

PORT OF SUNNYSIDE

REPORT TO THE COMMUNITY



Prepared by Carol Carter, Finance Officer, June 2012

Letter from Amber Hansen, Executive Director



In 2011, the Washington Public Ports celebrated their 100th anniversary. The Washington Public Ports Association published a book called, Public Ports and Washington, The First Century 1911– 2011. In this book they state that, “Washington has 75 public port districts, more than any other state. The state’s first public ports were established in 1911, when the legislature, reacting against private railroad companies’ domination of the docks and harbors on which the state’s economy depended, authorized local voters to create publicly owned and managed port districts. As the benefits of publicly owned harbor improvements became apparent, the powers of port districts were expanded to encompass many other functions. Today there are port districts in 33 of the state’s 39 counties, including a surprising number far from any waterways. They operate major marine terminals, small local docks and marinas, international airports and general aviation fields, parks and recreation areas, and industrial and business parks.”

The Port of Sunnyside was established in 1964 marking this as our 48th year. The Port of Sunnyside operates an Industrial Waste Water Treatment Facility that has attracted many food processing firms to Sunnyside. We also focus on economic development. The Port is always marketing Sunnyside. We emphasize our central location, beautiful weather, stable work force and the richness of our agricultural base. We work in conjunction with the City of Sunnyside, Sunnyside Chamber of Commerce, New Vision / Yakima County Development Association and other local groups to showcase the economic development and tourism possibilities of Sunnyside. We understand how important “year around family wage jobs” are to sustainable long term growth in our area.

As always, we must find ways to make our community attractive to potential new businesses. The Port has completed several projects in recent years that have beautified our community. As an example, the Port along with other partners, installed a “Welcome to Sunnyside” kiosk and improved the areas along 1st Street in front of JM Eagle and the Eagles Club. This is just one example of what the Port has done to impact the city of Sunnyside. I am proud to play a small role in having made it happen.

I will be retiring at the end of 2012 after serving as the Port’s Director for 22 years. I thank you for the memories, the co-operation and the opportunity to be a part of improving Sunnyside. The Commissioners and my replacement look forward to the future as the Port will continue to build on the positive assets of Sunnyside.

