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# Financial Outlook

**3rd Quarter 2020**

November 18, 2020

- **Forecast Assumptions**
- **Summary of Outlook**
- **Water Retail Sales and Revenues**
- **Revenue and Expense Summary**
- **Estimated Current Fund Cash**

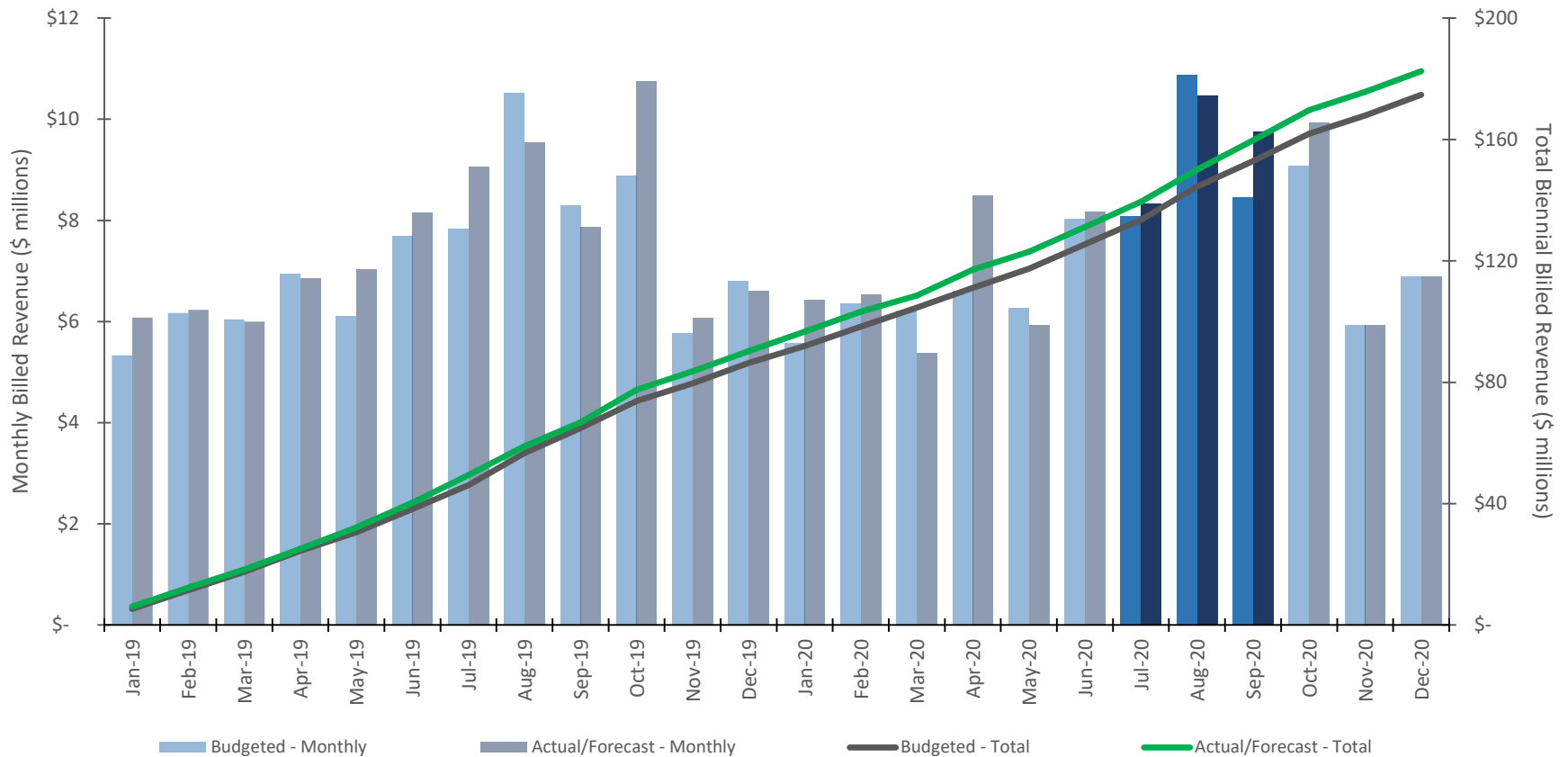
- **Forecast includes actual revenues and expenses through September 2020.**
- **Water sales and revenue projection includes impacts from Stay Home, Stay Healthy mandate and economic recovery.**
- **Expense projections include planned savings in several programs offset by increases in customer assistance and bad debt expenses.**
- **All other revenue and expense projections are based on 2019/2020 budget.**

# 2019/2020 Biennium Summary of Assumptions

- Water sales are projected to be \$6.8 million higher than budget for the biennium. \$3.9 million is due to actual increased demand in 2019 and the remainder is primarily due to increased demand from Residential customers in the first three quarters of 2020.
- Total expenditures are projected to be nearly \$11.6 million under budget for the biennium. This forecast includes \$5.4 million savings in 2019 as well as projected and planned savings for 2020 in response to COVID impacts.
- Net total revenues less expenditures is expected to be approximately \$21.3 million over budget.
- The Current Fund cash balance is expected to be \$65.2 million, an increase of about \$3.3 million over the biennium.

