

RESOLUTION # 2015-09

**RESOLUTION OF THE PORT COMMISSION OF THE PORT OF CHELAN COUNTY
AUTHORIZING AN INCREASE IN TAX LEVY CAPACITY AND FINDING
SUBSTANTIAL NEED TO BANK THE HIGHEST ALLOWABLE LEVY FOR FUTURE
BUDGET NEEDS**

WHEREAS, a public hearing on the revenue sources for the Port's 2016 current expense budget was held by this Commission on November 5, 2015; and

WHEREAS, the Port has consistently banked the highest allowable levy allowed by law and by this Resolution expresses its intent to bank the highest allowable levy permitted by law; and

WHEREAS, the highest regular tax which could have been lawfully levied by the Port according to the Chelan County Assessor occurs in the 2014 levy for taxes collected in the year 2015 (the "2014 Levy") and is equal to \$2,791,119.72 ("Highest Allowable Levy"); and

WHEREAS, the commissioners of the Port of Chelan County, after a hearing and due consideration of the issue, believe that there is a substantial need to bank the Highest Allowable Levy for future budget needs for a variety of reasons, including those reasons set forth on attached Exhibit "A" which is incorporated herein by this reference;

WHEREAS, the Highest Allowable Levy may be increased by an amount equal to 101% times the 2014 Levy (e.g. an increase of \$27,911.20) plus 2015 increases in new construction, improvements, and utilities, increases in state-assessed property and reclassified reforestation, annexations, refunds, and the like ("Add-ons"); and

WHEREAS, the Highest Allowable Levy increased by the 101% factor and by the Add-ons set forth in the preceding "whereas" provision is estimated by the Chelan County Assessor to be in the approximate amount of \$2,860,400.02; and

BE IT RESOLVED BY THE COMMISSIONERS OF THE PORT OF CHELAN COUNTY as follows:

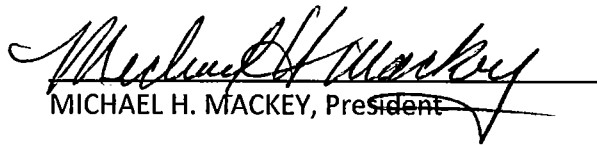
(1) The Port Commission hereby finds that there is a substantial need to protect the Port's Highest Allowable Levy by providing for an increase equal to 101% times the 2014 Levy, plus the Add-ons, to meet substantial future budgeting needs of the Port, as set forth on attached Exhibit "A" which is incorporated herein by this reference, and the Port Commission hereby establishes an increase to the 2015 levy capacity equal to 101% times the 2014 Levy, plus the Add-ons, for purposes of establishing the Highest Allowable Levy permitted to the Port, estimated to be in the amount of \$2,860,400.02.

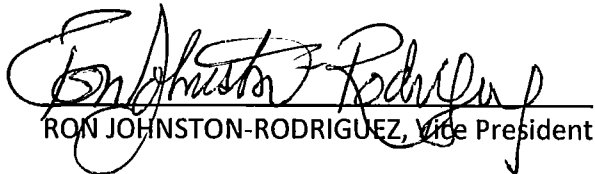
(2) It is the intent of the Port Commission that any additional increases associated with the estimated amount for the Add-ons be included in the Highest Allowable Levy for purposes of banking capacity.

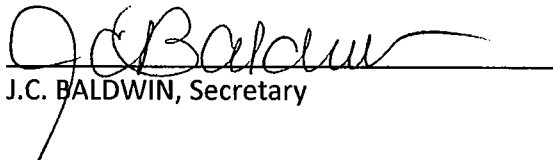
This Resolution shall become effective immediately upon its adoption.

ADOPTED by the Commission of the Port of Chelan County at a regular meeting thereof held this 5th day of November, 2015.

PORT OF CHELAN COUNTY


MICHAEL H. MACKEY, President


RON JOHNSTON-RODRIGUEZ, Vice President


J.C. BALDWIN, Secretary

**EXHIBIT A
TO RESOLUTION # 2015-09**

Because of the anticipated income in 2016 and other revenues, the 2015 levy for taxes to be collected in 2016 as set forth in Resolution 2015-09 should fully fund the Port's budget, including its capital improvement program for 2015.

However, several significant factors are present in the local economy, and several others loom on the horizon, which when taken together, constitute what the commissioners find to be a substantial need to bank the highest allowable levy for future budgetary needs. Those factors include, without limitation, the following:

1. The Port, being charged by statute with responsibility for industrial developments and economic development programs within Chelan County, should position itself to be fiscally prepared to address and be able to provide financial resources to try to alleviate the concerns and to meet the opportunities in the future.
2. The current project at Pangborn Memorial Airport to extend the main runway and relocate Grant Road is necessary to continue to meet the operational requirements of air carriers likely to serve this market. It is anticipated that additional land acquisitions and capital improvements will be necessary into the foreseeable future to maintain and protect the airport as a critical component of the valley's economic future. While FAA funding is available, the local matching share is considerable. Additionally, due to heightened security and safety requirements and a backlog of deferred maintenance issues, and very limited opportunities to generate non-tax airport revenues, the amount of operating subsidy required of the Port has increased substantially, and will not likely be reduced until an economic recovery leads to an increase in aviation activity and increased airport revenues. The airport is also subject to potentially substantial fees imposed by the regional stormwater utility
3. The inventory of readily available buildings in the Olds Station Business Park is limited and may necessitate the construction of additional buildings as demands and opportunities arise. Significant community interest has been expressed which could encourage the Port to make significant future expenditures to enhance the outdoor recreation industry cluster and to provide financial support for community and waterfront revitalization projects.
4. Major transportation improvements, directly impacting Port owned properties in Cashmere and in the City of Wenatchee, have been proposed, such as the Goodwin Bridge replacement and the relocation of certain railroad activities. It is highly likely that the Port will be asked to provide financial support for these projects to move forward.

These factors significantly determine the environment in which the Port operates. While it appears the Port does not need to levy at a higher capacity than that already established for the 2015 Levy (2016 collections), in the event that the county is presented with either tremendous positive economic opportunities or extremely serious economic threats, it is

necessary and prudent for the Commission to take action to protect the ability of the Port to increase its levy to greater levels if circumstances dictate that it do so. ***It cannot go without saying that this additional levy capacity would be drawn upon only after public notice has been provided, and public comment has been solicited, received and thoroughly considered as part of any future budget process.***