Amber Hansen

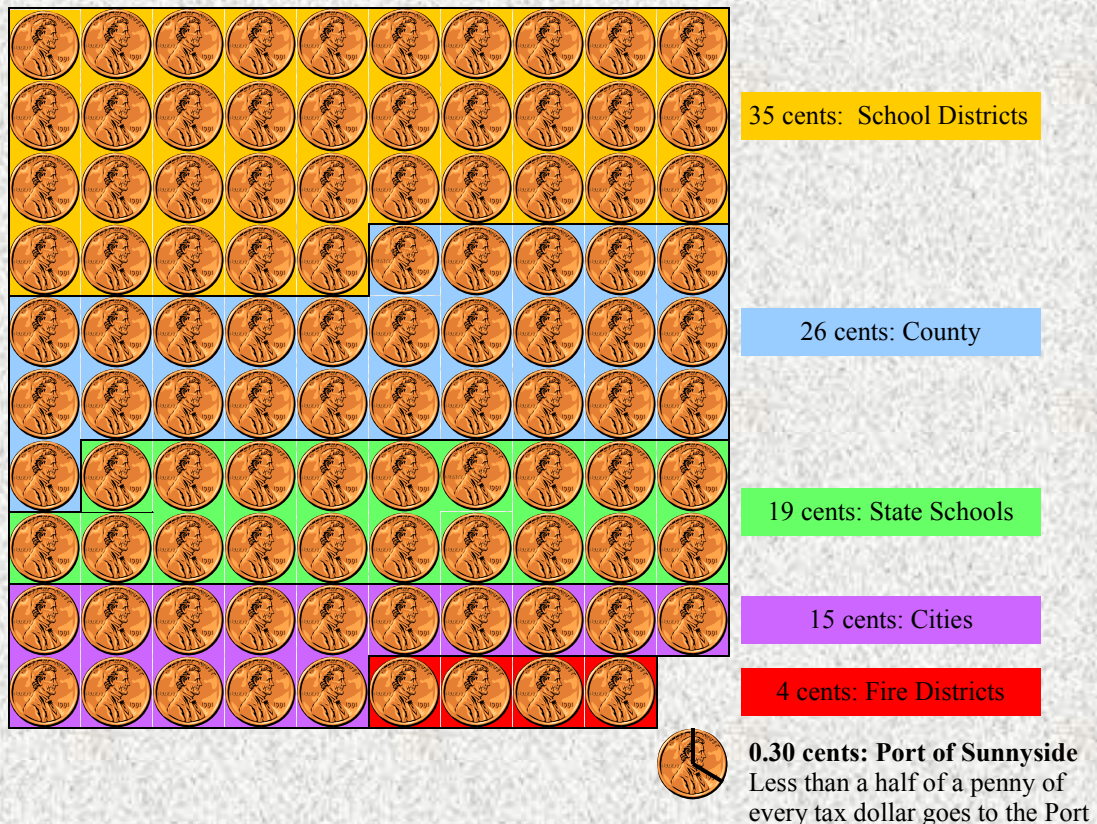
Executive Director

Your taxes at work

The Port levies a tax in Yakima County which is paid through your annual property tax payments. The Port has the ability to tax at \$0.45 per \$1,000 in assessed valuation of your property. In 2012, the actual levy is \$0.43 per \$1,000. The total county assessed valuation is \$1,239,438,271 which makes the Port's 2012 levy amount at \$533,390. (See the next page for details on how the tax dollars are spent by the Port.)

The Port of Sunnyside was created in 1964 as a municipal corporation of the State of Washington under the provisions of the Revised Code of Washington, Chapter 53.01.010 et seq. Since then, The Port has developed several parcels of property and brought many jobs to the Lower Yakima Valley. The tax dollars have supported development which has added to this area's economy. The Port owns and operates an Industrial Waste Water Treatment Facility to which 15 local industries discharge their waste water. These industries employ nearly 1,000 employees and pay an annual payroll of approximately \$30 million dollars. The wages help support the local economy in so many ways. Their employees buy or rent homes here, buy groceries here, they purchase automobiles here, they send their children to local schools, they dine at restaurants here, and on & on.

Where does my Yakima County Property Tax dollar go?

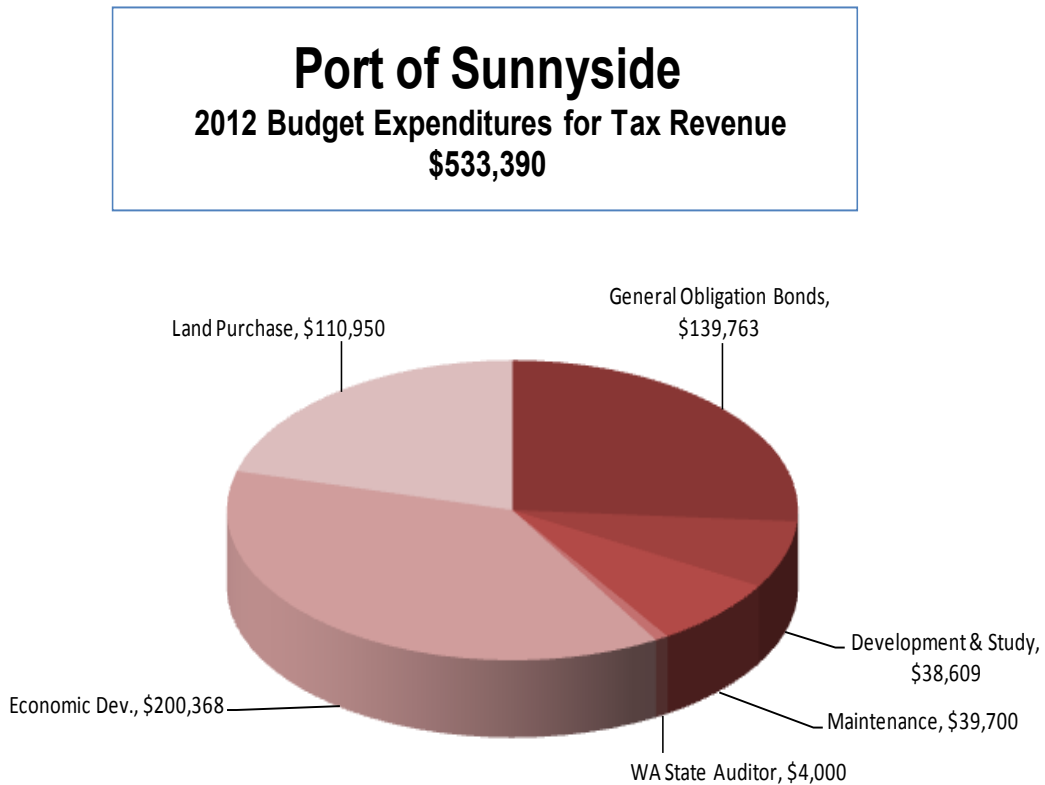


PORT OF SUNNYSIDE - Where do my tax dollars go?