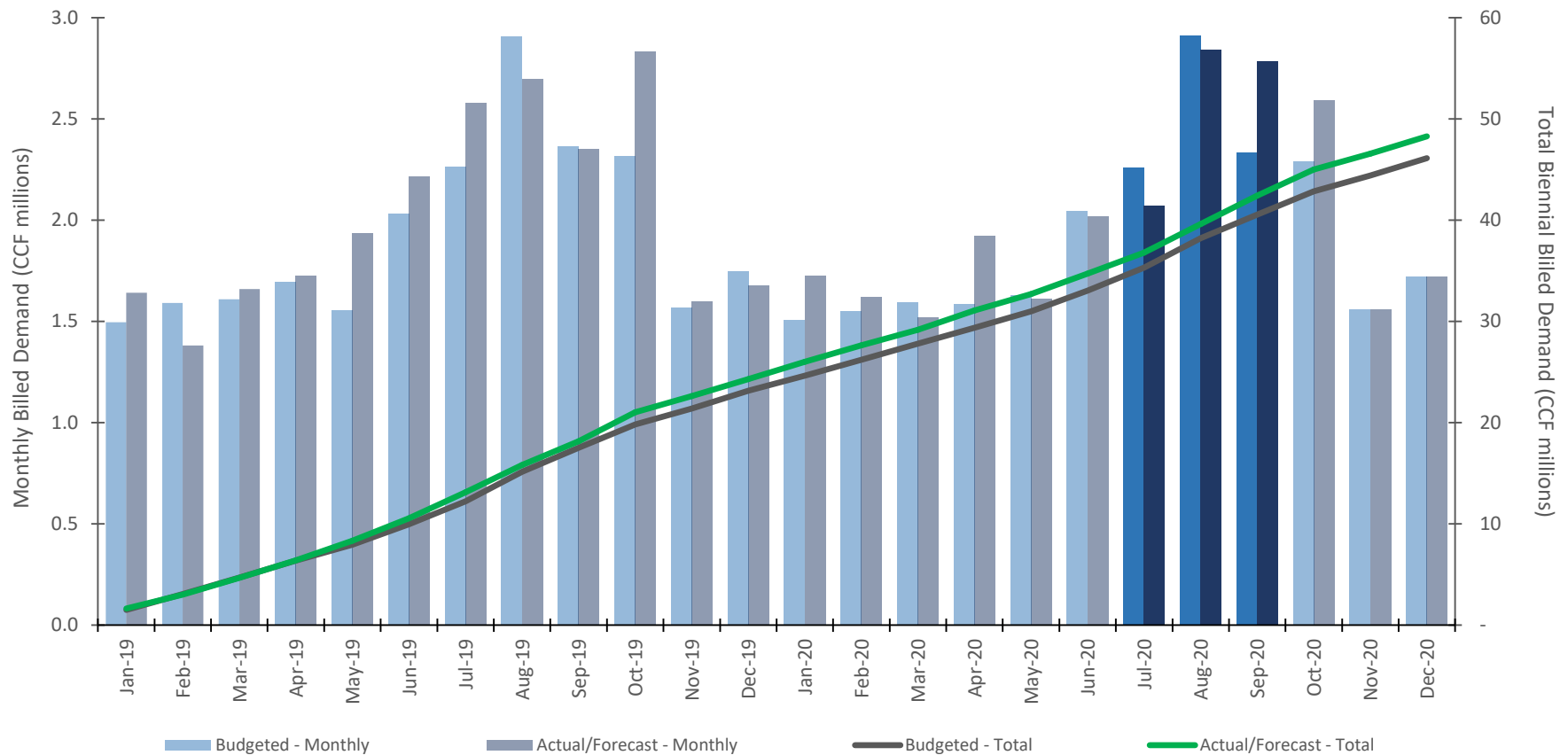
# Billed Revenue

5



# Billed Demands

6



# 2019/2020 Biennium Forecast vs. Budget

7

- 1.** The projection for Residential revenue has increased \$4.9 million from budget, \$1.9 million is due to increased actual revenue collected in 2019. 2020 Residential demand increased approximately 14% or about \$1.4 million during the third quarter 2020 as many families spent more time at home.
- 2.** Other Water Sales are expected to increase \$2.0 million over the biennium, primarily due to higher than budgeted Commercial demand in 2019. Commercial revenue in the third quarter was nearly \$111,000 below budget due to impacts from COVID.
- 3.** Other Operating revenue includes projected reductions in revenue from Customer Fees, including interest on late payments and turn-off fees.
- 4.** The projection for Non-Operating revenue has increased \$2.8 million from budget primarily due to higher than anticipated interest earned on cash balances.

# 2019/2020 Biennium Forecast vs. Budget

8

5. Total revenue is projected to increase \$9.7 million from budget due to the items discussed above.
6. Personnel expenditures are projected to be \$6.7 million lower than budget. \$3.1 million is primarily due to higher than expected vacancies of 38 FTE's in 2019. The remaining \$3.6 million is projected as a result of prioritizing critical hiring in 2020.
7. Supplies, Other Services and Charges is expected to be nearly \$6.1 million less than budgeted for the biennium. Actual expense savings in 2019 make up half of this reduction and the remaining half is due to planned decreases in expenses including travel, training and professional services offset by anticipated increases in customer assistance grants and bad debt expense.



8. As a result of the items discussed above, total revenue less expenditures is forecast to increase \$21.3 million from budget over the biennium.
9. Capital expenditures are expected to decrease \$18.8 million over the biennium primarily due to planned delays in spending on several capital projects.
10. The current fund cash balance is expected to increase about \$3.2 million over the biennium due to the items mentioned above.

# 2019/2020 Biennium Forecast vs. Budget

All \$'s in 1000's	2019 Budget	2019 Actual	2019 Difference	2020 Budget	2020 Forecast	2020 Difference	Total Biennium Budget	Total Biennium Forecast	Biennium Difference \$	Biennium Difference %
<b>Revenue</b>										
Residential Water Sales	57,535	59,446	1,911	58,888	61,907	3,019	116,423	121,353	4,930 (1)	4%
Pulp Mill Water Sales	6,819	6,883	64	6,989	7,035	46	13,808	13,918	110	1%
Wholesale Water Sales	2,754	2,787	33	2,664	2,420	(244)	5,418	5,207	(211)	-4%
Other Water Sales	19,294	21,192	1,898	19,792	19,910	118	39,086	41,102	2,016 (2)	5%
Other Operating Revenue	4,021	4,255	234	3,972	3,771	(201)	7,993	8,027	34 (3)	0%
<b>Total Operating Revenue</b>	<b>90,423</b>	<b>94,563</b>	<b>4,140</b>	<b>92,305</b>	<b>95,044</b>	<b>2,739</b>	<b>182,728</b>	<b>189,607</b>	<b>6,879</b>	<b>4%</b>
Non-Operating Revenue (includes BAB's subsidy)	3,279	4,980	1,701	3,327	4,438	1,111	6,606	9,418	2,812 (4)	43%
<b>Total Revenue</b>	<b>93,702</b>	<b>99,543</b>	<b>5,841</b>	<b>95,632</b>	<b>99,482</b>	<b>3,850</b>	<b>189,334</b>	<b>199,025</b>	<b>9,691 (5)</b>	<b>5%</b>
<b>Expenditures</b>										
Personnel Costs	28,209	25,150	(3,059)	29,741	26,094	(3,647)	57,950	51,244	(6,706) (6)	-12%
Supplies, Other Services & Charges	28,876	25,631	(3,245)	28,270	25,370	(2,900)	57,146	51,001	(6,145) (7)	-11%
Debt Service	26,650	26,657	7	26,566	26,344	(222)	53,216	53,001	(215)	0%
Taxes	12,286	13,209	923	12,581	13,122	541	24,867	26,331	1,464	6%
<b>Total Expenditures</b>	<b>96,021</b>	<b>90,647</b>	<b>(5,374)</b>	<b>97,158</b>	<b>90,930</b>	<b>(6,228)</b>	<b>193,179</b>	<b>181,577</b>	<b>(11,602)</b>	<b>-6%</b>
<b>Total Revenue less Total Expenditures</b>	<b>(2,319)</b>	<b>8,897</b>	<b>11,216</b>	<b>(1,526)</b>	<b>8,552</b>	<b>10,078</b>	<b>(3,845)</b>	<b>17,448</b>	<b>21,293 (8)</b>	
Reconciling Cash Items	-	(1,082)	(1,082)	-	-	-	-	-	-	
<b>Appropriation from Current Fund</b>	<b>2,319</b>	<b>(7,815)</b>	<b>(10,134)</b>	<b>1,526</b>	<b>(8,552)</b>	<b>(10,078)</b>	<b>3,845</b>	<b>(17,448)</b>	<b>(21,293)</b>	
<b>Capital Outlay Financing Detail</b>										
Funded from Bond Funds	13,128	12,695	(433)	13,128	13,561	433	26,256	26,256	-	0%
Funded from Operating Reserve	4,377	1,767	(2,610)	8,734	11,344	2,610	13,111	13,111	-	0%
Funded from Capital Reserve	2,047	3,977	1,930	19,956	(774)	(20,730)	22,003	3,203	(18,800)	-85%
<b>Total Capital Outlay</b>	<b>19,552</b>	<b>18,439</b>	<b>(1,113)</b>	<b>41,818</b>	<b>24,131</b>	<b>(17,687)</b>	<b>61,370</b>	<b>42,570</b>	<b>(18,800) (9)</b>	
<b>Debt Service Coverage Ratio</b>		2.91X			2.59X			2.59X		
<b>EOY Current Fund (Jan 19 Balance \$61,952)</b>	<b>68,000</b>			<b>65,207</b>			<b>65,207</b>		3,255 (10)	

- 1. Total revenue is projected to be about 1% or \$2.4 million higher than forecast last quarter and includes impacts from the pandemic in the third quarter.**
- 2. Expenditures are nearly \$300,000 lower than projected due to lower than expected personnel expenses.**
- 3. As a result of these updates, the cash balance is forecast to increase about \$2.7 million from the previous projection.**

