

AGENDA

Port Freeport
Finance Committee
Special Meeting
Thursday, August 3, 2023, 1:30 pm - 3:30 pm
In Person & Videoconference - Administration Building - 1100 Cherry Street - Freeport

This meeting agenda with the agenda packet is posted online at www.portfreeport.com

The meeting will be conducted pursuant to Section 551.127 of the Texas Government Code titled "Videoconference Call." A quorum of the Finance Committee, including the presiding officer, will be present at the Commissioner Meeting Room located at 1100 Cherry Street, Freeport, Texas. The public will be permitted to attend the meeting in person or by videoconference.

The videoconference is available online as follows:

Join Zoom Meeting

<https://us02web.zoom.us/j/86784492216?pwd=c0MRFB1WEZ6UXlFeVpWQ1hhM0g3dz09>

Meeting ID: 867 8449 2216

Passcode: 128431

Dial by your location

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Meeting ID: 867 8449 2216

Find your local number: <https://us02web.zoom.us/j/86784492216?pwd=c0MRFB1WEZ6UXlFeVpWQ1hhM0g3dz09>

1. Committee Members: Giesecke (Chairman), Croft, Kincannon
2. CONVENE OPEN SESSION in accordance with Texas Government Code Section 551.001, et. seq., to review and consider the following:
3. Roll Call.
4. Public Comment. (Public comment on any matter not on this Agenda will be limited to 5 minutes per participant and can be completed in person or by videoconference)
5. Public Testimony. (Public testimony on any item on this Agenda will be limited to 5 minutes per agenda item to be addressed per participant and can be completed in person or by videoconference. The participant shall identify in advance the specific agenda item or items to be addressed.
6. Discussion regarding regarding Tax Rate, Tax Rate Setting Process & Cash Flow Projection.
7. Discussion regarding encumbering funds for the purpose of reducing the portion of the 2023 property tax rate used to pay debt service for General Obligation Bonds (i.e. the I&S rate).
8. Discussion regarding revenues for Fiscal Year 2023/2024 Budget for Port Freeport.
9. Adjourn.

The Committee does not anticipate going into a closed session under Chapter 551 of the Texas Government Code at this meeting for any other items on the agenda, however, if necessary, the Committee may go into a closed session as permitted by law regarding any item on the agenda.



Phyllis Saathoff, Executive Director/CEO

PORT FREEPORT

2023-2024 Tax Rate Estimates
 Estimated Tax Roll \$21,500,000,000
 Tax Rate \$0.035

	FY23 Rate	FY23		FY24 Rate	FY24
M&O	0.018144	\$ 3,515,922		0.013353	\$ 2,870,895
Debt Service (I&S)	<u>0.016856</u>	<u>\$ 3,266,335</u>		<u>0.021647</u>	<u>\$ 4,654,105</u>
Total Tax Rate	0.035000	\$ 6,782,257		0.035000	\$ 7,525,000

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		Key Financial Projections vs General Obligation Debt Service Payment & Rate per Fiscal Year						
		2024	2025	2026	2027	2028	2029	2030
Op Revenue		\$ 43,350,000	\$ 49,229,550	\$ 50,561,929	\$ 51,962,470	\$ 53,403,895	\$ 54,887,411	\$ 56,521,633
Cash Flow from Ops		\$ 13,717,990	\$ 19,707,802	\$ 19,907,969	\$ 19,696,349	\$ 20,558,501	\$ 23,489,669	\$ 24,504,579
Capital Needs		\$ 29,000,000	\$ 51,000,000	\$ 41,000,000	\$ 11,000,000	\$ 8,000,000		
GO Debt Payment		\$ 4,654,200	\$ 5,612,950	\$ 6,205,750	\$ 7,249,525	\$ 7,246,675	\$ 7,247,725	\$ 7,242,225
Taxable Roll Value 2022	\$ 19,377,876,871							
Taxable Roll Value 2023	\$ 21,500,000,000	\$ 0.02165						
Taxable Roll Value 2024	\$ 23,300,000,000		\$ 0.02409					
Taxable Roll Value 2025	\$ 27,300,000,000			\$ 0.02273				
Taxable Roll Value 2026	\$ 30,700,000,000				\$ 0.02361			
Taxable Roll Value 2027	\$ 31,500,000,000					\$ 0.02301		
Taxable Roll Value 2028	\$ 33,500,000,000						\$ 0.02164	
Taxable Roll Value 2029	\$ 35,000,000,000							\$ 0.02069
Taxable Roll Value 2030	\$ 37,400,000,000							
Taxable Roll Value 2031	\$ 38,300,000,000							