The Port of Sunnyside's mission statement is to "develop, diversify, broaden and strengthen an economic base throughout the District in an environmentally prudent manner". That mission translates into the Port purchasing land for future development and improving infrastructure in the area in hopes of enticing new businesses to come to the Sunnyside area and thus bring more jobs with them.

The Yakima County Treasurer's office acts as an agent to collect property taxes levied in the county for all taxing authorities. The Port receives the amount collected by the County for the Port of Sunnyside on a monthly basis.

The following chart shows how the tax revenue will be used in 2012:



- ~ General Obligation Bonds: Industrial Park Infrastructure development
- ~ Washington State Annual Audit
- ~ Maintenance: Upkeep on all Administrative buildings, vehicles and equipment
- ~ Land Purchase: Payments on land purchased for future development
- ~ Economic Development: Grant Writer, Economic Developer, Promotional Hosting
- ~ Development & Study: Installation of infrastructure (utilities) for development, costs associated with feasibility studies for new projects

The Port of Sunnyside receives its revenue from the following sources:

- IWWTF (Industrial Waste Water Treatment Facility): The Port receives and charges for industrial waste water discharged from local industries most of which are food processors or related businesses. The IWWTF is a state-of-the-art, ecologically sound treatment facility permitted by the state Department of Ecology.
- Property rentals: The Port leases land mainly for the production of crops, incubator space for fledgling businesses and homes on land that we have held for future development.
- Tax Levy: Ad valorem property taxes; and
- Non-Operating Income: Primarily from interest on the Port's cash reserves.

This chart shows the Port's profit for the last five years:

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Operating Revenues	\$ 4,200,743	\$ 4,275,321	\$ 3,669,739	\$ 3,615,004	\$ 3,619,408
Operating Expenses	3,649,953	3,586,461	3,447,651	3,181,100	3,867,582
Income from Operations	550,790	688,860	222,088	433,904	(248,174)
Non-operating rev/exp	-177,979	178,575	184,047	351,049	274,967
Net Income	\$ 372,811	\$ 867,435	\$ 406,135	\$ 784,953	\$ 26,793

The assets and liabilities of the Port for the last five years are as follows:

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Cash & Investments, unrestricted	\$ 4,348,614	\$ 3,393,200	\$ 5,864,335	\$ 7,152,570	\$ 2,228,291
Cash & Investment, restricted	\$ 1,154,697	\$ 1,720,446	\$ 1,706,270	\$ 1,635,515	\$ 1,190,836
Receivables	\$ 384,192	\$ 769,097	\$ 530,511	\$ 482,486	\$ 219,156
Prepaid Assets	\$ 69,250	\$ 65,381	\$ 61,263	\$ 56,152	\$ 35,008
Capital Assets, net of Accum Depr	\$ 22,049,390	\$ 22,568,034	\$ 20,623,043	\$ 9,951,258	\$ 9,072,123
Other Assets	\$ 572,674	\$ 598,156	\$ 715,969	\$ 923,153	\$ 474,946
Total Assets	\$ 28,578,817	\$ 29,114,314	\$ 29,501,391	\$ 30,201,134	\$ 23,220,360
Current Liabilities	\$ 1,645,963	\$ 1,396,339	\$ 1,788,061	\$ 1,841,339	\$ 1,348,251
Long Term Liabilities	\$ 13,327,733	\$ 14,485,665	\$ 15,348,455	\$ 16,401,055	\$ 10,698,321
Total Liabilities	\$ 14,973,696	\$ 15,882,004	\$ 17,136,516	\$ 18,242,394	\$ 12,046,572
Equity	\$ 13,605,121	\$ 13,232,310	\$ 12,364,875	\$ 11,958,740	\$ 11,173,788

The Port of Sunnyside's Budget Process:

The Budget process begins in July each year when the management staff begin examining the current year January through June actual revenues and expenses. This gives us a basis to predict what may happen in the remaining 6 months of the year and then to project both revenues and expenses for the coming year. The capital needs are also addressed for the coming fiscal year as well as a 5 year plan for capital replacements and capital acquisitions. The Commissioners start their review process in August and approve the budget in mid-November. Our budgets must be submitted to the Yakima County Commissioners by mid-November in order for property taxes to be levied on our behalf.