# Previous Qtr 2/2019 vs. Current Qtr 3/2020

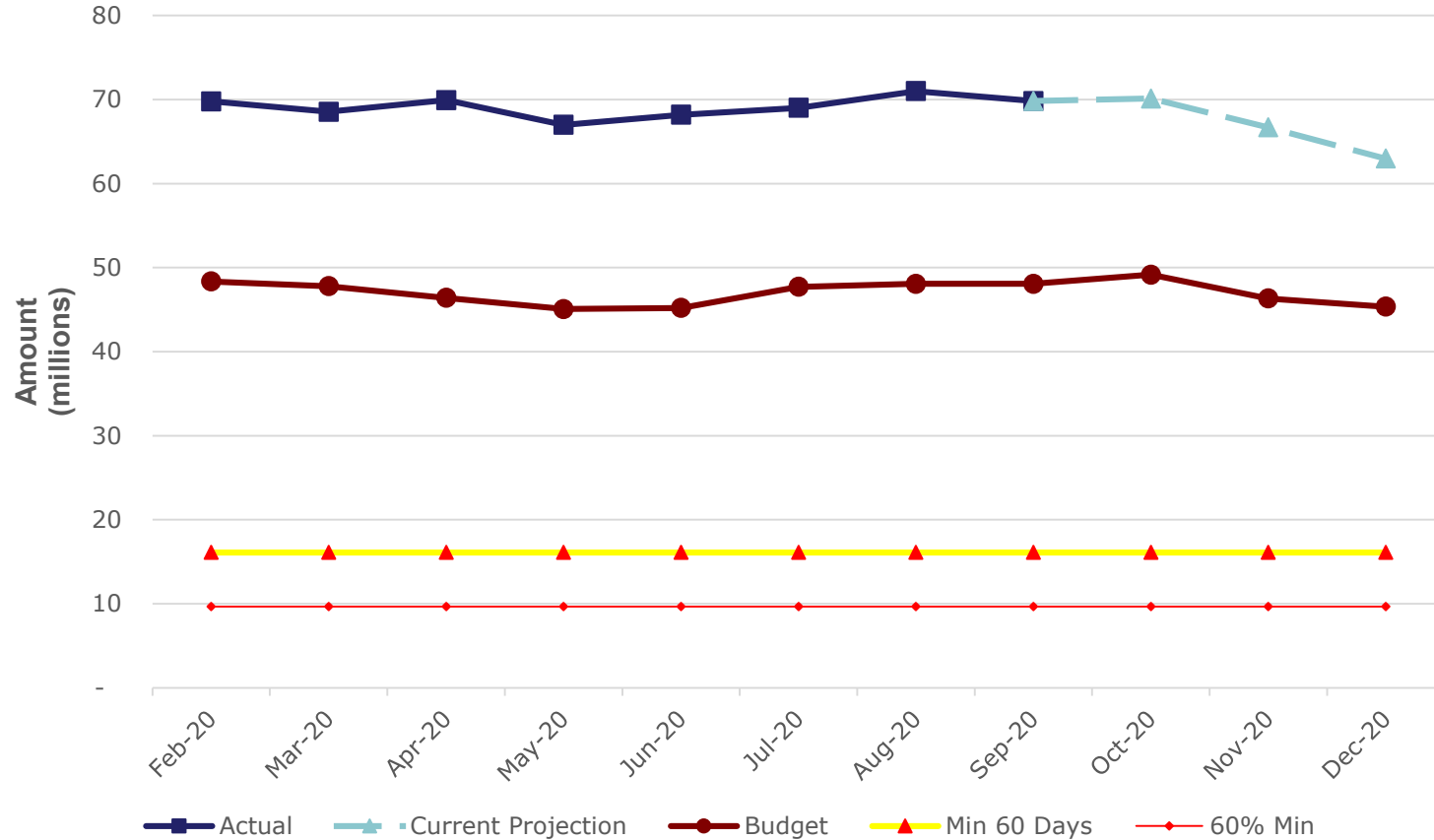
12

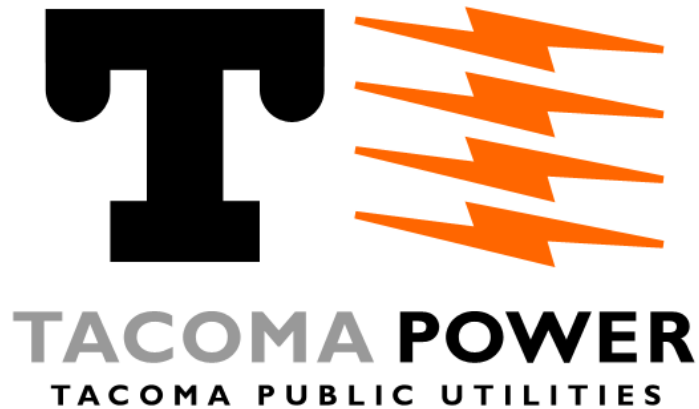
All \$'s in 1000's	Previous Forecast	Biennium Forecast As of Qtr 3 2020	Difference \$	Difference %
<b>Revenue</b>				
Residential Water Sales	119,938	121,353	1,415	1%
Pulp Mill Water Sales	14,098	13,918	(180)	-1%
Wholesale Water Sales	5,415	5,207	(208)	-4%
Other Water Sales	40,797	41,102	305	1%
Other Operating Revenue	7,953	8,027	74	1%
<b>Total Operating Revenue</b>	188,201	189,607	1,406	1%
Non-Operating Revenue (includes BABs subsidy)	8,401	9,418	1,017	12%
<b>Total Revenue</b>	196,602	199,025	2,423	(1) 1%
<b>Expenditures</b>				
Personnel Costs	51,930	51,244	(686)	-1%
Supplies, Other Services & Charges	50,710	51,001	291	1%
Debt Service	53,055	53,001	(54)	0%
Taxes	26,189	26,331	142	1%
<b>Total Expenditures</b>	181,884	181,577	(307)	(2) 0%
<b>Total Revenue less Total Expenditures</b>	14,719	17,448	2,730	
<b>EOY 2020 Current Fund Balance Projection</b>	62,478	65,207	2,730	
<b>Change in Current Fund Projection Reconciliation</b>				
Change in Operating Activities			2,730	
<b>Change in Current Fund Cash Projection</b>			2,730	(3)

# 2019/2020 Projected Liquidity Balance

13

## TACOMA WATER CURRENT FUND CASH PROJECTIONS Actual & Estimated Cash for 2019/2020





# Financial Outlook

3rd Quarter 2020

November 18, 2020

## **2019/2020 Biennium:**

- Assumptions
- Electric Retail Revenues
- Wholesale Revenues
- Revenue & Expense Details
- Projected Liquidity Balance

- Actuals updated through September 2020.
- Wholesale revenue forecast:
  - Forecast water conditions for October & November 2020.
  - Adverse water conditions through remainder of biennium.
  - Forward prices updated as of 10/6/20.
- Capital spending forecast updated as of 11/2/2020.

## Forecasting Practices

- Personnel expenditures forecast reflect a vacancy rate.
- O&M expenditures are forecast based on historical trends with estimated \$8 million in spending cuts.
- Capital spending forecasts are based on estimates from project managers.



Notes listed on this slide correlate to the graph on the next slide.

## Cumulative Biennium Projected Retail Sales: \$7.5 million less than budget (-1.0%)

### Actual Total Retail Revenues

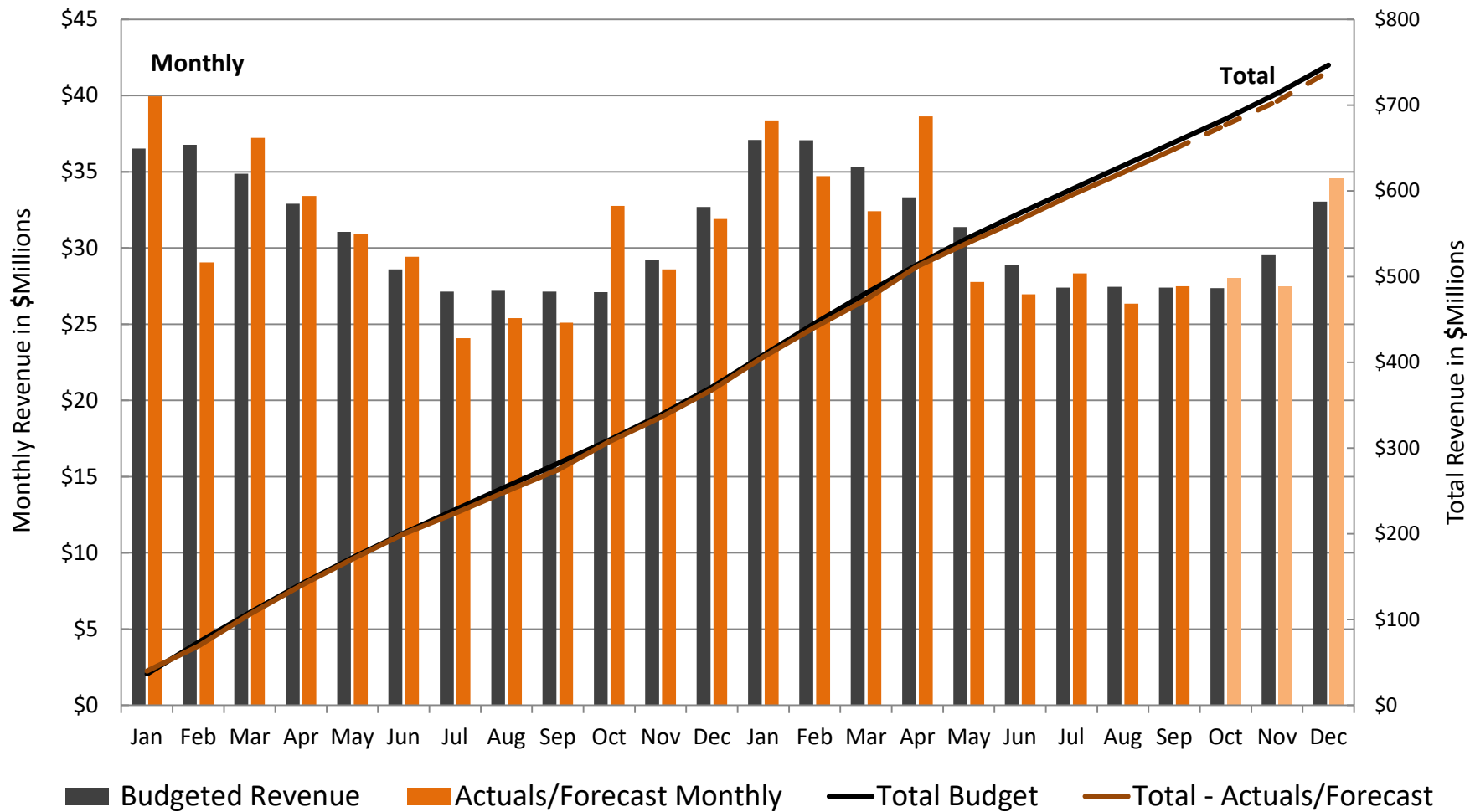
- Our actual retail sales through third quarter 2020 are \$7.7 million less than budget.
  - 2019 retail sales were \$3.4 million less than budget due to lower-than-budget industrial load and revenues in the first quarter and mild temperatures during summer months.
  - In first quarter 2020, retail sales were lower than budget due to warmer than forecasted weather, which reduced heating loads.
  - In second and third quarter 2020 sales were lower than budget due to impacts of COVID-19–related economic recession.