Key Capital Projects

Rider 37 Access Project	\$	2,800,000						
Land Acquisitions	\$	1,800,000						
Cathodic Protection	\$	6,000,000						
P14 Pump Station	\$	1,440,000						
Portwide Pavement Upgrades	\$	3,700,000						
2 STS Gantry Cranes	\$	4,800,000	\$	4,800,000	\$	14,400,000		
DMPA1 Levee Raise	\$	5,000,000						
VT Area 4 Improvements	\$		\$	16,400,000				
VT Area 5 Improvements	\$		\$	9,500,000	\$	20,000,000		
VT Pump Station Intake Channel Improvements	\$		\$	3,000,000	\$	5,000,000		
Transit Shed Modifications	\$		\$	6,200,000				
VT Expansion Area Gate	\$		\$	4,600,000				
Floodwall Modifications	\$		\$	2,000,000				
VT Area 6 Improvements					\$	10,000,000		
North Gate Design							\$	7,000,000

The information in this presentation contains “forward-looking statements”. Such statements may involve known and unknown risks, uncertainties, and other factors that may cause the actual results, performance and achievements to be different from future results, performance and achievements expressed or implied by such forward-looking statements. Readers are cautioned that the actual results could differ materially from those set forth in the forward-looking statements.

	2023	2024	2025	2026	2027	2028	2029	2030
Operating Cash Flow	\$ 17,589,568	\$ 17,589,568	\$ 13,717,990	\$ 19,707,802	\$ 19,907,969	\$ 19,696,349	\$ 20,558,501	\$ 23,489,669
Additional Revenue		\$ 2,000,000	\$ 5,879,550	\$ 1,332,380	\$ 1,400,541	\$ 1,441,425	\$ 1,483,517	\$ 1,634,222
Additional Expense @ 3.5%		\$ 507,675	\$ 525,444	\$ 543,834	\$ 562,868	\$ 582,569	\$ 602,959	\$ 624,062
Reduction in M&O		\$ 3,515,922						
Additional Debt Payments		\$ 1,847,981	\$ (635,706)	\$ 588,378	\$ 1,049,293	\$ (3,296)	\$ (2,050,610)	\$ (4,750)
Net Operating Cash		\$ 13,717,990	\$ 19,707,802	\$ 19,907,969	\$ 19,696,349	\$ 20,558,501	\$ 23,489,669	\$ 24,504,579

Total Debt Payments

2023	\$ 17,265,472	
2024	\$ 19,113,454	\$ 1,847,982
2025	\$ 18,477,748	\$ (635,706)
2026	\$ 19,066,126	\$ 588,378
2027	\$ 20,115,419	\$ 1,049,293
2028	\$ 20,112,123	\$ (3,296)
2029	\$ 18,061,513	\$ (2,050,610)
2030	\$ 18,056,763	\$ (4,750)

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Tax Rate Proposal Timing Consideration

State Statute September 29th

BC Request Date September 20th

Newspaper/Website Posting is required 7 days in advance of adoption.

The Facts requires a minimum of two days notice

BC Tax Assessor/Collector Office needs worksheet to calculate No New Revenue and Voter Approval Tax Rates prior to the Port Commission proposal. Estimated 5 days.

Total minimum business days to provide worksheet to the tax office would be 14 days prior to adoption. This would allow the calculation of the rate, a proposal by the Port Commission, mandatory posting period and adoption.

- If no funds are encumbered for the FY24 Debt Service payments.
 - Staff completes worksheets in the next week and submits to BC.
 - BC Appraisal District certifies roll by July 25th.
 - BC Tax Assessor/Collector computes NNRTR and VATR.
 - Port Commission proposes tax rate on August 24th.
 - Public postings made of proposed rates 7 days prior to adoption.
 - Port Commission adopts budget and rate on September 14th.