The Budget for 2012 is as follows:

	IWWTF	Administration	Total
Operating Revenues	\$ 4,030,515	0	\$ 4,030,515
Property rental & crop revenues	\$ 94,562	\$ 276,741	\$ 371,303
Total Operating Revenues	\$ 4,125,077	\$ 276,741	\$ 4,401,818
Operating Expenses	\$ 2,372,232	\$ 1,130,869	\$ 3,503,101
Debt Payments	\$ 1,770,796	\$ 451,081	\$ 2,221,877
Total Operating Expenses	\$ 4,143,028	\$ 1,581,950	\$ 5,724,978
Non-Operating Revenue (Expense)			
Interest Revenue	\$ 13,000	\$ 600	\$ 13,600
Tax Levy Revenue	0	\$ 550,000	\$ 550,000
Notes Receivable Revenue	0	\$ 19,197	\$ 19,197
Project Grants & Loans	0	\$ 500,000	\$ 500,000
Land Sales	0	\$ 225,000	\$ 225,000
Other	4,951	\$ 10,412	\$ 15,363
Total Non-Operating Revenue (Expense)	\$ 17,951	\$ 1,305,209	\$ 1,323,160
Total	\$ 0	\$ 0	\$ 0

The Port of Sunnyside participates in the Government Finance Officers Association's (GFOA) Comprehensive Annual Financial Report review process. The Port has been awarded a Certificate of Achievement for Excellence in Financial Reporting for the past 13 consecutive years. As stated by GFOA in the most recent award notification letter dated December 5, 2011, "The Certificate of Achievement is the highest form of recognition in governmental accounting and financial reporting and its attainment represents a significant accomplishment by a government and its management".

From Jed Crowther, Property, Development & Project Manager

The Port of Sunnyside plays a unique role in the economic viability of the Sunnyside community. The Port has facilitated the development of properties in the community, such as Golob Landing and Midvale Rail Park. We also developed the area where KIE Supply Corp. is located on Bauerle Drive. We widened Midvale Road in hopes of attracting businesses to the southern part of Sunnyside as well. As an agency focused on economic development, we continually assess the role our properties play in the local economy and how we can play a part in improving our area by bringing more jobs to the Sunnyside community.



The Port of Sunnyside is proud of their impact on the local economy.

WETLAND HABITAT

The Port, in conjunction with environmental engineers, has conducted an environmental study in which the Port would construct a natural wetland for water and wildlife habitat in and around the Yakima River. The Port has joined forces with the U. S. Army Corps of Engineers. The feasibility study proved the habitat to be beneficial to both wildlife and the Port. The Port and the Army Corps of Engineers are both excited to be partners in a project of this size and nature.