### Forecasted Total Retail Revenues

- We are forecasting future revenues will be close to budget in the fourth quarter of 2020.

# 2019/2020 Electric Retail Revenues

18



Notes listed on this slide correlate to the graph on the next slide.

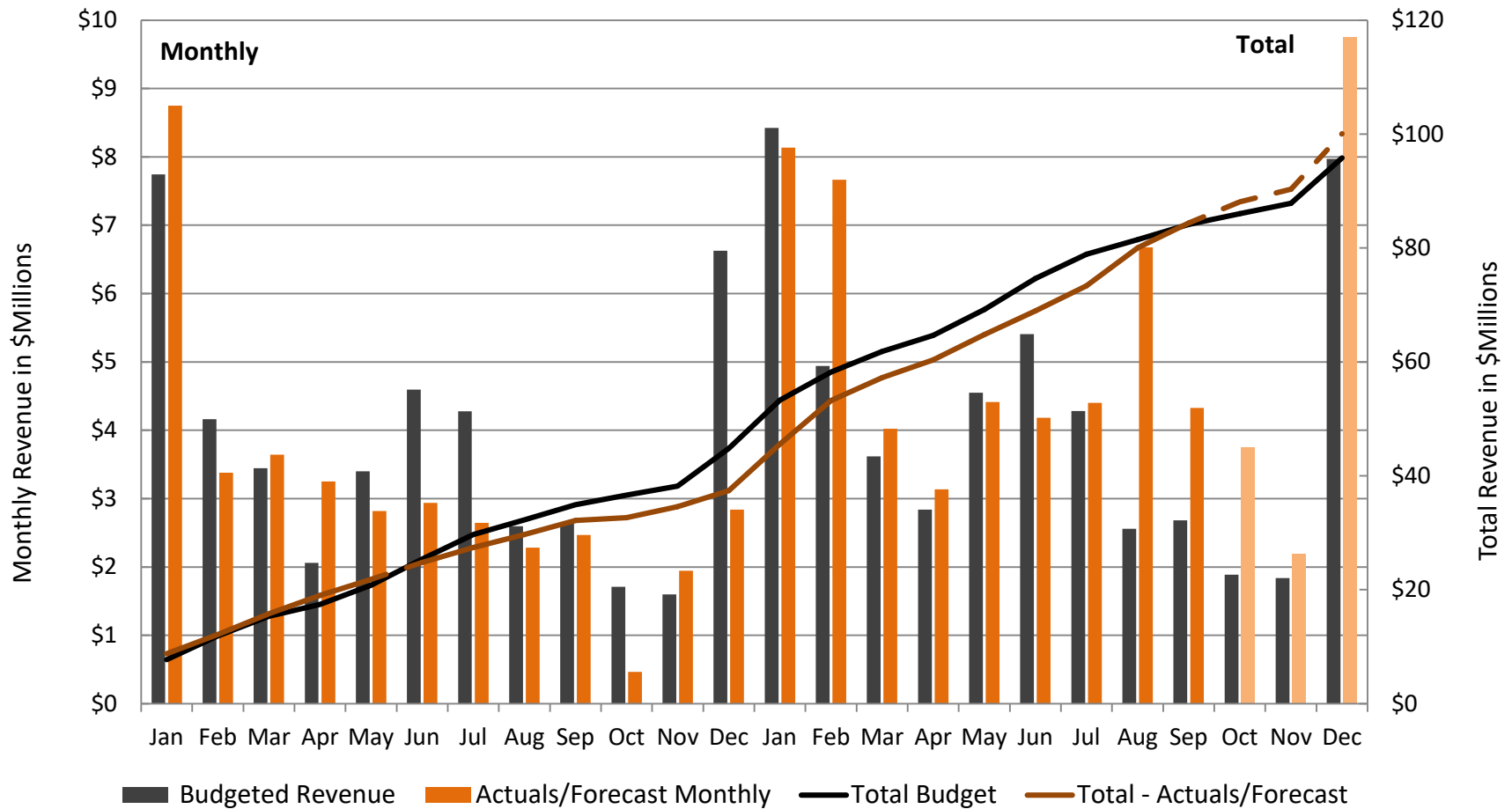
Cumulative Biennium Projected Wholesale Sales: \$4.2 million more than budget (4.4%)

## Actual and Forecast Gross Wholesale Revenues

- We are forecasting biennial gross wholesale revenue to be more than budget.
- Hydro inflows were near-critical at our projects in 2019.
  - This resulted in lower sales and higher bulk power purchases relative to budget.
- 2020 wholesale revenues are forecasted to be better than budget for the remainder of the biennium due to reduced retail loads from Covid-19 pandemic and economic downturn.
  - In a recession, the decline in retail load increases the amount of energy to sell on the wholesale market.
  - Year-to-date power market prices have been below budget, with the exception of the third quarter. Fourth quarter prices are expected to be higher than budgeted.
  - 2020 forecasted water conditions are expected to be near average levels.
- Inflows into Tacoma's hydro projects have been above average through third quarter of 2020.

# 2019/2020 Gross Wholesale Revenues

20



Notes listed on this slide correlate to the subsequent chart.

## Forecast for Revenue Less Than Budget: \$7.8 million (-0.8%)

- 1. Retail Revenues: forecast to be \$7.5 million less than budget (-1.0%)**
  - Lower-than-budget revenues in 2019.
  - Three-month delay of the 2% rate increase in 2020.
  - Forecasts of moderate recession from October through December 2020.
  - Third quarter actual results were lower than budget due to the COVID-19–related economic shutdown and phased reopening of businesses.
- 2. Wholesale Revenues: forecast is \$4.2 million more than budget (4.4%)**
  - Lower precipitation resulted in near-critical water flows in 2019.
  - Forecasts reflect higher wholesale sales and projected power market prices vs. budget in future months.
- 3. Rate Stabilization Fund: unbudgeted \$10 million transfer**
  - Applied \$10 million of the Rate Stabilization Fund to 2019 Wholesale revenues
- 4. Click! Revenues: forecast is \$23.0 million under budget**
  - Forecasts reflect the separation of Click! revenues as of April 2020.

Notes listed on this slide correlate to the subsequent chart.

