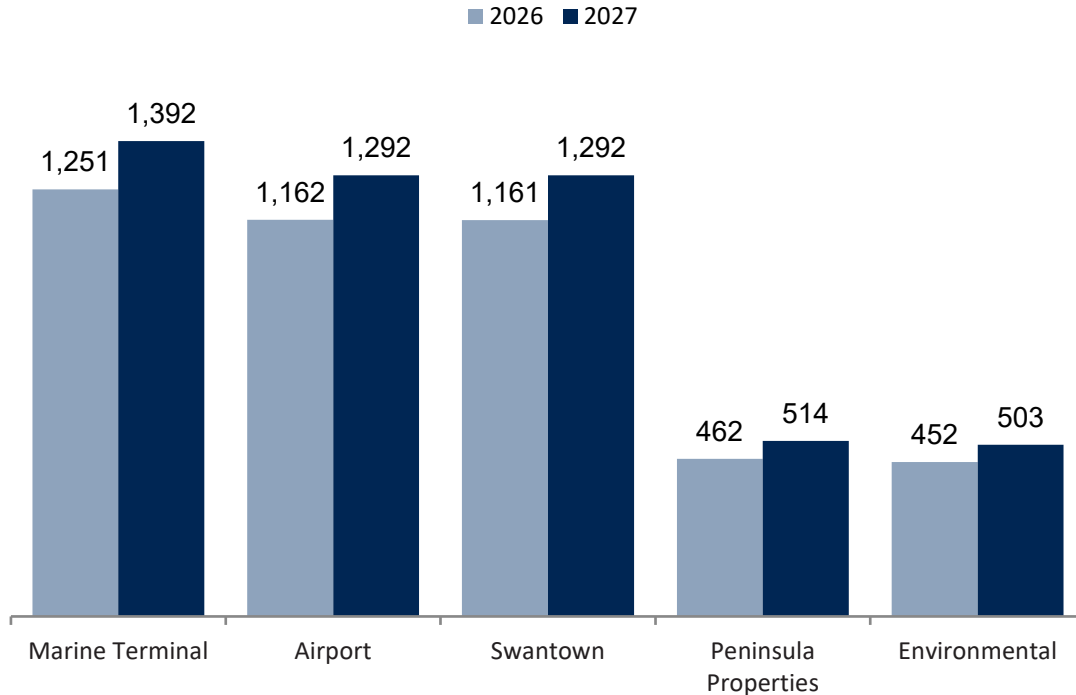
IT Licensing

Increase

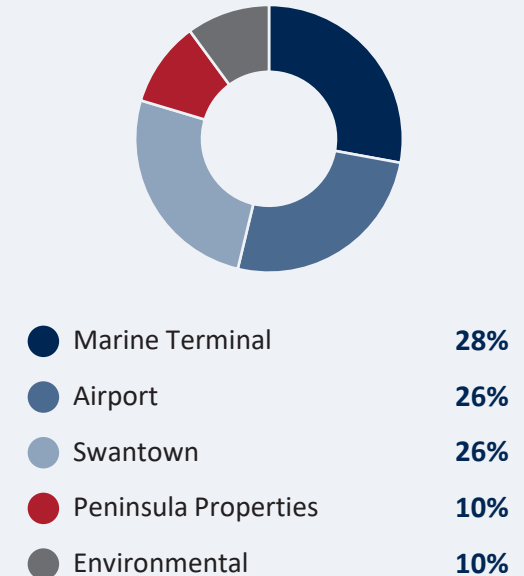
- AI tools added in late 2026
- Higher Microsoft Dynamics 365 (D365) licensing costs

G&A ALLOCATION TO OPERATIONS

How G&A costs are recovered across business lines | in thousands



2027 SHARE BY BUSINESS LINE



COST OF LIVING ALLOWANCE (COLA)

A decision that rests with the Commission

Employee Group	Staff	2027 COLA Cost
ILWU 47A (set by contract)	5	\$25,205
ILWU 47B (set by contract)	17	\$55,279
Non-represented staff	33	\$157,632
Total	55	\$238,116

How each rate is set

All three use the Seattle-Tacoma-Bellevue CPI.

- ILWU 47A: CPI through April, applied July 1, 3–4%.
- ILWU 47B: CPI through June, applied January 1, 2.25–4%.
- Non-represented: CPI through June, applied January 1, up to 4% by policy.

3.8%

recommended for non-represented staff

2026 non-represented COLA was 2.7%.

Decision requested October 26.

DISCUSSION AND NEXT STEPS

What would help staff most before October 26

1

Share concerns early

Identify any sticking points now so staff can adjust before the second review.

2

Weigh in on the COLA

Discuss the 3.8% recommendation for non-represented staff ahead of the October 26 decision.

3

Government Services priorities

Confirm the Commission-directed items in 081: studies, projects, community investment.

TOMORROW

Marina

Marine Terminal

Airport

Peninsula Properties

Capital Budget

Budget & Goals Crosswalk