- If Port Commission passes resolution to encumber funds.
 - Port Commission passes resolution to encumber funds by August 8th.
 - Staff completes worksheet and submits to BC Tax Assessor/Collector no later than August 8th.
 - BC Tax Assessor/Collector computes NNRTR and VATR.
 - Port Commission proposes tax rate on August 24th.
 - Public postings made of proposed rates 7 days prior to adoption.
 - Port Commission adopts budget and rate on September 14th.



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WWW.PORTFREEPORT.COM

TO: Finance Committee
Executive Director/CEO

FROM: Rob Lowe

DATE: July 31, 2023

SUBJECT: Preliminary Revenue Budget Review

Staff has assembled a preliminary Fiscal Year 2024 revenue budget that produces Operating Revenue of \$45,753,500. Revenues are currently projected to be up 10% vs prior year budget and up 6% vs 2023 full year forecast. More detailed information for each line item in the revenue budget will be discussed in the Finance Advisory Committee meeting.

PORT COMMISSION

RAVI K. SINGHANIA, CHAIRMAN; ROB GIESECKE, VICE CHAIRMAN; BARBARA FRATILA, SECRETARY; KIM KINCANNON, ASST. SECRETARY;
DAN CROFT, COMMISSIONER; RUDY SANTOS, COMMISSIONER; PHYLLIS SAATHOFF, EXECUTIVE DIRECTOR/CEO

**PORT FREEPORT
2023/2024 BUDGET**

TOTAL REVENUE

	2020 Actual	2021 Actual	2022 Actual	2023 Budget	2023 Forecasted	2024 Budget
OPERATING REVENUES:						
Wharfage	\$10,853,640	\$13,526,823	\$11,642,336	\$ 12,546,200	\$ 14,105,423	\$ 17,049,000
Dockage	4,181,863	7,356,823	6,927,659	7,743,700	5,767,777	8,134,100
Equipment Fees	1,686,489	1,098,167	1,454,339	1,303,450	1,460,486	1,537,600
Facility Use Fees	880,516	1,168,335	1,666,677	1,437,600	1,286,788	1,116,200
Security Fees	1,521,840	2,458,595	2,396,761	2,294,250	2,335,939	2,984,500
Other Customer Service Fees	1,051,900	1,075,780	1,460,834	1,308,300	1,234,628	1,443,500
Ground Leases	12,423,239	12,101,850	11,487,599	11,699,000	12,502,409	12,554,800
Other Leases	964,948	868,345	878,200	885,300	894,511	908,800
GASB 87 Lease Recognition			4,845,575			
Estimated Business Interruption Claim			4,500,000	2,340,000	3,400,000	0
Other Revenue	8,880	8,303	24,289	25,000	97,300	25,000
Total Operating Revenue	\$33,573,315	\$39,663,021	\$47,284,269	\$41,582,800	\$43,085,261	\$ 45,753,500

**PORT FREEPORT
2023/20243 FISCAL YEAR BUDGET**

HARBOR OPERATIONS

	2020 Actual	2021 Actual	2022 Actual	2023 Budget	2023 Forecasted	2024 Budget
OPERATING REVENUES:						
Wharfage	\$10,853,640	\$13,526,823	\$11,642,336	\$ 12,546,200	\$ 14,105,423	\$ 17,049,000
Dockage	4,181,863	7,356,823	6,927,659	7,743,700	5,767,777	8,134,100
Equipment Fees	1,686,489	1,098,167	1,454,339	1,303,450	1,460,483	1,537,600
Facility Use Fees	880,516	1,168,335	1,666,677	1,437,600	1,286,788	1,116,200
Security Fees	1,521,840	2,458,595	2,396,761	2,294,250	2,335,939	2,984,500
Other Customer Fees	1,051,900	1,075,780	1,460,834	1,308,300	1,234,628	1,443,500
TOTAL HARBOR REVENUE	\$ 20,176,248	\$ 26,684,523	\$ 25,548,606	\$ 26,633,500	\$ 26,191,038	\$ 32,264,900
TOTAL TONNAGE	8,702,200	17,035,929	12,994,761	14,707,260	11,936,309	18,826,418
SHIP CALLS	412	531	456	483	402	495