## Forecast for Expenditures Under Budget: \$41.7 million (-4.3%)

5. **Purchased power expenses: forecast \$11.1 million over budget (3.3%)**
  - Higher bulk power purchases in 2019 due to a near-critical water year.
  - These costs are offset by a reduction in BPA costs due to a forecasted rate increase that did not materialize.
  - The forecast includes potential costs for entering the Energy Imbalance Market.
  - Third quarter 2020 purchased power expenses were close to budget.
6. **Personnel expenses: forecast is \$9 million over budget (4.9%)**
  - Actual personnel expenses are \$7.9 million overspent compared to budget, biennium-to-date.
  - Personnel forecast includes \$5.4 million of unbudgeted reductions in personnel expenses as part of the target \$8 million in 2020 spending reductions.
  - 2020 forecasts are based on historical actual spending in 2019 inflated with a 3% COLA.
  - The vacancy rate assumed in the budget was 8% and the actual vacancy rate to-date is only 5.2%.

Notes listed on this slide correlate to the chart on the next slide.

**7. Other Operation & Maintenance expenses: forecast is \$11.9 million under budget (-6.6%)**

- Actual Other O&M expenses are \$6.7 million underspent compared to budget.
- The Other O&M forecasts include:
  - underspending from the separation of Click! from Power financials.
  - \$2.7 million of unbudgeted reductions in Other O&M expenses as part of the target \$8 million in total 2020 spending reductions.

**8. Capital expenses funded from the Current Fund: forecast \$47.4 million under budget (-52.8%)**

- Actual revenue funded capital spending is \$44.8 million under budget through September 2020.
- Forecasted revenue funded capital spending has decreased due to changing the planned funding source of some projects from revenue funding to bond funding.
- Other underspending due to 2020 spending reductions, delays from feasibility studies that impact the schedule, or because of insufficient personnel resources.

**Forecast for Net Revenue compared to Budget:**

**9. Net Revenue forecast to be \$33.9 million more than budget**

# 2019/2020 Biennium Forecast vs. Budget

24

## Tacoma Power 2019/2020 Biennium Adjusted Estimates Comparison to Budget

as of 9/31/2020

Forecasted Adverse Water

All \$'s in 1000's

	2019 Budget	2019 Actual	2019 Diff.	2020 Budget	2020 Forecast	2020 Diff.	Total Biennium Budget	Total Biennium Forecast	Biennium Diff.	Biennium Diff. (%)
<b>Revenue</b>										
Retail Sales	\$371,209	\$367,829	(\$3,381)	\$375,261	\$371,113	(\$4,148)	\$746,471	\$738,941	(\$7,529)	(1) -1.0%
Bulk Power (wholesale) Sales	\$44,846	\$37,421	(\$7,425)	\$50,994	\$62,641	\$11,647	\$95,840	\$100,061	\$4,221	(2) 4.4%
Rate Stabilization Fund Transfer to Revenue	\$0	\$10,000	\$10,000	\$0	\$0	\$0	\$0	\$10,000	\$10,000	(3)
Other Electric Revenue	\$19,330	\$19,210	(\$120)	\$20,414	\$24,802	\$4,388	\$39,744	\$44,012	\$4,268	10.7%
Telecommunications Revenue	\$26,634	\$25,499	(\$1,135)	\$28,098	\$6,198	(\$21,900)	\$54,732	\$31,697	(\$23,036)	(4) -42.1%
<b>Total Operating Revenue</b>	<b>\$462,020</b>	<b>\$459,958</b>	<b>(\$2,062)</b>	<b>\$474,767</b>	<b>\$464,753</b>	<b>(\$10,014)</b>	<b>\$936,787</b>	<b>\$924,712</b>	<b>(\$12,075)</b>	-1.3%
Other Income	\$6,375	\$9,279	\$2,905	\$6,490	\$7,861	\$1,371	\$12,865	\$17,140	\$4,275	33.2%
<b>Total Revenue</b>	<b>\$468,395</b>	<b>\$469,238</b>	<b>\$843</b>	<b>\$481,257</b>	<b>\$472,614</b>	<b>(\$8,643)</b>	<b>\$949,652</b>	<b>\$941,852</b>	<b>(\$7,800)</b>	-0.8%
<b>Expenses</b>										
Purchased Power & RECs	\$163,943	\$180,525	\$16,582	\$167,348	\$161,843	(\$5,504)	\$331,291	\$342,368	\$11,077	(5) 3.3%
Personnel Costs	\$92,708	\$98,389	\$5,682	\$92,708	\$96,038	\$3,331	\$185,416	\$194,428	\$9,012	(6) 4.9%
Supplies, Other Services & Charges	\$89,476	\$95,627	\$6,151	\$89,476	\$71,464	(\$18,012)	\$178,952	\$167,091	(\$11,861)	(7) -6.6%
Revenue Funded Capital Outlay	\$44,836	\$26,908	(\$17,928)	\$44,836	\$15,408	(\$29,428)	\$89,672	\$42,316	(\$47,356)	(8) -52.8%
Debt Service	\$29,853	\$30,432	\$579	\$29,269	\$27,932	(\$1,338)	\$59,123	\$58,364	(\$759)	-1.3%
Taxes	\$56,528	\$55,018	(\$1,510)	\$57,850	\$57,580	(\$270)	\$114,378	\$112,598	(\$1,780)	-1.6%
<b>Total Expenses</b>	<b>\$477,344</b>	<b>\$486,899</b>	<b>\$9,555</b>	<b>\$481,487</b>	<b>\$430,266</b>	<b>(\$51,221)</b>	<b>\$958,831</b>	<b>\$917,165</b>	<b>(\$41,666)</b>	-4.3%
<b>Total Revenues less Expenses</b>	<b>(\$8,949)</b>	<b>(\$17,661)</b>	<b>(\$8,712)</b>	<b>(\$230)</b>	<b>\$42,348</b>	<b>\$42,578</b>	<b>(\$9,179)</b>	<b>\$24,687</b>	<b>\$33,866</b>	(9)
<b>Capital Outlay Financing Detail</b>										
Funded From Current Fund	\$44,836	\$26,908	(\$17,928)	\$44,836	\$15,408	(\$29,428)	\$89,672	\$42,316	(\$47,356)	-52.8%
Funded From Bond Fund	\$30,026	\$20,079	(\$9,946)	\$30,026	\$46,836	\$16,811	\$60,051	\$66,916	\$6,865	11.4%
<b>Total Capital Outlay</b>	<b>\$74,862</b>	<b>\$46,987</b>	<b>(\$27,874)</b>	<b>\$74,862</b>	<b>\$62,244</b>	<b>(\$12,617)</b>	<b>\$149,723</b>	<b>\$109,232</b>	<b>(\$40,491)</b>	-27.0%
<b>Ratios</b>										
Debt Service Coverage Ratio	3.06	2.20	1.30 <sup>1</sup>	(0.90)	2.52	3.07	0.54			
Days Liquidity	205.9	172.6	157.25	(15.37)	179.1	212.4	33.3			
EOY Rate Stabilization Fund Balance	\$48,000	\$48,000	\$38,000	(\$10,000)	\$48,000	\$38,000	(\$10,000)			
EOY Current Fund Balance	\$144,675	\$126,059	\$132,421	\$6,362	\$134,461	\$165,927	\$31,466			
<b>Total Liquidity</b>	<b>\$192,675</b>	<b>\$174,059</b>	<b>\$170,421</b>		<b>\$182,461</b>	<b>\$203,927</b>				

### Footnotes

1. See note 3 on following page for explanation of the 2019 Debt Service Coverage.



- 1. Retail sales are projected to be \$1.7 million more than the previous forecast.**
  - Third quarter actual results were close to budget.
  - Forecasts through December 2020 reflect revised economic downturn assumptions that are not as severe as the initial COVID adjusted forecast.
- 2. Wholesale sales are projected to be \$7.3 million more than the previous forecast.**
  - Revenues in August and September were much higher than budget due to high market prices and wholesale volumes.
  - Forecasted power market prices and wholesale sales are above budget for remainder of biennium.
- 3. Other Electric Revenues are \$2.4 million more than the previous forecast.**
  - Due to the public-private partnership with Rainier Connect.