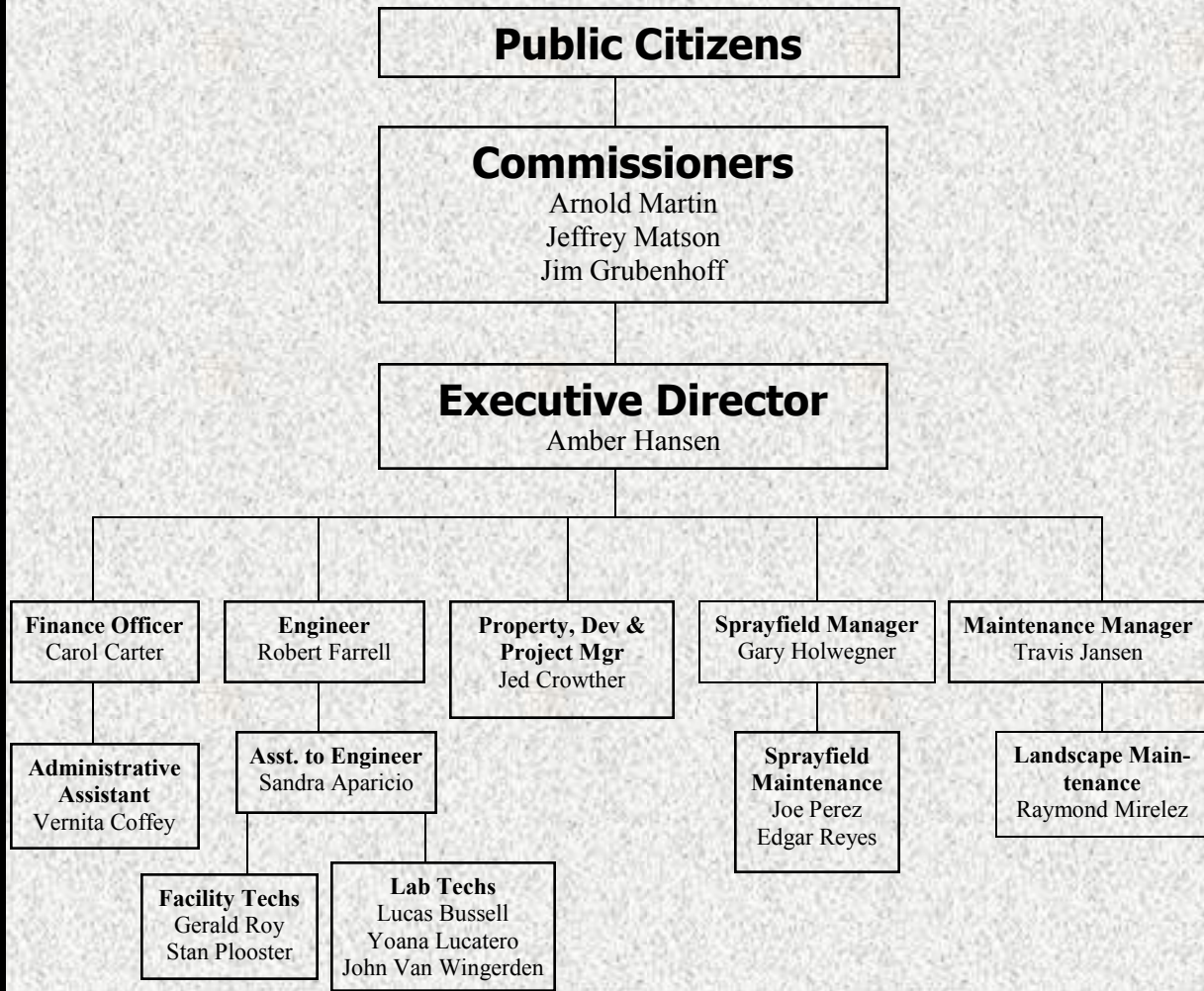
The Port had purchased 221 acres west of Sunnyside along the Yakima River to establish the wetland and subsequently purchased an additional 189.2 adjacent acres. The Port is pursuing grants and low or no interest loans to help offset the costs which are estimated to be five million dollars.

The process will include sending treated water from the Port's treatment facility through a pipe several miles long to the wetland facility to be used as part of a natural water filtering system of six ponds lined with gravel and rock. The discharge will then seep through underground soil corridors into the Yakima River. These types of manmade wetlands are not new. They have been done successfully for decades in other areas. The wetland will provide environmental benefits by putting more water, and cooler water, into the river when it's needed to aid the restoration of steelhead and salmon.

The Yakima River will greatly benefit in two ways, first by augmenting the river flows and secondly by helping to cool the water during the summer months. The Port and Sunnyside community will benefit in two ways as well, first and most importantly by increasing the effectiveness and efficiency of the Port's Industrial Waste Water Treatment Facility (IWWTF) by filtering the clean water into the Yakima River. Secondly, this addition to the IWWTF will provide capacity for the 13 industries that utilize the IWWTF to grow and expand in the Sunnyside area. It will also allow new industries seeking this type of service to locate in Sunnyside. The Industries that the IWWTF currently serves employ 1000+ jobs annually with an annual payroll of \$30+ million. This plays a major role in the stability of Sunnyside's economy.

PORT OF SUNNYSIDE

ORGANIZATIONAL CHART



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