- 4. Purchased power expenses are \$817 thousand less than the previous forecast.**
  - Purchase power expense forecasts are close to the previous quarter (-0.2%).
- 5. Personnel expenses are \$1.3 million less than the previous forecast.**
  - 2020 forecasts include unbudgeted reductions in Personnel expenses as part of the targeted 2020 spending reductions.
- 6. Other O&M expenses are \$3.7 million more than the previous forecast.**
  - Due to greater Other O&M spending in third quarter compared to budget.
  - Bad debt and credit fees increased by \$1.9 million in the third quarter.
  - 2020 forecasts include unbudgeted reductions in Other O&M expenses as part of the targeted 2020 spending reductions.
- 7. Designated revenue funded capital is \$7.8 million less than the last forecast.**
  - Mostly due to changing the planned funding of some projects to bond funding.

# Previous Qtr 2/2020 vs. Current Qtr 3/2020

27

## Biennium Projection Compared to Prior Outlook Forecast

#s in 1000's

	19/20 Projection as of 6/30/2020	19/20 Projection as of 9/30/2020	Difference		% Diff.
<b>Revenue</b>					
Retail Sales	\$737,276	\$738,941	\$1,665	(1)	0.2%
Bulk Power (wholesale) Sales	92,804	100,061	7,257	(2)	7.8%
Rate Stabilization Fund Withdrawal (Deposit)	10,000	10,000	0		
Other Electric Revenue	41,631	44,012	2,381	(3)	5.7%
Telecommunications Revenue	31,695	31,697	2		0.0%
<b>Total Operating Revenue</b>	<b>\$913,406</b>	<b>\$924,712</b>	<b>\$11,306</b>		1.2%
Other Income	17,295	17,140	(155)		-0.9%
<b>Total Revenue</b>	<b>\$930,701</b>	<b>\$941,852</b>	<b>\$11,151</b>		1.2%
<b>Expenditures</b>					
Purchased Power & RECs	\$344,187	\$343,370	(\$817)	(4)	-0.2%
Personnel Costs	195,751	\$194,428	(\$1,323)	(5)	-0.7%
Supplies, Other Services & Charges	162,408	166,088	3,680	(6)	2.3%
Revenue Funded Capital Outlay	50,048	42,316	(7,732)	(7)	-15.4%
Debt Service	58,624	58,364	(260)		-0.4%
Taxes	109,713	112,598	2,885		2.6%
<b>Total Expenditures</b>	<b>\$920,731</b>	<b>\$917,165</b>	<b>(\$3,566)</b>		-0.4%
<b>Total Revenue less Total Expenditures</b>	<b>\$9,970</b>	<b>\$24,687</b>	<b>\$14,717</b>		
<b>EOY 2020 Current Fund Balance Projection</b>	<b>\$142,962</b>	<b>\$165,927</b>	<b>\$22,965</b>		16.1%
<b>Change in Current Fund Projection Reconciliation</b>					
Change in Operating Activities			\$14,717		
Change in Cash provided by (used for) Changes in Operating Assets and Liabilities *			\$5,563		
Change in Cash due to Changes in Capital Outlay			\$2,685		
<b>Change in Current Fund Projection</b>			<b>\$22,965</b>		
<b>EOY 2019 Rate Stabilization Fund Balance</b>	<b>\$48,000</b>	<b>\$38,000</b>	<b>(\$10,000)</b>		

\* Includes items such as Accounts Receivable, Unbilled Revenues, and other Payables and Receivables.

Notes listed on this slide correlate to the graph on the following slide.

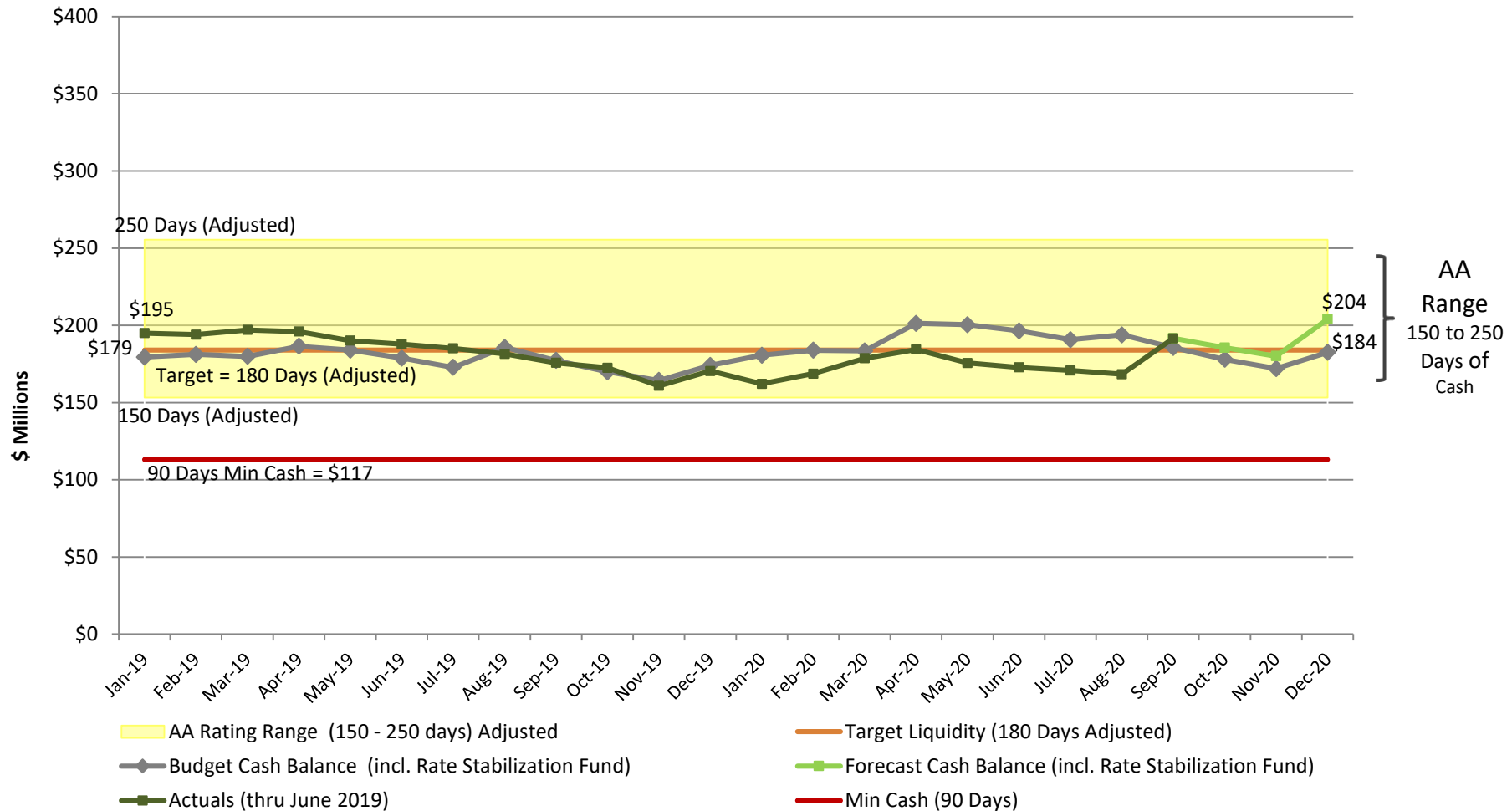
## Cumulative Projected Liquidity Balance

At the end of the biennium, we are currently projecting a cash balance near our 180 Day target (the orange line) and close to budget.

- Our goal is to stay in the **shaded yellow area**. This represents 150 to 250 Days of Cash range for AA-rated utilities.
- Our target is 180 days, shown as the **orange line**, and this is what we budget to be near at the end of the biennium.
- The **dark green** line illustrates our actual financial performance followed by our light green projections for the remainder of the biennium.

# 2019/2020 Projected Liquidity Balance

as of 9/30/2020 29





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# Financial Outlook

3rd Quarter 2020

November 18, 2020

- Projections include actual revenue and expense through September 2020
- Budget reporting is based on 2019 budget re-appropriation
- Rail traffic
  - Decrease in intermodal volumes from 2019
  - Slight increase in commercial volumes from 2019
- Capital Fund Outlay
  - East End Locomotive Facility postponed till 2021

# Summary of Financial Situation

- Traffic analysis

Quarter	2019		2020		%	
	Intermodal	Commercial	Intermodal	Commercial	Intermodal	Commercial
1	53,953	12,902	45,864	15,392	-15%	19%
2	60,293	13,881	40,321	11,710	-33%	-16%
3	57,102	13,998	41,377	14,191	-28%	1%
4						
Total	171,348	40,781	127,562	41,293	-26%	1%

- Intermodal:

- Year over year: NIM **-10%**, PCT **-45%**, WUT **-40%**, SIM **-3%**
- Down **-26%** from budgeted volumes

- Commercial:

- Year over year: US Oil **+17%**, SeaPort Sound **+5%**, AWC **-7%**
- Down **-6%** from budgeted volumes

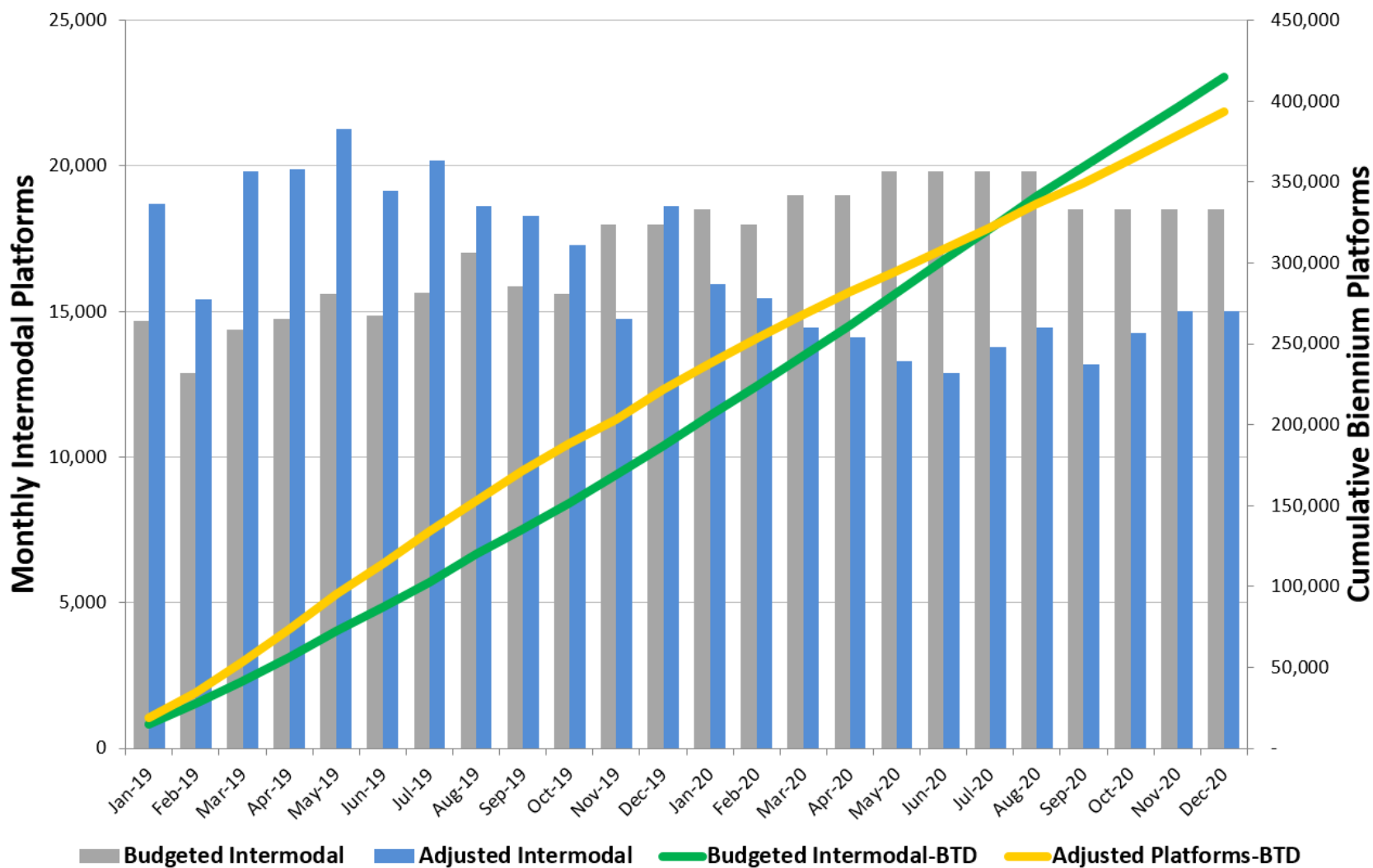
- Cash is projected above the 60 days of budget threshold



# Intermodal Volumes

33

11/5/2020

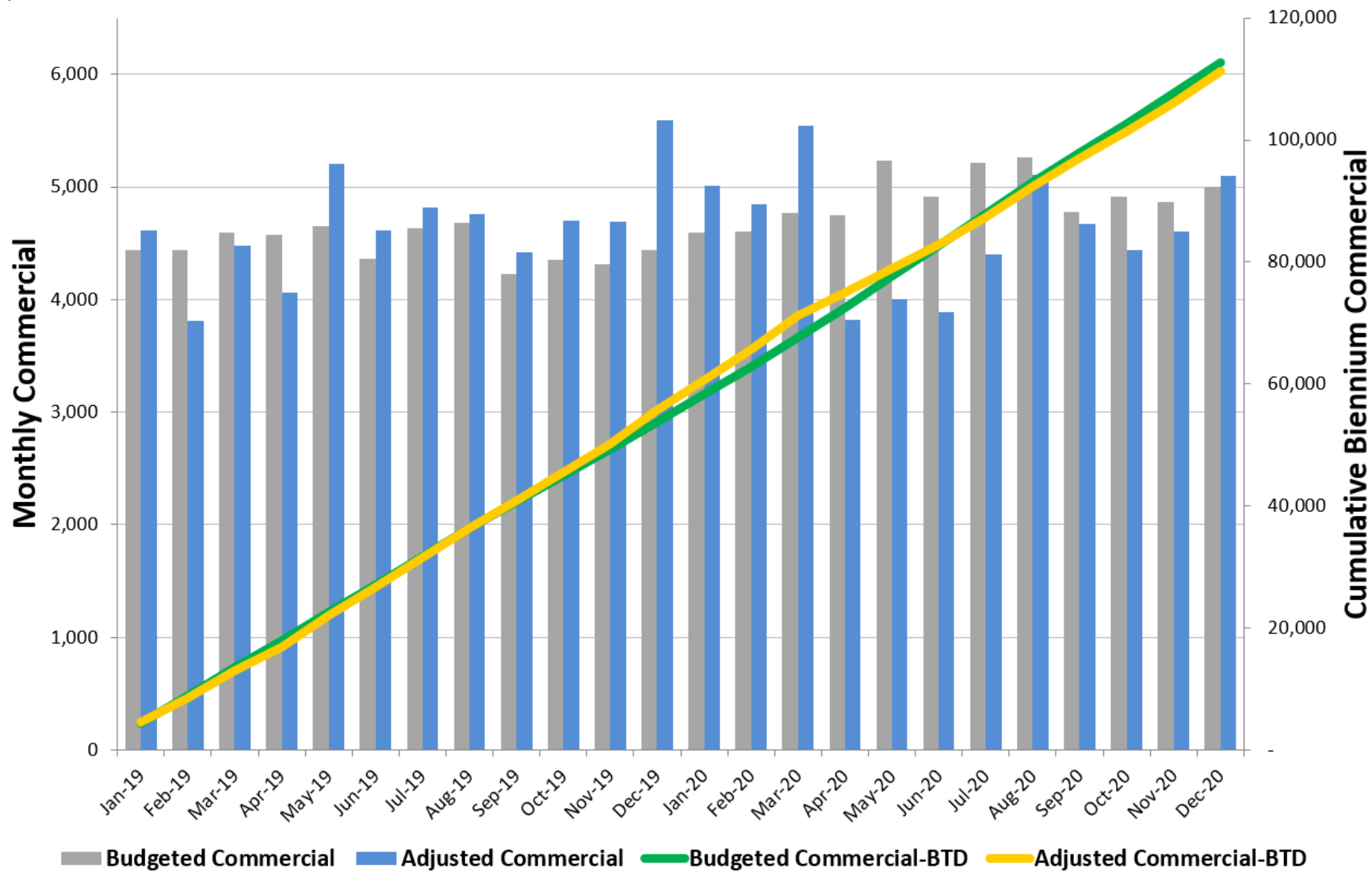


\*Re-appropriated Budget

# Commercial Volumes

34

11/5/2020



\*Re-appropriated Budget

- 1. Decreased line haul and miscellaneous switching revenues**
- 2. Increase in railcar dwell increases demurrage revenue**
- 3. Locomotive servicing revenue due to increased fueling needs by the Union Pacific**
- 4. Taylor Way project in coordination with Public Works determined to be an expensed contribution until it can be capitalized**
  - Increase of \$500K due to bid, \$725K total
- 5. Capital Outlay decrease due to East Locomotive Facility being postponed till 2021**
- 6. Decrease in Volume Incentive Allowance due to intermodal volumes**

# 2019/2020 Biennium Forecast vs. Budget

36

All \$'s in 1,000s  
11/5/2020

	2019 Budget*	2019	2019 Difference	2020 Budget*	2020 Forecast	2020 Difference	Budget* Biennium	Adjusted Forecast	Biennium Difference	Biennium Diff. (%)	
<b>Revenue</b>											
Switching Revenue	\$ 30,234	\$ 29,891	\$ (343)	\$ 31,422	\$ 26,915	\$ (4,508)	\$ 61,657	\$ 56,806	\$ (4,851)	-8%	(1)
Demurrage Fees	1,565	1,859	294	1,150	1,925	775	2,715	3,784	1,069	39%	(2)
Locomotive Servicing	4,350	4,802	452	3,000	4,205	1,205	7,350	9,007	1,657	23%	(3)
Other	349	555	206	349	104	(245)	698	659	(39)	-6%	
<b>Total Operating Revenue</b>	<b>\$ 36,498</b>	<b>\$ 37,108</b>	<b>\$ 609</b>	<b>\$ 35,921</b>	<b>\$ 33,149</b>	<b>\$ (2,772)</b>	<b>\$ 72,420</b>	<b>\$ 70,257</b>	<b>\$ (2,163)</b>	<b>-3%</b>	
Interest	110	260	150	115	250	135	225	511	286	127%	
Rent & Misc Income	1,080	990	(90)	1,140	872	(268)	2,220	1,862	(358)	-16%	
<b>Total Revenue &amp; Avail Funds</b>	<b>\$ 37,688</b>	<b>\$ 38,358</b>	<b>670</b>	<b>\$ 37,176</b>	<b>\$ 34,271</b>	<b>\$ (2,905)</b>	<b>\$ 74,865</b>	<b>\$ 72,629</b>	<b>\$ (2,235)</b>	<b>-3%</b>	
<b>Expenditures</b>											
Personnel Costs	\$ 16,799	\$ 16,036	\$ (764)	\$ 17,185	\$ 16,143	\$ (1,042)	\$ 33,984	\$ 32,179	\$ (1,806)	-5%	
Supplies, Other Services	11,010	11,376	365	10,516	10,980	464	21,526	22,356	830	4%	(4)
Current Fund Capital Outlay	2,666	2,848	182	7,034	5,165	(1,869)	9,700	8,013	(1,687)	-17%	(5)
Debt Service	820	820	-	820	820	-	1,641	1,641	-	0%	
Incentive Allowance	583	542	(42)	917	(333)	(1,250)	1,500	208	(1,292)	-86%	(6)
Taxes	3,475	3,549	74	3,540	3,269	(271)	7,015	6,818	(197)	-3%	
<b>Total Expenditures</b>	<b>\$ 35,354</b>	<b>\$ 35,170</b>	<b>\$ (184)</b>	<b>\$ 40,012</b>	<b>\$ 36,044</b>	<b>\$ (3,968)</b>	<b>\$ 75,366</b>	<b>\$ 71,215</b>	<b>\$ (4,151)</b>	<b>-6%</b>	
<b>Total Revenues Less Expenditures</b>	<b>\$ 2,334</b>	<b>\$ 3,188</b>	<b>\$ 853</b>	<b>\$ (2,836)</b>	<b>\$ (1,773)</b>	<b>\$ 1,062</b>	<b>\$ (501)</b>	<b>\$ 1,415</b>	<b>\$ 1,916</b>		
<b>Appropriation from Current Fund</b>	<b>\$ (2,334)</b>	<b>\$ (2,871)</b>	<b>\$ (537)</b>	<b>\$ 2,836</b>	<b>\$ 3,608</b>	<b>\$ 772</b>	<b>\$ 501</b>	<b>\$ (1,415)</b>	<b>\$ (1,916)</b>		
<b>Capital Outlay Financing Detail</b>											
Funded from Current Fund	\$ 2,666	\$ 2,848	\$ 182	\$ 7,034	\$ 5,165	\$ (1,869)	\$ 9,700	\$ 8,013	\$ (1,687)	-17%	
Grants, Transfers & Pledges	1,000	46	(954)	1,100	1,296	196	2,100	1,341	(759)	-36%	
Funded from New Debt	-	-	-	450	632	182	450	632	182	40%	
<b>Total Capital Outlay</b>	<b>\$ 3,666</b>	<b>\$ 2,893</b>	<b>\$ (773)</b>	<b>\$ 8,584</b>	<b>\$ 7,093</b>	<b>\$ (1,491)</b>	<b>\$ 12,250</b>	<b>\$ 9,986</b>	<b>\$ (2,264)</b>	<b>-18%</b>	
<b>Starting Cash Balance</b>	<b>\$ 10,700</b>	<b>\$ 11,584</b>	<b>884</b>	<b>\$ 13,034</b>	<b>\$ 14,455</b>	<b>1,421</b>	<b>\$ 10,700</b>	<b>\$ 11,584</b>	<b>8%</b>	<b>8%</b>	
<b>EOY Current Fund Balance</b>	<b>\$ 13,034</b>	<b>\$ 14,455</b>	<b>1,421</b>	<b>\$ 10,198</b>	<b>\$ 10,847</b>	<b>648</b>	<b>\$ 10,198</b>	<b>\$ 10,847</b>	<b>6%</b>	<b>6%</b>	

\*Re-appropriated

- 1. Decrease in railcar traffic and railroad services due to COVID-19**
- 2. Increase in railcar dwell increases demurrage revenue**
- 3. New South Intermodal Yard lease agreement**
- 4. Grant and Rail Bank reimbursements for December expenses in January**

# Previous Qtr 2/2019 vs. Current Qtr 3/2020

38

All \$'s in 1,000s  
11/5/2020

	Previous Forecast Biennium	Current Forecast Biennium	Biennium Diff.	Biennium Diff. (%)
<b>Revenue</b>				
Switching Revenue	57,177	56,806	(371)	-1% <b>(1)</b>
Demurrage Fees	3,506	3,784	278	8% <b>(2)</b>
Locomotive Servicing	8,880	9,007	127	1%
Other	737	659	(78)	-11%
Interest	513	511	(2)	0%
Rent & Misc Income	2,112	1,862	(250)	-12% <b>(3)</b>
<b>Total Revenue &amp; Avail Funds</b>	<b>\$ 72,925</b>	<b>\$ 72,629</b>	<b>(296)</b>	<b>0%</b>
<b>Expenditures</b>				
Personnel Costs	\$ 32,667	\$ 32,179	\$ (488)	-1%
Supplies, Other Services	22,437	22,356	(81)	0%
Current Fund Capital Outlay	7,128	8,013	885	12% <b>(4)</b>
Debt Service	1,641	1,641	(0)	0%
Volume Incentive	208	208	0	0%
Taxes	6,849	6,818	(31)	0%
<b>Total Expenditures</b>	<b>\$ 70,930</b>	<b>\$ 71,215</b>	<b>285</b>	<b>0%</b>
<b>Total Revenues Less Expenditures</b>	<b>\$ 1,995</b>	<b>\$ 1,415</b>	<b>\$ (580)</b>	<b>-29%</b>
<b>EOB Current Fund Balance</b>	<b>\$ 11,679</b>	<b>\$ 10,847</b>	<b>\$ (832)</b>	<b>-7%</b>

# 2019/2020 Projected Liquidity Balance

39

11/5/2020

